



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.

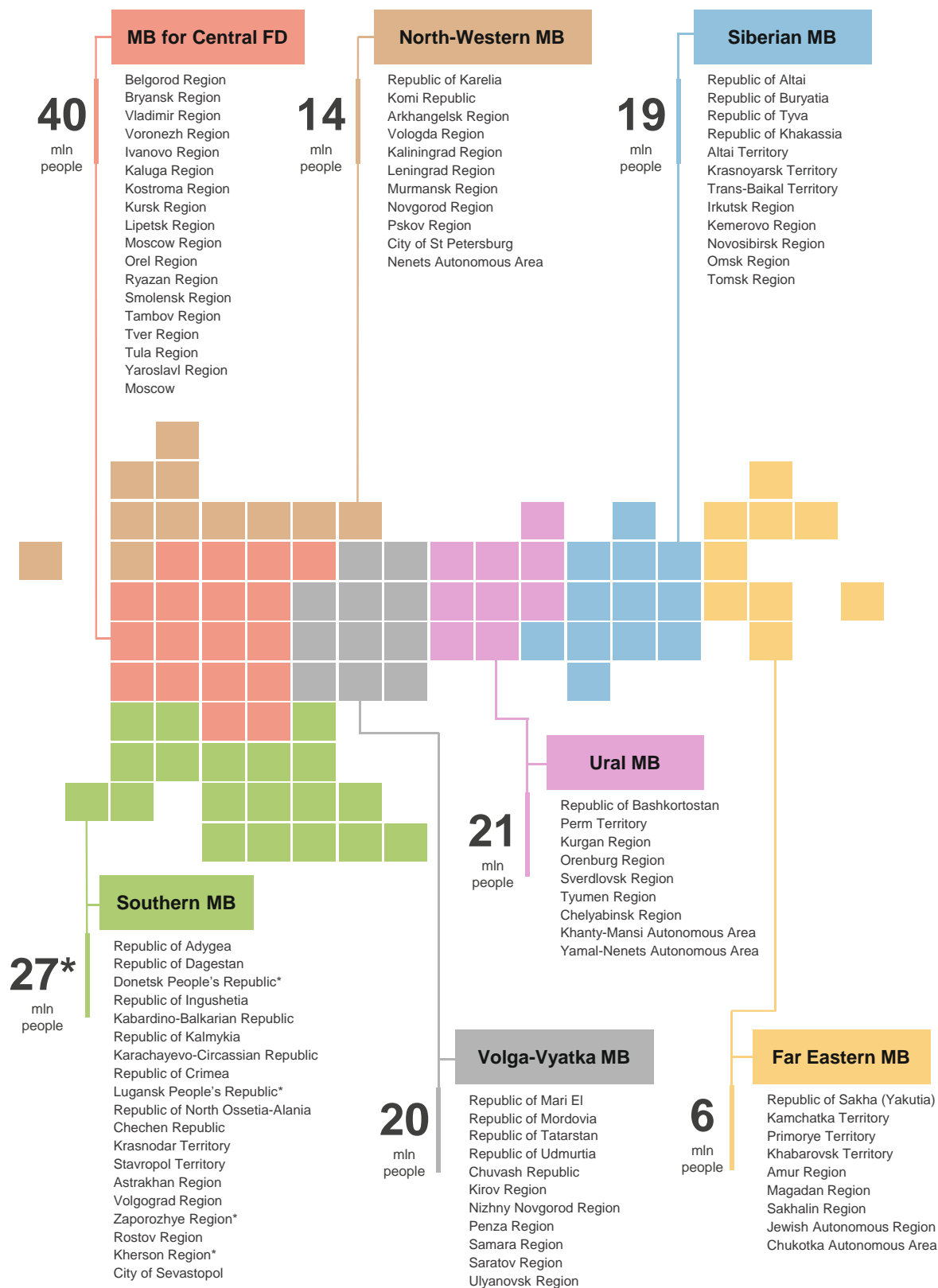
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\* Official statistics on the main social and economic indicators of the constituent territories of the Russian Federation do not include statistics on the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson 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 this Report is prepared by the specialists of the Bank of Russia MBs.

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 15,000 non-financial companies<sup>1</sup> carried out by the Bank of Russia MBs. 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 MBs, including following various events with the engagement of regional executive authorities, businesses, industrial unions, and entrepreneurs' associations. Along with this descriptive 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.

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<sup>1</sup> In June 2024, we surveyed 15,326 companies.

## RUSSIAN FEDERATION

Consumer activity continued to expand in May–June. Economic growth was still driven by high domestic demand (in both public and private sectors). Consumer activity was up in June, supported by a rise in household incomes and lending. Price growth slowed down slightly in June, remaining elevated due to persistent demand pressure. Companies increased their price expectations. Corporate lending was rising.

**Economic activity continued to expand.** Companies in Central Russia and the North-West ramped up the output of paper and cardboard products amid rising demand for packaging materials. In the South, favourable current and expected market conditions encouraged chemical producers to invest in new projects. Food enterprises in Siberia expanded their range of products, relying on high external demand, among other things. Oil refineries in the Urals and the Volga Region expanded the output of petroleum products. The transshipment of container cargoes at the Far Eastern ports was up in part owing to the launch of multimodal routes<sup>2</sup> (see the Box '*Freight logistics*').

**The labour market became tighter.** Rising labour demand supported the high rates of wage growth. Companies were implementing programmes to support specialists from other regions and improve labour productivity. However, the labour shortage remained one of the main factors limiting the business activity, including investment activity (see the Box '*Investment activity*').

**Consumer activity was up** across all macro-regions. The highest demand was registered in catering and domestic tourism. Demand for medical services was also growing (see the Box '*Industry focus. Medical services*'). The rise in consumer activity was supported by higher household incomes and expansion of consumer lending.

**Monthly consumer price growth slowed down in June** (seasonally adjusted, SA), remaining notably above 4% in annualised terms almost in all regions. The current inflationary pressure exceeded the figures of 2024 Q1, supported by the expansion of domestic demand surpassing the capacities to ramp up supply. Companies' price expectations continued to grow in June across Russia as a whole. Household inflation expectations were also up.

**Demand for loans from firms and households increased.** The corporate portfolio of both working capital and investment loans expanded. Consumer lending was growing actively in part due to high household inflation expectations. As regards the mortgage segment, new subsidised loans were notably up in June. Demand for them soared amid expectations that the non-targeted subsidised mortgage lending programme would be terminated in July.

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<sup>2</sup> A multimodal route involves transportation of freight using various means of transport under a contract with a single carrier.

## KEY TRENDS IN RUSSIAN REGIONS

**MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT.** Industrial production continued to grow faster than across Russia as a whole, driven by higher output of food, computers and electronic devices, finished metal and paper products. Consumer demand growth decelerated but remained above the Russian averages, supported by the development of domestic tourism and higher wages. The rise in business costs in June resulted in a more notable increase in price expectations in the macro-region as compared with Russia as a whole.

**NORTH-WESTERN MAIN BRANCH.** Growth in consumer activity accelerated in June. The turnover in public catering rose faster than across Russia as a whole, mainly driven by a notable increase in tourist traffic. Companies raised their price expectations. Producers of paper and paper products expanded and upgraded their production capacities amid higher demand. Fish farms were established in order to decrease dependence on imported fish feed and seed.

**VOLGA-VYATKA MAIN BRANCH.** In June, companies' price expectations were up more significantly than across Russia as a whole. Companies' demand and output expectations slightly improved in the macro-region but worsened across Russia as a whole. After the ban on petrol exports had been lifted, oil producers in Volga-Vyatka did not increase petrol supplies to the external market unlike oil refineries in other Russian regions.

**SOUTHERN MAIN BRANCH.** As a result of slower growth in consumer activity consumer preferences shifted towards cheaper products and the number of impulsive purchases decreased. SME lending expanded faster than nationwide, backed by high activity of construction companies amid continuing high demand for housing. Weather conditions supported the high pace of the harvesting campaign. Industrial production continued to grow faster than across Russia as a whole, predominantly driven by machine building.

**URAL MAIN BRANCH.** Construction and agricultural companies increased their price expectations more significantly as compared with Russia as a whole. The output of petroleum products was up. Unemployment in the Urals hit record lows and was notably below the Russian averages. Enterprises stopped raising wages with some of them planning to carry out the indexation again in autumn in order to retain personnel.

**SIBERIAN MAIN BRANCH.** Industrial production in the macro-region increased slower than nationwide after coal producers and metal makers had cut output owing to tougher sanctions and logistics issues. Higher growth in the construction sector, as compared with Russia as whole, was driven by the active construction phase of major industrial, transport and logistics, and social facilities. This encouraged manufacturers of construction materials to ramp up output and expand production capacities.

**FAR EASTERN MAIN BRANCH.** Consumer activity edged up in the macro-region. The growth rates in the Far Eastern mining and quarrying sector exceeded the Russian averages. This was due to the expansion of production capacities of coal producers and higher external demand for gas. At Far Eastern seaports, cargo turnover grew slower than countrywide owing to a decrease in coal supplies to the external market.

## CORE ECONOMIC INDICATORS

		Date	Russia	MB for the Central FD	North-Western MB	Volga-Vyatka MB	Southern MB	Ural MB	Siberian MB	Far Eastern MB
MB's percentage in inflation	%	2024	100	34	11	11	15	14	10	5
Inflation	% YoY	June24	8.6	8.8	8.1	8.2	8.7	8.0	9.2	9.1
Core inflation	% YoY	June24	8.7	9.0	8.3	8.2	8.7	7.9	9.5	10.1
Industrial production	3MMA, % YoY	May24	4.4	13.8	6.8	5.3	6.8	2.1	1.5	2.4
Fixed capital investment	Cumulative, % YoY	2024 Q1	14.5	14.2	17.7	19.0	19.8	14.5	4.4	20.7
Construction	3MMA, % YoY	May24	4.6	0.7	9.4	1.1	7.4	3.9	14.3	0.4
Housing commissioning	3MMA, % YoY	May24	0.9	-12.6	-2.0	-0.6	36.3	-2.5	-11.4	8.6
Retail	3MMA, % YoY	May24	8.8	9.3	6.4	10.2	10.1	9.1	11.0	4.8
Commercial services	3MMA, % YoY	May24	3.8	6.2	-0.2	4.8	3.8	2.3	2.9	-0.1
Real wages	3MMA, % YoY	Apr24	10.8	11.8	7.4	12.4	9.1	11.2	9.3	8.2
Real disposable income	% YoY	2024 Q1	5.9	3.8	-5.0	3.9	4.5	2.5	-2.4	1.6
Unemployment	% SA	May24	2.6	1.9	2.3	2.0	4.9	1.9	3.1	2.6
Outstanding consumer loans <sup>3</sup>	% YoY	May24	19.3	18.5	15.9	22.1	24.6	19.6	17.7	14.6
Outstanding mortgage loans	% YoY	May24	24.4	20.8	18.7	26.4	35.2	24.9	26.3	26.1
Funds in escrow accounts	% YoY	May24	41.1	32.6	21.0	54.0	91.2	55.0	61.9	41.0
Non-financial organisations' outstanding bank loans	% YoY	May24	24.0	22.7	33.3	17.0	16.8	18.3	35.1	33.1
• Large borrowers	% YoY	May24	23.1	21.8	34.8	12.2	1.6	15.8	47.2	35.2
• SMEs	% YoY	May24	27.5	26.9	25.1	27.4	45.2	29.5	8.4	24.5
Companies' price expectations <sup>4</sup>	Balance of responses, points, SA	June24	21.3	29.8	26.6	30.7	22.8	23.9	27.1	19.3
Business Climate Index	SA, p	June24	10.6	7.9	6.7	14.5	7.9	8.8	12.3	9.9
• Current estimates	SA, p	June24	7.2	4.1	2.2	9.9	2.2	3.8	6.0	5.6
• Expectations	SA, p	June24	14.0	11.8	11.2	19.2	13.7	13.9	18.8	14.2

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

<sup>3</sup> 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.

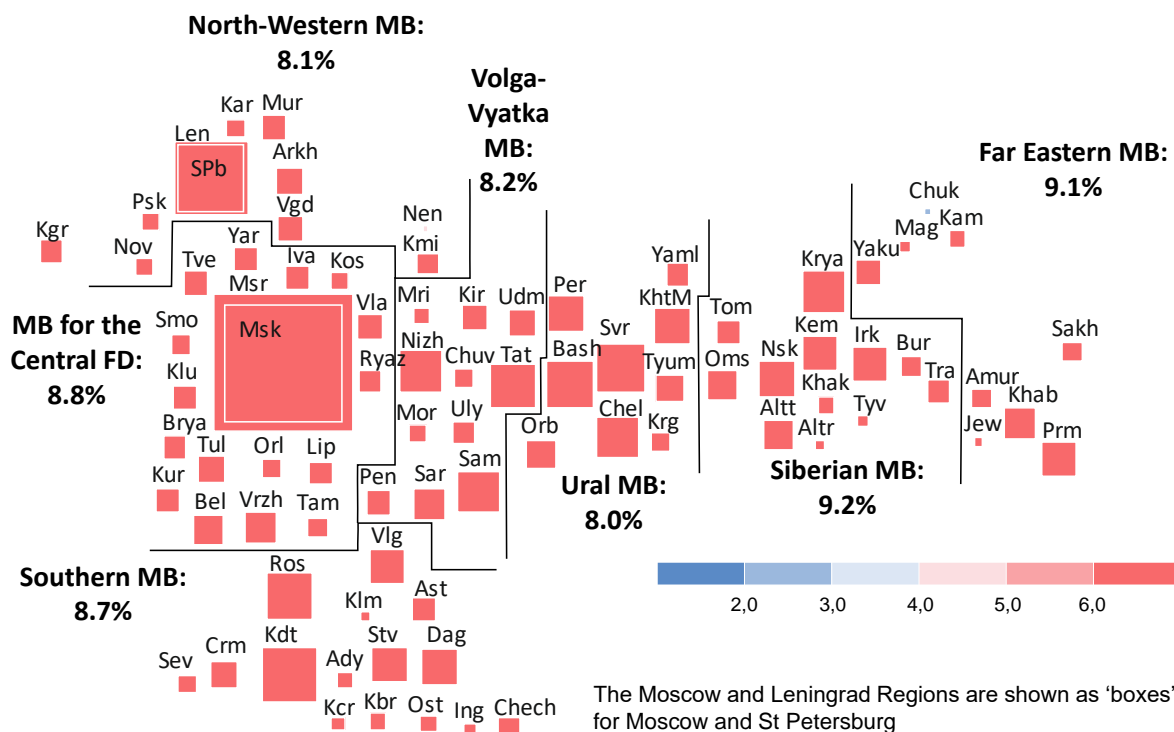
<sup>4</sup> The balance of responses is the difference between the percentages of responses 'will increase' and 'will decrease' to the question about expectations regarding prices in the next three months. Companies' price expectations and the Business Climate Index are based on the monitoring of businesses carried out by the Bank of Russia.



## INFLATION IN RUSSIAN REGIONS

Price growth in June 2024, % YoY

The sizes of the regions' signs correspond to their percentages in the Russian CPI



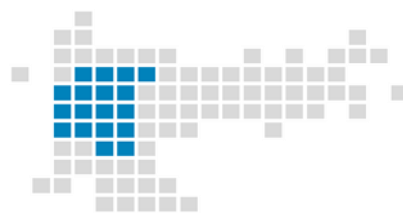
Note. The lines on the map divide the regions of operation of the Bank of Russia MBs.

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 Adygea	Kos	Kostroma Region	Sam	Samara Region
Altt	Altai Territory	Krya	Krasnoyarsk Territory	Sar	Saratov Region
Altr	Republic of Altai	Kdt	Krasnodar Territory	Sakh	Sakhalin Region
Amur	Amur Region	Crm	Republic of Crimea	Svr	Sverdlovsk Region
Arkh	Arkhangelsk Region (excl. Autonomous Area)	Kur	Kursk Region	Sev	City of Sevastopol
Ast	Astrakhan Region	Krg	Kurgan Region	Smo	Smolensk Region
Bash	Republic of Bashkortostan	Kcr	Karachayevo-Circassian Republic	SPb	City of St 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	Republic of Mari El	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. Autonomous Areas)
Jew	Jewish Autonomous Region	Nen	Nenets Autonomous Area	Udm	Republic of Udmurtia
Tra	Trans-Baikal Territory	Nizh	Nizhny Novgorod Region	Uly	Ulyanovsk Region
Iva	Ivanovo Region	Nov	Novgorod Region	Khak	Republic of Khakassia
Ing	Republic of Ingushetia	Nsk	Novosibirsk Region	KhtM	Khanty-Mansi Autonomous Area – Yugra
Irk	Irkutsk Region	Oms	Omsk Region	Chel	Chelyabinsk Region
Klm	Republic of Kalmykia	Orb	Orenburg Region	Chch	Chechen Republic
Klu	Kaluga Region	Orl	Orel Region	Chuv	Chuvash Republic
Kam	Kamchatka Territory	Ost	Republic of North Ossetia – Alania	Chuk	Chukotka Autonomous Area
Kar	Republic of Karelia	Pen	Penza Region	Yaku	Republic of Sakha (Yakutia)
Kbr	Kabardino-Balkarian Republic	Per	Perm Territory	Yaml	Yamal-Nenets Autonomous Area
Kem	Kemerovo Region – Kuzbass	Prm	Primorye Territory	Yar	Yaroslavl Region
Kir	Kirov Region	Psk	Pskov Region		
Kgr	Kaliningrad Region	Ros	Rostov Region		
Kmi	Komi Republic	Ryaz	Ryazan Region		

## BANK OF RUSSIA MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT



The rise in consumer activity slowed down in June 2024. Annual inflation and companies' price expectations continued to grow. The output of paper and non-alcoholic drinks increased faster and the turnover in public catering continued to go up. In May, new government subsidised mortgage loans were still up on the verge of the termination of the non-targeted subsidised mortgage programme in July, while new market-based mortgage loans were down. The inflow of household funds into time deposits sped up, driven by higher rates.

**CONSUMPTION AND INCOMES.** The rise in consumer activity in Central Russia slowed down in June. Thus, growth in demand for individual non-food durables continued to decelerate. The sales of new foreign cars dropped in May vs April. According to the survey, the share of respondents who had purchased furniture and home improvement goods over the past three months decreased in June. Contrastingly, regional supermarkets reported higher demand for ready meals, chilled prepared food, and vegetable mixes. According to high-frequency data, demand for domestic tourism services continued to expand in June. The Moscow, Vladimir, Tula, and Kaluga Regions recorded higher demand for glamping and eco hotels. Trade companies' demand expectations edged down in June but remained positive.

**PRICES.** In June 2024, price growth (SA) was still high in the macro-region mainly due to rising prices for fruit and vegetables, meat products, motor fuels, flat rentals, tourism, insurance, and personal services, as continuing strong demand enabled companies to pass through higher costs to prices. As a result, annual inflation reached 8.8%. According to Rosstat's weekly data, accelerated price growth persisted in July, significantly driven by the indexation of utility rates. Businesses' price expectations continued to increase in June due to pressure from higher costs. Price expectations rose almost in all core sectors, especially in agriculture and construction.

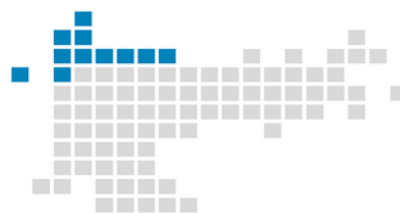
**MONETARY CONDITIONS AND BANKING SECTOR.** As of early June, companies demonstrated stronger demand for loans: in May, new loans were up and the monthly growth in the portfolio accelerated. According to the survey conducted in June, the share of enterprises reporting tighter lending conditions increased. As of early June, the growth rate of the retail loan portfolio remained the same as in April (SA) supported by the mortgage segment. Government subsidised mortgage lending expanded vs April, since borrowers were seeking to obtain loans before the termination of the non-targeted subsidised mortgage programme in July and the expected change in the conditions of a number of other programmes. Market-based mortgage lending was down. Growth rates of consumer lending (SA) remained elevated in May. To support demand in the car market, dealers suffering from a glut of inventory offered special prices and discounts, while car makers provided subsidised lending programmes more actively. As a result, the share of car loans in consumer lending increased. Driven by higher short-term deposit rates, the inflow of household funds into bank deposits (SA) accelerated in May.

**PUBLIC CATERING.** In May 2024, regional public catering companies recorded continuing growth in turnover (SA), which slightly slowed down vs April. The growth was mainly fuelled by higher demand for delivery of ready meals in the Moscow metropolitan area. A meal delivery company in the Moscow Region launched a corporate catering service with a wide range of dishes. Now, the residents of a number of Moscow districts can order food from more than 350 stores, restaurants, and cafés to be delivered by delivery robots. Amid continuing strong demand for catering services, the number of new cafés and restaurants in Moscow in 2024 H1 exceeded the figures of the previous year by 78%. A rise in domestic tourism and demand for food tourism supported the development of the sector. In the Vladimir Region, a large roadside café chain increased the number of outlets to meet demand from a growing number of car travellers.

**MANUFACTURE OF PAPER AND PAPER PRODUCTS.** Since early 2024, the macro-region had been actively expanding the output of paper amid high domestic and external demand. In January–May, the output of paper and paper products more than doubled in annualised terms. The main contributor was the Moscow Region accommodating more than 700 paper producers. A Moscow-based company ramped up the output of packaging as part of import substitution by increasing production capacities by 20% last year and expanding its presence in the CIS countries. A paper and cardboard producer in Yaroslavl planned to build a cardboard plant in 2024. The expansion of output in related industries supported demand for paper products. Packaging materials were used in the pharmaceutical, food and cosmetic industries. A Kaluga-based manufacturer of sanitary products launched a new automated line, which increased the production capacities by 30%. However, an aggravation of problems with international settlements for components and spare parts negatively affected companies' price expectations.

**BEVERAGE MANUFACTURE.** The macro-region manufactures almost 40% of Russian non-alcoholic drinks. Their output increased in annualised terms over January–May 2024. Beverage manufacturers reported steady demand, with the Kaluga and Kostroma Regions registering its growth. Consumer preferences shifted from carbonated drinks to juice drinks. The exit of certain foreign brands from the Russian market, the expansion of domestic tourism, and higher demand from foreign partners boosted output. The macro-region was building new plants. The operating enterprises were expanding their production capacities, product ranges, and market coverage outside Russia. The Lipetsk Region ramped up the output of juice drinks, ice tea, and lemonades. Certain enterprises in the Kaluga and Kostroma Regions expanded the output of mineral and artesian water. The Tambov Region launched the manufacture of products equivalent to those made by famous international brands. A Moscow-based manufacturer concluded contracts for the supply of drinks to new partners in the Middle East countries. Elevated demand allowed businesses to pass through their costs pushed up by logistics problems and higher prices for imported components, among other things, to prices. Issues with international settlements made businesses increase their stocks of raw materials and spare parts to ensure uninterrupted operation.

## BANK OF RUSSIA NORTH-WESTERN MAIN BRANCH



In June, consumption in the North-West was growing faster than in May. Demand, in particular in catering, was supported by high tourist activity. Companies' price expectations were up in June almost in all core sectors (except for transportation and storage). Producers of paper and paper products expanded and upgraded their production facilities to meet higher demand for packaging. Fish farms were established in order to decrease dependence on imported fish feed and seed.

**CONSUMPTION AND INCOMES.** According to preliminary data, the rise in consumer activity sped up in June. According to the survey of businesses conducted in June, retailers' current estimates and expectations regarding demand improved. The traffic in St Petersburg shopping malls edged up in June vs May and was higher than in 2023. Demand expectations in the services sector also improved largely due to high tourist traffic. According to estimates, the number of accommodation bookings in St Petersburg increased by 20% in June as compared with the last year.

**PRICES.** In June, current price growth (SA) slightly accelerated, primarily driven by changes in fruit and vegetable prices. According to weekly data, price changes were mainly fuelled by volatile and administered components in early July. Companies' short-term price expectations were up in June almost in all sectors, except for transportation and storage. The North-Western companies still reported that the expected increase in prices was mainly driven by growth in costs which had accelerated over the past months, according to surveys.

**MONETARY CONDITIONS AND BANKING SECTOR.** The annual rise in corporate lending slightly decelerated as of early June, mainly in trade. However, loan portfolios in some sectors, continued to grow faster than countrywide, namely in mining, manufacturing, and real estate, among others. Growth in retail lending continued to slow down as of early June due to the trends in the market-based mortgage segment. Contrastingly, demand for subsidised mortgage loans was up in May–June. In late June, a number of banks stopped accepting loan applications under individual government subsidised programmes, since they had already received many applications and exhausted credit limits on the verge of the termination of the non-targeted subsidised mortgage programme in July, among other reasons. High deposit rates fuelled the inflow of household funds to time deposits.

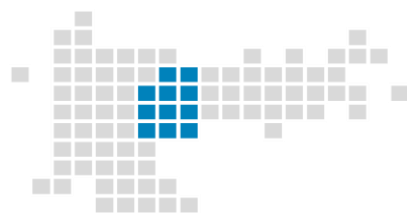
**MANUFACTURE OF PAPER AND PAPER PRODUCTS.** In May 2024, the output of paper and paper products increased in the North-West as compared with April (SA) but remained somewhat below the 2021 Q4 level. As demand for packaging picked up, manufacturers continued to expand and upgrade their production capacities. A Novgorod-based company put into operation new equipment to manufacture high-quality corrugated materials (paper and cardboard). A Kaliningrad manufacturer of cardboard packaging planned to build up production capacities by almost a third in 2024 to boost export supplies. As part of import substitution, a major North-Western wood enterprise was developing in-house production of spare parts for foreign paper manufacturing equipment. A Karelian pulp and paper plant continued to implement an investment project to establish a facility to

manufacture viscose pulp and planned to launch a waste paper factory in 2024. However, paper manufacturers continued to report difficulties with the railway transportation of products. To make overseas supplies of finished products more efficient, enterprises developed cooperation with major domestic logistics companies to arrange multimodal routes.

**FISHING AND FISH PROCESSING.** Fish output in the North-West edged up in annualised terms as of the end of June. The fishing of capelin was boosted by the expansion of the relevant quotas. However, the fishing of haddock and cod was down owing to a decrease in their harvestable stock and the introduction of fishing quotas. The decline in the supply of these fishes along with a rise in external demand pushed up wholesale prices for them. Furthermore, fishing companies reported higher fishing costs in North European marine zones. Since Murmansk fishing vessels were banned from calling at most foreign ports, they had to return to their port to transship the catch, change the crew, and do repairs. To reduce the persistent dependence on imported fish feed and seed, the macro-region implemented a number of major projects. For example, the Republic of Karelia was completing the construction of a fish feed plant and a facility to grow the seed for salmonid fishes. The Leningrad Region was constructing a high-tech facility to grow rainbow trout in the water area of Lake Ladoga and a large commercial trout farm in the Gulf of Finland. In May 2024, fish and seafood processing increased year-on-year in the macro-region. A manufacturer in the Kaliningrad Region reported a rise in the output of canned products fuelled by a larger number of orders from federal retail chains, in particular. Enterprises continued to enter new sales markets. Crab companies in the Murmansk Region successfully switched from the US to the Asian market and started to regularly supply the Kamchatka crab to Asia via multimodal routes.

**PUBLIC CATERING.** Growth in the turnover of catering companies accelerated in May. High demand for the services of cafés and restaurants was supported by tourism, including business and event tourism. Food festivals where visitors might taste local cuisine became increasingly popular in many North-Western regions (for example, the Murmansk and Arkhangelsk Regions and the Republic of Karelia). The development of the tourist infrastructure promoted the launch of new public catering facilities. As a result, demand for employees (first of all, cooks and bakers) in this sector also increased. According to the estimates of tourist companies, in the coming months, the tourist traffic in the macro-region will notably exceed the figures of 2023, supporting active demand for the services of cafés and restaurants.

## BANK OF RUSSIA VOLGA-VYATKA MAIN BRANCH



According to preliminary data, consumer activity in the macro-region was increasing at a moderate pace over June as in May. Companies' price expectations continued to grow. Enterprises reported acute labour shortages, which in turn affected their production and investment plans. A rise in the supply of intermediate goods boosted production activity. Household funds in time deposits were growing and retail lending was actively expanding.

**CONSUMPTION AND INCOMES.** According to high-frequency data, consumption growth rates remained low in June after a decline in April–May. Retailers' demand expectations slightly worsened. As regards non-food durables, car sales stabilised after a surge in 2024 Q1. The rise in demand for domestic cars decelerated, following a slowdown in demand for foreign cars. Consumer demand for new cars was partially supported by the expected toughening of lending conditions. According to dealers, a consistent decrease in prices might stimulate the sales of foreign cars: a seller expected their sales to go up once cheaper localised models were imported. An increase in shopping mall traffic and sales of home improvement goods was typical of the current season. Domestic tourism remained a key driver of growth in the consumption of services and the turnover of catering companies, which was also fuelled by entertainment, sports, and business events in many regions.

**PRICES.** Monthly inflation (SA) sped up in May–June vs April. Fruit and vegetable prices no longer decreased largely due to lower imports of potatoes. As regards services, rising demand pushed up prices for foreign travel and air transportation. However, growth in prices for telecommunications services, electronic devices, and household appliances slowed down. Enterprises in Volga-Vyatka, including retailers, notably increased their price expectations in June.

**LABOUR MARKET.** Companies' demand for employees continued to grow in June. Labour shortages still limited business activity. Sometimes, companies declined some orders and postponed the implementation of investment projects. Companies were raising wages as the main method to recruit and retain employees. However, even this did not help some of them compete with other employers. For example, a furniture manufacturer in the Saratov Region experienced an outflow of employees even though it raised wages by 50% over a year. A major hypermarket chain increased wages by 30% but did not overcome labour shortages. To adjust to the lack of personnel, companies often introduced additional shifts or extended working hours. Along with introducing additional shifts and operating on weekends, a manufacturer of electronic equipment in Mari El outsourced some operations to contractors from other regions. Furthermore, better labour productivity helped companies mitigate labour shortages. For example, a number of highly automated livestock farms in the Samara Region reported that the existing shortage did not significantly affect their output.

**MONETARY CONDITIONS AND BANKING SECTOR.** The corporate loan portfolio expanded by early June, with its monthly growth exceeding multi-year averages. This was largely due to a rise in outstanding loans to construction companies. Despite high rates, retail lending continued to expand actively in May, still notably driven by new car loans whose annual growth remained significant and the share in total consumer loans was up. The mortgage portfolio was growing moderately in May,

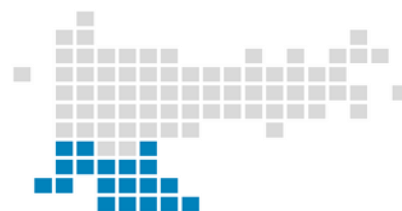


largely due to an increase in the number of new subsidised mortgage loans. According to high-frequency data, new loans under the non-targeted subsidised mortgage programme hit an all-time high in late June on the verge of its termination in July. Household funds in short-term deposits and demand accounts with banks increased quickly in May. In late May, June, and early July, a number of regional credit institutions raised rates on and improved other conditions of their ruble deposits (the maximum deposit amount and top-up options) .

**CHEMICAL INDUSTRY.** Over the past months, the chemical sector demonstrated diverse dynamics. Higher output was reported by companies whose products could be used to substitute imported equivalents in the domestic market. A producer of paints and varnishes opened a new shop and manufacturers of disinfectants and chemicals for the oil production and agricultural sectors ramped up output. However, output at a number of major enterprises did not yet reach the levels of late 2021–early 2022. For example, a manufacturer experienced difficulties with the sales of its products in new foreign markets. Another company believed that the existing output dynamics were a result of a lengthy upgrade of its production capacities. The enterprise completed the implementation of this investment project in June, which might boost output in the coming months. A gradual easing of logistics bottlenecks had a positive effect on the dynamics of major producers. In particular, in May, a leading exporter of chemicals shipped the first batch of ammonia via a new sea terminal in the South of Russia. The production capacities of this port will help increase the enterprise's export supplies that contracted in early 2022.

**OIL REFINING.** The production in the sector gradually rebounded. In May, oil supplies to refineries in Volga-Vyatka were up by 4% after a 14% decline from January to April 2024. According to preliminary data, in June, output growth was fuelled by the completion of unscheduled repairs at several large oil refineries accounting for around a third of the total output of petroleum products in the macro-region. Regardless of a suspension of the temporary ban on the export of petrol, Volga-Vyatka-based oil refineries expanded their output of petrol in May–June to sell it mainly in the domestic market. Nevertheless, their output prices for the main petrol grades were growing at an average Russian pace during the said months. Concurrently, prices in the wholesale market remained below those recorded in the same period of 2023.

## BANK OF RUSSIA SOUTHERN MAIN BRANCH



Consumer activity in the macro-region slowed down in June. Demand for market-based mortgage loans decreased, while lending under subsidised programmes was up. Annual inflation sped up and price expectations continued to grow. Chemical enterprises ramped up output amid elevated external and domestic demand. The weather conditions allowed agricultural companies to start the harvesting ahead of schedule. The expected gross yield was below the 2023 readings but above multi-year averages.

**CONSUMPTION AND INCOMES.** Consumption growth (SA) decelerated in May–June vs March–April. Trade companies reported that consumers had switched to cheaper goods. Discounter chains expanded to meet the needs of a growing number of their clients. For instance, Rostov-on-Don launched a distribution centre to ensure supplies to discount stores in the Rostov Region and the Krasnodar Territory. As demand for employees continued to go up, companies raised wages and expanded the social package. For example, in addition to higher wages, a food producer in the Volgograd Region offered transfers to the place of work for its employees from the nearest localities and an expanded voluntary health insurance package and provided its best employees with accommodation to which they can subsequently obtain title.

**PRICES.** The monthly price growth rate (SA) remained practically unchanged in June. Annual inflation sped up to 8.7%, mainly driven by a more significant increase in fruit and vegetable prices as compared with May and lower imports of certain vegetables and fruit. Also, agricultural companies continued to pass through higher logistics costs to prices. Contrastingly, the rise in prices for poultry and eggs slowed down, with their output going up in the macro-region. Companies' price expectations continued to grow, mostly in trade.

**MONETARY CONDITIONS AND BANKING SECTOR.** As of early June, annual growth in corporate lending decelerated but remained elevated. These dynamics were supported mainly by demand from small and medium-sized enterprises (SMEs). For example, the Krasnodar Territory increased lending to construction SMEs to finance their current projects. Regardless of a slowdown in consumption growth, the consumer lending market demonstrated no signs of cooling. Banks reported that their customers had used the grace period of their credit cards to pay for the current purchases more often. As a result, annual growth of the consumer loan portfolio accelerated as of early June and lending in May reached record highs since 2014. This growth was additionally boosted by the rising number of new car loans. The annual increase in the mortgage portfolio slowed down as of early June, remaining above multi-year averages on the verge of the termination of the extensive subsidised lending programme in July. The inflow of household funds into deposits accelerated, fuelled by higher deposit rates amid stronger competition for depositors between banks.

**AGRICULTURE.** In June, the South of Russia started the harvesting campaign whose progress was faster than last year. The frost in May and the precipitation deficit in June damaged around 8% of the macro-region's areas under core crops, mainly grains. As assessed by manufacturers in the Volgograd and Rostov Regions, the grain harvest may notably decrease as compared with 2023

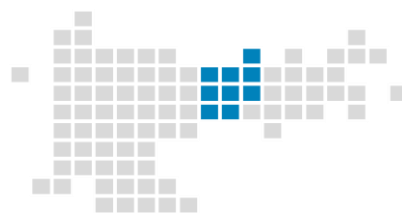


causing a 10% YoY decline in the macro-region's total harvest. Nevertheless, the adverse weather conditions left vegetable, potato, and beet crops almost unaffected. For example, a major manufacturer in the Rostov Region reported better yields and quality of potatoes. The Krasnodar Territory revised upwards its forecast for the gross yield of sugar beet and the sugar content of root crops. In the South, the overall harvest of core agricultural crops will exceed the multi-year average. Livestock producers continued to demonstrate positive dynamics, mostly owing to the measures of state support. For example, additional financing helped a dairy unit in the Volgograd Region increase the livestock population, introduce new cattle feeding and handling technologies, and hence ramp up milk output.

**TOURISM.** The annual trends in the macro-region's tourist traffic were positive in May–June primarily because of resorts in the Krasnodar Territory and the North Caucasus. The increase in the number of tourists was largely associated with the development of popular types of tourism and a number of major events. For example, the Republic of Adygea opened its first agritourism venue and the Karachayevo-Circassian Republic arranged a new popular science route to the facilities of an astrophysical observatory. To meet high demand for enotourism, the Krasnodar Territory held thematic festivals and fairs and planned to open a centre of food tourism in Krasnaya Polyana in September 2024. The macro-region reported an increase in the occupancy rates of accommodation facilities in June and in the average booking rate for summer 2024 as compared with the values of 2023.

**CHEMICAL INDUSTRY.** In January–May, output in the chemical industry was growing faster as compared with the overall manufacturing industry of the macro-region. Leading chemical enterprises recorded higher external and domestic demand. For example, a manufacturer of fertilisers reported expansion of exports. The enterprise plans to launch a new facility this year to manufacture nitrogen and potassium fertilisers, most of which are supposed to be exported. Higher domestic demand boosted the output of crop protection chemicals. According to surveys, chemical enterprises' demand expectations exceeded multi-year averages in January–May supporting growth in investment activity. For example, a manufacturer of basic chemicals in the Volgograd Region, anticipating a rise in demand from processing companies, invested in the construction of a new line to manufacture a clarifying agent, which will increase output manifold.

## BANK OF RUSSIA URAL MAIN BRANCH



Growth in consumer activity rebounded in June. Inflation sped up and businesses' price expectations increased. Demand for consumer and mortgage loans remained elevated. Oil refineries in the Urals ramped up the output of petroleum products. The range of passenger transport routes was expanded and the number of flights across Russia and abroad increased. To meet elevated demand for domestic destinations, additional trains were launched. Municipalities actively upgraded the fleet of passenger transport vehicles.

**CONSUMPTION AND INCOMES.** According to high-frequency data, consumption growth bounced back in June after a slight decline in May. The sales of new cars continued to decrease in May–June, remaining notably above the levels of the same months of 2023. Retailers' demand expectations slightly worsened. However, market participants did not expect any drop in the turnover. Unemployment hit record lows in May again, with demand for employees going up. Enterprises stopped raising wages with some of them planning to index wages again in autumn in order to retain personnel. According to estimates, the median amount of wages offered to candidates had been exceeding the median level of expected wages for the third consecutive month.

**PRICES.** Annual inflation in the Urals continued to accelerate in June 2024, remaining below the national average. The rise in inflation was attributable to lower imports of individual vegetables and fruit and higher producer costs. Annual price growth (SA) was also up, mostly fuelled by fruit and vegetable prices. Contrastingly, prices for used cars continued to decline in a number of regions. Short-term price expectations of companies in most sectors increased in June, most notably in agriculture, construction, and logistics.

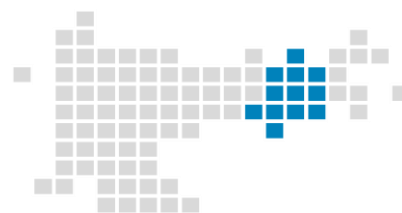
**MONETARY CONDITIONS AND BANKING SECTOR.** According to the banks surveyed, corporate loan rates edged up in May–June. As regards the corporate segment, new investment and working capital loans continued to grow. According to estimates, the demand for and the number of new mortgage loans were up in May–June mainly in anticipation of the termination of the non-targeted subsidised mortgage programme in July. The demand for consumer loans also increased. Car lending and the number of car loan applications in May–June exceeded the figures of April. Several major banks raised deposit rates in June, which resulted in an increase in the inflow of household funds into deposits.

**OIL REFINING.** Over the five months of 2024, Ural enterprises ramped up the output of petroleum products regardless of a temporary decline in oil refining at a major enterprise in the Orenburg Region caused by a flood. However, in May, the production rebounded and the enterprise expected the output in June to be close to the values of May. The flood did not affect the enterprise's investment plans. By the end of 2024, it intends to launch gasoline and diesel hydrotreating units. An oil refinery in the Republic of Bashkortostan integrated intellectual systems to manage technological processes boosting the output of high-margin products. The production capacity utilisation rate remained elevated at a number of major Ural oil refineries, fuelling their output. Such enterprises reported that they could ramp up the output of petroleum products, if needed.

**PUBLIC CATERING.** The turnover of Ural public catering companies had been increasing since early 2024 reaching its maximum in April. In May 2024, the public catering segment reported low consumer activity. Owing to the unusually cold weather and precipitation in the first half of the month, some restaurants had to close their pavement terraces. Generally, the Ural regions continued to actively open new cafés and restaurants, including chains. In particular, a regional take-away chain continued to actively expand. In the Republic of Bashkortostan, catering companies were actively constructing cafés and other modern roadside outlets using regional support measures. Enterprises in the Orenburg Region noted that their growth was driven by demand for catering services. In the Chelyabinsk Region, demand for school prom catering at the end of the school year was higher than usual. Companies' demand for employees continued to grow too. Cafés and restaurants noted that it was substantially more difficult to hire additional staff to meet the seasonal increase in demand. High competition for low-skilled workers made companies raise wages and pass through additional costs to prices.

**PASSENGER TRANSPORT.** Amid elevated demand during the holiday season, railways and regional airports increased the number of destinations; flights also became more frequent. Six new local high-speed trains were launched in the Ufa agglomeration. The supply of both domestic and international transportation services expanded to meet elevated demand for transport services relating to both inbound and outbound tourism. The segment of special tourist trains was actively developing. The commissioning of new highways and the development of the highway network in faraway areas on the Yamal Peninsula boosted the bus passenger traffic. As regards the segment of urban transport, carriers reported that the main problem was that the fare was fixed for a long period, while costs on wages, fuels and lubricants, and maintenance were constantly rising. To mitigate the adverse effect of this issue, the Perm Region was implementing a transport reform whereby urban passenger carriers were to switch to gross-cost contracts (municipal authorities were supposed to pay for fixed-route scheduled bus services supplied by carriers, with the bus fares going directly to the municipal budget). A similar reform was announced in the Sverdlovsk Region. Some carriers reported difficulties with the repairs of their fleets. In such conditions, worn-out vehicles were more actively replaced with new modern ones (for instance, low-floor buses and trolleybuses, including self-powered ones).

## BANK OF RUSSIA SIBERIAN MAIN BRANCH



Consumer activity was up in Siberia in June. Price growth stabilised. Businesses' price expectations increased in most core industries, mainly driven by higher costs. Manufacturers of construction materials, food, and packaging not only ramped up output, but also expanded the range of products including those to be exported. Demand for consumer and corporate loans remained strong.

**CONSUMPTION AND INCOMES.** In June 2024, consumer activity in Siberia was above the levels of the previous three months. Major Siberian retail chains reported continuing elevated demand for food. Demand for household appliances and electronics rose. The high consumer activity in the Siberian car market was fuelled by the expectations for car loan rates to increase as well as by special offers and discounts from dealers. Despite the rise in prices, demand for motorcycles and power products was up, with sales in Buryatia increasing by almost 40% in annualised terms. This was partially associated with higher demand for various forms of leisure as well as with the development of delivery services. Owners of hotels and tourist centres in the Republic of Altai, the Trans-Baikal Territory, and the Republic of Khakassia reported 100% occupancy for summer, which exceeded the figures of 2023. The number of guests at cafés and restaurants was up. Music festivals and other public events were becoming increasingly popular.

**PRICES.** Monthly inflation (SA) stabilised in Siberia in June. Prices for used imported cars continued to decline owing to the rise in supplies from Asian countries. Simultaneously, prices for construction materials were soaring backed by elevated demand, as reported by major retailers. Growth in prices for tickets slowed down due to the larger number of flights. The increase in companies' price expectations for the next three months accelerated, especially in manufacturing, mainly fuelled by higher prices for raw materials and components.

**MONETARY CONDITIONS AND BANKING SECTOR.** In May–June, monetary conditions in the macro-region tightened as compared to the end of 2024 Q1, while consumer activity remained elevated. Banks reported steady growth in demand for working capital loans from SMEs. Strong demand for consumer loans was associated with high inflation expectations. The rise in bank deposit rates offered by banks made deposits more attractive and boosted the inflow of funds into them. Demand for savings accounts was higher in May.

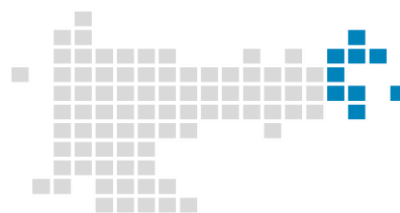
**CONSTRUCTION MATERIALS.** According to Siberian manufacturers of primary construction materials (cement, reinforced concrete, bricks, and metal structures), demand for their products remained strong, with their output growing in April–May 2024. The largest cement manufacturer in the Trans-Urals (an asset holder of five Siberian plants) reported a more than 10% rise in output in annualised terms. It planned to commission additional production lines in 2024 H2 to expand the product range and meet the growing demand for high-grade cement. A large manufacturer of insulation materials recorded strong demand and launched a new plant to manufacture insulating tiles. Manufacturers of bricks, concrete and concrete products as well as metal structures reported an increase in the number of orders. For example, a manufacturer of reinforced concrete products

noted that it was selling its products immediately after production without storing them in warehouses. In addition, higher demand boosted the release of new types of products. According to Siberian businesses, staff shortages remained the main obstacle to ramping up output. Manufacturers of construction materials believed that the key segments of the construction industry would continue to grow up to the end of 2024.

**FOOD INDUSTRY.** In April–May 2024, Siberian food industry was up by more than 7% in annualised terms, driven by strong consumer demand, the development of import substitution, and the fulfilment of public procurement orders. Major Siberian meat processors reported an expansion of both the traditional product range and the relatively new segment of ready meals. The rise in the sales of the latter was fuelled by the development of online trade. Dairy manufacturers reported higher output and the release of new products into the market. A large Siberian milk processing factory expanded not only domestic supplies, but also exports, predominantly to the CIS countries and Asia. Great demand, including from overseas markets, was reported by manufacturers of vegetable oils, confectionery, and ice cream. Positive dynamics were recorded in the production of confectionery from local raw materials (berries, nuts, honey, etc.), demand for which was growing steadily, backed by higher tourist traffic, among other things. In 2024, a flour milling company concluded a major export contract and reached full capacity utilisation: it will supply 2,000 tonnes of products to an Asian partner every month.

**PACKAGING.** A large Siberian glassware manufacturer recorded strong demand for its products. The sales of low and non-alcoholic drinks in glass packaging were growing (accounting for 89% in the company's product structure) in part due to changed preferences of retail buyers. The company ramped up the output of lightweight bottles and the recycling of cullet, thus improving productivity and reducing the negative impact on the environment. A major manufacturer of plastic packaging recorded soaring demand for bags. According to the company, the key drivers were marketplaces and courier services, clothing stores (demand for branded bags), and supermarkets (higher demand for shopping bags available at checkouts). As a result, the company constantly expanded its product range. Furthermore, 15% of the company's products were exported to the CIS countries. A large manufacturer of container board and packaging planned to ramp up output by a quarter by the end of 2024. To this end, the company launched two additional processing lines to significantly expand its product range. A manufacturer of tin containers reported a further expansion into the market and planned to produce 18 new types of packaging in 2024–2025, including for household chemicals and dairy products.

## BANK OF RUSSIA FAR EASTERN MAIN BRANCH



Consumer activity was up in the macro-region in June. Price growth slowed down, remaining elevated. Businesses' price expectations continued to increase. The rise in the transshipment of oil, petroleum products, and containers boosted the cargo turnover at seaports. The expansion of processing plants' capacities fuelled coal production. Despite a decline in fishing, wholesale prices for salmonid fishes remained at the level of early 2024 supported by high stocks.

**CONSUMPTION AND INCOMES.** In May, consumer activity in the macro-region stood at the level of April. According to high-frequency data, it increased in June. A major retail chain in the Khabarovsk Territory reported in June that buyers had switched from discounters to medium-price supermarkets and that demand was stronger in annualised terms. A large retailer in the Primorye Territory reported higher demand for expensive meat products. Sellers of construction materials and home improvement goods in various regions recorded stronger demand in June 2024 vs June 2023. A car dealer in the Amur Region noted that, in June, the sales of new foreign cars remained at the level of May, while demand in the premium segment was down. Catering companies and hotels in several regions reported higher demand for their services as compared with 2023, driven by a rise in the inflow of domestic and foreign tourists. Short-term demand expectations of retailers decreased in June, while those of service providers did not change.

**PRICES.** In June, monthly price growth (SA) slowed down, though remaining elevated. After a surge in May, prices for new domestic cars edged down. The increase in food prices decelerated owing to the trends in fruit and vegetable and confectionery prices. Services prices were growing faster in June than in May, predominantly driven by the accelerated rise in prices for personal services amid high demand. Businesses' price expectations were up in June, most notably in industry and services. Companies from a number of sectors reported that delays in railway delivery of raw materials and components from western regions made them switch to other means of transport. This resulted in accelerated growth in costs. For example, delivery costs incurred by a manufacturer of canned products in the Khabarovsk Region increased by a third, since its supplier partially switched to air delivery. This pushed up output prices by 10% in June.

**MONETARY CONDITIONS AND BANKING SECTOR.** By early June, growth of the corporate loan portfolio (SA) sped up, driven by the trends in lending to mining and quarrying companies. According to banks' high-frequency data, new SME loans declined in June, since the limits under several government subsidised programmes had been exhausted. In May, the increase in consumer lending (SA) slightly slowed down, while remaining above the averages of 2023. Car lending was growing faster, fuelled by discounts from manufacturers. A major bank reported accelerated growth in outstanding credit card balances. Another bank recorded stronger demand for consumer loans secured by property. In May, new market-based mortgage loans were down, while growth (SA) in new subsidised mortgage loans continued. The inflow of household funds into banks sped up as of early June (SA), driven by time deposits and current accounts.



**LOGISTICS.** In May, cargo turnover at Far Eastern seaports edged up vs April, fuelled by an increase in the transshipment of liquid cargoes, and was close to the record level of May 2023. The transshipment of containers reached a nine-month high in May due to rising imports and domestic supplies. Owing to an increase in supplies of containers in June, a port in the Primorye Territory implemented a new container inspection technology, while another port upgraded the equipment at the terminal. Individual companies reported persistent issues with the railway delivery of containers from the central regions and pointed out that they had switched to more expensive road and air deliveries. In July, a transport company started to deliver container cargoes from Moscow to the Far East via the Northern Sea Route.

**PRODUCTION AND EXPORTS OF FUEL AND ENERGY RESOURCES.** The production of coal in the macro-region continued to grow in April–May, fuelled by the expansion of processing plants' capacities. However, demand from the core buyer from Asia remained moderate. Export prices for coal supplied via Far Eastern ports edged up in May–June as compared with March–April, remaining close to three-year record lows. The production of gas in April–May was below the record levels of early 2024, but above those of the same period of 2023, supported by a rise in pipeline exports. In 2024 Q2, oil exports were a bit lower than in 2024 Q1 owing to the repairs of several tankers and equipment at one of the terminals.

**FISHING AND FISH PROCESSING.** By early July, the Pacific salmon catch fell by a half as compared with the same period of 2023 and 2022 because of adverse weather conditions. However, wholesale prices for individual salmonid fishes remained almost unchanged from early 2024 and were below the 2023 levels in early July due to the availability of the last year's stocks. The prices for salmon caviar produced in 2024 were up as compared with 2023. Companies expected a surge in wholesale prices at the end of the fishing season owing to the forecast decline in fishing, a rise in utility rates and payroll expenses amid more pronounced staff shortages. For example, some enterprises reported a shortage of students willing to be engaged in fishing.

**SHIPBUILDING AND SHIP REPAIR.** The capacity utilisation of shipbuilders and ship repair yards in the macro-region remained high in 2024 Q2. A fishing vessel was launched in the Kamchatka Territory in May. An enterprise in the Primorye Territory almost completed the construction of the last sixth crabber as part of the first stage of investment quotas and proceeded to the second stage. In July, an enterprise in the Khabarovsk Territory started the construction of a transport dock for ships to be moved to the outfitting pier. To expand the range of repair and maintenance services for fishing vessels, a company in the Kamchatka Territory commenced the construction of a ship repair facility in June. Enterprises suffering from staff shortages engaged workers from the western regions of Russia to repair and fit out ships. For example, a major Far Eastern shipyard hired specialists to speed up the outfitting of tankers.

## BOX 1

### INVESTMENT ACTIVITY

Businesses' investment activity was up in 2024 H1. The rise in capital investment was driven by higher domestic demand, the expansion of the geography of exports, and the development of import substitution using measures of state support, among other things. According to the Bank of Russia's recent survey,<sup>5</sup> enterprises generally remained optimistic about investment in 2024, primarily in mining and quarrying, construction, and services. However, the implementation of their investment plans was prone to such risks as the shortage of skilled staff as well as logistics and payment problems.

**According to Rosstat data, fixed capital investment increased by 14.5%<sup>6</sup> YoY over 2024 Q1. The implementation of projects in manufacturing, mining and quarrying, and construction made the most significant contribution to the annual dynamics of capital expenditures.<sup>7</sup> According to seasonally adjusted estimates of the Bank of Russia, investment was up by 6.5% in 2024 Q1 as compared with 2023 Q4.**

**All macro-regions reported growth in investment.** The most significant rise was recorded in the Far East (by 20.7% YoY) and in the South of Russia (19.8% YoY). It was driven by the implementation of major infrastructure projects in logistics and tourism. Enterprises increasingly used equity and bank loans across Russia as a whole, whereas investment from budget funds was down. Businesses' equity remained the key source of financing<sup>8</sup> investment.

**The structure of fixed capital investment by type of investment continued to change with the transformation of the economy.** Staff shortages and rising domestic demand encouraged companies to increase labour productivity, which boosted investment in machinery and equipment as well as in research and development (Chart B-1-3). For example, having increased its headcount only slightly, a major paper manufacturer in the North-West managed to ramp up output by more than 40% in annualised terms over January–May 2024 by upgrading equipment and arranging advanced staff training. According to the Bank of Russia's recent survey, 31% of respondents reported higher (and only 8% – lower) labour productivity. The national project Labour Productivity also played an important role. The surveyed machine-building companies provided the most positive feedback regarding changes in labour productivity. For example, a machine-building plant in the Rostov Region increased output by a quarter by automating and standardising production processes.

#### COMPANIES' INVESTMENT ACTIVITY IN 2024 H1

**According to the Bank of Russia's survey, businesses' investment activity continued to expand in 2024 H1 across all macro-regions.** Businesses' adjustment to new conditions boosted capital investment in manufacturing in the Urals and Volga-Vyatka and the development of the transport infrastructure in the South and eastern part of Russia most notably. Companies in the said regions were most positive about recent investment trends. Nationwide, a rise in fixed capital investment was reported by enterprises in all major industries. Companies engaged in mining and

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<sup>5</sup> The Bank of Russia surveyed 1,062 companies from 24 to 28 June 2024.

<sup>6</sup> Across all companies.

<sup>7</sup> Across large and medium-sized enterprises and companies with headcounts of up to 15 that are not small enterprises.

<sup>8</sup> Across companies that are not small enterprises.



quarrying, construction, and individual manufacturing sectors (metal making and machine building) provided the most positive estimates.

**Mining and quarrying.** In 2024 Q1, investment in mining and quarrying was up by 16.8% YoY,<sup>9</sup> mostly fuelled by the implementation of major investment projects in the Urals, Siberia, and the Far East. According to the survey, positive dynamics were also observed in 2024 H1. Companies in the Tyumen Region increased investment in the development of oil fields, among others. The Irkutsk Region launched new facilities that boosted gas supplies via the Power of Siberia pipeline. The Chukotka Autonomous Area was implementing a major project to establish an ore mining and processing complex.

**Construction.** Investment in construction was up by 29.4% YoY in 2024 Q1. According to the recent survey, construction companies also reported continuing growth in investment at the end of 2024 H1. High demand for construction services associated with both the implementation of infrastructure projects and the active development of housing construction continued to stimulate the investment activity of construction companies. Buildings and other facilities accounted for around a half of capital expenditure incurred by construction companies. The subsidised lending programmes that were in force in 2024 H1 substantially supported the construction of apartment buildings and individual housing. The area of housing construction projects commenced in January–May 2024 rose by more than 20% YoY.

**Manufacturing.** Investment increased by 27.3% YoY over 2024 Q1. Import substitution was a key investment driver in the sector. According to the recent survey, among all industries, **metal makers** provided the most positive assessments of capital expenditure in 2024 H1. Individual projects were aimed at ensuring resource efficiency, upgrading and expanding production facilities. For example, a major metal maker in Volga Vyatka more than doubled its investment targets for the coming year as compared with the actual investment of 2023. A major metal maker significantly ramped up investment in production development projects, primarily in North-Western industrial facilities, in 2024 H1. **Machine builders** also reported a rise in investment. Import substitution and public procurement orders became important drivers of growth in the sector. For example, a large machine builder in the Rostov Region launched the manufacture of transmissions, axles, and reduction drives for agricultural machinery, which helped expand its product line and boost sales. An enterprise in the Kurgan Region was mastering the manufacture of spare parts for petrochemical and machine building equipment from heavy duty steel resistant to chemicals. Previously, the spare parts had been supplied mostly from abroad.

**Services.** A surge in consumer demand stimulated the development of the services sector, predominantly domestic tourism. Most macro-regions were implementing large-scale projects to make them more attractive for tourists and expand the hospitality infrastructure by using measures of state support, among other things. For example, in 2024 Q1, investment in hotel business was up 1.9 times in annualised terms. In addition to the development of hotels in the South of Russia, major projects were implemented in the North-West, Siberia, and the Far East. The Irkutsk Region was building a year-round tourist cluster. The Altai Territory, the Republic of Altai, and the Republic of Buryatia were simultaneously developing several major tourist facilities, including in special economic zones. The Far East started the construction of an all-year-round ski resort in late 2023. The Kaliningrad and Kemerovo Regions as well as the Republic of Crimea and the Primorye Territory were establishing large cultural and educational and museum centres to boost event and educational

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<sup>9</sup> Hereinafter, growth rates by industry in 2024 Q1 are provided across large and medium-sized enterprises and companies with headcounts of up to 15 that are not small enterprises.

tourism.

## INVESTMENT ACTIVITY FACTORS

### Drivers of companies' investment activity

**In 2024, companies' investment activity is mainly driven by high product demand** associated with import substitution, among other things. This factor is important for capital investment of both major and medium-sized enterprises. For example, manufactures of particle boards and furniture from the Novgorod and Kaluga Regions reported that their investment activity was significantly supported by strong domestic demand. A Krasnoyarsk-based manufacturer developed self-propelled machines for alumina refineries that could fully substitute for imported equivalents. However, some manufacturing companies noted that they increased investment due to higher external demand in part fuelled by the redirection of exports. A major manufacturer of finished and semi-finished meat products in the Vladimir Region reported expansion into the markets of friendly countries. Furthermore, investment was encouraged by strong public demand.

Another driver of investment growth was the **need to develop the transport and logistics infrastructure**. The main contributors to the dynamics of investment in transportation and storage were individual regions in the South, the Urals, and the Far East. For example, the rise in capital investment in the Astrakhan Region and the Republic of Dagestan was fuelled by the development of the International North–South transport corridor.

Furthermore, investment activity was encouraged by **measures of state support**, including subsidised lending programmes and tax incentives. For example, a small enterprise in the Tula Region investing in the construction of a plant manufacturing diagnostic equipment for medical centres, such as MRI and CT scanners, was granted tax incentives and government subsidies. A micro business in the Republic of Karelia plans to complete the construction of a fish feed plant by the end of 2024. The project is funded from a subsidised loan for agricultural companies.

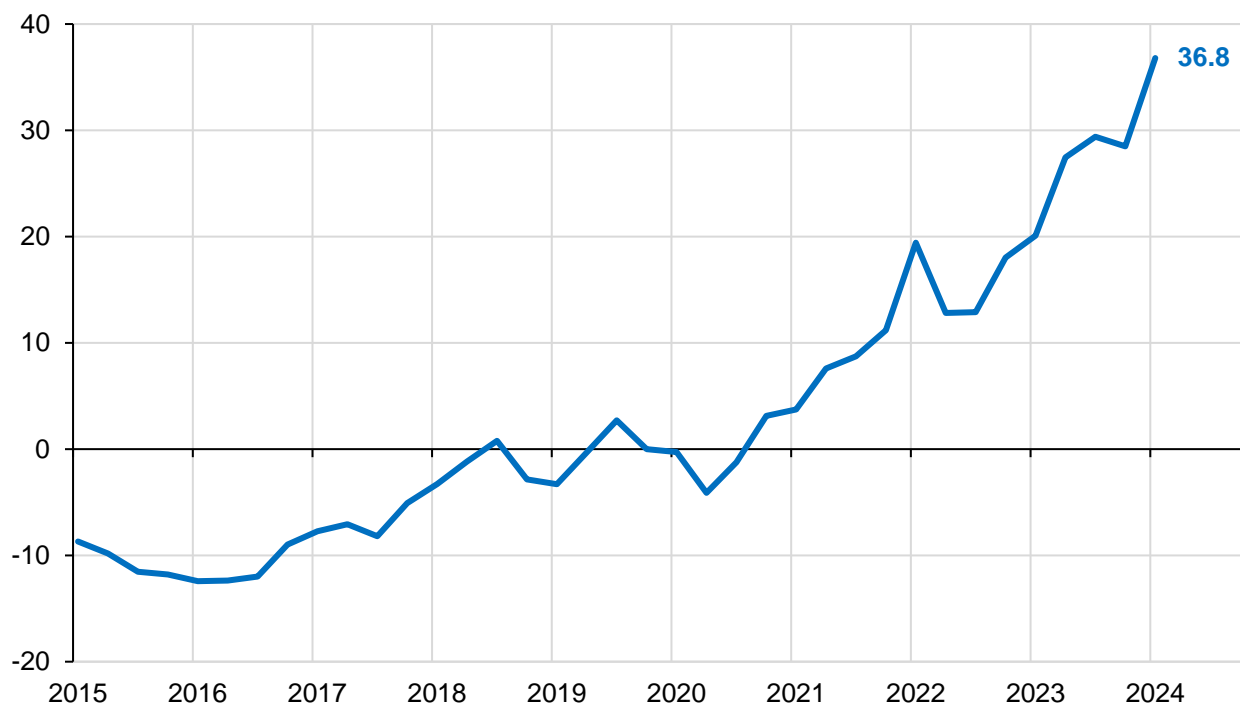
### Corporate investment constraints

According to the survey, in 2024 H1, corporate investment constraints included among others logistics and payment problems and more expensive borrowings. As in 2023, investment activity was still significantly limited by the high level of uncertainty. This issue was especially relevant for respondents from the Urals, which might be associated with a large share of companies highly susceptible to changes in the external environment. Many enterprises across Russia experienced staff shortages. Siberian companies reported this issue most frequently. For example, a Krasnoyarsk-based manufacturer of spare parts for agricultural machinery stopped purchasing new machine tools in 2024 owing to the shortage of lathe operators, milling machine operators, and foundry workers.

However, despite certain constraints on the implementation of investment plans reported by businesses, companies generally remain optimistic about investment in 2024.

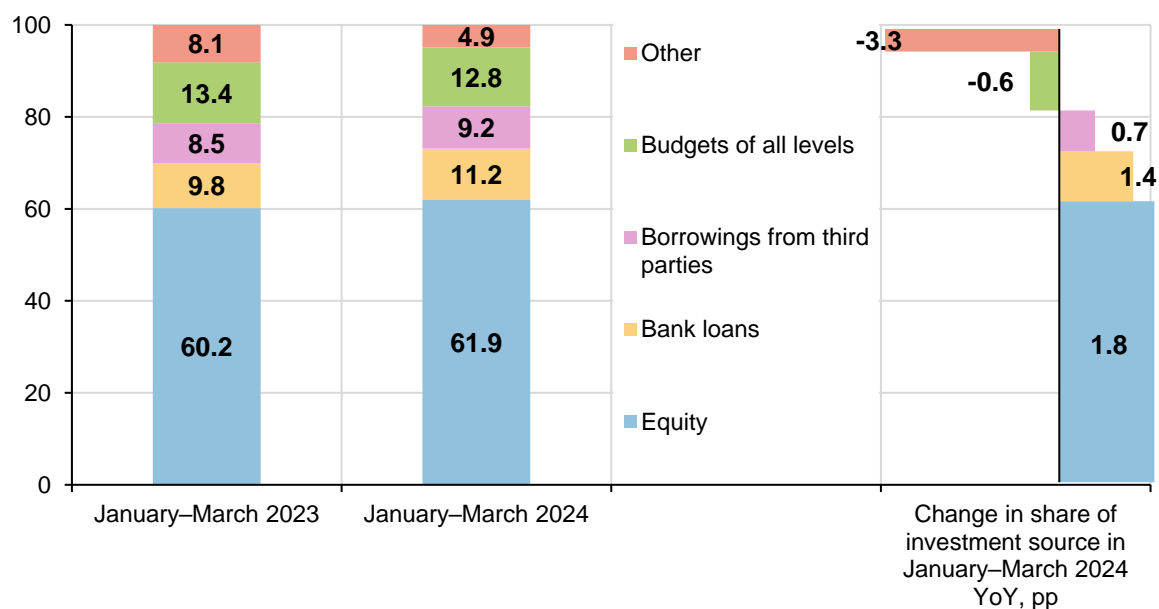
Enterprises continued to adjust to the new conditions, which triggered a surge in capital investment. Businesses positively assessed investment dynamics in 2024 H1, primarily in mining and quarrying, construction, services, and individual manufacturing sectors. Despite factors that may limit further expansion of investment activity, as of the end of 2024, fixed capital investment will rise, backed by strong aggregate demand. The related expansion and upgrade of production facilities and logistics capacity will boost labour productivity and the potential of the Russian economy in the coming quarters.

Chart B-1-1. Fixed capital investment, % on 2019 Q4, SA



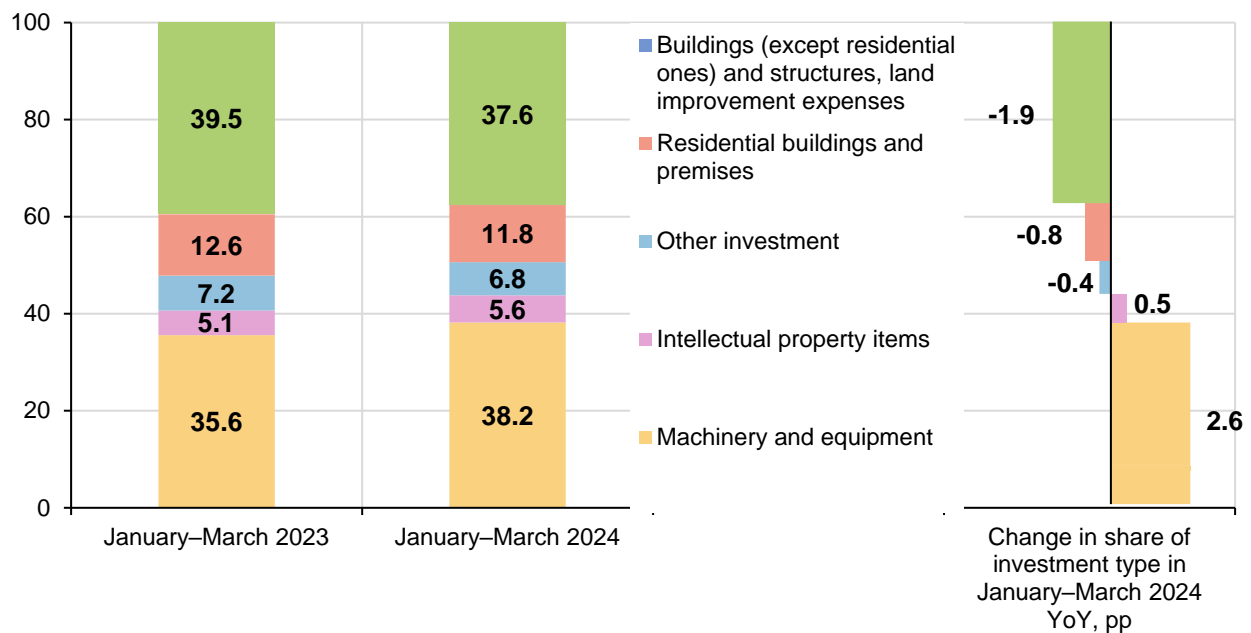
Sources: Rosstat, Bank of Russia calculations.

Chart B-1-2. Fixed capital investment by source of financing across companies that are not small enterprises in Russia as a whole, %



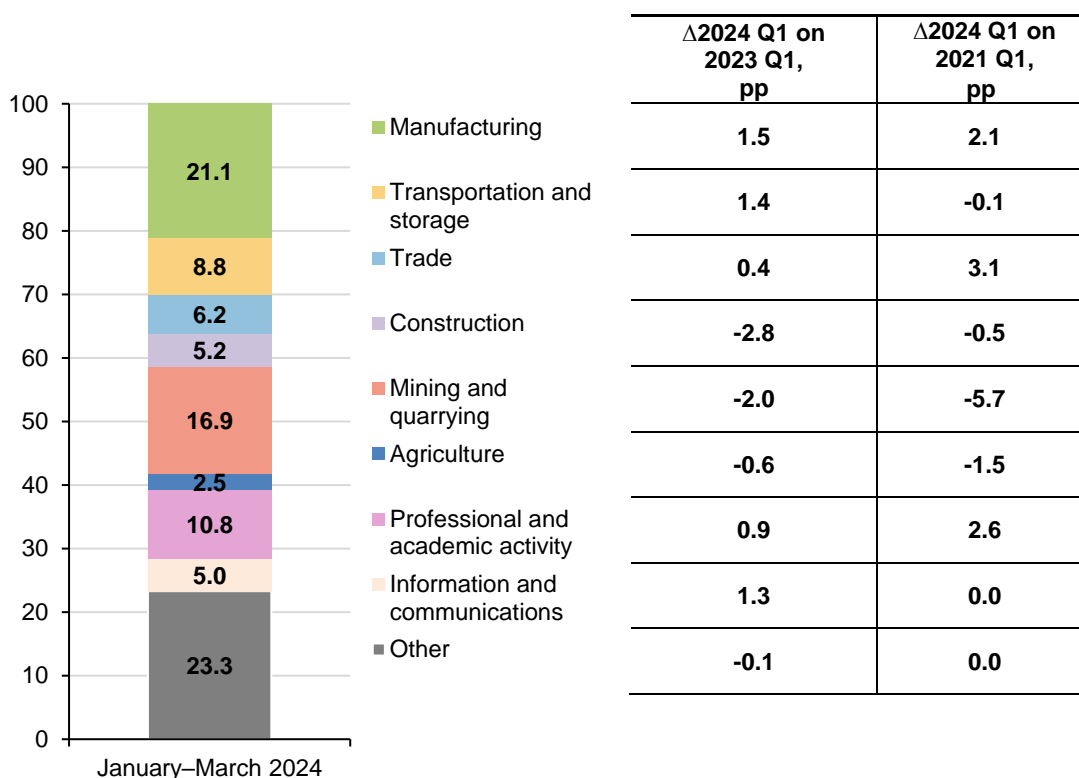
Sources: Rosstat, Bank of Russia calculations.

Chart B-1-3. Types of fixed capital investment across all companies in Russia as a whole, %



Sources: Rosstat, Bank of Russia calculations.

Chart B-1-4. Fixed capital investment of large and medium-sized companies by industry, %



Sources: Rosstat, Bank of Russia calculations.

Sources: Rosstat, Bank of Russia calculations.

Chart B-1-7. Corporate investment constraints in 2024

	High level of uncertainty	Staff shortages	Problems with supplies, access to technologies, payments, etc.	Low profitability	Weak demand
<b>Economy, overall</b>	<b>38</b>	<b>33</b>	<b>25</b>	<b>16</b>	<b>13</b>
Agriculture	47	34	19	20	10
Industrial production	34	34	32	12	12
Mining and quarrying	20	15	50	5	0
Manufacturing	35	36	32	13	13
Trade	43	25	14	19	22
Construction	45	50	10	13	10
Transportation and storage	41	24	20	22	12
Services	38	32	17	21	13

	High level of uncertainty	Staff shortages	Problems with supplies, access to technologies, payments, etc.	Low profitability	Weak demand
<b>Russia</b>	<b>38</b>	<b>33</b>	<b>25</b>	<b>16</b>	<b>13</b>
MB for the Central FD	40	33	24	13	12
North-Western MB	43	30	24	19	15
Volga-Vyatka MB	37	29	27	18	10
Southern MB	32	35	17	10	19
Ural MB	50	33	33	14	11
Siberian MB	38	41	25	14	8
Far Eastern MB	25	29	24	27	22

The Bank of Russia surveyed 1,062 companies from 24 June to 28 June 2024.

The cells show the percentage of regional enterprises that selected the relevant factor of the total number of respondents in the region planning investment in 2024 (73% of enterprises surveyed), ■ – the macro-region where the surveyed enterprises faced the issue more frequently, ■ – the macro-region where enterprises reported this factor less frequently.

Source: Bank of Russia's recent survey.

## BOX 2 FREIGHT LOGISTICS

Growth in freight transportation<sup>10</sup> has sped up across Russia as a whole in 2024, mainly driven by domestic transportation, as in 2023, according to Russian transport companies. Other factors include the development of e-commerce, the expansion of the geography of retail chains, and an increase in industrial output. Owing to the high utilisation of the railway infrastructure, other means of transport are used to transport freight. Freight rates are rising faster amid elevated domestic demand and higher carrier costs. Nevertheless, to improve the availability of logistics services, Russian regions continue to implement transport and warehouse projects ahead of schedule.

### FREIGHT TRANSPORTATION

**Railway transport.** In March–May 2024, railway transportation across Russia as a whole was around 5.0% lower than in 2021 Q4 (SA, Chart B-2-3). Rail shipments dropped by 3.0% YoY in 2024 H1 largely as a result of a decline in the rail shipments on the West Siberian Railway caused by a decrease in coal transportation associated with a slide in demand from Asian countries, among other things (Chart B-2-4). Nevertheless, the redirection of commodity flows to the East triggered an increase in the rail shipments on the Eastern Polygon of the Russian Railways.<sup>11</sup>

In 2024, the high utilisation rates of the railway infrastructure and the shortage and low turnover of rolling stock still cause a reduction in railway transportation across Russia as a whole. Furthermore, as the Eastern Polygon prioritised fuel shipments, container delivery times to the Far East extended. The situation with container shipments slightly improved in May–June, as the transportation of food and socially important goods to the East was assigned higher priority in late April 2024. **However, the high utilisation rates of railways remains a matter of great concern to businesses. Enterprises in all macro-regions reported significant delays in freight deliveries, which negatively affected their activity.** For example, a cement manufacturer in the Penza Region noted that the situation with the railway transportation had worsened since early 2024, as accumulation of empty carriages on the tracks was impeding shipments and therefore, actual delivery times were often double the standard ones.

To minimise delays in railway shipments to Asian countries, North-Western companies used multimodal routes. For example, a major wood processing enterprise in the Vologda Region arranged exports of its products to a South Asian country via one of the three well-known routes combining railway and sea transport, namely via the Great Port of Saint Petersburg, or via the International North–South Transport Corridor (INSTC), or via the Novorossiysk seaport, depending on the utilisation rates of their transport infrastructure selected.

**Motor transport.** Owing to the high utilisation rates of the railway infrastructure, demand for road transportation was growing at an accelerated pace. For example, a major food manufacturer in the Perm Region reported a higher share of road transportation of raw materials (77%) as compared with 2023 (34%). **In March–May 2024, road transportation was 20% higher than in 2021 Q4 across Russia as a whole** (SA, Chart B-2-3).

<sup>10</sup> This Box analyses the situation in the freight transportation market, excluding the pipeline transport, since it is used for the transportation of a limited number of products.

<sup>11</sup> The Eastern Polygon includes the Krasnoyarsk Railway, the East Siberian Railway, the Trans-Baikal Railway, and the Far Eastern Railway.



As regards macro-regions, the most substantial growth in road transportation was recorded in the Southern Federal District and the Central Federal District (Chart B-2-6). One of the reasons was an increase in freight traffic via the INSTC following the redirection of foreign trade flows to Asia and the Middle East. Stronger demand for road transportation was additionally driven by the temporary shutdown of airports in border regions in the central and southern parts of Russia.

Furthermore, **the rise in the number of applications for domestic road transportation was fuelled by the development of e-commerce and an increase in industrial production in the regions.**

However, according to motor carriers, the shortage of staff, especially truck drivers, persisted, making their motor fleets stand idle. **In individual cases, this resulted in longer delivery times.** For example, a construction company in the Urals reported that the materials delivery times increased from three to four weeks in May–June 2024.

**Water transport.** Russian sea transportation is focused predominantly on foreign trade flows. **In March–May 2024, cargo transshipment at seaports remained around 5% higher than in 2021 Q4 (SA).** Growth was mainly driven by export shipments of grain, fertilisers, and oil.

**Concurrently, domestic (cabotage) sea transportation was up.** Sanctions caused a surge in the sea transportation between the Kaliningrad Region and the ports of St Petersburg and the Leningrad Region. To ensure its full independence from logistics restrictions, the Russian semi-exclave continued to ramp up its transport capacity. For example, in June 2024, a Russian transport company willing to optimise logistics increased the container capacity of the regular cabotage line between St Petersburg and the Kaliningrad Region by almost 40% by launching a container ship with a greater capacity.

Furthermore, **carriers were developing delivery routes to the Far East via the Northern Sea Route (NSR).** To this end, transport companies expanded their fleets of ice-class cargo vessels and developed multimodal services. For example, in mid-June, a logistics operator launched a seasonal service to deliver containers from the central part of Russia to Far Eastern regions via the NSR. The service involved railway transportation from Moscow to Arkhangelsk and then sea shipments to the ports of the Kamchatka Territory and the Sakhalin and Magadan Regions via the NSR.

As the ground transport was highly utilised, companies were becoming **increasingly interested in river (inland water) transportation.** For example, a manufacturer of agricultural feed in the Ulyanovsk Region arranged the supplies of wheat by mixed navigation bulk carriers via the INSTC. The cargo port in Kostroma, which had stood idle for 20 years and was reopened in 2022, plans to increase cargo transshipment by 40% YoY during the 2024 navigation period in part due to the commencement of wood and sawn lumber shipments. There are plans to subsequently use the port to deliver cargoes to regions located downstream the Volga River and to the CIS states.

**Air transport.** Air transportation accounts for an insignificant portion of Russian freight transportation (less than 1%) due to its high cost and restrictions on the maximum size of cargoes. However, air delivery has a number of advantages, with high speed and geographical coverage being the most significant ones.

**In March–May 2024, air transportation was 52.4% lower than in 2021 Q4 (SA, Chart B-2-3).** The decline was caused by a decrease in cargo traffic on the international lines that had traditionally accounted for the major share in the overall air transportation before sanctions were imposed in 2022. According to air carriers, at present, cargoes are transported abroad mainly by passenger airlines whose cargo capacity is lower than that of specialised companies. **International cargo**



**traffic decreased by 1.8% YoY over January–May 2024.** It accounted for around 30% in the overall air cargo turnover (vs 75% in January–May 2021).

However, **domestic air transportation was up by 3.3% YoY over January–May 2024**, driven by the expansion of the network of air cargo routes by Russian airlines and a larger number of flights along the existing routes. For example, a major domestic transport and logistics operator substantially expanded the list of delivery destinations, which now includes remote locations in Siberia and the Far East. According to air carriers, demand in this segment was supported by the active development of marketplaces and e-commerce. However, the temporary shutdown of airports in the border regions in the central and southern parts of Russia still had a negative impact.

## LOGISTICS COSTS

**Enterprises in all macro-regions reported a rise in costs associated with higher freight rates. Growth in freight rates for the key means of transport slightly sped up in April–May 2024 amounting to 11.7% YoY (Chart B-2-7).**

**The cost of freight transportation was up as compared with 2023 across all means of transport.** Higher wage, repairs, and leasing costs incurred by rail freight operators together with a rise in the cost of the rolling stock pushed up lease rates for freight train cars. Enterprises reported a surge in the tariffs of independent operators. Furthermore, owing to extended delivery times, companies recorded an increase in warehouse costs. **Many manufacturers partially passed through higher logistics costs to prices for finished products.** For example, a seller of construction materials in the Primorye Territory raised prices for its products by 10–15% in April 2024 following an increase in railway tariffs and longer delivery times for the necessary freight. In addition, it was difficult for many companies to plan the time needed to deliver freight by railway, so they had to switch to more expensive road transportation, which also pushed up costs.

**A rise in domestic demand caused road freight rates to increase by 17.2% YoY in May 2024.** This growth **was also associated with higher costs incurred by motor carriers.** According to motor carriers in all macro-regions, the key reasons included increases in wages amid acute shortages of staff (primarily truck drivers), in vehicle prices caused by the lack of freight trucks and semitrailers in the Russian market, and in maintenance costs resulting from growth in prices for spare parts and services charged by service centres. The surge in the freight rates was also driven by higher prices for fuels and lubricants, the indexation of toll rates payable by trucks, and an increase in the recycling fee for trucks and special machinery. **Higher logistics costs in turn affected the prices for finished products.** For example, a manufacturer of other non-metallic mineral products in the Novgorod Region had to partially switch to motor transport in order to deliver finished products and raw materials because of a shortage of covered goods wagons. This and rising warehouse expenses resulting from shipment delays pushed up the company's output prices by 10–15%.

## IMPLEMENTATION OF INVESTMENT PROJECTS

**Russian regions continued to implement investment projects aimed at developing the transport and logistics and warehouse infrastructure, including within the national project Comprehensive Plan for Upgrading and Expanding Core Infrastructure.** All macro-regions were **renovating and constructing federal highways.** The construction of the Federal Motorway M-12 Vostok is still in progress – at the end of 2023, its Moscow–Kazan section was opened for traffic. According to plans for 2024 and 2025, M-12 will be expanded to Yekaterinburg and Tyumen, respectively. The Federal Motorway M-12 Vostok will become the basis of the Russia future

high-speed transport route to encourage the expansion of trade relations and improve delivery reliability and speed. The motor transport infrastructure was actively developing in the South of Russia. In 2023, the construction of the Aksay Bypass on the M-4 Don highway in the Rostov Region and the Far Western Bypass of Krasnodar was completed ahead of schedule in 2023. This helped increase the highway capacity of the corridor to the destinations in the Azov and Black Sea basin and reduce the traffic burden. There are plans to complete the construction of a new expressway to the Crimean Bridge, which will reduce travel time from Krasnodar to two hours.

In addition to new highways, **rail infrastructure was being developed**. The completion of the second stage of the huge Eastern Polygon development project has been scheduled for 2024 whereby its transportation capacity is to reach 182 million tonnes per year.<sup>12</sup> It already reached 173 million tonnes per year as of the end of 2023, as more than 140 facilities of the Baikal–Amur Mainline and the Trans-Siberian Railway had been upgraded and put into temporary operation.

**A network of multimodal railway transport and logistics centres (TLCs) was being developed.**

In 2023, the Moscow Region completed the project to construct a major Russian TLC Electrougli. In November 2023, the Novosibirsk Region launched the first phase of the federal multimodal TLC Sibirskiy. After reaching its full capacity (in 2025), it will become the key cargo hub on the Trans-Siberian Railway and help substantially ramp up container traffic bound for the East. In 2024, the largest Far Eastern land port – TLC Artyom – is to be put into operation. Each of these facilities can handle around one million 20-foot containers per year.

With the development of e-commerce and the expansion of federal retail chains, **more new warehouse facilities were being put into operation** and all macro-regions **were constructing distribution centres** to help companies reduce delivery times and logistics costs. Experts expect that the number of high-quality warehouse facilities to be put into operation across Russia as a whole in 2024 will reach record highs exceeding the 2023 figures by a factor of 1.5. However, the high pace of construction was still insufficient to meet demand for warehouse facilities whose shortages persisted in many regions.

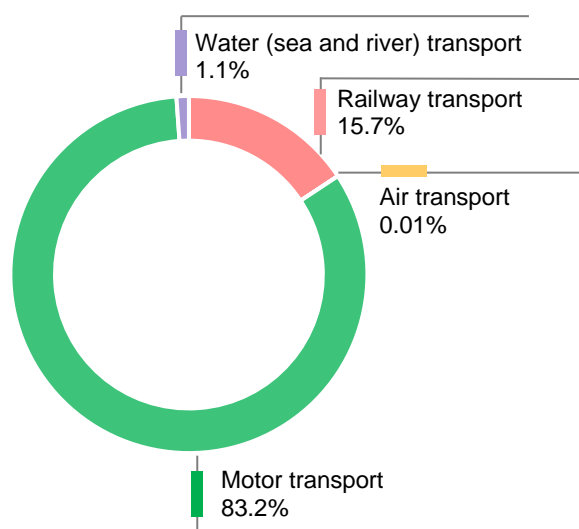
Russian regions were also **implementing port infrastructure projects**. For example, as part of the Lavna seaport development project, in late 2023, the Murmansk Region completed the construction of a railway section to be integrated into the INSTC. The project implementation will substantially reduce the burden on the railways to Russian southern seaports as well as on the Baikal-Amur Mainline and the Trans-Siberian Railway which are used to carry freight to the Far Eastern ports. The Lavna port will become an NSR transportation hub. Its launch in 2024 will promote the expansion into new export markets in the Asia-Pacific region.

The burden on the transport and logistics infrastructure increased substantially. This was associated with significant changes in transport destinations and the means of transport used, as well as with rising economic activity and final demand for goods. Transport restrictions resulted in longer delivery times and higher logistics costs. This, among other things, was evidence that demand rose faster than the capacity of the economy to meet it quickly. The active implementation of transport and warehouse development projects will help mitigate these restrictions. Nevertheless, in the short run, while the benefits of these projects have not materialised, growth in transportation costs may abate only provided that aggregate demand moderates.

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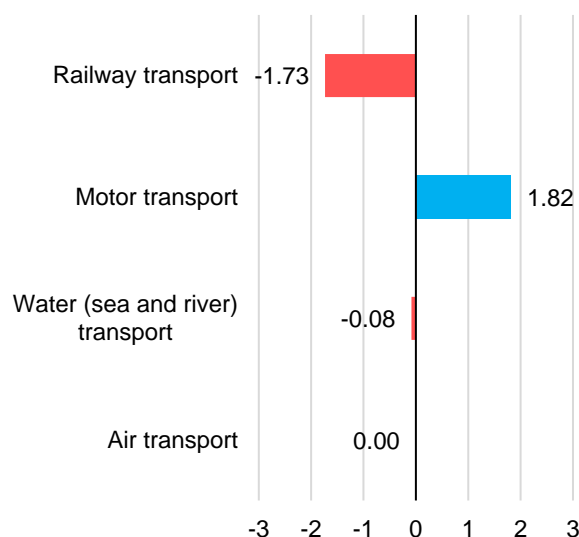
<sup>12</sup> According to Directive of the Government of the Russian Federation No. 2101-r, dated 30 September 2018 (version No. 383-r, dated 20 February 2024).

Chart B-2-1. Freight transportation  
by transport type in January–May 2024, %



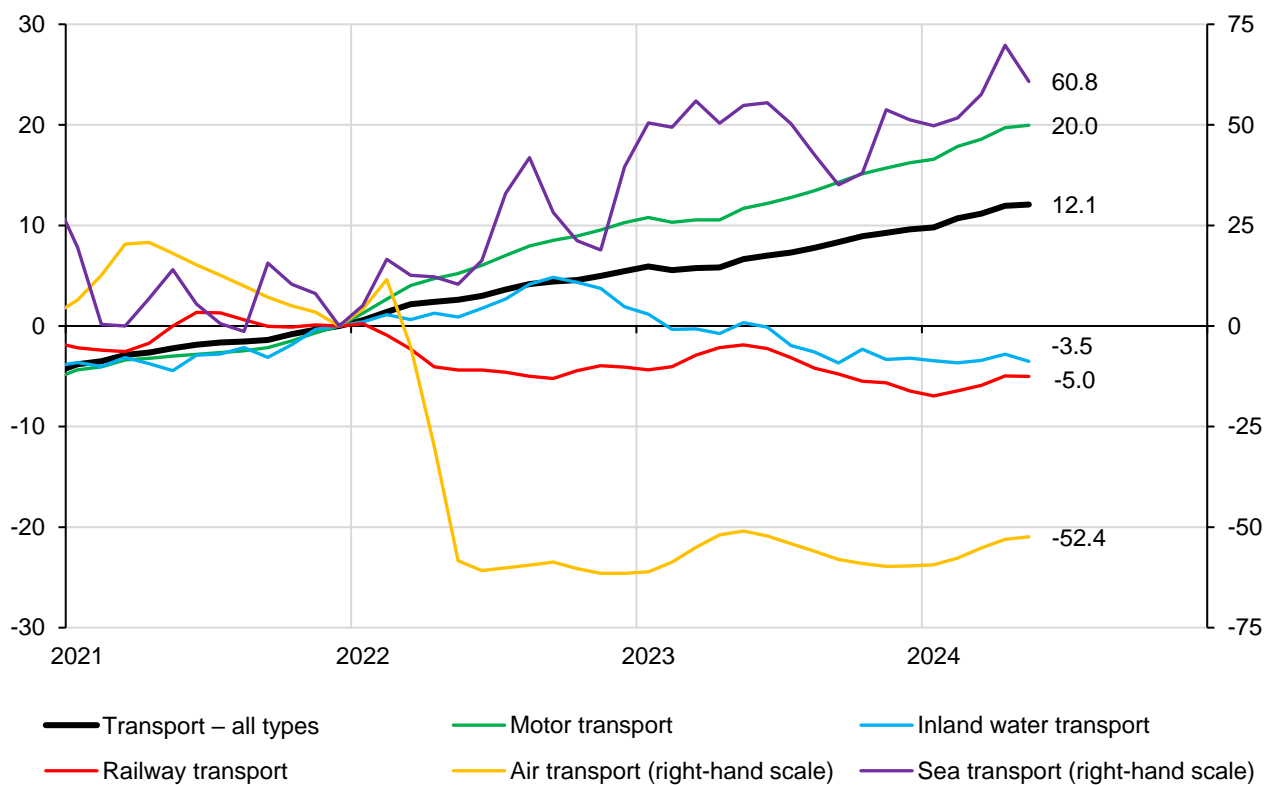
Sources: Rosstat, Bank of Russia calculations.

Chart B-2-2. Change in share of transport type in  
freight transportation in January–May 2024,  
pp, YoY



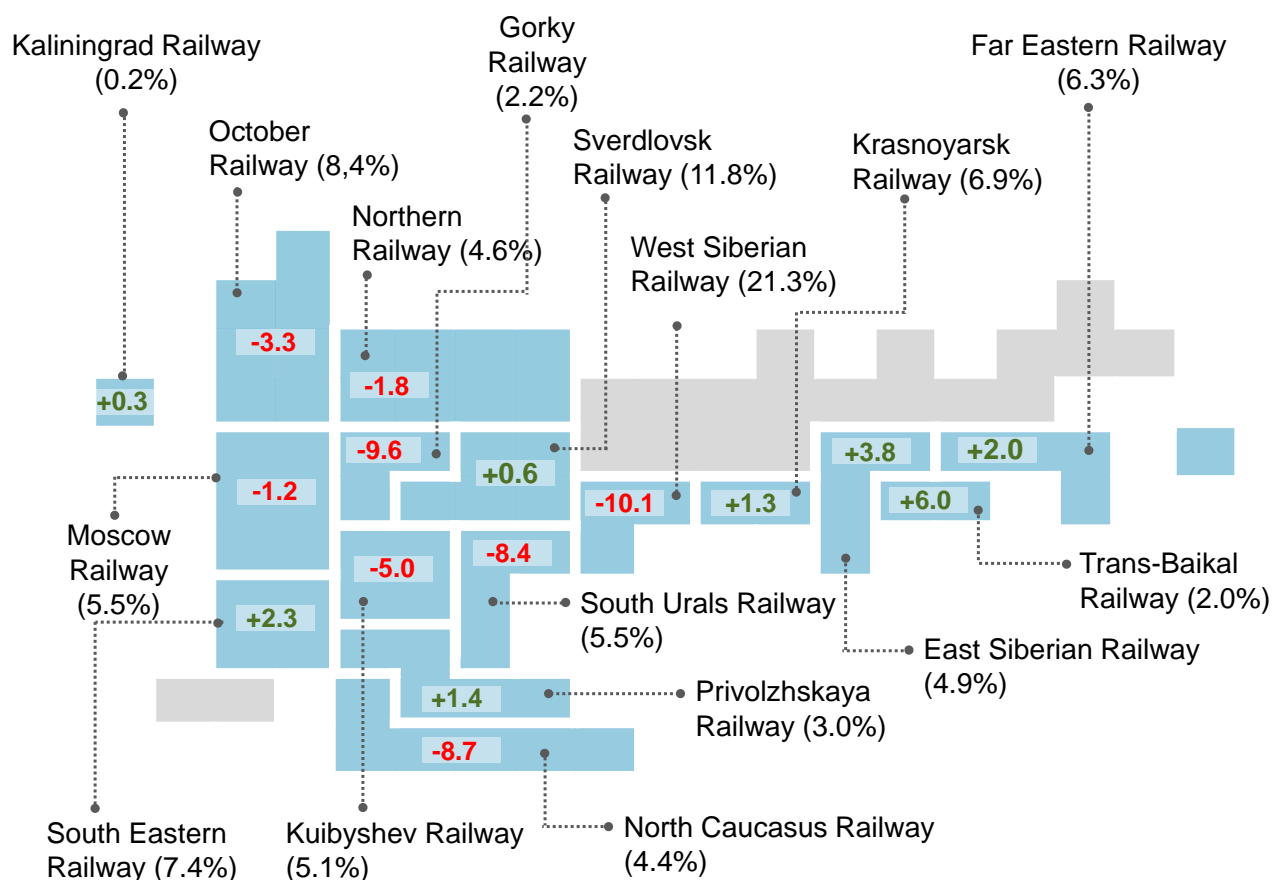
Sources: Rosstat, Bank of Russia calculations.

Chart B-2-3. Freight transportation by transport type, % on 2021 Q4, 3MMA, SA



Sources: Rosstat, Bank of Russia calculations.

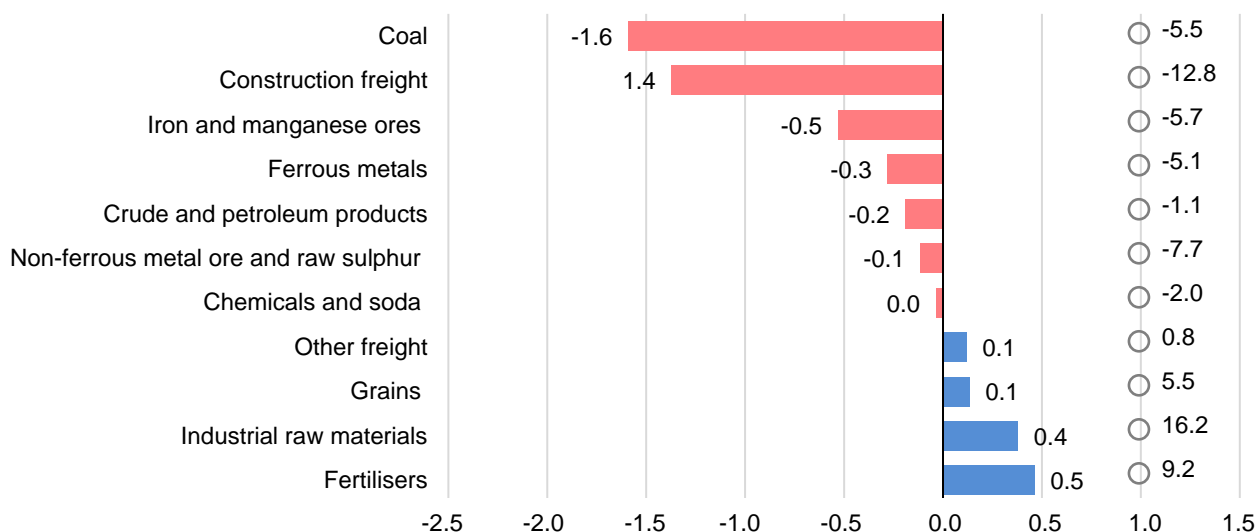
Chart B-2-4. Rail shipments in 2024 H1, % YoY (share in total shipments is provided in brackets)



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.

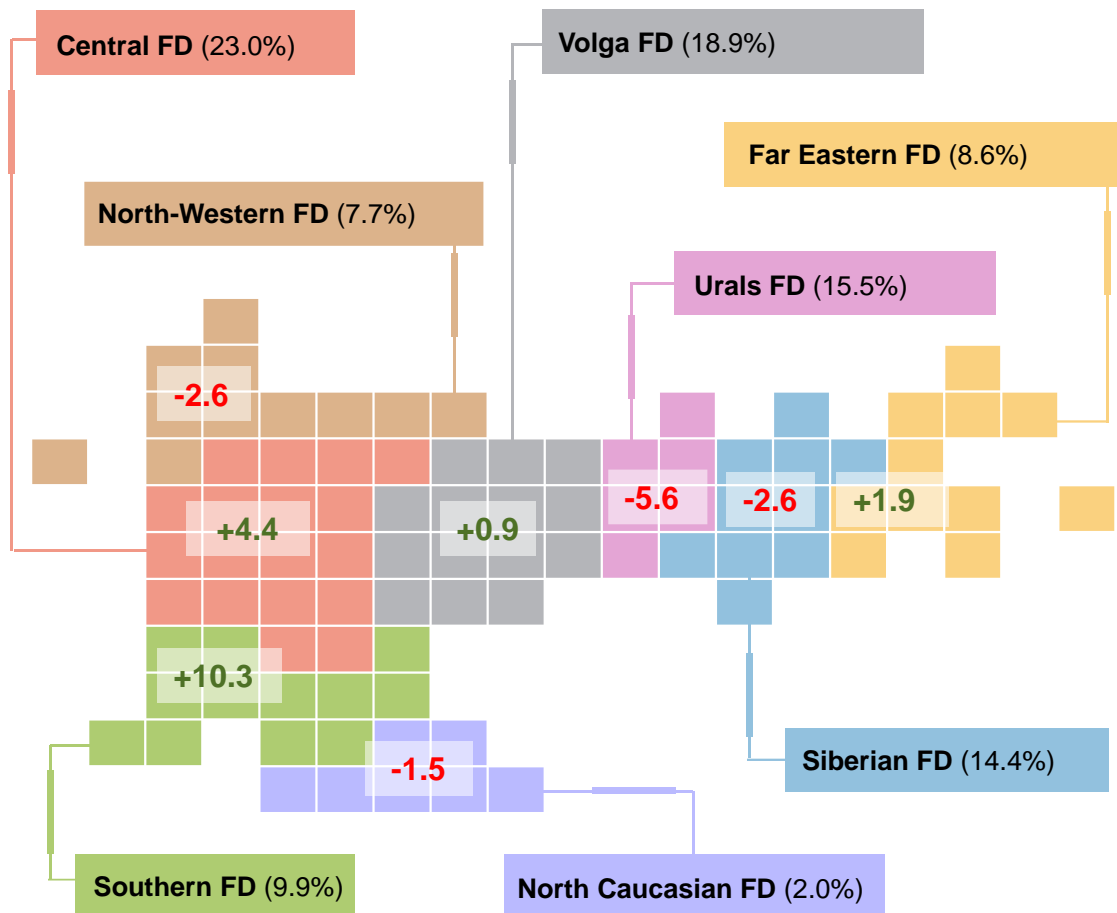
Sources: JSCo RZD, Bank of Russia calculations.

Chart B-2-5. Contribution to annual dynamics of rail shipments in January–June 2024, pp (the right-hand part of the chart indicates annual change in rail shipments by freight type in January–June 2024, %)



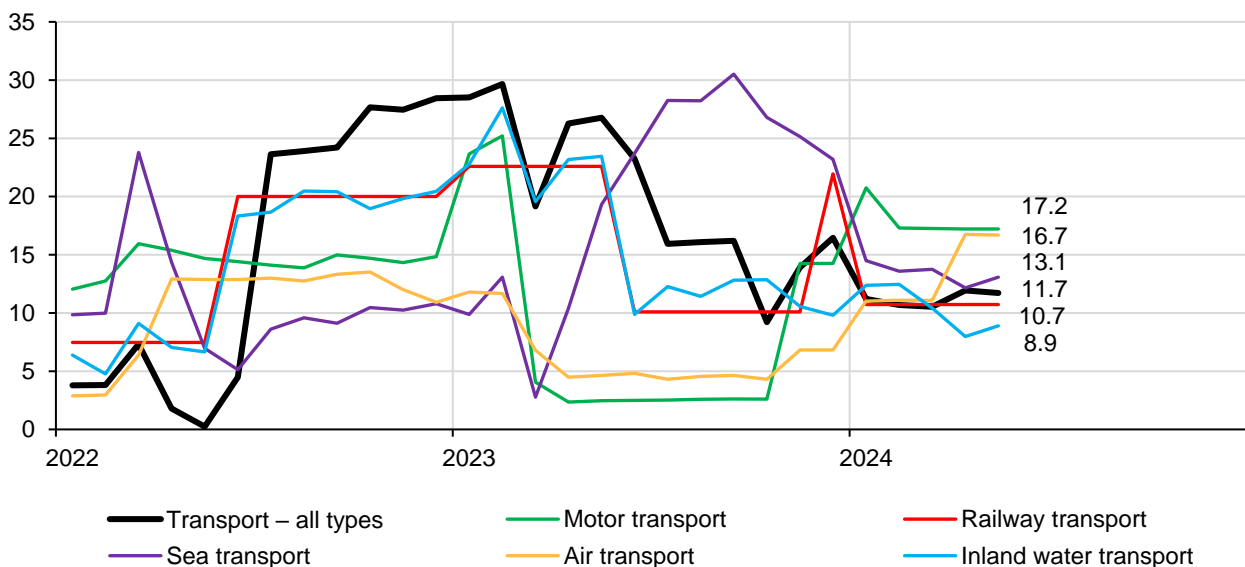
Sources: JSCo RZD, Bank of Russia calculations.

Chart B-2-6. Road transportation by companies from all industries (excluding small enterprises) by federal district in January–May 2024, % YoY (share in overall transportation is provided in brackets)



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.  
Sources: Rosstat, Bank of Russia calculations.

Chart B-2-7. Freight rate indices by transport type, % YoY



Sources: Rosstat, Bank of Russia calculations.

## BOX 3

### INDUSTRY FOCUS. PRIVATE MEDICAL SERVICES

The Russian market of private medical services was actively developing: the amount of services was growing steadily in real terms, notably exceeding the figures of 2021 Q4. Higher household incomes and the development of voluntary medical insurance boosted demand for private medical services. Intense competition for employees pushed up wages in the sector. As a result, prices for private medical services had been rising predominantly faster than inflation since early 2024. In addition to stronger demand, FX effects, higher logistics costs, and staff shortages in the sector also pushed up prices. The effect of these factors will persist until the end of 2024.

#### THE PRIVATE HEALTHCARE MARKET WAS EXPANDING

**The value of private medical services<sup>13</sup> was growing steadily in Russia. According to the Bank of Russia, between March and May, it exceeded the figures of 2021 Q4 by around 8% (SA) in comparable prices.** During the COVID-19 pandemic, the rise in the value of private medical services was triggered by continuing elevated demand from households, including the need for additional examinations (PCR and COVID-19 antibody tests and the treatment of the post-COVID syndrome). The most significant driver of the expansion of private medical services was higher demand for laboratory diagnostics. The turnover in this segment was up by 60% YoY in 2020 and by another 46% YoY in 2021. Private companies offered a wider range of services. Generally, private medical services had been growing faster than public healthcare over the past few years amid rising household incomes and the development of voluntary medical insurance. Their market share was increasingly expanding (to around a fifth, according to current estimates).

The private healthcare market appeared to be more mature in cities due to higher disposable income of their residents. Moscow, St Petersburg, and the Krasnodar Territory were the leaders in terms of the value of private medical services per capita. Healthcare chains were becoming increasingly interested in extending their regional reach. To expand their markets, they used various approaches, such as the acquisition of local companies, the opening of clinics under franchise or various forms of cooperation with the government (participation in the compulsory medical insurance programme and public–private partnership). According to surveys, most healthcare institutions assessed the competition level as high. However, individual respondents noted that competition substantially depended on the service type. It was tougher in mass segments (for example, in dental care), whereas highly specialised areas might be competition-free at the regional level.

**The Russian market of private medical services is significantly fragmented: it comprises over 200 companies, with the top five of them not exceeding 10%.** At the end of 2023, the revenues of major clinics increased at a double-digit pace, driven by growth in the number of clients of medical centres, the opening of new clinics, and the expansion of the range of services. In 2023, healthcare chains opened branches in Moscow, St Petersburg, the Khanty–Mansi Autonomous Area, the Republic of Bashkortostan, the Republic of Mordovia, etc. Furthermore, public clinics and hospitals were becoming increasingly competitive, as they upgraded their equipment, took a more patient-oriented approach, and raised wages.

**The public sector continued the upgrade of primary care facilities, which had started in 2021.**

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<sup>13</sup> Hereinafter, services of private clinics and commercial departments at state medical institutions.



It involved the renovation and construction of new hospitals, clinics, and midwife centres, and the purchase of new equipment for them. In 2019, the Healthcare national project was launched to overcome staff shortages and improve the accessibility and quality of primary care services. According to the Ministry of Finance of the Russian Federation, the total financing for the project amounts to ₺1.7 trillion until the end of 2024, with ₺0.3 trillion allocated for 2024 only. According to the Federal Treasury, more than a half of the planned amount was spent over 2024 H1.

## PRICES INCREASED AND INFLATIONARY FACTORS PERSISTED

**According to Rosstat, current growth (SA) in prices for medical services had been outpacing headline inflation since early 2024.** In June, sectoral prices were up by 9.5% in annualised terms. The share of household spending on medical services was around 1.5% of the consumer basket, with dental care services accounting for more than a half, followed by diagnostic services.

**The current increase in prices for medical services, as for most goods, made a positive contribution to the deviation of the annual consumer price index (CPI) from the target level of 4%. Proinflationary trends became more pronounced amid sanctions.** This was largely associated with the exchange rate fluctuations and higher logistics costs, since the prices for a substantial part of medical services (inpatient treatment and dental care) included the cost of medicines and medical materials, most of which were imported.

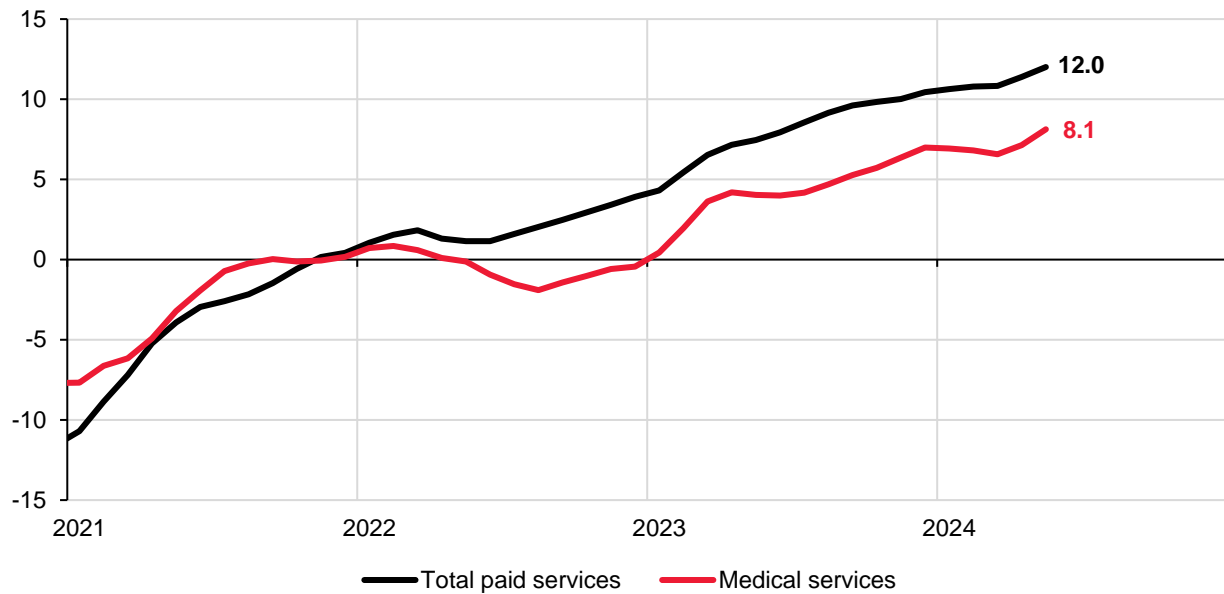
**The surveyed companies confirmed that they were highly dependent on imported equipment, components, and materials.** Sanctions resulted in more complicated supply chains and longer delivery times. Companies were gradually passing through higher costs to final prices. Some companies replaced their equipment with equivalents from friendly countries. However, individual companies reported that the situation with supplies from abroad had generally stabilised. Clinics arranged the procurement of materials, including via friendly countries, or found equivalents.

**According to market participants, localised medicines accounted for around a half of overall sales by value and around three-thirds by number.** According to the Ministry of Industry and Trade of Russia, the share of domestic medical equipment had been growing over the past several years and amounted to nearly a third in 2023. No direct sanctions were imposed on the sector. However, medical institutions had to rearrange logistics chains and look for new suppliers of necessary products, predominantly finished medicines and equipment. Pharmaceutical substances were mainly imported from friendly countries and their logistics remained intact.

**Another important proinflationary factor was staff shortages and, consequently, higher wages.** The sector registered staff shortages. The staffing level of medical institutions was around 90%. To retain employees, companies raised wages. Wage growth directly translated into prices. As a result, according to Rosstat, wages in the sector were growing steadily. In 2023, they were up by 11.2% in general and by 11.7% in the private sector in particular. In early 2024, growth rates remained high.

The current increase in prices for medical services was largely associated with higher demand for private medical services. Prices were also pushed up by FX effects and rising logistics costs, since the prices for a substantial part of medical services included the cost of medicines and medical materials. Furthermore, the sector registered staff shortages and tough competition for employees which triggered an increase in wages. The effect of these factors will persist until the end of 2024.

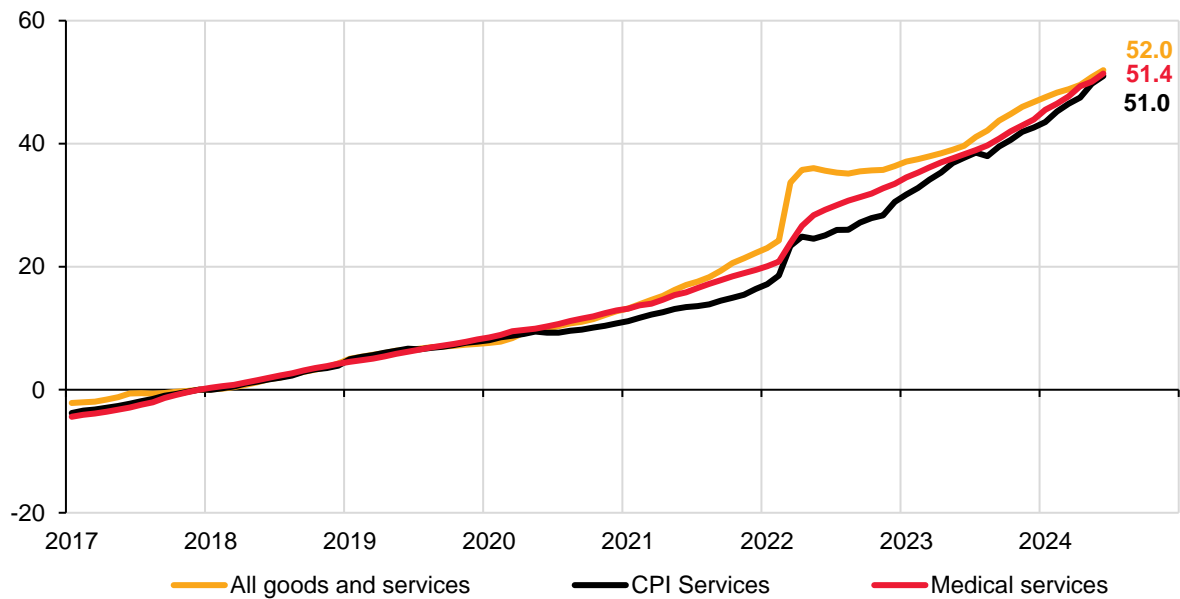
Chart B-3-1. Paid services, % growth on 2021 Q4, 3MMA, SA



Note: Medical services account for around 10% of paid services.

Sources: Rosstat, Bank of Russia calculations.

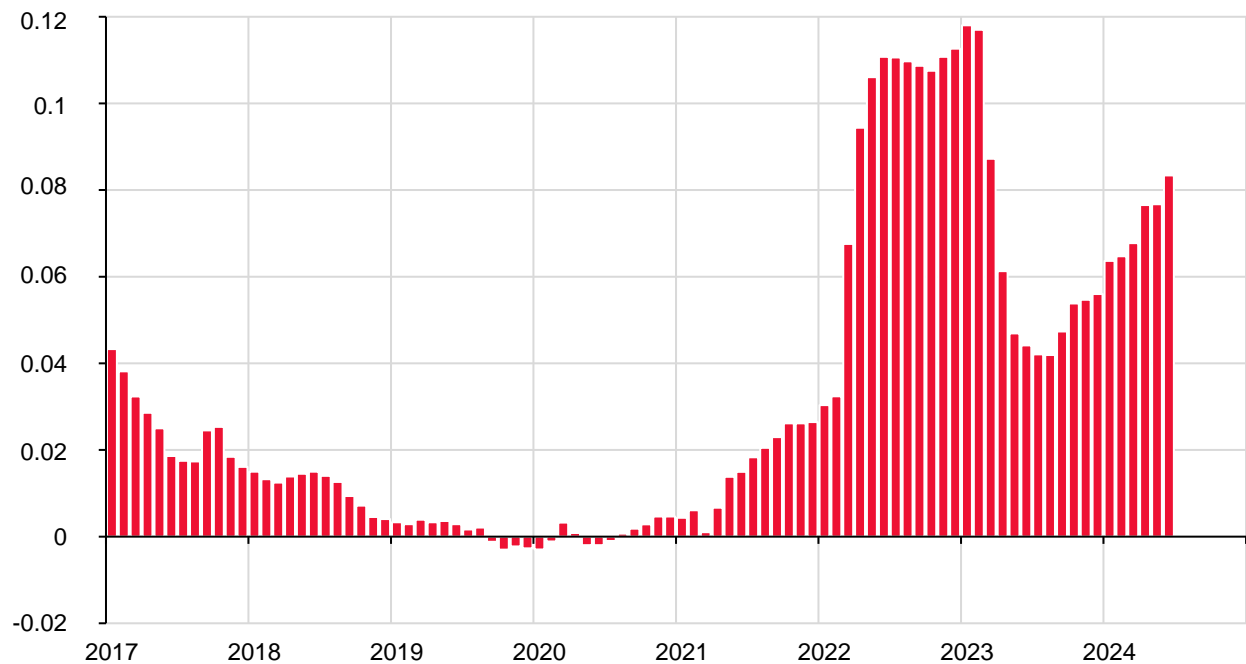
Chart B-3-2. Consumer prices (CPI), % on December 2017, SA



Sources: Rosstat, Bank of Russia calculations.

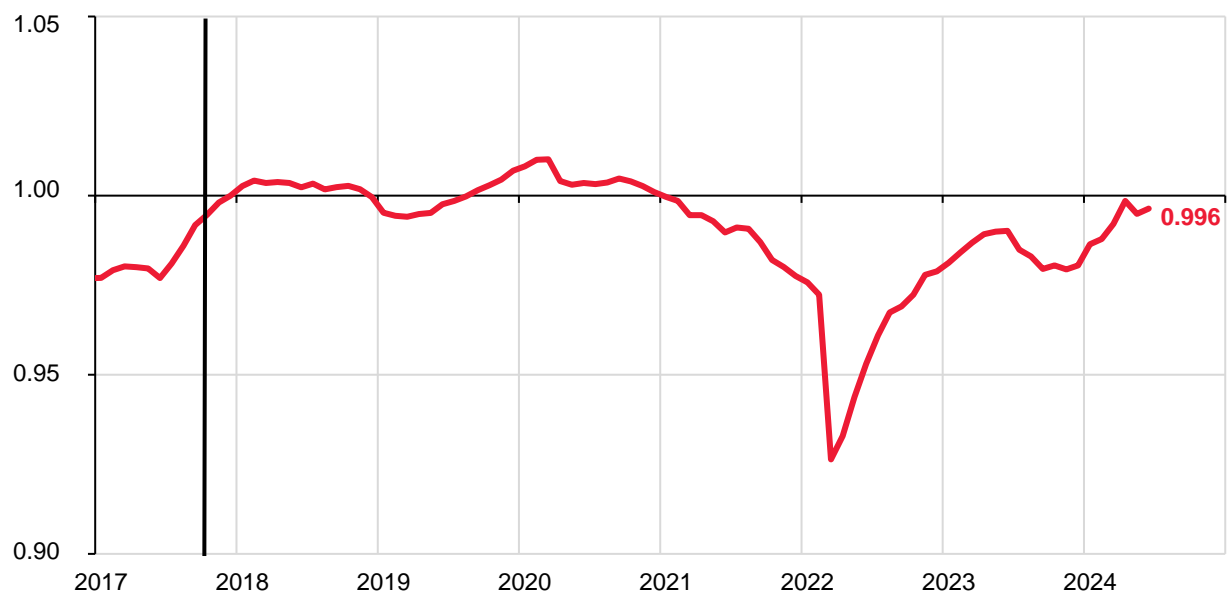


Chart B-3-3. Contribution of change in prices for medical services to deviation of annual CPI growth from 4%, pp



Sources: Rosstat, Bank of Russia calculations.

Chart B-3-4. Ratio of core price index for medical services to CPI, SA



Note: Base period – December 2017. Growth in prices for medical services was at the level of the CPI over around 6.5 years.  
Sources: Rosstat, Bank of Russia calculations.

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	Crop production in 2023
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	Housing construction and its regional specifics in 2022–2023: challenges and prospects
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	Producer costs
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	Regional budgets: 2022 results and 2023 plans
<b>No. 15</b> <b>20 October</b> <b>2022</b>	2022 harvesting campaign: preliminary results and impact on food prices
	Monetary conditions and credit and deposit markets
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	Lower economic activity: impact of demand- and supply-side factors
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	Households' consumption and saving behaviour
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	The housing market and current trends in housing construction

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<b>No. 11</b> <b>20 April</b> <b>2022</b>	Changes in the geography of export and import supplies Progress of seasonal field work
<b>No. 10</b> <b>3 February</b> <b>2022</b>	Producer prices for food Structural changes in the labour market during the COVID-19 pandemic
<b>No. 9</b> <b>9 December</b> <b>2021</b>	Investment activity in 2021 Q3 Regional budgets in 2021
<b>No. 8</b> <b>14 October</b> <b>2021</b>	Heterogeneous consumer price dynamics Preliminary results of the 2021 harvest campaign and their impact on food prices
<b>No. 7</b> <b>2 September</b> <b>2021</b>	Businesses' price expectations Monetary conditions and credit and deposit market in April–July 2021
<b>No. 6</b> <b>15 July</b> <b>2021</b>	Situation in global markets and external demand sectors in 2021 H1 Rebound in regional labour markets in 2021 H1
<b>No. 5</b> <b>3 June</b> <b>2021</b>	Business activity of small and medium-sized enterprises State of the tourism and related services market
<b>No. 4</b> <b>15 April</b> <b>2021</b>	Supply-side constraints and their factors in individual product groups Current situation in the motor fuel market
<b>No. 3</b> <b>11 March</b> <b>2021</b>	Influence of recent regulatory measures on food market Regional budgets in 2020 and expectations for 2021
<b>No. 2</b> <b>4 February</b> <b>2021</b>	Impact of the coronavirus pandemic on regional labour markets Housing market and its regional specifics in 2020
<b>No. 1</b> <b>18 December</b> <b>2020</b>	Consumer demand: the impact of the worsening epidemiological situation

## ANNEX CORE ECONOMIC INDICATORS

### Core indicators. Russia

Table 1

		2022	2023	2023	2023	2023	2024	2024	Apr	May	June
		Q2	Q3	Q4	Q1	Q2					
Inflation	% YoY	11.9	7.4	3.3	6.0	7.4	7.7	8.6	7.8	8.3	8.6
Core inflation	% YoY	14.3	6.8	2.4	4.6	6.8	7.8	8.7	8.3	8.6	8.7
Industrial production	3MMA, % YoY	0.7	3.5	5.7	5.4	4.1	5.6		5.4	4.4	
Fixed capital investment	Cumulative, % YoY	6.7	9.8	8.0	10.5	9.8	14.5				
Construction	3MMA, % YoY	7.5	7.9	9.1	7.5	6.6	3.5		3.8	4.6	
Housing commissioning	3MMA, % YoY	11.0	7.5	-0.6	4.1	30.3	1.5		1.9	0.9	
Retail	3MMA, % YoY	-6.5	8.0	11.1	14.0	11.6	10.4		10.2	8.8	
Commercial services	3MMA, % YoY	5.0	6.9	7.6	7.9	6.7	3.6		3.9	3.8	
Real wages	3MMA, % YoY	0.3	8.2	11.4	8.6	8.6	10.8		10.8		
Real disposable income	% YoY	4.0	5.6	4.7	6.0	6.9	5.9				
Unemployment	% SA	4.0	3.2	3.2	3.0	2.9	2.8		2.7	2.6	
Outstanding consumer loans	% YoY	2.5	16.3	12.4	16.9	16.3	18.2		18.8	19.3	
Outstanding mortgage loans	% YoY	17.7	30.1	23.5	29.1	30.1	27.7		26.1	24.4	
Funds in escrow accounts	% YoY	32.7	38.4	15.0	30.0	38.4	37.6		37.8	41.1	
Non-financial organisations' outstanding bank loans	% YoY	19.7	24.6	23.9	26.1	24.6	23.2		23.2	24.0	
• Large borrowers	% YoY	17.6	23.6	21.9	24.9	23.6	22.3		22.6	23.1	
• SMEs	% YoY	29.9	28.9	32.1	31.1	28.9	26.9		26.0	27.5	
Companies' price expectations	Balance of responses, points, SA	21.7	19.5	16.4	21.3	23.2	20.1	20.2	19.7	19.7	21.3
Business Climate Index	SA, p	-0.1	6.7	8.7	6.2	6.8	8.3	10.7	10.5	11.0	10.6
• Current estimates	SA, p	-6.1	1.1	3.7	1.1	0.5	1.6	5.7	4.1	5.9	7.2
• Expectations	SA, p	6.0	12.6	13.9	11.4	13.3	15.3	15.8	17.0	16.2	14.0

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

Core indicators. Main Branch for the Central Federal District

Table 2

		2022	2023	2023	2023	2023	2024	2024	Apr	May	June
		Q2	Q3	Q4	Q1	Q2	Q1	Q2			
Inflation	% YoY	12.5	7.4	3.6	6.1	7.4	7.6	8.8	7.7	8.4	8.8
Core inflation	% YoY	14.9	7.0	2.9	4.8	7.0	7.8	9.0	8.2	8.8	9.0
Industrial production	3MMA, % YoY	9.2	13.5	13.6	16.2	16.8	13.9		13.8	13.8	
Fixed capital investment	Cumulative, % YoY	1.9	3.6	4.9	5.3	3.6	14.2				
Construction	3MMA, % YoY	7.8	9.0	9.6	7.4	9.6	2.6		1.9	0.7	
Housing commissioning	3MMA, % YoY	12.6	0.3	-9.7	-7.2	35.9	-17.9		-13.4	-12.6	
Retail	3MMA, % YoY	-10.5	6.7	10.2	13.6	14.6	11.4		10.6	9.3	
Commercial services	3MMA, % YoY	7.3	9.6	11.5	10.9	10.0	6.2		6.5	6.2	
Real wages	3MMA, % YoY	-0.9	6.8	10.2	8.0	9.8	12.4		11.8		
Real disposable income	% YoY	3.0	7.2	6.3	7.5	11.6	3.8				
Unemployment	% SA	3.0	2.5	2.6	2.4	2.3	2.0		1.9	1.9	
Outstanding consumer loans	% YoY	2.7	16.0	11.9	16.5	16.0	17.0		17.9	18.5	
Outstanding mortgage loans	% YoY	16.9	25.0	20.3	24.0	25.0	23.6		22.3	20.8	
Funds in escrow accounts	% YoY	39.6	24.9	15.7	25.5	24.9	26.6		28.4	32.6	
Non-financial organisations' outstanding bank loans	% YoY	15.6	24.5	23.1	24.5	24.5	21.7		21.5	22.7	
• Large borrowers	% YoY	13.2	24.2	20.8	23.9	24.2	21.4		21.4	21.8	
• SMEs	% YoY	30.1	26.2	34.7	27.2	26.2	23.3		22.3	26.9	
Companies' price expectations	Balance of responses, points, SA	28.3	25.7	22.3	29.1	31.4	25.9	27.4	25.8	26.5	29.8
Business Climate Index	SA, p	0.2	6.7	6.1	5.8	9.4	10.1	7.9	7.6	8.2	7.9
• Current estimates	SA, p	-6.3	0.5	0.4	0.0	2.4	4.0	2.8	1.6	2.7	4.1
• Expectations	SA, p	6.9	13.0	11.9	11.8	16.7	16.4	13.1	13.7	13.9	11.8

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

**Core indicators. Bank of Russia North-Western Main Branch**

*Table 3*

		2022	2023	2023	2023	2023	2024	2024	Apr	May	June
		Q2	Q3	Q4	Q1	Q2					
Inflation	% YoY	11.9	7.1	3.6	5.9	7.1	7.4	8.1	7.6	8.0	8.1
Core inflation	% YoY	14.7	6.4	2.7	4.3	6.4	7.5	8.3	8.1	8.5	8.3
Industrial production	3MMA, % YoY	0.5	4.3	6.4	7.0	5.6	7.5		7.5	6.8	
Fixed capital investment	Cumulative, % YoY	-2.2	4.3	3.1	7.5	4.3	17.7				
Construction	3MMA, % YoY	-3.6	2.1	-3.0	8.2	1.7	1.0		4.6	9.4	
Housing commissioning	3MMA, % YoY	8.4	1.7	-6.1	15.7	12.2	8.3		2.1	-2.0	
Retail	3MMA, % YoY	-6.3	13.1	17.4	19.8	19.2	8.2		7.7	6.4	
Commercial services	3MMA, % YoY	4.8	10.2	9.8	11.4	9.6	0.8		0.5	-0.2	
Real wages	3MMA, % YoY	0.4	6.1	10.3	7.5	6.6	7.6		7.4		
Real disposable income	% YoY	3.2	4.0	8.0	3.4	1.8	-5.0				
Unemployment	% SA	3.3	2.7	2.7	2.6	2.4	2.5		2.4	2.3	
Outstanding consumer loans	% YoY	1.7	13.5	10.9	14.9	13.5	15.1		15.5	15.9	
Outstanding mortgage loans	% YoY	15.3	23.0	18.0	21.8	23.0	21.7		20.2	18.7	
Funds in escrow accounts	% YoY	32.4	25.7	9.5	16.7	25.7	18.6		15.9	21.0	
Non-financial organisations' outstanding bank loans	% YoY	45.4	29.6	37.6	51.4	29.6	35.3		34.7	33.3	
• Large borrowers	% YoY	46.1	32.3	42.2	53.3	32.3	36.6		35.7	34.8	
• SMEs	% YoY	42.0	16.3	17.5	42.6	16.3	28.1		28.6	25.1	
Companies' price expectations	Balance of responses, points, SA	24.0	21.8	19.2	24.1	25.8	21.3	25.3	24.2	25.2	26.6
Business Climate Index	SA, p	-4.5	2.9	3.5	2.5	4.9	6.3	6.2	5.6	6.2	6.7
• Current estimates	SA, p	-9.8	-2.7	-1.8	-2.4	-1.3	-0.6	1.0	-1.2	1.8	2.2
• Expectations	SA, p	1.0	8.7	9.1	7.5	11.3	13.3	11.5	12.5	10.7	11.2

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.



**Core indicators. Volga-Vyatka Main Branch***Table 4*

		2022	2023	2023	2023	2023	2024	2024	Apr	May	June
		Q2	Q3	Q4	Q1	Q2	Q1	Q2			
Inflation	% YoY	12.4	7.1	3.2	5.9	7.1	7.3	8.2	7.5	7.9	8.2
Core inflation	% YoY	14.7	6.6	2.2	4.4	6.6	7.4	8.2	7.8	8.1	8.2
Industrial production	3MMA, % YoY	3.0	7.7	10.8	10.3	7.9	7.2		7.3	5.3	
Fixed capital investment	Cumulative, % YoY	4.7	18.3	9.2	15.4	18.3	19.0				
Construction	3MMA, % YoY	12.0	13.7	31.4	12.4	3.6	0.6		-0.3	1.1	
Housing commissioning	3MMA, % YoY	3.8	9.9	9.1	-10.4	33.7	7.8		9.4	-0.6	
Retail	3MMA, % YoY	-3.6	10.1	13.7	13.4	13.5	11.0		11.3	10.2	
Commercial services	3MMA, % YoY	3.6	4.5	4.5	5.0	4.2	4.7		4.9	4.8	
Real wages	3MMA, % YoY	0.8	11.8	14.0	11.9	10.9	12.5		12.4		
Real disposable income	% YoY	4.0	4.7	6.6	3.7	4.9	3.9				
Unemployment	% SA	3.2	2.4	2.5	2.2	2.1	2.0		2.0	2.0	
Outstanding consumer loans	% YoY	1.2	17.8	12.1	17.3	17.8	20.8		21.4	22.1	
Outstanding mortgage loans	% YoY	15.4	32.1	22.6	30.6	32.1	29.6		27.9	26.4	
Funds in escrow accounts	% YoY	11.6	47.9	1.3	26.5	47.9	50.5		53.1	54.0	
Non-financial organisations' outstanding bank loans	% YoY	11.0	18.3	14.2	15.1	18.3	16.1		17.2	17.0	
• Large borrowers	% YoY	8.0	12.2	9.5	8.8	12.2	9.5		12.4	12.2	
• SMEs	% YoY	18.8	32.5	24.8	29.8	32.5	31.1		27.5	27.4	
Companies' price expectations	Balance of responses, points, SA	28.6	26.2	23.3	30.5	30.0	25.1	28.1	26.3	27.3	30.7
Business Climate Index	SA, p	0.9	9.3	10.8	8.3	10.4	10.8	13.8	12.8	14.1	14.5
• Current estimates	SA, p	-6.6	2.4	4.3	2.3	3.1	4.0	8.6	6.1	9.7	9.9
• Expectations	SA, p	8.8	16.4	17.5	14.6	17.9	17.8	19.2	19.8	18.7	19.2

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

**Core indicators. Southern Main Branch**

*Table 5*

		2022	2023	2023	2023	2023	2024	2024	Apr	May	June
		Q2	Q3	Q4	Q1	Q2	Q1	Q2			
Inflation	% YoY	11.7	7.8	3.6	6.7	7.8	7.8	8.7	7.7	8.3	8.7
Core inflation	% YoY	14.4	6.8	2.7	4.9	6.8	7.9	8.7	8.2	8.6	8.7
Industrial production	3MMA, % YoY	5.3	2.7	6.3	7.6	-1.7	9.1		8.0	6.8	
Fixed capital investment	Cumulative, % YoY	8.7	8.1	16.3	11.3	8.1	19.8				
Construction	3MMA, % YoY	6.9	4.1	8.4	-2.0	-7.3	-14.2		-2.8	7.4	
Housing commissioning	3MMA, % YoY	18.0	11.3	-11.1	23.1	40.3	11.4		22.2	36.3	
Retail	3MMA, % YoY	-2.4	10.9	15.6	19.5	6.3	11.1		12.3	10.1	
Commercial services	3MMA, % YoY	5.4	3.0	2.5	4.1	2.4	2.7		3.5	3.8	
Real wages	3MMA, % YoY	-0.9	8.1	10.5	6.9	6.1	7.5		9.1		
Real disposable income	% YoY	4.3	4.0	7.2	5.0	0.7	4.5				
Unemployment	% SA	6.4	5.3	5.4	5.2	5.2	4.9		4.9	4.9	
Outstanding consumer loans	% YoY	3.1	19.8	13.7	18.9	19.8	23.0		23.6	24.6	
Outstanding mortgage loans	% YoY	24.9	43.4	35.4	43.2	43.4	38.7		37.1	35.2	
Funds in escrow accounts	% YoY	25.1	106	42.2	71.3	106	102		96.0	91.2	
Non-financial organisations' outstanding bank loans	% YoY	27.2	21.0	31.1	18.5	21.0	17.1		18.6	16.8	
• Large borrowers	% YoY	22.6	8.5	24.9	7.5	8.5	3.6		4.4	1.6	
• SMEs	% YoY	38.1	46.8	43.3	43.0	46.8	44.0		46.2	45.2	
Companies' price expectations	Balance of responses, points, SA	21.5	19.2	16.3	22.8	21.7	17.4	20.2	18.4	19.5	22.8
Business Climate Index	SA, p	1.4	6.4	6.6	5.7	7.3	9.4	9.0	10.5	8.6	7.9
• Current estimates	SA, p	-4.8	0.1	0.9	-0.6	0.4	0.8	2.4	1.8	3.2	2.2
• Expectations	SA, p	7.8	12.9	12.5	12.1	14.4	18.4	15.9	19.6	14.2	13.7

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

## Core indicators. Ural Main Branch

Table 6

		2022	2023	2023	2023	2023	2024	2024	Apr	May	June
		Q2	Q3	Q4	Q1	Q2	Q1	Q2			
Inflation	% YoY	11.0	6.7	2.2	5.0	6.7	7.5	8.0	7.6	7.8	8.0
Core inflation	% YoY	12.4	6.0	1.0	3.2	6.0	7.4	7.9	7.8	7.7	7.9
Industrial production	3MMA, % YoY	0.0	1.9	4.3	2.0	1.9	2.4		2.4	2.1	
Fixed capital investment	Cumulative, % YoY	10.0	5.0	0.4	3.5	5.0	14.5				
Construction	3MMA, % YoY	-0.5	5.6	5.7	4.7	7.6	10.2		5.0	3.9	
Housing commissioning	3MMA, % YoY	11.2	9.3	13.4	9.6	11.7	12.4		2.7	-2.5	
Retail	3MMA, % YoY	-5.1	9.1	13.3	14.2	9.4	11.1		10.9	9.1	
Commercial services	3MMA, % YoY	2.7	5.8	6.7	6.6	4.4	3.3		3.6	2.3	
Real wages	3MMA, % YoY	1.4	10.3	13.9	9.5	7.8	11.2		11.2		
Real disposable income	% YoY	4.1	6.6	8.1	0.5	10.0	2.5				
Unemployment	% SA	3.3	2.5	2.5	2.4	2.3	2.1		2.0	1.9	
Outstanding consumer loans	% YoY	1.6	16.4	12.1	17.1	16.4	18.9		19.1	19.6	
Outstanding mortgage loans	% YoY	16.5	32.6	24.8	31.8	32.6	29.3		27.2	24.9	
Funds in escrow accounts	% YoY	21.9	69.3	11.1	37.8	69.3	60.9		55.6	55.0	
Non-financial organisations' outstanding bank loans	% YoY	17.4	19.0	18.4	18.8	19.0	16.5		16.9	18.3	
• Large borrowers	% YoY	16.0	14.2	14.4	14.3	14.2	13.8		14.1	15.8	
• SMEs	% YoY	25.9	44.6	39.0	42.2	44.6	29.1		29.8	29.5	
Companies' price expectations	Balance of responses, points, SA	24.2	19.4	16.6	21.5	23.2	21.2	21.9	20.7	21.1	23.9
Business Climate Index	SA, p	1.9	9.9	10.1	10.2	10.5	12.3	10.0	10.3	10.9	8.8
• Current estimates	SA, p	-4.2	4.8	6.3	6.1	4.9	5.6	4.6	4.3	5.8	3.8
• Expectations	SA, p	8.2	15.1	14.0	14.4	16.2	19.2	15.5	16.5	16.1	13.9

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

**Core indicators. Siberian Main Branch**

*Table 7*

		2022	2023	2023	2023	2023	2024	2024	Apr	May	June
		Q2	Q3	Q4	Q1	Q2					
Inflation	% YoY	12.7	8.2	3.2	6.6	8.2	8.6	9.2	8.8	9.1	9.2
Core inflation	% YoY	14.2	7.6	1.8	4.7	7.6	8.7	9.5	9.3	9.5	9.5
Industrial production	3MMA, % YoY	1.2	-1.4	0.5	-2.5	-1.7	2.3		2.9	1.5	
Fixed capital investment	Cumulative, % YoY	8.1	5.3	5.8	9.4	5.3	4.4				
Construction	3MMA, % YoY	18.5	-6.2	-8.7	-0.2	-13.3	12.0		14.4	14.3	
Housing commissioning	3MMA, % YoY	3.5	22.4	29.5	3.0	54.5	6.6		-0.9	-11.4	
Retail	3MMA, % YoY	-2.7	8.7	12.6	13.1	10.6	11.0		11.2	11.0	
Commercial services	3MMA, % YoY	5.5	6.0	7.1	6.2	4.8	1.9		2.3	2.9	
Real wages	3MMA, % YoY	1.9	9.7	12.7	8.5	7.3	9.5		9.3		
Real disposable income	% YoY	5.9	5.8	7.0	7.0	4.4	-2.4				
Unemployment	% SA	4.8	3.6	3.8	3.6	3.2	3.1		3.1	3.1	
Outstanding consumer loans	% YoY	3.7	15.5	13.8	17.4	15.5	17.2		17.5	17.7	
Outstanding mortgage loans	% YoY	17.3	33.0	25.5	32.3	33.0	30.3		28.2	26.3	
Funds in escrow accounts	% YoY	25.0	67.9	17.6	52.9	67.9	61.1		58.8	61.9	
Non-financial organisations' outstanding bank loans	% YoY	17.0	29.7	13.5	24.7	29.7	29.6		30.5	35.1	
• Large borrowers	% YoY	11.8	34.6	5.2	25.8	34.6	35.1		39.9	47.2	
• SMEs	% YoY	33.8	16.7	35.1	21.6	16.7	15.1		8.1	8.4	
Companies' price expectations	Balance of responses, points, SA	25.0	23.6	19.3	27.0	29.0	24.0	25.3	24.2	24.7	27.1
Business Climate Index	SA, p	2.4	10.4	12.2	9.8	10.6	11.2	13.1	12.6	14.3	12.3
• Current estimates	SA, p	-5.6	3.1	6.0	3.2	2.3	2.6	6.2	4.3	8.3	6.0
• Expectations	SA, p	10.9	18.0	18.5	16.7	19.2	20.1	20.2	21.2	20.4	18.8

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.

Core indicators. Far Eastern Main Branch

Table 8

		2022	2023	2023	2023	2023	2024	2024	Apr	May	June
		Q2	Q3	Q4	Q1	Q2					
Inflation	% YoY	11.9	8.0	4.0	7.1	8.0	8.4	9.1	8.6	8.9	9.1
Core inflation	% YoY	14.0	8.3	3.7	6.5	8.3	8.9	10.1	9.5	9.9	10.1
Industrial production	3MMA, % YoY	-4.2	3.2	5.8	12.4	5.7	4.4		3.4	2.4	
Fixed capital investment	Cumulative, % YoY	14.5	19.4	21.5	25.1	19.4	20.7				
Construction	3MMA, % YoY	12.6	22.0	26.0	37.0	12.7	12.4		6.6	0.4	
Housing commissioning	3MMA, % YoY	13.7	21.4	25.4	10.3	14.2	8.6		2.6	8.6	
Retail	3MMA, % YoY	-0.6	3.9	4.8	6.0	6.3	5.8		5.5	4.8	
Commercial services	3MMA, % YoY	-0.9	1.7	3.8	2.4	2.0	2.4		1.6	-0.1	
Real wages	3MMA, % YoY	0.1	6.8	6.2	6.0	5.4	7.8		8.2		
Real disposable income	% YoY	6.9	2.0	4.3	3.1	1.4	1.6				
Unemployment	% SA	3.9	3.0	3.0	2.8	2.8	2.6		2.6	2.6	
Outstanding consumer loans	% YoY	3.7	12.5	12.7	15.5	12.5	13.8		14.3	14.6	
Outstanding mortgage loans	% YoY	23.3	32.8	27.0	31.4	32.8	29.7		28.2	26.1	
Funds in escrow accounts	% YoY	34.0	46.0	14.2	28.1	46.0	35.0		37.1	41.0	
Non-financial organisations' outstanding bank loans	% YoY	18.9	32.3	29.8	30.6	32.3	33.3		32.7	33.1	
• Large borrowers	% YoY	21.0	33.7	34.6	35.8	33.7	35.2		34.2	35.2	
• SMEs	% YoY	11.0	26.3	15.0	11.1	26.3	25.2		26.4	24.5	
Companies' price expectations	Balance of responses, points, SA	21.0	18.8	16.2	20.2	21.7	17.0	17.9	16.3	18.3	19.3
Business Climate Index	SA, p	1.7	7.4	8.9	7.6	7.2	8.3	10.0	9.6	10.7	9.9
• Current estimates	SA, p	-4.3	0.7	3.3	1.0	0.3	2.7	5.0	3.9	5.6	5.6
• Expectations	SA, p	7.9	14.4	14.7	14.5	14.4	14.0	15.2	15.4	15.9	14.2

Sources: Bank of Russia's monitoring of businesses, Rosstat, calculations by Bank of Russia MBs.