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The Research and Forecasting Department has prepared this bulletin based on data as of 28 August 2026.
The views and recommendations expressed in the bulletin do not necessarily reflect the official position of the Bank of Russia.
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Executive summary

Monthly summary

- Seasonally adjusted price growth remained elevated between July and August. To a large extent, this is still explained by one-off supply-side inflation drivers (fuel, fruit and vegetables). Nevertheless, the period saw a rise in headline inflation pressures, evidenced by an uptick in measures of underlying inflation. The inflation expectations of households and businesses, which were up sharply in July, corrected downwards in August but remain above their average levels for the first half of the year. The economy continued to expand moderately, with the exception of sectors in which production capacity and infrastructure have been damaged. Growth remains skewed towards industries focused on public procurement, but there is also a clear upward trend in the investment and consumer sectors. The preliminary estimate for H1 GDP growth is 0.6% YoY. Calibrated monetary policy decisions are necessary to return inflation to the 4% target in 2027, taking into account both current conditions and the balance of risks for future inflation.
    - The rise in underlying inflation is largely attributable to the second-round effects of higher fuel prices and the reduced affordability of fuel. The accelerating price growth is also driven by the weaker ruble following the rise in the spring months that had held down headline inflation.
    - The continued gradual normalisation of the labour market has moderated nominal and real wage growth, narrowing the gap between wage increases and productivity growth. At the same time, household consumption is growing robustly, which indirectly points to a gradual decline in the savings ratio. This may in part reflect heightened uncertainty and a temporary increase in the purchase of durable goods for precautionary reasons. However, the declining savings ratio also partly reflects persistent accumulated effects of the monetary easing, namely the cumulative reduction in interest rates over the past six to twelve months, combined with the repeated rise in inflation expectations in July and August.
    - In July and August, Russian financial markets came under pressure from a negative news flow and significant equity-market volatility. In July–August, the ruble pulled back from the high levels of April–June, hovering close to the average levels seen in 2025.

1. Inflation

The downward movement in annual inflation halted in the first half of 2026. Consumer prices in annualised terms are expected to accelerate slightly in the second half of the year (up to 6–7% according to the Bank of Russia's July forecast). A twofold process lies behind this. First, it comes as a result of the realisation of strong one-off supply-side shocks: the new tax rate and the broader tax base since the start of the year, as well as rising prices and fuel undersupply, in evidence since late spring. Second, it is driven by the stabilisation, in the 4–5% annualised range, of most measures of underlying inflation, which has spanned several quarters. To deliver on the inflation target, it is necessary to ensure that price deceleration trends resume.

The fuel market and the warehouse sector are not only affecting consumer prices for fuel, but also the entire structure of logistics costs (as transport, insurance and related expenses are rising). All else being equal, this stands in the way of the deceleration of both consumer prices and core inflation. Once the prices stabilise and fuel becomes easily available as production facilities resume operations, the indirect, second-round, effects on consumer prices are set to recede in scale and duration.

1.1. Upside risks to inflation remain high

- Consumer prices posted persistently high growth in July. Annual inflation stayed at 6.0% as the annual indexation of regulated rates was pushed back from July to October, which diminishes annualised inflation in July–September. Without this postponement, annual inflation in July would have totalled 6.7%. Temporary factors, including higher motor fuel prices, made a substantial contribution to the acceleration in price growth.
- July was marked by a rise in underlying inflation, which to a degree points to the emergence of second-round effects of temporary inflation drivers. The pass-through from the weaker ruble to prices remains limited for now.

In July, consumer price growth was 11.6%, after 11.4% MoM SAAR in June (Table 1, Figure 1). An acceleration was documented in the product segment. Contrariwise, the services sector reported a certain deceleration (Figure 1). Annual inflation stayed at 6.0%. At the same time, taking into account the postponed rate increase (due 1 October), annual inflation would have sat at 6.7%. According to preliminary data, seasonally adjusted price growth slowed in August from the very high levels of June–July but remained well above 4% on an annualised basis.

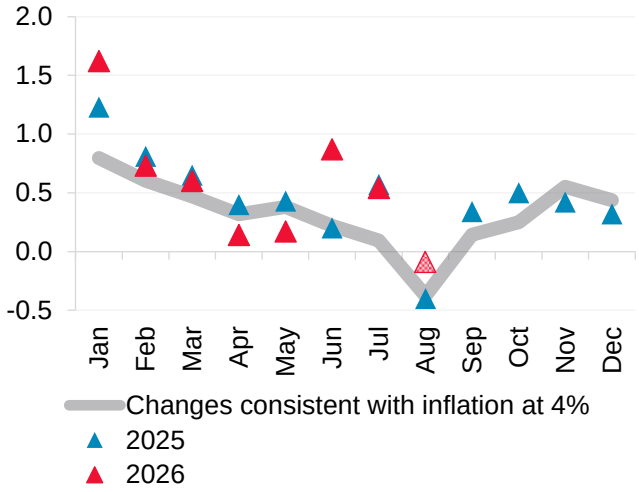
Consumer price trends inJune–July were largely determined by temporary inflation drivers, such as higher motor fuel prices and price growth in a number of the most volatile components, including certain food products. At the same time, stronger price pressures were also observed in the more persistent component of the consumer basket.

Table 1. Inflation and its components

	July 2024	July 2025	May 2026	June 2026	July 2026
% YoY					
All goods and services	**9.1**	**8.8**	**5.3**	**6.0**	**6.0**
Core inflation	**8.6**	**8.5**	**4.9**	**5.0**	**5.2**
Food products	9.7	10.8	2.9	3.4	4.4
Non-food goods	6.7	4.1	4.2	5.3	6.4
Services	11.4	11.9	10.1	10.6	7.8
% MoM SAAR					
All goods and services	**15.4**	**9.0**	**2.3**	**11.4**	**11.6**
Core inflation	**5.9**	**4.1**	**4.9**	**5.3**	**7.0**
Food products	14.6	1.2	-5.1	10.9	13.2
– excluding fruit and vegetables	**6.8**	**5.2**	**1.3**	**4.2**	**9.8**
Non-food goods	6.4	1.5	3.7	13.7	15.1
excluding petroleum products	**4.1**	**0.9**	**2.1**	**1.3**	**3.5**
Services	28.5	31.2	11.6	9.2	5.9
excluding housing and utility services	**10.1**	**5.7**	**15.4**	**11.6**	**6.8**

Sources: Rosstat, R&F Department calculations.

Figure 1. Price growth consistent with 4% path, % MoM



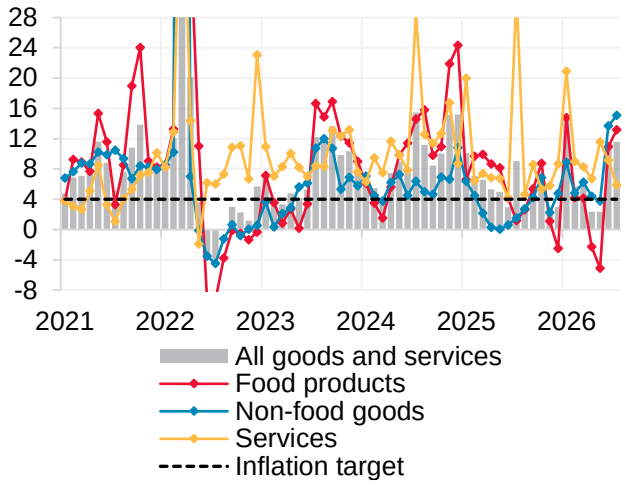
Note. The August 2026 reading is a weekly estimate; the seasonal adjustment is based on 2025, adjusted for the October 2026 indexation.

Sources: Rosstat, R&F Department calculations.

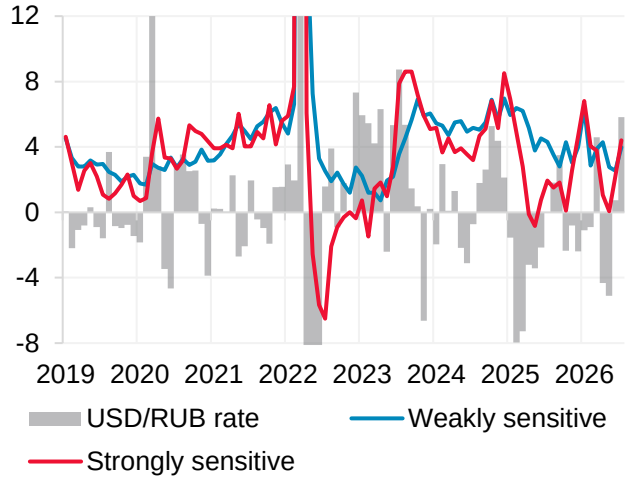
More expensive fuel remained a key driver of the high price growth in July: prices for petroleum products were up 5.9% MoM SA. As in June, this made a direct contribution of 0.3pp to headline inflation (roughly one-third of the total price growth). Towards the end of July, improvements were increasingly emerging in the fuel market as panic buying declined, imports expanded and refining capacities gradually recovered. This combined with regulatory action to cause a slight decrease in fuel prices. Nevertheless, as of late August, tensions persist in regional markets. The duration and scale of both the direct and indirect effects of higher fuel prices remain a source of uncertainty.

Figure 1. Seasonally adjusted price growth, % MoM SAAR

Figure 2. Median CPI values depending on sensitivity to exchange rate (% MoM SAAR) and change in USD exchange rate (%)



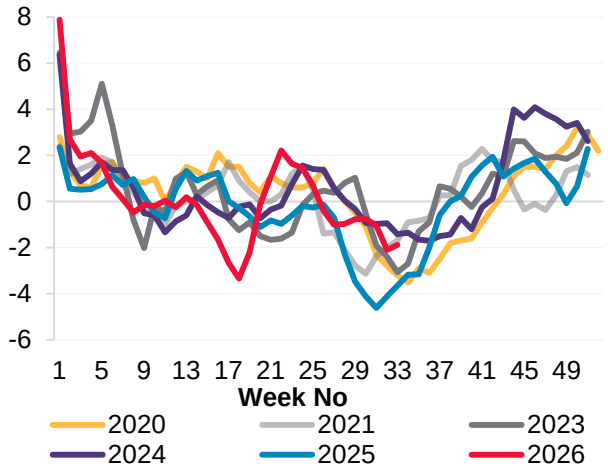
Sources: Rosstat, R&F Department calculations.



Sources: Rosstat, R&F Department calculations.

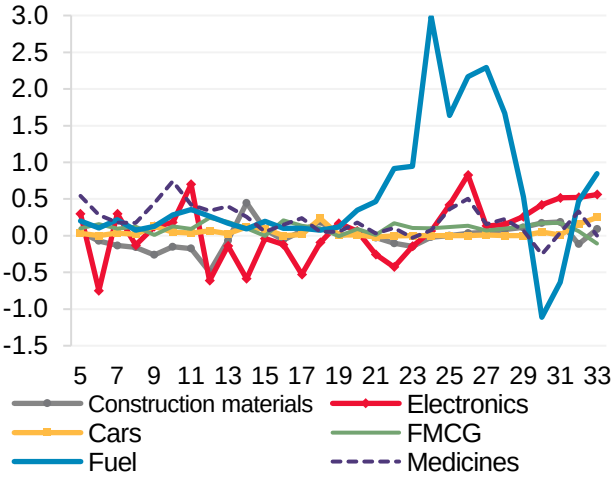
The pace of growth in prices for fruit and vegetables moderated somewhat but remained elevated and above seasonal patterns. Overall, the rise in fruit and vegetable prices in June–July was comparable to the decline recorded in April–May. Weekly data show that the price reduction in August is set to be less pronounced than seasonal patterns suggest (Figure 3). As for other food products, meat[1] and sugar prices[2] rose rapidly.

Figure 3. Growth rate of fruit and vegetable prices, % WoW



Sources: Rosstat, R&F Department calculations.

Figure 4. Growth rate of individual non-food product prices, % WoW



Sources: Rosstat, R&F Department calculations.

Potential disinflationary effects on the food sector in the coming months may come from difficulties in exporting grain and other crops. With reduced export potential, the crop harvested is boosting domestic supply. This sent domestic grain prices lower by mid-August and could have a further disinflationary influence on a wide range of food products moving forward. In the

[1] Poultry is under pressure from the declining profitability of production. Beef prices are rising predominantly on the back of structural factors as cattle numbers are declining and farmers have limited capacity to expand supply rapidly. Prices for sugar and confectionery grew at a high pace.

[2] The beginning of sugar beet processing at the end of July sets the stage for a normalisation in supply and slower price growth in the future.

next agricultural season, however, the reverse effect may materialise, particularly if the export problem persists. Low grain prices put pressure on farmers' finances, and this could adversely affect next year's harvest if farmers are forced to economise on fertilisers, fuel, plant protection products and other inputs.

Of the volatile categories, the main downward contribution to price growth came from tourism. Domestic tourism prices are in for a decline in the coming months as demand weakens. In early August, domestic bookings for the warm months of early autumn dropped 18% from the prior year; the decline in demand for package tours within Russia was even stronger. Hoteliers have begun to cut prices and offer significant discounts for late summer and September.

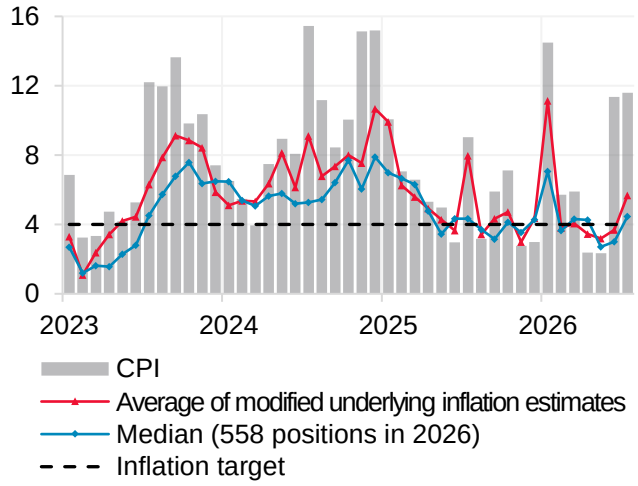
The disinflationary effect of the ruble's appreciation in the first half of the year, which worked to constrain underlying inflation in the spring months, has by now run its course. Median price growth for goods marked by strong sensitivity to the exchange rate went up again; for the second consecutive month, it has converged with the median price growth for goods with low exchange rate sensitivity (Figure 2). The weakening of the ruble in recent weeks has for now affected only individual components of the consumer basket (mainly electronics), but it may spill over moving forward to a wider range of goods and services (Figure 4).

The recent disruptions at major online marketplaces create risks of local price increases for certain non-food items as supply shrinks, discounts are cancelled and logistics costs rise. The emerging logistics constraints are partially offset by mature e-commerce infrastructure and seller support measures. Price increases for the products affected will exert only limited upward pressure on overall prices given that the price response across categories is mixed and sellers and marketplaces are partially absorbing the additional costs.

Underlying inflation measures increased markedly in July (Figure 5). The average of modified underlying inflation measures was 5.7% YoY; median price growth (unadjusted for the weights of individual components of the CPI basket) was 4.5% YoY. On the one hand, the increased estimates of underlying inflation suggest the manifestation of the second-round effects of temporary drivers of inflation on a wider range of goods and services (Figure 6). On the other, statistical methods fail to completely isolate the influence of temporary factors on underlying inflation. Therefore, the upward trend in July should not be attributed solely to increased persistent inflationary pressures.

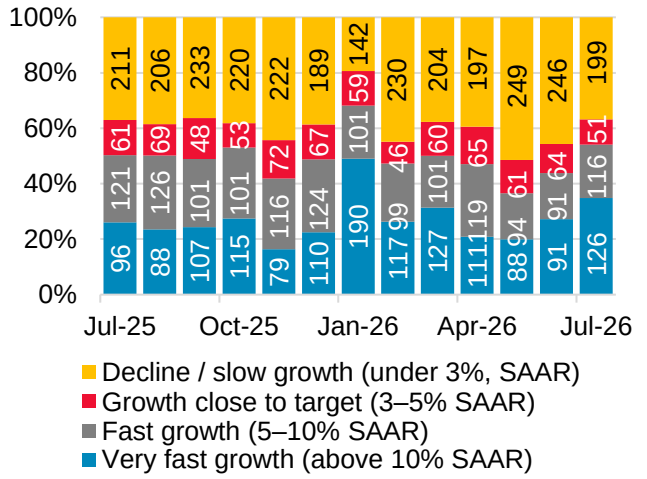
Figure 5. Core and median inflation*, % in annualised terms

Figure 6. Total weight of goods and services distributed based on seasonally adjusted price growth



** The indicators are calculated based on the method of excluding the most volatile components and by the truncation method.*

Sources: Rosstat, R&F Department calculations.

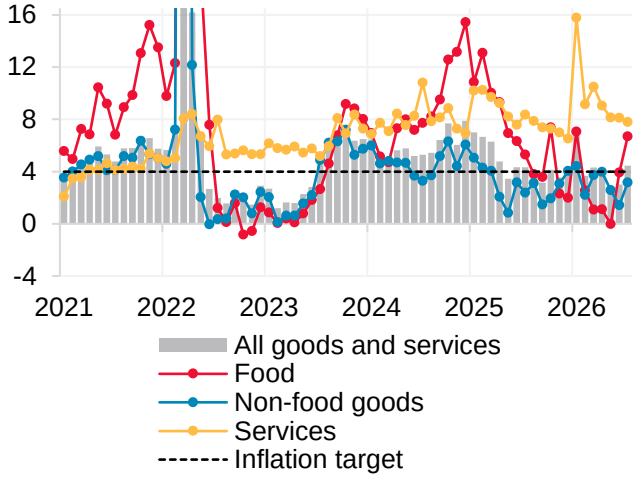


Note. Excluding fruit and vegetables and regulated services. The numbers denote items.

Sources: Rosstat, R&F Department calculations.

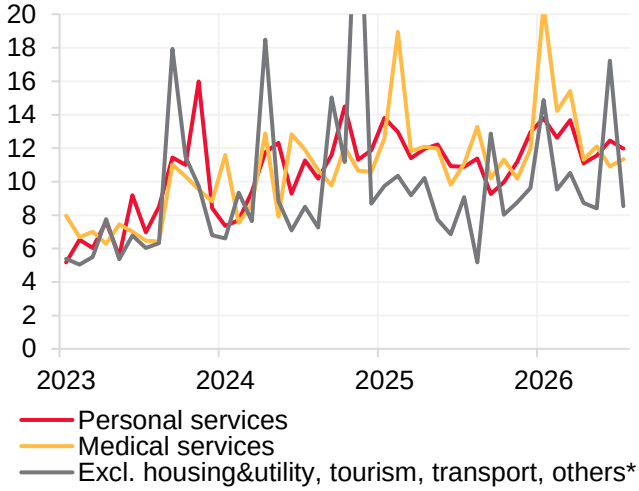
The median increase in service prices stabilised at a high level (well above the average of the second half of 2025; Figure 7). The increase in prices for unregulated services (personal and medical) is still above 10% in annualised terms (Figure 8). This indirectly points to high inertia in the elevated rates of underlying inflation.

Figure 7. Median price growth (558 items in 2026), % in annualised terms



Sources: Rosstat, R&F Department calculations.

Figure 8. Increase in prices of individual services, % MoM SAAR



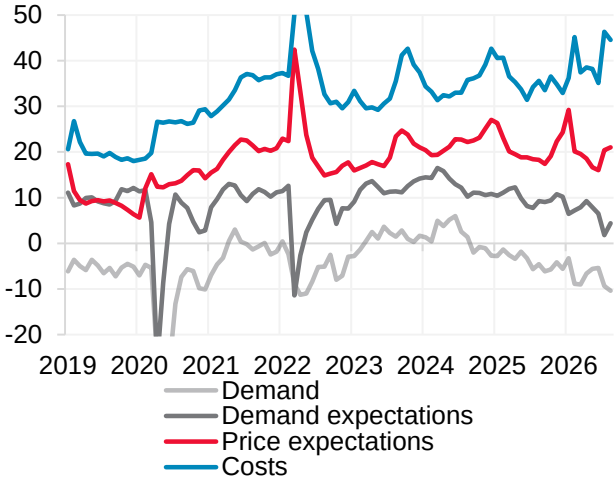
** 'Others' are veterinary, legal, banking, insurance, physical culture and sports, and intermediary services.*

Sources: Rosstat, R&F Department calculations.

Surveys show that the manufacturing sector remains under increased inflationary pressure. According to a Bank of Russia business survey, the price expectations of businesses increased in August, with visible improvements in short-term expectations for demand and output (Figure 9). Costs grew at a slower pace following the peak reached in July, an all-time high since May 2022. As before, producer prices show mixed movements. They declined at a faster pace in July, mainly on the back of cheaper mining products, but growth continued in

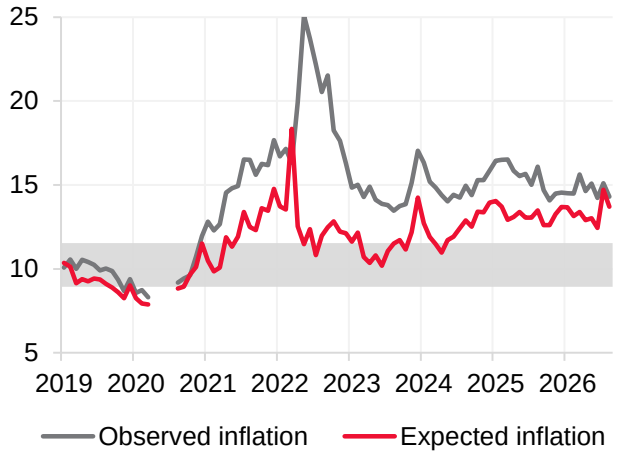
manufacturing industries, with a trend towards acceleration in the consumer sector (Figure 11, Figure 12). Household inflation expectations in August corrected downwards following the drop in observed inflation, but remained at a high level (Figure 10).

Figure 9. Estimates and expectations of businesses for 3 months ahead, balance of answers, % SA



Source: Bank of Russia.

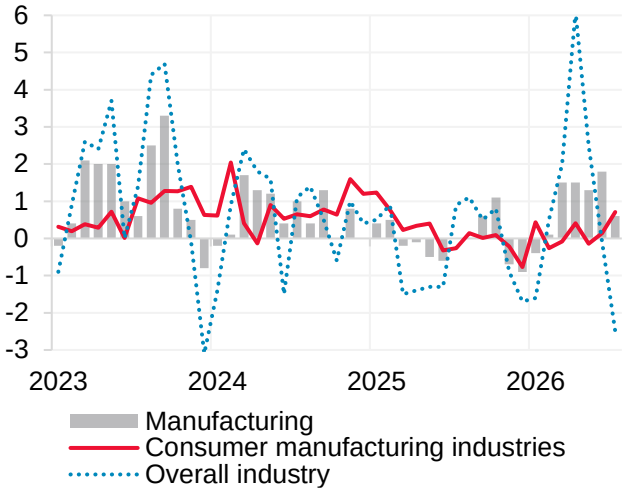
Figure 10. Household inflation expectations and observed inflation, % YoY



Note. The grey area highlights the 25–75th percentiles of expected inflation in 2016–2020.

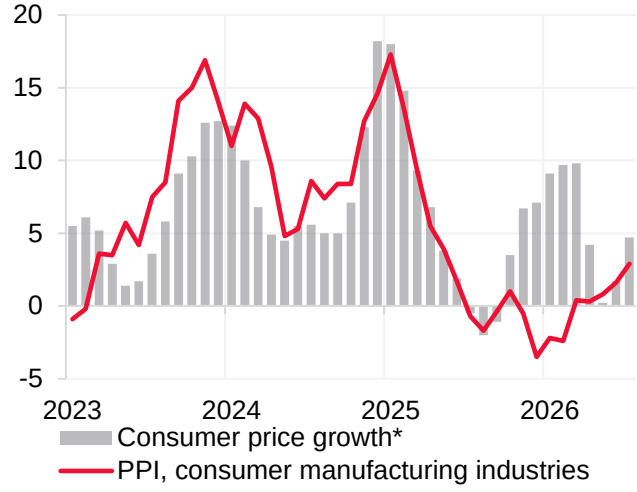
Source: InFOM.

Figure 11. Growth of producer prices, industrial goods, % MoM



Sources: Rosstat, R&F Department calculations.

Figure 12. Producer and consumer prices, % in 3M annualised terms

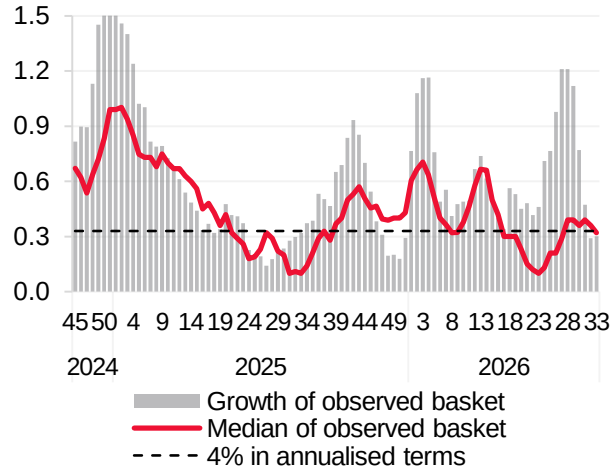


** By a comparable set of products.*

Sources: Rosstat, R&F Department calculations.

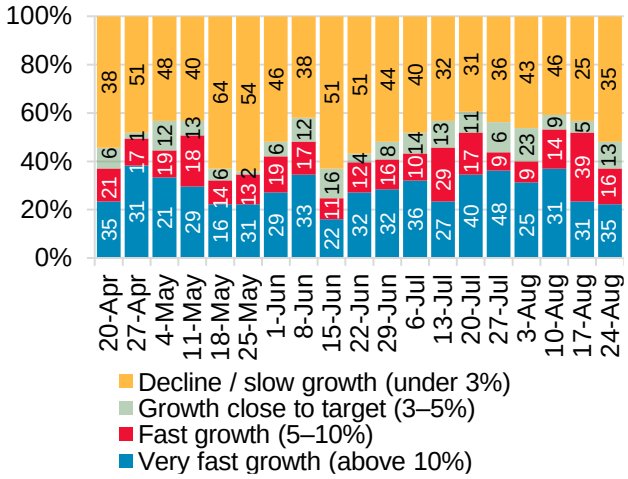
Figure 13. Moving 4-week pace of growth and median distribution, % in annualised terms

Figure 14. Distribution of price indices for categories observed on a weekly basis, % in annualised terms



Note. Excluding fruit and vegetables, regulated services and air fares.

Sources: Rosstat, R&F Department calculations.



Note. The columns are the shares of the items, the numbers are the weights; excluding fruit and vegetables, regulated services and air fares.

Sources: Rosstat, R&F Department calculations.

2. Economic activity

GDP grew above expectations in the second quarter; it returned to the still high level of the fourth quarter of 2025. The economy will likely grow more slowly in the third quarter, which is explained primarily by the temporary loss of capacity in production and logistics (the supply of goods and services), rather than by a demand-side deceleration. The increased activity in corporate lending and household consumption in July–August reinforces the view that domestic demand is still expanding. The August business surveys indicate an improvement in overall assessments of economic dynamics, supporting expectations of further growth in demand and GDP in the third quarter.

The consumer sector and several manufacturing industries focused on public procurement continue to be key drivers of economic growth. At the same time, slower wage rises following the gradual normalisation in the labour market are creating conditions for more moderate but more sustainable growth in household consumption going forward.

2.1. GDP growth temporarily held back by supply shocks

- Despite the temporary loss of some production and infrastructure capacity, economic activity exceeded expectations in the second quarter:[3] GDP was back to the level of late last year (Figure 15). The slight improvement in corporate sentiment and the increase in

[3] Based on Rosstat's preliminary GDP estimate for the second quarter (+1.3% YoY), GDP growth on a sequential basis totalled 1.6% QoQ SA, after a drop of 1.7% QoQ SA in the first quarter of 2026 (R&F estimates).

expectations regarding future demand[4] (Figure 16, Figure 17) suggest a continued expansion of activity in the third quarter.

- Growth is still held back by one-off supply shocks. In the second quarter, output in mining and quarrying (-1.4% QoQ SA; Figure 18) and in intermediate processing industries (-3.5% QoQ SA) deteriorated due to the downtime experienced by certain refineries and export terminals; paid services and passenger traffic ceased to grow as fuel was increasingly in shortage and safety problems emerged in a number of regions. The temporary losses of capacities are poised to have a restraining effect on Q3 growth.
- Figure 21). Fiscal spending, which has maintained, in the year to date, a strong pace relative to annual allocations, continues to support output in the 'heaviest'[5] investment goods industry groups (Figure 19). Investment activity improved in the second quarter after a decline in previous quarters, as follows from data on construction (+5.0% QoQ SA) and related industries.[6] Furthermore, the increased need for repairs and the protection of critical infrastructure may support a further expansion in investment demand in the third quarter.
- Figure 22), and the labour force participation rate has been below the 2024–2025 trajectory since the second quarter. Most adjustment is occurring on the back of wages. Annual wage growth is steadily slowing across a wide range of sectors, but it remains above productivity growth for now. Surveys bear out continued improvements in sufficiently estimated staffing levels and a reduction in hiring plans, strengthening expectations that these trends will gain traction. The expected continued slowdown in wage growth to more steady levels is set to gradually translate into cooling consumer activity and an ensuing decrease in underlying inflationary pressures.

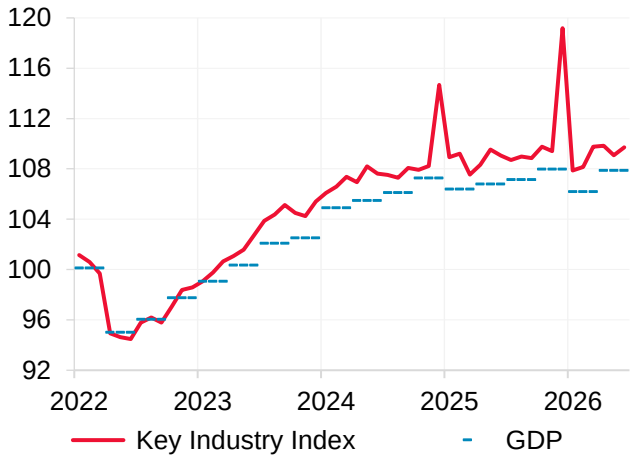
Figure 15. Output in key industries and GDP, 2021 Q4 = 100

Figure 16. Bank of Russia's Business Climate Index, p (SA)

[4] The PMI suggests that there were continued recovery trends in July (50.7p); an INION survey points to less pessimistic corporate sentiment. The Bank of Russia's August survey also documents better business climate estimates, mainly on the back of improved short-term expectations.

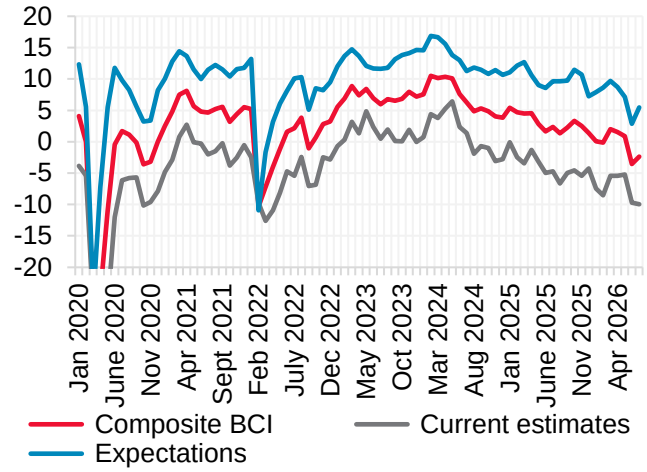
[5] The 'heaviest' investment industries are the production of finished metal products, except for machinery and equipment and other vehicles and equipment.

[6] The production of other non-metallic mineral products was up 1.3% SA in the second quarter.



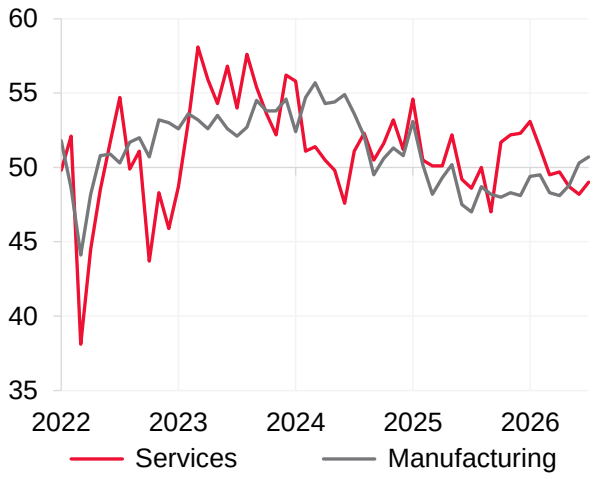
Sources: Rosstat, R&F Department calculations.

Figure 17. PMI, manufacturing and services, p

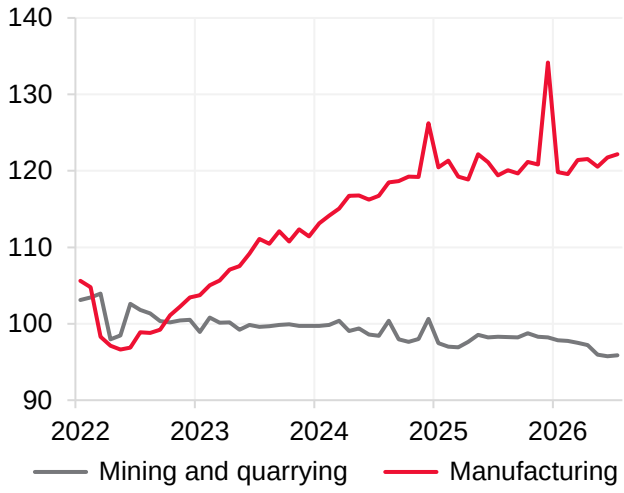


Source: Bank of Russia.

Figure 18. Mining and quarrying, and manufacturing, 2021 = 100, %, SA



Source: S&P Global.

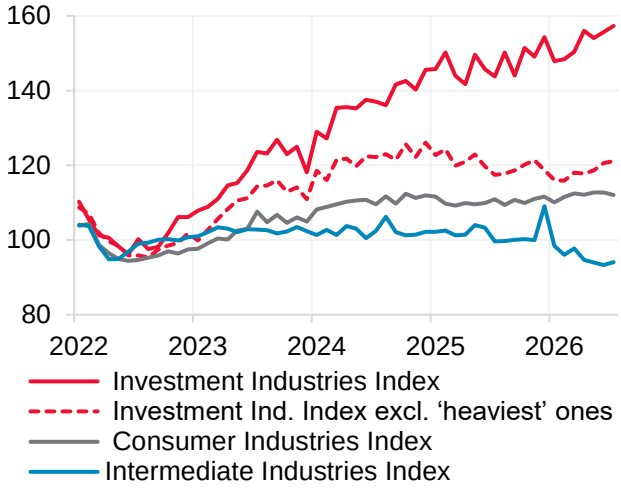


Sources: Rosstat, R&F Department calculations.

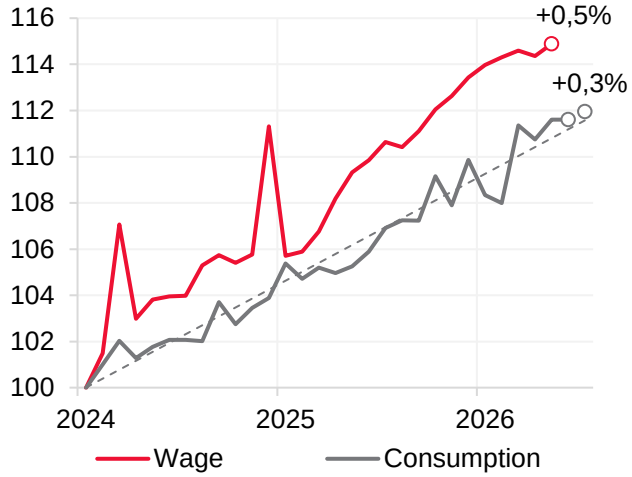
Figure 19. Manufacturing output, 2021 = 100, %, SA

Figure 20. Real wages and household consumption,[7] January 2024 = 100, p, SA

[7] The July 2026 data are estimates from Sber (MoM SA).

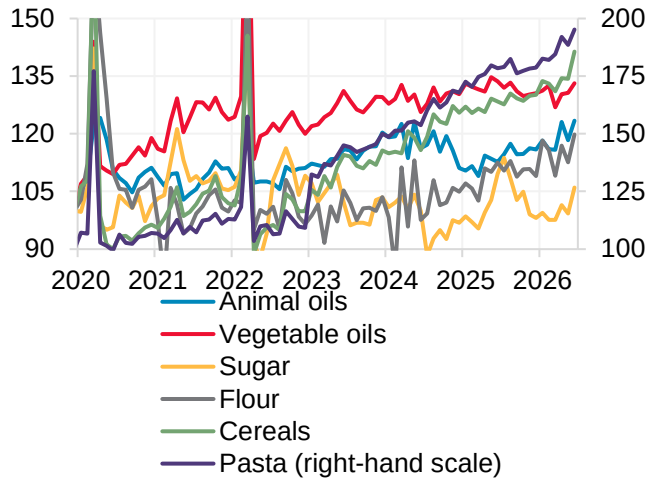


Sources: Rosstat, R&F Department calculations.



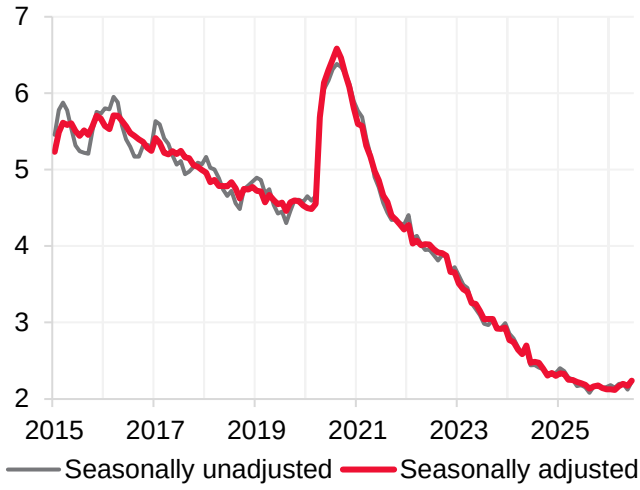
Sources: Rosstat, Sber, R&F Department calculations.

Figure 21. Retail sales of individual products, December 2019 = 100%, SA



Sources: Rosstat, R&F Department calculations.

Figure 22. Unemployment rate,%



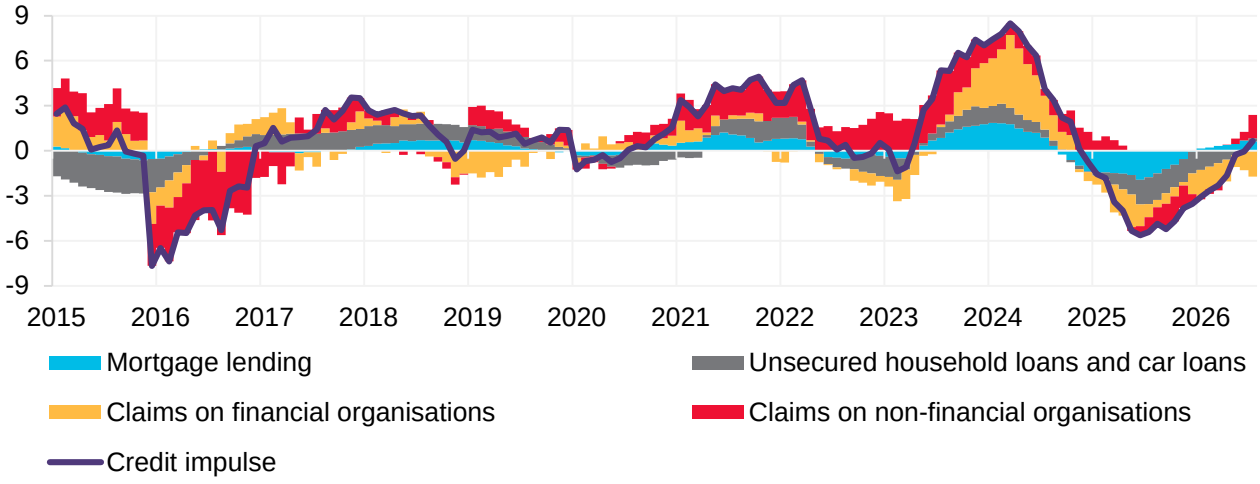
Sources: Rosstat, R&F Department calculations.

2.2. Credit activity sustains dynamism

- Demand is now increasingly spurred by lending. This is evidenced by the credit impulse, which has returned to positive territory (**Ошибка! Источник ссылки не найден.**). The modestly positive values of the credit impulse are not overall inconsistent with the downward movement of inflation to target: in 2017–2019, the average credit impulse was 1.5% of GDP given the ongoing fiscal consolidation. However, this scale of credit impulse could prove excessive in combination with the accommodative fiscal policy in the current context of high rates of price growth and inflation.

- The growth of claims on the economy[8] year to date continues to diverge upwards from its 2025 path, approaching the upper bound of the 2016–2019 range (**Ошибка! Источник ссылки не найден.**). In January–July 2026, claims on the economy gained 5.0%, adjusted for foreign currency revaluation.
- The greatest contribution to the acceleration in growth came from ruble-denominated corporate claims, primarily loans to non-financial entities (**Ошибка! Источник ссылки не найден.**). The July acceleration in growth in this category (seasonally adjusted) is primarily a one-off effect unrelated to actual lending. However, growth in ruble corporate claims remains high even if this factor is excluded.
- Retail lending decelerated to 0.5% in July from 0.8% MoM SA in June. This reflects a retreat of subsidised mortgages to close to their February–May volumes, following a one-off surge in June. The demand for unsubsidised mortgages continued to expand (their share of total mortgages approached 50% for the first time in three years despite the persistently high rate levels).[9] As before, non-mortgage portfolios show moderate dynamism.
- In the context of the continued rebound in lending and rapidly growing fiscal spending, monetary aggregates moved persistently above last year's path and began to exceed the range of 2016–2019 (**Ошибка! Источник ссылки не найден.**). Annual growth in the money supply in July was comparable to June (13.0% vs 13.2%), as was growth in broad money (12.6% after 12.9%, both adjusted for foreign currency revaluation). This is a sign of significant upside risks to inflation and the recent easing of monetary conditions.

Figure 23. Credit impulse, % of GDP



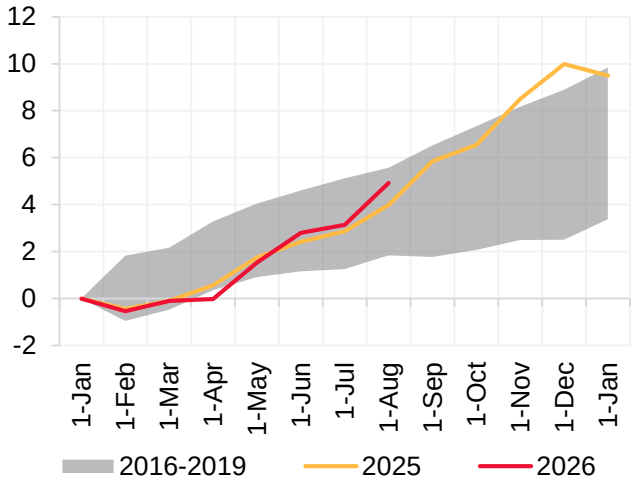
Sources: Bank of Russia, R&F Department calculations.

Figure 24. Claims on the economy, % YTD, adjusted for foreign currency revaluation

Figure 25. Growth of ruble loans, % MoM SA

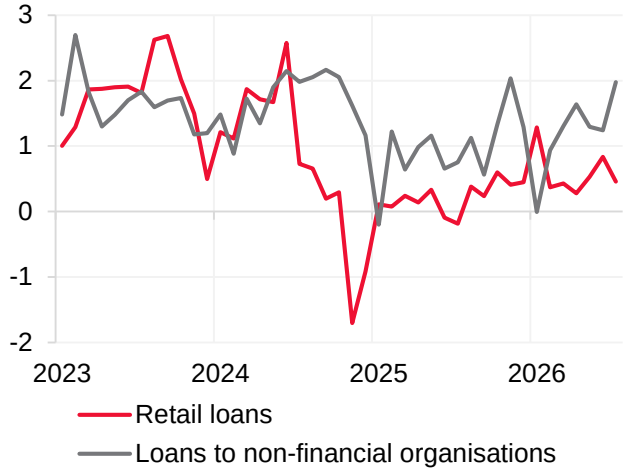
[8] This includes all claims of the banking system (loans, bonds, bills and others) against Russian companies (financial and non-financial) and households (individuals and individual entrepreneurs).

[9] Average market mortgage rates are about 18%.



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

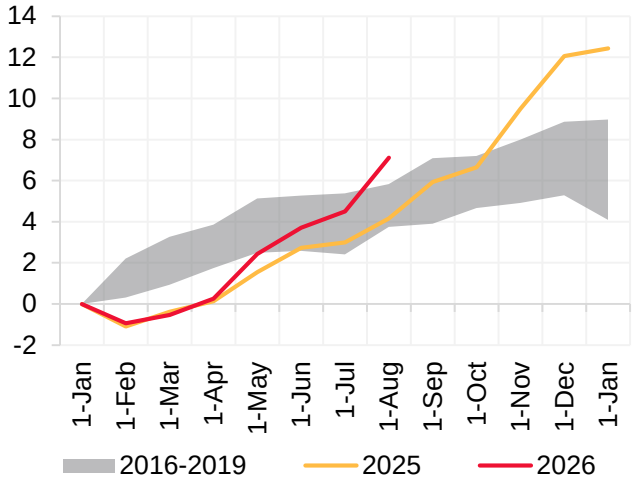
Figure 26. Growth of ruble loans to non-financial organisations ,% YTD



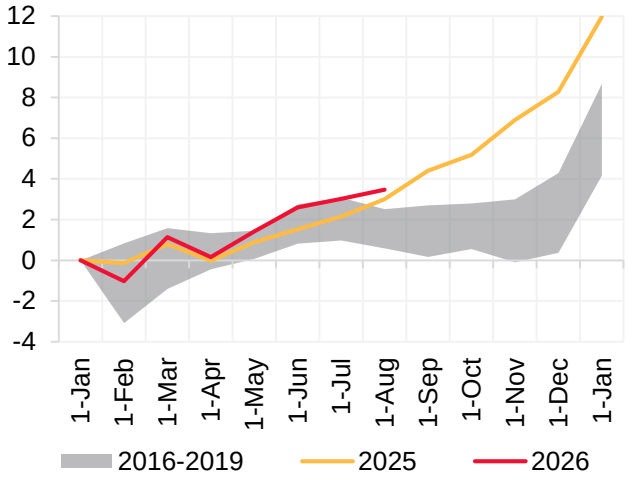
Note. Not adjusted for securitisation.

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

Figure 27. Growth of broad money M2X adjusted for foreign currency revaluation, % YTD



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



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

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