



Bank of Russia



# REGIONAL ECONOMY: COMMENTARIES BY BANK OF RUSSIA MAIN BRANCHES

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The report was prepared by the economic divisions of the Bank of Russia regional branches jointly with the Monetary Policy Department.

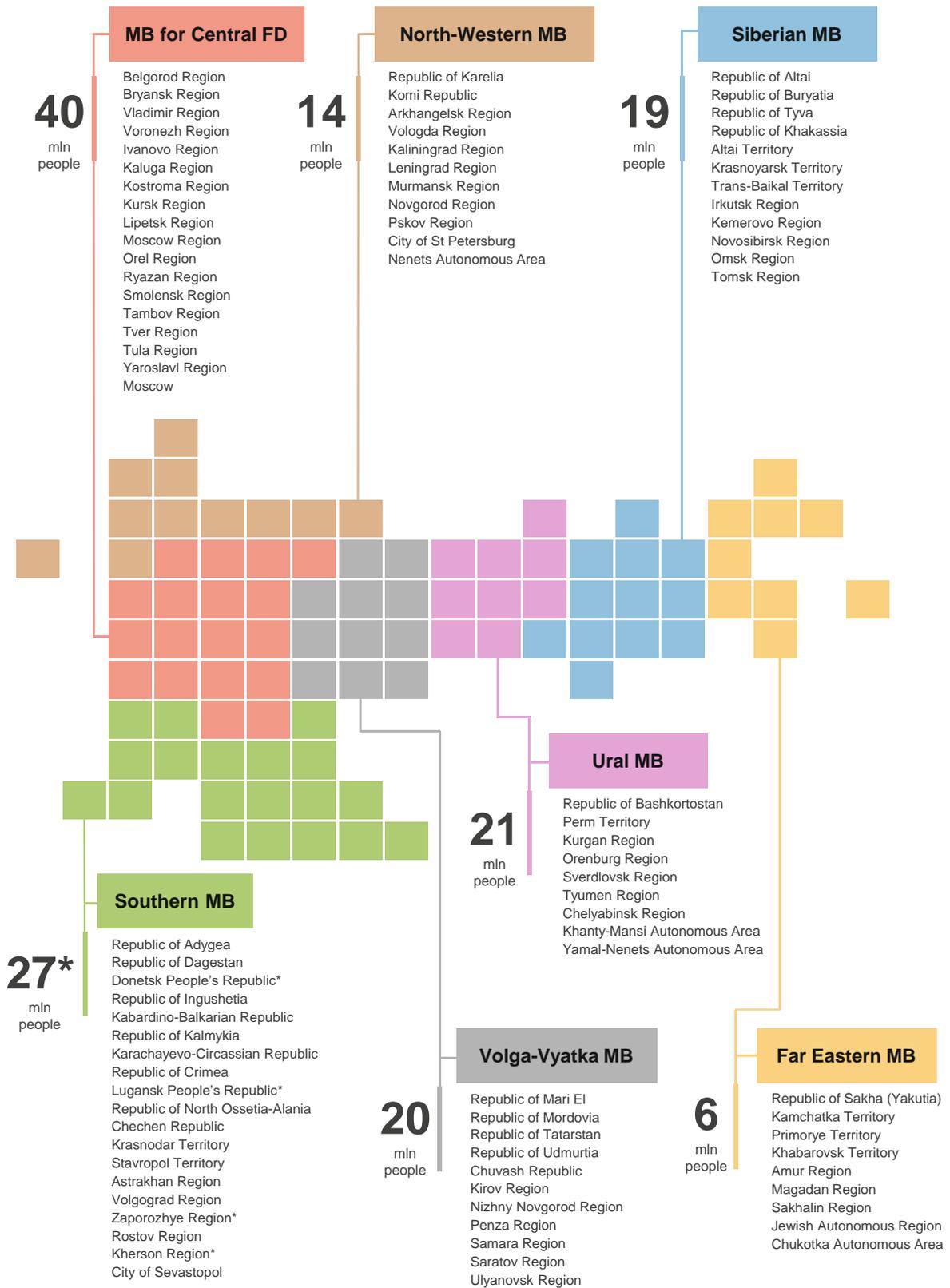
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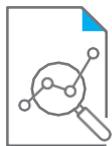
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\* Official statistics on the main social and economic indicators of the constituent territories of the Russian Federation do not include statistics on the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson Region.

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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 MBs.

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 15,000 non-financial companies<sup>1</sup> carried out by the Bank of Russia MBs. It provides high-frequency data on the development of industries in all Russian regions. These data are combined with information received by the Bank of Russia MBs, including following various events with the engagement of regional executive authorities, businesses, industrial unions, and entrepreneurs' associations. Along with this descriptive 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.

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<sup>1</sup> In August 2024, we surveyed 11,841 companies.

## RUSSIAN FEDERATION

The increase in consumer activity slowed down over July and August, with a number of macro-regions reporting signs of its decline. Higher deposit rates supported households' propensity to save. Persistent inflationary pressures remained almost unchanged as compared with June, staying elevated. The expansion of economic activity went on but was uneven across sectors. As labour shortages persisted, businesses continued to raise wages.

**Growth in economic activity was uneven.** The opening of new enterprises and the upgrade of facilities boosted the output of food products in the South. High domestic and external demand encouraged investment activity of fertiliser manufacturers in the North-West. The reopening of the production facilities which had been previously closed fuelled the output of cars in the Volga Region and Central Russia. However, the unfavourable environment in the global market adversely affected the output of non-ferrous metals in Siberia and of ferrous metals in the Urals (*see the Box 'Industry focus. Steel manufacture'*). The shortage of containers intended for exports and settlement issues limited the output of wood processing products in the Far East.

**Staff shortages persisted in the labour market.** Enterprises in all macro-regions continued to raise wages and develop and expand incentive programmes to retain and attract staff. Wage growth in turn supported the rise in regional tax revenues (*see the Box 'Regional budgets'*).

**The increase in consumption decelerated, with a number of macro-regions reporting signs of its decline.** Retail chains reported shrinking demand predominantly in the non-food segment. Consumers tended to buy less non-food durables and benefit from special offers and sales more often.

**Monthly consumer price growth sped up in July** (seasonally adjusted, SA), remaining notably above 4% in annualised terms (SAAR). The higher-than-usual indexation of utility rates had the most significant impact on prices across all macro-regions. Prices for fruit and vegetables and fuel were rising fast (SA). The quality and supply of vegetables were affected by adverse weather conditions in individual regions. The surge in prices for petrol was associated with a temporary suspension of the ban on its export (*see the Box 'Export opportunities for businesses'*). Companies' price expectations increased across all sectors, except for industrial production. Households' inflation expectations were also up.

**Demand for loans was stronger among businesses but weaker among households.** Enterprises were raising both working capital and investment loans. Growth in consumer lending slowed down owing to tighter price conditions and macroprudential measures for unsecured loans. In July, government subsidised mortgage lending notably declined after the termination of the non-targeted subsidised mortgage programme and the revision of the conditions under other programmes. The inflow of household funds into time deposits remained high amid rising rates.

## KEY TRENDS IN RUSSIAN REGIONS

**MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT.** Industrial production in the macro-region continued to grow faster than across Russia as a whole, driven by the higher output of food, computers and electronic devices, finished metal and paper products. Growth in commercial services to households slowed down but was still faster than the Russian averages, driven by the rise in transportation services supported by domestic tourism. Price expectations edged down in August, largely on account of industrial enterprises.

**NORTH-WESTERN MAIN BRANCH.** Fertiliser manufacturers ramped up investment activity and expanded their product ranges amid stronger external and domestic demand. The commissioning of new facilities was up in all core segments of the commercial real estate market. The annual growth rates of the corporate loan portfolio still exceeded the Russian averages on account of large borrowers. The tourist traffic increased more notably than across Russia, boosting passenger transportation.

**VOLGA-VYATKA MAIN BRANCH.** The capacity utilisation rates and staff shortages in the macro-region exceeded the Russian averages, causing faster growth in real wages. Car makers ramped up output and continued to localise production. Developers were launching new projects less actively. Unlike Russia as a whole, businesses' price expectations in the macro-region had been declining in August for the second consecutive month.

**SOUTHERN MAIN BRANCH.** The growth rate of mortgage lending outstripped the Russian averages, driven by elevated demand for real estate, including investment real estate. The weather conditions in the South caused a reduction in the harvest of the main crops. Industrial production was growing more slowly owing to a decline in the output of intermediate goods. Businesses, especially mining and quarrying enterprises, reported higher price expectations as compared to the Russian averages.

**URAL MAIN BRANCH.** Industrial production was growing more slowly than across Russia owing to a decrease in the production of oil, pipes, and steel items. However, metal makers continued to register positive monthly (SA) output dynamics, supported by an increase in the manufacture of non-ferrous and precious metal products. Pharmaceutical companies ramped up the output of medicines as part of import substitution.

**SIBERIAN MAIN BRANCH.** Lower growth rates of industrial production as compared with Russia as a whole were associated with a decline in the exports of non-ferrous metals due to tighter sanctions. The aviation industry was experiencing shortages of components. Faster growth in housing commissioning was fuelled by the simultaneous completion of several major integrated development projects. Furniture manufacturers reported stronger demand for their products and ramped up output.

**FAR EASTERN MAIN BRANCH.** New mortgage loans decreased less significantly than across Russia as a whole owing to the growth in lending under the Far Eastern Mortgage programme. Logging and wood processing were down because of a decline in exports caused by the shortage of containers for transporting products and settlement issues. The utilisation of Far Eastern seaports increased, fuelled by larger container imports, which were growing faster than Russian averages, and the shortage of rolling stock.

## CORE ECONOMIC INDICATORS

		Date	Russia	MB for the Central FD	North-Western MB	Volga-Vyatka MB	Southern MB	Ural MB	Siberian MB	Far Eastern MB
MB's percentage in inflation	%	2024	100	34	11	11	15	14	10	5
Inflation	% YoY	July24	9.1	9.5	8.4	8.8	9.3	8.4	9.9	9.3
Core inflation	% YoY	July24	8.6	8.8	8.2	8.1	8.7	7.8	9.5	9.6
Industrial production	3MMA, % YoY	July24	3.9	12.7	5.4	4.5	0.7	1.2	-0.1	-2.7
Fixed capital investment	Cumulative, % YoY	2024 Q2	10.9	7.3	19.4	13.5	13.3	19.1	6.9	18.4
Construction	3MMA, % YoY	July24	2.7	-1.0	8.6	3.8	12.0	0.1	-1.7	0.7
Housing commissioning	3MMA, % YoY	July24	6.2	7.5	-20.8	-6.5	27.1	-1.4	19.1	28.7
Retail	3MMA, % YoY	July24	6.6	6.3	4.0	8.3	6.1	8.0	10.6	4.7
Commercial services	3MMA, % YoY	July24	3.6	4.3	0.8	5.1	5.0	3.6	3.2	-2.6
Real wages	3MMA, % YoY	June24	7.8	7.5	5.4	10.2	9.6	7.8	7.3	5.7
Real disposable income	% YoY	2024 Q2	7.7	7.3	6.3	8.2	8.1	6.4	4.8	4.4
Unemployment	% SA	July24	2.5	1.8	2.2	1.9	4.7	1.9	2.9	2.5
Outstanding consumer loans <sup>2</sup>	% YoY	July24	17.4	17.0	13.9	20.2	22.2	17.7	15.6	12.4
Outstanding mortgage loans	% YoY	July24	22.7	19.6	17.7	24.7	32.4	23.0	23.9	24.6
Funds in escrow accounts	% YoY	July24	45.8	38.0	23.0	58.0	90.8	63.5	63.0	42.2
Non-financial organisations' outstanding bank loans	% YoY	June24	24.0	22.3	33.0	16.7	19.2	17.3	38.0	33.9
• Large borrowers	% YoY	June24	23.5	22.1	34.3	12.8	4.5	14.3	51.1	36.9
• SMEs	% YoY	June24	25.8	23.1	25.5	25.0	45.6	31.2	10.0	22.2
Companies' price expectations <sup>3</sup>	Balance of responses, points, SA	Aug24	21.7	28.6	29.9	28.2	22.9	23.6	25.0	18.8
Business Climate Index	SA, p	Aug24	7.0	2.9	5.1	10.5	7.3	5.3	9.4	8.5
• Current estimates	SA, p	Aug24	1.5	-2.1	-0.1	6.1	2.4	0.9	2.9	3.7
• Expectations	SA, p	Aug24	12.8	7.9	10.5	15.1	12.4	9.7	16.1	13.4

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

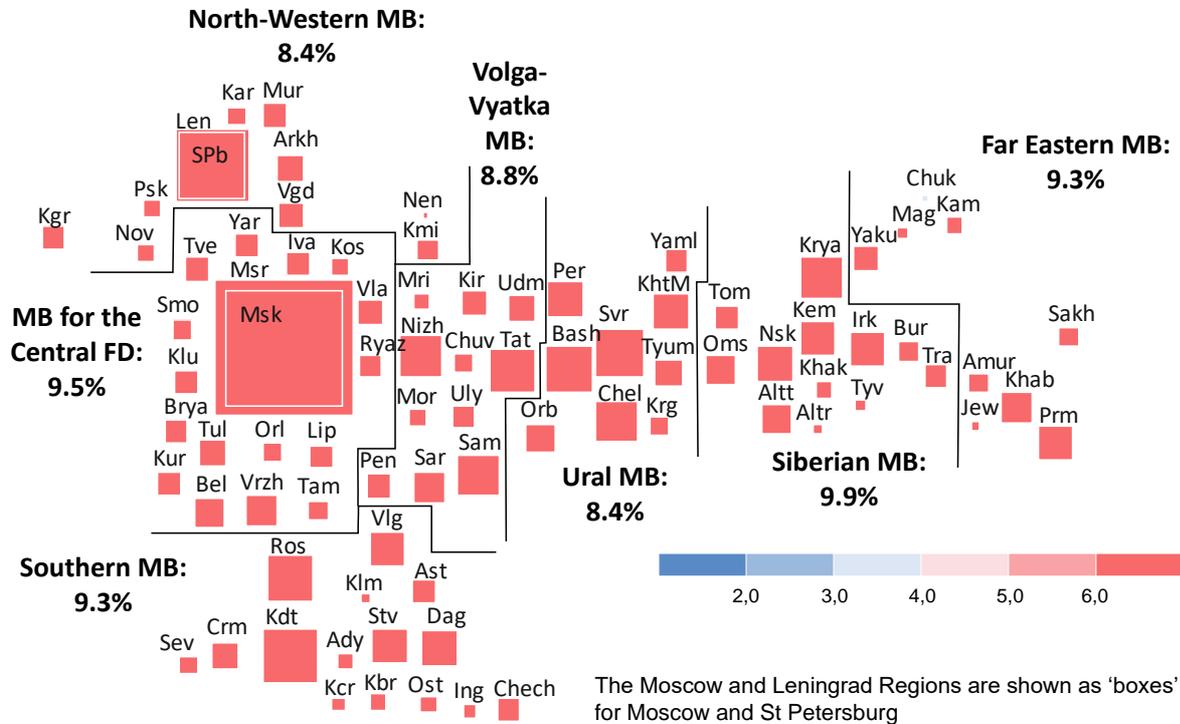
<sup>2</sup> Hereinafter, outstanding bank loans are given adjusted for foreign currency revaluation, according to Reporting Forms 0409316 'Loans to households' and 0409303 'Loans to legal entities'. These reporting forms are used to carry out regional analysis, since they enable the aggregation of indicators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

<sup>3</sup> 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

### Price growth in July 2024, % YoY

The sizes of the regions' signs correspond to their percentages in the Russian CPI



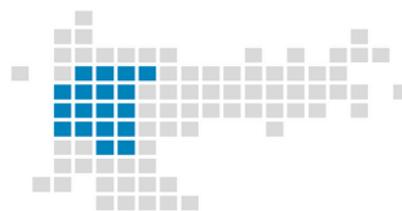
Note. The lines on the map divide the regions of operation of the Bank of Russia MBs.

Official statistics on the main social and economic indicators of the constituent territories of the Russian Federation do not include statistics on the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson Region.

Source: Rosstat.

Ady	Republic of Adygea	Kos	Kostroma Region	Sam	Samara Region
Altt	Altai Territory	Krya	Krasnoyarsk Territory	Sar	Saratov Region
Altr	Republic of Altai	Kdt	Krasnodar Territory	Sakh	Sakhalin Region
Amur	Amur Region	Crn	Republic of Crimea	Svr	Sverdlovsk Region
Arkh	Arkhangelsk Region (excl. Autonomous Area)	Kur	Kursk Region	Sev	City of Sevastopol
Ast	Astrakhan Region	Krg	Kurgan Region	Smo	Smolensk Region
Bash	Republic of Bashkortostan	Kcr	Karachayevo-Circassian Republic	SPb	City of St Petersburg
Bel	Belgorod Region	Len	Leningrad Region	Stv	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	Mri	Republic of Mari El	Tve	Tver Region
Vlg	Volgograd Region	Msr	Moscow Region	Tom	Tomsk Region
Vgd	Vologda Region	Mor	Republic of Mordovia	Tul	Tula Region
Vrzh	Voronezh Region	Msk	Moscow	Tyv	Republic of Tyva
Dag	Republic of Dagestan	Mur	Murmansk Region	Tyum	Tyumen Region (excl. Autonomous Areas)
Jew	Jewish Autonomous Region	Nen	Nenets Autonomous Area	Udm	Republic of Udmurtia
Tra	Trans-Baikal Territory	Nizh	Nizhny Novgorod Region	Uly	Ulyanovsk Region
Iva	Ivanovo Region	Nov	Novgorod Region	Khab	Khabarovsk Territory
Ing	Republic of Ingushetia	Nsk	Novosibirsk Region	Khak	Republic of Khakassia
Irk	Irkutsk Region	Oms	Omsk Region	KhtM	Khanty-Mansi Autonomous Area – Yugra
Klm	Republic of Kalmykia	Orb	Orenburg Region	Chel	Chelyabinsk Region
Klu	Kaluga Region	Orl	Orel Region	Chech	Chechen Republic
Kam	Kamchatka Territory	Ost	Republic of North Ossetia – Alania	Chuv	Chuvash Republic
Kar	Republic of Karelia	Pen	Penza Region	Chuk	Chukotka Autonomous Area
Kbr	Kabardino-Balkarian Republic	Per	Perm Territory	Yaku	Republic of Sakha (Yakutia)
Kem	Kemerovo Region – Kuzbass	Prm	Primorye Territory	Yaml	Yamal-Nenets Autonomous Area
Kir	Kirov Region	Psk	Pskov Region	Yar	Yaroslavl Region
Kgr	Kaliningrad Region	Ros	Rostov Region		
Kmi	Komi Republic	Ryaz	Ryazan Region		

## BANK OF RUSSIA MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT



Consumption growth slowed down in the macro-region between July and August 2024, in part on account of non-food durables. Inflation continued to speed up in July but decelerated in early August. Companies' price expectations were down. Activity in the mortgage market decreased in July as a result of the termination of the non-targeted subsidised mortgage lending programme, among other reasons. The inflow of household funds into banks accelerated.

**CONSUMPTION AND INCOMES.** According to recent data, consumer demand, including for non-food durables and other expensive goods, was growing more slowly in July–August than in June. The rise in demand in the fast food segment also decelerated. A major catering network reported a decline in the number of customers in July. According to retailers, households tended to benefit from special offers and sales more often in July. More enterprises in the macro-region expected a decrease in demand in the next three months. Central Russia recorded a rise in car sales due to an anticipated increase in the recycling fee from 1 October 2024. Owing to limited travel to the South, the Kaluga, Voronezh, and Moscow Regions reported stronger demand for holidays in hotels located near lakes and rivers.

**PRICES.** Annual and monthly price growth (SA) accelerated in the macro-region in July 2024. Apart from the indexation of the utility rates, the above trend was also fuelled by the prices for volatile components, such as motor fuel (due to a decline in supply caused by the production shutdown) and fruit and vegetables (because of adverse weather conditions). Underlying inflation (excluding volatile components) continued to slow down in July owing to the expanding supply of meat products and a stronger ruble. According to Rosstat weekly data, the rise in prices decelerated in August. Companies' price expectations were also down in August amid lower estimates of current and future demand. For industrial enterprises, whose price expectations decreased more notably, slower growth in costs was an additional contributor.

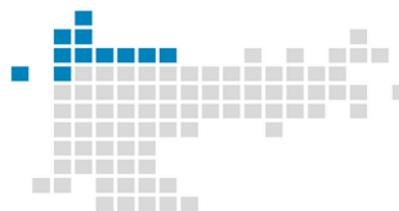
**MONETARY CONDITIONS AND BANKING SECTOR.** In June, the monthly growth of the corporate loan portfolio (SA) decelerated. This was mainly associated with a decrease in outstanding loans due from financial service providers based in Moscow and petroleum product manufacturers located in the Moscow Region. Demand for corporate loans was supported by the government subsidised programmes. For example, in July, the Voronezh Region raised a subsidised investment loan to start the construction of an enterprise to produce hatching eggs. The retail loan portfolio was down in July vs June (SA) following the trends in mortgage lending. New mortgage loans plummeted as compared with June due to the termination of the non-targeted subsidised mortgage lending programme and the revision of conditions under other subsidised programmes. Consumer lending was growing more slowly in July (SA) owing to tighter price conditions and macroprudential measures for unsecured loans. New car loans were up vs June, since car dealers were granting discounts and special offers and car makers were subsidising loan rates. The inflow of household funds into banks sped up in July (SA), mainly driven by a rise in funds in current accounts in part owing to higher rates on savings accounts.

**MANUFACTURE OF CLOTHING AND FOOTWEAR.** Import substitution in the clothing and footwear market was gradually declining after a spike in 2022. Footwear manufacture was up in the macro-region, while clothing manufacture was down after a surge in 2023. Moscow-based clothing manufacturers continued to develop their business and offered a wide range of goods. Fashion designers from Moscow presented their clothing and accessories at the Moscow 2030 festival. A footwear manufacturer in the Tambov Region launched a new innovative line of footwear with outstanding wearing properties. As before, the industry benefited from public procurement. The utilisation rates of sectoral production capacities remained elevated and constrained further expansion of output. Clothing and footwear manufacturers reported settlement issues, mainly with partners from East Asia. Output was also limited by the lack of staff, especially garment workers and pattern makers. In such conditions, colleges in the Kostroma Region included in their list of trades such professions as garment workers and sewing machine operators from 1 September 2024.

**TOURISM AND HOSPITALITY INDUSTRY.** In January–June 2024, the tourist flow to Central Russia exceeded the level of January–June 2023. Strong demand for cultural, educational, and event tourism in summer 2024 resulted in a higher number of visitors to some destinations as compared with the previous year (the Tver, Ryazan, and Voronezh Regions). According to tour operators, demand for weekend trips, predominantly to the Moscow Region and to the cities of the Golden Ring of Russia, was up by 15–20% YoY this summer. The 1,000<sup>th</sup> anniversary of Suzdal attracted tourists from all over Russia. The number of car travellers was rising. The macro-region offered new recreation venues, e.g. health resorts, water sports facilities, hotels, and glampings. The Moscow, Tula, Tver, and Vladimir Regions remained leaders in terms of the number of glampings. At the beginning of summer, enterprises raised wages owing to labour shortages. High demand allowed them to pass through higher costs to prices.

**CAR MARKET.** Sales of cars of main brands manufactured in Central Russia were up in July, fuelled by a reduction in prices for individual car models by certain manufacturers, among other reasons. The supply of cars expanded. Car output in the macro-region rebounded (SA) over June, as certain auto groups resumed operations. The reopening of plants which had previously suspended their operations would support further expansion of output. A Kaluga-based plant started to assemble cars in early August. It upgraded equipment and software, arranged new logistics chains, and retrained the personnel. The plant was supposed to manufacture cars by using the method of semi-knocked down assembly at the first stage and to switch to fully integrated production subsequently. The operating manufacturers continued to expand their model ranges. A plant launched the manufacture of the first Russian hybrid vehicle in July. Another plant intended to start manufacturing a new crossover model in late 2024.

## BANK OF RUSSIA NORTH-WESTERN MAIN BRANCH



Consumption in the macro-region showed signs of a cooling between July and August. As tourist traffic increased, passenger transportation was up. All segments recorded a rise in the commissioning of commercial real estate. Strong demand for fertilisers boosted the implementation of investment projects and encouraged manufacturers to expand their product ranges.

**CONSUMPTION AND INCOMES.** The North-West recorded a slight decline in consumption in July and August, owing to slower growth in wages and household lending, among other reasons. The survey of the macro-region's residents conducted in August revealed an increase in the share of respondents who had not made any large purchases over the past three months. According to the surveys of businesses, the companies' current estimates and expectations regarding demand in retail and services were down. However, consumption was still supported by tourism. Owing to the rise in the tourist traffic, the occupancy rate of St Petersburg hotels reached the 2019 level.

**PRICES.** Monthly price growth (SA) was up in the North-West in July, primarily driven by the indexation of utility rates. Excluding the utility rates, current price growth slightly decelerated. According to weekly data, the price increase was lower in August than in July. Companies' price expectations went up in August, mainly fuelled by higher costs. Most major industries recorded rises in price expectations, while industrial production reported a decline.

**MONETARY CONDITIONS AND BANKING SECTOR.** As of early July, the annual growth rates of outstanding corporate loans, including large ones, continued to decrease. The slower growth of the large businesses' loan portfolio was mainly associated with movements in outstanding loans due from construction and industrial enterprises. Contrastingly, the annual growth rate of the portfolio of loans to small and medium-sized enterprises (SMEs) edged up in the macro-region. According to the survey, North-Western enterprises recorded tighter lending conditions in July–August. The increase in consumer lending decelerated MoM as of early August, with car lending going up. New mortgage loans dropped in July after the termination of the non-targeted subsidised mortgage lending programme and the revision of the conditions under a number of other subsidised programmes. Funds continued to flow into time deposits, backed by the growing attractiveness of saving products.

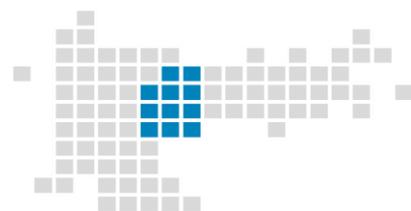
**FERTILISER PRODUCTION.** The output of fertilisers increased (SA) in July after a slight decline in June owing to scheduled repairs at individual enterprises in the macro-region. Strong demand for fertilisers from external and domestic consumers boosted the investment activity of North-Western producers. A major producer of phosphorous fertilisers continued to implement projects to increase the processing of the apatite concentrate at its sites in the Vologda and Leningrad Regions. Moreover, the macro-region's leading companies were developing their own mining and ore dressing plants in the Murmansk Region. In August, the Kaliningrad Region launched the first Russian factory producing natural plant growth stimulants from peat. Individual market participants reported longer deliveries of imported equipment owing to issues with international settlements. Fertiliser producers

expanded their product ranges. For example, a major enterprise mastered the production of new high-quality products rich in nutritional chemicals. The situation with export logistics, including via seaports, improved. For example, a Northern Sea Route port was granted a permission to export various types of mineral fertilisers. At present, this port is already used for their shipments to Asia, Africa, and Latin America.

**PASSENGER TRANSPORT.** A surge in domestic tourism boosted passenger transportation. The passenger traffic at all the main North-Western airports was up in annualised terms in January–July 2024. Airlines continued to expand the geography and increase the frequency of flights amid high demand. In summer, a new flight between the Pskov Region and the Republic of Dagestan was launched and international flights from the Republic of Komi to Turkey and from the Murmansk Region to Belarus were resumed. Demand for water transportation soared. For example, in St Petersburg, river passenger traffic doubled from the start of the navigation period (in April) as compared with the last year. A regional passenger company reported a 1.6-fold increase in the number of tickets purchased for the routes using two types of transport (water and rail transport) in June–July 2024 as compared with the previous year. Trips across the Novgorod Region and Karelia were the most popular. As the passenger traffic was growing, the North-West continued to upgrade its transport infrastructure. For example, a new airport terminal was being constructed in Murmansk, which would double the airport’s capacity. The Komi Republic repaired the taxiways at two airports.

**COMMERCIAL REAL ESTATE.** Demand for commercial real estate, including retail, warehouse and office premises, and hotels, rose in 2024 H1. The share of vacant areas in St Petersburg shopping malls as of early July dropped to the lowest values since 2019, which was associated with domestic brands actively opening their stores. Strong demand for warehouses boosted their supply. In 2024 H1, warehouse commissioning in the Leningrad Region and St Petersburg substantially exceeded the 2023 figures. The Murmansk Region opened a marketplace’s distribution centre in spring. Some North-Western regions were preparing to launch new projects to construct major logistics hubs. As for the office real estate market of St Petersburg, one of the largest transactions to lease a business centre over the past two years has been concluded in 2024. To develop a modern social and business infrastructure, in June, the Arkhangelsk Region completed the reconstruction of an industrial building to house a multifunctional centre with catering outlets, offices, stores, apartments, and recreational spaces. The supply of hotels expanded backed by the development of domestic tourism. St Petersburg opened eight new accommodation facilities in 2024 H1. The Kaliningrad Region is implementing over 20 projects to construct apartment complexes on the Baltic Sea coast.

## BANK OF RUSSIA VOLGA-VYATKA MAIN BRANCH



Consumption in the macro-region rebounded over July and August on the back of car sales, while demand for other products and services declined or remained unchanged. The expansion of retail lending slowed down. Demand for housing adjusted to the new conditions in the mortgage market, with developers launching new projects less actively. The growth rates of the corporate loan portfolio remained high, supported by demand from the manufacturing sector. Car makers continued to localise their products. As regards the aviation industry, the situation in the labour market negatively affected the output.

**CONSUMPTION AND INCOMES.** According to recent data and surveys, consumer activity recovered in July–August but remained unchanged over 2024 Q2. This was largely due to an increase in car sales. Contrastingly, demand for a number of other non-food durables declined and expectations in the retail trade worsened in general. According to surveys of businesses, the sales of clothing and footwear decreased. Shopping malls generally reported the same or lower traffic levels. Demand for home improvement goods was also down. Companies' expectations in this segment worsened owing to the termination of the non-targeted subsidised mortgage lending programme. The macro-region reported no growth in the services consumption and catering for the first time in a long period.

**PRICES.** Current inflation increased in July (SA), mainly fuelled by temporary factors, including the indexation of the utility rates and public transport fares, as well as accelerated growth in wholesale petrol prices. The measure of inflation excluding the above factors remained almost unchanged, staying notably above 4% (SAAR). Amid worse demand expectations, companies' price expectations edged down in August but were still above the 2023 and 2024 Q1 averages.

**MONETARY CONDITIONS AND BANKING SECTOR.** Businesses' outstanding loans increased in June more than usual for this period. The growth of the corporate loan portfolio was largely fuelled by producers of intermediate goods, in particular chemical enterprises and metal makers. Growth in mortgage and consumer lending slowed down significantly in July. Mortgage lending plummeted mainly due to the termination of the non-targeted subsidised mortgage lending programme from July. Moreover, in June, banks had met significant demand for loans under other subsidised programmes before their conditions were changed. The decline in mortgage lending was additionally driven by a pause in transactions under the family mortgage programme in the first half of July in anticipation of the adoption of its new conditions and their subsequent tightening. New consumer loans were also down amid high rates. Growth in household funds with banks remained elevated in July, with current accounts being the main contributors to the monthly increase.

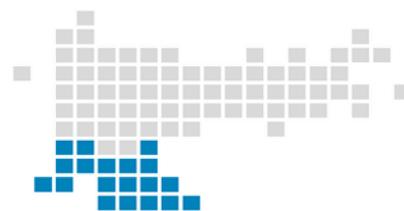
**HOUSING MARKET.** Demand for housing in Volga-Vyatka fell in July–early August, largely owing to the termination of the non-targeted subsidised mortgage lending programme and higher market rates. According to regional developers, sales were 40–60% lower in this period than in June 2024 and July–August 2023. Demand for and growth in prices for existing housing remained largely unchanged. Individual market participants reported a slight increase in sales in this segment, which

could be associated with the adjustment of mortgage rates causing some buyers to choose finished housing. However, developers reported no massive shift towards existing housing, which was in part due to special offers and conditions put forward by them with respect to new housing. The market participants expected demand for new housing to rebound, primarily driven by the family mortgage, but remain weak. Speaking of housing supply, developers tended to be less active: the area of new projects in the macro-region was 17% lower in July than a year before. A number of regional developers adopted a wait-and-see attitude. For example, a major regional developer planned to suspend the launch of projects to construct apartment buildings and considered switching to the individual housing construction segment. Two developers from another region reported a pause in the launch of new projects owing to the high cost of borrowings and uncertainty around future demand. Developers also named labour shortages as another constraining factor. Some of them started to hire labour from other Russian regions and abroad more actively.

**AUTOMOBILE INDUSTRY.** According to the Bank of Russia's monitoring of businesses, the capacity utilisation rates of motor vehicle and auto component manufacturers were up in the macro-region over 2024 Q2 but remained below the maximum levels reached in 2023 Q3. A recently relaunched automobile plant ramped up the output of cars in summer. A major auto group was able to increase the speed of its production lines despite occasional issues with the supplies of components. Moreover, the enterprise managed to reintroduce a recently localised electronic component which had been temporarily unavailable owing to sanctions into the configuration of one of its models. Truck makers also continued to enhance the localisation of their products.

**AVIATION INDUSTRY.** In the recent months, output in the Volga-Vyatka aviation industry stopped growing after reaching multi-year highs in early 2024. According to surveys, enterprises reported potential issues with further expansion of the output of some aviation products associating them with the lack of domestic equipment, labour shortages, and delays in the supplies of imported and domestic spare parts and components. For example, a manufacturer of aviation products reported that the situation with labour shortages had worsened since early 2024. In August, the enterprise indexed wages for the second time in 2024.

## BANK OF RUSSIA SOUTHERN MAIN BRANCH



Consumer activity edged down in the macro-region in August after a slight rise in July. Annual inflation sped up, largely fuelled by the indexation of utility rates. Businesses' price expectations continued to increase. The growth in retail lending slowed down and that in corporate lending sped up, partially driven by strong demand from agricultural enterprises. Agricultural enterprises continued the harvesting campaign. The harvest and quality of the main crops were expected to be lower than in 2023 because of bad weather in summer. The upgrade of facilities and the launch of new ones stimulated food output.

**CONSUMPTION AND INCOMES.** According to recent data, consumption declined in August after a slight increase in July vs June (SA). The macro-region recorded weaker demand for clothing, footwear, home improvement goods, and car services. For example, a clothing manufacturer in the Rostov Region registered a decrease in demand for its products, as buyers preferred to save. As consumer activity went down, a major shopping mall in the Astrakhan Region made various special offers ('Three for the price of two', 'Up to 50% off'). Consumers still tended to switch to online stores which, among other things, sell goods at lower prices. In such conditions, federal marketplaces expanded their regional coverage. In particular, the Chechen Republic launched the region's largest pickup point which also served as a distribution centre. As labour shortages persisted, the macro-region's businesses continued to raise wages. Companies in a number of regions concluded contracts for employer-sponsored education with local universities, opened specialised classes and advanced career education centres within the Labour Productivity national project. Such centres were established at nine enterprises in the Krasnodar Territory.

**PRICES.** Monthly price growth (SA) sped up and annual inflation rose to 9.3% in July, largely fuelled by the scheduled indexation of the utility rates. Yet another driver of inflation was an acceleration of growth in food prices. The main reason for this was a decline in the harvest caused by bad weather. Other reasons included a decrease in butter output in the South and a rise in sunflower oil exports. As a result, the relevant prices increased more significantly than in June. Companies' price expectations continued to grow, mostly in construction.

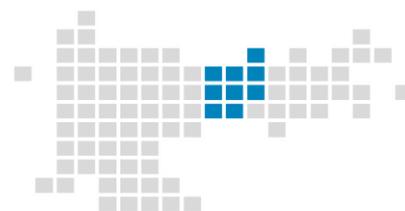
**MONETARY CONDITIONS AND BANKING SECTOR.** As of early July, the annual growth in corporate lending sped up, fuelled by an increase in the liabilities of large companies and SMEs. Banks in the Krasnodar Territory and the Rostov Region reported a more considerable rise in the number of loan applications from agricultural companies to finance their seasonal field work than a year before. The growth rates of consumer lending edged down in July as compared with the record highs of May–June, largely due to higher rates and tighter macroprudential requirements. Annual dynamics of the mortgage portfolio remained above the multi-year averages but decelerated after the termination of the non-targeted subsidised mortgage lending programme and the revision of the conditions of the family mortgage programme. High deposit rates fuelled the inflow of household funds into time deposits.

**AGRICULTURE.** The macro-region continued the harvesting campaign, with the gross harvest falling below the 2023 figures. The grain yield was adversely affected by a long drought. According to authorities, the output of grains, oil crops, and sugar beet was expected to decline vs 2023. The output of vegetables and potatoes was close to the 2023 figures and above the five-year averages. Adverse weather conditions also affected the quality of the main crops. The share of food wheat in the overall harvest edged down across the macro-region. An enterprise in the Krasnodar Territory noted that the corn gathered could only be used to feed animals owing to the inferior quality of grains and the size of sunflower seeds was not in line with oil production standards. Manufacturers in the Astrakhan Region reported a decrease in the yield and size of tomatoes. Agricultural companies already started to prepare for the autumn field work, with the Stavropol Territory being the first Southern region to commence it. Thanks to such regional support measures as partial reimbursement of expenses, the manufacturers were able to purchase materials and equipment in advance and start works ahead of schedule.

**TOURISM.** The tourist traffic continued to grow in July–August, with the number of tourists exceeding the figures of the same period of 2023 by the end of summer. The resorts in the Krasnodar Territory, the Republic of Crimea, and the regions of the North Caucasus were the main contributors to the said growth. Trips to the mountains were becoming increasingly popular. For example, a year-round resort in the Karachaevo-Circassian Republic accepted 60% more tourists in 2024 than in 2023. The increase in the tourist traffic was encouraged by the development of the infrastructure, nature trails, and summer activity programmes. Major music, sports, and cultural festivals in the Republics of Crimea and North Ossetia – Alania, the Volgograd Region, and the Stavropol Territory attracted more tourists, which impacted the occupancy rates of accommodation facilities. The occupancy rates of health resorts and hotels in the Stavropol Territory was close to the maximum levels. The macro-region continued to develop the hotel infrastructure to meet the rising demand. Kislovodsk opened a major luxury health resort and the Republic of North Ossetia – Alania was constructing glampings.

**FOOD INDUSTRY.** Food output continued to grow in the macro-region over May–June 2024 YoY. The growth of output was encouraged, among other things, by the upgrade of existing and the opening of new facilities. For example, a plant in the Republic of Dagestan launched new production lines increasing the amount of fruit and vegetables processed, and a processing enterprise in the Krasnodar Territory ramped up the output of canned corn by automating the processing of corn cobs. The macro-region was expanding supply of dairy products to meet rising demand. The Republic of North Ossetia – Alania launched a new dairy plant. The Republic of Ingushetia was implementing a project to construct a shop floor to manufacture ultra-processed dairy products. However, individual enterprises reported longer periods of cross-border settlements as one of the factors constraining production. The macro-region was ramping up the export of meat and dairy products. For example, the Republic of Adygea expanded the geography of cheese supplies. A manufacturer in the Rostov Region launched a new line of vacuum packaging, which allowed it to export frozen turkey products.

## BANK OF RUSSIA URAL MAIN BRANCH



According to estimates, consumer activity in the macro-region edged down over July–August. Inflation sped up in July primarily fuelled by volatile components and the indexation of utility rates. Oil and gas output continued to decline in July owing to a decrease in oil production and refining. Ferrous metallurgy enterprises and pipe manufacturers reported worse conditions. The output of pharmaceuticals, largely as part of import substitution, was growing.

**CONSUMPTION AND INCOMES.** According to assessments, consumer activity edged down in July–August after an increase in the beginning of summer. However, retail chains did not report any substantial changes in consumer behaviour. According to retailers, consumer activity remained high, with companies' expectations being positive. New car sales rose in the Urals over July. Dealers believed that this growth was partially associated with the expected increase in the recycling fee and generally high inflation expectations. Moreover, demand for cars was supported by active marketing and car lending. As assessed by businesses, consumer activity in services and catering also remained high. According to the June data, the labour market demonstrated signs of easing: employment agencies reported that enterprises' demand for employees declined, growth in wages decelerated, and the number of active CVs continued to rise. Most respondents noted that labour shortages persisted, while some of them reported that they had indexed wages from 1 July, with others announcing plans to raise wages in autumn.

**PRICES.** Annual inflation sped up in the Urals in July 2024, while remaining below the Russian averages. The increase in inflation in the macro-region, as across Russia as a whole, was largely triggered by the substantial indexation of utility rates (which were not raised in July 2023). As for the tourism sector, the price growth was associated with strong demand for trips to the Black Sea coast. Inflation (SA) also sped up MoM vs June, fuelled by accelerated growth in prices for fruit and vegetables and fuel in addition to the increased utility rates. Companies' short-term price expectations (SA) edged up, including in trade, logistics, and services.

**MONETARY CONDITIONS AND BANKING SECTOR.** According to the banks surveyed, corporate loan rates continued to go up in July–August. Demand for loans from industrial enterprises remained strong, with borrowing activity declining in trade, construction, and services. SMEs characterised by the high rate of working capital turnover and strong margins continued to take out loans at the current rates. Demand for and amounts of new mortgage loans declined after the termination of the non-targeted subsidised mortgage lending programme. Consumer and car lending continued to grow moderately despite higher rates. The inflow of household funds into deposits slowed down, while the inflow of funds into current accounts accelerated.

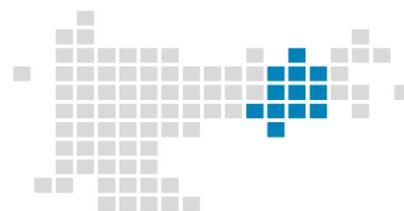
**OIL AND GAS PRODUCTION.** According to assessments, oil production in the Urals contracted in June–July in part because Russia had fulfilled its obligations under OPEC+. A number of enterprises still reported labour shortages. A large oil holding company in the Republic of Bashkortostan substantially increased the efficiency of drilling and maintenance works and optimised the operating

hours of the drilling equipment largely through the efforts of its own servicing company. Oil refining went down in June–July after a peak in May. The Tyumen Region (including autonomous areas) recorded a rise in natural gas production in June both MoM and YoY. According to assessments, this was caused by the expansion of gas exports by a large gas producer as well as stronger domestic demand resulting from the ongoing development of the gas infrastructure in the regions. A liquefied gas plant in the Yamal-Nenets Autonomous Area, however, extended the deadline for the construction of a production line in August owing to issues with equipment supplies.

**METALLURGY AND MANUFACTURE OF FINISHED METAL PRODUCTS.** Metal makers believed that the conditions in the sector remained unfavourable, profitability of exports was declining because of prices in the global market where supply depends on the sales policies of Chinese companies. The output (SA) of non-ferrous and precious metals as well as nuclear fuel continued to grow, while the output of ferrous metals, pipes, and steel products contracted (SA) in July. Domestic demand was supported mainly by orders from manufacturers of finished metal products for machine building, automobile production, and the implementation of infrastructural projects. In such conditions, large metal makers in the Chelyabinsk and Sverdlovsk Regions, among others, continued to ramp up the output of premium products (coated rolled products, heavy-duty steel sheets, and screw pipes). An Orenburg-based manufacturer of construction metal structures upgraded the production of steel beams and notably enhanced performance. The Republic of Bashkortostan reported an increase in the output of fixtures and aluminium details comparable with imported equivalents. In July, the Perm Territory started the construction of a new production line to manufacture rolled steel and the Orenburg Region – of a new pipe-rolling plant. The Sverdlovsk Region was constructing an electric steel plant to manufacture steel grinding balls for ore mining and processing plants. Contrastingly, individual enterprises reported aggravating issues with payments to foreign contracting parties (extension of timeframes for crediting funds, blocking, and failure of payments).

**MANUFACTURE OF MEDICINES.** The output of medicines and materials (SA) was up in the Urals in 2024 Q2, with import substitution remaining one of the main drivers of sectoral growth. For example, a pharmaceutical manufacturer in the Tyumen Region launched a research laboratory to develop pharmaceutical substances. In August, a major medicine manufacturer in the Republic of Bashkortostan announced the construction of a new industrial warehouse facility to ramp up output and expand the product range. A large manufacturer of antibiotics in the Kurgan Region was constructing a logistics hub on the site of a plant and launched a filling line in June, which helped increase the output of sterile antibiotics in bottles by 30%. Another Kurgan-based company launched the production of a new active pharmaceutical substance in 2024 Q1.

## BANK OF RUSSIA SIBERIAN MAIN BRANCH



Growth in consumer activity slowed down in Siberia in July–August 2024 largely owing to the trends in the goods market. Metal makers reduced exports due to tighter sanctions, expanding supplies to the domestic market. Furniture manufacturers reported a larger number of orders as the area of housing commissioned increased. The decline in the incomes of agricultural companies affected their demand for machinery and equipment.

**CONSUMPTION AND INCOMES.** Consumption growth slightly slowed down in Siberia in August 2024 as compared with the previous three months, mainly owing to the trends in retail. Large Siberian retail chains recorded a decrease in demand for food products. A major retail chain selling home improvement goods reported that consumer activity was unusually low for this period. Car dealers believed that consumer preferences in the Siberian car market shifted towards used foreign cars. However, demand for tourism services remained strong. For example, in the Krasnoyarsk Territory, the booking rate for trips abroad in autumn–winter exceeded the 2019 maximum levels. As the tourist traffic to Baikal increased, demand for premium food from restaurants and tourist centres expanded. The termination of the non-targeted subsidised mortgage lending programme boosted consumption and therefore rental prices. Annual growth in the number of vacancies in the labour market decelerated. Enterprises were hiring less specialists, raising wages for the existing employees to support their loyalty.

**PRICES.** Monthly inflation in Siberia (SA) was up in July. The suspension of the ban on petrol exports (until the end of July) accelerated the growth of its price in the domestic market. The temporary ban was reintroduced from 1 August until the end of 2024. Strong demand from households enabled retailers to raise prices for sawn lumber. The indexation of utility rates notably affected inflation. High demand for domestic travel from Siberian residents boosted growth in air fares. Movements in fruit and vegetable prices limited overall price growth in July. The rise in companies' price expectations for the next three months slowed down.

**MONETARY CONDITIONS AND BANKING SECTOR.** Monetary conditions in Siberia remained tight in July–August 2024. Price lending conditions slightly worsened and non-price ones remained unchanged. As for corporate lending, companies demonstrated steady demand for working capital loans and overdrafts. Household demand for loans remained elevated. Consumer lending was growing moderately. Banks reported elevated demand for car loans. Consumer loan rates continued to rise, with the number of applications remaining the same and the number of approvals decreasing. The rise in deposit rates supported the inflow of household funds into banks.

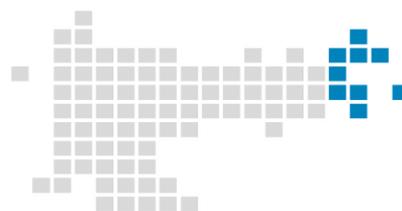
**NON-FERROUS METALLURGY.** In 2024 Q2, Siberian producers of non-ferrous metals recorded mixed annual output dynamics. The output of aluminium, copper, and nickel was up but that of the platinum group metals edged down. The output of aluminium was supported by higher supplies to the domestic market (+17% vs January–July 2023). The output of copper and nickel was boosted by better production efficiency and an increase in ore production. The decline in the production of platinum group metals was caused by a decrease in the metal content in raw materials processed.

In addition, tougher sanctions and aggravating problems with cross-border settlements resulted in a slide in Siberian exports. For example, aluminium exports were down by 5% YoY in 2024 Q2 after 5.5% growth in 2024 Q1.

**FURNITURE MANUFACTURE.** Furniture manufacture in Siberia increased by 12% YoY in 2024 Q2, largely driven by an acceleration in housing commissioning and therefore stronger demand for furniture. There was considerable growth in the manufacture of kitchen furniture and mattresses – the items people primarily need when moving into a new home. For example, a manufacturer of custom furniture noted that it was making a waiting list of customers for October. However, it failed to meet deadlines and paid penalties due to a large number of orders amid labour shortages. The company launched another facility, opened an additional warehouse, and hired more people. Manufacturers of furniture from natural wood reported strong demand and more orders for authentic products from local raw materials for tourist facilities. The manufacture of furniture for commercial use was up. For example, a manufacturer of furniture for theatres and concert halls concluded a major public procurement contract with a regional theatre and ramped up output by 25% YoY in January–July. Its production capacity will be utilised in full until the end of 2024. As part of a government-backed programme, an enterprise is about to launch a facility to manufacture furniture for people with disabilities. In 2024, it will start supplying its products to regional schools, including boarding schools. Sales have been fuelled by the development of online services. For example, a manufacturer of modular furniture recorded a rise in the number of orders after posting information in social networks and marketplaces. Prices for furniture manufactured in Siberia were growing moderately because of higher logistics and labour costs. Labour shortages remained the main factor constraining output.

**PRODUCTION OF AGRICULTURAL MACHINERY AND EQUIPMENT.** The production of agricultural machinery in Siberia decreased by 13% YoY in 2024 Q2 owing to a decline in purchases made by agricultural companies caused by lower incomes. A major regional manufacturer of trailers and attachments confirmed that demand for machinery was lower than typical summer levels. However, by expanding its product line and dealership network to replace foreign suppliers, the company managed to keep its output at the 2023 level. By the end of 2024, the enterprise plans to launch a new plant to transfer some of its operating facilities there. A manufacturer of sowing and tillage machines reported tougher competition among manufacturers. Therefore, the company developed and launched new types of products (for example, a video surveillance system to control the operation of sowing mechanisms). A manufacturer of equipment for processing raw materials reported that its products (oil presses) were no worse than foreign machinery. Demand and sales surged not only in Russia, but also in the CIS countries and Africa. Problems with the production and supplies of components had not been completely resolved. In such conditions, a manufacturer of spare parts for agricultural machinery reported growth in demand for its products. However, at present, the number of orders placed exceeds the company's ability to fulfil them, since it cannot ramp up output quickly owing to labour shortages.

## BANK OF RUSSIA FAR EASTERN MAIN BRANCH



Growth in consumer activity decelerated in the macro-region in July–August. The tourist traffic to the Far East exceeded the 2023 level this summer. Businesses' price expectations remained high. The record levels of container imports and the shortage of rolling stock increased the utilisation rate of container handling facilities of seaports. The output of forestry enterprises was down owing to a decline in exports.

**CONSUMPTION AND INCOMES.** Consumption in the macro-region was growing more slowly in July on account of the non-food segment. According to recent data, the trend continued in August. A major dairy manufacturer in the Primorye Territory reported a decrease in sales in July associated with the previous rise in prices. In the Amur Region, sales of a domestic appliance retailer were down by 15% YoY in July in part due to higher loan rates. Contrastingly, retailers in the Primorye and Khabarovsk Territories as well as the Amur Region recorded strong demand for domestic food products (chocolate, honey, and sausages) and jewellery from foreign tourists. As reported by a hospitality enterprise in the Khabarovsk Territory, turnovers at its catering outlets and hotels grew almost 1.5 times and by a third, respectively, in July–August YoY. A Sakhalin-based hotel noted that the number of bookings for winter exceeded the figures of the previous year 1.5 times. Short-term demand expectations of both retail and services companies increased in August.

**PRICES.** Monthly price growth (SA) in the macro-region accelerated in July, primarily fuelled by the indexation of utility rates. Net of this component, the price growth rate slowed down. Prices for non-food products were rising more slowly. Prices for smartphones and TV-sets continued to decline, with growth in prices for electronics and household appliances decelerating. Food prices were increasing more notably than in June. High consumer demand allowed companies to pass through higher costs to prices more actively. A major supermarket chain in the Khabarovsk Territory raised prices in July and planned to do it again in the next months owing to an increase in purchase prices and the cost of delivery of goods to the region. According to a large Yakutia-based food wholesaler, it raised prices in July because of higher costs on rail and river transportation. According to the data of the first three weeks of August, the rise in prices (excluding utility services) decelerated in the macro-region. Businesses' price expectations remained high in August. A major manufacturer of construction materials reported that its costs on the purchase of gypsum more than tripled in annualised terms in July, as gypsum deliveries switched from railways to more expensive motor transport. The enterprise planned to increase output prices in the coming months amid expanding demand.

**MONETARY CONDITIONS AND BANKING SECTOR.** Growth in the corporate loan portfolio (SA) accelerated as of early June, fuelled by large new investment loans issued to mining and quarrying, manufacturing, and transportation enterprises. As for the SME loan portfolio, its growth rate remained below the 2023 level. Loans granted under housing construction projects and working capital loans issued to retailers accounted for most of the new loans provided. Consumer lending (SA) was down in July, with mortgage lending (SA) expanding more slowly owing to higher rates and the termination of the non-targeted subsidised mortgage lending programme. In July, new loans

under the Far Eastern Mortgage programme were close to the record highs of December 2023, accounting for over 63% in total new mortgage loans. Major banks reported continuing high demand for credit cards. Growth in household funds in bank deposits (SA) slowed down in July owing to higher household spending during the holiday season.

**LOGISTICS.** Cargo traffic at Far Eastern seaports (SA) was down by 5% in July vs June due to a decline in the transshipment of coal and liquefied gas, remaining above the 2023 averages. The decrease in gas supplies was associated with scheduled repairs at an oil and gas facility. Container traffic at seaports reached record highs in June–July, driven by a rise in imports from Asian countries. The imbalance between exports and imports was maximum, with container imports being twice as much as container exports. Enterprises reported a shortage of well cars for the transportation of containers to the western Russian regions. The transportation of containers in open wagons more than doubled in July vs June. However, this did not solve the problem. Owing to the shortage of rolling stock, warehouses at seaports and terminals were almost fully utilised. Therefore, supplies via land border checkpoints expanded in July–August YoY and relative to January–May 2024. The rates for the rail transportation of containers from Vladivostok to Moscow continued to rise.

**LOGGING AND WOOD PROCESSING.** Logging and wood processing decreased (SA) in the macro-region in 2024 Q2, as exports shrank. A company in the Khabarovsk Territory reported a shortage of containers for supplying products to Asia by sea. A major enterprise in the Primorye Territory suspended the shipment of export products owing to settlement issues. The decline in exports was partially offset by the expansion of domestic demand, driven by a rise in individual housing construction. For example, on Sakhalin, growth in demand for local timber substantially outstripped the logging capacities in the region. Forestry enterprises continued to increase production capacities to expand sales markets. A company in the Khabarovsk Territory put into operation a lumber drying facility and a shop to manufacture plywood, which would help manufacture wood processing products with high added value.

**TOURISM.** In June–July, domestic tourist traffic to the Far East substantially exceeded the 2023 figures, driven by an increase in the number of tourists from western and central parts of Russia. Yakutia, Sakhalin, and Kamchatka were among the leaders in terms of growth in the number of Russian tourists. To enhance the availability of domestic tourism, a Russian airline launched new flights from Khabarovsk to the Far East in May. The macro-region reported a rise in the number of inbound tourists over 2024 H1, predominantly from the neighbouring Asian countries. Between January and July 2024, the number of foreign tourists in the Primorye and Khabarovsk Territories and the Amur Region, exceeded both the 2023 level and the pre-pandemic level of 2019. The Khabarovsk Territory launched an additional motor ship along an international river route, which helped increase the tourist traffic along this route 1.5 times. Hotels in most regions recorded a shortage of vacant rooms owing to strong demand.

## BOX 1

### REGIONAL BUDGETS

In the first seven months of 2024, regional budgets recorded a surge in their own revenues largely on account of personal and total income taxes. The increase in tax payments was driven by higher household incomes and economic activity rates of SMEs. Regional budgets' expenditures exceeded the 2023 figures owing to a rise in the funding of social projects, in particular in healthcare and education. In general, regional budgets had a surplus exceeding that of the previous year. At the end of 2024, regions are expected to run budget deficits resulting from higher expenditures.

In January–July 2024, the revenues of the consolidated budgets of the constituent territories of the Russian Federation continued to expand, fuelled by an increase in the regions' own (tax and non-tax) revenues. The federal budget revenues were growing faster, largely driven by oil and gas earnings. As a result, the share of regional budgets in the revenues of Russia's budget system declined YoY both before transfers from the federal budget were provided (29% vs 33% in January–July 2023) and after the redistribution of funds (34% vs 46% in January–July 2023) (Table B-1-1). The latter indicator was also affected by a decrease in the amount of inter-budget transfers in 2024.

The federal budget expenditures also outstripped the growth rate of expenditures of consolidated budgets in the first seven months of 2024. Therefore, the share of the constituent territories of the Russian Federation in the total expenditures decreased to 33% from 37% in January–July 2023.

Regional budgets still played an important role in the budget system of the Russian Federation. They were used to fund more than a half of all expenditures in individual areas (Chart B-1-5). As the economic activity of SMEs as well as wages were growing, regional budgets' own revenues continued to rise. This has made the budget system more flexible to plan expenditure commitments and therefore more resilient to economic shocks.

#### REVENUES

**In the first seven months of 2024, the revenues of the consolidated budgets of the constituent territories of the Russian Federation went up by 8.6% YoY**, comprising 56.7% of the target (vs 57.3% in 2023). The rise was recorded in 64 regions (vs 70 in the same period of 2023), with the regions of Central Russia and the Volga Region reporting the highest increases (Chart B-1-1).

**The regional budgets' own revenues went up by 11.8% YoY in January–July 2024**, making up 61.6% of the target (vs 57.2% YoY in 2023). The growth was primarily associated with a faster increase in personal and total income tax payments.

**Personal income tax payments were up by 26.1% YoY.** Enterprises were raising wages amid labour shortages. Payrolls and the amount of the payroll tax increased across all constituent territories of the Russian Federation (Chart B-1-3). The payment of the tax on dividends was an additional driver of growth.

**Total income tax payments to the regions' consolidated budgets increased by 43.9% YoY**, largely driven by expansion of the economic activity of SMEs (6.3 million enterprises as of 10 August 2024 vs 6 million as of 10 August 2023 according to the Russian Federal Tax Service's Unified Register of SMEs). In addition, most regions reported a rise in tax payments under the patent system of taxation (the tax payment date was moved from 31 December 2023 to 9 January 2024).

**A decline in the amount of the total income tax** was recorded only in the Chukotka Autonomous

Area, where tax preferences for businesses were introduced in 2024 (Chart B-1-3).

**Corporate profit tax payments dropped by 10.7% YoY.** Financial performance of enterprises in export-oriented industries decreased. For example, a decline in external demand was registered in coal mining in Siberia and in oil and gas in the Far East. Lower corporate profit tax payments in the Urals resulted from high investment activity of businesses. For example, enterprises in the Republic of Bashkortostan used an investment tax deduction to reduce their tax base by the amount of interest on investment loans. Some constituent territories registered a downward trend, since taxpayers were submitting adjusted tax returns to reduce the accrued taxes for the previous tax periods. As for the regions with a substantial number of federal production holding companies, the reasons for the decline included the cancellation of the institution of the consolidated group of taxpayers (KGT) and a change in the procedure for the redistribution of the profit tax paid by KGT members among the constituent territories of the Russian Federation. **Contrastingly, positive trends were registered in tax revenues in the regions with a prevailing number of corporate taxpayers contracted by the public sector** (the Republic of Udmurtia and the Tula and Kurgan Regions). Amid rising personal and total income tax revenues, regional authorities may introduce corporate profit tax incentives and preferences to encourage investment activity.

**As the regional budgets' own revenues were growing, the amount of non-repayable transfers from the federal budget was going down (-5.7% YoY in January–July 2024).** Transfers to regions that suffered from emergencies (such as the Orenburg Region) as well as those continuing the implementation of major investment projects (the Lipetsk, Kemerovo, and Magadan Regions and the Kamchatka Territory) were larger than last year. The share of inter-budget transfers in the revenues of regional consolidated budgets decreased across Russia (15.6 % vs 18% in the same period of 2023). The strongest demand for federal funds was still recorded in the regions of the North Caucasus and the Republics of Tyva and Altai. Contrastingly, the highest shares of own revenues were recorded in the regional budgets of Moscow, St Petersburg, and the Sakhalin and Tyumen Regions (with tax and non-tax revenues exceeding 95% of total revenues).

**Target revenues of the regions' consolidated budgets as of the end of 2024 are 1.1% higher than the 2023 expenditures.** Growth is expected to be largely driven by the budgets' own revenues. Despite the current drop in the corporate profit tax payments, most regions do not change their previous annual targets for its collection. As compared with initial estimates,<sup>4</sup> target revenues were revised upwards almost by all regions, except for the Bryansk Region and the Trans-Baikal Territory expecting a decline in transfers, as well as the Astrakhan Region that lost some KGT revenues.

## EXPENDITURES

**In the first seven months of 2024, the expenditures of the consolidated budgets of the constituent territories of the Russian Federation were up by 8.1% YoY,** comprising 49.5% of the target (vs 50.8% in 2023). The rise was recorded in 71 regions (vs 80 in the same period of 2023), with the regions of the Urals and the North-West reporting the highest increases (Chart B-1-2).

**The growth in expenditures was largely triggered by an increase in the funding of healthcare (+16.4% YoY) and education (+12.3% YoY).** The positive dynamics were driven by the indexation of wages of teachers and medical professionals, as well as by the implementation of the support programmes for public sector employees. For example, doctors and teachers in the Krasnodar Territory were paid ₹ 1 million to use as a downpayment under a mortgage loan. In the Tula Region,

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<sup>4</sup> Regional Economy: Commentaries by Bank of Russia Main Branches No. 25. February 2024.

certain categories of medical professionals were granted monthly compensations for their leases of residential premises. Many regions arranged professional training, retraining, and advanced training for teachers, and developed their youth policies. They also allocated funds to construct and perform capital repairs of buildings, upgrade material and technical resources, and expand the scope of services. **Certain regions reported a decline in the funding of the said areas** owing to the base effect of the last year when major investment projects were completed (Chart B-1-3).

**Social expenditures were up by 5.2% YoY**, driven by the trends in large regions (such as Moscow, St Petersburg, and the Moscow Region). The funds were mostly spent on the indexation of wages of certain categories of employees, social payments, pension supplements, and social welfare. The Amur and Kaluga Regions also increased their spending on the construction of social service houses. **However, most regions registered a drop in their social expenditures** largely because the pressure on their budgets eased following the transfer of powers to make some payments to households to the Social Fund of Russia.<sup>5</sup>

**Expenditures in the National Economy budget item increased by 3.3% YoY**, with the most substantial rises recorded in the Urals and the Far East. For example, the Chelyabinsk Region expanded measures to support agricultural companies. The Primorye Territory spent more on the road industry and the expansion of special economic zones, while the South – on the development of resorts and tourist facilities. For example, the Kabardino-Balkarian and the Karachayevo-Circassian Republics increased their expenditures on the construction of modular temporary accommodation. However, a number of regions in the Volga Region reduced spending on the road industry (since major investment projects were completed, e.g. the construction of a bridge over the Volga River in the Samara Region).

**Expenditures on the maintenance and upgrade of utility systems increased by 2.2% YoY.** A surge in expenditures in the South was triggered by the construction and upgrade of sewerage and water supply systems, and in the Far East – by higher expenditures on the tariff regulation, the upgrade of the infrastructure (including the airport in Blagoveshchensk), and urban improvement. The growth rates of spending on social policy, the national economy, and utility systems were below annual inflation and the indexation of social payments in early 2024. This evidenced a decline in real investment expenditures of the regions even taking into account the target financing through public infrastructure loans.

**As of the end of 2024, expenditures of the regional budgets are expected to rise by 10.8% YoY.** The current targets exceed the preliminary estimates. The Volga Region and the South revised their budget targets most notably to expand the funding of the upgrade of the utility infrastructure and to develop the road industry. As the regions collected more taxes, they can finance the planned expenditure commitments in accordance with the approved schedule.

#### **BUDGET BALANCE AND FISCAL IMPULSE<sup>6</sup>**

**The consolidated budgets** of the constituent territories of the Russian Federation **had a surplus of ₱1.5 trillion in January–July 2024 (vs ₱1.3 trillion a year before) as result of a surge in their own revenues.** As of the end of 2024, all macro-regions are expected to have a negative balance of their consolidated budgets (Chart B-1-4).

<sup>5</sup> Birth (adoption) grants for the first child, child allowances for children aged 8–17 and 3–7 years, inclusive.

<sup>6</sup> An negative autonomous balance in % of the gross regional product (GRP) (tax and non-tax revenues net of expenses). Its expansion corresponds to an increase in fiscal impulse, while its contraction – to a decrease.

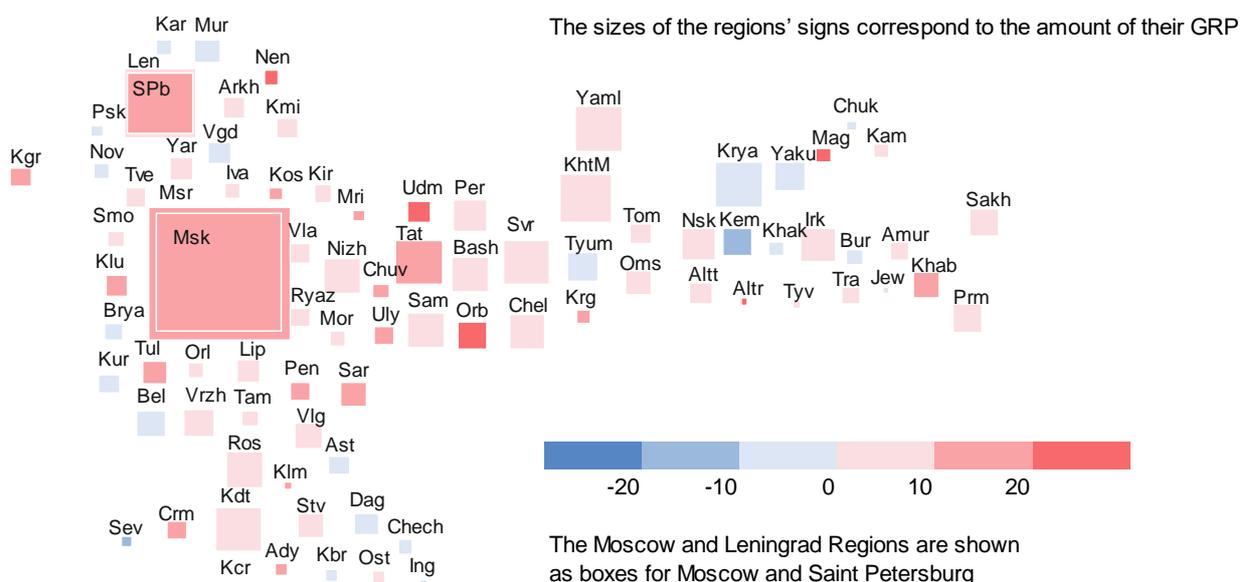
**Publicly funded loans remained the key source of budget deficit financing** (80.6% of the constituent territories' public debt vs 76.3% last year). The difference between the rates on publicly funded and market-based loans reduced the risk of higher debt burden on regional budgets. Also, regions continued to actively use public infrastructure loans (at the rate of 3% per annum), which are budgeted to total ₺175 billion in 2024.<sup>7</sup> The funds are spent on the construction of underground stations, utility and social infrastructure facilities.

**In addition**, the Ulyanovsk and Novosibirsk Regions **were placing regional bonds** in 2024 **to fund their expenditures** (₺3 billion and ₺13.5 billion, respectively). A number of regions (St Petersburg and Moscow as well as the Kaliningrad and Magadan Regions) also planned to raise funds in the market until the end of 2024.

As of the end of 2024, the **fiscal impulse** is expected to be positive in all the macro-regions, with the Urals and the Far East to record the highest values and Central Russia to report the lowest value. According to the targets of regional authorities, the fiscal impulse in Russian regions will go up to 3.7% of GRP in 2024 vs the preliminary estimate of 3.0% of GRP in early 2024 (Chart B-1-4).

The budgets of the constituent territories of the Russian Federation make a positive contribution to aggregate demand for goods and services, which is a proinflationary factor in the short run. On the other hand, regional programmes to encourage investment, upgrade the infrastructure, and offer advanced training to employees help improve resource capacity and the efficiency of the production factors utilisation. The medium-term expansion of economic potential is considered as a disinflationary factor.

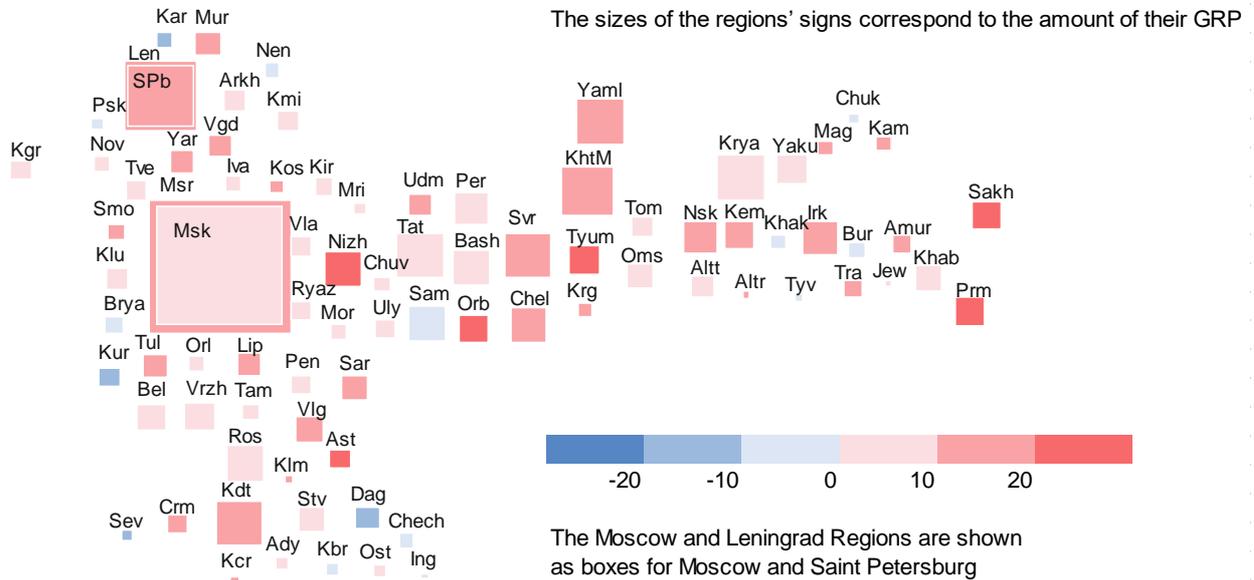
Chart B-1-1. Growth in revenues of consolidated budgets of Russian constituent territories (January–July 2024 YoY, %)



Official statistics on the main social and economic indicators of the constituent territories of the Russian Federation do not include statistics on the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson Region. Sources: data from Electronic Budget system and regional authorities, Bank of Russia calculations.

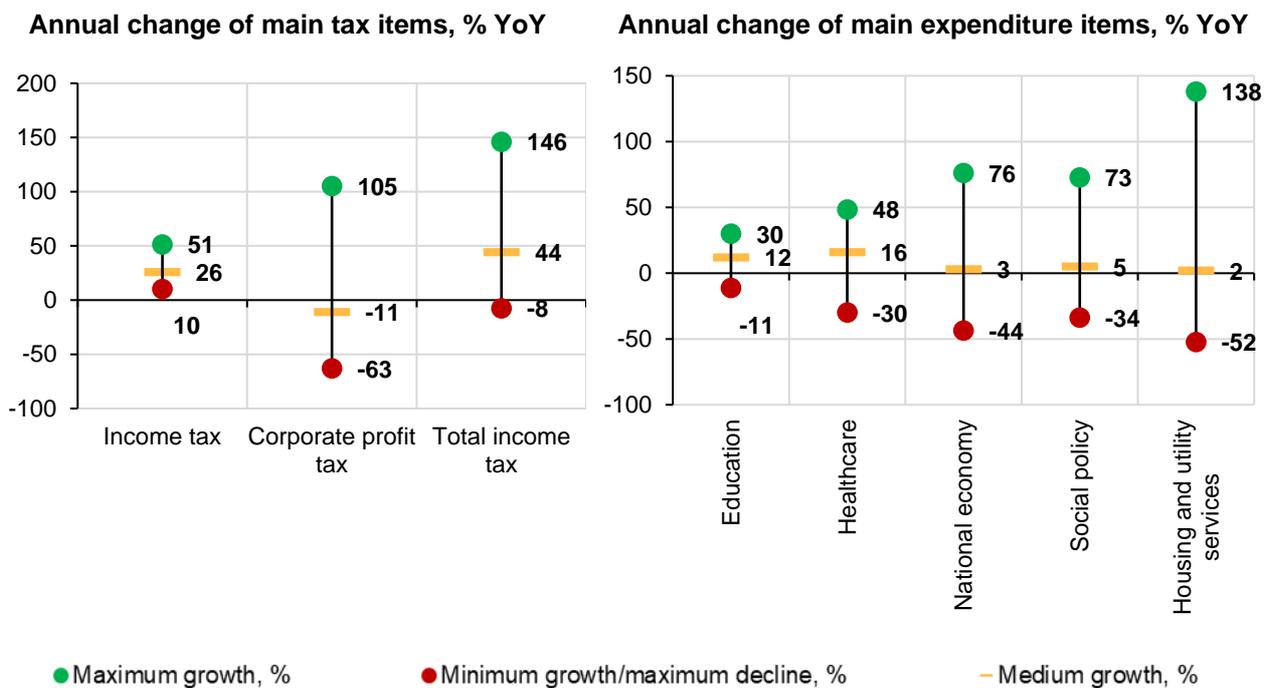
<sup>7</sup> Federal Law No. 540-FZ, dated 27 November 2023 (as amended on 12 July 2024), 'On the Federal Budget for 2024 and the 2025–2026 Planning Period'.

Chart B-1-2 Growth in expenditures of consolidated budgets of Russian constituent territories (January–July 2024 YoY, %)



Official statistics on the main social and economic indicators of the constituent territories of the Russian Federation do not include statistics on the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson Region. Sources: data from Electronic Budget system and regional authorities, Bank of Russia calculations.

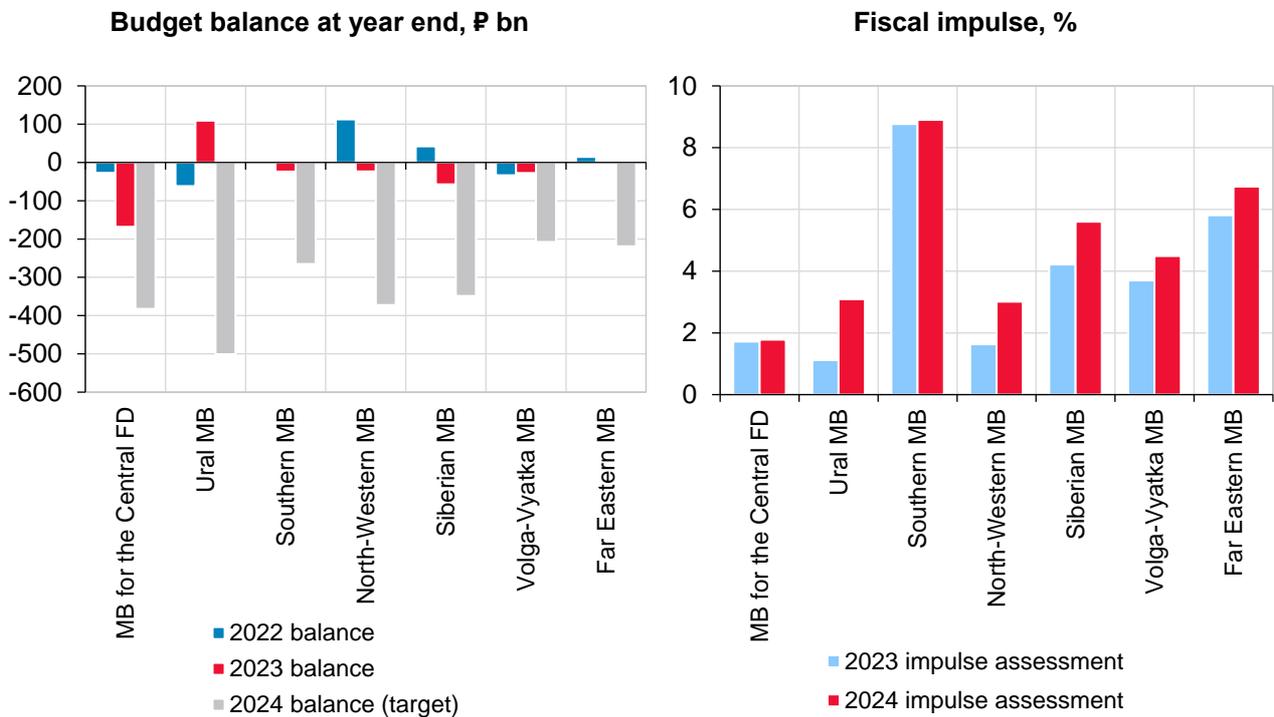
Chart B-1-3. Growth in revenues and expenditures of consolidated budgets of Russian constituent territories by individual item (January–July 2024 YoY, %).



\* Excluding new regions.

Sources: data from Electronic Budget system and regional authorities, Bank of Russia calculations.

Chart B-1-4. Balance of consolidated budgets of Russian constituent territories (₽ bn) and fiscal impulse to GRP (%)\*



\* Excluding new regions.

Sources: data from Electronic Budget system and regional authorities, Bank of Russia calculations.

Table B-1-1. Russian budget system, %

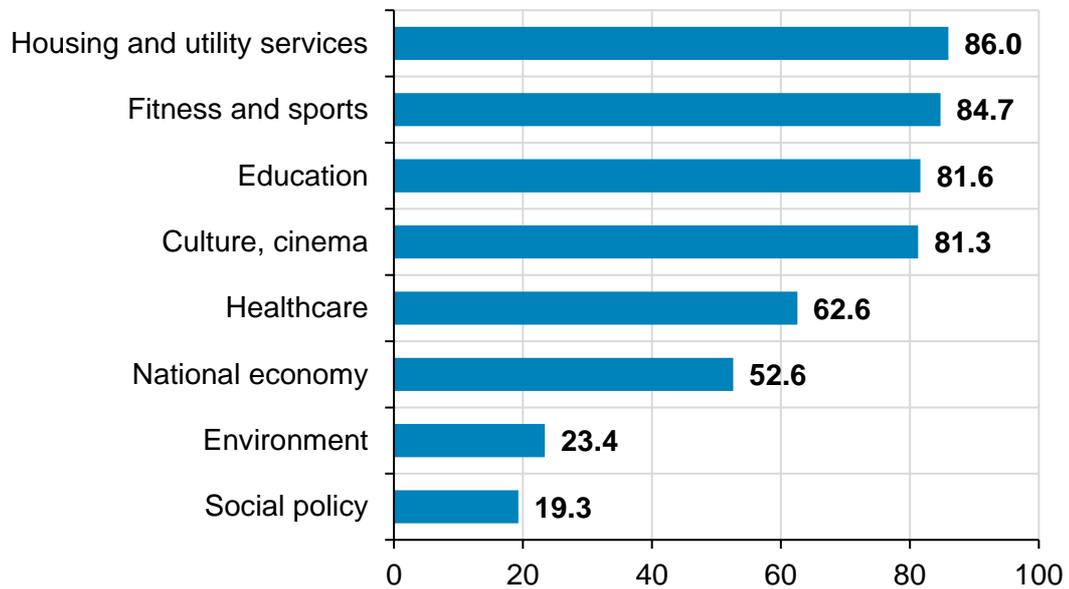
	Budgets' own revenues		Revenues including IBTs <sup>8</sup>		Expenditures	
	01.08.2023	01.08.2024	01.08. 2023	01.08. 2024	01.08.2023	01.08. 2024
<b>Federal budget</b>	47%	50%	32%	37%	36%	40%
<b>Consolidated budget of Russian constituent territories</b>	33%	29%	46%	34%	37%	33%
<b>Government extra-budgetary funds</b>	20%	21%	23%	28%	27%	27%

\* Excluding new regions.

Sources: Russian Ministry of Finance, Federal Treasury, data from Electronic Budget system and regional authorities, Bank of Russia calculations.

<sup>8</sup> Inter-budget transfers

Chart B-1-5. Share of consolidated budgets of Russian constituent territories in expenditures of budget system, %



\* Excluding new regions.

Sources: Russian Ministry of Finance, Federal Treasury, data from Electronic Budget system and regional authorities, Bank of Russia calculations.

## BOX 2

### EXPORT OPPORTUNITIES FOR BUSINESSES

In 2024 H1, the value of exports remained almost unchanged YoY. On the one hand, sales of certain products declined owing to tighter sanctions, lower global prices, aggravating logistics and settlement problems as well as higher trade duties. Supplies were partially redirected to the domestic market. On the other hand, sales were backed by rises in prices for and exports of certain energy resources, redirection of supplies to friendly countries, and expansion of external demand. Most enterprises managed to adjust to the changes by restructuring their sales channels and using measures of state support.

#### MAIN CHANGES IN EXPORTS

**In 2024 H1, the value of Russian exports remained almost unchanged (-0.4% YoY).** The negative dynamics resulted from tighter sanctions, unfavourable conditions in the markets of certain exported goods, and aggravating problems with logistics and international settlements. According to the Bank of Russia's monitoring of businesses, a quarter of surveyed exporters had difficulties with settlements with foreign contracting parties in July 2024. The main issues with payments in the currencies of friendly countries included the blocking or failure of payments and long crediting times. Nearly a half of the enterprises surveyed that performed settlements with foreign contracting parties reported a deterioration in the situation with payments in 2024 Q2 vs 2024 Q1. This trend was most pronounced in the chemical industry and machine building.

**Exports of food and agricultural products were down by 5.3% YoY in January–June 2024.** The main reason was a decline in global prices for grain and butter as well as a reduction in their procurement by certain countries owing to the introduction of protectionist measures. For example, a grain trader from the Rostov Region had to reduce exports due to a ban on imports of wheat imposed by a Eurasian partner. In addition, a number of crop producers in the South and fishing companies in the Far East and the North-West pointed out that food supplies were constrained by export duties. Exports of agricultural products were driven by stronger demand for a number of goods. In particular, major manufacturers in Central Russia, the North-West, Siberia, and the South expanded supplies of pork and poultry to Asia.

**Exports of metals and metal products declined by 5.2% YoY in 2024 H1** mainly due to tighter sanctions in the sector. Several unfriendly countries banned imports of certain types of Russian ferrous metal products from the end of 2023, and of square billets (semi-finished products for rolling mills) and non-ferrous metals from 2024 Q2. Sanctions prevented Ural metal mining and processing enterprises from supplying their products to unfriendly countries. Exports of metal products were supported by metal makers partially redirecting their trade flows towards friendly countries. For example, a number of major companies in the North-West and Central Russia arranged sales of metals to Africa and Asia.

**In the first six months of 2024, exports of chemicals decreased by 3.8% YoY.** A drop in global prices for fertilisers put downward pressure on exports amid a decline in prices for the relevant raw materials. Exports of polymers fell due to stronger domestic demand and sanctions. For example, a major packaging manufacturer in the Rostov Region reported suspension of exports to Europe and expansion of domestic supplies.

**Similarly, exports of machinery, equipment, transport vehicles, and other goods declined by 10.7% YoY** owing to higher domestic demand and sanctions as well as more complicated

transactions and logistics. For example, a machine builder in the Orenburg Region and an equipment manufacturer in the Irkutsk Region substituted foreign sales with domestic ones.

**Exports of wood and pulp and paper products was down by 5.9% YoY.** According to enterprises in the Arkhangelsk and Amur Regions, the decline was due to higher transportation costs and logistics problems in addition to sanctions. Far Eastern businesses recorded weaker demand from Asia mainly because of a persistent real estate crisis in a large country.

**However, exports of mineral products, which accounted for almost two-thirds of overall exports, increased by 2.8% YoY in January–June,** largely driven by rises in prices and quantities of certain fuel products sold. In particular, global oil prices were up as compared with 2023. Exports of oil and petroleum products were constrained by a voluntary restriction on supplies under the OPEC+ agreement and a temporary ban on petrol exports. Exports of coal were constrained by unfavourable global price trends, the immature logistics infrastructure, and the high cost price of supplies via western seaports. Coal enterprises in Kuzbass, Yakutia, and Khakassia pointed out that quotas limited coal exports via the Eastern Polygon. In addition, a major importer of Russian coal set import duties from early 2024, which reduced rail shipments of coal and transshipment via seaports in annualised terms.

As sanctions tightened, **exports to Europe dropped (-33.8% YoY) in 2024 H1.** However, this trend was offset by an increase in supplies to friendly countries (Chart B-2-2). **Exports were primarily fuelled by a rise in supplies to Asia (+8.5% YoY) and Africa (+23.5% YoY).** Therefore, foreign trade with these countries required improvements in logistics. For example, the capacity of the railroad to Asia-Pacific countries increased due to the implementation of the project to expand the Eastern Polygon. Cargo traffic at seaports in the Caspian Basin was up amid the growing utilisation of the International North–South Transport Corridor (INSTC) connecting Russia with Asia and Africa. In addition, businesses were switching to the currencies of friendly states in their settlements with foreign contracting parties. As a result, the share of these currencies in export revenues increased 1.8 times YoY in January–May 2024.

## ADJUSTMENT OF BUSINESSES TO CHANGES IN STRUCTURE OF EXPORTS

**To adjust to the transformation of exports, businesses redirected trade flows to friendly countries and rearranged logistics chains.** In particular, a wood processing enterprise in the Pskov Region switched from supplies to Europe to sales in the Asian and Middle East markets. A manufacturer of furniture materials from the Novgorod Region exported its products to CIS and Asian countries. An equipment manufacturer from the Ulyanovsk Region cut logistics costs and expanded exports by arranging transportation via an INSTC section. **Alternatively, some companies redirected their products to the domestic market.** For example, a large pulp and paper plant in the Republic of Karelia partially switched from exports to domestic supplies owing to stronger demand in the Russian market. A wood processing enterprise in the Kirov Region also increased domestic sales amid shrinking exports. After Europe imposed a ban on imports of several non-ferrous metals, a mining and quarrying company in Siberia started to supply alloys to domestic metal makers. **Sometimes, as businesses switched to new sales channels, they simultaneously adjusted their product ranges to new markets.** For example, a fish processor in the Kaliningrad Region modified its canning technology to meet the climatic conditions in new importing countries.

**Government-backed programmes also encouraged businesses to adjust their exports.** Such programmes offered, among other things, compensation for export costs, legal support, loan and

guarantee support, and promotion in external markets. For example, an agricultural company in the Voronezh Region was compensated for its capital construction costs within the national project International Cooperation and Exports. Companies almost in all federal districts reported that they were compensated for their logistics costs under government-backed programmes. Thanks to the participation in the business missions arranged by the Russian Export Center, a crop producer in the South mastered new production technologies and started supplying goods to CIS and Middle East countries.

**In response to the change in external conditions, export-oriented companies rearranged their business processes and redirected supplies to the domestic market.** Many surveyed companies reported no decline in output or stocks. A number of enterprises ramped up their import-substitution efforts. For example, in May 2024, a Sverdlovsk-based machine builder manufactured and supplied equipment to oil and gas companies and invested in the expansion of the output of equivalents of foreign devices. As the supply of import-substituting products expanded, companies in the North-West and Volga-Vyatka switched to domestic equivalents.

### EXPORT PROSPECTS IN 2024–2025

**Enterprises believed that export prospects in 2024 H2 and 2025 would largely depend on the situation in international settlements and logistics.** The implementation of investment projects to expand the transport infrastructure would provide additional opportunities to ramp up exports. For example, supplies of coal and chemical products were expected to rebound, driven by an increase in the capacity of Far Eastern and Southern seaports. The completion of the second stage of the upgrade of the Eastern Polygon and the development of the Northern Sea Route would boost sales to Asian countries. Routes connecting the seaports of the Arctic and Baltic Basins with Asia have already been launched this year.

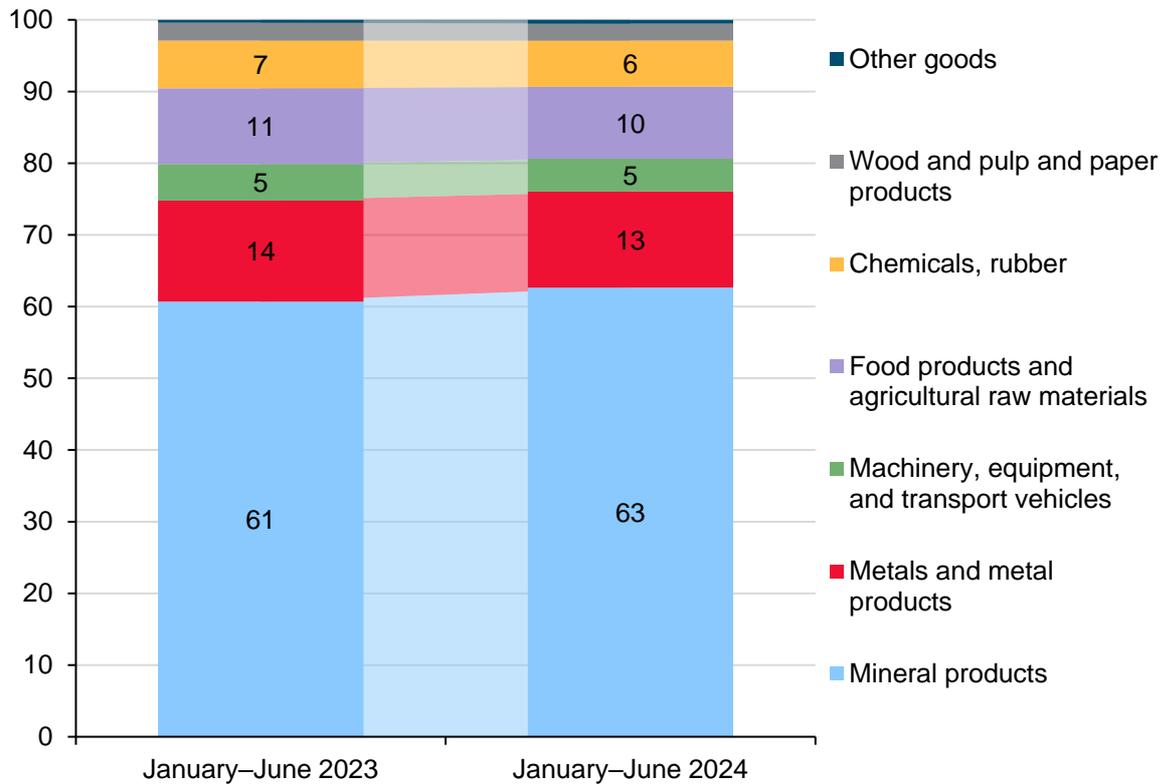
**Moreover, a number of companies planned to ramp up exports by expanding the existing and launching new production facilities.** For example, a major company in the Volgograd Region intended to increase the output of export-oriented chemicals. The South and Siberia were constructing oil extraction plants to ensure exports.

Businesses' positive estimates of future exports of a number of products stemmed from the expected **growth in foreign demand.** In such conditions, representatives of several sectors in Central Russia were going to ramp up exports. Companies in the Pskov and Rostov Regions planned to expand their supplies to meet rising demand for meat products in Asia-Pacific countries.

However, **exports might be constrained by tighter sanctions and unfavourable price trends in individual foreign markets.** For example, a major Siberian coal enterprise reported a likely drop in exports owing to persistently low coal prices. Manufacturing and trade enterprises in the Belgorod Region, Republic of Khakassia, and Altai Territory pointed out that exports might decline amid sanctions. A wood processing enterprise in the Republic of Udmurtia expected exports to come to a halt if sanctions intensified and settlement problems deepened.

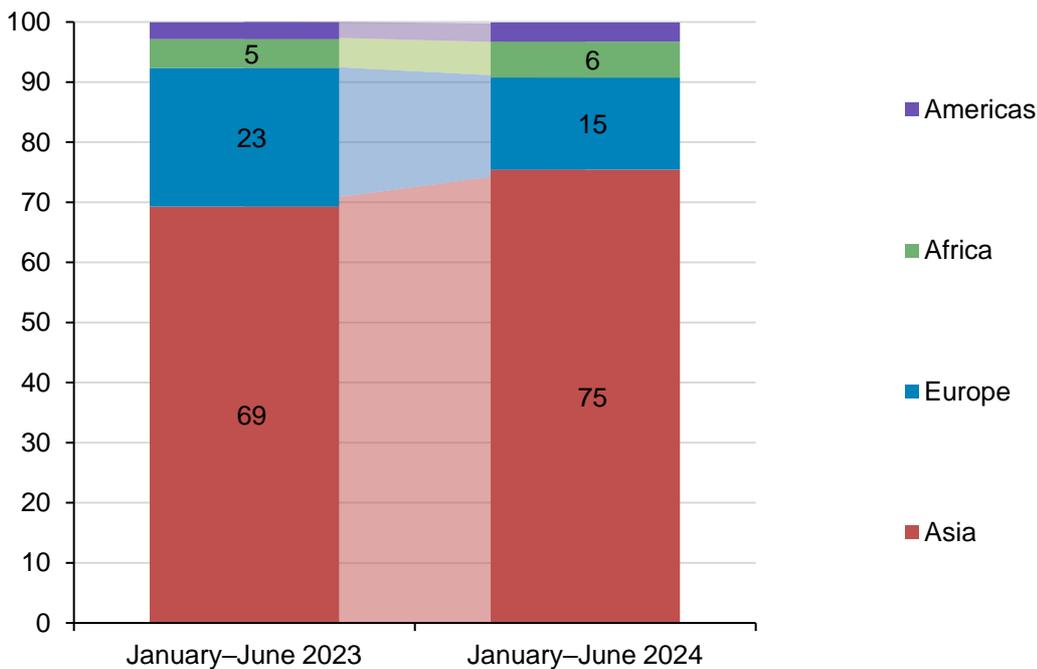
As sanctions were tightened in 2024 H1, it took businesses more time to adjust to external challenges. However, domestic companies did not give up their plans to expand cooperation with foreign contracting parties. Businesses continued to redirect supplies to friendly countries. In such conditions, companies increased investment in projects to upgrade the logistics infrastructure. The expansion of export opportunities in late 2024 and in 2025 will depend on whether the problems with cross-border settlements will be resolved, among other things.

Chart B-2-1. Goods exports in terms of value, %



Sources: Russian Federal Customs Service, Bank of Russia calculations.

Chart B-2-2. Exports by group of countries, %



Sources: Russian Federal Customs Service, Bank of Russia calculations.

## BOX 3

### INDUSTRY FOCUS. STEEL MANUFACTURE

During the structural transformation in 2022–2023, ferrous metallurgy switched to the domestic market. Metal consumption in Russia reached its peak values in 2023. Prices for steel products remained higher than in 2019–2020, boosting profitability, regardless of a rise in producer costs. This allowed companies to increase capital expenditure and start their import-substitution efforts and the upgrade of key equipment. Demand for steel remained strong in 2024 H1, especially in machine building and construction, which supported domestic prices.

#### OUTPUT

**According to Rosstat, the output of steel totalled 76 million tonnes in 2023, which was close to the figures of 2021 (~78 million tonnes) that was successful for the sector.** In 2022, external and domestic demand contracted triggering a temporary decline in steel output. However, its values approached the 2021 averages already by April 2023, which was predominantly associated with a rise in domestic demand, primarily from construction and machine building.<sup>9</sup>

**According to the Bank of Russia's monitoring of businesses, the capacity utilisation rates of metal makers remained elevated.** Steel output was declining sequentially (SA) in late 2023. Metal makers believed<sup>10</sup> that this reflected the trends in the monitored<sup>11</sup> metal consumption, primarily in the electric power industry and construction. In addition, some companies performed scheduled repairs in late 2023–early 2024. During 2024 Q2, output was gradually rebounding, partially supported by the launch of upgraded facilities.

#### DOMESTIC DEMAND AND PRICES

**According to metal makers, the monitored steel consumption increased by 7-8% YoY in 2023 with the share of construction in it growing.** Demand for steel continued to go up in 2024 H1, driven by the following factors.

**Machine building.** Demand for steel from the sector was growing, in part fuelled by the rise in car output. According to Rosstat, in January–June 2024, the output of cars and trucks increased by almost two-thirds and by around 20% YoY, respectively.

**Construction.** As estimated by the Bank of Russia, the volume of construction work performed in 2024 Q2 exceeded the values of 2021 Q4 (SA) by 16% in part owing to the implementation of major infrastructure projects and investment in industrial production. Therefore, demand from the sector remained strong.

**Electric power industry.** According to companies and market experts, demand for pipes (including large diameter pipes) was most likely to have decreased due to the revision of investment targets of oil and gas companies.

**In 2023–2024 H1, growth in domestic prices for steel and steel products was predominantly**

<sup>9</sup> Regional Economy: Commentaries by Bank of Russia Main Branches, No. 20, May 2023.

<sup>10</sup> Hereinafter, metal consumption involves the estimates of the World Steel Association and steel companies.

<sup>11</sup> The metal consumption by the key market sectors: construction, machine building, and the electric power industry.

**fuelled by stronger demand.** The increase was also driven by a rise in the cost price of products (costs on electric power, logistics, and wages) which persisted in early 2024. External prices for Russian steel, whose effect on domestic prices was weakening, trended downwards owing to the expectations that consumption in friendly countries would shrink.

## EXPORTS

**Russian ferrous metallurgy, which is traditionally export-oriented, has been under pressure from sanctions imposed by unfriendly countries since 2022.** The restrictions<sup>12</sup> mainly target products with high added value. Quotas<sup>13</sup> have been imposed to limit exports of slabs – semi-finished casting products, a major export item of Russian ferrous metallurgy.

**According to the World Steel Association, Russia exported around 14 million tonnes of steel products in 2023, which was about 8% lower than the 2021 levels.** The main reason was contraction of demand in the EU caused by the higher input cost of finished steel products and the closure of facilities. Exports of Russian steel were shifting towards friendly countries.

**In 2023, global slab prices were gradually declining from the peak values of 2021.** According to the UN Comtrade database, Russia's exit from the markets of unfriendly countries resulted in an increase in discounts on Russian products relative to the average global prices from around 9% in 2021 to 23% in 2023. Although export prices for Russian steel had edged up since early 2024, they stayed considerably below the levels of the previous years. This made exports less attractive for Russian companies, especially amid a surge in domestic demand.

## INVESTMENT

**The rise in domestic prices and demand in 2023 boosted the revenues and financial performance of metal makers, which fuelled growth in capital investment.** Higher financial performance enabled companies to resume the payment of dividends, which was announced by all major market participants in the beginning of 2024. Manufacturers increased investment in replacing the key equipment with Russian equivalents, among other things. For example, in 2023, a large company started a project to manufacture forged rolls for rolling mills in the Chelyabinsk Region, which would increase the share of Russian equipment in the market from 20% to 70%. The products are intended for major metal makers. The first phase of the project will be launched by the middle of 2025. The completion of the entire project is scheduled for 2026. A large metal company in the Vologda Region developed new types of steel intended for construction operations on light and medium soils, the manufacture of lifting equipment and mining machinery. Previously, such products were mainly exported.

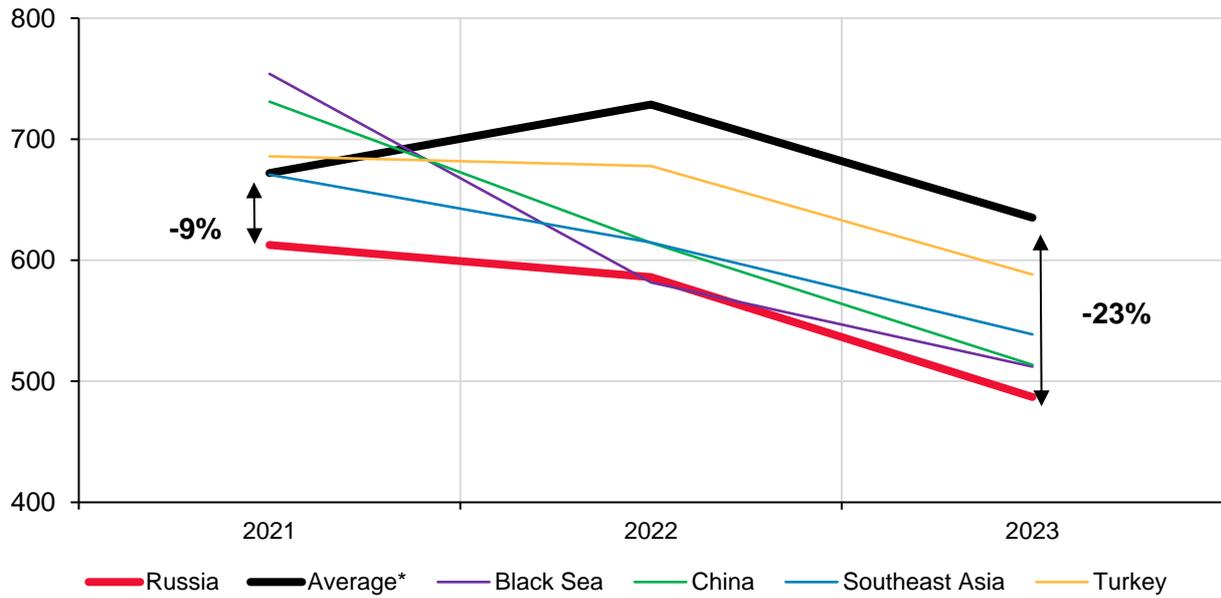
**Demand for steel remained strong in 2024 H1, boosting domestic prices. The persistent trade and logistics restrictions and a potential decline in metal consumption in friendly countries will help refocus the steel manufacture on the domestic market.**

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<sup>12</sup> The restrictions were introduced under the EU fourth sanction package in April 2022 and expanded afterwards. They provide for a ban on the imports of Russian metal products, including cast-iron moulds, hot-rolled and cold-rolled sheets of unalloyed and stainless steel, reinforcement and wire products, welded and seamless pipes.

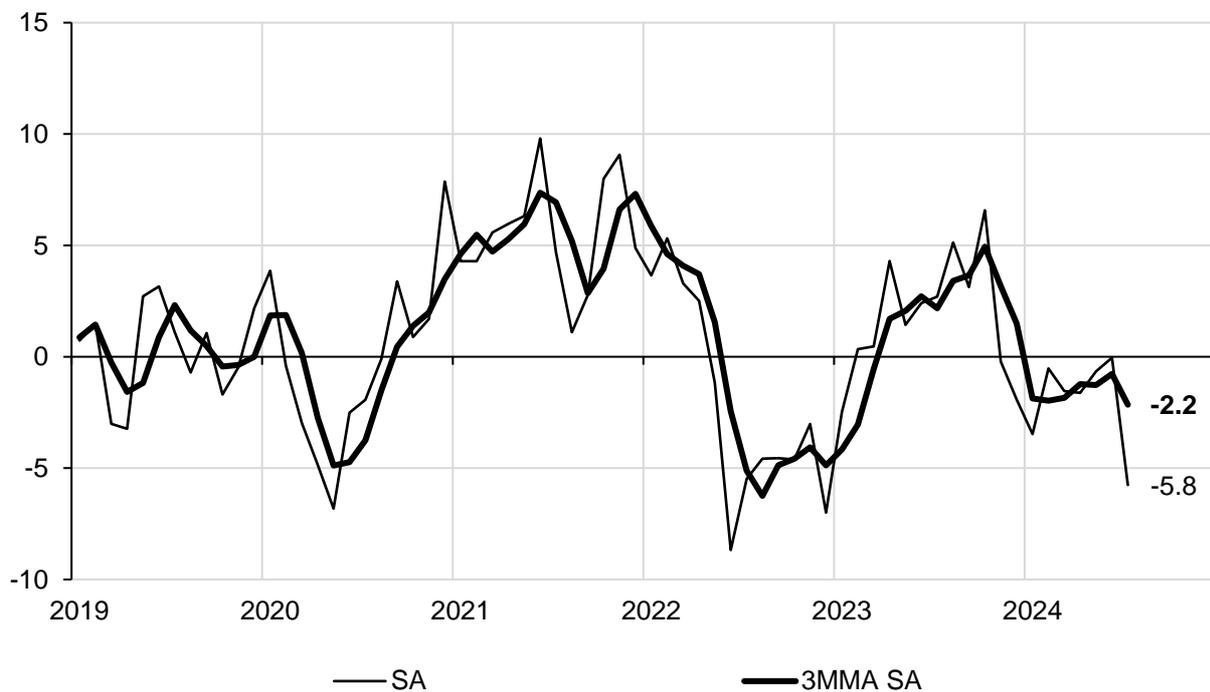
<sup>13</sup> On 18 December 2023, the EU extended the quota on the imports of slabs and square billets until the end of 2028. Permitted import quantities of slabs are as follows: 3.2 million tonnes from 1 October 2024 until 30 September 2025 and in the following three years – 3 million tonnes, 2.6 million tonnes, and 2 million tonnes, respectively.

Chart B-3-1. Average export prices for steel (slabs), \$ per tonne



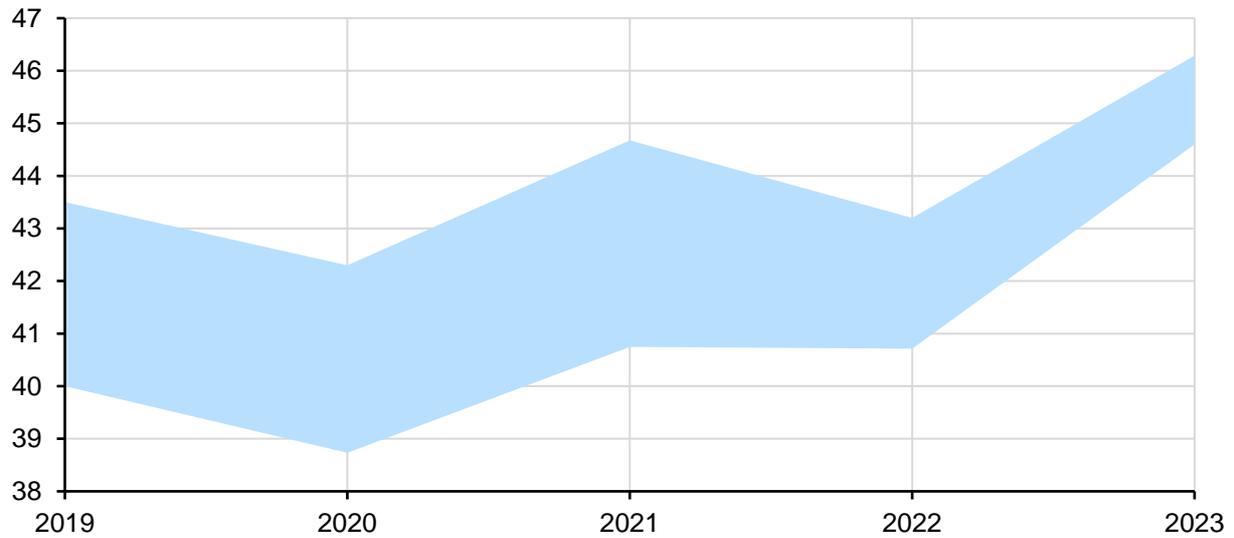
\* Calculated as the weighted average price for a tonne of steel of top 20 exporting countries, excluding Russia.  
 Sources: UN Comtrade, Bank of Russia calculations.

Chart B-3-2. Output of steel (slabs), % on 2019 Q4



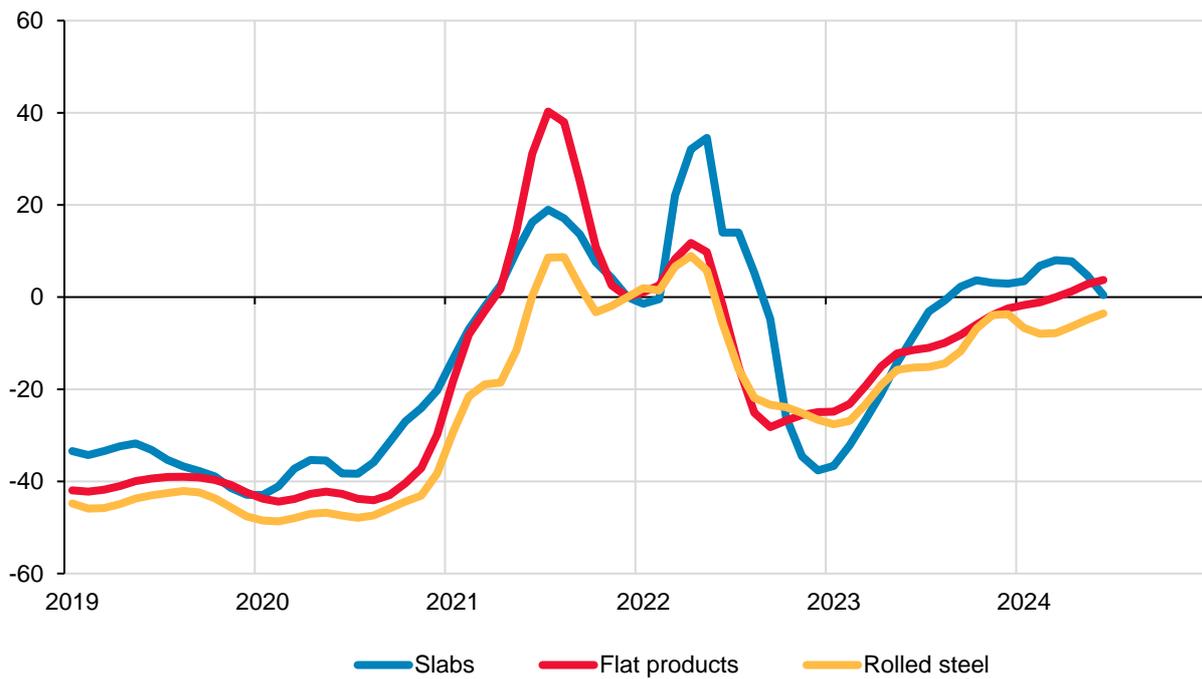
Sources: Rosstat, Bank of Russia calculations.

Chart B-3-3. Estimated range of monitored\* metal consumption in Russia, mln tonnes



\* Metal consumption by the key sectors – construction, machine building, and the electric power industry.  
Sources: World Steel Association, companies' estimates, Bank of Russia calculations.

Chart B-3-4. Domestic ruble prices for metal products, % on 2021 Q4



Sources: Metaltorg, Bank of Russia calculations.

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<b>No. 1</b>	
<b>18 December</b>	Consumer demand: the impact of the worsening epidemiological situation
<b>2020</b>	

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## ANNEX CORE ECONOMIC INDICATORS

### Core indicators. Russia

Table 1

		2022	2023	2023	2023	2023	2024	2024	June	July	Aug
				Q2	Q3	Q4	Q1	Q2			
Inflation	% YoY	11.9	7.4	3.3	6.0	7.4	7.7	8.6	8.6	9.1	
Core inflation	% YoY	14.3	6.8	2.4	4.6	6.8	7.8	8.7	8.7	8.6	
Industrial production	3MMA, % YoY	0.7	4.1	6.0	6.3	4.9	5.7	4.4	4.4	3.9	
Fixed capital investment	Cumulative, % YoY	6.7	9.8	8.0	10.5	9.8	14.5	10.9			
Construction	3MMA, % YoY	7.5	7.9	9.1	7.5	6.6	3.5	4.0	4.0	2.7	
Housing commissioning	3MMA, % YoY	11.0	7.5	-0.6	4.1	30.3	1.5	3.8	3.8	6.2	
Retail	3MMA, % YoY	-6.5	8.0	11.1	14.0	11.6	10.4	7.3	7.3	6.6	
Commercial services	3MMA, % YoY	5.0	6.9	7.6	7.9	6.7	3.6	4.2	4.2	3.6	
Real wages	3MMA, % YoY	0.3	8.2	11.4	8.6	8.6	10.8	7.8	7.8		
Real disposable income	% YoY	4.0	5.6	4.7	6.0	6.9	7.1	7.7			
Unemployment	% SA	4.0	3.2	3.2	3.0	2.9	2.8	2.6	2.6	2.5	
Outstanding consumer loans	% YoY	2.5	16.3	12.4	16.9	16.3	18.2	19.4	19.4	17.4	
Outstanding mortgage loans	% YoY	17.7	30.1	23.5	29.1	30.1	27.7	24.8	24.8	22.7	
Funds in escrow accounts	% YoY	32.7	38.4	15.0	30.0	38.4	37.6	47.9	47.9	45.8	
Non-financial organisations' outstanding bank loans	% YoY	19.7	24.6	23.9	26.1	24.6	23.2	24.0	24.0		
• Large borrowers	% YoY	17.6	23.6	21.9	24.9	23.6	22.3	23.5	23.5		
• SMEs	% YoY	29.9	28.9	32.2	31.1	28.9	26.9	25.8	25.8		
Companies' price expectations	Balance of responses, points, SA	21.7	19.5	16.4	21.3	23.2	20.1	20.3	21.3	21.5	21.7
Business Climate Index	SA, p	-0.1	6.7	8.7	6.5	6.7	8.2	10.7	10.6	7.7	7.0
• Current estimates	SA, p	-6.1	1.1	3.7	1.2	0.5	1.6	5.8	7.2	2.1	1.5
• Expectations	SA, p	6.0	12.6	13.8	11.9	13.2	15.1	15.7	14.0	13.3	12.8

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

Core indicators. Main Branch for the Central Federal District

Table 2

		2022	2023	2023	2023	2023	2024	2024	June	July	Aug
				Q2	Q3	Q4	Q1	Q2			
Inflation	% YoY	12.5	7.4	3.6	6.1	7.4	7.6	8.8	8.8	9.5	
Core inflation	% YoY	14.9	7.0	2.9	4.8	7.0	7.8	9.0	9.0	8.8	
Industrial production	3MMA, % YoY	9.2	16.0	14.2	19.5	20.3	10.5	12.7	12.7	12.7	
Fixed capital investment	Cumulative, % YoY	1.9	3.6	4.9	5.3	3.6	14.2	7.3			
Construction	3MMA, % YoY	7.8	9.0	9.6	7.4	9.6	2.6	-0.3	-0.3	-1.0	
Housing commissioning	3MMA, % YoY	12.6	0.3	-9.7	-7.2	35.9	-17.9	-3.1	-3.1	7.5	
Retail	3MMA, % YoY	-10.5	6.7	10.2	13.6	14.6	11.4	7.0	7.0	6.3	
Commercial services	3MMA, % YoY	7.3	9.6	11.5	10.9	10.0	6.2	6.0	6.0	4.3	
Real wages	3MMA, % YoY	-0.9	6.8	10.2	8.0	9.8	12.4	7.5	7.5		
Real disposable income	% YoY	3.0	7.2	6.3	7.5	11.6	9.6	7.3			
Unemployment	% SA	3.0	2.5	2.6	2.4	2.3	2.0	1.8	1.8	1.8	
Outstanding consumer loans	% YoY	2.8	16.0	11.9	16.5	16.0	17.0	18.9	18.9	17.0	
Outstanding mortgage loans	% YoY	16.9	25.0	20.3	24.0	25.0	23.6	21.3	21.3	19.6	
Funds in escrow accounts	% YoY	39.6	24.9	15.8	25.5	24.9	26.6	38.4	38.4	38.0	
Non-financial organisations' outstanding bank loans	% YoY	15.6	24.5	23.1	24.5	24.5	21.7	22.3	22.3		
• Large borrowers	% YoY	13.2	24.2	20.8	23.9	24.2	21.4	22.1	22.1		
• SMEs	% YoY	30.1	26.2	34.7	27.2	26.2	23.3	23.1	23.1		
Companies' price expectations	Balance of responses, p, SA	28.3	25.7	22.2	29.1	31.4	25.8	27.3	29.8	29.0	28.6
Business Climate Index	SA, p	0.2	6.7	5.9	5.9	9.5	10.0	7.7	7.7	4.3	2.9
• Current estimates	SA, p	-6.3	0.5	0.3	0.1	2.4	3.9	2.7	4.0	-1.4	-2.1
• Expectations	SA, p	6.9	13.0	11.7	11.9	16.9	16.3	12.9	11.4	10.1	7.9

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

**Core indicators. Bank of Russia North-Western Main Branch**

*Table 3*

		2022	2023	2023	2023	2023	2024	2024	June	July	Aug
				Q2	Q3	Q4	Q1	Q2			
Inflation	% YoY	11.9	7.1	3.6	5.9	7.1	7.4	8.1	8.1	8.4	
Core inflation	% YoY	14.7	6.4	2.7	4.3	6.4	7.5	8.3	8.3	8.2	
Industrial production	3MMA, % YoY	0.5	4.9	7.7	8.4	5.8	7.7	5.4	5.4	5.4	
Fixed capital investment	Cumulative, % YoY	-2.2	4.3	3.1	7.5	4.3	17.7	19.4			
Construction	3MMA, % YoY	-3.6	2.1	-3.0	8.2	1.7	1.0	13.3	13.3	8.6	
Housing commissioning	3MMA, % YoY	8.4	1.7	-6.1	15.7	12.2	8.3	-17.7	-17.7	-20.8	
Retail	3MMA, % YoY	-6.3	13.1	17.4	19.8	19.2	8.2	4.6	4.6	4.0	
Commercial services	3MMA, % YoY	4.8	10.2	9.8	11.4	9.6	0.8	1.2	1.2	0.8	
Real wages	3MMA, % YoY	0.4	6.1	10.3	7.5	6.6	7.6	5.4	5.4		
Real disposable income	% YoY	3.2	4.0	8.0	3.4	1.8	9.8	6.3			
Unemployment	% SA	3.3	2.7	2.7	2.6	2.4	2.5	2.2	2.2	2.2	
Outstanding consumer loans	% YoY	1.7	13.5	11.0	14.9	13.5	15.1	15.8	15.8	13.9	
Outstanding mortgage loans	% YoY	15.3	23.0	18.0	21.8	23.0	21.7	19.3	19.3	17.7	
Funds in escrow accounts	% YoY	32.4	25.7	9.5	16.7	25.7	18.6	27.1	27.1	23.0	
Non-financial organisations' outstanding bank loans	% YoY	45.4	29.6	37.6	51.4	29.6	35.3	33.0	33.0		
• Large borrowers	% YoY	46.1	32.3	42.3	53.3	32.3	36.6	34.3	34.3		
• SMEs	% YoY	42.0	16.3	17.5	42.6	16.3	28.1	25.5	25.5		
Companies' price expectations	Balance of responses, points, SA	24.0	21.8	19.4	24.0	25.6	21.3	25.6	26.9	26.3	29.9
Business Climate Index	SA, p	-4.5	2.9	3.4	2.6	5.0	6.2	6.0	6.4	6.6	5.1
• Current estimates	SA, p	-9.8	-2.7	-2.0	-2.2	-1.3	-0.6	0.7	1.9	2.1	-0.1
• Expectations	SA, p	1.1	8.7	9.0	7.5	11.4	13.3	11.4	11.1	11.2	10.5

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

## Core indicators. Volga-Vyatka Main Branch

Table 4

		2022	2023	2023	2023	2023	2024	2024	June	July	Aug
				Q2	Q3	Q4	Q1	Q2			
Inflation	% YoY	12.4	7.1	3.2	5.9	7.1	7.3	8.2	8.2	8.8	
Core inflation	% YoY	14.7	6.6	2.2	4.4	6.6	7.4	8.2	8.2	8.1	
Industrial production	3MMA, % YoY	3.0	9.0	12.1	12.1	8.8	7.6	5.5	5.5	4.5	
Fixed capital investment	Cumulative, % YoY	4.7	18.3	9.2	15.4	18.3	19.0	13.5			
Construction	3MMA, % YoY	12.0	13.7	31.4	12.4	3.6	0.6	3.6	3.6	3.8	
Housing commissioning	3MMA, % YoY	3.8	9.9	9.1	-10.4	33.7	7.8	-1.0	-1.0	-6.5	
Retail	3MMA, % YoY	-3.6	10.1	13.7	13.4	13.5	11.0	8.8	8.8	8.3	
Commercial services	3MMA, % YoY	3.6	4.5	4.5	5.0	4.2	4.7	5.5	5.5	5.1	
Real wages	3MMA, % YoY	0.8	11.8	14.0	11.9	10.9	12.5	10.2	10.2		
Real disposable income	% YoY	4.0	4.7	6.6	3.7	4.9	11.0	8.2			
Unemployment	% SA	3.2	2.4	2.5	2.2	2.1	2.0	1.9	1.9	1.9	
Outstanding consumer loans	% YoY	1.2	17.8	12.1	17.3	17.8	20.8	22.2	22.2	20.2	
Outstanding mortgage loans	% YoY	15.4	32.1	22.6	30.6	32.1	29.6	26.9	26.9	24.7	
Funds in escrow accounts	% YoY	11.6	47.9	1.4	26.5	47.9	50.5	63.3	63.3	58.0	
Non-financial organisations' outstanding bank loans	% YoY	11.0	18.3	14.2	15.1	18.3	16.2	16.7	16.7		
• Large borrowers	% YoY	8.0	12.2	9.5	8.8	12.2	9.5	12.8	12.8		
• SMEs	% YoY	18.8	32.5	24.8	29.8	32.5	31.1	25.0	25.0		
Companies' price expectations	Balance of responses, points, SA	28.6	26.2	23.3	30.5	30.0	25.1	28.1	30.8	29.5	28.2
Business Climate Index	SA, p	1.0	9.3	10.6	8.4	10.6	10.7	13.3	13.9	11.0	10.5
• Current estimates	SA, p	-6.6	2.4	4.3	2.4	3.1	4.0	8.4	9.8	5.0	6.1
• Expectations	SA, p	8.8	16.4	17.1	14.7	18.3	17.6	18.4	18.1	17.1	15.1

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

**Core indicators. Southern Main Branch**

*Table 5*

		2022	2023	2023	2023	2023	2024	2024	June	July	Aug
				Q2	Q3	Q4	Q1	Q2			
Inflation	% YoY	11.7	7.8	3.6	6.7	7.8	7.8	8.7	8.7	9.3	
Core inflation	% YoY	14.4	6.8	2.7	4.9	6.8	7.9	8.7	8.7	8.7	
Industrial production	3MMA, % YoY	5.3	4.5	7.5	9.7	0.2	8.1	1.9	1.9	0.7	
Fixed capital investment	Cumulative, % YoY	8.7	8.1	16.3	11.3	8.1	19.8	13.3			
Construction	3MMA, % YoY	6.9	4.1	8.4	-2.0	-7.3	-14.2	14.0	14.0	12.0	
Housing commissioning	3MMA, % YoY	18.0	11.3	-11.1	23.1	40.3	11.4	37.6	37.6	27.1	
Retail	3MMA, % YoY	-2.4	10.9	15.6	19.5	6.3	11.1	7.4	7.4	6.1	
Commercial services	3MMA, % YoY	5.4	3.0	2.5	4.1	2.4	2.7	4.6	4.6	5.0	
Real wages	3MMA, % YoY	-0.9	8.1	10.5	6.9	6.1	7.5	9.6	9.6		
Real disposable income	% YoY	4.3	4.0	7.2	5.0	0.7	6.8	8.1			
Unemployment	% SA	6.4	5.3	5.4	5.2	5.2	4.9	4.7	4.7	4.7	
Outstanding consumer loans	% YoY	3.1	19.8	13.7	18.9	19.8	23.0	24.6	24.6	22.2	
Outstanding mortgage loans	% YoY	24.9	43.5	35.4	43.2	43.5	38.7	35.3	35.3	32.4	
Funds in escrow accounts	% YoY	25.1	106	42.2	71.3	106	102	95.0	95.0	90.8	
Non-financial organisations' outstanding bank loans	% YoY	27.2	21.0	31.1	18.5	21.0	17.1	19.2	19.2		
• Large borrowers	% YoY	22.6	8.5	24.9	7.5	8.5	3.6	4.5	4.5		
• SMEs	% YoY	38.1	46.8	43.3	43.0	46.8	44.0	45.6	45.6		
Companies' price expectations	Balance of responses, points, SA	21.5	19.2	16.3	22.8	21.7	17.4	20.3	22.9	22.3	22.9
Business Climate Index	SA, p	1.4	6.4	6.6	5.6	7.3	9.5	9.1	7.9	7.6	7.3
• Current estimates	SA, p	-4.8	0.1	0.9	-0.7	0.4	0.9	2.5	2.3	3.1	2.4
• Expectations	SA, p	7.8	12.9	12.5	12.1	14.4	18.4	15.9	13.7	12.3	12.4

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

## Core indicators. Ural Main Branch

Table 6

		2022	2023	2023	2023	2023	2024	2024	June	July	Aug
				Q2	Q3	Q4	Q1	Q2			
Inflation	% YoY	11.0	6.7	2.2	5.0	6.7	7.5	8.0	8.0	8.4	
Core inflation	% YoY	12.4	6.0	1.0	3.2	6.0	7.4	7.9	7.9	7.8	
Industrial production	3MMA, % YoY	0.0	2.7	4.9	3.0	2.8	2.0	1.3	1.3	1.2	
Fixed capital investment	Cumulative, % YoY	10.0	5.0	0.4	3.5	5.0	14.5	19.1			
Construction	3MMA, % YoY	-0.5	5.6	5.7	4.7	7.6	10.2	3.4	3.4	0.1	
Housing commissioning	3MMA, % YoY	11.2	9.3	13.4	9.6	11.7	12.4	-3.6	-3.6	-1.4	
Retail	3MMA, % YoY	-5.1	9.1	13.3	14.2	9.4	11.1	8.6	8.6	8.0	
Commercial services	3MMA, % YoY	2.7	5.8	6.7	6.6	4.4	3.3	2.2	2.2	3.6	
Real wages	3MMA, % YoY	1.4	10.3	13.9	9.5	7.8	11.2	7.8	7.8		
Real disposable income	% YoY	4.1	6.6	8.1	0.5	10.0	10.0	6.4			
Unemployment	% SA	3.3	2.5	2.5	2.4	2.3	2.2	1.9	1.9	1.9	
Outstanding consumer loans	% YoY	1.6	16.4	12.1	17.1	16.4	18.9	19.6	19.6	17.7	
Outstanding mortgage loans	% YoY	16.5	32.6	24.8	31.8	32.6	29.3	25.5	25.5	23.0	
Funds in escrow accounts	% YoY	21.9	69.3	11.1	37.8	69.3	60.9	67.4	67.4	63.5	
Non-financial organisations' outstanding bank loans	% YoY	17.4	19.0	18.5	18.8	19.0	16.5	17.3	17.3		
• Large borrowers	% YoY	16.0	14.2	14.4	14.3	14.2	13.8	14.3	14.3		
• SMEs	% YoY	25.9	44.6	39.0	42.2	44.6	29.2	31.2	31.2		
Companies' price expectations	Balance of responses, points, SA	24.2	19.4	16.6	21.5	23.2	21.2	21.9	23.9	22.8	23.6
Business Climate Index	SA, p	1.9	9.9	9.9	10.3	10.6	12.3	9.7	8.5	7.3	5.3
• Current estimates	SA, p	-4.2	4.8	6.0	6.3	5.1	5.5	4.3	3.4	3.3	0.9
• Expectations	SA, p	8.2	15.1	13.9	14.4	16.2	19.2	15.3	13.7	11.5	9.7

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

**Core indicators. Siberian Main Branch**

*Table 7*

		2022	2023	2023	2023	2023	2024	2024	June	July	Aug
				Q2	Q3	Q4	Q1	Q2			
Inflation	% YoY	12.7	8.2	3.2	6.6	8.2	8.6	9.2	9.2	9.9	
Core inflation	% YoY	14.2	7.6	1.8	4.7	7.6	8.7	9.5	9.5	9.5	
Industrial production	3MMA, % YoY	1.2	-0.6	1.1	-1.8	-0.6	2.2	0.8	0.8	-0.1	
Fixed capital investment	Cumulative, % YoY	8.1	5.3	5.8	9.4	5.3	4.4	6.9			
Construction	3MMA, % YoY	18.5	-6.2	-8.7	-0.2	-13.3	12.0	4.9	4.9	-1.7	
Housing commissioning	3MMA, % YoY	3.5	22.4	29.5	3.0	54.5	6.6	-1.5	-1.5	19.1	
Retail	3MMA, % YoY	-2.7	8.7	12.6	13.1	10.6	11.0	11.1	11.1	10.6	
Commercial services	3MMA, % YoY	5.5	6.0	7.1	6.2	4.8	1.9	3.4	3.4	3.2	
Real wages	3MMA, % YoY	1.9	9.7	12.7	8.5	7.3	9.5	7.3	7.3		
Real disposable income	% YoY	5.9	5.8	7.0	7.0	4.4	10.2	4.8			
Unemployment	% SA	4.8	3.6	3.8	3.6	3.2	3.1	3.1	3.1	2.9	
Outstanding consumer loans	% YoY	3.7	15.5	13.8	17.4	15.5	17.2	17.5	17.5	15.6	
Outstanding mortgage loans	% YoY	17.3	33.0	25.5	32.3	33.0	30.3	26.4	26.4	23.9	
Funds in escrow accounts	% YoY	25.0	67.9	17.6	52.9	67.9	61.1	70.9	70.9	63.0	
Non-financial organisations' outstanding bank loans	% YoY	17.0	29.7	13.5	24.7	29.7	29.6	38.0	38.0		
• Large borrowers	% YoY	11.8	34.6	5.2	25.8	34.6	35.1	51.1	51.1		
• SMEs	% YoY	33.8	16.7	35.1	21.6	16.7	15.1	10.0	10.0		
Companies' price expectations	Balance of responses, points, SA	25.0	23.6	19.2	27.0	29.0	24.0	25.3	27.0	25.9	25.0
Business Climate Index	SA, p	2.4	10.4	12.0	10.0	10.7	11.1	12.7	11.8	10.7	9.4
• Current estimates	SA, p	-5.6	3.1	5.9	3.3	2.4	2.5	5.8	5.4	3.7	2.9
• Expectations	SA, p	10.9	18.0	18.4	16.9	19.4	20.0	19.8	18.3	17.9	16.1

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

## Core indicators. Far Eastern Main Branch

Table 8

		2022	2023	2023	2023	2023	2024	2024	June	July	Aug
				Q2	Q3	Q4	Q1	Q2			
Inflation	% YoY	11.9	8.0	4.0	7.1	8.0	8.4	9.1	9.1	9.3	
Core inflation	% YoY	14.0	8.3	3.7	6.5	8.3	8.9	10.1	10.1	9.6	
Industrial production	3MMA, % YoY	-4.2	6.4	7.8	14.2	7.7	5.1	1.4	1.4	-2.7	
Fixed capital investment	Cumulative, % YoY	14.5	19.4	21.5	25.1	19.4	20.7	18.4			
Construction	3MMA, % YoY	12.6	22.0	26.0	37.0	12.7	12.4	-6.6	-6.6	0.7	
Housing commissioning	3MMA, % YoY	13.7	21.4	25.4	10.3	14.2	8.6	18.8	18.8	28.7	
Retail	3MMA, % YoY	-0.6	3.9	4.8	6.0	6.3	5.8	4.6	4.6	4.7	
Commercial services	3MMA, % YoY	-0.9	1.7	3.8	2.4	2.0	2.4	-0.8	-0.8	-2.6	
Real wages	3MMA, % YoY	0.1	6.8	6.2	6.0	5.4	7.8	5.7	5.7		
Real disposable income	% YoY	6.9	2.0	4.3	3.1	1.4	7.5	4.4			
Unemployment	% SA	3.9	3.0	3.0	2.9	2.8	2.6	2.5	2.5	2.5	
Outstanding consumer loans	% YoY	3.7	12.5	12.7	15.5	12.5	13.8	14.4	14.4	12.4	
Outstanding mortgage loans	% YoY	23.3	32.8	27.0	31.4	32.8	29.7	26.0	26.0	24.6	
Funds in escrow accounts	% YoY	34.0	46.0	14.2	28.1	46.0	35.0	41.9	41.9	42.2	
Non-financial organisations' outstanding bank loans	% YoY	18.9	32.3	29.8	30.6	32.3	33.3	33.9	33.9		
• Large borrowers	% YoY	21.0	33.7	34.6	35.8	33.7	35.2	36.9	36.9		
• SMEs	% YoY	11.0	26.3	15.0	11.1	26.3	25.2	22.2	22.2		
Companies' price expectations	Balance of responses, points, SA	21.0	18.8	16.1	20.2	21.7	17.0	17.9	19.2	19.8	18.8
Business Climate Index	SA, p	1.7	7.4	8.9	7.6	7.2	8.3	10.0	9.8	6.9	8.5
• Current estimates	SA, p	-4.3	0.7	3.2	0.9	0.3	2.8	4.9	5.5	1.1	3.7
• Expectations	SA, p	7.9	14.4	14.8	14.4	14.3	14.1	15.2	14.3	12.8	13.4

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.