

III Investfunds Forum



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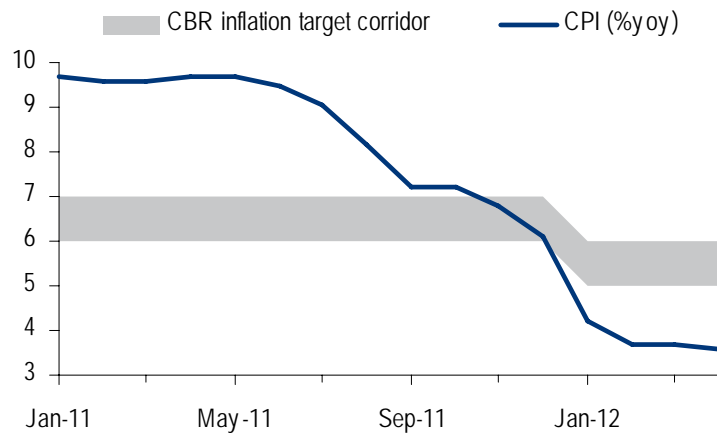
Money market under new monetary policy

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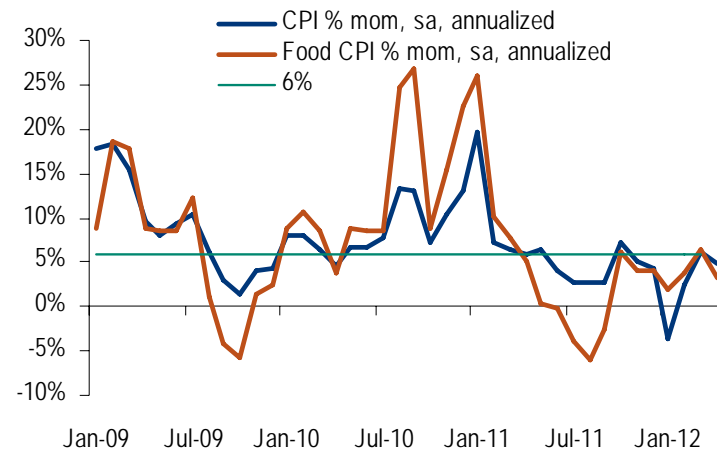
Inflation targeting starts to hit the target?

Inflation is below all targets for 2012



Source: Federal Statistical Service, BofA Merrill Lynch Global Research

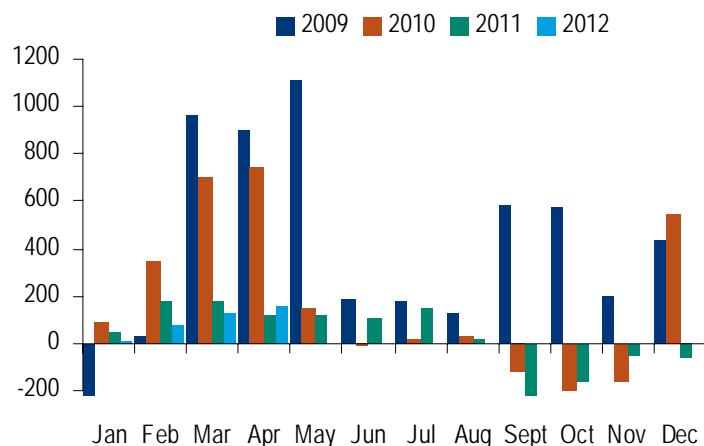
Disinflation began well before January



Source: Federal Statistical Service, BofA Merrill Lynch Global Research

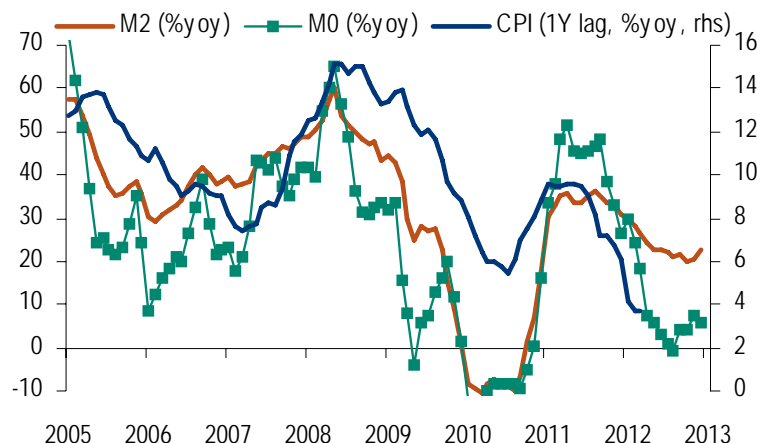
Inflation targeting starts to hit the target!

Lack of FX intervention stabilizes liquidity flows



Source: Net inflow of liquidity from CBR FX interventions and Reserve fund use

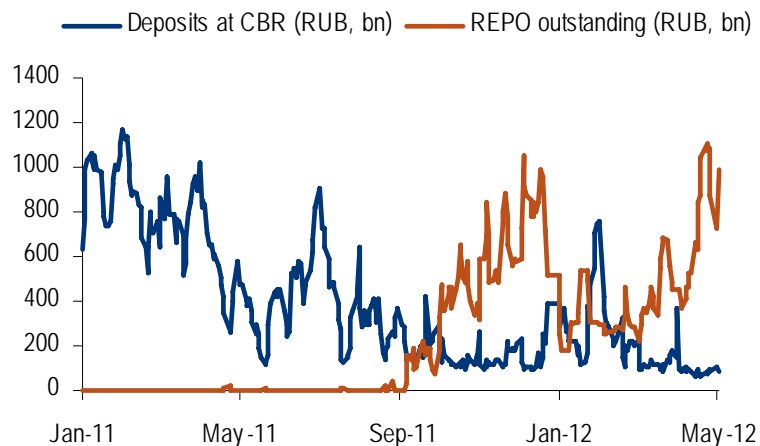
Limited liquidity inflow stabilizes M0-M2 growth and inflation



Source: Federal Statistical Service, BofA Merrill Lynch Global Research

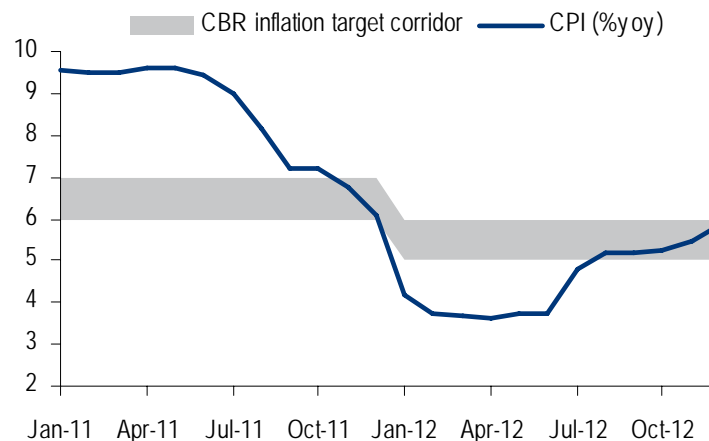
Tight liquidity limits scope for reflation

Local money market is under full CBR control



Source: CBR, BofA Merrill Lynch Global Research, Bloomberg

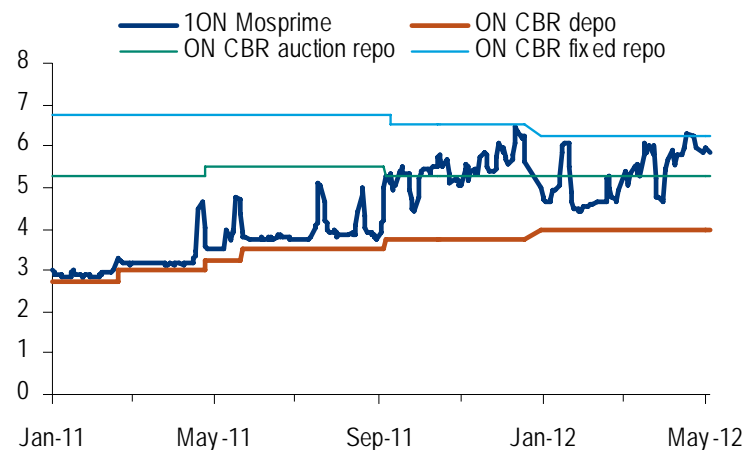
Inflation should remain within 6% target in 2012 and in future



Source: Federal Statistical Service, BofA Merrill Lynch Global Research

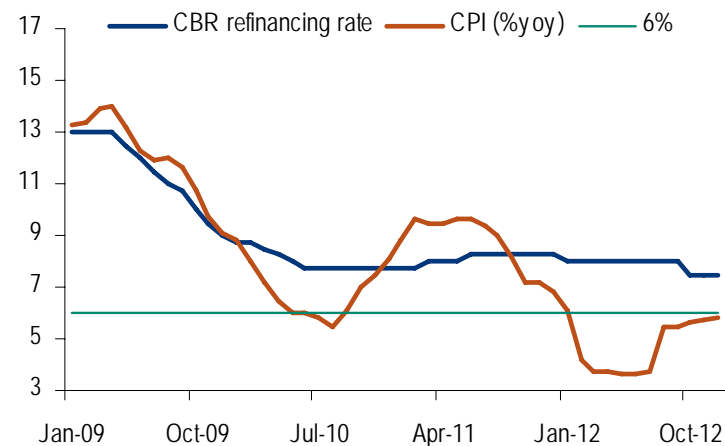
We expect 1-2 rate cuts in 2H12

CBR rate decisions become critical for the market



Source: CBR, BofA Merrill Lynch Global Research

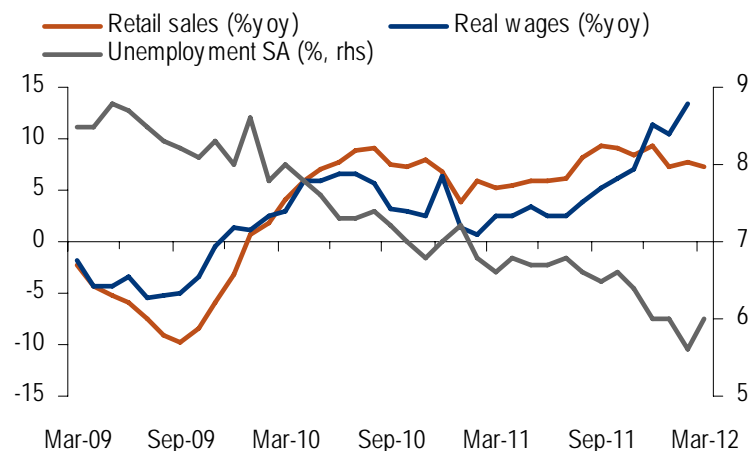
Inflation within 6% target keeps door open to rate cuts (50bp in 4Q)



Source: CBR, BofA Merrill Lynch Global Research

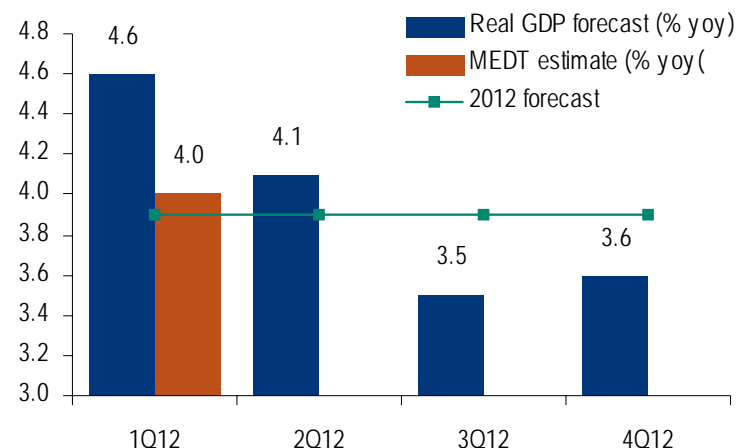
We do not see reasons for economy overheating concerns

Consumer demand growth is very strong



Source: Federal Statistical Service, BofA Merrill Lynch Global Research

Disappointing 1Q12 limits optimism on the whole of 2012

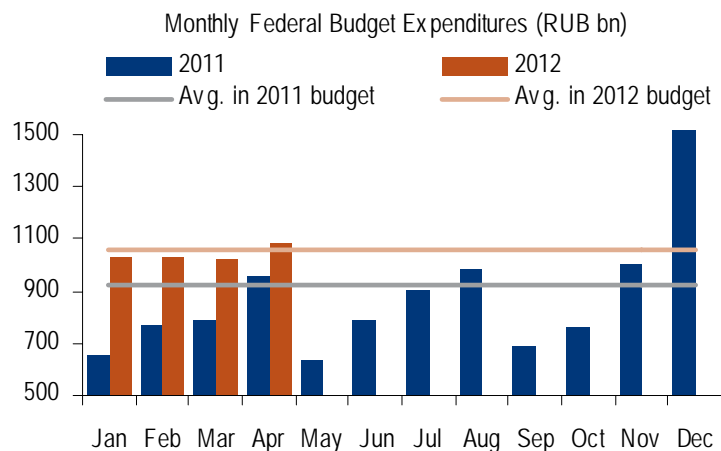


Source: Federal Statistical Service, BofA Merrill Lynch Global Research

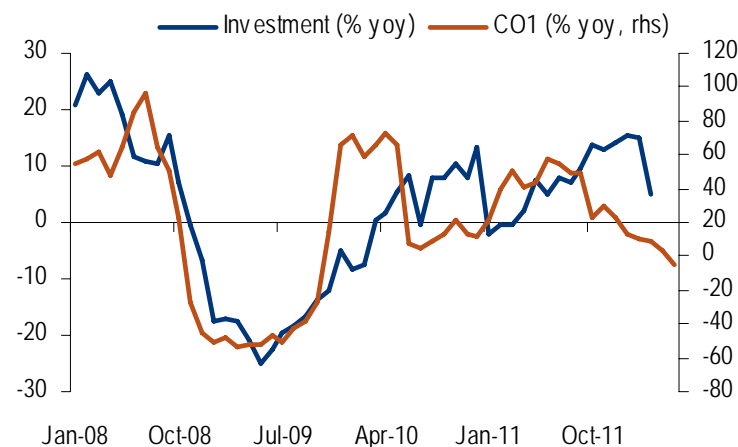
Economy will slow, rather than reflate

Economy enjoyed nearly 40% yoy jump in budget spending in 1Q12

Lack of oil inflation limits potential for investment growth in 2H12



Source: MinFin, BofA Merrill Lynch Global Research



Source: Federal Statistical Service, Bloomberg, BofA Merrill Lynch Global Research

Forecast summary

	2009	2010	2011	2012F	2013F
Summary Data					
Nominal GDP (US\$ bn)	1226	1487	1849	2018	2187
Real GDP growth (% yoy)	-7.9	4.3	4.3	3.9	3.7
Real investment growth (% yoy)	-15.7	6.0	8.3	6.3	3.9
Real consumption growth (% yoy)	-3.9	3.3	4.8	5.0	3.8
Real private consumption growth (% yoy)	-6.1	5.1	6.4	5.6	4.1
Real government consumption growth (% yoy)	-0.6	-1.4	0.8	3.2	2.8
Real export growth (% yoy)	-4.7	7.0	1.0	0.2	3.6
Real import growth (% yoy)	-30.4	26.1	21.5	14.2	4.2
External Sector					
Current account balance (% of GDP)	3.8	4.7	5.5	4.2	3.3
Current account balance (US\$ bn)	50	71	101	86	73
Trade balance (US\$ bn)	112	152	198	189	177
Public Sector					
Central gov. budget balance (% of GDP)	-6.0	-4.0	0.8	-0.4	-0.5
Prices					
CPI inflation (% yoy, eop)	8.8	8.8	6.7	6.0	4.9
CPI inflation (% yoy, avg)	11.7	6.9	8.6	4.7	5.5
Nominal wages (% yoy)	9.1	10.7	12.5	9.5	9.0
RUB (eop)	30.2	30.5	32.1	30.0	30.0
RUB (avg)	31.9	30.4	29.4	29.8	29.5
Monetary Sector					
Central bank policy rate (% eop)	8.75	7.75	8.00	7.50	7.00
1-month interbank rate (% eop)	6.32	3.50	5.00	4.50	4.50

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