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The Research and Forecasting Department prepared this bulletin based on data as of 05.06.2026.
The views and recommendations expressed in the bulletin do not necessarily reflect the official position of the Bank of Russia.
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Executive summary

Monthly summary

- Economic activity in the second quarter improved markedly compared with the first two months of the year. Core industries delivered growth, as follows from April data and a number of high-frequency indicators for May. Consumer demand continues to expand as incomes are growing rapidly. Inflation slowed in April–May. The deceleration of the overall CPI growth was mainly determined by the volatile components of inflation. The core inflation measure declined, albeit less markedly than headline inflation. The balance of inflation risks is still skewed to the upside, due to the updates in fiscal policy for 2026–2029 the Ministry of Finance has announced. To ensure that inflation returns to target sustainably, tight monetary conditions need to be maintained.
    - Annual inflation slowed in April–May. Monthly price growth (seasonally adjusted) came in below 4% in annualised terms. The price deceleration occurred chiefly on the back of temporary factors. Disinflationary trends are advancing, but not as rapidly as movements in the headline CPI may suggest.
    - The Russian economy's performance in the second quarter was better than in the first quarter. The sectoral picture remains largely mixed. Growth in recent months was seen in export industries, consumer-facing companies and industries focused on public demand. Demand and economic dynamism is gaining increasingly pronounced support from the accumulated effect of a gradual monetary easing, which began in mid-2025. Accelerated annual growth in monetary aggregates in recent months comes as a clear sign that the monetary policy tightness is at a lower point relative to the late 2025 to early 2026 period.
    - In April–May, trends in Russian financial markets were invariably shaped by expectations of a further gradual easing in monetary policy and a downturn in high prices for most commodities. In the bond market, good-quality corporate borrowers maintained a high level of dynamism.

1. Inflation

In April–May, consumer price dynamics were significantly impacted by one-off disinflationary factors. Cucumber and potato prices dropped more notably than usual during this season. The ruble appreciation in April–May additionally contained import price growth. As a result, the assessments of the increase in the headline consumer price index (CPI) over the past two months were below the level that should be considered as current underlying inflation.

Given the monetary policy pursued, disinflationary processes have continued to unfold. Underlying price pressures are abating much more slowly than could be assumed judging by the headline CPI. This is attributable to persistently strong demand dynamics driven by continuing double-digit wage growth and a steadily declining propensity to save. Further on, the impact of one-off disinflationary factors will be weakening, while price growth might also be affected by additional sources of proinflationary pressures that might emerge in the future. Specifically, despite the current disinflationary effect of the ruble appreciation, resulting from higher crude prices, the Middle East conflict might drag on, which will push up global logistics costs and import prices, thus amplifying proinflationary pressures. Moreover, considering the size of the contribution of fiscal policy to aggregate demand and, accordingly, inflation dynamics, the Russian Ministry of Finance might apparently need to adjust the fiscal policy parameters announced for 2026–2029, taking into account future developments.

To ensure a sustainable decrease in inflation to the target in these conditions, the Bank of Russia should maintain its monetary policy stance as restrictive as needed to curb proinflationary risks.

1.1. Slower price growth due to temporary factors

- Monthly seasonally adjusted price growth decelerated below 4% in April and May (according to weekly data).
- The slowdown was largely attributable to temporary disinflationary factors. Measures of underlying inflationary pressures were declining for the most part. However, underlying price growth decelerated much less compared to headline inflation.
- The balance of risks remains shifted towards proinflationary ones. The impact of temporary disinflationary factors will be waning, while underlying price growth will be declining more slowly.

In April, price growth decelerated from 5.9% MoM (seasonally adjusted annualised rate, SAAR) to 2.4% MoM (Figure 1). The slowdown was recorded across all aggregated categories. The impact of temporary proinflationary factors dissipated, whereas temporary disinflationary factors had a stronger effect, especially in the product segment. Annual inflation decelerated

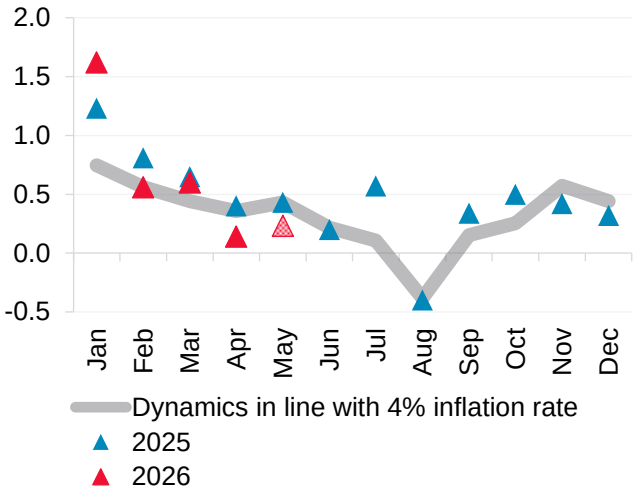
from 5.9% in March to 5.6% in April (Table 1). As follows from weekly figures,[1] price growth in May could be notably below 4%. Annual inflation continued to slow down.

Table 1. Inflation and its components

	Apr 2024	Apr 2025	Feb 2026	Mar 2026	Apr 2026
% YoY					
All goods and services	**7.8**	**10.2**	**5.9**	**5.9**	**5.6**
Core inflation	**8.3**	**9.2**	**5.2**	**5.0**	**5.0**
Food	8.3	12.7	5.4	5.0	4.0
Non-food goods	7.0	5.4	3.2	3.5	3.9
Services	8.1	12.8	9.9	10.0	9.9
% MoM, SAAR					
All goods and services	**7.4**	**5.2**	**5.7**	**5.9**	**2.4**
Core inflation	**9.2**	**4.4**	**4.7**	**4.8**	**3.9**
Food	5.5	8.5	4.1	3.9	-2.5
– excluding fruit and vegetables	**8.2**	**7.5**	**4.8**	**4.3**	**2.9**
Non-food goods	6.1	0.2	4.8	6.2	4.2
– excluding petroleum products	**5.3**	**-1.6**	**3.2**	**4.2**	**2.9**
Services	11.7	7.0	9.3	8.7	7.2
– excluding housing and utility services	**14.6**	**8.3**	**11.5**	**11.0**	**8.2**

Sources: Rosstat, R&F Department calculations.

Figure 1. Price growth in line with 4% inflation rate (% MoM)



Note. The figures for May 2026 are a preliminary estimate based on weekly data, with seasonality assessed for 2025.

Sources: Rosstat, R&F Department calculations.

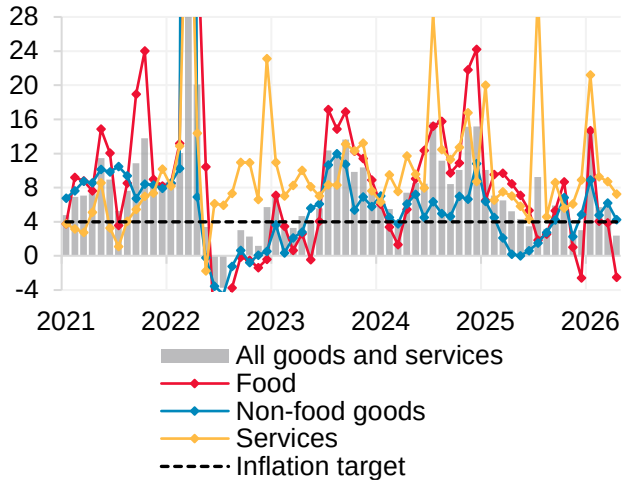
The deceleration of price growth in April resulted from the intensifying effect of temporary disinflationary factors coupled with the weakening of one-off proinflationary factors, primarily those related to the VAT increase. The main factor which contained price growth was a reduction in fruit and vegetable prices. According to weekly data, the trend continued into May, but at the end of the month, price dynamics in this product group returned to the seasonal norm (Figure 4). Despite a faster decrease in fruit and vegetable prices than is typical of this season, they remain elevated relative to the overall level of consumer prices. If further dynamics of relative prices are consistent with the average path of 2017–2021, fruit and vegetable prices might produce an additional downward effect on the headline CPI in 2026 H2 (Figure 5). Contrastingly, this might not happen if future dynamics turn out to be close to the average path of 2023–2024. The ultimate change will depend on this year's harvest and prices for imported fruit and vegetables. Fruit and vegetable prices during a particular year reflect the yield levels of this year much more strongly than aggregate demand dynamics. Therefore, when making its monetary policy decisions, the Bank of Russia tends not to attach great importance to price fluctuations in this category or its contribution to overall inflation trends.

The ruble appreciation, driven by high prices for exported commodities amid the Middle East conflict, also had a moderating effect on price dynamics. In April, the median of the growth rates of prices for products, which are more responsive to exchange rate movements, notably dropped, whereas this indicator for other components of the consumer basket edged up (Figure 3).

[1] Monthly statistics on consumer price growth will be released on 10 June 2026.

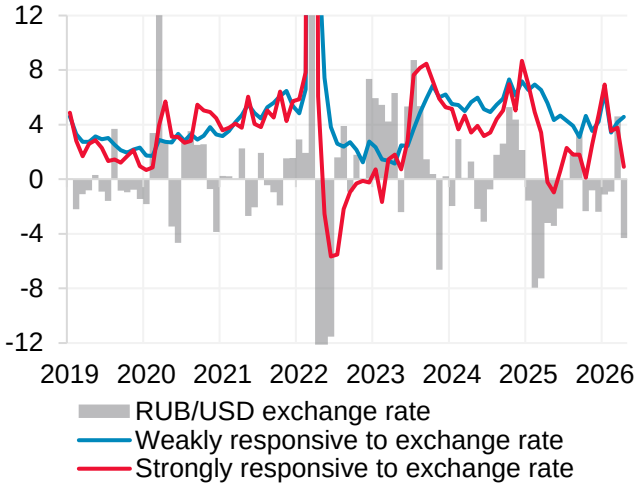
Further protraction of the Middle East conflict, which has already disrupted shipments via the Strait of Hormuz, might erase the disinflationary effect of the earlier ruble strengthening by accelerating growth in import prices and logistics costs.

Figure 2. Seasonally adjusted price growth (% MoM, SAAR)



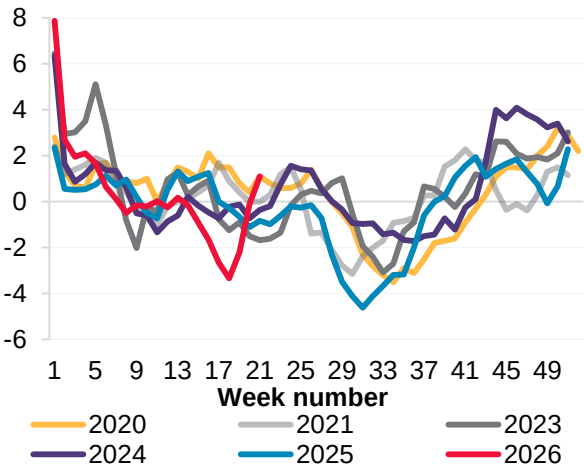
Sources: Rosstat, R&F Department calculations.

Figure 3. Median CPI values depending on sensitivity to exchange rate (% MoM, SAAR) and USD/RUB exchange rate (%)



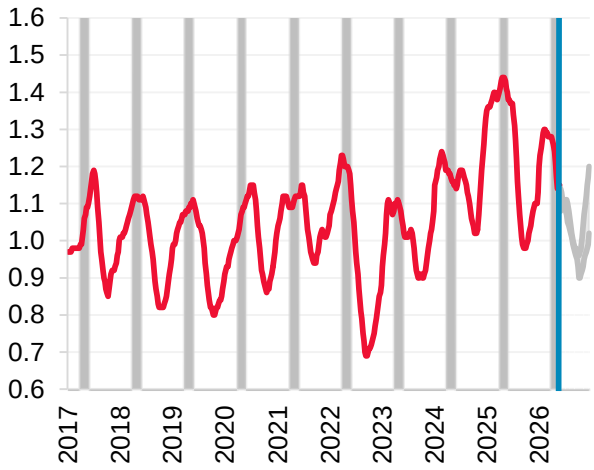
Sources: Rosstat, R&F Department calculations.

Figure 4. Fruit and vegetable price growth (% week on week)



Sources: Rosstat, R&F Department calculations.

Figure 5. Fruit and vegetable price growth relative to headline inflation (base period – 2017)

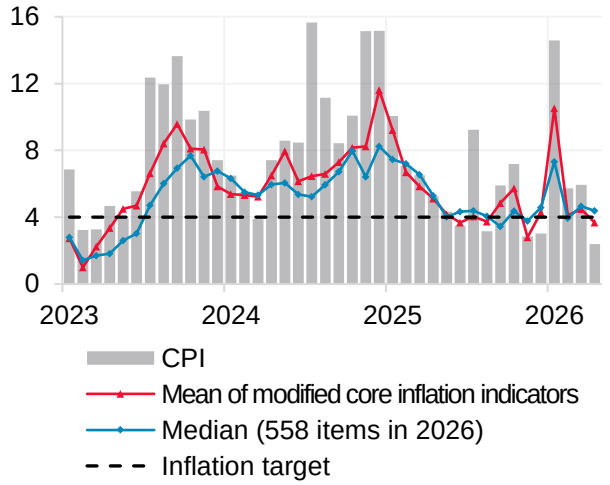


Note: April and May statistics are highlighted in grey, the curve after the blue line is the forecast range.

Sources: Rosstat, R&F Department calculations.

In April, measures of *underlying* inflation were mostly declining, albeit much more slowly than headline price growth (Figure 6). The mean of modified core inflation indicators fell from 4.5% to 3.7% in annualised terms, while the median price growth rate (assessed excluding the weights of certain CPI components) dropped from 4.7% to 4.4% in annualised terms. Furthermore, since temporary disinflationary factors affected a wide range of product categories, modified core inflation indicators partly reflected their influence as well in April.

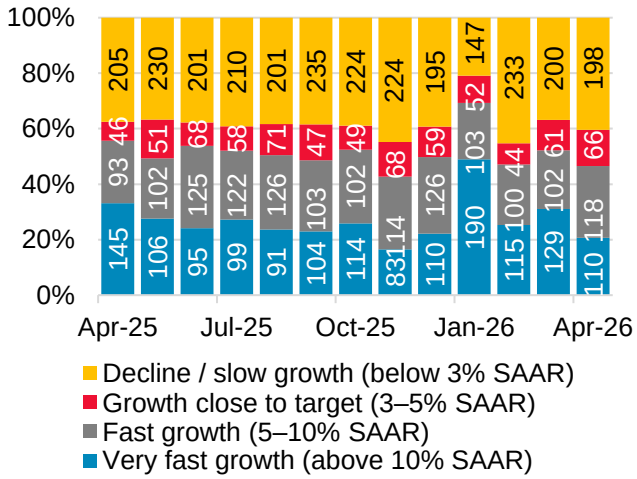
Figure 6. Core inflation indicators* and median (% in annualised terms)



** The indicators are computed using the method of excluding the most volatile components and the truncation method.*

Sources: Rosstat, R&F Department calculations.

Figure 7. Total weight of products and services* distributed based on seasonally adjusted price growth rates



** Excluding fruit and vegetables and administered services.*
Note. The numbers denote the quantity of items.

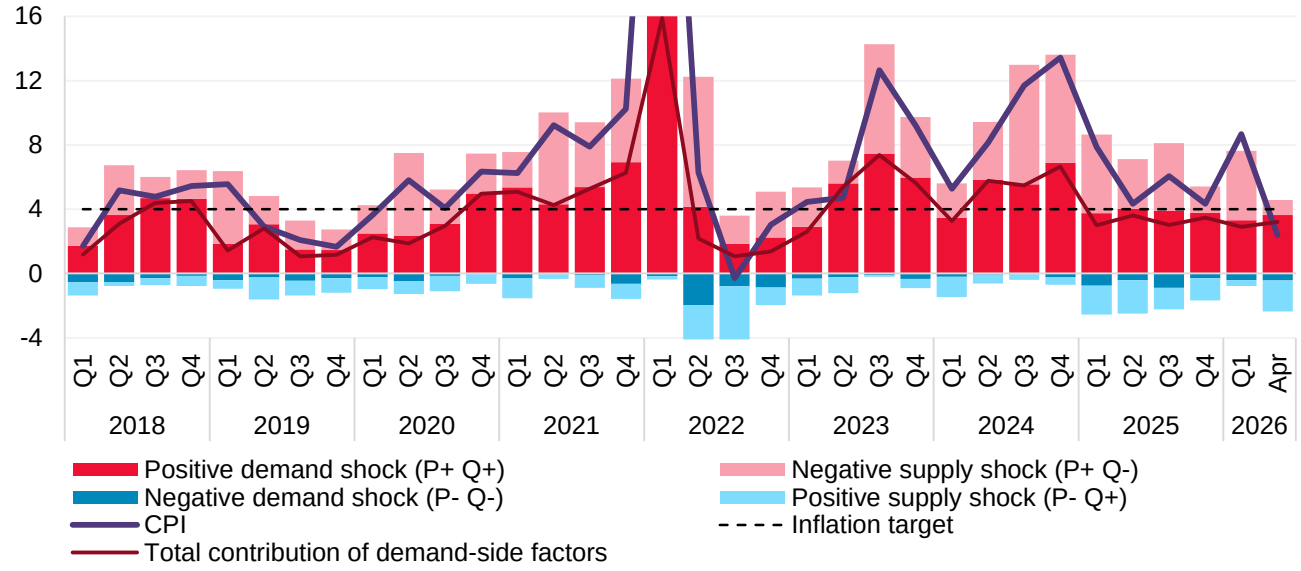
Sources: Rosstat, R&F Department calculations.

Inflation in services stays considerably above the target, namely at 7.2% after 8.7% MoM (SAAR) in March. The growth rate of prices for non-administered (personal and medical) services declined, but remained very high, exceeding 11% MoM (SAAR). This is significantly below the level of December 2025–March 2026 when the market was actively adjusting to the increase in VAT and the reduction in the threshold amount for applying the simplified taxation system, but is still comparable with the level of October–November 2025. If service prices continue to rise faster than product prices (including due to a greater effect of wages on the structure of costs in services), the growth rate of product prices should be below the inflation target for inflation to stabilise at the target level.

As assessed (Figure 8), the overall contribution of demand-side factors to price growth in *April*[2] remained close to the 2025–2026 Q1 level, edging down compared to March (3.2 pp vs 3.6 pp). This is yet another proof of underlying inflation pressures weakening at a rather moderate pace due to tight monetary conditions. According to the decomposition of price growth, the overall contribution of supply-side factors to inflation turned out to be negative in April, which is illustrative of the significant impact of temporary factors on disinflation in April.

[2] The decomposition is based on sales statistics released with a one-month lag.

Figure 8. Decomposition* of price growth into demand and supply shocks (% QoQ (MoM), SAAR)



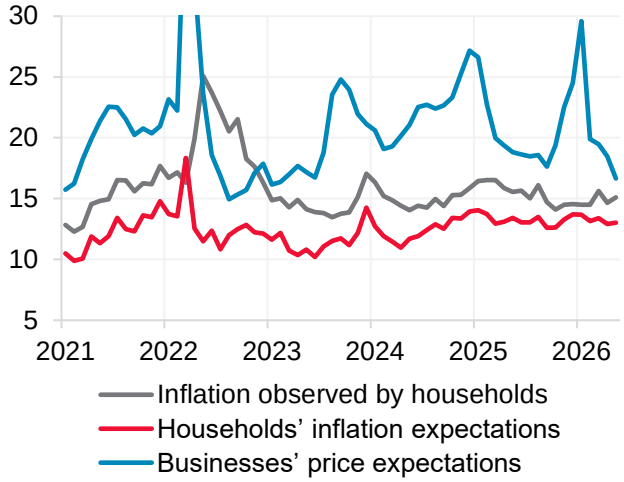
** Based on data about the CPI and quantities of retail sales in 45 categories (nearly 80% of the consumer basket**), without detrending.*

*** The total contribution differs from the headline CPI since sales statistics do not reflect the entire consumer basket.*

Sources: Rosstat, R&F Department calculations.

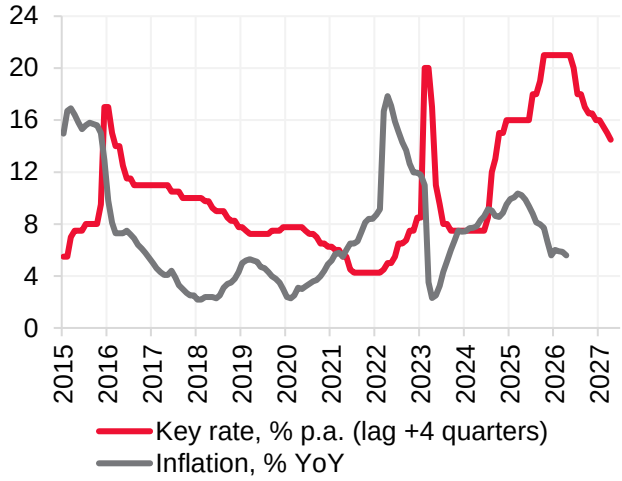
As long as households' and businesses' inflation expectations remain heightened (Figure 9), while incomes and consumption continue to increase quickly, the balance of risks stays shifted towards proinflationary ones. Given the time lags of monetary policy transmission, the monetary policy tightening in 2024 Q4 has been translating into price growth in recent months (Figure 10). This effect will be fading gradually, taking into account the key rate reduction cycle started in June 2025. To decelerate inflation to 4% and stabilise it close to this level, the Bank of Russia needs to be cautious when making its further monetary policy decisions.

Figure 9. Inflation expectations of households (% YoY) and businesses (balance of responses, p, SA)



Sources: Bank of Russia, InFOM.

Figure 10. Inflation (%) and Bank of Russia key rate (% p.a.)



Sources: Rosstat, Bank of Russia.

2. Economic performance

Developments in the Russian economy in April–May were generally consistent with the Bank of Russia's forecast for 2026 (GDP growth by 0.5–1.5%).

According to the Bank of Russia's monitoring of businesses as well as a number of other survey indicators, economic performance in April–May improved compared to 2026 Q1. Economic activity increased, which suggests that annual GDP growth rates might edge up in 2026 Q2.

However, dynamics across industries remain highly heterogeneous. An upward trend is recorded by many export-oriented industries (due to higher prices), importers (as a result of the ruble appreciation), and sectors focusing on government orders (because of steadily high budget financing and advance payments). The consumer segment continues to expand, driven by solid consumer demand. Conversely, investment goods and manufacturing industries, not related to government orders, demonstrate weak dynamics which are also adversely impacted by unscheduled repairs.

An important factor in current and future economic performance is the gradual adaptation to the tax and other regulatory changes, which came into force from the beginning of 2026 and primarily affected small and medium-sized enterprises. As businesses adapt further, this will support stronger dynamics owing to more flexible and efficient companies. Additionally, economic activity is buoyed by a reduction in loan rates following the key rate cuts from mid-2025, given the time lags of monetary policy transmission. Recent surveys of companies show that the affordability of loans and the level of loan rates have ceased to be an important factor constraining economic activity, except for long-term investment.

2.1. Positive economic growth in 2026 Q2

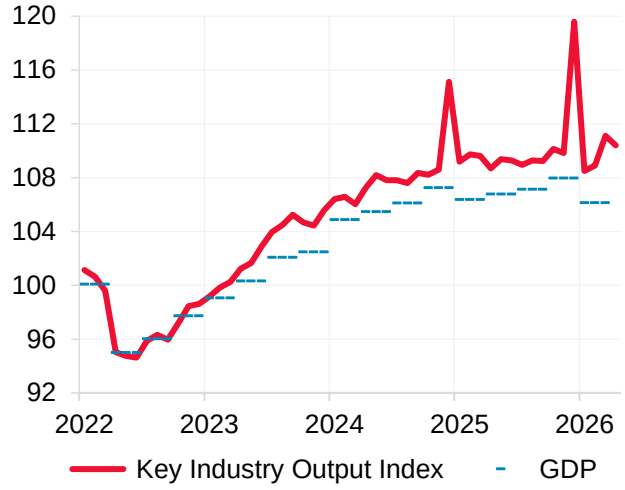
- High-frequency and survey indicators suggest that economic performance in April–May improved compared to 2026 Q1. After its slight reduction as of the end of 2026 Q1 (-0.2% YoY), GDP will rise in 2026 Q2, including due to a larger number of business days.[3]
- In April, output in key industries exceeded the average of 2026 Q1 by 0.8% SA (Figure 11), expanding by 1.7% YoY. This was driven by households' and businesses' progressive adaptation to the tax modifications, a favourable foreign trade environment, and lower interest rates in the economy gradually declining following the key rate (Figure 12).
- Industrial output increased at the beginning of 2026 Q2 (+0.7% SA vs 2026 Q1), driven by manufacturing. The expansion of output was primarily boosted by certain industries oriented on investment demand (Figure 14). The growth of output was propped up by government orders as companies received significant advance payments in January–May.[4]

[3] The first three months of 2026 had three fewer business days than 2025 Q1. To the contrary, April–June have three more business days than a year earlier.

[4] Over January–May, federal budget expenditures as a percentage of the annual targets were much higher than usual during this calendar period.

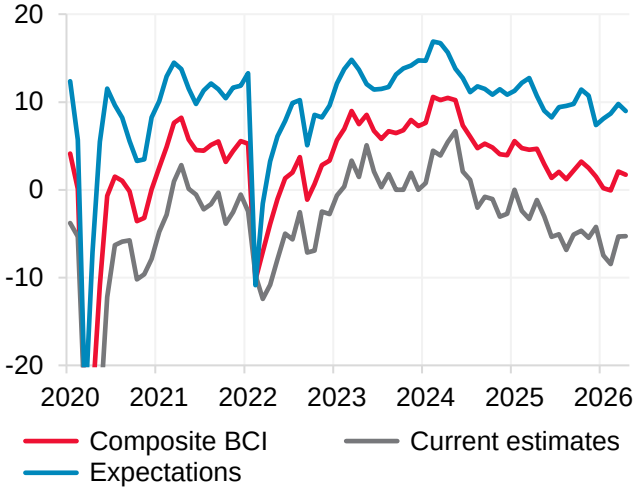
- Consumer industries also maintain an upward trend as household demand has returned to the medium-term active growth path after its decline at the beginning of the year (Figure 17). Other industries demonstrate more modest dynamics, which is partly attributable to temporary factors, primarily unscheduled repairs (Figure 13, Figure 14).
- The situation in the labour market remains tight overall. The unemployment rate is stuck at its record low (Figure 15). Consequently, the decline in hiring rates did not translate into the dynamics of wages, which continued to grow quickly in 2026 Q1 (+2.0% QoQ SA and +8.7% YoY in real terms). High-frequency data also suggest that the situation in the labour market barely changed in April–May. Specifically, according to HeadHunter, the number of CVs was even declining over the past two months, while the number of job vacancies remained generally the same. Nevertheless, we believe that data on job vacancies are more illustrative of the situation in the labour market. The number of CVs reflects job search intensity among employed workers rather than available labour resources in the economy. Moreover, the same candidate can post more than one CV. Hence, it is impossible to estimate available labour resources based on the number of CVs.
- Steadily declining interest rates in the economy could be another driver of higher spending, especially in the segment of expensive purchases.[5] The inflow of household funds into deposits (current accounts and deposits) in 2026 Q1 was smaller compared to the previous year. The saving ratio during that period apparently continued to decrease gradually. By May, the estimates of the suitability of the current period for large purchases dropped to the minimum since 2023 (Figure 18). Against this backdrop, clearer signs of an easing in the labour market are yet to be seen.

Figure 11. Output in key industries and GDP, 2021 Q4 = 100



Sources: Rosstat, R&F Department calculations.

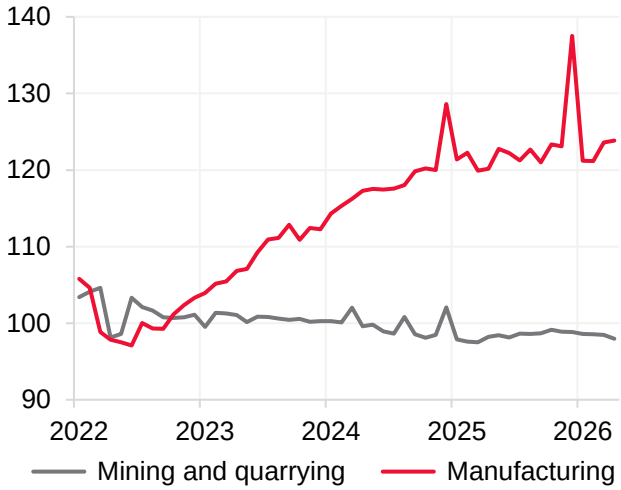
Figure 12. Bank of Russia's Business Climate Index (p, SA)



Source: Bank of Russia.

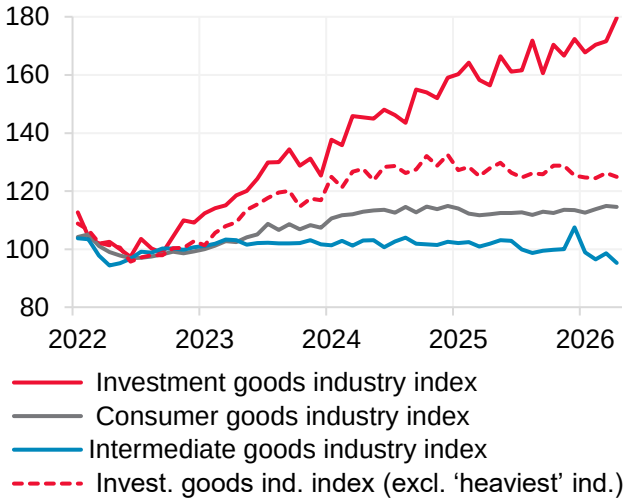
[5] In March–May, new car sales substantially exceeded last year's levels.

Figure 13. Mining and quarrying sector and manufacturing, 2021 = 100 (% SA)



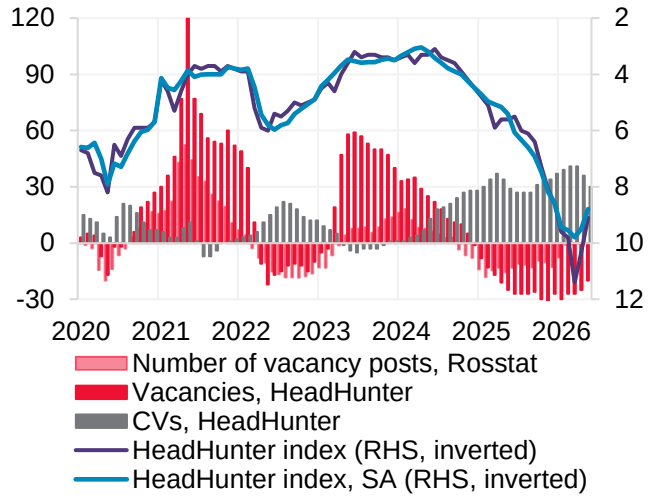
Sources: Rosstat, R&F Department calculations.

Figure 14. Output in groups of manufacturing industries,[6] 2021 = 100 (% SA)



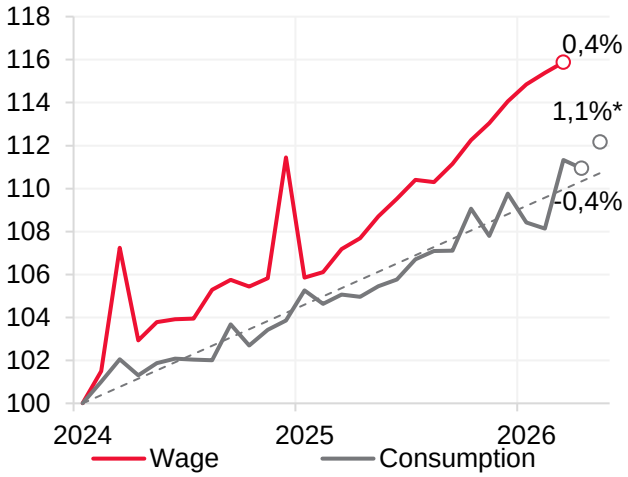
Sources: Rosstat, R&F Department calculations.

Figure 15. Number of CVs and vacancies (% YoY) and HeadHunter index (%)



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

Figure 16. Real wages and household consumption, 01.2024 = 100 (p, SA)

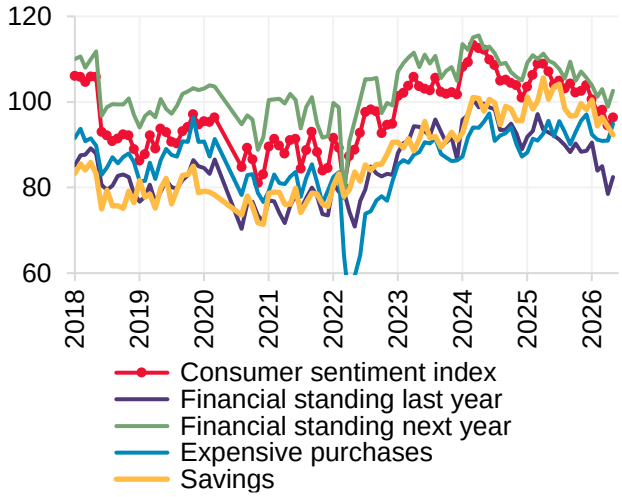


** Sberbank's estimates (MoM SA) were taken as data for May 2026.*

Sources: Rosstat, R&F Department calculations.

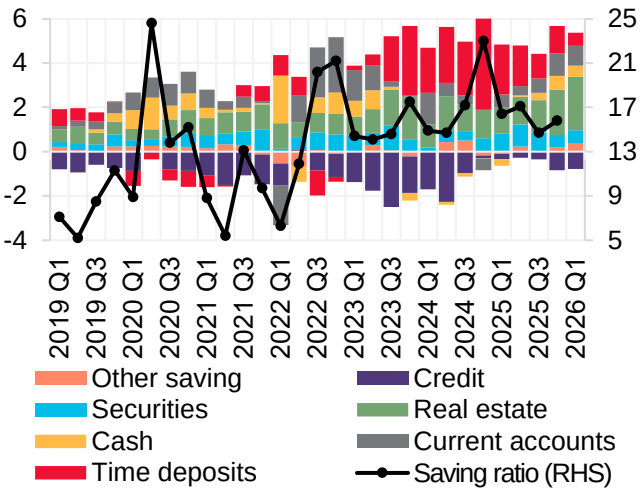
[6] The 'heaviest' in the group of investment goods industries are the manufacture of fabricated metal products, except machinery and equipment and other transport equipment.

Figure 17. Consumer and financial sentiment indices (p)



Source: InFOM.

Figure 18. Components (₽ tn) and saving ratio (right-hand scale), SA



Sources: Bank of Russia, Rosstat, R&F Department calculations.

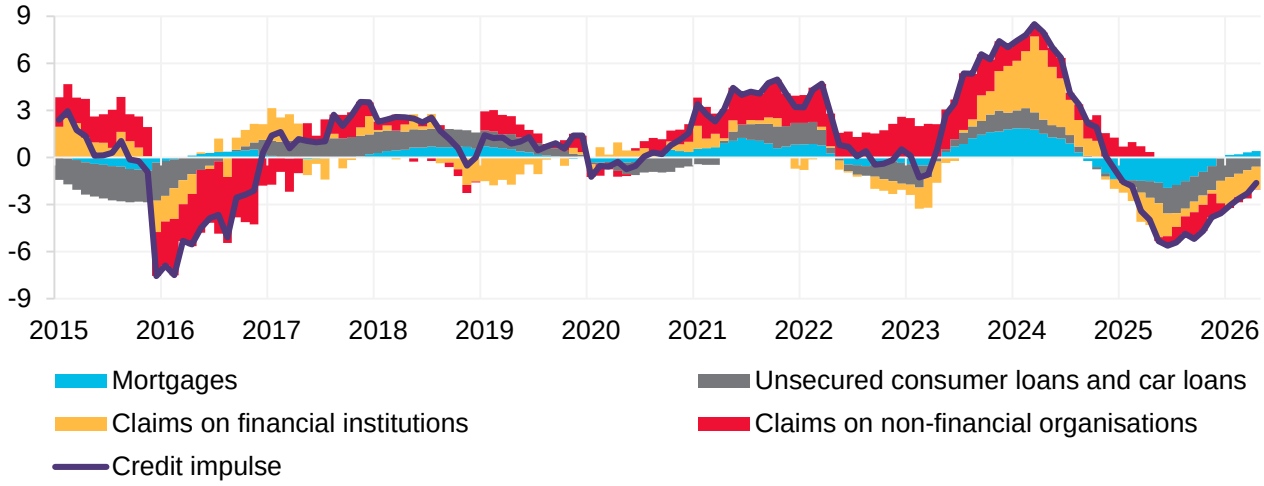
2.2. Corporate lending expansion in April

- The containing effect of lending on aggregate demand dynamics continues to wane (Figure 19). In January–April, the growth rate of claims on the economy[7] equalled 1.6%, generally approaching its last year's path (Figure 20).
- The dynamics of claims in January–April were close to the lower bound of the 2016–2019 range, which was partly associated with changes in the seasonal trends of budget spending. Recent years were characterised by a more uniform distribution of budget expenditures over a calendar year coupled with an increase in advance payments in the first several months of the year. This leads to a slower expansion of the loan portfolio,[8] with lending rising more actively at the end of the year.
- According to preliminary data, the growth of broad money (M2X) accelerated from 12.5% YoY in April to 13.2% YoY in May (adjusted for foreign currency revaluation). The dynamics of monetary aggregates stay close to the upper bound of the 2016–2019 range (Figure 21).
- The expansion of claims on the economy in early 2026 was predominantly driven by ruble claims (1.7% from the beginning of 2026 vs 1.0% in 2025). The rise in ruble claims on the economy was mostly recorded in April, despite the fiscal impulse remaining strong. Apparently, the increase was largely on account of industries not related to the fiscal system (ruble claims on companies were up by 1.5% MoM), while the dynamics of claims on households remained modest.[9]

[7] Total claims of the banking system (loans, bonds, bills of exchange, etc.) on Russian companies (financial and non-financial organisations) and households (individuals and individual entrepreneurs).
[8] Due to lower demand for loans and/or larger repayments.
[9] The growth rate of claims on households stayed at the March level (+0.3% MoM SA), which is below the annual averages recorded in 2023–2024. Different lending segments continued to demonstrate diverging trends (MoM, not seasonally adjusted). Specifically, outstanding mortgage and car loans increased, whereas the consumer loan portfolio contracted due to credit cards.

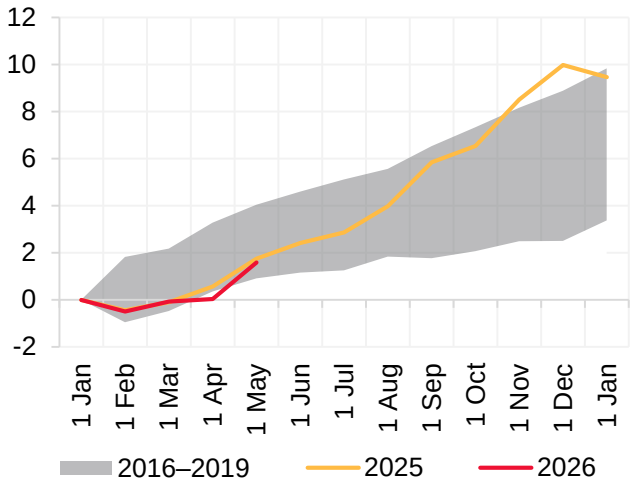
- Higher demand for corporate loans was driven by more positive estimates of the business climate among companies from a wide range of industries. It would be premature to assess how stable this trend is, but recent surveys by the Bank of Russia show a consistent improvement in lending terms and better estimates notably exceeding their 10-year average.
- As for liabilities on banks' balance sheets, a faster rise in corporate funds, compared to 2025, is accompanied by a slower increase in household funds. This shift is associated with large advance payments from the federal budget in early 2026 and a revival in consumer activity after its temporary decline at the beginning of the year. Additionally, lower deposit rates and a narrower spread between interest rates on time deposits and demand deposit accounts made households transfer part of their funds from time deposits to demand deposit accounts. Along with a faster expansion of corporate lending, this is evidence of proinflationary risks.

Figure 19. Credit impulse (% of GDP)



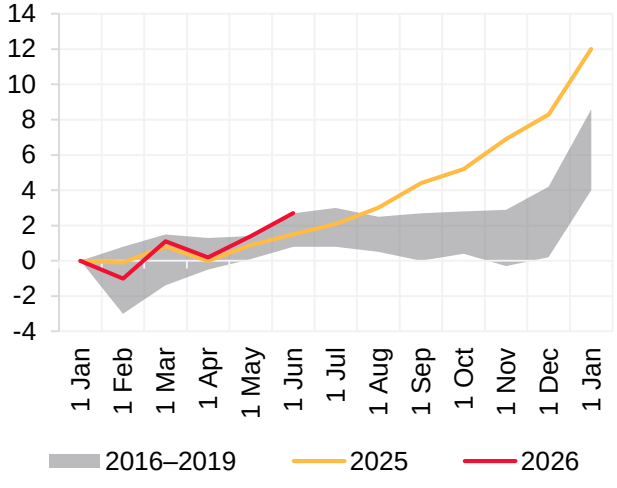
Sources: Bank of Russia, R&F Department calculations.

Figure 20. Claims on economy, % year-to date (adjusted for foreign currency revaluation)



Note. As of 1 June 2026 – preliminary data.
Sources: Bank of Russia, R&F Department calculations.

Figure 21. Broad money (M2X) growth, % year-to date (adjusted for foreign currency revaluation)



Note. As of 1 June 2026 – preliminary data.
Sources: Bank of Russia, R&F Department calculations.

Alexander Morozov, Director

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Dmitry Chernyadyev

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Alexandra Sterkhova

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