



Bank of Russia



# **REGIONAL ECONOMY: COMMENTARIES BY BANK OF RUSSIA MAIN BRANCHES**

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

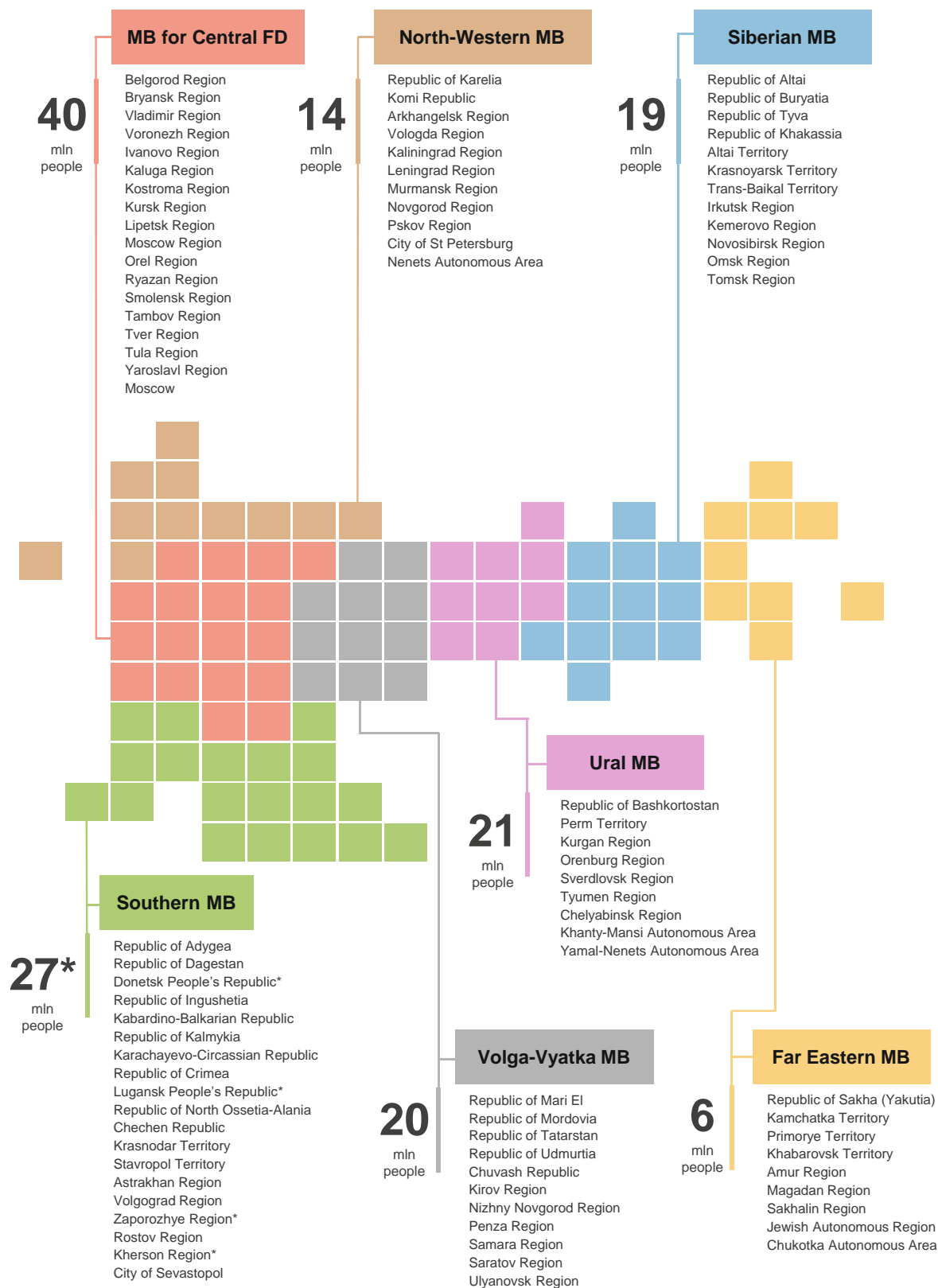
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\* Official statistics on the main social and economic indicators of the constituent territories of the Russian Federation do not include statistics on the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson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

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

The report 'Regional Economy: Commentaries by Bank of Russia Main Branches' (hereinafter, the Report) reviews the current economic situation in the seven Russian macro-regions, the boundaries of which correspond to the regions of operation of the Main Branches of the Central Bank of the Russian Federation (hereinafter, the Bank of Russia MBs). The content of the Report is prepared by the specialists of the Bank of Russia 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 October 2024, we surveyed 13,324 companies.

## RUSSIAN FEDERATION

The growth in economic activity slowed down over August–September both due to the cooling of demand in certain industries and supply-side factors. In September, consumer activity and inflationary pressures stayed high, while indicators of underlying inflation rose month-on-month. Businesses' price expectations and households' inflation expectations remained elevated. Rising interest rates offered by banks continued to stimulate savings and decelerated the growth in retail lending.

**The growth in economic activity slowed down in most macro-regions.** In many sectors, it was constrained by labour shortages, problems related to cross-border settlements, and logistics restrictions (see the Box '*Business activity*'). Another contributing factor was cooling domestic demand in certain industries, especially in housing construction. The number of new projects contracted after the termination of the non-targeted subsidised mortgage programme and the modification of the terms of other government subsidised programmes (see the Box '*Housing market and mortgages in regions*'). The growth in output in a number of sectors was supported by a shift in domestic demand towards domestic products. For example, there was an increase in the output of pharmaceuticals in Siberia, various types of machinery in the Volga Region, and electrical equipment in the Urals. In Southern Russia, government support measures facilitated the expansion of dairy production. Furthermore, new sales channels in the domestic and external markets allowed wood processing companies in Central and North-Western Russia to ramp up their output.

**Labour shortages persisted in the labour market.** Unemployment remained at its all-time low, while the growth rate of real wages remained very high, albeit rather different across various industries. A personnel deficit at a number of enterprises, including as a result of employees' switching to other companies, restrained the output growth, led to higher labour costs, and delayed shipments of finished goods.

**Consumer activity remained high across Russia in general,** while the trends were diverse in the macro-regions. Tourist traffic continued to grow in most regions, which encouraged the construction of hotels in the Volga Region, the North-West, and the South. The demand for cars remained elevated in anticipation of a higher recycling fee. Contrastingly, sales of other durables dropped in a number of macro-regions, particularly in Central Russia and the Volga Region.

Seasonally adjusted (SA) **monthly consumer price growth accelerated in September.** Steady price pressures continued to intensify gradually, significantly exceeding 4% in annualised terms (seasonally adjusted annualised rate, SAAR). Apart from high domestic demand, the price trends were influenced by growing costs incurred by food manufacturers (see the Box '*Industry focus. Harvest of 2024*'). Companies' price expectations went up. Conversely, households' inflation expectations were down, while remaining elevated.

**The demand for retail loans decreased in August.** The annual growth in consumer lending continued to slow down due to the toughening of macroprudential measures and price conditions. A similar trend was observed in the mortgage segment. Companies from a wide range of industries continued to actively raise funds to complete investment projects that had been launched earlier as well as to increase their working capital. The inflow of household funds into time deposits remained high amid rising deposit rates.

## KEY TRENDS IN RUSSIAN REGIONS

**MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT.** The expansion of consumer activity continued to slow down in Central Russia, with the demand for durables declining. Domestic demand shifted towards Russian alternatives to imported raw materials and components, which boosted the output of chemicals. Companies' price expectations edged up in October, remaining above the Russian average, mostly on account of trade companies.

**NORTH-WESTERN MAIN BRANCH.** Furniture manufacturers ramped up their output, including by expanding their product ranges. Cargo traffic at the macro-region's seaports decreased somewhat owing to contracting transshipment of petroleum products. The implementation of targeted government subsidised programmes encouraged large developers to build housing in the northern regions. In the summer months, tourist traffic rose more notably in this macro-region than across Russia as a whole.

**VOLGA-VYATKA MAIN BRANCH.** Consumer activity continued to grow in August–September, albeit at a slower pace. In September, short-term output and demand expectations of companies in the macro-region improved more significantly than generally across Russia. The increase in tourist traffic supported high demand in the services sector. Large manufacturers of agricultural machinery, train cars, ships, and oil and gas equipment stepped up their production.

**SOUTHERN MAIN BRANCH.** In August–September, the contraction of consumer activity slowed down, while the sales of durables, including cars, went up. The growth rates of housing construction and commissioning exceeded the Russian averages because of elevated demand, including for investment purposes. Unlike Russia in general, the macro-region observed a cooling in industrial activity in recent months, including reductions in the output of oil refineries, metallurgical companies and motor transport enterprises.

**URAL MAIN BRANCH.** The growth of consumer activity resumed. The output of electrical equipment increased due to steady demand from the public sector, oil and gas producers, communications companies, and the energy sector. Livestock farms and manufacturers of construction materials stepped up their investment to expand production capacities.

**SIBERIAN MAIN BRANCH.** Industrial output in the macro-region was smaller than across Russia, which was attributed to a decline in coal production resulting from intensifying sanction pressure and logistics problems. Driven by the active expansion of federal-level retail networks, retail sales in Siberia were above the Russian average. The growth rate of housing commissioning exceeded the Russian average rate, which was associated with Siberians' high demand for single-family houses.

**FAR EASTERN MAIN BRANCH.** Unlike in Russia as a whole, manufacturing output in the macro-region dropped as compared with the previous year, including due to a reduction in fish processing resulting from the low harvest of Pacific salmon. The growth in container imports surpassed the Russian averages, which led to higher utilisation rates of seaport infrastructure and a longer time of railway freight transportation to western destinations.

## 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
MBs' percentage in inflation	%	2024	100	34	11	11	15	14	10	5
Inflation	% YoY	Sep24	8.6	9.2	8.1	8.4	8.6	8.0	8.8	8.3
Core inflation	% YoY	Sep24	8.3	8.6	8.1	8.0	8.0	7.7	8.8	8.5
Industrial production	3MMA, % YoY	Aug24	2.9	12.0	3.9	4.0	-1.8	1.0	0.7	-2.2
Fixed capital investment	Cumulative, % YoY	2024 Q2	10.9	7.3	19.4	13.5	13.3	19.1	6.9	18.4
Construction	3MMA, % YoY	Aug24	0.6	-1.3	1.6	-3.7	15.9	-3.5	-6.8	0.03
Housing commissioning	3MMA, % YoY	Sep24	0.4	6.0	-4.8	-8.7	-1.9	-4.5	13.9	0.04
Retail	3MMA, % YoY	Aug24	5.9	5.2	2.8	7.1	5.4	9.2	9.1	7.0
Commercial services	3MMA, % YoY	Aug24	3.0	2.9	0.7	4.3	5.5	4.9	2.2	-2.9
Real disposable income	% YoY	2024 Q2	7.7	7.3	6.3	8.2	8.1	6.4	4.8	4.4
Real wages	3MMA, % YoY	July24	7.7	7.9	5.8	10.9	8.5	6.4	6.7	5.2
Unemployment	% SA	Aug24	2.5	1.8	2.1	1.9	4.6	1.9	2.9	2.3
Outstanding consumer loans <sup>2</sup>	% YoY	Aug24	16.2	15.4	12.8	19.2	21.2	16.7	14.5	11.4
Outstanding mortgage loans	% YoY	Aug24	18.8	16.1	14.5	20.3	27.5	18.5	19.5	21.7
Funds in escrow accounts	% YoY	Aug24	37.4	31.5	14.6	51.7	74.1	49.5	48.9	36.1
Non-financial organisations' outstanding bank loans	% YoY	Aug24	21.9	21.5	25.4	20.7	21.4	16.1	21.2	33.2
• Large borrowers	% YoY	Aug24	20.5	19.1	29.1	24.7	12.6	13.1	21.4	33.0
• SMEs	% YoY	Aug24	28.3	35.6	4.6	11.9	37.8	30.7	20.4	34.0
Companies' price expectations <sup>3</sup>	Balance of responses, p, SA	Oct24	23.3	30.9	24.8	29.7	26.4	24.2	28.2	20.9
Business Climate Index	p, SA	Oct24	5.5	5.7	4.6	8.5	8.0	7.0	6.1	8.2
• Current estimates	p, SA	Oct24	-0.4	-1.6	-0.9	1.7	1.4	1.5	-0.9	2.2
• Expectations	p, SA	Oct24	11.5	13.3	10.4	15.5	14.8	12.6	13.3	14.3

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

<sup>2</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.

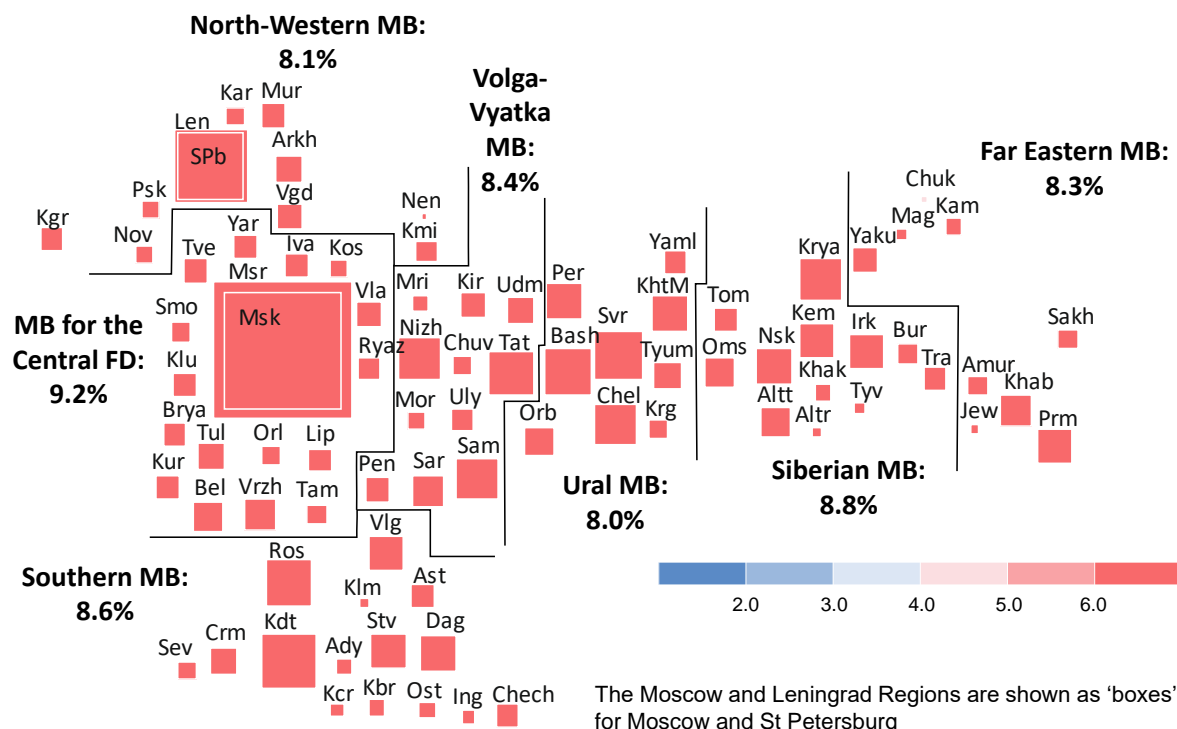
<sup>3</sup> The balance of responses is the difference between the percentages of responses 'will increase' and 'will decrease' to the question about expectations regarding prices in the next three months. Companies' price expectations and the Business Climate Index are based on the monitoring of businesses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



## INFLATION IN RUSSIAN REGIONS

### Price growth in September 2024, % YoY

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



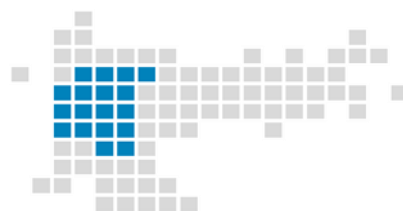
Note. The lines on the map divide the regions of operation of the Bank of Russia MBs.

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	Khab	Khabarovsk Territory
Ing	Republic of Ingushetia	Nsk	Novosibirsk Region	Khak	Republic of Khakassia
Irk	Irkutsk Region	Oms	Omsk Region	KhtM	Khanty-Mansi Autonomous Area – Yugra
Klm	Republic of Kalmykia	Orb	Orenburg Region	Chel	Chelyabinsk Region
Klu	Kaluga Region	Orl	Orel Region	Chech	Chechen Republic
Kam	Kamchatka Territory	Ost	Republic of North Ossetia – Alania	Chuv	Chuvash Republic
Kar	Republic of Karelia	Pen	Penza Region	Chuk	Chukotka Autonomous Area
Kbr	Kabardino-Balkarian Republic	Per	Perm Territory	Yaku	Republic of Sakha (Yakutia)
Kem	Kemerovo Region – Kuzbass	Prm	Primorye Territory	Yaml	Yamal-Nenets Autonomous Area
Kir	Kirov Region	Psk	Pskov Region	Yar	Yaroslavl Region
Kgr	Kaliningrad Region	Ros	Rostov Region		
Kmi	Komi Republic	Ryaz	Ryazan Region		

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



In August–September 2024, the macro-region saw a slowdown of the increase in consumer demand and monthly price growth. Companies' price expectations went up. The activity in the mortgage market intensified in August, driven by Russians' demand for loans under the modified government subsidised programme – Family Mortgage. The inflow of household funds into time deposits picked up amid rising deposit rates.

**CONSUMPTION AND INCOMES.** Taking into account high-frequency data, the growth in consumer demand in Central Russia continued to slow down in August–September vs July, primarily as a result of a decline in durables purchases. According to the survey, the proportion of households in the macro-region who had bought audio or video equipment over the last three months contracted. A large local online retailer reported a slowdown in the growth of the demand for electronics and household appliances. Contrastingly, the consumption of personal services and food products continued to expand. Unusually warm weather in September led to a rise in the demand for the goods purchased for countryside recreation and picnics. Consumers' demand for domestic trips remained high. The demand for health resorts and hotel accommodation for weekends was up in the Smolensk, Tver and Vladimir Regions. The macro-region's trade and service companies grew more optimistic about demand in the next three months.

**PRICES.** Annual inflation is still higher in the macro-region than in Russia, while the current price growth rate (SA) edged down in September as compared to August. Over the past three months, the average price growth was higher in the macro-region than in the country as a whole. This was attributed to the fact that housing and utility tariffs and fruit and vegetable prices increased more notably in Central Russia than on average across the country. That said, expenses related to housing and utility services have a higher weight in the consumer basket of the macro-region's population compared to the Russian average. Companies' price expectations went up and remain above the country's average, which is largely accounted for by trade and industrial enterprises. Price expectations in retail considerably exceeded the Russian averages, primarily because of the companies engaged in motor vehicle trade.

**MONETARY CONDITIONS AND BANKING SECTOR.** According to the banks surveyed, corporate loan rates rose in August–September. The annual growth of the corporate loan portfolio remained virtually unchanged, staying elevated. The dynamics of lending to businesses of different industries were diverse. The increase in the outstanding loans of trade companies slowed down, while that of machinery and equipment manufacturers notably accelerated. The annual growth in the portfolio of retail loans, including both mortgage and consumer ones, continued to slow down in August. However, the amount of new mortgages edged up vs July, including due to households' interest in the modified government subsidised programme, while being two times lower than a year before. Given attractive deposit rates, households' demand for bank deposits remains high.

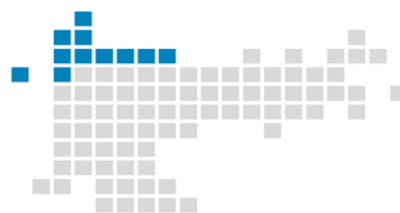
**CHEMICAL INDUSTRY.** High demand for substitutes of imported raw materials, components and finished goods of the chemical industry, including in the consumer segment, has been promoting

active development of chemical enterprises. Companies are enlarging their ranges of cosmetics and household chemicals. More than 15 new cosmetic products have been launched in Moscow. A Tver-based manufacturer has expanded its line of dishwashing liquids. Output has been growing in other segments as well, namely in the segments of paints and coatings in the Moscow Region and of crop protection chemicals in the Lipetsk Region. Investment activity of the macro-region's manufacturers has been growing, driven by rising demand for chemicals. For example, the Moscow Region has launched the production of innovative solutions for aesthetic medicine and professional cosmetology, while a Vladimir-based plant has opened a new workshop for producing next-generation soft cable compounds. Market participants report persisting challenges relating to the substitution of certain imported components of low-tonnage chemicals, longer raw material deliveries, and problems with cross-border payments.

**COMPUTERS, ELECTRONIC AND OPTICAL PRODUCTS.** In 2024, the production of computers, electronic and optical products has been steadily expanding. This has been facilitated by government programmes for the development of electronics and radioelectronics, as well as growing demand for domestic electronic devices. Moscow is one of the macro-region's leaders in terms of this growth. With the extensive government support, Moscow companies have been developing and rolling out innovative solutions and expanding the ranges of products and their output. New plants are being established in the special economic zone in Zelenograd. A Russian manufacturer of computing equipment has started to produce monitors in the Kaluga Region. By the end of the year, a plant in Tver will start manufacturing domestic enterprise-grade points of wireless communication. Nevertheless, the development of this industry is limited by the sanction pressure.

**WOOD PROCESSING.** In January–August 2024, the output of wood products in the Central Federal District rose primarily due to the recovering production in the Moscow, Smolensk and Kostroma Regions. One of the reasons behind this growth was the expansion of exports. For instance, there was an upturn in large-size plywood exports from the Kostroma Region, including owing to the launch of a high-speed container railway route by one of Russia's largest plywood mills. This container route is used for delivering products to major Asian economic centres. Wood processing companies have been upgrading their production to boost labour productivity amid labour shortages. A major Smolensk manufacturer is implementing a project aimed at enhancing flooring production. A new production line is planned to be launched by the end of 2024. Wood processing companies, along with other industries, continue to report problems with international settlements.

## BANK OF RUSSIA NORTH-WESTERN MAIN BRANCH



Consumer activity remained overall unchanged in August–September as compared to July, staying high. As of the end of the summer months, tourist traffic in the macro-region exceeded last year's level. Furniture manufacturers ramped up their output to meet increased demand, including by expanding their product ranges. Cargo traffic in seaports decreased somewhat in July–August owing to reduced liquid cargo transshipment.

**CONSUMPTION AND INCOMES.** In August–September, consumer activity remained at the July level, staying high. As estimated by a number of car dealers, September saw a rise in car sales, attributed to the expectations of a higher recycling fee from October. Consumption was partly supported by an upswing in tourism. In particular, over the first nine months of 2024, tourist arrivals to St Petersburg exceeded last year's level by more than 10%. Likewise, September was marked by elevated demand for tours to the Vologda Region for the New Year and Christmas holidays. Contrastingly, in August–September, retailers and service companies worsened their current estimates and short-term expectations regarding demand.

**PRICES.** In September, annual inflation in the North-West remained lower than across Russia as a whole, while monthly price growth (SA) went up compared to August. Over the past three months, the average price growth rate (SA) in the North-West was slightly lower than the national average, mainly on account of changes in prices for meat, poultry, dairy butter, and dairy products. Contrastingly to the country-wide dynamics, price expectations of the macro-region's businesses lowered, while still surpassing the Russian average. This was primarily attributed to higher expectations in the transportation and storage sector.

**MONETARY CONDITIONS AND BANKING SECTOR.** The annual growth rate of the corporate loan portfolio continued to decline as of the beginning of September. According to banks' estimates, working capital loans were in demand among the macro-region's businesses. The annual growth in the retail loan portfolio also slowed down. The volume of new consumer loans, including car loans, fell in August compared to July. In August, a slight month-on-month increase in new loans was observed in the mortgage segment in general and under government subsidised programmes in particular. Nevertheless, the total amount of mortgages issued in August was half that observed last year. Mortgages under the Arctic Mortgage programme were most popular in the Arkhangelsk Region and the Nenets Autonomous Area. The implementation of targeted government subsidised programmes encouraged developers to build housing in the northern regions of the North-West. At the end of the summer, a large developer announced the start of its first project in the Murmansk Region. The inflow of household funds into time deposits accelerated in August amid rising deposit rates.

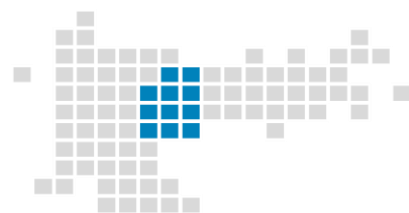
**WOOD PROCESSING AND FURNITURE MANUFACTURE.** The output of processed wood products in the North-West was up (SA) in July–August. In the summer of 2024, two previously suspended production facilities – a lumber mill and a plant manufacturing solid wood panels – resumed operations in the Leningrad Region. The relaunch became possible owing to new sales

channels in Russia and abroad, among other factors. At the same time, industry representatives noted that problems with logistics and settlements persisted. Due to the overload of railways, certain Arkhangelsk enterprises switched to road transportation and sea shipping. For example, a sawmill shipped its first cargo to Asia this year via the Northern Sea Route, and a plywood manufacturer increased the proportion of its product deliveries to the port of St Petersburg by motor transport. Furniture manufacturers ramped up their output to meet increased demand. One of the furniture factories noted a multiple increase in 2024 sales and was planning to boost them further by expanding its range of products. A Novgorod manufacturer, which had previously specialised mostly in door production, launched a new line of designer furniture this summer. However, according to those involved in the sector, the furniture market growth might decelerate in the near future due to declining housing sales.

**TOURISM.** As of the end of the summer season, total tourist traffic in the North-West surpassed last year's levels. According to the estimates by tour operators, Russians' demand for trips to St Petersburg soared. In addition, the number of foreign visitors to the city increased by a factor of 1.7, particularly on account of tourists from the Middle East and Asia. The trend was driven by the development of air transportation with friendly countries, among other contributors. Hotel occupancy in other regions was also high in the summer: for example, in Karelia and the Kaliningrad, Leningrad and Murmansk Regions, it was consistently above 90%. To meet high demand, the macro-region continued the construction of tourist accommodation facilities. Specifically, Veliky Novgorod reopened its first five-star hotel after the reconstruction. Pskov is also planning to open its first hotel of the same class by the end of 2024. Karelia is expected to complete the construction of a new tourist centre this autumn. Industrial tourism has been developing in the North-West. Representatives of St Petersburg enterprises have been designing new tour routes this year. In addition, this autumn, the Leningrad Region launched a project that includes a series of tours to the region's industrial enterprises.

**CARGO TRANSPORTATION.** In July–August 2024, cargo traffic in the seaports of the North-West edged down compared to 2024 Q2 owing to reduced transshipment of petroleum products, which resulted from the renewal of the petrol export ban, among other factors. Containerised cargo transshipment via the St Petersburg port also decreased somewhat, which could have been induced by persisting challenges related to settlements with foreign counterparties. Contrastingly, containerised cargo transshipment in the Arkhangelsk port expanded due to a new multimodal facility for container delivery from Central Russia to Eastern Asia along the Northern Sea Route launched in July. In addition, grain exports continued to grow, fuelled by higher demand from importing countries and a wider geographical scope of the sales markets. In September, a port in the Leningrad Region shipped a consignment of wheat to a West African country for the first time. In early October, another port of the region, where a new deep-water terminal is under construction, loaded the first consignment of coal onto a large-capacity vessel for a Middle Eastern country. However, some companies complained about increased loading time in railway transportation, in particular due to a shortage of locomotives and workmen. To address that problem, a major fertiliser producer in the North-West, for example, increased its own rolling stock for shunting operations at stations and sidings.

## BANK OF RUSSIA VOLGA-VYATKA MAIN BRANCH



In August–September, consumer activity continued to grow, driven by expectations of higher prices for imported cars, among other factors. Expanding tourist traffic in the macro-region fuelled the demand for services as well as the development of infrastructure and output in the related industries. Despite a decline in consumer demand for construction materials and furniture, demand from the government and businesses enabled producers to ramp up their output, albeit at a slower pace than several months before. The growth in public procurement supported the output in machine building at a high level. Rising deposit rates boosted saving activity.

**CONSUMPTION AND INCOMES.** In August–September, consumption continued to rise, although its average growth rates were lower than in July. According to high-frequency data and surveys, non-food sales rebounded in September after the near-zero dynamics in August. The demand for new foreign cars kept growing, driven by expectations of higher prices due to an increase in the recycling fee starting from October. Furthermore, additional financing of the subsidised car lending programme contributed to the expansion of the demand for domestic cars as well. Nevertheless, car dealers expect a gradual downturn in the demand for new cars from October, which is associated with rising prices and interest rates on car loans. Sellers of construction materials and household appliances reported slower growth or a decline in sales. According to businesses, the demand for autumn clothing and footwear was slightly lower than usual because of the warmer weather. Consumption of services increased, whereas the turnover in public catering continued to fall after a long period of growth. Owing to the development of domestic tourism, most surveyed companies remain positive about current and expected demand.

**PRICES.** In September, annual inflation in the macro-region stayed slightly below the national average. Unlike in Russia as a whole, the current price growth rate (SA) dropped vs August. However, the average price growth observed over the past three months was close to the Russian average. In recent months, milk and dairy products were rapidly becoming more expensive in the macro-region, just as in Russia as a whole. High demand allowed the manufacturers and suppliers of these products to pass through higher costs, including labour and logistics costs, to prices. Contrastingly, the rapid increase (SA) in fruit and vegetable prices, which had been largely contributing to the price growth in the previous months, stopped in September. Businesses' price expectations did not change significantly, remaining higher than the country-wide average on account of agricultural and trade enterprises.

**MONETARY CONDITIONS AND BANKING SECTOR.** The monthly growth rate of the corporate loan portfolio was high in August. Nonetheless, according to businesses' estimates, corporate lending conditions in the macro-region tightened somewhat in August–September. The dynamics in retail lending segments were diverse in August. The increase in outstanding consumer loans accelerated despite rising interest rates. Contrastingly, the growth in mortgages continued to slow down, although mortgage lending under the Family Mortgage programme was gradually rebounding.



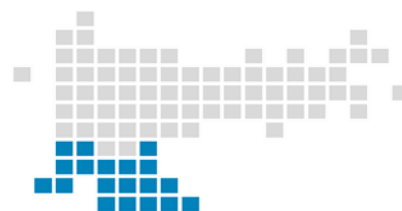
September also saw a rise in new IT Mortgage loans. Amid rising deposit rates, household funds in bank deposits continued to expand at an accelerated pace, which was primarily accounted for by short-term deposits.

**MACHINE BUILDING.** Machine builders' business activity remained elevated against the backdrop of the ongoing structural transformation, although demonstrating diverging trends in recent months. Output continued to grow fast in the segments with a large percentage of public procurement, but edged down in other industries. As reported by companies, the output growth was restrained by difficulties with attracting personnel, elevated utilisation rates of production capacities combined with their increasing depreciation, as well as challenges related to the purchases of imported equipment and higher related costs, among other factors. Certain companies said that staff shortages led to delayed shipments of their finished goods. A number of large enterprises, including producers of agricultural machinery, train cars, ships and oil and gas equipment, continued to implement investment projects and ramp up production as a result of import substitution.

**HOME IMPROVEMENT GOODS.** Over recent months, industries engaged in the manufacture of construction materials and furniture were characterised by a slowdown in output growth. According to companies, this was associated with a decline in households' demand for their products, among other things. One large cement manufacturer attributed this trend to cooling demand in the housing market. Nevertheless, steadily elevated demand from businesses and the government helped partly offset the negative effects of shrinking consumer demand, supporting production growth. For example, furniture manufacturers noted elevated demand from the tourism companies of Southern Russia. In one of the regions, demand was supported by large furniture orders for a cultural facility under construction as well as for the refurbishment of hotel rooms.

**TOURISM.** Over the summer of 2024, tourist traffic in Volga-Vyatka experienced a hike by about 10% YoY. According to recent data, this growth continued in September as well. Tourism businesses reported higher demand for their services. As a result, there was an increase in the number of bookings and the period between the booking and arrival dates, as well as the occupancy rate. Rising prices for foreign trips caused tourists to prefer travelling inside Russia, although some tour operators reported an increase in the number of trips to Asian countries. Certain types of tourism continued to become more popular, e.g. trips to livestock farms became more frequent in Udmurtia. Growing interest in river tourism stimulated the production of floating houses at enterprises in the Nizhny Novgorod Region and the Chuvash Republic. A number of regions opened new recreation centres and ecological trails in recent months. In Tatarstan, active opening and renovation of tourist facilities were additionally fuelled by preparations for a major international event. Nonetheless, the industry was still facing labour shortages. In order to retain employees, some companies raised wages and paid for overtime.

## BANK OF RUSSIA SOUTHERN MAIN BRANCH



In August–September, the macro-region saw a slower contraction of consumer activity as compared to July. The monthly consumer price growth rate (SA) went down in September vs August, while businesses' price expectations continued to increase. The labour market remained tight, although certain preconditions for its easing were taking shape. The growth rate of tourist traffic lowered somewhat. The increase in corporate lending accelerated, while that in retail lending slowed down slightly. Dairy product manufacturers expanded their production capacities and sales territory.

**CONSUMPTION AND INCOMES.** According to high-frequency data (SA), August–September saw a slower contraction of consumer activity as compared to July. This was attributed to increasing sales of non-food durables. Car dealers reported a boom in the demand for cars due to a higher recycling fee starting from 1 October. Against the background of a high housing construction pace, certain regions noted elevated demand for construction materials and home improvement goods. Businesses continued to adapt to the growing popularity of online shopping. In particular, a Krasnodar clothing company closed its outlets and switched to selling products via marketplaces. Growing wages in the public and private sectors supported consumer demand.

**PRICES.** In September, annual inflation in the macro-region was 8.6%, which is equal to the national average. The monthly price growth rate (SA) slowed down as compared to August. Over the past three months, the average price growth rate was somewhat lower in Southern Russia than in the country as a whole. A bigger expansion of supply in the macro-region contributed to the downward trend in prices for meat products (beef and mutton) and eggs as compared to Russia in general. Nevertheless, companies' price expectations went up and remained above the national average, which was largely accounted for by agricultural enterprises whose expectations increased the most. Price expectations in retail were lower than across the country.

**MONETARY CONDITIONS AND BANKING SECTOR.** As of the beginning of September, the annual growth in corporate lending slowed down marginally. This trend was largely attributed to the partial repayment of loans by small and medium-sized enterprises (SMEs) of the Volgograd Region (primarily agricultural businesses) and large enterprises of the Rostov Region (mainly real estate sector companies) and the Republic of Crimea. The annual growth in consumer lending continued to slow down due to rising interest rates and tightening macroprudential requirements. Similar dynamics were observed for the mortgage portfolio. However, the amount of mortgage loans issued in August was slightly above the July's level, primarily due to growing demand for subsidised mortgages for families with children and for existing housing under market programmes. Households' demand for long-term deposits continued to expand, fuelled by rising deposit rates.

**LABOUR MARKET.** In August–September 2024, the labour market remained tight. In order to retain employees, companies raised wages and offered additional incentives. For example, a Sevastopol retailer covered taxi expenses of its employees; a large company in the Astrakhan Region introduced

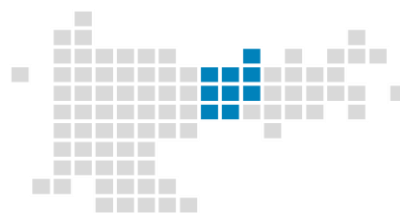


an extensive package of employee benefits; a machine builder in the Krasnodar Territory provided corporate housing to its workers. Enterprises started reaching out to students as part of their efforts to attract personnel. To train agricultural experts, the Volgograd Region opened a new educational cluster at a university – a school for 10–11 graders. A shipbuilding enterprise of the Astrakhan Region, a university and an engineering software company agreed to cooperate in personnel training.

**TOURISM.** In the early autumn of 2024, the annual growth rate of tourist traffic to the macro-region edged down vs August, while still remaining elevated. The reasons behind this trend included mellow weather, development of the road infrastructure and year-round tourist destinations. For example, the Astrakhan Region opened a large year-round hotel resort. The Stavropol Territory implemented health resort development projects to increase the number of accommodation facilities. The Republic of Adygea united several year-round tourism facilities into a thermal cluster located around the mineral water deposits. The development of event tourism has continued. Sochi held the first international festival of mainstream films, which brought together participants from 20 countries. The Stavropol Territory designed a new route in the series of ethnic tours, while the Volgograd Region is implementing a project to create a historical and cultural cluster on the island system of the Volga River.

**MILK AND DAIRY PRODUCTS.** In January–August 2024, the production of raw milk was up year-on-year due to the growth in the milking herd productivity. However, the dynamics of dairy production were diverse. The production of sour cream, kefir and yogurts expanded, while that of drinking milk and cottage cheese declined. That was mostly due to the fact that producers refocused on more profitable items as high demand for them was supported by an increase in households' incomes. The expansion of production capacities, the product range and the geographical scope of supplies was also driven by government measures implemented to support the industry. For example, greater subsidies in the Stavropol Territory allowed a farm specialising in hypoallergenic dairy products, including infant formulas, to build up its production capacities. Using the grant for the resource base development, an agricultural cooperative of the Stavropol Territory launched a dairy plant that produces cheese, sour cream and cottage cheese. The Krasnodar Territory launched a new production line making the types of cheese that are in demand in retail chains both inside and outside the region.

## BANK OF RUSSIA URAL MAIN BRANCH



The growth of consumer activity resumed in August–September. Machine builders continued to actively ramp up their output of electrical equipment for industrial production and infrastructure construction. The output of construction materials generally continued to drop. Nevertheless, companies somewhat improved their expectations regarding future production and demand dynamics. Livestock farms maintained an upward trend in the output of cattle meat and poultry.

**CONSUMPTION AND INCOMES.** In August–September, the growth of consumption in the Urals generally accelerated, following a slowdown in July. Households started purchasing more of both food products and non-food goods. Car sales reached a three-year high in August and then began to decline in September. Consumer activity remains the highest in the segment of ready meals and eating out. However, shopping centres and food retail chains do not observe any significant rise in traffic or consumer activity. According to businesses' estimates, demand continues to shift to the online shopping segment. Employment agencies note that tightness in the labour market eased somewhat in terms of recorded demand for blue-collar workers. That said, enterprises' demand for qualified personnel went up again. Surveyed enterprises from almost all industries complain that staff shortages are preventing them from expanding output. The most acute shortage of personnel is observed in trade.

**PRICES.** Annual inflation in the Urals stays below the Russian average. Nevertheless, the current growth rate of the Consumer Price Index (CPI) edged up vs August. Over the past three months, the average price growth rate (SA) was slightly lower in the macro-region than in Russia as a whole, as food prices were rising more slowly in the Urals. In September–October, short-term price expectations (SA) of Ural enterprises were up vs August, which was on account of the estimates by mining and quarrying, agricultural, and service companies. Ural retail companies' price expectations remained slightly below the country-wide levels.

**MONETARY CONDITIONS AND BANKING SECTOR.** In August–September, most banks raised interest rates on loans and deposits. Still, according to the credit institutions surveyed, companies' demand for working capital loans remained at the same level. The amount of new mortgage loans issued both at market rates and as part of subsidised lending programmes edged up following a reduction in July. In September, banks noted a decrease in the demand for consumer loans as a result of the tightening of price and non-price conditions, including to comply with the macroprudential requirements. The requirements for borrowers' financial position were also tightened. Furthermore, certain banks reduced credit card limits and grace periods. A notable increase in deposit rates accelerated the inflow of household funds.

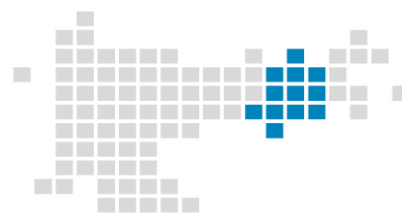
**ELECTRICAL EQUIPMENT AND ELECTRONIC DEVICES.** In the Urals, a steady positive trend in electrical equipment production generally continued for half a year, which is due not only to the increase in public procurement, but also to the steady demand from oil and gas, communications and energy companies. Many enterprises in the industry reported that they had concluded a

sufficient number of long-term contracts, including as part of the import substitution programmes. Nevertheless, a number of companies complained about problems with settlements, shipment delays, as well as acute shortages of qualified personnel and rising labour costs. The Republic of Bashkortostan and the Sverdlovsk Region are implementing investment projects in radioelectronics at special-purpose technology clusters being created. The Sverdlovsk, Kurgan and Tyumen Regions have expanded the production of cables and cable fittings this year. Ural cable industry enterprises are mainly included in vertically integrated groups that serve the needs of oil producers.

**CONSTRUCTION MATERIALS.** Following its peak at the end of 2023, the output of non-metallic mineral products in the Urals has generally been declining gradually over the six-month period, mainly as a result of a decrease in the output of cement, lime and gypsum, as well as porcelain and ceramic products. Stone, sand and clay output has also been contracting. However, despite a certain slowdown in the construction sector growth and a shortage of personnel, construction material manufacturers generally remain positive in their expectations and investment processes in the industry continue. The Republic of Bashkortostan plans to commission a facility to produce mortar mixes in an advanced special economic zone. This year, a Tyumen company launched a concrete plant and a production of LECA blocks, having restored the previously mothballed production site. In addition, an insulation production line is expected to be opened at the end of 2024, and that of AAC blocks in mid-2025. In May 2024, a Kurgan company commissioned a new concrete and mortar plant. The construction of two AAC product lines is expected to begin in the Kurgan Region at the end of 2024 as part of the development of a special cluster for manufacturing construction materials.

**LIVESTOCK PRODUCTION.** In January–August 2024, the production of milk, cattle meat and poultry increased year-on-year. In most regions, the output of livestock farms is supported by investment projects implemented to increase the size of milking and beef herds. To meet growing demand, the Chelyabinsk Region is modernising its poultry farms and expanding their capacity. The Kurgan Region expects the reconstruction of a poultry farm to be completed by the end of 2024, which will double chicken broiler production. However, large pig breeding enterprises in the Chelyabinsk Region had to slaughter their livestock due to the reconstruction of their facilities, which decreased pork production in the macro-region as a whole over the first eight months of 2024. Egg production also contracted over this period, partly owing to the 2023 outbreak of avian influenza, following which some producers, particularly in the Republic of Bashkortostan, have not yet fully recovered their output.

## BANK OF RUSSIA SIBERIAN MAIN BRANCH



In August–September 2024, consumer activity in Siberia stabilised at the level of the previous three months. The Siberian wood processing industry restored its output amid expanding domestic demand. Pharmaceutical manufacturers launched new production facilities and raised their output of import-substituting products. Chemical producers cut their output, facing problems with logistics and cross-border payments.

**CONSUMPTION AND INCOMES.** In August–September, consumer activity in Siberia stayed at the level of the previous three months. Regional retail chains recorded elevated consumer activity in food retail. Due to the increase in the recycling fee from 1 October, Siberian car dealers observed record-high sales of new cars in September. Car repair shops noted high demand for used car maintenance. The demand for Siberia’s tourist routes remains high. Representatives of the Siberian tourism industry report an earlier start of the booking season. Thus, despite rising tour prices, tourist camps in the Altai Mountains started accepting bookings for the winter holidays as early as September. Labour shortages persist in almost all sectors.

**PRICES.** In September, annual inflation in Siberia remained close to the country-wide rate. At the same time, the monthly price growth rate (SA) in the macro-region edged up vs August. Over the past three months, the average price growth was higher in the macro-region than in the country as a whole, primarily on account of food prices. Regional producers of milk and dairy products reported pass-throughs due to the rising costs of raw milk, fermentation starters and packaging. For the same reason, cheese and dairy butter were becoming more expensive at an accelerated pace. Companies’ price expectations for the next three months went up and remain above the national average. Contrastingly, retailers’ expectations are lower than in Russia as a whole.

**MONETARY CONDITIONS AND BANKING SECTOR.** In August–September, the macro-region’s banks tightened their price lending conditions. Nevertheless, banks noted that large businesses did not reduce the demand for working capital loans despite rising interest rates, while SMEs’ demand for loans lowered. High interest rates and the tightening of the macroprudential regulation constrained the growth in the demand for consumer loans. The demand for market-based mortgages continued to decline amid high loan rates and debt burden. Household deposits were moderately growing, driven by higher deposit rates.

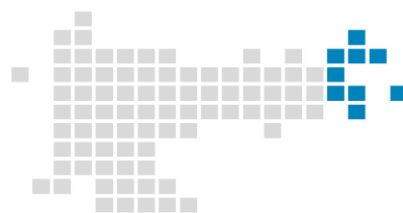
**WOOD PROCESSING.** In 2024 Q3, the Siberian wood processing industry continued to recover output and sales after a deep crisis in 2022–2023, which became possible mainly due to the expansion of domestic demand. For example, supplies of timber products from Buryatia and the Krasnoyarsk Territory to the domestic market have increased by a factor of 1.6 since the beginning of the year. Over January–August 2024, railway shipments of wood products from the Irkutsk Region were up by 8% YoY. Siberian wood processing companies have been ramping up exports of timber products to the CIS countries and Asia. However, the profitability of these exports is declining due to rising production and transportation costs. Most industry segments record positive output and sales dynamics. For example, furniture board manufacturers are stepping up their output. They note

that the growth in domestic demand for their products, which started in 2023, has continued in 2024. Therefore, large plants are booked with orders until the end of 2024. Manufacturers of wooden prefabricated houses increased their output to meet high demand for the construction of single-family houses. However, an export-focused plywood manufacturer said that the domestic market was its main sales market at the moment, although the company's production capacities were considerably surpassing domestic demand. Therefore, the search for profitable export destinations remains the manufacturer's main priority for the coming year. Pellet fuel and briquette manufacturers noted a slump in production, which might be a long-lasting trend. The reasons behind it include the loss of major export markets and an almost complete lack of alternatives inside the country.

**PHARMACEUTICALS.** In June–August 2024, the output of pharmaceuticals in Siberia was up by more than 23% YoY, which was mostly attributed to new production capacities commissioned for import substitution purposes. For example, a large regional pharmaceutical manufacturer launched two new production lines in 2024 to replace an old one that had been dismantled. This allowed the company to notably ramp up its output and enlarge its product range. Another major industry representative expanded its production by commissioning a new workshop and a logistics centre. More than half of the products manufactured by the company are essential medicines. Therefore, the company's strategy for the coming years is focused on replacing imported medicines. A large Siberian manufacturer of dietary supplements continues to increase its presence in the Russian market and invest in output expansion. Simultaneously, boosting online sales is among the manufacturer's priorities. At present, the company is noticing a shift in consumer demand in favour of items in higher price categories, which is why it is launching a new line of premium products.

**CHEMICAL INDUSTRY.** In June–August 2024, Siberia's chemical industry reduced its output by 7% YoY. A major polymer manufacturer reported that the production decline was largely due to the problems with export and import settlements. The domestic market is more reliable in terms of sales, but its capacity is far below the company's production capacities. According to a large PVC producer, the reason behind a smaller number of orders is a significant increase in the time of delivering goods by railway. This is causing the company to search for new counterparties in Siberia and abroad, including in the CIS countries. A household chemical company noted a decline in demand due to increased competition from manufacturers of similar goods, which has led to excessive stocks and lower selling prices. Over January–August, the output of fertilisers in Siberia went up by 10% YoY. A major Siberian producer said that it was completing the construction of new capacities to produce 250,000 tonnes of mineral fertilisers per year. Its new production facility is scheduled to be launched in December 2024. Furthermore, for the purposes of arranging export logistics, the company has entered into an agreement with a federal transport operator engaged in organising intermodal transportation of fertilisers to Asia and the Middle East.

## BANK OF RUSSIA FAR EASTERN MAIN BRANCH



In September, the growth in consumer activity in the macro-region accelerated following its slowdown in August. The demand for cars and car imports picked up owing to a rise in the recycling fee from October. Companies' price expectations lowered, while staying elevated. Low harvest of Pacific salmon led to an increase in prices for fish and red caviar. Large volumes of container imports extended the time of freight shipments by railway to western destinations.

**CONSUMPTION AND INCOMES.** In August, the growth in consumer activity in the macro-region decelerated due to lower demand in services and public catering. According to recent data, the increase in demand for non-food goods slightly picked up pace. In a number of regions, sellers of household appliances and electronics reported high demand, with consumers transitioning to cheaper products and goods on sale. The macro-region's dealers noted that sales of cars were rising month-on-month in September because of the increase in the recycling fee from October. In September, demand in the food segment declined month-on-month in a number of regions, albeit staying high. A large manufacturer of meat products in Kamchatka recorded both month-on-month and year-on-year declines in sales in September, as well as a shift in demand in favour of products in lower price categories. A major food retailer in Primorye reported a month-on-month and year-on-year drop in demand and the average basket value. The increase in tourist traffic supported high demand in the hospitality sector. Representatives of a large hotel resort in the Khabarovsk Territory reported month-on-month and year-on-year growth in revenues and room occupancy in September. Retail and service companies increased their short-term demand expectations in September.

**PRICES.** In September, annual inflation in the macro-region remained below the national average for the second month in a row. The current price growth rate (SA) fell as compared to August, while staying high. Over the past three months, the average price growth was somewhat lower in the macro-region than in the country as a whole. Prices for certain vegetables increased less due to differences in the composition of supplies and predominance of Asian imports in the macro-region's market. In October, businesses' price expectations rose in the macro-region, just as across Russia as a whole. However, expectations in retail were growing faster than the country-wide ones, which was influenced by the growth of costs related to the delivery of goods to the macro-region in addition to higher input prices.

**MONETARY CONDITIONS AND BANKING SECTOR.** The growth in the corporate loan portfolio (SA) in August decelerated just as in July. According to high-frequency data, businesses' demand for new loans was down in September. Investment lending continues as companies complete the investment projects started earlier. SMEs were mainly raising working capital loans. Consumer and mortgage lending shrank (SA) in August. Car lending growth (SA) slowed down, although remaining fast due to the expectations of a further rise in car prices. Banks noted a contraction in the number of approved applications for consumer loans in August–September due to the tightening of macroprudential measures. According to recent data, new mortgage loans continued to decline in



September due to high market rates, toughening non-price conditions and the exhaustion of limits under the Family Mortgage programme at a number of banks. In July–August, the inflow of household funds into time deposits (SA) accelerated.

**LOGISTICS.** In August, cargo traffic in Far Eastern seaports (SA) went up month-on-month due to the recovery of liquefied gas shipments after the completion of repairs under an oil and gas project. Nevertheless, transshipment volumes remained below the 2024 Q2 average because of reduced coal shipments to Asian countries amid weak demand. Container imports had been more than twice as high as exports for the third consecutive month, which aggravated the shortage of well cars. Imports were 25% larger than the capacities to ship them from the ports. The utilisation rate of port and storage terminals remained high. The waiting time in a roadstead more than doubled by September as compared with January–May. Enterprises continued to shift from sea to road freight deliveries. In September, inbound freight traffic through the macro-region's road checkpoints reached its all-time high, rising by 16% MoM and by a factor of 1.5 YoY. In August–September, certain companies noted a considerable increase in the time of freight shipment by railway to the western regions of the country and existing restrictions on shipments along certain routes.

**CAR MARKET.** The Far East saw an increase in the demand for cars and their imports in anticipation of the rise in the recycling fee. Imports of foreign cars went up by 17% in July–August compared to 2024 H1. Car imports from certain Asian countries exceeded last year's average for the first time. In July–August, car deliveries across the land border in the Primorye Territory reached the total level of 2024 H1 imports. Since October, given high utilisation rates of the Primorye Territory's port infrastructure, imported cars have been cleared through a new maritime checkpoint, which had previously handled only exports. Sales of new foreign cars in the macro-region were almost 25% higher in July–August than the 2024 H1 average.

**FISHING AND FISH PROCESSING.** In 2024, Pacific salmon output has been close to its multi-year lows and one-third below its forecast values due to environmental factors. Fishing has more than halved vs last year's record high and has been down by 12% compared with 2022, which is a more relevant reference point because of a two-year life cycle of pink salmon. As a result, wholesale and retail prices for fish and red caviar have been growing since August. Nevertheless, according to market representatives, current output and last year's stock are expected to be sufficient to meet domestic demand. Exports of sockeye salmon, which is the main type of exported red fish, contracted because of problems with settlements and risks of secondary sanctions. Fishing companies noted persisting labour shortages. For example, an enterprise in the Khabarovsk Territory had to pause the operation of a fish processing facility in 2024 Q3 due to the shortage of personnel.

## BOX 1

### BUSINESS ACTIVITY

As of the end of the first nine months of 2024, business activity was higher than last year, driven by high demand. However, 2024 Q3 saw a slowdown in its growth due to cooling domestic demand in certain industries as well as supply-side factors, including more acute problems with cross-border settlements, labour shortages and logistics challenges. Growth was slowing down across all key industries. At the end of 2024, most enterprises expect a higher or the same level of output as in 2023.

#### BUSINESS ACTIVITY IN 2024

**According to the monitoring of businesses carried out by the Bank of Russia, business activity in most regions in January–September 2024 was higher than in 2023** (Chart B-1-1). The Business Climate Index (BCI) was 8.2 points vs 6.6 points over the first nine months of 2023 (Chart B-1-2). It was record-high in a number of industries, e.g. in agriculture and trade. According to the Bank of Russia's recent survey, 24% of enterprises increased the utilisation rate of their production capacities in the first nine months of 2024, while 57% of businesses maintained it at last year's level (Chart B-1-6). Higher capacity utilisation rates were most frequently reported in machine building, metallurgy, and mining and quarrying.

**According to Rosstat, Russia's GDP rose by 4.1% YoY in 2024 Q2 vs 5.4% YoY in 2024 Q1.** Sequential GDP growth rates (QoQ, SA) were down, while continuing to exceed the rates consistent with a balanced growth path. Output increased across all industries, except for mining and quarrying, healthcare, and social services (Chart B-1-3). The major contributors to the positive output dynamics were industries focusing on domestic demand, namely manufacturing (machine building, electronics, food industry), trade, and construction.

**According to recent data, the growth in business activity started to decelerate in 2024 Q3 owing to supply-side factors and weakening domestic demand in certain industries.** The PMI in manufacturing declined from 52.1 points in August to 49.5 points in September. Enterprises reported shrinking output caused by weakening demand and a lack of production resources due to delayed shipments. The subindex of new orders dropped for the first time in two years. The PMI in services also fell in September because of contracting demand, although still remained in growth territory at 50.5 points. The BCI was 6.0 points in 2024 Q3, dropping from 9.4 points on average in 2024 H1 (vs 6.8 points in 2023, Charts B-1-4 and B-1-5). Businesses indicated a reduction in current demand and output. In October, the BCI edged up, while remaining below the 2024 H1 level. According to the Bank of Russia's monitoring of businesses, the production capacity utilisation rate was 81% in 2024 Q3, being close to its record highs (Chart B-1-7).



## CHANGES IN BUSINESS ACTIVITY BY INDUSTRY

**Mining and quarrying.** According to Rosstat, output in the mining and quarrying industry decreased by 0.4% YoY in the first eight months of 2024, primarily due to a contraction in oil production as part of the OPEC+ cuts. The Bank of Russia's monitoring of businesses shows that business activity in mining and quarrying was overall higher year-on-year in January–September 2024. The BCI averaged 6.3 points over the first nine months of 2024, picking up from 4.6 points in 2023. In 2024 Q3, the intensification of business activity in mining and quarrying slowed down slightly but remained higher than last year: the BCI dropped from 6.6 points on average over 2024 H1 to 5.7 points. The production capacity utilisation rate edged up to 81.3%, which is close to the average of recent years.

**The growth in the sector's business activity in January–September was primarily associated with the expansion of domestic and external demand.** Specifically, over the first nine months of 2024, a Kaliningrad peat producer increased its capacity utilisation rate year-on-year, encouraged by high external demand for its products. An ore-sand extraction and processing enterprise in the Tomsk Region reported increases in output and production capacity utilisation over the first nine months of 2024 due to higher demand in the domestic market.

**Constraints related to the transport infrastructure remained a significant factor hindering the growth in coal mining companies' output.** As the capacities of the Eastern railway section are limited, Siberian and Far Eastern coal mining companies had to either reduce their output or build up their stocks because declining global prices made it unprofitable to export products through the ports in the South and North-West.

**Manufacturing.** According to Rosstat, output for the first eight months of 2024 was up by 8.1% YoY. The monitoring of businesses carried out by the Bank of Russia shows that manufacturing companies scaled up their business activity in January–September 2024, with the BCI climbing to 13.2 points vs 12.3 points in January–September 2023.

**The growth of business activity in January–September was attributed to the expansion of domestic demand. In order to meet it, companies ramped up their output through increasing the utilisation rate of existing capacities or commissioning new ones, as well as through enhancing labour productivity.** A number of dairy producers in Central Russia, the North-West, the Volga Region, and the South reported expanding output in response to growing demand. A large manufacturer of medical equipment in the Chelyabinsk Region noted growing demand in the domestic market associated with the withdrawal of foreign competitors. As a result, the company's output rose by 30% YoY in January–September. A major glass and glassware manufacturer in the Tyumen Region started utilising a new glass furnace made of domestic materials and components, which allowed the company to ramp up its output by 30% YoY over the first nine months of 2024. Amid growing freight traffic in Russia, a large train car manufacturer in the Volga Region expanded its output year-on-year, primarily by enhancing labour productivity.

**According to the Bank of Russia's monitoring of businesses, the growth of business activity in manufacturing slowed down in 2024 Q3, with the BCI dropping to 9.6 points vs 15.0 points on average over 2024 H1.** The production capacity utilisation rate decreased somewhat to 75.8%, while remaining close to its historical highs over at least the last seven years.

**The slowdown in business activity growth in 2024 Q3 was attributed to weaker demand for certain types of products as well as supply-side factors,** including labour shortages and delayed shipments of raw materials and components due to more acute problems with cross-border

payments. A manufacturer of construction materials in the Republic of Bashkortostan noted a 20% decline in demand in 2024 Q3 owing to the termination of the non-targeted subsidised mortgage programme and, consequently, a reduction in output. Because of staff shortages, a bread and bakery manufacturer in the Sakhalin Region had to switch from a seven- to six-day working week in 2024 Q3, which led to a decrease in output. A manufacturer of construction materials in the Leningrad Region was also forced to shorten the working week due to a deficit of personnel. A large fish processor of the North-West reported contracting production in 2024 Q3, caused by its inability to make payments in the currency of one of the friendly countries and suspended imports of raw materials.

Certain enterprises pointed to the worsening situation with logistics, including due to high utilisation of the railway infrastructure. For example, a pellet producer of the Arkhangelsk Region halted the production at one of its plants from June because of high transportation costs and problems with railway shipments of goods for their export to one of Asian countries.

**Construction.** According to Rosstat, construction works for the first eight months of 2024 were up by 2.8% YoY. The Bank of Russia's monitoring of businesses shows that business activity in construction over January–September 2024 was higher than last year, with the BCI equalling 7.0 points vs 6.6 points in January–September 2023. Growing business activity was driven by elevated demand for housing in anticipation of the modification of the subsidised mortgage programmes and large investments in infrastructure and industrial facilities.

**After the end of the large-scale subsidised mortgage programme, the growth in construction companies' business activity slowed down** (for details, see the Box *'Housing market and mortgages in regions'*). The BCI dropped from 8.7 points on average over 2024 H1 to 3.7 points in 2024 Q3. The production capacity utilisation rate was 80.8%, which is slightly below the highest level of 2024 Q3.

**Agriculture.** The Bank of Russia's monitoring of businesses shows that business activity in agriculture was up in January–September 2024, with the BCI equalling 14.2 points, which is close to its 2021 record high, compared to 11.3 points over the first nine months of 2023. Companies from most regions noted high demand for their products, which boosted the utilisation rate and expansion of their production capacities. In particular, an enterprise in the Pskov Region increased capacity utilisation at a dairy farm and launched a new pig breeding facility, which allowed it to amplify its output by 15% YoY over the first nine months of 2024.

**According to the Bank of Russia's monitoring of businesses, the growth of business activity in agriculture slowed down in 2024 Q3.** One of the main reasons behind that was unfavourable weather conditions in a number of regions, which entailed a reduction in grain and oil crop yields (for details, see the Box *'Industry focus. Harvest of 2024'*). Specifically, one of the southern farms reported damage to half of its grain cultivation areas caused by heavy precipitation and hail in the late spring.

**Retail and services.** According to Rosstat, turnover in retail and commercial services for the first eight months of 2024 was up by 8.0% and 3.6% YoY, respectively. The Bank of Russia's monitoring of businesses shows that business activity in retail and services was record-high over January–September 2024, with the BCI in trade equalling 6.1 points vs 2.5 points for the first nine months of 2023 and that in services rising to 7.0 points from 5.7 points over the said period. Companies' business activity was growing mainly due to expanding domestic demand, which was pushed up by rising real incomes of households, among other factors. A dairy product retailer in Yakutia reported 20% YoY growth in its turnover over January–September 2024 on account of

increasing demand and a broader range of products. Hospitality enterprises noted a rise in the volume of rendered services due to a higher number of domestic tourists.

**According to the Bank of Russia's monitoring of businesses, the growth in business activity in retail and services slowed down in 2024 Q3**, with the BCI in trade equalling 4.5 points vs 6.9 points in 2024 H1 and that in services rising from 4.6 points to 8.1 points over the said period. **In contrast to the services sector, the BCI in retail remained above last year's level.** The Bank of Russia's recent survey shows that the slowdown in enterprises' business activity was primarily attributed to the contraction of consumer demand caused by tightening monetary conditions, among other factors. Large retail chains of the Altai and Primorye Territories observed a reduction in sales and the average basket value in August–September. In a number of regions, trade companies pointed out that strengthening competition with federal-level retail chains also contributed to the downturn in sales.

## BUSINESSES' EXPECTATIONS

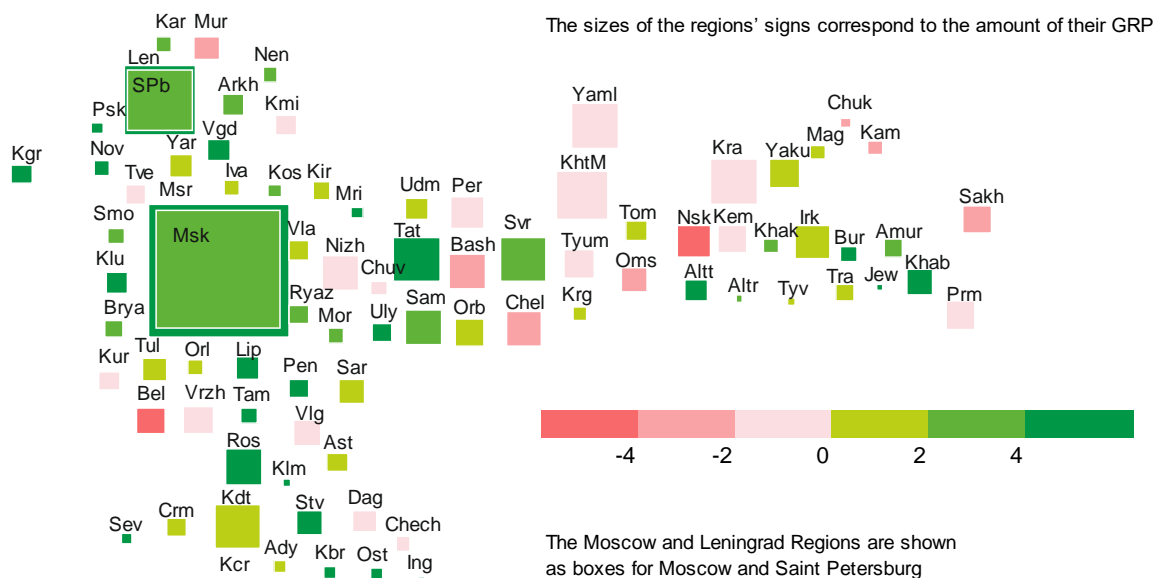
**According to the Bank of Russia's recent survey, in 2024 Q4, 62% of enterprises are planning to maintain the capacity utilisation rate at the level of last year's corresponding period, while 23% of businesses are planning to raise it** (Chart B-1-5). It was mostly machine-building, chemical and agricultural companies that said they were going to increase the utilisation rate. A large manufacturer of refractory products in the Urals expects new equipment to arrive by the end of the year, which will boost output.

**The Bank of Russia's recent survey shows that 46% of the surveyed enterprises are planning to ramp up their output by the end of 2024, whereas 35% of companies are going to maintain it at the level of 2023** (Chart B-1-8).

**According to the Bank of Russia's recent survey, the main factors constraining further expansion of output include labour shortages, cooling domestic demand in certain industries, and the tightening of bank lending conditions** (Chart B-1-9). Around a half of the surveyed enterprises said they were experiencing personnel shortages. For example, a large logging company of the Khabarovsk Territory reported a 40% shortage of blue-collar workers. Weakening domestic demand was mentioned by one-third of all surveyed businesses and by slightly more than one-third of retailers. The tightening of monetary conditions, as a factor constraining output growth, was noted by 28% of the surveyed enterprises, mostly in construction, agriculture, and machine building. Some businesses stated that a further increase in production capacity utilisation was hampered by limited fixed assets and challenges related to the purchase and delivery of spare parts and equipment.

The growth in business activity in 2024 Q3 slowed down after the 2024 H1 highs. Demand slightly lowered due to the monetary tightening, while remaining high. Supply-side factors, namely labour shortages and problems with deliveries of equipment and spare parts, were large contributors to the slowdown in the business activity growth. According to businesses' estimates, these factors will continue to inhibit further output expansion.

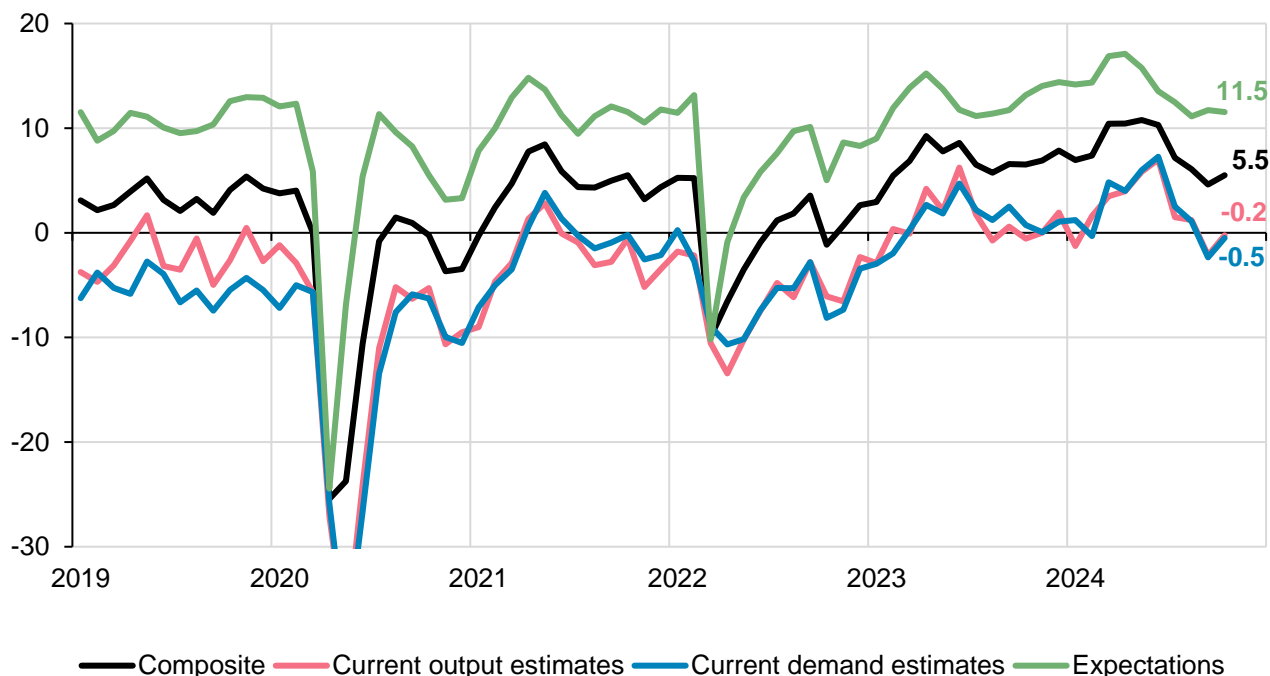
Chart B-1-1. BCI by region (first nine months of 2024 YoY, p, SA)



Note. 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.

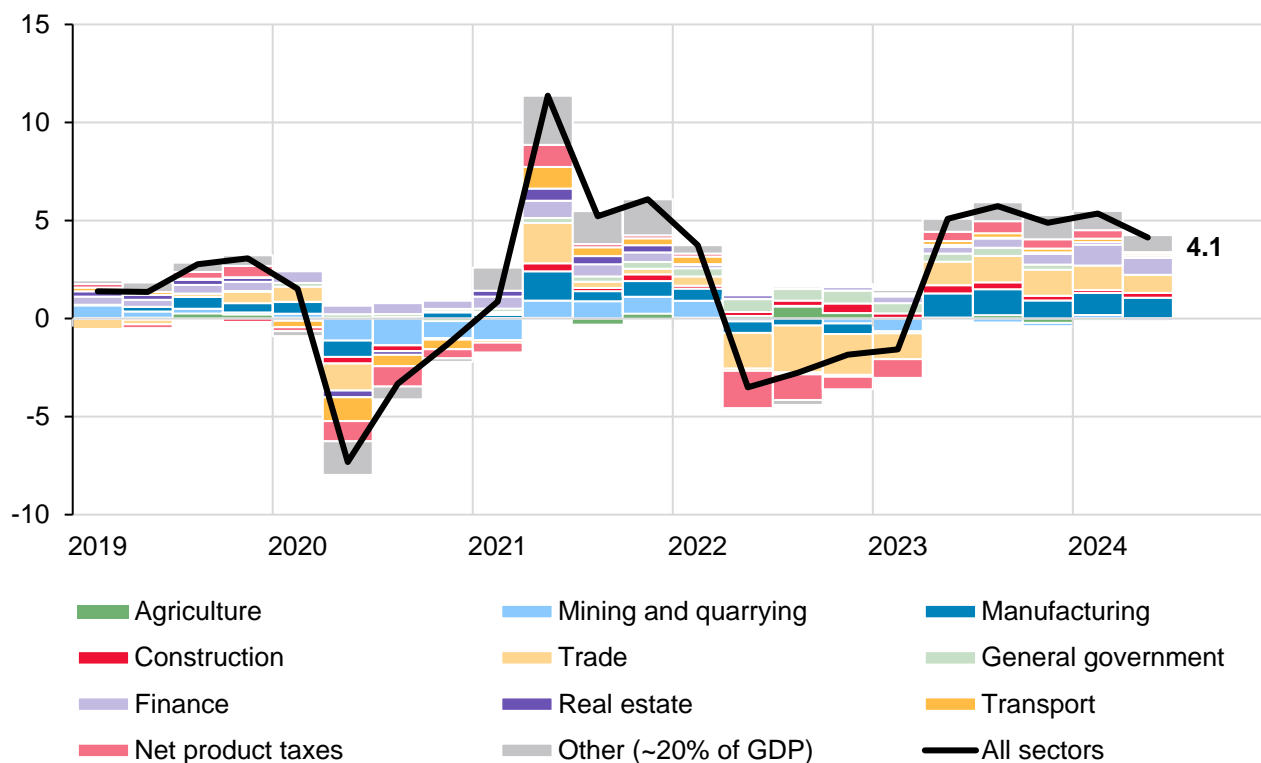
Source: monitoring of businesses, Bank of Russia.

Chart B-1-2. BCI (p, SA)



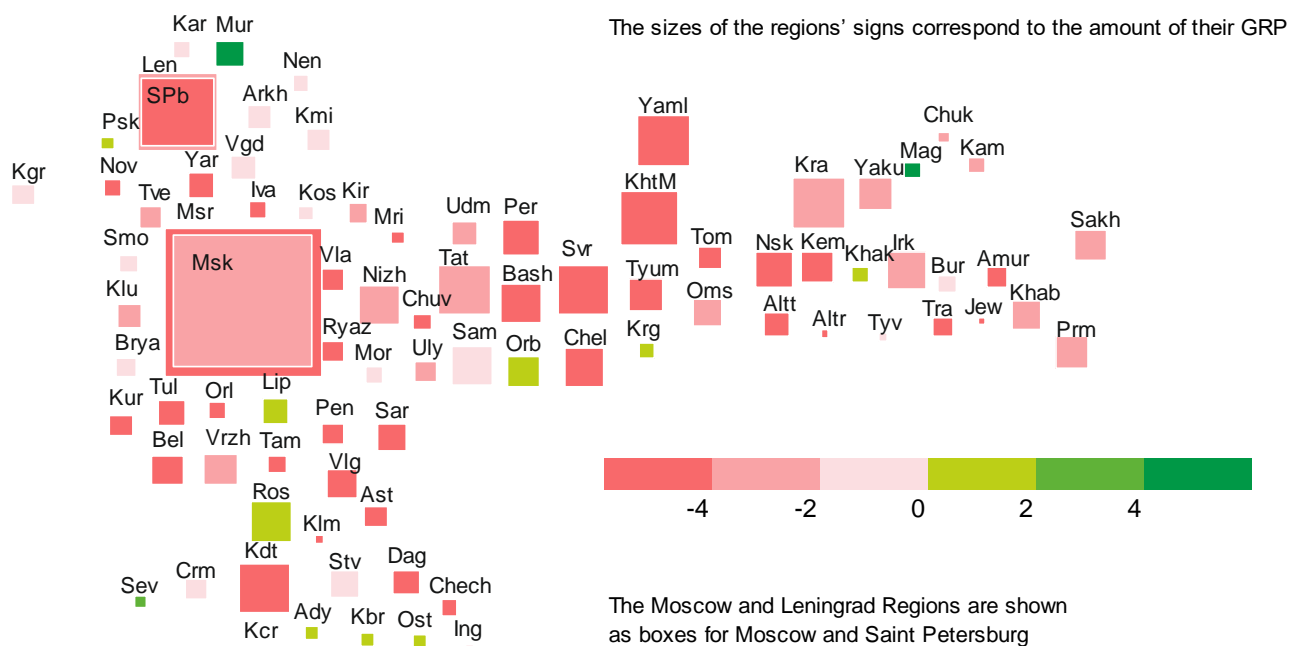
Source: monitoring of businesses, Bank of Russia.

Chart B-1-3. Contribution of sectors to annual GDP growth rates (%)



Source: Rosstat.

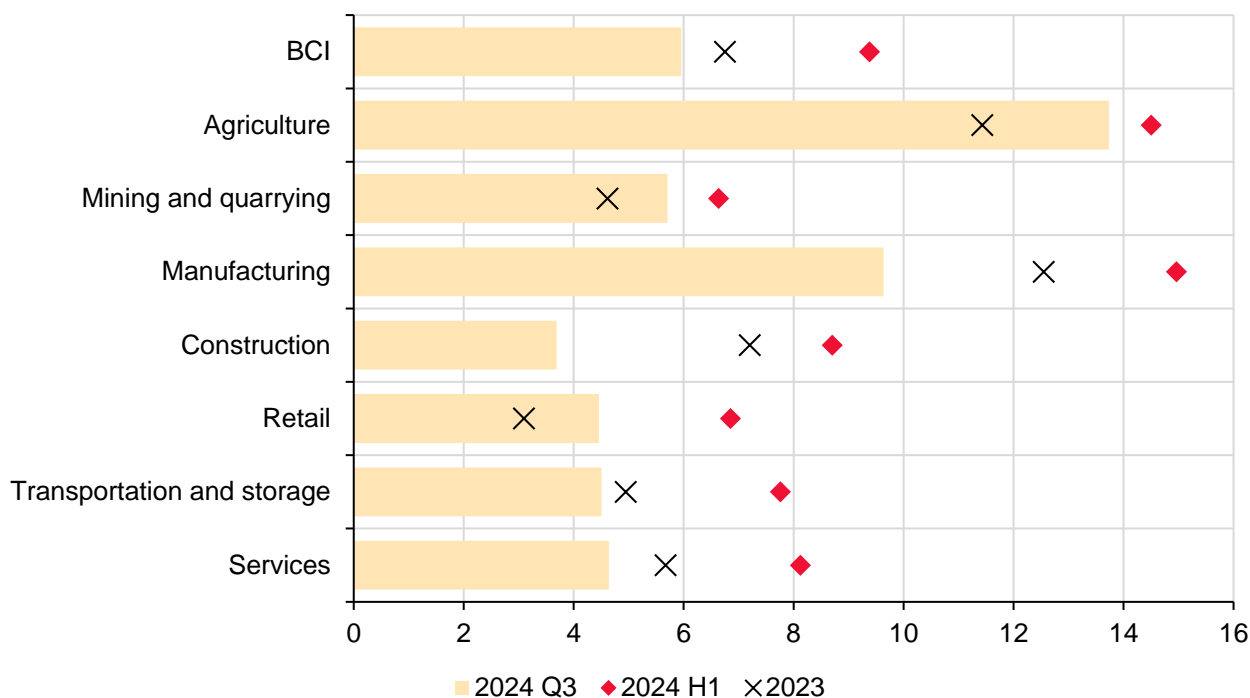
Chart B-1-4. BCI by region (2024 Q3 on 2024 H1, p, SA)



Note. 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.

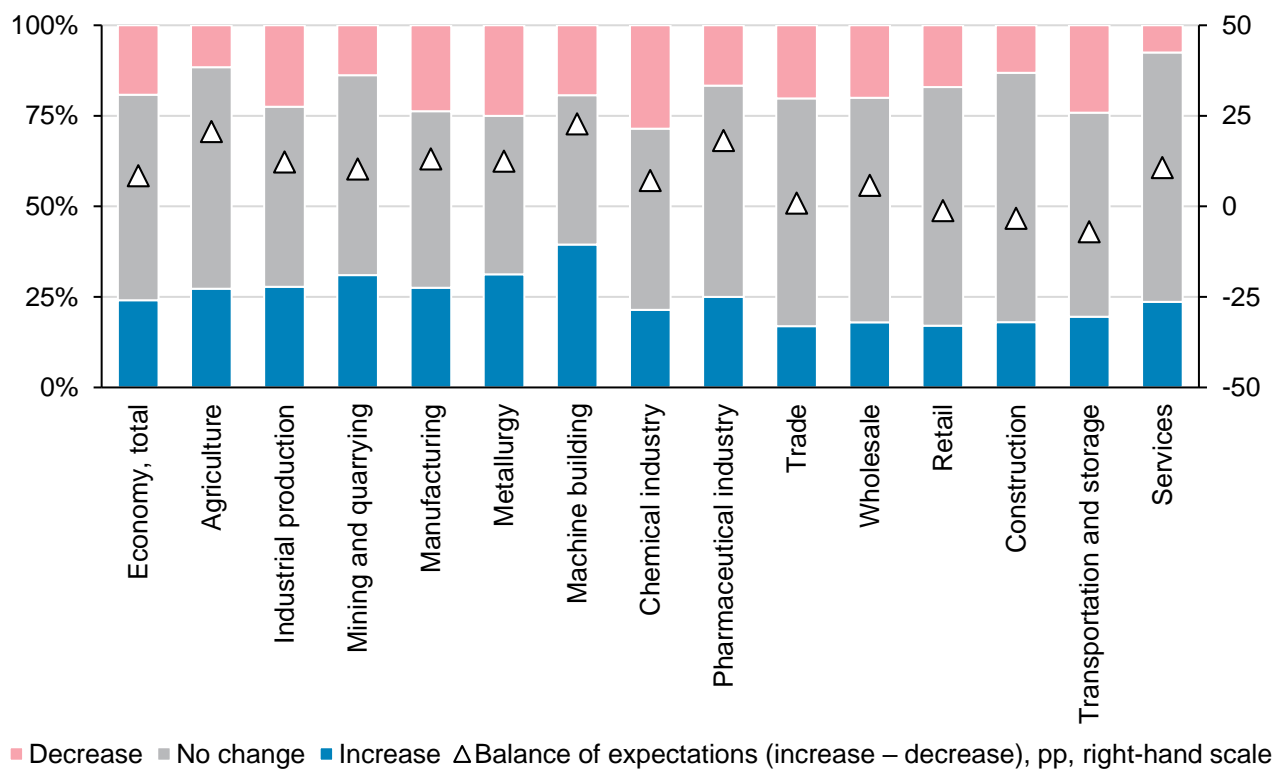
Source: monitoring of businesses, Bank of Russia.

Chart B-1-5. BCI by sector (p, SA)



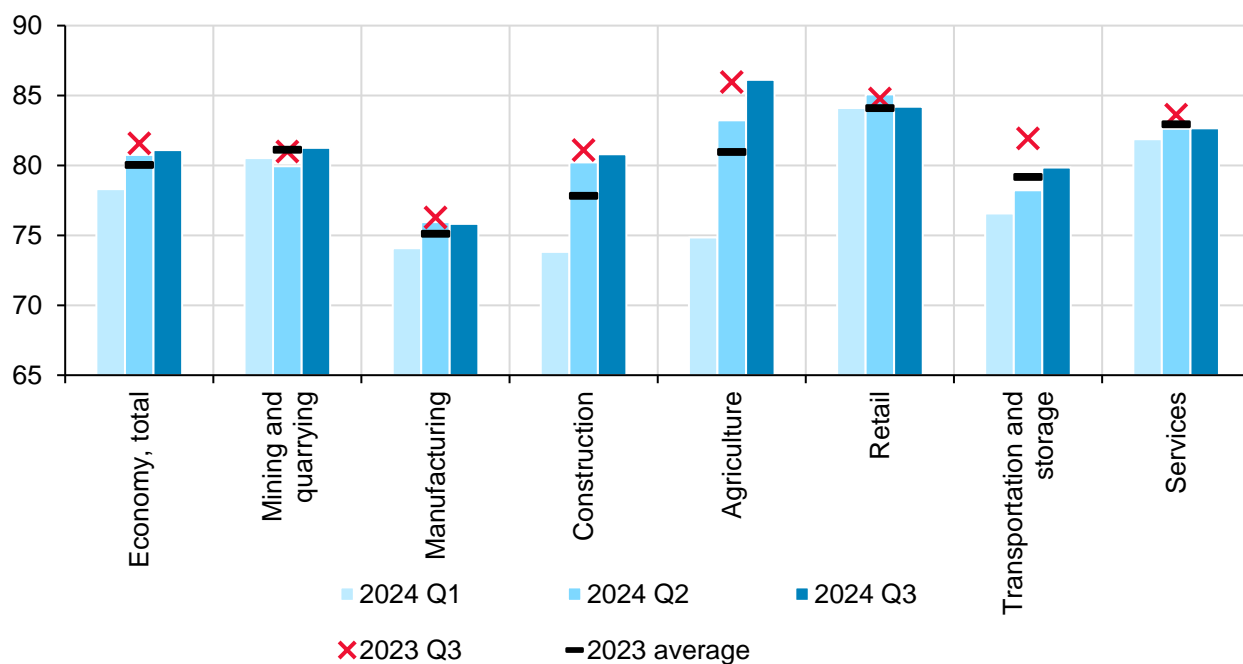
Source: monitoring of businesses, Bank of Russia.

Chart B-1-6. Capacity utilisation rates in January–September 2024 YoY and expectations for 2024 Q4, % of respondents



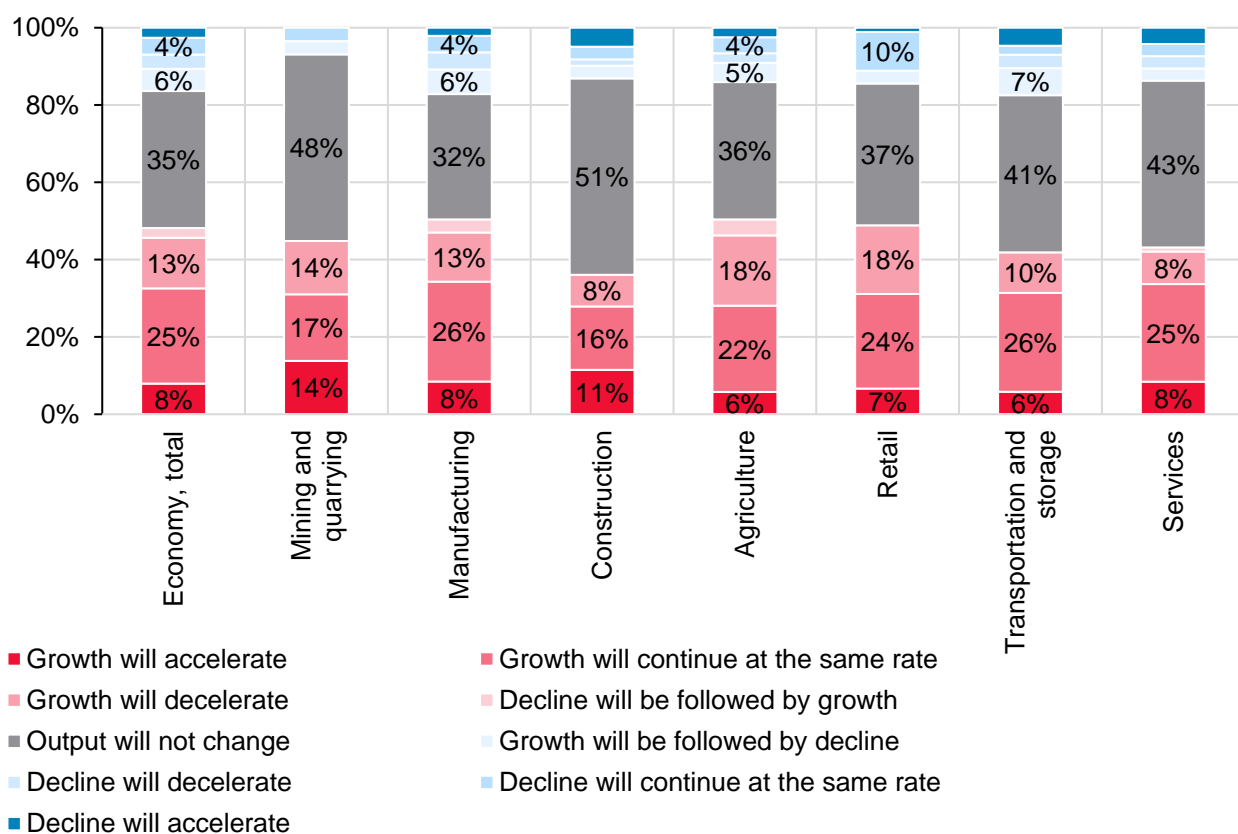
Source: monitoring of businesses, Bank of Russia.

Chart B-1-7. Production capacity utilisation rates by sector, %



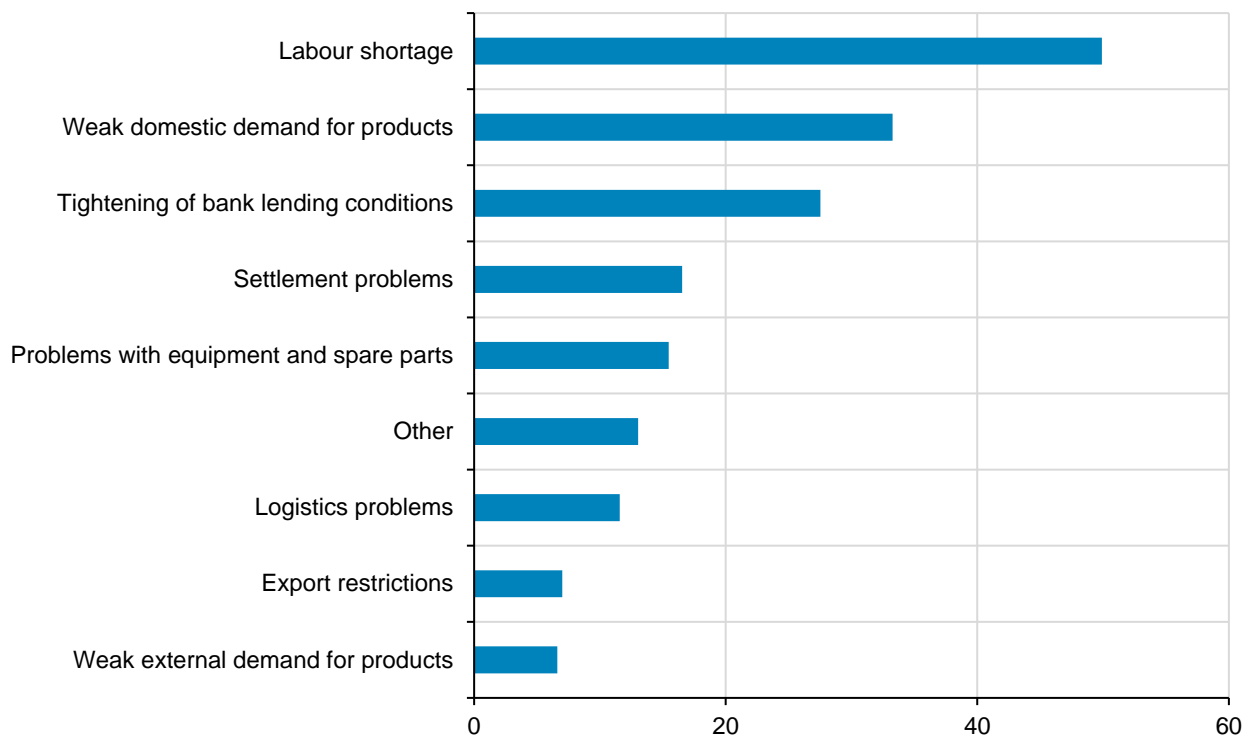
Source: monitoring of businesses, Bank of Russia.

Chart B-1-8. Expectations regarding businesses' output as of the end of 2024 by sector, % of respondents



Source: monitoring of businesses, Bank of Russia.

Chart B-1-9. Main factors constraining output, % of all respondents



Source: monitoring of businesses, Bank of Russia.



## BOX 2

### HOUSING MARKET AND MORTGAGES IN REGIONS

In 2024 Q3, the growth of demand in the real estate market decelerated after the termination of the non-targeted subsidised lending programme and the rise in interest rates under market programmes. The amount of new mortgage loans was down. The pace of launching new apartment building projects dropped. Nevertheless, the number of apartment buildings under construction as of the beginning of October 2024 was big due to many launches in 2023. Supply is not expected to be insufficient in the next few years. In 2024 Q3, demand increased in the segment of single-family houses. Certain developers diversified their activities, launched or expanded their projects for the construction of commercial property or single-family houses.

#### DEMAND

**In 2024 Q3, the growth of demand in the housing construction market slowed down.** This was attributed to the termination of the main subsidised mortgage programme, the tightening of the terms of the Family Mortgage and IT Mortgage programmes, and rising interest rates under market programmes. In September 2024, the living area sold in the apartment buildings under construction continued to expand, albeit at a slower pace than the highest level recorded in June (Chart B-2-1). The slowdown in sales growth was most notable in Siberia, the South, and the Urals. According to estimates by certain developers in these regions, new apartment sales fell by 30–50% in 2024 Q3 as compared to last year's average. In the Far East and Extreme North, demand was still considerably supported by the Far Eastern and Arctic Mortgage programme.

**The decreasing amount of new mortgage loans also points to cooling demand.** In 2024 Q3, banks issued half as many loans as over the corresponding period last year (Chart B-2-2). In August, the growth in the mortgage portfolio decelerated, reaching its lowest value over the past two years. In July–August 2024, the amount of loans issued for new housing decreased by a factor of 2.2. Lending under all types of the subsidised programmes contracted by a factor of 2.3, with its proportion in the total volume of mortgages equalling 53% vs 81% in 2024 Q2. The reduction in the amount of government subsidised mortgages was most notable in the Urals and Siberia and least notable in the Far East. The amount of mortgages issued for existing housing almost halved due to rising market rates. In July–August, weighted average interest rates in the existing housing market reached their highest level since the beginning of 2019.

**Owing to cooling demand, the proportion of sold apartments in apartment buildings under construction dropped in 2024 Q3 in almost all macro-regions, except for the Far East.** This proportion decreased the most in the South, particularly in the North Caucasus where developers considerably scaled up housing construction in 2024, encouraged by growing demand.

**In 2024 Q3, developers and banks used their own programmes to boost demand,** such as the option of payment in instalments, tranche and combined mortgages, and developer subsidised mortgage programmes. The use of these schemes often leads to overpricing and higher risks to buyers, while their impact on demand is minor. According to estimates by certain developers, these programmes account for up to 10% of the total sales. The application of these schemes will be significantly limited by a mortgage standard to become effective from January 2025.

**The demand for single-family houses increased in 2024 Q3.** It was bolstered by both subsidised

mortgage programmes, including Rural Mortgage, and lower prices per square metre as compared to apartment buildings. The introduction of the requirement to use escrow accounts when buying single-family houses under government subsidised programmes from July 2024 temporarily restrained supply growth in this segment. This is associated with the fact that developers lack experience of using project financing in construction of single-family houses. Moreover, banks do not have mechanisms tailored to provide this type of financing.

## SUPPLY

**The increase in the area of new apartment building projects slowed down following the modification of the subsidised mortgage programmes from 1 July 2024.** In 2024 Q3, its growth rate dropped to 4.3% YoY from 14.3% YoY in 2024 Q2 (Chart B-2-3). According to regional developers, the start of construction of new facilities is inhibited by the uncertainty about future demand. Under these conditions, enterprises are adjusting their plans to launch new projects. In particular, some developers in Udmurtia, the Penza and Volgograd Regions, and the Primorye Territory postponed the start of construction under new projects. Certain companies in the Moscow Region are planning to cut the volume of new projects. Some construction companies in the Chelyabinsk Region plan to freeze certain facilities at the excavation stage. In a number of cases, developers adjust their projects to match the new structure of demand. Certain enterprises in the Republic of Mari El are gradually reducing the living area of apartments, while those in the Republic of Crimea are planning to transition from comfort- to economy-class housing construction, including by simplifying design elements and infrastructure.

The most considerable contraction in the area of new apartment building projects in 2024 Q3 was observed in the North-West (-23.1% YoY). The launches of new projects in this macro-region were influenced not only by the modification of subsidised mortgage programmes, but also by a scheduled reduction in housing commissioning in St Petersburg. Nonetheless, the commissioning of homes in the macro-region from the beginning of 2024 (over January–September) was overall equal to last year's volume.

**Considering many new project launches in 2023, the volume of housing at the stage of construction remains high.** Specifically, in September 2024, the total area of apartment buildings under construction expanded by 12.5% YoY to 117.7 million square metres, which is a record high after December 2019. This growth was accounted for by the increased living area of new projects and a reduction in apartment building commissioning (by 7.4% YoY in 2024 Q3) vs its high level in 2023. In September 2024, the scale of apartment building construction was rising across almost all macro-regions, except for the North-West. The growth was most significant in the North Caucasus (+42.9% YoY) due to increasing demand and in the Far East (+40.4% YoY) where special government support measures are implemented (i.e. Far Eastern and Arctic Mortgage and integrated territory development projects – Far Eastern Quarter and Affordable Rental Housing in the Far Eastern Federal District). Substantial safety cushion, which large developers have accumulated due to higher profits and the inflow of funds into escrow accounts in 2024 H1 as a result of elevated demand in the housing market, allow them to maintain high construction rates.

**The area of newly launched apartment building projects notably exceeds the volume of their commissioning, which indicates a large stock of housing under construction.** As of September 2024, the living area of new apartment building projects for the last 12 months exceeded

the apartment building commissioning volume by a factor of 1.4.<sup>4</sup> This is a historically high level. According to DOM.RF, the stocks of housing under construction are sufficient for maintaining the current pace of housing commissioning until 2027. Therefore, the plans of certain construction companies to adjust the launches of new projects will not result in a supply deficit.

**Declining sales and rising construction costs decelerated the growth of construction companies' profits.** According to Rosstat, the increase in construction companies' overall financial performance slowed down to 16.5% YoY over January–July 2024 from the record highs of 33.5% YoY observed in 2024 H1. Developers in the Moscow and Sverdlovsk Regions said that the reduction in their profits was caused by rising borrowing costs as part of project financing and working capital loans. Certain developers of the Chuvash Republic and the Krasnoyarsk Territory reported lower profitability of projects under construction due to more expensive construction materials and equipment as well as higher logistics and labour costs. Labour shortages remain a significant factor inhibiting construction growth. Yakutia's developers state that the shortage of personnel limits construction expansion and leads to longer project implementation periods and lower quality.

**In response to weakening demand for apartment buildings, certain developers diversified their activities and launched or expanded their projects for the construction of commercial property or single-family houses.** For example, a developer from the Krasnodar Territory plans to scale up the construction of logistics hubs, which it has been carrying out since 2023 in Krasnodar and Moscow. A number of developers in the North Caucasus refocused on the construction of single-family houses, particularly guest houses, due to expanding tourist traffic. Nevertheless, because of developers' large safety cushions and additional costs, their transition to other segments is not a large-scale trend.

## PRICES

**September 2024 saw a slowdown in the growth of real estate prices.** According to Domclick, the increase in new housing prices decelerated to 15.9% YoY in September from 17.5% YoY in August. That was owing to the termination of the non-targeted subsidised mortgage programme and the tightening of the terms of Family Mortgage and IT Mortgage. Price movements were diverse across regions. The growth in prices accelerated in Siberia, the Urals, and the North-West. Most developers explain this by rising costs. The price growth slowed down most notably in Southern and Central Russia and least notably in the Far East (+10.3% YoY) because of high construction rates. The growth of new housing prices remains elevated in all macro-regions. The deceleration of price increases is limited by additional costs incurred by developers. In the existing housing market, the price growth rate fell from 13.8% YoY in March 2024 to 8.1% YoY in September 2024 as a result of lower affordability of market mortgages.

**The price growth in the rental housing market accelerated in July–August. Depending on the region and type of housing, rental rates rose by 30–45% YoY.** Following the modification of subsidised mortgage programmes and the rise in market rates, a part of the households planning to buy an apartment had to postpone this purchase, which led to an increase in rental demand and prices. In July–August, rental prices were growing faster than housing prices.

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<sup>4</sup> According to DOM.RF, the volume of commissioned apartment buildings constructed under Federal Law No. 214-FZ, dated 30 December 2004, 'On Participation in Shared Construction of Apartment Buildings and Other Real Estate and on Amending Certain Laws of the Russian Federation'.

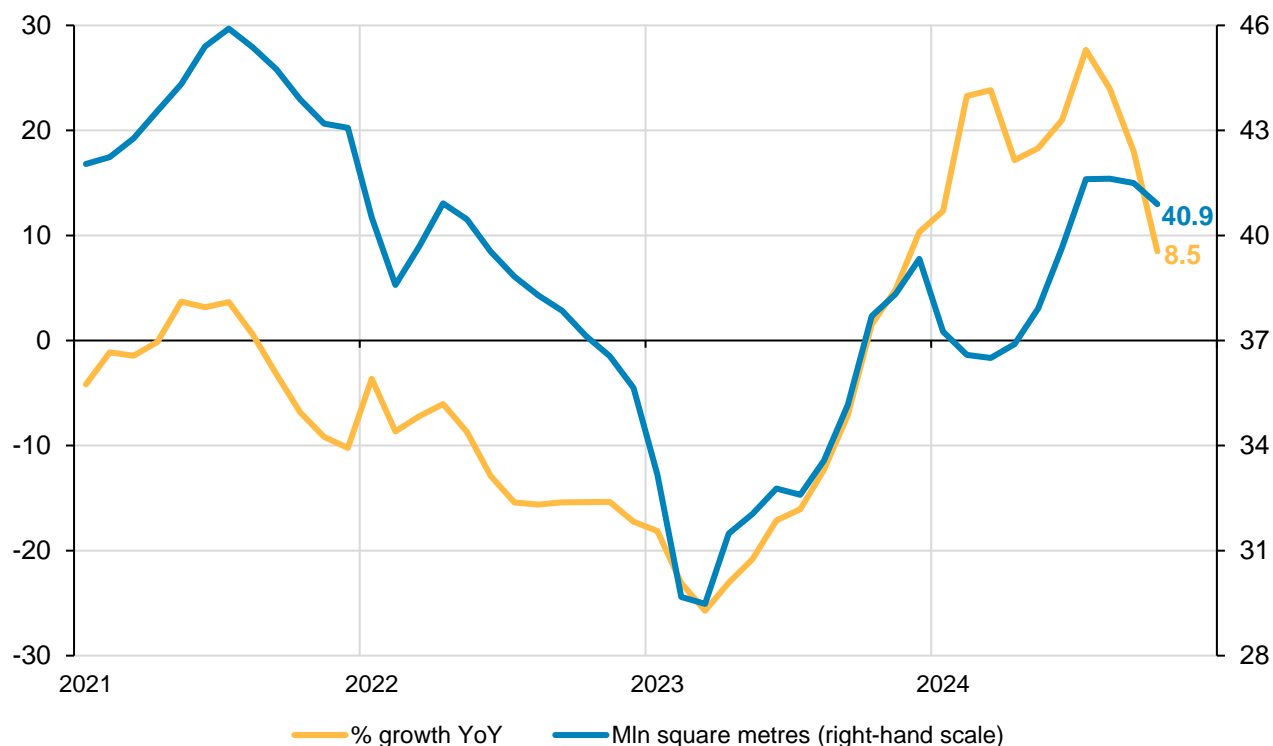
## DEVELOPERS' EXPECTATIONS AND PLANS

### **Market participants expect the growth in demand to continue decelerating in 2024 Q4.**

Developers in the Saratov Region noted that the termination of the non-targeted subsidised mortgage programme and the tightening of the terms of Family Mortgage and IT Mortgage might nearly double the period of selling all apartments in a building under construction from the moment of offering them for sale (from 1–1.5 to 2–3 years). Regional banks expect the growth of demand to slow down in the next six months. Nonetheless, demand in Russia as a whole will still be supported by government subsidised mortgage programmes.

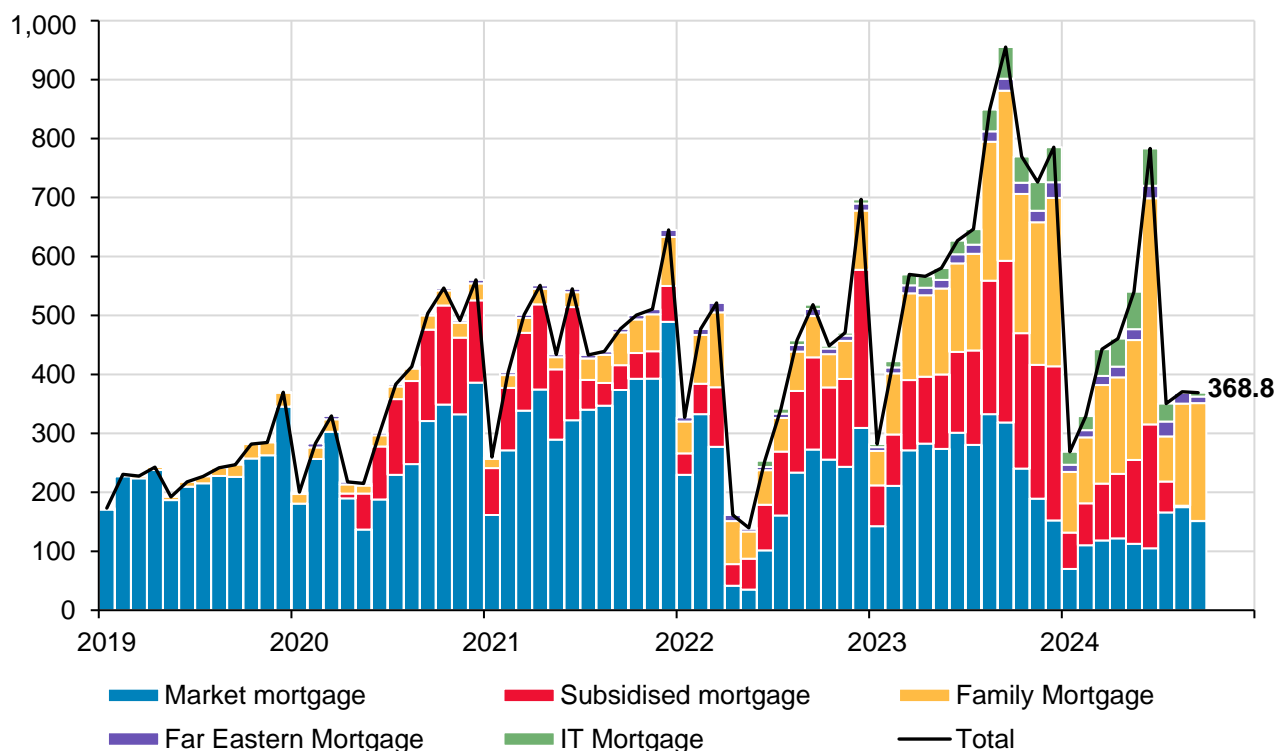
The termination of the non-targeted subsidised mortgage programme from 1 July 2024 and rising market mortgage rates cooled the demand for housing and slowed down the price growth in the new and existing housing markets. Developers began to adjust their plans on new projects. Some of them were expanding their activities by starting to construct commercial property or single-family houses. A contraction in new projects will not lead to a supply deficit due to large stocks of housing that is already under construction. Market participants expect the growth in demand to continue decelerating.

Chart B-2-1. Living area sold in apartment buildings under construction



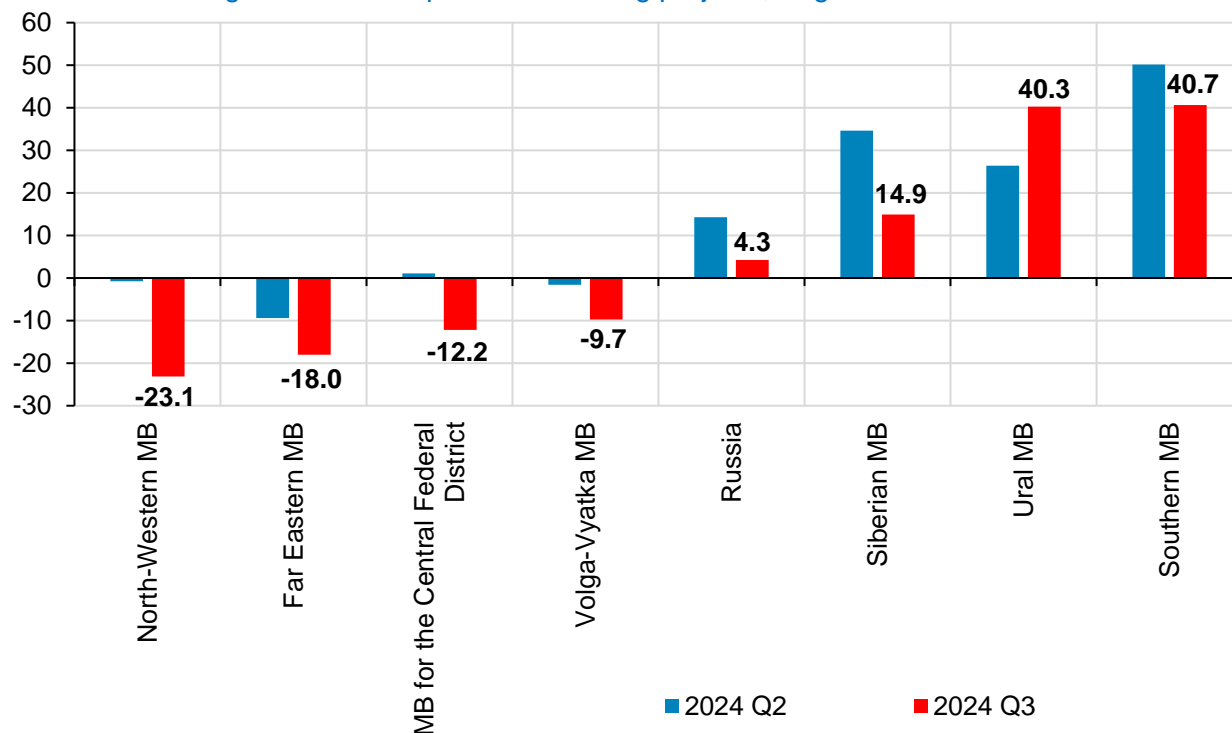
Sources: Unified Information System for Housing Construction (DOM.RF), Bank of Russia calculations.

Chart B-2-2. Amount and structure of new mortgages, ₹ bn



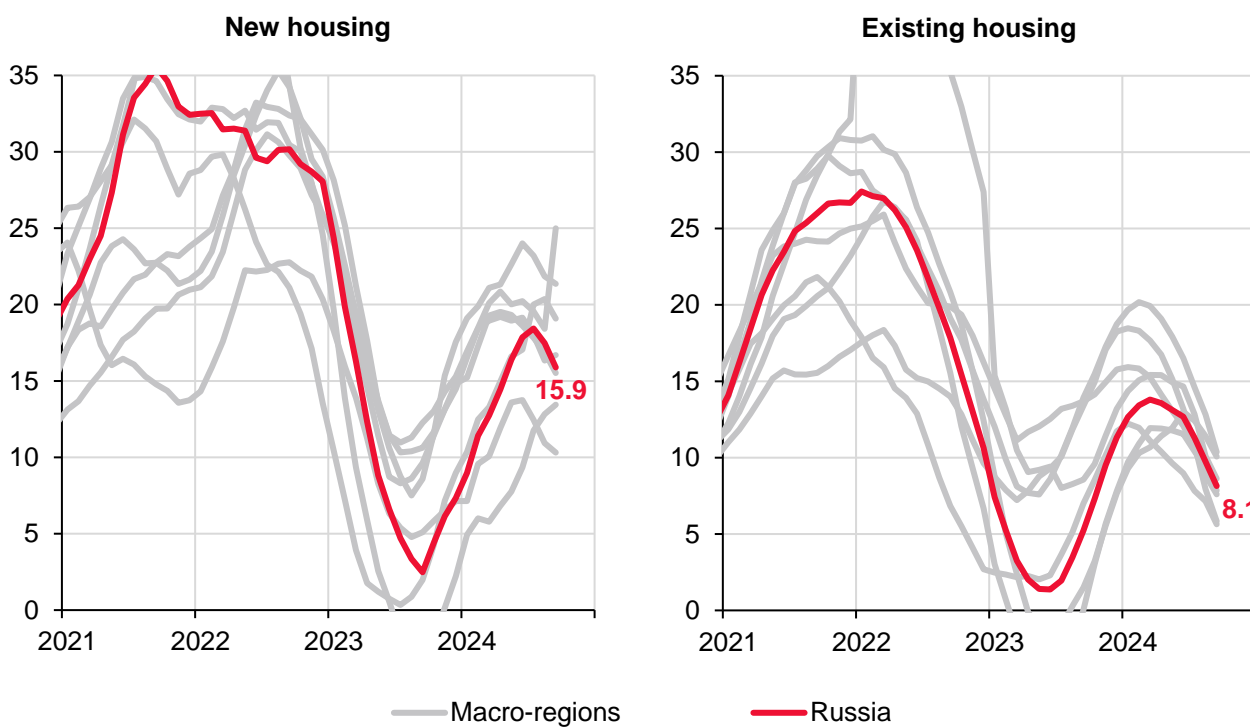
\* Data on the total amount of new mortgages for September 24 are a preliminary estimate by DOM.RF.  
Sources: Unified Information System for Housing Construction (DOM.RF), Bank of Russia, Bank of Russia calculations.

Chart B-2-3. Living area of new apartment building projects, % growth YoY



Sources: Unified Information System for Housing Construction (DOM.RF), Bank of Russia calculations.

Chart B-2-4. Prices per square metre, % growth YoY



Sources: Domclick, Bank of Russia calculations.

## BOX 3

### INDUSTRY FOCUS. HARVEST OF 2024

According to recent data, the pace of harvesting as of early October reached last year's values. However, total yields of most crops are expected to be lower than the record highs of the past years due to the adverse weather conditions in the spring–summer of 2024. Considering the existing stocks, supply will be sufficient to meet domestic demand, but exports will shrink. The market environment allows enterprises to pass through rising product costs to output prices. The pace of autumn sowing lags behind that of last year. Nevertheless, the Ministry of Agriculture of Russia expects that winter sowing will cover an area of 20 million hectares (the 2023 level).

**In 2024, agricultural enterprises faced adverse weather conditions**, namely late frosts in May, abnormal drought in the spring–summer period, and rains at the end of the summer and the beginning of the autumn. This led to substantial crop failures and decreased yields. As a result, total yields of main crops in 2024 are expected to be considerably below last year's highs.

#### **Adverse weather factors reducing 2024 yields:**

- **Frosts in Central and Southern Russia in May.** Due to late frosts in May, agricultural companies had to resow the areas where crops sown in April–May had died off. This shifted the periods of ripening and, consequently, harvesting of spring crops. Moreover, adverse weather conditions in the spring entailed a significant reduction in winter crop yields.
- **Drought in most Russian regions in the summer.** The precipitation deficit damaged part of crops and decreased yields. Furthermore, the harvest quality of certain crops declined, according to agricultural companies.
- **Rains in Siberia in September.** Given the rainy weather, the harvesting period increased in a number of regions, which also led to a decline in yields and their quality.

**Labour shortages had an additional detrimental impact on agricultural output.** Agricultural machinery drivers and operators are the most in-demand professions. According to the Bank of Russia's monitoring of businesses, sectors raised wages, offered accommodation, reached out to students, and expanded their packages of employee benefits to address the problem of staff shortages.

**As estimated by the Ministry of Agriculture of Russia, agricultural companies currently have enough resources to carry out field work.** Industry analysts say that enterprises were able to overcome some consequences of the abnormal weather by timely applying mineral fertilisers, the purchase of which was 7–10% higher than last year. According to the Russian Ministry of Energy, fuel supplied for field work was sufficient.

**As of early October 2024, over 88% of all crop areas were harvested, with the harvesting pace reaching last year's level.**

#### **GRAINS AND GRAIN LEGUMES**

According to high-frequency data of the Russian Ministry of Agriculture, **over 90% of grain areas were harvested** as of the beginning of October 2024. **The current harvest totals 122 million tonnes of grains (-10.6% YoY), including 85 million tonnes of wheat (-10.4% YoY).** The



harvesting of grains has been completed in the South and continues in other regions.

According to industry analysts, the proportion of food wheat in Russia as a whole equalled 77%, which is higher than last year but below the five-year average. The quality of wheat in Central Russia significantly improved due to more favourable weather conditions during the grain ripening period.

**Considering the current stocks, grain yields expected in Russia in 2024 will fully satisfy domestic demand.** As estimated by industry analysts, the total yield is expected to be 10–15% lower than in 2023 and 4–9% below the five-year average. In early October, the Ministry of Agriculture of Russia cut its forecast to 130 million tonnes (-10.3% YoY).

**Because of a downturn in yields, domestic prices for grains adjusted upwards relative to 2022–2023.** Given reduced yields, agricultural companies have more opportunities to raise prices. Even though global prices are relatively low, contracting exports from Russia might change the situation. Supplies for the first three months of the current season (July–September) are below last year's record high but above the three-year average. Exports remain the most profitable option for domestic enterprises to sell excessive grain. This is notably pushing up domestic prices, especially in Southern Russia because of its proximity to the main port infrastructures.

## OIL CROPS

According to high-frequency data of the Russian Ministry of Agriculture, **~23 million tonnes (+16.1% YoY) of oil crops were harvested** by the beginning of October 2024. The positive annual growth rates observed are attributable to the earlier harvesting due to a poor condition of crops and adverse weather. **In 2024, the oil crop yield is expected to be 4–6% lower than last year but above the five-year average.**

**The yield of sunflower – the main oil crop – is expected to be considerably below last year's level.** Agricultural enterprises report a decline in the yield and quality of sunflower seeds (seeds are too small and less oily). This trend is most notable in the regions that faced frosts and droughts, i.e. in Central and Southern Russia.

**Sunflower producer prices went up against the backdrop of deteriorating harvest prospects and elevated demand from processing companies.** Sunflower seeds are not exported due to the effective export duty, while Russian supplies of sunflower to the global market are growing, and its domestic consumption remains stable. Over 60% of sunflower oil produced in Russia goes for export. Given high global prices, processing companies benefit more from selling their products in the external market, which is boosting the demand for sunflower seeds.

## SUGAR BEET

**According to high-frequency data of the Russian Ministry of Agriculture, sugar beet harvesting pace in early October 2024 was higher than last year, with ~25 million tonnes harvested,** which is equal to last year's value for the corresponding period.

As estimated by industry analysts, the early harvesting of sugar beet was attributable to a poor condition of crops and greater sparseness as this crop was affected by the May frosts most severely. In addition, when resowing, agricultural enterprises faced challenges related to the availability and quality of seeds. That said, the sugar content of beet in 2024 is higher than last year (16.7% in 2024 vs 14.9% in 2023), which will ensure sufficient sugar output for domestic consumption, despite the expected yield drop (by 20% YoY).



**In September 2024, prices for sugar were down in annualised terms.** Excessive sugar output over previous years and export restrictions have helped accumulate adequate sugar stocks to cover domestic consumption.

## POTATOES AND OUTDOOR VEGETABLES

**According to high-frequency data of the Russian Ministry of Agriculture, the vegetable harvesting pace as of early October 2024 is hovering around last year's levels, while potato harvesting is slower than in 2023.** The harvest of vegetables amounted to 3.9 million tonnes (+3.0% YoY) and that of potatoes to 5.6 million tonnes (-15.5% YoY).

The harvest quality across Russia as a whole stays at last year's level, according to regional Ministries of Agriculture. However, the regions where weather conditions notably deviated from the norm report a deterioration of quality.

**As forecast by the Russian Ministry of Agriculture, the yield of outdoor vegetables and potatoes is expected to be lower than in 2023 but close to the five-year average.**

## GREENHOUSE VEGETABLES

**In 2024, the yield of greenhouse vegetables will amount to 1.7 million tonnes, which is 5.1% more than in 2023.** The expansion of output is ensured by commissioning new greenhouse facilities and upgrading the old ones. The output growth reduces the reliance on imported vegetables. According to industry analysts, the imports of tomatoes will drop by 5% YoY in 2024 and those of cucumbers by 30% YoY. Higher supply of greenhouse vegetables partially offsets the reduction in outdoor vegetable yields.

**In August–September 2024, prices for vegetables and potatoes were falling less than usually during that season.** Contracting yields and stocks of domestic vegetables as well as increasing imports pushed up prices for Russian staple vegetables. Moreover, cucumber and tomato prices are rising due to high greenhouse maintenance costs.

## 2025 HARVEST PLAN

**According to the Ministry of Agriculture of Russia, autumn sowing areas are to total 20 million hectares (the 2023 level).** Autumn sowing lags behind last year's pace because of the August–September drought in the South. As of early October 2024, ~70% of the planned crop areas were sown. Agricultural companies have sufficient resources and equipment, but there are still certain challenges, including weather conditions that might damage winter crops and prevent enterprises from reaching their sowing targets.

Overall, the yield is expected to be below the five-year averages. Nevertheless, it will be sufficient for the domestic market. The harvesting pace reached its last year's level. Prices for crops were influenced by the following factors: the expected decline in the yields of main crops, growing product costs, including wages and fuel prices, high global prices, as well as the impact of the exchange rate on prices for imported materials. There was a marked upswing in producer costs related to crop sowing, growing and harvesting, which translated into higher prices for the new harvest and related food products.

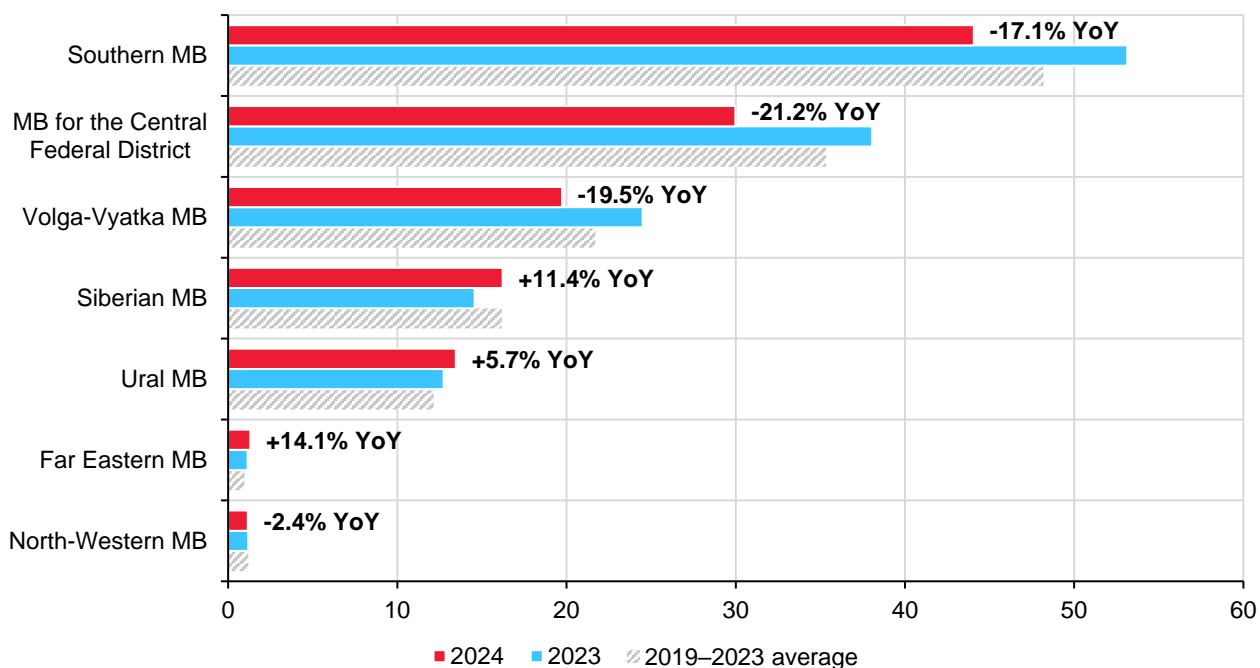
Table B-3-1. Total yield, mln tonnes

	2024	2023	2024 on 2023	on 2019–2023
Grains and grain legumes	123–130	144.9	-(10–15)%	-(4–9)%
Wheat	81.5–83.1	92.9	-(11–12)%	-(4–6)%
Barley*	16.8	21.1	-21%	-19%
Corn*	11.9	16.6	-28%	-22%
Oil crops	26.9–28.5	29.9	-(5–10)%	+(5–11)%
Sunflower	14.2–16.6	17.3	-(4–18)%	-9-(+6)%
Soybean*	7.1	6.8	+4%	+35%
Rapeseed*	4.9	4.2	+17%	+52%
Sugar beet	42.0–42.6	53.1	-(20–21)%	-(8–9)%
Potatoes	7.2–7.3	8.6	-(15–17)%	-(1–2)%
Vegetables	5.6	5.9	-5%	+2%

\* According to ProZerno.

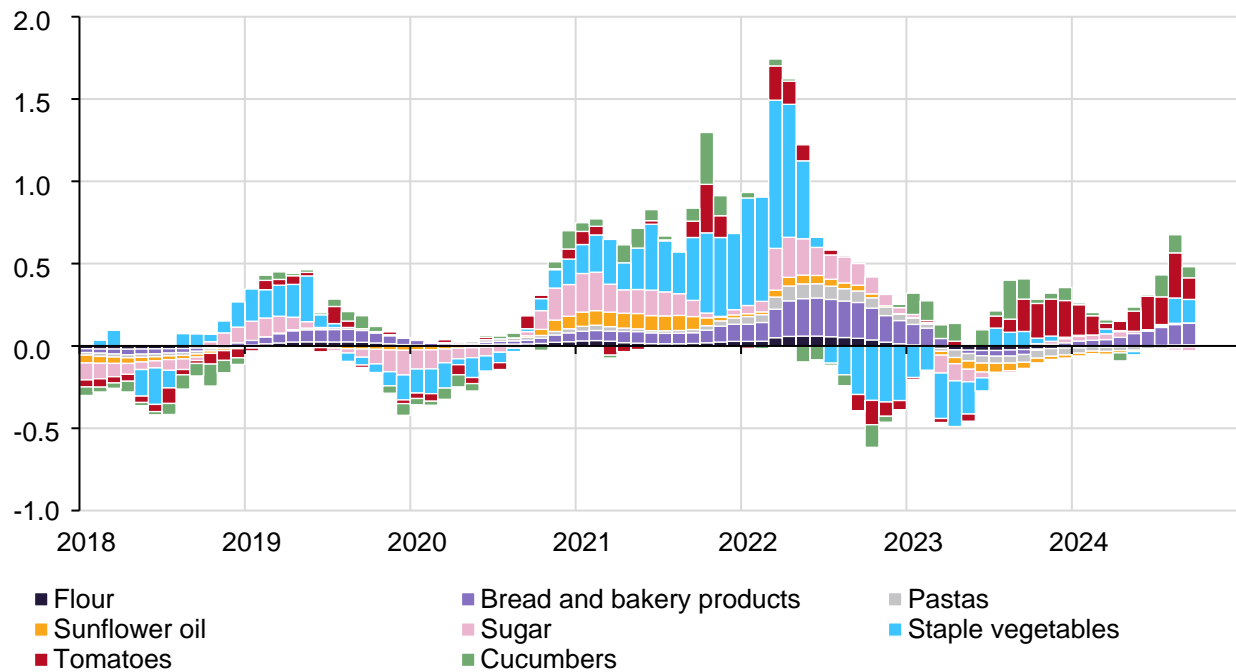
Sources: Rosstat, Russian Ministry of Agriculture, regional Ministries of Agriculture, ProZerno.

Chart B-3-2. Crop yield forecast by MB, mln tonnes



Sources: Rosstat, Russian Ministry of Agriculture, regional Ministries of Agriculture.

Chart B-3-3. Contribution of price changes to deviation of annual CPI growth from 4%, pp



Sources: Rosstat, Bank of Russia calculations.

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<b>No. 1</b>	
<b>18 December</b>	Consumer demand: the impact of the worsening epidemiological situation
<b>2020</b>	

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## ANNEX

### CORE ECONOMIC INDICATORS

#### Core indicators. Russia

Table 1

		2022	2023	2023	2023	2024	2024	2024	Aug	Sep	Oct
				Q3	Q4	Q1	Q2	Q3			
Inflation	% YoY	11.9	7.4	6.0	7.4	7.7	8.6	8.6	9.1	8.6	
Core inflation	% YoY	14.3	6.8	4.6	6.8	7.8	8.7	8.3	8.4	8.3	
Industrial production	3MMA, % YoY	0.7	4.1	6.3	4.9	5.7	4.4		2.9		
Fixed capital investment	Cumulative, % YoY	6.7	9.8	10.5	9.8	14.5	10.9				
Construction	3MMA, % YoY	7.5	7.9	7.5	6.6	3.5	4.0		0.6		
Housing commissioning	3MMA, % YoY	11.0	7.5	4.1	30.3	1.5	3.8	0.4	2.0	0.4	
Retail	3MMA, % YoY	-6.5	8.0	14.0	11.6	10.4	7.5		5.9		
Commercial services	3MMA, % YoY	5.0	6.9	7.9	6.7	3.6	4.2		3.0		
Real disposable income	% YoY	4.0	5.6	6.0	6.9	7.1	7.7				
Real wages	3MMA, % YoY	0.3	8.2	8.6	8.6	10.8	7.8				
Unemployment	% SA	4.0	3.2	3.0	2.9	2.8	2.6		2.5		
Outstanding consumer loans	% YoY	2.5	16.3	16.9	16.3	18.2	19.4		16.2		
Outstanding mortgage loans	% YoY	17.7	30.1	29.1	30.1	27.7	24.8		18.8		
Funds in escrow accounts	% YoY	32.7	38.4	30.0	38.4	37.6	47.9		37.4		
Non-financial organisations' outstanding bank loans	% YoY	19.7	24.6	26.1	24.6	23.2	24.0		21.9		
• Large borrowers	% YoY	17.6	23.6	24.9	23.6	22.3	23.5		20.5		
• SMEs	% YoY	29.9	28.9	31.1	28.9	26.9	25.8		28.3		
Companies' price expectations	Balance of responses, p, SA	21.7	19.5	21.5	22.9	20.1	20.4	21.6	21.5	21.7	23.3
Business Climate Index	p, SA	-0.1	6.8	6.3	7.1	8.3	10.5	6.0	6.1	4.6	5.5
• Current estimates	p, SA	-6.1	1.1	1.3	0.5	1.6	5.7	0.3	1.2	-2.2	-0.4
• Expectations	p, SA	6.0	12.6	11.4	13.9	15.1	15.5	11.8	11.1	11.7	11.5

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

**Core indicators. Main Branch for the Central Federal District**

*Table 2*

		2022	2023	2023	2023	2024	2024	2024	Aug	Sep	Oct
				Q3	Q4	Q1	Q2	Q3			
Inflation	% YoY	12.5	7.4	6.1	7.4	7.6	8.8	9.2	9.5	9.2	
Core inflation	% YoY	14.9	7.0	4.8	7.0	7.8	9.0	8.6	8.8	8.6	
Industrial production	3MMA, % YoY	9.2	16.0	19.5	20.3	10.5	12.7		12.0		
Fixed capital investment	Cumulative, % YoY	1.9	3.6	5.3	3.6	14.2	7.3				
Construction	3MMA, % YoY	7.8	9.0	7.4	9.6	2.6	-0.3		-1.3		
Housing commissioning	3MMA, % YoY	12.6	0.3	-7.2	35.9	-17.9	-3.1	6.0	5.1	6.0	
Retail	3MMA, % YoY	-10.5	6.7	13.6	14.6	11.4	7.1		5.2		
Commercial services	3MMA, % YoY	7.3	9.6	10.9	10.0	6.2	6.0		2.9		
Real disposable income	% YoY	3.0	7.2	7.5	11.6	9.6	7.3				
Real wages	3MMA, % YoY	-0.9	6.8	8.0	9.8	12.4	7.5				
Unemployment	% SA	3.0	2.5	2.4	2.3	2.0	1.8		1.8		
Outstanding consumer loans	% YoY	2.7	16.0	16.5	16.0	17.0	18.9		15.4		
Outstanding mortgage loans	% YoY	16.9	25.0	24.0	25.0	23.6	21.3		16.1		
Funds in escrow accounts	% YoY	39.6	24.9	25.5	24.9	26.6	38.4		31.5		
Non-financial organisations' outstanding bank loans	% YoY	15.6	24.5	24.5	24.5	21.7	22.3		21.5		
• Large borrowers	% YoY	13.2	24.2	23.9	24.2	21.4	22.1		19.1		
• SMEs	% YoY	30.1	26.2	27.2	26.2	23.3	23.1		35.6		
Companies' price expectations	Balance of responses, p, SA	28.3	25.7	29.2	31.4	25.8	27.4	28.8	28.6	28.7	30.9
Business Climate Index	p, SA	0.2	6.7	6.0	9.3	10.0	7.8	3.6	3.4	3.0	5.7
• Current estimates	p, SA	-6.3	0.5	0.2	2.4	3.9	2.6	-2.7	-1.4	-5.1	-1.6
• Expectations	p, SA	6.9	13.0	12.1	16.5	16.3	13.1	10.1	8.3	11.4	13.3

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

Core indicators. Bank of Russia North-Western Main Branch

Table 3

		2022	2023	2023	2023	2024	2024	2024	Aug	Sep	Oct
				Q3	Q4	Q1	Q2	Q3			
Inflation	% YoY	11.9	7.1	5.9	7.1	7.4	8.1	8.1	8.2	8.1	
Core inflation	% YoY	14.7	6.4	4.3	6.4	7.5	8.3	8.1	7.9	8.1	
Industrial production	3MMA, % YoY	0.5	4.9	8.4	5.8	7.7	5.4		3.9		
Fixed capital investment	Cumulative, % YoY	-2.2	4.3	7.5	4.3	17.7	19.4				
Construction	3MMA, % YoY	-3.6	2.1	8.2	1.7	1.0	13.3		1.6		
Housing commissioning	3MMA, % YoY	8.4	1.7	15.7	12.2	8.3	-17.7	-4.8	-15.4	-4.8	
Retail	3MMA, % YoY	-6.3	13.1	19.8	19.2	8.2	5.0		2.8		
Commercial services	3MMA, % YoY	4.8	10.2	11.4	9.6	0.8	1.2		0.7		
Real disposable income	% YoY	3.2	4.0	3.4	1.8	9.8	6.3				
Real wages	3MMA, % YoY	0.4	6.1	7.5	6.6	7.6	5.4				
Unemployment	% SA	3.3	2.7	2.6	2.4	2.5	2.2		2.1		
Outstanding consumer loans	% YoY	1.7	13.5	14.9	13.5	15.1	15.8		12.8		
Outstanding mortgage loans	% YoY	15.3	23.0	21.8	23.0	21.7	19.3		14.5		
Funds in escrow accounts	% YoY	32.4	25.7	16.7	25.7	18.6	27.1		14.6		
Non-financial organisations' outstanding bank loans	% YoY	45.4	29.6	51.4	29.6	35.3	33.0		25.4		
• Large borrowers	% YoY	46.1	32.3	53.3	32.3	36.6	34.3		29.1		
• SMEs	% YoY	42.0	16.3	42.6	16.3	28.1	25.5		4.6		
Companies' price expectations	Balance of responses, p, SA	24.0	21.8	23.9	25.9	21.3	25.5	27.0	28.2	26.8	24.8
Business Climate Index	p, SA	-4.5	2.9	2.6	5.1	6.2	5.8	5.1	5.2	3.9	4.6
• Current estimates	p, SA	-9.8	-2.7	-2.3	-1.0	-0.6	0.5	0.3	1.2	-1.9	-0.9
• Expectations	p, SA	1.1	8.7	7.6	11.4	13.3	11.3	10.1	9.2	9.9	10.4

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

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

*Table 4*

		2022	2023	2023	2023	2024	2024	2024	Aug	Sep	Oct
				Q3	Q4	Q1	Q2	Q3			
Inflation	% YoY	12.4	7.1	5.9	7.1	7.3	8.2	8.4	8.8	8.4	
Core inflation	% YoY	14.7	6.6	4.4	6.6	7.4	8.2	8.0	8.1	8.0	
Industrial production	3MMA, % YoY	3.0	9.0	12.1	8.8	7.6	5.5		4.0		
Fixed capital investment	Cumulative, % YoY	4.7	18.3	15.4	18.3	19.0	13.5				
Construction	3MMA, % YoY	12.0	13.7	12.4	3.6	0.6	3.6		-3.7		
Housing commissioning	3MMA, % YoY	3.8	9.9	-10.4	33.7	7.8	-1.0	-8.7	-12.9	-8.7	
Retail	3MMA, % YoY	-3.6	10.1	13.4	13.5	11.0	8.7		7.1		
Commercial services	3MMA, % YoY	3.6	4.5	5.0	4.2	4.7	5.5		4.3		
Real disposable income	% YoY	4.0	4.7	3.7	4.9	11.0	8.2				
Real wages	3MMA, % YoY	0.8	11.8	11.9	10.9	12.5	10.2				
Unemployment	% SA	3.2	2.4	2.2	2.1	2.0	1.9		1.9		
Outstanding consumer loans	% YoY	1.2	17.8	17.3	17.8	20.8	22.2		19.2		
Outstanding mortgage loans	% YoY	15.4	32.1	30.6	32.1	29.6	26.9		20.3		
Funds in escrow accounts	% YoY	11.6	47.9	26.5	47.9	50.5	63.3		51.7		
Non-financial organisations' outstanding bank loans	% YoY	11.0	18.3	15.1	18.3	16.1	16.7		20.7		
• Large borrowers	% YoY	8.0	12.2	8.8	12.2	9.5	12.8		24.7		
• SMEs	% YoY	18.8	32.5	29.8	32.5	31.1	25.0		11.9		
Companies' price expectations	Balance of responses, p, SA	28.6	26.2	30.5	30.0	25.1	28.2	29.3	29.3	29.1	29.7
Business Climate Index	p, SA	1.0	9.3	8.5	10.6	10.6	13.2	9.6	10.3	7.8	8.5
• Current estimates	p, SA	-6.6	2.4	2.5	3.3	3.9	8.2	3.2	5.9	-0.6	1.7
• Expectations	p, SA	8.8	16.4	14.7	18.3	17.5	18.4	16.1	14.7	16.5	15.5

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

**Core indicators. Southern Main Branch***Table 5*

		2022	2023	2023	2023	2024	2024	2024	Aug	Sep	Oct
				Q3	Q4	Q1	Q2	Q3			
Inflation	% YoY	11.7	7.8	6.7	7.8	7.8	8.7	8.6	9.4	8.6	
Core inflation	% YoY	14.4	6.8	4.9	6.8	7.9	8.7	8.0	8.3	8.0	
Industrial production	3MMA, % YoY	5.3	4.5	9.7	0.2	8.1	1.9		-1.8		
Fixed capital investment	Cumulative, % YoY	8.7	8.1	11.3	8.1	19.8	13.3				
Construction	3MMA, % YoY	6.9	4.1	-2.0	-7.3	-14.2	14.0		15.9		
Housing commissioning	3MMA, % YoY	18.0	11.3	23.1	40.3	11.4	37.6	-1.9	10.7	-1.9	
Retail	3MMA, % YoY	-2.4	10.9	19.5	6.3	11.1	7.5		5.4		
Commercial services	3MMA, % YoY	5.4	3.0	4.1	2.4	2.7	4.6		5.5		
Real disposable income	% YoY	4.3	4.0	5.0	0.7	6.8	8.1				
Real wages	3MMA, % YoY	-0.9	8.1	6.9	6.1	7.5	9.6				
Unemployment	% SA	6.4	5.3	5.2	5.2	4.9	4.7		4.6		
Outstanding consumer loans	% YoY	3.1	19.8	18.9	19.8	23.0	24.6		21.2		
Outstanding mortgage loans	% YoY	24.9	43.4	43.2	43.4	38.7	35.3		27.5		
Funds in escrow accounts	% YoY	25.1	106	71.3	106	102	95.0		74.1		
Non-financial organisations' outstanding bank loans	% YoY	27.2	21.0	18.5	21.0	17.1	19.2		21.4		
• Large borrowers	% YoY	22.6	8.5	7.5	8.5	3.6	4.5		12.6		
• SMEs	% YoY	38.1	46.8	43.0	46.8	44.0	45.6		37.8		
Companies' price expectations	Balance of responses, p, SA	21.5	19.2	23.0	21.6	17.3	20.3	22.5	21.5	23.7	26.4
Business Climate Index	p, SA	1.4	6.4	5.8	7.2	9.4	9.0	6.9	6.8	6.3	8.0
• Current estimates	p, SA	-4.8	0.1	-0.4	0.2	0.8	2.3	1.4	1.7	-0.2	1.4
• Expectations	p, SA	7.8	12.9	12.2	14.3	18.4	15.9	12.5	12.0	13.1	14.8

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

**Core indicators. Ural Main Branch**

*Table 6*

		2022	2023	2023	2023	2024	2024	2024	Aug	Sep	Oct
				Q3	Q4	Q1	Q2	Q3			
Inflation	% YoY	11.0	6.7	5.0	6.7	7.5	8.0	8.0	8.4	8.0	
Core inflation	% YoY	12.4	6.0	3.2	6.0	7.4	7.9	7.7	7.7	7.7	
Industrial production	3MMA, % YoY	0.0	2.7	3.0	2.8	2.0	1.3		1.0		
Fixed capital investment	Cumulative, % YoY	10.0	5.0	3.5	5.0	14.5	19.1				
Construction	3MMA, % YoY	-0.5	5.6	4.7	7.6	10.2	3.4		-3.5		
Housing commissioning	3MMA, % YoY	11.2	9.3	9.6	11.7	12.4	-3.6	-4.5	0.0	-4.5	
Retail	3MMA, % YoY	-5.1	9.1	14.2	9.4	11.1	9.1		9.2		
Commercial services	3MMA, % YoY	2.7	5.8	6.6	4.4	3.3	2.2		4.9		
Real disposable income	% YoY	4.1	6.6	0.5	10.0	10.0	6.4				
Real wages	3MMA, % YoY	1.4	10.3	9.5	7.8	11.2	7.8				
Unemployment	% SA	3.3	2.5	2.4	2.3	2.2	1.9		1.9		
Outstanding consumer loans	% YoY	1.6	16.4	17.1	16.4	18.9	19.6		16.7		
Outstanding mortgage loans	% YoY	16.5	32.6	31.8	32.6	29.3	25.5		18.5		
Funds in escrow accounts	% YoY	21.9	69.3	37.8	69.3	60.9	67.4		49.5		
Non-financial organisations' outstanding bank loans	% YoY	17.4	19.0	18.8	19.0	16.5	17.3		16.1		
• Large borrowers	% YoY	16.0	14.2	14.3	14.2	13.8	14.3		13.1		
• SMEs	% YoY	25.9	44.6	42.2	44.6	29.1	31.2		30.7		
Companies' price expectations	Balance of responses, p, SA	24.2	19.4	21.5	23.2	21.2	21.9	24.3	23.3	26.8	24.2
Business Climate Index	p, SA	1.9	9.9	10.4	10.6	12.2	9.7	6.0	5.0	5.8	7.0
• Current estimates	p, SA	-4.2	4.8	6.4	5.2	5.5	4.1	0.9	0.5	-0.6	1.5
• Expectations	p, SA	8.2	15.1	14.5	16.1	19.2	15.5	11.3	9.7	12.4	12.6

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

**Core indicators. Siberian Main Branch***Table 7*

		2022	2023	2023	2023	2024	2024	2024	Aug	Sep	Oct
				Q3	Q4	Q1	Q2	Q3			
Inflation	% YoY	12.7	8.2	6.6	8.2	8.6	9.2	8.8	9.5	8.8	
Core inflation	% YoY	14.2	7.6	4.7	7.6	8.7	9.5	8.8	9.3	8.8	
Industrial production	3MMA, % YoY	1.2	-0.6	-1.8	-0.6	2.2	0.8		0.7		
Fixed capital investment	Cumulative, % YoY	8.1	5.3	9.4	5.3	4.4	6.9				
Construction	3MMA, % YoY	18.5	-6.2	-0.2	-13.3	12.0	4.9		-6.8		
Housing commissioning	3MMA, % YoY	3.5	22.4	3.0	54.5	6.6	-1.5	13.9	16.7	13.9	
Retail	3MMA, % YoY	-2.7	8.7	13.1	10.6	11.0	10.0		9.1		
Commercial services	3MMA, % YoY	5.5	6.0	6.2	4.8	1.9	3.4		2.2		
Real disposable income	% YoY	5.9	5.8	7.0	4.4	10.2	4.8				
Real wages	3MMA, % YoY	1.9	9.7	8.5	7.3	9.5	7.3				
Unemployment	% SA	4.8	3.6	3.6	3.2	3.1	3.1		2.9		
Outstanding consumer loans	% YoY	3.7	15.5	17.4	15.5	17.2	17.5		14.5		
Outstanding mortgage loans	% YoY	17.3	33.0	32.3	33.0	30.3	26.4		19.5		
Funds in escrow accounts	% YoY	25.0	67.9	52.9	67.9	61.1	70.9		48.9		
Non-financial organisations' outstanding bank loans	% YoY	17.0	29.7	24.7	29.7	29.6	38.0		21.2		
• Large borrowers	% YoY	11.8	34.6	25.8	34.6	35.1	51.1		21.4		
• SMEs	% YoY	33.8	16.7	21.6	16.7	15.1	10.0		20.4		
Companies' price expectations	Balance of responses, p, SA	25.0	23.6	27.2	28.8	24.0	25.3	25.8	25.5	25.7	28.2
Business Climate Index	p, SA	2.5	10.5	10.0	11.0	11.0	12.2	8.0	7.9	6.2	6.1
• Current estimates	p, SA	-5.6	3.2	3.5	2.6	2.4	5.2	0.7	1.2	-1.7	-0.9
• Expectations	p, SA	10.9	18.1	16.7	19.8	20.0	19.4	15.5	14.8	14.4	13.3

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



**Core indicators. Far Eastern Main Branch**

*Table 8*

		2022	2023	2023	2023	2024	2024	2024	Aug	Sep	Oct
				Q3	Q4	Q1	Q2	Q3			
Inflation	% YoY	11.9	8.0	7.1	8.0	8.4	9.1	8.3	8.9	8.3	
Core inflation	% YoY	14.0	8.3	6.5	8.3	8.9	10.1	8.5	9.2	8.5	
Industrial production	3MMA, % YoY	-4.2	6.4	14.2	7.7	5.1	1.4		-2.2		
Fixed capital investment	Cumulative, % YoY	14.5	19.4	25.1	19.4	20.7	18.4				
Construction	3MMA, % YoY	12.6	22.0	37.0	12.7	12.4	-6.6		0.03		
Housing commissioning	3MMA, % YoY	13.7	21.4	10.3	14.2	8.6	18.8	0.04	10.5	0.04	
Retail	3MMA, % YoY	-0.6	3.9	6.0	6.3	5.8	6.5		7.0		
Commercial services	3MMA, % YoY	-0.9	1.7	2.4	2.0	2.4	-0.8		-2.9		
Real disposable income	% YoY	6.9	2.0	3.1	1.4	7.5	4.4				
Real wages	3MMA, % YoY	0.1	6.8	6.0	5.4	7.8	5.7				
Unemployment	% SA	3.9	3.0	2.9	2.8	2.6	2.5		2.3		
Outstanding consumer loans	% YoY	3.7	12.5	15.5	12.5	13.8	14.4		11.4		
Outstanding mortgage loans	% YoY	23.3	32.8	31.4	32.8	29.7	26.0		21.7		
Funds in escrow accounts	% YoY	34.0	46.0	28.1	46.0	35.0	41.9		36.1		
Non-financial organisations' outstanding bank loans	% YoY	18.9	32.3	30.6	32.3	33.3	33.9		33.2		
• Large borrowers	% YoY	21.0	33.7	35.8	33.7	35.2	36.9		33.0		
• SMEs	% YoY	11.0	26.3	11.1	26.3	25.2	22.2		34.0		
Companies' price expectations	Balance of responses, p, SA	21.0	18.8	20.2	21.6	17.0	18.0	19.9	20.5	19.2	20.9
Business Climate Index	p, SA	1.7	7.4	8.0	6.9	8.3	10.0	6.3	7.6	4.5	8.2
• Current estimates	p, SA	-4.3	0.7	1.2	0.3	2.7	4.8	1.1	2.9	-0.5	2.2
• Expectations	p, SA	7.9	14.4	15.0	13.7	14.0	15.3	11.6	12.4	9.6	14.3

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