



**THE CENTRAL BANK  
OF THE RUSSIAN FEDERATION  
(BANK OF RUSSIA)**

# **Quarterly Inflation Review**

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***2010 Q4***

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**Research and Information Department**

*The electronic version of Quarterly Inflation Review is available on the Bank of Russia's website:  
<http://www.cbr.ru/pub/>.*

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## Introduction

In 2010, the Russian economy was recovering from the world financial and economic crisis. Production growth was registered in most of the major types of economic activity last year. The highest growth rates in the output of goods and services were observed in the first half of the year. This growth, however, slowed down in 2010 Q3. In the fourth quarter, production activity intensified.

Production growth was supported by rising consumer and investment demand. However, demand remained below the potential output level, according to estimates.

Consumer price growth slowed down in January-July but quickened considerably from August 2010, largely due to a faster increase in food prices. On the whole, the inflation rate did not slow down in 2010 and remained on the previous year's level.

For most of 2010, the Bank of Russia carried out accommodative monetary policy measures to create conditions for further expansion of banks' lending operations and the recovery of economic

activity, considering that inflation risks were moderate.

Over the year, the Bank of Russia cut the refinancing rate and slightly narrowed the interest rate band on its operations.

Interest rates in all the segments of the financial market and on the loan and deposit market were observed to decline.

Banks' lending activity gradually recovered in 2010 as a result of low interest rates and high liquidity in the money market.

Money supply regained high growth rates. This growth in 2010 was driven by the Bank of Russia's interventions in the domestic foreign exchange market and an increase in the Bank of Russia's net claims on the general government largely because the Government of the Russian Federation used sovereign funds to finance the budget deficit. The expansion of banks' lending to the real sector of the economy started to contribute to money supply growth from the second half of 2010.

# Inflation Dynamics

## Consumer prices

According to the Federal State Statistics Service (Rosstat), consumer prices rose by 8.8% in 2010 (their growth in 2009 also amounted to 8.8%). **Core inflation** stood at 6.6% in 2010 as against 8.3% in the previous year. The rise in the prices of goods and services taken into account when calculating the core consumer price index accounted for an estimated 5.3 percentage points, or 60.4% of the inflation rate (this compares with an estimated 6.7 percentage points, or 76.4%, in 2009).

Inflation measured 2.4% in the fourth quarter of 2010 as compared with 0.7% in the same period of 2009 while core inflation stood at 2.2% and 1.1%, respectively. Inflation accelerated

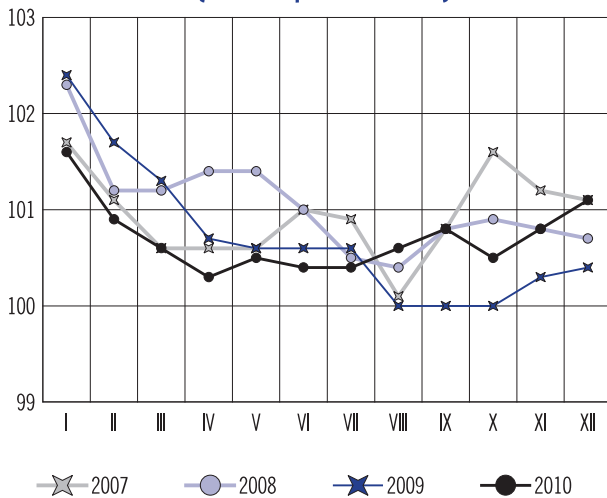
in the third and fourth quarters of 2010 as the growth of food prices quickened.

**Food prices** rose by 12.9% in 2010 as against 6.1% in the previous year.

**Food prices excluding vegetable and fruit prices** increased by 9.4% in 2010 (as against 6.9% in 2009). It has been estimated that this growth accounted for 3.2 percentage points, or 36.9%, of the inflation rate (this compares with an estimated 2.4 percentage points, or 26.7%, in the same period a year earlier).

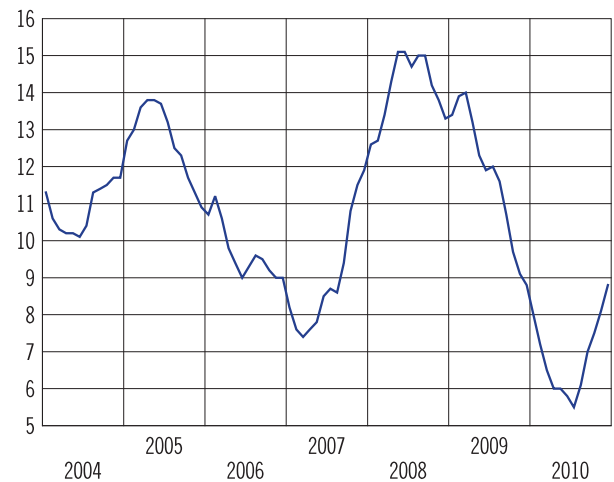
The most significant increase in food prices excluding vegetable and fruit prices was registered in 2010 in groats and beans (58.8%) and sunflower oil (27.6%). In 2009, the prices of these food products went down by 2.5% and

Consumer prices  
(as % of previous month)



Source: Rosstat.

Consumer prices  
(as % of corresponding month of previous year)



Source: Rosstat.

## Consumer price inflation (%)

	Growth (December 2010 on December 2009)	Growth (December 2009 on December 2008)	
Prices of goods and services, total	8.8	8.8	
of which:			
– food prices	12.9	6.1	Acceleration of growth by 6.8 percentage points
– food prices, excluding vegetable and fruit prices	9.4	6.9	Acceleration of growth by 2.5 percentage points
– non-food goods prices	5.0	9.7	Slowing of growth by 4.7 percentage points
– prices of paid services provided to households	8.1	11.6	Slowing of growth by 3.5 percentage points
Prices of goods and services included in core inflation calculation	6.6	8.3	Slowing of growth by 1.7 percentage points

Source: Rosstat.

## Food price inflation (%)

	Growth (December 2010 on December 2009)	Growth (December 2009 on December 2008)	
Foodstuffs	12.9	6.1	Acceleration of growth by 6.8 percentage points
Bread and bakery products	7.6	2.4	Acceleration of growth by 5.2 percentage points
Groats and beans	58.8	-2.5	
Pasta	4.7	1.6	Acceleration of growth by 3.1 percentage points
Meat and poultry	5.3	5.0	Acceleration of growth by 0.3 percentage points
Fish and seafood	4.8	10.6	Slowing of growth by 5.8 percentage points
Milk and dairy products	16.7	2.3	Acceleration of growth by 14.4 percentage points
Butter	23.3	7.9	Acceleration of growth by 15.4 percentage points
Sunflower oil	27.6	-19.8	
Granulated sugar	22.5	42.7	Slowing of growth by 20.2 percentage points
Vegetables and fruit	45.6	-1.7	
Alcoholic beverages	8.3	8.9	Slowing of growth by 0.6 percentage points

Source: Rosstat.

19.8%, respectively. The prices of butter grew by 23.3% (in 2009, they increased by 7.9%) while the prices of granulated sugar went up by 22.5% (42.7% in the previous year). Other major food price increases ranged from 4.7% to 16.7%. In 2009, most of major food price increases ranged from 1.6% to 10.6% while the prices of eggs declined by 14.5%.

**Vegetable and fruit prices** gained 45.6% in 2010, registering the highest growth since 1999 (in 2009, vegetable and fruit prices fell by 1.7%). The rise in vegetable and fruit prices accounted for an estimated 1.6 percentage points, or 18.7%, of the overall increase in consumer prices in 2010. Estimates show that in the previous year the fall in vegetable and fruit prices reduced the general level of consumer prices by 0.1 percentage points (0.7% of the general consumer price growth).

Growth in **non-food goods prices** slowed to 5.0% in 2010 from 9.7% in 2009. Their growth accounted for an estimated 1.8 percentage points, or 20.8%, of the headline inflation (as against 3.6 percentage points and 41.1% in 2009). The most significant increase in 2010 was registered in the prices of tobacco products (by 19.5% as against 18.7% in 2009). The prices of fabrics, clothing, underwear and footwear rose by 4.4-7.8%. The price of petrol went up by 6.5%, whereas the prices of TV sets and radios and medicine prices declined by 1.8% and 1.9%, respectively (in 2009, petrol prices went up by 8.0%, medicine prices grew by 17.6% and the prices of TV sets and radios increased by 5.4%).

The prices of **paid services provided to households** gained 8.1% in 2010 as against 11.6% in 2009 and it has been estimated that their increase accounted for 2.1 percentage points, or 23.6%, of the headline consumer price growth (this compares with 2.9 percentage points, or 32.9%, in 2009).

Growth in the administered service prices slowed by 2.4 percentage points in 2010 from 2009 and stood at an estimated 12.2%. Housing and public utility prices grew by 13.0% as against 19.6% in 2009, whereas passenger transport fees rose by 8.7% as against 6.5% in 2009.

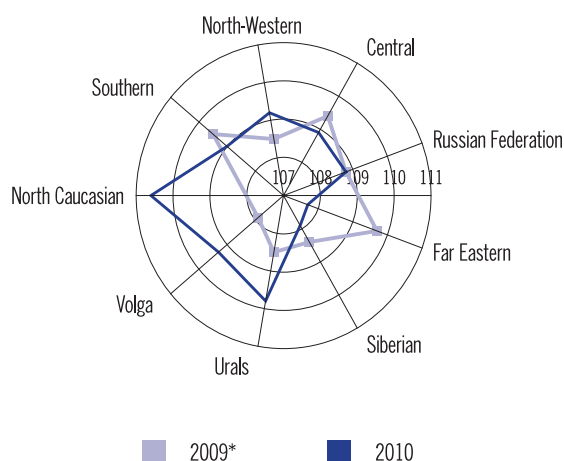
Growth in the prices of most of the services taken into account when calculating core inflation slowed down in 2010. Insurance charges went down.

In 2010 growth in the prices of paid services provided to households was by 1.0 percentage points smaller than the overall growth in the prices of consumer goods. In the previous year, on the contrary, growth in such service prices exceeded by 3.7 percentage points the overall consumer price increase.

According to Rosstat data, consumer price growth in 2010 was slower than in 2009 in most of the **federal districts** of Russia.

Estimates show that the difference between the constituent territories of the Russian Federation in terms of the price of a fixed set of goods and services used by the Federal State Statistics Service for interregional comparisons of the purchasing power of the population narrowed in

### Consumer price growth by federal district (December as % of December of previous year)



\* Data are unavailable for the North Caucasian federal district.  
Source: Rosstat.

2010. Specifically, the regional difference ratio<sup>1</sup> decreased to 38.4% in December 2010 from 43.1% in the same period of 2009.

The rates of growth in food prices excluding vegetable and fruit prices ranged from 8.6% to 10.7% in the federal districts in 2010, while the rates of non-food goods price growth changed within the range of 4.5-5.8%.

The rates of growth in vegetable and fruit prices differed significantly by region. For example, in the Far Eastern Federal District vegetable and fruit prices rose by 15.7%, whereas in the Southern Federal District they grew by 59.0%.

The rates of growth in the prices of paid services provided to households in most federal districts were slower in 2010 than in 2009 and ranged from 7.2% to 11.2%.

### Housing prices

In 2010, housing prices rose by 0.3% in the primary market and by 2.7% in the secondary market. In 2009, housing prices fell by 7.6% in the primary market and by 11.0% in the secondary market.

In 2010, housing price dynamics were influenced by some rebound in the real estate market amid the contraction of commissioned housing. Specifically, in 2010 commissioned housing de-

<sup>1</sup> The regional difference ratio is calculated by the Bank of Russia as the difference between the price of a fixed set of goods and services in the most and least expensive regions relative to the national average cost of the set.

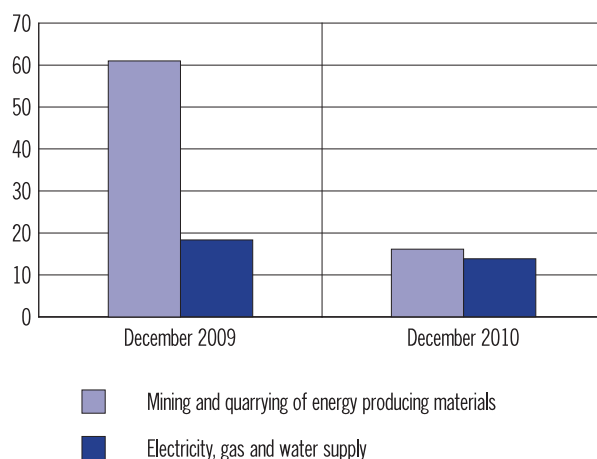
creased by 3.0% (in 2009, the respective figure was 6.5%).

### Producer prices

**Industrial producer prices** rose by 16.7% in 2010 as against 13.9% a year earlier. The acceleration of price dynamics was largely the result of the faster price increase in the manufacturing industries where the price growth quickened to 16.9% from 5.9% in 2009. The biggest price growth was registered in the production of coke (54.9%), chemicals (30.6%) and metals (24.1%). In 2009, producer prices in the production of coke and metals went up by 7.3% and 4.9%, respectively, while producer prices in the output of chemicals declined by 0.5%. There was a considerable increase in producer prices in the output of petroleum products, which grew by 20.4% in 2010 as compared with 28.9% in the previous year. Growth in producer prices of consumer goods accelerated. Specifically, growth in producer prices of foodstuffs, including beverages, and tobacco products increased by 7.5 percentage points from 2009 to 14.3% and in the manufacture of textile and textile products by 7.7 percentage points to 13.2%. Producer prices of leather, leather goods and footwear grew by 10.8%, an increase of 5.9 percentage points from 2009.

In 2010, producer prices in the mining and quarrying of energy producing materials increased by 16.1% as compared with 61.0% in 2009.

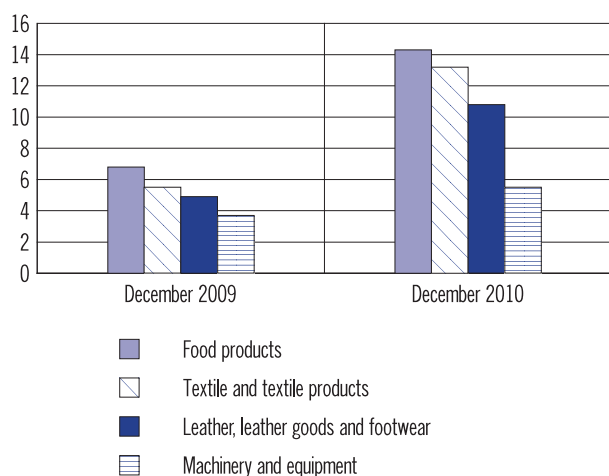
### Producer prices by type of economic activity (growth as % of December of previous year)



Source: Rosstat.



**Producer prices in some manufacturing industries  
(growth as % of December of previous year)**



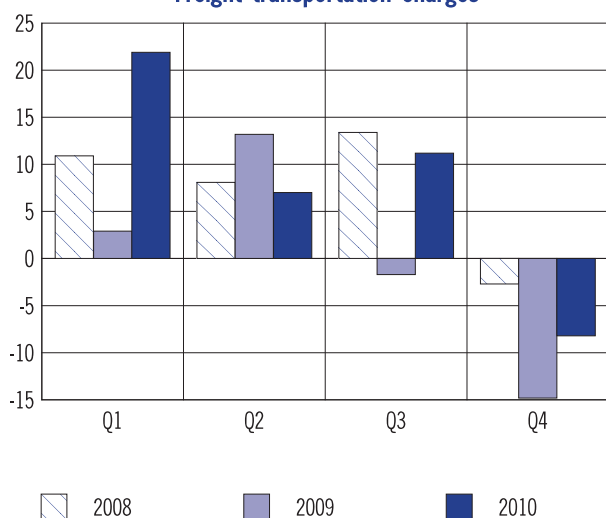
Source: Rosstat.

In 2010, price growth in electricity, gas and water supply stood at 13.8%, which represents a decrease of 4.5 percentage points from the previous year.

**Freight transportation charges** rose by 33.1% in 2010 (they fell by 2.5% as a whole in 2009). The growth of pipeline transportation charges quickened considerably, accelerating to 56.0% in 2010 whereas in the previous year they declined by 15.7%.

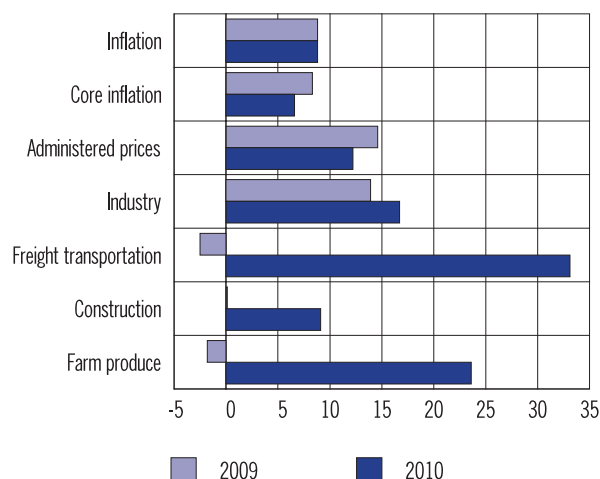
**Communications fees for corporate entities** increased by 7.0% in 2010 as against 2.1% in 2009.

**Freight transportation charges**



Source: Rosstat.

**Price growth in the economy  
(December growth as % of December of previous year)**



Source: Rosstat.

**Producer prices of building materials** went up by 9.1% in 2010 as compared with 0.1% a year earlier.

**Agricultural producer prices** increased by 23.6% in 2010 against a drop of 1.8% in 2009. In January-July 2010, however, they decreased by 0.9%. Crop grower prices rose by 38.3%, whereas in 2009 they dropped by 6.6%. The prices of grains and legumes grew by 31.4% while sunflower prices increased by 71.1% in 2010 whereas in 2009 the prices of grains and legumes fell by 13.4% while sunflower prices edged up 0.4%. Livestock prices went up by 14.9% (in 2009, they increased by 1.5%). Cattle and poultry producer prices rose by 3.8% in 2010 as against 5.6% in 2009. Milk producer prices increased by 34.7% while the egg producer prices went up by 16.1%. In 2009, milk producer prices grew by 1.4% whereas egg producer prices went down by 15.6%.

**Foreign trade**

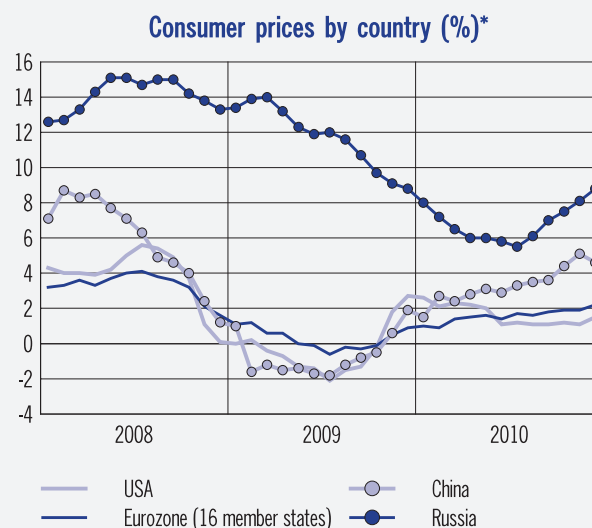
In 2010 Q4, the price situation for major Russian export commodities<sup>2</sup> in world markets improved. As a whole, world energy prices in-

<sup>2</sup> Average prices were calculated on the basis of data reported daily by the following news agencies and exchanges: Reuters for oil, The Financial Times for petroleum products (petrol, diesel fuel and fuel oil) and sugar. Ferrous metal prices were gauged on the basis of price indices; and data on average monthly prices of natural gas, non-ferrous metals (aluminium, copper and nickel) and other commodities were provided by the World Bank and the IMF.

### Inflation in countries trading with Russia<sup>1</sup>

Inflation in the countries accounting for a substantial portion of Russian imports increased to 3.9% in 2010 (December on December of the previous year) from 3.3% in 2009. As before, energy price growth was a major factor causing inflation in foreign countries. Inflation increased in 2010 due to higher food prices resulting from the acceleration of growth in world agricultural prices from August. At the same time, the negative output gaps persisting in foreign economies after the crisis restrained inflation. Core inflation in the eurozone was unchanged in 2010 from 2009. U.S. core inflation decreased and was a factor that slowed headline consumer price growth in 2010 as compared with 2009 (December on December of the previous year).

Rising energy prices in the eurozone and the United States made the biggest contribution to the overall price growth. However, the contribution of this factor in the U.S. decreased as compared with 2009, bringing the inflation rate down. In the eurozone, the euro's depreciation against the U.S. dollar intensified the effect of oil price growth. Along with the trends in food markets, this factor contributed to higher inflation rates as compared with 2009. In some countries, in particular, in Ukraine and China, inflation was substantially affected by the increase of administered energy prices and rates for energy product consumption. The growth of agricultural prices primarily affected inflation rates in the countries with a large share of food products in the structure of their consumer baskets, including in China and CIS countries.



\* Consumer price growth on the same month a year earlier.

Source: US Department of Labour Bureau of Labour Statistics, Statistical Office of the European Communities (Eurostat), China's National Bureau of Statistics, Rosstat.

<sup>1</sup> According to data reported by national statistics agencies of Russia's trading partners.

creased by an average of 22% in 2010 as compared with the previous year while non-energy prices gained 11%.

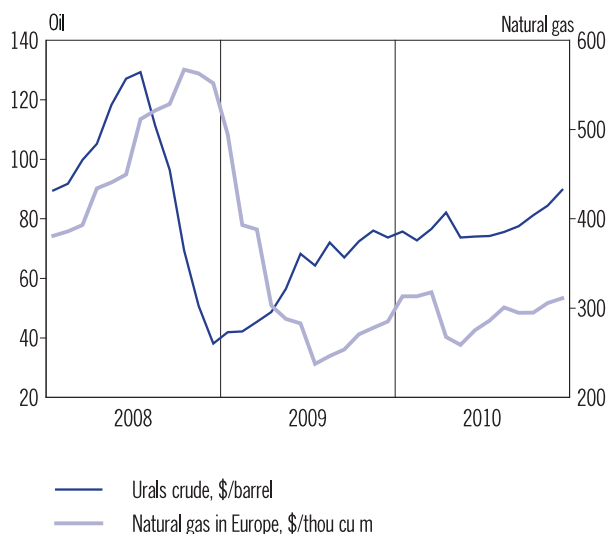
In 2010, the dynamics of world oil prices were influenced by the recovery of the world demand for oil, the faster growth in oil demand in China and other Asian countries, the situation in world foreign exchange and stock markets, an inflow of speculative capital into commodity markets, and also by unfavourable weather factors. As a result, the world market price of Russian oil increased by 15.2% in the fourth quarter of 2010 as compared with the same quarter of 2009. In 2010, the average world market price of Russian oil grew by 28.9%, year on year, to \$78.2 per barrel.

The petroleum products price trend mostly followed that of the oil price. In 2010, the price of petrol went up by 26.8%, diesel 28.8% and fuel oil 26.3% as compared with the previous year. The recovery of natural gas prices in Europe continued in 2010 Q4. As a result, natural gas prices in Europe grew by 9.4% in the fourth quarter of

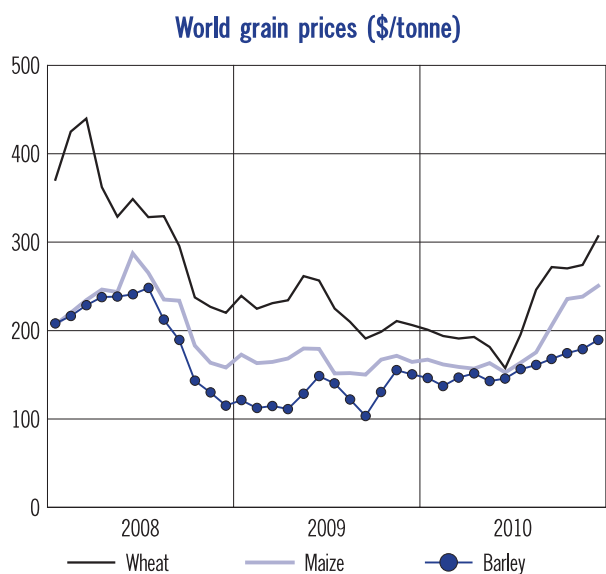
2010, year on year. However, natural gas prices in Europe were on average 4.9% lower in 2010 than in 2009.

As ferrous metal prices recovered slowly, they increased slightly in 2010 from 2009 (by 1.2%). In 2010, world non-ferrous metal prices were in-

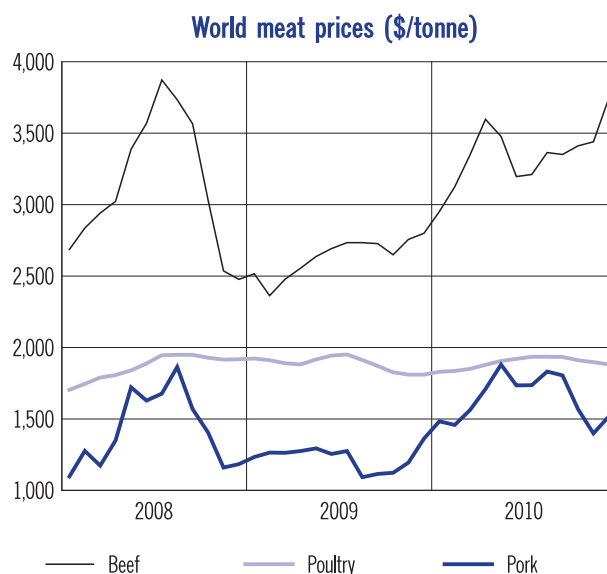
### World oil and natural gas prices



Source: Reuters, World Bank.



Source: World Bank.



Source: World Bank.

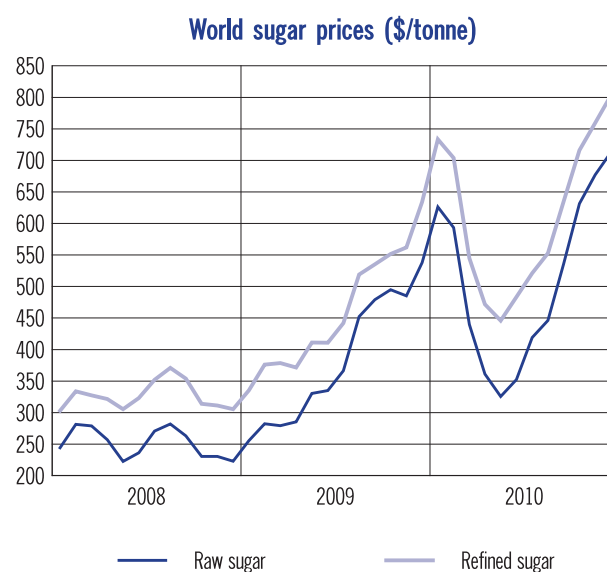
fluenced by the growing demand for these metals, especially from China. As a result, the price of aluminium grew by a factor of 1.3 and the price of copper and nickel by a factor of 1.5 in 2010 as compared with 2009.

World market prices of foodstuffs and agricultural raw materials changed sharply in mid-2010: their fall in the first six months of the year was followed by their rise in the second half of the year. This dynamics was the result of a considerable decrease in grain harvests due to extremely unfavourable weather conditions (the drought in Russia, Kazakhstan and Ukraine, heavy rains in Canada, some Asian and European countries, and severe frosts in some countries in South America). Russia's ban on grain exports<sup>3</sup> and restrictions imposed by Ukraine on grain supplies to the world market intensified this trend. As a result, in 2010 Q3 and Q4 the world market grain prices (wheat, maize and barley) increased on average by 23% and 35%, respectively, as compared with the same quarters of 2009. In 2010, the grain prices grew by 13% on average as compared with 2009.

The steady growth of meat consumption, especially in Asian countries, amid the decrease in the world's cattle population pushed up meat prices. The growth of grain prices that determined the dynamics of fodder grain prices also affected meat prices. In the fourth quarter of 2010, beef

and pork prices increased by 29% and 22%, respectively, while poultry prices grew by 4% year on year. On average, the prices of beef grew by 27%, pork by 33% and poultry by 0.3% in 2010 as compared with the previous year.

The decrease in oil crop harvests as a result of unfavourable weather conditions caused a rise in the prices of vegetable fats in the world market in the second half of 2010. At the same time, the expectations of bumper soya bean harvests in some regions of the world contained growth in the prices of vegetable fats. In the fourth quarter of 2010, palm oil was 51% more expensive than in the same quarter of the previous year. Palm oil



Source: London Commodity Exchange.

<sup>3</sup> Since August 15, 2010, Russia has imposed a temporary ban on the export of wheat, meslin, barley, rye, maize, wheat or wheat and rye flour.

### International trade

The International Energy Agency (IEA) has estimated that the world consumption of oil increased by 3.2% in 2010 as compared with the previous year. Almost 45% of this growth was attributable to the increase in oil consumption in Asian countries (excluding the region's countries that are members of the Organisation for Economic Cooperation and Development, OECD), including a third of this growth driven by larger consumption in China. In European countries, members of the OECD, oil consumption was 0.5% lower than in 2009 (however, in the second half of 2010, it exceeded the level of the same period a year earlier). The average price of Brent, Dubai and WTI crude rose to \$79 per barrel in 2010 from \$61.8 per barrel in 2009 (by 28%).

According to Eurostat data, EU import quantities of mineral fuel and lubricants declined by 1.5% in January-November 2010, year on year (the difference was the result of the considerable reduction in import quantities in the first quarter of 2010 as compared with the first quarter of 2009). The average unit value of the imports of these commodities<sup>1</sup> increased by 28.5% in January-November 2010 as compared with the same period of 2009 as a result of the rise in the world market price of oil and the euro's depreciation against the U.S. dollar. The price of Russian natural gas exported to Germany in 2010 declined on average by 7.1% under the impact of the statistical base effect conditioned by the lower price level registered between the second quarter of 2009 and the fourth quarter of 2010 as compared with the first quarter of 2009. The price of Russian natural gas exported to Germany in 2010 H2 was on average by 34.1% higher year on year.

<sup>1</sup> The average unit value of imports is the ratio of changes in the value of imports of particular commodities to changes in the import quantities.

prices were on average 32% higher in 2010 as compared with 2009.

The growth of sugar prices continued in the world market in the fourth quarter of 2010 due to low sugarcane harvests as a result of unfavourable weather conditions in Brazil, India, Pakistan, Mexico, Central America, South Africa and Australia, and the contraction in world sugar stocks. As a result, in 2010 Q4, sugar prices grew by 30% as compared with the same quarter of 2009. In 2010, sugar prices increased by a factor of 1.3 on average year on year.

In 2010, Russia's terms of trade improved as compared with 2009. At the same time, the growth of export prices slowed in 2010, gradually downgrading the terms of trade index.

## Demand

### Domestic demand

The expansion of domestic demand was a major factor of economic growth in 2010. Growth in consumer spending continued and investment activity increased in the fourth quarter of 2010.

Wage and pension increases contributed to growth in household real disposable income (by 4.3%). In 2010, the household propensity to consume grew by 0.3 percentage points to 69.8% as compared with 2009. Though the share of household spending on organised savings in the struc-

ture of household money income use decreased in 2010 H2, in 2010 as a whole it grew by 0.6 percentage points from 2009 to 14.6%, in which deposits and securities accounted for 7.7% (as against 4.5% in the previous year). In the second half of 2010, household demand for foreign currency slightly increased, but in 2010 as a whole the share of household spending on the purchase of foreign currency declined by 1.8 percentage points from the previous year to 3.7%.

Household final consumption expenditures increased by 2.7% in 2010. The improved situation in the labour market and the revival of consumer lending stimulated growth in household real spending and, as a result, contributed to the increase in the retail trade turnover (by 4.4%) and the volume of paid services provided to households (by 1.4%). In January-September 2010, the share of imported goods in the retail trade resources increased by an estimated 2.0 percentage points, year on year, to 44%. The share of non-food imports grew by five percentage points to 54% while the share of food imports was unchanged at 34%.

The imports of goods grew rapidly, mostly as a result of the expansion in import quantities. Growth in the imports of investment and non-food consumer goods accelerated while food imports expanded slower in 2010 Q4. The imports of goods (according to the balance of pay-

**GDP by expenditure\***  
(growth as % of corresponding period of previous year)

	2009					2010			
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Full year
GDP	-9.3	-11	-8.6	-2.9	-7.8	3.1	5.2	2.7	4.0
Final consumption of which:	-1.5	-5.3	-8	-5.4	-3.7	0.6	3.5	4.9	2.1
– households	-2.8	-8	-11.4	-8.1	-4.8	0.1	4.6	6.7	2.7
Gross capital formation	-50.4	-50.6	-32.4	-22.5	-41	-1.3	33.3	16.1	24.3
Net exports	26.1	80.5	125.6	73.6	56.7	38.5	-34.3	-62.8	-27.3

\* The sum of the quarters does not match the full-year data; quarterly figures will be updated by Rosstat in March 2011.

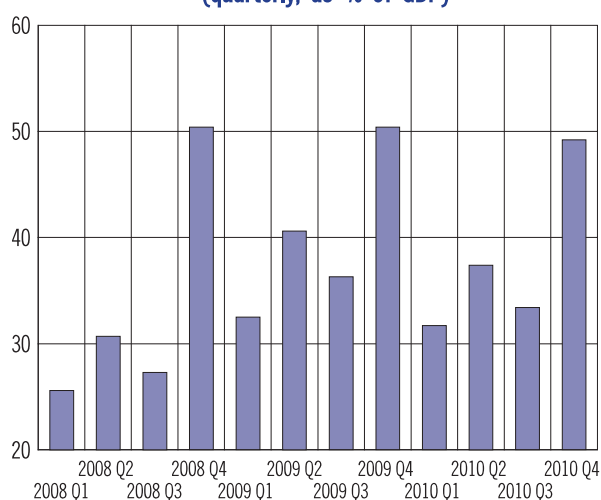
Source: Rosstat.

ment estimate as of January 13, 2011) increased by 29.7% in 2010 as compared with 2009 to \$248.8 billion.

In 2010, general government expenditure on final consumption increased by 0.7%. According to the Federal Treasury's data, budget expenditure decreased to 38.9% of GDP in 2010 as against 41.4% in 2009. Non-interest expenditure accounted for 38.3% of GDP as against 40.8% in 2009. This dynamics is chiefly the result of the scaling down of the anti-crisis measures implemented by the government.

In 2010, the general government's budget had deficit of 3.6% of GDP, which represents a decrease of 2.7 percentage points as compared with 2009. The improvement of the Russian budget balance, which may continue in the medium term, reflects the Russian government's consistent efforts to tighten the fiscal policy for the sake of strengthening macroeconomic stability and long-term sustainability of public finance.

**Federal budget non-interest expenditures**  
(quarterly, as % of GDP)



Source: Federal Treasury, Rosstat.

Gross fixed capital formation expanded by 3.5% in 2010. As the financial position of enterprises improved and borrowed funds became more accessible, investment activity increased. In 2010, fixed capital investment expanded by 6.0% year on year.

Investments in machinery, equipment and transport vehicles accounted for about a third of total investments in January-September 2010. At the same time, the share of investments made to acquire imported equipment contracted from January-September 2009 by 2.8 percentage points to 20.2%. The imports of machinery, equipment and transport vehicles grew by 37.7% in January-September 2010.

Fixed capital investment was financed mostly by raised funds (57%) in January-September 2010. The share of own funds used to finance fixed capital investment expanded. Bank loans accounted for 9.1%, a contraction by 2.0 percentage points from January-September 2009.

As imports grew faster than exports in real terms, net exports of goods and services fell by 27.3% in 2010.

### Foreign demand

Foreign demand for Russian goods slightly increased in the fourth quarter of 2010. Russian export quantities grew slightly faster quarter on quarter. In 2010, exports of oil, petroleum products (except petrol), natural gas, ferrous metals, mineral fertiliser, processed timber and some other commodities grew in quantity as compared with 2009. However, the expansion of exports in 2010 (by 31.2% to \$398.0 billion, according to the balance of payments estimate as of January 13, 2011) was largely the result of the rise in prices. Growth in exports to the member countries of

### Economic growth in foreign countries<sup>1</sup>

GDP in the group of countries accounting for a large part of Russian exports increased by an estimated 3.7% in 2010 (in 2009, it contracted by 3.8%). Preliminary data show that US GDP grew by 2.8%, eurozone GDP 1.7% and China's GDP 10.3%. From the second quarter of 2010, the contribution of domestic demand to GDP growth increased in many foreign countries due to the expansion of household consumption and the revival of investment activity. The growth rates may decelerate in 2011 under the impact of the more evenly-spread statistical base effect. The IMF forecast released in January 2011 suggests that the rates of growth in the global production of goods and services will decrease to 4.4% this year from 5.0% in 2010.

<sup>1</sup> According to data compiled by the national statistics agencies of Russia's trading partners.

the European Union (EU) was slightly slower than overall export growth. The share of the European Union in Russia's commodity exports was actually unchanged in 2010 from 2009: the most significant increase was registered in the share of the Netherlands while the share of Italy decreased. Growth in exports to the Asia-Pacific Economic Co-operation (APEC) member countries considerably outpaced the growth in exports to the EU member countries. Exports to Japan and the Republic of Korea grew rapidly. Exports to CIS member countries increased slower than overall exports and expanded largely due to the fast growth in the recovery of exports to Ukraine.

### Supply

In 2010, output in the key types of economy increased by 4.7% (in 2009, it was down 9.8%). Production growth was registered in most of the key types of economic activity, except agriculture and construction. In 2010, output in agriculture contracted by 11.9% and in construction it fell by 0.6%. At the same time, output grew by 6.9% in transport, 4.4% in retail trade and 1.3% in wholesale trade.

Industrial output grew by 8.2% in 2010, whereas in 2009 it declined by 9.3%. High rates of output growth were registered in the manufacturing industries (11.8%), especially the production of transport vehicles (32.2%), electrical, electronic and optical equipment (22.8%) and rubber and plastic products (21.5%).

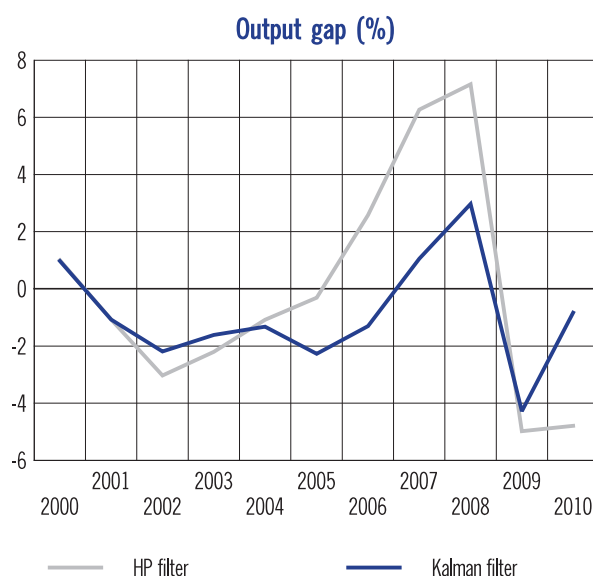
Output in the mining and quarrying rose by 3.6%; particularly marked growth was registered in the mining and quarrying of natural gas (11.4%) and metal ores (8.6%).

There was a rise in the output of major livestock products in 2010, including cattle and poultry for slaughter (5.2%). The output of meat and

meat products increased by 11.2%, of which the production of meat, including by-products, rose by 15.6%. In 2010, there was a decline in the gross output of grain crops, except rice. The gross production of grain contracted by 37.3%, buckwheat 39.8% and oats 40.4%. The contraction in grain stocks affects the dynamics of prices for bread and bakery products, pasta, flour and groats, which, in turn, exerts pressure on consumer price inflation as a whole.

According to data released by the Russian Economic Barometer, industrial production capacity utilisation ratio in 2010 stood at 72% on average (in 2009 it was 65%).

In December 2010, the leading industries by production capacity utilisation ratio were timber and wood-working industry (87%) and machine-building (83%), whereas the lowest ratio was registered in the building materials industry (66%), the chemical industry (63%) and the food industry (61%).



Source: Bank of Russia calculations.

In 2010, GDP grew by 4.0%, as compared with 2009. The output gap remained negative, according to estimates.

### Labour market

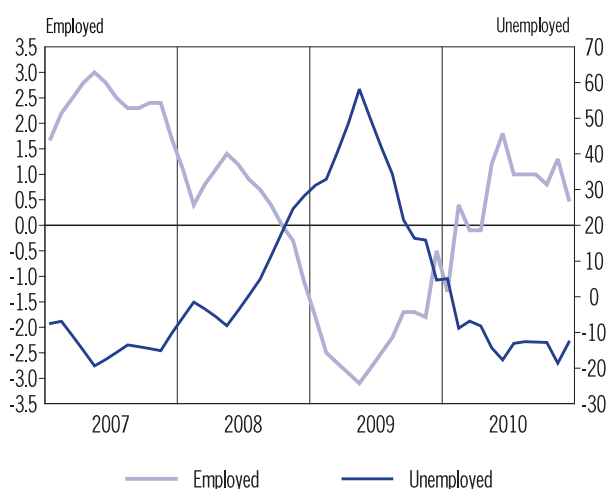
The number of employed in the economy increased by 0.6% in 2010, whereas in 2009 it fell by 2.2%.

Estimates show that labour productivity increased in the production of goods and declined in the production of services in January-September 2010. Growth in the output of services was slower than growth in the output of goods. The number of employed in the services sector increased as compared with the corresponding period of the previous year, whereas the number of employed in the production of goods, continued to decline according to estimates. In 2010, labour productivity in the economy as a whole increased by an estimated 3.4%.

In 2010, real wage grew faster (by 4.2%) than labour productivity (in 2009, real wage decreased by 3.5%).

In 2010, wages continued to differ significantly in various types of economic activity. The highest average monthly wage was registered in the mining and quarrying of energy producing materials (51,729 rubles) and the financial sector (46,686 rubles), exceeding the national average by a factor of 2.3 and 2.1, respectively. The lowest wages were registered in the manufacture of textile and textile products (10,155 rubles), agriculture, hunting and forestry (11,628 rubles),

**Numbers of employed and unemployed  
(as % of corresponding month of previous year)**



Source: Bank of Russia, Rosstat.

and the production of leather, leather goods and footwear (12,147 rubles), representing respectively 45%, 51% and 54% of the national average. Wages below the national average were registered in the activities largely financed from the federal budget, such as education, other utilities, public and personal services, healthcare and social services and in the manufacturing industries, wholesale and retail trade, and car and household goods repair services.

In 2010, the total number of unemployed declined by 10.9% to 7.2% of the economically active population by the end of the year (8.2% as of the end of 2009).

## Monetary Conditions

### Exchange rate

In 2010 Q4, the domestic foreign exchange market remained relatively stable, despite the ruble's exchange rate volatility against major world currencies in some periods. Foreign debt payments by Russian companies and private sector capital outflow in October-November 2010 contributed to the weakening of the national currency. However, the growth of energy prices in world markets in December 2010 brought about the excess of foreign currency supply over demand in the domestic foreign exchange market and contributed to the ruble appreciation.

According to estimates, the current account surplus stood at \$72.6 billion in 2010, whereas the current account surplus was registered at \$58.3 billion in the first nine months of 2010. According to preliminary data, a net private capital outflow estimated at \$22.7 billion was registered in October-December 2010 (\$3.7 billion in 2010 Q3). As of January 1, 2011, Russia's international reserves reached \$479.4 billion, a decrease of 2.2% over October-December.

**The nominal ruble/US dollar rate** slipped by 0.3% in 2010 Q4 (in 2010 Q3 it was down by 1.3%). In October 2010, the ruble gained 1.7% against the dollar in nominal terms but in November it slipped by 2.1% whereas in Decem-

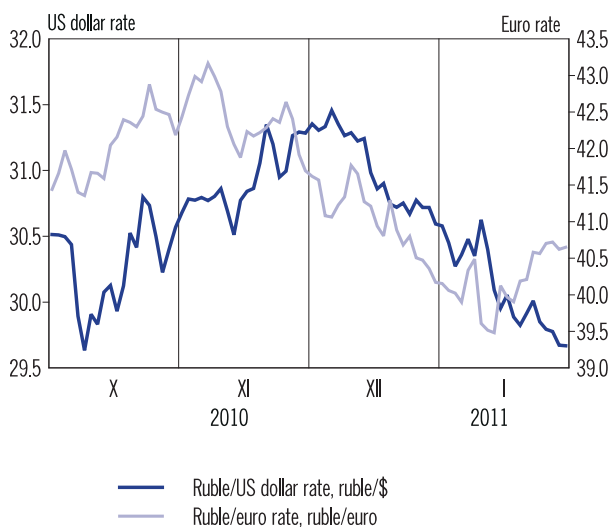
ber it grew by 0.4%. As of January 1, 2011, the official rate of the US dollar against the ruble was 30.3505. In January 2011, amid the favourable energy price dynamics, the ruble continued to appreciate against the US dollar in nominal terms and gained 2.6%. As of February 1, 2011, the official ruble/US dollar rate stood at 29.8018 rubles to the dollar.

**The nominal ruble/euro rate** decreased by 5.5% in the quarter under review (by 2.3% in 2010 Q3). The ruble was observed to weaken against the single European currency by 4.7% in October and by 0.7% in November whereas in December it gained 4.0%. As of January 1, 2011, the official ruble/euro rate stood at 40.4876 rubles to the euro. In January 2011, the nominal ruble/euro exchange rate rose by 1.1% and as a result, as of February 1, 2011, the official ruble/euro rate reached 40.5811 rubles to the euro.

**The ruble value of the bi-currency basket** stood at 34.9122 rubles as of January 1, 2011. In January 2011, the value of the operational benchmark demonstrated different dynamics and as of February 1, 2011 it slipped to 34.6525 rubles.

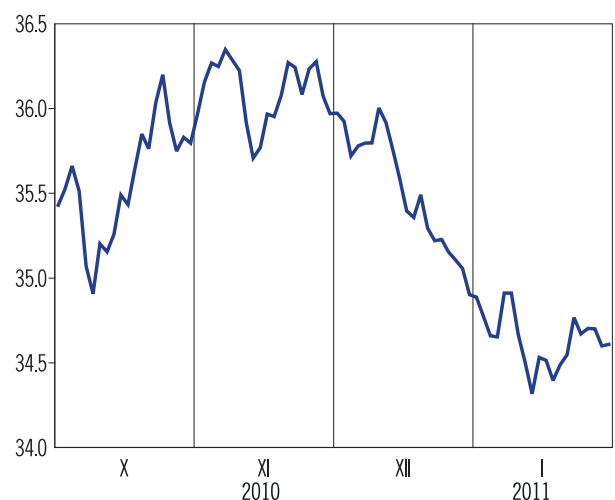
**The nominal effective rate of the ruble against foreign currencies** decreased by 4.0% in October-December 2010 (by 2.5% in 2010 Q3). Considering higher rates of the ruble's de-

Nominal ruble/US dollar and ruble/euro rate



Source: Bank of Russia, Reuters.

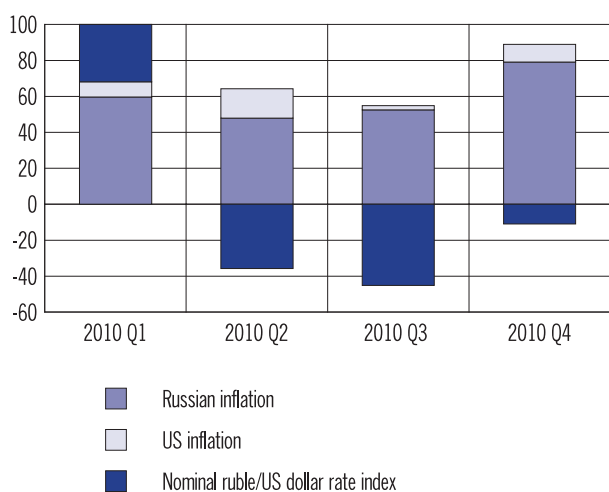
Ruble value of bi-currency basket



Source: Bank of Russia, Reuters.



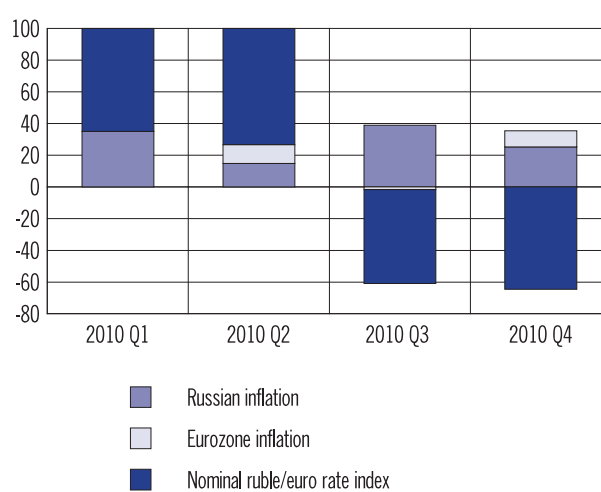
**Decomposition of change in real ruble/US dollar rate (quarterly, as % of real ruble rate index)**



Source: Bank of Russia, Reuters.

preciation against the euro in nominal terms in the quarter under review, and also a considerable share of eurozone countries in Russia's foreign trade turnover, the depreciation of the nominal rate of the ruble against the currencies of Russia's

**Decomposition of change in real ruble/euro rate (quarterly, as % of real ruble rate index)**



Source: Bank of Russia, Reuters.

leading trading partners was largely the result of the ruble rate decline against the single European currency in October-December 2010.

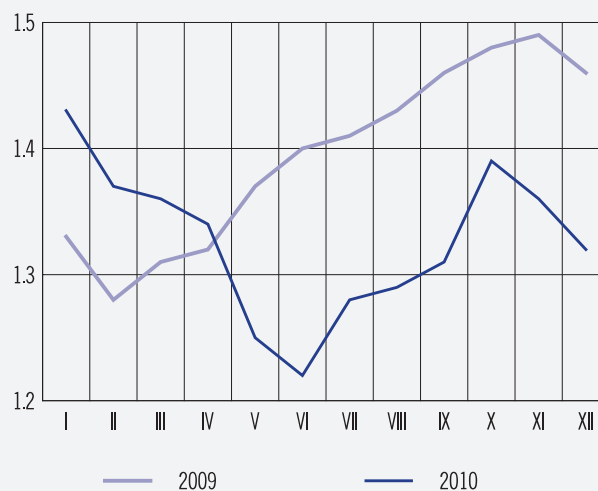
**The real ruble/dollar exchange rate** rose by 1.5% in 2010 Q4 (by 0.1% in July-Septem-

### International foreign exchange market

The US dollar gained about 10% against the euro in the international foreign exchange market in 2010 (December on December 2009). Financial problems experienced by Greece and some other member countries of the European Economic and Monetary Union with high budget deficits and public debt (including Ireland) caused a significant depreciation of the euro between November 2009 and mid-2010, and also the euro's weakening at the end of 2010. September-October 2010, on the contrary, saw the weakening of the US dollar amid the expectations of further easing of the US monetary policy: the dollar depreciated against both the currencies of the countries with higher interest rates as compared with the rates in the US financial market and the currencies of the countries with lower interest rates (including the Japanese yen and the Swiss franc). During this period, some countries carried out foreign exchange market interventions to restrain the appreciation of their national currencies against the dollar, and also took regulation and control measures against an excessive inflow of short-term capital.

In 2010, the currencies of major developing countries – China, India, Indonesia, Thailand, Brazil, Mexico and South Africa, and also the Japanese yen, the Swiss franc, the Canadian, Australian and New Zealand dollars appreciated against both the US dollar and the euro. From mid-2010, China resumed the policy of a more flexible exchange rate-setting of the yuan. Most other currencies also strengthened against the euro. Among the currencies of Russia's leading trading partners, the rates of the Kazakh tenge and the Ukrainian hryvnia did not change significantly against the US dollar while the British pound, the Polish zloty, the Belarussian ruble and some other currencies declined against the dollar.

**Euro/US dollar rate (monthly average, \$/euro)**



Source: Reuters.

ber). As compared to the previous quarter, the inflationary differential made the biggest contribution to the real ruble/dollar exchange rate dynamics in October-December 2010. It has been estimated that the index of the ruble's real appreciation against the dollar measured 4.8% in January 2011.

**The real ruble/euro exchange rate** dropped by 3.9% in October-December (by 0.9% in 2010 Q3). The ruble's nominal exchange rate dynamics played a major role in the decrease of the real ruble/euro exchange rate in the quarter under review (its contribution to the index was estimated at over 60%). Preliminary data show that the ruble gained 3.1% against the euro in real terms in January 2011.

**The real effective rate of the ruble against foreign currencies** dropped by 3.1% in 2010 Q4 as against 1.3% in Q3. Preliminary data show that the real effective rate of the ruble gained 3.3% in October 2010 largely as a result of the ruble's appreciation against the euro over that period.

### Interest rates

As inflation risks remained at an acceptable level for most of 2010, the Bank of Russia conducted an accommodative monetary policy aimed at creating conditions for further expansion of banks' lending operations and the recovery of economic activity. In the first half of the year, the Bank of Russia Board of Directors took decisions on four occasions to lower the refinancing rate and interest rates on its operations and from June

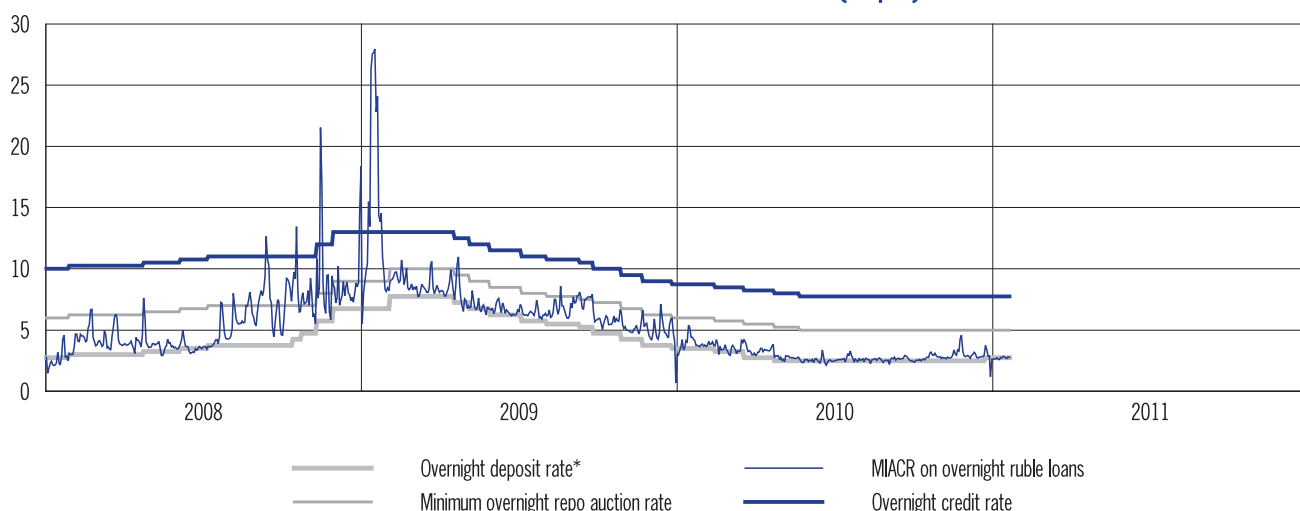
to November 2010 kept the refinancing rate and the interest rates on its operations unchanged.

For the purpose of reducing interest rate volatility and absorbing surplus liquidity, the Bank of Russia Board of Directors took the decisions to increase interest rates on deposit operations by 0.25 percentage points from December 27, 2010 and raise required reserve requirements from February 1, 2011. At the same time, the refinancing rate and interest rates on the Bank of Russia's liquidity provision operations were kept unchanged.

The overnight credit rate, which sets the upper limit of the Bank of Russia interest rate band, remained at 7.75% p.a. in October-December 2010 and in January 2011. The overnight deposit rate on standard conditions, which sets the lower limit of the Bank of Russia interest rate band, stood at 2.5% p.a. for most of the fourth quarter of 2010 and amounted to 2.75% p.a. in January 2011.

Average interest rates on the ruble-denominated **interbank loans** with different terms to redemption changed both ways in 2010 Q4. The Q4 average overnight ruble MIACR on interbank loans stood at 3.0% as against 2.6% p.a. in the previous quarter. The overnight ruble MIACR on interbank loans ranged from 2.4% to 4.6% p.a. in 2010 Q4, except December 31, when an abnormally low interest rate was registered (in Q3 it varied between 2.1% and 3.3% p.a.). In January 2011, the overnight ruble MIACR on interbank loans fluctuated within the range of 2.6-2.9% p.a. The average overnight MIACR on ruble loans

Bank of Russia interest rates and MIACR (% p.a.)



\* "Overnight" deposit rate since March 29, 2010 and "tom-next" deposit rate before March 29, 2010. Source: Bank of Russia.

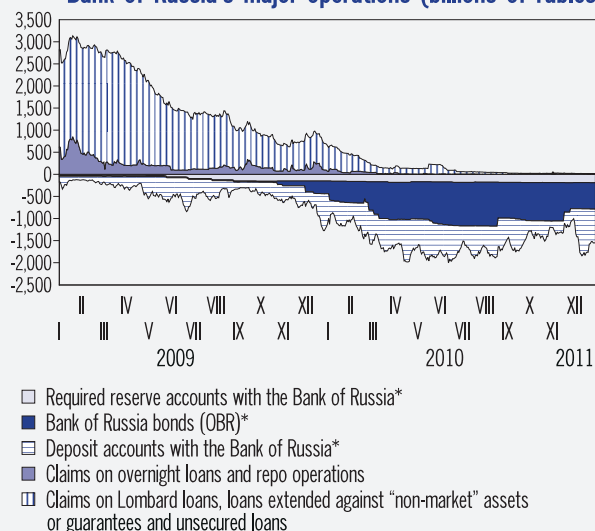
### Liquidity situation and Bank of Russia operations

In October-December 2010, excess liquidity remained in the banking sector as a whole: credit institutions continued to keep their temporarily uncommitted funds on deposit accounts and in Bank of Russia bonds, though in slightly smaller amounts than in the two previous quarters. In January 2011, credit institutions' demand for Bank of Russia's liquidity absorption instruments increased considerably under the impact of some seasonal factors.

Bank of Russia's average daily obligations to credit institutions on the liquidity absorption instruments amounted to 1.2 trillion rubles in 2010 Q4 and 1.5 trillion rubles in January 2011 (1.4 trillion rubles in the first nine months of 2010). Obligations on Bank of Russia bonds predominated in their structure between April and December 2010 while funds on deposit accounts prevailed in their structure in January 2011. The Bank of Russia's average daily claims to credit institutions on liquidity provision instruments decreased roughly to 24 billion rubles in Q4 and to 16 billion rubles in January 2011 (they amounted to 222 billion rubles in the first nine months of 2010).

In the fourth quarter of 2010, the Bank of Russia Board of Directors took the decisions to switch to three-month OBR bond auctions from November 2010 and to stop holding three-month deposit auctions from January 2011 to raise the efficiency of its monetary policy by increasing the impact of the Bank of Russia operations on the short-term money market rates. At the same time, favourable dynamics of the banking sector stability indicators and the overall reduction of systemic risks in 2010 Q4 and in January 2011 allowed the Bank of Russia to implement the decisions on scaling down the anti-crisis measures. From October 1, 2010, the Bank of Russia suspended holding 6-month Lombard auctions and extending long-term unsecured loans. Starting from January 1, 2011, the Bank of Russia has suspended all operations to grant unsecured loans.

Bank of Russia's major operations (billions of rubles)

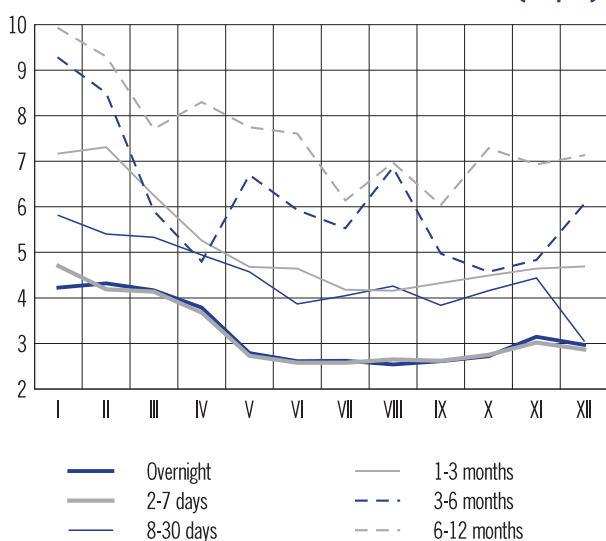


\* Balances of funds have the sign "-".  
Source: Bank of Russia.

in January 2011 dropped by 0.2 percentage points month on month to stand at 2.7% p.a. The interest rate on ruble interbank loans placed by Russian banks for a term of 2-7 days rose from

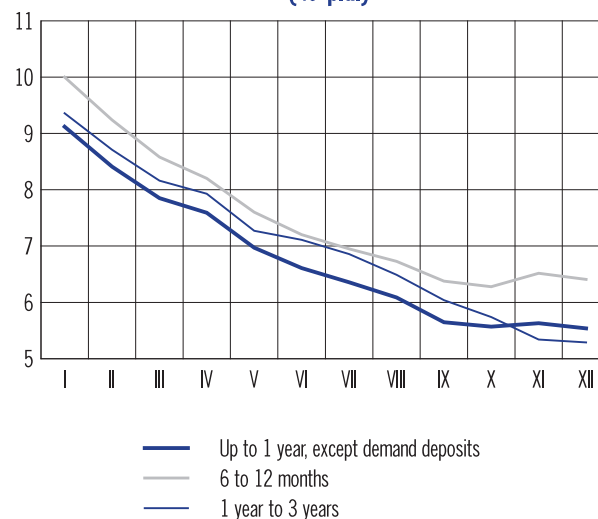
2.6% p.a. in Q3 to 2.9% p.a. in Q4, the rate on 1- to 3-month loans grew from 4.2% to 4.6% p.a. while the rate on 8- to 30-day interbank loans declined from 4.1% p.a. to 3.9% p.a.

Interest rates on interbank ruble loans in 2010 (% p.a.)



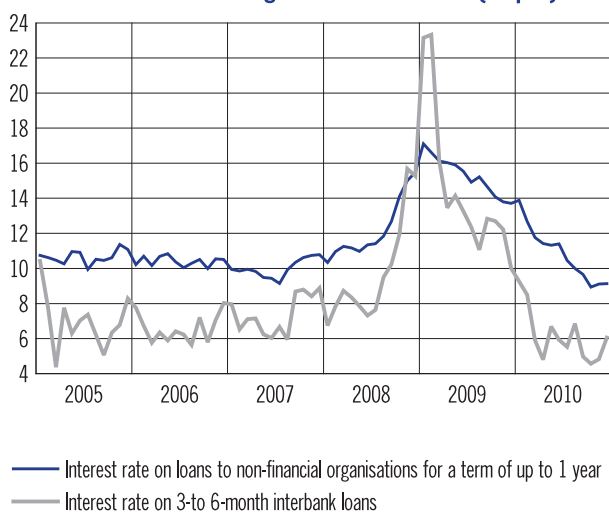
Source: Bank of Russia.

Interest rates on household ruble deposits in 2010 (% p.a.)



Source: Bank of Russia.

Interest rates on interbank loans and loans to non-financial organisations in rubles (% p.a.)



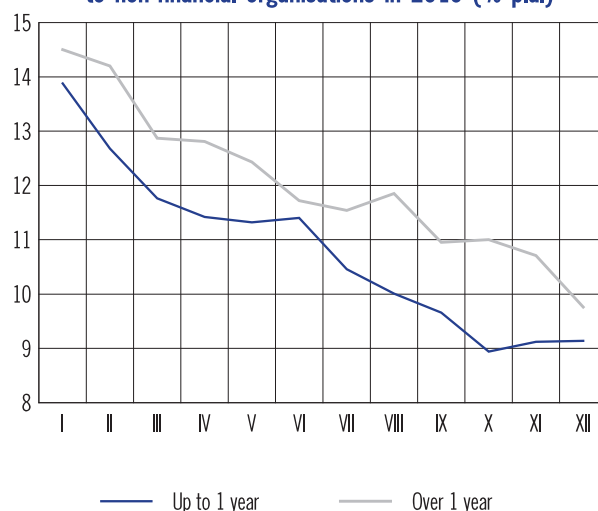
Source: Bank of Russia.

In 2010 Q4 interest rates on **household deposits** with all terms (from 1 month to 3 years) continued to decline. In 2010 Q4 the average short-term and long-term (1 year to 3 years) household ruble deposit interest rates fell by 0.5 and 1.0 percentage points, quarter on quarter, to 5.6% p.a. and 5.5% p.a., respectively.

In 2010 Q4 the average short-term and long-term interest rates on ruble-denominated loans to **households** dropped by 0.9 and 0.5 percentage points to 26.0% p.a. and 17.5% p.a., respectively.

Average quarterly interest rates on **loans to non-financial organisations** continued to fall in 2010 Q4. The average interest rates on short-

Interest rates on ruble loans to non-financial organisations in 2010 (% p.a.)



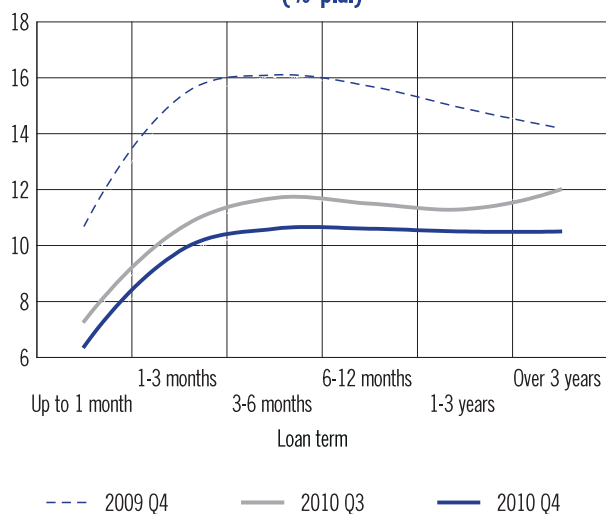
Source: Bank of Russia.

term and long-term loans declined by 1.0 percentage points each, quarter on quarter, to 9.1% p.a. and 10.5% p.a., respectively. The biggest fall (by 1.5 percentage points) in the average interest rate in Q4 was registered on loans with terms of over 3 years.

The yield curve for loans to non-financial organisations shifted down in October-December 2010 as compared with the previous quarter. The yield curve continued to rise in the up-to-6-months segment, while in the over-6-months segment it became almost horizontal.

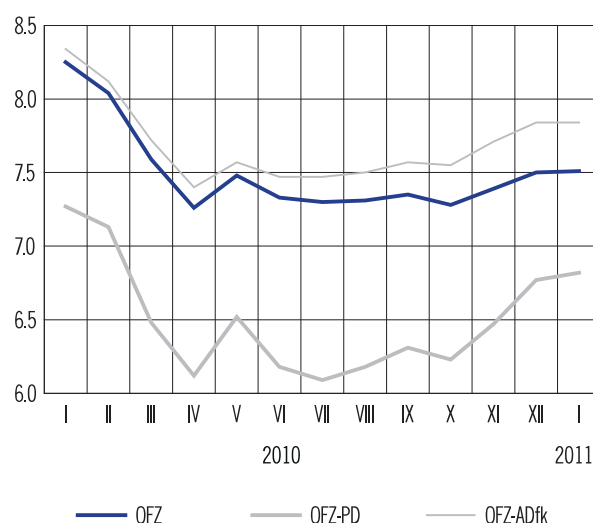
**OFZ market** yields changed both ways between October and the first half of December 2010, with slightly upward dynamics as the pre-

Yield curve for ruble loans to non-financial organisations (% p.a.)



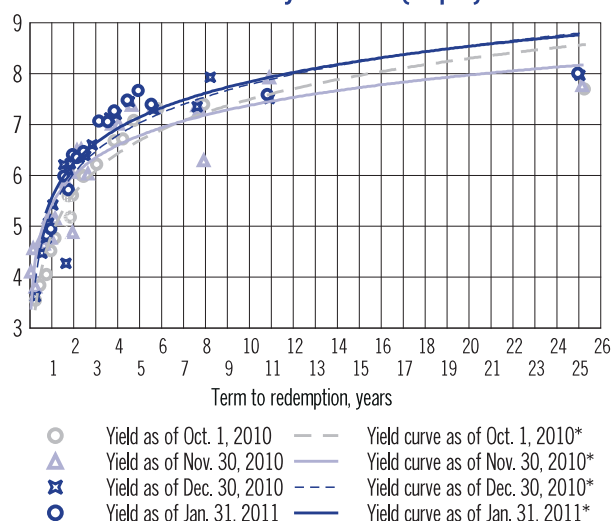
Source: Bank of Russia.

Average monthly OFZ portfolio yield (% p.a.)



Source: Bank of Russia.

OFZ effective yield curve (% p.a.)



\* The yield curve has been fitted using the logarithmic function.  
Source: Bank of Russia.

Russian bond yields (% p.a.)



Source: Bank of Russia, Cbonds.ru, Bank of Moscow OJSC.

vailing trend. The average quarterly effective OFZ market portfolio indicator (MPI) and the effective MPI as of the end of the fourth quarter increased by 0.1 percentage points each, quarter on quarter, to 7.4% p.a. As of the end of January 2011, the effective MPI increased also by 0.1 percentage points, month on month, to 7.5% p.a. As in the previous month, the average effective MPI measured 7.5% in January 2011.

In October 2010 – January 2011, the OFZ yield curve retained its upward sloping shape, demonstrating slight changes in its position. Relative to the beginning of October 2010, the government bond yield curve moved upward, with its slope slightly increasing by the end of January 2011.

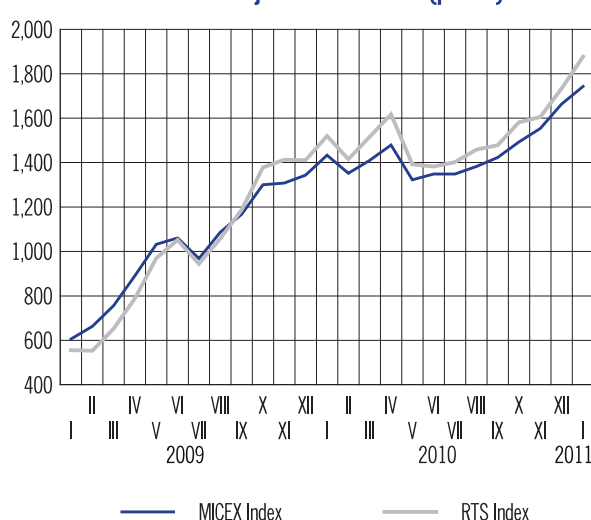
In October 2010 – January 2011, as was the case in 2010 Q3, the **ruble regional bond market** demonstrated yield dynamics similar to the dynamics of OFZ bond yields but was characterised by greater volatility. **Ruble corporate bond** yields largely increased from October through December, after which they changed horizontally, demonstrating even greater volatility. In Q4 the average regional bond yields grew by 0.1 percentage points, quarter on quarter, to 7.4% p.a. while the corporate bond yields fell by 0.2 percentage points to 7.5% p.a. In January 2011, the average regional bond yields were unchanged at 7.6% p.a. from the previous month while the corporate bond yields increased by 0.1 percentage points to 7.8% p.a. In the period between October and the

first half of December 2010, the spreads between yields on federal loan bonds (OFZ), corporate bonds and regional bonds changed within a relatively narrow horizontal band and were observed to widen by the end of January 2011.

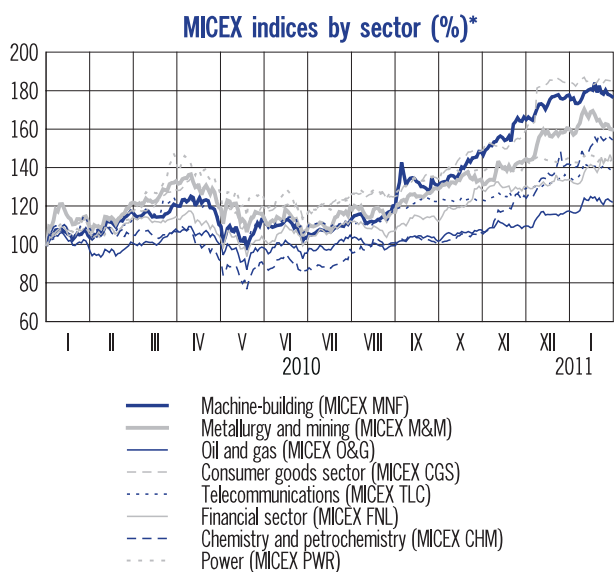
### Asset prices

The growth of securities prices accelerated in **the Russian stock market** in 2010 Q4, while their volatility decreased amid positive price trends in the world oil market and the stock markets of developing countries. By the end of 2010, the MICEX and RTS stock indices had reached their record highs for the period since mid-July and August 2008, respectively. As of December

Russia's major stock indices (points)\*



\* Monthly averages.  
Source: MICEX, RTS.



\* Indices as of December 31, 2009 = 100%.  
Source: MICEX, Bank of Russia calculations.

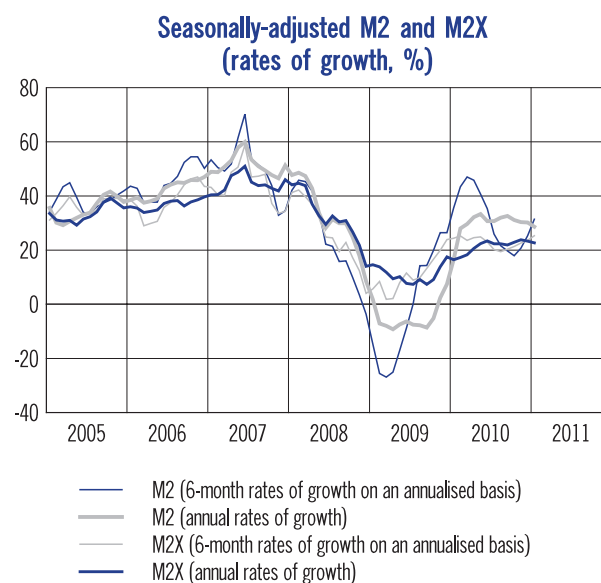
30, 2010, the MICEX index grew by 17.2% as compared with the level registered at the end of 2010 Q3, to 1,687.99 points and the RTS index was up by 17.4% to 1,770.28 points. The average MICEX and RTS indices in Q4 were higher than in Q3 by 13.5%.

The prices of corporate stocks in the key sectors of the economy increased considerably in Q4. The most significant increase in the prices of corporate stocks in the period under review was registered in the chemical and petrochemical industry, machine-building, the consumer goods and metallurgical sectors, which had led the stock price growth in the previous quarter, and also in the stock prices of credit institutions and oil and gas companies.

In January 2011, the upward dynamics of Russian stock prices was more moderate than in December 2010. As of January 31, 2011, the MICEX index gained 2.1%, month on month, and reached 1,723.42 points and the RTS index rose by 5.7% to 1,870.31 points. In January 2011, corporate stock prices grew in most sectors of the Russian economy, especially the banking, chemical and petrochemical sectors. Corporate stock prices in the metallurgical and consumer goods sectors, on the contrary, edged down after their rapid growth in the second half of 2010.

### Monetary aggregates

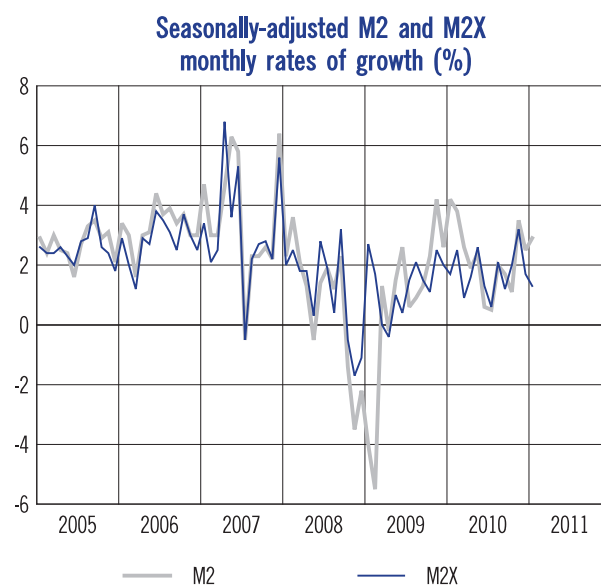
The annual rates of growth in monetary aggregate M2 started to accelerate in October 2009.



Source: Bank of Russia.

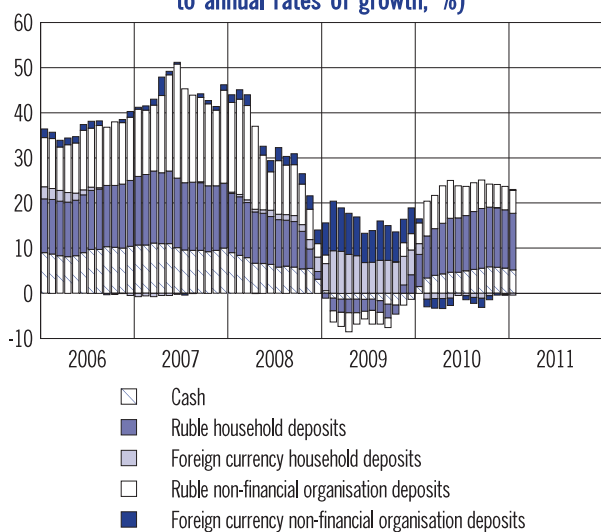
In 2010, the M2 annual growth rates increased and as of January 1, 2011 they stood at 28.5% as against 16.3% on January 1, 2010. In March-November 2010, the annual rates of growth in ruble money supply steadily exceeded the level of 30%. In 2010 Q4, however, the M2 annual growth slightly slowed down. Seasonally adjusted monthly rates of growth in monetary aggregate M2 tended to increase as a whole from July 2010.

Household deposits were the most rapidly growing component of monetary aggregate M2. In 2010 they increased by 43.6% (as against growth by 27.1% in 2009). The most rapid annual growth in ruble household deposits (by over



Source: Bank of Russia.

**M2X (contributions by various components to annual rates of growth, %)**



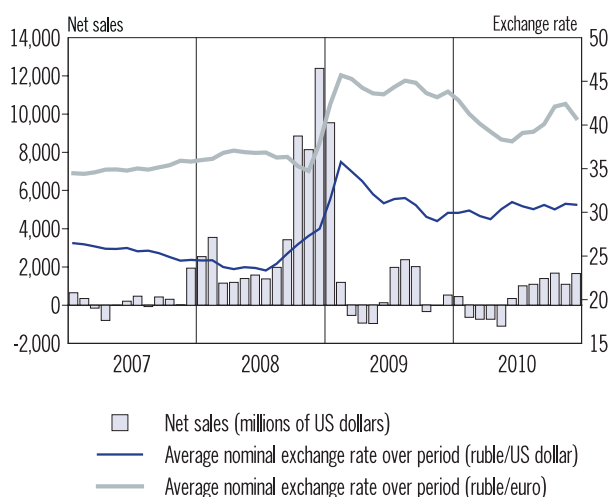
Source: Bank of Russia.

48%) was registered in August-September 2010. In Q4, the annual rate of growth in ruble household deposits started to slow down.

The annual rate of growth in ruble non-financial organisation deposits was observed to increase until May and amounted to 30.2% as of May 1, 2010, after which this growth decelerated considerably. As a result, non-financial organisation ruble deposits increased by 16.6% in 2010 as a whole as against 14.5% in 2009.

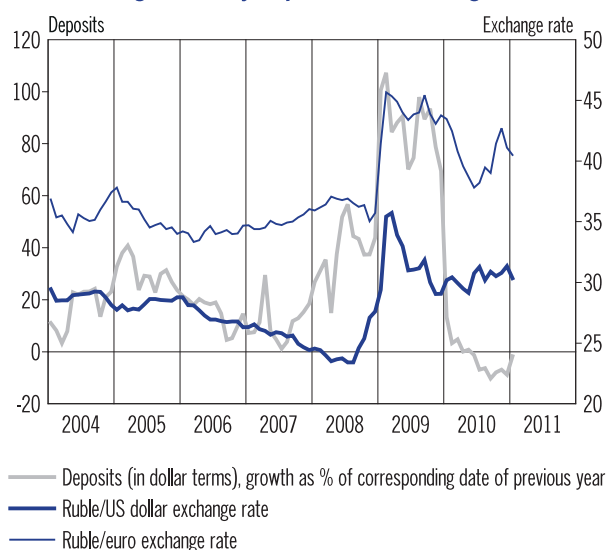
The annual rate of growth in monetary aggregate M0 increased significantly in 2010: it accelerated to 25.4% as of January 1, 2011 from 6.4% on January 1, 2010. This growth slightly slowed down only in the last two months of 2010.

**Net sales of foreign currency to households through exchange offices and exchange rate**



Source: Bank of Russia.

**Foreign currency deposits and exchange rate**

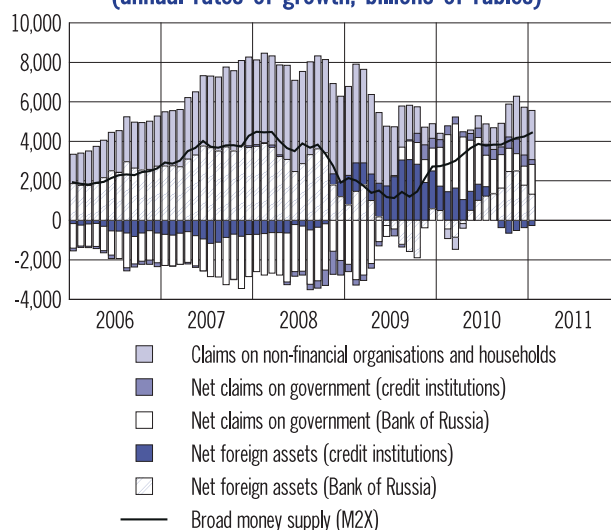


Источник: Банк России.

In the second half of 2010, household demand for foreign currency cash increased. Net purchases of foreign currency by households through exchange offices amounted to about \$8 billion in July-December 2010 (in January-June 2010, net sales stood at \$2.4 billion). According to Russia's balance of payments preliminary estimates, the value of foreign currency cash outside the banking system decreased by \$14.4 billion in 2010.

In 2010, foreign currency deposits contracted by 1.1% in ruble terms (in dollar terms, this contraction was slightly larger). The biggest decrease in the value of foreign currency deposits was registered in the first half of 2010 (by

**Banking sector major assets and broad money supply (annual rates of growth, billions of rubles)**



Source: Bank of Russia.

4.5%), whereas in the second half of the year foreign currency deposits grew by 3.5% (mainly in the fourth quarter). The level of dollarization of deposits<sup>1</sup> continued to contract in 2010 and decreased to 15.8% as of January 1, 2011 from 19.6% on January 1, 2010.

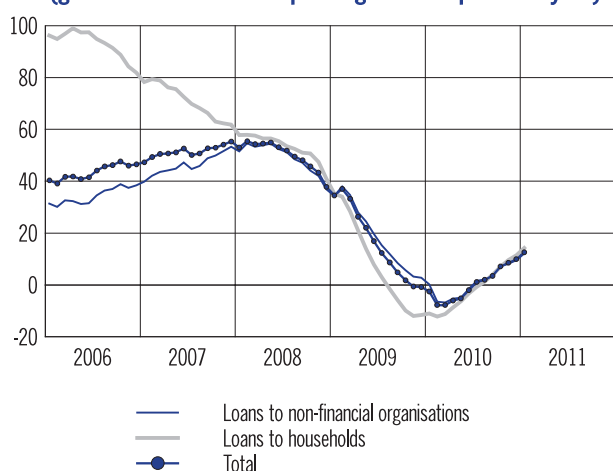
The annual rates of growth in **the M2X broad money** started to increase from October 2009 and this trend persisted in 2010. Despite some stabilisation of the M2X annual growth rates in the second half of 2010, they accelerated to 22.7% in 2010 from 16.4% in the previous year. The dynamics of annual 6-month rates of growth in M2X testifies to an increase in the rates of M2X growth in 2010 Q3 and Q4.

The Bank of Russia interventions in the domestic foreign exchange market and the increase in the Bank of Russia's net claims on the government were the principal sources of growth in aggregate money supply in 2010. From the second half of 2010, money supply growth was also influenced by the expansion of bank lending to the real sector of the economy. The aggregate money supply growth to the level exceeding the rates of growth in money demand testified to increased inflation risks owing to the monetary factors at the end of 2010 and in 2011.

### Credit aggregates

The growth of credit aggregates continued in 2010 Q4. The debt on loans extended to non-

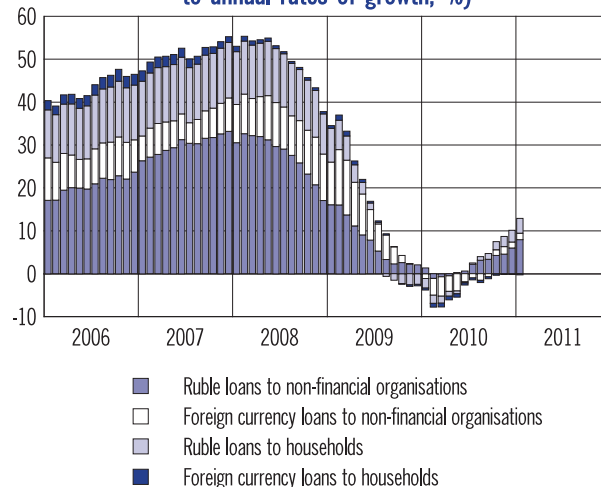
**Loans to non-financial organisations and households in rubles and foreign currency (growth as % of corresponding date of previous year)**



Source: Bank of Russia.

<sup>1</sup> The level of dollarization in this case is the share of foreign currency deposits (in ruble terms) in the broad money.

**Loans to non-financial organisations and households (contributions by various types of loans to annual rates of growth, %)**



Source: Bank of Russia.

financial organisations increased by 3.2% over that period and on loans to households expanded by 5.5%. As a result, the annual rate of growth in total debt on loans stood at 12.6% as of January 1, 2011.

Low interest rates and the high level of liquidity in the money market were among the major factors prompting lending activity recovery. The continued expansion of the banks' deposit base leading to an increase in their liabilities also contributed to the growth of bank loans.

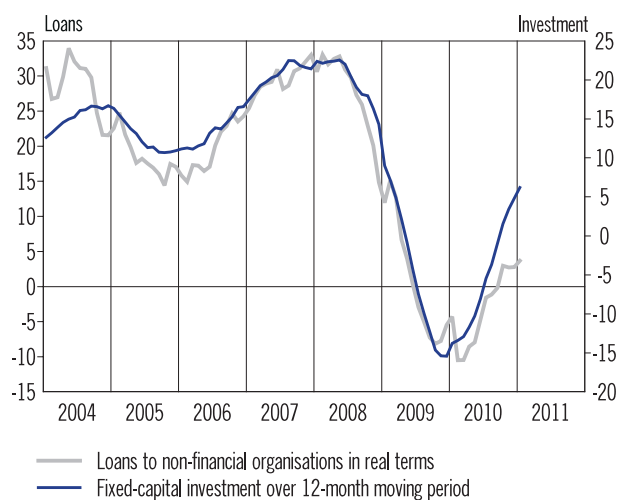
The substitution of banks' risk-free low-yield assets with claims on the real sector of the econ-

**Dynamics of some kinds of bank assets (growth against corresponding date of previous year, billion rubles)**



Source: Bank of Russia.



**Investment activity and loans to non-financial organisations  
(growth as % of corresponding period of previous year)**


Source: Bank of Russia, Rosstat.

omy was another source of growth in loans. Particularly, starting from August 2010, the annual growth in banks' net foreign assets was negative<sup>2</sup>. The amount of Bank of Russia bonds on banks' balance sheets also started to contract gradually from September 2010. Nevertheless, credit institutions' investments in Russian government obligations and deposits with the Bank of Russia still remained considerable and had a certain restraining effect on the growth of lending.

The low demand for loans was a major factor containing growth in lending activity. However, as aggregate demand recovered, lending activity gradually increased. The demand for loans may further expand, given that positive trends persist in the real sector of the economy.

<sup>2</sup> At the same time, in 2010 Q4 (for the first time in the past four quarters), credit institutions' net foreign assets increased.

## Bank of Russia press releases on monetary policy measures in 2010 Q4

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### October 2010

#### October 13

The Bank of Russia External & Public Relations Department reports that from October 13, 2010 the Bank of Russia changed the parameters of the exchange rate-setting mechanism by widening the operating floating range of permissible fluctuations in the ruble value of the bi-currency basket (0.45 euros and 0.55 US dollars), used to contain excessive exchange rate volatility, symmetrically to 4 rubles from 3 rubles, and by decreasing the amount of cumulative interventions, necessary for the operational band shift by 5 kopecks, from \$700 million to \$650 million.

In addition, as part of its program to scale down its anti-crisis measures, the Bank of Russia cancelled the fixed range of permissible fluctuations in the ruble value of the bi-currency basket introduced on January 23, 2009.

These decisions taken by the Bank of Russia will make the exchange rate-setting mechanism more flexible and reduce the scope of the Bank of Russia's direct interventions in the rate-setting process in the domestic foreign exchange market.

#### October 18

The Bank of Russia External & Public Relations Department reports that on October 15, 2010 the Bank of Russia Board of Directors took a decision to reintroduce from January 1, 2011 its approaches to drawing up the Bank of Russia List that had been in effect prior to February 2009. The Bank of Russia List includes organisations that have a long-term foreign currency rating assigned by at least one of international rating agencies at the level not below B- according to the classification of Standard & Poor's or Fitch Ratings, or B3 under the classification of Moody's Investor's Service. In view of this, the Bank of Russia List will exclude organisations that are on the List of Systemically Important Institutions approved by the governmental commission for increasing the sustainability of the development of the Russian economy, as established by Russian Government Resolution No. 957 of December 15, 2008 (hereinafter systemically important organisations). Obligations of systemically important organisations that secure the loans provided by the Bank of Russia as of January 1, 2011 will remain as collateral for these loans until they are paid back.

#### October 29

The Bank of Russia External & Public Relations Department reports that on October 29, 2010 the Bank of Russia Board of Directors took a decision to leave the refinancing rate and interest rates on its operations unchanged.

In October 2010, inflation slightly slowed down: during the first 25 days of the month, the rates of growth in consumer prices dropped to 0.5% from 0.9% in the same period of September, which testifies to a gradual decrease in inflationary expectations caused by a sharp rise in the prices of some food products. Annual inflation reached 7.5% on October 25, which is largely explained by the so-called 'base effect' of the previous year. The Bank of Russia believes that inflation risks attributable to the monetary

factors are currently at an acceptable level while the efforts to make the exchange rate-setting mechanism more flexible, along with the planned cuts in the federal budget deficit next year and the use of the market mechanisms of its financing can help create conditions for the mitigation of these risks.

The data testify to the recovery of economic growth in Russia, although risks still remain for the sustainability of this process. In September, industrial output expanded further, fixed capital investment growth rates remained high and lending activity in the economy continued to recover amid cuts in interest rates on loans to non-financial organisations.

At the same time, consumer demand slightly weakened in September: retail trade turnover decreased in real terms from the previous month, especially retail trade in food products, and the annual rates of its growth continued to decline. The deterioration of consumer expectations, which was registered in the data for the third quarter of 2010, and the slowing of growth in household real money income contributed to this process. The weakening of consumer demand that can be currently observed, and also the uncertainty about the prospects of the development of the external economic situation create additional risks for economic growth.

In view of the above-mentioned, the Bank of Russia deems it possible to maintain its accommodative monetary policy in the coming months to support internal factors of growth.

The next meeting of the Bank of Russia Board of Directors to consider interest rate policy is scheduled for November 2010.

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## **November 2010**

### **November 2**

The Bank of Russia External & Public Relations Department reports about changes in the procedure of holding operations with Bank of Russia bonds (OBRs). In compliance with its decision, the Bank of Russia will switch to the issue of three-month OBR bonds and will offer them as frequently as every two months.

Also, considering that liquidity on the secondary market of OBR bonds has increased, the Bank of Russia will stop performing the functions of a market maker from December 15, 2010 and, consequently, will cease to make regular quotations of buy and sell prices for OBR bonds in the secondary market.

The Bank of Russia's decisions aim to raise the efficiency of its monetary policy by increasing the impact of its operations on short-term interest rates in the money market.

### **November 26**

The Bank of Russia External & Public Relations Department reports that on November 26, 2010 the Bank of Russia took a decision to keep the refinancing rate and interest rates on its operations unchanged.

Annual inflation increased to 7.8% as of November 22, 2010 from 7.5% in October. The growth of food prices, largely caused by the persisting effect of unfavourable weather conditions in the summer and the rise of world prices for agricultural raw materials, made the biggest contribution to the acceleration of inflation. At the same time, the annual rates of growth in consumer prices for non-food products stabilised at a relatively low level in the past few months. The Bank of Russia believes that inflation risks caused by monetary factors are currently at an acceptable level and will continue monitoring the impact of various factors on inflation processes.

The statistical data for October reflected the continuation of major macroeconomic trends. Some production indicators testified to the continued recovery of economic activity. October saw growth in the industrial output index and the expansion of fixed capital investment, while bank lending to the economy continued to increase amid a noticeable decrease in the cost of borrowings.

At the same time, consumer demand indicators continued to demonstrate negative dynamics in October: the annual rates of growth in retail trade turnover and the value of paid services provided to households continued to slow down and household real disposable money income decreased as compared with October 2009.

Taking into account the risks posed by the weakening consumer demand and uncertain foreign market conditions for Russia's economic growth, which was unstable in the third quarter of this year and demonstrated slower GDP growth, the Bank of Russia deems it possible to continue its accommodative monetary policy measures aimed at supporting internal factors of growth.

The next meeting of the Bank of Russia Board of Directors to consider interest rate policy is scheduled for December 2010.

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## December 2010

### December 17 (extract from the press release)

The Bank of Russia External & Public Relations Department reports that in compliance with the decision by the Bank of Russia Monetary Policy Committee (minutes No. 15 of October 26, 2010), the Bank of Russia will suspend from January 1, 2011 auctions for three-month deposits.

### December 24 (extract from the press release)

The Bank of Russia External & Public Relations Department reports that on December 24, 2010 the Bank of Russia Board of Directors took a decision to leave unchanged the refinancing rate and interest rates on the Bank of Russia operations to provide liquidity, and simultaneously raise interest rates on its deposit operations by 0.25 percentage points from December 27, 2010.

Annual inflation reached 8.4% as of December 20 as compared with 8.1% in November. According to the Bank of Russia's estimates, annual inflation will not exceed last year's level as of the end of 2010. The growth of food prices supported by the rise of prices on world commodity markets made the biggest contribution to inflation. Currently, considering the dynamics of the major monetary indicators, in particular, the persisting trend of slower growth in monetary aggregates, the Bank of Russia believes that inflation risks attributable to monetary factors remain moderate but need to be watched more closely by the monetary authorities.

Major trends in the dynamics of other indicators reflecting the recovery of the Russian economy continued in November. Annual growth in industrial output continued to accelerate as compared with the previous month. The growth of fixed capital investment slightly slowed in November after the period of steady acceleration but remained at a relatively high level. The annual rates of growth in household real money income and retail trade turnover slightly increased in November.

Bank lending to the economy continued to expand. At the same time, interest rates on bank loans to non-financial organisations reached a record low level, declining almost twofold from their peak levels in the height of the crisis, which was caused by the accommodative monetary policy and the general recovery of lending activity.

Considering the persistence of the major macroeconomic trends and the current balance of external and internal inflation risks, the Bank of Russia deemed it possible to leave unchanged the interest rates on its refinancing operations to contribute to economic growth recovery.

At the same time, the decision to narrow the Bank of Russia interest rate band by increasing the interest rates on its deposit operations aims to raise the efficiency of its interest rate policy, which will be facilitated, in particular, by the larger flexibility of the ruble exchange rate achieved this year. Considering the current money market trends and current bank liquidity factors, this change, in the Bank of Russia's estimates, will hardly increase considerably borrowing costs for final borrowers but will eventually reduce market interest rate volatility.

The next meeting of the Bank of Russia Board of Directors to consider interest rate policy is scheduled for January 2011.

# Statistical Addendum

Table 1

## Consumer prices by group of goods and services (month on month, %)

	Monthly inflation	Core inflation	Food price growth	Food price growth <sup>1</sup>	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices <sup>2</sup>	Service price growth
<b>2008</b>								
January	2.3	1.1	1.9	1.2	8.3	0.6	0.6	5.4
February	1.2	1.0	1.7	1.3	5.1	0.6	0.6	1.4
March	1.2	1.1	2.0	1.5	5.9	0.7	0.7	0.6
April	1.4	1.3	2.2	1.8	5.5	0.9	0.7	1.0
May	1.4	1.1	2.1	1.5	6.4	0.8	0.6	1.0
June	1.0	0.9	1.1	1.2	0.4	0.7	0.5	1.1
July	0.5	0.8	0.1	1.0	-6.7	0.7	0.5	0.9
August	0.4	1.0	-0.2	1.2	-11.3	0.6	0.6	0.9
September	0.8	1.4	0.7	1.5	-6.4	0.7	0.8	1.0
October	0.9	1.3	1.6	1.8	-0.4	0.8	1.0	0.0
November	0.8	1.1	1.3	1.3	1.0	0.5	0.9	0.7
December	0.7	0.8	1.0	1.0	1.7	0.1	0.6	1.0
Full year (December on December)	13.3	13.6	16.5	17.5	7.7	8.0	8.4	13.3
<b>2009</b>								
January	2.4	1.3	1.4	1.1	4.7	0.7	1.0	6.3
February	1.7	1.6	1.9	1.5	4.9	1.6	1.8	1.4
March	1.3	1.4	1.7	1.4	4.5	1.4	1.6	0.6
April	0.7	0.8	0.7	0.8	-0.1	1.0	1.1	0.3
May	0.6	0.5	0.7	0.3	4.1	0.7	0.8	0.3
June	0.6	0.3	0.5	0.1	3.9	0.8	0.3	0.5
July	0.6	0.3	0.6	0.2	3.2	0.6	0.2	0.8
August	0.0	0.5	-0.9	0.4	-11.0	0.6	0.4	0.4
September	0.0	0.5	-0.8	0.4	-11.5	0.7	0.6	0.1
October	0.0	0.3	-0.5	0.0	-6.1	0.6	0.7	-0.1
November	0.3	0.3	0.3	0.2	0.9	0.4	0.4	0.1
December	0.4	0.4	0.6	0.3	3.0	0.2	0.3	0.5
Full year (December on December)	8.8	8.3	6.1	6.9	-1.7	9.7	9.8	11.6
<b>2010</b>								
January	1.6	0.5	1.4	0.8	7.2	0.2	0.3	3.9
February	0.9	0.5	1.3	0.8	5.6	0.3	0.3	1.0
March	0.6	0.5	1.0	0.7	4.2	0.4	0.4	0.4
April	0.3	0.2	0.3	0.2	1.1	0.3	0.3	0.2
May	0.5	0.1	0.7	-0.1	7.2	0.4	0.3	0.4
June	0.4	0.2	0.5	0.0	4.6	0.2	0.2	0.4
July	0.4	0.4	0.3	0.4	-0.6	0.3	0.2	0.6
August	0.6	0.7	0.9	1.2	-1.4	0.4	0.4	0.3
September	0.8	1.1	1.6	1.8	0.2	0.6	0.6	0.0
October	0.5	0.8	0.7	1.0	-1.8	0.6	0.7	0.0
November	0.8	0.7	1.4	1.0	4.0	0.7	0.7	0.2
December	1.1	0.7	2.1	1.2	8.6	0.5	0.5	0.4
Full year (December on December)	8.8	6.6	12.9	9.4	45.6	5.0	4.9	8.1

<sup>1</sup> Excluding vegetables and fruit.

<sup>2</sup> Bank of Russia estimate.

Note. Tables 1 to 7 are based on Rosstat data and Bank of Russia calculations.

Table 2

**Consumer prices by group of goods and services  
(since start of year on accrual basis, %)**

	Monthly inflation	Core inflation	Food price growth	Food price growth <sup>1</sup>	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices <sup>2</sup>	Service price growth
<b>2008</b>								
January	2.3	1.1	1.9	1.2	8.3	0.6	0.6	5.4
February	3.5	2.1	3.6	2.5	13.9	1.2	1.2	6.8
March	4.8	3.2	5.7	4.0	20.6	2.0	1.9	7.5
April	6.3	4.5	8.0	5.9	27.2	2.9	2.6	8.5
May	7.7	5.7	10.2	7.5	35.4	3.7	3.2	9.6
June	8.7	6.7	11.4	8.7	36.0	4.4	3.7	10.8
July	9.3	7.6	11.5	9.8	26.9	5.2	4.2	11.9
August	9.7	8.6	11.3	11.2	12.5	5.8	4.9	12.9
September	10.6	10.1	12.1	12.9	5.3	6.5	5.7	14.1
October	11.6	11.5	13.9	14.9	4.8	7.3	6.8	14.1
November	12.5	12.7	15.3	16.3	5.9	7.8	7.8	14.8
December	13.3	13.6	16.5	17.5	7.7	8.0	8.4	13.3
<b>2009</b>								
January	2.4	1.3	1.4	1.1	4.7	0.7	1.0	6.3
February	4.1	2.9	3.3	2.6	9.8	2.3	2.8	7.8
March	5.4	4.3	5.0	4.0	14.7	3.8	4.5	8.5
April	6.2	5.2	5.8	4.8	14.6	4.8	5.7	8.7
May	6.8	5.7	6.5	5.1	19.3	5.5	6.5	9.1
June	7.4	6.0	7.0	5.2	24.0	6.3	6.9	9.6
July	8.1	6.3	7.6	5.4	28.0	7.0	7.1	10.5
August	8.1	6.8	6.6	5.8	14.0	7.6	7.6	10.9
September	8.1	7.3	5.8	6.3	0.8	8.3	8.2	11.0
October	8.1	7.6	5.2	6.3	-5.4	9.0	9.0	10.9
November	8.4	8.0	5.5	6.5	-4.5	9.4	9.4	11.1
December	8.8	8.3	6.1	6.9	-1.7	9.7	9.8	11.6
<b>2010</b>								
January	1.6	0.5	1.4	0.8	7.2	0.2	0.3	3.9
February	2.5	1.0	2.7	1.6	13.2	0.5	0.6	5.0
March	3.2	1.5	3.8	2.3	18.0	0.9	1.0	5.4
April	3.5	1.7	4.1	2.5	19.3	1.3	1.3	5.6
May	4.0	1.8	4.8	2.4	27.9	1.7	1.7	6.0
June	4.4	2.0	5.4	2.4	33.8	1.9	1.9	6.4
July	4.8	2.4	5.7	2.8	32.9	2.2	2.1	7.0
August	5.4	3.1	6.6	4.1	31.0	2.5	2.5	7.3
September	6.2	4.3	8.4	5.9	31.3	3.1	3.1	7.4
October	6.8	5.1	9.1	7.0	28.9	3.8	3.8	7.4
November	7.6	5.8	10.6	8.1	34.0	4.5	4.5	7.6
December	8.8	6.6	12.9	9.4	45.6	5.0	4.9	8.1

<sup>1</sup> Excluding vegetables and fruit.

<sup>2</sup> Bank of Russia estimate.

Table 3

**Consumer prices by group of goods and services  
(month on corresponding month of previous year, %)**

	Monthly inflation	Core inflation <sup>1</sup>	Food price growth	Food price growth <sup>2</sup>	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices <sup>1</sup>	Service price growth
<b>2008</b>								
January	12.6	11.5	16.7	15.7	27.2	6.8	6.6	14.1
February	12.7	12.1	17.6	16.5	29.1	7.0	6.8	12.7
March	13.3	12.7	19.1	17.6	32.6	7.4	7.1	12.7
April	14.3	13.5	20.8	19.1	35.6	8.0	7.4	13.3
May	15.1	14.5	22.1	20.8	33.9	8.4	7.7	13.9
June	15.1	15.1	21.3	21.7	19.9	8.9	7.9	14.4
July	14.7	15.0	19.8	21.2	9.8	9.2	8.0	14.7
August	15.0	14.8	20.2	20.8	16.1	9.2	8.1	15.2
September	15.0	14.5	19.9	20.0	19.0	9.1	8.1	15.9
October	14.2	13.7	17.9	18.0	17.5	9.1	8.2	15.7
November	13.8	13.7	17.2	17.7	11.9	8.6	8.4	15.8
December	13.3	13.6	16.5	17.5	7.7	8.0	8.4	13.3
<b>2009</b>								
January	13.4	13.9	15.9	17.3	4.1	8.1	8.9	16.9
February	13.9	14.6	16.1	17.6	3.8	9.2	10.2	17.0
March	14.0	14.9	15.8	17.4	2.5	9.9	11.2	17.0
April	13.2	14.4	14.1	16.3	-3.0	10.0	11.7	16.2
May	12.3	13.6	12.5	14.9	-5.1	9.9	11.9	15.4
June	11.9	12.9	11.9	13.7	-1.8	9.9	11.7	14.6
July	12.0	12.3	12.4	12.7	8.7	9.8	11.4	14.5
August	11.6	11.7	11.6	11.8	9.1	9.9	11.2	13.9
September	10.7	10.8	9.9	10.6	3.2	9.9	11.0	12.8
October	9.7	9.6	7.6	8.7	-2.8	9.6	10.6	12.7
November	9.1	8.8	6.6	7.6	-2.9	9.6	10.0	12.1
December	8.8	8.3	6.1	6.9	-1.7	9.7	9.8	11.6
<b>2010</b>								
January	8.0	7.5	6.1	6.6	0.7	9.1	9.0	9.1
February	7.2	6.3	5.5	5.8	1.4	7.7	7.4	8.7
March	6.5	5.4	4.8	5.1	1.1	6.6	6.1	8.4
April	6.0	4.8	4.4	4.5	2.4	5.9	5.2	8.4
May	6.0	4.4	4.4	4.1	5.4	5.7	4.7	8.4
June	5.8	4.3	4.5	4.0	6.1	5.1	4.6	8.4
July	5.5	4.4	4.2	4.2	2.1	4.8	4.6	8.2
August	6.1	4.7	6.1	5.1	13.1	4.5	4.5	8.0
September	7.0	5.3	8.7	6.5	28.0	4.4	4.6	8.0
October	7.5	5.8	10.0	7.6	33.9	4.4	4.5	8.1
November	8.1	6.2	11.2	8.5	38.0	4.7	4.8	8.1
December	8.8	6.6	12.9	9.4	45.6	5.0	4.9	8.1

<sup>1</sup> Bank of Russia estimate.

<sup>2</sup> Excluding vegetables and fruit.

Table 4

**Inflation growth over period since start of year due to price changes  
by group of goods and services (percentage points)**

	Foodstuffs <sup>1</sup>	Non-food products	Paid services	Vegetables and fruit	Inflation over period, %	Core inflation	Non-core inflation <sup>2</sup>
<b>2008</b>							
January	0.4	0.2	1.3	0.3	<b>2.3</b>	0.8	1.5
February	0.9	0.4	1.7	0.5	<b>3.5</b>	1.6	1.9
March	1.4	0.7	1.9	0.8	<b>4.8</b>	2.5	2.3
April	2.1	1.0	2.1	1.0	<b>6.3</b>	3.6	2.7
May	2.6	1.3	2.4	1.4	<b>7.7</b>	4.5	3.2
June	3.1	1.6	2.7	1.4	<b>8.7</b>	5.3	3.5
July	3.5	1.9	3.0	1.0	<b>9.3</b>	6.0	3.3
August	3.9	2.1	3.2	0.5	<b>9.7</b>	6.8	2.9
September	4.5	2.3	3.5	0.2	<b>10.6</b>	8.0	2.6
October	5.2	2.6	3.5	0.2	<b>11.6</b>	9.2	2.4
November	5.7	2.8	3.7	0.2	<b>12.5</b>	10.1	2.4
December	6.2	2.9	4.0	0.3	<b>13.3</b>	10.8	2.5
<b>2009</b>							
January	0.4	0.3	1.6	0.2	<b>2.4</b>	1.0	1.4
February	0.9	0.9	2.0	0.4	<b>4.1</b>	2.4	1.7
March	1.4	1.4	2.1	0.5	<b>5.4</b>	3.5	2.0
April	1.6	1.8	2.2	0.5	<b>6.2</b>	4.2	2.0
May	1.8	2.1	2.3	0.7	<b>6.8</b>	4.6	2.2
June	1.8	2.4	2.4	0.9	<b>7.4</b>	4.8	2.6
July	1.9	2.6	2.6	1.0	<b>8.1</b>	5.1	3.0
August	2.0	2.9	2.7	0.5	<b>8.1</b>	5.5	2.6
September	2.1	3.1	2.8	0.0	<b>8.1</b>	5.9	2.1
October	2.1	3.4	2.7	-0.2	<b>8.1</b>	6.1	1.9
November	2.2	3.5	2.8	-0.2	<b>8.4</b>	6.4	1.9
December	2.4	3.6	2.9	-0.1	<b>8.8</b>	6.7	2.1
<b>2010</b>							
January	0.3	0.1	1.0	0.3	<b>1.6</b>	0.4	1.2
February	0.6	0.2	1.3	0.5	<b>2.5</b>	0.8	1.7
March	0.8	0.3	1.4	0.6	<b>3.2</b>	1.2	2.0
April	0.9	0.5	1.4	0.7	<b>3.5</b>	1.4	2.1
May	0.8	0.6	1.5	1.0	<b>4.0</b>	1.5	2.5
June	0.8	0.7	1.7	1.2	<b>4.4</b>	1.6	2.8
July	1.0	0.8	1.8	1.2	<b>4.8</b>	1.9	2.8
August	1.4	0.9	1.9	1.1	<b>5.4</b>	2.5	2.8
September	2.0	1.1	1.9	1.1	<b>6.2</b>	3.5	2.8
October	2.4	1.4	1.9	1.0	<b>6.8</b>	4.1	2.7
November	2.8	1.6	2.0	1.2	<b>7.6</b>	4.7	2.9
December	3.2	1.8	2.1	1.6	<b>8.8</b>	5.3	3.5

<sup>1</sup> Excluding vegetables and fruit.

<sup>2</sup> Growth in prices of goods and paid services not included in the calculation of the core consumer price index.



Table 5

**Monthly inflation growth due to price changes  
by group of goods and services (percentage points)**

	Foodstuffs <sup>1</sup>	Non-food products	Paid services	Vegetables and fruit	Inflation over period, %	Core inflation	Non-core inflation <sup>2</sup>
<b>2008</b>							
January	0.4	0.2	1.3	0.3	<b>2.3</b>	0.8	1.5
February	0.4	0.2	0.3	0.2	<b>1.2</b>	0.8	0.4
March	0.5	0.3	0.2	0.3	<b>1.2</b>	0.8	0.3
April	0.6	0.3	0.3	0.2	<b>1.4</b>	1.0	0.4
May	0.5	0.3	0.3	0.3	<b>1.4</b>	0.9	0.5
June	0.4	0.3	0.3	0.0	<b>1.0</b>	0.7	0.2
July	0.4	0.2	0.2	-0.3	<b>0.5</b>	0.7	-0.1
August	0.4	0.2	0.2	-0.5	<b>0.4</b>	0.8	-0.4
September	0.5	0.2	0.3	-0.3	<b>0.8</b>	1.1	-0.3
October	0.6	0.3	0.0	0.0	<b>0.9</b>	1.1	-0.2
November	0.4	0.2	0.2	0.0	<b>0.8</b>	0.8	0.0
December	0.4	0.0	0.2	0.1	<b>0.7</b>	0.6	0.1
<b>2009</b>							
January	0.4	0.3	1.6	0.2	<b>2.4</b>	1.0	1.4
February	0.5	0.6	0.4	0.2	<b>1.7</b>	1.3	0.3
March	0.5	0.5	0.2	0.2	<b>1.3</b>	1.1	0.2
April	0.3	0.4	0.1	0.0	<b>0.7</b>	0.7	0.0
May	0.1	0.3	0.1	0.2	<b>0.6</b>	0.4	0.2
June	0.0	0.3	0.1	0.2	<b>0.6</b>	0.2	0.4
July	0.1	0.2	0.2	0.1	<b>0.6</b>	0.2	0.4
August <sup>3</sup>					<b>0.0</b>		
September <sup>3</sup>					<b>0.0</b>		
October <sup>3</sup>					<b>0.0</b>		
November	0.1	0.1	0.0	0.0	<b>0.3</b>	0.3	0.0
December	0.1	0.1	0.1	0.1	<b>0.4</b>	0.3	0.1
<b>2010</b>							
January	0.3	0.1	1.0	0.3	<b>1.6</b>	0.4	1.2
February	0.3	0.1	0.3	0.2	<b>0.9</b>	0.4	0.5
March	0.2	0.1	0.1	0.2	<b>0.6</b>	0.4	0.3
April	0.1	0.1	0.1	0.0	<b>0.3</b>	0.2	0.1
May	0.0	0.1	0.1	0.3	<b>0.5</b>	0.1	0.4
June	0.0	0.1	0.1	0.2	<b>0.4</b>	0.2	0.3
July	0.1	0.1	0.2	0.0	<b>0.4</b>	0.3	0.1
August	0.4	0.1	0.1	-0.1	<b>0.6</b>	0.6	0.0
September	0.6	0.2	0.0	0.0	<b>0.8</b>	0.9	-0.1
October	0.4	0.2	0.0	-0.1	<b>0.5</b>	0.6	-0.1
November	0.3	0.2	0.1	0.2	<b>0.8</b>	0.6	0.3
December	0.4	0.2	0.1	0.4	<b>1.1</b>	0.6	0.5

<sup>1</sup> Excluding vegetables and fruit.

<sup>2</sup> Growth in prices of goods and paid services not included in the calculation of the core consumer price index.

<sup>3</sup> Owing to zero inflation in August-October 2009, estimates may vary.

**Contribution to inflation growth over period since start of year  
by group of goods and services (%)**

	Foodstuffs <sup>1</sup>	Non-food products	Paid services	Vegetables and fruit	Core inflation	Non-core inflation <sup>2</sup>
<b>2008</b>						
January	18.9	9.3	58.1	13.7	36.2	63.8
February	25.1	12.1	47.9	14.9	46.1	53.9
March	29.7	14.7	39.0	16.6	52.7	47.3
April	33.0	16.5	33.9	16.6	57.0	43.0
May	34.2	17.1	31.1	17.6	58.5	41.5
June	35.2	18.2	30.8	15.7	60.5	39.5
July	37.3	19.9	31.7	11.1	64.4	35.6
August	40.6	21.4	33.0	5.0	70.5	29.5
September	43.0	22.0	33.1	1.9	75.7	24.3
October	45.3	22.9	30.2	1.6	79.2	20.8
November	46.0	22.6	29.6	1.8	80.8	19.2
December	46.4	21.6	29.8	2.2	81.5	18.5
<b>2009</b>						
January	15.6	11.3	66.2	7.0	42.3	57.7
February	22.1	21.5	47.9	8.6	57.7	42.3
March	25.3	26.1	38.9	9.7	64.0	36.0
April	26.7	29.3	35.5	8.5	67.9	32.1
May	25.9	30.5	33.4	10.2	67.5	32.5
June	24.1	31.9	32.4	11.6	65.0	35.0
July	23.0	32.3	32.3	12.4	62.6	37.4
August	24.7	35.3	33.8	6.2	67.6	32.4
September	26.7	38.7	34.2	0.4	73.3	26.7
October	26.6	41.9	33.8	-2.4	76.3	23.7
November	26.7	42.2	33.0	-1.9	76.7	23.3
December	26.7	41.0	33.0	-0.7	76.4	23.6
<b>2010</b>						
January	17.3	4.7	61.6	16.3	25.6	74.4
February	22.2	7.3	51.4	19.1	31.6	68.4
March	25.2	10.4	43.9	20.6	37.4	62.6
April	25.0	13.2	41.7	20.2	39.8	60.2
May	20.9	15.3	38.5	25.3	37.2	62.8
June	19.0	15.8	37.5	27.7	37.2	62.8
July	20.5	16.6	38.0	24.9	40.4	59.6
August	26.4	17.3	35.4	20.9	47.1	52.9
September	32.9	18.3	30.6	18.2	55.5	44.5
October	35.9	20.5	28.2	15.5	60.5	39.5
November	36.7	21.6	25.7	16.1	61.5	38.5
December	36.9	20.8	23.6	18.7	60.4	39.6

<sup>1</sup> Excluding vegetables and fruit.

<sup>2</sup> Growth in prices of goods and paid services not included in the calculation of the core consumer price index.

Table 7

**Contribution to monthly inflation growth  
by group of goods and services (%)**

	Foodstuffs <sup>1</sup>	Non-food products	Paid services	Vegetables and fruit	Core inflation	Non-core inflation <sup>2</sup>
<b>2008</b>						
January	18.9	9.3	58.1	13.7	36.2	63.8
February	36.8	17.4	28.5	17.3	64.9	35.1
March	43.2	22.6	12.8	21.4	72.2	27.8
April	43.5	22.0	17.6	16.9	70.3	29.7
May	39.1	20.1	18.9	21.9	65.2	34.8
June	42.7	26.5	28.7	2.2	74.5	25.5
July	69.6	47.5	45.8	-62.9	125.6	-25.6
August	122.9	59.3	67.5	-149.7	225.0	-125.0
September	69.7	29.4	34.5	-33.6	136.6	-36.6
October	69.5	32.2	-0.1	-1.7	116.9	-16.9
November	54.4	19.8	21.2	4.7	100.5	-0.5
December	50.8	5.9	34.3	8.9	91.7	8.3
<b>2009</b>						
January	15.6	11.3	66.2	7.0	42.3	57.7
February	31.2	35.9	22.0	10.9	79.5	20.5
March	35.2	40.0	11.7	13.1	83.0	17.0
April	37.5	53.9	9.3	-0.7	97.1	2.9
May	17.1	42.5	13.3	27.1	62.6	37.4
June	5.7	46.9	20.7	26.8	38.4	61.6
July	10.8	35.8	31.6	21.8	35.3	64.7
August <sup>3</sup>						
September <sup>3</sup>						
October <sup>3</sup>						
November	28.1	49.3	12.4	10.2	87.7	12.3
December	27.2	18.3	31.2	23.4	70.2	29.8
<b>2010</b>						
January	17.3	4.7	61.6	16.3	25.6	74.4
February	30.6	11.7	33.6	24.1	42.2	57.8
March	36.4	22.1	15.4	26.0	59.6	40.4
April	23.4	42.8	18.0	15.8	65.3	34.7
May	-5.6	29.1	18.0	58.5	20.5	79.5
June	0.9	20.8	28.1	50.2	36.6	63.4
July	38.7	26.1	43.8	-8.5	79.6	20.4
August	75.8	22.8	13.2	-11.8	102.9	-2.9
September	72.6	25.0	1.4	1.0	107.1	-7.1
October	71.1	46.0	-0.8	-16.3	119.3	-19.3
November	42.4	30.1	6.3	21.2	68.8	31.2
December	38.1	15.6	10.2	36.0	53.3	46.7

<sup>1</sup> Excluding vegetables and fruit.

<sup>2</sup> Growth in prices of goods and paid services not included in the calculation of the core consumer price index.

<sup>3</sup> Owing to zero inflation in August-October 2009, estimates may vary.

## Russia's key macroeconomic and financial indicators

		Year	Q1	Q2	Q3	Q4	
<b>Macroeconomic indicators</b>							
GDP <sup>1</sup>	over period since start of year, billion rubles	2008	...	...	...	41,265	
		2009	8,403	17,692	28,204	38,797	
		2010	9,873	20,733	32,416	44,491	
	over period since start of year, as % of corresponding period of previous year	2008	...	...	...	105.2	
		2009	90.7	89.8	90.4	92.2	
		2010	103.1	104.2	103.7	104.0	
	as % of corresponding quarter of previous year	2008	109.1	107.7	106.4	98.9	
		2009	90.7	89.0	91.4	97.1	
		2010	103.1	105.2	102.7	...	
Industrial output indices	as % of corresponding quarter of previous year	2008	106.0	104.3	101.9	90.9	
		2009	84.5	86.4	90.4	101.8	
		2010	109.5	110.9	106.4	106.5	
	over period since start of year, as % of corresponding period of previous year	2008	106.0	105.2	104.1	100.6	
		2009	84.5	85.5	87.1	90.7	
		2010	109.5	110.2	108.9	108.2	
Agricultural output	as % of corresponding quarter of previous year	2008	105.5	106.9	113.0	111.3	
		2009	102.2	100.7	98.9	105.1	
		2010	103.6	102.3	80.3	91.8	
	over period since start of year, as % of corresponding period of previous year	2008	105.5	...	...	110.8	
		2009	102.2	101.3	100.0	101.4	
		2010	103.6	102.8	88.3	88.1	
Fixed capital investment	over period since start of year, billion rubles	2008	1,314.6	3,306.1	5,675.1	8,781.6	
		2009	1,234.5	2,915.9	4,966.1	7,930.3	
		2010	1,262.6	3,174.1	5,566.2	9,105.1	
	as % of corresponding quarter of previous year	2008	123.4	117.6	112.3	98.7	
		2009	82.7	77.2	81.8	90.6	
		2010	95.9	105.3	107.2	109.8	
Retail trade turnover	over period since start of year, billion rubles	2008	2,952.8	6,278.9	9,936.9	13,920.7	
		2009	3,324.0	6,836.9	10,530.1	14,602.5	
		2010	3,624.5	7,553.3	11,748.2	16,435.8	
	as % of corresponding quarter of previous year	2008	117.2	114.9	115.0	108.7	
		2009	100.4	94.9	91.4	94.5	
		2010	101.8	105.4	106.0	104.1	
Federal budget on accrual basis, as of end of period	revenue	billion rubles	2008	1,932.7	4,370.7	7,155.7	9,275.9
			2009	1,732.7	3,172.2	5,114.4	7,337.8
			2010	1,954.9	3,997.9	6,008.6	8,303.8 <sup>2</sup>
		as % of GDP	2008	21.7 <sup>2</sup>	22.8 <sup>2</sup>	23.3 <sup>2</sup>	22.5
			2009	20.6 <sup>2</sup>	17.9 <sup>2</sup>	18.1 <sup>2</sup>	18.9
			2010	19.8 <sup>2</sup>	19.3 <sup>2</sup>	18.5 <sup>2</sup>	18.7 <sup>2</sup>
	expenditure	billion rubles	2008	1,332.7	2,995.6	4,594.2	7,570.9
			2009	1,762.4	3,893.8	6,441.7	9,660.1
			2010	2,199.5	4,386.2	6,701.2	10,115.6 <sup>2</sup>
		as % of GDP	2008	15.0 <sup>2</sup>	15.6 <sup>2</sup>	14.9 <sup>2</sup>	18.3
			2009	21.0 <sup>2</sup>	22.0 <sup>2</sup>	22.8 <sup>2</sup>	24.9
			2010	22.3 <sup>2</sup>	21.2 <sup>2</sup>	20.7 <sup>2</sup>	22.7 <sup>2</sup>
	surplus(+)/deficit(-)	billion rubles	2008	600.0	1,375.1	2,561.5	1,705.1
			2009	-29.7	-721.7	-1,327.2	-2,322.3
			2010	-244.6	-388.3	-692.6	-1,811.8 <sup>2</sup>
as % of GDP		2008	6.7 <sup>2</sup>	7.2 <sup>2</sup>	8.3 <sup>2</sup>	4.1	
		2009	-0.4 <sup>2</sup>	-4.1 <sup>2</sup>	-4.7 <sup>2</sup>	-6.0	
		2010	-2.5 <sup>2</sup>	-1.9 <sup>2</sup>	-2.1 <sup>2</sup>	-4.1 <sup>2</sup>	
General government budget on accrual basis, as of end of period	revenue	billion rubles	2008	3,334.2	7,543.7	12,178.9	16,169.1
			2009	3,033.5	6,042.7	9,555.0	13,599.7
			2010	3,463.1	7,603.5	11,419.4	15,715.9 <sup>2</sup>
		as % of GDP	2008	37.5 <sup>2</sup>	39.4 <sup>2</sup>	39.6 <sup>2</sup>	39.2
			2009	36.1 <sup>2</sup>	34.2 <sup>2</sup>	33.9 <sup>2</sup>	35.1
			2010	35.1 <sup>2</sup>	36.7 <sup>2</sup>	35.2 <sup>2</sup>	35.3 <sup>2</sup>
	expenditure	billion rubles	2008	2,335.9	5,515.5	8,741.5	14,157.0
			2009	2,807.1	6,619.7	10,503.9	16,048.3
			2010	3,220.7	7,331.2	11,309.8	17,301.0 <sup>2</sup>
		as % of GDP	2008	26.2 <sup>2</sup>	28.8 <sup>2</sup>	28.4 <sup>2</sup>	34.3
			2009	33.4 <sup>2</sup>	37.4 <sup>2</sup>	37.2 <sup>2</sup>	41.4
			2010	32.6 <sup>2</sup>	35.4 <sup>2</sup>	34.9 <sup>2</sup>	38.9 <sup>2</sup>
	surplus(+)/deficit(-)	billion rubles	2008	998.4	2,028.1	3,437.4	2,012.1
			2009	226.4	-577.0	-948.9	-2,448.6
			2010	242.4	272.3	109.7	-1,585.1 <sup>2</sup>
		as % of GDP	2008	11.2 <sup>2</sup>	10.6 <sup>2</sup>	11.2 <sup>2</sup>	4.9
			2009	2.7 <sup>2</sup>	-3.3 <sup>2</sup>	-3.4 <sup>2</sup>	-6.3
			2010	2.5 <sup>2</sup>	1.3 <sup>2</sup>	0.3 <sup>2</sup>	-3.6 <sup>2</sup>

Note. Table 8 is based on data compiled by the Bank of Russia, the Federal State Statistics Service, the Ministry of Finance of the Russian Federation and the Federal Treasury.

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4	
<b>Socio-economic indicators</b>							
Nominal imputed average monthly per employee wage	rubles	2008	15,424	16,962	17,556	18,966	
		2009	17,441	18,419	18,673	20,670	
		2010	19,485	20,809	21,031	23,045	
	as % of corresponding quarter of previous year	2008	128.0	129.2	129.0	119.5	
		2009	112.8	108.0	105.7	108.4	
		2010	110.5	112.4	111.6	110.7	
	over period since start of year, as % of corresponding period of previous year	2008	128.0	...	...	127.2	
		2009	112.8	110.3	108.6	107.8	
		2010	110.5	111.5	111.5	111.3	
Real imputed average monthly per employee wage, as % of corresponding quarter of previous year		2008	113.4	112.5	112.2	105.0	
		2009	99.2	96.1	94.8	99.3	
		2010	103.1	106.1	105.1	102.4	
Household money income (per capita monthly average), rubles		2008	12,278.1	14,828.4	15,662.4	16,965.2	
		2009	14,009.8	16,937.4	16,684.7	19,791.2	
		2010	15,950.9	18,540.7	18,380.8	22,016.7	
Household real disposable money income	as % of corresponding quarter of previous year	2008	107.8	106.1	104.9	93.7	
		2009	100.7	103.0	96.4	108.2	
		2010	107.4	103.6	104.4	102.4	
	over period since start of year, as % of corresponding period of previous year	2008	107.8	...	...	102.3	
		2009	100.7	101.9	99.9	102.1	
		2010	107.4	105.3	105.0	104.3	
Household spending, as % of income	purchase of goods and payment for services	2008	77.1	71.8	74.4	73.7	
		2009	76.6	67.1	71.2	65.1	
		2010	73.0	68.0	72.6	66.6	
	compulsory payments and contributions	2008	12.1	12.4	12.6	12.0	
		2009	11.2	10.4	10.9	9.9	
		2010	9.6	10.0	10.3	10.3	
	growth in savings	2008	8.3	7.1	4.6	2.2	
		2009	8.3	16.6	12.3	17.4	
		2010	15.9	15.3	11.7	15.5	
	purchase of foreign currency	2008	6.9	4.7	5.7	13.6	
		2009	10.2	3.5	6.0	3.5	
		2010	3.2	3.3	4.3	4.0	
	cash on hand	2008	-4.4	4.0	2.7	-1.5	
		2009	-6.3	2.4	-0.4	4.1	
		2010	-1.7	3.4	1.1	3.6	
	Average imputed pension, total, rubles		2008	3,823	4,044	4,383	4,545
			2009	4,614	5,151	5,330	5,670
			2010	7,126	7,580	7,596	7,604
Real imputed pension	as % of corresponding quarter of previous year	2008	119.0	113.9	122.7	116.9	
		2009	106.1	113.3	109.1	114.2	
		2010	144.1	138.9	134.3	124.1	
	over period since start of year, as % of corresponding period of previous year	2008	119.0	...	...	118.1	
		2009	106.1	109.8	109.5	110.7	
		2010	144.1	141.3	138.8	134.8	
Total number of unemployed (calculated using ILO methodology)	million	2008	5.1	4.3	4.4	5.4	
		2009	6.8	6.5	6.0	6.1	
		2010	6.6	5.6	5.2	5.2	
	as % of economically active population	2008	6.7	5.6	5.9	7.1	
		2009	9.1	8.6	7.8	8.0	
		2010	8.8	7.4	6.8	6.9	

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4	
<b>Foreign economic activity indicators</b>							
Price of Urals crude	over period since start of year, \$/barrel	2008	93.7	105.3	107.6	93.9	
		2009	43.2	50.5	56.3	60.7	
		2010	75.0	75.8	75.8	78.2	
	as % of corresponding period of previous year	2008	173.7	176.3	168.2	135.1	
		2009	46.1	48.0	52.3	64.6	
		2010	173.7	150.1	134.7	128.9	
Exports of goods	over period since start of year, \$ billion	2008	110.1	236.8	373.6	471.6	
		2009	57.3	125.4	207.8	303.4	
		2010	92.2	189.7	287.4	398.0 <sup>3</sup>	
	as % of corresponding period of previous year	2008	153.6	152.4	152.5	133.1	
		2009	52.0	52.9	55.6	64.3	
		2010	161.1	151.3	138.3	131.2 <sup>3</sup>	
Imports of goods	over period since start of year, \$ billion	2008	60.2	135.7	218.6	291.9	
		2009	38.5	82.4	131.5	191.8	
		2010	45.7	103.9	172.5	248.8 <sup>3</sup>	
	as % of corresponding period of previous year	2008	140.8	142.0	142.0	130.6	
		2009	63.9	60.7	60.1	65.7	
		2010	118.8	126.1	131.2	129.7 <sup>3</sup>	
Current account balance (over period since start of year), \$ billion		2008	38.7	65.6	95.1	103.7	
		2009	9.7	17.9	33.3	49.4	
		2010	33.3	52.3	58.3	72.6 <sup>3</sup>	
Private sector net capital outflow (inflow) (over period since start of year), \$ billion		2008	-24.4	15.7	-3.6	-133.9	
		2009	-35.0	-31.6	-65.4	-56.9	
		2010	-14.7	-11.9	-15.6	-38.3 <sup>3</sup>	
Foreign investment in Russia's non-financial sector (Rosstat data)	over period since start of year, \$ billion	2008	17.3	46.5	75.8	103.8	
		2009	12.0	32.2	54.7	81.9	
		2010	13.1	30.4	47.5	114.7	
	as % of corresponding period of previous year	2008	70.1	77.1	86.2	85.8	
		2009	69.7	69.1	72.2	79.0	
		2010	109.3	94.5	86.8	140.1	
of which:	direct	over period since start of year, \$ billion	2008	5.6	11.1	19.2	27.0
			2009	3.2	6.1	10.0	15.9
			2010	2.6	5.4	8.2	13.8
		as % of corresponding period of previous year	2008	57.2	70.0	97.7	97.2
			2009	57.0	55.0	51.9	58.9
			2010	82.4	89.0	82.2	86.8
	portfolio	over period since start of year, \$ billion	2008	0.1	1.2	1.3	1.4
			2009	0.1	0.9	1.0	0.9
			2010	0.3	0.7	0.9	1.1
		as % of corresponding period of previous year	2008	62.5	104.4	83.7	33.7
			2009	93.5	74.9	78.6	62.3
			2010	2.5 times	81.1	85.0	121.9
	other	over period since start of year, \$ billion	2008	11.5	34.3	55.3	75.3
			2009	8.7	25.2	43.7	65.1
			2010	10.2	24.3	38.4	99.9
as % of corresponding period of previous year		2008	78.7	79.0	82.8	84.7	
		2009	75.6	73.5	79.1	86.5	
		2010	117.1	96.2	87.8	153.3	
Russia's international reserves (as of end of period), \$ billion		2008	512.6	569.0	556.8	426.3	
		2009	383.8	412.5	413.4	439.5	
		2010	447.4	461.2	490.1	479.4	
Real ruble exchange rate indices (last month of quarter), growth as % of December of previous year <sup>4</sup>	ruble vs. US dollar	2008	6.5	8.5	3.2	-1.1	
		2009	-15.4	-5.0	-3.9	-0.4	
		2010	3.6	-0.7	2.0	4.0	
	ruble vs. euro	2008	0.6	3.4	6.2	5.0	
		2009	-12.0	-7.0	-9.0	-6.5	
		2010	11.7	18.6	14.5	14.5	
	effective rate	2008	1.5	3.3	3.0	4.3	
		2009	-10.0	-4.2	-5.6	-3.9	
		2010	7.4	9.7	6.8	6.9	

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4
<b>Financial market indicators (including Sberbank interest rates)</b>						
Average for period						
Overnight interbank credit rate, % p.a.	in rubles	2008	3.9	4.1	6.0	8.6
		2009	11.6	7.7	7.1	5.5
		2010	4.2	3.1	2.6	2.9
	in US dollars	2008	3.2	2.2	2.2	0.7
		2009	0.2	0.2	0.2	0.2
		2010	0.2	0.3	0.3	0.3
OFZ yields, % p.a. <sup>5</sup>		2008	6.7	6.9	7.5	8.7
		2009	10.5	10.3	10.6	9.1
		2010	7.9	7.4	7.3	7.4
Interest rate on household time deposits, % p.a.	up to 1 year in rubles	2008	7.0	7.1	7.5	9.0
		2009	10.0	10.8	10.7	10.2
		2010	8.5	7.1	6.0	5.6
	over 1 year in rubles	2008	7.4	8.0	8.5	9.1
		2009	10.0	10.3	9.3	9.2
		2010	7.7	6.2	5.3	4.8
	up to 1 year in US dollars	2008	5.1	5.8	5.3	6.5
		2009	6.0	5.3	5.5	5.2
		2010	4.3	3.7	3.6	3.7
	over 1 year in US dollars	2008	6.9	7.0	7.1	7.8
		2009	6.5	6.1	5.7	5.5
		2010	4.9	4.8	4.4	4.7
Interest rate on credit to non-financial organisations, % p.a.	up to 1 year in rubles	2008	10.9	11.2	12.0	14.9
		2009	16.6	15.8	14.9	13.9
		2010	12.8	11.4	10.0	9.1
	over 1 year in rubles	2008	12.3	12.8	13.6	13.8
		2009	15.1	16.2	15.8	14.7
		2010	13.9	12.3	11.4	10.5
	up to 1 year in US dollars	2008	8.1	8.0	8.9	10.9
		2009	10.7	10.1	10.0	9.3
		2010	8.3	7.5	6.9	6.1
	over 1 year in US dollars	2008	9.3	9.9	9.4	11.3
		2009	12.7	11.6	10.7	9.0
		2010	10.3	8.8	7.4	8.0
Interest rate on ruble-denominated promissory notes discounted by banks, % p.a.		2008	10.7	11.0	12.1	14.1
		2009	15.7	14.3	14.0	11.8
Interest rate on ruble-denominated promissory notes issued by non-financial organisations and discounted by credit institutions, % p.a. <sup>6</sup>		2010	14.1	11.6	10.8	10.2
Interest rate on ruble-denominated promissory notes issued by credit institutions and discounted by credit institutions, % p.a. <sup>6</sup>		2010	9.3	7.8	7.4	7.5
MICEX rate in «tomorrow» trades, ruble/US dollar		2008	24.2286	23.6190	24.2718	27.2941
		2009	34.4761	32.2032	31.3160	29.4737
		2010	29.8318	30.2891	30.6072	30.7248
As of end of quarter						
RTS index, points		2008	2,053.93	2,303.34	1,211.84	631.89
		2009	689.63	987.02	1,254.52	1,444.61
		2010	1,572.48	1,339.35	1,507.66	1,770.28
Refinance rate, % p.a.		2008	10.25	10.75	11.00	13.00
		2009	13.00	11.50	10.00	8.75
		2010	8.25	7.75	7.75	7.75

Table 8 (end)

	Year	1.01	1.04	1.07	1.10	
<b>Monetary indicators</b>						
M0, billion rubles	2009	3,794.8	3,278.3	3,522.5	3,485.6	
	2010	4,038.1	3,986.1	4,367.7	4,524.5	
	2011	5,062.7				
M2, billion rubles	2009	13,493.2	12,111.7	13,161.0	13,649.5	
	2010	15,697.7	15,996.5	17,190.3	17,909.2	
	2011	20,173.5				
Broad money, billion rubles	2009	16,774.7	16,308.4	17,055.4	17,523.4	
	2010	19,520.1	19,652.8	20,841.3	21,537.8	
	2011	23,952.5				
Net foreign assets, billion rubles	2009	12,191.4	12,881.1	13,043.1	13,232.1	
	2010	13,922.9	13,765.6	14,742.8	15,040.7	
	2011	14,979.5				
Domestic claims, billion rubles	2009	10,645.1	10,307.4	11,076.4	11,716.8	
	2010	13,345.8	13,474.8	14,306.0	15,183.2	
	2011	17,544.6				
Broad monetary base, billion rubles	2009	5,578.7	4,298.8	4,967.6	4,803.7	
	2010	6,467.3	6,363.9	7,195.0	7,126.0	
	2011	8,190.3				
Balances of correspondent accounts, billion rubles	2009	1,027.6	431.7	471.4	545.4	
	2010	900.3	579.5	603.6	590.0	
	2011	994.7				
Monetisation of the economy (by M2 aggregate), %	2009	32.9	32.7	33.1	33.5	
	2010	33.8	34.4	35.5	36.9	
	2011	37.5 <sup>2</sup>				
Money multiplier	by broad monetary base	2009	2.42	2.82	2.65	2.84
		2010	2.43	2.51	2.39	2.51
		2011	2.46			
	change since start of year, %	2009	0.5 <sup>7</sup>	16.5	9.5	17.5
		2010	0.4 <sup>7</sup>	3.6	-1.6	3.5
		2011	1.5 <sup>7</sup>			
Foreign exchange rates	rubles per US dollar	2009	29.39	33.90	31.04	30.01
		2010	30.19	29.50	31.26	30.51
		2011	30.35			
	rubles per euro	2009	41.43	44.89	43.85	43.89
		2010	43.46	39.57	38.21	41.44
		2011	40.49			

<sup>1</sup> The quarterly results along with the yearly data will be provided later.

<sup>2</sup> Preliminary data.

<sup>3</sup> Estimate.

<sup>4</sup> (+) signifies appreciation of the ruble, (-) signifies depreciation of the ruble.

<sup>5</sup> OFZ effective market portfolio indicator.

<sup>6</sup> Owing to the coming into force of Bank of Russia Instruction No. 2332-U of November 12, 2009, the set of indicators used to characterise credit institutions' interest rate policy on the promissory note market changed from January 2010. Specifically, the single yield indicator for the promissory notes discounted by banks has been replaced by two indicators: the yield indicator for promissory notes issued by credit institutions and the yield indicator for promissory notes issued by non-financial organisations. These indicators are calculated only for operations with ruble-denominated promissory notes.

<sup>7</sup> Relative to beginning of previous year.



Table 9

## Bank of Russia interest rates in 2010 (% p.a.)

Instrument	Liquidity provision/ absorption period	From 1.01.10 to 23.02.10	From 24.02.10 to 28.03.10	From 29.03.10 to 29.04.10	From 30.04.10 to 31.05.10	From 1.06.10 to 26.12.10	From 27.12.10 to 31.12.10
<b>Providing liquidity at offered bids (including by auction)</b>							
Repo operations <sup>1</sup>	1 day	6.00	5.75	5.50	5.25	5.00	5.00
	7 days	6.00	5.75	5.50	5.25	5.00	5.00
	3 months	7.50	7.25	7.00	6.75	6.50	6.50
	6 months	8.00	7.75	7.50	7.25	7.00	7.00
	1 year	8.50	8.25	8.00	7.75	7.50	7.50
Currency swap operations <sup>2</sup>	1 day	8.75	8.50	8.25	8.00	7.75	7.75
Unsecured loans	up to 1 year	Minimum rate is set when auction is announced					
Lombard loans <sup>1,3</sup>	7 days				5.25	5.00	5.00
	14 days	6.00	5.75	5.50			
	3 months	7.50	7.25	7.00	6.75	6.50	6.50
	6 months	8.00	7.75	7.50	7.25	7.00	7.00
	1 year	8.50	8.25	8.00	7.75	7.50	7.50
<b>Providing liquidity at fixed rates</b>							
Overnight loans <sup>3,4</sup>	1 day	8.75	8.50	8.25	8.00	7.75	7.75
Lombard loans <sup>3</sup>	1 day	7.75	7.50	7.25	7.00	6.75	6.75
	7 days	7.75	7.50	7.25	7.00	6.75	6.75
	30 days	7.75	7.50	7.25	7.00	6.75	6.75
Repo operations	1 day	7.75	7.50	7.25	7.00	6.75	6.75
	7 days	7.75	7.50	7.25	7.00	6.75	6.75
	1 year	8.50	8.25	8.00	7.75	7.50	7.50
Loans secured by «non-market» assets or guarantees <sup>4</sup>	up to 90 days	7.75	7.50	7.25	7.00	6.75	6.75
	91 to 180 days	8.25	8.00	7.75	7.50	7.25	7.25
	181 to 365 days	8.50	8.25	8.00	7.75	7.50	7.50
<b>Absorbing liquidity at fixed rates</b>							
Deposit operations	Overnight			2.75	2.50	2.50	2.75
	Tom-next, spot-next and demand	3.50	3.25	3.00	2.75	2.50	2.75
	1 week, spot-week	4.00	3.75	3.50	3.25	2.75	3.00

<sup>1</sup> Minimum interest rate set by the Bank of Russia Board of Directors.

<sup>2</sup> Interest rate set on the ruble part when determining the minimum offered swap difference.

<sup>3</sup> Pursuant to Bank of Russia Regulation No. 236-P of August 4, 2003.

<sup>4</sup> Pursuant to Bank of Russia Regulation No. 312-P of November 12, 2007.

Table 10

**Credit institutions' required reserve ratios (from July 1, 2007 to October 31, 2009, %)**

	Required reserve ratio for bank obligations to non-resident banks in Russian and foreign currency	Required reserve ratio for obligations to individuals in Russian currency	Required reserve ratio for other bank obligations in Russian and foreign currency
July 1, 2007—October 10, 2007	4.5	4.0	4.5
October 11, 2007—January 14, 2008	3.5	3.0	3.5
January 15, 2008—February 29, 2008	4.5	4.0	4.5
March 1, 2008—June 30, 2008	5.5	4.5	5.0
July 1, 2008—August 31, 2008	7.0	5.0	5.5
September 1, 2008—September 17, 2008	8.5	5.5	6.0
September 18, 2008—October 14, 2008	4.5	1.5	2.0
October 15, 2008—April 30, 2009	0.5	0.5	0.5
May 1, 2009—May 31, 2009	1.0	1.0	1.0
June 1, 2009—June 30, 2009	1.5	1.5	1.5
July 1, 2009—July 31, 2009	2.0	2.0	2.0
August 1, 2009—October 31, 2009	2.5	2.5	2.5

Table 11

**Credit institutions' required reserve ratios (from November 1, 2009 up to present, %)**

	Required reserve ratio for bank obligations to non-resident corporates in Russian currency	Required reserve ratio for bank obligations to non-resident corporates in foreign currency	Required reserve ratio for obligations to individuals in Russian currency	Required reserve ratio for obligations to individuals in foreign currency	Required reserve ratio for other bank obligations in Russian currency	Required reserve ratio for other bank obligations in foreign currency
November 1, 2009—January 31, 2011	2.5					
February 1, 2011—	3.5		3.0		3.0	



