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FOR ECONOMIC POLICY**

in cooperation with

**WORKING CENTRE FOR ECONOMIC REFORM
GOVERNMENT OF THE RUSSIAN FEDERATION**



Russian-European Centre for Economic Policy (RECEP)

Potapovsky Pereulok 5, Building 4, 101000 Moscow
Tel: (7-095) 232 3613, Fax: (7-095) 232 3739

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in cooperation with the Working Center for Economic Reform
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Written by:
Peter Westin, *editor*
Maria Gorban
Sergei Nikolaenko
George Pavlov
Andrei Poletayev
Marina Malyutina

For further information, or any queries, please contact any of the above by phone,
fax or use the following e-mail addresses:

pwestin@recep.glasnet.ru
mgorban@recep.glasnet.ru
mmalyutina@recep.glasnet.ru
gpavlov@recep.glasnet.ru

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ECONOMIC PROGRAMMES AND POLICY: WHERE IS RUSSIA HEADING?

George Pavlov, Koen Schoors, and Peter Westin

RECEP, Moscow

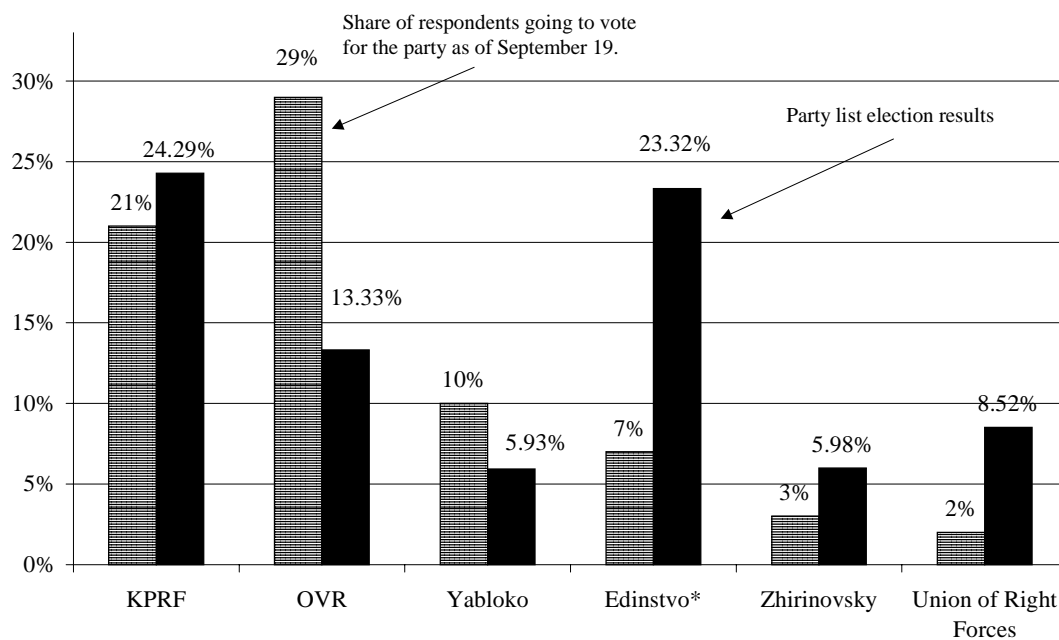
To any observer of the Russian economy it is clear that stability is a wish and that uncertainty is the rule. In one month, Russia elected a new parliament and underwent a change in presidential leadership. The outcomes of the parliamentary election in mid-December and Boris Yeltsin's resignation on New Year's Eve came somewhat as a surprise to many. The first part of this report focuses on the outcome of the parliamentary election and analyses the economic programmes of the different parties represented in the Duma. The second part looks at Putin's first three weeks as Acting President, and the possible formation of his economic policy.

The outcome of the parliamentary election

The outcome of the parliamentary elections in December 1999 was quite surprising. Five out of six parties managed to overcome the 5% entry minimum, a result that none had predicted in the beginning of the election race. The biggest losers were the centre-left coalition Fatherland – All Russia (OVR) and the left wing liberal party Yabloko. OVR's chances were damaged by a mass media attack orchestrated by the Presidential Administration and the organisational weakness of the block. Yabloko lost its electorate largely because of its unsuccessful campaign and its opposition to the widely popular second Chechen war. The biggest winners were the pro-government election coalition Edinstvo (Unity), the Union of Right Forces (SPS) and Zhirinovskiy's Block. Edinstvo achieved its phenomenal result due to the support from Prime-Minister Vladimir Putin who was (and still is) the most popular politician in Russia. A highly professional election campaign allowed SPS not only to obtain the return of liberals to the Parliament but also to become the fourth largest party in the Duma. Implicit support from the presidential administration may account for the fact that Zhirinovskiy's Party received the required number of votes to gain representation in the Parliament. The Communist Party of the Russian Federation (KPRF) performed better than expected in the party list elections. However, it was unable to keep its mandates in many of the single vote constituencies.

Three features will make the new Duma drastically different from the old one. Communists and their allies lost the majority they could command in the second Duma. Two large parties enter the scene: OVR and Edinstvo. Both of these election blocks positioned themselves as centrist parties. However, in reality they were created as vehicles to gain Duma representation for their sponsoring institutions. OVR was established by a coalition of Moscow groups led by the Mayor of Moscow Yuri Luzhkov, a number of regional governors united in the block Vsiya Rossiya and the Agrarian party. The developments of early January suggest that OVR will disintegrate into several factions, representing the interests of their respective sponsors. The government and the Presidential Administration stood behind the formation of Edinstvo, which benefited greatly from the mass media and organisational resources of the two most powerful political institutions in the country. A significant number of regional governors joined Edinstvo when they realised the potential of the new block. Right wing liberals regained their presence in the Duma at the expense of Yabloko and the old party of power Our Home Russia (NDR). The latter could not reach the 5% minimum for entry and were left out of the Duma.

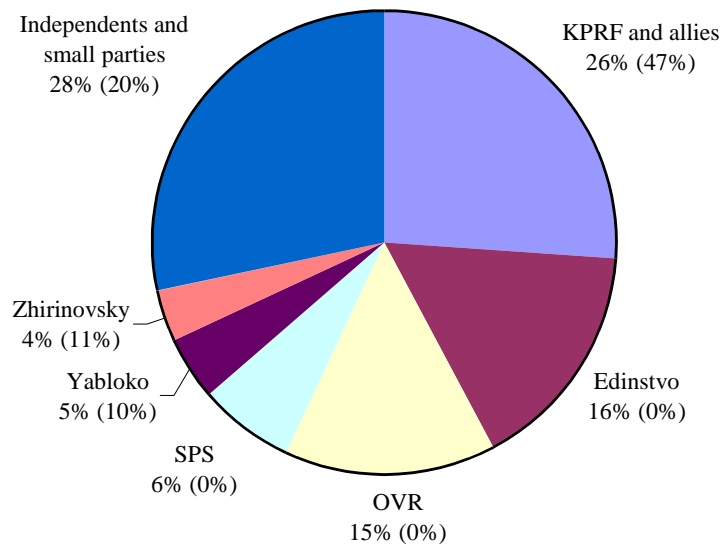
Figure 1. Forecasts versus actual election outcome



Source: Public Opinion Foundation, Central Election Committee.

* Poll results for Edinstvo as of October 10, 1999.

Figure 2. Share of mandates controlled by various parties in the III Duma (II Duma composition is shown in brackets)



Source: www.elections.ru

The alliance of many independents as well as a significant part of OVR deputies are not likely to support the party line should it go against his or her regional governor. A large number of ideologically neutral deputies will make the new Duma less politically charged. On one hand it will ensure that laws that were unacceptable to the previous Duma for ideological reasons may be passed. On the other hand the multitude of conflicting regional interests can undermine the effectiveness of the new Duma from a practical point of view. Lower representation of reactionary elements (represented by KPRF and their allies), and the appearance of right wing politicians (members of SPS) in the third Duma will strengthen pro-reform orientation of the new Parliament. Expectations of improvements in the political climate were reflected in the reaction of both sovereign debt and equity markets.

Economic programmes

In Russia, voters attach limited importance to parties' economic programmes. Citizens cast their votes for ideologies and personalities. The Communists represent reactionary forces calling a return to the Soviet past. Edinstvo and OVR were formed by the existing elite, which includes high-flying Russian politicians. The electorate of Edinstvo and OVR are attracted by the desire to maintain the stability of power and personal appeal of the leaders of the election blocks. SPS supporters consist of citizens that benefited from the transition and believe in the necessity to deepen reforms. Zhirinovskiy's party gets nationalistic votes, and votes those of the population who are not happy about the current regime but object a return to the Soviet era. Yabloko draws supporters from those whose positions were significantly worsened in the course of economic reforms, such as teachers, doctors and technical intelligentsia. Yabloko's voters believe that democratisation must be continued, but that economic policy should become more socially oriented.

Economic policies proposed in the party programmes are heavily influenced by the election rhetoric and will probably have limited impact on the economic activity of the Duma. Nonetheless, we believe that some study of the economic programmes is worthwhile, especially since these programmes reflect the economic thinking of the party members who will be in charge of the law-making committees in the Duma. In our analysis we concentrate on the economic programmes of four election blocks Otechestvo, KPRF, Yabloko and SPS. Neither LDPR nor Edinstvo has economic preferences that are different from that of the government's. Deputies of these factions will vote in accordance with the government position unless a Communist party candidate wins the new presidential election. The only substantial difference between Edinstvo and LDPR lies in the strong representation of regional interests in the former party. Thus, there is room for disagreement between some Edinstvo deputies and the government whenever regional issues will be discussed. We have selected three areas of economic policies for our analysis: monetary policy and banking sector restructuring, fiscal policy, and structural reform.

Fiscal policy

All parties call for lower corporate taxes, simplification of the tax system, elimination of preferential taxation and stability of the tax system. KPRF argues that the tax burden should be shifted away from intermediate and final goods producers towards raw material companies, and consumption, particularly the consumption of imports. Natural resource companies enjoy huge economic rents the party holds, that should be expropriated by the state. Personal income tax should be made more progressive with a higher share of tax inflows from wealthy individuals. Government control over managers of state-owned enterprises should be tightened. As a result, the latter will become a significant source of government income. State monopoly should be reinstated on alcohol production

and exports of oil and natural gas. Otechestvo supports the idea of a flatter personal income tax structure. Corporate and personal income taxes should be substituted with property-based taxes to facilitate the collection and reduce the negative impact on incentives. Value-added tax must be replaced with a modest turnover tax. Otechestvo also calls for the introduction of fixed tax payments from industries from which the government cannot receive adequate information about companies' financial performance.

Yabloko presents a two-stage tax reform. During the first stage direct taxes are to be substituted by indirect taxes, which are much easier to collect. Lower nominal tax rates will increase government income due to the much wider tax base, and taxpayers will legalise their operations given that the tax rates are tolerable. In the second stage the income-based taxes would be reinstalled. The return to direct taxes will become feasible because of the predicted drastic shrinkage in the black economy. SPS economic programme stresses the necessity to employ administrative means to raise tax collection in the corporate sector. Corporate tax rates, especially the value-added tax rate, should be reduced. A flat personal income tax should be established at the level of 12%. At the same time taxes on personal property and luxury goods should be increased.

All parties support the following measures: introduction of targeted social assistance schemes, increased transparency, tighter control over budget spending, and strict implementation of the budget law. All factions welcome an increase in the share of spending on national scientific research and education. SPS and Otechestvo explicitly call for the decrease in the ratio of government spending to GDP. Yabloko states that the current tax burden should be kept unchanged but the share of social spending must be increased. KPRF favours an increase in the state's redistribution function. Main differences arise in the discussion of spending in the industrial policy area. According to the Communists and Otechestvo the state should directly finance enterprises and sectors that are considered to be of strategic importance for Russia's economic development. The longest list of "strategic" sectors is kept by the Communists. KPRF also proposes automatic inflation indexation for government spending commitments. Yabloko accepts the idea of direct budget loans to manufacturing and agriculture. SPS demands minimisation of the government's industrial policy spending, giving this item low priority in relation to other items of budget spending.

Banks and monetary policy

All parties state that the banking sector should be oriented towards lending to non-financial enterprises. Communists propose to induce banks to lend to the rest of the economy by eliminating deposit accounts with the CBR and curbing the speculative market of high-yield government paper. Government participation in bank restructuring should be made contingent on their willingness to lend to real sector firms. A Government deposit insurance scheme has to be implemented to increase the resource base of the banking system. Otechestvo wants to reduce the taxes on banks' income from lending to the real sector. The CBR should lower reserve requirements and periodically conduct auctions to sell its own excess credit resources. SPS calls for tougher government control over financial intermediaries to guarantee the safety of household savings.

Only KPRF views the printing press as a source of budget income. Monetary emission should be used to finance investment programmes in the productive sectors of the economy. Strict control over funds transferred to non-financial enterprises will ensure that emissions do not influence currency and final goods markets. Money printing to finance corporate investment, accompanied by the tight control over the recipients of funds, will ensure both growth and low inflation.

Otechestvo's programme does not deal explicitly with monetary policy measures. Otechestvo economists consider limited emissions by the CBR as one of the positive factors that contributed to the industrial growth of 1999. SPS views the stability of the national currency as a fundamental goal

for the government's economic policy. The government should not, under any conditions, use inflationary means to finance the budget. Yabloko states that the monetary policy chosen by the Russian government during the transition process was inadequately tight but does not elaborate further.

The issue of the central bank's independence figures prominently in the economic programmes of KPRF and Yabloko. KPRF states that the government should have an operational control over the central bank. Thus, according to the KPRF monetary policy will be effectively used in conjunction with the industrial and fiscal policies to initiate growth in the real sector. Yabloko does not welcome the idea of transforming the central bank into a government branch. However, it does call for an increased role for the Parliament in the management of the CBR. The Duma should have the right to approve monetary policy plans and the CBR's own budgets on an annual basis. An increase in public scrutiny will ensure that the central bank acts in the public interest.

Structural issues

All parties discuss the problem of non-payments. KPRF's economic programme states that non-payments result from the excessive tightness of the monetary policy. To fight non-payments the monetary policy should target interest rates instead of the money aggregates and the exchange rate. Low interest rates will allow companies in the real sector to replenish the working capital and start paying their tax and other obligations. Centralised financing of industrial enterprises by means of loans and promissory notes rediscounting will further facilitate debt settlements in the economy. Otechestvo stresses that the government's arrears to its contractors lie at the core of the non-payments crisis. The Government must securitise its overdue payables to solve the problem of the existing debt. Formation of new arrears will be prevented by the strict implementation of the budget whereby all spending commitments will be honored on time. Yabloko views weak financial discipline and underdeveloped securities markets as the major factors for non-payments between companies. Correspondingly, the arrears issue may be resolved by securitisation of the inter-enterprise arrears and tighter control over financial operations of companies by owners and the government. SPS argues that the high share of barter in transactions is a natural consequence of low credibility of the monetary policy. Arrears are explained by the soft budget constraints experienced by a large number of companies. Stability of the national currency on the macro-level, and real enterprise restructuring on the micro level will eliminate non-payments.

Coming to ownership issues, it is an important observation that all parties have a positive attitude to the idea of private property. KPRF calls for a multi-dimensional economy where various property forms will coexist. In addition to the government and "capitalist" owned enterprises, worker partnerships should be encouraged. Privatisation results must be reversed in cases where the legitimacy of the process has been highly compromised. In all other cases owners must be guaranteed the status of their property rights. KPRF strongly opposes the free sale of agricultural land. A free market for land will impoverish peasants, claims the party, and all the land will be purchased by the narrow group of plutocrats. At the same time, the Communists support the creation of large, vertically integrated agricultural firms. Otechestvo's programme calls for renationalisation of firms that were privatised with serious violations. Otechestvo announces that private property of land should exist, but that owners should be deprived of the right to trade it. Yabloko's programme calls for reconsideration of "dirty" privatisations. It is interesting to note that Yabloko's economic programme praises specific privatisation programme employed by the Moscow government. The Moscow government was able to protect enterprises from mass-privatisation, and thus achieved a high degree of control over industry and the service sector located in Moscow. In addition, Yabloko stands for the adoption of laws that will strengthen property rights. Agricultural land should be subject to sale as would be any other capital good. SPS does even touch upon the question of changes

in the privatisation results. Free sale of land is stated as a necessary condition for growth in agriculture.

KPRF and Otechestvo advertise various forms of industrial policies. KPRF lists a number of strategic industries that are to be developed with financing from the state budget. The government's medium and long-term plans should establish investment priorities in the economy. As opposed to the Soviet system, plans will be prepared with participation of the enterprises and workers to include interests of all economic agents. Administrative price regulation in basic industries will be an essential element of national planning. Otechestvo intends to implement its industrial policies via tariff protection of domestic producers. Funds for the development programmes will come from the state owned development bank and an investment fund issuing liabilities guaranteed by the state.

Economic policy under Putin?

Putin has now been Acting President for almost three weeks. When trying to predict what kind of economic policy we can expect from Russia's new leadership, the first observation to make is that Vladimir Putin's own knowledge about economics is limited. The policy is likely to be formulated by his advisors and officials in the Ministry of Finance and the Ministry of Economy. At this stage, it is actually difficult to predict the content of a new economic programme. Our tentative suggestions can therefore only be made based on statements about possible economic measures that Putin and the government have made, and on the economic and political situation facing the new leadership. With regard to the latter, the presidential election is to be held at the end of March. Putin's popularity has mainly been achieved through his handling the events in Chechnya, but he also represents a new generation that can be viewed as a break from the old establishment. However, reports in Russian media have become increasingly critical about the war and have started to report the number of casualties, something that could be potentially damaging for Putin's pre-election campaign. In this environment expansive monetary and fiscal policy aimed at rising wages and pensions may be one way of maintaining support for Putin and his government. Statements made recently indicate that this is a road they will possibly take.

In general, we will likely observe a president (if Putin is elected) who will try to combine very different ideas in order to satisfy pro-reform, centrist, and nationalistic views. Putin has expressed support for the development of an efficient market economy with a strong role for the state, and a belief that this can only be achieved with a national consensus. From Putin's statement published on the Internet, a policy combining liberal values and state intervention is the most likely scenario. References are made to the need to fight corruption and capital flight, and to good relations with the international community, but also to what must be considered targeted industrial policy, proposing for example tax breaks for certain strategic companies.

As the war in Chechnya grows more unpopular, Acting President Putin is working hard to secure other sources of popularity. Putin has already made a public promise to raise pensions, not by 12% as initially promised before the Duma elections, but by 20%. This will become effective as of February 1st, two months before the presidential elections, and an additional increase towards the end of this year is being discussed. The pension fund currently benefits from a surplus of R14-24 bln., which should cover the February rise. However, it is far from clear that the government can afford an additional rise later on. Putin hinted publicly, on several occasions, that public sector wages should be increased. For example on January 12th he said while visiting a children's hospital in Petrozavodsk that increasing salaries for public sector workers, especially doctors and teachers, is a priority task for the government. On the 14th of January, there was a closed meeting of the commission on military industry, chaired by Putin. After the meeting, Deputy Prime Minister Ilya Klebanov announced that

the defense order in the 2000 budget will be increased by 50% to R62bn. In short, candidate Putin seems to have embarked on a spending spree to ensure his election as President. Such a spree could jeopardise the fragile budgetary equilibrium that Russia achieved in 1999.

It is still unclear what will be done to improve the business environment in Russia. What became obvious after Yeltsin's resignation was a sharp increase on the stock market, which, at least initially, indicates that the business community does not expect any negative consequences for the economy. In addition, expectations that foreign investors would wait with investment decisions until after the presidential election now mean that the time of uncertainty has been reduced from six to three months, since the election will now be held in March. However, the major obstacles for investments still exist and must be dealt with. These include the lack of enforcement of contracts and insufficient protection of property rights. To tackle these issues, institutional and structural reforms need to be sped up.

Conclusions

The ideological slogans of the different political blocks are closely related to the contents of their economic programmes. KPRF represents the party of unreformed communists that strive to maximise government intervention in the economy. Otechestvo favours a type of Latin American socialism, with heavy protection of domestic industries and government-sponsored, economy-wide development projects. Yabloko looks like a progressive social democratic party. High social spending and public insurance policies coexist with an independent central bank and rather limited industrial policies. We would characterise SPS' s economic policy as liberal. They argue that the state participation should be confined to the areas of contract enforcement. Redistribution of income and industrial policies should be minimised to guarantee an optimal allocation of resources.

The change of presidential leadership, combined with the outcome of the Duma election, could set the stage for a more constructive political environment. The new structure of the Duma, with a shift towards the right and the ending of communist domination, implies that the conflict between Russia's legislative and executive powers - frequent characteristics throughout Russia's transition - may be over. This should bring a more effective decision-making and legislative process. Some foreign financial institutions have also made statements that Yeltsin's resignation will increase political stability in Russia, and Russian securities have received by improved ratings. Nevertheless, the final outcome will depend on what decisions are made, decisions that are yet unknown.

ECONOMIC UPDATE

Aggregate demand

In November seasonally adjusted real consumer expenditures on goods and services remained practically unchanged. As a result real consumer expenditures were equal to their November 1998 level but were still 9% lower than in November 1997. Real expenditures on food and public catering were 5% lower than a year ago, expenditures on non-food goods were 5% higher than in November 1998. Real expenditures on paid services were 1% above their level a year ago.

According to preliminary data, expenditures on new construction and equipment (a proxy for gross fixed investment) dropped in November compared to October by 6% in seasonally adjusted terms. This second consecutive monthly fall was connected with the continuing decline in the volume of construction, and reflects the worsening of industrial performance in the autumn.

Output

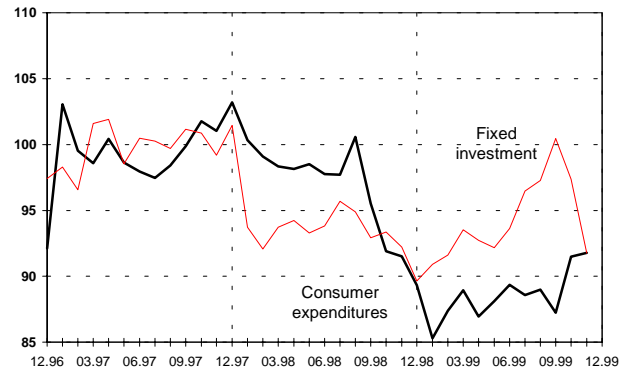
In November industrial production stabilised and remained almost unchanged compared to October in seasonally adjusted terms. Still the level of production was 4% lower than its peak in July. A stabilisation of output was observed in most industries, with the exception of textiles & footwear and food processing, which continued to decline. At the same time, production of fuels continued to increase slightly.

The real volume of construction in November dropped by about 8% from October in seasonally adjusted terms. This fall is probably an effect of the worsening of industrial performance in previous months, as construction appears to follow changes in industrial production with a 2-month lag.

Production of agricultural animal products increased in November for the fourth month in a row, returning to its level of end-1998 after the decline in the first half of the year. In 1999 the grain harvest is estimated to be equal to 53.5 tm compared to 47.9 tm in 1998 (+11.5%). The harvest of potatoes in 1999 is estimated to be 2% lower than in 1998, while the harvest of vegetables increased by 7%, and that of sugar beet by 38% over 1998.

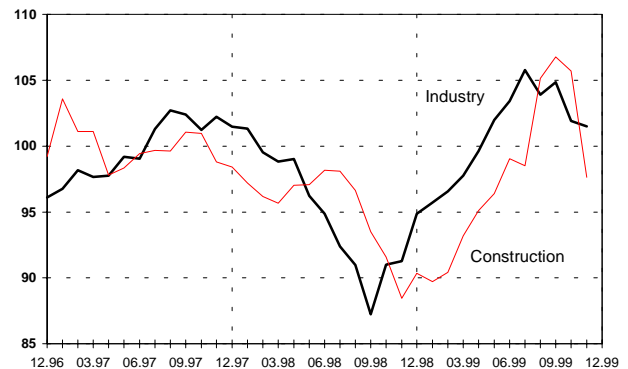
In November, freight transportation turnover, which follows closely the changes in industrial output, remained practically unchanged to October in seasonally adjusted terms. At the same time passenger turnover decreased by 3% in one month and returned to its August–September level.

**Components of aggregate demand
(1997 = 100, seasonally adjusted)**



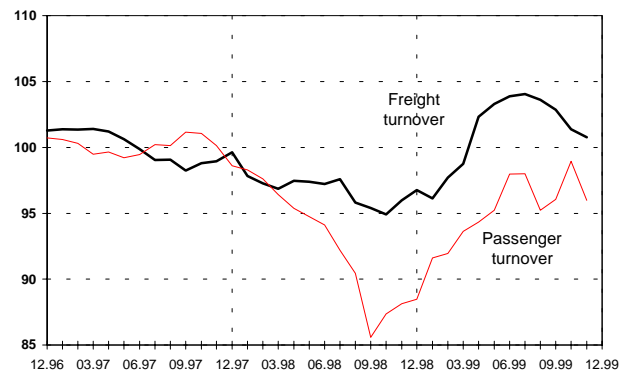
Source: Goskomstat.

**Industry and construction output
(1997 = 100, seasonally adjusted)**



Source: Goskomstat.

**Transportation turnover
(1997 = 100, seasonally adjusted)**



Source: Goskomstat.

Prices

In December consumer price inflation increased slightly because of the seasonal rise of food prices. The consumer price index grew in December by 1.3% (1.2% in November). CPI for food increased by 1.4% in December (1.0% in November), for non-food items by 1.2% (1.5% in November), and for paid services by 0.9% (1.7% in November). Over the year total CPI grew by 36.5%, food prices increased by 35.9%, prices for non-food goods by 39.2%, and CPI for paid services increased by 34.0%.

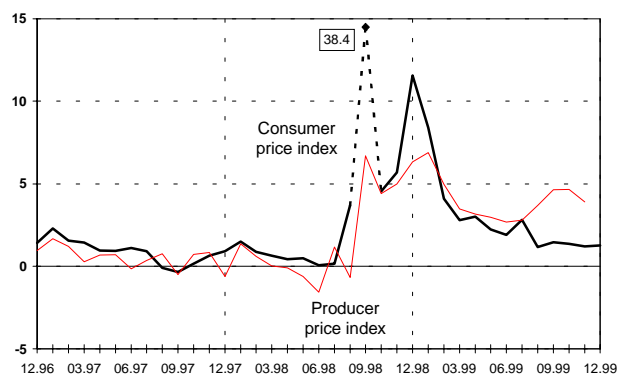
The composite producer price index increased by 3.9% in November compared to 4.6% in October (December data are not yet available). The same growth rate of 3.9% was registered for PPI in industry (5.5% in October). The slowdown of PPI growth was connected with decrease with the slower rate of growth of fuel prices, which increased by 5.8% compared to 16.2% in October. At the same time tariffs for railroad freight transportation, which are regulated by the government and which had remained unchanged for more than a year, were in November raised by 9.5%.

Labour

The situation in the labour market remains more or less stable. Employment in goods-producing large and medium-sized enterprises decreased from August to October by 1%. Employment in service-producing enterprises remains unchanged. And according to Goskomstat estimates, employment at small enterprises and joint ventures continues to grow. The vacancy ratio (the number of job seekers registered with the FES as a ratio of the number of registered vacancies) continued to decline in November in seasonally adjusted terms, and reached its lowest level since 1994. According to the last VCIOM poll, in November the unemployment rate was equal to 12% compared with 15-17% in previous months.

According to preliminary data the real monthly wage due, calculated on the basis of the price deflator for consumer expenditures, in November increased by 4% from October. Real wages are growing more or less steadily since January of 1999. In November they were 5% higher than a year ago, but still 23% lower than in November 1997. Wage arrears continued to decline; in November they fell by another 4.2% to R50.9 bln. The reduction was observed for both enterprise and budget arrears; the last diminished by 7.6% to R12.4 bln. Strike activity remains very low: in November there were 341 strikes in which 80 th. man-days were lost, compared to 2 135 strikes and 615 th. man-days lost in November 1998.

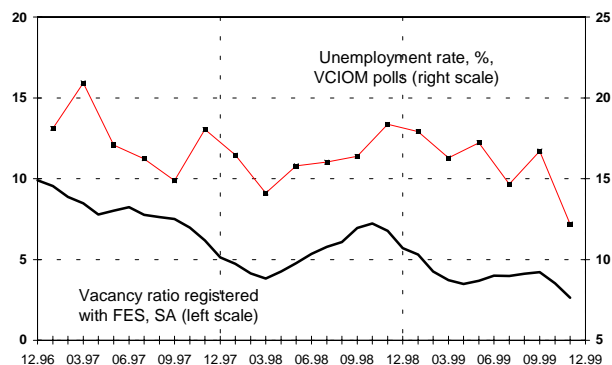
Monthly growth of price indices, %*



* *Producer price index covers prices in industry, construction, production of agricultural animal products, and tariffs for freight transportation and communications.*

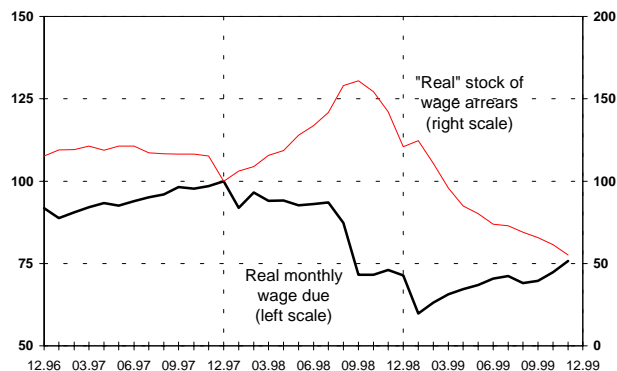
Source: Goskomstat.

Unemployment indicators



Source: Goskomstat, VCIOM.

Real wages and wage arrears (Dec-1997 = 100, seasonally adjusted)*



* *Index of "real" wage arrears is calculated in terms of monthly wage fund, index or real wages is based on price deflator for consumer expenditures.*

Source: Goskomstat.

Foreign trade

In the period January to October 1999 Russia's trade balance amounted to \$24.5 bln with exports standing at \$57.6 bln and imports at \$33.1 bln. Exports in the first ten months of the year were 5.6% lower than in the same period 1998 while imports remained 37% below their 1998 level. In October Russia's exports of crude oil and petroleum products (according to customs data) amounted to \$2 bln, their highest monthly level since August 1997.

In December a number of changes were made to export regulations and tariffs. The government introduced a tariff on exports of natural gas equal to 5%, and the export duty on oil was doubled from 7.5 to 15 euros per tonne in line with the rise in world market prices. The planned introduction of a 5% tariff on exports of aluminium produced from imported concentrates has been postponed for six months. And on a more liberal note the government has abolished the non-tariff barrier on exports of palladium and has also granted export permission to state owned enterprises for the export of certain precious metals. This permission was previously held by only special institutions such as the CBR.

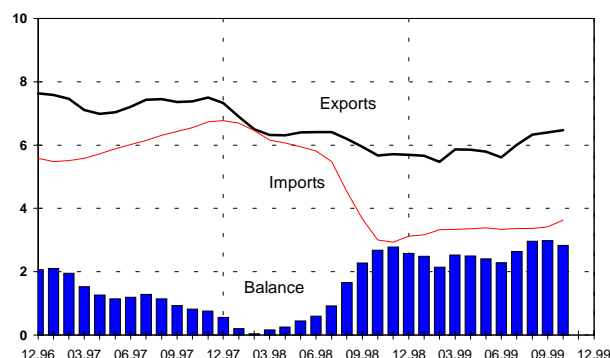
In the beginning of January the CBR suggested raising the repatriation of export revenue from the current 75% (50% for exporters paying 25% on foreign debt payments) to 100%. This is, however, not a measure that will raise money immediately, as exporters have 90 days to return their export proceeds. And although it should mean a slight increase in money returned, it is also likely to have a negative effect on compliance. Furthermore, as restrictions are introduced economic actors normally find ways to circumvent these. The positive effect of an increase in the rate of repatriation is not likely to be long-lasting, as this is not a new restriction but rather just a tightening of an old measure already familiar to exporters who already know the channels of circumvention.

Enterprise finances

New data released by Goskomstat suggest that the financial health of Russian enterprises has continued to improve. Overdue payables deflated by the producer price index have been falling for 16 months in a row. The downward dynamics of this indicator mean that the share of output supplied to customers paying late, or not paying at all, was shrinking. Similarly tax collection rates have been climbing.

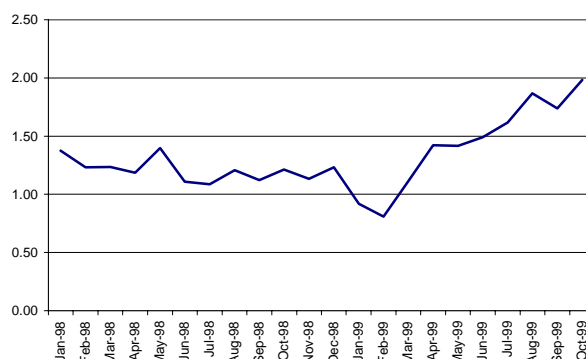
The structure of revenues of the largest Russian companies showed positive changes as well. The share of cash was rising, at the expense of barter and monetary surrogates. Stabilisation in the volumes of

Merchandise exports and imports (\$ bln, seasonally adjusted)



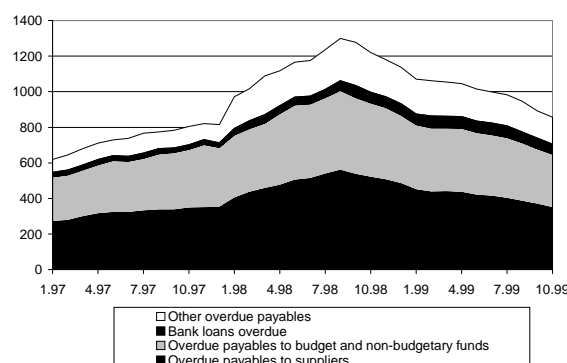
Source: Goskomstat.

Revenues from crude oil and petroleum exports (\$ bln)



Source: State Customs Committee

Overdue payables deflated by PPI*, Jan-98=100

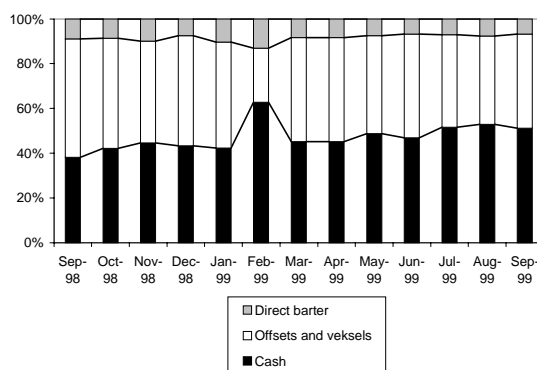


* Data is for large and medium size enterprises.

Source: Goskomstat.

outstanding vekselns written against non-financial companies is yet another sign of improvement. The average monthly growth rates of vekselns in circulation, deflated by the producer price index in January-October, amounted to 1%. In 1995 to 1998 this indicator fluctuated between 5 and 8 percent. In the first nine months of 1999, the share of cash in the RAO UES revenues reached 32%, up by 53% compared with the same period 1998. All in all, there is a general impression that the monetisation of the economy is increasing and that the arrears crisis is dissolving.

Arrears in the energy sector*



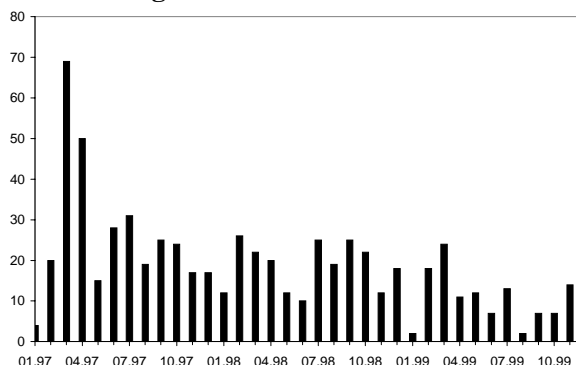
* Data is for large and medium-size enterprises.
Source: Goskomstat.

The banking sector

The day after the December Duma election, the President vetoed the deposit insurance law passed earlier by both chambers of Parliament. The law proposed the creation of the deposit insurance corporation formally financed by the banks that are members of the scheme. The law provided that the government guarantees corporations' obligations for a period of five years. The President turned down the law because it would significantly increase the state's contingent liabilities. The second, more immediate issue was the requirement of the law to allocate R2 bln to the corporation to cover its set-up costs. This year's budget does not allow for any such allocation.

Previous experience suggests that a government-sponsored deposit insurance scheme must be accompanied by a strong capacity of supervision by bank regulators. Otherwise the scheme works as an incentive-distorting mechanism for bankers and depositors: The former are induced to undertake potentially highly profitable but very risky projects, and the latter do not care about the riskiness of their bank since their deposits are completely insured by the state. In our opinion, the introduction of the deposit guarantee scheme in the current Russian economic situation does not seem appropriate.

Number of bank licences withdrawn by the CBR for violations of banking laws and CBR regulations*

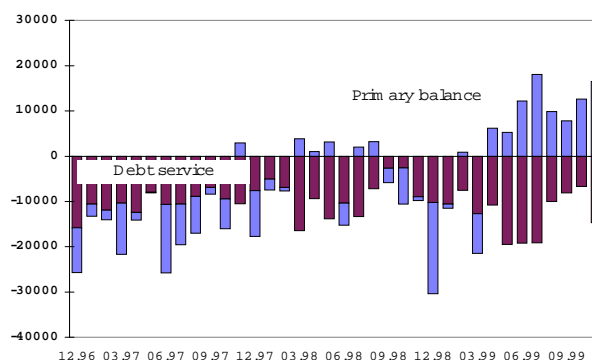


* Data for July-August are preliminary estimates.
Source: CBR.

The budget

In January-November 1999 the deficit of the federal budget, calculated according to the IMF definition, equaled R59.1 bln (preliminary figure), or around 1.5% of the GDP. In November, the federal government was running a surplus of R1.9 bln. Revenues of the federal budget for November 1999 amounted to R69.1 bln, out of which taxes were R57.5 bln, the highest revenue recorded of the 11 months of 1999. The Tax Ministry collected R38.5 bln in November, more than in the previous month. Important contributions were higher payments from Gazprom (around R 8.6 bln) and better compliance from the oil companies and natural monopolies.

Federal budget deficit, R mln



Source: Ministry of Finance.

Revenues controlled by the Customs Committee comprised R19.9 bln, out of which R9.8 were customs tariffs and R7.0 bln was VAT on imports. Starting from September 23 till December 7, 1999, the export tariff for oil was 7.5 Euro/ton and, starting from December 8 a rate of 15 Euro/ton became effective.

Federal expenditures equaled R67.2 bln. Interest payments comprised R14.6 bln. Interest paid on foreign debt stood at R11 bln, which included \$140 mln of interest to the IMF and \$19 mln of interest to the Paris Club.

Regional and local budgets were running a consolidated surplus of R15.7 bln in January-November, 1999. Their revenues and expenditures over this period equaled R543.7 bln and R414.4 bln respectively.

The exchange rate

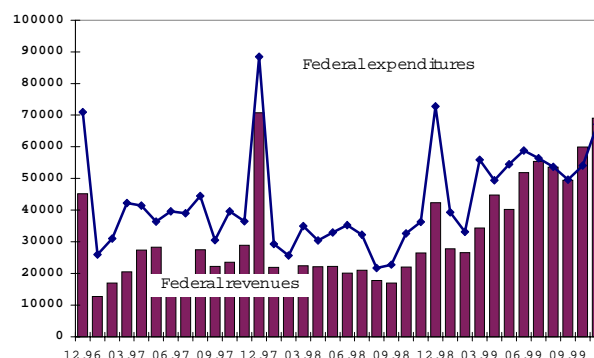
In 1999 the CBR official exchange rate depreciated by 23.5% and the MICEX exchange rate by 21.6%. The rouble took another dive in the beginning of this year. On January 12 the official exchange rate had depreciated by 6.4% (7% in one week) with the rate reaching above R28.8/\$. In recent days it has strengthened slightly. The pressure on the currency was an effect of different factors. First, commercial banks' liquidity increased as the balance on their correspondent accounts at the CBR reached a massive R88.3 bln. Second, the markets believed that the CBR would allow the rouble to fluctuate between R27-30/\$. Third, signs of non-intervention from the CBR fuelled trading. There is normally somewhat of a beginning-of-the-year effect since companies and individuals spend money at the end of the year and the market enters the new year, and then the demand for dollars increases after January 1.

Although the rouble is technically running under a floating exchange rate regime, the CBR at one point (at the beginning of January believed by the markets to be R29/\$) will defend the rouble. A weaker exchange rate means more expensive debt payments. The government is supposed to make approximately \$1.2 bln in debt payments in January and \$3 bln in the first quarter. Thus, as the rouble strengthened it could come down to (1) some level of intervention on the part of the CBR (2) the end of the beginning-of-the-year effect and (3) some effect of the CBR's decision to raise the reserve requirement (see money).

Money

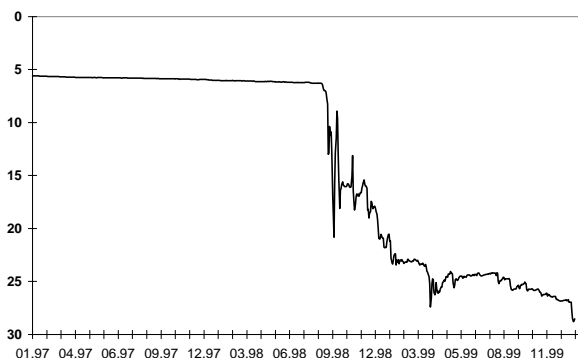
For 1999 as a whole the growth of the monetary base amounted to around 45% (in 1998 - 28%). The most money printing was observed in December, when monetary base increased by 14.5% (R28.0 bln) and

Federal revenues and expenditures, R mln



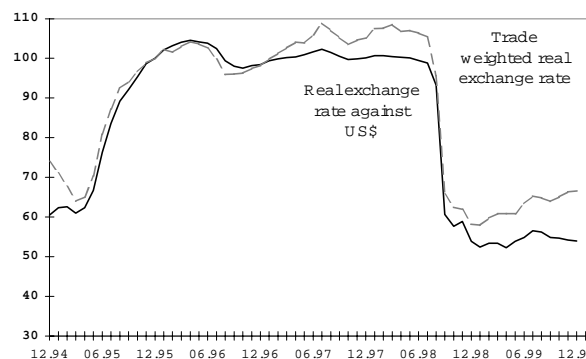
Source: Ministry of Finance.
IMF definitions of revenues, expenditure and deficit are used.

The rouble exchange rate (R/\$)*



* MICEX exchange rate.
Source: Moscow Times.

The real exchange rate

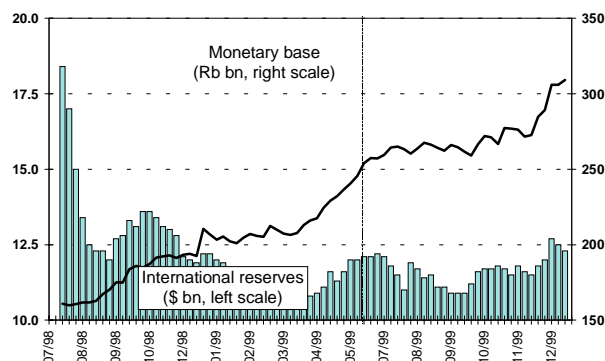


Source: Moscow Times, Goskomstat, Financial Times

monetary base increased by 14.5% (R38.9 bln) and stood at R306 bln on December 27. At the end of the year extensive dollar purchasing by the CBR significantly contributed to money creation. In December international reserves increased by \$0.9 bln to \$12.5 bln on December 31, 1999.

Attempting to relive pressure on the foreign currency market from the side of cash balances in commercial banks' correspondent account (which reached R88.3 bln in the beginning of the new year) the CBR raised the reserves requirements for commercial banks. Starting from January 1 compulsory reserve rates for foreign currency deposits were increased from 8.5% to 10% and for rouble deposits from 5.5% to 7%.

Monetary base and gross international reserves (weekly data)

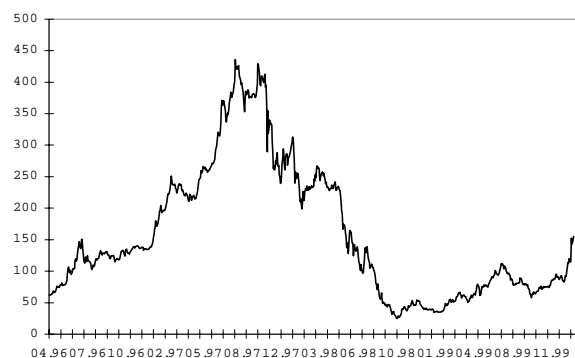


Source: CBR.

Financial markets

In 1999 the Moscow Times \$ Index grew by 198% making Russia one of the fastest growing markets in the world, after having received the title 'the worst performing emerging stock market' in 1998. In the first two weeks of the new millenium the rise continued as the market shot up a staggering 35% following Yeltsin's resignation, which indicates, at least initially, that the business community does not expect negative consequences for the economy. In addition, expectations that foreign investors would wait with investment decisions until after the presidential election now mean that the time of uncertainty has been shortened from six to three months as the election will now be held in March. Nevertheless, even if political stability would be achieved the problems related to legal risk are still present.

Moscow Times \$ Index



Source: Moscow Times.

Table 1: GDP and aggregate demand*

	Nominal GDP	Real GDP, SA**	Nominal consumption of goods and services	Real consumption of goods and services***	Nominal expenditures on new construction & equipment	Real expenditures on new construction & equipment, SA**
	(R bn)	(1997=100)	(R bn)	(1995 = 100)	(R bn)	(1997=100)
1995	1 540,5	102,6	664,8	100,0	267,0	128,5
1996	2 145,7	99,1	946,8	97,6	375,9	105,3
1997	2 521,9	100,0	1 115,3	100,1	408,8	100,0
1998	2 684,5	95,4	1 331,6	94,5	402,4	93,3
01.1997			86,0	97,6	22,5	98,3
02	542,6	99,4	81,9	91,5	24,1	96,6
03			85,8	94,5	26,6	101,6
04			88,4	96,5	26,0	101,9
05	602,9	98,7	87,6	94,7	27,1	98,6
06			89,1	95,2	32,3	100,5
07			90,5	95,8	33,4	100,3
08	690,7	100,4	93,0	98,6	36,0	99,7
09			96,9	103,1	39,5	101,2
10			100,3	106,5	37,2	100,9
11	685,7	101,5	101,0	106,6	41,2	99,2
12			114,9	120,2	62,9	101,4
01.1998			95,0	97,9	22,1	93,7
02	545,2	98,8	89,8	91,8	23,7	92,1
03			94,7	96,1	26,1	93,7
04			94,8	95,8	25,5	94,2
05	606,6	97,3	94,2	94,8	26,6	93,3
06			95,5	96,0	31,8	93,8
07			99,0	99,3	32,9	95,7
08	698,9	93,1	108,7	105,2	35,4	94,9
09			132,8	92,8	38,8	92,9
10			130,1	87,0	36,6	93,4
11	833,9	93,6	136,1	86,1	40,5	92,2
12			161,1	91,4	62,4	89,6
01.1999			143,7	75,2	28,0	90,9
02	823,1	96,1	145,4	73,1	31,3	91,6
03			159,6	78,1	35,9	93,5
04			160,7	76,3	36,3	92,7
05	1 026,2	98,7	162,6	75,5	40,0	92,2
06			168,3	76,7	50,7	93,6
07			172,9	76,6	54,8	96,5
08	1 269,9	98,3	185,4	81,2	57,7	97,3
09			189,4	81,8	61,0	100,5
10			197,5	84,1	55,5	97,4
11			205,2	86,4	58,0	91,7
12						

* Series on consumption and investment slightly differs from NIPA concept. Since October 1998, monthly GDP data are not produced.

** Based on the year-on-year rates of growth at prices of the previous year.

*** Based on the nominal consumption figures deflated by CPI.

SA - seasonally adjusted.

Table 2: Industrial production

	Industrial production, total, SA*	Industrial production, total, SAWT*	Oil extraction, SAAL	Natural gas extraction, SAAL	Electricity production, SAAL	Coal production, SAAL
	(1997=100)	(1997=100)	(mn t)	(bn cub. m)	(bn kWt/h)	(mn t)
1995	102,1		298	595	862	262
1996	98,0		293	601	848	255
1997	100,0	100,0	297	571	834	244
1998	94,8	94,8	294	591	827	232
01.1997	97,7	96,8	293	596	830	249
02	98,5	98,2	291	588	821	249
03	97,4	97,7	297	582	807	252
04	97,9	97,7	303	572	823	246
05	99,2	99,2	295	558	823	242
06	98,5	99,0	297	547	825	238
07	101,4	101,3	297	526	834	243
08	102,7	102,7	298	545	836	242
09	101,9	102,4	298	560	845	229
10	101,8	101,2	298	563	842	248
11	101,4	102,2	299	610	858	241
12	101,6	101,5	297	601	860	246
01.1998	100,5	101,3	298	591	817	245
02	99,7	99,5	293	589	833	241
03	99,9	98,8	295	596	840	233
04	99,0	99,0	293	591	858	247
05	96,4	96,2	287	560	844	224
06	95,7	94,9	295	566	834	221
07	92,3	92,4	294	605	794	208
08	90,8	91,0	290	603	783	223
09	86,7	87,2	293	598	800	211
10	89,9	91,0	296	605	830	229
11	91,9	91,3	297	603	853	240
12	94,8	94,9	298	587	838	262
01.1999	98,1	95,7	293	577	802	248
02	96,7	96,6	287	572	807	239
03	100,3	97,8	292	585	859	244
04	99,5	99,6	296	583	836	255
05	102,2	102,0	292	607	884	243
06	104,3	103,4	294	604	859	248
07	104,1	105,8	295	588	843	243
08	105,4	103,9	295	622	861	247
09	104,2	104,8	298	604	867	249
10	99,2	101,9	297	578	854	255
11	103,8	101,5	298	594	893	252
12						

* Based on the year-on-year rates of growth at prices of the previous year.

SA - seasonally adjusted, SAAL - seasonally adjusted annual level.

SAWT - seasonally adjusted reflecting work time differences.

Table 3: Output by sector

	Gross agricultural output at constant prices, SA	Agricultural production, animal products, SA	Real volume of construction works, SA*	Area of dwellings completed, SAAL	Freight transportation turnover, SAAL	Freight carried by rail, SAAL
	(1997=100)	(1997=100)	(1997=100)	(mn sq. m)	(bn t-km)	(mn t)
1995	103,8	115,6	127,6	41,0	3 539	1 025
1996	98,5	106,4	106,8	34,3	3 374	910
1997	100,0	100,0	100,0	32,7	3 255	887
1998	87,7	97,6	95,0	30,4	3 145	835
01.1997	100,1	101,2	103,6	29,4	3 301	875
02	96,3	101,6	101,1	30,7	3 306	894
03	92,8	101,1	101,1	31,7	3 292	898
04	91,9	101,4	97,8	32,9	3 304	887
05	91,2	100,7	98,3	30,8	3 289	862
06	92,7	100,0	99,4	32,2	3 234	884
07	105,7	99,5	99,7	33,5	3 232	883
08	116,7	99,5	99,6	32,9	3 206	884
09	106,7	98,9	101,1	33,5	3 237	888
10	104,4	98,2	101,0	36,6	3 153	890
11	102,7	98,9	98,8	33,6	3 259	894
12	98,7	99,0	98,4	34,7	3 253	901
01.1998	93,3	99,4	97,2	35,7	3 219	878
02	92,1	99,1	96,2	32,5	3 082	848
03	91,7	99,1	95,7	31,3	3 197	859
04	91,0	98,5	97,0	22,7	3 179	863
05	90,0	98,1	97,1	31,1	3 143	834
06	88,5	98,0	98,2	27,9	3 190	833
07	83,6	97,9	98,1	25,9	3 164	813
08	82,3	97,1	96,6	32,0	3 177	804
09	82,6	97,3	93,5	31,3	3 016	774
10	82,9	96,4	91,6	29,5	3 124	822
11	84,1	95,7	88,5	33,0	3 128	811
12	90,2	94,8	90,4	31,9	3 122	879
01.1999	88,1	94,1	89,7	39,0	3 202	892
02	87,0	93,9	90,4	39,5	3 065	889
03	86,9	93,3	93,2	30,7	3 277	907
04	88,2	92,8	95,1	25,3	3 303	934
05	88,1	93,9	96,4	33,3	3 413	942
06	86,6	92,5	99,0	29,6	3 374	951
07	85,6	91,3	98,5	29,8	3 359	953
08	83,4	92,2	105,2	34,1	3 429	949
09	81,9	92,1	106,8	37,4	3 331	951
10	87,2	93,4	105,7	32,0	3 285	954
11	85,2	94,8	97,6	34,6	3 284	979
12						

* Based on the year-on-year rates of growth at prices of the previous year.
SA - seasonally adjusted, SAAL - seasonally adjusted annual level.

Table 4: Trade

	Wholesale trade*	Real wholesale trade*	Retail sales**	Real retail sales**	Paid services, total, current prices	Real paid services, total
	(R bn)	(1995 = 100)	(R bn)	(1995 = 100)	(R bn)	(1995 = 100)
1995	1 091,9	100,0	553,5	100,0	113,0	100,0
1996	1 773,8	92,7	738,3	98,7	200,3	92,1
1997	2 173,8	100,6	861,2	103,1	269,5	95,5
1998	2 262,8	96,7	1037,4	98,3	318,6	95,1
01.1997	168,5	91,9	68,5	102,2	19,3	91,5
02	169,4	91,7	64,2	95,0	19,6	89,7
03	180,6	96,4	67,7	99,1	19,7	89,0
04	191,6	101,2	69,2	100,6	21,0	92,8
05	176,2	103,3	68,3	98,4	20,7	89,7
06	169,6	97,2	68,1	97,1	21,9	93,5
07	180,5	101,4	68,9	97,9	23,1	97,2
08	183,4	104,9	71,4	101,4	23,7	99,3
09	185,7	105,2	74,5	106,1	24,5	100,6
10	190,7	106,6	74,8	106,4	24,8	100,1
11	184,0	101,4	76,3	107,9	25,1	100,0
12	193,6	105,5	89,3	125,2	26,1	102,8
01.1998	165,6	90,9	74,4	99,6	21,4	89,0
02	175,6	95,7	68,7	94,7	22,1	89,0
03	186,5	100,0	71,4	97,8	23,9	91,3
04	179,2	103,8	71,8	98,1	24,3	91,1
05	167,5	107,0	71,4	97,2	24,9	92,5
06	172,8	97,5	70,7	96,2	26,9	95,1
07	174,8	97,5	72,3	98,4	28,0	96,5
08	169,5	93,6	81,7	105,0	28,5	97,3
09	188,1	93,5	107,0	101,6	28,8	96,2
10	203,6	91,9	104,3	94,1	28,6	96,5
11	218,8	92,5	110,6	94,6	29,3	100,6
12	260,8	96,0	133,1	102,4	31,9	106,5
01.1999	223,4	77,5	117,1	80,5	27,5	88,5
02	236,2	83,3	118,6	81,2	28,3	86,0
03	288,6	94,1	129,5	85,9	31,4	91,2
04	291,7	98,1	130,6	84,0	32,1	91,2
05	292,6	103,8	133,7	83,8	31,0	94,9
06	313,1	95,3	137,2	84,2	34,6	100,8
07	332,4	98,4	140,5	84,2	35,7	106,4
08	348,7	100,8	151,4	89,4	37,3	99,3
09	377,4	112,7	155,6	90,1	37,9	98,2
10	390,4	105,0	161,3	92,1	39,6	102,6
11	406,9	99,8	167,7	94,5	40,7	101,8
12						

* Including exports.

** Including catering. Revised by RSA in January 1999.

Table 5: Labour market

	Employment	Unemployment rate, ILO concept*	Registered unemployment rate*	Man-days lost in strikes	Nominal average monthly wage due**	Real average monthly wage due, SA***
	(mn)	(%)	(%)	(th)	(R)	(Dec-97=100)
1995	66,4	8,5	2,8	1 366	472	79,9
1996	65,9	9,6	3,5	4 009	790	91,2
1997	64,7	10,8	3,1	6 001	950	95,6
1998	63,6	11,9	2,6	2 882	1 095	86,2
01.1997	65,2	10,1	3,5	1 565	812	90,4
02	65,0	10,3	3,5	989	821	91,8
03	64,8	10,5	3,5	869	903	93,2
04	64,7	10,7	3,5	463	901	94,2
05	64,6	10,9	3,3	258	920	93,6
06	64,6	10,9	3,2	251	993	95,1
07	64,6	10,9	3,1	50	999	96,2
08	64,6	10,9	3,0	131	982	96,4
09	64,5	11,0	2,8	542	1 026	98,5
10	64,4	11,1	2,8	356	1 006	98,2
11	64,4	11,2	2,8	303	998	99,1
12	64,4	11,2	2,8	225	1 215	100,0
01.1998	64,2	11,4	2,7	72	988	96,1
02	64,0	11,6	2,7	95	1 000	98,4
03	63,8	11,7	2,7	103	1 059	97,0
04	63,7	11,7	2,7	109	1 040	97,0
05	63,7	11,5	2,6	86	1 047	95,5
06	63,8	11,3	2,5	79	1 122	97,3
07	63,7	11,3	2,5	56	1 110	97,5
08	63,5	11,6	2,4	27	1 052	90,8
09	63,4	11,9	2,4	378	1 112	67,5
10	63,3	12,3	2,5	797	1 123	66,4
11	63,3	12,9	2,6	615	1 164	66,7
12	63,3	13,3	2,6	464	1 482	63,7
01.1999	63,2	13,8	2,6	577	1 167	56,4
02	63,2	14,1	2,7	532	1 199	58,1
03	63,6	13,6	2,6	83	1 385	60,9
04	64,1	13,0	2,5	15	1 423	62,1
05	64,6	12,4	2,3	15	1 472	62,3
06	64,9	12,0	2,2	6	1 626	64,2
07	65,1	11,8	2,0	6	1 618	63,4
08	65,2	11,7	1,9	5	1 608	62,9
09	65,1	11,7	1,8	99	1 684	63,4
10	65,1	11,7	1,7	228	1 717	65,0
11	65,1	11,7	1,7	80	1 785	68,3
12						

* Monthly data are end of month, yearly data are averages of the end of month figures.

** Yearly figures reported by RSA are not equal to monthly average.

*** Based on CPI changes.

SA - seasonally adjusted, SAAL - seasonally adjusted annual level.

Table 6: Social indicators

	Personal income, per capita, official	Real personal income, per capita, official	Official minimum monthly wage	Average monthly pension	Official monthly subsistence level	Share of population below subsistence level
	(R)	(1995 = 100)	(R)	(R)	(R)	(%)
1995	514,9	100,0	42,6	188,1	264,1	26,2
1996	759,0	100,1	72,7	302,1	369,9	21,4
1997	933,5	107,4	83,5	328,2	411,2	21,2
1998	969,2	88,5	83,5	399,0	493,3	24,6
01.1997	806,4	97,9	83,5	320,0	393,6	22,1
02	822,2	98,2	83,5	320,2	403,6	22,2
03	857,4	101,0	83,5	320,4	408,4	21,9
04	929,6	108,5	83,5	320,7	411,8	21,1
05	868,0	100,3	83,5	320,7	417,0	22,0
06	963,9	110,2	83,5	320,8	423,0	21,0
07	950,5	107,7	83,5	320,8	427,3	21,3
08	924,3	104,8	83,5	321,1	417,8	21,4
09	905,8	103,1	83,5	321,3	406,5	21,3
10	961,1	109,2	83,5	342,8	403,2	20,6
11	939,5	106,0	83,5	343,0	407,3	21,0
12	1 273,1	142,4	83,5	366,3	415,0	18,4
01.1998	798,2	88,0	83,5	366,6	417,7	22,8
02	841,0	91,9	83,5	399,3	424,4	22,4
03	861,7	93,5	83,5	399,8	427,4	22,2
04	908,1	98,1	83,5	400,6	431,9	21,7
05	833,1	89,6	83,5	401,4	434,9	22,8
06	858,3	92,3	83,5	402,5	435,5	22,5
07	883,4	94,8	83,5	402,6	438,4	22,3
08	877,0	90,7	83,5	402,7	449,7	22,7
09	982,0	73,4	83,5	403,0	552,0	29,8
10	1 107,4	79,2	83,5	403,1	572,9	28,6
11	1 126,6	76,2	83,5	403,2	618,5	29,5
12	1 553,1	94,2	83,5	402,9	716,8	27,3
01.1999	1 095,0	61,3	83,5	403,0	786,9	38,2
02	1 225,3	65,9	83,5	403,1	829,1	n.a.
03	1 306,8	68,3	83,5	403,1	856,8	37,7
04	1 447,5	73,5	83,5	403,2	884,0	n.a.
05	1 385,6	68,8	83,5	451,6	923,6	n.a.
06	1 476,3	71,9	83,5	455,5	950,0	35,0
07	1 485,0	70,4	83,5	455,7	974,0	n.a.
08	1 547,8	72,5	83,5	455,9	936,4	n.a.
09	1 559,6	72,0	83,5	456,1	919,8	33,5
10	1 675,4	76,3	83,5	455,6	926,8	n.a.
11	1 719,6	77,4	83,5	519,2	943,1	n.a.
12						

Table 7: Arrears*

	Total overdue payables of enterprises, R bn		Of which:			Total overdue receivables of enterprises, R bn		Government wage arrears**
			to suppliers, R bn	to the budget & non-budgetary funds, R bn	wage arrears, R bn			
	4 sectors	9 sectors	4 sectors	4 sectors	4 sectors	4 sectors	9 sectors	
1995	238,9	n.a.	122,3	75,0	13,6	165,5	n.a.	
1996	514,4	n.a.	245,9	203,4	34,7	335,5	n.a.	15,0
1997	756,1	n.a.	344,7	316,6	39,7	458,4	n.a.	8,0
1998	1053,4	1230,6	475,1	438,6	55,7	634,0	761,9	20,1
01.1997	529,1	n.a.	249,1	217,0	35,4	344,5	n.a.	15,3
02	559,7	n.a.	259,8	231,8	36,9	368,6	n.a.	16,7
03	601,0	n.a.	283,8	251,2	37,6	400,1	n.a.	18,3
04	634,3	n.a.	301,1	254,2	36,7	410,7	n.a.	17,4
05	653,8	n.a.	309,4	261,0	38,4	415,6	n.a.	17,8
06	668,6	n.a.	313,3	268,4	39,3	418,8	n.a.	18,3
07	694,3	n.a.	321,5	281,0	39,0	432,3	n.a.	17,7
08	707,6	n.a.	328,9	289,2	39,6	441,5	n.a.	16,5
09	723,4	n.a.	330,2	302,7	41,3	451,3	n.a.	16,5
10	745,2	n.a.	340,2	311,8	40,8	456,3	n.a.	15,5
11	761,7	n.a.	342,9	321,2	41,4	461,6	n.a.	15,0
12	756,1	n.a.	344,7	316,6	39,7	458,4	n.a.	8,0
01.1998	687,7	891,6	286,2	299,2	41,8	389,3	555,5	7,2
02	840,4	941,7	375,2	347,6	48,8	519,6	598,9	8,8
03	795,4	998,3	387,5	363,2	50,1	534,2	620,1	10,3
04	904,5	1034,1	395,0	381,9	52,5	548,7	647,7	10,9
05	939,2	1075,5	416,2	395,2	55,1	570,3	677,3	12,7
06	936,3	1082,0	417,2	391,1	56,4	569,8	683,4	14,9
07	980,7	1132,0	433,3	398,0	59,6	585,0	700,9	17,1
08	1005,1	1160,5	444,2	408,3	63,9	561,7	710,2	18,6
09	1034,8	1199,8	452,7	423,2	65,4	616,8	740,7	20,9
10	1054,4	1224,7	464,5	432,3	62,9	655,2	782,0	22,1
11	1065,5	1238,7	472,2	443,6	61,0	648,1	776,2	22,1
12	1053,4	1230,6	475,1	438,6	55,7	634,0	761,9	20,1
01.1999	1065,9	1241,1	472,8	443,6	55,6	641,8	772,0	19,4
02	1093,0	1280,6	477,6	463,8	52,9	659,5	799,8	19,0
03	1119,0	1321,8	490,8	475,3	49,8	675,0	824,8	17,0
04	1145,5	1358,9	498,9	495,1	46,8	684,3	842,3	15,3
05	1149,0	1366,3	492,5	503,1	45,4	702,2	863,8	14,6
06	1170,2	1388,0	509,7	511,8	43,3	714,6	881,2	14,6
07	1183,7	1404,8	508,1	520,9	44,3	718,9	883,8	15,0
08	1206,2	1427,4	513,3	525,0	41,3	716,5	881,6	13,8
09	1188,5	1416,9	513,9	527,3	40,0	714,3	883,5	13,7
10	1201,3	1435,1	511,6	533,9	38,9	724,5	889,7	13,4
11					37,6			12,4
12								

* 4 sector series include data from the following sectors of the economy: industry, construction, transport and agriculture.

9 sector series, in addition to sectors included in 4 sector series, include communications, trade and catering, wholesalers, housing and 'other' sectors

** the series includes data for industry, construction, transport, agriculture, education, health, arts, sciences, social security, housing and communal services and local administration. Prior to July 1998 RET estimates.

Table 8: Prices (end of period)

	Consumer price index, total (Dec-97=100)	Consumer price index, food & beverages (Dec-97=100)	Consumer price index, non-food goods (Dec-97=100)	Consumer price index, paid services (Dec-97=100)	Composite producer price index (Dec-97=100)	Industrial producer price index (Dec-97=100)
1995	74,0	77,9	78,5	55,0	74,4	74,1
1996	90,1	91,7	92,5	81,6	94,2	93,0
1997	100,0	100,0	100,0	100,0	100,0	100,0
1998	184,4	196,0	199,5	118,3	124,6	123,2
01.1997	92,2	94,5	93,4	83,5	95,8	94,0
02	93,6	95,8	94,0	86,5	97,0	95,6
03	95,0	97,2	94,7	88,7	97,2	96,8
04	95,9	98,1	95,3	90,1	97,9	97,6
05	96,8	98,9	95,8	91,8	98,6	98,0
06	97,8	100,4	96,2	92,8	98,4	98,9
07	98,7	101,1	96,6	94,9	98,8	99,1
08	98,6	100,3	97,1	95,9	99,6	99,5
09	98,3	98,9	97,9	97,1	99,0	99,7
10	98,5	98,4	98,7	98,2	99,8	99,8
11	99,1	98,8	99,4	99,3	100,6	100,0
12	100,0	100,0	100,0	100,0	100,0	100,0
01.1998	101,5	102,1	100,5	101,7	101,4	100,9
02	102,4	103,3	100,8	102,7	102,0	101,4
03	103,1	104,1	101,0	104,0	102,0	101,3
04	103,5	104,4	101,2	105,0	101,9	101,3
05	104,0	105,0	101,3	106,1	101,3	100,5
06	104,1	105,0	101,3	106,7	99,7	100,5
07	104,2	104,9	101,3	108,0	100,8	99,7
08	108,1	107,4	108,6	109,3	100,2	98,5
09	149,6	149,8	167,5	113,0	106,9	105,8
10	156,4	155,6	180,0	114,8	111,6	112,0
11	165,3	167,5	187,7	116,2	117,2	117,6
12	184,4	196,0	199,5	118,3	124,6	123,2
01.1999	199,9	216,2	211,9	123,2	133,2	131,7
02	208,1	225,6	220,2	127,1	139,8	139,1
03	213,9	231,9	227,4	129,5	144,6	144,4
04	220,4	238,0	236,6	133,6	149,2	149,7
05	225,3	242,7	243,0	136,4	153,6	155,1
06	229,6	247,0	246,8	141,1	157,7	160,9
07	236,0	254,8	251,6	145,6	162,2	165,9
08	238,8	255,8	257,6	148,5	168,1	173,8
09	242,3	257,9	264,5	151,4	175,9	184,0
10	245,6	260,1	270,3	154,5	184,1	194,2
11	248,6	262,7	274,5	157,1	191,3	201,7
12	251,7	266,4	277,7	158,5		

Table 9: Foreign Trade

	Exports total*	Export of oil & oil products	Export of gas	Imports total*	Imports of machinery & equipment	Trade balance total
	(\$ bn)	(\$ bn)	(\$ bn)	(\$ bn)	(\$ bn)	(\$ bn)
1995	81,1	17,3	10,8	60,8	15,8	20,2
1996	88,6	23,1	15,8	68,8	14,6	19,8
1997	88,2	21,9	16,4	73,7	18,5	14,5
1998	74,2	14,5	13,3	59,1	15,6	15,1
01.1997	7,0	1,8	1,8	4,8	0,9	2,2
02	6,7	0,8	1,0	5,1	1,2	1,6
03	7,4	0,4	2,2	5,7	1,5	1,7
04	6,8	4,4	1,4	6,2	1,7	0,6
05	6,7	1,9	1,2	5,5	1,3	1,2
06	6,9	1,8	1,1	5,8	0,5	1,0
07	7,5	1,3	1,0	6,5	1,6	1,4
08	7,0	2,5	1,0	6,1	1,4	0,5
09	7,1	1,8	1,0	6,2	0,8	1,0
10	7,9	1,8	1,3	6,9	3,3	1,0
11	8,3	1,8	1,6	6,5	1,7	1,8
12	8,9	1,9	1,7	8,4	2,7	0,6
01.1998	5,9	1,4	1,5	5,7	1,5	0,2
02	5,8	1,2	1,4	6,1	1,5	-0,3
03	6,7	1,2	1,5	6,5	2,0	0,2
04	6,2	1,2	1,0	6,2	0,9	0,0
05	6,0	1,4	0,9	5,8	1,5	0,2
06	6,5	1,1	0,9	5,7	1,3	0,8
07	6,2	1,1	0,9	5,7	1,5	0,5
08	5,7	1,2	0,8	5,0	1,5	0,7
09	5,9	1,1	0,8	3,0	1,1	2,9
10	6,1	1,2	1,1	2,9	0,9	3,2
11	5,9	1,1	1,3	3,0	0,8	2,9
12	7,3	1,2	1,2	3,5	1,2	3,8
01.1999	4,7	0,9	1,3	2,9	0,9	1,8
02	5,0	0,8	1,0	3,0	0,9	2,0
03	5,9	1,1	0,9	3,5	1,0	2,4
04	6,5	1,4	0,7	3,7	1,0	2,8
05	5,1	1,4	0,7	3,0	0,7	2,1
06	5,2	1,5	0,7	3,4	0,8	1,8
07	6,1	1,6	0,7	3,4	0,7	2,7
08	6,0	1,9	0,7	3,2	0,7	2,8
09	6,3	1,7	0,7	3,4	0,7	2,9
10	6,8	2,0	1,1	3,6	0,7	3,2
11						
12						

* Includes RSA estimate of unregistered trade.

Table 10: Balance of payments (\$ mn)

	1996	1997	1998	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
Current Account	11997	3555	2446	900	6640	5370	3459	5749
<i>Trade balance</i>	17198	12551	14156	4162	9841	6044	5766	7799
Export	103520	103060	87688	21802	22188	17550	19276	20936
Import	-86322	-90508	-73533	-17640	-12347	-11506	-13511	-13138
<i>Merchandise trade balance</i>	23069	17517	17306	4814	10000	6531	6448	8348
Export	90563	88927	74751	18112	19177	15601	16907	18093
Import	-67494	-71410	-57445	-13298	-9176	-9070	-10459	-9745
<i>Service balance</i>	-5871	-4965	-3150	-652	-159	-487	-682	-549
Export	12957	14133	12937	3690	3011	1949	2369	2844
Import	-18828	-19098	-16087	-4343	-3171	-2436	-3052	-3393
<i>Income and Wages</i>	-5339	-8411	-11359	-3234	-3159	-629	-2399	-2251
Received	4333	4366	4300	584	404	2267	710	413
Paid	-9672	-12777	-15659	-3818	-3563	-2896	-3109	-2664
Wages	-406	-342	-164	-32	29	62	65	55
Received	102	227	301	82	94	102	111	111
Paid	-507	-568	-465	-114	-65	-40	-47	-56
Income	-4933	-8069	-11195	-3201	-3188	-691	-2463	-2306
Received	4232	4140	3999	503	310	2166	598	302
Paid	-9165	-12209	-15194	-3704	-3498	-2856	-3062	-2608
<i>Current Transfers</i>	138	-585	-351	-28	-41	-45	93	202
Received	765	349	223	41	57	51	220	326
Paid	-627	-935	-574	-69	-98	-96	-127	-124
Capital Account	-3618	4047	5469	2754	-6808	-3821	-1500	-2845
<i>Capital transfers (net)</i>	-463	-797	-382	15	-116	-97	-33	-81
<i>Direct investments abroad</i>	-771	-2603	-1027	-98	-334	-365	-498	-497
<i>Direct investments into Russia</i>	2479	6243	2182	411	699	642	722	613
<i>Portfolio investments abroad</i>	-172	-156	-256	350	-3	-23	-202	306
<i>Portfolio investments into Russia</i>	8929	45589	8035	-232	381	-370	82	-201
<i>Other investment - assets</i>	-29306	-26621	-16122	-3942	-6443	-5818	523	-3872
Hard currency	-8908	-13444	945	-1712	773	319	1515	13
Bank accounts and deposits	-1000	977	972	-102	-1139	-1095	-1524	-562
Trade credits	-9501	-6789	-6810	-1181	-4379	-1819	1841	-2040
Loans provided (not overdue)	9499	7004	5345	1282	615	1791	2188	126
Overdue payments	-9475	-3048	-7428	-488	-436	-4065	-1307	-277
Non-repatriated export revenue	-9773	-11458	-8625	-1507	-2072	-1009	-2071	-1065
Other assets	-149	136	-520	-234	195	60	-119	-66
<i>Other investment - liabilities</i>	14328	-15655	7784	3647	-1966	1137	-376	-190
National currency	-230	-38	65	17	-17	-28	-14	-1
Bank accounts and deposits	1547	-4694	-2832	-1376	-844	-249	645	-376
Trade credits and advances	-799	-64	321	86	175	104	77	48
Loans received (not overdue)	10256	12676	5806	3188	-2875	-1159	-2207	2518
Overdue payments	2672	-24045	5120	1976	2510	2437	1300	-2351
Other liabilities	881	511	-697	-244	-915	33	-177	-28
<i>Adjustments</i>	-1484	-19	-50	7	-74	104	-107	-14
<i>Net international reserves</i>	2841	-1934	5305	2596	1050	969	-1611	1091
Errors and omissions	-8379	-7602	-7914	-3655	168	-1549	-1959	-2904

Table 11: Federal budget (IMF definition)*

	<u>Revenues</u>		<u>Expenditures</u>		<u>Deficit</u>	
	Total	of which: tax revenues	Total	of which: interest payments	Total	% GDP
	(R bn)	(R bn)	(R bn)	(R bn)	(R bn)	(%)
1995	201,0	175,3	286,2	54,6	85,2	5,4
1996	253,8	218,7	427,1	124,5	173,3	7,9
1997	311,6	262,1	494,8	117,8	183,2	7,0
1998	273,0	236,0	407,2	106,8	134,2	5,0
01.1997	12,7	11,5	26,0	10,6	13,2	7,7
02	29,7	26,1	56,9	22,5	27,3	7,9
03	50,2	45,6	99,1	32,9	48,9	9,0
04	77,5	70,0	140,6	45,3	63,1	8,5
05	105,8	93,7	176,9	53,2	71,2	7,5
06	119,6	107,2	216,5	63,9	96,9	8,3
07	138,9	123,7	255,4	74,5	116,5	8,4
08	166,4	139,6	299,9	83,4	133,5	8,2
09	188,5	157,0	330,4	90,3	141,9	7,6
10	212,0	177,4	369,9	99,7	157,9	7,5
11	240,9	198,2	406,3	110,2	165,5	7,1
12	311,6	262,1	494,8	117,8	183,2	7,0
01.1998	21,8	15,8	29,3	5,1	7,5	4,0
02	39,8	31,2	53,7	12,0	13,9	3,7
03	62,2	49,9	89,9	28,5	27,8	4,9
04	84,3	68,8	120,4	37,8	36,1	4,7
05	106,5	87,9	153,7	51,6	47,2	4,8
06	126,6	105,3	189,0	62,0	62,4	5,3
07	147,6	123,7	221,3	75,3	73,7	5,3
08	165,3	139,2	242,9	82,4	77,6	4,8
09	182,3	154,6	265,7	85,1	83,4	4,4
10	204,3	173,9	298,3	87,6	94,0	
11	230,7	197,8	334,5	96,6	103,8	
12	273,0	236,0	407,2	106,8	134,2	5,0
01.1999	27,8	24,6	39,3	10,6	11,5	
02	54,3	48,6	72,4	18,1	18,1	
03	88,6	80,1	128,2	30,8	39,6	4,8
04	133,4	119,3	177,6	41,5	44,2	
05	173,7	152,9	232,1	61,0	58,4	
06	225,5	195,2	290,9	80,3	65,4	3,5
07	280,8	242,9	347,3	99,4	66,5	
08	334,3	285,8	400,9	109,4	66,6	
09	383,7	326,0	450,6	117,5	66,9	2,1
10	443,6	375,6	504,6	124,2	61,0	
11	512,7	433,1	571,8	138,9	59,1	
12						

* IMF definition of revenues and expenditure is used.

Monthly data are cumulative.

Deficit and expenditure figures for 1999 have been revised.

Table 12: Consolidated regional and local budgets (IMF definition)*

	<u>Revenues</u>		<u>Expenditures</u>		<u>Deficit(+) or surplus(-)</u>	
	Total	of which: tax revenue	Total	of which: housing subsidies	Total	% GDP
	(R bn)	(R bn)	(R bn)	(R bn)	(R bn)	(%)
1995	238,4	189,0	247,0	65,2	8,6	0,5
1996	321,2	254,3	342,8	88,6	21,6	1,0
1997	410,4	329,0	446,9	106,0	36,5	1,4
1998	395,5	308,1	407,1	94,4	11,7	0,4
01.1997	17,3	14,6	19,8	4,2	2,5	1,5
02	36,3	30,6	41,4	9,0	5,1	1,5
03	63,3	51,6	70,4	15,7	7,0	1,3
04	96,2	79,0	102,8	23,2	6,6	0,9
05	129,3	106,6	135,1	30,6	5,8	0,6
06	161,0	130,7	162,8	38,0	1,8	0,2
07	195,8	158,7	207,8	46,0	12,0	0,9
08	230,2	186,8	242,4	54,8	12,2	0,8
09	265,9	216,6	279,7	63,4	13,8	0,7
10	303,3	246,1	319,0	72,7	15,6	0,7
11	337,3	276,1	357,2	81,8	19,9	0,9
12	410,4	329,0	446,9	106,0	36,5	1,4
01.1998	18,6	14,3	19,9	3,8	1,2	0,7
02	35,7	32,7	43,6	9,1	7,9	2,1
03	67,0	52,4	71,9	15,7	5,0	0,9
04	101,3	79,9	106,7	22,7	5,4	0,7
05	131,6	105,0	138,3	30,0	6,7	0,7
06	163,9	129,5	176,2	37,4	12,3	1,0
07	192,0	153,6	205,8	43,9	13,8	1,0
08	218,9	176,2	233,6	50,5	14,7	0,9
09	247,1	198,5	261,4	57,0	14,3	
10	278,7	223,3	290,9	63,9	12,2	
11	319,0	254,5	330,8	73,1	11,7	
12	395,5	308,1	407,1	94,4	11,7	0,4
01.1999	25,7	18,3	22,7	3,8	-3,0	
02	51,8	38,6	49,3	8,2	-2,5	
03	93,6	71,3	91,5	16,1	-2,1	-0,3
04	143,4	111,8	138,7	24,9	-4,7	
05	193,8	149,4	185,0	32,8	-8,8	
06	247,3	188,8	240,0	42,2	-7,3	-0,4
07	297,4	227,6	288,5	51,4	-8,9	
08	356,7	274,0	345,5	63,6	-11,2	
09	410,9	314,0	400,6	75,2	-10,4	-0,3
10	467,5	354,1	454,0	85,5	-13,6	
11	543,7	414,4	528,0	99,4	-15,7	
12						

* Privatisation receipts and net sales of state gold reserves are counted as deficit financing. Monthly data are cumulative.

Table 13: Monetary aggregates (end of period)

	Monetary base	Net International Reserves (NIR)	Net Domestic Assets (NDA)*	M0**	M2***	Outstanding stock of GKO and OFZs, nominal
	(R bn)	(\$ bn)	(R bn)	(R bn)	(R bn)	(R bn)
1995	103,8	7,7	68,1	80,8	220,8	73,7
1996	130,9	1,7	123,0	103,8	288,3	237,1
1997	164,5	4,0	142,1	130,4	374,1	384,9
1998	210,4	-6,5	249,3	187,8	448,3	n.a.
01.1997	123,9	0,6	120,7	96,3	289,9	248,4
02	130,2	1,2	123,6	102,1	299,5	262,2
03	136,3	2,0	125,0	105,2	305,8	276,7
04	145,7	4,2	122,2	115,2	317,8	287,1
05	148,0	5,6	116,7	120,4	328,4	296,4
06	167,0	11,0	106,1	136,9	352,0	311,4
07	171,4	11,2	109,3	140,4	363,0	321,5
08	174,7	11,0	113,9	141,6	364,6	359,9
09	169,8	9,5	117,1	134,9	363,0	366,0
10	170,6	9,2	119,4	135,8	368,8	375,3
11	165,0	3,2	147,2	128,8	357,4	380,2
12	164,5	4,0	142,1	130,4	374,1	384,9
01.1998	151,4	0,9	146,2	116,7	361,2	390,9
02	152,8	0,5	149,8	120,4	362,9	402,3
03	152,9	2,4	138,8	119,1	360,4	415,7
04	161,6	1,4	153,3	128,6	368,0	429,4
05	163,2	0,0	163,0	129,9	370,0	435,3
06	163,2	1,5	154,0	129,8	368,6	436,0
07	161,3	-0,9	166,6	129,3	360,0	394,3
08	161,7	-6,8	202,3	133,4	343,6	387,1
09	175,2	-6,7	215,3	154,2	365,8	n.a.
10	187,2	-5,6	221,0	166,4	377,6	n.a.
11	191,3	-6,3	229,5	167,3	396,9	n.a.
12	210,4	-6,5	249,3	187,8	448,3	n.a.
01.1999	202,5	-8,7	412,2	178,0	444,2	n.a.
02	205,2	-8,8	416,8	180,8	463,9	n.a.
03	205,9	-9,0	423,9	174,1	473,8	n.a.
04	227,3	-8,2	425,5	195,2	509,6	n.a.
05	241,4	-7,1	412,0	205,3	542,4	n.a.
06	257,4	-7,3	434,8	216,4	567,7	n.a.
07	262,3	-6,4	417,8	218,2	583,2	n.a.
08	261,8	-6,4	415,6	216,2	590,8	n.a.
09	259,6	-6,1	405,9	212,8	597,4	n.a.
10	269,0	-5,0	390,1	222,0	625,1	n.a.
11	267,1	-4,7	380,4	219,3	646,6	n.a.
12	306,0					

Source: CBR.

* Net Domestic Assets (NDA), of the monetary authorities equals monetary base minus net international reserves.

NDA is calculated using the exchange rates of R21.18 for 1999, R6.0 for 1998, R5,560 for 1997, R4,640 for 1996, R3,550 for 1995.

In 1999 there were some changes in methodology fo NDA and NIR data.

** M0 is currency in circulation.

*** M2 includes currency in circulation, demand deposits, and time deposits (there is a break in the series from December1996, from then it includes only deposits at banks with active licences).

Table 14: Assets and liabilities of the commercial banks including Sberbank (end of period)*

	Total assets	Claims on the general government	Claims on the private sector	Bank savings by Russian citizens (rouble household deposits)	Foreign currency deposits	Foreign liabilities
	(R bn)	(R bn)	(R bn)	(R bn)	(R bn)	(R bn)
1995	342,3	62,6	133,8	70,6	55,3	30,0
1996	497,7	150,7	157,3	118,4	69,4	58,9
1997	622,7	191,5	225,9	148,2	80,5	104,2
1998	933,1	259,4	346,0	149,5	190,9	203,1
01.1997	502,3	157,4	160,0	128,6	70,7	55,2
02	514,7	163,7	163,3	131,7	71,3	58,2
03	520,8	170,7	163,6	132,8	71,7	61,7
04	531,2	175,5	170,2	134,5	74,1	65,8
05	542,2	178,4	173,9	136,3	70,4	67,8
06	562,0	187,1	179,6	139,8	71,3	74,2
07	570,1	196,5	185,4	143,4	67,0	82,3
08	581,8	198,7	194,4	143,5	67,7	90,4
09	604,2	196,6	205,2	141,6	71,6	99,5
10	620,5	201,1	214,1	139,1	76,4	108,0
11	623,5	188,2	227,6	137,3	77,9	115,1
12	622,7	191,5	225,9	148,2	80,5	104,2
01.1998	591,8	191,1	230,7	153,3	68,6	102,7
02	605,1	202,5	236,1	157,8	73,2	101,9
03	618,0	210,6	239,2	162,2	75,9	103,6
04	624,0	215,1	246,6	165,8	76,0	103,4
05	613,2	202,7	245,7	167,2	78,7	104,6
06	624,0	207,8	249,3	166,1	77,6	105,4
07	609,9	193,6	245,0	161,2	79,6	101,0
08	612,8	188,0	252,3	146,7	93,6	108,5
09	790,9	205,8	335,4	136,1	163,4	196,1
10	774,8	203,5	314,1	138,0	147,4	180,1
11	850,6	236,4	325,7	141,1	161,1	194,2
12	933,1	259,4	346,0	149,5	190,9	203,1
01.1999	1025,5	299,7	362,6	153,4	204,3	214,5
02	1047,5	303,2	375,2	161,0	206,1	218,4
03	1133,4	326,0	386,0	163,5	215,0	228,8
04	1174,9	347,3	392,0	170,6	224,2	288,1
05	1231,5	371,0	376,1	177,6	224,1	225,6
06	1283,5	390,4	395,9	185,4	233,7	227,7
07	1272,4	397,0	384,8	190,5	223,6	202,5
08	1318,3	399,2	401,1	191,8	238,4	204,0
09	1346,8	403,3	426,2	193,6	243,4	190,6
10	1416,0	415,9	449,0	196,1	257,6	195,4
11				202,7		
12						

Source: CBR, RSA.

* Since January 1998 only for credit organisations with an active licence

Table 15: Interest rates (annual rates, period average)*

	CBR refinance rate*	Lending rate**	Deposit rate**	Overnight Inter-bank rate	GKO average secondary market yield, all maturities	MT \$ index, monthly average (end Aug-94=100)
	(%)	(%)	(%)	(%)	(%)	
1995	185	320,3	102,0	190,4	161,8	67,5
1996	110	146,8	55,1	47,6	85,8	101,9
1997	32	32,0	16,8	21,0	26,0	291,6
1998	60	42	17	50,6	56,4	136,9
01.1997	48	44,2	30,2	21,1	32,8	183,3
02	42	46,1	26,8	25,8	28,3	225,7
03	42	41,6	18,3	32,4	33,2	229,2
04	36	32,5	18,0	28,2	35,7	218,9
05	36	34,0	17,3	14,8	25,5	257,7
06	24	28,6	17,1	16,1	20,2	286,0
07	24	28,8	16,6	14,3	18,4	360,2
08	24	28,3	15,4	16,2	18,9	404,4
09	24	24,8	10,3	15,6	19,7	378,5
10	21	24,0	9,5	18,2	19,8	389,7
11	28	23,0	9,9	20,5	22,6	287,4
12	28	28,6	11,8	28,4	36,6	277,8
01.1998	28	29,8	11,6	24,1	33,4	246,4
02	39	30,4	12,2	30,3	29,6	229,6
03	30	38,3	11,2	25,9	24,4	254,3
04	30	38,8	11,0	29,5	27,8	233,3
05	150	40,4	12,9	47,6	54,8	187,4
06	80	48,0	14,0	56,1	65,1	139,1
07	60	44,9	15,1	58,8	81,0	114,9
08	60	48,6	17,5	45,3	135,3	74,0
09	60	46,8	23,8	139,7	n.a.	40,1
10	60	49,0	27,3	84,9	n.a.	34,6
11	60	44,8	22,3	36,7	n.a.	48,6
12	60	41,7	25,7	27,8	n.a.	41,0
01.1999	60	45,5	24,2	28,1	n.a.	36,2
02	60	44,1	22,8	20,4	33,4	45,4
03	60	45,7	18,9	20,7	30,7	58,8
04	60	43,8	14,6	15,2	27,4	59,1
05	60	43,5	14,7	7,1	20,2	73,9
06	55	32,2	11,0	8,4	16,0	89,7
07	55	38,9	12,6	9,0		101,5
08	55	38,5	8,8	9,3		82,2
09	55	37,8	9,7	18,2		70,1
10	55	37,0	9,0	16,1		72,5
11	55	38,3	9,4	13,2		84,9
12	55			11,8		96,9

Source: CBR, Moscow Times.

* Period average, except monthly CBR refinance data that is for end of month (annual is annual average).

** Data prior January 1997 not compatible with current methodology.

Table 16: Exchange rates and Stock market

	MT \$ index, end of period	Exchange rate (MICEX), period average*	Exchange rate (MICEX), end of period*	Real exchange rate, period average**	Gross international reserves (including gold, end of period)	of which: Gold reserves (Valued at \$300 per ounce)
	(end Aug-94=100)	R/\$	R/\$	(Dec-95 = 100)	\$ bn	\$ bn
1995	64,0	4,562	4,640	82,4	17,2	2,8
1996	148,4	5,126	5,570	100,1	15,3	4,1
1997	302,7	5,785	5,974	104,3	17,8	4,9
1998	38,4	9,965	21,140	91,1	12,2	4,4
01.1997	196,2	5,607	5,630	99,8	14,0	4,1
02	236,6	5,654	5,676	101,2	15,2	4,1
03	223,8	5,707	5,727	102,6	16,5	4,1
04	235,6	5,743	5,744	104,1	18,2	4,1
05	260,3	5,756	5,767	103,9	20,0	4,1
06	314,6	5,765	5,769	106,0	24,5	4,2
07	380,9	5,796	5,809	108,9	24,5	4,3
08	364,0	5,815	5,840	107,1	23,9	4,3
09	379,3	5,852	5,864	105,3	23,1	4,4
10	326,3	5,873	5,900	103,5	22,9	4,5
11	249,8	5,910	5,924	104,6	16,8	4,6
12	302,7	5,942	5,974	105,2	17,8	4,9
01.1998	209,6	6,022	6,048	107,5	15,4	4,9
02	234,5	6,048	6,045	107,6	15,0	4,8
03	244,0	6,073	6,089	108,5	16,9	4,9
04	233,2	6,128	6,110	106,7	16,0	5,0
05	141,4	6,145	6,138	107,0	14,6	5,0
06	111,8	6,198	6,225	106,4	16,2	5,0
07	109,6	6,235	6,272	105,4	18,4	4,6
08	50,8	7,460	10,363	95,6	12,5	4,3
09	28,7	14,762	16,045	65,8	12,7	3,9
10	40,0	16,374	16,600	62,5	13,6	3,9
11	51,6	17,297	18,470	61,9	12,8	4,3
12	38,4	20,841	21,140	58,2	12,2	4,4
01.1999	35,1	22,991	23,100	57,9	11,6	4,5
02	50,7	23,075	23,100	59,7	11,4	4,2
03	61,0	24,120	24,860	60,9	10,8	4,1
04	69,4	25,321	24,290	60,9	11,2	4,1
05	75,6	24,672	24,700	60,8	11,9	3,9
06	96,5	24,429	24,210	63,4	12,2	4,0
07	88,6	24,321	24,198	65,3	11,9	4,1
08	78,9	24,690	24,860	64,8	11,2	4,4
09	63,8	25,499	25,179	63,9	11,2	4,6
10	75,0	25,776	26,030	65,0	11,8	4,7
11	87,0	26,328	26,650	66,3	11,5	3,9
12	114,6	26,813	26,959	66,6	12,5	4,0

Source: CBR, Moscow Times.

* Units are new roubles or, prior to January 1998, thousands of pre-denomination roubles.

** The real exchange rate is a new trade weighted exchange rate. An increase in this series represents an appreciation.

Weightings are 40% the US, 40% Germany, and 20% Ukraine.

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Russian-European Centre for Economic Policy

Potapovsky pereulok, 5, bldg., 4, Moscow 101000 Russia

<http://www.recep.org>

e-mail: recep@recep.glasnet.ru

tel (+7-095) 232 36 13 fax (+7-095) 232 37 39