



Bank of Russia



REGIONAL ECONOMY

Commentaries by Bank of Russia Main Branches

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39
mln
people

MB for Central FD

Belgorod Region
Bryansk Region
Vladimir Region
Voronezh Region
Ivanovo Region
Kaluga Region
Kostroma Region
Kursk Region
Lipetsk Region
Moscow Region
Orel Region
Ryazan Region
Smolensk Region
Tambov Region
Tver Region
Tula Region
Yaroslavl Region
Moscow

14
mln
people

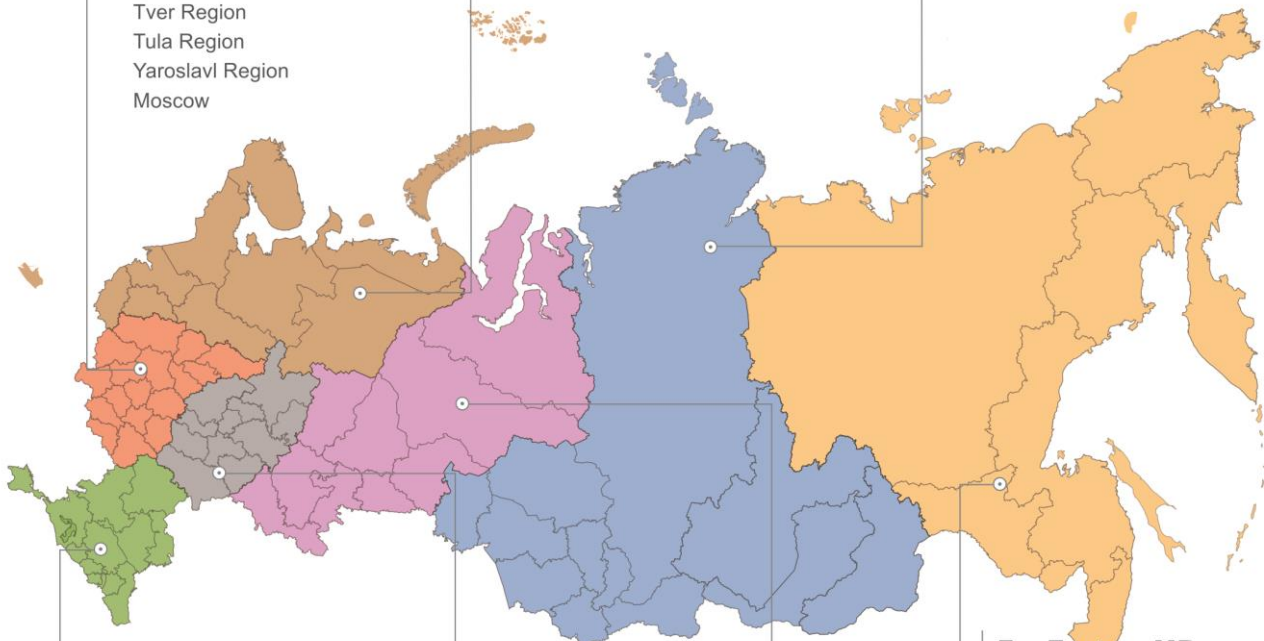
North-Western MB

Republic of Karelia
Republic of Komi
Arkhangelsk Region
Vologda Region
Kaliningrad Region
Leningrad Region
Murmansk Region
Novgorod Region
Pskov Region
Saint Petersburg
Nenets Autonomous Area

19
mln
people

Siberian MB

Altai Republic
Republic of Tyva
Republic of Khakassia
Altai Territory
Krasnoyarsk Territory
Irkutsk Region
Kemerovo Region
Novosibirsk Region
Omsk Region
Tomsk Region
Republic of Buryatia
Zabaikalye Territory



26
mln
people

Southern MB

Republic of Adygea
Republic of Kalmykia
Republic of Crimea
Krasnodar Territory
Astrakhan Region
Volgograd Region
Rostov Region
Sevastopol
Republic of Dagestan
Republic of Ingushetia
Kabardino-Balkar Republic
Karachay-Cherkess Republic
Republic of North Ossetia–Alania
Chechen Republic
Stavropol Territory

21
mln
people

Volga-Vyatka MB

Mari El Republic
Republic of Mordovia
Republic of Tatarstan
Udmurt Republic
Chuvash Republic
Kirov Region
Nizhny Novgorod Region
Penza Region
Samara Region
Saratov Region
Ulyanovsk Region

6
mln
people

Far Eastern MB

Republic of Sakha (Yakutia)
Kamchatka Territory
Primorye Territory
Khabarovsk Territory
Amur Region
Magadan Region
Sakhalin Region
Jewish Autonomous Region
Chukotka Autonomous Area

21
mln
people

Ural MB

Republic of Bashkortostan
Perm Territory
Kurgan Region
Orenburg Region
Sverdlovsk Region
Tyumen Region
Chelyabinsk Region
Khanty-Mansi Autonomous Area
Yamalo-Nenets Autonomous Area

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WHAT IS THE REPORT ‘REGIONAL ECONOMY: COMMENTARIES BY BANK OF RUSSIA MAIN BRANCHES’?

The report ‘Regional Economy: Commentaries by Bank of Russia Main Branches’ (hereinafter, the Report) reviews the current economic situation in the seven Russian macro-regions, the boundaries of which correspond to the regions of operation of the Main Branches of the Central Bank of the Russian Federation (hereinafter, the Bank of Russia MBs). The content of the Report is prepared by the specialists of the Bank of Russia Main Branches.

The feature of this Report is that it relies on qualitative analysis methods. Such analysis is based on the most comprehensive scope of economic information available regionally, including non-financial companies’ surveys and experts’ opinions. This approach makes it possible to combine official statistics with estimates by businesses, analysts and industry associations and to identify trends emerging in regions.



HOW DO WE COLLECT INFORMATION?

An important source of information for the Report is the monitoring of nearly 13,000 non-financial companies¹ carried out by the Bank of Russia Main Branches. It provides high-frequency data on the development of industries in all Russian regions. These data are supplemented with information received by the Bank of Russia Main Branches, including following various events with the engagement of regional executive authorities, businesses, industrial unions, and entrepreneurs’ associations. Along with this high-quality information, we also use figures, including official statistics. All data are verified for accuracy and consistency.



WHAT IS THE PURPOSE OF THE REPORT?

This Report is prepared to be a reliable source of the most up-to-date information about regional development for addressing the objectives of monetary policy. It describes key trends in economic activity and pricing processes in Russian regions, as well as the identified effects of both country-wide and local factors. All this is an integral part of the information the Bank of Russia’s management needs to make monetary policy decisions. This Report is considered by the Bank of Russia’s management in the course of preparations for making key rate decisions.

¹ In November 2020, we surveyed 12,873 companies.

RUSSIAN FEDERATION

Economic recovery slowed down in October–November. This was associated with the worsening of the epidemiological situation in the majority of Russian regions. This factor further deteriorated the estimates of the current economic environment and businesses' expectations regarding demand trends in the next few months.

The aggravated epidemiological situation affected the consumer sector most significantly. This was due to the reintroduction of a range of restrictions, as a result of which the supply of services decreased, incomes remained reduced, and people preferred to limit their social contacts as much as possible. Specifically, retailers reported that buyers increased the average purchase amount to visit shops less frequently, while online purchases grew, which made companies change their servicing models. Overall, companies worsened their estimates of current and expected demand in the consumer market.

The labour market experienced a workforce shortage. The effective restrictions hindered an inflow of foreign workers, thus reducing the supply of labour in a number of industries. Companies also recorded a rise in infections

among personnel, which adversely impacted their operation.

Companies' price expectations continued to go up. This trend was most noticeable in agriculture, manufacturing and retail, with companies in these industries confirming their plans for a further revision of output prices following a rise in costs, including due to the weaker ruble.

Consumer prices were growing faster in October–November. This was explained by the exchange rate pass-through and price growth in a number of food markets (sugar, sunflower oil).

As before, the economy was supported by accommodative monetary conditions. In the corporate segment, small and medium-sized enterprises' debt continued to increase, although most preferential lending programmes were terminated. Retail lending expanded primarily in mortgage, owing to the extension of the preferential mortgage lending programme. The growth of housing prices sped up. Banks and developers noted that households continued to transfer their funds from time deposits to the mortgage market.

Overall, economic revival in Russia slowed down in October–November due to the worsening epidemiological situation. The spread of the pandemic adversely affected consumer activity, business operations, and future demand expectations. Nonetheless, manufacturers' price expectations continued to go up amid increased costs, including due to the weaker ruble. As assessed by the Main Branches, a faster rise in consumer prices was predominantly driven by temporary factors associated with the supply of a number of crops and the exchange rate pass-through. Accommodative monetary conditions propped up demand.

KEY TRENDS IN RUSSIAN REGIONS

MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT

Business and consumer activity weakened in Central Russia. Amid a rise in infections, households lowered the demand for frequently purchased services, partially replacing them with online services. Measures limiting the inflow of migrants remain a pressing issue for a range of companies and are especially urgent in the Moscow Region. Central Russia recorded a more significant increase in savings, other than deposits, as compared to the country in general.

NORTH-WESTERN MAIN BRANCH

Traffic in shopping malls trended down as authorities reintroduced restrictions and the number of infections in this macro-region increased. Auto manufacturers expanded output after its decline in summer and confirmed the implementation of the earlier scheduled investment projects. Despite higher costs, a number of meat and meat product manufacturers intended to increase output, staying optimistic about future demand.

VOLGA-VYATKA MAIN BRANCH

Due to the restrictions imposed, the consumption of services declined, yet the scale of this reduction was considerably lower than in spring. A number of companies complained about a workforce shortage because of the increased number of sick employees. Government contracts supported current output and employment at large enterprises. In contrast to the country-wide trend, retailers significantly lowered their demand expectations.

SOUTHERN MAIN BRANCH

Observing consumers' cautiousness amid the pandemic, businesses were seeking strategies for switching to online platforms. Consumption patterns altered, with household demand shifting towards food products. A considerable

tourist flow from other Russian regions promoted the recovery of consumer activity. Agriculture was supported by a rise in global food prices and the weaker ruble.

URAL MAIN BRANCH

As more people started to work and study remotely, this decreased consumer demand for goods and services. Oil and gas companies revised their investment plans due to the uncertainty about demand and higher tax burden. Households continued to transfer their funds from time deposits to the mortgage market. Despite negative demand trends, companies expect prices to rise in the next few months.

SIBERIAN MAIN BRANCH

The service sector which reduced supply due to restrictions also complained about declined consumer demand. Investment activity continued primarily within earlier launched projects. The majority of companies did not plan job or wage cuts, partially offsetting an increase in costs by reducing incentive and bonus payments.

FAR EASTERN MAIN BRANCH

Amid a rise in infections, a number of retailers reported that consumers started to visit shops more rarely, while increasing the average purchase amount. In contrast to other regions, a rise in annual inflation was also provoked by a shortage of vegetables exported from China due to border restrictions. Despite higher costs, companies lowered their price expectations since consumer demand was subdued.

CORE ECONOMIC INDICATORS

Table 1

		Date	Russia	MB for Central FD	North-Western MB	Volga-Vyatka MB	Southern MB	Ural MB	Siberian MB	Far Eastern MB
MBs' percentage in inflation	%	2020	100	33	11	12	15	13	11	5
Inflation	% YoY	Nov20	4.4	4.2	4.3	5.0	4.9	4.1	4.7	4.5
Core inflation	% YoY	Nov20	3.9	3.8	3.8	4.3	3.9	3.6	4.1	3.8
Industrial production	% YoY	Oct20	-5.9	1.5	-4.0	-6.9	-1.8	-3.1	-5.6	-6.8
Fixed capital investment	Cumulative, % YoY	2020Q3	-4.1	0.2	-3.3	-6.9	5.4	4.4	-0.9	-10.2
Construction	3MMA, % YoY	Oct20	-0.2	3.8	-23.4	-13.8	-1.5	10.9	-18.1	-17.8
Housing commissioning	3MMA, % YoY	Oct20	11.3	3.0	26.8	9.9	3.0	11.2	48.0	28.2
Retail	% YoY	Oct20	-2.4	-1.5	1.2	-2.9	1.6	-3.9	-5.3	-3.8
Commercial services	% YoY	Oct20	-13.4	-19.5	-12.2	-9.4	-3.7	-12.8	-10.4	-16.1
Real wages	% YoY	2020Q3	1.8	2.6	1.0	2.0	1.1	1.9	2.8	-0.4
Real disposable income	% YoY	2020Q3	-3.6	-2.8	-2.9	-4.0	-0.8	-6.3	-3.2	-3.7
Outstanding consumer loans ²	% YoY	Oct20	9.0	7.9	9.0	8.9	8.9	9.9	10.3	10.5
Outstanding mortgage loans	% YoY	Oct20	22.0	24.4	22.6	19.6	23.1	18.6	20.8	24.4
Non-financial organisations' outstanding bank loans	% YoY	Oct20	10.2	13.9	5.9	0.4	2.4	5.5	8.2	19.6
• Large borrowers	% YoY	Oct20	7.9	12.7	-0.8	-5.8	-1.0	3.0	5.6	17.5
• SMEs	% YoY	Oct20	25.1	24.6	47.0	22.6	13.5	24.7	20.4	27.2
Companies' price expectations ³	Balance of responses, SA	Nov20	20.6	26.0	19.1	22.4	21.8	18.0	17.0	12.4
Business Climate Index	pp YoY	Nov20	-7.3	-5.0	-7.7	-7.6	-8.4	-10.9	-7.8	-6.8
• Current estimates	pp YoY	Nov20	-5.7	-0.8	-7.5	-5.8	-7.0	-5.4	-8.7	-7.2
• Expectations	pp YoY	Nov20	-9.0	-9.4	-7.8	-9.5	-9.8	-16.8	-6.8	-6.3

Sources: Bank of Russia's monitoring of businesses, Bank of Russia, Rosstat, calculations by the Bank of Russia Main Branches.

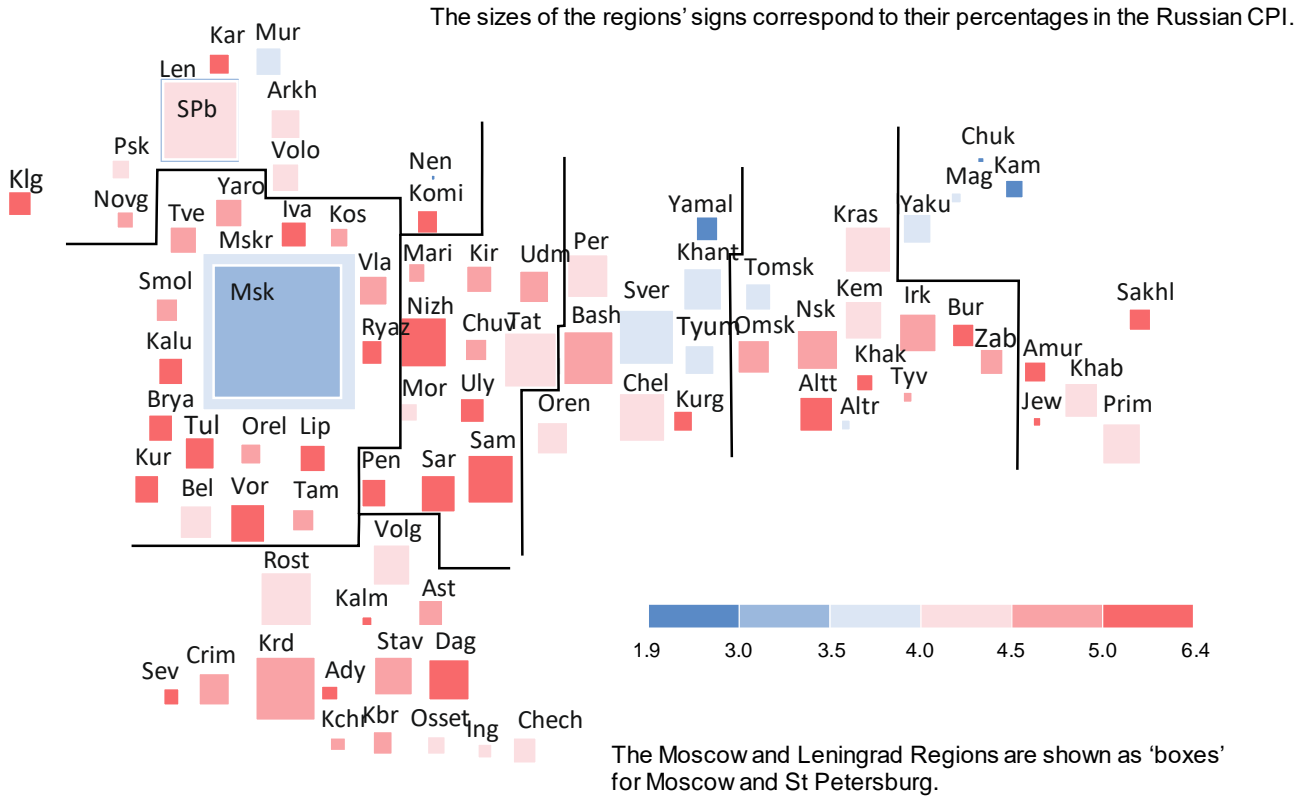
² Hereinafter, outstanding bank loans are given adjusted for foreign currency revaluation, according to Reporting Forms 0409316 'Loans to households' and 0409303 'Loans to legal entities'. These reporting forms are used to carry out regional analysis since they enable the aggregation of indicators by resident borrowers' location.

³ The balance of responses is the difference between the percentages of responses 'will increase' and 'will decrease' to the question about expectations regarding prices in the next three months. Companies' price expectations and the Business Climate Index are based on the monitoring of businesses carried out by the Bank of Russia.

INFLATION IN RUSSIAN REGIONS

Chart 1

Price growth in November 2020, % on the same month last year



Source: Rosstat.

Note: the lines on the map divide the regions of operation of the Bank of Russia MBs.

Ady	Republic of Adygeya	Kos	Kostroma Region	Sam	Samara Region
Altt	Altai Territory	Kras	Krasnoyarsk Territory	Sar	Saratov Region
Altr	Altai Republic	Krd	Krasnodar Territory	Sakhl	Sakhalin Region
Amur	Amur Region	Crim	Republic of Crimea	Sver	Sverdlovsk Region
Arkh	Arkhangelsk Region (excluding Autonomous Areas)	Kursk	Kursk Region	Sev	Sevastopol
Ast	Astrakhan Region	Kurg	Kurgan Region	Smol	Smolensk Region
Bash	Republic of Bashkortostan	Kchr	Karachay-Cherkess Republic	SPb	Saint Petersburg
Bel	Belgorod Region	Len	Leningrad Region	Stav	Stavropol Territory
Brya	Bryansk Region	Lip	Lipetsk Region	Tam	Tambov Region
Bur	Republic of Buryatia	Mag	Magadan Region	Tat	Republic of Tatarstan
Vla	Vladimir Region	Mari	Mari El Republic	Tve	Tver Region
Volg	Volgograd Region	Mskr	Moscow Region	Tomsk	Tomsk Region
Volo	Vologda Region	Mor	Republic of Mordovia	Tul	Tula Region
Vor	Voronezh Region	Msk	Moscow	Tyv	Republic of Tyva
Dag	Republic of Dagestan	Mur	Murmansk Region	Tyum	Tyumen Region (excluding Autonomous Areas)
Jew	Jewish Autonomous Region	Nen	Nenets Autonomous Area	Udm	Udmurt Republic
Zab	Zabaikalye Territory	Nizh	Nizhny Novgorod Region	Uly	Ulyanovsk Region
Iva	Ivanovo Region	Novg	Novgorod Region	Khak	Republic of Khakassia
Ing	Republic of Ingushetia	Nsk	Novosibirsk Region	Khant	Khanty-Mansi Autonomous Area – Yugra
Irk	Irkutsk Region	Omsk	Omsk Region	Chel	Chelyabinsk Region
Kalm	Republic of Kalmykia	Oren	Orenburg Region	Chuv	Chuvash Republic
Kalu	Kaluga Region	Orel	Orel Region	Chuk	Chukotka Autonomous Area
Kam	Kamchatka Territory	Osset	Republic of North Ossetia–Alania	Yaku	Republic of Sakha (Yakutia)
Kar	Republic of Karelia	Per	Perma Region	Yamal	Yamalo-Nenets Autonomous Area
Kbr	Kabardino-Balkar Republic	Prim	Primorye Territory	Yaro	Yaroslavl Region
Kem	Kemerovo Region – Kuzbass	Psk	Pskov Region		
Kir	Kirov Region	Rost	Rostov Region		
Klg	Kaliningrad Region	Ryaz	Ryazan Region		
Komi	Republic of Komi				

BANK OF RUSSIA MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT



Economic recovery in Central Russia discontinued in October–November. Consumer activity and aggregate demand turned negative again. As people shifted to remote work and study, the demand for out-of-home services declined, while online education and entertainment services became more requested. Overall, annual inflation exceeded 4%, yet remained beneath the country-wide level. The amount of disbursed consumer loans decreased below last year's level due to the tightening of non-price lending conditions. Prices in the primary and secondary housing market of Central Russia, continued to rise, driven by an increase in buyers' activity. Restrictions to enter Russia caused a shortage of manpower.

CONSUMPTION AND INCOMES

The worsening epidemiological situation depressed consumer activity in October–November 2020. As people shifted to remote work and study, the demand for out-of-home services declined, while online education and entertainment services (online cinemas and games), as well as remote fitness workouts became more requested. Compared to the outbreak of the pandemic, households are now more actively shifting online across all regions of Central Russia, including older consumers who are increasingly embracing this type of services. This situation is rolling out a new model where conventional sales areas are used as warehouses for online stores.

The demand for medicines, especially those prescribed to treat Covid-19, soared since people were buying them for future use, which entailed a shortage in a number of categories. In December and during the New Year holidays, product consumption will increase against the previous year, especially in the premium price segment accounting for a significant portion in Moscow and the Moscow Region.

Foreign travel restrictions will also support domestic demand.

PRICES

Monthly price growth (annualised, seasonally adjusted) sped up in October–November, exceeding 4%. Annual inflation was still below the country-wide level. Administrative measures limiting the rise in housing and utility rates, prices for educational and transport services, etc., and retail chains' decision to contain output prices helped slow down inflation.

Companies' price expectations in Central Russia continued to increase faster than across Russia in general. Price growth expectations strengthened the most among manufacturing and agricultural enterprises. As before, businesses' expectations stem from a rise in input prices and the impact of the exchange rate.

MONETARY CONDITIONS AND BANKING SECTOR

In October, as the estimates of economic recovery worsened, banks somewhat tightened their requirements for borrowers and revised their expectations regarding funding growth and stability and the possibilities to quickly replenish liquidity. Lending growth rates in Central Russia remained above the country-wide level.

According to credit history bureaus, the number of disbursed cash loans and credit cards decreased in the capital area in October, as compared to September. As a result, the amount of loans granted to consumers decreased below last year's readings. Although the percentage of approved mortgage loan applications lowered, the government support programme ensured a record-high level of issued mortgage loans.

Banks offered seasonal products, yet returns on deposits remained low. Moscow and the Moscow Region accounted for the largest number of opened brokerage and individual investment accounts (17% of all opened IIAs in the Russian Federation). Realtors assume that households will continue to close deposits and purchase small apartments without raising loans and expect this trend to remain until spring.

LABOUR MARKET

In October, unemployment in the macro-region edged up by 0.1 pp, to 4.5%, amid a slower increase in vacant jobs. The introduction of additional restrictions in the large cities of Central Russia may speed up the growth of unemployment further on.

Measures limiting the inflow of migrants to Russia cause a steady and significant shortage of manpower, including in construction and agricultural processing. This trend is especially typical of Moscow and the Moscow Region. Employers are advancing the initiative to simplify the procedure for low-skilled labour migrants to enter Russia.

MANUFACTURING

The recovery of manufacturing in the macro-region slowed down, mainly due to Moscow enterprises. According to experts, this was mostly caused by temporary factors. Specifically, a reduction in output induced by the pandemic was reported by confectionery factories since traditional New Year events for children were cancelled. There was also a temporary decrease in the output of a range of

electronic devices. Since autumn was warm, the power industry recorded lower output. Investment activity generally weakened, except industries engaged in the manufacture of pharmaceuticals and medical products. In particular, two new residents of the Technopolis Moscow special economic zone are going to invest approximately 1.5 billion rubles in pharmaceutical manufacturing.

Government contracts supported chemical and food manufacturers. Enterprises in the Tula Region, Moscow and the Moscow Region expanded the output of metalware, chemicals, machinery and equipment.

REAL ESTATE

Prices in the primary and secondary housing market of Central Russia continued to rise in October, driven by an increase in buyers' activity. As the preferential 6.5% mortgage lending programme was extended, it will support demand, yet analysts expect it to weaken by 2021 Q2. There are also other important factors that continue to affect prices, including the realisation of pent-up demand, the volatile ruble, the increased activity of private investors, and higher construction costs due to the continuing transition to escrow accounts and higher prices for imported construction materials and equipment. Moreover, the launch of a small number of new projects in Q2 and the active sale of the most affordable lots entailed a reduction in supply in the mass segment of new buildings. Real estate market analysts believe that price growth in Moscow and the Moscow Region approaches the level that would almost completely erase the effect of mortgage subsidies.

BANK OF RUSSIA NORTH-WESTERN MAIN BRANCH



Consumer activity in North-Western Russia was moderate as the effect of pent-up demand was exhausted and the epidemiological situation worsened. Nonetheless, the demand for cars was elevated, stimulating carmakers in the macro-region to build up output, adhering to their investment plans. Mortgage lending expanded, driving the growth of the demand for real estate. Companies slightly increased their price expectations due to a rise in costs caused by higher input prices and the weaker ruble.

CONSUMPTION AND INCOMES

As the epidemiological situation worsened, this limited consumer activity in the macro-region, following its partial rebound in August–September. There was an increase in the portion of surveyed trade and service companies that complained about lower demand.

Traffic in trade centres in Saint Petersburg started to decline in October, to total around 70% of last year's level. As of the end of November, it will probably decrease even more due to the closure of food courts in trade centres and toughened restrictions on cinemas. Consumer activity in public catering and commercial services was affected by targeted measures limiting the operation of cafés and restaurants, children's entertainment centres, and culture and sports organisations.

According to market participants, traffic in Saint Petersburg trade centres on the eve of the New Year may rise to 90% of the pre-crisis level, provided there are no additional restrictions. Consumption may grow as a result of Russian tourists' increased demand for holidays during the New Year period in a number of regions in the North-Western Federal District.

The sales of new cars continued to expand in October, in annualised terms.

PRICES

In November, annual inflation in the federal district, just as across Russia in general, was up by 0.4 pp, to reach 4.3%.

Monthly price growth (seasonally adjusted) sped up in November, primarily driven by the reduced supply of a number of crops and the weaker ruble, among other factors.

As costs increased due to higher input prices and the ruble's depreciation, companies in the macro-region somewhat raised their price expectations, although less significantly than generally in Russia. Nearly 20% of respondents are going to increase prices for finished products in the next three months, which is higher than the average percentage of recent years.

Price expectations rose the most among real estate companies due to increased demand in this industry.

MONETARY CONDITIONS AND BANKING SECTOR

According to the survey of enterprises in the macro-region, lending conditions generally remained almost unchanged in November. There was an increase in the portion of companies in the hardest-hit industries (public catering and hotels) that recorded an improvement in lending conditions.

As shown by the survey, banks eased their lending conditions for small and medium-sized

enterprises (SMEs) more significantly. SME lending expanded.

Mortgage lending continued to grow as the government extended its preferential lending programme. Saint Petersburg accounted for one-seventh of the total number of mortgage transactions concluded in Russia since the launch of the programme.

Credit institutions of the region expect all categories of borrowers to increase the demand for credit products by the end of the year.

As deposit rates lowered, the annual growth of household deposits with banks continued to slow down in October. Conversely, balances in escrow accounts expanded amid the increased demand for residential real estate.

AUTOMOBILE INDUSTRY

Car manufacturing is bouncing back gradually. This upward trend is driven by a shortage of both new models and top-selling models and configurations caused by the forced temporary suspension of companies' operations at the beginning of the year. In September–October, the output of cars in the macro-region exceeded its level recorded in June 2019.

According to surveys, the majority of enterprises in the industry expect that demand will remain elevated in the next three months.

The carmakers of the macro-region are implementing their investment projects in line with the earlier approved plans. The largest auto group of the North-West continues to build its engine factory. Another major car manufacturer confirmed that it was going to commission its new factory in July 2021, in line with the schedule.

MEAT AND MEAT PRODUCT MANUFACTURING

In October, the North-West expanded the annual output of meat. In contrast, overall meat output in Russia remained the same as last year. However, both the macro-region and the country in general recorded a rise in meat prices, in annualised terms. This was largely associated with the growth of companies' costs

caused by the weaker ruble: its negative impact was stressed by nearly 80% of surveyed manufacturers.

Over one-third of respondents are going to increase their output in the next few months, expecting a rise in demand. Moreover, every fourth company in this industry is planning to raise prices.

Meat product manufacturers maintain their investment activity. One of the largest Russian pork producers in the Pskov Region is going to complete the construction of a new factory in the next two years, which will enable it to expand the output of meat products. The Leningrad Region is planning to increase poultry output within public and private partnership, both to expand supplies to the regional market and ramp up exports to Southeast Asia.

CONSTRUCTION

As major works under large investment projects were accomplished, construction in the macro-region declined more significantly than across Russia in general.

Nonetheless, housing commissioning exceeded last year's readings primarily owing to Saint Petersburg and the Kaliningrad Region recording elevated demand for real estate, including on the part of residents from other regions. The government mortgage support programme helps maintain the positive trend of demand in this industry.

According to surveys, the majority of construction enterprises do not expect a considerable reduction in demand in the near future.

BANK OF RUSSIA VOLGA-VYATKA

MAIN BRANCH



Business activity in the Volga-Vyatka region was subdued in October-November. Companies complained about the increased impact of the exchange rate and the pandemic on their operations, which entailed a rise in prices and a decline in demand and output. Businesses' expectations for the next few months remained negative. Government contracts will support the automobile industry until the end of the year. Retailers were pessimistic about consumer activity due to the pandemic and existing restrictions. The growth of consumer prices sped up amid higher costs, to exceed the country-wide level.

CONSUMPTION AND INCOMES

The growth of retail sales slightly accelerated in October, driven by expectations regarding additional restrictions that may be imposed due to the coronavirus and a rise in prices following the ruble's weakening. Nonetheless, surveys showed that increasingly more companies complained about the current shrinkage of demand and turnover in retail, estimating it below the Russian average. Moreover, in contrast to the country in general, retailers in the macro-region materially lowered their expectations regarding future demand. A more significant decrease was recorded only in March 2020.

The consumption of services (in annualised terms) slowed down anew, for the first time since April, yet less considerably than in spring. This decline was mostly due to the entertainment industry (theatres, museums, and concert halls) affected by restrictions imposed in the majority of regions.

Households' incomes bounced back, as the situation in the regional labour market stabilised. Unemployment decreased more significantly than across Russia in general, while the demand for labour trended up. Surveys also recorded an increased portion of companies expecting their headcount to grow by the end of the year. A range of enterprises faced a workforce shortage due to an increased

number of sick employees. This problem had not occurred in the middle of the year. Specifically, a large auto component manufacturer reported a deficit of manpower forcing it to temporarily outsource workers.

PRICES

In November, monthly price growth (seasonally adjusted) continued to speed up, reaching its April high and exceeding the country-wide level. The percentage of trade companies recording a rise in prices also increased more considerably than generally across Russia. Annual inflation also stays above the federal rate.

Retailers' price expectations remained elevated in November. Increasingly more companies mentioned the exchange rate and a higher cost of fuel as the reasons for expected price growth.

MONETARY CONDITIONS AND BANKING SECTOR

The amount of new loans disbursed to small and medium-sized businesses in the Volga-Vyatka region in September still exceeded last year's readings, yet the growth rate lowered as preferential lending slowed down. Since the government terminated these support measures, this also caused an increase in interest rates on corporate loans, after their long-lasting decline. According to surveys, the percentage of companies reporting an

improvement in lending conditions decreased in October–November.

Mortgage lending in the retail segment expanded twice against last year. This upward trend was driven by both low interest rates on preferential mortgage loans and a considerable easing of non-price lending conditions reported by respondent banks. One of the regions prolonged its additional subsidies in lending, following the extension of the main programme. The annual growth of disbursed consumer loans also sped up, to exceed the country-wide level in September–October. Retail lending will continue to expand, supported by a further easing of lending conditions expected by surveyed banks.

AUTOMOBILE INDUSTRY

Annual growth in the automobile industry of the macro-region was close to the country-wide rate in October. However, in contrast to Russia in general, current output adjusted downwards, probably because companies lowered their demand expectations more significantly. As forecast by the largest car manufacturer in the Volga-Vyatka region, sales in 2021 will contract by 9% against 2019 due to the pandemic and the termination of the proactive government procurement programme. For this reason, this company is going to reduce its working week to four days in 2021 H1.

Businesses expect their output to remain at current levels in the next few months owing to government measures supporting demand. A leading auto group manufacturing commercial vehicles that had earlier recorded a lack of demand from small and medium-sized enterprises received a government contract, which enabled the group to increase the utilisation rate at its factories during the remaining months of the year.

Despite negative factors, a number of companies continue to implement their earlier scheduled investment projects. A large enterprise with foreign participation reported that it had localised the manufacture of a part of auto components. According to its estimates, this will help it ensure a greater

stability of output since it will be less dependent of external factors.

OIL REFINING

In contrast to the country-wide trend, the output of petroleum products in the Volga-Vyatka region bounced back in September to its last year's level. According to the leading oil production and refining company of the macro-region, the increase in the output of petroleum products is associated with the continuing implementation of investment projects aimed at expanding production capacities and with companies' shift towards oil refining amid oil production cuts required by the OPEC+ deal. However, in October oil refining volumes contracted, just as across Russia in general. Moreover, the decline in the Volga-Vyatka region was more notable: output plummeted below the level recorded in 2020 Q2. As a result, this was oil refining that largely accounted for a downturn in industrial production in the macro-region. As reported by the largest petroleum product producers in the Volga-Vyatka region, this trend is temporary in many ways and associated with the scheduled overhaul of production capacities. In spring, amid the deteriorated epidemiological situation, repairs had been partially rescheduled for autumn, which exacerbated the current reduction in output.

BANK OF RUSSIA SOUTHERN MAIN BRANCH



Economic revival in the macro-region slowed down in November, as compared with September–October. Amid the worsening epidemiological situation, the weaker ruble and subdued consumer demand, companies have to face elevated risks to their business operations. Nonetheless, companies manufacturing consumer goods, food products and electronic devices remained positive about the next three months, expecting both output and demand to expand, albeit less significantly than in October. Furthermore, the percentage of companies expecting product and service prices to rise increased across all groups of industries.

CONSUMPTION AND INCOMES

Although there were no tight restrictions, the model of consumer behaviour altered in October–November. While revenues remained almost unchanged, the average purchase amount increased: residents in the Southern regions started to visit shops less frequently and more often purchase products for future use. Consumers reduced their optional expenses, which entailed a decrease in the sales of jewellery and makeup products.

Service companies also complained about a decline in consumer activity. The volume of services provided by beauty salons and car service firms contracted.

Entertainment companies recorded a slump in revenues and are considering strategies for migrating to online platforms. The demand for fitness clubs plummeted twice. They started to offer online workout complexes seeking to partially offset their losses.

Traffic in cafés and restaurants declines amid a rise in coronavirus infections. Companies in this industry record a 30–60% slump in profit. Trying to decrease their losses due to the requirement to be closed by midnight, many companies have started to open earlier and offer extra bonuses for orders placed before midday.

PRICES

In November, annual inflation in the macro-region sped up from 4.3% to 4.9%, to exceed the country-wide level (4.4%). Prices also increased month-on-month (seasonally adjusted). This was mostly driven by prices for sugar, vegetables and apples which rose due to a reduced harvest, among other factors.

According to survey findings, more companies now expect product and service prices to grow. In terms of industries, a significant rise in prices is expected in trade and manufacturing, which is associated with higher input prices for raw materials and equipment following the ruble's depreciation.

MONETARY CONDITIONS AND BANKING SECTOR

An improvement in lending conditions was recorded by agricultural, manufacturing, trade, construction and transport companies. Nonetheless, the growth of the corporate portfolio remains moderate (below 1% MoM), which is because banks maintain increased requirements for large clients' financial standing (nearly 75% in the aggregate corporate portfolio of the macro-region).

Banks granted a record-high number of mortgage loans in September–October. This was because banks eased their price and non-

price lending conditions for mortgage borrowers and the government extended its preferential mortgage lending programme.

Banks mentioned the uncertainty about a potential reintroduction of tough restrictions due to the worsening epidemiological situation as one of the key factors limiting the demand for loans and a further easing of lending conditions.

AGRICULTURE

As the exports of grain and oil crops from the ports of Southern Russia expanded faster amid high global prices and the weaker ruble, the agricultural companies of the macro-region were able to offset losses incurred due to a decline in harvest in 2020. As profit margin in the production of export-oriented crops increased, agricultural companies managed to continue the renewal of their machinery.

Regional SME microfinance funds record a low level of overdue debt among agricultural enterprises, specifically 0.7% in the Krasnodar Territory (the maximum allowed ratio is 12%).

Investors remain active in agriculture. Kuban is completing the construction of a genetic selection centre for pig production. It has already imported a stock of pigs from Canada and is carrying out quarantine measures. In 2021, Russia is going to launch the construction of its first genetic selection centres for dairy farming. The operation of such centres will help reduce the imports of breeding cattle.

TOURISM

After the elevated demand for tourism services, the resorts of the Krasnodar Territory recorded an annual decline in the tourist flow and the average utilisation of accommodation capacities in October–November. According to government authorities, this is because a part

of Russians prefer not to travel amid the aggravation of the epidemiological situation. The situation in the Republic of Crimea was more favourable, with the tourist flow in October–November exceeding its last year's readings, since many companies started to sell tours to Crimea only this year. Flight programmes also expanded, including those for subsidised air tickets.

Travel companies record a rise in demand for December and the New Year holidays. In particular, ski resorts in Sochi report a 100% utilisation of accommodation capacities. This trend is associated with the remaining restrictions to travel abroad and is also promoted by the government programme offering a partial refund of tour costs.

REAL ESTATE

Interest in purchasing real estate is driven not only by preferential mortgage lending, but also by pent-up demand.

According to the survey of developers and realtors in Southern Russia, the demand for housing soared. Furthermore, nearly 90% of respondents expect that demand will not only remain at its currently high level, but will also grow even more by the end of the year.

Although the number of issued building permits and the construction of housing are decreasing compared to 2019, the majority of construction companies do not report any supply and demand gap in shared housing construction.

Approximately one-fourth of market participants expect housing prices to further rise by 5–10%. Specifically, major developers in the Krasnodar Territory, which accounts for over one-half of the housing built in the macro-region, raised housing prices two times in October.

BANK OF RUSSIA URAL MAIN BRANCH



Economic recovery in the macro-region continued to slow down in October–November. Nonetheless, a number of industries manufacturing products under long-term contracts (including government contracts) and goods that are most requested amid the pandemic (food, pharmaceuticals and medical equipment, special clothing, and construction materials) maintained an upward trend. Surveyed companies mostly consider the ruble’s weakening to be a negative factor as it has pushed up costs for the majority of them (excluding large exporters). Consumer activity continued to weaken in October–November. The reintroduction of restrictions due to a rise in infections and overall information adversely affected businesses’ expectations and consumer behaviour.

CONSUMPTION AND INCOMES

According to retailers’ estimates, consumer activity continued to trend downwards in October–November since pent-up demand had been mostly satisfied in the previous months. As companies again transferred a part of their staff to remote work and educational institutions had to resume remote studies due to a rise in coronavirus cases, this dragged down the demand for the majority of goods and services, other than basic ones. Conversely, the demand for durable goods, including cars, somewhat rebounded amid the weakening of the ruble, and consumers were seeking to purchase goods before the ruble’s depreciation passed through to prices.

According to sociological surveys, increasingly more consumers opt for cheaper and essential goods, saving money to be protected in the case of infection or job loss.

Online purchases and courier delivery services are becoming increasingly requested. In this situation, companies are transforming their business closing points of sales and withdrawing from retailers. The number of public catering firms continued to decrease (according to estimates, 20–30% of them were unable to reopen after restrictions were lifted).

A range of industries reported a rise in wages amid a shortage of manpower (oil and gas production, construction, healthcare, and

education). Conversely, the employment rate in trade and services trended down.

PRICES

In October–November, annual inflation in the Urals Federal District increased, pushed up by the weaker ruble and the market’s response to grain, vegetable and oil crop yields. Nonetheless, inflation was still below the country-wide rate.

As before, the majority of trade, agricultural, manufacturing and construction companies expected output prices to rise despite declined demand. Overall, up to 20% of surveyed companies in the Urals are going to raise prices in the next three months, which is the highest percentage over the last 18 months.

MONETARY CONDITIONS AND BANKING SECTOR

The monthly growth of debt sped up across all segments of the credit market, with interest rates going down. The amount of mortgage loans granted in October hit its record high owing to the preferential lending programme. In corporate lending, government support measures mostly covered the SME segment.

According to banks, they continued to ease their price and non-price lending conditions in October–November, while less significantly than in Q3. The medium-term estimates of the

future demand for credit products are mostly optimistic, provided that lending conditions ease further with a view to promote economic recovery.

In September–October, households continued to transfer their funds from time deposits to current accounts and the real estate market (escrow accounts), as a result of which interest rates on bank deposits stopped to decline.

LABOUR MARKET

Amid the intensifying structural imbalance in the labour market, official unemployment rates are going down slowly. This imbalance was provoked by a shortage of foreign workers amid the termination of an inflow of labour migrants, which was reported by both enterprises using a rotational work method and agricultural companies, developers, housing and utility organisations, and land improvement companies. There are also job cuts in trade, public catering, services in real estate, hotels, tourism, and the organisation of sports and entertainment events. The industrial sector maintains jobs primarily by applying part-time employment schemes.

OIL AND GAS SECTOR

In October–November, companies assessed that the situation in the industry was not sufficiently favourable and deteriorated their economic position. As before, the oil production cuts Russia accepted under the OPEC+ deal hindered the recovery of output. According to the Central Dispatching Department of the Fuel and Energy Complex, oil output remains reduced compared to early 2020 in the Republic of Bashkortostan (-57%) and the Khanty-Mansi Autonomous Area (-16%). Companies reported that they suspended geological prospecting and exploration drilling, focusing their investment activity on equipment upgrade and enhancing their production logistics. They are going to revise primarily their long-term investment plans, which is explained by the uncertainty about demand trends and the expected increase in fiscal burden.

METALLURGY AND METAL PROCESSING

According to metallurgical enterprises, domestic demand is maintained owing to the fulfilment of long-term contracts and the implementation of investment programmes launched before the pandemic in oil and gas production and the polymer and plastic industry. They assume that the sector will receive support in the medium term owing to new import substitution possibilities emerging because of the ruble's weakening.

Output prices were up as a result of increased prices for raw materials (ore and waste metal) and for Russian metal products in external markets driven by a temporary rise in demand from China. In addition, processing enterprises and metal traders report that suppliers are shifting to complete prepayment models, which limits contract volumes even more. According to market participants, coupled with the overall decrease in demand (specifically, in construction), this toughens competition and will result in price adjustment, provided that the financial market remains stable.

BANK OF RUSSIA SIBERIAN MAIN BRANCH



The recovery of economic activity decelerated in Siberia in October–November. The annual decline in industrial output remained the same as in the previous quarter. Agricultural output slightly contracted, mostly due to the volume of grain and potato harvest. Consumption remained moderate. The decrease in housing under construction slowed down in annualised terms, while the commissioning of housing showed an upward trend for the third consecutive month.

CONSUMPTION AND INCOMES

Consumer activity remained below last year's readings. According to companies selling a range of non-food goods (clothing, footwear, fabrics), the decline in demand was caused by the extension of the remote work regime.

The demand for food products was also subdued. An increase in the propensity to save pushed up the sales of promotion products that are most widely offered in discounters and retail chains. Convenience stores and small chains reported a reduction in consumer activity and the average purchase amount.

The demand for additional education (groups decreased twice), hairdressing services, beauty salons, gyms, and cinemas remained low. Restaurants are subject to time restrictions (they may operate only until 11:00 PM), and the number of guests for business lunches declined. As corporate parties have been cancelled, this will deteriorate financial performance in public catering.

The demand for paid medical services was up, yet clinics were unable to accept all potential patients due to the sickness of their staff.

Unemployment stabilised at the level of 8.2%. A range of enterprises reported a decrease in bonus payments to their employees.

PRICES

Monthly price growth (seasonally adjusted) sped up, exceeding 4%. Faster inflation was predominantly driven by higher costs, more

expensive raw materials and components, and the weaker ruble.

Large manufacturers recorded an increase in egg prices due to higher feed costs. The growth of prices for electronic devices was associated with elevated demand and the depreciation of the ruble. Prices for both new and used cars were up, driven not only by the weaker ruble, but also by pent-up demand and a shortage of top-selling configurations at auto dealers' warehouses. Delays in the supplies of imported raw materials entailed a temporary rise in medicine prices.

Expectations about price growth in the next three months strengthened. Milk and milk product manufacturers, flour millers and bakers are going to raise prices in 2021. In October–November, prices were limited by retail chains' restraining policy and regional authorities' measures.

MONETARY CONDITIONS AND BANKING SECTOR

Lending expanded amid accommodative monetary policy, concessional terms and increased risks. Corporates predominantly raised loans to finance their current operations, while the demand for investment loans remained below the level of 2019. Lending to SMEs was driven by preferential programmes; without taking them into account, disbursements are comparable with last year's amounts.

Mortgage lending expanded owing to preferential programmes, and the demand for consumer loans bounced back to the pre-crisis level.

Deposits, net of balances in escrow accounts, have been trending down for the fourth consecutive month. Banks reported a shift to alternative ways of savings. Banks' expectations regarding an inflow of deposits common for December are moderate.

CHEMICAL AND PHARMACEUTICAL INDUSTRY

Output in the chemical and pharmaceutical industry expanded amid the exacerbation of the epidemiological situation. According to the manufacturers of medicines, sanitisers, polymer materials, synthetic fibres and components for them, the demand for their products trended upwards.

Specifically, three major manufacturers of essential medicines and substances, including for treating Covid-19, reported that orders exceeded their output. The investment programme was fully preserved. In November, the region launched a new line for manufacturing pharmaceutical substances to treat tuberculosis, hepatitis, HIV, and Covid-19.

Rising demand and sales were also recorded by the largest dietary supplement manufacturer whose revenues increased 1.5 times against the previous year.

Polymer manufacturers also reported high demand from both Russian and foreign clients. According to a large synthetic rubber manufacturer, its exports expanded 2.8 times against last year, including owing to increased demand from China.

Nitrogen fertiliser enterprise reported that it had no reduction in production and sales, achieving record-high output in October.

The manufacturers of industrial chemicals for coal production are not as optimistic since their facilities are utilised by only one-third, there was a reduction in output, and several companies had to curb their investment programmes.

WOOD PROCESSING

The pandemic had almost no impact on the Siberian wood sector. The pulp and paper industry expanded output. Five companies manufacturing containerboard, corrugated fiberboard, and packages made of these materials recorded a rise in demand from the food, pharmaceutical and chemical industries, as well as delivery services. The largest pulp and paper manufacturer beyond the Urals reported the full utilisation of its production capacities and new orders, including export ones.

According to a large manufacturer of glued laminated timber structures for houses, the demand for its products remains stable and sufficiently high, since increasingly more people opt to live in the countryside in their own houses. Demand is expected to stay high in 2021 as well.

METALLURGY

Non-ferrous metal and platinum metal producers reported that they maintained both output and headcount in October. They are cautiously optimistic owing to the recovery in the global market. They are not going to cut their investments because temporary shocks have not altered their overall strategies.

According to major aluminium manufacturers, they expanded supplies to the domestic market and Asian countries and completely restored the sales of high value added products.

Another large producer of non-ferrous and platinum metals stressed that customers significantly reduced their business activity. The company is cautious in its estimates of potential demand recovery, while maintaining its output at last year's level.

The largest producer of rolled ferrous metals beyond the Urals is going to increase investment in 2021, feeling optimistic about the market environment. The demand for construction longs started to bounce back, including owing to the government support of housing and infrastructure construction.

BANK OF RUSSIA FAR EASTERN MAIN BRANCH



As the epidemiological situation deteriorated in October–November, this slowed down the revival of consumer activity. Although costs were up, companies lowered their price expectations amid subdued demand. Demand-side constraints adversely affected output in manufacturing. A shortage of manpower and disruptions in equipment supplies entailed delays in industrial construction, which decreased below the 2019 level. The government preferential mortgage lending programme boosted growth in housing construction at a pace above last year’s figures. Rising external demand supported the primary sector and fishing.

CONSUMPTION AND INCOMES

Consumer activity was limited in October–November due to households’ low incomes and cautiousness amid the worsening epidemiological situation. Consumer demand stabilised, staying below the level recorded in early 2020. Three-fourths of trade companies do not expect retail turnover and the demand for their products to rise in the next three months. The majority of companies selling goods and services to households are less pessimistic about the impact of the current epidemiological situation on business activity than they used to be in April–May.

Declined incomes and a rise in coronavirus infections altered households’ behaviour. According to retailers, increasingly more consumers opt for discounters and economy class stores, the average purchase amount increased, the demand for durable goods is low compared to last year, and online purchases expanded. Households continued to use savings to support current consumption.

PRICES

Monthly price growth (seasonally adjusted) sped up, averaging more than 4% over the three months. Annual inflation rose to 4.5% and remains above the country-wide level. This is driven by fruit and vegetable prices which remain the highest across Russia since the

region is experiencing a shortage of Chinese vegetables due to border restrictions imposed by China’s authorities.

In contrast to Russia in general, companies in the macro-region lowered their price expectations. Despite a higher volatility of the exchange rate and a rise in fuel and lubricant prices and costs for anti-pandemic measures, the scale of the planned increase in prices in the next three months continues to go down, dropping below 4% in October (in annualised terms) due to contracting consumer demand.

MONETARY CONDITIONS AND BANKING SECTOR

The annual growth of the retail loan portfolio sped up, driven by mortgage lending. Mortgage loans granted in October hit a new record high. The annual growth rate of outstanding mortgage loans in the macro-region continued to exceed the Russian average. However, the portion of government-supported preferential loans in the total amount of disbursements decreased against September due to the gradual exhaustion of the supply of new housing covered by preferential programmes and rising demand in the secondary market amid low interest rates.

The easing of lending conditions in Q3 promoted the expansion of the corporate portfolio, yet its growth slowed down in

September. According to surveys, credit institutions are going to tighten non-price lending conditions for all borrower categories by the end of the year.

Saving activity trended downwards, with households withdrawing funds to maintain current consumption. Nonetheless, there was no massive outflow of deposits.

FISHING

Far Eastern companies expanded fish and seafood output against last year, primarily by increasing pollack fishing. Salmon output declined twofold against its 2018 record high and by one-third compared to 2019. A rise in the external demand for salmon pushed up wholesale prices in the domestic market.

According to fishing companies' estimates, the situation in the industry is favourable, owing to the growth of exports compared to the previous year. However, they also stress that China (the major importer) has toughened its requirements for fish supplies due to the pandemic. This increases costs and delays vessels, making fishing companies seek entry into other markets.

MANUFACTURING

The annual decrease in manufacturing output sped up in the macro-region, considerably exceeding the country-wide average rate. The main contributors were machinery, equipment, and food manufacturers. According to surveyed companies, the reduction in output resulted from lower demand amid the deteriorating epidemiological situation in Russia and higher costs pushed up by the ruble's weakening. A large machine-building enterprise reported that clients requested it not to ship products to them due to reduced financing. This caused excess finished goods inventory at warehouses, decreased procurements, and lowered profit twice, compared to the previous year. Export-oriented wood processing enterprises record a rise in revenues due to the exchange rate movements.

Weak demand limits the possibility to raise prices. Companies report a shortage of working capital and a reduction in the stocks of raw materials, expecting investments to contract. A rise in infections, exceeding the spring level, also hinders operation and makes it hard to support business continuity.

CONSTRUCTION

Industrial construction volumes remain considerably below last year's figures. In addition to the high-base effect resulting from the completion of the major works for constructing the Power of Siberia gas pipeline at the end of last year, the shrinkage of construction volumes was also caused by a shortage of migrant workers, which delayed works under national projects. The completion of industrial construction projects was rescheduled due to disruptions in the supplies of imported equipment and its setting-up. Construction companies complain about the worsening situation and higher risks.

Contrastingly, growth in housing construction exceeded the previous year's rate. The elevated demand for housing boosted by preferential mortgage lending stimulated developers who shifted to escrow account to accomplish construction projects ahead of schedule, which became possible owing to advance staffing for the entire construction period.

BOX

CONSUMER DEMAND: THE IMPACT OF THE WORSENING EPIDEMIOLOGICAL SITUATION

The autumn rise in coronavirus infections in Russia and the related tightening of restrictions dragged down consumer activity in the majority of regions, yet this reduction was not as drastic as at the beginning of the pandemic spread. According to recent surveys, 67% of respondent companies give less negative or comparable assessments of how the current anti-pandemic measures are affecting business activity, and only 14% of respondents are more pessimistic than in spring 2020. However, companies believe that consumption will rebound to its normal level no earlier than in 2021 H2 – 2022 due to the weak growth of households' incomes. Subdued demand will limit proinflationary pressure resulting from a rise in companies' costs. Faster inflation in October–November was caused not by a surge in consumption, as in spring, but predominantly by the effects associated with the lower supply of a range of food products and agricultural raw materials.

The rise in coronavirus infections sped up at the end of summer across all Russian regions. Nonetheless, the experience accumulated by Russia and the world in general in Covid-19 treatment made it possible to better prepare the healthcare system to combating the pandemic, which enabled the authorities not to reintroduce large-scale restrictions in the country.

The specific of the anti-pandemic measures implemented in autumn and winter is that they are targeted and local. The absence of large-scale restrictions on economic activity could not prevent a decrease in consumption in response to the worsening epidemiological situation, yet made it possible to significantly limit this decline. Specifically, surveyed trade and service companies in most macro-regions report a contraction of demand, yet not as drastic as in spring (Charts 1 and 2; Table 1). As in spring, this decline primarily affected services and non-food trade. In contrast to the period of the pandemic outbreak, the demand for food and other basic goods did not soar since restrictions imposed in Russian regions are targeted. Spikes in prices for these products were local. Consumption driven by the precautionary motive is only reported by enterprises in southern regions, yet they explain

it not by concerns about new restrictions, but rather by increased price expectations.

The tightening of anti-pandemic requirements, primarily the limits set on the occupancy of halls, affected cultural institutions (museums, theatres, concert halls, and others) and public catering most significantly. Siberian companies also report a decrease in the demand for hairdressing and beauty salon services. According to enterprises in the Volga-Vyatka region, the effect of relatively soft restrictions is amplified by households opting to limit their visits to public places.

The demand for non-food products in autumn was impacted by a range of **factors, including those supporting demand.**

An important factor was that **households and businesses have managed to adjust to life and work in the conditions of the pandemic.** The majority of regions record a decrease in traffic in trade centres and a shift of demand towards online services delivering both food and non-food products.

More extensive promotion and discount campaigns were another driver of demand in autumn. Nonetheless, companies in the central region report that the Black Friday supported demand less notably than in 2019 since the

effect of discounts extended over time due to the realisation of pent-up demand in summer and the earlier start of discounts in autumn 2020.

However, there were also **a range of drags on demand**.

In the first place, by the end of summer the majority of Russian regions had already exhausted the effect of households' deferred demand that emerged during the lockdown in April–May. As a result, expenses for purchases, including durable goods, decreased in autumn. The only exception was southern regions where demand was significantly supported by the increased tourist flow, including owing to programmes promoting inbound tourism, as well as households' higher interest in buying and renting real estate in resort areas.

Secondly, the main factor limiting demand during the current period was the earlier occurred **decline in households' incomes**, as opposed to spring when demand had been mostly dragged down by the suspension of trade and services. This altered consumer preferences – specifically, customers tended not to purchase such goods as expensive clothing, footwear and fabrics and migrated to lower price segments and discounters.

Overall, companies in most regions reported that consumption had not bounced back to its pre-crisis level by the end of summer. The toughening of restrictions in autumn puts extra downward pressure on households' incomes, which in turn hinders the revival of consumer activity. Therefore, **companies assume that consumption may return to normal no earlier than in 2021 H2 – 2022**.

Consumer activity will continue to revive as the epidemiological situation stabilises and households' incomes resume growth. In the short run (December 2020 – early 2021), consumer demand will be supported by further sales, including on the eve of the holidays, as well as Russian tourists' demand for recreation during the New Year period in a number of regions. In particular, companies in the Northwest report that accommodation facilities

in Karelia, the Leningrad Region and Veliky Ustyug have been mostly booked already. Southern companies also record full occupancy in hotels at Sochi ski resorts.

Overall, weak demand and its slow recovery will limit price growth in the next few months.

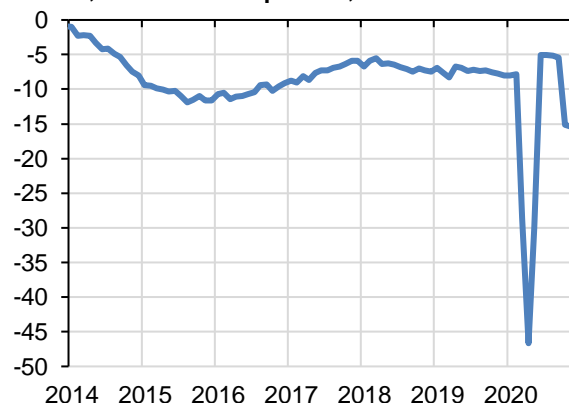
The rise in inflation in October–November was provoked not by demand-side factors. In the first place, this was caused by a faster increase in prices for a number of food products following the reduction in the supply of agricultural raw materials. In the Far East, inflation was also driven by a shortage of vegetables resulting from restrictions imposed by China on cross-border shipments.

Moreover, companies in the majority of regions maintain or raise their price expectations, predominantly due to higher costs. Businesses mostly complain about increased expenses, including due to the weaker ruble. Costs for anti-pandemic measures were also up. A local shortage of manpower (recorded in many regions) was coupled with temporary rises in labour costs (e.g. in the Volga-Vyatka region).

The only exception was the Far East where companies lowered their price expectations in November amid declining consumer demand having the dominant impact. Retailers in the Central Federal District limited the growth of output prices in the past period.

Overall, the extent of the pass-through of increased costs to prices will depend on the level of consumer activity and its recovery pace.

Chart 1. Retail and service companies' estimates of demand, balance of responses, SA



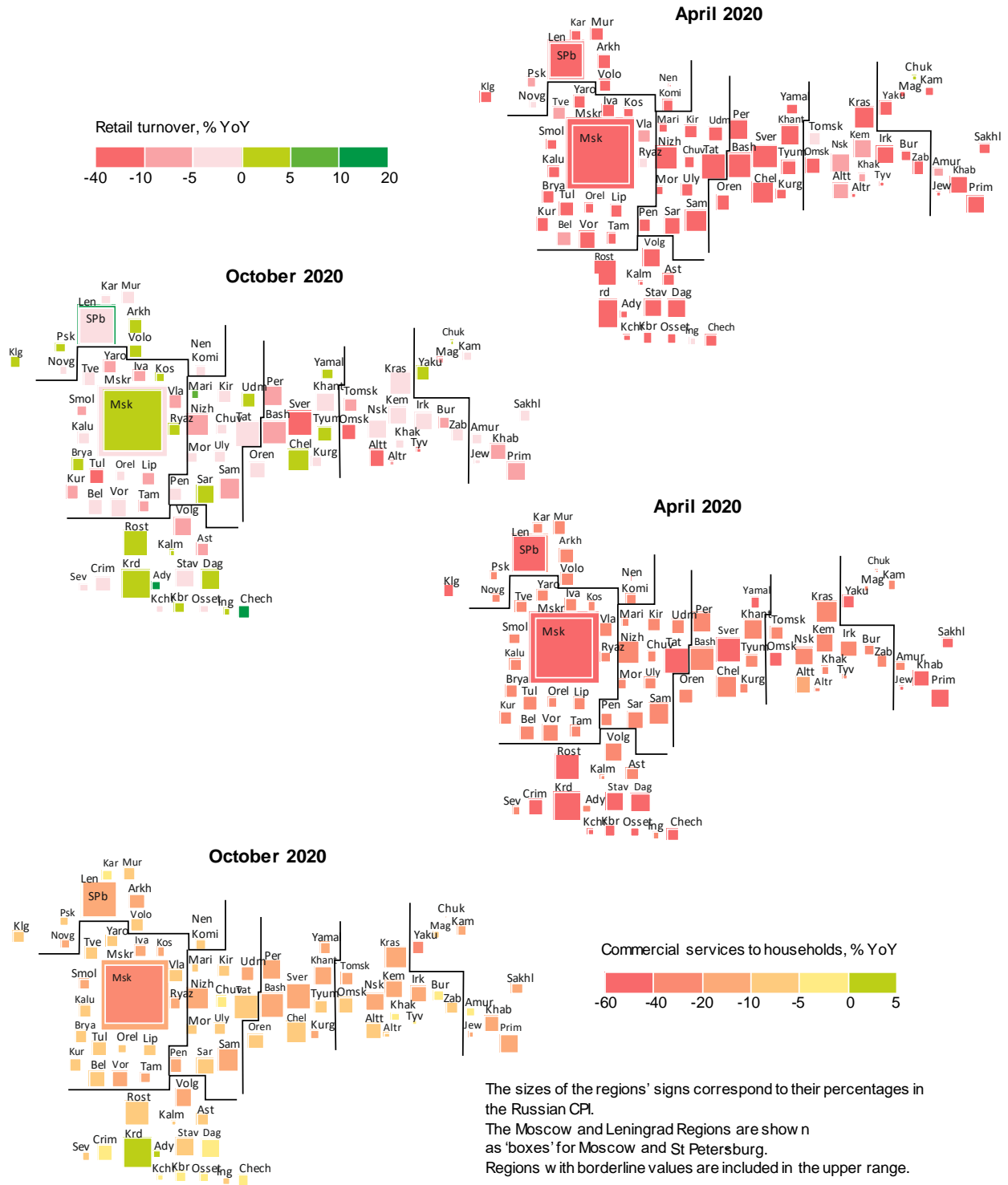
Sources: monitoring of businesses, Bank of Russia.

Table 1. Retail and service companies' estimates of demand, balance of responses, SA

	2017	2018	2019	2020 Q 1	2020 Q 2	2020 Q 3	Oct	Nov
MB for Central FD	-7.8	-8.9	-11.3	-10.3	-28.0	-6.9	-16.1	-10.1
North- Western MB	-9.1	-10.6	-9.6	-17.6	-32.8	-13.1	-20.1	-18.7
Volga- Vyatka MB	-7.2	-6.7	-4.3	-11.5	-26.0	-12.8	-19.0	-20.6
Souther n MB	-7.1	-3.3	-6.6	-15.5	-33.3	-4.5	-7.4	-12.1
Ural MB	-10.0	-3.6	-4.1	-4.0	-9.1	2.7	-13.6	-0.4
Siberian MB	-8.4	-7.5	-7.5	-15.3	-30.5	-8.6	-14.0	-14.8
Far Eastern MB	-3.5	-4.8	-5.3	-13.2	-24.5	-8.8	-15.7	-17.0
Russia	-7.4	-6.7	-7.4	-14.8	-27.2	-5.2	-15.2	-15.4

Sources: monitoring of businesses, Bank of Russia.

Chart 2. Retail turnover and commercial services to households



Source: Rosstat.

ANNEX

CORE ECONOMIC INDICATORS

Core indicators. Russia

Table 1

		2017	2018	2019	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	Oct	Nov
Inflation	% YoY	2.5	4.3	3.0	4.3	3.4	2.4	3.1	3.7	4.0	4.4
Core inflation	% YoY	2.1	3.7	3.1	4.3	3.5	2.6	2.9	3.1	3.6	3.9
Industrial production	% YoY	3.7	3.5	2.3	4.2	8.7	1.5	-8.5	-4.6	-5.9	
Fixed capital investment	Cumulative, % YoY	4.8	5.4	1.7	1.3	1.7	1.2	-4.0	-4.1		
Construction	3MMA, % YoY	-1.2	6.3	0.6	0.5	0.6	1.0	-1.7	-0.3	-0.2	
Housing commissioning	3MMA, % YoY	-1.3	-4.5	6.2	13.0	5.0	-1.3	-21.3	3.6	11.3	
Retail	% YoY	1.3	2.8	1.9	1.2	2.1	4.4	-16.6	-2.5	-2.4	
Commercial services	% YoY	1.4	1.4	0.5	0.9	0.2	-1.9	-36.1	-17.3	-13.4	
Real wages	% YoY	2.9	8.5	4.8	3.0	4.6	6.2	-0.1	1.8		
Real disposable income	% YoY	-0.5	0.1	1.0	2.9	1.8	0.7	-8.4	-3.6		
Outstanding consumer loans	% YoY	10.7	21.4	19.3	22.0	19.3	19.8	11.6	9.2	9.0	
Outstanding mortgage loans	% YoY	15.5	23.4	16.9	18.3	16.9	15.2	13.7	18.6	22.0	
Non-financial organisations' outstanding bank loans	% YoY	4.8	6.2	4.7	3.5	4.7	7.8	8.5	10.0	10.2	
• Large borrowers	% YoY	6.9	7.1	3.5	3.8	3.5	7.2	8.0	7.6	7.9	
• SMEs	% YoY	-6.4	0.3	12.9	1.7	12.9	11.8	11.9	25.5	25.1	
Companies' price expectations	Balance of responses, SA	8.1	10.6	10.2	8.8	8.4	13.4	17	16.1	20.3	20.6
Business Climate Index	pp YoY	3.6	3.5	4.5	4.4	5.2	-5.2	-10.5	2.4	-1.3	-7.3
• Current estimates	pp YoY	-3.9	-3.7	-3.2	-3.0	-2.7	-10.5	-22.5	-4.4	-7.6	-5.7
• Expectations	pp YoY	11.4	11.0	12.5	12.1	13.4	0.3	2.5	9.4	5.2	-9.0

Sources: monitoring of businesses, Bank of Russia, Rosstat, calculations by the Bank of Russia Main Branches.

Core indicators. Main Branch for Central Federal District

Table 2

		2017	2018	2019	2019	2019	2020	2020	2020	Oct	Nov
					Q3	Q4	Q1	Q2	Q3		
Inflation	% YoY	3.2	4.7	3.0	4.4	3.5	2.3	2.9	3.4	3.8	4.2
Core inflation	% YoY	2.5	4.2	3.2	4.5	3.5	2.5	2.8	3.0	3.5	3.8
Industrial production	% YoY	3.9	5.6	7.4	-2.2	0.5	5.1	-3.7	3.9	1.5	
Fixed capital investment	Cumulative, % YoY	8.4	11.7	6.9	3.1	6.9	4.4	-0.3	0.2		
Construction	3MMA, % YoY	1.8	1.5	2.0	5.3	-1.8	-5.3	-12.7	-1.2	3.8	
Housing commissioning	3MMA, % YoY	1.3	-3.9	8.1	16.3	-6.4	2.0	-32.7	-17.1	3.0	
Retail	% YoY	2.3	4.2	2.3	1.7	2.8	5.1	-16.0	-0.5	-1.5	
Commercial services	% YoY	-1.1	0.4	2.6	2.9	5.1	-2.6	-40.5	-24.1	-19.5	
Real wages	% YoY	3.9	6.9	6.2	3.6	5.0	7.6	-1.1	2.6		
Real disposable income	% YoY	-0.1	1.0	2.8	5.1	3.9	2.8	-8.0	-2.8		
Outstanding consumer loans	% YoY	11.1	21.9	19.3	23.3	19.3	19.6	10.5	8.0	7.9	
Outstanding mortgage loans	% YoY	15.9	25.7	21.5	22.8	21.5	19.5	16.4	21.2	24.4	
Non-financial organisations' outstanding bank loans	% YoY	6.6	9.5	4.4	4.2	4.4	9.4	11.2	13.0	13.9	
• Large borrowers	% YoY	8.4	11.1	2.6	4.5	2.6	8.9	11.2	11.9	12.7	
• SMEs	% YoY	-5.7	-2.4	20.5	2.2	20.5	14.0	11.7	22.9	24.6	
Companies' price expectations	Balance of responses, SA	9.9	12.5	12.2	10.9	10.8	13.3	17.3	18.5	23.7	26.0
Business Climate Index	pp YoY	2.7	-0.6	0.0	0.5	1.2	-8.3	-15.8	0.3	-6.3	-5.0
• Current estimates	pp YoY	2.5	-0.1	-0.4	0.4	-1.3	-3.6	-21.7	0.6	-5.8	-0.8
• Expectations	pp YoY	2.9	-1.1	0.5	0.6	3.7	-13.5	-8.9	0.0	-6.9	-9.4

Sources: monitoring of businesses, Bank of Russia, Rosstat, calculations by the Bank of Russia Main Branches.

Core indicators. North-Western Main Branch

Table 3

		2017	2018	2019	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	Oct	Nov
Inflation	% YoY	3.1	4.1	3.0	3.9	3.0	2.9	3.1	3.6	3.9	4.3
Core inflation	% YoY	2.4	3.7	3.2	3.8	3.2	2.9	2.8	3.4	3.6	3.8
Industrial production	% YoY	3.0	2.9	3.4	4.7	2.2	1.5	-7.6	-3.8	-4.0	
Fixed capital investment	Cumulative, % YoY	5.0	15.5	-18.8	-15.3	-18.8	-11.2	-4.4	-3.3		
Construction	3MMA, % YoY	-14.1	5.0	-13.0	-9.3	-21.7	-9.7	-13.6	-17.9	-23.4	
Housing commissioning	3MMA, % YoY	1.2	5.4	-1.3	-1.6	16.3	-23.9	-14.8	36.7	26.8	
Retail	% YoY	2.8	3.7	2.0	2.0	1.2	5.9	-11.7	1.0	1.2	
Commercial services	% YoY	0.4	2.8	0.0	0.2	-0.7	-3.2	-33.4	-16.9	-12.2	
Real wages	% YoY	3.7	7.0	1.0	1.1	2.9	4.3	-1.5	1.0		
Real disposable income	% YoY	0.3	2.8	0.8	2.7	0.9	2.0	-3.3	-2.9		
Outstanding consumer loans	% YoY	14.3	23.6	20.2	23.3	20.2	20.1	11.5	9.2	9.0	
Outstanding mortgage loans	% YoY	18.1	25.1	19.4	20.2	19.4	16.8	14.7	19.3	22.6	
Non-financial organisations' outstanding bank loans	% YoY	4.9	12.2	3.0	5.3	3.0	-0.6	-0.8	1.6	5.9	
• Large borrowers	% YoY	4.1	15.7	3.0	7.5	3.0	-0.3	-1.7	-5.2	-0.8	
• SMEs	% YoY	9.1	-4.8	3.3	-7.8	3.3	-2.4	3.8	47.0	47.0	
Companies' price expectations	Balance of responses, SA	8.7	11.7	11.1	10.5	8.9	13.1	19.1	16.4	20.6	19.1
Business Climate Index	pp YoY	2.7	-0.1	0.4	0.8	1.6	-9.9	-12.2	-2.0	-9.0	-7.7
• Current estimates	pp YoY	2.3	0.3	0.2	1.5	0.6	-7.9	-17.4	-1.3	-9.5	-7.5
• Expectations	pp YoY	3.1	-0.7	0.5	0.1	2.7	-12.0	-6.3	-2.8	-8.6	-7.8

Sources: monitoring of businesses, Bank of Russia, Rosstat, calculations by the Bank of Russia Main Branches.

Core indicators. Volga Vyatka Main Branch

Table 4

		2017	2018	2019	2019	2019	2020	2020	2020	Oct	Nov
					Q3	Q4	Q1	Q2	Q3		
Inflation	% YoY	2.0	4.3	2.8	3.7	2.8	2.6	3.5	4.1	4.4	5.0
Core inflation	% YoY	1.6	3.7	3.1	3.8	3.1	2.8	3.2	3.6	3.9	4.3
Industrial production	% YoY	2.6	1.9	1.6	3.6	2.9	1.5	-10.0	-2.6	-6.9	
Fixed capital investment	Cumulative, % YoY	0.6	-0.4	-0.5	-0.6	-0.5	-1.9	-4.2	-6.9		
Construction	3MMA, % YoY	3.9	-5.0	-1.1	5.0	0.8	-5.7	-11.2	-9.0	-13.8	
Housing commissioning	3MMA, % YoY	-2.6	-1.7	5.9	-1.1	9.1	7.1	-17.3	12.7	9.9	
Retail	% YoY	2.0	4.0	1.1	0.6	0.9	4.7	-16.1	-3.5	-2.9	
Commercial services	% YoY	0.4	0.7	0.2	-0.5	0.3	-1.7	-29.0	-11.9	-9.4	
Real wages	% YoY	3.4	5.2	2.5	2.3	4.8	5.3	-0.2	2.0		
Real disposable income	% YoY	-2.8	0.0	1.3	4.4	1.2	1.9	-6.6	-4.0		
Outstanding consumer loans	% YoY	10.5	22.2	19.3	21.9	19.3	19.9	11.4	9.1	8.9	
Outstanding mortgage loans	% YoY	17.6	22.8	12.9	14.8	12.9	11.5	10.5	16.0	19.6	
Non-financial organisations' outstanding bank loans	% YoY	0.3	-3.6	-3.6	-5.0	-3.6	2.7	5.0	-0.3	0.4	
• Large borrowers	% YoY	2.4	-4.8	-4.0	-5.2	-4.0	2.1	4.5	-6.5	-5.8	
• SMEs	% YoY	-6.5	0.7	-2.2	-4.1	-2.2	4.7	6.8	22.5	22.6	
Companies' price expectations	Balance of responses, SA	8.8	11.1	11.4	9.7	9.7	22.8	15.3	22.2	22.5	22.4
Business Climate Index	pp YoY	1.7	0.0	1.6	0.7	-0.7	-12.3	-17.2	-2.6	-11.7	-7.6
• Current estimates	pp YoY	1.3	0.3	0.6	0.6	-0.9	-9.9	-23.6	-2.1	-10.8	-5.8
• Expectations	pp YoY	2.1	-0.4	2.7	0.8	-0.5	-14.5	-9.7	-3.2	-12.6	-9.5

Sources: monitoring of businesses, Bank of Russia, Rosstat, calculations by the Bank of Russia Main Branches.

Core indicators. Southern Main Branch

Table 5

		2017	2018	2019	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	Oct	Nov
Inflation	% YoY	2.1	4.2	2.9	4.5	3.4	2.3	3.1	3.7	4.3	4.9
Core inflation	% YoY	1.9	3.3	3.2	4.4	3.6	2.7	2.9	3.3	3.7	3.9
Industrial production	% YoY	9.9	5.1	3.1	4.7	4.8	4.2	-3.8	0.6	-1.8	
Fixed capital investment	Cumulative, % YoY	14.7	-3.8	-9.7	-8.5	-4.1	16.6	4.2	5.4		
Construction	3MMA, % YoY	1.5	1.1	1.0	7.9	-9.4	11.2	-7.3	2.2	-1.5	
Housing commissioning	3MMA, % YoY	5.1	-14.1	16.5	14.3	4.7	-3.8	-11.3	3.9	3.0	
Retail	% YoY	1.2	1.9	1.8	0.9	3.0	4.2	-22.9	-1.7	1.6	
Commercial services	% YoY	0.7	2.3	-0.6	-0.6	-2.2	0.5	-38.3	-5.5	-3.7	
Real wages	% YoY	1.8	7.3	2.8	2.0	5.0	6.1	1.9	1.1		
Real disposable income	% YoY	-0.3	0.5	1.0	1.5	2.0	2.5	-11.6	-0.8		
Outstanding consumer loans	% YoY	11.5	21.7	20.6	22.0	20.6	20.6	12.1	9.3	8.9	
Outstanding mortgage loans	% YoY	19.2	27.0	18.1	19.8	18.1	16.7	15.8	20.3	23.1	
Non-financial organisations' outstanding bank loans	% YoY	7.8	3.1	4.3	1.2	4.3	4.4	2.7	3.4	2.4	
• Large borrowers	% YoY	16.3	3.4	4.2	2.6	4.2	3.3	0.1	0.4	-1.0	
• SMEs	% YoY	-11.5	2.3	6.8	0.9	6.8	8.2	11.7	16.3	13.5	
Companies' price expectations	Balance of responses, SA	5.5	9.4	8.6	7.3	6.4	12.4	15.2	15.3	15.8	21.8
Business Climate Index	pp YoY	-1.6	0.0	0.9	3.1	2.4	-8.1	-14.3	-1.4	-5.0	-8.4
• Current estimates	pp YoY	-2.3	0.4	-0.5	3.1	1.4	-6.1	-24.5	-0.2	-4.8	-7.0
• Expectations	pp YoY	-0.7	-0.4	2.2	3.0	3.4	-10.1	-2.4	-2.5	-5.3	-9.8

Sources: monitoring of businesses, Bank of Russia, Rosstat, calculations by the Bank of Russia Main Branches.

Core indicators. Ural Main Branch

Table 6

		2017	2018	2019	2019	2019	2020	2020	2020	Oct	Nov
					Q3	Q4	Q1	Q2	Q3		
Inflation	% YoY	2.1	3.6	3.0	3.8	3.0	2.5	3.0	3.3	3.6	4.1
Core inflation	% YoY	1.9	3.3	3.0	3.8	3.0	2.4	2.6	3.0	3.3	3.6
Industrial production	% YoY	2.5	3.7	5.1	4.7	6.8	2.9	-5.3	-6.0	-3.1	
Fixed capital investment	Cumulative, % YoY	-0.2	4.9	-3.2	-3.8	-3.2	16.7	10.2	4.4		
Construction	% YoY	0.5	61.5	-6.4	-6.6	-5.3	8.2	-2.8	5.3	10.9	
Housing commissioning	3MMA, % YoY	-3.1	-4.7	5.0	27.0	9.1	7.4	-15.3	14.5	11.2	
Retail	3MMA, % YoY	0.6	3.5	1.5	0.1	1.0	4.4	-12.8	-3.8	-3.9	
Commercial services	% YoY	1.8	3.2	0.3	0.3	-0.4	-1.3	-35.4	-19.9	-12.8	
Real wages	% YoY	3.0	6.1	2.4	2.0	3.8	4.7	0.8	1.9		
Real disposable income	% YoY	-1.6	0.7	1.4	2.9	1.7	2.2	-6.8	-6.3		
Outstanding consumer loans	% YoY	9.9	20.6	19.4	21.8	19.4	20.0	12.3	10.2	9.9	
Outstanding mortgage loans	% YoY	13.6	19.8	12.1	13.8	12.1	10.7	10.1	15.0	18.6	
Non-financial organisations' outstanding bank loans	% YoY	5.2	1.5	6.9	0.8	6.9	9.2	4.0	6.6	5.5	
• Large borrowers	% YoY	7.5	1.3	7.0	0.4	7.0	8.3	2.4	3.9	3.0	
• SMEs	% YoY	-9.7	3.2	6.0	3.4	6.0	16.9	16.3	27.5	24.7	
Companies' price expectations	Balance of responses, SA	9.5	9.5	11.5	9.0	8.8	10.9	13.8	15.7	18.6	18.0
Business Climate Index	pp YoY	1.4	1.5	2.0	4.1	2.4	-10.8	-15.8	-4.1	-11.6	-10.9
• Current estimates	pp YoY	1.8	2.0	1.2	1.9	1.5	-8.6	-19.3	-1.0	-9.8	-5.4
• Expectations	pp YoY	1.0	1.0	2.9	6.5	3.2	-12.8	-11.9	-7.3	-13.6	-16.8

Sources: monitoring of businesses, Bank of Russia, Rosstat, calculations by the Bank of Russia Main Branches.

Core indicators. Siberian Main Branch

Table 7

		2017	2018	2019	2019	2019	2020	2020	2020	Oct	Nov
					Q3	Q4	Q1	Q2	Q3		
Inflation	% YoY	2.0	4.3	3.6	4.6	3.6	2.8	3.5	3.8	4.0	4.7
Core inflation	% YoY	1.6	3.6	3.3	4.4	3.3	2.6	3.1	3.4	3.8	4.1
Industrial production	% YoY	1.8	3.3	2.0	2.2	1.9	-2.1	-5.7	-5.7	-5.6	
Fixed capital investment	Cumulative, % YoY	2.3	4.5	6.3	11.7	6.3	5.0	1.2	-0.9		
Construction	3MMA, % YoY	-5.2	-11.7	4.4	2.7	2.2	-13.8	-21.8	-16.7	-18.1	
Housing commissioning	3MMA, % YoY	-15.1	-10.0	11.1	13.5	16.2	1.0	-26.2	25.1	48.0	
Retail	% YoY	1.5	2.8	2.0	2.3	2.5	3.5	-11.3	-4.9	-5.3	
Commercial services	% YoY	3.5	1.9	0.6	4.6	1.5	-2.7	-27.4	-12.5	-10.4	
Real wages	% YoY	3.5	7.8	2.6	2.0	5.7	3.6	1.6	2.8		
Real disposable income	% YoY	-0.8	0.8	0.1	2.9	1.0	0.5	-3.4	-3.2		
Outstanding consumer loans	% YoY	7.4	18.4	17.6	19.1	17.6	19.2	12.5	10.5	10.3	
Outstanding mortgage loans	% YoY	10.9	20.8	13.4	15.3	13.4	11.4	11.2	16.2	20.8	
Non-financial organisations' outstanding bank loans	% YoY	-5.3	-5.3	3.8	3.6	3.8	6.2	8.2	11.0	8.2	
• Large borrowers	% YoY	-3.0	-7.7	2.1	2.4	2.1	5.2	7.9	9.0	5.6	
• SMEs	% YoY	-16.0	7.7	11.9	9.5	11.9	10.7	9.7	20.4	20.4	
Companies' price expectations	Balance of responses, SA	8.2	10.3	8.7	7.2	6.3	13.0	19.4	15.1	20.5	17.0
Business Climate Index	pp YoY	2.3	-0.2	1.8	2.8	1.2	-6.8	-13.4	-4.8	-9.2	-7.8
• Current estimates	pp YoY	2.5	0.0	2.6	3.2	2.0	-5.3	-19.8	-4.5	-11.0	-8.7
• Expectations	pp YoY	2.0	-0.5	0.9	2.3	0.4	-8.2	-6.1	-5.2	-7.4	-6.8

Sources: monitoring of businesses, Bank of Russia, Rosstat, calculations by the Bank of Russia Main Branches.

Core indicators. Far Eastern Main Branch

Table 8

		2017	2018	2019	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	Oct	Nov
Inflation	% YoY	2.1	3.8	3.8	4.2	3.8	3.2	3.7	3.9	4.2	4.5
Core inflation	% YoY	2.1	3.2	3.3	3.6	3.3	2.9	3.1	3.5	3.6	3.8
Industrial production	% YoY	3.1	5.5	6.5	8.6	5.3	1.6	-7.0	-11.5	-6.8	
Fixed capital investment	Cumulative, % YoY	10.8	7.4	2.3	-1.0	2.3	-13.2	-12.7	-10.2		
Construction	3MMA, % YoY	7.0	2.2	-4.2	9.4	-12.5	-8.7	-28.2	-26.3	-17.8	
Housing commissioning	3MMA, % YoY	-8.4	28.1	-21.9	42.3	-4.5	-7.8	3.7	17.4	28.2	
Retail	% YoY	2.0	3.9	3.9	3.6	4.9	3.5	-14.9	-4.4	-3.8	
Commercial services	% YoY	0.6	0.9	-2.1	-2.5	-1.9	-4.9	-37.9	-15.8	-16.1	
Real wages	% YoY	2.9	7.4	3.7	4.3	4.7	4.9	0.4	-0.4		
Real disposable income	% YoY	-0.8	3.2	1.8	3.4	1.6	1.3	-5.2	-3.7		
Outstanding consumer loans	% YoY	10.4	21.8	19.1	21.0	19.1	19.7	12.8	10.8	10.5	
Outstanding mortgage loans	% YoY	14.6	21.3	17.0	16.4	17	17.4	17.7	21.5	24.4	
Non-financial organisations' outstanding bank loans	% YoY	5.3	10.1	29.9	22.9	29.9	28.7	29.7	30.0	19.6	
• Large borrowers	% YoY	6.5	7.6	27.4	22.9	27.4	23.0	25.1	25.3	17.5	
• SMEs	% YoY	0.4	21.3	40.2	23.0	40.2	52.3	47.7	49.1	27.3	
Companies' price expectations	Balance of responses, SA	6.5	8.5	8.9	7.7	8.1	13.0	15.6	13.0	17.2	12.4
Business Climate Index	pp YoY	2.2	0.2	1.2	2.1	-0.6	-8.5	-3.6	-4.1	-9.1	-6.8
• Current estimates	pp YoY	2.1	0.0	1.1	1.9	0.2	-7.0	-16.8	-4.4	-10.1	-7.2
• Expectations	pp YoY	2.3	0.5	1.4	2.4	-1.4	-10.2	-2.9	-3.6	-8.1	-6.3

Sources: monitoring of businesses, Bank of Russia, Rosstat, calculations by the Bank of Russia Main Branches.