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# **RUSSIAN ECONOMIC TRENDS**

Monthly Update

**RUSSIAN-EUROPEAN CENTRE  
FOR ECONOMIC POLICY**

*in cooperation with*

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



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# RECENT DEVELOPMENTS IN THE RUSSIAN ECONOMY

One of the main questions at the present time for those who follow the Russian economy is the situation in the production sector. After record production growth rates during most of 2000, there was a marked deceleration towards the end of the year. Nevertheless, the most pessimistic forecasts of a drastic end of growth in early 2001 have not come true so far. It seems that a general slow-down is indeed taking place, but without dramatic changes yet.

Estimates by RET staff show that aggregate real growth of the five main production sectors, which can be used as a proxy for GDP, continued in January both month-on-month and in 12-month terms. Growth from December was 1.3% and growth from January 2000 was 5.2%. As regards month-on-month developments in each of the five sectors, real (seasonally adjusted) production by industry declined in December and January, while agricultural and construction output stagnated in January. Retail trade declined somewhat in January after steady growth throughout last year. Only the transportation sector showed growth in January.

Enterprise studies also reflect the slow-down in the economy (see a new regular item on monetary and non-monetary means of payment under the heading 'Non-financial enterprises' in this issue of RET Monthly Update). Money remains dominant in payments after increasing its share throughout last year, but enterprises are already prepared to resort to non-monetary exchange, should that become necessary.

Another worrying feature in the current economic situation is the acceleration of inflation since the start of the year. Although the February monthly CPI increase was smaller than that in January, amounting to 2.3%, it was the second highest in the past 18 months. First statistics for March point to monthly inflation only slightly lower than in February. The acceleration of inflation during the first months of the current year follows considerable monetary expansion last year. Following a traditional seasonal pattern, money supply decreased almost 6% in January 2001 after a rapid 10% increase in December. The key issue in 2001 remains the ability of the Central Bank to sterilise the inflow of money to the economy from high export revenues.

The federal budget showed a deficit of R14 bn in January-February, partly due to debt repayments to the Paris Club. The effects of tax reform, which introduced a 13% flat tax on personal income from the start of 2001, have yet to be seen. So far no clear changes have been recorded, except perhaps for an increase of the share of taxes and other obligatory payments in personal income in January, raising this share to more than 10%. However, it is unclear whether this change can be attributed to the tax reform.

The first months of the current year brought clarity to the question of foreign debt servicing, which caused much confusion internationally last year. The Duma's decision in February to allow extra budgetary revenue be used for servicing debt to the Paris Club is improving Russia's relations with its creditors in general.

**Table 1: Key indicators of the Russian economy  
(%, 12-month growth unless otherwise stated)**

	1996	1997	1998	1999	2000	2001	
GDP	-3.5	0.8	-4.9	3.5	7.7		
Industrial production	-4.0	1.9	-5.2	8.1	9.0	5.3	Jan.
Fixed investments	-18.0	-5.0	-6.7	1.0	17.7		
Inflation	22.0	11.0	84.8	36.5	20.2	22.2	Feb.
M2	30.0	29.5	36.3	57.2	62.4	55.3	Jan.
Unemployment, %	9.3	9.0	11.8	11.7	10.2	9.6	Jan.
Federal budget balance, %/GDP	-7.9	-6.7	-4.9	-1.7	2.5		
Current account, %/GDP	3.0	0.5	0.3	13.5			

*Sources: Goskomstat, CBR, Ministry of Finance.*

# ECONOMIC UPDATE

## Aggregate demand

According to RET staff estimates based on data from the revised Goskomstat System of National Accounts (SNA) for 1998–1999 and preliminary data for 2000, real GDP by expenditure grew by 7.7% in 2000 (+7.9% in 1999 and –1.5% in 1998). Real GDP by expenditure in 2000 thus exceeded the level of 1994 by 1.7% (though it was still 24% lower than in 1992). Households' consumption increased by 9.6% in real terms in 2000 (–3.8% in 1999) and was only 0.4% lower than in 1994. Institutional consumption increased in 2000 by 1.3% (+1.9% in 1999) and was only 3.3% lower than in 1994. Gross accumulation increased by 18.0% (1.7% in 1999) but was still 41.9% below the level of 1994. Net exports grew by only 1.3% in real terms in 2000 after growth of 69.1% in 1999 and a tremendous 111% increase in 1998. Real net exports in 2000 exceeded the level of 1994 by 312.3%.

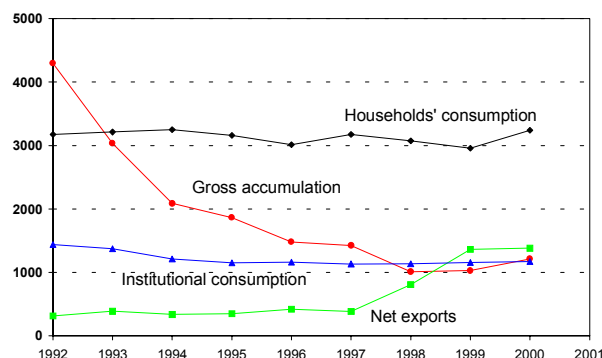
Seasonally-adjusted monthly rates of growth of real consumer expenditures (a proxy for households' consumption) slowed down to 0.1–0.2% in December 2000–January 2001, but real consumer expenditures in January were still 7.2% higher than a year ago and 3.4% above the average 2000 level. Seasonally adjusted real gross fixed investment (a proxy for gross fixed capital formation) stabilised in August–November 2000 and even declined slightly in December 2000–January 2001. But real fixed investment was still 9.2% higher in January 2001 than a year earlier.

## Households

The seasonal drop of personal incomes in January 2001 was not big enough to undermine the major achievements of last year. Compared to January 2000 real personal income increased almost 10%. Nevertheless, a large part of the population continues to live in poverty. Recently published estimates of the subsistence level (under the new methodology) for the fourth quarter of 2000 give an average of R1285 per month. More than a quarter of the population lived in families with per capita income below this level. A year earlier almost a third of the population lived in poverty. The subsistence level in Q4 2000 determined according to the old methodology, used through the 10-year history of this indicator, was about R1050 per month. On that basis the share of the population in poverty in the last quarter of 2000 was 20% (compatible with the lowest level since the start of the market reforms, observed in 1997).

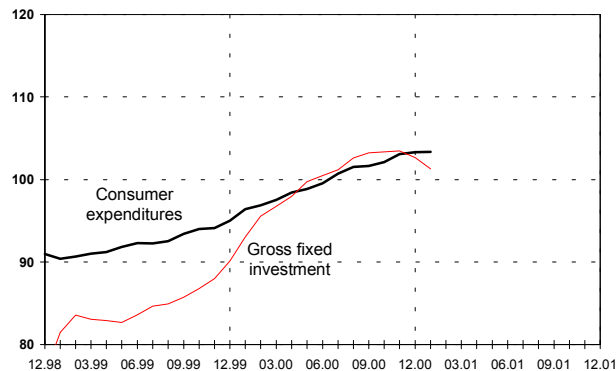
In January 2001, real retail sales of goods and serv-

## Components of final domestic demand at 2000 constant prices (R bn)



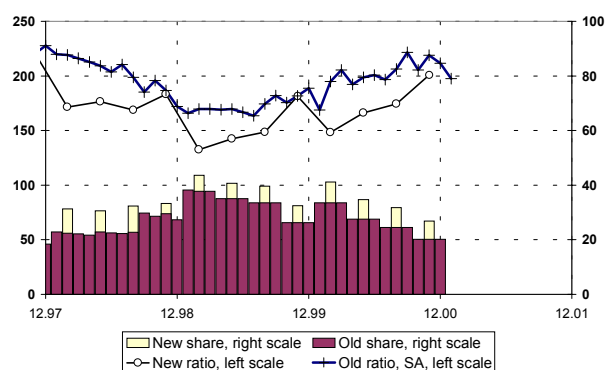
Source: Goskomstat and RET staff estimates.

## Current estimates of the components of final demand (2000 = 100, seasonally adjusted)



Source: Goskomstat and RET staff estimates.

## Share of population in poverty and ratio of per capita income to subsistence level (%)\*



\*Under new methodology subsistence level is about 15% higher.

Source: Goskomstat and RET staff estimates.

ices increased by 7% compared to January 2000. After seasonal adjustment this indicates some drop in the propensity to consume. One of the explanations for this may be an increase in the effective tax rate (the ratio of taxes and obligatory payments to personal income). Officially this ratio was 8.1% compared to 5.6% a year ago. Excluding seasonal factors this amounts to about 10% of personal income (unusually high for the Russian economy). It is not yet clear whether this is only a temporary effect of rapid growth of income in the last quarter of 2000 or a permanent effect of reduction in the tax rate. Since January the personal income tax rate has been set at a flat 13% level and a regressive scale of social tax, payable by employers, has been introduced. It was hoped that this would encourage employers to stop hiding wage payments.

### Budget

Federal budget revenue in January was R95 bn. A preliminary figure of R200 bn for January and February has been announced, of which R122 bn was collected through the Tax Ministry and R71 bn through the State Customs Committee. Total revenue was equal to 17% of estimated two-month GDP (according to the Ministry of Finance), that is as high as at the end of 2000 but lower than in other months due to seasonal components.

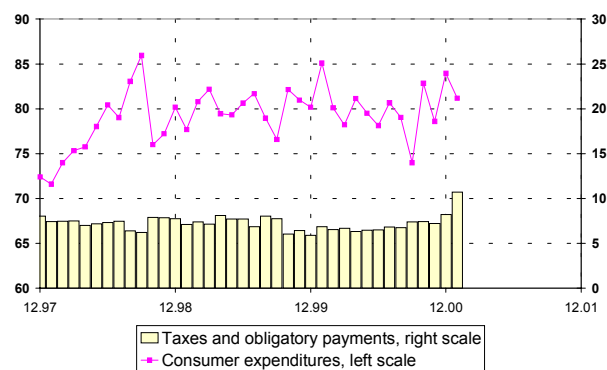
Total expenditure in January was R61 bn and, preliminarily, R214 bn over the first two months of the year, which is about 13% less than planned. The deviation was reported for spending on state administration, defence, and national economy, mostly due to late submission of financial documents by recipients. The preliminary data are based on estimates, which do not take into account cash balances of recipients of budget money – this information becomes available not earlier than the 25<sup>th</sup> of each next month.

Foreign debt servicing in January was reported at R19 bn and in January–February at R66 bn. This amount includes external debt principal repayments of R11.9 bn in February, of which repayments of foreign debt of the Russian Federation was R2.5 bn, of the former USSR to the Paris Club – R2.5 bn, payments to the IMF – R4 bn, to the IBRD and EBRD – R1.2 bn. R2.1bn of debt repayments were in kind by exports.

Debt servicing was financed from cash balances of the Ministry of Finance on Treasury accounts, and no additional external financing or credits from the Central Bank were used.

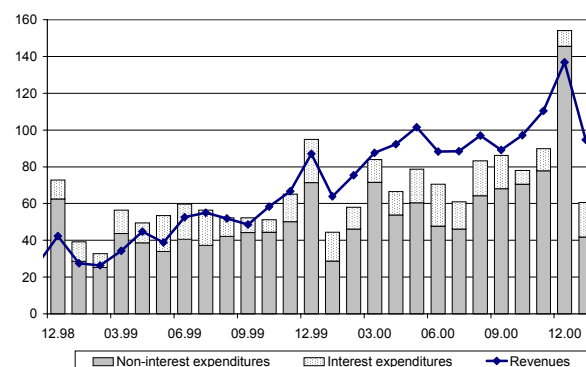
On February 23 the Duma approved amendments to the federal budget law for 2001. The Duma established additional revenues higher than proposed by the government, mainly because the Duma budget

### Propensity to consume and effective tax rate (% of personal income, seasonally adjusted)



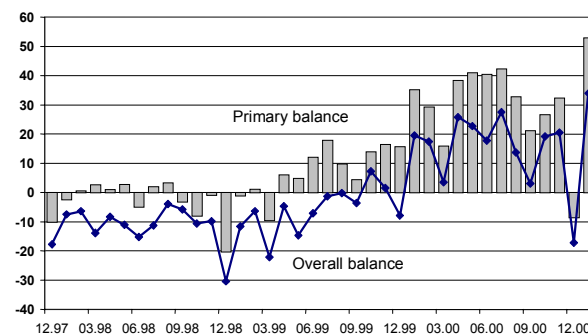
Source: Goskomstat and RET staff estimates.

### Federal budget revenues and expenditures (R bn)



Source: Ministry of Finance.

### Federal budget balance (R bn)



Source: Ministry of Finance.

committee gave an annual inflation forecast as high as 20% while the government insisted on 12%. According to the amendments, R41 bn (\$1.4 bn) of anticipated additional revenues is to be allocated to debt servicing (exactly the extra amount the government needs for repayments to Paris Club) and any revenues above that amount are to be divided equally between debt repayments and social expenditure. At the same time, the Duma rejected a clause allowing privatisation of large state companies without its special permission.

### Non-financial enterprises

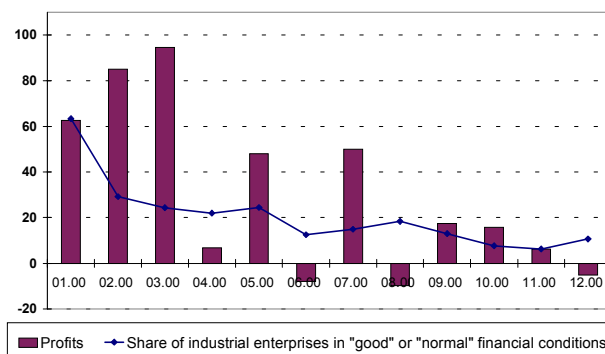
Profits in the economy (total profits minus total losses of enterprises and organisations) reported by Goskomstat for 2000 were R1055.5 bn in actual prices. This constitutes 30% annual growth in real terms (adjusted by the Composite PPI). However, there is a visible negative trend in year-on-year monthly growth. In December 2000 there was a fall of 5% in real terms compared to December 1999. The slowdown in profits is supported by data from the Russian Economic Barometer (REB) managerial survey which also showed some downturn in year-on-year growth of the share of industrial enterprises in 'good' or 'satisfactory' financial condition from September to November 2000. Still, a 10% December year-on-year growth of this indicator might signify a future increase in enterprise profits. The December 2000 share of enterprises in 'good' or 'satisfactory' financial conditions was 52% (47% in December 1999).

According to Goskomstat, overdue liabilities of enterprises and organisations fell by 14% in January 2000 in real terms. By the end of December they were at R1675.2 bn which is 37% of total enterprise liabilities, down from 40% in December 1999. The structure of overdue liabilities did not change over the year. In December 2000 the biggest share of arrears were payables to suppliers, which were equal to 50% of all overdue payables. Tax arrears accounted for 40% (overdue payables to the consolidated budget and non-budgetary funds) and 7% was overdue bank loans.

In December the share of barter in sales of industrial enterprises reported by REB was 19%, which is a 17 p.p. decrease from December 1999. In the revenue structure of the biggest Russian enterprises, published by Goskomstat, the share of cash was 72% in December, up from 47% last year.

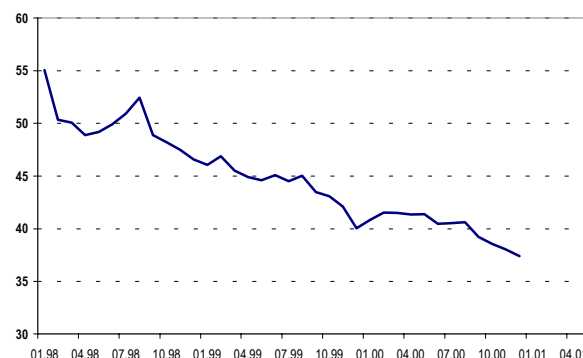
According to IET business surveys, performance of main business indicators did not show substantial change in February. Money-based demand decline in absolute terms remained the main problem of Russian enterprises for the second consecutive month. After a seasonal drop in January, sales failed to re-

### 12-month growth of profits in the economy and of the share of industrial enterprises in "good" or "normal" financial conditions (%)



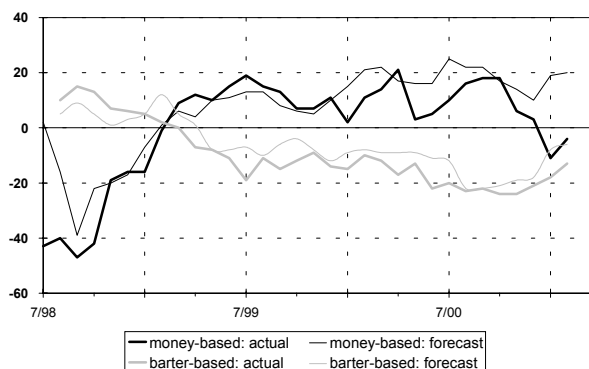
Source: Goskomstat, Russian Economic Barometer.

### The share of overdue liabilities in total liabilities (%)



Source: Goskomstat.

### Change in money-based and barter-based types of demand (balance = %growth - %decline)



Source: IET business surveys.

cover in February, although surveys registered slower decline of sales in February than in January for industry as a whole. Only the chemical and petrochemical industries showed growth in sales for money in February. In other industries sales continued to fall.

Decline in sales is encouraging Russian industrial enterprises to revive use of non-monetary sales schemes. The pace of barter decline has been slowing down since November 2000. However, so far there has been no absolute growth of barter in industry as a whole. Only in iron and steel the share of respondents reporting an increase in the use of barter exceeded the share reporting decline. The use of veksel and offset schemes of payment has shown a similar trend. February saw the sharpest deceleration of decline in this area.

However, enterprises are still succeeding in increasing the share of money in revenues (see Table). Based on their forecasts, enterprises also expect a continuation of the same rate of growth in money-based demand. An absolute decline in sales for money over the next few months is only expected in ferrous metallurgy and light industry.

### Commercial banks

The first two months of 2001 brought no surprises in the Russian banking sector. Performance of commercial banks' balance sheet items remains encouraging. However, these indicators are still below their pre-crisis level. Two and a half years after the all-but-complete collapse of the Russian banking industry its total assets and capital have been restored to only 80% and 62% of their former level respectively. According to CBR data, total bank assets on February 1, 2001, were R2.296 bn (\$81 bn) and equity capital was R457 bn (\$16 bn). In the second half of 2000 there were no obvious growth leaders in the Russian banking sector, and rankings in the Russian banking league table did not change.

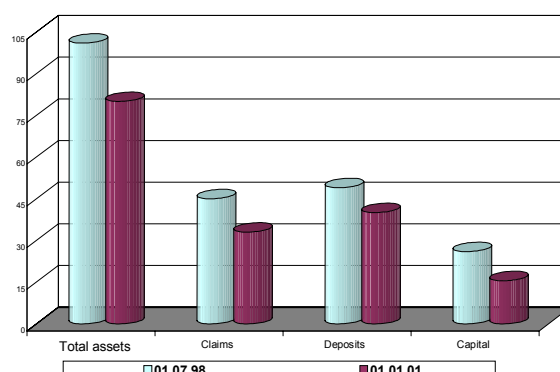
The expansion of commercial lending is continuing. On January 1, 2001, the stock of commercial bank loans amounted to R972 bn, of which R763 bn was extended to enterprises and organisations. Commercial banks' claims on the non-financial sector increased again in January 2001 by 1.6%, with their share in total assets reaching 41.5%. Positive change in deposit taking is also mainly due to the inflow of liquidity from enterprises and organisations. Commercial banks other than Sberbank prefer to deal with corporate customers. Decreasing spread between deposit and loan interest rates for corporate customers reflects increased competition on this market. Sberbank's position on the household savings market remains dominant. Other commercial banks are unable to compete with the CBR-owned

### Share of sales for money, %

	1999	2000	Jan 01	Feb 01
Industry as a whole	46	58	66	71
Electricity	24	52	85	99
Iron and steel	55	73	74	72
Ferrous metals	83	73	76	89
Chemical and petrochemical	33	56	64	60
Machinery	45	57	62	68
Forestry, woodworking, pulp and paper	44	54	66	68
Building materials	25	31	51	49
Light industry	46	58	68	75
Food processing	58	59	81	70

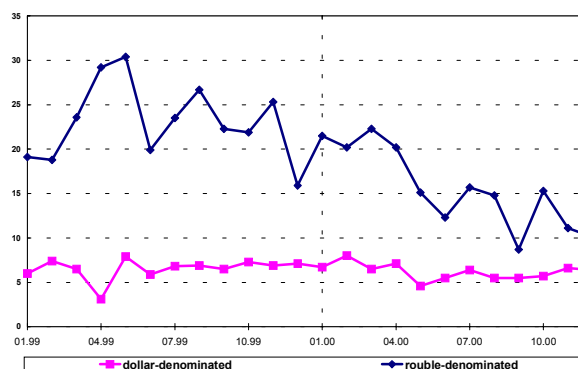
Source: IET business surveys.

### Evolution of main balance sheet items of commercial banks (\$ bn)



Source: CBR.

### Spread between average deposit and loan interest rates for corporate clients (%)



Source: CBR.

institution. Unfortunately, there have still been no serious moves to end this situation. Although the Antimonopoly Ministry has initiated proceedings against Sberbank for violation of antimonopoly legislation, a break-up of this Soviet-style giant can hardly be expected. In addition, the crucial issue of banking reform remains unresolved. According to a member of the State Duma committee on credit organisations and financial markets, the question of the CBR's status and of CBR-controlled banks is the main stumbling block to implementation of banking reform.

ARCO's bank restructuring activities will soon bear their first fruit. In the Spring, Chelyabkomzembank, which was previously put under ARCO's management, will be the first bank to be sold by ARCO. It will be acquired by Rosselkhozbank, a wholly state-owned agricultural bank, which was created in April 2000. Rosselkhozbank is interested in the extensive branch network of Chelyabkomzembank.

### Foreign sector

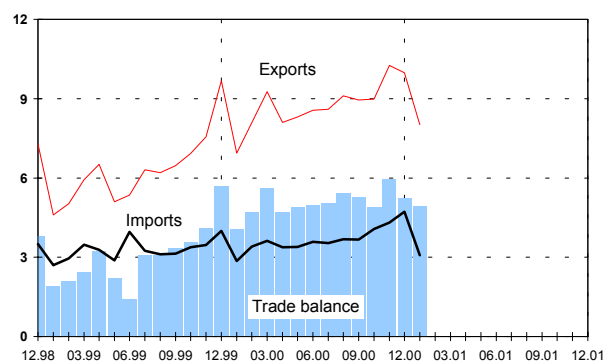
Russian exports remained at a high level in January 2001. The value of total exports amounted to \$8 bn, up 16% from January 2000. However, last year's extremely high monthly year-on-year export growth rates, ranging mostly from 30% to 60%, will undoubtedly not be repeated this year.

January exports to non-CIS countries grew 20% year-on-year, while exports to CIS countries declined for the second consecutive month. The decline was 7% in January. During the past year the volume of energy exports from Russia to the CIS decreased 27%, while the volume of energy exports to the rest of the world increased by 5%. Prices of energy exports to the CIS have grown less than those to the rest of the world. Hence, Russian exporters have had an incentive to redirect exports from the CIS to other countries.

Russian imports increased more slowly than exports in January 2001, as in most of last year. The year-on-year growth rate of total imports was 8%. Imports from non-CIS countries grew 16%, while those from the CIS declined 8%. This broke the pattern observed during most of 1999 when imports from the CIS grew much faster than those from the rest of the world.

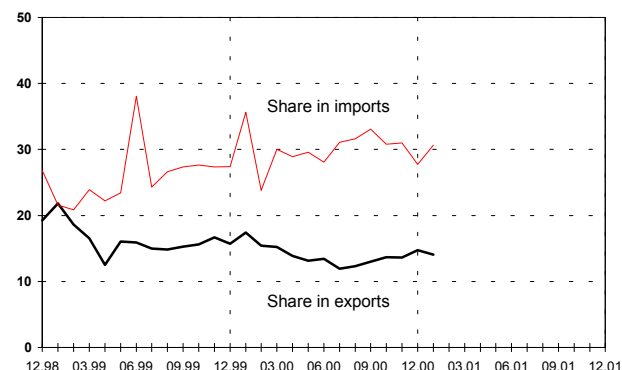
According to Goskomstat, foreign investments into Russia grew 15% in 2000. Investment inflow amounted to \$11 bn. Of that, foreign direct investments were 40%, at \$4.4 bn, and portfolio investments were roughly 1%. Other investments accounted for the rest. The bulk of foreign investment, 43%, went to industry. Among industrial sectors, food production, the oil industry and metallurgy received the biggest investments. The share of trade

### Merchandise exports and imports (\$ bn)



Source: CBR.

### Share of CIS countries in foreign trade (%)



Source: CBR.

and catering and the share of transportation and communications were both 18%.

### Output of goods and services

The index of real gross output of the five base sectors of the economy (industry, construction, agriculture, transportation and retail trade) increased by 1.3% from December 2000 to January 2001 in seasonally adjusted terms and was 5.2% higher than a year earlier.

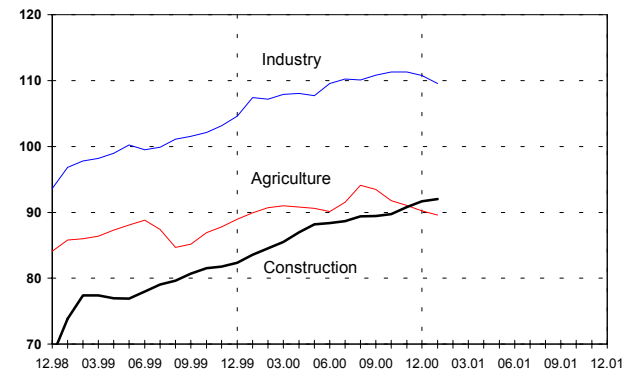
*Goods-producing sector.* Stagnation of industrial production, which began in the middle of 2000, is still continuing. Industrial production actually declined in seasonally adjusted terms in December 2000–January 2001. Industrial production in January returned to the level of June 2000 and was only 2% higher than in January 2000. The seasonally adjusted real volume of construction work remained unchanged in January 2001 from December 2000 but was still 9.8% higher than a year ago due to rapid increase in previous months. Agricultural output also showed no growth in seasonally adjusted terms during recent months, and was even 0.3% lower in January 2001 than a year earlier.

*Services sector.* Freight transportation turnover remained more or less unchanged since July 2000 in seasonally adjusted terms, and was only 1% higher in January 2001 than a year earlier. Passenger transportation turnover, which also remained unchanged during the second half of 2000, suddenly increased by 4.2% in January 2001 from December 2000, and as a result was 5.9% higher than in January 2000. The real volume of communication services continues to grow intensively, and in January 2001 it was 26.6% higher than a year ago. The real volume of retail trade decreased slightly in January 2001 from the previous month but was still 7.3% higher than a year ago. The real volume of wholesale trade (wholesale enterprises only) has been growing rapidly during recent months in seasonally adjusted terms and was 20.6% higher in January 2001 than in January 2000.

### Prices

The consumer price index increased by 2.3% in February 2001, which is a slower rate than in January (2.8%) but much higher than in February 2000 (1.0%). In fact consumer price inflation continues to accelerate, and in February 2001 the 12-month rate of CPI growth reached 22.2% from 18.5% in September 2000. The rate of growth of the investment price index, which also increased in the last months of 2000 (from 1.6% in August to 2.9% in December), suddenly dropped to 0.9% in January 2001. This fall probably reflects the decline of investment demand in December 2000 – January 2001 (see

### Real gross output of goods (1995 = 100, seasonally adjusted)



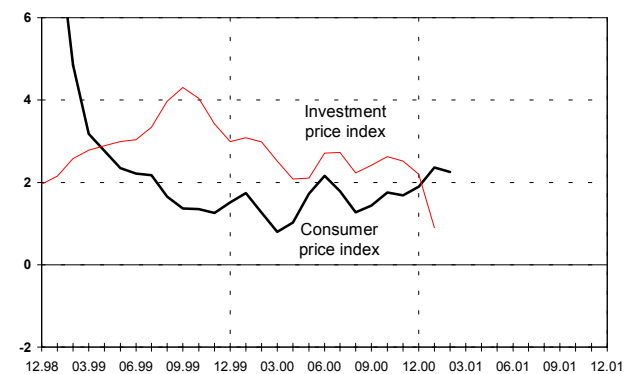
Source: Goskomstat and RET staff estimates.

### Volume of trade at 2000 constant prices (R bn, seasonally adjusted)



Source: Goskomstat and RET staff estimates.

### Monthly rates of growth of price indices for the components of final demand (%)\*



\* 3-month weighted moving averages.

Source: Goskomstat and RET staff estimates.

AGGREGATE DEMAND above). As a result the 12-month rate of growth of the investment price index in January 2001 was equal to 32.2% compared to 35.9% in December 2000.

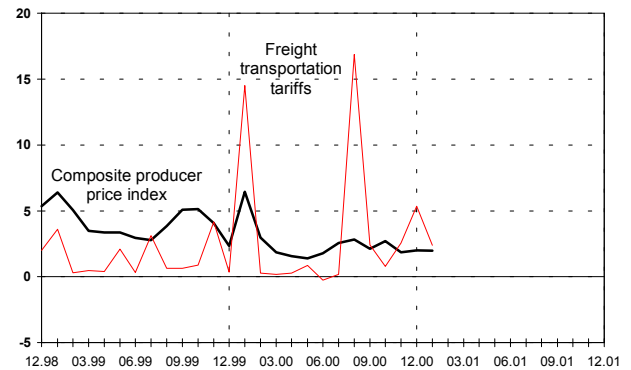
The composite producer price index has grown more or less steadily since March 2000 at an average rate of 2% per month. The same rate of change was observed in December 2000 and January 2001. At the same time rates of PPI growth continue to vary across different industries. In January 2001 the lowest rates of PPI growth were registered in construction (0.3%) and business communications (1.6%), the highest – in agriculture (3.3%) and freight transportation (2.4%). In each sector monthly rates of PPI growth also vary significantly over time. This is especially true for such sectors as freight transportation, agriculture and construction. As a result the overall system of producer prices still remains unstable, raising the inflationary expectations of business.

### Labour market

The situation in the labour market continues to worsen, partly due to seasonal factors. The number of payroll employees at large and medium-sized enterprises gradually decreased from 42.0 mn in July 2000 to 41.5 mn in December (a reduction of 1.2% over five months) and was 0.7% lower in December 2000 than a year previously. The number of officially registered unemployed increased from 0.97 mn at the end of September 2000 to 1.05 mn at the end of January 2001. The registered vacancy ratio (the number of registered job seekers per vacancy) grew from 1.25 at the end of September to 1.66 at the end of December. However, the overall unemployment rate decreased slightly from 9.8% at the end of August to 9.7% at the end of November, according to preliminary estimates based on labour survey data, and was estimated by Goskomstat at 9.6% at the end of January 2001. But this reduction was mainly attributable to a decrease in the participation rate, rather than to growth of employment.

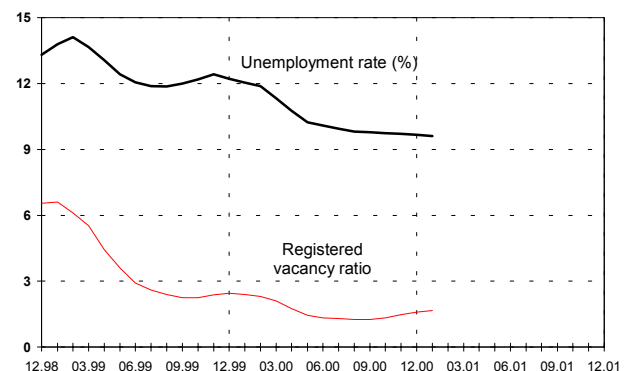
According to preliminary data, real wages remained more or less unchanged in seasonally adjusted terms from November 2000 to January 2001 after the previous two-year period of intensive growth. However, real wages were 16% higher in January 2001 than a year earlier. An important feature of the Russian wage system is the high level of nominal wage differentiation, even at the level of reported wages (to say nothing of hidden wages). In 2000 average reported monthly wages due in the commercial sector varied from R900 in agriculture to R3,300 in transportation and R5,400 in finance. In the non-commercial sector average wages varied from R1,200–1,300 in education, culture and health care to R2,800 in public administration.

### Monthly rates of growth of producer price indices (%)\*



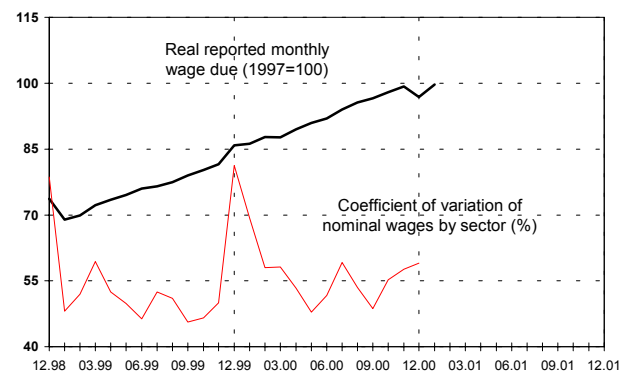
\* Composite PPI covers industry, construction, agriculture, freight transportation and business communications.  
Source: Goskomstat and RET staff estimates.

### Unemployment indicators



Source: Goskomstat and Federal Employment Service.

### Reported average monthly wages due\*



\* Seasonally adjusted index of real wages is based on price deflator for consumer expenditures.  
Source: Goskomstat and RET staff estimates.

## Money

There was a correction in January after sharp growth of main monetary aggregates in December. Money supply (M2) decreased by R65 bn or almost 6%. Cash outside the banking sector (M0) decreased by R39.1 bn or 9%. Notably rouble deposits also decreased by 3.6%, their first decline since October 1998. However, the R25 bn decrease in rouble deposits was more than compensated by a R31.4 bn increase in foreign currency deposits. This represents 7.5% growth of deposits denominated in foreign currency, which is substantial though not unprecedented. The change could be viewed as evidence that Russian depositors have kept their confidence in the dollar despite international doubts about future prospects of the U.S. currency.

The money multiplier rose slightly from 2.20 in December to 2.21 in January. After an aberration in December the composition of M2 returned to 35% currency and 65% deposits, which was the structure observed through the rest of 2000.

Monetary base decreased by 6% in January. Among its components Net International Reserves rose by \$800 mn in January, representing a 5% rise from December. A decrease of Net Domestic Assets was largely determined by the behaviour of its component, Net Credits to the Enlarged Government, which decreased by roughly R48 bn.

At the time of writing the CBR had released January values only for deposit and lending rates of banks excluding Sberbank. The deposit rate decreased further from 4.2% in December to 3.3% in January, while the lending rate increased by 40 base points to reach a level of 18.5%. Real rates became even more negative in January due to high inflation.

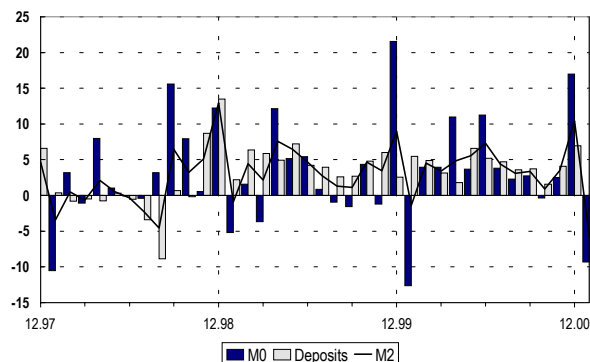
Excess reserves (ER) decreased by R5 bn in January. The decrease should probably be attributed to a correction after escalation of excess reserves in December. However, ER continued to decrease in February, which might be evidence of a change in trend. Variations of ER need to be tracked over a longer period of time before this can be said with certainty.

## Exchange rate

The rouble stopped appreciating in nominal terms in December. The average MICEX exchange rate in January was R28.367 to the dollar, which implies depreciation of 1.6% compared to the previous month's average. The exchange rate at the end of January was R28.404 to the dollar, slightly higher than the monthly average.

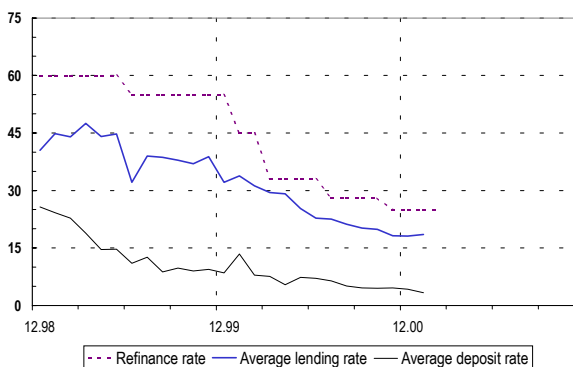
The rouble continued to appreciate against the dollar in real terms, although the rate of appreciation in January was only 0.75%. At the same time the rou-

## Growth rate of M2, M0, and rouble deposits. (%)



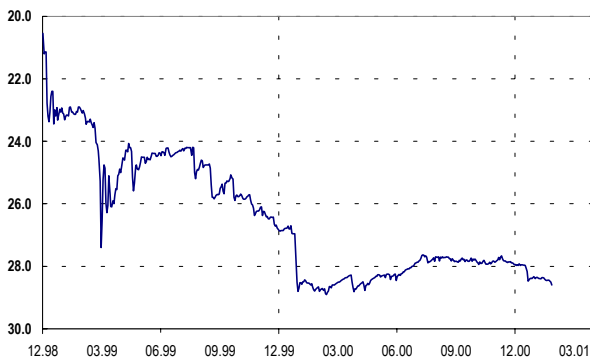
Source: CBR, RET staff calculations.

## Interest rates (%)



Source: CBR.

## MICEX exchange rate (R/\$)



Source: MICEX, Denezhnyi Rynok.

ble remains 40% lower in real terms than it was in January 1998, when it reached its maximum pre-crisis strength. This allows us to say that Russian goods still enjoy a reserve of competitiveness.

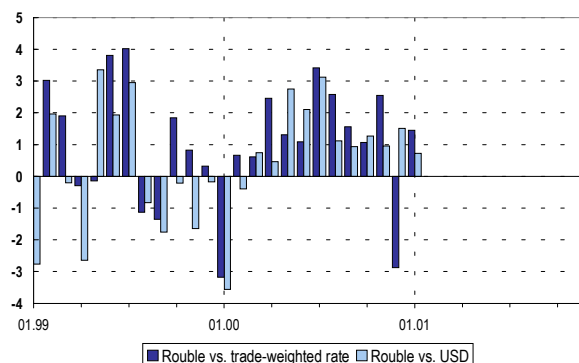
A change in the trend of real appreciation by the rouble against trade-weighted currencies in December proved unsustainable. After a substantial 2.9% rouble depreciation against trade-weighted currencies in December, the Russian currency appreciated by 1.5% in January. The real appreciation of the rouble in January is mostly explained by high inflation in Russia rather than change in the nominal exchange rate. Of the three currencies, which are used in the trade-weighted exchange rate (see appendix with data tables for details), the rouble depreciated most against the Ukrainian hryvna. However, the loss of 2.3% against the hryvna is not serious.

### Financial markets

February 2001 was marked by separation of emerging market fluctuations from those of NASDAQ, which is non-typical for the last year. At the beginning of the month the RTS tracked a decline on NASDAQ, but the Russian market hit the bottom on February 7 and started to rise together with other emerging markets despite the continuing NASDAQ slide. At the peak of its rise on February 15 the RTS had gained 21 p.p. (13%). The absolute leader among Russian stocks was Aeroflot, whose shares rose by 27%. The rally came to an end with news of the unfolding currency crisis in Turkey and by March 1 the RTS had lost 25 p.p. (13%) of its value. After this the RTS found consolation in a 5% NASDAQ rise and nearly restored its mid-February value, rising 19 p.p. (11%) by March 7. Judging by the February results one would like to hope that investors are at last starting to pay some attention to positive Russian economic news, but the market is still too small and volatile for this to be a major factor.

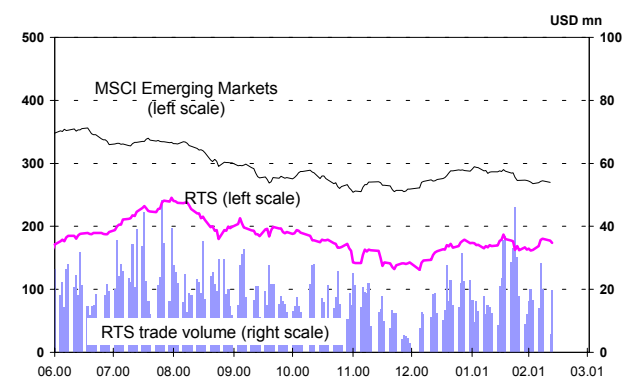
The hard-currency debt market showered high volatility in February. Russian debt instruments followed other emerging markets in their ups and downs. The low point was reached on February 21 when the EMBI PLUS Russia index, which tracks changes of total returns on Russian foreign currency debt instruments, fell by 7 p.p. from the beginning of the month. Markets were driven by news from Turkey with its currency instability and from Argentina where bad fiscal year results produced rumours of possible default on large government debt. The Argentina fears were calmed after a successful short-term debt swap into higher maturities. Coupled with drying up of bad news from Turkey, this boosted markets. Thus by March 7 the EMBI PLUS Russia regained its level of the beginning of February.

### Real appreciation of the rouble (%)



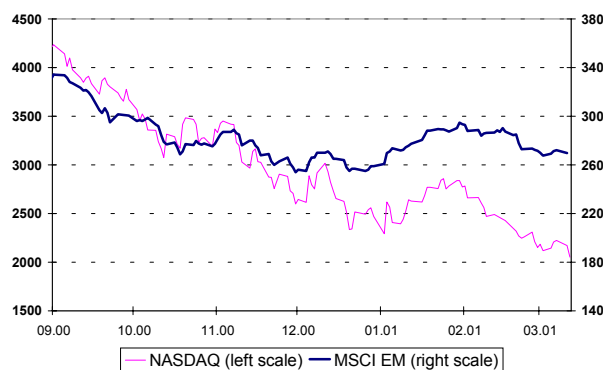
Source: MICEX.

### Main indicators of the Russian stock market



Source: RTS, Morgan Stanley Dean Witter.

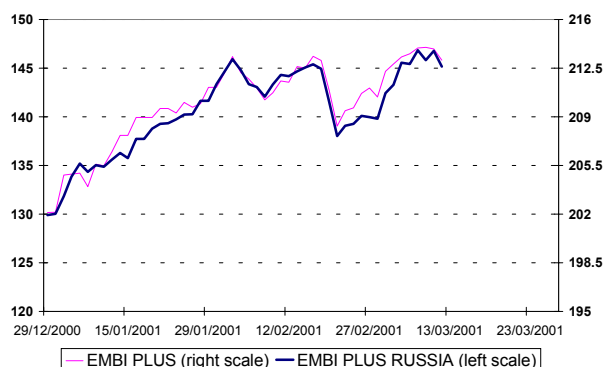
### MSCI EM (Morgan Stanley capital index for emerging markets) and NASDAQ comparative fluctuations



Source: Morgan Stanley Dean Witter, Raiffeisenbank

The GKO-OFZ market was active last month. Monthly trade volume in February was R15.7 bn, up 33% from January. The weighted average yield on the secondary market, calculated by the CBR, seemed to stop its gradual decline of the last year and did not change much through the month, fluctuating around 21%. However, the Ministry of Finance seems to want further yield reductions. At the two primary GKO auctions, which took place on February 7 and February 28, average yields were respectively 13.58% (6-month GKO) and 13.35% (4-month GKO). The Ministry of Finance managed to place significant amounts at those rates (R2.9 bn out of R3 bn on February 7 and R2.2 bn out of R3 bn on February 28), but this does not entail that the auctions were highly successful, since most of the demand came from Sberbank. It does not seem likely that the Ministry of Finance will manage to keep yields so low. According to the revised budget, net proceeds from OFZ-GKOs should be R30 bn (the initial target was R7.6 bn). Together with this year's redemption requirements of R86.6 bn that adds up to R116.6 bn of new placements, for which it will be difficult to find sufficient demand at such low yields.

**Yield indices of emerging markets foreign currency debt instruments EMBI PLUS and EMBI PLUS Russia, Dec-93=100.**



Source: JPMorgan

**Table 1: GDP and aggregate demand\***

	Nominal GDP**	Real GDP**	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	2,725.8	95.1	1,339.9	95.5	407.1	88.0
1999	4,607.0	98.4	2,200.4	83.0	670.4	92.7
2000	6,946.5	106.0	2,900.3	90.6		
01.1999			148.3	77.6	28.5	93.3
02			150.1	75.5	31.8	90.2
03	836.5	88.8	164.1	80.2	36.5	90.6
04			165.6	78.6	36.9	90.8
05			169.2	78.5	41.4	89.3
06	1,041.7	95.1	175.1	79.8	52.8	91.0
07			180.6	80.0	56.2	93.1
08			193.2	84.6	61.8	91.8
09	1,275.8	103.7	198.3	85.6	67.6	93.6
10			204.4	87.1	66.5	94.7
11			210.0	88.4	72.0	95.3
12	1,391.4	106.0	241.7	100.4	118.4	98.2
01.2000			203.7	82.7	46.1	101.1
02			201.7	81.1	55.8	105.1
03	1,389.1	96.1	217.4	86.8	63.9	105.2
04			216.1	85.6	64.5	106.2
05			218.8	85.1	75.8	109.5
06	1,595.3	101.3	226.9	86.1	95.7	109.6
07			236.5	88.1	99.0	109.3
08			254.5	93.9	112.9	112.9
09	1,924.4	111.7	258.3	94.1	118.3	112.4
10			267.6	95.4	114.6	112.4
11			276.4	97.1	123.1	113.4
12			322.5	111.5	195.5	111.8
01.2001			266.3	89.6	71.1	110.4
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\* Series on consumption and investment slightly differs from SNA concept.

\*\* Quarterly data are not consistent with recently revised annual estimates.

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

SA - seasonally adjusted.

**Table 2: Industrial production**

	Industrial production, total, SA*	Industrial production, total	Oil extraction, SAAL	Natural gas extraction, SAAL	Electricity production, SAAL	Coal production, SAAL
	(1997=100)	(R bn)	(mn t)	(bn cub. m)	(bn kWt/h)	(mn t)
1995	102.1	988.9	298	595	862	262
1996	98.0	1443.4	293	601	848	255
1997	100.0	1601.0	297	571	833	245
1998	94.8	1681.4	294	591	826	232
1999	102.5	2995.2	295	592	846	250
2000	111.7	4762.5	313	584	876	258
01.1999	98.9	187.6	294	595	829	244
02	99.9	189.8	289	587	826	240
03	100.3	223.0	293	603	851	247
04	101.1	223.2	294	602	853	248
05	102.4	213.2	295	604	840	242
06	101.6	228.6	296	593	849	247
07	102.0	242.3	296	584	841	255
08	103.3	252.7	296	587	848	259
09	103.7	271.2	295	587	859	256
10	104.3	293.7	295	581	840	255
11	105.4	311.8	297	591	857	252
12	106.9	358.1	300	588	858	255
01.2000	109.7	331.7	301	590	870	256
02	109.5	350.8	308	597	881	263
03	110.2	387.5	305	581	856	255
04	110.4	359.2	308	580	859	256
05	110.0	361.1	309	578	877	263
06	111.9	384.5	311	585	871	260
07	112.6	391.6	313	591	883	254
08	112.4	407.7	316	585	879	252
09	113.2	417.6	318	583	873	256
10	113.7	442.7	320	585	896	258
11	113.7	451.9	323	575	882	263
12	113.1	476.2	321	577	884	261
01.2001	111.9	436.4	322	580	883	261
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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.

**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	40.8	3,682	1,025
1996	98.5	105.3	106.8	34.3	3,513	909
1997	100.0	100.0	100.0	32.7	3,393	887
1998	86.8	98.2	95.0	30.7	3,281	834
1999	90.4	97.4	100.8	32.0	3,452	946
2000	94.9	97.4	112.4	30.0	3,621	1,047
01.1999	89.6	97.3	98.4	24.2	3,365	868
02	89.2	96.0	98.6	28.0	3,334	880
03	89.4	96.8	99.1	33.4	3,429	895
04	91.1	97.2	98.0	27.8	3,443	910
05	91.4	97.0	97.5	28.6	3,453	934
06	92.2	97.8	99.3	34.3	3,449	943
07	93.3	97.5	101.7	31.8	3,439	962
08	84.6	97.8	100.6	33.4	3,494	974
09	89.5	98.0	103.5	35.3	3,485	988
10	90.3	97.8	104.1	34.3	3,481	984
11	91.1	97.7	104.3	35.1	3,503	1,001
12	92.6	97.9	104.5	37.8	3,548	1,016
01.2000	93.4	96.2	106.9	31.7	3,601	1,002
02	94.4	97.6	107.9	30.1	3,653	1,077
03	94.9	97.4	108.6	25.0	3,563	1,037
04	94.0	97.3	111.0	31.4	3,577	1,029
05	94.4	97.7	113.0	32.2	3,594	1,038
06	93.8	97.1	112.8	27.8	3,619	1,065
07	92.7	97.6	112.2	31.3	3,647	1,027
08	101.3	97.4	115.2	31.0	3,607	1,034
09	95.9	97.3	113.5	30.1	3,638	1,046
10	95.3	97.7	114.3	31.4	3,663	1,055
11	94.9	97.9	115.8	31.0	3,660	1,093
12	93.5	97.8	117.4	27.2	3,632	1,057
01.2001	93.1	98.4	117.4	31.7	3,638	1,012
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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	106.5	100.0	553.5	100.0	113.0	100.0
1996	353.4	109.2	749.0	100.1	200.3	92.1
1997	500.6	120.8	866.1	103.7	269.5	95.5
1998	607.3	130.1	1056.4	100.3	318.8	95.2
1999	1,136.5	128.6	1782.8	91.0	447.6	102.0
2000	1,721.6	152.4	2332.1	99.0	609.6	108.0
01.1999	60.4	99.5	120.5	85.8	28.7	93.7
02	62.6	99.5	121.9	83.3	29.5	90.5
03	74.4	106.7	133.3	88.5	32.4	96.5
04	77.9	99.3	134.5	86.3	32.7	96.9
05	83.8	140.3	137.6	86.2	32.8	98.5
06	88.4	139.0	141.2	86.9	36.9	101.3
07	98.3	132.5	144.5	87.0	39.1	105.0
08	103.0	123.1	155.8	92.3	40.5	107.5
09	118.6	148.6	160.2	93.2	41.4	106.4
10	114.8	152.7	166.0	95.1	41.9	106.1
11	120.0	152.7	169.0	95.7	44.5	112.7
12	134.3	149.9	198.3	111.9	47.2	109.0
01.2000	110.3	130.4	167.1	91.2	39.7	100.5
02	120.6	141.0	165.5	89.6	39.4	93.7
03	134.8	145.2	177.1	95.3	43.6	100.5
04	126.7	124.0	175.5	93.4	44.5	102.5
05	132.1	170.8	177.1	92.8	45.3	105.6
06	144.7	176.6	182.5	93.8	49.7	108.7
07	146.1	153.5	187.0	95.0	53.7	113.8
08	152.8	143.8	201.4	101.3	56.1	117.5
09	152.3	152.1	205.6	102.0	55.9	112.5
10	159.8	169.4	213.8	104.0	57.2	111.5
11	162.1	163.5	219.2	105.2	60.0	121.1
12	179.3	159.0	260.3	124.1	64.5	107.8
01.2001	161.7	157.3	212.5	98.0	55.9	106.8
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\*Wholesalers only, including exports.

\*\* Including catering. Revised by Goscomstat in January 1999.

**Table 5: Labour market**

	Employment	Unemployment rate, ILO concept	Registered vacancy ratio*	Man-days lost in strikes	Nominal average monthly wage due**	Real average monthly wage due, SA***
	(mn)	(%)	(Ratio)	(th)	(R)	(Dec-97=100)
1995	66.4	8.5	6.1	1,366	472	84.8
1996	65.9	9.6	9.2	4,009	790	90.2
1997	64.7	10.8	7.6	6,001	950	94.4
1998	63.6	11.9	5.4	2,882	1,095	81.7
1999	64.0	12.6	3.6	1,790	1,581	63.8
2000	64.7	10.4	1.6	236	2,253	77.8
01.1999	63.2	13.8	6.6	577	1,167	57.6
02	63.2	14.1	6.1	532	1,199	58.2
03	63.5	13.7	5.5	83	1,385	60.1
04	63.8	13.1	4.4	15	1,423	61.0
05	64.2	12.4	3.6	15	1,472	62.0
06	64.5	12.1	2.9	6	1,626	63.6
07	64.6	11.9	2.6	6	1,618	63.9
08	64.6	11.8	2.4	5	1,608	64.8
09	64.4	11.9	2.2	99	1,684	66.2
10	64.3	12.1	2.2	228	1,716	67.2
11	64.1	12.3	2.4	42	1,789	68.7
12	64.0	12.2	2.5	184	2,283	71.7
01.2000	63.8	12.0	2.4	91	1,830	72.2
02	63.5	11.9	2.3	65	1,839	73.4
03	63.9	11.3	2.1	27	2,018	73.7
04	64.4	10.8	1.7	7	2,039	75.1
05	64.8	10.2	1.4	0	2,101	76.3
06	65.0	10.1	1.3	0	2,294	76.9
07	65.1	10.0	1.3	0	2,302	78.8
08	65.2	9.8	1.3	1	2,289	80.1
09	65.1	9.8	1.3	1	2,367	80.8
10	65.1	9.8	1.3	2	2,425	81.9
11	65.0	9.7	1.5	17	2,508	82.8
12	65.0	9.6	1.6	25	3,025	81.4
01.2001	64.9	9.6	1.7	4	2,572	83.7
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\* Registered number of job-seekers per registered vacancy.

\*\* 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	1044.0	39.1
2000	2,098.3	84.0	107.7	694.7	1210.4	33.7
01.1999	1,139.1	63.7	83.5	403.0		
02	1,274.9	68.5	83.5	403.1		
03	1,356.3	70.9	83.5	403.1	947.9	43.6
04	1,511.5	76.7	83.5	403.2		
05	1,456.3	72.3	83.5	451.6		
06	1,551.9	75.6	83.5	455.5	1057.1	40.7
07	1,552.7	73.6	83.5	455.7		
08	1,639.2	76.8	83.5	455.9		
09	1,643.8	75.9	83.5	456.1	1084.9	39.6
10	1,718.7	78.3	83.5	455.6		
11	1,761.2	79.2	83.5	519.2		
12	2,432.7	108.1	83.5	521.1	1085.9	32.5
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	1137.7	41.2
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	1185.0	34.7
07	2,067.7	82.4	132.0	694.4		
08	2,164.7	85.4	132.0	750.0		
09	2,224.2	86.6	132.0	750.1	1234.0	31.8
10	2,239.4	85.4	132.0	748.9		
11	2,397.6	90.1	132.0	821.3		
12	3,111.7	115.0	132.0	823.4	1285.0	26.9
01.2001	1,975.6	71.1	200.0	824.2		
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\* Since first quarter 1999 new methodology for quarterly estimates.

**Table 7: Arrears\***

	Total overdue payables of enterprises	Of which:		Total overdue receivables of enterprises	Total wage arrears**	of which: Budget wage arrears**
		to suppliers	to the budget & non-budgetary funds			
	R bn	R bn	R bn	R bn	R bn	R bn
1995	238.9	122.3	75.0	165.5	17.3	n.a.
1996	514.4	245.9	203.4	335.5	55.6	16.4
1997	756.1	344.7	316.6	458.4	53.7	7.9
1998	1230.6	586.0	474.5	761.9	77.0	20.1
1999	1354.5	619.5	572.6	814.6	43.7	10.2
2000					31.7	4.9
01.1999	1241.1	583.5	479.7	772.0	76.0	19.4
02	1280.6	597.7	501.9	799.8	72.6	19.0
03	1321.8	623.8	515.7	824.8	67.7	17.0
04	1358.9	640.6	538.8	842.3	63.1	15.3
05	1366.3	639.3	548.0	863.8	61.1	14.6
06	1388.0	654.1	557.8	881.2	59.0	14.6
07	1404.8	654.4	568.0	883.8	59.1	15.0
08	1427.4	658.7	573.3	881.6	56.2	13.8
09	1416.9	665.9	576.2	883.5	54.6	13.7
10	1435.1	665.0	585.2	889.7	53.1	13.4
11	1416.3	694.4	583.2	859.7	50.9	12.4
12	1354.5	619.5	572.6	814.6	43.7	10.2
01.2000	1351.1	615.5	571.3	787.9	44.9	10.2
02	1483.9	685.0	605.1	886.2	43.6	9.4
03	1577.0	729.0	622.6	921.0	39.9	7.1
04	1598.9	728.4	634.8	937.5	38.7	6.4
05	1602.2	747.8	632.3	959.2	38.7	6.4
06	1614.1	748.0	630.1	944.2	39.3	6.9
07	1647.1	766.1	653.4	957.9	40.5	7.1
08	1631.1	765.9	653.3	966.2	38.3	6.3
09	1631.9	750.8	649.5	964.1	39.0	6.4
10	1623.5	748.4	667.0	949.0	38.0	6.3
11	1611.3	742.7	669.1	960.7	36.8	5.9
12	1571.5	712.5	668.5	916.3	31.7	4.9
01.2001					32.3	4.5
02						
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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		74.1
1996	90.1	91.7	92.5	81.6		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
2000	302.5	314.1	329.1	211.9	263.1	271.3
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	234.8	249.5
08	283.4	295.5	308.3	195.1	241.4	253.8
09	287.2	297.3	314.6	200.5	246.5	258.5
10	293.2	303.7	320.5	205.3	253.2	265.4
11	297.6	308.2	325.2	208.6	257.9	268.8
12	302.5	314.1	329.1	211.9	263.1	271.3
01.2001	310.9	323.7	333.7	221.7	268.3	276.2
02	318.0	331.0	338.0	231.2		
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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	75.9	18.8	11.4	39.6	9.9	36.3
2000	105.2	36.1	16.6	44.2	10.6	61.0
01.1999	4.6	0.9	1.3	2.7	0.9	1.9
02	5.0	0.8	1.0	2.9	0.9	2.1
03	6.0	1.1	0.9	3.4	1.0	2.6
04	6.5	1.4	0.7	3.3	1.0	3.2
05	5.1	1.4	0.7	2.9	0.7	2.2
06	5.4	1.5	0.7	3.9	0.8	1.5
07	6.3	1.6	0.7	3.3	0.7	3.0
08	6.2	1.9	0.7	3.1	0.7	3.1
09	6.5	1.7	0.7	3.2	0.7	3.3
10	7.0	2.0	1.1	3.4	0.7	3.6
11	7.6	2.0	1.3	3.5	0.8	4.1
12	9.7	2.4	1.5	4.0	1.0	5.7
01.2000	6.9	2.2	1.6	2.8	0.4	4.1
02	8.0	2.6	1.5	3.4	1.0	4.6
03	9.3	2.8	1.6	3.6	0.9	5.7
04	8.1	2.4	1.2	3.4	0.8	4.7
05	8.3	3.4	1.2	3.4	0.8	4.9
06	8.6	3.4	1.1	3.6	0.9	5.0
07	8.6	3.3	1.2	3.5	0.8	5.1
08	9.1	3.3	1.1	3.7	0.9	5.4
09	9.0	3.2	1.2	3.7	0.9	5.3
10	9.0	2.9	1.4	4.1	0.9	4.9
11	10.3	3.7	1.7	4.3	1.0	6.0
12	10.0	2.8	1.8	4.7	1.3	5.3
01.2001	8.0			3.1		4.9
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\* Includes Goskomstat estimate of unregistered trade.

**Table 10: Balance of payments (\$ mn)**

	1997	1998	1999	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Q3
<b>Current Account</b>	<b>2060</b>	<b>721</b>	<b>25049</b>	<b>5649</b>	<b>10764</b>	<b>12014</b>	<b>10989</b>	<b>10614</b>
<i>Trade balance</i>	11107	12902	31984	8361	12133	12873	12583	13446
Export	103088	87255	84747	21591	26561	26053	27277	29364
Import	-91980	-74353	-52763	-13230	-14428	-13180	-14694	-15918
<i>Merchandise trade balance</i>	17025	16869	36156	9489	13346	14373	14583	15575
Export	89008	74884	75692	18973	24179	24249	24934	26446
Import	-71983	-58015	-39537	-9484	-10833	-9876	-10351	-10871
<i>Service balance</i>	-5918	-3967	-4172	-1128	-1212	-1499	-2000	-2129
Export	14080	12371	9055	2618	2382	1804	2343	2918
Import	-19998	-16338	-13227	-3745	-3595	-3304	-4343	-5047
<i>Income and Wages</i>	-8692	-11773	-7474	-2918	-1674	-907	-1674	-2783
Received	4366	4301	3881	420	463	2510	718	713
Paid	-13058	-16075	-11355	-3339	-2137	-3417	-2392	-3496
Wages	-342	-164	221	49	56	52	42	39
Received	227	301	425	111	102	103	116	129
Paid	-568	-465	-204	-62	-45	-50	-73	-91
Income	-8350	-11609	-7695	-2967	-1730	-960	-1716	-2821
Received	4140	4000	3456	310	361	2407	602	584
Paid	-12490	-15610	-11151	-3277	-2091	-3367	-2318	-3405
<i>Current Transfers</i>	-356	-409	539	206	305	49	80	-49
Received	410	269	1027	330	426	165	193	82
Paid	-766	-677	-489	-124	-121	-116	-112	-131
<b>Capital Account</b>	<b>3107</b>	<b>8050</b>	<b>-17768</b>	<b>-4216</b>	<b>-6586</b>	<b>-9346</b>	<b>-9154</b>	<b>-7700</b>
<i>Capital transfers (net)</i>	-797	-382	-328	-125	-78	22	-39	10968
<i>Direct investments abroad</i>	-2868	-958	-1709	-457	-449	-396	-217	-575
<i>Direct investments into Russia</i>	4865	2761	3309	659	1257	569	518	694
<i>Portfolio investments abroad</i>	-156	-257	254	306	172	37	9	-292
<i>Portfolio investments into Russia</i>	45931	8876	-1289	-350	-612	579	-1530	-8745
<i>Other investment - assets</i>	-26619	-15907	-15369	-4976	-3620	-6515	-1373	-2788
Hard currency	-13444	824	921	-393	116	-33	430	272
Bank accounts and deposits	988	1200	-3889	-473	-786	-1476	-597	-603
Trade credits	-6534	-6818	-5733	-2588	-1928	-906	211	-936
Loans provided (not overdue)	7004	5345	4855	139	730	1622	977	324
Overdue payments	-3048	-7425	-5809	-231	-193	-3812	-694	-879
Liabilities on shipments under intergovernment agreements	-118	-737	-195	113	-281	-580	-45	307
Non-repatriated export revenue	-11591	-7959	-5051	-1342	-1245	-1231	-1438	-1051
Other assets	124	-338	-470	-202	-32	-101	-216	-223
<i>Other investment - liabilities</i>	-15293	8663	-682	-351	-871	-631	-251	-2825
National currency	-38	65	3	-7	11	23	42	35
Bank accounts and deposits	-4694	-3050	162	-378	153	148	-326	494
Trade credits and advances	-64	321	30	41	-225	0	0	0
Loans received (not overdue)	13320	6666	-2703	2207	-1366	-1155	-1160	-301
Overdue payments	-24338	5315	2027	-2200	601	297	1112	-3049
Other liabilities	521	-654	-201	-14	-46	56	82	-4
<i>Adjustments</i>	-20	-50	-176	-14	-158	92	-52	-158
<i>Net international reserves</i>	-1936	5305	-1778	1091	-2227	-3102	-6219	-3979
<b>Errors and omissions</b>	<b>-5167</b>	<b>-8771</b>	<b>-7281</b>	<b>-1433</b>	<b>-4179</b>	<b>-2669</b>	<b>-1836</b>	<b>-2914</b>

**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	592.0	440.2	663.0	162.6	-71.0	-1.6
2000	1127.6	964.6	954.1	173.5	173.5	2.5
01.1999	27.5	24.6	39.1	10.6	-11.6	
02	53.9	48.6	71.9	18.1	-18.0	
03	88.1	80.1	128.3	30.8	-40.2	-4.9
04	132.9	119.3	177.7	41.5	-44.8	
05	171.7	152.9	231.2	61.0	-59.5	
06	224.4	195.2	291.0	80.3	-66.6	-3.6
07	279.4	242.9	347.4	99.4	-68.0	
08	331.3	285.8	399.6	109.4	-68.2	
09	380.0	326.0	451.9	117.5	-71.9	-2.3
10	438.4	375.6	503.0	124.2	-64.6	
11	505.0	433.1	568.1	139.1	-63.1	
12	592.0	440.2	663.0	162.6	-71.0	-1.6
01.2000	63.9	56.1	44.4	15.7	19.5	
02	139.3	122.7	102.4	27.6	36.9	
03	226.8	196.2	186.4	40.0	40.4	2.9
04	319.0	277.1	252.8	52.6	66.2	
05	420.4	365.2	331.5	70.9	88.9	
06	508.7	443.2	402.0	93.6	106.7	6.8
07	597.1	520.2	462.9	108.4	134.2	
08	694.0	600.5	546.1	127.4	147.9	
09	783.2	678.8	632.2	145.5	151.0	3.1
10	880.4	761.9	710.2	152.9	170.2	
11	990.7	853.1	800.0	164.8	190.7	
12	1127.6	964.6	954.1	173.5	173.5	2.5
01.2001	94.6	88.9	60.6	18.9	34.0	
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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
2000	1052.6	742.2	1018.7	198.9	33.9	0.5
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	
09	682.3	503.5	642.3	126.5	40.1	0.8
10	765.1	562.3	720.9	143.9	44.2	
11	881.0	645.7	822.9	165.1	58.1	
12	1052.6	742.2	1018.7	198.9	33.9	0.5
01.2001						
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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***	Oustanding stock of GKOs 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.
2000	519.6	15.9	90.0	419.3	1144.3	184.2
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	258.5
02	306.0	-0.9	331.1	242.0	726.6	253.9
03	318.9	1.3	284.6	251.5	751.4	255.9
04	349.6	3.3	259.7	279.1	787.9	256.8
05	361.4	5.8	204.3	289.3	831.6	255.9
06	397.2	7.5	194.9	321.8	892.2	258.3
07	415.7	10.2	139.9	334.0	931.2	255.1
08	425.0	11.3	120.3	341.6	960.1	259.2
09	437.6	12.6	97.8	351.0	992.4	247.3
10	446.0	13.7	75.9	349.7	1001.2	235.6
11	457.1	15.6	34.9	358.4	1036.4	229.7
12	519.6	15.9	90.0	419.3	1144.3	184.2
01.2001	488.0	16.7	36.5	380.1	1079.3	175.1
02	494.7					180.2
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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 for NDA and NIR data.

\*\*\* M2 includes currency in circulation, demand deposits, and time deposits (there is a break in the series from December 1999 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
2000	2259.4	526.0	867.1	308.9	420.1	249.0
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	275.3	375.9	215.3
08	1985.8	489.3	688.8	280.8	371.7	214.5
09	2080.6	498.9	737.5	285.9	404.5	231.3
10	2140.6	516.7	769.5	290.4	423.2	221.7
11	2197.6	520.5	818.7	299.7	428.3	230.4
12	2259.4	526.0	867.1	308.9	420.1	249.0
01.2001	2295.7	527.5	880.7	309.3	445.1	248.6
02						
03						
04						
05						
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Source: CBR, Goskomstat.

\* 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	RTS index, monthly average (01.09.95 = 100)
	(%)	(%)	(%)	(%)	(%)	
1995	185	320.3	102.0	190.4	161.8	80.9
1996	110	146.8	55.1	47.6	85.8	160.3
1997	32	32.0	16.8	21.0	26.0	427.9
1998	60	41.5	17.1	50.6	n.a.	277.6
1999	57	40.1	13.7	14.8	n.a.	106.9
2000	32					199.5
01.1999	60	44.8	24.2	28.1	n.a.	57.4
02	60	44.0	22.8	20.4	33.4	67.5
03	60	47.5	18.9	20.7	30.7	81.3
04	60	44.1	14.6	15.2	27.4	79.9
05	60	44.7	14.7	7.1	20.2	96.7
06	55	32.1	11.0	8.4	16.0	116.3
07	55	39.0	12.6	9.0	n.a.	135.5
08	55	38.6	8.8	9.3	n.a.	107.2
09	55	37.9	9.7	18.2	n.a.	93.3
10	55	37.0	9.0	16.1	n.a.	95.0
11	55	38.8	9.4	13.2	n.a.	113.7
12	55	32.1	8.5	11.8	n.a.	130.7
01.2000	45	33.8	13.4	11.8	n.a.	189.8
02	45	31.2	7.9	11.3	n.a.	179.7
03	33	29.5	7.6	6.5	17.2	219.9
04	33	29.1	5.4	11.1	14.9	217.9
05	33	25.3	7.3	7.6	11.4	200.2
06	33	22.8	7.1	5.1	13.1	187.6
07	28	22.5	6.4	3.4	12.9	185.8
08	28	21.2	5.1	4.6	10.3	225.2
09	28	20.2	4.6	3.3	10.6	210.4
10	28	19.9	4.5	5.2	11.3	195.0
11	25	18.2	4.6	8.5	12.2	174.3
12	25	18.1	4.2			148.5
01.2001	25	18.5	3.3			165.9
02	25					172.0
03						
04						
05						
06						
07						
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09						
10						
11						
12						

Source: CBR, RTS

\* 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	Exchange rate (MICEX), period average*	Exchange rate (MICEX), end of period*	Real exchange rate, period average**	Gross international reserves (including gold, end of period)	<u>of which: Gold reserves (Valued at \$300 per ounce)</u>
	(end Aug-	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	104.4	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
2000		28.145	28.163	71.5	28.0	3.7
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	65.8	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
10	152.2	27.864	27.824	76.2	25.9	3.5
11		27.811	27.891	78.1	27.7	3.6
12		27.940	28.163	75.9	28.0	3.7
01.2001		28.382	28.404	77.0	29.6	3.7
02		28.603	28.622		28.3	3.8
03						
04						
05						
06						
07						
08						
09						
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11						
12						

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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