



**THE CENTRAL BANK
OF THE RUSSIAN FEDERATION
(BANK OF RUSSIA)**

Quarterly Inflation Review

2009 Q4

Research and Information Department

*The electronic version of Quarterly Inflation Review is available on the Bank of Russia's website :
<http://www.cbr.ru/publ/>.*

Contents

Introduction.....	3
Inflation Dynamics.....	4
<i>Consumer prices</i>	4
<i>Housing prices</i>	6
<i>Producer prices</i>	6
<i>Foreign trade</i>	8
<i>Demand</i>	11
<i>Supply</i>	13
<i>Labour market</i>	14
Monetary Conditions	15
<i>Exchange rate</i>	15
<i>Interest rates</i>	17
<i>Asset prices</i>	20
<i>Monetary aggregates</i>	21
<i>Credit aggregates</i>	23
Statistical Addendum	25

Introduction

Inflation in 2009 slowed to the lowest level since 1991. After a sharp fall from 5.4% in Q1 to 0.7% in Q4, its annualised rate stood at 8.8%. Significant decline in aggregate demand, caused by the world financial and economic crisis, was the decisive factor behind slower inflation. However, weaker ruble at the end of 2008 and the beginning of 2009 accounted for high inflation rates in the first half of the year.

To restore economic growth by stimulating banks' lending activity, the Bank of Russia increased the refinancing of banks and beginning from April 2009, it consistently lowered interest rates on its operations.

The reduction of inflation and inflationary expectations and the need to maintain the nascent economic recovery required easing the monetary policy in 2009 Q4 as well. At the same time, as the banking sector stabilised, the uncovered loans extended as an anti-crisis measure began gradually to be replaced by conventional instruments used to provide liquidity.

The favourable external economic conditions, capital inflow and seasonal growth in government expenditure also contributed to the rise of the liquidity level in Q4. These developments were accompanied by the reduction in interest

rates on the money, stock and credit and deposit markets.

At the same time, despite the continued fall in interest rates on all loans to non-financial organisations, bank lending volumes remained small. Debt on all categories of loans continued to decrease in absolute terms in Q4, except the long-term loans to non-financial organisations and short-term loans to households. Overall, in 2009 the debt on loans to non-financial organisations increased 0.3%, whereas the debt on loans to households contracted 11%.

The prolonged slowing of growth in credit to the non-financial sector (on an annualised basis) testified to the reduction of medium-term inflation risk created by the monetary factors. Beginning from the second half of 2009, M2 growth resumed on an annualised basis. In future, inflation risk attributable to the monetary factors will depend on the extent to which dynamics of the monetary aggregates will match growth in the demand for money.

In the short-term, inflation is expected to continue to slow down as long as domestic demand will go on recovering slowly and exchange rate dynamics will remain stable.

Inflation Dynamics

Consumer prices

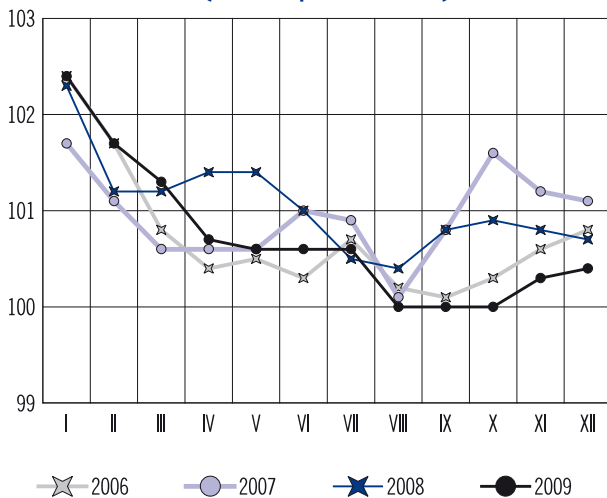
According to the Federal State Statistics Service, consumer prices rose 8.8% in 2009 (they went up 5.4% in Q1, 1.9% in Q2, 0.6% in Q3 and 0.7% in Q4). It was the lowest level registered since 1991 (consumer prices grew 13.3% in 2008).

Slower inflation in 2009 may be attributed in large measure to the reduction of growth in food prices, excluding vegetable and fruit prices and the decline in the rate of growth in unregulated prices. At the same time, growth in non-food prices, excluding petrol prices, was faster than in 2008.

Core inflation slowed from 13.6% in 2008 to 8.3% in 2009. It ran at 4.3% in Q1, 1.6% in Q2, 1.3% in Q3 and 1.0% in Q4. Growth in the prices of goods and services included in the core inflation calculation accounted for estimated 6.7 percentage points, or 76.4%, of the inflation rate. In 2008, the respective figures were 10.8 percentage points and 81.5%.

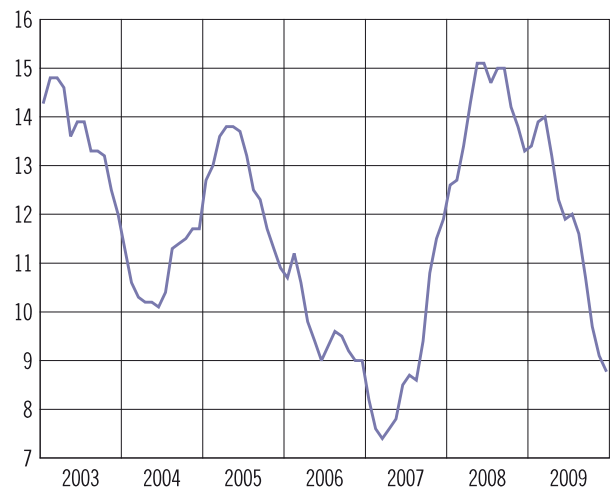
Food prices, excluding vegetable and fruit prices, rose 6.9% in 2009 as against 17.5% in 2008. Growth in the prices of this group of food products accounted for estimated 2.4 percentage points, or 26.7%, of the inflation rate (6.2 percentage points and 46.4% in 2008).

Consumer prices
(as % of previous month)



Source: Rosstat.

Consumer prices
(as % of same month a year earlier)



Source: Rosstat.

Consumer price inflation (%)

	Growth (December 2009 on December 2008)	Growth (December 2008 on December 2007)	
Prices of goods and services, total:	8.8	13.3	Slowing of growth by 4.5 percentage points
of which:			
– food prices	6.1	16.5	Slowing of growth by 10.4 percentage points
– food prices, excluding vegetable and fruit prices	6.9	17.5	Slowing of growth by 10.6 percentage points
– non-food prices	9.7	8.0	Acceleration of growth by 1.7 percentage points
– prices of paid services provided to households	11.6	15.9	Slowing of growth by 4.3 percentage points
Prices of goods and services included in core inflation calculation	8.3	13.6	Slowing of growth by 5.3 percentage points

Source: Rosstat.

The biggest increase in food prices in 2009 was registered in the price of granulated sugar (42.7% as against 7.0% in 2008) and fish and seafood (10.6% as against 15.1%). Growth in the prices of grain products, meat and poultry, milk and dairy products and butter varied between 1.6% and 7.9%. This represents a substantial decrease from the previous year. Prices of cereals and legumes, sunflower oil and eggs dropped in the range of from 2.5% to 19.8% (there was a rise in the prices of these products in 2008).

Throughout 2009, the world market registered growth in the prices of sugar, vegetable oil, maize, barley, rice and beef. There was a particularly high rise in sugar prices: the price of raw sugar went up 140% and refined sugar 110% in December 2009 as compared with December 2008 (the respective figures a year earlier were 3.8% and 9.8%). Beef prices increased 13.3% (a year earlier they fell 6.0%), while pork prices remained virtually unchanged, just as in 2008. Wheat and poultry prices dropped in December 2009: compared with the same period of 2008, the price of US wheat was down 6.3% (in December 2008, it decreased by 1.7 times) and poultry prices fell 5.6% (they grew 13.1% in 2008). As a result, the prices of the monitored food products and agricultural raw materials increased by 1.2 times on average in December 2009 (in December 2008, they remained virtually unchanged).

Vegetable and fruit prices went down 1.7% on the domestic market in 2009. In the

previous five years, they rose at the rate of 3.3-22.2% and in 2008 they increased 7.7%. Estimates show that the fall in vegetable and fruit prices had little effect on the general level of consumer prices. Over the past year, growth in vegetable and fruit prices accounted for 0.3 percentage points, or 2.2% of consumer price inflation.

Overall food prices grew 6.1% in 2009 as against 16.5% in 2008.

Non-food prices increased 9.7% in 2009 as against 8.0% in 2008. Their growth accounted for estimated 3.6 percentage points, or 41.0%, of the inflation rate (as against 2.9 percentage points and 21.6% in 2008). The most significant increase was registered in the prices of tobacco products (18.7% as against 16.1% in 2008), medicines (17.6% as against 16.4%) and detergents (12.6% as against 17.5%). Petrol prices went up 8.0% as against 1.2% in 2008.

Paid service prices rose 11.6% in 2009 as against 15.9% in 2008 and this increase accounted for estimated 2.9 percentage points, or 33.0%, of overall consumer price growth (4.0 percentage points and 29.8% in 2008).

Administered service prices went up by an estimated 14.6% in 2009 as against 14.5% in 2008. Rent and utilities prices gained 19.6%, an increase of 3.2 percentage points on 2008. Passenger transport fares were up 6.5% as against 22.5% in 2008.

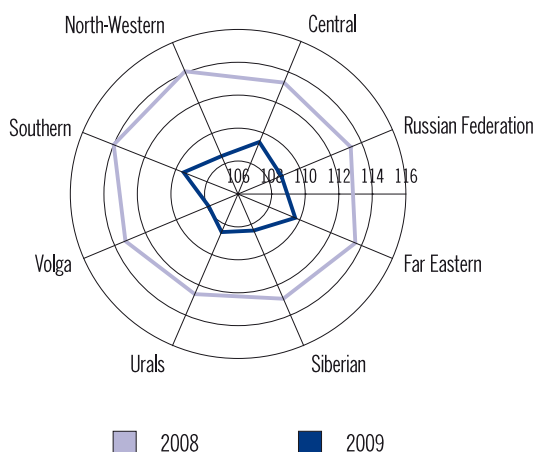
There was a slowing of growth in the prices of all major services included in the core consumer

Food price inflation (%)

	Growth (December 2009 on December 2008)	Growth (December 2008 on December 2007)	
Food products	6.1	16.5	Slowing of growth by 10.4 percentage points
Bread and bakery products	2.4	25.9	Slowing of growth by 23.5 percentage points
Cereals and legumes	-2.5	25.8	...
Pasta	1.6	33.8	Slowing of growth by 32.2 percentage points
Meat and poultry	5.0	22.2	Slowing of growth by 17.2 percentage points
Fish and seafood	10.6	15.1	Slowing of growth by 4.5 percentage points
Milk and dairy products	2.3	12.2	Slowing of growth by 9.9 percentage points
Butter	7.9	10.5	Slowing of growth by 2.6 percentage points
Sunflower oil	-19.8	22.1	...
Granulated sugar	42.7	7.0	Acceleration of growth by 35.7 percentage points
Vegetables and fruit	-1.7	7.7	...
Alcoholic beverages	8.9	10.9	Slowing of growth by 2.0 percentage points

Source: Rosstat.

Consumer price growth by federal district (December as % of December of previous year)



Source: Rosstat.

price inflation calculation. It was particularly noticeable in the prices of healthcare, physical culture and sport services and foreign travel.

Growth in paid service prices in 2009 exceeded by 3.7 percentage points the overall consumer price increase (3.5 percentage points in 2008).

Rosstat data show that in 2009 consumer price growth was smaller than a year earlier in all **federal districts**.

Estimates indicate that differences have increased between the Russian regions in terms of the price of the fixed set of goods and services used by the Federal State Statistics Service for interregional comparisons of the purchasing power of the population. Specifically, the regional difference ratio¹ reached 43.1% in December 2009 as against 40.0% a year earlier.

The rates of growth in food prices differed slightly by federal district in 2009 - from 4.8% to 7.4% (in 2008, from 15.8% to 18.0%). Non-food prices increased within the 8.9-10.9% range (in 2008, within 7.4-9.9% range). Growth in paid service prices slowed year on year in all federal districts.

¹ The regional difference ratio is calculated by the Bank of Russia as the difference between the cost of a fixed set of goods and services in the most and least expensive regions relative to the national average cost of the set.

Housing prices

Housing prices dropped 7.6% in December 2009 year on year on the primary market and 11.0% on the secondary one (in 2008, housing prices rose 10.3% on the primary market and 15.3% on the secondary one).

Housing price dynamics in 2009 was affected by the contraction of demand amid the financial and economic crisis. This is confirmed, among other things, by the 6.7% year-on-year fall in housing construction (in 2008, housing construction grew 4.6% year on year).

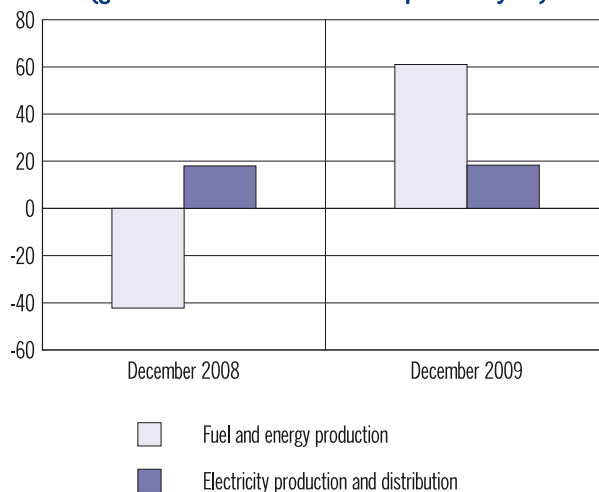
Producer prices

Industrial producer prices went up 13.9% in 2009, whereas in 2008 they fell 7.0%. In the mining sector, producer prices rose 49.2%, whereas in 2008 they dropped 38.4%. The corresponding percentages in the fuel and energy sector were 61.0% and 42.2%.

Prices in the production and distribution of electricity, gas and water increased 18.3% in 2009, a rise of 0.3 percentage points on the previous year.

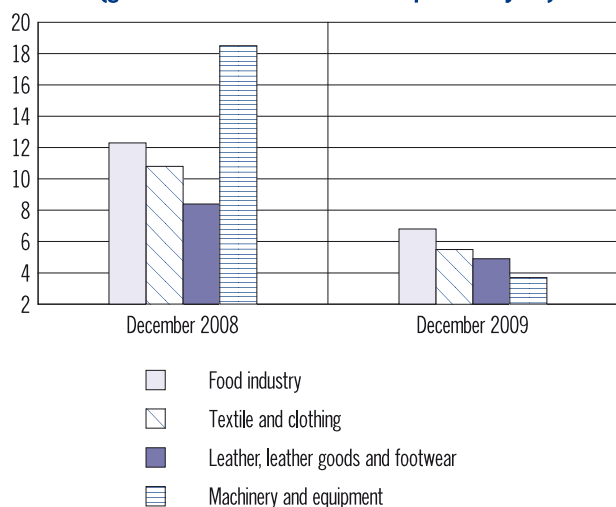
Producer prices in the manufacturing sector rose 5.9% in 2009 as against 1.9% a year earlier. The most significant growth in prices was registered in the production of petroleum products (they grew 28.9%, whereas in 2008 they declined 27.7%). There was slower growth in producer prices in the consumer goods sector. Price growth in the production of food products, including beverages, and tobacco slowed by 5.5

Producer prices by type of economic activity (growth as % of December of previous year)



Source: Rosstat.

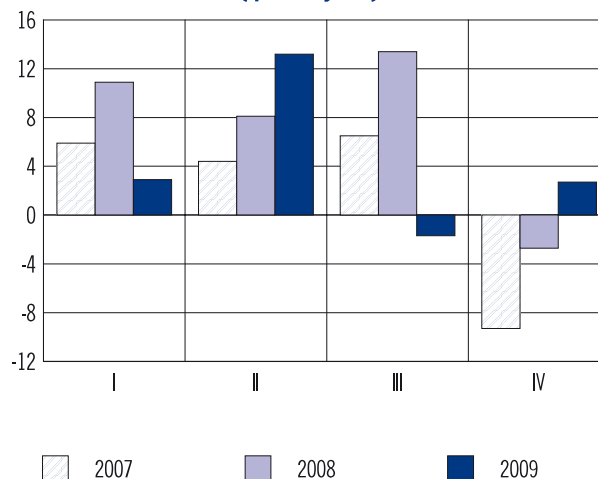
Producer prices in some manufacturing industries (growth as % of December of previous year)



Source: Rosstat.

percentage points year on year, to 6.8%, in the textile and clothing industry by 5.3 percentage points to 5.5% and in the production of leather, leather goods and footwear by 3.5 percentage points to 4.9%.

Freight charges (quarterly, %)



Source: Rosstat.

Freight charges went up 17.4% in 2009 as against 32.3% in 2008. Freight railway fares grew 10.6% as against 22.1% a year earlier.

Communications fees for corporates were up 2.1% in 2009 as against 11.5% in 2008.

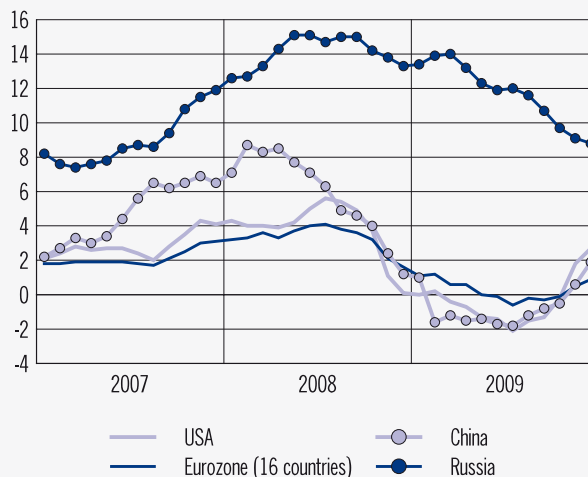
Inflation in countries trading with Russia¹

Most of Russia's trading partners saw inflation slow down in 2009 (Japan registered a fall in consumer prices). Inflation in the countries accounting for a significant portion of Russian imports decreased from 4.9% in December 2008 to 3.3% in December 2009. Slower inflation in Ukraine made the biggest contribution to this decline.

Inflationary pressure decreased in the countries trading with Russia in 2009 as a result of a fall in business activity. The leading industrialised nations retained sustained positive rates of core inflation, which precludes the most volatile elements, such as the changes in the fluctuating energy and food prices. Core inflation in each reporting month of 2009, calculated against the corresponding month of 2008, ranged from 1.4% to 1.9% in the United States and from 1.0% to 1.8% in the eurozone (in 2008, it varied between 1.8% and 2.5% in the United States and between 1.6% and 2.0% in the eurozone).

Slower inflation in foreign countries in 2009 was the result of the reduction of the annual average level of prices on the world markets for energy resources, non-energy raw materials and farm products. However, exchange commodity price dynamics was uneven during the year. At the end of the first quarter and in the second quarter, prices of these goods started to gradually rise again and push inflation rates up. In Q4, inflation in the countries trading with Russia was strongly impacted by the low statistics base of the corresponding period of the previous year, when the financial and economic crisis had reached its peak.

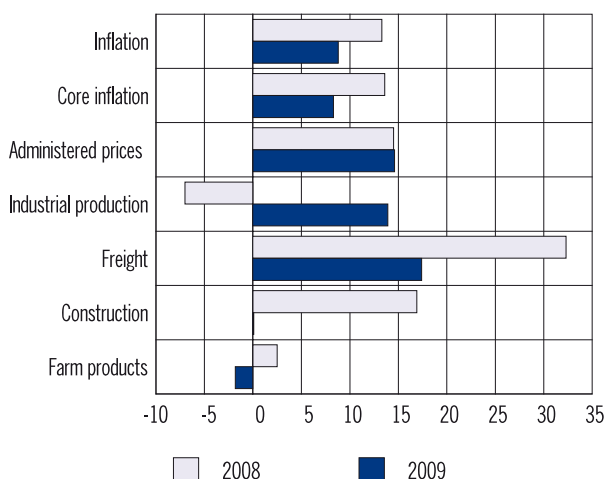
Consumer prices by country (%)*



* Consumer price growth on the same month a year earlier.
Source: US Department of Labour Bureau of Labour Statistics, Statistical Office of the European Communities (Eurostat), China's National Bureau of Statistics, Rosstat.

¹ According to data reported by national statistics agencies of Russia's trading partners.

**Price growth in the economy
(December as % of December of previous year)**



Source: Rosstat.

Producer prices of building materials edged up 0.1%, whereas a year earlier they increased 16.9%.

Agricultural producer prices declined 1.8%, whereas a year earlier they rose 2.5%. Crop grower prices declined 6.6% as against 2.6% in 2008. Grain prices were down 13.4%, whereas sunflower prices inched up 0.4% (in 2008, grain prices were down 4.6% and sunflower prices 13.4%). Livestock prices increased 1.5% as against 6.1% in 2008. Cattle and poultry prices rose 5.6% as against 17.4% in 2008, milk prices were up 1.4% (in 2008, they fell 9.2%) and prices of eggs declined 15.6% (in 2008, they increased 10.5%).

Foreign trade

The price situation on the world markets for major Russian exports² continued to improve in 2009 Q4. However, despite growth in the prices of most products, their average levels were lower by about a third in 2009 than a year earlier (in 2008, they were 1.4 times higher).

The tendency towards growth in world oil prices that followed their downturn in the second

half of 2008 continued through 2009. In December 2009, the average price of oil³ on the world market was 80% higher than a year earlier; Russia's Urals crude was up 90%. On October 22, the price of Urals reached the year's high of \$78.1 per barrel.

The major factor of oil price growth in 2009 was the raising throughout the year of oil demand forecasts as the situation in the world economy began to improve in the middle of the year amid the reduction of oil supply, especially by the OPEC member countries. In addition, the oil market was affected by the US dollar dynamics against other major world currencies, which impacted the prices of dollar-denominated exchange commodities and made commodity markets increasingly attractive for speculative and investment capital.

In 2009 Q4, the price of Urals crude rose 9.2% quarter on quarter, to \$74.0 per barrel. It was higher by 40.3% than in the same quarter of 2008. However, its average price in 2009 (\$60.7 per barrel) was by 35.4% lower than a year earlier (in 2008, it was by 35.1% higher than a year earlier).

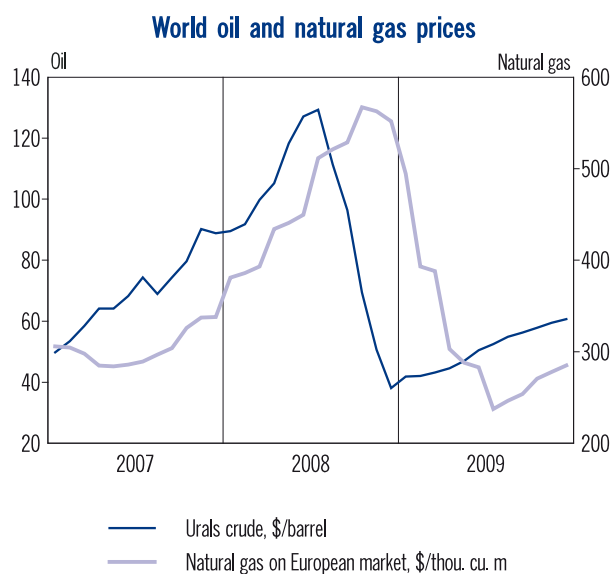
Price dynamics on the petroleum products market was virtually the same as on the oil market, but the prices of individual petroleum products grew at different rates. The most significant increase in 2009 Q4, as compared with Q3, was registered in the price of fuel oil (11.1%) and diesel fuel (9.5%); petrol prices went up 3.7%. On the whole, petroleum product prices in 2009 were lower than in 2008. The most significant fall was registered in the price of diesel fuel, which decreased 44.7% (a year earlier it rose 48.0%). Petrol was down 30.5% and fuel oil 24.2% (in 2008, the prices of these products rose 19.0% and 36.2% respectively).

The fall in natural gas prices in Europe, which had begun late in 2008, continued up to July 2009. In August, they started to rise and in 2009 Q4 the price of European natural gas was by 13.0% higher than in Q3. On the whole, in 2009 the price of natural gas in Europe was by 35.0% lower than a year earlier (in 2008, it was by 56.7% higher than a year earlier).

In the second half of 2009, the world market registered a rise in coal prices: in Q4 they were by

² Average prices are based on data reported daily by the following news agencies and exchanges: Reuters for oil, the Financial Times for petroleum products, petrol, diesel fuel and fuel oil) and the London Metal Exchange for non-ferrous metals (aluminium, copper and nickel). Ferrous metal prices have been gauged on the basis of price indices, while prices of natural gas and other commodities are the monthly averages published by the World Bank and IMF.

³ Average price of Brent, Dubai and WTI brands of crude.



Source: Reuters, World Bank.

8.9% higher than in Q3 and in Q3 they were by 7.3% higher than in Q2. Overall, the price of coal in 2009 was by 43.5% lower than in the previous year (in 2008, it was by 93.4% higher than a year earlier).

The main factor of the year-long fall in the world prices of ferrous metals was an unfavourable economic situation in most of the principal metal-consuming countries. According to the World Steel Association (WSA), steel production in 2009 declined 8% to 1.2 billion tonnes amid the economic recession. This is the lowest level since 2005. However, in the second half of 2009 world demand for steel began gradually to recover, slowing the fall in ferrous metal prices. The price downturn was also the result of the decreased prices of raw materials for the production of ferrous metals (the price of iron ore on the world market slumped 28.2% in 2009,⁴ whereas in 2008 it rose 66.0%). In 2009 Q4, ferrous metal prices were by 1.6% lower than in Q3 and in Q3 it was by 2.2% lower than in Q2 (in Q1, it was by 11.5% lower than in the previous quarter and in Q2 it was by 21.5% lower than in Q1). On the whole, in 2009 ferrous metal prices declined 21.5% year on year (in 2008, they grew 59.0%).

The world non-ferrous metal market in 2009 saw aluminium, copper and nickel prices rise mostly, but the full-year result was, as in 2008, their year-on-year decline. The main reason for

price growth was the gradual weakening of the crisis effect on the ferrous metal-consuming industries and the corresponding increase in demand for non-ferrous metals. In addition, situation on the world commodity and exchange markets stimulated growth in investment demand for these metals. Another contributing factor was the contraction of the world output of aluminium, the replenishment of China's government nickel stocks and the reduction of production by Chile's state-controlled corporation Codelco, the world's largest producer of copper. Growth in the price of aluminium slowed from 21.3% in 2009 Q3 to 10.6% in Q4, and copper from 25.4% to 13.4%, while nickel prices remained virtually unchanged (in Q3 they gained 35.2%). Despite price growth during the year, the price of aluminium in 2009 fell 35.3% year on year, copper was down 25.8% and nickel 30.6% (in 2008, aluminium was down 2.3%, copper 2.4% and nickel 43.1%).

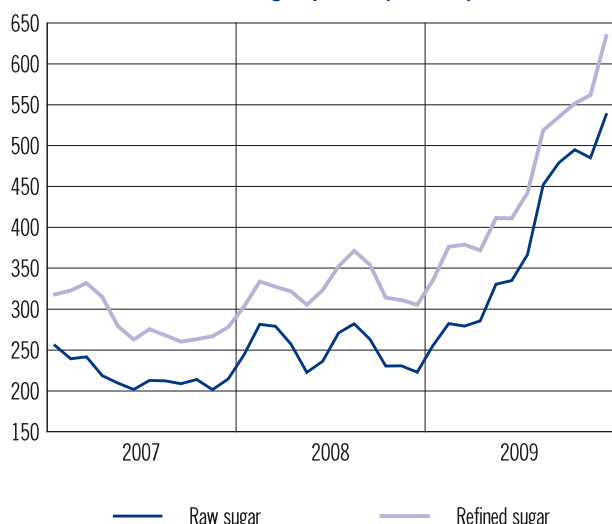
Prices of other raw materials exported by Russia were also affected by the world economic situation and the state of world commodity markets. Prices of mineral fertilizer, chemical raw materials and some other commodities in 2009 were much lower than in 2008.

World market prices of food products and agricultural raw materials⁵ had different dynamics in 2009. Sugar prices rose rapidly throughout the year. Poor harvest in the leading sugar-producing countries, Brazil and India, was the chief factor (in 2009, India became a net importer of sugar). In addition, sugar production declined in some other countries, such as the EU, as a result of the reforms carried out in this industry. Meanwhile, world demand for sugar kept rising, although the crisis had somewhat slowed its pace. The contraction of world sugar stocks caused prices to hit new highs in 2009 (in December 2009, the world price of raw sugar reached \$538 per tonne and refined sugar \$634 per tonne). In Q4, however, the rise in sugar prices slowed on the world market and compared to the previous quarter, the price of raw sugar increased 17.0% and refined sugar 16.8% (this compares to the rise of 36.4% and 25.3% in Q3 respectively). On average, the price of raw

⁴ The price of iron ore on the world market is set for a year.

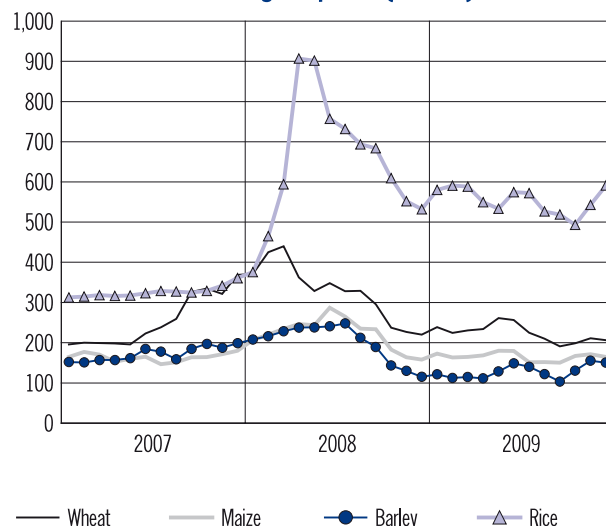
⁵ Average sugar prices have been calculated on the basis of data compiled daily by the London Commodity Exchange, other prices are monthly averages published by the World Bank and IMF.

World sugar prices (\$/tonne)



Source: London Commodity Exchange.

World grain prices (\$/tonne)



Source: World Bank.

sugar went up 51.7% in 2009 year on year and the price of refined sugar grew 40.9% (a year earlier, the respective percentages were 14.8% and 14.0%).

After a fall in Q3, vegetable oil prices rose again in Q4. The price of palm oil increased 7.9% quarter on quarter, though in 2009 it was on average by 28.0% lower than in 2008 (a year earlier, it was by 21.6% higher than in the previous year).

There was no pronounced trend in world grain prices in 2009. The principal factor of the grain market development was the bumper harvest for the second consecutive year, which led to the expansion of grain stocks, price downturn and higher consumption. The world rice market in 2009 saw prices mostly fall for the same reasons they did on other grain markets. Rice prices de-

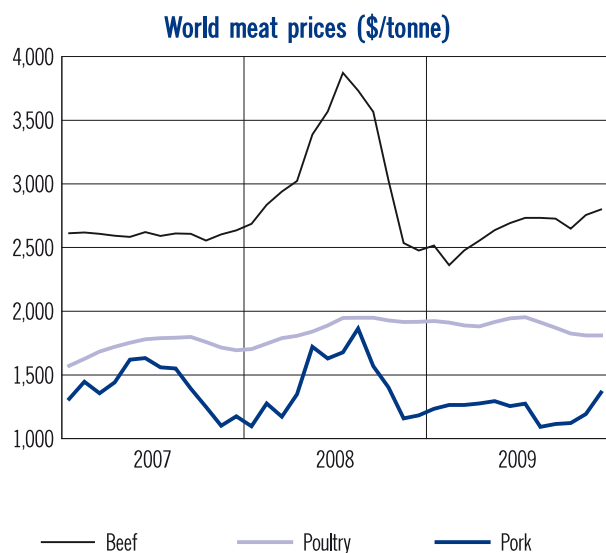
clined at a slow pace owing to the reduction of exports from Thailand, the world's largest exporter of rice on the world market. In Q4, however, the world market registered a rise in the prices of virtually all grains. The price of Canadian wheat went up 4.5% quarter on quarter, US maize 10.9%, Canadian barley 19.3% and Thai rice 0.6%. Only the price of US wheat fell, by 1.6%. As a result, in 2009 the prices of all grains, except rice, were on average lower by a third than a year earlier; the price of rice was lower by 14.6% (a year earlier, grain prices rose 30% on average, while the price of rice doubled).

Livestock prices fell in 2009 as growth in demand slowed owing to the economic problems faced by the leading meat consumers during the crisis, the drop in fodder prices and the year-on-year decline in energy and fuel prices. However,

International trade

IMF and OECD estimates (November 2009-January 2010) indicate that the volume of international trade in goods and services contracted 12.3-12.5% in 2009. World oil consumption decreased by an estimated 1.5% in 2009, according to International Energy Agency. The average price of Brent, Dubai and WTI crude brands fell 36.3% to \$61.8 per barrel in 2009 as against \$97.0 per barrel in 2008.

The International Energy Agency has estimated that oil consumption in Europe declined 4.5% in 2009. Consumption decreased in the first half of the year but recovered in the second. According to Eurostat data, oil and petroleum products import volumes shrank significantly in the EU countries in the first two months of 2009, but in the subsequent period it stabilised at the January-February levels. The average annual level of prices of EU oil and petroleum products imports declined as a result of the sharp fall in the period of from August 2008 to January 2009, but in February prices began to gradually rise. Price dynamics of EU oil and petroleum products imports, including imports from Russia, was primarily affected by changing prices. The contract price of natural gas Russia exported to Germany in 2009 was on average by 32.5% lower than in 2008.



Source: World Bank.

beef prices rose throughout the year, as the world's cattle population decreased and consumption remained high in China, India and the countries of Latin America and South East Asia. The world poultry market situation was affected by a slight fall in output and exports by the United States and Brazil, the world's leading poultry producers and exporters. In 2009 Q4, beef prices stabilised, pork prices rose and poultry prices went down. Quarter on quarter, the price of beef increased 0.1% and pork 5.6%, while poultry prices were down 5.0%. On average, beef and pork prices in 2009 dropped 16.0% and 13.7% respectively, while poultry prices grew 1.2% (a year earlier, the price of beef was up 20.6%, pork 1.5% and poultry 8.2%).

Russia's terms of trade improved in 2009 Q4 as compared with Q3, but in 2009 as a whole they were considerably worse than in 2008.

Russia's trade surplus⁶ continued to increase in Q4, but in 2009 as a whole it contracted by 1.6 times year on year, to \$110.6 billion. Exports of goods declined slightly more than imports (35.7% as against 34.0%).

Demand

Domestic demand

Domestic demand contracted significantly in 2009. There was a decline in fixed capital invest-

ment, a contraction in stocks and a fall in consumer spending.

The share of imported products in the retail trade sector's commodity resources contracted by 4 percentage points in January-September 2009, as compared with the same period of 2008, and stood at 42%. The share of imported food products decreased by a percentage point to 34% and non-food imports by 5 percentage points to 49%.

In 2009, imports declined by a third, mostly owing to the contraction of import volumes. Imports of investment goods decreased more than imports of consumer goods. However, in the second half of the year imports began to gradually recover and in Q4 the contraction of import volumes decreased 18.1% year on year, whereas the nine-month fall was 42.4%.

Household real disposable money income rose 1.9% year on year in 2009, just as in 2008. The public propensity for consumption declined as the economic situation remained unstable. The share of household spending on goods and services in the money income consumption structure contracted by 4.9 percentage points to 69.2% and the share of spending on the purchase of foreign exchange decreased by 2.4 percentage points to 5.5%. The public propensity for organised savings registered 14.2% as against 5.3% in 2008, in which deposits and securities accounted for 4.1%.

Household spending on final consumption declined 8.1% in 2009, whereas in 2008 it grew 10.7%. In Q4, the rate of decline in consumer expenses was slower than in Q3. Retail trade turnover shrank 5.5% in 2009 year on year and the value of paid services provided to households was down 4.3%.

Government expenditures on final consumption increased 1.9% in 2009 as against 2.9% in 2008. According to the Federal Treasury's data, federal budget expenditure grew from 18.4% of GDP in 2008 to 24.7% in 2009. Non-interest expenditures made up 24.2% of GDP as against 18.0% in 2008. This represents the highest ratio in a decade and it is attributable mostly to the implementation of anti-crisis measures in support of the real sector and financial system during the financial and economic crisis. Federal budget non-interest expenditures in 2009 accounted for 97.2% of the updated budget plan for 2009,

⁶ According to the balance of payments estimate as of January 13, 2010.

GDP consumption
(growth as % of corresponding period of previous year)

	2007	2008	2009
GDP	8.1	5.6	-7.9
Final consumption	11.1	8.5	-5.4
Of which:			
— households	13.9	10.7	-8.1
Gross capital formation	21	10.6	-37.6
Net exports	-27.2	-35.7	58.0

Source: Rosstat.

which represents a slight decrease on the previous year's level of 97.8%.

In 2009, Russia registered a federal budget deficit of 5.9% of GDP, whereas in 2008 she had a surplus of 4.1% of GDP. The reduction of the federal budget balance at the end of 2008 and the emergence of a budget deficit and its growth in 2009 owing to the implementation of

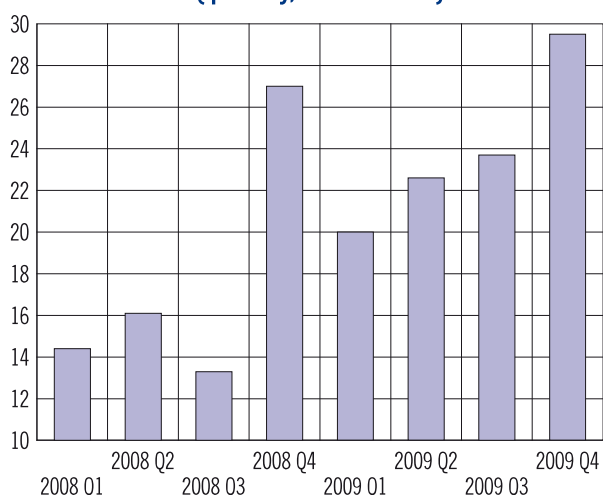
the economic stimulus measures by the Government testify to the easing of the fiscal policy. At the same time, this accords with the necessity of implementing a budget policy of a countercyclical nature.

A total of 2,964.8 billion rubles were allocated from the Reserve Fund in 2009 to finance the federal budget balance and 179.4 billion rubles were allocated to create an oil and gas transfer to the federal budget. A part of the National Welfare Fund (209.0 billion rubles and 2.0 billion US dollars) was deposited with Vneshekonombank.

Gross capital formation contracted 37.6% in 2009, whereas in 2008 it increased 10.6%. Fixed capital investment declined 17.0%, whereas in 2008 it grew 9.8%.

Machinery, equipment and transport vehicles accounted for more than a third in the investment structure in January-September 2009. The share of investments made to acquire imported equipment expanded from 19.9% in January-September 2008, to 23.0% in the same period last year. Imports of machinery, equipment and transport vehicles decreased 53.9% in January-September 2009, whereas in the same period of 2008 they increased 56.6%.

Federal budget non-interest expenditures
(quarterly, as % of GDP)



Source: Federal Treasury.

Economic growth in foreign countries¹

GDP in the group of countries accounting for a significant portion of Russian exports contracted by an estimated 3.9% in 2009, whereas in 2008 it grew 2.3%. Preliminary data indicate that US GDP shrank 2.4% and eurozone GDP 4.0%, whereas China's GDP increased 8.7% as against 9.6% in 2008. According to the IMF and World Bank estimates (January 2010), the world production of goods and services declined 0.8-1.0% in 2009.

Many western countries, Russia's leading trading partners, saw their economies shrink in 2009, but little by little economic conditions in them stabilised. Quarter-on-quarter GDP growth resumed in the largest European economies (Germany and France) and in Japan in Q2, in the eurozone, including Italy, and in the United States in Q3 and in the UK in Q4, according to preliminary data. Industrial growth resumed in Japan in March, in the eurozone in May and in the United States in July. Signs of recovery appeared on the real estate markets and in housing construction. China retained favourable GDP dynamics in 2009 owing to continued growth in domestic demand and investment.

¹ According to data compiled by the national statistics agencies of Russia's trading partners.

Fixed capital investment was financed mostly by raised funds (61.7%). Bank credit accounted for 11.1% as against 11.0% in January-September 2008.

As exports declined more slowly than imports, net exports increased 58% in 2009, whereas in 2008 it declined 35.7%.

Foreign demand

Foreign demand for Russian goods began to gradually recover in the second half of 2009. In Q4, export volumes expanded 11.9% year on year as against 0.2% in the previous quarter. Russian export dynamics in 2009 was affected significantly by the price fall on world commodity markets. Compared to the previous year, exports of goods contracted 35.7% to \$303.3 billion.⁷ In 2009 Q4, exports grew 15.4% quarter on quarter owing to the expansion of export volumes and price growth. Exports to the EU and CIS member countries grew more slowly than to the Asia-Pacific Economic Co-operation member states. Russia increased exports most significantly to its major trading partners such as Germany, Finland, Poland, Japan, South Korea and Ukraine. Russian exports to the UK declined. There was an expansion of Russian export volumes of oil, petroleum products, natural gas and some other products in 2009 Q4 as compared with Q3.

Supply

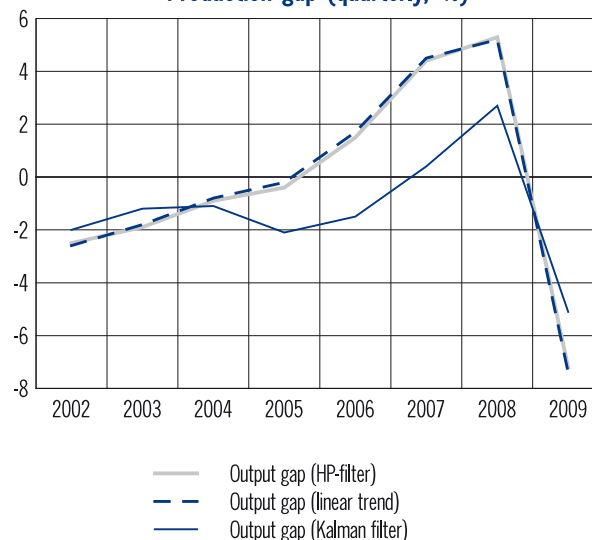
Production decline slowed down in the main economic activities in 2009 Q4. Output in the key economic activity categories contracted 2.6% as compared with the same period a year earlier, but the overall decline in 2009 stood at 9.4% as against an increase of 4.3% in 2008.

Production decline slowed down in industry, construction and retail and wholesale trade in 2009 Q4 and growth was registered in transport and agriculture. However, in 2009 output contracted 16.0% year on year in construction, 10.2% in transport, 5.5% in retail trade and 3.5% in wholesale trade.

Industrial output fell 10.8% in 2009, whereas in 2008 it grew 2.1%. Output in the mining sector was down 1.2% as against an increase of 0.2% in 2008. The most significant decline was

⁷ According to the balance of payments estimate as of January 13, 2010.

Production gap (quarterly, %)



Source: Bank of Russia calculations.

registered in the production of raw materials other than fuel and energy. Output in the manufacturing sector declined 16.0%, whereas in 2008 it increased 3.2%. However, 2009 Q4 saw growth in the output of chemicals (17.6%), leather goods (9.6%), metallurgy products (8.7%), food products (4.3%) and coke and petroleum products (1.7%).

There was a rise in the output of major livestock products in 2009, including cattle and poultry (6.6%). The output of meat and meat products increased 4.2%, of which the production of meat, including premium-quality by-products, rose 14.0%. Grain production declined 10.3% year on year, but it was higher than the 2005-2008 average annual grain output. Overall, agricultural output rose 1.2% in 2009 as against 10.8% in 2008. As of the beginning of 2010, grain stocks at agricultural, procurement and processing enterprises were by 4.5% larger than a year earlier.

According to The Russian Economic Barometer, the rate of production capacity utilisation in 2009 Q3 was 67%, an increase on Q2. In November, it was 70%. On top of the list in terms of the rate of capacity utilisation were enterprises in the timber and wood-working sector (76%), the light industry (75%) and food industry (73%). The lowest rate was registered at enterprises producing building materials (49%).

The contraction of foreign and domestic demand brought about a fall in business activity. The production of goods and services fell below its na-

tional (potential) level. GDP shank 7.9% in 2009. The gap between actual and potential output was negative.

Labour market

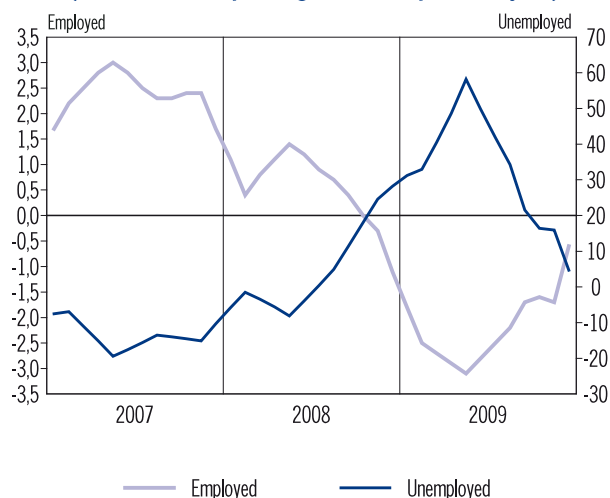
The number of people employed in the economy decreased 2.2% in 2009 (in 2008, it rose 0.5%). Labour productivity declined by an estimated 5.8%, whereas in 2008 it grew 5.1%. The rates of decline in labour productivity in the services sector in January-September 2009 were lower than in the manufacturing sector. The output of goods declined faster than the production of services. The number of employed in the services sector decreased year on year less than in the manufacturing sector.

Real wage contracted 2.8% in 2009, whereas in 2008 it rose 11.5%. In Q4, the pace of decline slowed down. Real wage declined more slowly than labour productivity.

The share of wages and salaries in the GDP structure expanded from 47.3% in 2008 to 51.9% in 2009.

Substantial differences remained in the compensation levels in various activity categories. The highest average monthly wage in January-November 2009 was registered in the financial sector (40,334 rubles) and in the fuel and energy sector (39,901 rubles). Compensation in these sectors exceeded the national average by 2.2 times. The lowest wages were registered in agriculture, hunting and forestry (9,334 rubles), textile and clothing industry (8,871 rubles) and the production of leather, leather goods and footwear

**Number of employed and unemployed
(as % of corresponding month of previous year)**



Source: Bank of Russia, Rosstat.

(9,745 rubles). These wage levels make up 51%, 48% and 53% of the national average respectively. Below-average wages and salaries were registered in the sectors largely financed from the federal budget (education, utilities, public and personal services, healthcare and social services) and in the manufacturing sector, construction, wholesale and retail trade and car and other repair services.

Growth in the total number of unemployed slowed in Q4, but in 2009, as compared with 2008, the number of unemployed increased 31.7%. As of the end of 2009, it accounted for 8.2% of the economically active population (7.8% as of the end of 2008).

Monetary Conditions

Exchange rate

In 2009 Q4, ruble exchange rate on the domestic foreign exchange market remained stable amid the continued upward trend due to the favourable energy price dynamics. In that situation, the Bank of Russia continued to conduct operations on the currency market to cushion ruble exchange rate fluctuations.

According to preliminary data, the current account surplus stood at \$15.6 billion in 2009 Q4 and \$47.5 billion in 2009 as a whole. A net private sector capital inflow estimated at \$11.6 billion was registered in October-December, whereas in 2009 Q3 there was a net capital outflow of \$33.4 billion. Russia's international reserves increased 6.2% in Q4 and reached \$439.0 billion as of January 1, 2010.

The nominal ruble/dollar exchange rate rose 6.3% in 2009 Q4 as against 2.8% in Q3. The ruble's appreciation against the dollar by 4.5% in October and 1.7% in November amid the significant improvement of the external economic conditions was followed by the 3.2% depreciation in the national currency in December, which may be attributable to slower growth in oil prices and a technical correction on the market. As of January 1, 2010, the official rate of the US

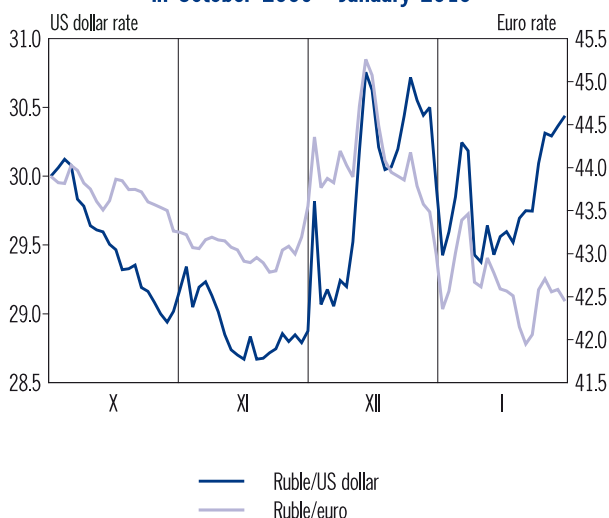
dollar against the ruble was 30.1851. In January 2010, no significant changes were registered in the ruble/dollar nominal exchange rate. As of February 1, 2010, the official rate of the US dollar against the ruble was 30.4312.

The nominal euro/ruble exchange rate rose 2.8% in October-December after it fell 2.1% in 2009 Q3. The ruble's appreciation against the eurozone currency was registered throughout October and November, when the Russian currency gained 2.7% and 1.1% respectively, whereas in December the ruble lost 1.4% of its value against the euro. In January 2010, the nominal rate of the ruble against the euro appreciated 2.3% and as a result, as of February 1, 2010, the official rate of the euro stood at 42.4637 rubles.

The ruble value of the bi-currency basket, determined by US dollar/ruble and euro/ruble dynamics, reached 36.1590 rubles as of January 1, 2010. As of February 1, 2010, it was down to 35.8458 rubles.

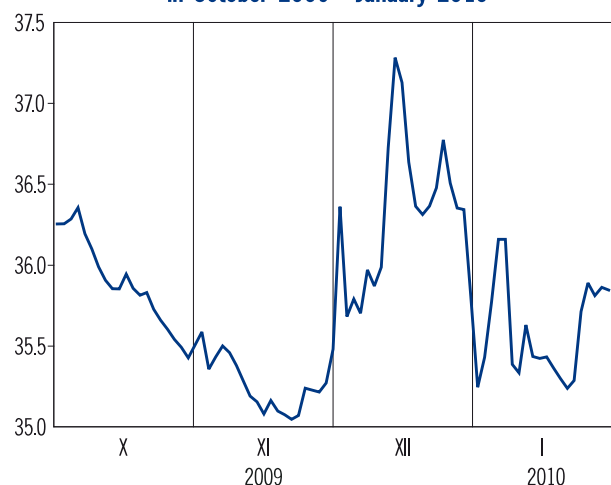
The nominal effective rate of the ruble against foreign currencies gained 3.5% in October-December after the 1.0% fall in 2009 Q3. Taking into consideration the slower rates of the ruble's appreciation against the euro registered in the quarter under review, one can note significant

Nominal US dollar/ruble and euro/ruble rate in October 2009 - January 2010

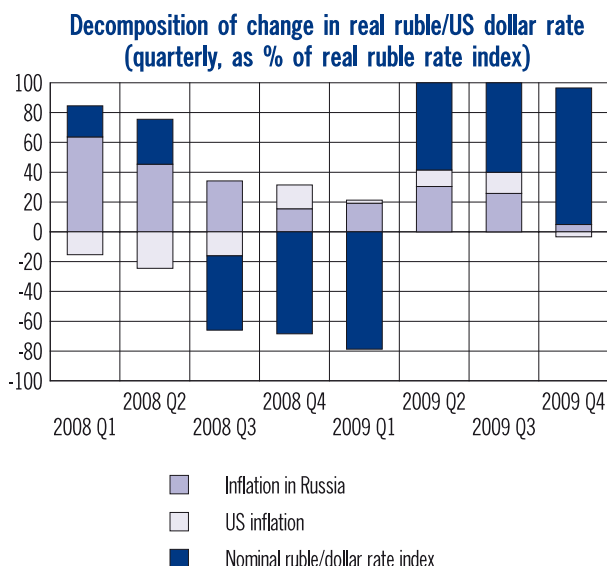


Source: Bank of Russia, Reuters.

Ruble value of bi-currency basket in October 2009 - January 2010



Source: Bank of Russia, Reuters.

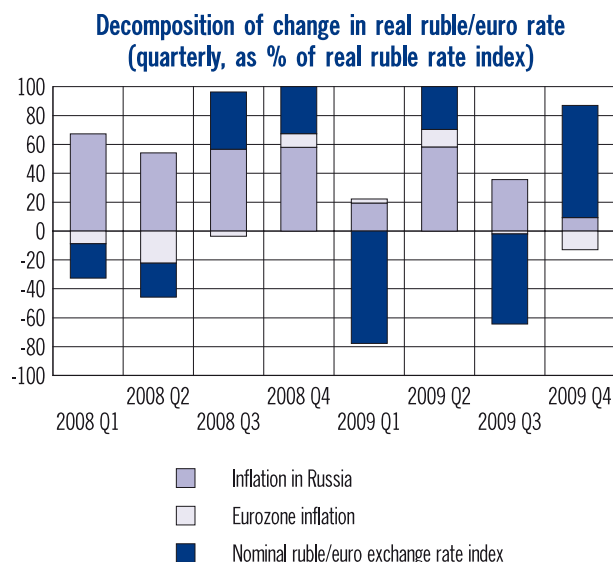


Source: Bank of Russia, Reuters.

growth in the nominal rate of the ruble against the currencies of Russia's non-eurozone trading partners.

The real rate of the ruble against the US dollar rose 6.4% in Q4 (it gained 3.3% in Q3). The ruble's rally against the dollar in real terms was largely due to the corresponding dynamics of the nominal exchange rate. According to preliminary data, in January 2010 the ruble appreciated 1.8% against the dollar in real terms.

The real effective rate of the ruble against the euro rose 2.9% in October-December after the 0.8% fall in 2009 Q3. The contribution of



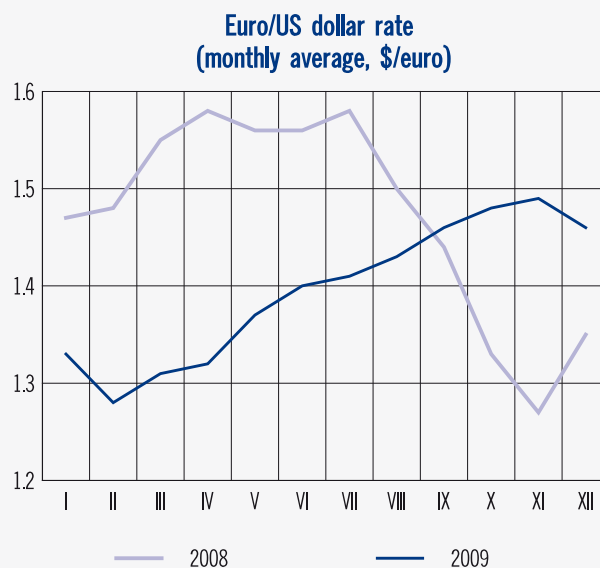
Source: Bank of Russia, Reuters.

the inflationary differential to the real ruble/euro rate dynamics also decreased compared with the quarter that preceded the quarter under review. The ruble continued to appreciate against the euro in real terms in January 2010, gaining an estimated 3.8%.

The real effective rate of the ruble against foreign currencies rose 3.0% in 2009 Q4, whereas in Q3 it remained virtually unchanged. The real rate of the ruble against the currencies of Russia's major trading partners increased 2.7% in October and 0.8% in November, whereas in December it fell 1.8%. Preliminary data indicate that

International currency market

The euro gained 7.5% against the US dollar on the international currency market in 2009 (December to December 2008). Among the currencies of Russia's major trading partners that rallied against the dollar and the euro were the Brazilian real, South Korean won, Swedish krona and Swiss franc. The pound sterling/euro rate remained virtually unchanged. The Japanese yen, Czech koruna, Polish zloty, Hungarian forint, Turkish lira and Indian rupee appreciated against the dollar but depreciated against the euro. The factor behind the dollar's depreciation in 2009 was the return of short-term capital from safer to riskier segments of the market as the situation on world financial markets stabilised. The yuan/dollar rate was stable since the middle of 2008 at 6.82-6.85 yuan to the dollar. The Ukrainian hryvnia, Kazakhstan tenge and Belarusian ruble declined against the dollar and the euro in 2009.



Source: Reuters.

in January 2010 the real effective rate of the ruble gained 2.5% against foreign currencies.

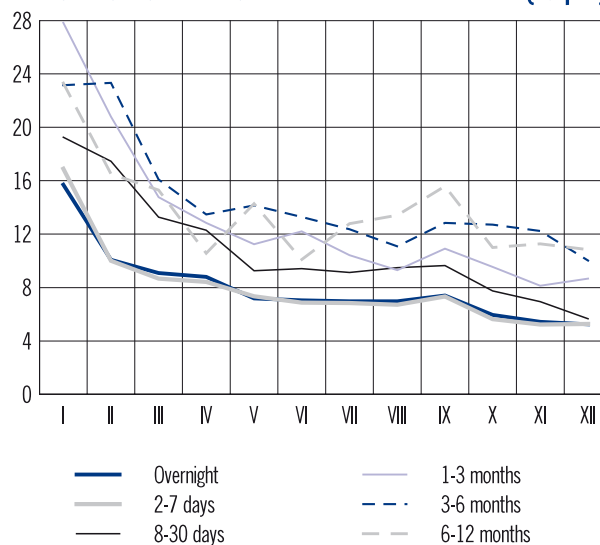
It has been estimated that the ruble exchange rate against foreign currencies, which in 2009 Q4 had an upward trend, will contribute to the slowing of consumer price inflation by 0.3-0.4 percentage points in 2010.

Interest rates

As inflation and inflationary expectations changed for the better in October-December 2009, the **Bank of Russia continued to cut interest rates on its operations** for making credit more accessible for economic agents and stimulating final demand. The overnight rate was cut from 10.0% to 8.75% p.a., 'tom-next' deposit rate from 4.75% to 3.5% p.a. and minimum 1-day repo rate from 7.25% to 6.0% p.a. In January 2010, the Bank of Russia made no changes in its interest rates.

Average **interbank rates on ruble loans** with different terms to redemption declined in Q4.

Interest rates on interbank ruble loans in 2009 (% p.a.)



Source: Bank of Russia.

The average quarterly overnight ruble MIACR fell from 6.8% p.a. in Q3 to 5.4% p.a. in Q4. During Q4, except December 31 when it plunged to an abnormally low level, the overnight ruble MIACR

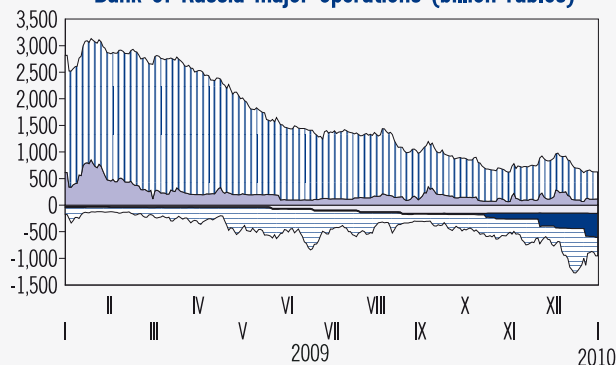
Liquidity situation and Bank of Russia operations

The situation on the money market remained stable in 2009 Q4 and in January 2010 and the level of banking sector liquidity was high. The volume of operations and debt on refinancing instruments contracted significantly as the average level of aggregate banking sector reserves increased as a result of growth in net foreign assets and net claims on the government sector.

Bank of Russia's average daily claims on credit institutions on the instruments of liquidity provided in October-December 2009 decreased from 1.3 trillion rubles in Q3 to 0.8 trillion rubles. The share of uncollateralised loans in Bank of Russia claims on credit institutions contracted from 42.3% in Q3 to 27.6% in Q4, while the share of loans extended against the collateral of 'non-market' assets and guarantees expanded from 42.2% to 51.2% and the share of repo operations from 11.5% to 17.0%. In January 2010, average daily claims further declined by about 100 billion rubles and the share of uncovered loans in them contracted to 22.7%. At the same time, Bank of Russia average daily debt to credit institutions on liquidity absorption instruments increased from about 340 billion rubles in Q3 to 410 billion rubles in Q4 and to 920 billion rubles in January 2010.

Amid favourable macroeconomic and banking sector stability indicators and the overall reduction of systemic risk, the Bank of Russia took the decision to limit credit institutions' possibilities to receive unsecured loans and gradually replace them by the conventional methods of providing liquidity. For this purpose, the Bank of Russia on February 1, 2010, lowered the credit risk limits set for each credit institution. In addition, it raised some of the minimum credit ratings credit institutions must have to receive uncollateralised loans.

Bank of Russia major operations (billion rubles)



- Required reserve accounts with Bank of Russia*
- Bank of Russia bonds (OBR)*
- ▨ Deposit accounts with Bank of Russia*
- ▩ Debt on overnight loans and repo operations
- ▧ Debt on Lombard loans, loans extended against 'non-market' assets or guarantees and uncovered loans

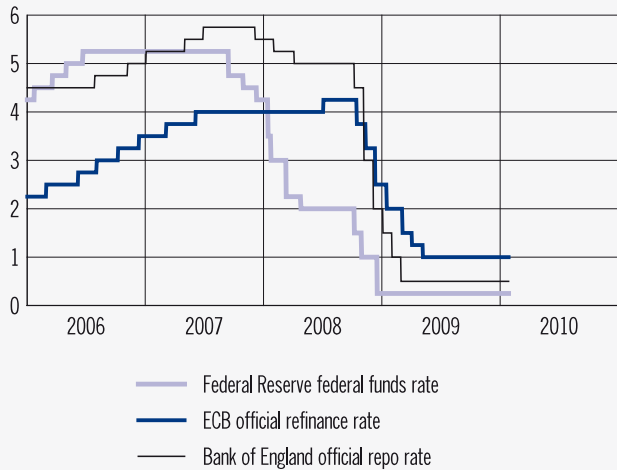
Balances of funds have the sign "-".
Source: Bank of Russia.

Foreign central bank policies

Since December 2008, the US Federal Reserve maintained the benchmark federal funds rate within the range of from 0% to 0.25% p.a. On March 2009, it began to conduct operations in which the benchmark was the volume of interventions in the form of open-market purchases of government bonds and mortgage agencies' securities. The Bank of England and Bank of Japan conducted liquidity-boosting operations, as the key monetary policy interest rate in Britain was cut down to 0.5% p.a. in March 2009 and Japan kept it unchanged at 0.1% p.a. since December 2008.

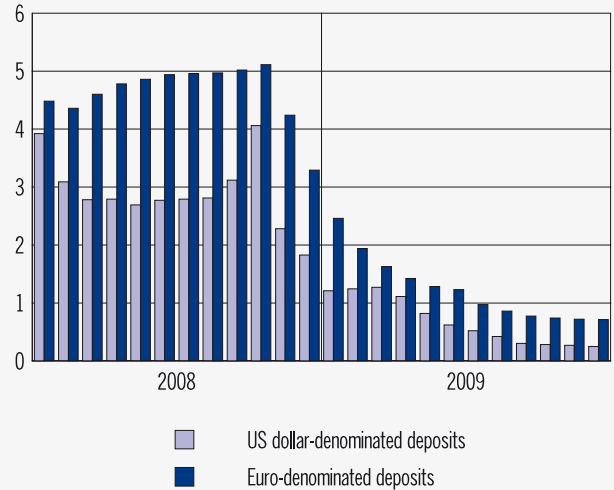
In the first half of 2009, the European Central Bank (ECB) cut the refinance rate from 2.5% to 1% p.a. In addition to the key refinancing operations, the ECB conducted in 2009 special operations to inject liquidity into banks for a period of 3 months to 1 year. Many emerging market countries, including Ukraine and Kazakhstan, cut interest rates. The National Bank of the Republic of Belarus raised in January 2009 the refinance rate from 12% to 14% p.a., but in December cut it to 13.5% p.a. The People's Bank of China kept on hold the benchmark interest rates on yuan-denominated deposits and loans in 2009.

European Central Bank, Federal Reserve and Bank of England interest rates (% p.a.)



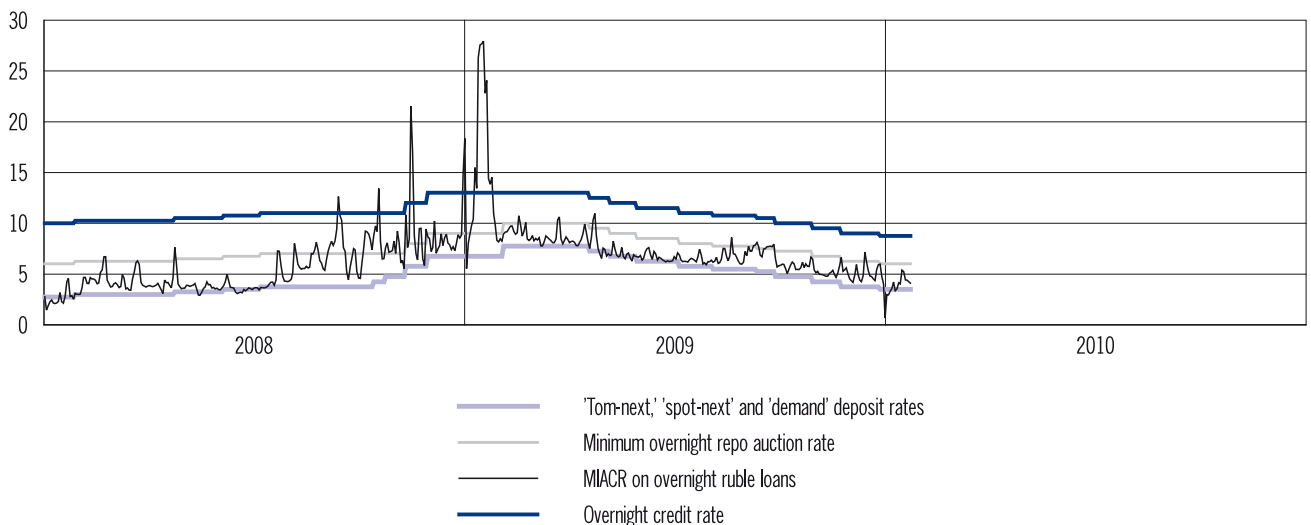
Source: Bank of Russia.

LIBOR on six-month US dollar- and euro-denominated deposits (monthly averages, % p.a.)



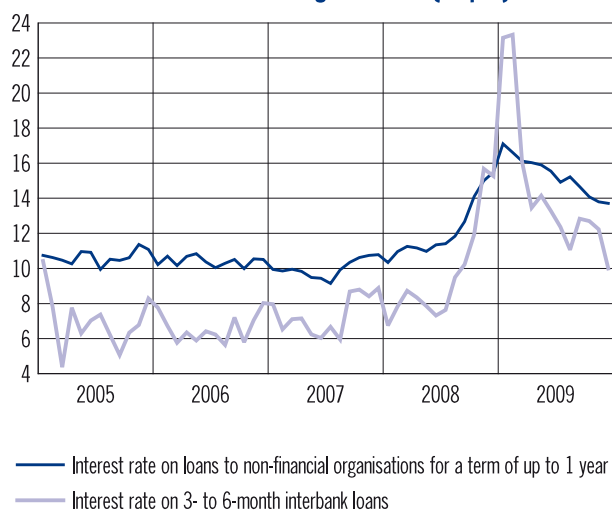
Source: Reuters.

Bank of Russia interest rates and MIACR (% p.a.)



Source: Bank of Russia.

Interest rates on ruble interbank loans and loans to non-financial organisations (% p.a.)

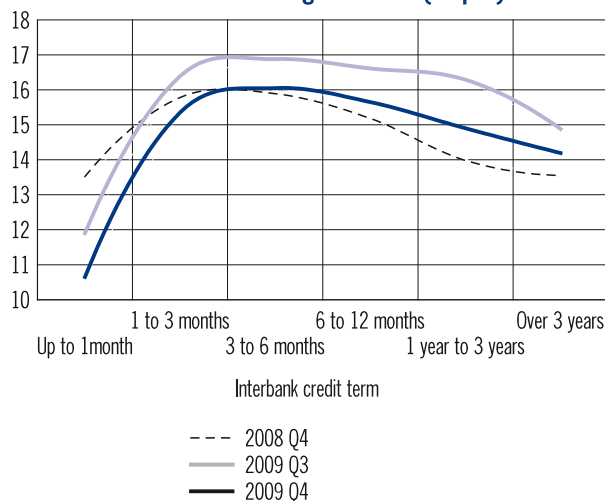


Source: Bank of Russia.

ranged between 4.0% and 7.1% p.a. (in Q3, it varied between 5.9% and 8.6% p.a.). In January 2010, it changed between 2.9% and 5.4% p.a. The average overnight ruble MIACR stood at 4.0% p.a. in January, a fall of 1.1 percentage points on December. The interest rate on ruble interbank loans placed by Russian banks for a term of 2-7 days declined from 7.0% p.a. in Q3 to 5.4% p.a. in Q4, the rate on 8-30 day loans fell from 9.4% to 6.8% p.a. and the rate on 1-3-month loans was down from 10.2% to 8.8% p.a.

Interest rates on **household deposits** with all terms, except deposits with terms of over 3 years, started to fall in Q4. In that period, the av-

Yield curve for ruble loans to non-financial organisations (% p.a.)



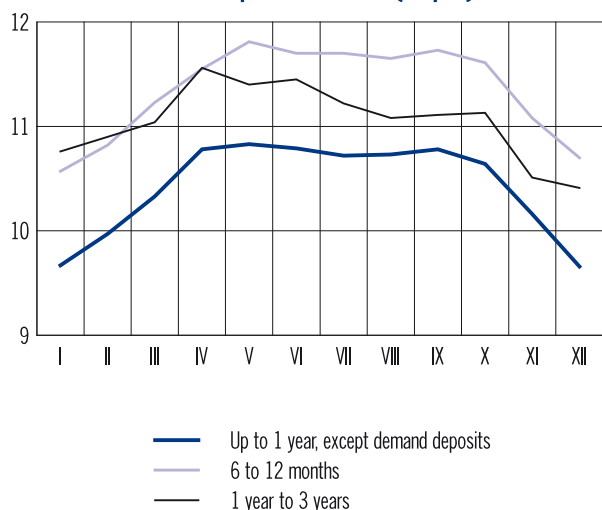
Source: Bank of Russia.

erage rate on household short-term ruble deposits declined by 0.6 percentage points quarter on quarter and stood at 10.2% p.a. The average rate on ruble household long-term deposits dropped by half a percentage point to 10.7% p.a.

The average quarterly interest rate on ruble **household long-term loans** fell in Q4 by 0.7 percentage points quarter on quarter, to 19.5% p.a. The average short-term credit rate was down by 0.1 percentage points to 30.5% p.a.

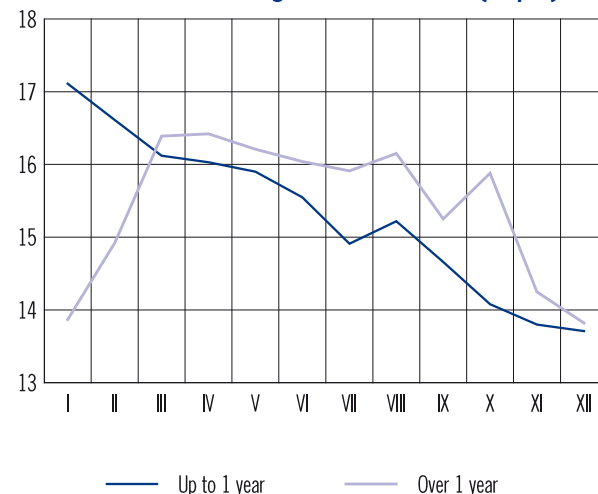
Interest rates on **loans to non-financial organisations** with all terms continued to decline. The average quarterly rate on long-term loans fell over that period by 1.1 percentage points to

Interest rates on household ruble deposits in 2009 (% p.a.)



Source: Bank of Russia.

Interest rates on rubles loans extended to non-financial organisations in 2009 (% p.a.)



Source: Bank of Russia.

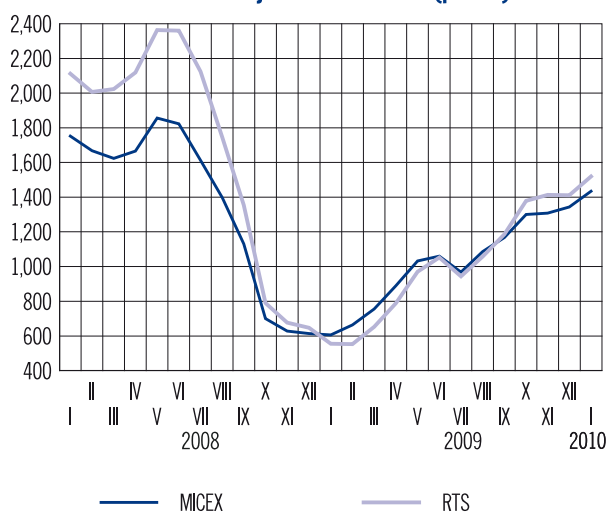
14.7% p.a. In Q4, the average short-term rate was down by 1.0 percentage point on Q3 and stood at 13.9% p.a. The most significant fall in interest rates was on loans with terms up to 1 month and from 1 year to 3 years (by 1.2 percentage points and by 1.4 percentage points respectively). The yield curve for loans to non-financial organisations in Q4 was rising in the up-to-6-months sector and falling in the longer-term sector, moving down throughout its length.

Asset prices

In Q4, securities prices on the Russian **stock market** rose much more slowly than in Q3. During the first 20 days of October, share prices rapidly increased and in the last 10 days of that month and up to the end of December they fluctuated within a wide range amid market participants' higher expectation of 'overheating' and an inevitable price downturn caused by negative external and internal factors. As of December 31, the MICEX index rose 14.4% quarter on quarter, to 1,370.01 points and the RTS index gained 15.2% and stood at 1,444.61 points. The average MICEX and RTS indices in Q4 exceeded the previous quarter's levels by 22.9% and 32.0% respectively.

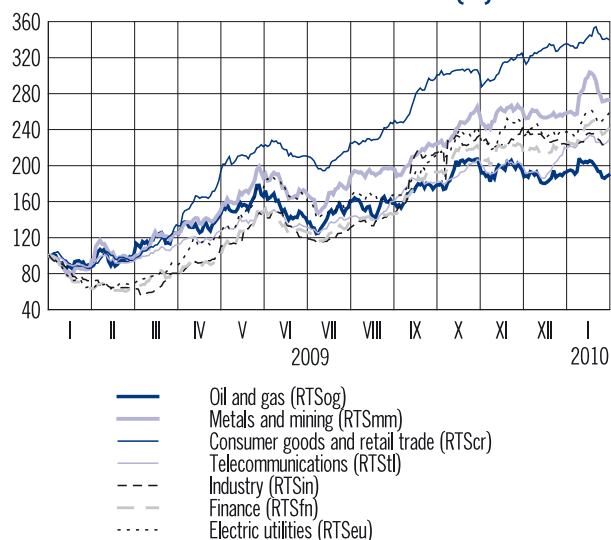
As in the previous quarter, in Q4 the RTS index rose faster than the similar indices in most of the emerging market countries. The stock market indices of India, Brazil and China rose 2.0%, 11.5% and 17.9% respectively.

Russia's major stock indices (points)*



* Monthly averages. Source: MICEX, RTS.

RTS sectoral indices in 2009 (%)*

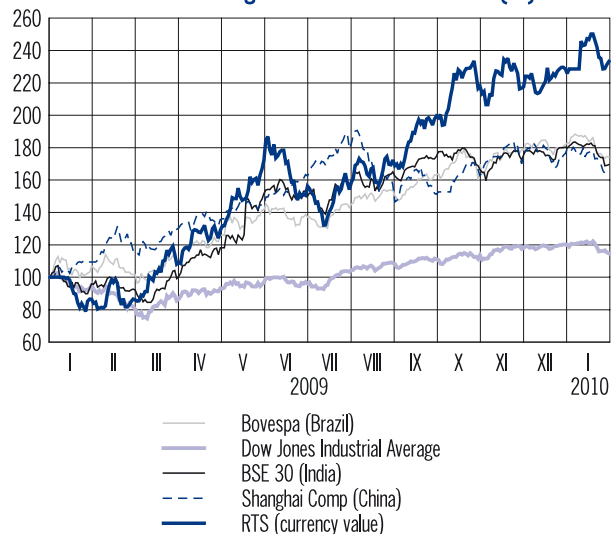


* Indices as of December 31, 2008 = 100%. Source: RTS, Bank of Russia calculations.

There was a slowing of growth in the prices of corporate stocks in most sectors of the Russian economy in Q4 and as a result, prices of telecommunications, metallurgy and financial sector stocks increased the most.

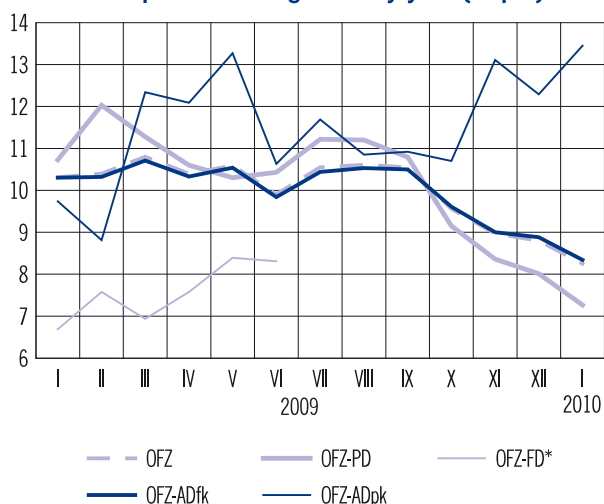
In January 2010, Russian stock prices demonstrated different dynamics. By the end of that month, the MICEX index gained 3.6% month on month and reached 1,419.42 points and the RTS index rose 2.0% to 1,473.81 points. Most of the sectors saw prices of their corporate stocks increase in January, except the manufacturing and oil and gas sectors.

RTS and foreign stock indices in 2009 (%)*



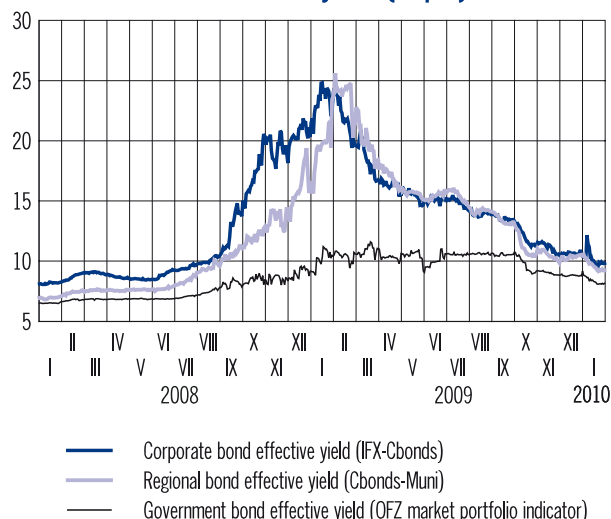
* Indices as of December 31, 2008 = 100%. Source: RTS, Reuters, Bank of Russia calculations.

OFZ portfolio average monthly yield (% p.a.)



* Out of circulation since June 3, 2009.
Source: Bank of Russia.

Russian bond yields (% p.a.)



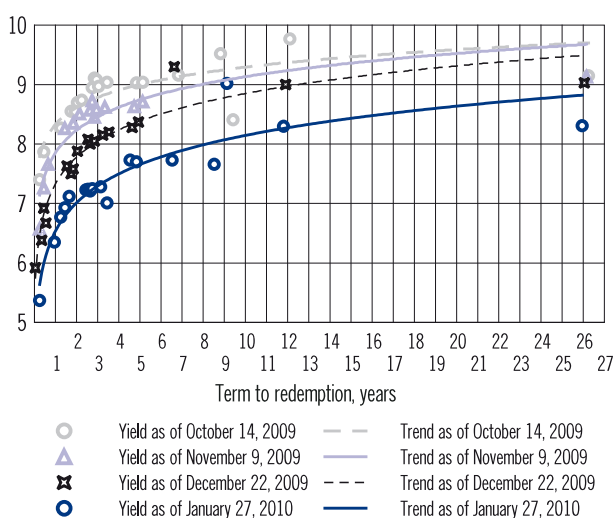
Source: Bank of Russia, Cbonds.ru.

Yields mostly fell on the **OFZ market** in 2009 Q4. By the end of that period, the effective OFZ market portfolio indicator (MPI) declined by 2.1 percentage points quarter on quarter, to 8.6% p.a. The average quarterly effective MPI dropped by 1.5 percentage points to 9.1% p.a. OFZ yields kept falling until the last 10 days of January 2010 and subsequently changed within a narrow horizontal range. By the end of January, the effective MPI slipped by half a percentage point to 8.2%. The average effective MPI decreased in January by 0.6 percentage points on the previous month and stood at 8.2% p.a.

The OFZ yield curve retained its rising shape while moving down. By the end of January 2010, the slant of the government bond yield curve had decreased slightly compared with what it was in the last three months of the previous year.

Yields continued to fall on the **ruble corporate and regional bonds market** in the period from October 2009 through January 2010. In Q4, average yield on corporate and regional bonds stood at 11.2% and 10.6% p.a. respectively as against 14.1% and 14.4% p.a. in Q3. In January 2010, average corporate and regional bond yield fell by 0.7 percentage points and 0.9 percentage points month on month, to 10.0% and 9.4% p.a. respectively. Spreads between OFZ, corporate and regional bond yields continued to narrow in the October 2009-January 2010 period.

OFZ effective yield curve (% p.a.)



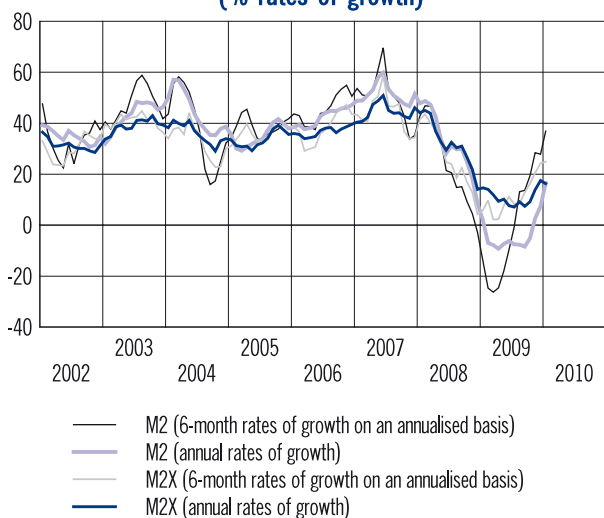
Source: Bank of Russia.

Monetary aggregates

Beginning from 2009 Q3, demand for the national currency as a store of value began to gradually rise amid growth in the ruble exchange rate. At the same time, the recovery of the demand for money was restrained by sluggish economic activity and asset price dynamics, especially on the real estate market.

The ruble supply expanded 16.3% in 2009. The annual rates of growth in M2 monetary aggregate started to accelerate in October, largely owing to the so-called 'base effect,' the rapid fall in the annualised rates of M2 growth in the sec-

Seasonally-smoothed M2 and M2X (% rates of growth)

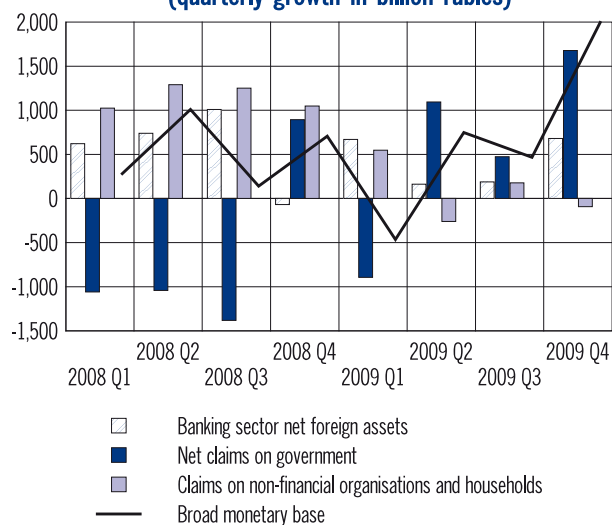


Source: Bank of Russia.

ond half of 2008. The analysis of the annualised 3- and 6-month rates of M2 growth, which depend to a lesser extent on the previous year's indicators, shows the significant acceleration of M2 growth rates on 2009 Q2.

In the second half of 2009, seasonally-adjusted monthly rates of growth in M2 monetary aggregate began to accelerate and in Q4 they virtually reached the pre-crisis level. The principal source of growth in the money supply in Q4, just as in Q2 and Q3, was the increase in net claims on government.

Principal sources of growth in money supply (quarterly growth in billion rubles)



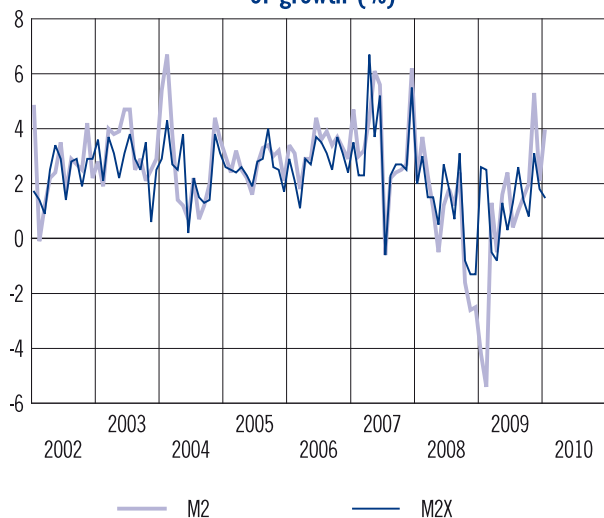
Source: Bank of Russia.

The highest rates of growth in the M2 components were demonstrated by the ruble household time deposits, which increased 27.6% in 2009.

The annual rates of growth in the most liquid monetary aggregate, which comprises cash and demand deposits, were negative during almost the entire year 2009, except December. As a result of the significant acceleration of growth in this monetary aggregate in December, its overall increase in 2009 reached 8.9%.

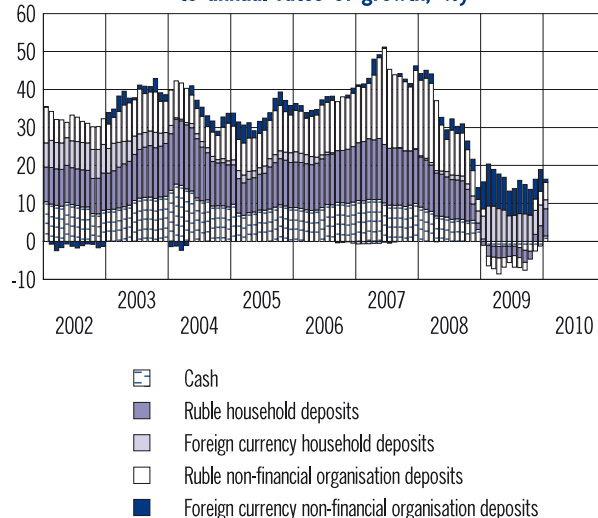
The dynamics of cash in circulation in 2009 was affected in great measure by the changing

Seasonally-smoothed M2 and M2X monthly rates of growth (%)



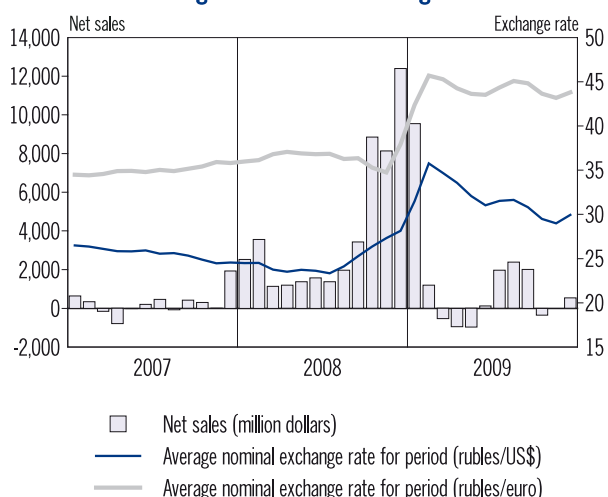
Source: Bank of Russia.

M2X (contributions by various components to annual rates of growth, %)



Source: Bank of Russia.

Net sales of foreign currency to households through exchange offices and exchange rate



Source: Bank of Russia.

public preferences in regard of foreign exchange. The most significant absolute contraction of M0 monetary aggregate was registered in 2009 Q1. It was characterised by the largest volumes of net sales of foreign currency to households through the exchange offices in recent years. Nevertheless, as the devaluation expectations subsided and net foreign exchange sales declined, the monthly rates of growth in cash accelerated and, as a result, M0 monetary aggregate grew 6.4% in 2009.

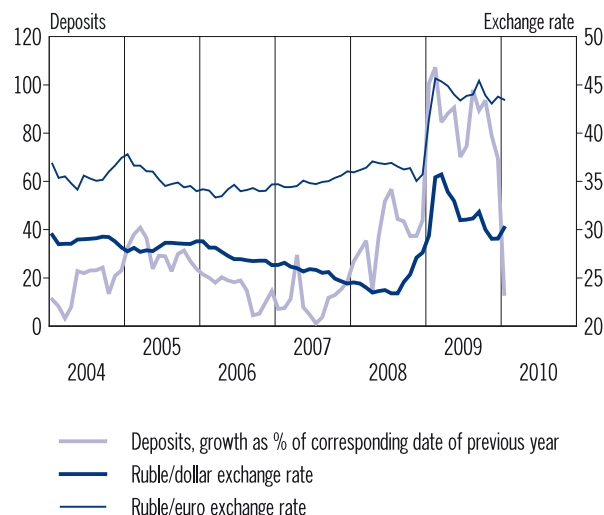
The M2X broad monetary base, which comprises foreign currency deposits, expanded 16.4% in 2009. Annual rates of growth in broad monetary base began to accelerate from Q4. The analysis of the annualised 3- and 6-month rates of growth in M2X monetary aggregate indicates the acceleration of M2X growth rates approximately from the middle of Q3.

Seasonally-adjusted monthly rates of M2X growth began to accelerate in the second half of 2009, but they have not yet reached the pre-crisis level.

Monthly rates of growth in foreign currency deposits declined in 2009 despite their slight increase in July and August. In 2009, foreign currency deposits grew 16.5% in ruble terms, the biggest increase was in January. The level of dollarization of deposits¹ gradually contracted from

¹ The level of dollarization in this case is the share of foreign currency deposits (in ruble terms) in the broad monetary base.

Foreign currency deposits and exchange rate



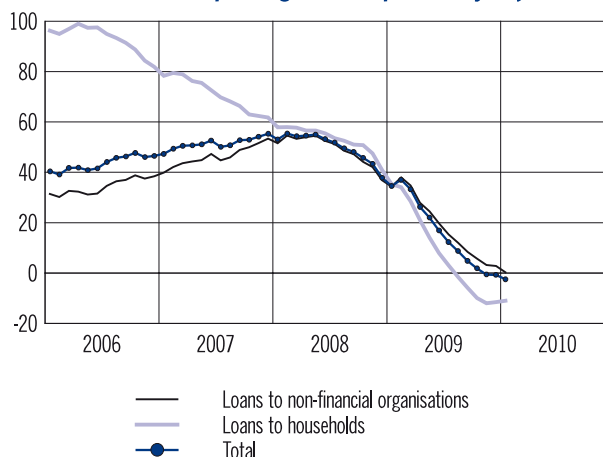
Source: Bank of Russia.

the highest level of 26.8%, registered as of February 1, 2009, to 19.6% as of January 1, 2010.

Credit aggregates

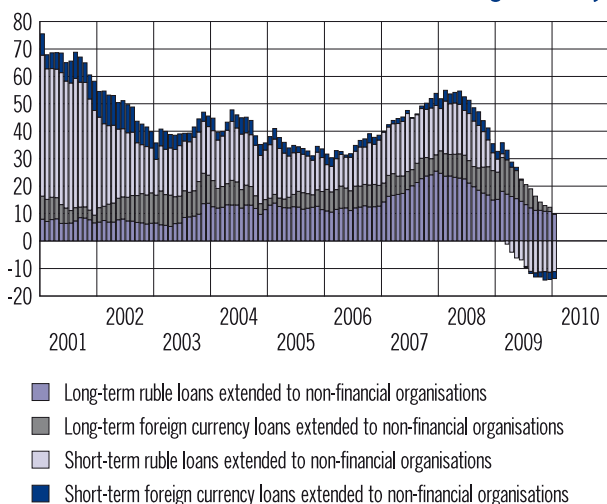
The dynamics of credit aggregates in 2009 Q4 did not indicate any change in the negative trends on the credit markets. Debt continued to contract on all categories of credit in absolute terms, except long-term loans to non-financial organisations and short-term loans to households. Debt on loans to non-financial organisations increased by a lowly 0.3% in 2009 (a year earlier, it grew 34.3%), whereas debt on loans to households contracted 11.0% in absolute terms

Loans to non-financial organisations and households in rubles and foreign currency (growth as % of corresponding date of previous year)



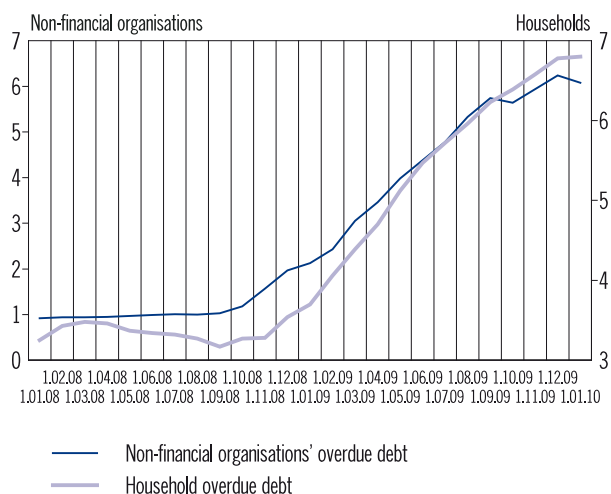
Source: Bank of Russia.

Loans to non-financial organisations (contributions of various kinds of loans to annual rates of growth, %)



Source: Bank of Russia.

Overdue debt on loans to non-financial organisations and households (% share of total debt)



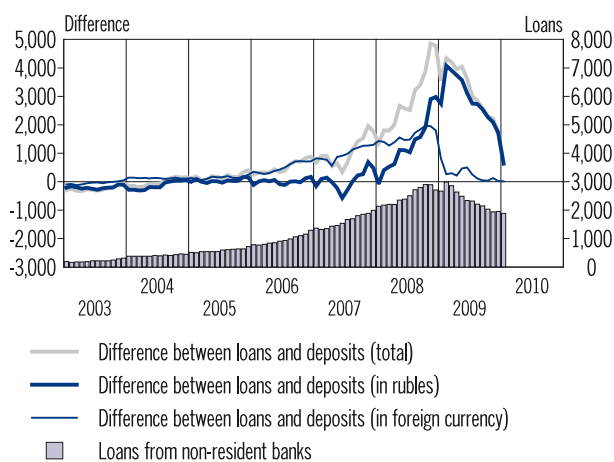
Source: Bank of Russia.

(in 2008, it increased 35.2%). Over the year, total debt on loans contracted 2.5% in absolute terms.

Credit aggregate dynamics in 2009 was determined to some extent by significantly decreased demand for credit as a result of the de-

terioration of the macroeconomic situation and tougher borrowing conditions. At the same time, now that economic growth has resumed, the low level of lending activity may become a factor hindering the recovery. Therefore, the recovery of the credit markets in the next few quarters may be extremely important for the real sector.

Difference between loans and deposits* and loans to Russian banks by non-resident banks (billion rubles)



* Loans are debt on loans to non-financial organisations and households; deposits are non-financial organisation and household deposits.
Source: Bank of Russia.

Preconditions for this should be created by a favourable liquidity situation on the interbank money market and the expansion of credit institutions' deposit base, which accelerated significantly in the second half of 2009. As a result of growth in ruble deposits, the gap that appeared between deposits and loans by the beginning of 2009 and became one of the reasons for the credit crunch amid the decreased accessibility of credit on foreign markets has narrowed significantly. The improved bank balance sheet proportions may become a factor of credit recovery.

At the same time, the dynamics of overdue debt, which continued to increase in 2009 Q4, remains a negative factor affecting the quality of banks' balance sheet indicators.

Statistical Addendum

Table 1

Consumer prices by group of goods and services (month on month. %)

	Monthly inflation	Core inflation	Food price growth	Food price growth ¹	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices ²	Service price growth
2007								
January	1.7	0.6	0.9	0.6	4.1	0.4	0.4	4.7
February	1.1	0.5	0.8	0.5	3.6	0.3	0.4	2.6
March	0.6	0.5	0.8	0.5	3.2	0.4	0.4	0.6
April	0.6	0.5	0.8	0.5	3.1	0.4	0.4	0.5
May	0.6	0.3	1.0	0.1	7.8	0.4	0.3	0.5
June	1.0	0.4	1.7	0.4	12.2	0.3	0.3	0.6
July	0.9	0.9	1.4	1.4	1.9	0.4	0.4	0.6
August	0.1	1.1	-0.6	1.6	-16.1	0.6	0.5	0.5
September	0.8	1.6	1.0	2.2	-8.8	0.8	0.8	0.4
October	1.6	2.1	3.3	3.5	0.9	0.9	0.9	0.1
November	1.2	1.1	1.9	1.5	6.2	0.9	0.8	0.6
December	1.1	0.9	1.6	1.2	5.6	0.7	0.5	0.9
Full year (December on December)	11.9	11.0	15.6	14.9	22.2	6.5	6.4	13.3
2008								
January	2.3	1.1	1.9	1.2	8.3	0.6	0.6	5.4
February	1.2	1.0	1.7	1.3	5.1	0.6	0.6	1.4
March	1.2	1.1	2.0	1.5	5.9	0.7	0.7	0.6
April	1.4	1.3	2.2	1.8	5.5	0.9	0.7	1.0
May	1.4	1.1	2.1	1.5	6.4	0.8	0.6	1.0
June	1.0	0.9	1.1	1.2	0.4	0.7	0.5	1.1
July	0.5	0.8	0.1	1.0	-6.7	0.7	0.5	0.9
August	0.4	1.0	-0.2	1.2	-11.3	0.6	0.6	0.9
September	0.8	1.4	0.7	1.5	-6.4	0.7	0.8	1.0
October	0.9	1.3	1.6	1.8	-0.4	0.8	1.0	0.0
November	0.8	1.1	1.3	1.3	1.0	0.5	0.9	0.7
December	0.7	0.8	1.0	1.0	1.7	0.1	0.6	1.0
Full year (December on December)	13.3	13.6	16.5	17.5	7.7	8.0	8.4	13.3
2009								
January	2.4	1.3	1.4	1.1	4.7	0.7	1.0	6.3
February	1.7	1.6	1.9	1.5	4.9	1.6	1.8	1.4
March	1.3	1.4	1.7	1.4	4.5	1.4	1.6	0.6
April	0.7	0.8	0.7	0.8	-0.1	1.0	1.1	0.3
May	0.6	0.5	0.7	0.3	4.1	0.7	0.8	0.3
June	0.6	0.3	0.5	0.1	3.9	0.8	0.3	0.5
July	0.6	0.3	0.6	0.2	3.2	0.6	0.2	0.8
August	0.0	0.5	-0.9	0.4	-11.0	0.6	0.4	0.4
September	0.0	0.5	-0.8	0.4	-11.5	0.7	0.6	0.1
October	0.0	0.3	-0.5	0.0	-6.1	0.6	0.7	-0.1
November	0.3	0.3	0.3	0.2	0.9	0.4	0.4	0.1
December	0.4	0.4	0.6	0.3	3.0	0.2	0.3	0.5
Full year (December on December)	8.8	8.3	6.1	6.9	-1.7	9.7	9.8	11.6

¹ Excluding vegetables and fruit.

² Bank of Russia estimate.

Note. Tables 1 to 7 are based on Rosstat data and Bank of Russia calculations.

Table 2

**Consumer prices by group of goods and services
(since start of year on accrual basis, %)**

	Inflation	Core inflation	Food price growth	Food price growth ¹	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices ²	Service price growth
2007								
January	1.7	0.6	0.9	0.6	4.1	0.4	0.4	4.7
February	2.8	1.1	1.8	1.1	7.8	0.7	0.8	7.4
March	3.4	1.7	2.6	1.7	11.2	1.1	1.2	8.0
April	4.0	2.2	3.3	2.1	14.7	1.5	1.7	8.6
May	4.7	2.5	4.3	2.3	23.6	1.9	2.0	9.1
June	5.7	3.0	6.1	2.7	38.6	2.2	2.3	9.8
July	6.6	3.9	7.6	4.1	41.2	2.6	2.8	10.5
August	6.7	5.0	7.0	5.8	18.5	3.2	3.3	11.1
September	7.5	6.7	8.1	8.1	8.1	4.0	4.2	11.6
October	9.3	8.9	11.6	11.9	9.0	4.9	5.1	11.7
November	10.6	10.1	13.7	13.5	15.7	5.8	5.9	12.4
December	11.9	11.0	15.6	14.9	22.2	6.5	6.4	13.3
2008								
January	2.3	1.1	1.9	1.2	8.3	0.6	0.6	5.4
February	3.5	2.1	3.6	2.5	13.9	1.2	1.2	6.8
March	4.8	3.2	5.7	4.0	20.6	2.0	1.9	7.5
April	6.3	4.5	8.0	5.9	27.2	2.9	2.6	8.5
May	7.7	5.7	10.2	7.5	35.4	3.7	3.2	9.6
June	8.7	6.7	11.4	8.7	36.0	4.4	3.7	10.8
July	9.3	7.6	11.5	9.8	26.9	5.2	4.2	11.9
August	9.7	8.6	11.3	11.2	12.5	5.8	4.9	12.9
September	10.6	10.1	12.1	12.9	5.3	6.5	5.7	14.1
October	11.6	11.5	13.9	14.9	4.8	7.3	6.8	14.1
November	12.5	12.7	15.3	16.3	5.9	7.8	7.8	14.8
December	13.3	13.6	16.5	17.5	7.7	8.0	8.4	13.3
2009								
January	2.4	1.3	1.4	1.1	4.7	0.7	1.0	6.3
February	4.1	2.9	3.3	2.6	9.8	2.3	2.8	7.8
March	5.4	4.3	5.0	4.0	14.7	3.8	4.5	8.5
April	6.2	5.2	5.8	4.8	14.6	4.8	5.7	8.7
May	6.8	5.7	6.5	5.1	19.3	5.5	6.5	9.1
June	7.4	6.0	7.0	5.2	24.0	6.3	6.9	9.6
July	8.1	6.3	7.6	5.4	28.0	7.0	7.1	10.5
August	8.1	6.8	6.6	5.8	14.0	7.6	7.6	10.9
September	8.1	7.3	5.8	6.3	0.8	8.3	8.2	11.0
October	8.1	7.6	5.2	6.3	-5.4	9.0	9.0	10.9
November	8.4	8.0	5.5	6.5	-4.5	9.4	9.4	11.1
December	8.8	8.3	6.1	6.9	-1.7	9.7	9.8	11.6

¹ Excluding vegetables and fruit.

² Bank of Russia estimate.

Table 3

**Consumer prices by group of goods and services
(month on corresponding month of previous year, %)**

	Inflation	Core inflation ¹	Food price growth	Food price growth ²	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices ¹	Service price growth
2007								
January	8.2	7.7	7.6	8.0	3.1	6.0	5.7	12.3
February	7.6	6.9	5.3	6.6	-5.1	5.8	5.6	14.2
March	7.4	6.7	4.9	6.2	-5.2	5.8	5.6	14.0
April	7.6	6.8	5.4	6.3	-1.9	5.9	5.8	13.9
May	7.8	6.7	5.9	6.3	3.0	5.9	5.7	13.8
June	8.5	6.9	7.7	6.6	16.2	5.9	5.7	13.7
July	8.7	7.3	8.3	7.4	15.3	5.9	5.8	13.7
August	8.6	7.8	8.3	8.3	7.5	5.7	5.8	13.4
September	9.4	8.7	10.0	10.0	10.2	5.8	6.1	13.4
October	10.8	10.3	13.6	13.4	15.9	6.0	6.3	13.1
November	11.5	10.9	14.9	14.4	19.8	6.3	6.4	13.2
December	11.9	11.0	15.6	14.9	22.2	6.5	6.4	13.3
2008								
January	12.6	11.5	16.7	15.7	27.2	6.8	6.6	14.1
February	12.7	12.1	17.6	16.5	29.1	7.0	6.8	12.7
March	13.3	12.7	19.1	17.6	32.6	7.4	7.1	12.7
April	14.3	13.5	20.8	19.1	35.6	8.0	7.4	13.3
May	15.1	14.5	22.1	20.8	33.9	8.4	7.7	13.9
June	15.1	15.1	21.3	21.7	19.9	8.9	7.9	14.4
July	14.7	15.0	19.8	21.2	9.8	9.2	8.0	14.7
August	15.0	14.8	20.2	20.8	16.1	9.2	8.1	15.2
September	15.0	14.5	19.9	20.0	19.0	9.1	8.1	15.9
October	14.2	13.7	17.9	18.0	17.5	9.1	8.2	15.7
November	13.8	13.7	17.2	17.7	11.9	8.6	8.4	15.8
December	13.3	13.6	16.5	17.5	7.7	8.0	8.4	13.3
2009								
January	13.4	13.9	15.9	17.3	4.1	8.1	8.9	16.9
February	13.9	14.6	16.1	17.6	3.8	9.2	10.2	17.0
March	14.0	14.9	15.8	17.4	2.5	9.9	11.2	17.0
April	13.2	14.4	14.1	16.3	-3.0	10.0	11.7	16.2
May	12.3	13.6	12.5	14.9	-5.1	9.9	11.9	15.4
June	11.9	12.9	11.9	13.7	-1.8	9.9	11.7	14.6
July	12.0	12.3	12.4	12.7	8.7	9.8	11.4	14.5
August	11.6	11.7	11.6	11.8	9.1	9.9	11.2	13.9
September	10.7	10.8	9.9	10.6	3.2	9.9	11.0	12.8
October	9.7	9.6	7.6	8.7	-2.8	9.6	10.6	12.7
November	9.1	8.8	6.6	7.6	-2.9	9.6	10.0	12.1
December	8.8	8.3	6.1	6.9	-1.7	9.7	9.8	11.6

¹ Bank of Russia estimate.

² Excluding vegetables and fruit.

Table 4

**Inflation growth over period since start of year due to price changes
by group of goods and services (percentage points)**

	Foodstuffs ¹	Non-food products	Paid services	Vegetables and fruit	Inflation over period, %	Core inflation	Non-core inflation ²
2007							
January	0.2	0.1	1.2	0.2	1.7	0.5	1.2
February	0.4	0.3	1.8	0.3	2.8	0.9	1.9
March	0.6	0.4	2.0	0.4	3.4	1.3	2.1
April	0.8	0.5	2.1	0.6	4.0	1.7	2.3
May	0.8	0.7	2.3	0.9	4.7	1.9	2.7
June	1.0	0.8	2.4	1.5	5.7	2.3	3.4
July	1.5	0.9	2.6	1.6	6.6	3.0	3.6
August	2.1	1.1	2.7	0.7	6.7	3.9	2.8
September	3.0	1.4	2.9	0.3	7.5	5.3	2.3
October	4.3	1.7	2.9	0.3	9.3	7.0	2.3
November	4.9	2.0	3.1	0.6	10.6	7.9	2.7
December	5.4	2.3	3.3	0.9	11.9	8.7	3.2
2008							
January	0.4	0.2	1.3	0.3	2.3	0.8	1.5
February	0.9	0.4	1.7	0.5	3.5	1.6	1.9
March	1.4	0.7	1.9	0.8	4.8	2.5	2.3
April	2.1	1.0	2.1	1.0	6.3	3.6	2.7
May	2.6	1.3	2.4	1.4	7.7	4.5	3.2
June	3.1	1.6	2.7	1.4	8.7	5.3	3.5
July	3.5	1.9	3.0	1.0	9.3	6.0	3.3
August	3.9	2.1	3.2	0.5	9.7	6.8	2.9
September	4.5	2.3	3.5	0.2	10.6	8.0	2.6
October	5.2	2.6	3.5	0.2	11.6	9.2	2.4
November	5.8	2.8	3.7	0.2	12.5	10.1	2.4
December	6.2	2.9	4.0	0.3	13.3	10.8	2.5
2009							
January	0.4	0.3	1.6	0.2	2.4	1.0	1.4
February	0.9	0.9	2.0	0.4	4.1	2.4	1.7
March	1.4	1.4	2.1	0.5	5.4	3.5	2.0
April	1.6	1.8	2.2	0.5	6.2	4.2	2.0
May	1.8	2.1	2.3	0.7	6.8	4.6	2.2
June	1.8	2.4	2.4	0.9	7.4	4.8	2.6
July	1.9	2.6	2.6	1.0	8.1	5.1	3.0
August	2.0	2.9	2.7	0.5	8.1	5.5	2.6
September	2.1	3.1	2.8	0.0	8.1	5.9	2.1
October	2.1	3.4	2.7	-0.2	8.1	6.1	1.9
November	2.2	3.5	2.8	-0.2	8.4	6.4	1.9
December	2.4	3.6	2.9	-0.1	8.8	6.7	2.1

¹ Excluding vegetables and fruit.

² Growth in prices of goods and paid services not included in the calculation of the core consumer price index.

Table 5

**Monthly inflation growth due to price changes
by group of goods and services (percentage points)**

	Foodstuffs ¹	Non-food products	Paid services	Vegetables and fruit	Inflation over period, %	Core inflation	Non-core inflation ²
2007							
January	0.2	0.1	1.2	0.2	1.7	0.5	1.2
February	0.2	0.1	0.7	0.1	1.1	0.4	0.7
March	0.2	0.1	0.1	0.1	0.6	0.4	0.2
April	0.2	0.1	0.1	0.1	0.6	0.4	0.2
May	0.1	0.1	0.1	0.3	0.6	0.2	0.4
June	0.2	0.1	0.2	0.6	1.0	0.3	0.6
July	0.5	0.1	0.2	0.1	0.9	0.7	0.2
August	0.6	0.2	0.1	-0.8	0.1	0.8	-0.7
September	0.8	0.3	0.1	-0.4	0.8	1.3	-0.5
October	1.3	0.3	0.0	0.0	1.6	1.6	0.0
November	0.5	0.3	0.2	0.2	1.2	0.8	0.4
December	0.5	0.2	0.2	0.2	1.1	0.7	0.5
2008							
January	0.4	0.2	1.3	0.3	2.3	0.8	1.5
February	0.4	0.2	0.3	0.2	1.2	0.8	0.4
March	0.5	0.3	0.2	0.3	1.2	0.8	0.3
April	0.6	0.3	0.3	0.2	1.4	1.0	0.4
May	0.5	0.3	0.3	0.3	1.4	0.9	0.5
June	0.4	0.3	0.3	0.0	1.0	0.7	0.2
July	0.4	0.2	0.2	-0.3	0.5	0.7	-0.1
August	0.4	0.2	0.2	-0.5	0.4	0.8	-0.4
September	0.5	0.2	0.3	-0.3	0.8	1.1	-0.3
October	0.6	0.3	0.0	0.0	0.9	1.1	-0.2
November	0.5	0.2	0.2	0.0	0.8	0.8	0.0
December	0.4	0.0	0.2	0.1	0.7	0.6	0.1
2009							
January	0.4	0.3	1.6	0.2	2.4	1.0	1.4
February	0.5	0.6	0.4	0.2	1.7	1.3	0.3
March	0.5	0.5	0.2	0.2	1.3	1.1	0.2
April	0.3	0.4	0.1	0.0	0.7	0.7	0.0
May	0.1	0.3	0.1	0.2	0.6	0.4	0.2
June	0.0	0.3	0.1	0.2	0.6	0.2	0.4
July	0.1	0.2	0.2	0.1	0.6	0.2	0.4
August ³					0.0		
September ³					0.0		
October					0.0		
November	0.1	0.1	0.0	0.0	0.3	0.3	0.0
December	0.1	0.1	0.1	0.1	0.4	0.3	0.1

¹ Excluding vegetables and fruit.

² Growth in prices of goods and paid services not included in the calculation of the core consumer price index.

³ Owing to zero inflation in August and September 2009, estimates may vary.

Table 6

**Contribution to inflation growth over period since start of year
by group of goods and services (%)**

	Foodstuffs ¹	Non-food products	Paid services	Vegetables and fruit	Core inflation	Non-core inflation ²
2007						
January	13.4	8.3	69.0	9.3	29.5	70.5
February	14.9	9.2	65.3	10.6	31.3	68.7
March	17.8	11.6	58.1	12.5	38.3	61.7
April	19.6	13.5	52.9	14.1	42.8	57.2
May	18.0	14.3	48.3	19.4	41.6	58.4
June	17.6	13.7	42.7	26.0	40.4	59.6
July	22.9	13.9	39.2	23.9	45.8	54.2
August	31.7	16.9	40.8	10.6	58.5	41.5
September	39.3	18.7	37.9	4.1	69.9	30.1
October	46.6	18.6	31.1	3.7	75.4	24.6
November	46.3	19.2	28.8	5.7	74.5	25.5
December	45.7	19.4	27.8	7.2	72.8	27.2
2008						
January	18.9	9.3	58.1	13.7	36.2	63.8
February	25.1	12.1	47.9	14.9	46.1	53.9
March	29.7	14.7	39.0	16.6	52.7	47.3
April	33.0	16.5	33.9	16.6	57.0	43.0
May	34.2	17.1	31.1	17.6	58.5	41.5
June	35.2	18.2	30.8	15.7	60.5	39.5
July	37.3	19.9	31.7	11.1	64.4	35.6
August	40.6	21.4	33.0	5.0	70.5	29.5
September	43.0	22.0	33.1	1.9	75.7	24.3
October	45.3	22.9	30.2	1.6	79.2	20.8
November	46.0	22.6	29.6	1.8	80.8	19.2
December	46.4	21.6	29.8	2.2	81.5	18.5
2009						
January	15.6	11.3	66.2	7.0	42.3	57.7
February	22.1	21.5	47.9	8.6	57.7	42.3
March	25.3	26.1	38.9	9.7	64.0	36.0
April	26.7	29.3	35.5	8.5	67.9	32.1
May	25.9	30.5	33.4	10.2	67.5	32.5
June	24.1	31.9	32.4	11.6	65.0	35.0
July	23.0	32.3	32.3	12.4	62.6	37.4
August	24.7	35.3	33.8	6.2	67.6	32.4
September	26.7	38.7	34.2	0.4	73.3	26.7
October	26.6	41.9	33.8	-2.4	76.3	23.7
November	26.7	42.2	33.0	-1.9	76.7	23.3
December	26.7	41.0	33.0	-0.7	76.4	23.6

¹ Excluding vegetables and fruit.

² Growth in prices of goods and paid services not included in the calculation of the core consumer price index.

Table 7

**Contribution to monthly inflation growth
by group of goods and services (%)**

	Foodstuffs ¹	Non-food products	Paid services	Vegetables and fruit	Core inflation	Non-core inflation ²
2007						
January	13.4	8.3	69.0	9.3	29.5	70.5
February	17.1	10.6	59.7	12.6	34.2	65.8
March	31.4	22.7	24.5	21.4	70.7	29.3
April	30.0	24.6	22.3	23.1	69.6	30.4
May	8.4	19.5	20.6	51.6	34.4	65.6
June	15.8	10.7	17.0	56.5	35.1	64.9
July	55.9	15.7	17.4	10.9	79.2	20.8
August	724.2	250.9	165.2	-1,040.4	1,016.5	-916.5
September	99.9	33.4	14.7	-48.0	160.7	-60.7
October	78.5	18.2	1.2	2.1	99.3	0.7
November	43.6	23.6	13.3	19.5	67.8	32.2
December	39.2	21.6	19.2	20.0	56.7	43.3
2008						
January	18.9	9.3	58.1	13.7	36.2	63.8
February	36.8	17.4	28.5	17.3	64.9	35.1
March	43.2	22.6	12.8	21.4	72.2	27.8
April	43.5	22.0	17.6	16.9	70.3	29.7
May	39.1	20.1	18.9	21.9	65.2	34.8
June	42.7	26.5	28.7	2.2	74.5	25.5
July	69.6	47.5	45.8	-62.9	125.6	-25.6
August	122.9	59.3	67.5	-149.7	225.0	-125.0
September	69.7	29.4	34.5	-33.6	136.6	-36.6
October	69.5	32.2	-0.1	-1.7	116.9	-16.9
November	54.4	19.8	21.2	4.7	100.5	-0.5
December	50.8	5.9	34.3	8.9	91.7	8.3
2009						
January	15.6	11.3	66.2	7.0	42.3	57.7
February	31.2	35.9	22.0	10.9	79.5	20.5
March	35.2	40.0	11.7	13.1	83.0	17.0
April	37.5	53.9	9.3	-0.7	97.1	2.9
May	17.1	42.5	13.3	27.1	62.6	37.4
June	5.7	46.9	20.7	26.8	38.4	61.6
July	10.8	35.8	31.6	21.8	35.3	64.7
August ³						
September ³						
October						
November	28.1	49.3	12.4	10.2	87.7	12.3
December	27.2	18.3	31.2	23.4	70.2	29.8

¹ Excluding vegetables and fruit.

² Growth in prices of goods and services not included in the calculation of the core consumer price index.

³ Owing to zero inflation in August and September 2009, estimates may vary.

Russia's key macroeconomic and financial indicators

			Year	Q1	Q2	Q3	Q4
Macroeconomic indicators							
GDP	over period since start of year, billion rubles	2007 ¹	6,750	14,515	23,419	33,103	
		2008 ¹	8,891	19,084	30,724	41,256	
		2009 ¹	8,483	17,809	28,299	39,016	
	over period since start of year, as % of corresponding period of previous year	2007 ¹	107.5	107.8	107.8	108.1	
		2008 ¹	108.7	108.0	107.3	105.6	
		2009 ¹	90.2	89.6	90.1	92.1	
	as % of corresponding quarter of previous year	2007 ¹	107.5	108.0	107.7	109.0	
		2008 ¹	108.7	107.5	106.0	101.2	
		2009 ¹	90.2	89.1	91.1		
Industrial output indices	as % of corresponding quarter of previous year	2007	107.2	107.1	105.5	105.7	
		2008	106.2	105.5	104.7	93.9	
		2009	85.7	84.6	89.0	97.4	
	over period since start of year, as % of corresponding period of previous year	2007	107.2	107.1	106.6	106.3	
		2008	106.2	105.8	105.4	102.1	
		2009	85.7	85.2	86.5	89.2	
Agricultural output	as % of corresponding quarter of previous year	2007	103.4	104.3	103.0	103.1	
		2008	105.5	106.9	113.0	115.6	
		2009	102.3	100.8	99.0	106.4	
	over period since start of year, as % of corresponding period of previous year	2007	103.4	104.1	103.5	103.3	
		2008	105.5	106.4	109.6	110.8	
		2009	102.3	101.4	100.1	101.2	
Fixed capital investment	over period since start of year, billion rubles	2007	924.0	2,387.0	4,174.1	6,716.2	
		2008	1,355.4	3,411.7	5,826.7	8,764.9	
		2009	1,285.1	3,014.9	5,000.9	7,539.9	
	as % of corresponding quarter of previous year	2007	123.8	125.4	119.8	122.8	
		2008	123.6	117.4	111.7	97.7	
		2009	84.4	79.0	81.0	86.9	
Retail trade turnover	over period since start of year, billion rubles	2007	2,257.8	4,800.4	7,599.6	10,869.0	
		2008	2,952.5	6,278.4	9,936.1	13,919.6	
		2009	3,307.6	6,801.8	10,470.2	14,516.9	
	as % of corresponding quarter of previous year	2007	114.8	115.8	116.8	116.8	
		2008	117.2	114.9	115.0	108.7	
		2009	99.9	94.4	90.8	93.9	
Federal budget on accrual basis, as of end of period	revenue	billion rubles	2007	1,421.9	3,245.7	5,087.6	7,781.1
			2008	1,932.7	4,370.7	7,155.7	9,275.9
			2009	1,732.7	3,172.2	5,114.4	7,336.8 ²
		as % of GDP	2007	21.1	22.4	21.8	23.5
			2008	21.7	22.9	23.3	22.5
			2009	20.4	17.8	18.1	18.8 ²
	expenditure	billion rubles	2007	945.6	2,169.7	3,464.3	5,986.6
			2008	1,332.7	2,995.6	4,594.2	7,570.9
			2009	1,762.4	3,893.8	6,441.7	9,636.8 ²
		as % of GDP	2007	14.0	15.0	14.9	18.1
			2008	15.0	15.7	15.0	18.4
			2009	20.8	21.9	22.8	24.7 ²
Federal budget surplus (+)/deficit (-) on accrual basis, as of end of period	billion rubles	2007	476.3	1,076.1	1,623.2	1,794.6	
		2008	600.0	1,375.1	2,561.5	1,705.1	
		2009	-29.7	-721.7	-1,327.2	-2,300.1 ²	
	as % of GDP	2007	7.1	7.4	6.9	5.4	
		2008	6.7	7.2	8.3	4.1	
		2009	-0.4	-4.1	-4.7	-5.9 ²	

Note: Table 8 is based on data compiled by the Bank of Russia, the Federal State Statistics Service, the Ministry of Finance of the Russian Federation and the Federal Treasury.

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4
Socio-economic indicators						
Nominal imputed average monthly per employee wage	rubles	2007	11,876	12,993	13,494	15,742
		2008	15,424	16,962	17,556	18,966
		2009	17,441	18,419	18,673	20,626
	as % of corresponding quarter of previous year	2007	127.3	125.9	124.0	129.3
		2008	128.0	129.2	129.0	119.5
		2009	112.8	108.0	105.7	108.1
	over period since start of year, as % of corresponding period of previous year	2007	127.3	126.6	125.7	127.8
		2008	128.0	128.6	128.7	127.2
		2009	112.8	110.3	108.6	108.5
Real imputed average monthly per employee wage, as % of corresponding quarter of previous year		2007	118.2	116.6	113.9	116.1
		2008	113.4	112.5	112.2	105.0
		2009	99.2	96.1	94.8	99.0
Household money income (per capita monthly average), rubles		2007	9,976.9	11,987.8	12,725.8	15,677.9
		2008	12,290.1	14,840.0	15,665.6	16,932.7
		2009	13,976.4	16,933.2	16,796.9	19,566.1
Household real disposable money income	as % of corresponding quarter of previous year	2007	111.9	110.0	112.4	113.0
		2008	107.5	105.7	104.5	93.1
		2009	100.4	103.1	96.8	108.6
	over period since start of year, as % of corresponding period of previous year	2007	111.9	112.1
		2008	107.5	106.6	105.8	101.9
		2009	100.4	101.8	100.0	102.3
Household spending, as % of income	purchase of goods and services	2007	73.6	69.3	71.2	66.0
		2008	77.1	71.8	74.4	73.6
		2009	76.3	66.6	70.2	65.3
	compulsory payments and contributions	2007	12.0	11.9	11.6	11.6
		2008	12.1	12.3	12.6	12.0
		2009	11.3	10.4	11.4	10.6
	growth in savings	2007	10.2	9.0	8.1	11.0
		2008	8.3	7.2	4.6	2.2
		2009	8.7	17.1	12.9	16.8
	foreign exchange purchase	2007	5.2	5.2	5.2	5.1
		2008	6.9	4.7	5.7	13.7
		2009	10.3	3.5	6.0	3.5
	cash on hand	2007	-1.0	4.6	3.9	6.3
		2008	-4.4	4.0	2.7	-1.5
		2009	-6.6	2.4	-0.5	3.8
Average imputed pension, total, rubles		2007	2,846	3,091	3,108	3,418
		2008	3,823	4,044	4,383	4,545
		2009	4,614	5,151	5,330	5,669
Real imputed pension	as % of corresponding quarter of previous year	2007	104.1	104.9	102.0	108.1
		2008	119.0	113.9	122.7	116.9
		2009	106.1	113.3	109.1	114.2
	over period since start of year, as % of corresponding period of previous year	2007	104.1	104.5	103.6	104.8
		2008	119.0	116.4	118.6	118.1
		2009	106.1	109.8	109.5	110.7
Total number of unemployed (calculated using ILO methodology)	million	2007	5.2	4.5	4.3	4.4
		2008	5.1	4.3	4.5	5.4
		2009	6.8	6.5	6.0	6.1
	as % of economically active population	2007	7.0	6.0	5.7	5.8
		2008	6.7	5.6	5.9	7.1
		2009	9.1	8.6	7.8	8.0

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4	
Foreign economic activities							
Price of Urals crude	over period since start of year, \$/barrel	2007	54.0	59.7	64.0	69.5	
		2008	93.7	105.3	107.6	93.9	
		2009	43.2	50.5	56.3	60.7	
	as % of corresponding period of previous year	2007	93.5	97.7	102.4	114.1	
		2008	173.7	176.3	168.2	135.1	
		2009	46.1	48.0	52.3	64.6	
Exports of goods	over period since start of year, \$ billion	2007	71.7	155.4	244.9	354.4	
		2008	110.1	236.8	373.6	471.6	
		2009	57.4	125.7	208.2	303.3 ³	
	as % of corresponding period of previous year	2007	106.5	108.0	109.5	116.8	
		2008	153.6	152.4	152.5	133.1	
		2009	52.1	53.1	55.7	64.3 ³	
Imports of goods	over period since start of year, \$ billion	2007	42.8	95.5	153.9	223.5	
		2008	60.2	135.7	218.6	291.9	
		2009	38.4	82.3	131.6	192.7 ³	
	as % of corresponding period of previous year	2007	138.6	137.1	137.0	136.0	
		2008	140.8	142.0	142.0	130.6	
		2009	63.7	60.6	60.2	66.0 ³	
Current account (over period since start of year), \$ billion		2007	22.6	37.1	52.8	77.0	
		2008	38.0	64.3	93.9	102.4	
		2009	9.3	16.9	31.9	47.5 ³	
Private sector net capital outflow (inflow) (over period since start of year), \$ billion		2007	13.8	68.1	60.9	82.4	
		2008	-23.7	17.0	-2.3	-132.8	
		2009	-35.1	-30.6	-64.0	-52.4 ³	
Foreign investment in Russia's non-financial sector (Rosstat data)	over period since start of year, \$ billion	2007	24.6	60.3	87.9	120.9	
		2008	17.3	46.5	75.8	103.8	
		2009	12.0	32.2	54.7	81.9	
	as % of corresponding period of previous year	2007	2.8 times	2.6 times	2.5 times	2.2 times	
		2008	70.1	77.1	86.2	85.8	
		2009	69.7	69.1	72.2	79.0	
of which:	direct	over period since start of year, \$ billion	2007	9.8	15.8	19.6	27.8
			2008	5.6	11.1	19.2	27.0
			2009	3.2	6.1	10.0	15.9
		as % of corresponding period of previous year	2007	2.5 times	2.5 times	191.3	2.0 times
			2008	57.2	70.0	97.7	97.2
			2009	57.0	55.0	51.9	58.9
	portfolio	over period since start of year, \$ billion	2007	0.2	1.1	1.5	4.2
			2008	0.1	1.2	1.3	1.4
			2009	0.1	0.9	1.0	0.9
		as % of corresponding period of previous year	2007	85.8	2.2 times	2.3 times	131.8
			2008	62.5	104.4	83.7	33.7
			2009	93.5	74.9	78.6	62.3
	other	over period since start of year, \$ billion	2007	14.7	43.4	66.7	89.0
			2008	11.5	34.3	55.3	75.3
			2009	8.7	25.2	43.7	65.1
as % of corresponding period of previous year		2007	3.1 times	2.6 times	2.7 times	2.3 times	
		2008	78.7	79.0	82.8	84.7	
		2009	75.6	73.5	79.1	86.5	
Russia's international reserves (as of end of period), \$ billion		2007	338.8	405.8	425.4	478.8	
		2008	512.6	569.0	556.8	427.1	
		2009	383.9	412.6	413.4	439.0	
Real ruble exchange rate indices, last month of quarter (growth as % of December of previous year) ⁴	ruble vs. US dollar	2007	2.3	3.8	8.1	15.0	
		2008	6.5	8.5	3.2	-1.1	
		2009	-15.4	-5.0	-3.9	-0.4	
	ruble vs. euro	2007	3.1	4.1	4.5	5.8	
		2008	0.6	3.4	6.2	5.0	
		2009	-12.0	-7.0	-9.0	-6.5	
	effective rate	2007	2.7	3.3	3.8	5.1	
		2008	1.5	3.3	3.0	4.3	
		2009	-10.0	-4.2	-5.6	-3.9	

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4
Financial market indicators (including Sberbank rates)						
Average for period						
Overnight interbank credit rate, % p.a.	in rubles	2007	3,9	3,4	4,9	5,4
		2008	3,9	4,1	6,0	8,6
		2009	11,6	7,7	7,1	5,5
	in US dollars	2007	5,2	5,2	5,1	4,5
		2008	3,2	2,2	2,2	0,7
		2009	0,2	0,2	0,2	0,2
OFZ yields ⁵ , % p.a.		2007	6,6	6,6	6,6	6,6
		2008	6,7	6,9	7,5	8,7
		2009	10,5	10,3	10,6	9,1
Interest rate on household time deposits, % p.a.	up to 1 year in rubles	2007	7,4	7,3	7,0	7,2
		2008	7,0	7,1	7,5	9,0
		2009	10,0	10,8	10,7	10,2
	over 1 year in rubles	2007	7,9	7,5	7,1	6,8
		2008	7,4	8,0	8,5	9,1
		2009	10,0	10,3	9,3	9,2
	up to 1 year in US dollars	2007	5,4	5,3	5,2	5,2
		2008	5,1	5,8	5,3	6,5
		2009	6,0	5,3	5,5	5,2
	over 1 year in US dollars	2007	6,8	6,6	6,4	7,0
		2008	6,9	7,0	7,1	7,8
		2009	6,5	6,1	5,7	5,5
Interest rate on credit to non-financial organisations, % p.a.	up to 1 year in rubles	2007	9,9	9,6	9,8	10,7
		2008	10,9	11,2	12,0	14,9
		2009	16,6	15,8	14,9	13,9
	over 1 year in rubles	2007	12,1	11,5	11,0	11,4
		2008	12,3	12,8	13,6	13,8
		2009	15,1	16,2	15,8	14,7
	up to 1 year in US dollars	2007	8,7	8,8	8,4	9,1
		2008	8,1	8,0	8,9	10,9
		2009	10,7	10,1	10,0	9,3
	over 1 year in US dollars	2007	10,3	10,1	9,3	9,8
		2008	9,3	9,9	9,4	11,3
		2009	12,7	11,6	10,7	9,0
Interest rate on ruble-denominated promissory notes discounted by banks, % p.a.		2007	9,5	8,9	10,8	10,8
		2008	10,7	11,0	12,1	14,1
		2009	15,7	14,3	14,0	11,8
MICEX rate in 'tomorrow' trades, ruble/\$		2007	26.3056	25.8599	25.5043	24.6525
		2008	24.2286	23.6190	24.2718	27.2941
		2009	34.4761	32.2032	31.3160	29.4737
As of end of quarter						
RTS index, points	2007	1,935.72	1,897.70	2,071.80	2,290.51	
	2008	2,053.93	2,303.34	1,211.84	631.89	
	2009	689.63	987.02	1,254.52	1,444.61	
Refinance rate, % p.a.	2007	10,5	10,0	10,0	10,0	
	2008	10,25	10,75	11,0	13,0	
	2009	13,0	11,5	10,0	8,75	

Table 8 (end)

		Year	1.01	1.04	1.07	1.10
Monetary indicators						
M0, billion rubles		2008	3,702.2	3,475.5	3,724.9	3,904.2
		2009	3,794.8	3,278.3	3,522.5	3,485.6
		2010	4,038.1			
M2, billion rubles		2008	13,272.1	13,382.9	14,244.7	14,374.6
		2009	13,493.2	12,111.7	13,161.0	13,649.5
		2010	15,697.7			
Obligations included in broad money, billion rubles		2008	14,636.7	14,918.3	15,926.6	16,067.8
		2009	16,774.7	16,308.4	17,055.4	17,523.4
		2010	19,520.1 ²			
Net foreign assets, billion rubles		2008	9,914.3	10,535.2	11,274.3	12,284.4
		2009	12,214.9	12,883.8	13,046.0	13,234.9
		2010	13,916.1 ²			
Domestic claims, billion rubles		2008	8,325.9	8,437.2	8,760.6	8,614.9
		2009	10,645.1	10,307.4	11,076.4	11,716.8
		2010	13,345.7 ²			
Broad monetary base, billion rubles		2008	5,513.3	4,871.4	5,422.9	5,317.8
		2009	5,578.7	4,298.8	4,967.6	4,803.7
		2010	6,467.3			
Balances of correspondent accounts, billion rubles		2008	802.2	596.3	592.4	702.9
		2009	1,027.6	431.7	471.4	545.4
		2010	900.3			
M2 velocity	annual average	2008	3.1	3.0	3.0	3.0
		2009	3.0	3.0	3.0	3.0
		2010	3.0 ²			
	change since start of year, %	2008	-18.6 ⁶	-2.8	-3.5	-2.9
		2009	-3.0 ⁶	0.5	-0.5	-2.1
		2010	-2.4 ⁶			
Monetisation of the economy (by M2 aggregate), %		2008	32.1	33.0	33.2	33.0
		2009	33.1	32.9	33.2	33.8
		2010	33.9 ²			
Money multiplier	by broad monetary base	2008	2.41	2.75	2.63	2.70
		2009	2.42	2.82	2.65	2.84
		2010	2.42			
	change since start of year, %	2008	10.3 ⁶	14.1	9.1	12.3
		2009	0.5 ⁶	16.5	9.5	17.5
		2010	-0.1 ⁶			
Foreign exchange rates	rubles per US dollar	2008	24.55	23.50	23.41	25.37
		2009	29.39	33.90	31.04	30.01
		2010	30.19			
	rubles per euro	2008	35.93	37.09	36.97	36.50
		2009	41.43	44.89	43.85	43.89
		2010	43.46			

¹ Quarterly data in the context of full-year results will be published later.

² Preliminary data.

³ Estimate.

⁴ (+) signifies appreciation of the ruble, (-) signifies depreciation of the ruble.

⁵ OFZ effective market portfolio indicator.

⁶ Relative to beginning of previous year.

Table 9

Bank of Russia interest rates in 2009 (% p.a.)

Instrument	Liquidity provision/ absorption period	From 1.01.09 to 1.02.09	From 2.02.09 to 9.02.09	From 10.02.09 to 23.04.09	From 24.04.09 to 13.05.09	From 14.05.09 to 4.06.09	From 5.06.09 to 12.07.09	From 13.07.09 to 7.08.09	From 10.08.09 to 14.09.09	From 15.09.09 to 29.09.09	From 30.09.09 to 29.10.09	From 30.10.09 to 24.11.09	From 25.11.09 to 27.12.09	From 28.12.09
		Providing liquidity at offered bids (including by auction)												
Repo operations ¹	1 day	9.00	9.00	10.00	9.50	9.00	8.50	8.00	7.75	7.50	7.25	6.75	6.25	6.00
	1 week	9.50	9.50	10.50	10.00	9.50	9.00	8.50	8.25	8.00	7.25	6.75	6.25	6.00
	3 months	10.50	10.50	11.50	11.00	10.75	10.25	9.75	9.50	9.25	8.75	8.25	7.75	7.50
	6 months	11.25	11.25	12.25	11.75	11.25	10.75	10.25	10.00	9.75	9.25	8.75	8.25	8.00
	12 months	11.75	11.75	12.75	12.25	11.75	11.25	10.75	10.50	10.25	9.75	9.25	8.75	8.50
Currency swap operations ²	1 day	13.00	13.00	13.00	12.50	12.00	11.50	11.00	10.75	10.50	10.00	9.50	9.00	8.75
Unsecured loans	up to 12 months	Minimum rate is set when auction is announced												
Lombard loans ^{1,3}	2 weeks	9.50	9.50	10.50	10.00	9.50	9.00	8.50	8.25	8.00	7.25	6.75	6.25	6.00
	3 months	10.50	10.50	11.50	11.00	10.75	10.25	9.75	9.50	9.25	8.75	8.25	7.75	7.50
	6 months	11.25	11.25	12.25	11.75	11.25	10.75	10.25	10.00	9.75	9.25	8.75	8.25	8.00
	12 months	11.75	11.75	12.75	12.25	11.75	11.25	10.75	10.50	10.25	9.75	9.25	8.75	8.50
Providing liquidity at fixed rates														
Overnight loans ^{3,4}	1 day	13.00	13.00	13.00	12.50	12.00	11.50	11.00	10.75	10.50	10.00	9.50	9.00	8.75
Lombard loans ³	1 day	10.00	11.00	12.00	11.50	11.00	10.50	10.00	9.75	9.50	9.00	8.50	8.00	7.75
	7 days	10.00	11.00	12.00	11.50	11.00	10.50	10.00	9.75	9.50	9.00	8.50	8.00	7.75
	30 days	10.25	11.00	12.00	11.50	11.00	10.50	10.00	9.75	9.50	9.00	8.50	8.00	7.75
Repo operations	1 day	10.00	11.00	12.00	11.50	11.00	10.50	10.00	9.75	9.50	9.00	8.50	8.00	7.75
	7 days	10.00	11.00	12.00	11.50	11.00	10.50	10.00	9.75	9.50	9.00	8.50	8.00	7.75
	1 year	–	–	–	–	–	11.25	10.75	10.50	10.25	9.75	9.25	8.75	8.50
Loans secured by "non-market" assets or guarantees ⁴	up to 90 days	11.00	11.25	12.00	11.50	11.00	10.50	10.00	9.75	9.50	9.00	8.50	8.00	7.75
	91 to 180 days	12.00	12.00	12.50	12.00	11.50	11.00	10.50	10.25	10.00	9.50	9.00	8.50	8.25
	181 to 365 days	13.00	13.00	13.00	12.50	12.00	11.50	11.00	10.75	10.50	10.00	9.50	9.00	8.75
Absorbing liquidity at fixed rates														
Deposit operations	Tom-next, spot-next and demand	6.75	6.75	7.75	7.25	6.75	6.25	5.75	5.50	5.25	4.75	4.25	3.75	3.50
	1 week, spot-week	7.25	7.25	8.25	7.75	7.25	6.75	6.25	6.00	5.75	5.25	4.75	4.25	4.00

¹ Minimum interest rate set by Bank of Russia Board of Directors.² Interest rate set on the ruble part when determining the minimum offered swap difference.³ Pursuant to Bank of Russia Regulation No. 236-P of August 4, 2003.⁴ Pursuant to Bank of Russia Regulation No. 312-P of November 12, 2007.

Table 10

**Credit institutions' required reserve ratios
(from July 1, 2007 to October 31, 2009, %)**

	Required reserve ratio for bank obligations to non-resident banks in Russian and foreign currency	Required reserve ratio for obligations to individuals in Russian currency	Required reserve ratio for other bank obligations in Russian and foreign currency
July 1, 2007—October 10, 2007	4.5	4.0	4.5
October 11, 2007—January 14, 2008	3.5	3.0	3.5
January 15, 2008—February 29, 2008	4.5	4.0	4.5
March 1, 2008—June 30, 2008	5.5	4.5	5.0
July 1, 2008—August 31, 2008	7.0	5.0	5.5
September 1, 2008—September 17, 2008	8.5	5.5	6.0
September 18, 2008—October 14, 2008	4.5	1.5	2.0
October 15, 2008—April 30, 2009	0.5	0.5	0.5
May 1, 2009—May 31, 2009	1.0	1.0	1.0
June 1, 2009—June 30, 2009	1.5	1.5	1.5
July 1, 2009—July 31, 2009	2.0	2.0	2.0
August 1, 2009—October 31, 2009	2.5	2.5	2.5

Table 11

**Credit institutions' required reserve ratios
(from November 1, 2009 up to present, %)**

	Required reserve ratio for obligations to non-resident corporates in Russian currency	Required reserve ratio for obligations to non-resident individuals in Russian currency	Required reserve ratio for obligations to individuals in Russian currency	Required reserve ratio for obligations to individuals in foreign currency	Required reserve ratio for other bank obligations in Russian currency	Required reserve ratio for other bank obligations in foreign currency
November 1, 2009 –	2.5					

