EXECUTIVE SUMMARY

- Disinflationary factors largely caused by plummeting demand continue to prevail in the economy. Nonetheless, annual inflation in June slightly sped up amid very low growth rates recorded in June 2019. Economic activity is recovering gradually, maintaining disinflationary pressure in the economy. This trend is also supported by a relatively stable environment in financial markets and an upturn in oil prices.
  - The current monthly growth rates of consumer prices and a slow revival of demand in the economy suggest that disinflationary factors dominate. In the second half of the year, the seasonally adjusted growth of consumer prices will remain somewhat below the level needed for stabilising inflation around 4%. Concurrently, accommodative fiscal policy and monetary policy easing will restrict the intensification of disinflationary trends in the economy. As a result, inflation will stabilise close to its target in 2021.
  - Russian regions continue to progressively cancel their anti-coronavirus restrictions, which is boosting economic activity in the country. However, this process will be progressive and non-uniform. The impact of a range of anti-coronavirus restrictions in Russia and worldwide turns out to be long-term. Consumers’ and businesses’ switch to the online format and remote work tends to entrench, requiring a readjustment of a range of business models in a number of service and trade industries. Stable supply shocks and structural shifts in demand entail a slight decrease in potential GDP, both in the Russian and global economies. All else equal, this implies that accommodative fiscal and monetary policies will help the economy regain its potential and stabilise inflation around the Bank of Russia’s target faster than it could be without such consequences for the potential.
  - In June, the Russian financial market generally stayed stable, supported by the further recovery of oil prices. No material risks to the stability of Russian financial markets and financial institutions could be observed over the month.