



Bank of Russia

No. 2

TALKING TRENDS
Economy and markets

Research and Forecasting Department Bulletin

MARCH 2026

CONTENTS

Executive summary	3
1. Inflation	4
1.1. Price surge at start of year was short-lived	4
2. Economic performance	8
2.1. Economy returns to balanced growth path	9
2.2. Lending performance in line with returning inflation to 4%	12

The Research and Forecasting Department prepared this bulletin based on data as of 06.03.2026.

The views and recommendations expressed in the bulletin do not necessarily reflect the official position of the Bank of Russia.

Please send your comments and suggestions to dip1@cbr.ru

Bldg. V, 12 Neglinnaya Street, Moscow, 107016

Bank of Russia website: www.cbr.ru

© Central Bank of the Russian Federation 2025

Executive summary

Monthly summary

- In 2025, GDP growth came in at the upper bound of the Bank of Russia's forecast. That said, tight monetary policy should be maintained for an extended period to bring inflation down to 4%. The year 2025 has demonstrated that this policy stance does not hamper economic growth and will subsequently facilitate its acceleration upon shifting to neutral monetary policy amid price stability.
- The January price spike was transitory, as expected. Already in February, the price growth rate went down, approaching the one consistent with 4% inflation. This was driven by a decline in households' and businesses' inflation expectations from the local high of late 2025. Demand in the economy is temporarily weakening, adapting to the changes in taxes. This will probably help ensure that disinflationary trends continue in the near future. Nevertheless, the growth rate of underlying price components remains elevated, even adjusted for the VAT increase, which predictably pushed up their estimated growth rate in January. Therefore, the regulator needs to make sure that disinflation has actually resumed and to cement this trend. This is particularly important considering the anticipated reduction in the base oil price according to the fiscal rule and the indexation of utility tariffs scheduled to take place later this year.
- According to preliminary data and surveys, at the beginning of 2026, economic activity slowed down slightly as compared to the highs of December 2025 and 2025 Q4 in general. This was expected as a similar trend was observed in early 2025 as well. The situation in the labour market continues to normalise gradually. The gap between growth of wages and that of labour productivity is narrowing steadily. This lays the foundation for a further increase in consumption and overall economic activity in 2026.
- In February – early March, Russian financial markets demonstrated diverging trends, which were associated with several factors. Specifically, positive reaction of the bond market to the key rate cut was then slightly cooled down by rising expectations fuelled by an expansion of the state borrowing programme. The oil and gas market was affected by geopolitical developments. The foreign exchange market was reacting to, on the one hand, the pause in the fiscal rule-based transactions conducted by the Russian Ministry of Finance with the NWF's resources and, on the other hand, growth in prices for energy exports.

1. Inflation

January's price movements and February's weekly statistics suggest that the pass-on of the VAT and other tax and levy hikes to prices is generally over. Major secondary effects of tax innovations are hardly to be seen, at least right now. The factors behind this are consumer demand weakening in the non-food segment in the period of adaptation to changed price conditions, as well as declining household and business inflation expectations.

At the same time, a Bank of Russia inflation forecast range of 4.5–5.5% this year and a projection of 4% for 2027 imply that, adjusted for the seasonal factors and October's hikes in housing and utility services tariffs, consumer prices should rise at an average monthly rate of 0.33% (4% in annualised terms). This calls for growth in stable price components to slide below 4% in annualised terms. Growth in these components in the second half of 2025 stabilised rather than slowed.

As expected, January's indicators of persistent price rises were significantly distorted (overstated), whereas in February they may be somewhat understated due to a temporary slackening of demand. Double-digit (in annualised terms) nominal wage growth in November and December will send demand higher going forward. Therefore, a more reliable estimate of sustainable price growth metrics can be obtained no earlier than April–May.

1.1. Price surge at start of year was short-lived

- Price growth expectedly accelerated in January, driven by temporary proinflationary factors, including hikes in VAT and a variety of excise taxes and levies. That said, the input of demand-side factors to price growth remained close to the 2025 Q4 average, indirectly indicating that persistent inflationary pressure was not mounting. According to weekly data, price rises substantially slowed in February, drawing closer to the 4% trajectory.
- The scale of secondary effects from the January's price growth acceleration may be minor, as suggested by declining household and business inflation expectations. At the same time, a still clearly elevated level of inflation expectations calls for maintaining a tight monetary stance in order to bring inflation down to the Bank of Russia's target and anchor it at this level.

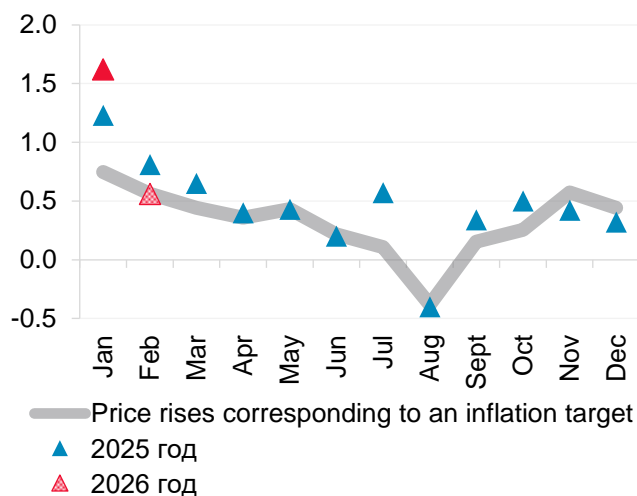
Prices rose 1.6% MoM NSA in January (14.6% MoM SAAR, Table 1, Figure 1). Annual inflation climbed to 6% in January. Weekly data suggest that prices returned to more moderate growth in February (Figure 9), close to the 4% trajectory, with annual inflation slowing down.

Table 1. Inflation and its components

	Jan.	Jan.	Nov.	Dec.	Jan.
	2024	2025	2025–2026		
% YoY					
All goods and services	7.4	9.9	6.6	5.6	6.0
Core inflation	7.2	9.3	6.1	5.4	5.4
Food	8.1	11.1	7.5	5.2	5.9
Non-food goods	6.2	6.1	3.5	3.0	3.2
Services	8.1	13.0	9.4	9.3	9.6
% MoM SAAR					
All goods and services	6.5	10.0	2.9	3.1	14.6
Core inflation	5.9	9.9	4.0	5.7	9.2
Food	6.1	6.6	1.2	-2.4	14.9
– net of fruit and vegetables	5.2	14.1	2.2	2.0	12.5
Non-food goods	6.9	6.3	2.1	4.9	8.9
– net of refined petroleum products	6.0	5.1	3.1	5.6	6.2
Services	6.3	19.9	6.2	8.9	21.1
– net of housing and communal services	6.9	16.8	7.0	10.9	15.5

Sources: Rosstat, R&F Department estimates.

Figure 1. Price growth corresponding to an inflation rate of 4% MoM



Note. February 2026: preliminary estimate based on weekly data, seasonality estimated for 2025.

Sources: Rosstat, R&F Department estimates.

The main but not the only factor of price rise acceleration in January was the pass-on of the VAT increase to prices, which affected around two thirds of the consumer basket. Price growth by far surpassed the level of January 2019, which saw the previous VAT hike (price growth accelerated to 9.3% MoM SAAR in that episode of the VAT increase).

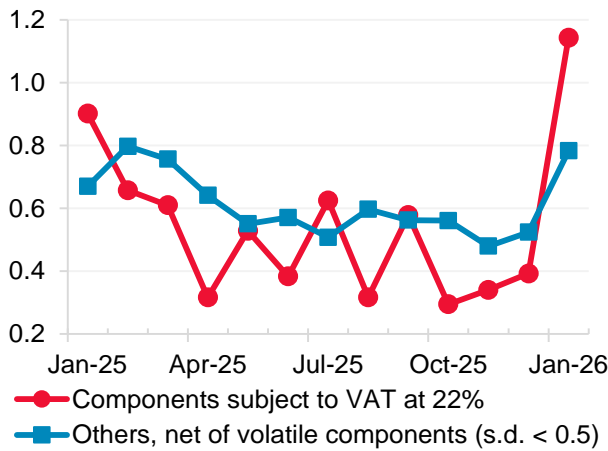
We estimate the realised scale of the pass-on of the direct VAT increase to prices in January 2026 at 0.3–0.4 pp (out of 1.1% MoM SA). The estimate is based on the difference between the pace of growth in the prices for items subject to the standard and preferential VAT rates in January 2026 compared with the 2025 Q4 average (Figure 2).

Comparison of median price growth rates for groups of goods and services in 2018–2019 and 2025–2026 indicates faster price rises in the current VAT hike episode (Figure 3). Nevertheless, price growth rates vary widely across the key consumer market segments: price growth is faster in 2026 than in 2019 in the food and services segments and comparable in the non-food goods. This indirectly indicates that a substantial proinflationary effect in early 2026 stemmed from other factors, such as growth in world food prices¹, along with excise tax and other levy hikes.

A notable proinflationary input in January also came from rises in fruit and vegetable prices by 2.4% MoM SA, which offset a price drop of 3.6% SA in November–December. February's weekly data suggest a return of price moves to the normal seasonal trajectory, with fruit and vegetable prices returning even to a lower path.

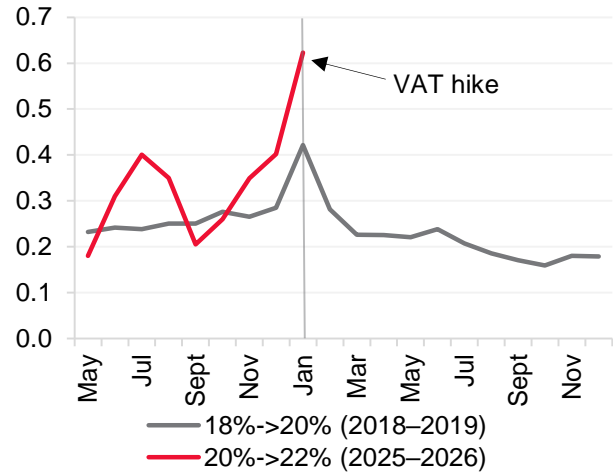
¹The average Food Price Index of the Food and Agriculture Organization rose by 4.3% [over 2025](#).

Figure 2. Prices for goods subject to different VAT rates



Sources: Rosstat, R&F Department estimates

Figure 3. Median of distribution of individual categories* during VAT hike, %

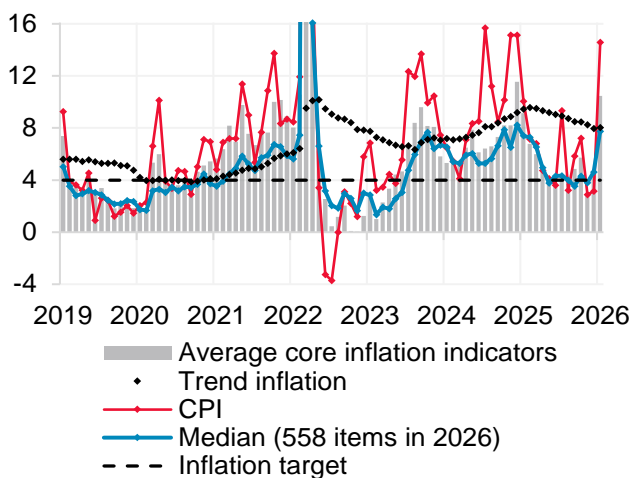


* Categories of goods and services monitored in 2018-2019 and in the current period and subject to the standard VAT rate.

Sources: Rosstat, R&F Department estimates

The indicators of persistent inflationary pressure expectedly rose significantly in January relative to December (Figure 4). The VAT increase and the impact of other proinflationary factors boosted price rises across a broad spectrum of goods and services (Figure 5), which also had an effect on analytical indicators. That said, the adaptation of demand to price hikes, especially in the non-food segment, may cause the indicators of persistent inflationary pressure to temporarily lie below 4%, i.e., temporarily send it lower. Data for the following months will enable the current level of persistent inflationary pressure to be estimated more accurately. Given that productivity growth continues to lag far behind wage rises, this level so far is probably staying closer to the 2025 Q4 levels and is still somewhat surpassing 4%.

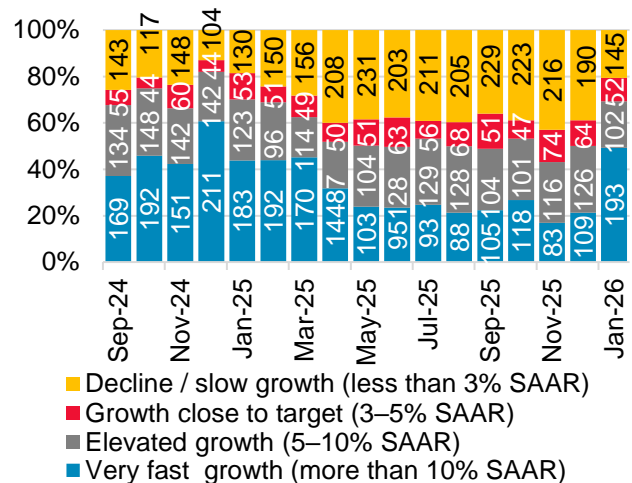
Figure 4. Modified core inflation indicators* (% in annualised terms) and trend inflation estimate (%YoY)



* Indicators are computed using the method of excluding the most volatile components and the truncation method.

Sources: Rosstat, R&F Department estimates

Figure 1. Total weight of goods and services* distributed based on seasonally adjusted price growth



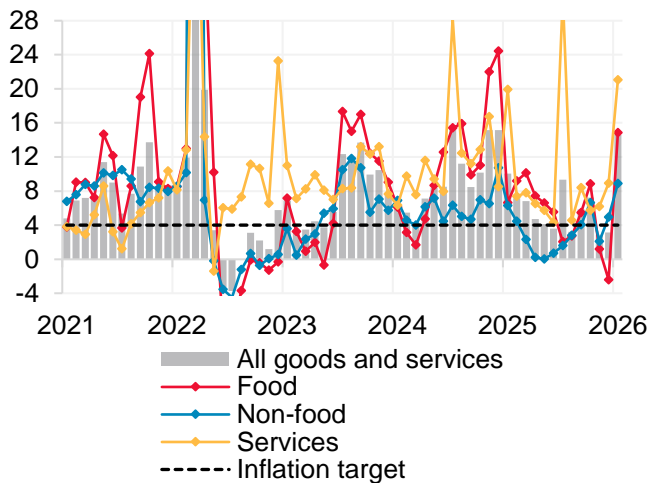
* Net of fruit and vegetables and regulated services.

Note: The figures stand for the number of items

Sources: Rosstat, R&F Department estimates.

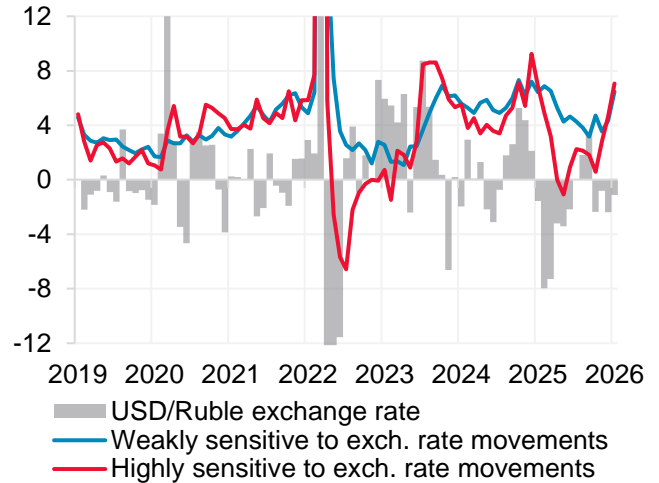
January’s exchange rate movements do not seem to have materially affected prices, although ruble appreciation continued. The median of growth in consumer basket components sensitive to the exchange rate rose, as did the median of components weakly sensitive to the exchange rate (Figure 7). These indicators have been found on the comparable levels for the second consecutive month.

Figure 6. Seasonally adjusted price growth, % MoM SAAR



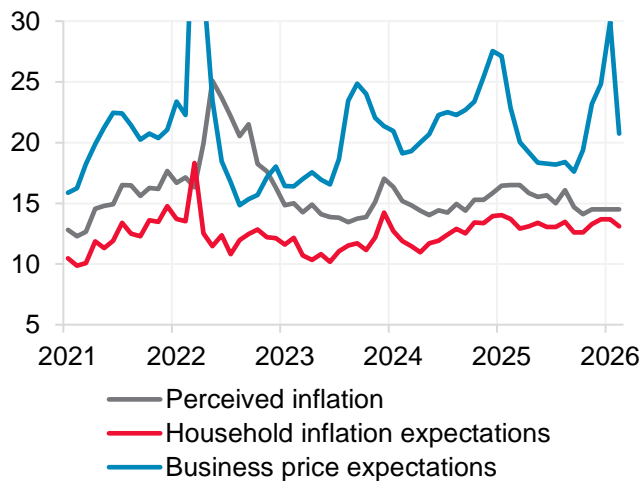
Sources: Rosstat, R&F Department estimates.

Figure 7. Median CPI (% MoM SAAR) and US dollar to ruble exchange rate (%)



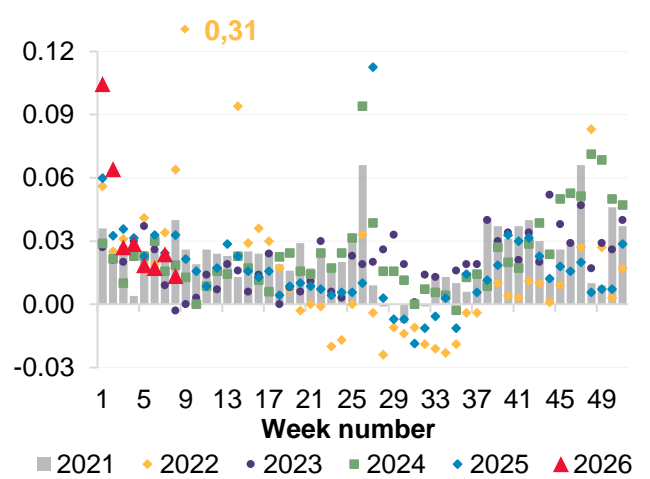
Sources: Rosstat, R&F Department estimates.

Figure 8. Household (% YoY) and business inflation expectations (balance of responses, p., SA)



Sources: inFOM, Bank of Russia.

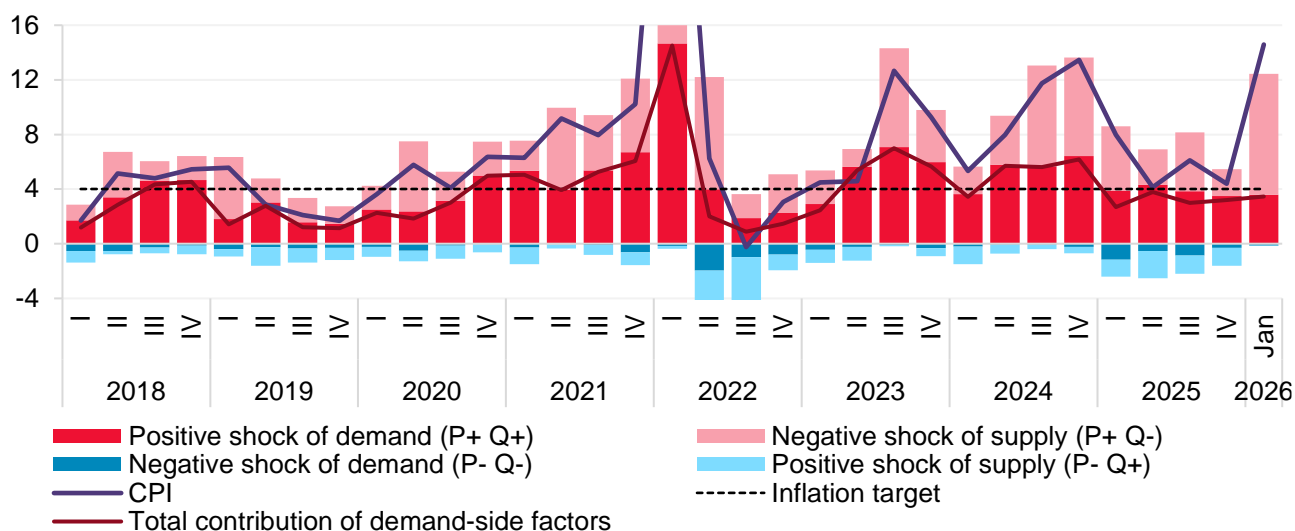
Figure 9. Average daily price growth, %



Sources: Rosstat, R&F Department estimates.

According to the decomposition of price growth into demand and supply shocks, the January’s acceleration in consumer price growth was driven by supply-side factors (Figure 10). These factors include, in particular, hikes in VAT, excise taxes and levies. The total contribution of demand-side factors to price growth remained close to the 2025 Q4 average. This indirectly indicates that persistent inflationary pressure did not rise in January and that the price rise acceleration at the start of the year can be put down to the impact of one-off and transient factors.

Figure 10. Decomposition* of price growth into supply and demand shocks, % QoQ (MoM) SAAR



* Based on CPI and retail sales in physical terms for 45 categories (80% of the consumer basket) data, detrending is not conducted.

Sources: Rosstat, R&F Department estimates.

The secondary effects of the VAT hike's pass-on to prices may prove to be relatively minor. Household inflation expectations slightly declined in February. [The February business survey](#) showed a steep fall in price expectations for the next three months (Figure 8). Nevertheless, inflation expectations remain high, requiring a tight monetary stance to be maintained for inflation to return to 4% and anchor at that level.

2. Economic performance

GDP growth (QoQ, seasonally adjusted) in 2025 Q4 seems to have come in higher than in 2025 Q3.² GDP growth is expected to be much more moderate in 2026 Q1.

Firstly, we are likely to see a repetition of the 2025 Q1 situation, when GDP formally dropped against the level of the preceding quarter, i.e., 2024 Q4, largely due to statistical accounting specifics, somewhat overstating the 2024 Q4 result. This complicates an accurate interpretation of January–March statistics released. Secondly, tax and regulatory innovations required businesses and households to adapt to them. This, in itself, implies a possible adjournment of household and business decisions, which impacts economic activity. After the adaptation period, economic activity will likely rebound, in, above all, the consumer segment. This will also affect the lending segment, where activity temporarily slackened, similarly to early last year. Thirdly, there were fewer business days in January this year than a year ago. This had an effect on both year-on-year and month-on-month (January vs December last year)

² The updated GDP quarterly estimate will be released on 10 April.

numbers, since seasonal adjustment may be less than accurate in such cases. Fourthly, business activity of some industries (for instance, construction) in January was adversely affected by weather conditions unfavourable even for this time of year (severe cold spells and heavy snowfalls).

A regulatory decrease in the cut-off price as part of the fiscal rule may come as another factor impacting future economic activity. If this measure is combined with a gradual achievement of a zero structural primary deficit, then the budget will restrain demand growth in the economy. By contrast, with a high structural primary deficit, the budget will boost demand in the economy, thus giving rise to additional proinflationary risks.

In light of the above, one could be more certain about the pace of economic growth only after the 2026 Q2 results have come in.

2.1. Economy returns to balanced growth path

- The performance of macroeconomic indicators in late 2025 and early 2026 was volatile, driven by a number of one-off, often opposed, factors. The December's surge in the output of core economic activities, likely arising from the specifics of statistical accounting,³ expectedly gave place to a sharp drop in January (Figure 11).
- Therefore, core industries' output growth acceleration in 2025 Q4, up to 3.5% QoQ SA, was transient. This is also indicated by the output of traditionally less volatile industries meeting consumer demand. Together with the data of most surveys, it points to a gradual slowdown in economic activity growth (Figure 12, Figure 13). As evidenced by the data on [the financial flows in the Bank of Russia's payment system](#), this trend continued in early 2026.
- Export demand remained moderate amid the toughening of sanctions. As a result, with mining and quarrying output stagnating and that of *industries producing intermediate and investment goods* correcting down, only a number of industries manufacturing *consumer goods*⁴ continued to show output growth. (Figure 16). Demand for their products continued to be fuelled by fast labour income expansion in late 2025 (Figure 14).
- The labour market situation continues to ease, although this process is non-uniform. The December's excess of labour supply over demand amid the resumption of vacancies growth (Figure 17) in January again gave place to a rise in the workforce shortage (Figure 19). That said, the unemployment rate ceased to decline (Figure 18), with surveys

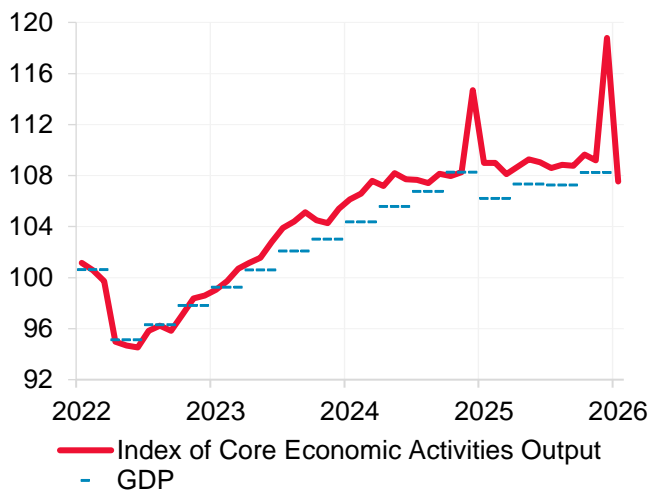
³ The production cycle can be fairly long in some product categories, and output data may only be reflected in statistics upon shipment/completion of the manufacture of a batch of goods. This is probably what was taking place in late 2025 in the industries referred to as 'Manufacture of basic precious and other non-ferrous metals and processing of nuclear fuel', which showed an anomalous output spike. Output returned to the average level of the 2025 autumn in early 2026.

⁴ Such as manufacture of computer and electronic products, motor vehicles, food products, and basic pharmaceutical products.

indicating the easing of the labour shortage and companies revising [annual bonus payment and personnel recruitment plans](#) down.

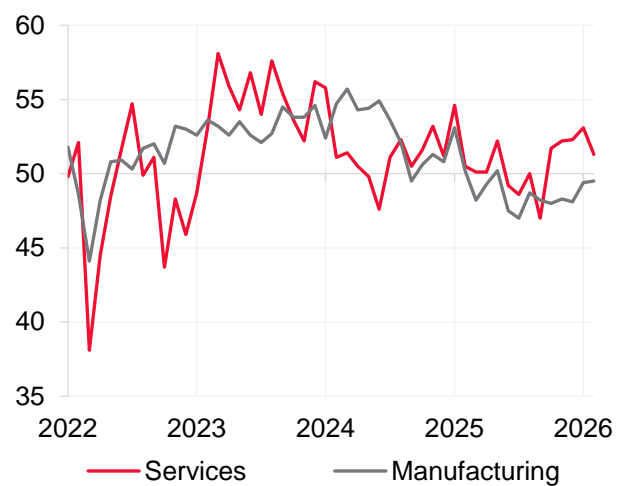
- As evidenced by real-time statistics, households' lavish spending in late 2025, stemming from purchases ahead of the car disposal fee and VAT hikes moderated in early 2026 (Figure 20). In addition to the partial shift in non-food demand from the start of 2026 to late 2025, a tangible slackening of spending in the segment may have arisen from the worsening of expectations regarding future income (Figure 21). That said, given the tightness of the monetary stance, the savings ratio so far remains high by historical standards, despite a consecutive quarterly decline from its 2024 Q4 peak (Figure 22).
- A gradual labour market cooling and fiscal policy normalisation will bring domestic demand growth more in line with supply expansion potential, helping the economy return to the balanced growth path in 2026.

Figure 11. Core economic activities output and GDP, Q4 2021 = 100, SA



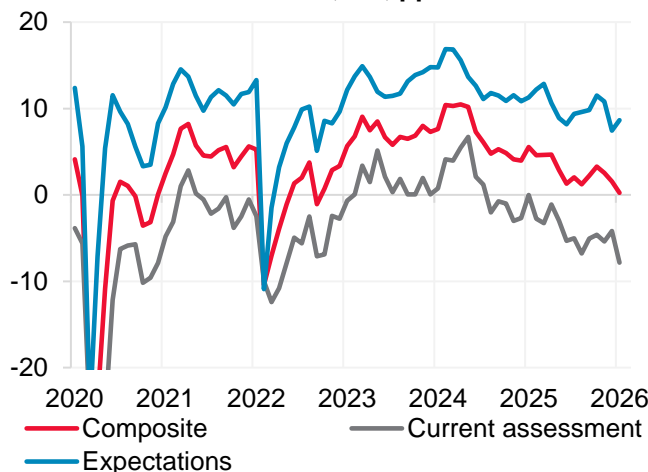
Sources: Rosstat, R&F Department estimates.

Figure 12. Russia's Manufacturing and Services PMI, points



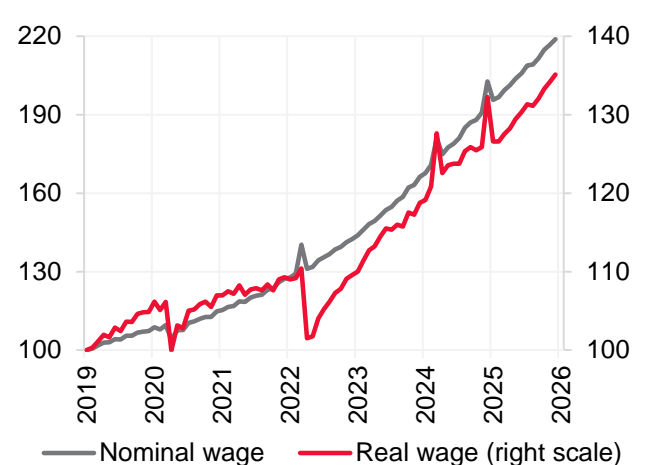
Source: S&P Global.

Figure 13. Bank of Russia's business climate indicator, SA, pp.



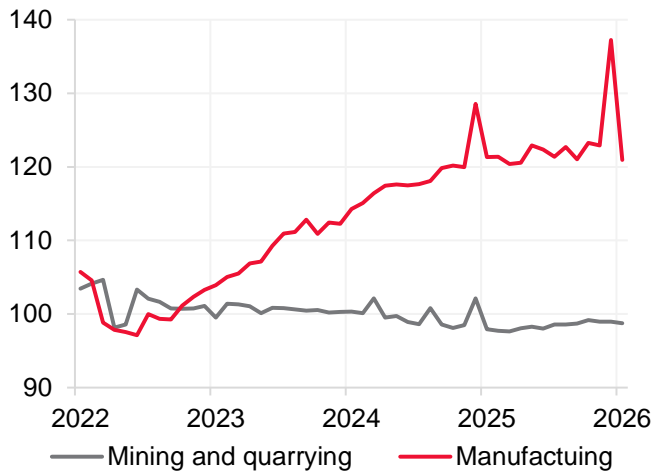
Source: Bank of Russia.

Figure 14. Wages, 01.2019 = 100, points, SA



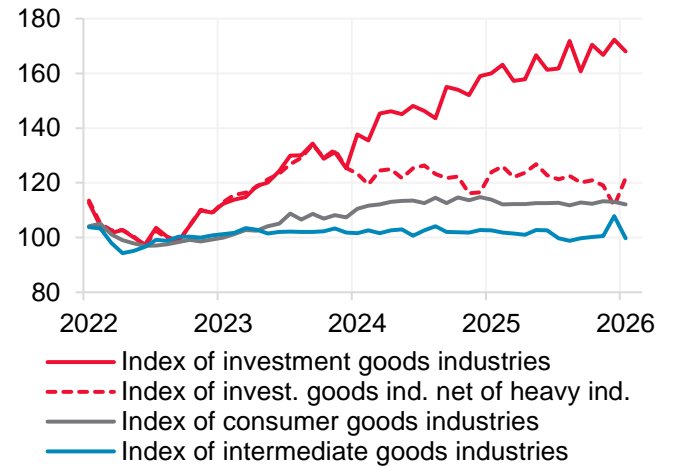
Sources: Rosstat, R&F Department estimates.

Figure 15. Mining and quarrying and manufacturing indices (2021 = 100), SA



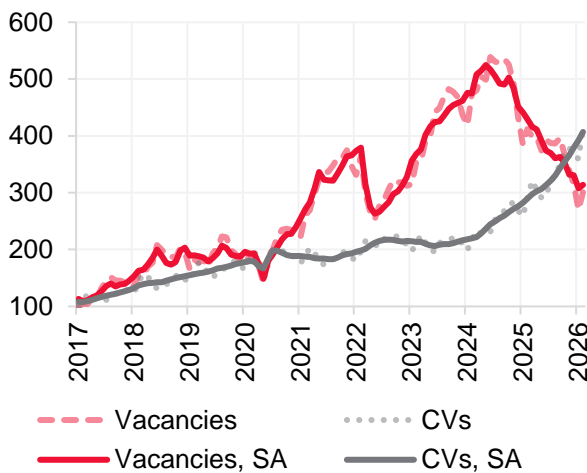
Sources: Rosstat, R&F Department estimates.

Figure 16. Output in groups of manufacturing industries, SA, 2021 = 100%⁵



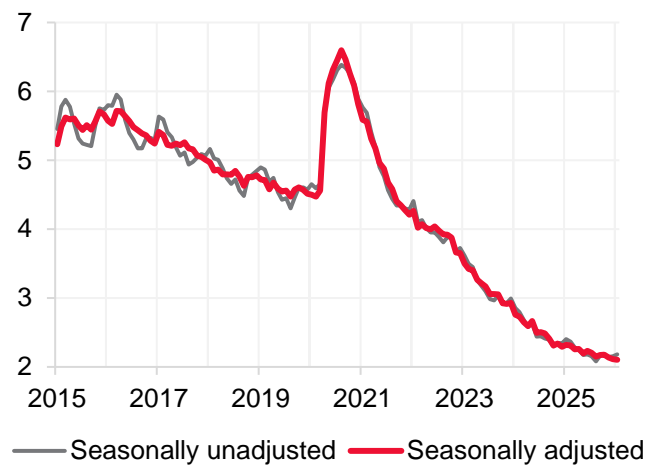
Sources: Rosstat, R&F Department estimates.

Figure 17. HeadHunter CVs and vacancies indices, 01.2017 = 100, points



Sources: HeadHunter, R&F Department estimates.

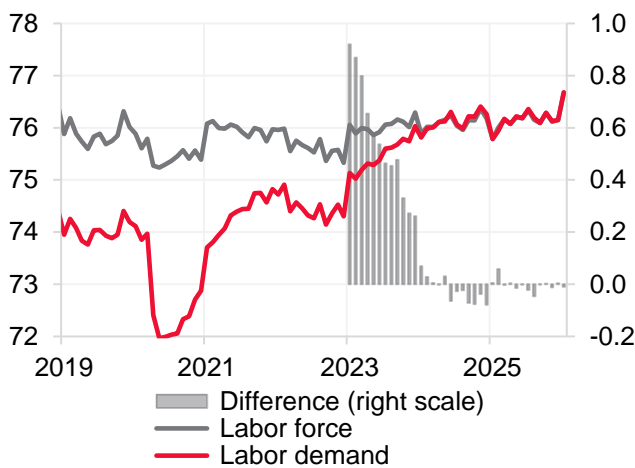
Figure 18. Unemployment rate, %



Sources: Rosstat, R&F Department estimates.

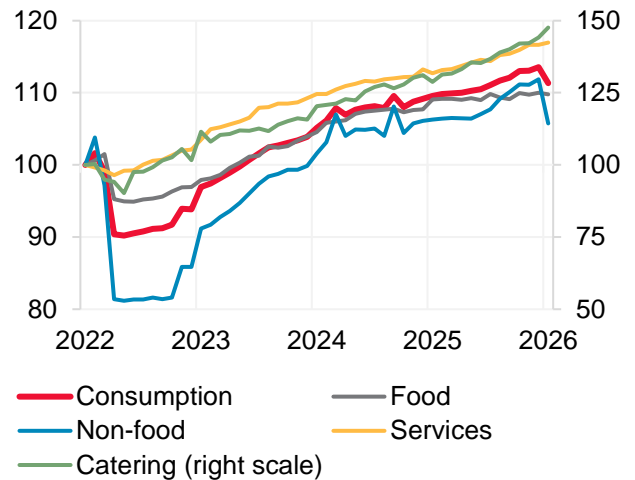
⁵ The “heaviest” in the group of investment goods industries are the manufacture of fabricated metal products, except machinery and equipment and other transport equipment.

Figure 19. Labor force and labor demand, mln people, SA



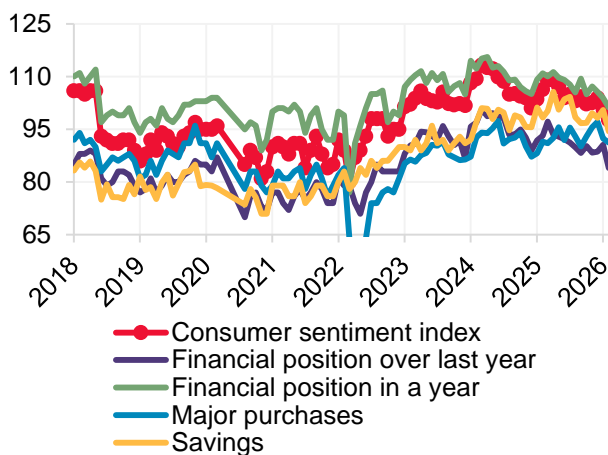
Sources: Rosstat, R&F Department estimates.

Figure 20. Retail segments, catering and services turnover, 01.2022 = 100, SA, %



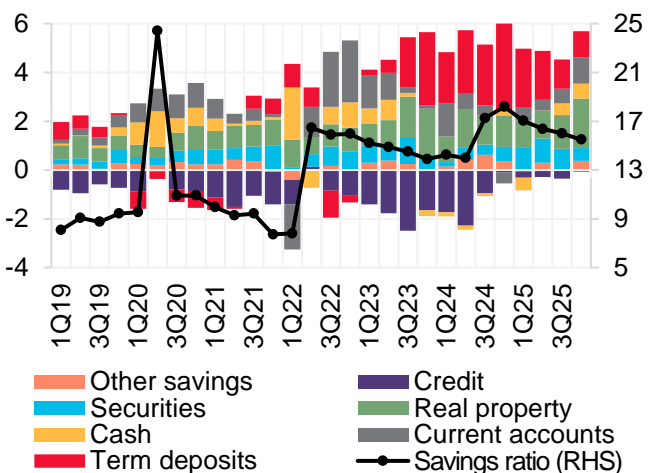
Sources: Rosstat, R&F Department estimates.

Figure 21. Consumer sentiment index and its subindices, points



Source: inFom.

Figure 22. Savings components (trillion rubles) and savings ratio, SA



Source: Rosstat, Bank of Russia, R&F Department estimates.

2.2. Lending performance in line with returning inflation to 4%

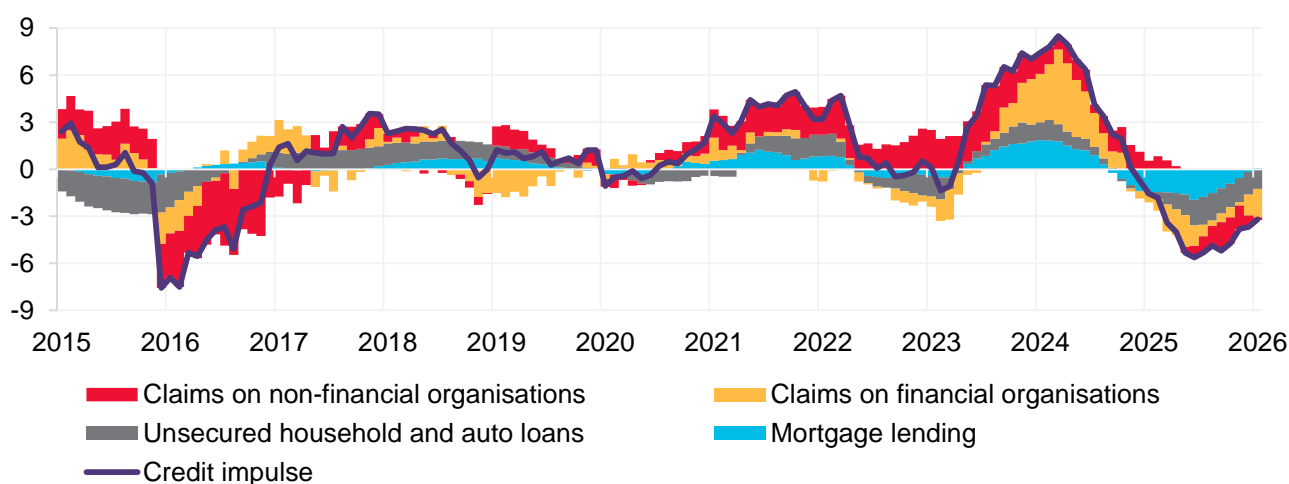
- The restraining input of lending to aggregate demand continued to weaken, driven by the retail segment (Figure 20). Credit impulse, however, is highly likely to remain negative this year. This performance is in line with the goal of gradually returning inflation to 4%.
- Total claims on the economy⁶ contracted 0.5% MoM NSA in January net of foreign exchange gain/loss after dropping 0.4% MoM NSA in December. The January's decline in claims was owed to a 0.7% MoM NSA decrease in *ruble* claims, whereas *foreign*

⁶ The banking system's total claims (loans, bonds, bills of exchange, etc.) on Russian companies (financial and non-financial) and households (individuals and sole proprietorships).

currency claims expanded 1.8% MoM net of foreign exchange gain/loss and exceeded the average growth rate in 2025).

- The January's contraction in *ruble* claims was driven by corporate creditors. Claims on financial organisations contracted. Growth in claims on financial organisations slowed to 0.3% MoM SA⁷ from 0.9% MoM SA (Figure 24). As in January 2025, the restraining impact on the loan portfolio came from the budget. Some companies repaid loans after they had received funds from the budget in payment for the performance of government orders. Loan contraction relative to the previous year was registered across a broader range of industries. This may indicate that, in addition to the transfer of budget funds, the change in claims also stemmed from the worsening of companies' assessment of current and future demand for their products.
- Growth in total foreign currency claims was to a large extent driven by one-off factors, e.g., some companies' demand for foreign currency for implementing international projects. As interest rates on ruble loans are cut, a more moderate rise in foreign currency claims is to be expected.
- The January's contraction in corporate claims was partially offset by the acceleration of growth in retail claims to 1.2% MoM SA from 0.9% MoM SA. This is, above all, due to a temporary rise in demand for mortgage loans ahead of toughening the terms and conditions of the Family Mortgage programme. The segment of other unsecured consumer lending saw the portfolio contraction taking a break.
- Based on preliminary data, money supply expansion accelerated to 11.5% YoY in February from 9.7% YoY, with broad money supply expansion accelerating to 12.6% YoY from 11.0% YoY net of foreign exchange gain/loss because of the shift of the tax payment date to the first business day in March (Figure 25). The impact of this shift will be offset in March. The money supply change within February suggested a continued slowdown in monetary aggregates' growth, which is in line with the goal of inflation deceleration.

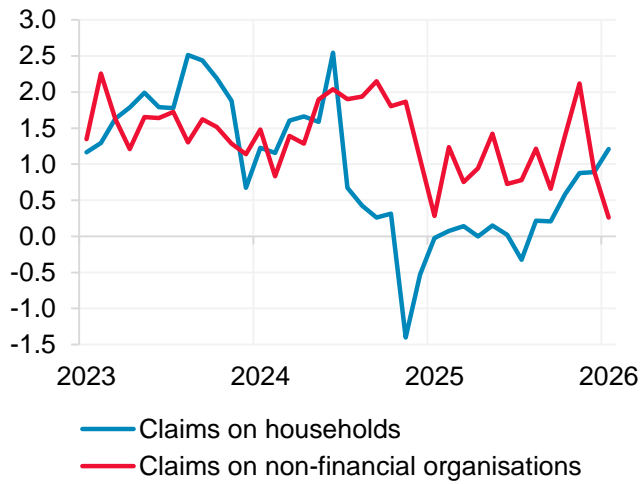
Figure 20. Credit impulse, % of GDP



Sources: Bank of Russia, R&F Department estimates.

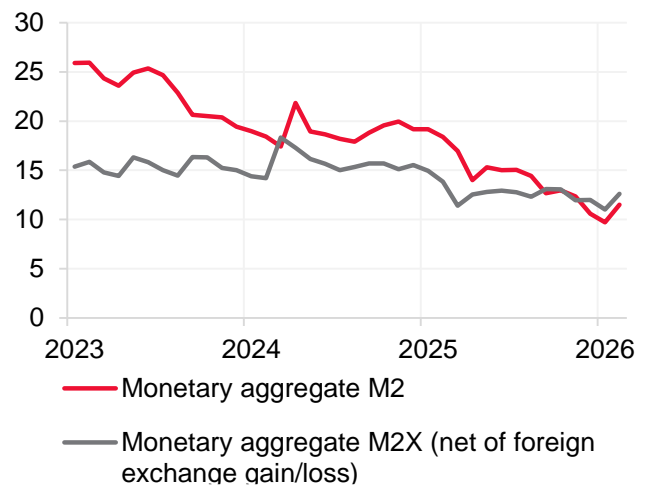
⁷ R&F Department estimate.

Figure 21. Ruble claims, % MoM SA



Sources: Bank of Russia, R&F Department estimates.

Figure 22. Monetary aggregates, % YoY



Sources: Bank of Russia, R&F Department estimates.

Alexander Morozov, Director

Artur Akhmetov

Dmitry Chernyadyev

Maria Kharlamova

Anastasia Khazhgerieva

Yana Kovalenko

Tatyana Kuzmina

Aleksandra Moskaleva

Oskar Mukhametov

Sofia Myakisheva

Maksim Nevalenni

Danila Ovechkin (Tyumen Division)

Yekaterina Petreneva

Aleksey Porshakov

Bella Rabinovich

Arina Sapova

Marina Starodubtseva

Alexandra Sterkhova

Yulia Ushakova

Kristina Virovets

Sergey Vlasov