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RUSSIA - A GROWING ECONOMY IN THE NEW MILLENNIUM ?

By Richard Stoneman, Peter Oppenheimer & Patricia Isaeva

RECEP, Moscow

Introduction

Following the financial crisis of 1998, the Russian economy has experienced its first serious growth in ten years of transition. Growth of 3.2% in 1999 has been followed by much higher growth in 2000. Real GDP in the first quarter this year was 8.4% higher than a year ago, in the second quarter it was 6.7% higher than the same period of 1999, and the Ministry of Economic Development and Trade recently stated that Russian GDP grew by 7.3% in the first eight months of this year. This surge in output has been led by an increase of about 10% in industrial production in the first half of the year. Growth rates have so far exceeded government predictions of 5.5% growth for the whole of 2000 and investment banks and others in Moscow are revising their previously less bullish forecasts upwards.

After a decade when GDP fell by half, and when breaks in the downward trend have repeatedly turned out to be false dawns, the key question is whether the Russian economy has now finally turned the corner. We posed this question in May, when Vladimir Putin had just been elected as the new Russian President and a new economic program was under preparation. Now, about half a year later, the program of priority measures underlying the new development strategy for Russia is ready and is being implemented. In addition, the relative post-crisis macroeconomic stability, which Russia was enjoying earlier this year, is still in place. Nevertheless, the question whether Russia has turned the corner remains. Will economic transition in Russia at last start to follow the pattern of recovery in many Eastern European countries, where sustainable annual growth of 5% or more has been achieved after the initial falls in output following the collapse of communism? Or is Russia experiencing another false dawn similar to that of the mid-1990s when macro-economic stabilisation produced a growth spurt by the nascent market economy and encouraged wild over-optimism about the coming Russian boom - even among some usually sober-minded academic economists?

Unsustainable current growth

The government prediction of 5.5% growth for the whole of 2000 is about the same as the average forecast of 14 investment institutions (whose individual forecasts vary from 4.5% to 6.5%). The general view is that growth will fall to within a range of 3.5%-4.5% in 2001 and then peter out unless reform measures can transform advantageous short-term factors into longer-term sustainability. This view is supported by various observations.

The real exchange rate is strengthening quite quickly, and there has even been a mild strengthening of the nominal rate in recent months from almost 28.5 roubles to the dollar to 27.7 roubles to the dollar. Inflation is showing signs that it may exceed this year's estimate of 18%. Putting aside some seasonal variations, the annualised rate of consumer price inflation remains at a level of about 19%

(February-August). Moreover, price hikes can be expected in the course of the year, especially for energy. In addition, if strong export performance and the build-up of hard currency reserves continues, the Central Bank will be forced to print and sell roubles in order to buy up the hard currency. Printing money leads to faster inflation in the absence of sterilisation instruments, which could help to absorb the excess rouble liquidity. For the time being, Russia still lacks such instruments. Against this background, annual inflation this year could exceed 20%.

Developments in the real exchange rate are crucial to deciding how long Russia can maintain the price advantage provided by the 1998 devaluation. A 3% real appreciation per month would see the price advantage wiped out within 18 months, whereas a monthly real appreciation of 1% would require 4 years for the price advantage to fade away.¹

Output has now returned to levels prior to the 1998 financial crisis. There are worries in some quarters about capacity constraints. Whilst current output levels are probably not much in excess of 50% of theoretically available capacity, it is questionable just how much of that spare capacity is useable in practice.² Capacity could be unuseable either because there is no demand for its products or because it has become obsolete.

Whilst real fixed capital investment has increased and, for example, reached year-on-year rate of growth of 19.4% in August, the increase is from a very low level. In addition, although there are some recent signs of positive change in the regions and at the enterprise level³, serious industrial restructuring has not yet occurred.

Yet the financial crisis resulted in a massive change in Russian price competitiveness. A four-fold devaluation simultaneously with a trebling of international prices for Russia's major export (oil) provided a uniquely benign set of conditions for output recovery, especially as devaluation did not reignite high inflation. Exports became much more profitable leading to a substantial increase in general liquidity, unravelling a portion of the vicious circle of non-payments. Import-competing industries, led by food processing, suddenly had the Russian market virtually to themselves and were able to increase production. Tax revenues increased dramatically as the financial situation of businesses and organisations improved.

In 1999, the Russian trade surplus was more due to a collapse in imports rather than an increase in exports. But in the first half of this year, the major force driving the trade surplus and overall GDP growth has been the increase in exports. Exports increased by 51% and imports by just 4% in the first six months, compared with the same period of 1999. Growth in exports has been due to high prices for the main energy exports: crude oil and oil products. While booming net exports have driven growth and also boosted Russia's foreign currency reserves, the current situation makes the Russian economy very vulnerable to the state of world markets. The current uniquely favourable trade environment will not continue indefinitely.

Non-payments and their significance

Non-payments have fallen substantially, but have not gone away. After falling gradually every month throughout 1999, the real stock of inter-enterprise arrears did not change much in the first half of 2000. While the share of barter in sales by industrial enterprises has fallen slowly in the course of last

¹ Source: Renaissance Capital. *Russia Overview. 'Economic policy: A Three Pronged Approach' July/August/2000.*

² Source: Renaissance Capital. *Russia Overview. 'Economic policy: A Three Pronged Approach' July/August/2000.*

³ Source: Renaissance Capital. *'Reforming Russia: A Reality Check From the Regions.'* September 2000.

year and this year, it still amounts to about 26%. Data on wage arrears show a similar pattern. In July this year, they increased for the third month in a row.⁴

The pervasiveness and institutionalisation of non-payments is one of the most important impediments to the emergence of an operable market economy.⁵ Payment arrears, barter and offsets are, in essence, a highly effective obstruction to the imposition of hard budget constraints. Instead of forcing economic entities to adjust to the realities of a market economy, the system of non-payments has allowed the status quo to be preserved and stifled the development of market mechanisms. This is Russia's so-called virtual economy.

Non-payments have been a unique phenomenon of transition in Russia. According to some estimates barter transactions (considered to be one form of non-payment) reached 50-70% of commercial transactions in the period from 1996-1998.⁶

Among the explanations of the non-payments problem is a frozen resources -argument: Enterprises cannot sell enough of their output for cash to justify retaining their existing stock of economic inputs (labour, capital, inventories etc.). In turn, those inputs cannot 'go elsewhere' so long as factor markets do not function properly and do not offer alternative lines of employment. Thus in a deep sense non-payments are a symptom of frozen resources. In short, the Schumpeterian forces of 'creative destruction' that underlie the efficiency of capitalism, where those forces redirect resources to more productive use elsewhere, are still barely operative in Russia. Of course, one key problem of Russia, which requires greater investigation, is that of inherited capital assets that have little potential for alternative use.

The same analysis applies to both the public and private sectors of the economy. In short, most factors of production in Russia remain frozen in a no-man's land between the failed Soviet system and the development of even the most basic functioning market economy. Non-payments are the symptom of an economy that has been unable to adjust.

The economic distortions associated with non-payments are described in the celebrated paper by Gaddy and Ickes.⁷ They argue that non-payments have become an 'instrument' for the support of inefficient production and that what has developed is a virtual economy. The authors divided the economy into three sectors – the value-adding export sector (largely oil and gas), manufacturing that generates negative value-added, and the public sector. The institutionalisation of non-payments takes the form of a pact between these three sectors. It has been in the interests of the value-adding sector of the economy to continue supplying the negative value-adding sector because government forgave tax (and gave other forms of favourable treatment) in return for willingness to behave in ways that would otherwise be non-commercial.

This allowed the negative value-adding manufacturing sector, the major employer in Russia, to remain in business at higher levels of production than would otherwise be possible (including high proportion of enterprises that stay in business despite being bankrupt in their current form). The end result is that through its non-payments for energy supplies and taxes, the industrial sector has received massive support that cannot be justified by the value of the goods it supplied. Arrears to energy companies and the budget have simply been allowed to accumulate. These mechanisms of indirect subsidies to industry are comparable to the direct support of the early 1990s when subsidies and

⁴ Sources: Goskomstat, *Russian Economic Trends* and Russian Economic Bureau.

⁵ Working Paper on 'Non-payments, barter and offsets', DFID Russian Regional Finance Project, 2000.

⁶ Sergei Guriev and Barry Ickes, 'Barter in Russian Enterprises: Myths vs. Empirical Evidence' in *Russian Economic Trends* Volume 8, Number 2/1999.Recep.

⁷ 'Russia's Virtual Economy', Clifford Gaddy and Barry Ickes, *Foreign Affairs*, 1998

investment grants were almost 10% of GDP.⁸ The same mechanisms have sustained the substantial unofficial social wage paid to the personal sector.

The economy has paid the price for this system in the form of massive misallocation of resources, which have remained frozen rather than being re-allocated to more efficient use. This is the primary reason for continued economic stagnation. Enterprises that have been indirectly subsidised through non-payments for energy supplies produce output (priced at a fraction of real cost) that can often only be marketed through barter. At the same time, their lack of profitability means reduced tax payments.

The public sector pays the price of reduced taxation today and reduced tax potential tomorrow in the form of massive accumulation of non-payments (particularly on salaries and benefits), arrears to the energy sector and inability to provide public services. The personal sector receives low monetary wages and transfers (if they are paid at all) but is compensated through the informal social wage, largely consisting of subsidised housing and utilities.

Long-term growth potential

The range of possibilities for Russia's long-term growth potential remains large. On the one hand, Russia is endowed with a large portion of the world's natural resources and, more significantly, with human resources on a par with the most advanced economies of the world. If constraints to growth were removed, it is plausible to suggest that Russia could catch up with the most advanced economies of the world over the longer term.⁹

On the other hand, a convincing case can be made for long-term economic stagnation. The task of managing Russia's inherited industrial infrastructure would challenge the most advanced economic, political, civil, and management institutions. Unfortunately, all these institutions are weak in post-Soviet Russia. The country has barely developed the veneer of a market economy and reforms seem to have been either ineffective or corrupted.

Developments in Russia throughout the 1990s suggest that high long-term growth potential, whilst theoretically possible, is implausible and that the more pessimistic view is all too credible. However, this view may understate the changes (both good and bad) that have already taken place and the time that is required for a systemic change as fundamental as that in Russia. This is because the country is arguably going through a revolution as profound as 1789 in France or the English Civil War.¹⁰ In this fundamental and longer-term perspective, the swings in Russia's fortunes (and in the fortunes of its population) over the last ten years are perfectly understandable and the battle for Russia's future remains undecided. The revolution will only be over when effective reforms take hold (and are generally accepted) and when sustained economic recovery is clearly underway. By the same token, continued economic stagnation will suggest that the struggles of competing interest groups remain unresolved and the revolution has yet to run its course.

⁸ See *OECD Economic Survey of the Russian Federation, March 2000*, which provides the best recent analysis of the Russian economy and builds significantly on Gaddy and Ickes initial insight.

⁹ Assuming 3% annual growth rate in the advanced economies, and on average of 7% or 14% real growth in Russia, catching up would take one to two generations. Source: Authors' calculations.

¹⁰ From manuscript of forthcoming book by Vladimir Mau and Irena Starodubrovskaya (to be published by Oxford University Press early in 2001) comparing Russia's political and economic transition to major historical revolutions, including the English Civil War and the French revolution.

Is this the beginning of sustainable growth?

Most commentators would agree that the conditions for sustainable growth in Russia are not yet in place but the current environment for putting those conditions in place is the most favourable since transition began.

First, there is a new energetic government in place with wide popular support. Second, the macro-economic situation is almost uniquely favourable and provides a window of opportunity for serious implementation of reform.

At present, there are no growth projections for Russia that look in detail at a time horizon of two to three years. However, the forecasts and views that are available suggest the following possibilities for growth over the next 10 or so years:

Growth with proposed reforms effectively implemented¹¹ – An average of 5% annual growth over the next decade based on implementation of fundamental reforms outlined in the economic program (including budget reform, creation of a treasury system, further progress in tax reform, banking reform, abolition of excessive regulation and bureaucracy, restructuring of the energy sector, beginning of land reform, introduction and development of international accounting standards, pension reform, creation of a deposit insurance system, and more effective bankruptcy procedures etc.). The growth rate is likely to be above this average of 5% in the short-term but will then dip as the boost from the 1998 financial crisis diminishes. Based on the experience of other countries, reform-based growth is unlikely to be significant for less than 18 months to 2 years, suggesting lower growth in 2001 and 2002. Thereafter, the rate should revive but that will clearly depend on both the speed and effectiveness of reforms, as well as on external circumstances.

Potential for the development of a growth economy – Growth at around 5% per annum early in the decade could possibly rise closer to double digits after 3 or 4 years and remaining at that level. This could be because successful reforms, as envisaged in the government's program, generate their own further success. The constraints to higher growth will be removed more quickly than expected as confidence in Russia quickly increases. When they realise that reforms are bearing fruit, conflicting domestic interest groups will start operating with a longer-term perspective in favour of increasing economic prosperity for all, instead of trying to maximise their own share in the shorter-run. At the same time, after initial hesitation, foreign investors (both financial markets and FDI) are likely to enter Russia with large amounts of capital. Such an optimistic view is based on the fact that Russia is starting from a low base and has high growth potential. Once perceptions about Russia's prospects change, the change is likely to be dramatic.

Continued stagnation – Growth of 5% in 2000, falling to 3% in 2001 and then back to an average of 1-2% or possibly much worse for several years. On this view, the new government will prove as incapable of implementing reform as its predecessors. The rigidities of the Russian economy will prove insurmountable with a continuing weak state unable or unwilling to take on powerful interest groups.

Current developments give some, though fragile ground for optimism. Over the past six months, the first steps of the new reform program have been taken. But these are only the first steps on a long and difficult path to the fundamental reform of the Russian economy. Given the history of failed reform in Russia and the enormous challenge that faces even the most far-sighted and competent administrations, the achievement of sustainable growth remains highly uncertain.

¹¹ Source: Bureau of Economic Analysis. Annual Report for 2000.

Implications for Policy

Detailed research, at macro and micro level of the Russian economy, has an important role to play both in clarifying and removing the obstacles to growth, as well as in monitoring the degree to which growth proves sustainable. Russia must move forward from its no-man's land economy and create the basis and institutions for an operable market economy. In general terms, this suggests a number of broad policies. Ongoing reform of public expenditure, particularly in the regions is crucial. So long as government fails to meet its basic obligations or to pay its bills, there will be no culture of compliance in the commercial or personal sectors. The development of a market economy is not possible without such compliance. As the OECD recently pointed out,¹² the vicious circle of non-payments (the 'virtual economy') can only be broken if government finds ways of successfully withdrawing from it. A combination of a weak and divided state, fears of the consequences of economic restructuring, and the power of interest groups in the mid-1990s led to (government supported) institutionalisation of non-payments. Only government has the power to break the vicious circle that has resulted.

Simultaneously with solving the problem of non-payments, a successful reform strategy needs to focus on the problem of frozen resources, which the post-1999 growth has only begun to resolve. Moreover, there is the question of labour mobility, or rather the lack of it. Related to this is the fact that labour needs capital and investment in order to work. True, there has been some upturn in investment, but from a very low level. In the longer-run, there will be no serious investment so long as property rights remain uncertain and there is no effective banking system. In addition to the need to improve the investment climate and thereby the level of investment, attention should also be paid to how the investment is carried out, i.e. whether investment is effective. Another set of priority reforms should concentrate on encouraging the emergence of serious small- and medium-size businesses, which are engines of economic growth (in many West European countries, for example). Finally, while identification of priority areas for reform is a vital first step, the key to success lies in effective implementation.

¹² *Op. Cit.*

ECONOMIC UPDATE

Aggregate demand

In Q2 2000 the year-on-year rate of growth of real GDP by expenditure, according to RET staff estimates, was equal to 8.0% (7.5% in Q1 2000). The year-on-year rate of growth of real consumption by households in Q2 2000 was equal to 8.9% (9.4% in Q1 2000). Real consumption of the government and non-commercial organisations increased over the year by 1.4% (1.2% in Q1 2000). The year-on-year rate of growth of gross capital formation in Q2 2000 was 15.2% (12.4% in Q1 2000), and real net exports grew over the year by 5.7% (1.9% in Q1 2000).

In August 2000 real consumer expenditures on goods and services (a proxy for households' consumption expenditures) increased by 1.0% from July in seasonally adjusted terms and slightly surpassed the average level of 1997. The year-on-year rate of growth of real consumer expenditures in August was equal to 9.0%.

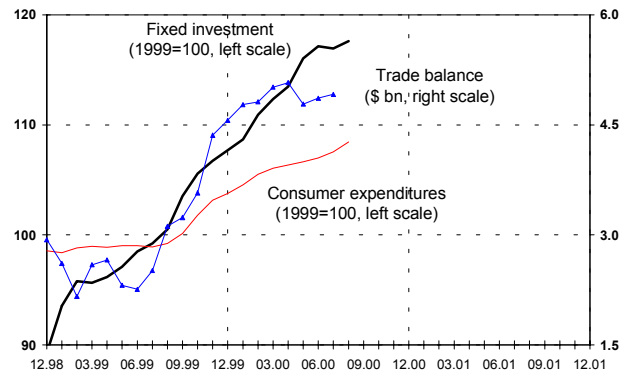
According to preliminary data, real fixed capital investment (a proxy for gross capital formation) increased by 1.7% from July to August in seasonally adjusted terms and was almost 15% above the 1997 average. The year-on-year rate of growth of real fixed capital investment in August was equal to 19.4%.

According to revised CBR data, net merchandise exports in dollar terms in July 2000 were equal to \$4.9 bn compared to \$4.8 bn in June 2000 and \$3.1 bn in July 1999.

Output

In August 2000 industrial production declined by 0.6% from July in seasonally adjusted terms and was 8.6% higher than a year ago. In August industrial production exceeded the 1997 average by 16%. The real volume of construction works in August 2000 increased by an impressive 5.6% from July in seasonally adjusted terms and was 14.3% higher than a year ago. In August the real volume of construction works exceeded the 1997 average by 16%. Agricultural output in August 2000 was 16% higher than a year ago due to the better weather conditions which ensured a larger harvest and more rapid completion of the harvest. In August 2000 freight transport turnover decreased by 0.2% from July in seasonally adjusted terms and was 3.7% higher than a year ago. Passenger transport turnover decreased by 0.4% from July in seasonally adjusted terms and was 6.7% higher than a year ago. Real volume of communications services remained unchanged from July and was 4.4% higher than a year ago.

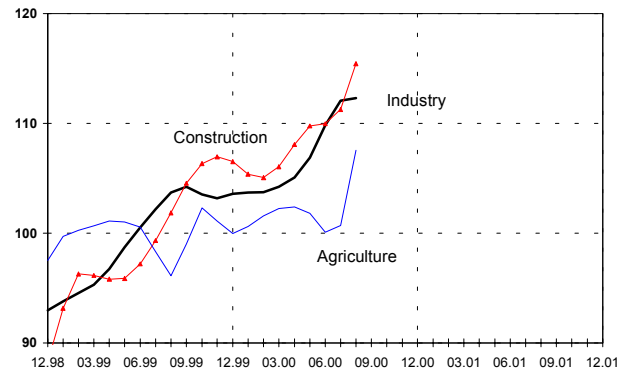
Components of final demand*



* Fixed investment and consumer expenditures are given at constant prices, seasonally adjusted. Average monthly trade balance in 1999 was equal to \$3.0 bn.

Source: Goskomstat, CBR and RET staff estimates.

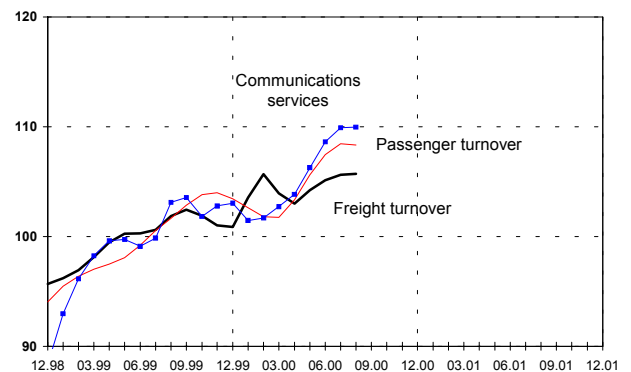
Real gross output of goods (1999 = 100, seasonally adjusted)*



* Seasonal variations of agricultural output cannot be completely eliminated on monthly level.

Source: Goskomstat and RET staff estimates.

Transport and communications services (1999 = 100, seasonally adjusted)



Source: Goskomstat and RET staff estimates.

Prices

In September 2000 the total consumer price index grew by 1.3% (1.0% in August). CPI for food increased in September by 0.6% (0.3% in August). CPI for non-food items grew by 2.1% (1.4%), of which consumer gasoline prices grew by 13% in a month. CPI for paid services grew in September by 2.8% (3.0% in August), of which prices for long-distance rail transportation increased by 25%. Putting aside some seasonal variations, the annual rate of consumer price inflation has remained stable since February 2000 at the level of about 19% per year (18.7% in August, 18.5% in September). At the same time the 12-month rate of growth of the money aggregate M0 continued to climb, and in August it was equal to 58.0% compared to 53.1% in July.

The composite producer price index grew in August by 2.3% (2.5% in July). PPI in industry increased by 1.6% (3.3%) and PPI in construction by 1.7% (3.4%). PPI in agriculture grew by 1.2% (0.1% in July). Tariffs for freight transportation increased by 11.3% (0.2% in July) because of increase of rail freight transport tariffs by 22%. Tariffs for business communications grew by 0.8% (0.1% in July). On an annual level producer price inflation in August was equal to 44.4%, slightly less than in July (46.6%). At the same time the year-on-year rate of growth of money aggregate M2 in August 2000 increased to 62.5% from 59.7% in July.

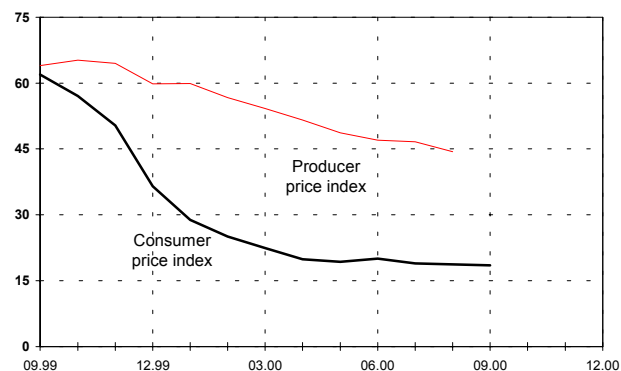
Labour

The number of officially registered unemployed remained unchanged over August at the level of 0.99 mn persons. The number of payroll employees at large and medium-sized enterprises grew in July by 0.1% to 42.0 mn. The vacancy ratio (the number of registered job seekers to the number of vacancies) in June–August remained stable in seasonally adjusted terms.

According to preliminary data, real wages, estimated on the basis of the deflator for consumer expenditures, increased in August by 1.5% from July in seasonally adjusted terms and were 10% lower than the 1997 average. According to official estimates based on CPI changes, real wages in August 2000 remained unchanged from July in seasonally adjusted terms and were about 23% lower than the 1997 average.

Wage arrears in August decreased by 5.6% to R38.3 bn. Of this budget wage arrears decreased by 11% to R6.3 bn, and wage arrears of enterprises decreased by 4.5% to R32.0 bn. In nominal terms wage arrears reached the lowest level since mid-1996, and in real terms – the lowest level since end-1993.

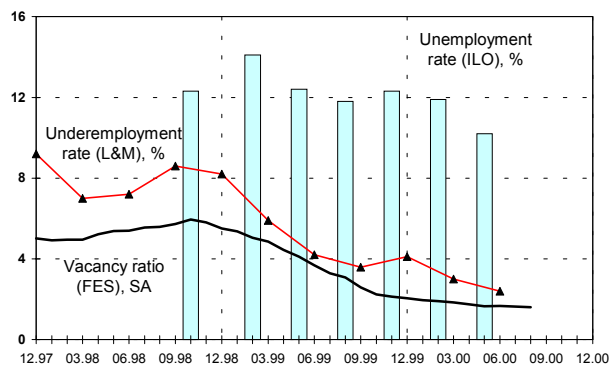
12-month rates of growth of price indices, %*



* *Producer price index covers prices in industry, construction, agriculture, and tariffs for freight transportation and communications.*

Source: Goskomstat and RET staff estimates.

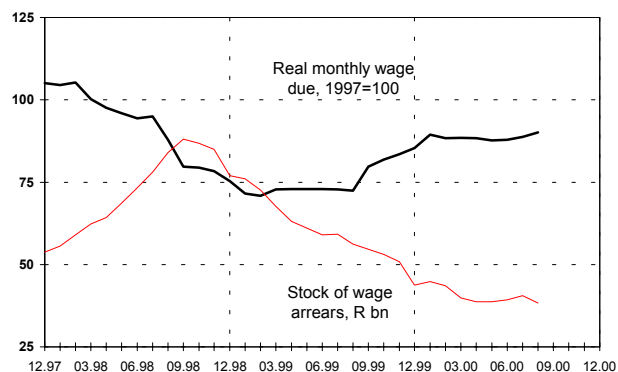
Unemployment indicators*



* *Underemployment rate refers to large & medium-sized enterprises. Vacancy ratio is a seasonally adjusted ratio of registered job seekers to the number of vacancies.*

Source: Goskomstat and RET staff estimates.

Real wages and wage arrears*



* *Index of real wages is based on price deflator for consumer expenditures, seasonally adjusted.*

Source: Goskomstat and RET staff estimates.

Enterprise finances

In July the real stock of overdue payables in all sectors of the economy fell by 1% compared to June. Changes in its various components were the same, except for overdue payables to the budget. The latter grew by 2% in real terms. In industry, a decrease in overdue payables to suppliers and an increase of those to the budget were observed in July.

After falling in June, real profits in the economy jumped in July hitting a record of 23% higher than the H1 2000 average. Another indicator of profitability, share of profitable enterprises in the economy, remained at around 59% in May-July. Share of industrial enterprises perceiving their financial condition as good or normal reported by the Russian Economic Barometer survey also remained unchanged in July compared to the previous month.

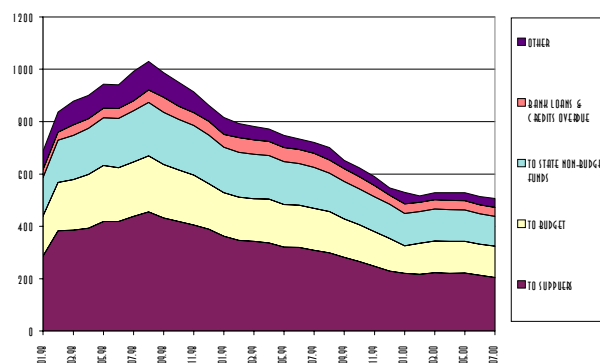
The tender for an 85% stake in ONAKO oil company, which took place in September, was won by Evrotek, a company controlled by Tyumen Oil Company, with a bid of R1.08 bn. The starting price was set at \$425 mn. Sibneft, which was one of the bidders, announced after the tender that it already owned 40% of ONAKO's production unit Orenburgneft, and 1% of ONAKO itself. The other bidders were Yukos and Stroitransneft.

On September 19, Norilsk Nickel disclosed a plan of the company restructuring. The restructuring process, which the company has been implementing since spring without shareholders being aware of it, aims at consolidation of all Norilsk Nickel's assets under the umbrella of Norilsk Mining Company (NGK). The first stage of the plan provided for acquisition of British-based Norimet trading company in exchange for Norilsk Nickel's 37.9% stake in NGK. In fact, the acquisition took place in April. The announcement provoked protests from the minority shareholders and a drop in the company's equity prices in the market (See FINANCIAL MARKETS). The panic subsided after it turned out that the stakes of Norilsk Nickel's minority shareholders will be diluted by only 11.4%. Still, the question of transparency of the deal with Norimet and of actual plans of the Norilsk Nickel's management remains. Currently the case is being investigated by the Federal Securities Commission.

Foreign trade

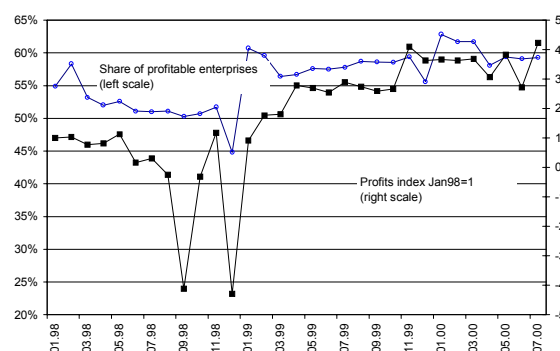
According to revised CBR statistics, Russian trade turnover totalled \$81.4 bn in the first seven months of this year. This is about 33% more than in the same period in 1999. The cumulative trade surplus amounted to \$33.7 bn, with exports standing at \$57.6 bn and imports at \$23.9 bn. In the period

Overdue payables in the four sectors of the economy, deflated by the PPI, Jan 1997=100%



Source: Goskomstat.

Profits indicators



Source: Goskomstat.

January-July, exports increased about 48%, and imports by 6.3% compared to the same period in 1999. In the first seven months of 2000, cumulative exports to the non-CIS countries amounted to \$49.2 bn, up by 52% from last year. Imports from the non-CIS countries remained roughly the same compared to last year, totalling \$16.8 bn. As regards Russia's trade with the CIS, exports increased about 31%, amounting to \$8.3 bn. Imports from the CIS totalled \$7.1 bn, 24% more than in the same period in 1999.

As regards monthly developments (CBR statistics), trade turnover in July amounted to \$12.1 bn, which is 27% more than in July last year and 1.5% higher than in June this year. Exports increased by 34% from July 1999, amounting to \$8.5 bn. Imports totalled \$3.6 bn, up 11% compared to July last year.

State Customs Committee statistics indicate that in the period of January-July, energy products (crude oil, natural gas, petroleum products, gasoline, diesel and fuel oil) accounted for about 60% of exports. Last year the respective share was about 45%. In the first seven months, the share of machinery and equipment was one third of overall imports, compared to 27% in 1999.

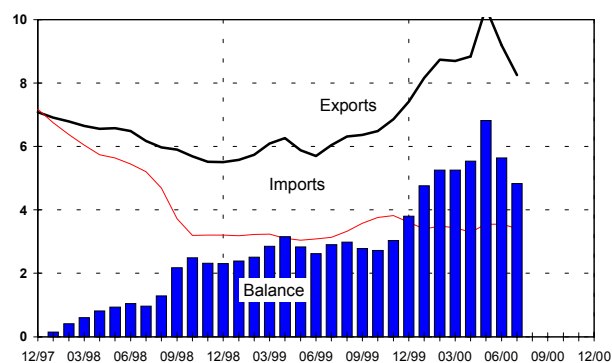
Shuttle trade continues to follow the pickup in imports. In July it rose by 12% year-on-year, compared with a 10% increase in June. Overall, shuttle trade accounted for about 8% of total trade, 23% of imports, and 1.4% of exports.

From November onwards, the export tariff on crude oil will be raised from current 27 to 34 euros per tonne.

The banking sector

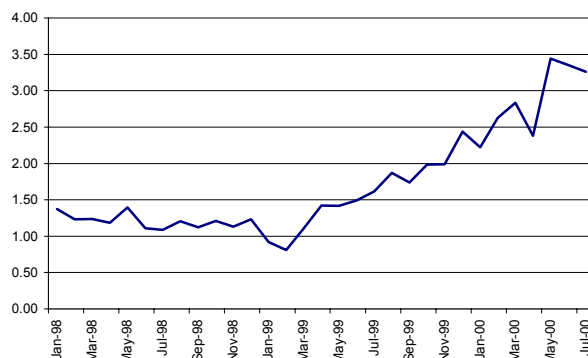
After the five months of negotiations (since May), Vneshtorgbank has finally acquired a 100% stake in Most-Bank for R5.5 mn (\$200,000). Most-Bank's liabilities exceed its assets by far. According to the estimates of the temporary administration, which is currently managing the bank, Most Bank's liabilities amount to \$650-700 mn, while its liquid assets are only worth \$100 mn. The rest of the bank's assets are of dubious quality, since a large part of them are loans to corporate borrowers affiliated with the previous owners of the bank, Most-Group. Vneshtorgbank hopes to restructure Most-Bank's liabilities. In case restructuring fails, the bank will be liquidated. This suggests that despite the buyer's claims about the purely commercial nature of the deal, the real driving force behind it is heavy pressure from the CBR. The most attractive assets of the failed bank are its real estate and branch network, which could be used as a bridgehead for Vneshtorgbank expansion into the retail market. However, Vneshtorgbank could probably secure a comparable position in the retail market without ex-

Merchandise exports and imports, \$ bn



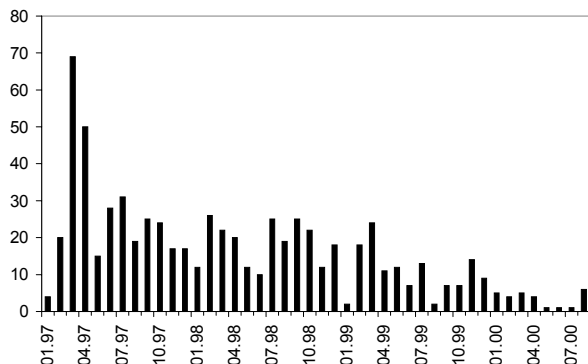
Source: Goskomstat and RET staff estimates.

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



Source: State Customs Committee.

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



Source: CBR.

posing itself to such risks as those associated with Most-Bank.

A general shareholders meeting held jointly by Uneximbank and Rosbank (on September 14, 2000) approved the merger of the two banks. The merger is the final step in Uneximbank's restructuring plan. So far, Uneximbank is the only Russian bank that has succeeded in restructuring its liabilities without any assistance from ARCO or other government agencies. Despite successful restructuring it will be extremely difficult for Uneximbank to restore the confidence of investors, who were undoubtedly robbed when all Uneximbank's valuable assets were transferred to Rosbank just after the crisis.

CBR has launched a pilot project aimed at introducing international accounting standards in Russian banks. Only 6 banks will be selected to participate. The project is supposed to take 16 months. The earliest accounting period, for which the banks will provide their IAS-based financial reporting, will be the year 2001. The introduction of the international accounting standards in all Russian banks will take much longer, with the transition period expected to take no less than several years. Financial reporting according to International Accounting Standards will help to increase the transparency of Russian banks, which is a prerequisite to restoring investors' confidence.

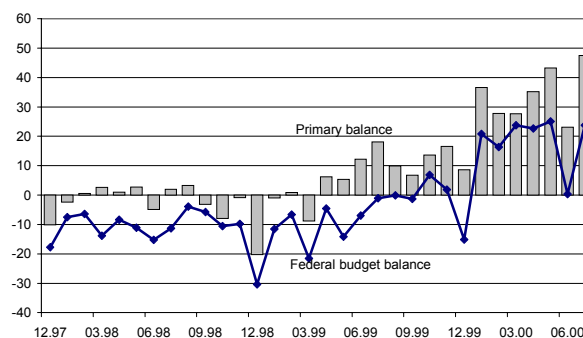
The budget

In August, the federal government continued to accumulate a budgetary surplus, which reached R145.4 bn for the first 8 months of 2000 (IMF definition is used). Total revenues for the period reached R693.0 bn, which is 87% of the annual target specified by the 2000 budget law. Federal expenditures calculated on cash basis in January-August amounted to R547.6 bn, 23% of this amount being interest payments. In August, debt service amounted to R19 bn, most of which was interest paid on foreign debt: R7.7 bn of interest on Minfins, R3 bn to the Paris Club and R3.7 bn to the IMF.

In January-August 2000, the consolidated balance of regional and local budgets was positive and equal to R37.0 bn. A surplus of R9.2 bn was achieved in August alone. Most regional governments were running surpluses. Revenues of regional and local budgets stood at R602.1 bn as of September 1; this figure includes federal grants of R62.9 bn. Expenditures equalled R565.1 bn.

The federal budget for 2001 passed its first reading in the State Duma on October 6. The first reading fixes the macroeconomic forecast, the breakdown of revenues with respect to sources and the total amount of expenditures (See previous RET for the parameters). For the first time in the history of

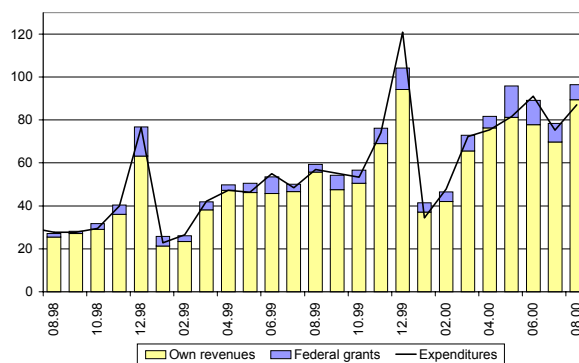
Federal budget deficit, R bn



Source: Ministry of Finance.

Russian budgets, the draft has not been sent to the trilateral commission for renegotiation of the main parameters, having passed the first reading at one shot.

Revenues and expenditures of regional and local budgets, R bn



Source: Ministry of Finance.

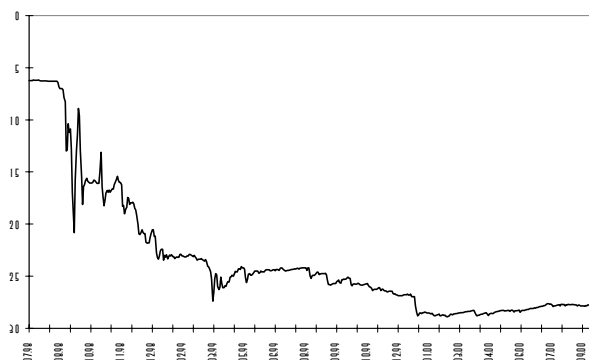
The exchange rate

September was the second month of change in the exchange rate tendency. Almost constant nominal rouble appreciation observed in March-July 2000, was replaced by fluctuation around an average of R27.78/\$ in August-September. In September the rouble varied in a very narrow range of R27.74/\$-R27.87/\$ and at the end of the month stood at R27.83/\$, showing no change from the end of August.

Although at the beginning of September there was increased demand for hard currency in the market, the CBR did not intervene, allowing the rouble to depreciate slightly. The demand for dollars was satisfied by September 11, when the rouble reached its low point for the month of R27.87/\$ was achieved on September 11.

Unlike in August, the rouble did not suffer serious attacks in September and this was reflected in a rather low monthly trading volume of \$2.8 bn at the MICEX unified session (\$4.2 bn in August). In addition, the drop in the trade volume might have been caused by some reduction in the still high supply of dollars from exporters due to the government's decision to increase export tariffs on gasoline and diesel to 25 euros per tonne as of September 15. Overall, during most of the month demand for dollars equalled their supply, ensuring stability of the exchange rate.

The rouble exchange rate (R/\$)*



* MICEX exchange rate.
Source: Moscow Times.

Money

By the end of September gross international reserves (GIR) reached their all-time maximum of \$25 bn. While in August the CBR sold reserves to support the rouble in face of speculative attacks, in the first days of September the CBR all but stopped selling dollars at MICEX, despite the continuing high demand for hard currency, and resumed the replenishment of its foreign reserves. During the rest of the month the situation at the forex market was stable

(see Exchange rate) and the CBR steadily increased GIR by around \$300 mn per week, purchasing dollars mostly at the inter-bank market.

The weekly dynamics of the monetary base (MB) in September were very similar to August: in the first two weeks MB increased by R16.2 bn and in the last two weeks dropped by R3.6 bn to R437.6 bn on October 2. Such decline in MB was probably caused by seasonal factors associated with the vacation period (similar to the trend that was observed in August-September last year). In August households spend roubles to buy dollars for trips abroad, while in September the roubles that are left after vacations inside the country are converted back into dollars or deposited at banks. Overall, in September the MB growth rate was 3%. Like in August, the last two weeks of the month saw a significant increase in banks' cash balances on correspondent accounts with the CBR (+22.4bn), which reached R92.8 bn on October 3.

In August the money supply (M2) increased by 3.1% to R960.1 bn on September 1. Currency in circulation (M0) rose by only 2.3% to R341.6 bn. The monthly growth of household deposits was at its year's low of 1.8%, which could be explained by money withdrawal in the vacation period. Corporate deposits increased by 5.1%.

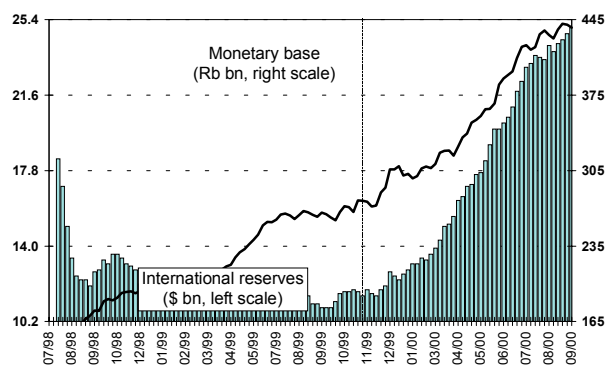
On September 21 the government approved in principle the CBR draft document on monetary policy for 2001. The CBR's estimate for the inflation rate is 12-14%, money supply growth is expected to be 27-34%.

Financial markets

In September the upward trend in the Russian stock market of the previous two months was almost completely reversed. From August 29, when the market hit its post-crisis high, to September 22 the Moscow Times \$ and the RTS indices fell by around 26%, which returned the market to the level of early July. In addition to the perception that the market was overheated in August, several other price movement factors, which have repeatedly hampered the performance of Russian corporate securities this year, made themselves felt in September. Among them were the volatility of the global stock market and, especially, a sharp drop in the Nasdaq index, and corporate governance problems that emerged in some of the biggest Russian companies.

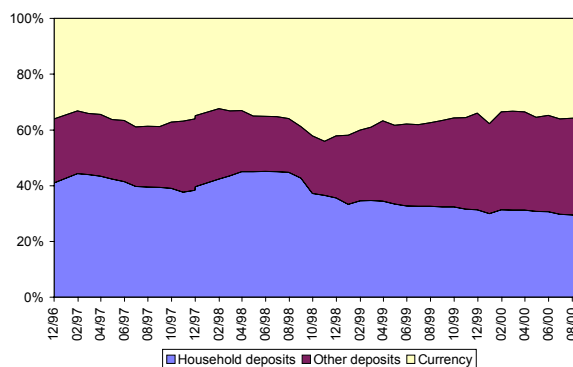
In September the most striking example of the corporate governance problems was Norilsk Nickel, which on Monday, September 18, made public a restructuring plan including several swaps of the company's shares. Concerns that the swap would dilute the minority shareholders and strip them of their as-

Monetary base and gross international reserves (weekly data)



Source: CBR.

Composition of M2 (%)



Source: CBR.

Moscow Times \$ Index



Source: Moscow Times.

sets caused the company's equity price to drop by 28% during the week. However, as early as the next week the discussion of the plan between minority shareholders and Norilsk Nickel management reassured the former that their rights would be protected. Consequently, the company's equity prices rose by 18%. Moreover, recovery of US indices in the last week of September boosted the growth of the entire Russian stock market. As a result, at the end of the month the Moscow Times \$ and the RTS indices were around 16% lower than at the end-August.

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	950.1	97.9	376.0	105.3
1997	2 478.6	100.0	1 124.0	100.9	408.8	100.0
1998	2 696.4	95.1	1 339.9	95.5	402.4	93.3
1999	4 545.5	98.1	2 200.4	83.0	659.3	97.5
01.1998			96.3	99.2	22.1	102.0
02	551.6	97.9	91.0	92.9	23.7	97.8
03			95.9	97.4	26.1	97.2
04			97.7	98.8	25.5	98.1
05	625.9	95.9	97.0	97.6	26.6	94.2
06			98.3	98.8	31.8	92.7
07			101.2	101.6	32.9	94.2
08	693.7	93.7	111.0	107.4	35.4	93.7
09			136.8	95.6	38.8	90.1
10			125.0	83.6	36.6	89.1
11	825.2	93.7	130.2	82.4	40.5	88.5
12			159.5	90.5	62.4	82.0
01.1999			148.3	77.6	28.0	94.7
02	836.5	95.2	150.1	75.5	31.3	92.4
03			164.1	80.2	35.9	93.0
04			165.6	78.6	36.3	93.4
05	1 041.8	97.0	169.2	78.5	40.7	94.0
06			175.1	79.8	51.9	96.0
07			180.6	80.0	55.3	96.8
08	1 275.8	100.0	193.2	84.6	60.8	96.0
09			198.3	85.6	66.5	101.9
10			204.4	87.1	63.4	102.6
11	1 391.4	100.5	210.0	88.4	70.8	103.2
12			241.7	100.4	118.4	105.8
01.2000			203.7	82.7	46.1	103.9
02	1 389.1	103.2	201.7	81.1	55.8	109.0
03			217.4	86.8	63.9	109.4
04			216.1	85.6	63.5	108.9
05	1 557.3	103.5	218.8	85.1	74.0	113.9
06			226.9	86.1	93.4	114.4
07			236.5	88.1	96.9	112.8
08			252.0	93.0	108.0	114.7
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* 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
1999	102.5	102.5	295	591	846	249
01.1998	99.0	96.5	298	591	841	238
02	98.5	99.5	298	593	845	239
03	97.6	98.2	296	593	846	231
04	98.8	97.6	291	593	849	238
05	94.7	95.4	291	559	827	230
06	93.7	93.7	297	571	829	227
07	92.4	91.4	294	630	808	217
08	91.7	92.4	291	599	788	229
09	89.1	89.4	292	596	804	227
10	92.6	93.7	294	607	831	228
11	94.0	94.5	294	583	831	238
12	95.4	95.2	292	578	824	241
01.1999	97.1	96.1	293	578	820	240
02	96.0	96.9	292	576	816	236
03	98.5	97.5	293	583	863	241
04	99.8	98.7	294	578	820	244
05	100.9	101.6	296	608	861	247
06	102.6	102.6	296	611	851	254
07	104.8	105.1	295	613	853	253
08	106.9	106.0	296	618	864	252
09	107.6	107.9	297	603	868	267
10	102.6	105.4	295	581	844	253
11	106.6	105.6	295	574	854	250
12	106.5	106.3	297	570	839	251
01.2000	107.5	106.4	300	574	859	252
02	109.1	106.0	312	586	870	258
03	107.9	106.9	304	562	869	250
04	105.3	107.4	306	561	827	253
05	111.6	108.9	310	582	901	269
06	112.6	112.7	310	602	878	267
07	113.7	115.8	313	621	899	251
08	117.8	115.1	316	625	897	245
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* 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	118.3	127.6	41.0	3 537	1 025
1996	98.5	105.3	106.8	34.3	3 374	909
1997	100.0	100.0	100.0	32.7	3 256	887
1998	86.8	99.1	95.0	30.7	3 169	834
1999	88.9	95.4	100.8	32.0	3 338	925
01.1998	91.9	100.5	100.7	22.8	3 235	855
02	91.6	100.0	100.3	21.9	3 209	839
03	92.0	100.2	99.6	40.4	3 207	847
04	90.8	99.8	98.5	26.9	3 184	841
05	89.2	99.6	97.5	33.1	3 092	827
06	89.2	99.5	98.1	34.0	3 153	824
07	83.3	99.4	99.2	32.4	3 145	819
08	78.8	98.6	93.1	31.8	3 130	823
09	82.3	99.0	90.0	30.3	3 103	803
10	82.2	98.4	89.2	30.0	3 194	848
11	83.2	97.4	89.7	32.7	3 184	829
12	87.2	96.7	84.1	32.2	3 187	847
01.1999	89.1	96.6	96.9	31.2	3 225	850
02	88.9	96.1	96.6	30.8	3 216	861
03	89.3	95.8	96.9	31.4	3 291	875
04	90.1	93.9	96.1	32.2	3 313	888
05	89.7	94.5	96.0	29.3	3 371	912
06	89.5	94.5	97.3	31.9	3 338	919
07	88.7	93.8	100.0	31.9	3 350	939
08	82.5	93.8	101.8	28.4	3 405	951
09	87.9	95.6	105.7	31.9	3 449	966
10	93.6	96.6	107.1	36.1	3 386	964
11	88.4	97.0	107.5	37.1	3 391	979
12	88.9	96.9	107.7	32.0	3 326	995
01.2000	89.0	97.4	105.1	45.8	3 434	984
02	90.6	99.7	105.6	37.1	3 640	1 055
03	90.7	98.4	106.0	26.3	3 407	1 016
04	91.2	95.9	108.7	40.8	3 429	997
05	90.6	97.4	111.1	37.0	3 496	1 016
06	89.3	96.6	110.3	29.0	3 505	1 044
07	86.5	96.1	110.2	35.2	3 537	1 016
08	95.6	95.6	116.4	29.5	3 529	1 018
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* Based on the year-on-year rates of growth at prices of the previous year.

** Revised since 1998

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	93.0	749.0	100.1	200.3	92.1
1997	2 173.8	94.3	866.0	103.7	269.5	95.5
1998	2 305.9	91.3	1056.2	100.0	318.8	95.2
1999	3 976.5	94.5	1782.1	90.7	447.6	102.0
01.1998	165.6	86.5	75.5	101.0	21.4	89.0
02	175.6	90.7	69.6	95.8	22.1	89.0
03	186.5	95.1	72.4	99.1	23.9	91.3
04	179.2	98.9	72.8	99.3	24.3	91.1
05	167.5	99.3	72.4	98.5	24.9	92.5
06	172.8	89.5	71.7	97.4	26.9	95.1
07	174.8	89.9	73.3	99.7	28.0	96.5
08	169.5	87.4	82.9	106.4	28.5	97.3
09	194.3	88.6	108.5	103.0	28.8	96.2
10	214.8	89.9	105.8	95.4	28.6	96.5
11	230.8	90.0	112.2	95.9	29.3	100.6
12	274.5	89.1	139.1	108.2	32.1	107.1
01.1999	223.4	76.3	120.5	82.9	28.7	93.7
02	236.2	81.4	121.9	83.3	29.5	90.5
03	288.6	91.9	133.2	88.4	32.4	96.5
04	291.7	95.9	134.4	86.3	32.7	96.9
05	292.6	98.8	137.5	86.2	32.8	98.5
06	313.1	90.6	141.1	86.9	36.9	101.3
07	332.4	94.3	144.5	86.9	39.1	105.0
08	348.7	96.8	155.8	92.3	40.5	107.5
09	377.4	105.4	160.1	93.1	41.4	106.4
10	390.4	100.9	165.9	95.1	41.9	106.1
11	406.9	99.6	169.0	95.6	44.5	112.7
12	475.1	101.4	198.2	111.8	47.2	109.0
01.2000	371.9	84.4	167.1	88.1	39.7	100.5
02	403.9	91.2	165.4	89.6	39.4	93.7
03	445.1	96.8	177.1	95.3	43.6	100.5
04	426.9	98.3	175.4	93.5	44.5	102.5
05	437.9	102.0	177.0	92.8	45.3	105.6
06	465.4	94.4	182.5	93.8	49.7	108.7
07			187.0	95.0	53.7	113.8
08			201.4	101.3	54.6	114.1
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* Including exports.

** Including catering. Revised by Goscomstat 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	84.3
1996	65.9	9.6	3.5	4 009	790	89.7
1997	64.7	10.8	3.1	6 001	950	93.8
1998	63.6	11.9	2.6	2 882	1 095	81.3
1999	64.0	12.6	2.2	1 790	1 581	63.4
01.1998	64.2	11.4	2.7	72	988	95.2
02	64.0	11.6	2.7	95	1 000	95.2
03	63.8	11.7	2.7	103	1 059	91.0
04	63.7	11.7	2.7	109	1 040	88.9
05	63.7	11.5	2.6	86	1 047	87.5
06	63.8	11.3	2.5	79	1 122	85.9
07	63.7	11.3	2.5	56	1 110	86.3
08	63.5	11.6	2.4	27	1 052	78.9
09	63.4	11.9	2.4	378	1 112	70.7
10	63.3	12.3	2.5	797	1 123	68.1
11	63.3	12.9	2.6	615	1 164	65.9
12	63.3	13.3	2.6	464	1 482	61.6
01.1999	63.2	13.8	2.6	577	1 167	60.3
02	63.2	14.1	2.7	532	1 199	59.3
03	63.5	13.7	2.6	83	1 385	60.5
04	63.8	13.1	2.5	15	1 423	60.3
05	64.2	12.4	2.4	15	1 472	59.9
06	64.5	12.1	2.2	6	1 626	59.6
07	64.6	11.9	2.0	6	1 618	58.7
08	64.6	11.8	1.9	5	1 608	57.6
09	64.4	11.9	1.8	99	1 684	69.8
10	64.3	12.1	1.8	228	1 716	69.9
11	64.1	12.3	1.7	42	1 789	71.1
12	64.0	12.2	1.7	184	2 283	73.4
01.2000	63.8	12.0	1.7	91	1 830	76.0
02	63.5	11.9	1.7	65	1 839	75.0
03	63.9	11.3	1.7	27	2 018	74.8
04	64.4	10.8	1.6	7	2 039	74.4
05	64.8	10.2	1.5	0	2 101	73.3
06	65.0	10.1	1.4	0	2 294	72.3
07	65.1	10.0	1.4	0	2 302	72.3
08	65.2	9.8	1.4	1	2 325	72.3
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* Monthly data are end of month, yearly data are averages of the end of month figures.

** Yearly figures reported by Goscomstat 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	765.1	100.9	72.7	302.1	369.9	21.4
1997	931.7	107.2	83.5	328.2	411.2	21.2
1998	997.6	90.7	83.5	399.0	493.3	24.6
1999	1 586.5	76.6	83.5	448.6	907.8	34.1
01.1998	801.4	88.3	83.5	366.6	417.7	22.8
02	842.1	92.0	83.5	399.3	424.4	22.4
03	861.8	93.5	83.5	399.8	427.4	22.2
04	929.8	100.5	83.5	400.6	431.9	21.7
05	844.9	90.9	83.5	401.4	434.9	22.8
06	868.4	93.3	83.5	402.5	435.5	22.5
07	898.8	96.4	83.5	402.6	438.4	22.3
08	896.0	92.7	83.5	402.7	449.7	22.7
09	1 003.4	75.0	83.5	403.0	552.0	29.8
10	1 185.1	84.8	83.5	403.1	572.9	28.6
11	1 187.7	80.4	83.5	403.2	618.5	29.5
12	1 651.3	100.2	83.5	402.9	716.8	27.3
01.1999	1 139.1	63.7	83.5	403.0	786.9	38.2
02	1 274.9	68.5	83.5	403.1	829.1	n.a.
03	1 356.3	70.9	83.5	403.1	856.8	37.7
04	1 511.5	76.7	83.5	403.2	884.0	n.a.
05	1 456.3	72.3	83.5	451.6	923.6	n.a.
06	1 551.9	75.6	83.5	455.5	950.0	35.0
07	1 552.7	73.6	83.5	455.7	974.0	n.a.
08	1 639.2	76.8	83.5	455.9	936.4	n.a.
09	1 643.8	75.9	83.5	456.1	919.8	33.5
10	1 718.7	78.3	83.5	455.6	926.8	n.a.
11	1 761.2	79.2	83.5	519.2	943.1	n.a.
12	2 432.7	108.1	83.5	521.1	963.0	26.3
01.2000	1 434.3	62.3	83.5	521.6		
02	1 734.5	74.5	83.5	612.5		
03	1 895.6	80.9	83.5	613.1	989.3	33.5
04	1 938.5	82.1	83.5	613.2		
05	1 886.7	78.5	83.5	693.8		
06	2 084.9	84.6	83.5	693.9	1030.4	27.6
07	2 067.1	82.4	132.0	694.4		
08	2 142.9	84.6	132.0	750.0		
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*Old definition. Since January 2000 new quarterly estimate is equal to 1138 R.

Table 7: Arrears*

	Total overdue payables of enterprises	Of which:			Total overdue receivables of enterprises	Government wage arrears**
		to suppliers	to the budget & non-budgetary funds	wage arrears**		
	R bn	R bn	R bn	R bn	R bn	R bn
1995	238.9	122.3	75.0	13.6	165.5	
1996	514.4	245.9	203.4	34.7	335.5	15.0
1997	756.1	344.7	316.6	39.7	458.4	8.0
1998	1230.6	586.0	474.5	77.0	761.9	20.1
1999	1354.5	619.5	572.6	43.7	814.6	10.2
01.1998	891.6	399.6	357.8	55.6	555.5	7.2
02	941.7	433.9	370.1	59.0	598.9	8.8
03	998.3	455.9	386.5	62.3	620.1	10.3
04	1034.1	473.9	407.9	64.2	647.7	10.9
05	1075.5	499.1	422.9	68.6	677.3	12.7
06	1082.0	507.4	420.2	73.2	683.4	14.9
07	1132.0	527.3	429.7	78.1	700.9	17.1
08	1160.5	543.3	439.8	84.1	710.2	18.6
09	1199.8	558.0	456.5	88.1	740.7	20.9
10	1224.7	574.0	467.1	86.8	782.0	22.1
11	1238.7	585.9	478.6	85.0	776.2	22.1
12	1230.6	586.0	474.5	77.0	761.9	20.1
01.1999	1241.1	583.5	479.7	76.0	772.0	19.4
02	1280.6	597.7	501.9	72.6	799.8	19.0
03	1321.8	623.8	515.7	67.7	824.8	17.0
04	1358.9	640.6	538.8	63.1	842.3	15.3
05	1366.3	639.3	548.0	61.1	863.8	14.6
06	1388.0	654.1	557.8	59.0	881.2	14.6
07	1404.8	654.4	568.0	59.1	883.8	15.0
08	1427.4	658.7	573.3	56.2	881.6	13.8
09	1416.9	665.9	576.2	54.6	883.5	13.7
10	1435.1	665.0	585.2	53.1	889.7	13.4
11	1416.3	694.4	583.2	50.9	859.7	12.4
12	1354.5	619.5	572.6	43.7	814.6	10.2
01.2000	1351.1	615.5	571.3	44.9	787.9	10.2
02	1483.9	685.0	605.1	43.6	886.2	9.4
03	1577.0	729.0	622.6	39.9	921.0	7.1
04	1598.9	728.4	634.8	38.7	937.5	6.4
05	1602.2	747.8	632.3	38.7	959.2	6.4
06	1614.1	748.0	630.1	39.3	944.2	6.9
07	1647.1	766.1	653.4	40.5	957.9	7.1
08				38.3		6.3
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* Before 1998 series include data from the following sectors of the economy: industry, construction, transport and agriculture. After that 9 sector series include also 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	Consumer price index, food & beverages	Consumer price index, non-food goods	Consumer price index, paid services	Composite producer price index*	Industrial producer price index
	(Dec-97=100)	(Dec-97=100)	(Dec-97=100)	(Dec-97=100)	(Dec-97=100)	(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	122.4	123.2
1999	251.7	266.4	277.7	158.5	195.6	206.2
01.1998	101.5	102.1	100.5	101.7	101.2	100.9
02	102.4	103.3	100.8	102.7	101.9	101.4
03	103.1	104.1	101.0	104.0	101.9	101.3
04	103.5	104.4	101.2	105.0	101.8	101.3
05	104.0	105.0	101.3	106.1	101.2	100.5
06	104.1	105.0	101.3	106.7	99.7	100.5
07	104.2	104.9	101.3	108.0	100.9	99.7
08	108.1	107.4	108.6	109.3	100.2	98.5
09	149.6	149.8	167.5	113.0	106.5	105.8
10	156.4	155.6	180.0	114.8	111.1	112.0
11	165.3	167.5	187.7	116.2	116.2	117.6
12	184.4	196.0	199.5	118.3	122.4	123.2
01.1999	199.9	216.2	211.9	123.2	130.2	131.7
02	208.1	225.6	220.2	127.1	136.8	139.1
03	213.9	231.9	227.4	129.5	141.6	144.4
04	220.4	238.0	236.6	133.6	146.3	149.7
05	225.3	242.7	243.0	136.4	151.3	155.1
06	229.6	247.0	246.8	141.1	155.7	160.9
07	236.0	254.8	251.6	145.6	160.0	165.9
08	238.8	255.8	257.6	148.5	166.2	173.8
09	242.3	257.9	264.5	151.4	174.6	184.0
10	245.6	260.1	270.3	154.5	183.6	194.2
11	248.6	262.7	274.5	157.1	191.1	201.7
12	251.7	266.4	277.7	158.5	195.6	206.2
01.2000	257.6	272.1	283.8	163.8	208.2	214.4
02	260.3	273.4	287.4	168.7	214.4	222.5
03	262.0	273.6	291.5	171.2	218.4	228.2
04	264.2	274.4	295.8	174.9	221.8	231.7
05	268.8	280.5	299.1	177.2	224.9	235.8
06	275.7	289.6	301.6	182.6	228.9	241.2
07	280.7	294.7	304.1	189.4	234.6	249.3
08	283.4	295.5	308.3	195.1	240.0	253.2
09	287.2	297.3	314.6	200.5		
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* Revised since December 1997

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
1999	75.1	18.8	11.4	40.2	9.9	34.9
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	4.6	0.9	1.3	2.8	0.9	1.8
02	5.0	0.8	1.0	3.0	0.9	2.0
03	5.9	1.1	0.9	3.6	1.0	2.3
04	6.5	1.4	0.7	3.4	1.0	3.1
05	5.1	1.4	0.7	3.0	0.7	2.1
06	5.4	1.5	0.7	3.3	0.8	2.1
07	6.3	1.6	0.7	3.4	0.7	2.9
08	6.1	1.9	0.7	3.2	0.7	2.9
09	6.3	1.7	0.7	3.3	0.7	3.0
10	6.8	2.0	1.1	3.5	0.7	3.3
11	7.5	2.0	1.3	3.6	0.8	3.9
12	9.6	2.4	1.5	4.1	1.0	5.5
01.2000	6.8	2.2	1.6	2.7	0.4	4.1
02	7.9	2.6	1.5	3.5	1.0	4.4
03	8.6	2.8	1.6	3.7	0.9	4.9
04	8.1	2.4	1.2	3.5	0.8	4.6
05	9.0	3.4	1.2	3.5	0.8	5.5
06	8.7	3.4	1.1	3.8	0.9	4.9
07	8.6	3.3	1.2	3.7	0.8	4.9
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* Includes Goskomstat estimate of unregistered trade.

Table 10: Balance of payments (\$ mn)

	1997	1998	1999	1999	1999	1999	2000	2000
				Q2	Q3	Q4	Q1	Q2
Current Account	2545	1040	24961	4313	5634	10523	12159	10804
<i>Trade balance</i>	11611	13250	32058	6083	8376	11963	13001	12404
Export	103088	87255	84346	19270	21398	26354	26090	27081
Import	-91476	-74005	-52288	-13187	-13022	-14391	-13089	-14677
<i>Merchandise trade balance</i>	17361	17101	35847	6939	9352	13074	14440	14350
Export	89008	74884	75306	16998	18803	23955	24294	24752
Import	-71647	-57783	-39459	-10059	-9451	-10881	-9854	-10402
<i>Service balance</i>	-5750	-3851	-3789	-856	-977	-1111	-1439	-1945
Export	14080	12371	9040	2272	2595	2399	1796	2329
Import	-19829	-16222	-12829	-3127	-3572	-3510	-3235	-4275
<i>Income and Wages</i>	-8706	-11801	-7631	-1846	-2948	-1739	-890	-1681
Received	4366	4301	3841	713	415	445	2506	714
Paid	-13073	-16102	-11472	-2559	-3363	-2184	-3396	-2394
Wages	-342	-164	221	59	49	56	52	42
Received	227	301	425	111	111	102	103	116
Paid	-568	-465	-204	-53	-62	-45	-50	-73
Income	-8365	-11637	-7852	-1905	-2997	-1795	-943	-1723
Received	4140	4000	3416	601	304	344	2403	598
Paid	-12504	-15637	-11267	-2506	-3301	-2139	-3346	-2321
<i>Current Transfers</i>	-360	-409	534	76	206	300	49	80
Received	410	269	1027	220	330	425	165	193
Paid	-770	-678	-493	-143	-124	-125	-116	-112
Capital Account	5480	8193	-17403	-3005	-4784	-5640	-9214	-9236
<i>Capital transfers (net)</i>	-797	-382	-328	-95	-81	-122	4	-39
<i>Direct investments abroad</i>	-2603	-1027	-2145	-563	-597	-570	-380	-202
<i>Direct investments into Russia</i>	6639	2761	3309	751	659	1257	569	517
<i>Portfolio investments abroad</i>	-156	-257	254	-202	306	172	37	9
<i>Portfolio investments into Russia</i>	45963	8876	-868	-419	-436	-102	585	-1638
<i>Other investment - assets</i>	-26608	-16003	-15124	-367	-5399	-3052	-6459	-1206
Hard currency	-13444	900	848	1017	-458	86	-33	430
Bank accounts and deposits	988	1200	-3889	-1535	-473	-786	-1476	-595
Trade credits	-6785	-6818	-5773	788	-3077	-1453	-1106	12
Loans provided (not overdue)	7004	5345	4857	2187	139	731	1622	985
Overdue payments	-3048	-7425	-5765	-1304	-226	-170	-3808	-690
Non-repatriated export revenue	-11458	-8879	-5384	-1402	-1254	-1554	-1557	-1131
Other assets	135	-327	-19	-117	-50	95	-101	-216
<i>Other investment - liabilities</i>	-15002	8971	-548	-392	-313	-838	-560	-407
National currency	-38	65	0	-2	-7	11	23	42
Bank accounts and deposits	-4694	-3050	162	644	-378	153	148	-348
Trade credits and advances	-64	321	5	77	48	-224	0	0
Loans received (not overdue)	13622	7003	-2670	-2144	2263	-1470	-1083	-1378
Overdue payments	-24339	5296	2168	1208	-2213	737	296	1190
Other liabilities	511	-666	-212	-174	-25	-46	56	88
<i>Adjustments</i>	-20	-50	-176	-107	-14	-158	92	-52
<i>Net international reserves</i>	-1936	5305	-1778	-1611	1091	-2227	-3102	-6219
Errors and omissions	-8025	-9234	-7558	-1308	-851	-4883	-2946	-1568

Table 11: Federal budget (IMF definition)*

	<u>Revenues</u>		<u>Expenditures</u>		<u>Deficit(+) or surplus(-)</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
1999	606.0	509.5	680.2	162.6	74.2	1.7
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	172.7	152.9	231.1	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	332.9	285.8	399.5	109.4	66.6	
09	383.7	326.0	451.6	117.5	67.9	2.2
10	442.0	375.6	503.0	124.2	61.0	
11	510.8	433.1	569.9	138.9	59.1	
12	606.0	509.5	680.2	162.6	74.2	1.7
01.2000	66.2	56.1	45.4	15.7	-20.8	
02	139.6	122.7	102.5	27.2	-37.1	
03	223.2	196.2	162.4	31.1	-60.8	-4.4
04	318.0	277.1	234.6	43.7	-83.4	
05	419.5	365.2	311.1	61.9	-108.4	
06	507.7	443.2	399.0	84.7	-108.7	-7.0
07	596.1	520.2	463.7	108.5	-132.4	
08	693.0	600.5	549.2	127.5	-143.8	
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* Data for 2000 are under revision.
Monthly data are cumulative.

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
1999	647.9	493.1	648.9	124.6	1.0	0.02
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	414.3	528.0	99.4	-15.7	
12	647.9	493.1	648.9	124.6	1.0	0.02
01.2000	41.4	30.2	34.5	6.2	-7.0	
02	87.9	64.6	82.3	14.4	-5.6	
03	160.7	117.6	154.6	26.0	-6.0	-0.4
04	242.3	181.5	230.1	39.9	-12.2	
05	338.2	251.8	311.6	56.2	-26.6	
06	427.3	313.5	402.7	73.8	-24.6	-1.6
07	505.7	370.2	478.0	89.7	-27.7	
08	602.1	444.0	565.1	109.2	-37.0	
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* 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 - currency in circulation	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	-8.4	249.3	187.8	448.3	n.a.
1999	324.3	-3.2	400.7	266.5	704.7	n.a.
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	-8.4	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	324.3	-3.2	400.7	266.5	704.7	n.a.
01.2000	296.5	-2.1	354.2	232.9	695.0	n.a.
02	306.0	-0.9	331.1	242.0	726.6	n.a.
03	318.9	1.3	284.6	251.5	751.4	n.a.
04	349.6	3.3	259.7	279.1	787.9	n.a.
05	361.4	5.8	204.3	289.3	831.6	n.a.
06	397.2	7.5	194.9	321.8	892.2	n.a.
07	415.7	10.2	139.9	334.0	931.2	n.a.
08	425.0			341.6	960.1	n.a.
09	437.6					
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Source: CBR.

* Since June 2000 NIR and NDA are estimated by RET.

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

NDA is calculated using the exchange rates of R27 for 2000, R24.18 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.

*** 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
1999	1549.7	437.7	521.6	211.1	290.2	222.5
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	197.5	257.6	195.4
11	1514.2	420.7	479.0	202.7	278.4	211.5
12	1549.7	437.7	521.6	211.1	290.2	222.5
01.2000	1665.5	459.5	537.8	217.9	317.0	231.8
02	1715.0	456.0	550.8	227.4	345.9	222.4
03	1754.6	460.1	569.3	234.9	344.9	229.1
04	1771.2	467.0	591.0	243.0	341.0	227.0
05	1820.2	470.0	614.6	254.8	345.4	221.0
06	1885.8	471.1	637.0	265.9	356.5	222.5
07	1940.3	440.2	649.5	275.0	375.9	215.3
08	1985.8	489.3	688.8	279.9	371.7	214.5
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Source: CBR, Goscomstat.

* 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	41.5	17.1	50.6	n.a.	136.9
1999	57	40.1	13.7	14.8	n.a.	72.6
01.1998	28	29.8	11.6	24.1	33.4	246.4
02	39	30.2	12.2	30.3	29.6	229.6
03	30	38.8	11.2	25.9	24.4	254.3
04	30	39.6	11.0	29.5	27.8	233.3
05	150	40.7	12.9	47.6	54.8	187.4
06	80	47.7	14.0	56.1	65.1	139.1
07	60	44.2	15.1	58.8	81.0	114.9
08	60	48.5	17.5	45.3	135.3	74.0
09	60	44.8	23.8	139.7	n.a.	40.1
10	60	48.2	27.3	84.9	n.a.	34.6
11	60	45.1	22.3	36.7	n.a.	48.6
12	60	40.5	25.7	27.8	n.a.	41.0
01.1999	60	44.8	24.2	28.1	n.a.	36.2
02	60	44.0	22.8	20.4	33.4	45.4
03	60	47.5	18.9	20.7	30.7	58.8
04	60	44.1	14.6	15.2	27.4	59.1
05	60	44.7	14.7	7.1	20.2	73.9
06	55	32.1	11.0	8.4	16.0	89.7
07	55	39.0	12.6	9.0		101.5
08	55	38.6	8.8	9.3		82.2
09	55	37.9	9.7	18.2		70.1
10	55	37.0	9.0	16.1		72.5
11	55	38.8	9.4	13.2		84.9
12	55	32.1	8.5	11.8		96.9
01.2000	45	33.8	13.4	11.8		143.1
02	45	31.2	7.9	11.3		141.5
03	33	29.5	7.6	6.5		169.3
04	33	29.1	5.4	11.1		164.3
05	33	25.3	7.3	7.6		153.8
06	33	22.8	7.1	5.1		147.3
07	28	22.5	6.4	3.4		146.7
08	28	21.2	5.1	4.6		174.8
09	28					166.9
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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. From 1998 data on lending rate is for commercial banks excluding Sberbank.

Table 16: Exchange rates and Stock market

	MT \$ index, end of period (end Aug-94=100)	Exchange rate (MICEX), period average*	Exchange rate (MICEX), end of period*	Real exchange rate, period average** (Dec-95 = 100)	Gross international reserves (including gold, end of period) \$ bn	of which: Gold reserves (Valued at \$300 per ounce) \$ 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	104.4	17.8	4.9
1998	38.4	9.965	21.140	91.6	12.2	4.4
1999	114.6	24.836	26.959	64.9	12.5	4.0
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	106.6	16.0	5.0
05	141.4	6.145	6.138	106.9	14.6	5.0
06	111.8	6.198	6.225	106.2	16.2	5.0
07	109.6	6.235	6.272	105.5	18.4	4.6
08	50.8	7.460	10.363	95.7	12.5	4.3
09	28.7	14.762	16.045	66.7	12.7	3.9
10	40.0	16.374	16.600	63.8	13.6	3.9
11	51.6	17.297	18.470	63.7	12.8	4.3
12	38.4	20.841	21.140	60.2	12.2	4.4
01.1999	35.1	22.991	23.100	59.9	11.6	4.5
02	50.7	23.075	23.100	61.7	11.4	4.2
03	61.0	24.120	24.860	62.9	10.8	4.1
04	69.4	25.321	24.290	62.7	11.2	4.1
05	75.6	24.672	24.700	62.7	11.9	3.9
06	96.5	24.429	24.210	65.0	12.2	4.0
07	88.6	24.321	24.198	67.7	11.9	4.1
08	78.9	24.690	24.860	66.9	11.2	4.4
09	63.8	25.499	25.179	66.0	11.2	4.6
10	75.0	25.776	26.030	67.2	11.8	4.7
11	87.0	26.328	26.650	67.8	11.5	3.9
12	114.6	26.813	26.959	68.0	12.5	4.0
01.2000	130.9	28.413	28.600	65.9	12.9	4.0
02	138.8	28.732	28.690	66.3	13.7	4.1
03	178.0	28.457	28.680	66.7	15.5	4.1
04	171.5	28.593	28.395	68.3	17.1	3.7
05	149.0	28.300	28.250	69.2	19.6	3.7
06	135.8	28.239	28.080	70.0	21.0	3.3
07	152.1	27.834	27.851	72.4	23.3	3.3
08	187.9	27.746	27.830	74.2	23.7	3.4
09	157.9	27.809	27.835	75.4	25.0	3.5
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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. Revised since May 1998.

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