



Bank of Russia



# TALKING TRENDS

## Economy and markets

Research and Forecasting Department Bulletin

FEBRUARY 2026

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The Research and Forecasting Department prepared this bulletin based on data as of 30.01.2026.

The views and recommendations expressed in the bulletin do not necessarily reflect the official position of the Bank of Russia.

Please send your comments and suggestions to [djp1@cbr.ru](mailto:djp1@cbr.ru)

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## Executive summary

### Monthly summary

- GDP was up in 2025, with high-frequency indicators pointing to a rebound in the fourth quarter of economic growth and lending. Annual inflation slowed to a record low in recent years, on the back of tight monetary policy and the effect of several one-off disinflationary factors unfolding at the end of last year. However, core inflationary pressure and inflation expectations are still elevated, with meaningful inflation drivers of a temporary nature expectedly having materialised in January. A further decrease in inflation to 4% and its stabilisation at target require that monetary policy remain tight.
- Slower growth in consumer prices late last year gave way to their strong growth in January. These two trends are associated mainly with diverging temporary factors. The strong momentum in prices in January may cause secondary proinflationary effects. They may emerge as a result of high inflation expectations affecting the propensity to save and, by extension, growth in consumer demand and corporate pricing policies.
- Business expectations, albeit moving slightly lower, assume further output expansion. The number of job openings is gradually contracting as companies moderate their hiring plans. This adds to preconditions for aligning wage and productivity growth.
- Bond yields went up early in the year on the back of adverse weekly statistics on consumer prices. The ruble appreciated slightly and within the range that had been in place since last May, gaining support from seasonally low demand for foreign currency and improving geopolitical expectations.

### In focus. 2025 macroeconomic indicators close to Bank of Russia's forecast

- Overall, key macroeconomic indicators for 2025 were close to the Bank of Russia's forecast published early that year. The economy's growth slowed, returning to a more balanced trajectory after the fast pace of growth in 2023–2024. That said, consumer price rises for the year came in below an expected rate of 7-8%.
- The slight divergence of actual inflation from the forecast was primarily recorded late in the year. Price movements were in line with expectations for the greater part of the year, slowing as private demand gradually cooled. Meanwhile, a substantial ruble appreciation, largely owed to the impact of the foreign currency channel of tight monetary policy, restrained price growth. At the same time, the disinflationary input of fiscal policy proved to be much more modest than the initial budget projections for 2025 assumed.
- Inflation deceleration in November–December were more significant than expected. Behind these were temporary supply-side factors, including the impact of a strong harvest, as well as warmer weather than seasonally normal, which reduced the costs of greenhouse vegetables production. This impact weakened in early 2026. Persistent inflationary pressure substantially eased in 2025, but remains above 4% in annualised seasonally adjusted terms.

## 1. Inflation

Month-on-month consumer price growth remains extremely volatile, including in seasonally adjusted terms. Indeed, after elevated September–October readings and untypically low November–December numbers, price growth again substantially accelerated in January.

Unlike the VAT hike episode in 2019, this time around, the VAT base rate increase to 22% primarily had an effect on prices at the start of 2026. Judging by indirect data, producers and retailers, by contrast, put the brakes on price growth in December last year in order to reduce inventories ahead of the VAT hike, thereby avoiding a pass-on of the VAT hike to prices in advance, in contrast to the 2019 situation. This was one of the factors behind record slow price growth for December in late 2025 and a surge of price rises in January 2026.

These price moves will likely produce a dip in persistent inflation estimates in December and some increase in January rather than consistent inflationary pressure. To smooth out this effect, it would make sense to assign a greater weight to an average price rise rather than to individual months' readings both for the CPI at large and its components over three months. At the same time, a notable reaction of prices to tax and regulated price hikes in January involves the risks of household and business inflation expectations remaining high. This may in turn lengthen an inertial inflationary “tail” of January's price rises, slowing down further inflation deceleration.

This requires extra caution in taking monetary policy decisions in order to preclude a new round of stubborn price rise acceleration and the need of a key interest rate hike.

### 1.1. Notable but temporary price rise acceleration as year starts

- Month-on-month consumer price growth remained below the 4% trajectory in December. The moderate price movements largely stem from the impact of temporary disinflationary factors. But early January 2026 already saw the prevalence of proinflationary factors.
- Most indicators of persistent inflationary pressure rose in December relative to November.
- Given likely secondary effects of January's price rise acceleration, driven by hikes in VAT and other taxes and duties, the balance of risks remains shifted towards proinflationary ones. This requires a tight monetary stance to be maintained.

Inflation came in at 5.6%<sup>1</sup> for 2025. Consumer price inflation remained low at 2.6% in December after 2.2% MoM SAAR in November (Table 1, Figure 1). That said, our estimates suggest that persistent inflationary pressure rose in December, remaining, however, close to the H2 2025 average.

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<sup>1</sup> A final estimate was 0.1 pp lower than the estimates based on weekly data.

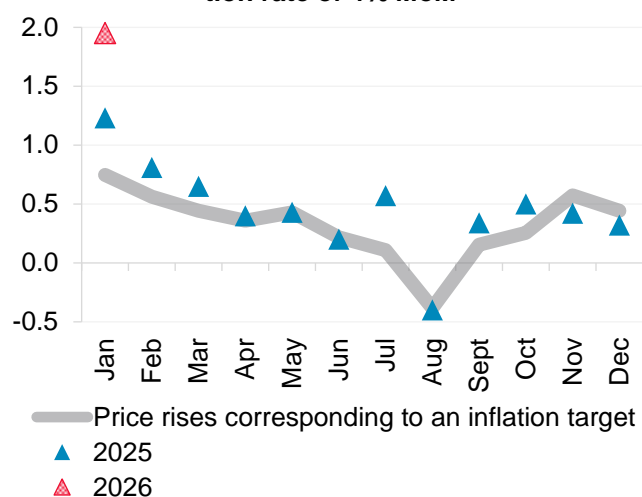
December's slow rise in consumer prices largely stems from the prevalent impact of temporary disinflationary factors. Their effect weakened early in 2026, with the effect of temporary proinflationary factors strengthening.

**Table 1. Inflation and its components**

	Dec.	Dec.	Oct.	Nov.	Dec.
	2023	2024	2025		
<b>% YoY</b>					
<b>All goods and services</b>	<b>7.4</b>	<b>9.5</b>	<b>7.7</b>	<b>6.6</b>	<b>5.6</b>
<b>Core inflation</b>	<b>6.8</b>	<b>8.9</b>	<b>6.9</b>	<b>6.1</b>	<b>5.4</b>
Food	8.2	11.1	9.3	7.5	5.2
Non-food goods	6.0	6.1	3.8	3.5	3.0
Services	8.3	11.5	10.4	9.4	9.3
<b>% MoM SAAR</b>					
<b>All goods and services</b>	<b>7.1</b>	<b>14.6</b>	<b>7.1</b>	<b>2.2</b>	<b>2.6</b>
<b>Core inflation</b>	<b>6.7</b>	<b>14.0</b>	<b>5.1</b>	<b>3.6</b>	<b>5.5</b>
Food	8.7	23.9	8.2	0.8	-2.8
– net of fruit and vegetables	<b>8.2</b>	<b>19.7</b>	<b>6.3</b>	<b>1.8</b>	<b>1.7</b>
Non-food goods	5.0	9.9	6.9	1.2	3.9
– net of refined petroleum products	<b>5.9</b>	<b>8.8</b>	<b>2.6</b>	<b>3.1</b>	<b>5.5</b>
Services	7.9	8.3	5.6	5.3	8.7
– net of housing and communal services	<b>8.7</b>	<b>10.1</b>	<b>6.2</b>	<b>5.8</b>	<b>10.4</b>

Sources: Rosstat, R&F Department estimates.

**Figure 1. Price growth corresponding to an inflation rate of 4% MoM**



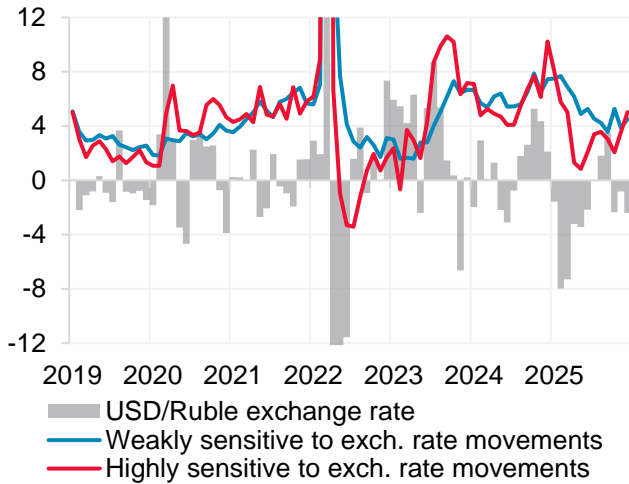
Note. January 2026: preliminary estimate based on weekly data, seasonality estimated for 2025.

Sources: Rosstat, R&F Department estimates.

December's most notable disinflationary contribution came from a fruit and vegetable price drop unusual for this season and owed to a strong harvest. In addition, less cold weather than seasonally normal in the European part of Russia contained growth in tomato and cucumber prices. Price rises in other food products also remained moderate at 1.7% MoM SAAR. As a result, food prices dropped 2.8% MoM SAAR in December (Figure 3). That said, weekly data suggest that early 2026 already saw a price rise acceleration in fruit and vegetables, as well as other categories. Animal husbandry products (which are not subject to the key VAT rate raise) and alcohol (due to, above all, [excise tax and minimum price hikes](#)) experienced the steepest price increases. The disinflationary effect of a fall in retail fuel prices after their dramatic rise in the summer and early in the autumn was also significant. There was also a one-off spike in fuel prices in the first week of January on the back of the VAT hike.

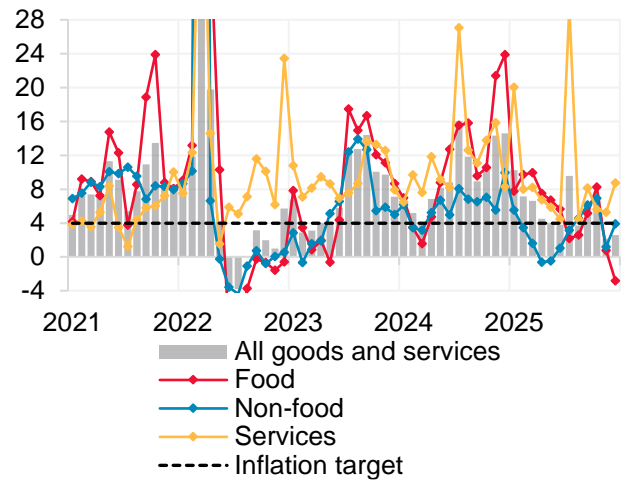
December's exchange rate moves tended to have a neutral effect on prices, despite ruble appreciation. The median of price growth in consumer basket components sensitive to exchange rate movements went up to match the median of components weakly sensitive to the exchange rate (Figure 2). This change seems to have been driven by one-off factors, including expectations of the hikes in VAT and other fees and duties (the car disposal fee and the technology charge imposed on electronic goods).

**Figure 2. Median CPI (% MoM SAAR) and US dollar to ruble exchange rate (%)**



Sources: Rosstat, R&F Department estimates.

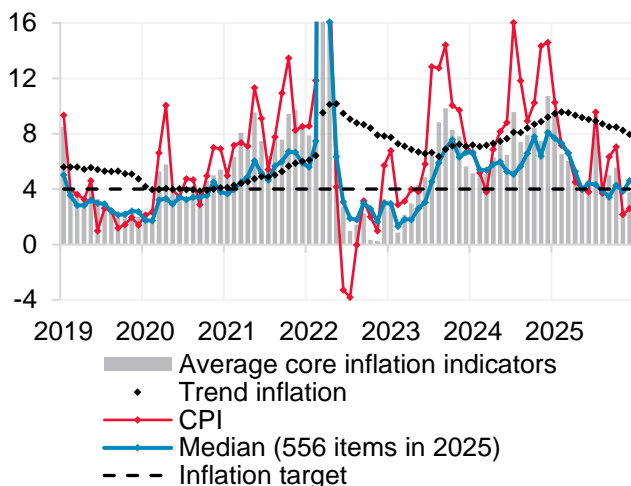
**Figure 3. Seasonally adjusted price growth, % MoM SAAR**



Sources: Rosstat, R&F Department estimates.

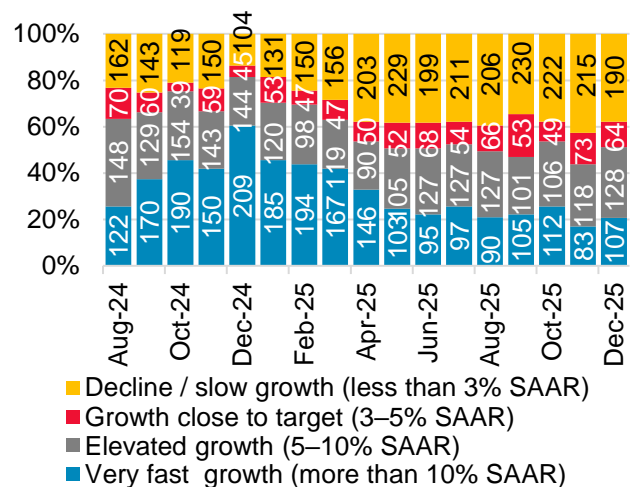
The persistent inflation metrics signal a price rise acceleration in December after a fairly dramatic slowdown in November. Price rises in Rosstat’s basic consumer basket accelerated to 5.5% MoM SAAR from 3.6% MoM SAAR. The mean of modified core inflation estimates increased to 3.8% from 2.6% in November (Figure 4). Median price growth accelerated to 4.6% from 3.8% in annual terms. The total weight of items rising in price at an accelerated pace expanded (Figure 5). Price growth in household services, which to a greater extent reflect change in persistent inflationary pressure, gained pace to reach 14.5% MoM SAAR, up from 7.3% MoM SAAR. Health and insurance services prices also markedly rose. At the same time, the trend inflation estimate showing a longer-term inflation trend decreased to 7.96% YoY from 8.25% YoY.

**Figure 4. Modified core inflation indicators\* (% in annualised terms) and trend inflation estimate (%YoY)**



\* Indicators are computed using the method of excluding the most volatile components and the truncation method.  
Sources: Rosstat, R&F Department estimates.

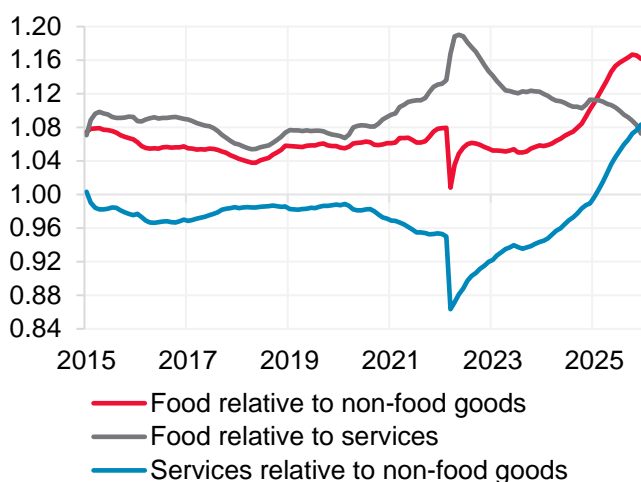
**Figure 4. Total weight of goods and services\* distributed based on seasonally adjusted price growth**



\* Net of fruit and vegetables and regulated services.  
Note: The figures stand for the number of items.  
Sources: Rosstat, R&F Department estimates.

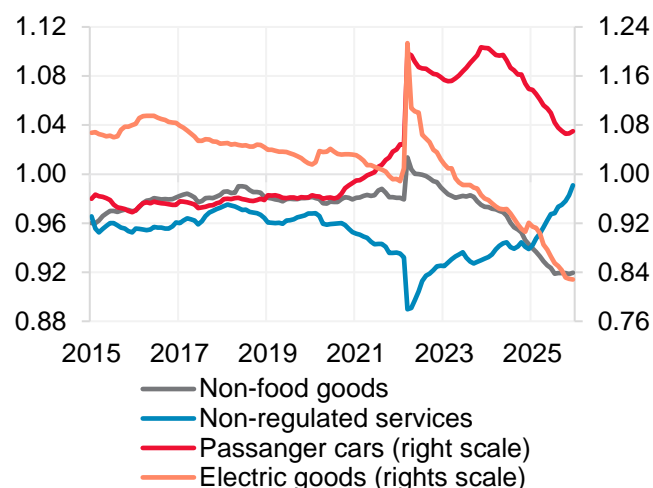
Overall elevated inflationary pressure is evidenced by persistently fast growth in unregulated services prices. Their accelerated pace of growth in 2022–2024 may have been owed to their equalisation with the prices of goods, which dramatically rose in 2020–2022. However, after their recovery to the 2019 levels, relative prices of unregulated services continued to rise against a backdrop of dynamic growth in demand for services (Figure 6, Figure 7) and an increase in their share in the household consumption structure.

**Figure 6. Movements in relative prices**



Sources: Rosstat, R&F Department estimates.

**Figure 7. Indices of individual categories relative to overall price growth**



Sources: Rosstat, R&F Department estimates.

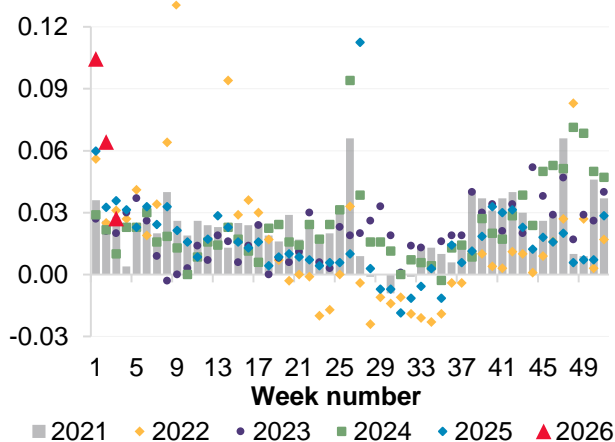
Prices rose 1.91% over 1–26 January (Figure 8), much faster than at the start of 2019, when the previous VAT hike took place (1.0% over 26 days of January). That said, the comparison of median growth rates for comparable product groups<sup>2</sup> (we were only able to construct a fairly narrow sample) suggests that the impact of a direct pass-on of the VAT hike to prices this year may be comparable with that in 2019 (Figure 9). This means that a significant proinflationary effect in January was owed to other one-off factors, such as the indexation of regulated services prices and a hike in other charges (a car disposal fee, excise taxes, and minimum prices of alcohol and tobacco products), as well as a faster than usual in this month rise in tourist services prices.<sup>3</sup>

The Bank of Russia's current inflation forecast of 4.0%-5.0% for the full year 2026 requires sustainable price growth below 4% in annualised terms to be maintained throughout the rest of the year. This will also be helped by the disinflationary impact of fiscal policy normalisation, including through tax hikes, on aggregate demand. A similar picture was also seen in 2019, when the previous VAT hike took place. At the same time, a concentrated effect of temporary proinflationary factors at the start of the year may fuel inflation expectations, which have remained high much longer, as long as several years. Such risks call for maintaining a tight monetary stance and taking cautious key interest rate decisions.

<sup>2</sup> Monitored on a weekly basis in 2018–2019 and now and subject to the base VAT rate.

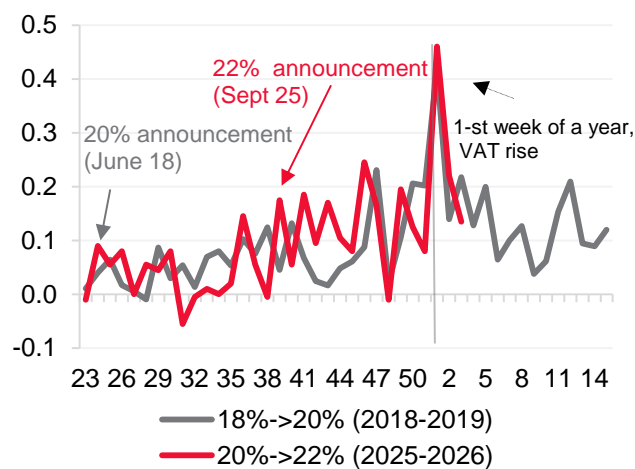
<sup>3</sup> Growth in the prices of a vacation on the Black Sea coast accumulated over 1–26 January came in at 11.5% compared with 7.7% over all of January in 2025.

Figure 8. Average daily price growth, %



Sources: Rosstat, R&F Department estimates.

Figure 9. Median of average daily price growth over the period for some goods\* during the VAT hike period, %



\* Categories of goods monitored weekly in 2018–2019 and currently and subject to the standard VAT rate: confectionery products, tea, cigarettes, wearing apparel and footwear, personal hygiene items and household chemical products, some electrical goods and passenger cars.

Sources: Rosstat, R&F Department estimates.

## 2. Economic performance

Real-time statistics and survey data suggest that economic activity expanded, and moreover, quite notably, in Q4 relative to Q3. Thus, in line with the Bank of Russia's forecast, the economic activity uptrend continues amid the monetary policy in place.

Economic activity growth is still largely driven by consumer demand, which in turn rests upon income expansion. As previously, with the high savings ratio kept up, income allows consumption to concurrently grow. Government demand was also an important factor of growth in Q4.

A credit activity rebound in both the corporate and retail segments provided further support for growth in the economy.

In 2026, the federal budget parameters provide for a minor increase in government demand, while tax and duty hikes will have a containing effect on private demand. Nevertheless, the continuing (albeit to a lesser extent than previously) shortage of labour will fuel wage growth and household consumption. Companies' expectations regarding investment generally indicate its continuation close to the high levels reached in 2025, albeit with significant differences across individual industries. One can also expect a further rise in credit activity and demand associated with it.

## 2.1. Economic activity rebound in Q4

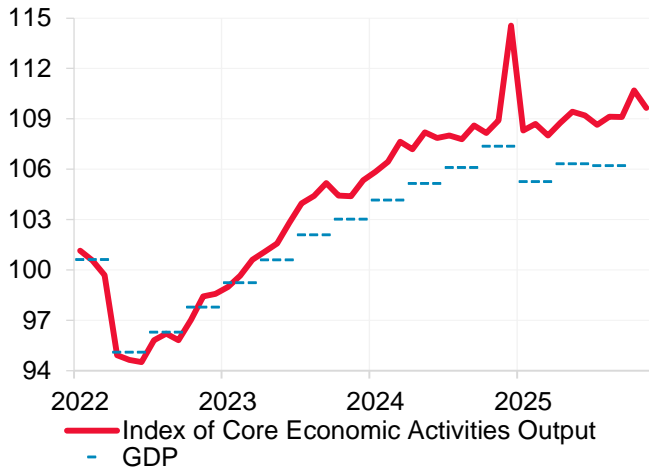
- Rosstat's real-time indicators (Figure 10) and business survey data (Figure 11, Figure 12) suggest a resumption in sequential, quarter-on-quarter economic growth in Q4 after a pause in Q3, chiefly driven by domestic demand. Core industries' output in October–November expanded 1.1% relative to Q3 in seasonally adjusted terms. Data from [the monitoring of financial flows in the Bank of Russia's payment system](#) also indicate activity growth towards the end of the year.
- A significant contribution to output expansion in the economy continued to come from industries meeting government demand. Manufacturing output rose 1.8% in October–November relative to Q3 (Figure 14), largely owing to the components of the investment goods group of industries with a large weight in the group. That said, overall, federal budget expenditure tumbled in Q4, down 14% YoY, because of more uniform revenue spending within 2025 (the end of the year usually accounts for a much larger share of budget expenditure<sup>4</sup>).
- Consumer goods industries' output growth was the fastest in Q4, albeit slower than the 2024 average. Output expanded following consumer demand growth (Figure 13). Demand growth remains somewhat faster than balanced, although it slowed from the start of the year (Figure 16).
- Thanks to the sustainability of external demand, recovery growth continued in mining and quarrying, up 0.7% SA in October–November relative to Q3, and intermediate demand industries (manufacture of basic metals and petroleum refining products) (Figure 15).
- The labour market remains tight, despite its progress towards normalisation. This fuels the faster pace of wage growth<sup>5</sup> than that of labour productivity. Against this background, consumption growth also remains somewhat accelerated. Even amid a high savings ratio and continuing tight monetary conditions. The unemployment rate returned to an all-time low in November (Figure 17, Figure 18). The contraction of the labour shortage is primarily driven by labour demand (Figure 19). Its cooling in recent months is evidenced by surveys of companies, which are cutting their hiring plans.
- To consolidate the trend towards the narrowing of the gap between the pace of consumer demand growth and supply expansion potential, a high level of household savings activity needs to be maintained. This calls for maintaining tight monetary policy for a protracted period.

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<sup>4</sup> Q4 2025 preliminary accounted for around 29% of annual spending of the federal budget versus 31–37% in 2011–2024.

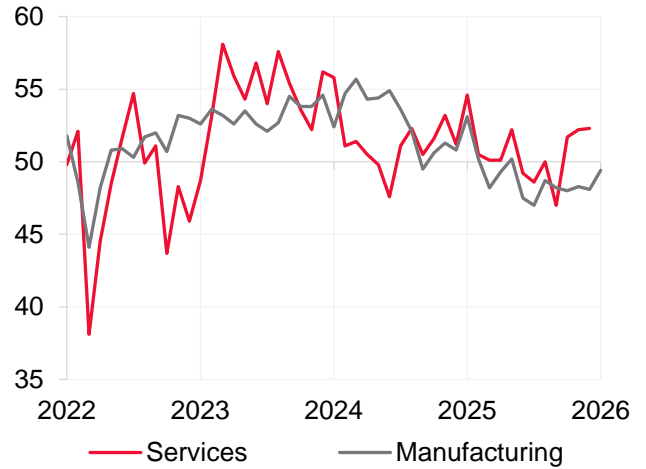
<sup>5</sup> An acceleration in real wage growth to 1.0% MoM SA in October was driven by an earlier announced salaries indexation for some categories of public sector workers (health service, public administration, education).

**Figure 10. Core economic activities output and GDP, Q4 2021 = 100, SA**



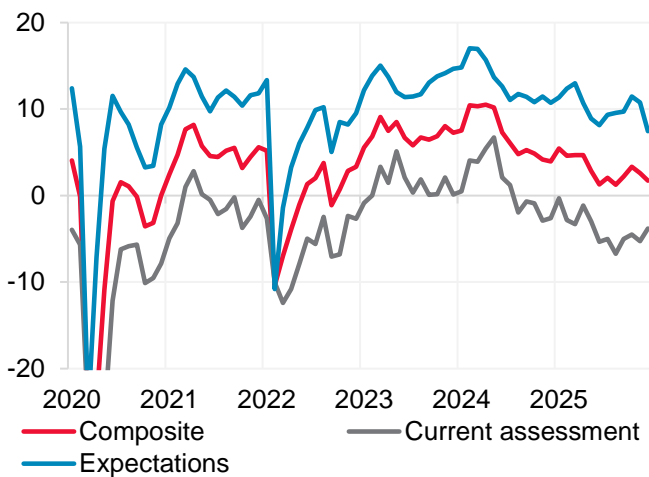
Sources: Rosstat, R&F Department estimates.

**Figure 11. Russia's Manufacturing and Services PMI, points**



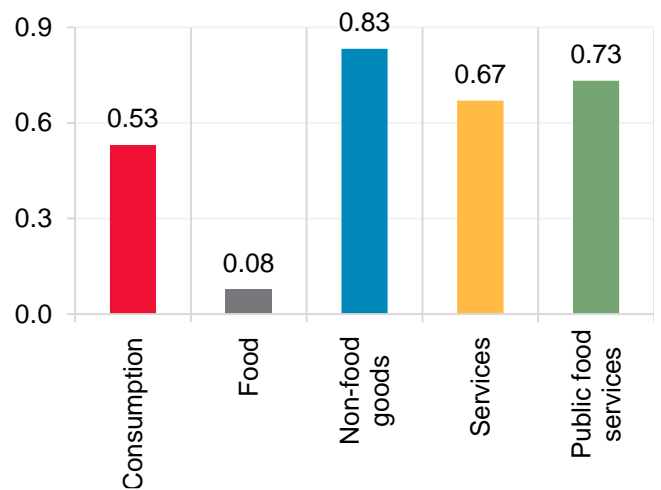
Source: S&P Global.

**Figure 12. Bank of Russia's business climate indicator, SA, pp.**



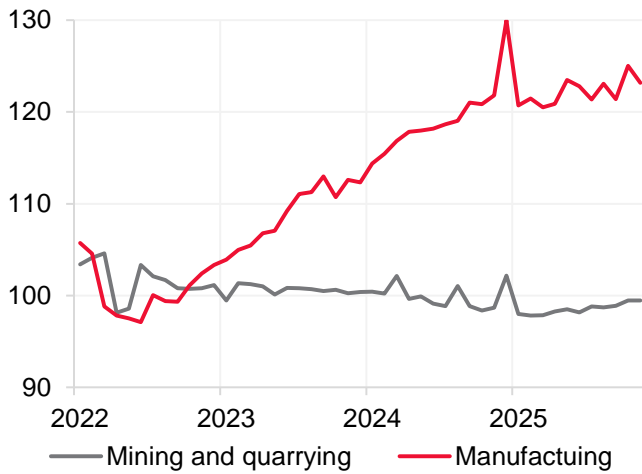
Source: Bank of Russia.

**Figure 13. Real consumer expenditure in December, % MoM SA**



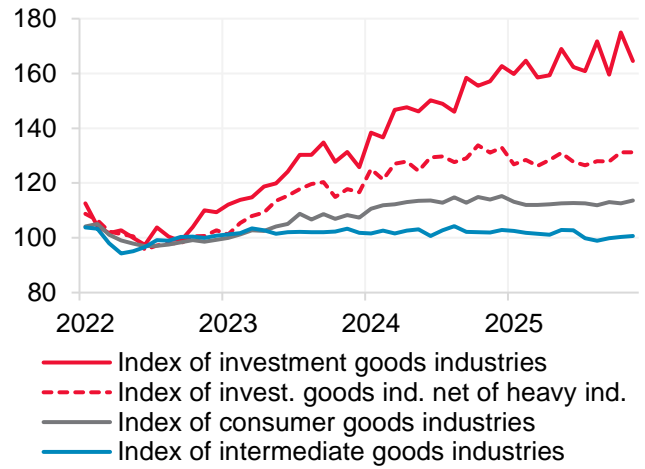
Source: SberIndex.

**Figure 14. Mining and quarrying and manufacturing indices (2021 = 100), SA**



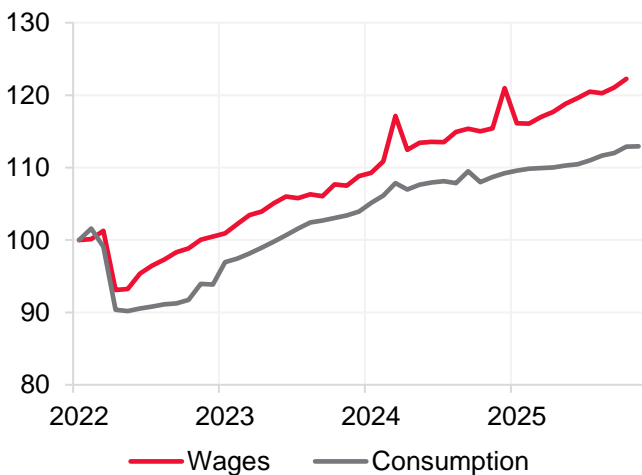
Sources: Rosstat, R&F Department estimates.

**Figure 15. Output in groups of manufacturing industries, SA, 2021 = 100%<sup>6</sup>**



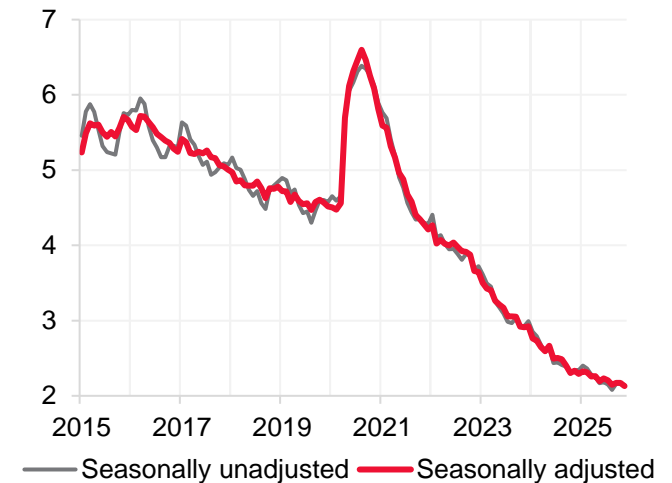
Sources: Rosstat, R&F Department estimates.

**Figure 16. Real wages and household consumption<sup>7</sup>, % MoM SA**



Sources: Rosstat, R&F Department estimates.

**Figure 17. Unemployment rate, %**

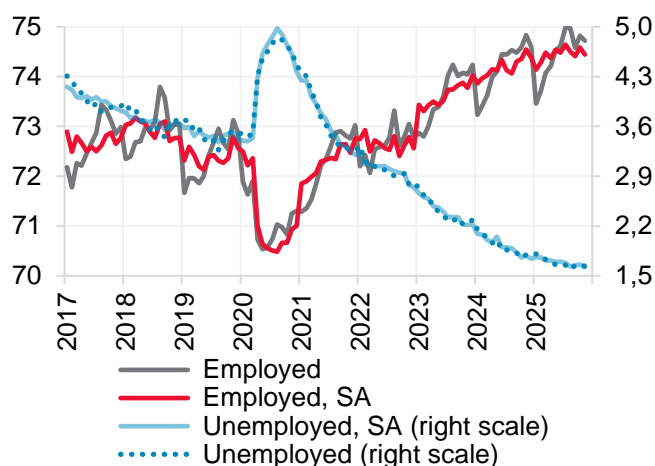


Sources: Rosstat, R&F Department estimates.

<sup>6</sup> The “heaviest” in the group of investment goods industries are the manufacture of fabricated metal products, except machinery and equipment and other transport equipment.

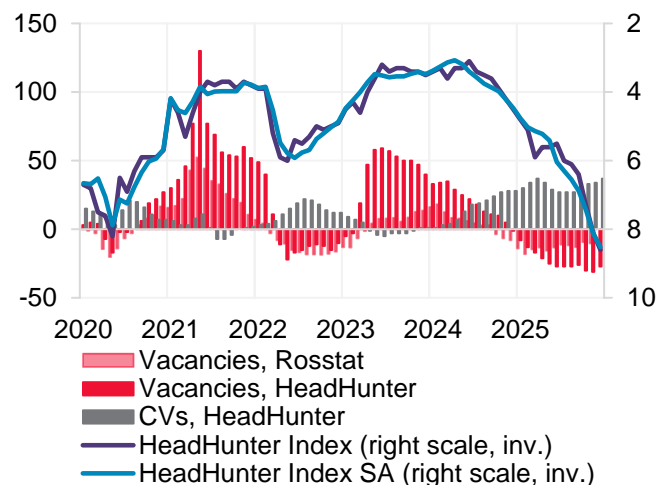
<sup>7</sup> The consumption indicator is estimated as a sum of retail sales and those of the public food and paid services segments.

**Figure 18. Number of employed and unemployed persons, mln**



Sources: Rosstat, R&F Department estimates.

**Figure 19. CVs, vacancies (% YOY) and HeadHunter index (points)**



Sources: Rosstat, R&F Department estimates, HeadHunter.

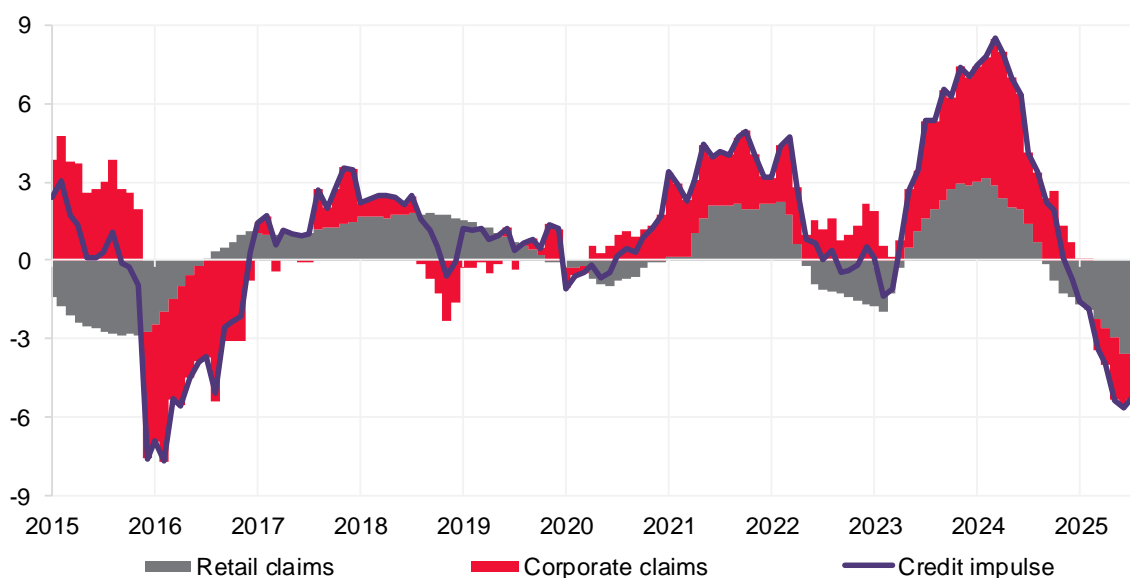
## 2.2. Confident growth in lending to households and non-financial companies late in 2025

- Claims on the economy<sup>8</sup> dropped 0.4% MoM NSA after a rise of 1.5% MoM NSA, exclusive of foreign exchange revaluation in November. The contraction was only posted in the foreign currency part of the portfolio, whereas ruble claims on the economy climbed 0.3% MoM NSA after 1.6% MoM NSA.
- The shrinkage in foreign currency claims on *financial organisations* in December was owed to a one-off effect related to the structure of some transactions. Foreign currency claims on *non-financial* companies rose both for December, up 2% MoM, exclusive of foreign exchange revaluation, and exporting companies, up 18.6% exclusive of foreign exchange revaluation, chiefly driven by short-term claims on exporting companies. Foreign currency financing became more attractive to them, given lower foreign currency rates and ruble appreciation.
- Growth in the ruble component of claims in December also varied across segments. Growth acceleration in claims on households to 0.9% MoM SA was concurrent with a slowdown in a rise of claims on *non-financial* organisations to 0.9% MoM SA from 2.2% MoM SA and a fall in claims on financial organisations, down 3.5% MoM SA (Figure 21).
- Growth in claims on households accelerated on the back of a temporary spike in demand for subsidised family mortgage lending ahead of the expected tightening of the programme's terms and conditions (Figure 22). Other segments of retail lending continued to show sluggish performance under the impact of tight monetary conditions and macroprudential policy. Claims on households climbed 2.8% YoY for 2025 after 9.7% YoY in 2024.

<sup>8</sup> Claims on the economy include all claims of the banking system (loans, bonds and bills) to Russian financial and non-financial companies and households including individual entrepreneurs.

- Despite the slowdown, the pace of growth in ruble claims on non-financial organisations remained accelerated late in the year, close to the 2024 average. Unusually moderate budget expenditure late in 2024 may have led companies to temporarily substitute loan finance for the shortfall of budget allocations until the transfer of advance payments at the start of 2026. In addition, the stepping up of lending at the end of the year was also shown by a number of other firms than direct budget beneficiaries, such as developers and other big companies.<sup>9</sup> These companies ensured a considerable part of growth in the ruble corporate portfolio for the full year.
- The slowdown of growth in claims on the economy in 2025 provided a more modest contribution of lending to aggregate demand compared with 2024 (Figure 20). Some softening of the negative credit impulse in Q4 was chiefly driven by a temporary rebound of mortgage lending, associated with the forthcoming changes to targeted family mortgage lending. Also important was an acceleration in corporate lending growth late in the year on the back of interest rate cuts and a change in the seasonal pattern of budget spending. Going forward, the fading away of these temporary factors, the maintenance of a tight monetary stance and macroprudential policy, banks' conservative policies amid ripening credit risks, and an increase in add-ons to capital adequacy ratios<sup>10</sup> will slow lending growth. The contribution of lending to consumer demand expansion may decline until the middle of 2027. This lending performance in 2025, with tight monetary policy maintained, is in line with the goal of returning inflation to 4%.
- Ruble money supply M2 expanded 10.6% for 2025. Throughout the year, it hovered in the range close to that of 2016–2019, when inflation was close to target. Broad money supply rose 12% for the year, exclusive of foreign exchange revaluation, driven by growth acceleration in the foreign currency part in the second half of the year.

Figure 20. Credit impulse, % of GDP

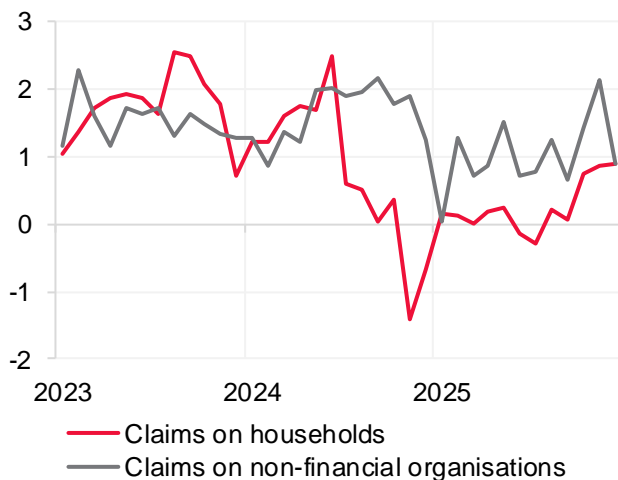


Sources: Bank of Russia, R&F Department estimates.

<sup>9</sup> Non-financial companies with the largest revenue and debt.

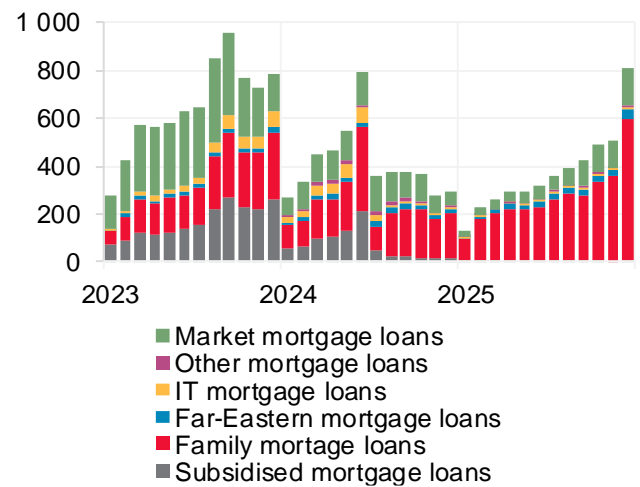
<sup>10</sup> A raise of add-ons to capital adequacy ratio and those for systemic importance are planned for 2026.

Figure 21. Ruble claims, % MoM SA



Sources: Bank of Russia, R&F Department estimates.

Figure 22. A total of mortgage loans and subsidised mortgage loan programmes, billion rubles



Sources: Bank of Russia, DOM.RF, R&F Department estimates.

## In focus. 2025 macroeconomic indicators close to Bank of Russia's forecasts

- Overall, key macroeconomic indicators for 2025 were close to the Bank of Russia's forecast published early that year. The economy's growth slowed, returning to a more balanced trajectory after the fast pace of growth in 2023–2024. That said, consumer price rises for the year came in below an expected rate of 7-8%.
- The slight divergence of actual inflation from the forecast was primarily recorded late in the year. Price movements were in line with expectations for the greater part of the year, slowing as private demand gradually cooled. Meanwhile, a substantial ruble appreciation, largely owed to the impact of the foreign currency channel of tight monetary policy, restrained price growth. At the same time, the disinflationary input of fiscal policy proved to be much more modest than the initial budget projections for 2025 assumed.
- Inflation deceleration in November–December were more significant than expected. Behind these were temporary supply-side factors, including the impact of a strong harvest, as well as warmer weather than seasonally normal, which reduced the costs of greenhouse vegetables production. This impact weakened in early 2026. Persistent inflationary pressure substantially eased in 2025, but remains above 4% in annualised seasonally adjusted terms.

A change in external economic conditions for the Russian economy in 2022 required massive restructuring of the economy, including through a considerable loosening of fiscal policy. This led to a temporary acceleration in economic growth relative to its sustainable rates,

bringing about also faster rates of inflation. The establishment of new logistics chains and the completion of the import substitution process enable fiscal policy to be gradually normalised. Although the Russian economy experienced domestic and external shocks also in 2025, the trajectory of the key macroeconomic variables came in close to [the Bank of Russia's official forecast of February 2025](#) (Table 2).

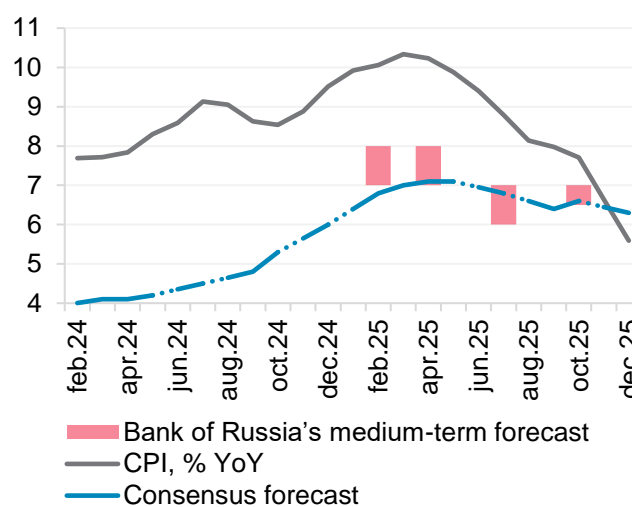
The maintenance of tight monetary conditions throughout 2025 slowed aggregate demand expansion to more sustainable rates, and GDP growth for the year seems to have come in below the lower boundary of the forecast range at 1.0%-2.0%. Actual inflation stood below expectations at 5.6% for 2025 compared with February's forecast of 7.0%-8.0%. The average annual key interest rate equalled 19.1%, close to the lower boundary of the forecast range for 2025 (19.0%-22.0%).

As early as the start of Q2, monthly price growth slid below a 4% trajectory, and, with an exception of July, remained close to target up until September. In the last two months of the year, price growth slid below a trajectory corresponding to 4% for the year, driven by one-off factors. This was one of the key factors of a sharp slowdown of annual price growth in November–December (Figure 23).

**Table 2. Bank of Russia forecast of February 2025 and actual 2025 metrics**

	Forecast	Actual
<b>Inflation</b> December. % YoY	7.0–8.0	5.6
<b>Key interest rate</b> Annual average. % p.a.	19.0–22.0	19.1
<b>GDP</b> % YoY	1.0–2.0	~1.0*
<b>Money supply</b> national definition	5–10	10.6

**Figure 23. Actual and forecast CPI in 2025. % YoY**



Sources: Rosstat, Bank of Russia.

\* Estimate.

Sources: Rosstat, Bank of Russia.

We see significant ruble appreciation in the first half of the year<sup>11</sup> and a substantial revision of budget parameters<sup>12</sup> as the key sustainable factors which had an effect on the trajectories of macroeconomic variables in 2025. These factors were beyond the perimeter of February's forecast. Their impact on inflation peaked mainly in Q2–Q3 but was mixed: a disinflationary input of ruble appreciation pass-on to prices (Figure 2) partially offset the impact of the upward revision to the expenditure and the deficit of the 2025 federal budget.

<sup>11</sup> It is outside the perimeter of indicators whose forecast is officially released by the Bank of Russia.

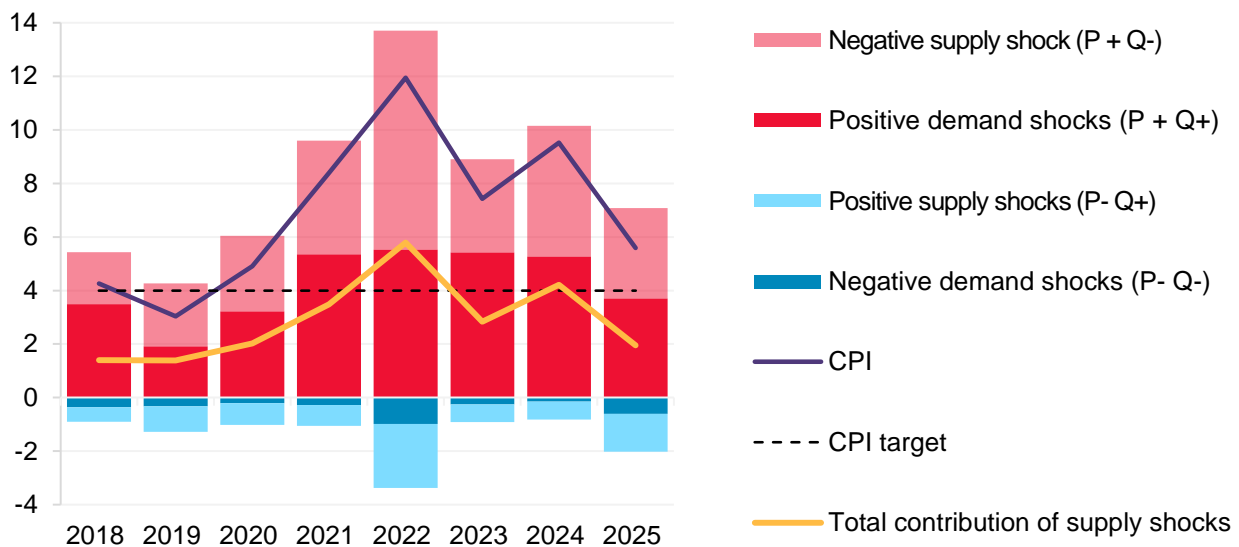
<sup>12</sup> In its medium-term forecast, the Bank of Russia uses parameters included in the key directions of fiscal and tariff policies.

It appears from real-time data (Figure 9) that the tax novelties announced in September will in fact impact prices in 2026. Indeed, the effect of the VAT hike started to extensively emerge at the start of this year rather than late in 2025. We estimate that a rise in the tax burden seeking to finance elevated government spending will in total be disinflationary in contrast to budget deficit expansion.

Overall, macroeconomic shocks tended to balance out one another, bringing the inflation trajectory close to the forecast. But Q4 saw consumer prices increasingly impacted by one-off factors. These include, above all, the disinflationary effect of price movements on fruit and vegetables. Given a strong harvest, their trajectory sustainably found itself below the seasonal norm. In addition, an abundant harvest of some [agricultural crops](#) (grain and leguminous, and oilseeds) and [record high output in other](#) food segment categories formed a downward trend also in the prices of meat, dairy and oil-and-fat products, as well as eggs. Finally, favourable weather allowed savings on heating, restraining seasonal growth in greenhouse vegetables in November–December. Taken together, this brought annual inflation down from 7.7% in October to 5.6% in December.

The impact of demand- and supply-side factors on inflation is clearly evidenced by its decomposition into shocks (Figure 24). It follows from their breakdown that the slowdown of price growth in 2025 was owed to the factors of demand and supply alike. The total input of demand to price growth was the smallest since 2020, driven by tight monetary policy, fully in line with the Bank of Russia’ expectations (Figure 24). The contribution of supply-side shocks was the lowest since 2019.

**Figure 24. Decomposition\* of price growth into demand and supply shocks, % YoY**



\* On data for CPI and retail sales in physical terms for 45 categories (80% of the basket), without detrending.  
Sources: Rosstat, R&F Department estimates.

Nevertheless, despite the CPI recording a rise of 2.2–2.6% MoM SAAR, respectively, in November–December, the level of inflationary pressure in its stable part is estimated higher based on the performance of the majority of analytical metrics (Figure 4). This is also evidenced by the fast price growth in the unregulated services segments on average surpassing 10% MoM SAAR.

Thus, persistent inflationary pressure eased in 2025 thanks to maintaining tight monetary conditions, which enabled growth in aggregate demand to be brought closer to supply expansion potential. That said, a notable contribution to inflation's downward deviation from the forecast published at the start of the year came from a number of temporary factors whose impact strengthened towards the end of the year. As follows from real-time statistics, early in 2026, their impact on inflation was reversed in the opposite direction. The balance of risks to price movements remains shifted towards pro-inflationary factors, at least with regard to temporary supply shocks. This situation requires tight monetary conditions to be maintained for inflation to slow to 4% and subsequently consolidate at this level.

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