



Bank of Russia



REGIONAL ECONOMY: COMMENTARIES BY BANK OF RUSSIA MAIN BRANCHES

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

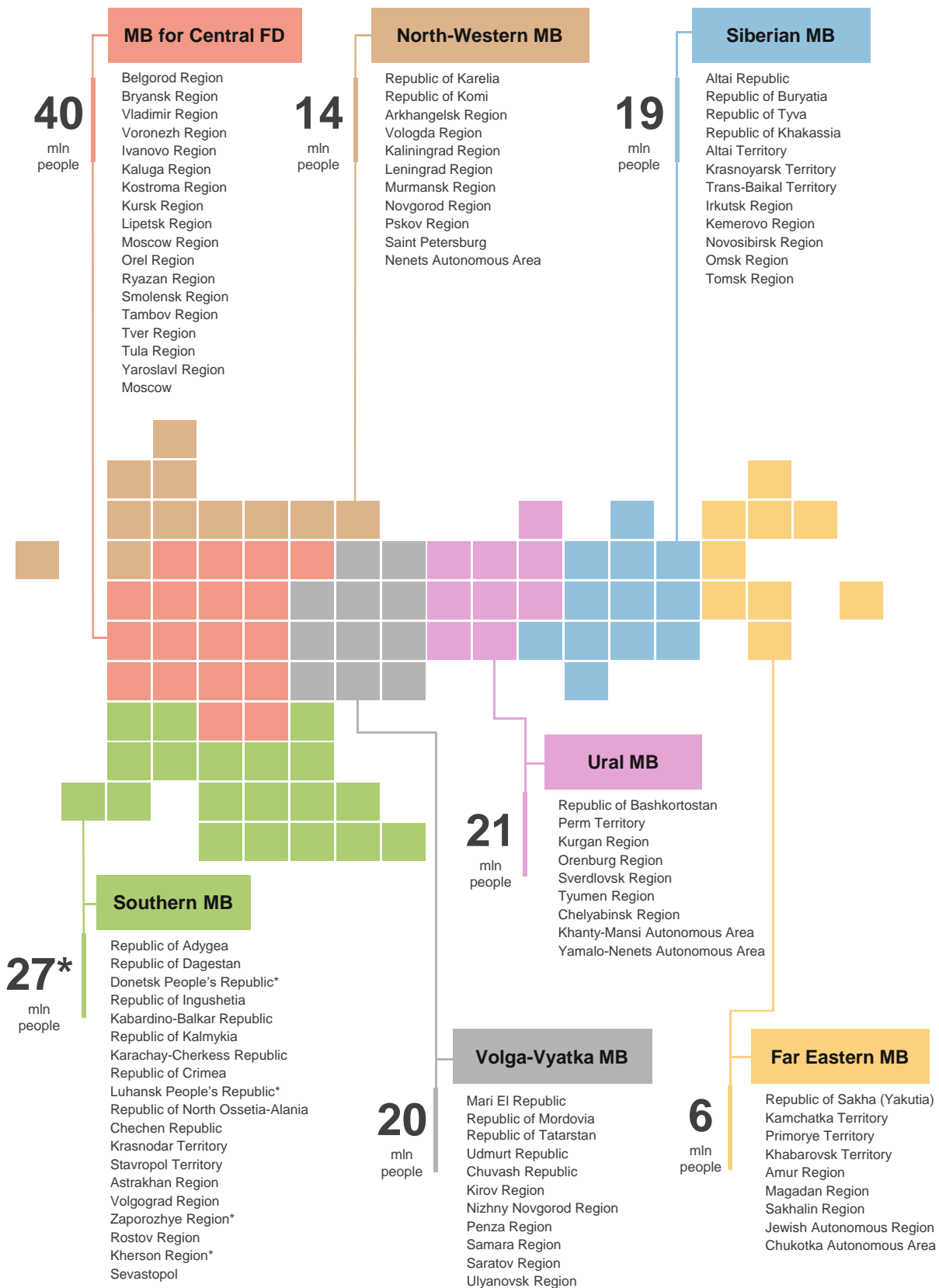
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* Official statistics on the main social and economic indicators of the constituent territories of the Russian Federation do not include statistics on the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson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

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

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

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



HOW DO WE COLLECT INFORMATION?

An important source of information for the Report is the monitoring of nearly 14,000 non-financial companies¹ carried out by the Bank of Russia Main Branches. It provides high-frequency data on the development of industries in all Russian regions. These data are combined with information received by the Bank of Russia Main Branches, including following various events with the engagement of regional executive authorities, businesses, industrial unions, and entrepreneurs' associations. Along with this high-quality information, we also use figures, including official statistics. All data are verified for accuracy and consistency.



WHAT IS THE PURPOSE OF THE REPORT?

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

¹ In April 2023, we surveyed 11,959 companies.

RUSSIAN FEDERATION

In March—the first half of April, consumer demand was gradually increasing, reviving most notably in services and public catering. Monthly growth of consumer prices sped up. Businesses' short-term price expectations, predominantly in trade, were up in April. The inflow of funds into deposits and current accounts continued. A number of industries reported a rise in economic activity. The construction of transport, logistics and warehouse infrastructure expanded.

The recovery of consumer activity is gradual, with the demand for products remaining moderate overall. Central Russia, the Urals and the South record a slight revival of demand, whereas Volga-Vyatka and the Far East report its decline. Online trade and product delivery services are actively developing. Retailers and service companies are mostly optimistic about future demand (see Box 1 'Consumer demand').

Monthly growth (seasonally adjusted) in consumer prices sped up slightly in March 2023. Price pressure is intensifying gradually, although remaining moderate in the majority of product markets. Price growth in services considerably exceed 4% in annualised terms. Households' inflation expectations decreased significantly, while staying elevated. Businesses' short-term price expectations were up in April, most notably in trade.

Economic activity in a number of industries increased in March, driven by expected growth in domestic demand, improvements in the external environment, and a partial settlement of logistics problems. The Far East expanded the throughput capacity of the Baikal-Amur Mainline, cargo shipments are made two times faster, and the containers earlier piled up at seaports were taken out. The North-West reported a slight revival in wood processing. Metallurgical and metal processing enterprises in Central Russia and the Urals continued to ramp up their output. Siberia expanded non-ferrous metal sales and coal shipments. The Volga Region built up the output of cars by introducing additional work shifts. The South increased food output. The North-West and the Far East considerably increased fishing and fish processing. Overall, Russia expanded the construction of roads, infrastructure and warehouses. Oil supplies to the domestic market edged up, and the Far East reported a rise in oil exports as well.

The good condition of winter crops and the expansion of crop areas for spring sowing are the reasons why harvest forecasts exceed the five-year average, although they are below the record of the previous year. Spring field work in a number of regions started slightly earlier than usual. Agricultural enterprises have sufficient stocks of seed, mineral fertilisers, crop protection chemicals, machinery, as well as fuels and lubricants (see Box 2 'Crop production in 2023').

In March, high-frequency indicators evidenced that monetary conditions tightened somewhat. Nevertheless, credit activity trended upwards, including in mortgage lending where government subsidised loans exceeded 50%. The inflow of households' funds into ruble accounts and time deposits continued, whereas people's interest in foreign currency deposits remained low.

KEY TRENDS IN RUSSIAN REGIONS

MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT. Central Russia regions are developing warehouse infrastructure to meet the needs in online trade. Higher demand in construction and the oil and gas sector, as well as the implementation of large investment projects promoted the expansion of output in metallurgy. Households' demand for domestic tourism continued to grow amid the restrictions on foreign travel. This increased turnover in the hospitality industry and promoted the construction and reconstruction of tourism infrastructure.

NORTH-WESTERN MAIN BRANCH. Output in wood processing started to bounce back. The macro-region's poultry farms are expanding their production capacities, including to substitute imported hatching eggs. Fishing and aquaculture farms continue to implement their investment projects.

VOLGA-VYATKA MAIN BRANCH. The automobile industry ramped up output, while continuing the localisation, although disruptions in supplies of certain components persisted. The macro-region launched new projects to enhance transport and logistics infrastructure. Wood processing enterprises were restoring their capacity utilisation rates by redirecting exports to new markets and fulfilling the state order.

SOUTHERN MAIN BRANCH. Consumer activity edged up somewhat. Fast growth in turnover in public catering was driven by the increased tourist flow, especially in the North Caucasus. The pace of launching new housing projects and growth in mortgage lending exceeded the Russian averages. Food manufacturers were ramping up their output.

URAL MAIN BRANCH. Chemical enterprises launched a number of projects to produce components for packing, construction materials and broad-spectrum substances. Fertiliser manufacturers partially redirected their supplies to the domestic market. The macro-region sped up the implementation of projects for road construction and upgrade and for building warehouse, logistics and distribution infrastructure.

SIBERIAN MAIN BRANCH. Siberian metallurgical and coal enterprises took efforts to diversify and expand their sales channels and ramped up supplies to the domestic market and Asia, thus supporting output. The tourist flow to Altai notably increased. Auto dealers are actively refocusing on selling new Chinese models and used cars supplied from Southeast Asia.

FAR EASTERN MAIN BRANCH. As container shipments from seaports remained at a high level, it became possible to take away the cargoes piled up before. Compared to January–February 2023, the waiting period for cargo shipments by rail and the utilisation rates of seaport infrastructure decreased twofold, and the sea transportation rates for cargo deliveries from Asia declined. Oil, coal and fish production and exports were up, driven by high external demand. Gas output contracted, dragged down by the worsening of the situation in Asian markets.

CORE ECONOMIC INDICATORS

		Date	Russia	Central FD	North- Western MB	Volga- Vyatka MB	Southern MB	Ural MB	Siberian MB	Far Eastern MB
MBs' percentage in inflation	%	2023	100	34	11	12	14	13	11	5
Inflation	% YoY	Mar23	3.5	4.2	3.3	3.7	4.0	2.2	3.4	5.2
Core inflation	% YoY	Mar23	3.7	4.3	3.8	3.5	5.0	1.5	2.6	5.5
Industrial production	3MMA, % YoY	Feb23	-2.9	-0.8	-3.2	0.6	4.9	-1.9	-3.0	-3.2
Fixed capital investment	Cumulative, % YoY	2022 Q4	4.6	-0.2	-5.0	3.3	5.1	8.7	5.6	11.5
Construction	3MMA, % YoY	Feb23	8.6	10.7	-4.4	14.1	11.4	-1.3	9.8	27.9
Housing commissioning	3MMA, % YoY	Mar23	-1.2	-11.4	-10.1	14.5	-3.3	3.6	12.0	45.1
Retail	3MMA, % YoY	Feb23	-8.5	-13.0	-11.3	-3.9	-0.2	-4.1	-5.5	-3.6
Commercial services	3MMA, % YoY	Feb23	3.1	3.9	4.8	1.9	3.8	1.2	3.5	-1.0
Real wages	3MMA, % YoY	Jan23	0.5	-1.7	0.3	0.7	1.1	3.9	2.7	-1.4
Real disposable income	% YoY	2022 Q4	0.4	-0.9	-0.3	1.7	3.4	1.1	0.7	-1.3
Unemployment	SA, %	Feb23	3.6	2.9	3.1	2.9	5.8	2.9	4.1	3.2
Outstanding consumer loans ²	% YoY	Feb23	1.5	1.3	0.4	0.5	2.1	0.9	2.9	3.1
Outstanding mortgage loans	% YoY	Feb23	16.1	14.7	13.1	14.0	24.6	15.8	16.2	21.1
Funds in escrow accounts	% YoY	Feb23	17.3	23.1	12.3	-1.0	17.0	6.6	16.5	19.1
Non-financial organisations' outstanding bank loans	% YoY	Feb23	17.7	15.9	35.5	8.3	28.2	12.4	11.4	16.2
• Large borrowers	% YoY	Feb23	16.2	13.7	40.3	5.4	25.9	10.5	6.5	18.1
• SMEs	% YoY	Feb23	24.7	28.9	13.4	15.7	33.3	23.6	28.0	8.7
Companies' price expectations ³	Balance of responses, SA	Apr23	17.4	22.9	18.4	23.0	16.7	17.0	19.2	15.4
Business Climate Index	pp YoY	Apr23	15.6	15.2	15.6	19.3	14.4	16.4	18.6	15.1
• Current estimates	pp YoY	Apr23	15.4	12.5	13.3	18.3	12.5	16.6	18.2	12.0
• Expectations	pp YoY	Apr23	15.9	18.0	18.0	20.5	16.3	16.2	19.1	18.3

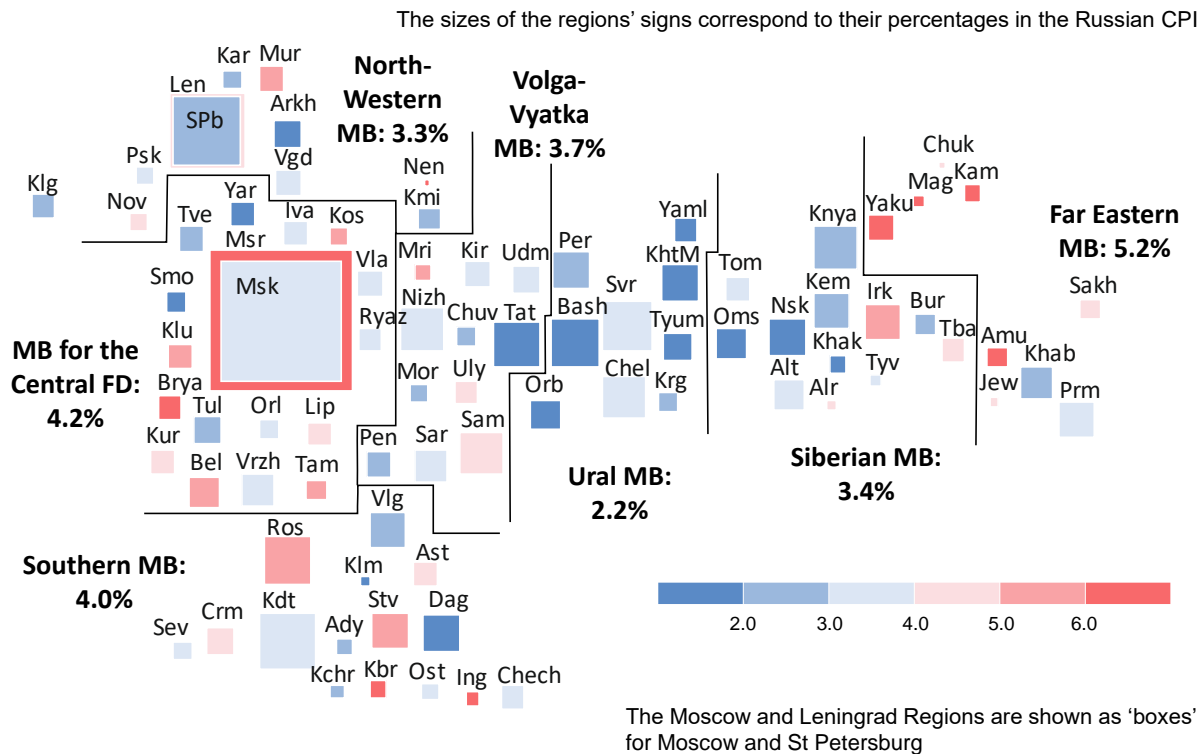
Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by the Bank of Russia Main Branches.

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

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

INFLATION IN RUSSIAN REGIONS

Price growth in March 2023, % on the same month last year



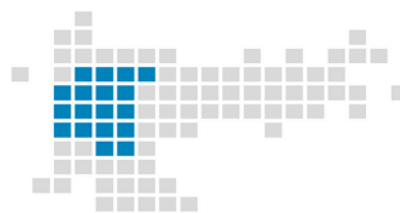
Note: the lines on the map divide the regions of operation of the Bank of Russia MBs.

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

Source: Rosstat.

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

BANK OF RUSSIA MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT



Consumer activity in the macro-region revived in March and, in early April, remained at the level of the previous month. As current demand continued to go up, this trend contributed to the increase in price expectations. The good grain harvest last year and the expanded supply of vegetables contained price growth. The rise in domestic tourism boosted the tourist flow to the Central Federal District and supported public catering. Hotel construction and reconstruction contributed to the demand for metal products.

CONSUMPTION AND INCOMES. In March–early April 2023, consumer activity was up. Retailers from Russia and friendly states continued to take up the areas of the closed stores of the foreign brands of apparel and home improvement goods. The commissioning of the Moscow Metro Big Circle Line boosted the development of retail infrastructure in the neighbouring districts and improved the transport accessibility of shopping malls. In February, consumption of commercial services increased, especially of cultural, legal and veterinary services. Retailers and service companies in the macro-region remained optimistic about future demand.

PRICES. In March, monthly growth (seasonally adjusted) in consumer prices slowed down in the macro-region. Vegetable prices declined amid expanded supply. Eggs, meat and dairy products became cheaper as well because the good grain harvest of 2022 reduced livestock producers' costs for feed. According to Rosstat's weekly statistics, price growth accelerated somewhat in April due to the increase in domestic tourism, the expiry of the period of reduced duties on fruit and vegetable imports, and the pass-through of the ruble weakening to prices. Businesses' price expectations continued to go up in April amid reviving current demand and the ruble depreciation. Price expectations were up in the majority of industries, most notably – in trade and services.

MONETARY CONDITIONS AND BANKING SECTOR. In February, the monthly growth of corporate lending in the macro-region sped up as compared to Russia in general. This rise was mostly driven by the expansion of Moscow companies' loan portfolio, including because of the large-scale support of corporate lending. In February, industrial companies operating in the city were granted the opportunity to use a simplified procedure for raising subsidised investment loans as the authorities cancelled the requirements for revenue amounts and headcount for the past years. In 2023, such loans were already approved for Moscow manufacturers of medicines, food and building structures. The monthly growth of the retail loan portfolio sped up in February 2023, driven by mortgage lending. Family Mortgage loans were the most demanded in February. The demand for subsidised new housing mortgage loans remained high as well. In February, households' funds with banks increased after their considerable decline the month before. Driven by the indexation of social payments, the growth rate of ruble funds in current accounts was higher than that in time deposits. Nonetheless, nominal interest rates on ruble deposits remained relatively high.

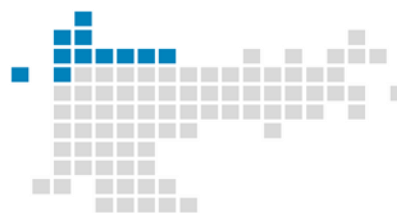
METALLURGY. Output in metallurgy (in annualised terms) had been growing from December 2022. The export of metal products became more profitable amid the ruble weakening and higher prices

for metals in global markets. Production was driven by the increase in domestic demand from construction companies and the oil and gas sector and the implementation of large investment projects. At the end of 2022, a metallurgical plant in the Moscow Region launched the construction of a complex to manufacture import-substituting parts made of cobalt-chromium, nickel, magnesium and titanium alloys. This year, output in the industry might expand as a result of the implementation of state infrastructure projects and the development of machine tool and motor vehicle manufacturing. Persistent constraints in transportation and logistics, as well as the rise in rail transportation rates for metal products forced enterprises to switch to container and road transportation.

ONLINE TRADE DEVELOPMENT. As assessed by experts, online trade surged by 30–40% (in money terms) as of the end of the year, mostly driven by higher sales on domestic online platforms. According to experts, Central Russia accounts for nearly 40% of online sales, with over a half of them recorded in the Moscow metropolitan area. However, its share is shrinking gradually as the infrastructure develops. Further growth in online trade will be promoted by the expansion of regional coverage. Thus, as of the end of 2022, a large marketplace announced the launch of ‘mini’ delivery points in localities with population from 1,000 to 3,500 people. The Voronezh, Vladimir and Tula Regions are implementing a range of large projects of online retailers for the construction of logistics complexes to be completed in 2023. Market operators rent large areas to expand warehouse facilities. In particular, a large operator rented 100,000 square metres in a logistics park in the Moscow Region that is planned to be commissioned in 2023 H2.

TOURISM AND HOSPITALITY INDUSTRY. Growing demand for travels in Russia amid limited opportunities for foreign trips boosted the tourist flow in the Central Federal District in January–February which increased by over 10% year-on-year. The annual rise in tour prices in Central Russia by 10–30% did not cool down the demand for travel. Moreover, higher prices promoted the expansion of supply of accommodation facilities through extensive reconstruction and construction of hotels in 2022. In 2023, the demand for trips to Central Russia will go up owing to the implementation of investment projects: this year, Moscow, the Tver and Lipetsk Regions plan to commission hotel complexes and the Vladimir and Tula Regions are going to open camping areas. Tours from Siberia and the Far East to Central Russia became more affordable as the authorities expanded the programme of subsidised charter flights. Moscow remains the key destination in both business tourism and cultural and educational tourism. The number of visitors of the cities of the Golden Ring of Russia and the demand for health resorts in the Moscow Region are growing. According to the macro-region’s public catering companies, after the decline in 2022, the number of visitors will go up in April–May 2023 amid the increase in the tourist flow.

BANK OF RUSSIA NORTH-WESTERN MAIN BRANCH



In March–April, consumer activity in the macro-region remained muted, although it revived slightly. Wood processing companies are demonstrating signs of a recovery of output, although logging volumes are still limited. North-Western poultry farms are expanding their production capacities, including to substitute imported hatching eggs. Enterprises were developing the production of fish seed materials and feed, fishing companies were expanding the geography of exports.

CONSUMPTION AND INCOMES. Consumer activity in the North-West remained moderate in March–early April. Nevertheless, there was a slight increase in sales of apparel and footwear, sports goods and a number of other non-food items. Shopping mall traffic in Saint Petersburg started to increase from the end of March. This could be because the retail areas that became vacant after the exit of foreign brands are being gradually taken up. The percentage of vacant areas in the central part of Saint Petersburg declined to its three-year minimum, including owing to the opening of new public catering locations. The number of low-price public catering places in the city is growing. According to the survey, the macro-region’s public catering organisations, retailers and service companies expect demand to trend upwards in the next few months, including as a result of forecast growth in the tourist flow from Asia.

PRICES. Annual inflation in the North-West notably decelerated in March, as compared to the previous month. Monthly price growth (seasonally adjusted) also slowed down in March, predominantly because fruit and vegetable prices adjusted downwards after their surge in January, dropping below 4% in annualised terms, which was due to still moderate consumer activity in the non-food segment, among other things. Companies of the macro-region slightly raised their price expectations in April, just as the month before. Price expectations were up in retail, transportation and construction, whereas agricultural and service companies lowered them.

MONETARY CONDITIONS AND BANKING SECTOR. According to the monitoring of businesses, corporate lending conditions eased somewhat in March. The growth rates of outstanding corporate loans remained high. As to retail lending, its expansion was still driven by government subsidised programmes to a great extent. In February–March, subsidised mortgage lending increased, including due to higher demand for Family Mortgage loans. In addition, a large federal-level bank noted a rise in the demand for mortgage loans for individual housing construction in the macro-region. The inflow of households’ funds into time deposits with credit institutions continued in February. Furthermore, banks report an increase in households’ demand for yuan deposits in the North-West, which is associated with improved deposit terms, among other factors. Specifically, a large regional bank raised interest rates on such deposits already twice since the beginning of the year.

LOGGING AND WOOD PROCESSING. Output in wood processing in the macro-region started to bounce back at the beginning of the year. According to the survey, companies in this industry increased their short-term expectations about the demand for their products. A large plywood

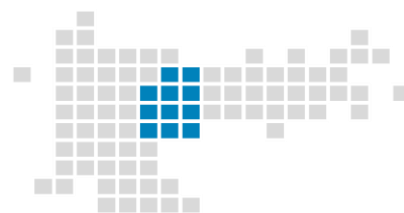
manufacturer in Vologda, that had earlier reduced its output, was able to ensure the full utilisation of its production capacities in March. A company in Saint Petersburg launched the manufacture of furniture components and plans to manufacture furniture boards previously imported from Europe. There are positive changes at North-Western enterprises earlier owned by a large foreign brand, the operation of which had been suspended for a long time: domestic companies purchased these furniture factories and are going to relaunch the manufacture this year. However, the situation in the industry remains uneven. Logging is limited and is mostly carried out under the effective contracts. Due to the shrinkage of exports, the utilisation of production capacities of a large sawn lumber and pellet manufacturer in the Novgorod Region remains low. There are still transportation and logistics problems arising when companies are redirecting supplies. Nevertheless, some enterprises find opportunities for ramping up exports. Thus, a company in the Vologda Region, using a new method for cargo loading onto a ship, shipped a large batch of sawn lumber to North Africa and plans several more such supplies this year.

FISHING AND FISH PROCESSING. Among the main fish species of the North-West, companies increased the fishing of haddock, capelin and Baltic herring. Moreover, the geography of sea fish supplies to Asian markets expanded. The macro-region, that is the Russian leader in trout breeding, commissioned a new trout farm at the beginning of the year and plans to construct several more trout complexes. Companies are also developing the production of fish seed materials and feed, which will help decrease their dependence on imports. In summer, Karelia expects the first harvest of mussels grown in the White Sea. The North-West expanded fish processing, and Karelia nearly doubled it. A number of Karelian fish breeding enterprises continue the implementation of investment projects to construct facilities for fish processing (including deep processing).

POULTRY FARMING. In February–March, North-Western poultry farms continued to increase the output of eggs and the poultry population. Households' steady demand for these products boosted the expansion of the industry's production capacity through the renewal of fixed assets, namely in the Kaliningrad and Novgorod Regions. The growth of poultry farming facilities in the macro-region is also aimed at substituting imported breeding material. The North-West is constructing hatching egg complexes, which will ensure sufficient supply of hatching eggs for the macro-region's production and partially cover the needs of other poultry farms in the country.

BANK OF RUSSIA VOLGA-VYATKA

MAIN BRANCH



In March, consumer activity in retail edged down somewhat compared to the beginning of the year, but already in April, retailers expected demand to rise in the next few months. Moderate consumer activity was coupled with subdued growth in retail lending. Automobile enterprises were expanding output and settling problems with auto parts, while still facing disruptions in supplies of certain foreign components. The rearrangement of logistics processes continued as the geography of external trade changed. Wood processing companies started to restore output amid growing domestic demand and expanding opportunities for exports.

CONSUMPTION AND INCOMES. Growth in consumer activity notably slowed down in February month-on-month. Non-food and food sales contracted slightly, whereas the value of services provided to consumers continued to go up. According to the monitoring of enterprises, sales in retail decreased as well in March, while the survey carried out in April showed an improvement in retailers' expectations. As reported by businesses, the demand for electronic devices stagnated or declined in February–March. To optimise their retail chains, federal-level sellers of household appliances reduced the number of points-of-sale in some regions. The demand for other durables (apparel and footwear, furniture and construction materials) changed only slightly, and households still opted for medium- and low-price items. A number of regions recorded a rise in the number of contracts signed with new lessees in shopping malls and expected the stores of some brands that had exited the Russian market to reopen under new names. Vehicle owners increased the demand for spare parts and maintenance and repair services. Consumption of services was supported by growing demand for tourism, entertainment and personal services.

PRICES. Monthly price growth (seasonally adjusted) slowed down in February–March across all components, compared to January. The deceleration in non-food prices was associated with prices for electronic devices and household appliances that began to decline again. As to food products, the increase in vegetable prices notably slowed down, after its acceleration in January. Prices for meat, pastas and cereals edged down as well. Contrastingly, the growth of prices for services persistently exceeded 4% in annualised terms, which was mostly because of foreign and domestic tourism services.

MONETARY CONDITIONS AND BANKING SECTOR. The annual expansion of corporate lending continued to slow down in February. Besides, according to the Bank of Russia's monitoring of businesses, corporate lending conditions improved in February–March, although slightly worsening in April. The monthly growth of outstanding consumer loans edged down in February close to the averages of 2022 H2, which was significantly below the levels of 2021. Average interest rates in this segment continued to decline, while staying considerably higher than the year before. The recovery in consumer lending stumbled in February, not reaching the level of February 2022. Despite the continuing rise in interest rates, the expansion of mortgage lending sped up slightly,

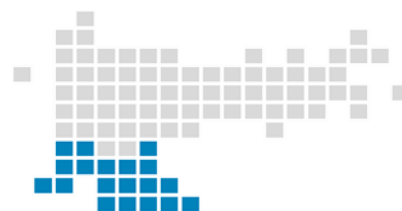
including owing to Family Mortgage loans, although staying below the high level of 2022 H2. The annual growth of households' funds in bank accounts accelerated in February, primarily driven by ruble-denominated demand accounts.

AUTOMOBILE INDUSTRY. The output of motor vehicles expanded in February–March 2023, while staying below the levels of early 2022. In March, a large auto group introduced Saturday work shifts to meet growing demand and resumed the manufacture of its flagship model on one of the production lines that had been idle for over six months. As companies found new counterparties and developed import substitution, they were able to settle problems with configurations of their cars. Thus, in March, a number of regional manufacturers returned some electronic elements that had been earlier unavailable to some of their models, and in February, a large manufacturer of commercial vehicles launched the production of a localised version of a new-generation truck. Nevertheless, there are still some disruptions in component supplies. This was the reason why one of the leading enterprises had to bring forward its corporate holidays from the second half of summer to ensure the continuity of its production further on. Despite the emerging difficulties, the key enterprises maintained their output targets. However, many automobile companies, as well as auto component manufacturers in the macro-region still face staff shortages.

LOGISTICS AND TRANSPORTATION. Business activity dynamics during 2023 Q1 evidenced a strengthening of the trends of the previous year. Companies continued to rearrange transportation and logistics routes as the geography of external trade changed. Specifically, to expand trade with Asia, one of Volga-Vyatka regions started the implementation of a large project to organise container transportation – the project comprises the construction and upgrade of the existing transportation infrastructure. The macro-region's enterprises plan to export petrochemicals in the first place, and to import a broad range of consumer and intermediate goods. The development of online trade, in turn, continued to boost business activity in logistics. In particular, a leading online retailer started to expand the warehouse facilities of one of its logistics centres in the macro-region.

WOOD PROCESSING. Business activity started to revive gradually in January–March, after the steady decline in output in 2022 H2. According to a large plywood manufacturer, its output expanded after the company managed to partially arrange the export of its products through Middle Asia, as the opportunities for such supplies had been seriously constrained since autumn 2022. As output recovered, the company was restoring the staff and planning to introduce an additional work shift. Another factor supporting the expansion of output in the industry is the demand from the public sector. Specifically, a wood processing plant of the macro-region that had terminated the partnership with a large European customer started to restore its capacity utilisation owing to the state order.

BANK OF RUSSIA SOUTHERN MAIN BRANCH



Consumer activity in the South edged up slightly in March–early April, compared to January–February. The growth of turnover in public catering was driven by the increased tourist flow. Food manufacturers were ramping up output to support import substitution. The housing market maintained a high pace of launching new projects, while mortgage lending amounts exceeded last year’s readings. Banks reported an increase in corporate lending. Annual inflation slowed down, whereas companies’ price expectations were up after their decline during the previous three months.

CONSUMPTION AND INCOMES. According to high-frequency indicators, consumer activity was bouncing back in March–early April, as compared to January–February, although it stayed below the level of 2021. Households remain cautious in their spending and opt to buy cheaper items and products of retailers’ in-house brands. A federal-level retail chain in the Rostov Region plans to open new discounters and reports that sales and average purchase amounts in the stores of this segment are growing. Retailers are expanding the proportion of local manufacturers’ products in turnover. A large retail chain in the Volgograd Region had a procurement session with the participation of over 50 local enterprises. Wages continued to grow, driven by staff shortages, especially in IT. Amid the transition to domestic software, the Krasnodar branch of a large IT company is hiring more information security specialists.

PRICES. Annual inflation decelerated in March. Monthly price growth (seasonally adjusted) edged down primarily because of food prices. Thus, the monthly increase (seasonally adjusted) in prices for meat products slowed down owing to the continuing reduction in producers’ costs associated with cheaper grains. The downward trend was also recorded in prices for greenhouse vegetables, which primarily resulted from the rise in domestic output. A gradual refocusing on local manufacturers in retail contributes to the decrease in logistics costs and the expansion of the product range. According to the March survey, companies’ price expectations were up in trade, services, and construction.

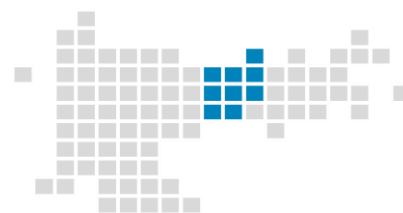
MONETARY CONDITIONS AND BANKING SECTOR. As reported by banks, corporates, including agroindustrial enterprises, increased the demand for loans in February–March. Besides, credit institutions continue to expand the range of products offered to businesses. An agricultural machinery manufacturer in the Rostov Region signed a contract with a large bank on the implementation of a new leasing programme. According to recent data, the rise in retail lending in February–March was predominantly driven by the demand for mortgages, including under subsidised programmes. In March, the amount of mortgage loans issued by banks to IT specialists hit a record high since the launch of the programme, with the demand concentrated mostly in the Rostov Region and the Krasnodar Territory. The number of transactions under the Family Mortgage programme and the amount of loans issued in 2023 Q1 surged more than 1.5 times compared to the previous quarter.

HOUSING MARKET. The situation in construction continued to improve in March. The demand for housing remained high, supported by the expansion of mortgage lending and the use of housing certificates in the South. In addition, a large regional bank launched its own mortgage programme at a low interest rate for people using such certificates. As before, elevated demand pushed up prices in the secondary market. However, developers did not reduce the number of new housing projects. Thus, over the first two months of 2023, the area of new apartment buildings under construction surged by nearly 40% compared to the same period last year.

FOOD INDUSTRY. In March, food manufacturers became more optimistic about future output and demand. Manufacturers in the South are ramping up their output, gradually substituting imported components for domestic ones. In particular, a large corn processing enterprise in the Rostov Region reported that it mostly completely substituted European glucose syrup in the domestic market. The Astrakhan Region is going to launch the production of pectin which is an important component in the food industry. A dairy product manufacturer in the Republic of Adygeya continues to implement its project aimed at expanding goat milk production and processing. The number of companies reporting higher costs declined amid the decrease in prices for agricultural products used in food manufacturing.

PUBLIC CATERING. According to recent data, in March, turnover in public catering expanded in annualised terms. Demand was driven by the increased tourist flow. Higher demand promoted the development of ready meal delivery services. There was a rise in the number of public catering places, their areas and seats there. In early April, reservations of hotels and health resorts in the Stavropol Territory, the Republic of North Ossetia-Alania, and the Republic Daghestan for the May holidays exceeded the level of the previous year.

BANK OF RUSSIA URAL MAIN BRANCH



Consumer activity in the Urals revived in March. Households' demand for loans edged up slightly, and the inflow of funds into individuals' accounts resumed. Refineries' capacity utilisation rates remain decreased. Fertiliser manufacturers redirected their supplies to the domestic market. The macro-region sped up the implementation of projects for road construction and upgrade and for building warehouse, logistics and distribution infrastructure.

CONSUMPTION AND INCOMES. Consumer demand bounced back somewhat in March, month-on-month, primarily driven by the demand for goods purchased in supermarkets, public catering services, and cultural and entertainment services. Large federal-level retailers are refocusing their sale strategies to develop the format of convenience stores and discounters in order to reduce operating costs and maintain competitive pricing policies. As reported by shopping and entertainment centres, buyers' traffic was up in March. New lessees and multi-brand stores selling goods that are partly supplied through parallel import channels continue to take up the areas that became vacant after the exit of foreign companies from the market. At the beginning of the year, the rise in wages sped up, mostly in the private sector. However, sales of durables are still considerably lower year-on-year. Expecting demand to bounce back, retailers maintain sufficient stocks of most items.

PRICES. Annual inflation in the Urals slowed down to 1.8% in March. Seasonally adjusted monthly price growth (in annualised terms) edged up slightly in March, compared to February, while staying significantly below 4%. However, businesses' price expectations increased in April in the majority of industries except agriculture. The rise in price expectations in trade accelerated.

MONETARY CONDITIONS AND BANKING SECTOR. According to recent data, in March, interest rates for the real sector of the economy declined somewhat, whereas the requirements for borrowers were tightened. Banks expanded lending to mining and quarrying enterprises. According to the March survey, banks also report an increase in households' demand for loans. Consumer and mortgage lending expanded in the Urals. The inflow of funds into individuals' accounts resumed in March, whereas deposit rates remained almost the same.

OIL REFINING AND CHEMICALS. Commodity supplies to oil refineries in the Urals slightly expanded in March before the period of repairs (including those rescheduled for earlier dates), but capacity utilisation rates remained decreased. Current capital expenditures are mostly funded to implement projects aimed at enhancing energy efficiency, fault tolerance, and environmental performance of existing production facilities and equipment for petroleum products transportation and storage.

The situation in the domestic market enables chemical enterprises to launch new projects. The Republic of Bashkortostan commissioned the production of polymer granules (with the use of recyclable materials) for food packaging manufacturing. In October 2023, the region will launch the construction of a plant to produce fatty alcohols and products substituting foreign components for manufacturing personal care products, fuel additives, paints and varnishes, and plasticisers. There

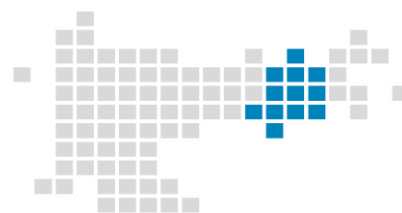
are also plans for the current year to build a plant that will produce aromatic hydrocarbons. The manufacturers of chemical substances used in construction materials and mixes were expanding their production capacities. To support the construction of gas and water supply infrastructure, the largest manufacturer of the Tyumen Region ramped up the output of black polyethylene pipes and their modifications for installation in difficult soils.

FERTILISER PRODUCTION. Difficulties in logistics entail a decrease in the utilisation rates of production capacities in the Urals. Some manufacturers started routine maintenance and upgrade of their equipment earlier than planned. They are negotiating with Middle Asia and the Middle East about supplies of fertilisers. To meet the needs of the domestic market, the authorities of some regions in the Urals concluded contracts with the largest fertiliser manufacturers and suppliers on preferential terms for agricultural enterprises purchasing fertilisers. They were sold at a fixed price established considering input prices, export parity prices, and the ratio of the demand and supply in the domestic market. Some regions in the Urals pay subsidies to agricultural enterprises for the purchase of fertilisers depending on treatment areas and types of crops. However, the expansion of fertiliser sales in the domestic market still fails to offset the reduction in export opportunities.

INFRASTRUCTURE CONSTRUCTION. The increase in infrastructure construction boosted the domestic demand for a broad range of industrial goods, which will promote the recovery of output in the related industries. In January–February 2023, the Khanty-Mansi Autonomous Area–Yugra completed the erection of the supports for the main part of the second bridge across the Ob River. It is expected to increase the throughput capacity of the key section of the transportation routes Arctic–Asia and Northern Latitudinal Railway that are strategically important for the transport accessibility in the hydrocarbon production districts. In March, the Republic of Bashkortostan resumed the construction of the key section of a new expressway that will extend the Moscow–Kazan highway to Yekaterinburg. Enterprises in the region ramped up the output of the asphalt mix. A large Ural manufacturer of metal structures is fulfilling an order for the upgrade of infrastructure (tracks, bridges and tunnels) of the Baikal-Amur and Trans-Siberian Mainlines. The Urals continues to develop transportation infrastructure. Thus, the Sverdlovsk Region is expanding the capacities of the transport and logistics centre opened at the end of last year, and the Chelyabinsk Region plans to construct a customs warehouse this year for concentrating parallel imports. At the end of December 2022, the Chelyabinsk Region opened a large logistics centre supporting the supplies of auto parts for trucks. Overall, a number of regions carry out active works to construct distribution and warehouse facilities for large marketplace operators.

BANK OF RUSSIA SIBERIAN

MAIN BRANCH



Economic activity in Siberia stabilised in February–March 2023 at a relatively low level of the previous two to three months. Consumer demand remained muted, especially in non-food retail. Consumer activity revived predominantly in public catering and domestic tourism. Coal and metallurgical enterprises ramped up supplies to the domestic and Asian markets, but, currently, without a comparable expansion of their output.

CONSUMPTION AND INCOMES. In February–March, consumer demand remained moderate in Siberia. Consumer activity revived somewhat in public catering and domestic tourism. In particular, public catering and tourism companies in the Republic of Khakassia and the Irkutsk Region recorded a significant rise in reservations of cafés, restaurants and recreation centres for the May holidays and June weekends, as compared to the same period last year. Higher demand in public catering in the Irkutsk Region was largely driven by the increased tourist flow to Baikal. At the beginning of the 2023 winter tourism season, Altai resorts already doubled the tourist flow year-on-year and plan to triple it over 2023 in general compared to 2022. Regional tourism companies expanded the supply and range of related services.

PRICES. In March 2023, annual inflation decelerated to 3.4% predominantly because of food and non-food prices. The limited export and expanded supply of grains in the domestic market slowed down the rise in prices for flour, pastas and bakery, meat and dairy products. Subdued consumer demand caused a decline in the growth rates of prices for cars, household appliances, electronic and communication devices, apparel and footwear. According to regional retailers, this was also associated with the increased supply, e.g., of smartphones from China or children’s clothing from Middle Asia. Retailers, agricultural enterprises, and food manufacturers expect the growth rates of prices for their products to increase in the next three months, explaining this by rising input prices for raw materials and components.

MONETARY CONDITIONS AND BANKING SECTOR. Businesses continued to demonstrate steady demand for bank loans in February–March 2023. The demand for retail loans remained stable, with a slight revival in car lending. According to National Bureau of Credit Histories, five Siberian regions entered the TOP-30 of the Russian leaders by the number of issued car loans. Car lending was supported by the subsidised programme of lending for cars assembled in Russia and the expansion of supply in the Siberian market of affordable used foreign-made cars. Borrowers’ demand for Family Mortgage loans remains high. Households still preferred to save, increasing their funds in time deposits.

COAL MINING. In January–February 2023, coal shipments by rail in the majority of the Siberian coal mining regions increased. In particular, Eastern Siberia and the Novosibirsk Region demonstrated 6% and 12% growth on average, in annualised terms. In February, Kuzbass – the Russian largest coal mining region – ramped up supplies to end consumers by 5.8% year-on-year, including exports – by 13.8%. According to businesses and regional authorities, shipments were up owing to

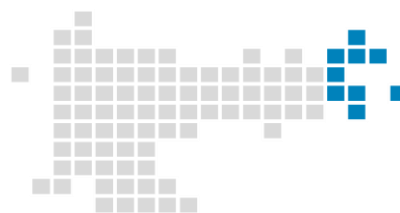
the new agreements on guaranteed quantities of coal shipments through the Eastern railway section. Besides, these guarantees in 2023 enable Siberian companies to set their output, export and investment targets more confidently. By the moment, the increase in coal shipments has not yet resulted in the recovery of mining (-6.3% in February, year-on-year). Nevertheless, Siberian coal enterprises take all efforts to diversify and expand sales and, accordingly, to maintain the scale of business. Thus, a large thermal coal producer signed long-term contracts with Siberian power stations that had previously used coal from Kazakhstan. Several coal enterprises in Eastern Siberia started to supply their products to the neighbouring regions instead of the earlier announced exports. A large metallurgical coal producer expanded its output by 6% year-on-year over the first two months of the year. As reported by the company, coal output and sales (including exports) are gradually returning to pre-sanction levels.

NON-FERROUS METALLURGY. In January–February 2023, Siberian industrial metal enterprises reported an increase in sales and, accordingly, a reduction in the surplus stocks of finished goods accumulated after the enactment of the sanctions in 2022. According to metallurgical companies, the upward trend resulted from the diversification of sale channels and the development of new forms of cooperation and logistics. All finished goods not purchased by the West were redirected to the domestic and Asian markets. Thus, in early 2023, the export of Siberian industrial metals to some Asian countries increased manifold. The surveyed metallurgical companies assess that sanction risks have materialised for the most part and are adjusting their investments and operations accordingly. In particular, one of the companies reports that it will use its machinery and equipment in the saving mode because of irregular imports and unavailability of certain items not manufactured in Russia.

AUTOMOBILE MARKET. As reported by Siberian auto market participants, buyers opt for used foreign-made cars, whereas sales of new cars plummeted by nearly 60% over the year. According to the Autostat analytical agency, the ratio of sales of new and used cars in Siberia in 2022–early 2023 was one to 14 (vs one to eight the year before). Auto dealers consider that the ruble depreciation in December–March might cause a decline in sales of used foreign-made cars. Besides, in order to expand sales, some transportation companies have already reduced costs for the delivery of used cars to Russia. According to the Association of European Businesses, in January–February 2023, the Siberian market of new cars was taken by Russian and Chinese brands. Siberian auto dealers representing Chinese brands are going to further expand their footprint in all Siberian regions.

BANK OF RUSSIA FAR EASTERN

MAIN BRANCH



Consumer activity in the macro-region declined in March—the first half of April. Mortgage lending was growing, driven by subsidised programmes. The volumes of container shipments remained high, which helped remove the queues in seaports. High demand from Asia boosted the output and exports of oil, coal and fish products. Gas output contracted as price trends in Asia worsened.

CONSUMPTION AND INCOMES. Consumer activity in the macro-region declined in March—the first half of April, after its slight rise at the beginning of the year. Consumers still opted for low- and medium-price items and special offerings. Besides, a number of regions recorded higher demand for public catering and ready meals, including their delivery. Thus, cafés and restaurants in the Khabarovsk Territory reported increases in the number of visitors in March, compared to February, the average purchase amount, and the proportion of deliveries in sales (the latter surged by more than a third over the past six months). A perfumery retailer in the Khabarovsk Territory complained about a decline in sales in March, month-on-month, despite the holidays. In contrast, hotels in various regions reported rising demand. A hotel complex in Kamchatka recorded a 30% increase in reservations in March, year-on-year. According to the survey, in April, retailers worsened whereas service companies improved their short-term expectations about demand in the macro-region, compared to March.

PRICES. After the slowdown in February, monthly price growth (seasonally adjusted) sped up in March, driven mainly by food prices. The ruble weakening pushed up prices for personal computers, smartphones, cars, and foreign travel. Conversely, prices for some household appliances edged down. Annual inflation decelerated to 5.2% in March. Businesses' price expectations rose slightly in April. Companies in a number of regions reported a more significant increase in energy tariffs than in previous years.

MONETARY CONDITIONS AND BANKING SECTOR. In 2023 Q1, bank lending conditions remained unchanged in the corporate segment and tightened somewhat in the retail segment. Businesses continued to demonstrate high demand for bank loans in February–March. Consumer lending growth was slow due to weak demand and the tightening of banks' credit policies amid the restrictions on the issue of high-risk loans. A regional credit institution reported an increase in the demand for secured loans raised to refinance consumer loans obtained earlier from other banks. The expansion of the mortgage portfolio sped up in March. Credit institutions recorded elevated demand for Family Mortgage loans. Despite a relatively high level of deposit rates, banks reported that the balances of households' funds in bank deposits remained almost unchanged in March, compared to February.

LOGISTICS. In March, cargo loading on the Far Eastern Railway continued to increase, driven by the growth of shipments of coal, container cargoes, and construction materials. From the beginning of the year, for the first time over the seven years, regular rail transportation of oil to the Kozmino

seaport was resumed because of insufficient capacities of the Eastern Siberia – Pacific Ocean (ESPO) oil pipeline system amid high demand from Asian countries. At the end of March, one year ahead of schedule, the second track was launched at the most loaded section of the Baikal-Amur Mainline in the Khabarovsk Territory going to the Pacific Ocean seaports. This will increase the throughput capacity of this section more than 1.5 times. In March, container shipments from seaports remained at the highest level on record. As a result, the containers piled up from November through January were taken away. The utilisation rates of the seaport infrastructure edged down. At the end of March—the beginning of April, logistics companies also reported a twofold decrease in the waiting periods for cargo shipments and lower rates for sea transportation from Asia. Traffic through motor vehicle border crossings continued to go up in March. Cargo traffic along the railway bridge in the Jewish Autonomous Region opened in November increased from one to two trains a week at the beginning of the year to two trains a day in March.

PRODUCTION AND EXPORTS OF FUEL AND ENERGY RESOURCES. Oil production in the macro-region continued to expand in February–March, mostly driven by the restoration of the daily output at one of the shelf projects on Sakhalin at the end of February to the pre-sanction level. Because of oil production cuts agreed upon by the OPEC+ states and higher global prices, supplies of Far Eastern oil to Asia are expected to go up due to lower prices. Gas output contracted in February as the market situation in Asia worsened and gas prices plummeted 1.5 times, compared to the beginning of the year. Coal exports expanded in March, whereas coal prices declined in February–March because of an additional discount for coal.

FISHING AND FISH PROCESSING. By mid-April, owing to favourable fishing conditions, fish output was 11% higher year-on-year. The output of frozen and minced products was up. As one of Asian countries cancelled mandatory inspections of frozen products, in January–March, supplies doubled in annualised terms to reach the pre-coronavirus level. A fishing enterprise reported that it continued exports to Europe. Rail shipments of fish products to the domestic market continued to expand. Amid high domestic and external demand, the peak level of the utilisation of the refrigeration systems in seaports during the pollack fishing season was two times lower than in the previous year. In the first half of April, the refrigerators were loaded by a fourth. Companies complained about lower profitability due to the increase in the fishing charge rates at the beginning of the year, persistent problems with equipment and material imports, and difficulties with cross-border settlements.

BOX 1

CONSUMER DEMAND

Consumption was subdued beginning from April 2022. Households redistributed their expenses for basic goods and cut expenses for durables. This was mainly due to contracted supply of commonly purchased goods and overall uncertainty. Contrastingly, the demand to travel, entertainment and public catering was up. As opportunities for foreign travel decreased, this caused a rise in expenses for domestic travel. In early 2023, consumer activity revived, although staying moderate overall. Muted consumer demand, a gradual accumulation of sufficient stocks of goods, and the spread of new formats in retail slowed down the growth of prices after their surge in March–April 2022. In the next few months, businesses expect demand to expand further, which pushes up retailers' price expectations.

CONSUMER DEMAND IN RUSSIAN REGIONS

Consumer demand changed diversely across Russian regions, but the main drivers were similar. The most significant decline in consumer activity was recorded in February–April 2022. According to the Bank of Russia's assessments, aggregate consumption⁴ in Russia contracted by 8.1% over that period, compared to 2021 Q4 (3MMA, seasonally adjusted). Later on, consumption started to bounce back gradually, with the difference between the levels as of the end of February 2023 and over 2021 Q4 decreasing to 2.8% (Chart 1). The decline was the least in retail sales of products (Chart 2). On the one hand, this was caused by rising prices, the contraction of the common range of goods due to the exit of a number of foreign brands, the existing difficulties with the logistics of imports, and the interruption of operation at a number of assembly plants (e.g., in the automobile industry). The other drag was lower demand amid the increase in households' propensity to save associated with the rise in overall uncertainty.

As to Russian regions, retail sales contracted most significantly beginning from 2022 Q2 in Moscow and Saint Petersburg, which was largely because the reduction in the number of stores of international brands was more noticeable for the market in these two regions. Consumer demand decreased the least in the Far East as the structure of household consumption in these regions included fewer products the supply of which contracted. Thus, until April 2022, new foreign-made cars (the manufacture of which in Russia stopped after the enactment of the sanctions against the country) accounted for the largest proportion of sales in the car market in Russia in general, whereas consumers in the Far East mostly purchased used cars from the neighbouring Asian countries, the import and sales of which, to the contrary, expanded. Accordingly, consumption in most Russian regions was rebounding in late 2022–early 2023 after its decline, whereas the dynamics in the Far East were smoother throughout 2022. A surge in retail in 2022 Q4–2023 Q1 was recorded only in the South, which was partly driven by the increased tourist flow.

Positive trends in commercial services in 2022–early 2023 were mostly typical of Moscow and Saint Petersburg, as well as the Southern regions of Russia. In February 2023, the value of commercial services across the country was 4.2% higher than in 2021 Q4 (3MMA, seasonally adjusted) (Chart 2). This trend was partially attributed to the development of domestic tourism amid the restrictions on foreign travel. Many large cities in Central Russia, the North-West, Volga-Vyatka,

⁴ Retail, commercial services, and public catering.

the Urals, and Siberia recorded an increase in hospitality, cultural and entertainment services. Households' expenses for education were up as well.

Turnover in public catering recovered and started to rise rapidly already in 2022. According to market participants, this was in line with an important trend in consumers' behaviour after the pandemic: households increased expenses for public catering and ready meals delivered by couriers. The growth of turnover in public catering was driven by the expansion of the chains of cafés, fast food places and ready meal stores.

CONSUMPTION ACROSS PRODUCT GROUPS

Sales in the majority of key product groups, except everyday non-food items and motor fuels, were declining in 2022 (Chart 3). The scale of the reduction in consumption and price movements were affected by both demand- and supply-side factors.

Consumer demand contracted the least in food retail. As of the end of 2022, the quantities of sold basic food products edged down by approximately 0.8% compared to 2021. The sanctions imposed against Russia had a weak effect on food supply in the domestic market, while the good harvest helped reduce food manufacturers' costs. As a result, sales in some food product groups (in comparable prices) expanded in January–February 2023, year-on-year (namely, sales of meat, eggs, pastas, and vegetables).

Despite weak demand, retail chains continued to expand their footprint in Russian regions. In particular, one of the federal-level retail chains opened its stores in the Far East in 2023 Q1. Chains of discounters, including stores with a limited basic product range and simple distribution, continued to expand. A large federal-level chain chose that format as the main one for its development in Siberia and the Far East. To maintain the level of prices that would be acceptable for a more prudent buyer, retailers across Russia expanded the proportion of products of their own trademarks, engaging local producers to make them. Some federal-level chains started to actively arrange separate areas in their stores for selling farmers' products. A number of regional retailers in Siberia and the Urals chose the sale of farmers' products and locally made goods as their key development strategy.

Sales of motor vehicles and spare parts shrank most notably in 2022 (by 41% compared to 2021). Car sales plummeted amid soaring prices and the limited supply of models and configurations offered for sale. In January–February 2023, car sales were still significantly below the level of the same period of 2022 (Chart 4), despite the continuing expansion of supply. Auto dealers in the North-West, the Urals, Siberia and the Far East previously selling European cars changed their product range for Asian-made cars. A car maker in Moscow resumed the manufacture of motor vehicles under its own brand and plans to manufacture 50,000 of them in 2023. As the supply of new cars contracted, demand shifted towards used cars. There was a considerable increase in the number of offerings of used cars delivered from foreign countries.

Sales of household appliances and electronic devices, as well as apparel and footwear have not recovered yet, although the number of some foreign trademarks increased and some of the brands that had exited the Russian market returned under other names. Consumers are still cautious about new brands and more frequently opt to repair used appliances or clothing rather than purchase new items. In some regions, this trend has already caused a rise in the demand and prices for repair services.

Sales of everyday non-food items were up in real terms, as of the end of 2022. A lot of people preferred to save time and money owing to the active development of online trade channels. Parallel imports helped meet the demand for goods of certain trademarks extensively sold through online channels.

According to the Russian Association of Internet Trade Companies, despite the overall contraction of consumer demand, online sales continued to surge in 2022 in most product groups, except car accessories and spare parts (Chart 5). Retailers across Russia started to actively develop the format of dark stores (retail outlets exclusively for online shopping) and the delivery infrastructure for goods ordered via marketplaces. The new formats help retail chains reduce costs by decreasing the number of points-of-sale and the headcount and optimising their stocks. The development of online trade in the domestic market was accompanied by a reduction in purchases of similar goods abroad. In 2022, their accessibility worsened: delivery periods increased, and many international online stores discontinued deliveries to Russia. As a result, the share of purchases made abroad in online sales edged down from 8.8% to 3.7% over the year.

CONSUMER SENTIMENT, CREDIT AND SAVING ACTIVITY

Consumption trends in most Russian regions were positively influenced by growth in wages (in real terms) recorded in 23 regions in 2022 (Chart 6). However, consumption in real terms expanded only in four of the said regions, which is evidence that households still prefer to save. As reported by Rosstat, the saving ratio was up to 11.4% in 2022 Q4 (which is similar to the level observed in 2015–2016). According to InFOM's surveys commissioned by the Bank of Russia,⁵ there was an upward trend in the estimates of households' propensity to save from October 2022 through March 2023. The percentage of respondents opting to save rather than purchase expensive items hit its two-year high in March 2023. Nonetheless, beginning from April 2022, households prefer to hold their savings in a more liquid form: either in cash or in short-term bank deposits. Although, after its decline in 2022 Q2, the proportion of deposits with maturities of over one year was gradually rebounding in the structure of households' funds, in early 2023, it remained considerably below the levels of 2020–2021. Banks report that clients prefer short-term deposits, despite the emerging upward trend in returns on long-term deposits.

The annual growth rate of consumer lending in early 2023 continued to steadily decline in all macro-regions. Car lending was up, although staying below the level of the previous year. Mortgage lending continues to expand, although this process slowed down due to the increase in the interest rate under the subsidised programme. According to Frank RG's calculations based on the Bank of Russia's data, the maturity of a mortgage loan is gradually increasing, whereas the average payment on a mortgage remains within 25,000–30,000 rubles, which enables a large number of households to raise mortgages and, accordingly, reduces their potential to increase expenses for current consumption. Households' debt burden remains relatively low, due to which there is still room for growth in borrowings.

CONSUMER MARKET ENTERPRISES' ESTIMATES AND EXPECTATIONS

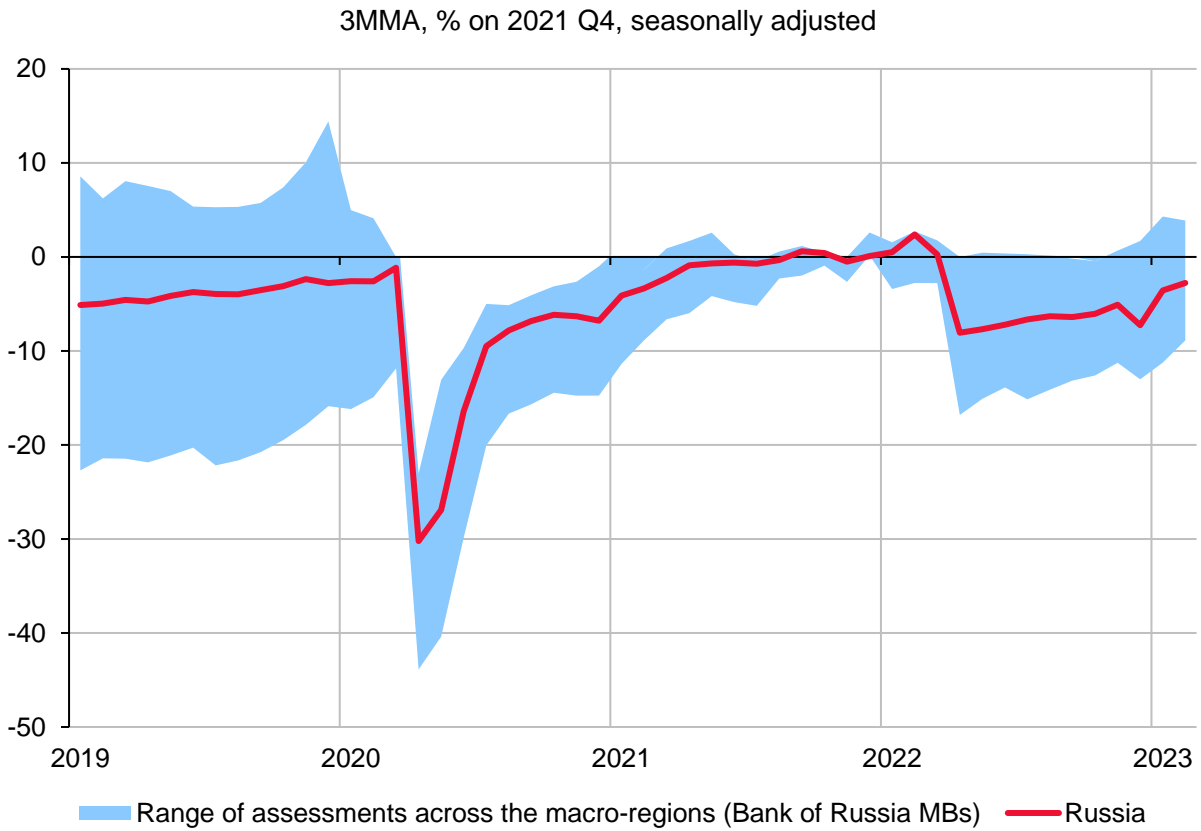
Overall, retailers remain optimistic about future demand and sales, which is associated with an upward trend in households' real incomes. According to the surveys among companies participating in the Bank of Russia's monitoring, expectations about growth in the value of

⁵ The [results of the surveys](#) are available on the Bank of Russia website.

commercial services continued to improve in April 2023. Expectations about changes in retail turnover were more moderate. Relying on positive estimates of demand, some Russian apparel manufacturers (e.g., in the Rostov and Tomsk Regions) were developing their own distribution and online trade channels. In January 2023, Moscow increased the output of apparel and special clothing 8.1 times and 3.4 times, respectively, as compared to January 2022. However, trade and service companies complained about rising costs amid the ruble weakening and higher delivery costs because of more complicated logistics and difficulties with cross-border payments. According to the monitoring, companies plan to pass through these higher costs to product prices as consumer demand bounces back.

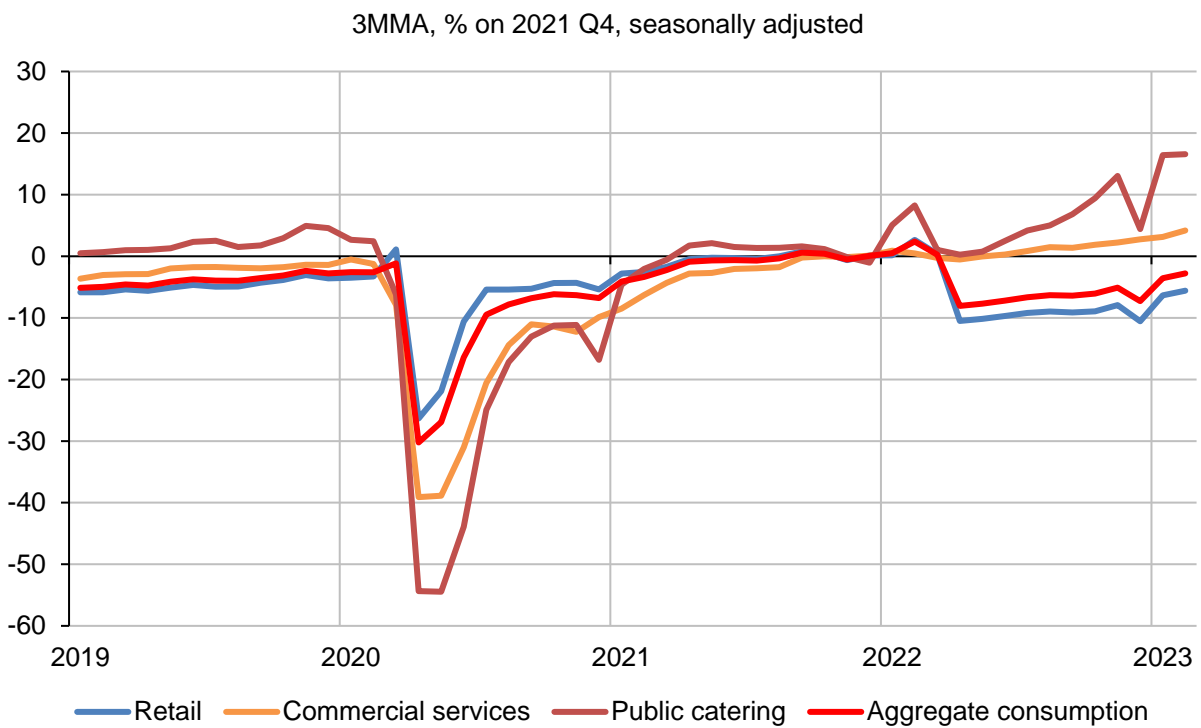
Due to more complicated logistics and high utilisation rates of the transportation infrastructure, the periods of product deliveries to the Kaliningrad Region and the Far East notably increased. As a result, as estimated by trade companies in these regions, they needed to expand the stocks of some items twofold or threefold. Overall, beginning from 2022 Q2, companies were building up their stocks because of concerns about secondary sanctions and expectations about a recovery of demand. Thus, retailers in some regions estimate that Russian warehouses have accumulated considerable stocks of household appliances and electronic devices. In these conditions, despite the fluctuations of the ruble exchange rate, price growth might be moderate until consumer demand bounces back and the stocks are sold out. In contrast, retail chains selling basic goods noted that they were reducing their stocks amid the uncertainty in order to cut costs and increase capital turnover.

Chart 1. Consumption



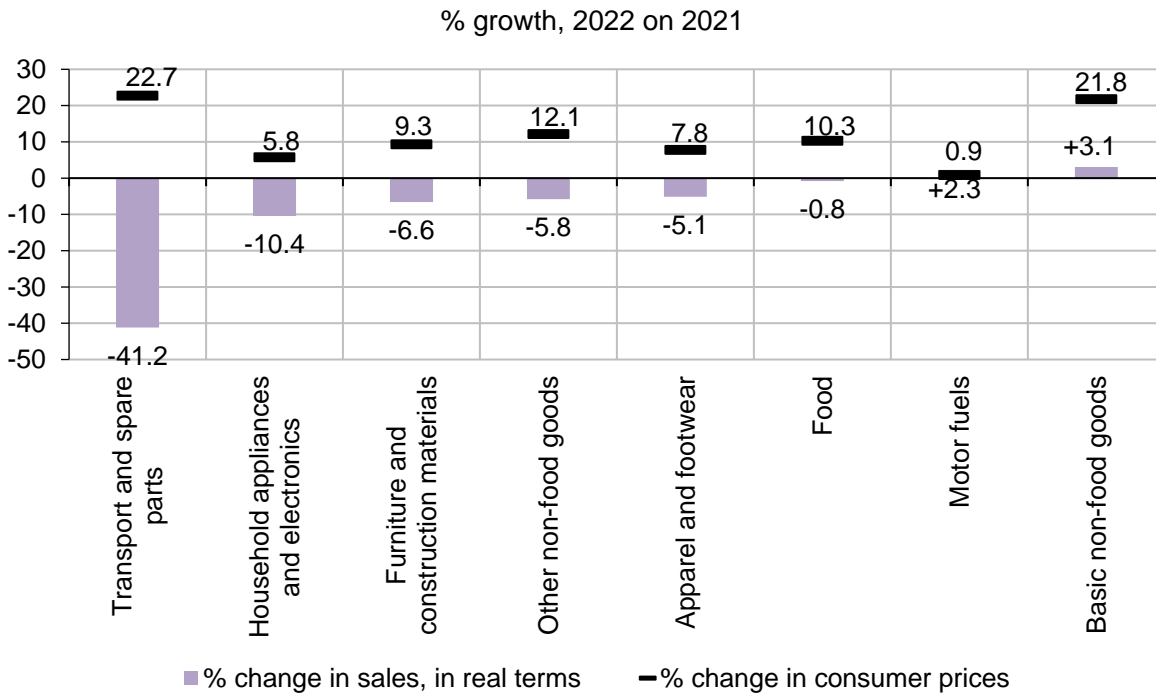
Sources: Rosstat, Bank of Russia calculations.

Chart 2. Components of consumption, Russia



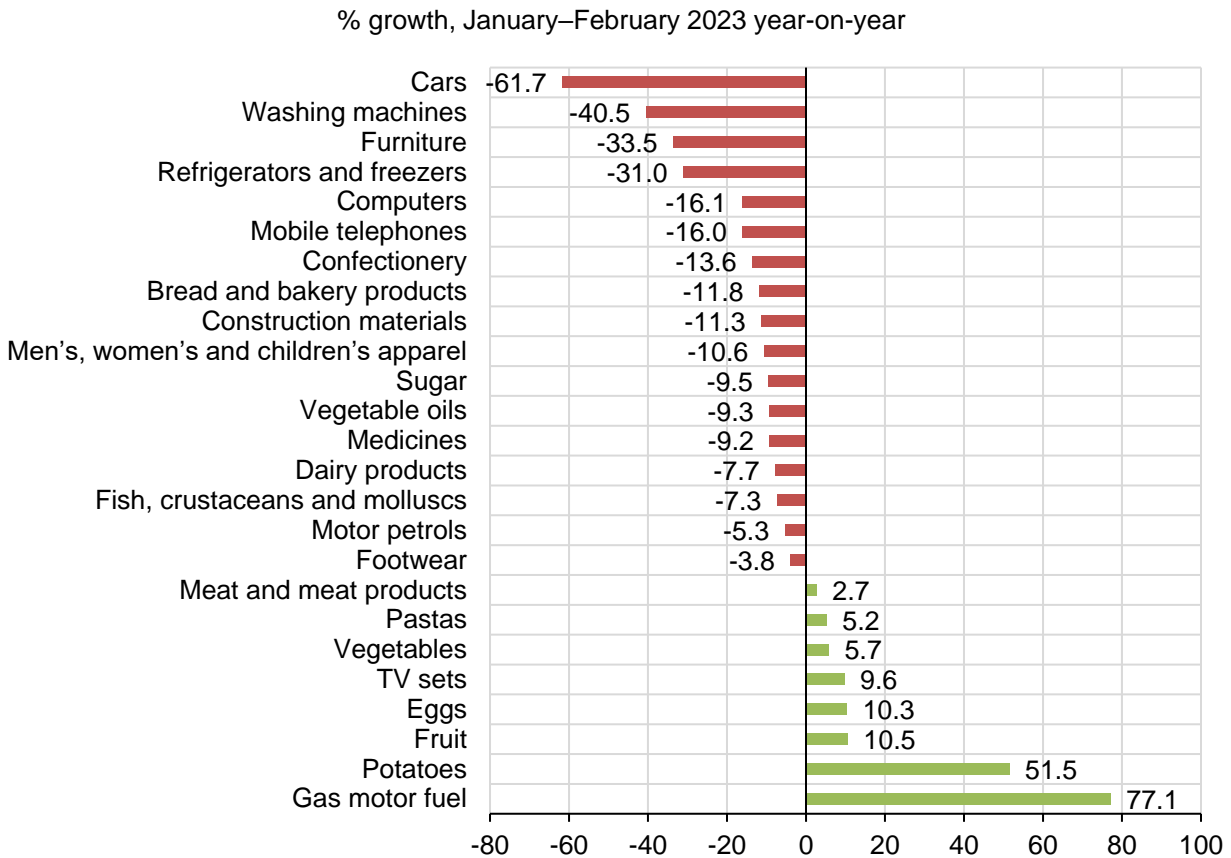
Sources: Rosstat, Bank of Russia calculations.

Chart 3. Changes in sales across main product groups



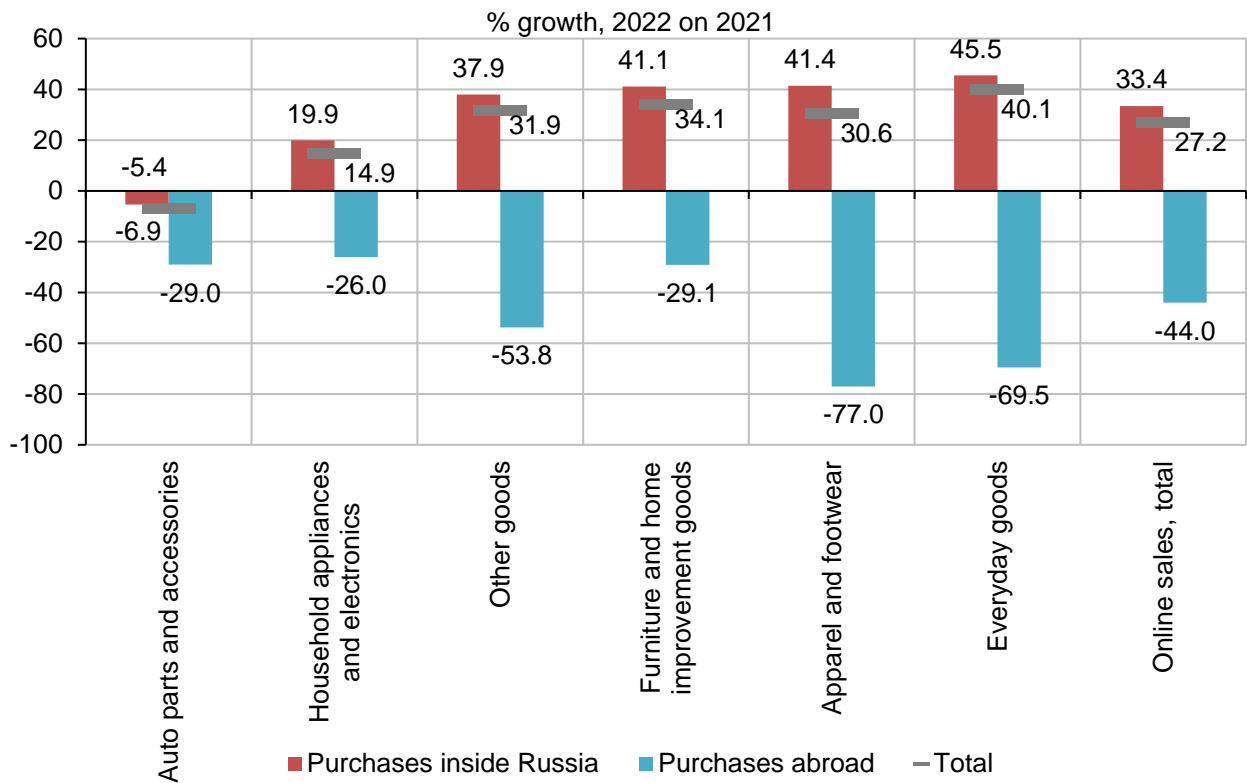
Sources: Rosstat, Bank of Russia calculations.

Chart 4. Changes in sales across main product groups (quantities)



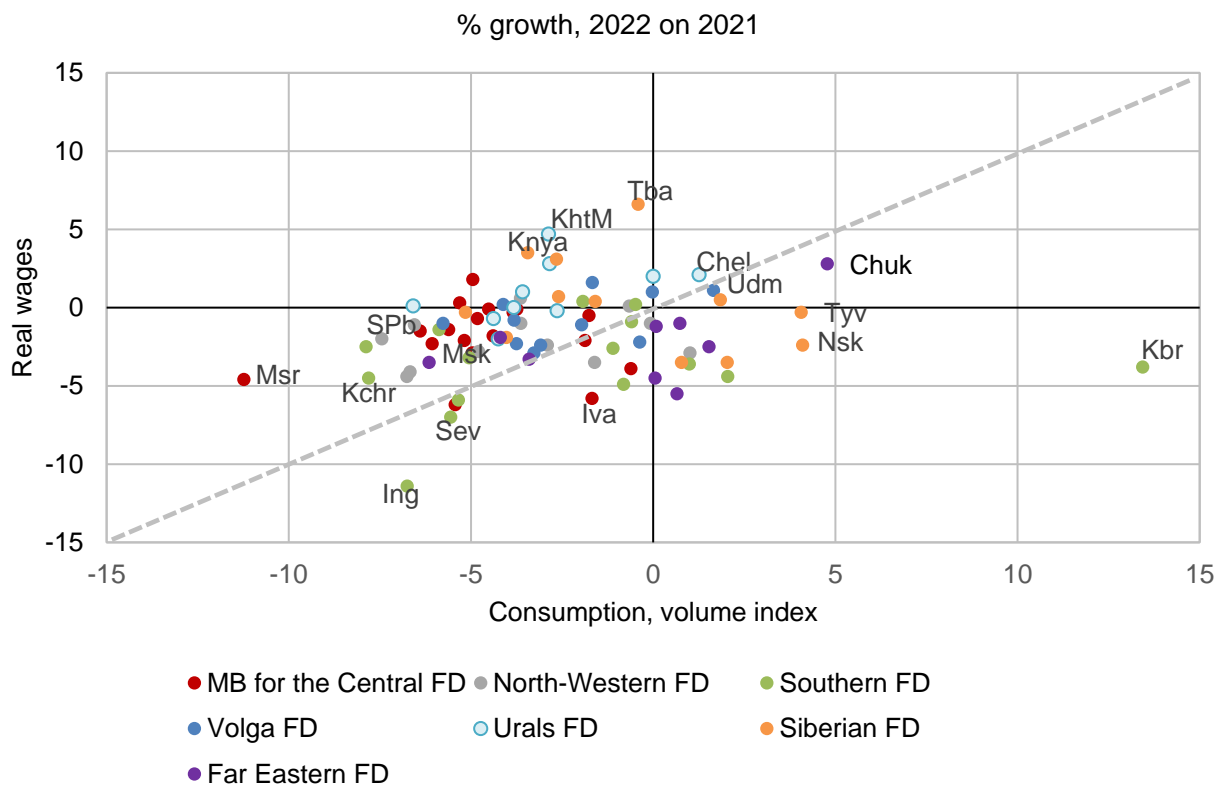
Sources: Rosstat, Bank of Russia calculations.

Chart 5. Turnover in online trade (in nominal terms)



Sources: Russian Association of Internet Trade Companies, Bank of Russia calculations.

Chart 6. Consumption and real wages*



* Full names of the regions are given in page 9.
Sources: Rosstat, Bank of Russia calculations.

BOX 2.

CROP PRODUCTION IN 2023

In 2023, spring field work in a number of Russian regions started slightly earlier than on average. If weather conditions remain favourable and spring sowing plans are fulfilled, the grain harvest is forecast to reach up to 130–145 million tons, which is slightly less than the record of the previous year, but considerably above multi-year averages. Agricultural enterprises have sufficient stocks of seeds, mineral fertilisers, crop protection chemicals, machinery, as well as fuels and lubricants for the current agricultural year. This year, agricultural enterprises' costs for sowing increased due to more expensive materials and equipment. Crop producers' price expectations for the next three months trend downwards, as before, owing to federal and regional measures to support the industry, among other things.

WINTER CROPS

According to the assessments of the Bank of Russia Main Branches, the winter crop areas sown for the 2023 harvest total about 18.4 million hectares (-3.0% year-on-year), including the winter grain area of 17.8 million tons (-3.1% year-on-year). The reduction in the crop areas was associated with excessive soil moistening due to the rainy weather in the main grain growing regions of Central Russia in autumn 2022. Nevertheless, agricultural enterprises in the South and Central Russia preserve the structure of their winter crop areas (wheat accounts for over 90% of the crop areas). Spring fertilisation of crops is carried out as normal.

The condition of winter crops is the same as last year and better than multi-year averages: no more than 5% of the crop areas are in bad condition. The only exception is Central Russia where the percentage of the crop areas in bad condition exceeds the average, which is because of unfavourable weather during the sowing period and in winter. In contrast, the South of Russia reports good crop vegetation. Water availability in most Russian regions is sufficient, which will improve the yielding ability.

SPRING SOWING

Owing to favourable agro-climatic conditions this year, a number of Russian regions started spring sowing ahead of schedule. Amid warmer spring weather, the main crops are sown earlier than last year. This year, spring grains and grain legumes are planned to be sown on an area of up to 30.1 million hectares, which is 3.4% more than in 2022, including because idle lands will be used in crop rotation. The cultivation areas of wheat, barley and corn might expand by 2.8%, 2.4% and 4.6%, respectively. However, the cultivation areas of oil crops might decrease by 4.3%, including those for sunflower and rapeseed – by 5.3% and 0.5%, respectively. The soybean cultivation area might expand by 2.6% owing to Central Russia regions. The sugar beet and potato cultivation areas will remain close to the figures of the previous year. Agricultural companies in a number of Russian regions consider that weather conditions, including a rapid warming combined with windy weather, as well as excessive flood waters, might be among the risks to the sowing campaign.

HARVEST EXPECTATIONS

According to the preliminary estimates of the Bank of Russia Main Branches, provided that weather conditions remain favourable and spring sowing plans are fulfilled, the harvest of grains and grain legumes this year might total 130–145 million tons, which is 8–18% less than the record harvest of 2022, but significantly exceeds multi-year averages (including up to 80–90 million tons of wheat, which is 13.7–23.3% less than in 2022). Besides, agricultural enterprises expect a slight reduction in the harvest of wheat, barley, sunflower, rapeseed, and sugar beet. In contrast, the harvest of corn, potatoes and other vegetables might surpass the previous year's level. **As estimated by agricultural companies, weather risks are minor.**

STOCKS OF MATERIALS AND EQUIPMENT

SEEDS

Russian agricultural enterprises do not have any critical problems with purchases of domestic and foreign seeds for 2023 spring sowing. Companies in large agricultural regions have almost completed the purchases of most grain and oil crop seeds they need. As before, enterprises have sufficiently large quantities of domestic seeds, including of the previous year's harvest, except for the Kaliningrad Region importing 70% of grain seeds. Agricultural enterprises in the Urals largely use their own seeds and cover the deficit by purchasing seeds in the neighbouring regions. There are still constraints as regards corn since Russian regions import up to a half of corn seeds. However, in 2022, the Rostov Region doubled the cultivation areas of corn.

The proportion of imported oil crop seeds is also high, e.g., for sunflower this is over 70%. The percentage of domestic sunflower seeds in Central Russia is below 25%, whereas the largest part is imported from Europe and the US. Nevertheless, the Stavropol Territory annually allocates land plots for sunflower hybrid seed production: in 2022, it exceeded the region's needs 5.5 times, while the Rostov Region increased its sunflower seed areas fourfold.

Import dependence is the highest for sugar beet and potatoes. Producers still fail to supply sufficient quantities to the domestic market considering the high reliance on imports and constraints for the expansion of production capacities. For example, the efficient sugar beet seed multiplication is only possible in some Southern regions of Russia. A considerable part of potato seeds is imported. Therefore, a number of farms in the Irkutsk Region expect the harvest of open-field vegetables to decrease due to the switch to varieties with a lower yielding capacity. In the Chelyabinsk Region, nearly a half of potato seeds is imported, although such seeds are produced in Russia as well.

FERTILISERS AND CROP PROTECTION CHEMICALS

Preparing for spring sowing, most agricultural enterprises purchased sufficient quantities of fertilisers in advance, and large consumers are already drawing up orders for autumn field work as well. According to current estimates, agricultural companies will have sufficient quantities of crop protection chemicals (CPCs). Thus, a large manufacturer of CPCs and agrochemicals in Central Russia plans to ramp up its output by 30% this year. Agricultural companies predominantly use domestic fertilisers, whereas CPCs might be both domestic and imported.

Far Eastern enterprises' stocks of mineral fertilisers are below the previous year's level, but they have signed contracts to cover the shortfall. The Amur Region currently has a low level of mineral fertiliser stocks, which is associated with logistics problems resulting from a deficit of wagons and their lower priority in rail shipments. According to Siberian agricultural companies, their mineral

fertiliser stocks exceed 60% of the required level, and a large Kemerovo enterprise is the key supplier of mineral fertilisers.

Three districts of the North-Western regions currently have the necessary quantities of all CPCs and mineral fertilisers. Agricultural enterprises in the Volga Region and the Urals do not report any difficulties with supplies and stocks of CPCs and fertilisers. Ural agricultural enterprises will increase the use of fertilisers this year, and agricultural companies in the Orenburg and Tyumen Regions plan to use larger quantities of liquid mineral fertilisers.

In some cases, local businesses provide support to agricultural enterprises. Thus, a Smolensk company supplied mineral fertilisers for winter crop areas sown for the 2023 harvest to regional agricultural companies for free. Earlier, the Republic of Crimea complained about problems with fertiliser stocks due to its remoteness from the mainland. At the moment, fertilisers are supplied by rail, which helps reduce prices for them. Besides, a local plant launched ammophos production and sales.

MACHINERY AND FUELS AND LUBRICANTS

For the 2023 spring sowing campaign, regional agricultural companies have sufficient stocks of materials and equipment for the most part, but there are still some constraints with machinery. As regards high technology machines, the key regions producing open-field vegetables are still highly dependent on imports. Many categories of agricultural machinery that are necessary for production and harvesting are not manufactured in Russia. Market participants in the Voronezh Region complain about insufficient supply of tractors and high-capacity combine harvesters. According to dealers, delivery periods for the parallel import of spare parts through Asia and the Middle East increased 1.5 to 2 times. However, if Russian agricultural enterprises switch to less advanced machinery, this might negatively affect crop yields in the long run.

Some agricultural companies in the Volga Region and the Far East refocused on domestic machinery supplies. In particular, up to 90% of machinery in the Amur Region is completely manufactured domestically or assembled of components imported from friendly states, and the largest proportion of agricultural companies have their own warehouses of spare parts and consumables. Most Siberian agricultural enterprises are also refocusing on machinery manufactured in Russia and Belarus. Prices for fuels and lubricants are rather stable or lower than in the same period last year. **Agricultural enterprises are forming their stocks of fuels and lubricants without any disruptions in supplies.**

PRICE EXPECTATIONS

Agricultural companies' costs for sowing of all main crops rose this year, compared to the previous season. Costs were pushed up by higher prices for machinery and components, fertilisers, seeds, and crop protection chemicals.

Nevertheless, current prices for a number of agricultural crops remain below last year's levels owing to large stocks. Companies in a number of regions report that purchase prices for wheat, corn and sunflower are nearly the same as the production costs.

Far Eastern producers are facing problems with the sale of their harvest and a considerable reduction in soybean prices in both the domestic and external markets, which was caused by difficulties in logistics and insufficient processing capacities. To address these problems, the Primorye Territory plans to implement a large investment project to build a Russian–Chinese

agricultural park with a terminal for transshipment of agricultural crops and a soybean processing plant.

Crop producers' price expectations for the next three months continue to trend downwards.

Agricultural enterprises in the South, Central Russia, the Urals and the Far East consider that a significant level of the previous year's stocks of agricultural products is a factor of a further slowdown in price growth.

Table 1. Agricultural crop areas, million hectares

	2023	2022	% on 2022	% on 2018–2022
Crop area, million hectares				
Grains and grain legumes	47.9	47.5	0.9	1.8%
Wheat	29.3	29.5	-0.8	2.3%
Barley	8.1	8.0	1.5	-3.1%
Corn	3.0	2.9	4.6	8.8%
Oil crops	17.9	18.7	-4.3	14.6%
Sunflower	9.6	10.1	-5.3	6.2%
Soybean	3.6	3.5	2.6	16.4%
Rape	2.3	2.3	-0.4	34.9%
Sugar beet	1.0	1.0	0.8	-1.0%
Potato*	0.3	0.3	0.5	-11.0%
Open-field vegetables*	0.2	0.2	-1.6	0.6%

* In agricultural enterprises, peasant farms and individual entrepreneurs.

Sources: assessments of the Bank of Russia Main Branches, Rosstat, and regional governments.

Table 2. Stocks of materials and equipment at Russian agricultural enterprises

	% of required quantities				
	Seeds	CPCs	Mineral fertilisers	Agricultural machinery	Fuels and lubricants
Grains and grain legumes	102.2	64.4	82.0	97.1	84.5
Oil crops	87.6	75.8	85.8	98.6	85.9
Sugar beet	92.0	83.2	89.1	98.7	93.8
Potato	98.3	62.4	68.6	85.9	77.2
Open-field vegetables	89.5	69.9	81.7	96.9	89.9

Sources: assessments of the Bank of Russia Main Branches, regional governments.

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ANNEX.

CORE ECONOMIC INDICATORS

Core indicators. Russia

Table 1

		2021	2022	2022	2022	2022	2022	2023	Feb	Mar	Apr
				Q1	Q2	Q3	Q4	Q1			
Inflation	% YoY	8.4	11.9	16.7	15.9	13.7	11.9	3.5	11.0	3.5	
Core inflation	% YoY	8.9	14.3	18.7	19.2	17.1	14.3	3.7	12.7	3.7	
Industrial production	3MMA, % YoY	6.3	-0.6	5.1	-2.6	-1.2	-3.0		-2.9		
Fixed capital investment	Cumulative, % YoY	8.6	4.6	13.8	7.6	5.4	4.6				
Construction	3MMA, % YoY	7.0	5.2	3.9	3.6	5.2	6.9		8.6		
Housing commissioning	3MMA, % YoY	12.7	11.0	64.6	24.8	1.7	-21.4	-1.2	-6.3	-1.2	
Retail	3MMA, % YoY	7.8	-6.7	3.5	-9.8	-9.4	-9.5		-8.5		
Commercial services	3MMA, % YoY	17.2	3.6	7.9	1.4	2.4	2.3		3.1		
Real wages	3MMA, % YoY	4.5	-1.0	2.9	-5.5	-2.0	0.4				
Real disposable income	% YoY	3.8	-1.4	-1.6	-2.2	-2.5	0.4				
Unemployment	SA, %	4.8	3.9	4.2	3.9	3.9	3.7		3.6		
Outstanding consumer loans	% YoY	19.5	2.5	15.6	7.1	4.3	2.5		1.5		
Outstanding mortgage loans	% YoY	26.7	17.6	27.2	18.3	16.8	17.6		16.1		
Funds in escrow accounts	% YoY	158	32.7	130	76.3	53.7	32.7		17.3		
Non-financial organisations' outstanding bank loans	% YoY	14.6	19.7	17.6	15.6	16.7	19.7		17.7		
• Large borrowers	% YoY	12.3	17.6	15.1	13.3	13.8	17.6		16.2		
• SMEs	% YoY	27.5	29.9	30.4	26.5	31.8	29.9		24.7		
Companies' price expectations	Balance of responses, SA	20.1	21.7	29.3	24.2	15.4	18.1	16.7	16.3	16.4	17.4
Business Climate Index	pp YoY	9.6	-4.8	-2.3	-11.2	-2.3	-3.5	5.1	0.3	17.1	15.6
• Current estimates	pp YoY	11.1	-4.2	1.0	-11.6	-3.0	-3.3	3.2	1.7	9.9	15.4
• Expectations	pp YoY	7.8	-5.5	-5.8	-10.8	-1.6	-3.7	7.2	-1.2	25.0	15.9

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

Core indicators. Main Branch for the Central Federal District

Table 2

		2021	2022	2022	2022	2022	2022	2023	Feb	Mar	Apr
				Q1	Q2	Q3	Q4	Q1			
Inflation	% YoY	8.3	12.5	16.6	16.3	14.2	12.5	4.2	11.4	4.2	
Core inflation	% YoY	9.0	14.9	18.9	19.9	17.7	14.9	4.3	13.1	4.3	
Industrial production	3MMA, % YoY	19.8	3.1	9.7	3.6	2.9	-2.9		-0.8		
Fixed capital investment	Cumulative, % YoY	14.5	-0.2	11.6	4.4	1.4	-0.2				
Construction	3MMA, % YoY	5.2	12.0	7.5	14.3	13.0	12.0		10.7		
Housing commissioning	3MMA, % YoY	14.3	12.6	82.6	24.2	-2.3	-21.8	-11.4	-16.6	-11.4	
Retail	3MMA, % YoY	8.5	-9.5	2.9	-12.9	-12.7	-13.1		-13.0		
Commercial services	3MMA, % YoY	23.5	4.9	16.8	-0.9	1.5	3.0		3.9		
Real wages	3MMA, % YoY	5.6	-2.3	5.3	-7.2	-4.8	-2.0				
Real disposable income	% YoY	5.2	-1.7	3.0	-4.1	-4.2	-0.9				
Unemployment	SA, %	3.5	3.0	3.0	3.0	3.0	2.9		2.9		
Outstanding consumer loans	% YoY	19.9	2.8	16.7	8.6	4.8	2.8		1.3		
Outstanding mortgage loans	% YoY	29.2	16.9	28.5	19.9	18.3	16.9		14.7		
Funds in escrow accounts	% YoY	171	39.6	137	83.8	59.3	39.6		23.1		
Non-financial organisations' outstanding bank loans	% YoY	13.1	15.6	14.8	12.5	13.3	15.6		15.9		
• Large borrowers	% YoY	10.0	13.2	11.3	9.7	10.0	13.2		13.7		
• SMEs	% YoY	36.6	30.1	39.4	29.4	35.6	30.1		28.9		
Companies' price expectations	Balance of responses, SA	29.0	28.2	38.5	32.0	19.9	22.6	19.9	19.0	20.8	22.9
Business Climate Index	pp YoY	8.9	-6.4	-2.0	-14.2	-4.2	-5.1	3.5	-1.2	15.4	15.2
• Current estimates	pp YoY	9.4	-5.1	2.8	-14.3	-3.9	-5.1	1.1	0.6	5.7	12.5
• Expectations	pp YoY	8.1	-7.7	-7.1	-14.1	-4.5	-5.0	6.1	-3.5	25.9	18.0

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

Core indicators. North-Western Main Branch

Table 3

		2021	2022	2022	2022	2022	2022	2023	Feb	Mar	Apr
				Q1	Q2	Q3	Q4	Q1			
Inflation	% YoY	8.5	11.9	17.1	15.5	13.7	11.9	3.3	10.9	3.3	
Core inflation	% YoY	8.9	14.7	19.3	19.0	17.5	14.7	3.8	12.8	3.8	
Industrial production	3MMA, % YoY	5.2	-0.9	2.7	-4.1	-8.5	-2.4		-3.2		
Fixed capital investment	Cumulative, % YoY	3.6	-5.0	1.2	-1.0	-7.0	-5.0				
Construction	3MMA, % YoY	3.7	-10.5	-3.9	-9.3	-10.8	-13.5		-4.4		
Housing commissioning	3MMA, % YoY	13.3	8.4	43.3	33.6	-19.6	-8.6	10.1	-2.2	-10.1	
Retail	3MMA, % YoY	11.7	-8.2	5.0	-10.6	-12.4	-12.4		-11.3		
Commercial services	3MMA, % YoY	19.2	3.2	5.1	1.5	2.5	3.4		4.8		
Real wages	3MMA, % YoY	4.3	-1.2	1.6	-5.1	-2.6	0.7				
Real disposable income	% YoY	5.6	-2.5	1.4	-4.2	-6.6	-0.3				
Unemployment	SA, %	3.9	3.2	3.2	3.1	3.4	3.2		3.1		
Outstanding consumer loans	% YoY	18.7	1.8	14.8	6.4	3.9	1.8		0.4		
Outstanding mortgage loans	% YoY	26.5	15.2	26.9	18.1	16.2	15.2		13.1		
Funds in escrow accounts	% YoY	255	32.4	202	111	77.5	32.4		12.3		
Non-financial organisations' outstanding bank loans	% YoY	28.3	45.4	39.2	42.6	29.5	45.4		35.5		
• Large borrowers	% YoY	32.5	46.1	46.6	54.2	28.9	46.1		40.3		
• SMEs	% YoY	11.0	42.0	13.2	7.0	32.4	42.0		13.4		
Companies' price expectations	Balance of responses, SA	23.3	24.0	31.3	28.1	17.2	19.4	17.4	17.0	17.0	18.4
Business Climate Index	pp YoY	9.4	-8.9	-2.0	-14.9	-9.1	-9.8	1.3	-4.0	16.2	15.6
• Current estimates	pp YoY	11.1	-8.3	1.1	-15.5	-9.4	-9.3	-1.2	-3.1	7.0	13.3
• Expectations	pp YoY	7.5	-9.6	-5.2	-14.2	-8.8	-10.3	3.9	-5.1	26.0	18.0

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

Core indicators. Volga-Vyatka Main Branch

Table 4

		2021	2022	2022	2022	2022	2022	2023	Feb	Mar	Apr
				Q1	Q2	Q3	Q4	Q1			
Inflation	% YoY	8.6	12.4	17.1	16.7	14.2	12.4	3.7	11.5	3.7	
Core inflation	% YoY	9.4	14.7	19.7	20.1	17.8	14.7	3.5	13.1	3.5	
Industrial production	3MMA, % YoY	8.7	1.1	6.6	-2.7	1.5	0.9		0.6		
Fixed capital investment	Cumulative, % YoY	5.5	3.3	13.3	6.4	5.7	3.3				
Construction	3MMA, % YoY	13.8	14.2	18.3	5.1	11.5	10.1		14.1		
Housing commissioning	3MMA, % YoY	8.5	3.8	18.2	26.4	14.4	-31.5	14.5	-5.1	14.5	
Retail	3MMA, % YoY	6.0	-3.9	4.3	-8.6	-5.7	-3.8		-3.9		
Commercial services	3MMA, % YoY	10.9	2.9	5.4	3.9	2.4	0.5		1.9		
Real wages	3MMA, % YoY	4.3	-0.6	1.1	-4.5	-1.3	0.9				
Real disposable income	% YoY	2.1	-1.1	-1.4	-1.2	-3.5	1.7				
Unemployment	SA, %	4.0	3.2	3.4	3.3	3.2	3.1		2.9		
Outstanding consumer loans	% YoY	19.2	1.2	14.6	5.4	3.2	1.2		0.5		
Outstanding mortgage loans	% YoY	23.0	15.4	24.2	15.5	13.4	15.4		14.0		
Funds in escrow accounts	% YoY	105	11.6	99.3	54.3	35.0	11.6		-1.0		
Non-financial organisations' outstanding bank loans	% YoY	11.8	11.0	12.0	9.2	10.0	11.0		8.3		
• Large borrowers	% YoY	9.0	8.0	8.0	4.0	6.0	8.0		5.4		
• SMEs	% YoY	19.9	18.8	23.5	23.7	21.3	18.8		15.7		
Companies' price expectations	Balance of responses, SA	28.5	28.6	37.8	33.8	20.2	22.7	20.7	22.1	19.3	23.0
Business Climate Index	pp YoY	9.5	-5.6	-3.5	-13.2	-1.2	-4.4	6.5	2.8	17.9	19.3
• Current estimates	pp YoY	11.1	-5.9	-2.1	-14.0	-3.3	-4.4	4.6	3.0	11.4	18.3
• Expectations	pp YoY	7.6	-5.1	-4.8	-12.2	1.2	-4.5	8.6	2.4	25.1	20.5

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

Core indicators. Southern Main Branch

Table 5

		2021	2022	2022	2022	2022	2022	2023	Feb	Mar	Apr
				Q1	Q2	Q3	Q4	Q1			
Inflation	% YoY	9.2	11.7	16.6	16.1	13.3	11.7	4.0	11.4	4.0	
Core inflation	% YoY	9.1	14.4	17.1	18.8	16.9	14.4	5.0	13.3	5.0	
Industrial production	3MMA, % YoY	5.2	2.5	4.5	-1.4	0.1	7.9		4.9		
Fixed capital investment	Cumulative, % YoY	-0.3	5.1	1.7	1.0	3.4	5.1				
Construction	3MMA, % YoY	6.5	1.9	-20.5	4.2	9.7	3.8		11.4		
Housing commissioning	3MMA, % YoY	13.8	18.0	94.2	37.7	3.1	-20.2	-3.3	2.4	-3.3	
Retail	3MMA, % YoY	12.0	-2.9	2.9	-6.1	-4.5	-3.1		-0.2		
Commercial services	3MMA, % YoY	15.1	2.8	5.4	2.4	1.8	1.7		3.8		
Real wages	3MMA, % YoY	2.3	-1.7	-1.4	-5.6	-2.0	0.8				
Real disposable income	% YoY	4.1	-1.1	-3.8	-3.0	-2.0	3.4				
Unemployment	SA, %	7.8	6.4	6.9	6.3	6.2	6.1		5.8		
Outstanding consumer loans	% YoY	21.1	3.1	17.4	8.6	5.7	3.1		2.1		
Outstanding mortgage loans	% YoY	30.7	24.9	31.5	22.4	21.1	24.9		24.6		
Funds in escrow accounts	% YoY	120	25.1	90.7	45.8	36.1	25.1		17.0		
Non-financial organisations' outstanding bank loans	% YoY	13.7	27.2	16.8	15.2	32.8	27.2		28.2		
• Large borrowers	% YoY	8.4	22.6	10.7	7.2	29.8	22.6		25.9		
• SMEs	% YoY	28.5	38.1	33.2	35.9	40.2	38.1		33.3		
Companies' price expectations	Balance of responses, SA	20.0	21.5	29.0	23.6	15.1	18.2	15.6	14.3	17.1	16.7
Business Climate Index	pp YoY	7.9	-3.9	-2.5	-10.0	-2.0	-1.1	4.8	0.7	14.2	14.4
• Current estimates	pp YoY	10.0	-3.3	1.5	-9.2	-3.9	-1.5	3.1	7.2	3.7	12.5
• Expectations	pp YoY	5.3	-4.6	-6.6	-10.9	0.0	-0.8	6.3	-7.1	25.5	16.3

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

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

Core indicators. Ural Main Branch

Table 6

		2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	Feb	Mar	Apr
Inflation	% YoY	7.7	11.0	16.1	15.1	12.7	11.0	2.2	10.1	2.2	
Core inflation	% YoY	8.2	12.4	18.3	17.7	15.4	12.4	1.5	10.9	1.5	
Industrial production	3MMA, % YoY	4.2	-0.7	4.7	-3.1	-0.5	-1.6		-1.9		
Fixed capital investment	Cumulative, % YoY	0.7	8.7	19.3	9.5	9.1	8.7				
Construction	3MMA, % YoY	7.3	-5.1	4.0	-10.9	-5.8	-5.0		-1.3		
Housing commissioning	3MMA, % YoY	12.1	11.2	64.9	8.6	9.5	-13.2	3.6	6.5	3.6	
Retail	3MMA, % YoY	4.4	-6.1	2.7	-9.2	-8.7	-7.3		-4.1		
Commercial services	3MMA, % YoY	14.7	2.8	6.0	2.1	3.4	0.7		1.2		
Real wages	3MMA, % YoY	3.4	1.1	1.2	-4.7	2.6	4.1				
Real disposable income	% YoY	1.0	-1.1	-1.1	-3.3	-1.5	1.1				
Unemployment	SA, %	4.4	3.3	3.7	3.4	3.2	3.0		2.9		
Outstanding consumer loans	% YoY	18.1	1.6	13.6	5.1	3.5	1.6		0.9		
Outstanding mortgage loans	% YoY	21.1	16.5	22.2	13.7	14.0	16.5		15.8		
Funds in escrow accounts	% YoY	109	21.9	107	53.7	34.9	21.9		6.6		
Non-financial organisations' outstanding bank loans	% YoY	16.6	17.4	22.3	17.8	19.0	17.4		12.4		
• Large borrowers	% YoY	15.0	16.0	21.1	15.9	17.6	16.0		10.5		
• SMEs	% YoY	27.6	25.9	30.2	29.6	26.9	25.9		23.6		
Companies' price expectations	Balance of responses, SA	22.5	24.2	31.4	29.6	17.5	18.3	16.1	15.8	14.8	17.0
Business Climate Index	pp YoY	9.5	-4.9	-1.3	-11.7	-2.6	-3.8	5.4	-0.5	18.4	16.4
• Current estimates	pp YoY	10.2	-4.1	1.3	-10.9	-2.7	-4.1	2.7	-2.5	12.4	16.6
• Expectations	pp YoY	8.7	-5.7	-4.4	-12.5	-2.6	-3.6	8.4	1.9	24.8	16.2

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

Core indicators. Siberian Main Branch

Table 7

		2021	2022	2022	2022	2022	2022	2023	Feb	Mar	Apr
				Q1	Q2	Q3	Q4	Q1			
Inflation	% YoY	9.3	12.7	18.4	17.2	14.6	12.7	3.4	11.2	3.4	
Core inflation	% YoY	9.5	14.2	20.7	19.9	17.5	14.2	2.6	12.2	2.6	
Industrial production	3MMA, % YoY	3.0	0.7	5.3	2.0	-1.3	-1.5		-3.0		
Fixed capital investment	Cumulative, % YoY	11.4	5.6	11.3	9.9	5.8	5.6				
Construction	3MMA, % YoY	14.0	10.5	17.7	7.2	9.7	10.2		9.8		
Housing commissioning	3MMA, % YoY	7.7	3.5	87.5	10.5	6.2	-39.7	12.0	-14.9	12.0	
Retail	3MMA, % YoY	7.1	-2.8	7.4	-5.7	-5.4	-5.7		-5.5		
Commercial services	3MMA, % YoY	11.8	5.8	6.7	4.9	6.4	4.6		3.5		
Real wages	3MMA, % YoY	3.3	0.7	2.2	-4.6	0.8	2.4				
Real disposable income	% YoY	2.0	-1.4	-1.7	-2.3	-2.5	0.7				
Unemployment	SA, %	6.1	4.8	5.1	5.0	4.6	4.3		4.1		
Outstanding consumer loans	% YoY	20.5	3.7	16.1	7.2	4.9	3.7		2.9		
Outstanding mortgage loans	% YoY	25.8	17.3	26.9	17.1	15.0	17.3		16.2		
Funds in escrow accounts	% YoY	149	25.0	108	60.0	37.8	25.0		16.5		
Non-financial organisations' outstanding bank loans	% YoY	5.0	17.0	14.5	10.7	16.7	17.0		11.4		
• Large borrowers	% YoY	1.4	11.8	12.5	5.1	12.4	11.8		6.5		
• SMEs	% YoY	18.8	33.8	21.6	29.6	31.7	33.8		28.0		
Companies' price expectations	Balance of responses, SA	24.0	25.0	35.8	26.9	18.2	19.0	18.5	18.2	18.6	19.2
Business Climate Index	pp YoY	8.8	-3.6	-2.7	-9.3	0.2	-2.7	8.4	2.4	22.9	18.6
• Current estimates	pp YoY	10.2	-4.2	-1.2	-10.5	-0.6	-4.7	5.5	1.8	14.1	18.2
• Expectations	pp YoY	7.3	-3.0	-4.3	-8.0	1.0	-0.6	11.6	3.1	32.5	19.1

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

Core indicators. Far Eastern Main Branch

Table 8

		2021	2022	2022	2022	2022	2022	2023	Feb	Mar	Apr
				Q1	Q2	Q3	Q4	Q1			
Inflation	% YoY	6.7	11.9	13.4	14.1	12.5	11.9	5.2	11.2	5.2	
Core inflation	% YoY	6.7	14.0	15.1	16.5	15.3	14.0	5.5	13.0	5.5	
Industrial production	3MMA, % YoY	3.0	-5.4	3.4	-7.8	-12.7	-5.2		-3.2		
Fixed capital investment	Cumulative, % YoY	13.8	11.5	14.2	5.1	3.5	11.5				
Construction	3MMA, % YoY	-0.7	4.7	-8.2	7.7	-3.9	16.9		27.9		
Housing commissioning	3MMA, % YoY	25.4	13.7	23.9	34.0	31.8	-6.6	45.1	3.3	45.1	
Retail	3MMA, % YoY	5.6	-1.5	1.2	-1.6	-1.4	-3.8		-3.6		
Commercial services	3MMA, % YoY	13.2	-1.6	-0.7	-2.9	-2.6	0.3		-1.0		
Real wages	3MMA, % YoY	4.2	-2.5	0.3	-3.5	-3.0	-1.6				
Real disposable income	% YoY	2.3	-2.2	-3.1	-1.2	-3.4	-1.3				
Unemployment	SA, %	4.6	3.9	4.3	4.0	3.8	3.4		3.2		
Outstanding consumer loans	% YoY	17.7	3.7	13.1	5.8	3.5	3.7		3.1		
Outstanding mortgage loans	% YoY	32.5	23.3	34.4	25.5	22.4	23.3		21.1		
Funds in escrow accounts	% YoY	162	34.0	133	95.4	67.5	34.0		19.1		
Non-financial organisations' outstanding bank loans	% YoY	18.0	18.9	8.5	10.7	13.2	18.9		16.2		
• Large borrowers	% YoY	17.0	21.0	4.4	6.2	12.8	21.0		18.1		
• SMEs	% YoY	21.8	11.0	24.8	28.2	14.7	11.0		8.7		
Companies' price expectations	Balance of responses, SA	18.8	21.0	27.4	24.0	15.8	16.9	16.5	16.4	14.4	15.4
Business Climate Index	pp YoY	7.3	-3.2	-0.7	-7.3	0.1	-4.7	4.7	-0.5	15.6	15.1
• Current estimates	pp YoY	8.4	-2.0	4.1	-6.6	-0.9	-4.5	-0.6	-3.6	6.4	12.0
• Expectations	pp YoY	6.1	-4.4	-5.7	-7.9	1.2	-5.0	10.3	3.3	25.4	18.3

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