



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

Quarterly Inflation Review

2012 Q1

Research and Information Department

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

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Introduction

Economic growth accelerated in January-March 2012 as compared with the same period of 2011. Consumer and investment activity remained high. Rising domestic demand did not prevent consumer price growth from slowing down as actual output of goods and services was estimated as close to its potential level.

Russia's inflation slowed to 3.7% in March as compared with the same month last year, which was below the 2012 goal range of 5-6% stipulated in the Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014. Growth in food and non-food prices slowed down as compared with the previous year. The prices of some paid services provided to households grew considerably slower at the beginning of the year as the government rescheduled for July the planned increase in some administered tariffs. The average monthly rate of consumer price growth in the first quarter of 2012, matched the average monthly rate in 2011, as a whole. Consumer prices grew by 3.6% in April 2012 year on year.

The Bank of Russia conducted its monetary policy in the first quarter of 2012, against the backdrop of slower inflation, high uncertainty over external economic developments and persisting risks to sustainable growth of the Russian economy. The Bank of Russia's monetary policy decisions were based on an assessment of maintaining a balance between medium-term inflationary risks and growth outlooks of the economy, considering the need to ensure the sustainable development of the banking sector, the dynamics of inflationary expectations and the degree of tightness of current monetary conditions. In January-May 2012, the Bank of Russia kept interest rates on its liquidity provision and absorption operations unchanged, while making a number of decisions on extending the term of liquidity provision operations.

The inflow of funds through the budgetary channel in late 2011, the purchase of foreign currency by the Bank of Russia in the domestic foreign exchange market in early 2012, and also the increased volume of the Bank of Russia's lending

to credit institutions against non-market assets and guarantees contributed to the reduction of money market short-term rates in January-February 2012. The withdrawal of funds through the budgetary channel in March and the increased need of credit institutions for refinancing led to the growth of money market rates in March-April. Stock exchange market participants showed stronger demand for the securities of Russian issuers between January and the first half of March, which lifted the prices of these equities. From mid-March, yields on government bonds were observed to grow and yields on regional and corporate bonds fluctuated within a horizontal band, while share prices slightly declined. The growth of interest rates on banks' operations with individuals and non-financial organisations was a prevailing trend in the credit and deposit market.

Credit aggregate dynamics in the first months of 2012 testified to the banks' sufficiently high credit activity as a whole. However, the continued tightening of money market conditions and changes in the structure of the banks' funding may limit credit activity.

The growth of banks' lending activity was a major factor determining monetary dynamics from the second half of 2011, and in the first months of 2012. The trend towards the intensive slowing of the annual rates of money supply growth observed from the second half of 2010 came to a halt in the fourth quarter of 2011, and their dynamics stabilised at a relatively high level, which suggested the emergence of medium-term inflationary risks.

Inflationary risks also relate to the expected rise in inflation in the second half of the year largely due to the planned increases in administered tariffs and the statistical base effect, which may negatively affect inflationary expectations. Also, the fall in vegetable and fruit prices may be less significant than in the previous year.

The Bank of Russia estimates that inflation in 2012 will stay within the target range stipulated in the Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014. Russia's

economic situation is expected to be characterised by continued economic growth and the rise in employment until the end of this year. Business

activity will stay moderate and will not create any significant pressure on price growth from the demand side.

Inflation Dynamics

Russia's inflation slowed to 3.7% in March as compared with the same month last year, which was below the 2012 target range of 5-6% stipulated in the Guidelines for the Single State Monetary Policy in 2012 and for 2013 and 2014. Consumer price dynamics were influenced by the restrained dynamics of producer prices in industries whose output goes to the consumer goods market and in agriculture, generally favourable situation in the global agricultural market and the strengthening of the ruble. The government's decision to reschedule from January to July the planned increase in administered prices and gas tariffs and the tariffs of natural monopolies in the electric power sector had a noticeable effect on the growth of housing and utility prices and the inflation rate as a whole.

Consumer prices

According to the Federal State Statistics Service, consumer prices grew by 1.5% in January-March 2012 (by 3.8% in January-March 2011). The core inflation stood at 1.4% in the first quarter of 2012, or 1.1 percentage points less than in the first quarter of 2011. Growth in the prices of goods and services included in the core inflation calculation in January-March 2012 accounted for an estimated 1.1 percentage points, or 77.2%, of the inflation rate as against 2.0 percentage points, or 52.0%, in January-March 2011.

Housing and utility prices and tariffs stayed on average at the December 2011 level, whereas

in the first quarter of 2011 they grew by 10.3%. As a whole, administered service tariffs grew by an estimated 0.6% in January-March 2012, or by 7.7 percentage points slower than in the same period last year.

Growth in non-administered prices of many types of services was slower than in the previous year. As a whole, service prices grew by 0.6% in January-March 2012 as compared with 5.2% in the same period last year. The rise in service prices accounted for an estimated 0.2 percentage points, or 10.6%, of the overall consumer price growth in January-March 2012 as compared with 1.4 percentage points, or 35.5%, in January-March 2011.

Food prices grew by 2.3% in January-March 2012, including a 7.8% increase in vegetable and fruit prices, registering the slowest first-quarter price growth for the entire period of observations. Growth in food prices contributed an estimated 0.8 percentage points, or 58.1%, to the inflation rate in January-March 2012 as compared with 1.9 percentage points, or 48.7%, in January-March 2011.

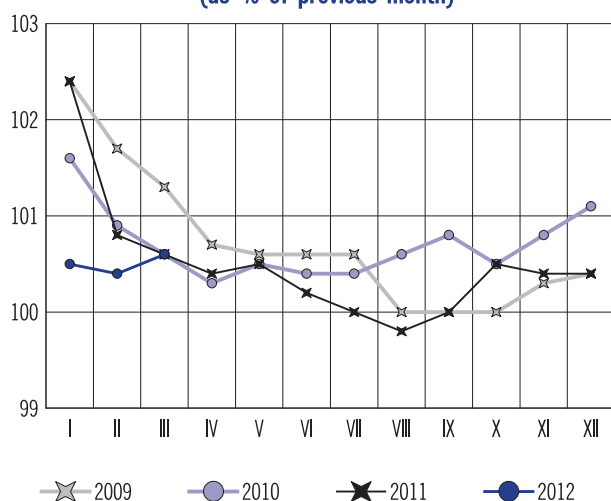
The most significant increase in basic food prices, excluding vegetable and fruit prices, in January-March 2012 was registered in the prices of granulated sugar (by 9.4%), eggs (by 6.6%) and alcoholic beverages (by 3.0%). In January-March 2011, the prices of these food products went up by 6.5%, 1.5% and 2.7%, respectively. There was also a decrease in the prices of groats

Consumer price inflation

	Growth, %		Change, percentage points
	March 2012 on December 2011	March 2011 on December 2010	
Prices of goods and services, total	1.5	3.8	Slowing of growth by 2.3
of which:			
– food prices	2.3	4.8	Slowing of growth by 2.5
of which:			
– food prices, excluding vegetable and fruit prices	1.7	3.5	Slowing of growth by 1.8
– non-food prices	1.2	1.7	Slowing of growth by 0.5
– prices of paid services provided to households	0.6	5.2	Slowing of growth by 4.6
Prices of goods and services included in core inflation calculation	1.4	2.5	Slowing of growth by 1.1

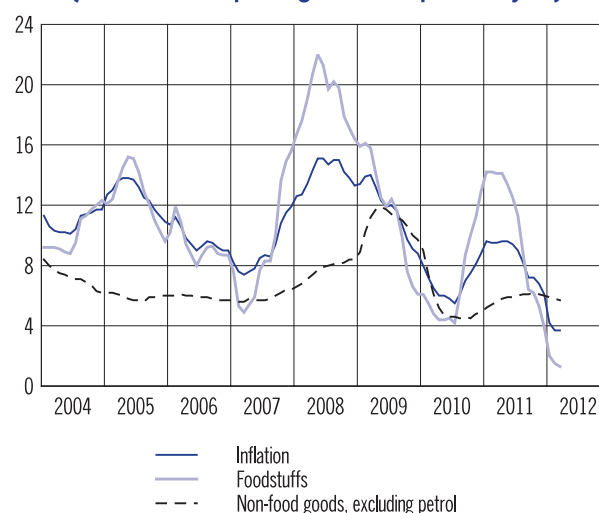
Source: Rosstat.

Consumer prices
(as % of previous month)



Source: Rosstat

Consumer prices
(as % of corresponding month of previous year)



Source: Rosstat

and beans (by 5.8%), sunflower oil (by 2.3%) and pasta (by 0.3%) in the period under review. In January-March 2011, the prices of these foodstuffs increased by 16.8%, 6.6% and 3.4%, respectively. The rates of growth in the prices of other basic foodstuffs varied between 0.3% and 1.8% in January-March 2012 as compared with the range between 2.8% and 5.3% in the same period last year.

Non-food prices grew by 1.2% in the first quarter of 2012 as compared with 1.7% in January-March 2011. The increase in non-food prices accounted for an estimated 0.5 percentage points, or 31.3%, of the overall consumer price growth in January-March 2012 as against 0.6 percentage

points, or 15.8%, in January-March 2011. The biggest growth was registered in the prices of tobacco products (5.8% as compared with 6.5% in January-March 2011) and detergents and cleaning products (3.5% as against 6.5% and 1.9% in the same period last year, respectively).

Consumer prices grew by 1.2 percentage points faster than the prices of paid services provided to households in January-March 2012 (this growth was 1.9 percentage points slower in the same period a year earlier).

According to Rosstat data, consumer price growth rate in all **federal districts of Russia** in January-March 2012 was slower than in the same period last year.

Food price inflation

	Growth, %		Change, percentage points
	March 2012 on December 2011	March 2011 on December 2010	
Foodstuffs	2.3	4.8	Slowing of growth by 2.5
Bread and bakery products	0.6	5.3	Slowing of growth by 4.7
Groats and beans	-5.8	16.8	
Pasta	-0.3	3.4	
Meat and poultry	1.8	3.5	Slowing of growth by 1.7
Fish and seafood	1.5	4.1	Slowing of growth by 2.6
Milk and dairy products	0.8	2.8	Slowing of growth by 2.0
Butter	0.3	2.8	Slowing of growth by 2.5
Sunflower oil	-2.3	6.6	
Granulated sugar	9.4	6.5	Acceleration of growth by 2.9
Vegetables and fruit	7.8	15.8	Slowing of growth by 8.0
Alcoholic beverages	3.0	2.7	Acceleration of growth by 0.3

Source: Rosstat.

Analysis of price growth distributions for consumer goods and services

An analysis of the price growth distribution for goods and services is made to study inflationary processes in detail and identify additional risks related to variability of price dynamics of consumer basket components. This distribution for first-quarter data in 2009-2012 was based on a sample of more than 475 consumer goods and services, regardless of their weights in consumer spending.

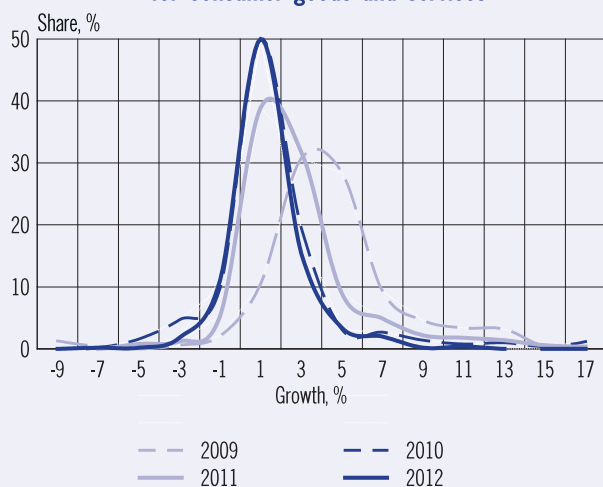
Over the past four years, the dynamics of mean and median of price growth distributions for goods and services in January-March registered a periodicity related to supply shocks in the food market. Their values were observed to fall considerably during even years and increase slightly during odd years. In the first quarter of 2012, the distribution median decreased to 0.9% from 2% a year earlier, while the distribution mean narrowed to 1.4% from 3.3%. The standard deviation contracted from 4.4% to 3%.

The distribution of food price growth in the first quarter of 2012 repeated virtually entirely the distribution registered in 2010. Both periods registered recovering price dynamics after price spikes in previous years caused by supply shocks in the agricultural market. The distribution mean in January-March 2012 differed from its value in the same period of 2010, as the share of foodstuffs with high price growth (over 10%) declined more than twofold, from 7.3% to 3.2%.

In January-March 2012, the prices of almost three-fourths of non-food goods ranged within a narrow price growth band of 0-2%, whereas their share in the previous two years did not exceed 60%.

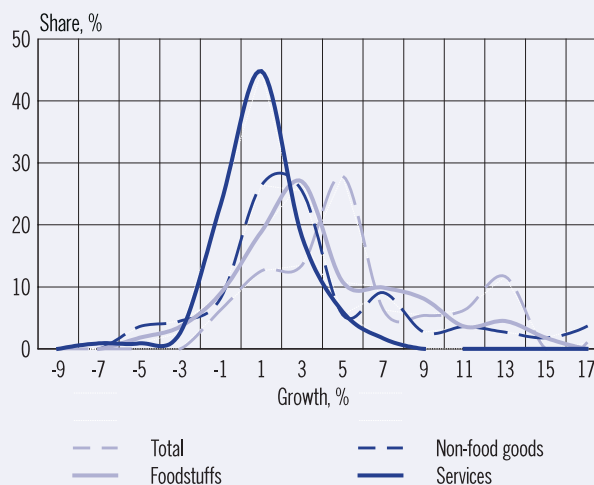
The government's decision to reschedule planned increases in administered prices on housing and utility services from the beginning of the year to July significantly influenced the overall pattern of household service price growth distribution, which became unimodal. The mean and median values stood at about 1% as compared with 4.2% and 3.5%, respectively, in January-March 2011. The standard deviation decreased considerably. For the first time, a negative skewness was observed, suggesting distribution asymmetry towards values not exceeding the mean value.

Distribution of price growth for consumer goods and services



Source: Rosstat, Bank of Russia calculations.

Price growth distribution by type of consumer goods and services in 2009-2012



Source: Rosstat, Bank of Russia calculations.

Estimates show that the differences between constituent territories of the Russian Federation 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 widened in March 2012. Specifically, the regional difference ratio¹

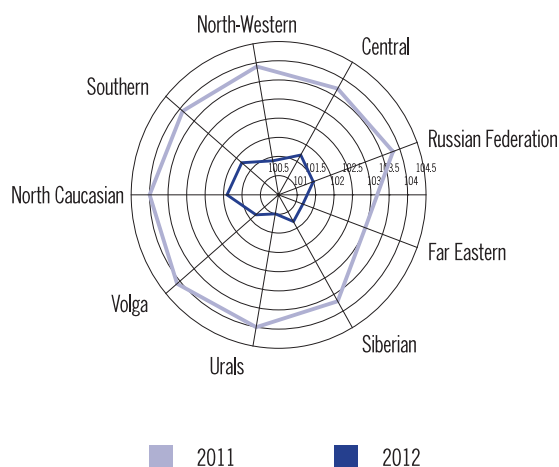
¹ The regional difference ratio is calculated by the Bank of Russia as the difference between the price of a fixed set of goods and services in the most and least expensive regions relative to the national average cost of the set.

increased to 42.2% in March 2012, from 37.8% a year earlier.

The rates of growth in food prices, excluding vegetable and fruit prices, ranged from 1.4% to 2.4% in the federal districts in 2012, while the rates of non-food price growth changed within the range of 0.6-1.5%.

Growth in vegetable and fruit prices slowed down in January-March 2012 in all the federal districts as compared with the first quarter of 2011, although the price evolution was characterised

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



Source: Rosstat.

by a considerable disparity across the constituent territories of the Russian Federation. Specifically, in the Far Eastern Federal District vegetable and fruit prices rose by 2.7%, whereas in the Central Federal District they grew by 10.3%.

The rates of growth in household service prices in the federal districts varied between 0.4% and 1.1% in January-March 2012.

Housing prices

Housing prices increased by 3.3% in the primary market and by 3.2% in the secondary market in March 2012 from December of the previous year. Over the same period of 2011, housing prices grew by 1.5% in the primary market and by 1.3% in the secondary market.

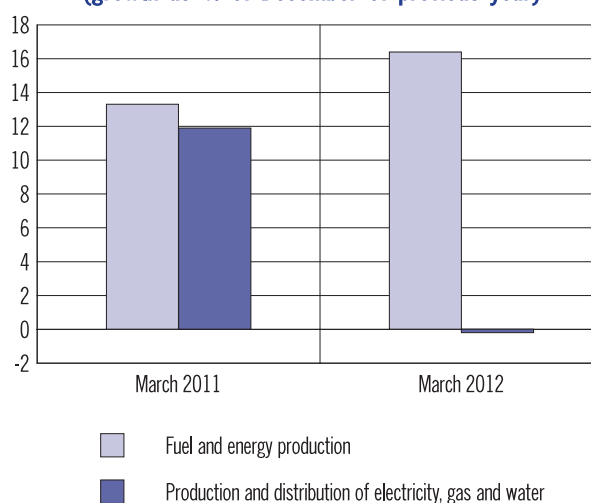
In January-March 2012, housing price dynamics were influenced by a rebound in the real estate market amid growth in commissioned housing. Specifically, the floorspace commissioned in January-March 2012 grew by 5.7% year on year, whereas in the same period last year it contracted by 2.4%.

Producer prices

Industrial producer prices rose by 2.9% in January-March 2012 as against 7.0% in January-March 2011.

Producer price dynamics in manufacturing industries were influenced by demand restrictions, including restrictions attributable to imports price competition as a result of the ruble's appreciation. Producer prices in manufacturing industries

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



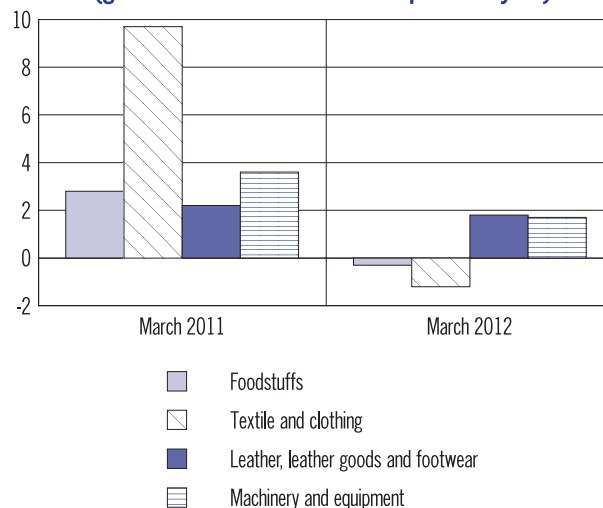
Source: Rosstat.

dropped by 0.8% in January-March 2012 (they grew by 3.8% in the same period last year). Specifically, the fall in producer prices was registered in some manufacturing industries whose output largely goes to the consumer goods market.

As the government rescheduled for July the planned increase in administered electricity, heat and natural gas tariffs, producer prices in the production and distribution of electricity, gas and water were observed to decline (by 0.2%) in January-March 2012 instead of their seasonal growth.

The growth of Russian producer prices in mining matched, as a whole, the dynamics of world energy prices. These prices registered their month-by-month acceleration in the first quarter

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



Source: Rosstat.

Freight transportation charges (quarterly, %)

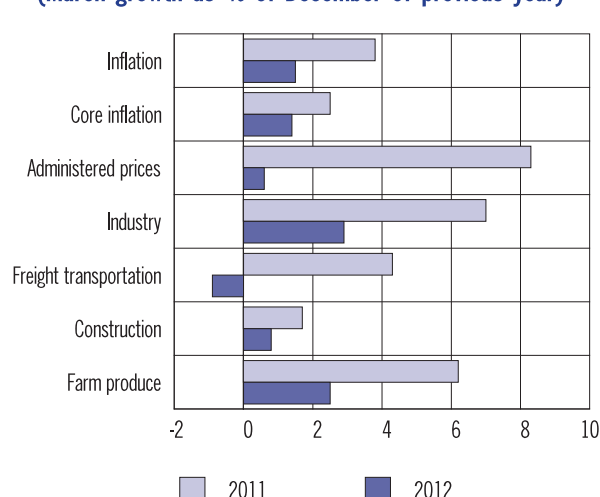


Source: Rosstat

of 2012 after their relatively slow growth in the second half of 2011. In January-March 2012, the rates of growth in mining producer prices exceeded (114.7%) the respective figure for 2011 (113.1%).

Freight transportation charges fell by 0.9% in January-March 2012 (they increased

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



Source: Rosstat

by 4.3% in the same period last year) due to the decrease in pipeline transportation tariffs. Railway freight rates went up by 5.9% in the first quarter of 2012 as against 7.5% a year earlier.

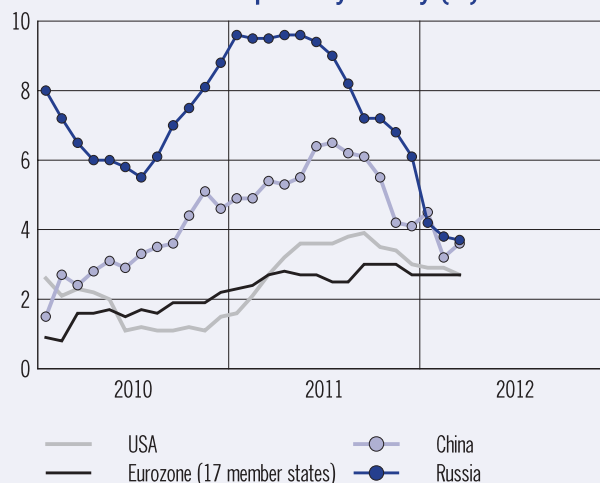
Communications fees for corporate entities grew by 1.0 % in January-March 2012 as against 3.4 % in the same period of 2011.

Inflation in countries trading with Russia¹

Consumer price growth in the countries that account for a considerable weight in the structure of Russian imports equalled 1.3% in the first quarter of 2012 (March on December of the previous year) as compared with 1.8% in January-March 2011. The inflationary processes in the countries trading with Russia slowed down in the conditions of lower business activity in the economies of Europe, Asia and the CIS countries. This slowdown was also facilitated by relatively stable food prices. The rise in energy prices was a major inflationary factor in the first quarter of 2012, but this growth was slower than in January-March 2011.

The growth of energy prices made the biggest contribution to overall consumer price growth in the United States and the eurozone in the first quarter of 2012. In the United States, the inflation rate was also significantly affected by changes in the prices of goods and services included in the calculation of the core consumer price index, excluding components depending on volatile world energy and food prices. In the eurozone, the contribution by this factor was insignificant as evidenced by slower consumer price growth in January-March 2012 (1.0% as against 1.6% in the United States). The difference between the rates of price increases reflected steadier economic growth in the United States as compared with the eurozone that experienced a decline in business activity.

Consumer prices by country (%)*



* Consumer price growth on the same month a year earlier.

Source: Bureau of Labour Statistics at the US Department of Labour, 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.

Building materials producer prices increased by 0.8% in the first quarter of 2012 as compared with 1.7% in the same period last year.

The large supply of agricultural products ensured by last year's harvest and moderate world agrarian price increases restrained the dynamics of **agricultural producer prices** at the beginning of this year: these prices grew by 2.5% in January-March 2012 as compared with 6.2% in the same period last year. Crop grower prices rose by 2.0% (by 11.6% in the first quarter of 2011), while livestock producer prices went up by 2.8% (by 1.9% in the same period last year). Grain producer prices grew by 1.7% in January-March 2012 as against 11.2% in the same period of 2011. Sunflower producer prices went down by 2.3% (they increased by 7.2% in January-March 2011).

Foreign trade

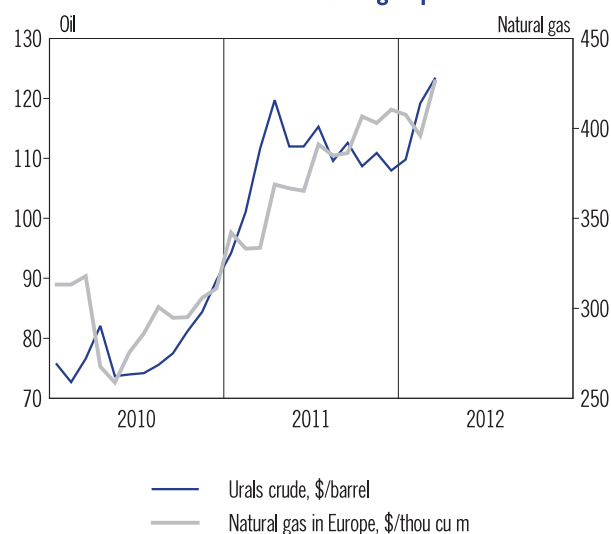
Terms for Russia's trade continued to improve in the first quarter of 2012, although at a slower pace than in the same period last year. World energy prices were considerably higher in January-March 2012 than in the same period last year, while non-energy prices were lower. Domestic producer prices increased in the mining sector and fell in manufacturing industries. World prices of foodstuffs and raw agricultural commodities were on average lower in January-March 2012, than in January-March 2011 despite an increase in the prices of some products. The domestic consumer market was characterised by low rates of growth in foodstuff prices.

The price situation for major Russian exports commodities in global markets² remained favourable as a whole in January-March 2012. World energy prices grew by 16% on average in the first quarter of 2012 as compared with the same period last year, while non-energy prices fell by 8%.

Oil price dynamics in the first quarter of 2012 were largely influenced by the aggravation of the political situation around Iran, the imposition of

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

World oil and natural gas prices

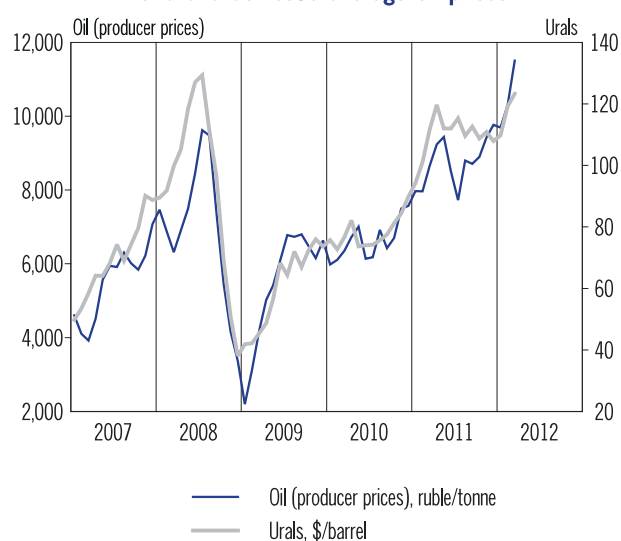


Source: Reuters, World Bank.

an embargo on Iranian crude oil supplies to the world market and the growth of demand for oil from China and other Asian countries. Large US commercial oil reserves, eurozone debt problems and downward adjustments of 2012 oil demand growth forecasts were the factors that restrained oil price increases. The price of the Russian crude oil was 14.6% higher in world markets in the first quarter of 2012 than in the same period last year and stood at \$117.5 per barrel. Natural gas prices in the European market increased by 22%.

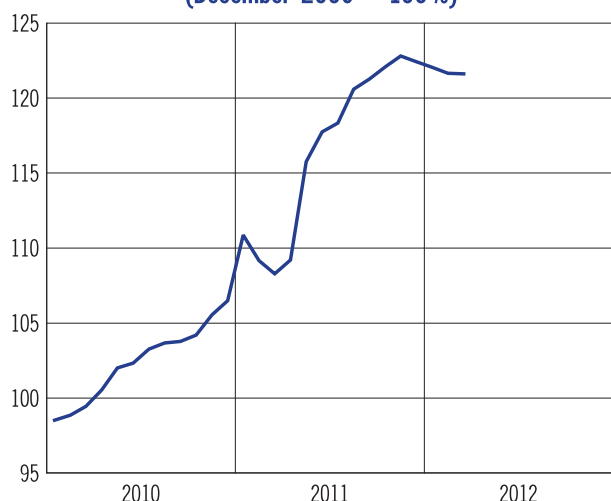
Petroleum product prices broadly followed changes in oil prices. In January-March 2012, petroleum product prices rose by 18% on average. The prices of fuel oil demonstrated the high-

World and domestic average oil prices



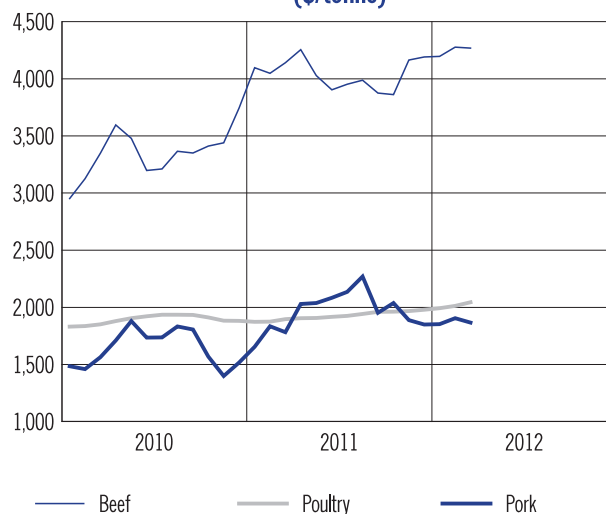
Source: Reuters, Rosstat.

**Consumer price index for petrol
(December 2009 = 100%)**



Source: Rosstat.

**World meat prices
(\$/tonne)**



Source: World Bank.

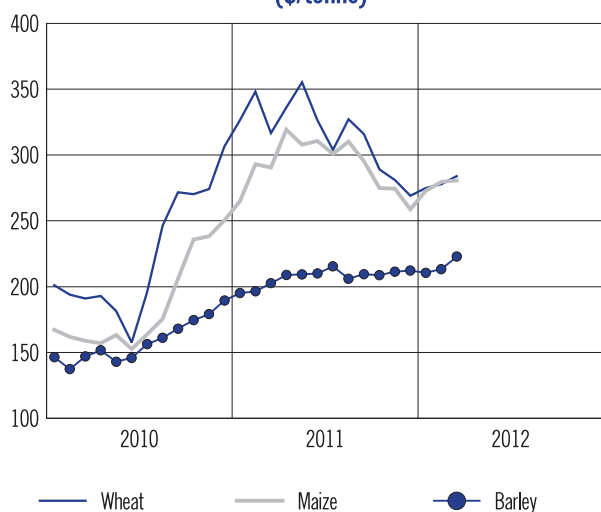
est growth rate as they increased by 25% in the first quarter of 2012 as compared with the same period last year, while petrol and diesel fuel prices went up by 14% and 12%, respectively.

The growth of ferrous metal prices slowed to 2% in January-March 2012 as compared with the same period last year. World non-ferrous metal prices continued to decline, falling by 20% on average as compared with the first quarter of 2011. The biggest decrease was registered in the prices of nickel, which went down by 27%, while the prices of copper and aluminium declined by 14% and 13%, respectively.

World grain prices (except barley and rice prices) continued their slide in the first quarter

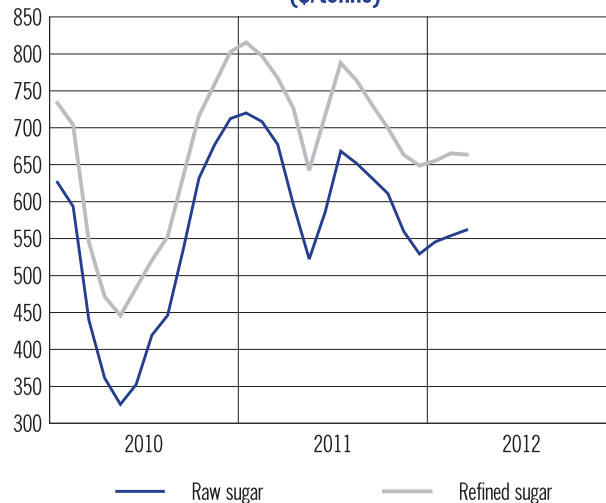
of 2012. Year on year, the prices of wheat went down by 16% and maize – by 2%, while the prices of barley and rice increased by 9% and 6%, respectively. The world prices of virtually all foodstuffs, except meat, continued to fall in monitored foodstuff markets in the period under review. The world prices of raw sugar declined by 21%, refined sugar – by 16% and palm oil – by 11% in January-March 2012 as compared with the same period last year, while beef prices grew by 4% and pork and poultry prices – by 7%. The prices of foodstuffs and raw agricultural commodities were on average lower in the first quarter of 2012, than in the first quarter of 2011.

**World grain prices
(\$/tonne)**



Source: World Bank.

**World sugar prices
(\$/tonne)**



Source: London Commodity Exchange.

International trade

The International Energy Agency (IEA) estimates that the world oil consumption growth rates decreased to 0.4% in January-March 2012 from 2.6% in the same period last year. Oil consumption contracted in the developed countries in North America and Europe, while its growth slowed in China and other emerging economies in the Asian region.

According to the IEA data, the volume of oil production and the prevailing oil consumption dynamics allowed to restore oil inventories replenishment in the first quarter of 2012. Nevertheless, geopolitical factors prompted a considerable rise in world oil prices.

The average price of Brent, Dubai and West Texas Intermediate crude grew by 12.8% in the first quarter of 2012 year on year to \$112.5 per barrel.

According to Eurostat data, EU import volume of mineral fuel and lubricants increased by 5.7% in January-March 2012 as compared with the same period last year, while the average unit value of the imports of these commodities¹ grew by 19.4%. According to IMF data, the price of Russian natural gas exported to Germany was on average 35.0% higher in January-March 2012 than in the same period last year. In March 2012, the price of natural gas supplied from Russia to Germany was 3.3% higher than in December 2011.

¹ The average unit value of imports is the ratio of changes between the value of imports of particular commodities and the import volume.

The terms of Russia's trade continued to improve in January-March 2012, although at a slower pace.

Demand

According to estimates, actual output of goods and services was close to its potential level. Growing domestic demand did not create pro-inflationary risks.

Domestic demand

In 2011, economic growth was maintained largely by higher domestic demand. Household final consumption expenditures grew by 6.8% over the year (by 5.2% in 2010). Real wage increases, employment growth and higher consumer lending contributed to stronger consumer demand in the first quarter of 2012. Real household spending on goods and services increased by an estimated 5.8% in January-March 2012.

The Consumer Confidence Index (CCI) reflecting consumer expectations improved in the first quarter of 2012 as compared with the previous quarter. The improvement was the result of growth in the indices of expected and occurred changes in the respondents' individual wellbeing and the index of expected changes in the Russian economy. The indices of occurred changes in the Russian economy and conditions for large purchases were virtually unchanged.

In January-March 2012, household real disposable money income was 2.6% higher than in the same period last year. As the inflation rate fell considerably, household consumption preferences continued to grow. The share of consumer spending in the structure of household money income use increased by 1.9 percentage points in January-March 2012 on the corresponding period of 2011 to 80.5 %. Household propensity for organised savings continued to decrease.

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

	2010					2011				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
GDP	3.8	4.9	3.8	4.9	4.3	4.0	3.4	5.0	4.8	4.3
Final consumption of which:	1.1	3.7	4.5	3.8	3.3	4.8	4.7	5.6	6.0	5.3
– households	1.7	5.7	6.9	6.3	5.2	6.1	6.1	7.2	7.7	6.8
Gross capital formation	3.2	33.5	30.6	35.4	28.8	43.0	22.7	20.0	13.0	20.8
Exports	18.9	4.4	2.2	4.3	7.0	-0.4	2.0	-1.5	1.4	0.4
Imports	11.9	22.3	35.1	29.8	25.8	28.7	23.7	17.9	14.9	20.3

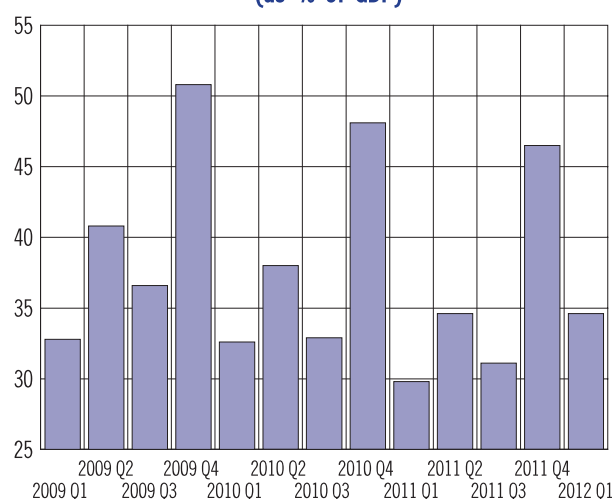
Source: Rosstat.

Stronger domestic demand facilitated further growth in the imports of goods. The growth in imports in terms of value was the result of the expansion of import quantities and the rise of import prices but this growth slowed down in the first quarter of 2012 due to a slower increase in import quantities. Year on year, the imports of goods grew by 13% in January-March 2012 to \$73.3 billion, according to a balance of payments estimate as of April 3, 2012.

Government expenditures on final consumption increased by 1.5% in 2011 (they fell by 1.4% in 2010). In January-March 2012, this indicator was estimated to grow faster than in the same period last year as the government increased considerably (almost three-fold) allowances paid to servicemen and other social transfers from the beginning of the year.

According to the Federal Treasury's data, general budget expenditures grew to 35.6% of GDP in January-March 2012 (30.6% in the same period of 2011). Non-interest expenditures accounted for 34.6% of GDP (29.8% in January-March 2011). The budget expenditure dynamics resulting from more evenly spread expenditure allocations throughout the year caused the budget surplus to lower to 4.0% of GDP in January-

**General budget non-interest expenditures
(as % of GDP)**



Source: Federal Treasury, Rosstat.

March 2012, from 7.0% of GDP in the same period last year.

In 2011, gross capital formation expanded by 24.6%, which was facilitated by a considerable increase in current inventories, and also by a substantial acceleration of growth in fixed capital investment in the second half of the year. Fixed capital investment was financed predominantly with borrowings, which accounted for 57.3% in 2011, or 1.7 percentage points less than in 2010.

Economic growth in foreign countries¹

According to estimates, GDP in a group of countries accounting for a considerable weight in the structure of Russian exports increased by 1.7% in January-March 2012 as compared with the same period last year (it grew by 4.6% in January-March 2011). Preliminary data suggest that GDP grew by 2.1% in the United States in January-March 2012 (by 2.2% in the first quarter of 2011). The eurozone GDP was unchanged in January-March 2012 from the first quarter of the previous year (it expanded by 2.4% in January-March 2011). At the same time, GDP in the eurozone in the first three months of 2012 was equal to that of the last three months of 2011, whereas in October-December 2011 it contracted by 0.3%. China's GDP growth slowed to 8.1% from 9.7% in January-March 2011.

Low business activity in the eurozone slowed GDP growth in developing countries in Europe and Asia. At the same time, the financial market situation gradually stabilised. This stabilisation was facilitated by the Eurosystem's operations to provide long-term liquidity to credit institutions and the easing of monetary policies in the eurozone and some other economies. The expansion of official aid to Greece in March 2012 played a key stabilising role. These factors contributed to the recovery of economic agents' more optimistic sentiments in the leading eurozone countries.

In April 2012, the IMF made an upward revision of its current-year forecast of GDP contraction in the eurozone to 0.3% from 0.5% in its previous forecast released in January. This factor, along with an upgrade of the US GDP growth estimate to 2.1% from 1.8% and other forecast adjustments caused some improvement in the global economic outlook. The world output of goods and services is estimated to grow by 3.5%, while international trade in goods and services is expected to expand by 4.0% in 2012 (the IMF data published in January suggested a growth of 3.3% and 3.8%, respectively).

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

Over one-third of total fixed capital investment was used to purchase machinery, equipment and vehicles.

Investment activity continued to grow at a fast pace in early 2012. Fixed capital investment expanded by 11.2% in the first quarter of 2012.

In 2011, with import quantities of goods and services growing faster than export quantities, net exports of goods and services were estimated to register a negative growth.

Foreign demand

Foreign demand for Russian goods slightly expanded in the first quarter of 2012.

The export quantities of some goods were observed to recover after their considerable contraction in 2011. The export quantities of oil, petroleum products, ferrous and especially non-ferrous metals, and also some other commodities expanded in January-March 2012 as compared with the same period last year. The exports of goods grew by 19% in the first quarter of 2012 to \$134.7 billion, according to a balance of payments estimate as of April 3, 2012. This growth was attributable both to the increase in export prices and the expansion of export quantities. The price increase made a bigger contribution to the export growth than the expansion of export quantities.

Exports to European Union (EU) member countries grew faster than overall exports. The EU share in Russia's goods exports grew by 2.1 percentage points in January-March 2012 from the same period of 2011. Within this group of countries, the proportions of major importers of Russian goods, such as the Netherlands, Germany and Italy, increased, while Poland's share declined. Growth in exports to the Asia-Pacific Economic Cooperation (APEC) countries slowed down. The share of APEC member countries in Russia's goods exports fell by 0.3 percentage points. Within this group of countries, the United States increased its share; the shares of China and South Korea were unchanged, while the share of Japan continued to contract. Exports to CIS member countries virtually stayed at the level registered in the first quarter of 2011. The growth of exports to Belarus and other CIS countries was offset by a contraction in exports to Ukraine.

Supply

Over 2011, the production of goods and services reached the 2008 level, with capacity utilisation in industry continuing to increase to approach its pre-crisis level. Economic growth accelerated in the first quarter of 2012 as compared with the same period last year.

In January-March 2012, the output in key economic activities increased by 5%. Production growth was registered in all the key types of economic activity.

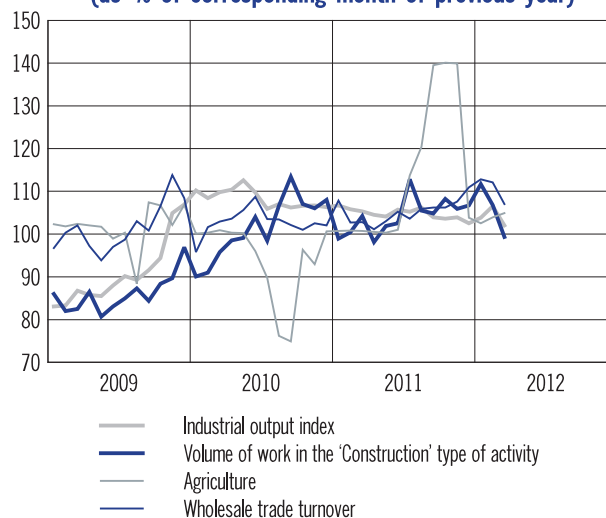
Industrial output grew by 4.0% in the first quarter of 2012. As adjusted for seasonal and calendar factors, month-on-month industrial production growth accelerated in January and February and slowed in March.

High growth rates were registered in manufacturing industries, with the production of transport vehicles, machinery and equipment, other non-metallic mineral products rising most substantially.

Industrial production capacity utilisation ratio increased in early 2012, and actually reached the pre-crisis level. The Russian Economic Barometer reported that capacity utilisation ratio averaged 76.5% in January-February 2012 as compared with 73.5% in January-February 2011.

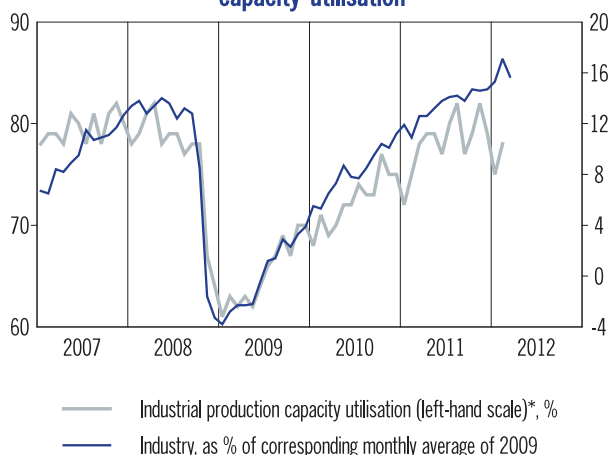
Agricultural output increased by 4% in January-March 2012. As of early April 2012, the livestock population grew by 1.1%, while slaughter cattle and poultry production expanded by 8.2% in the first quarter of 2012. Therefore, the do-

Output in certain types of economic activity (as % of corresponding month of previous year)



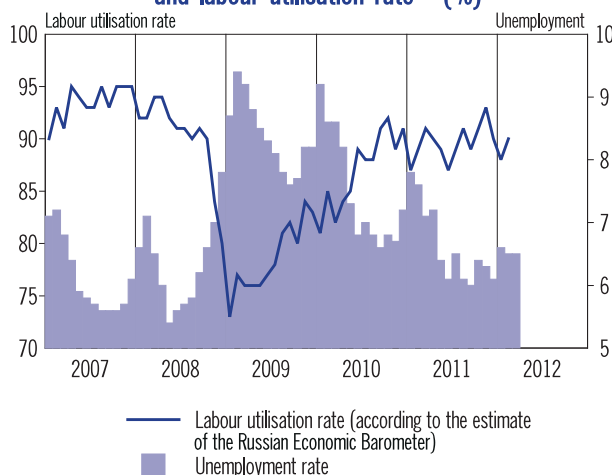
Source: Bank of Russia calculations.

Industrial production growth net of seasonal and calendar factors and industrial production capacity utilisation



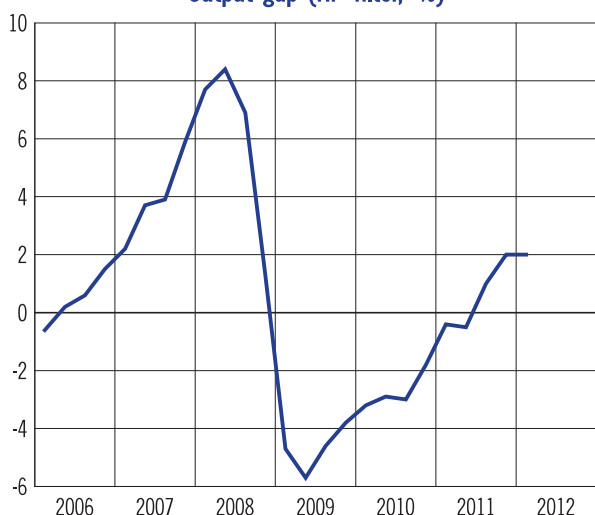
* Data provided by the Russian Economic Barometer.
Source: Russian Economic Barometer, Rosstat.

Unemployment rate* and labour utilisation rate (%)**



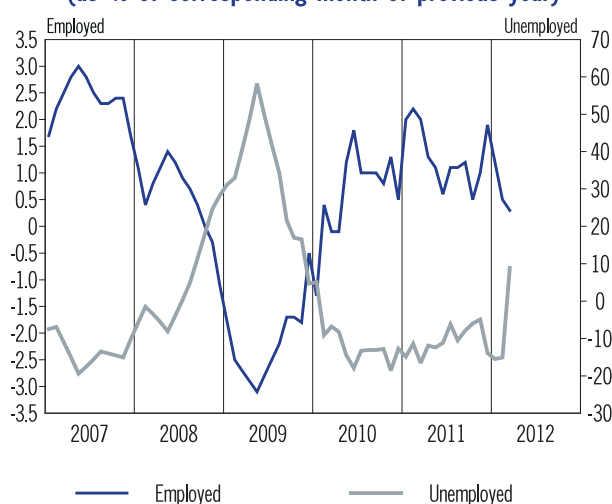
* Total number of unemployed as % of economically active population.
** In the industry.
Source: Russian Economic Barometer, Rosstat.

Output gap (HP filter, %)



Source: Bank of Russia calculations.

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



Source: Rosstat.

mestic food market situation remained favourable and exerted no negative pressure on consumer price dynamics.

In January-March 2012, **GDP** grew by 4.9% (it expanded by 4% in the first quarter of 2011). Actual output was estimated close to its potential level, which did not prevent inflation from going down.

Employment and unemployment

In 2011, the number of people employed in the economy virtually reached the 2008 level. The unemployment rate continued to decline in January-March 2012, and was estimated below the long-term trend.

The number of people employed in the economy increased by 0.7% in January-March 2012. The number of employees standing idle through employers' fault and for reasons beyond the control of employers and employees continued to contract, which testified to the growing workforce utilisation in the economy.

Labour productivity increased by an estimated 4.2% in January-March 2012. According to estimates, labour productivity grew faster in the goods producing sector than in the services sector.

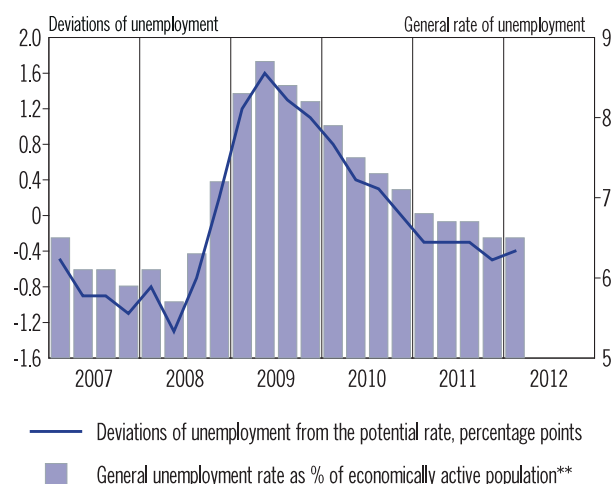
Real wages grew by 11.7 % in January-March 2012. Unit labour costs measured as a share of compensation of employees (including

hidden compensation and mixed income), continued to decline in the breakdown of GDP by source of income. They fell by 0.1 percentage points to 49.8% in 2011 as compared with 2010.

The total number of unemployed declined by 13.3% in January-March 2012 to 6.5% of the economically active population as of the end of March (7.1% as of the end of March 2011). Total unemployment exceeded the number of registered unemployed by a factor of 3.7 in the first three months of 2012, with most of the jobless looking for work without any support of employment services.

Total unemployment was estimated below the long-term trend in January-March 2012.

Unemployment rate (for the quarter)*



* The potential rate was assessed by means of the HP filter.
 ** Seasonally adjusted.
 Source: Bank of Russia calculations.

Average monthly imputed wage by type of economic activity (January-February 2011)

Type of activity	Rubles	As % of the all-Russian level
Total	23,891	100
Agriculture, etc.	12,027	50
Mining	45,249	1.9 times
Manufacturing industries	22,293	93
Electricity, gas and water production and distribution	26,775	112
Construction	23,202	97
Wholesale and retail trade, etc.	21,019	88
Transport and communications	28,916	121
Financial activity	56,969	2.4 times
Real estate and other transactions	27,349	115
Public administration, etc.	28,974	121
Education	16,726	70
Public health care and social services	18,164	76
Public utility services, etc.	18,999	80

Source: Rosstat.

Monetary Conditions

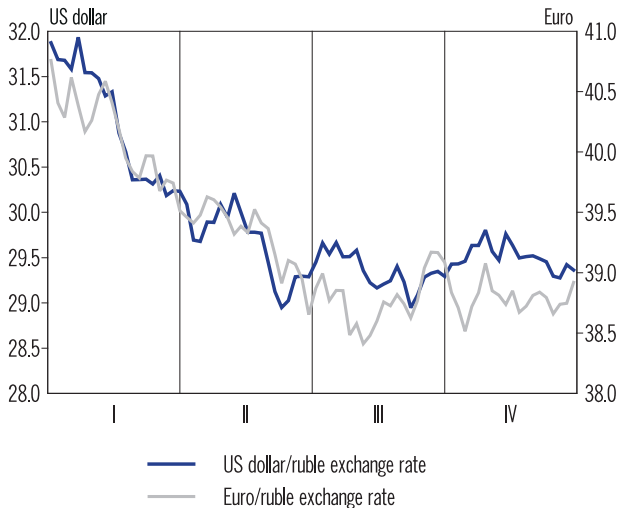
Exchange rate

In the first quarter of 2012, the domestic foreign exchange market was influenced by trends in the external and internal financial and commodity markets, and also by the parameters of the Bank of Russia's exchange rate policy, which was aimed at maintaining the ruble's stability as part of the managed floating exchange rate regime. Favourable trends in world markets for raw materials contributed to the persisting foreign currency inflow into the country. As a result, foreign currency

supply steadily exceeded demand in the domestic foreign exchange market over this period, which created conditions for the ruble's appreciation. Russia's international reserves grew by 3.0% from the beginning of 2012 to \$513.5 billion as of April 1, 2012.

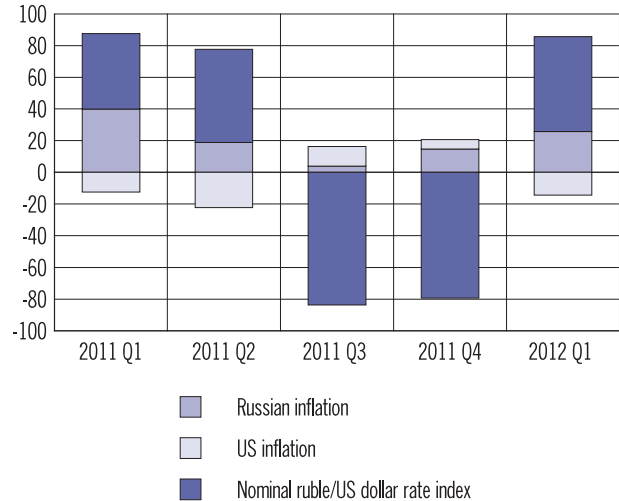
The nominal ruble/US dollar rate grew by 3.2% in the first quarter of 2012 quarter on quarter (the nominal ruble/US dollar rate fell by 7.0% in the fourth quarter of 2011 quarter on quarter). The official rate of the US dollar against the ruble

Nominal US dollar/ruble and euro/ruble rate in January-April 2012



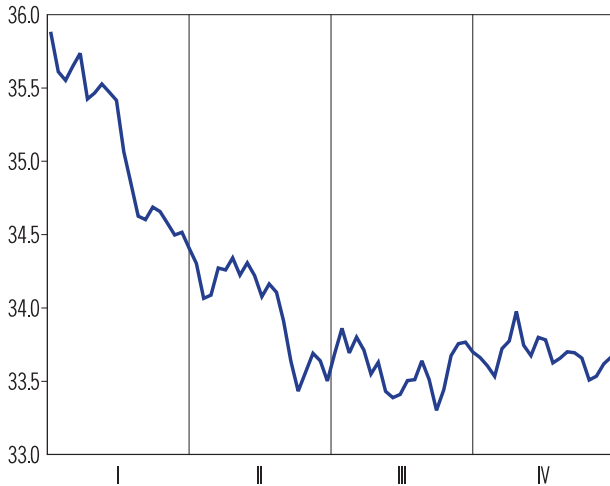
Source: Bank of Russia.

Decomposition of change in real ruble/US dollar rate (as % of real ruble rate index)



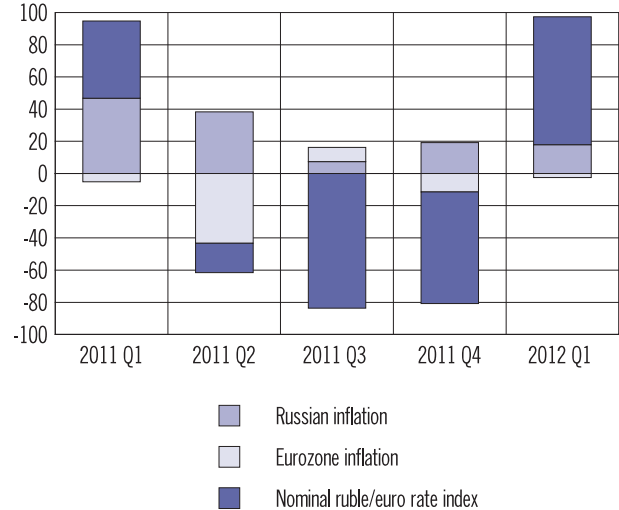
Source: Bank of Russia.

Ruble value of bi-currency basket in January-April 2012 (rubles)



Source: Bank of Russia.

Decomposition of change in real ruble/euro rate (as % of real ruble rate index)

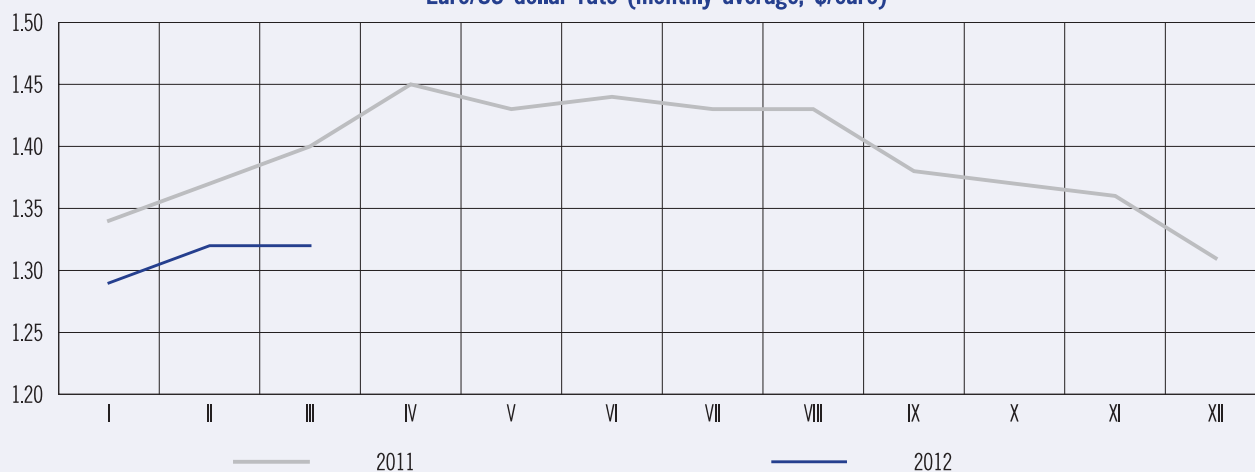


Source: Bank of Russia.

International currency market

The dollar/euro rate did not change significantly in March 2012 as compared with December 2011. The currencies of Russia's major trading partners allowing exchange rate flexibility, except the Japanese yen, appreciated against the dollar and the euro. The British pound, the Swedish krona, the Swiss franc and the South Korean won appreciated by 1-2%; the Brazilian real, the Indian rupee, the Turkish lira, the Czech koruna, the Hungarian forint and the Belarussian ruble strengthened by 3-5%, while the Polish zloty gained more than 8%. The Chinese yuan grew by less than 1% against the major currencies, while the Japanese yen depreciated by more than 5%.

Euro/US dollar rate (monthly average, \$/euro)



Source: Reuters.

was 29.3282 as of April 1, 2012, and reached 29.3627 as of May 1, 2012.

The nominal ruble/euro rate increased by 6.1% in the first quarter of 2012 as compared with the fourth quarter of 2011 (it fell by 2.4% in October-December 2011 quarter on quarter). The official rate of the euro against the ruble equalled 39.1707 as of April 1, 2012, and stood at 38.9203 as of May 1, 2012.

The ruble value of the bi-currency basket tended to decline in January-March 2012, as a result of the ruble's appreciation against the dollar and the euro for most of the first quarter of 2012. The value of the bi-currency basket was 33.7573 rubles as of April 1, 2012, and stood at 33.6636 rubles as of May 1, 2012.

The nominal effective rate of the ruble against foreign currencies increased by 4.6% in January-March 2012 quarter on quarter (in October-December 2011, this rate fell by 0.9% as compared with the previous quarter).

The real ruble/US dollar rate grew by 3.8% in the first quarter of 2012. This indicator was largely shaped by the ruble/dollar nominal rate index in January-March 2012. However, the rela-

tive contribution of the inflation differential slightly increased as compared with the fourth quarter of 2011.

The real ruble/euro rate grew by 6.9% in January-March 2012 (it fell by 2.2% in the fourth quarter of 2011). As in the second half of 2011, this indicator was largely shaped by the nominal ruble/euro rate.

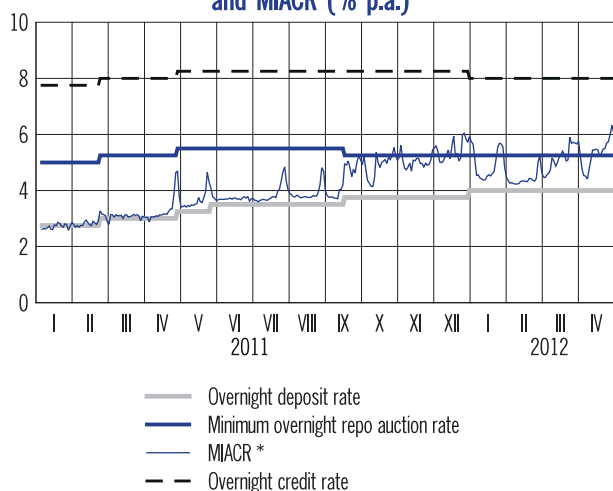
The real effective rate of the ruble against foreign currencies appreciated by 4.8% in the first quarter of 2012 (it fell by 2.2% in the fourth quarter of 2011 quarter on quarter).

The analysis of ruble rate movements against major global currencies in the first quarter of 2012 suggests low risks of inflation acceleration as a result of exchange rate fluctuations in the short term.

Interest rates

In January-April 2012, the Bank of Russia took decisions to keep the refinancing rate and interest rates on its operations unchanged on the basis of assessment of inflation risks and sustainable economic growth risks. As a result, one-day fixed rates on liquidity provision instruments amounted

Interest rates on Bank of Russia short-term operations and MIACR (% p.a.)



* MIACR is an average-weighted rate on overnight interbank ruble loans.
Source: Bank of Russia.

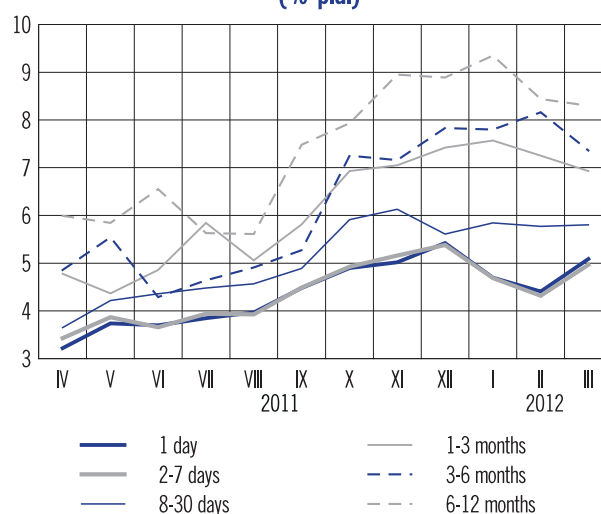
to 8% p.a. on overnight loans and 6.25% p.a. on repo operations and Lombard loans over this period. The lower limit of the Bank of Russia interest rate band was defined by the standard overnight deposit rate, which stood at 4% p.a. At the same time, the lowest possible interest rate, at which credit institutions were able to raise funds from the Bank of Russia in refinancing operations (repo auctions and Lombard loan auctions), amounted to 5.25% p.a. Given the current internal and external macroeconomic trends, the Bank of Russia regarded the level of money market interest rates evolving within the interest rate band as acceptable to achieve its monetary policy goals.

The improved banking sector liquidity in January-February 2012 contributed to lower **interbank loan rates**. The MIACR on overnight interbank ruble loans did not exceed 4.5% p.a. for most of this period, which was below its level at the end of 2011.

Interest rates on loans for a term of 2-7 and 8-30 days also went down. The segment of interbank loans with a term of over 1 month demonstrated mixed interest rate dynamics, suggesting the absence of definite expectations about future interest rate dynamics.

The increased demand for ruble liquidity contributed to the growth in interbank loan rates in March-April 2012. The interest rates on overnight interbank ruble loans returned to the level of the last months of 2011. The rates on interbank loans for a term of over 1 month also grew

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

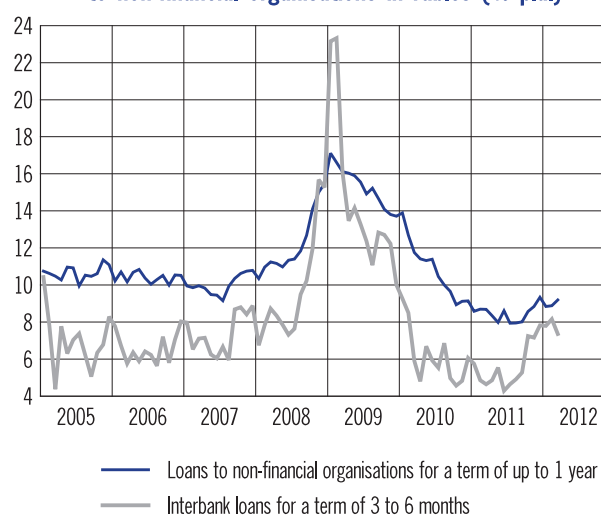


Source: Bank of Russia.

considerably in April 2012. As a result, the spread between the rates on loans with the longest and the shortest maturity periods widened considerably. These changes in the structure of rates on interbank ruble loans may suggest that the April level of rates on the shortest-term interbank loans is likely to stay or grow moderately.

The average spread between the average market MIACR and the rate on loans to banks with investment-grade credit ratings (MIACR-IG) also widened in March-April 2012. This spread increased to 15 basis points in March-April from 6 basis points in January-February. The widened spread may reflect different terms of access to the sources of funding for various groups of banks

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



Source: Bank of Russia.

and some weakening of mutual trust between banks – market participants.

Interest rates on **household ruble deposits** for different terms demonstrated mixed dynamics in the first quarter of 2012: they tended to decline on short-term household deposits and continued to rise on long-term deposits (for a term of 1-3 years). Average rates on short-term and long-term household deposits grew by 0.2 and 0.7

percentage points to 6.6% p.a. and 7.8% p.a., respectively, in January-March 2012 quarter on quarter.

In the ruble-denominated **household loan** market, the average interest rate on short-term loans declined by 0.2 percentage points in the first quarter of 2012 quarter on quarter, to 24.5% p.a., and on long-term loans it grew by 0.7 percentage points to 17.8% p.a.

Liquidity situation and Bank of Russia operations

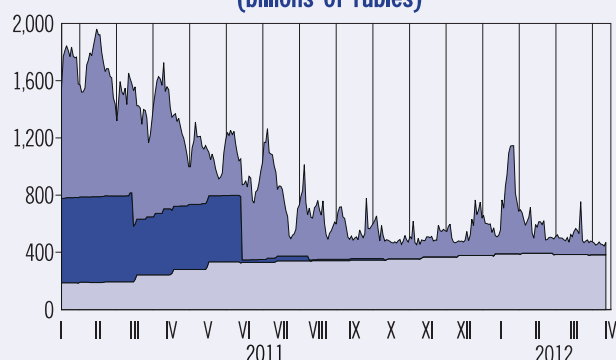
Russian credit institutions regularly applied to the Bank of Russia for refinancing in January-April 2012. The Bank of Russia's average daily claims to credit institutions on liquidity provision operations amounted to 862.5 billion rubles in the first quarter of 2012, and to 1,078.6 billion rubles in April 2012. At the same time, federal budget funds deposited with commercial banks through auctions as a source of liquidity were considered as less important in the reporting period. The average daily amount of these funds equalled 235.3 billion rubles in the first quarter of 2012, and 45.5 billion rubles in April 2012. Meanwhile, credit institutions' funds deposited with the Bank of Russia averaged 250 billion rubles in the first quarter of 2012, and 116 billion rubles in April 2012.

Liquidity levels fluctuated in the reporting period, which was primarily evidenced by the dynamics of the MIACR on overnight ruble loans in the money market. In February, the MIACR was on average 0.4 percentage points higher than the overnight deposit rate, whereas in January and March, it fluctuated near the minimum bid rate established at overnight repo auctions. The increased tension in the interbank market in April 2012 caused the MIACR to exceed the level of 5.25% p.a.

Considering the evolving liquidity situation, the Bank of Russia took a decision in late March to restart repo and Lombard loan auctions with a term of 12 months, and also the provision of loans secured by non-market assets or guarantees with maturities of 181 to 365 days. Also, the Bank of Russia started to provide gold-secured loans for a term of 181 to 365 days.

In April 2012, the Bank of Russia Board of Directors took certain decisions to restrain interest rate volatility in the money market and raise the efficiency of its interest rate policy, as it made changes to the system of monetary policy instruments. From April 10, 2012, the Bank of Russia introduced deposit auctions for a term of 1 week and suspended from April 17, 2012 fixed-rate deposit operations and Lombard loans for a term of 1 week. Starting from April 17, 2012, the Bank of Russia holds on Tuesdays either auctions to provide bank reserves (repo and Lombard loan auctions) or auctions to absorb temporarily uncommitted funds (deposit auctions) for a term of 1 week. The Bank of Russia takes decisions on the direction and the maximum amount of these operations pursuant to liquidity forecasts.

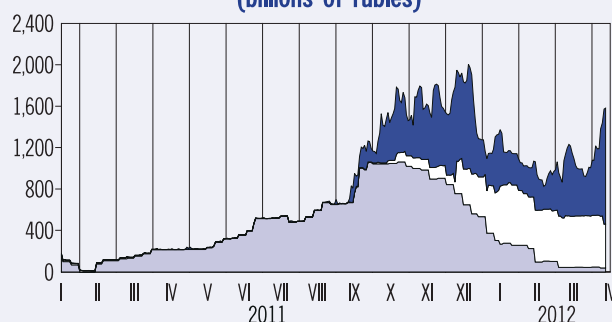
Bank of Russia liquidity absorption operations (billions of rubles)*



- Credit institutions' funds in required reserve accounts with the Bank of Russia
- Credit institutions' funds in Bank of Russia bonds (OBRs)
- Credit institutions' funds in deposit accounts with the Bank of Russia

* End-of-day balances.
Source: Bank of Russia.

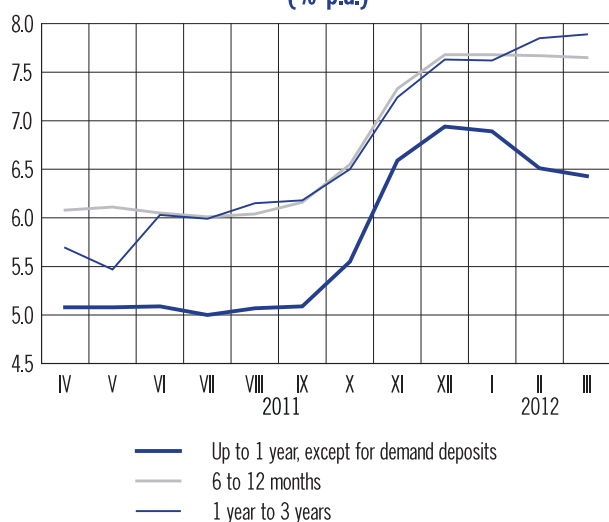
Liquidity provision operations (billions of rubles)*



- Federal budget funds placed in deposit accounts with commercial banks at auctions
- Bank of Russia secured loans**
- Bank of Russia repo operations

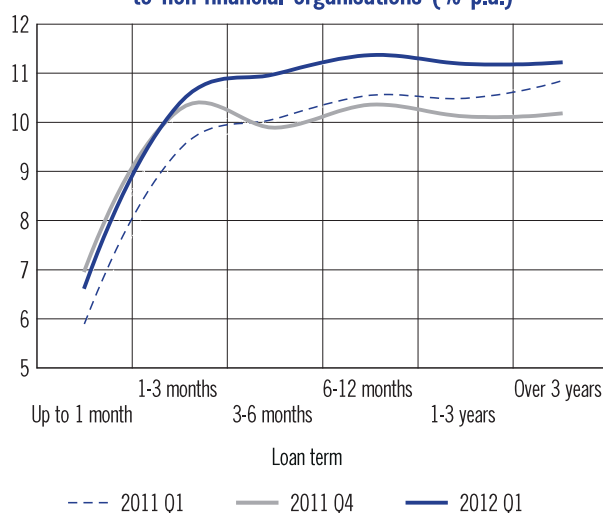
* Bank of Russia end-of-day claims to credit institutions.
** Overnight loans, Lombard loans, loans extended against non-market assets or guarantees, gold-secured loans.
Source: Bank of Russia.

Interest rates on household deposits (% p.a.)



Source: Bank of Russia.

Term structure of interest rates on ruble loans to non-financial organisations (% p.a.)

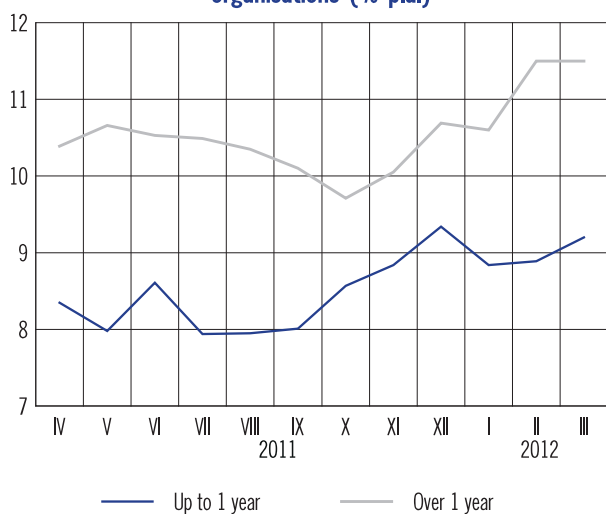


Source: Bank of Russia.

Interest rates on ruble **loans to non-financial organisations** decreased in January; the rates on short-term loans tended to grow in February-March, while the rates on long-term loans increased in February and stayed unchanged in March. Average interest rates on short-term and long-term loans increased by 0.1 and 1.1 percentage points to 9.0% p.a. and 11.2% p.a., respectively, in January-March 2012 quarter on quarter. The yield curve for loans to non-financial organisations shifted downward in the first quarter of 2012 quarter on quarter in the up-to-1-month segment, and moved up in the segment of longer maturities.

Investors' demand for **ruble-denominated bonds** increased in the first months of 2012 as compared with the last months of 2011. Bond yields tended to decline in the period between January and the first half of March. From mid-March, the yields of ruble-denominated federal government bonds (OFZs) started to increase, while the yields of regional and corporate bonds fluctuated within a horizontal band. By the end of April 2012, the yields of OFZ, regional and corporate bonds declined by 0.2, 0.5 and 0.3 percentage points to 7.7% p.a., 7.8% p.a. and 8.5% p.a., respectively, as compared with the end of December 2011.

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

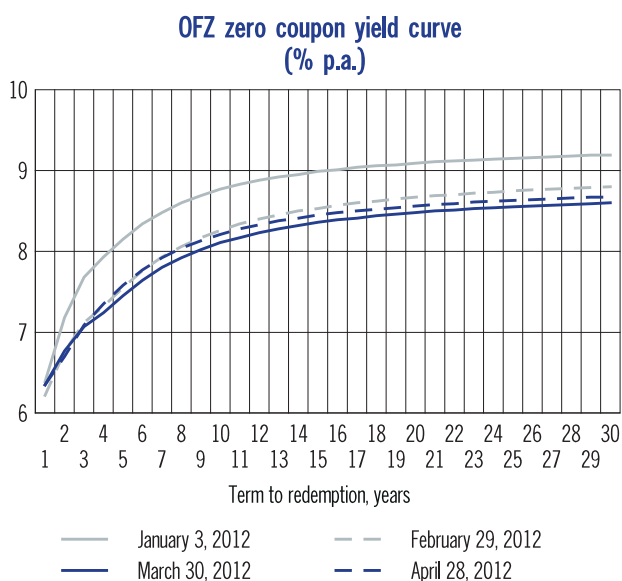


Source: Bank of Russia.

Russian ruble bond effective yields in domestic market (% p.a.)



Source: Cbonds.ru agency, MICEX-RTS.



Source: MICEX-RTS.

The OFZ zero coupon yield curve had an ascending slope along its entire length in January-April 2012. The yield curve had moved down by late March from early January and its slope decreased, and by late April it had moved upward almost to the level registered in late February.

Asset prices

In January-March 2012, the Russian equity prices continued to recover after their significant fall in April-October 2011. From January to mid-March, positive price trends in the world stock and oil markets and the investors' risk appetite growth contributed to the quick rise in the MICEX and RTS stock indices. In the second half of March, these indices registered a downward correction as domestic stock market participants resorted to profit-taking amid the persisting external threats (high global financial and economic risks, strong volatility in world raw material and financial markets). As of March 30, 2012, the MICEX index grew by 8.2% as compared with the end of the fourth quarter of 2011 to 1,517.34 points, while the RTS index went up by 18.5% to 1,637.73 points. The average MICEX and RTS stock indices increased by 7.7% and 11.7%, respectively, in the first quarter of 2012 and exceeded the corresponding indicators for the fourth quarter of 2011.

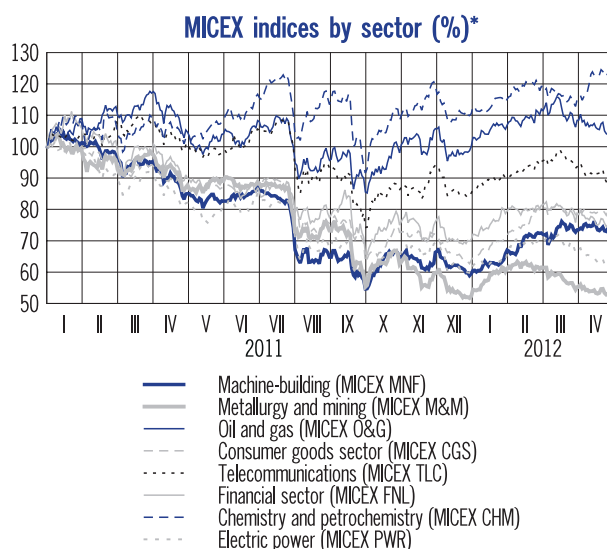
In January-March 2012, share prices in the key sectors of the Russian economy increased significantly. The biggest growth was registered in



* Monthly averages.
Source: until December 19, 2011 – MICEX and RTS, from December 19, 2011 – MICEX-RTS, Bank of Russia calculations.

the stocks that depreciated the most in 2011, i.e., the shares of companies in the consumer, machine-building and electric power sectors mainly oriented to domestic demand, and also the shares of credit institutions.

In April 2012, Russian share prices tended to decline as a result of uncertainty over further share price dynamics in the market. As of the end of April 2012, the MICEX index fell by 2.9% month on month to 1,473.50 points, and the RTS index decreased by 2.7% to 1,593.97 points. Share prices in most sectors of the Russian economy declined in April 2012, except for the shares of chemical, machine-building and consumer



* Indices as of December 30, 2010 = 100%.
Source: until December 19, 2011 – MICEX and RTS, from December 19, 2011 – MICEX-RTS, Bank of Russia calculations.

sector companies, which slightly increased over this month.

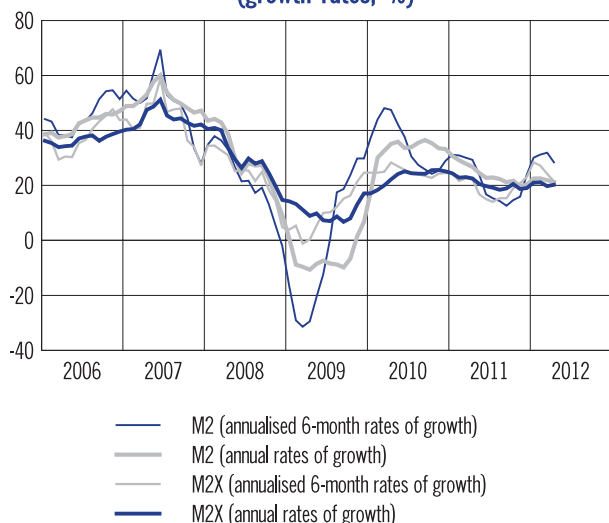
Monetary aggregates

The dynamics of monetary aggregates suggest that the current slowing of inflation is not linked with monetary factors and inflation risks persist in the medium term.

The intensive slowdown in the annual rates of growth in the M2 monetary aggregate that was observed from the second half of 2010 came to a halt in the fourth quarter of 2011, and their dynamics stabilised. In January-March 2012, the annual growth in ruble money supply slightly slowed down from 22.6% to 21.3%. The dynamics of the 6-month rates of growth in M2 money supply, which are less affected by the base effect, demonstrated higher M2 growth rates from September 2011 to March 2012. This growth slowed down in March 2012.

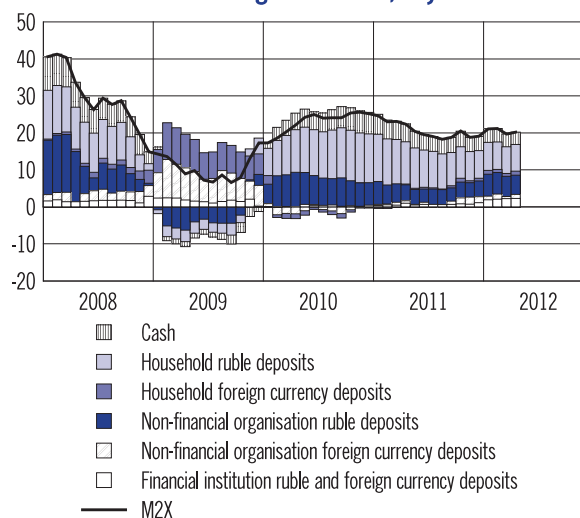
The annual rates of growth in household ruble deposits fell by 1.7 percentage points in January-March 2012, to 20.7% as of April 1, 2012. However, this slowdown was less intensive than in the first quarter of 2011, when the growth rates decreased by almost 7 percentage points. The annual growth rates of ruble deposits of non-financial organisations and other financial institutions started to increase from November 2011, and their level was noticeably higher on average in January-March 2012 (27.2%) than in the first quarter of 2011 (19.5%).

Seasonally-adjusted M2 and M2X
(growth rates, %)



Source: Bank of Russia.

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

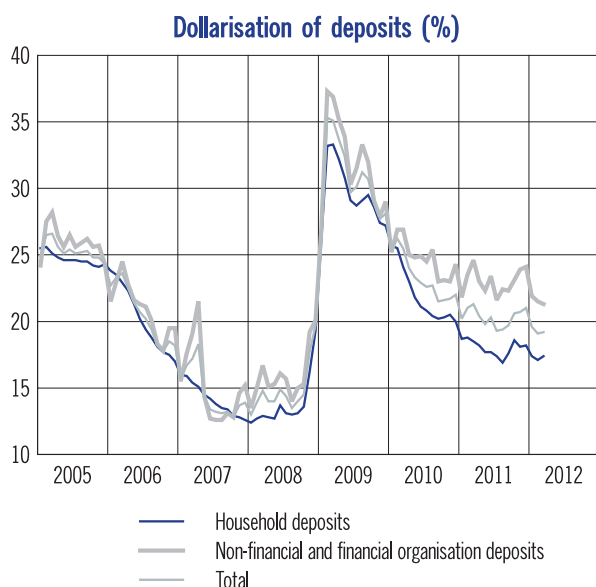


Source: Bank of Russia.

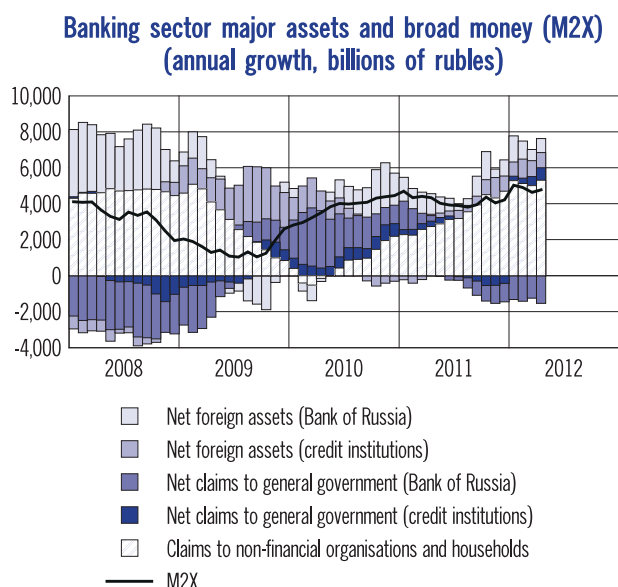
Starting from September 2011, the annual rates of growth in the M2X broad money demonstrated no clearly expressed trends: the M2X monetary aggregate grew at an annual rate of about 20% on average. In January-March 2012, the annual growth in M2X slightly slowed down (from 21.1% to 20.2%). Similar to the M2 dynamics, the annualised 6-month growth rates of M2X tended to increase from September 2011, and started to slow down from January 2012.

The annual growth rates of foreign currency deposits (in ruble terms) started to increase from August 2011, and totalled 13.0% over the year but were considerably lower than the annual rates of growth in ruble deposits. In January-March 2012, the annual rates of growth in foreign currency deposits demonstrated no strong fluctuations in their dynamics. The annual growth rate of foreign currency deposits of non-financial organisations and other financial institutions was 14.5% as of April 1, 2012, while the same indicator for households stood at 14.2%.

The level of dollarisation of deposits decreased in the previous year from 20.2% to 18.7%. This indicator's slight increase in January-February 2012 was seasonal and was conditioned by the dynamics of dollarisation of deposits held by non-financial organisations and other financial institutions. The level of dollarisation of household deposits continued to decline. As a result, the overall deposit dollarisation level stood at 19.2%



Source: Bank of Russia.



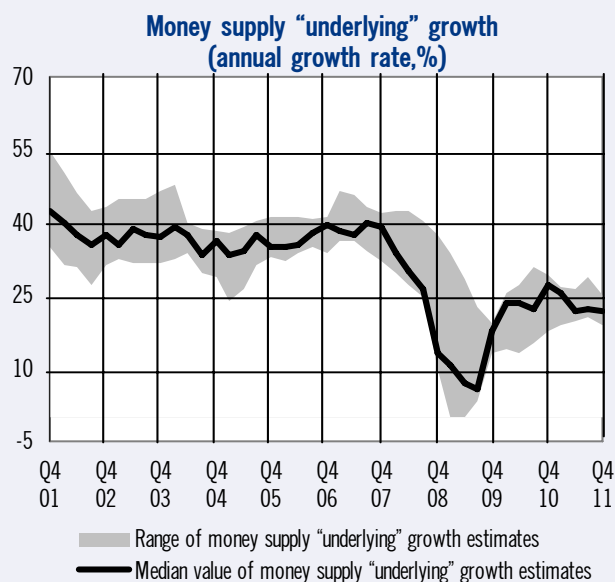
Source: Bank of Russia.

Assessing the "underlying" growth of money supply

The money supply growth indicator is the fundamental metric used to identify medium- and long-term inflation risks. Considering the long-term nature of the relationship between money supply dynamics and inflation, short-term monetary aggregate fluctuations do not always adequately reflect risks to price stability. In this context, the assessment of money supply underlying growth rate is an important element of monetary analysis that is used as an indicator reflecting the most stable component of money supply dynamics and correspondingly containing the most essential data for inflation risk evaluation.¹ There are several approaches to calculating this indicator:

1. Extracting the low frequency component of the M2X monetary aggregate dynamics, using the Christiano-Fitzgerald filter.
2. Using the implicit structural filter,² making it possible to smooth out M2X fluctuations, taking into account lags identified in relationship with inflation dynamics.
3. Calculating the common component in the dynamics of 14 various monetary indicators on the basis of the dynamic factor model.³
4. Using the M2X monetary aggregate dynamics of the household sector⁴ as the most representative macroeconomic indicator.
5. Using the structural BVAR-model to identify money supply shocks among other structural shocks in the M2X dynamics.

Most of the money supply "underlying" growth indicators, estimated with the help of alternative methods, confirmed as a whole the presence of a turning point in the dynamics of monetary conditions in the economy in 2011, and the transition from their easing to some tightening and stabilisation.



Source: Bank of Russia calculations.

¹ For details, see Papademos, L. D. and J. Stark (eds.). 2010. *Enhancing monetary analysis, Chapter 2*. ECB, Frankfurt am Main.

² For details, see Bruggeman A., G. Camba-Mendez, B. Fischer and J. Sousa. 2005. *Structural filters for monetary analysis – the inflationary movements of money in the euro area*. ECB Working Paper No. 470.

³ For details, see Nobili A. 2009. *Composite indicators for monetary analysis*. Bank of Italy Working Paper No. 713.

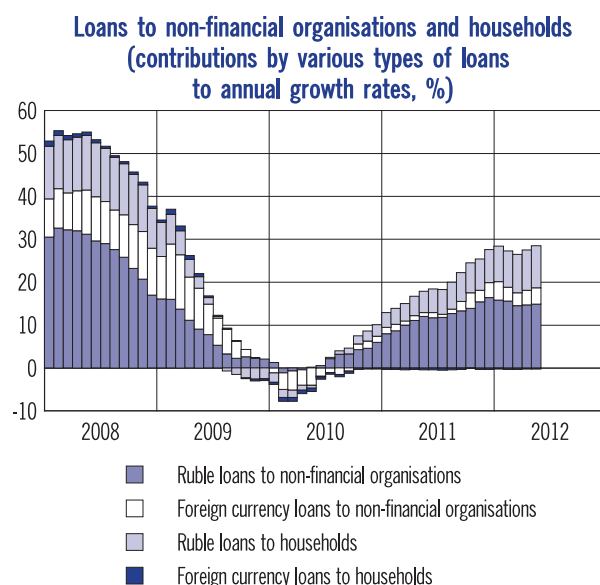
⁴ For details, see "Sectoral structure of money supply," Bank of Russia, *Quarterly Inflation Review*, Q1, 2011, pp. 22-24.

as of April 1, 2012, and was lower than as of the same date a year earlier (20.4%).

Growth in lending was the main source of the expansion of broad money in 2011. Credit institutions' claims to non-financial organisations and households grew more than twofold in 2011 as compared with 2010. The Bank of Russia's net claims to general government contracted significantly, which had a major restraining effect on money supply dynamics in 2011. The increase in the Bank of Russia's net foreign assets also affected the overall money supply growth in 2011. The fall in the net foreign assets of the banking system and net claims to the general government in January-March 2012 contributed to some slowing of money supply growth.

Credit aggregates

The current dynamics of credit aggregates generally suggest the persisting vigorous growth of banks' lending activities. The annual growth in loans to non-financial organisations slightly slowed down and equalled 24.2% as of May 1, 2012 as compared with 26% as of January 1, 2012, whereas the annual rate of growth in loans extended to households continued to increase and reached 42%. As a result, the annual rate of growth in the total loans stood at 28.2% as of May 1, 2012. At the same time, the loans to non-financial organisations and households grew by only 1.5% in the first quarter of 2012, registering the smallest quarterly increase after the slowing of growth in credit aggregates between the

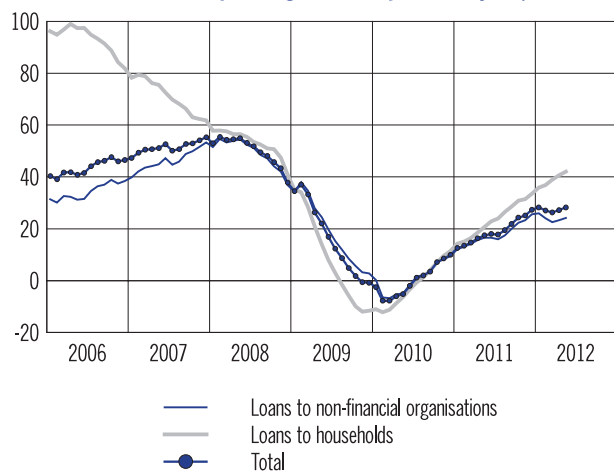


Source: Bank of Russia.

second quarter of 2009 and the first quarter of 2010. This trend may suggest a beginning of the credit cycle transition to a more moderate phase.

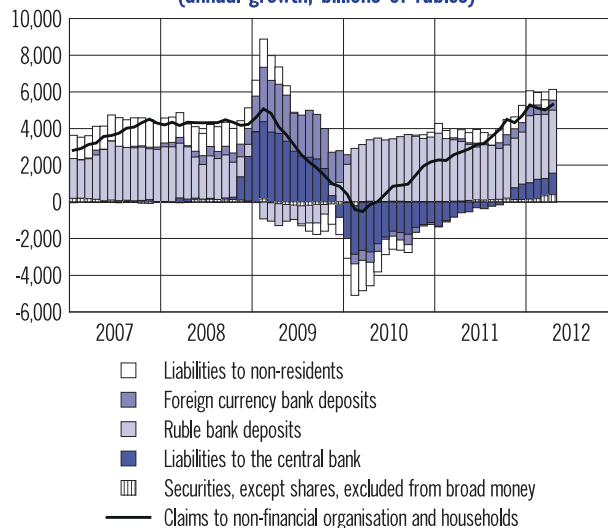
The tightening of lending terms in loan markets was an expected event in general and was conditioned by a number of objective factors. The outpacing growth of the deposit base was a major source of the expanding supply of loans in the post-crisis period. However, the slower increase in funds raised in 2011 as compared with 2010, caused the annual growth in loans to non-financial organisations and households to exceed the growth of bank deposits (for the first time since 2009). In this situation, banks need sources of additional financing to maintain the high rates of

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



Source: Bank of Russia.

Certain types of liabilities of credit institutions and loans (annual growth, billions of rubles)



Source: Bank of Russia.

growth in credit aggregates. Before 2008, these funds could be raised in foreign markets, whereas today the most probable source seems likely to come from a further increase in the role of the domestic money market and, in particular, from the continued growth in banks' demand for Bank of Russia liquidity provision operations. As can be expected, this transformation is linked with the tightening of terms both in the money and loan markets.

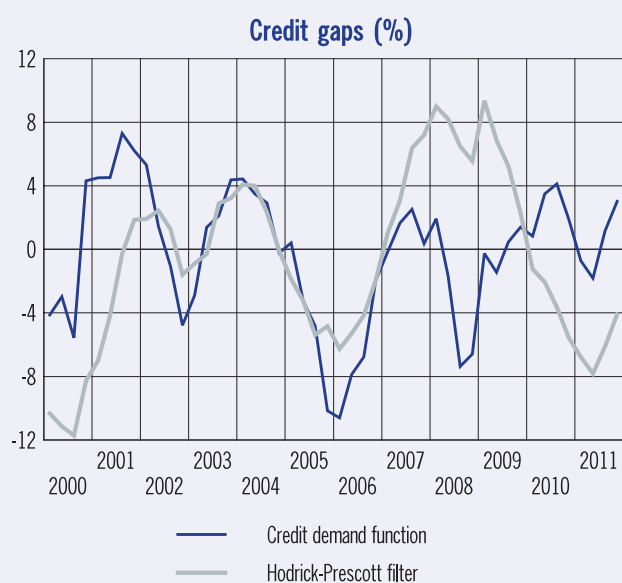
The slower growth in the deposit base changed the structure of banks' balance sheets. The faster growth in low-liquid assets (such as loans to the real sector of the economy) and the slower growth in stable funding sources (in particular, bank deposits) increase liquidity risk and may force banks to resort to more cautious policies, limiting the supply of loans.

Credit cycle indicators

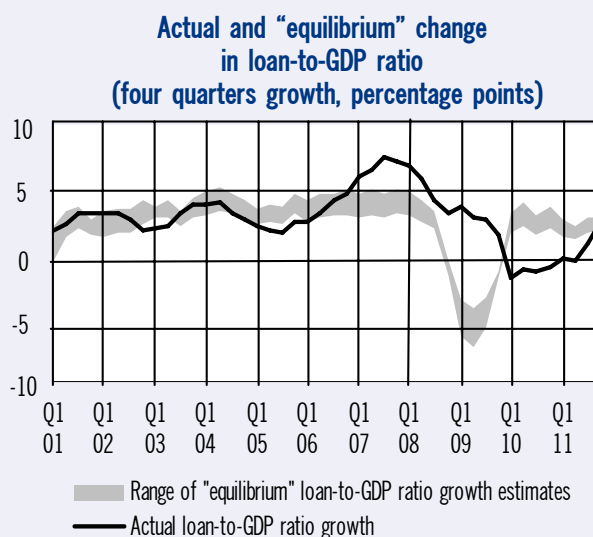
Lending activity indicators are closely linked with the condition of the real and financial sectors of the economy and, therefore, are a key element in implementing monetary policies. Sharp fluctuations in the dynamics of credit aggregates pose a threat to financial and macroeconomic stability. In this context, the analysis of the sustainability of current credit aggregate dynamics and their conformity with fundamental macroeconomic indicators is an important task for central banks.

Assessing the credit demand function¹ is one of the most wide-spread methods of credit aggregate analysis. Traditionally, this function represents the dependence of loans in real terms on a scale variable (normally, GDP) and the cost of loans (the interest rate). The credit demand function can be used to assess a credit gap as a deviation of the actual loans from the value calculated with the help of the dynamic simulation of the model. Another traditional method to assess the credit gap is to find a deviation of the loan-to-GDP ratio from the trend calculated with the help of the Hodrick-Prescott filter ($\lambda=1600$).

Credit gaps calculated by alternative methods had similar dynamics in the pre-crisis period as a whole and demonstrated rapid growth in 2006-2007. In the crisis and post-crisis periods, however, the differences between the two indicators became more noticeable. Specifically, the contraction of the loan-to-GDP ratio caused this indicator's considerable deviation from the trend and resulted in the current negative value of the credit gap calculated by the filtration method. At the same time, the credit gap calculated using the credit demand function suggests that the post-crisis decline in credit activity generally corresponded to fundamental macroeconomic indicators. Another significant difference is that the current values of the credit gap calculated using the credit demand function are positive, which suggests banks' excessive lending activities.



Source: Bank of Russia.



Source: Bank of Russia calculations.

¹ See "Assessment of the level of the demand for loans in the Russian economy," Bank of Russia, Quarterly Inflation Review, Q1 2010, pp. 25-26.

One of the shortcomings of these credit gaps is that both the trend trajectory and the parameters of the credit demand function are calculated relying exclusively on the previous dynamics of credit aggregates. Therefore, estimates may be biased and their interpretation may be complicated, if the loan growth was actually unbalanced during a considerable period of the time sample. One of the solutions to this problem offered by world practice is to parameterise the relationship between loans and other basic macroeconomic indicators using historical data on developed countries (they are presumably less exposed to the problem) and only then employ estimated models for credit activity analysis in transition economies. Such research² was conducted by the ECB specialists for Central and Eastern Europe. On the basis of 5 models³ from among those proposed in this paper, an “equilibrium” change in the ratio of loans to GDP in Russia was assessed.

It can be noted that the actual loan-to-GDP ratio dynamics in 2001-2005 corresponded as a whole to the estimated “equilibrium” dynamics. However, beginning with 2006, the growth of the loan-to-GDP ratio accelerated noticeably and considerably exceeded the “equilibrium” growth in the pre-crisis period. These results look meaningful and, generally point to the possibility of applying this approach for analysing lending activity in Russia. Currently, the rates of growth in the loan-to-GDP ratio are again close to exceeding the equilibrium level.

² For details, see Egert, B., P. Backe and T. Zumer. 2006. Credit Growth in Central and Eastern Europe: New (Over) shooting stars? ECB Working Paper No. 687.

³ The models used in this paper are equations of the dependence of the loan-to-GDP ratio on certain macroeconomic indicators: GDP, GDP based on PPP per capita, the loans to the government sector, the interest rate on loans, the spread between lending and deposit rates and the inflation rate.

Bank of Russia press releases on monetary policy measures

February 2012

February 3 (extract from the press release)

The Bank of Russia External and Public Relations Department informs that the Bank of Russia Board of Directors took a decision on February 3, 2012 to leave the refinancing rate and interest rates on Bank of Russia operations unchanged (see the Table 'Interest Rates on Bank of Russia Operations').

The decision was made following an assessment of inflation risks and risks to the slowing of economic growth, including risks posed by the persisting uncertainty over external economic developments.

Inflation slowed down considerably in January 2012: the annual consumer price growth rate fell to an estimated 4.1% as of January 30 from 6.1% at the end of 2011, as the government rescheduled the planned increase in most of the administered prices and tariffs for mid-2012. The Bank of Russia takes account of the temporality of this effect and will continue being guided by mid-term inflation forecasts in taking monetary policy decisions. The appreciation of the ruble in January may have a certain disinflation effect.

The dynamics of the key macroeconomic indicators in December suggested that consumption indicators remained stable amid moderate industrial sector indicators. Further contraction of the unemployment rate, accelerated growth rates in real incomes and continued growth in consumer lending contributed to the acceleration of retail trade turnover growth rates. Annual growth rates in fixed capital investments increased in December. Meanwhile, the annual growth of industrial output index decreased considerably as against November, which was conditioned in part by the decrease in specific components of the index through weather factors. Low industrial output growth rates and relatively weak sentiment indicators of economic agents have remained unchanged over the recent months.

Given the current internal and external macroeconomic trends, the Bank of Russia regards the established level of interest rates in the money market within the interest rate band as acceptable to secure a balance between inflation risks and economic slowdown risks in the coming months. The Bank of Russia will continue monitoring the effect of tightening the monetary conditions connected with the effect of the transition to liquidity shortage in the banking sector amid a decrease in lending in external financial markets.

The next meeting of the Bank of Russia Board of Directors to consider monetary policy is scheduled for the first half of March 2012.

February 6

The Bank of Russia External and Public Relations Department informs that the Bank of Russia Board of Directors took a decision on February 3, 2012 to approve the following list of national rating agencies whose ratings are used by the Bank of Russia pursuant to Bank of Russia Ordinance No. 2732 U, dated November 17, 2011, 'On the Specifics for Credit Institutions to Make Provisions for Possible Losses on Operations with Securities whose Title is Certified by Institutions (Depositaries)' (hereinafter referred to as the Bank of Russia Ordinance) to assess the compliance by the institutions (depositaries) with the criteria set forth in the Bank of Russia Ordinance, as well as minimum long-term credit ratings for each of the national rating agencies eligible for the foregoing list:

No.	National rating agency	Minimum long-term credit rating
1	RusRating	'BB'
2	Expert RA	'A'
3	National Rating Agency	'A'
4	AK&M rating agency	'A'
5	Moody's Interfax rating agency	'A2.ru'

March 2012

March 13 (extract from the press release)

The Bank of Russia External and Public Relations Department informs that the Bank of Russia Board of Directors took a decision on March 13, 2012 to leave the refinancing rate and interest rates on Bank of Russia operations unchanged (see the Table 'Interest Rates on Bank of Russia Operations').

The decision was made following an assessment of inflation risks and the prospects of economic growth, taking into account the persisting uncertainty with regard to external economic developments.

Inflation continued to slow down in February and early March 2012: the annual consumer price growth rate fell to an estimated 3.7% as of March 5. Core inflation also decreased, falling to 5.7% at end-February. The inflation slowdown was facilitated by the government's decision to reschedule for mid-2012 the planned increase in most of the administered prices and tariffs and also by the ruble's appreciation in the past few months. The Bank of Russia will continue being guided by mid-term inflation forecasts in taking monetary policy decisions.

The dynamics of the key macroeconomic indices in January suggested that consumption indicators continued to grow faster than production indicators. The rates of growth in real wages remained high, which was facilitated by real wage dynamics in the government sector, while the unemployment rate remained relatively low. Consumer lending continued to grow rapidly. Meanwhile, industrial production has registered moderate growth rates and the sentiment indicators of economic agents have been relatively weak in the past few months.

Given the current internal and external macroeconomic trends, the Bank of Russia regards the established level of interest rates in the money market within the interest rate band as acceptable in the coming months. The Bank of Russia will continue monitoring money market developments amid a decrease in lending in external financial markets.

The next meeting of the Bank of Russia Board of Directors to consider monetary policy is scheduled to take place in the first ten days of April 2012.

March 28 (extract from the press release)

In compliance with a decision taken by the Bank of Russia Monetary Policy Committee (Minutes No. 3 of March 23, 2012), the Bank of Russia will restart 12-month Lombard loan and repo auctions.

March 30

The Bank of Russia External and Public Relations Department informs that from April 2, 2012, the Bank of Russia will:

- resume operations to extend loans to credit institutions secured by non-market assets or guarantees with maturities from 181 to 365 calendar days in compliance with Bank of Russia Regulation No. 312-P dated November 12, 2007, 'On the Procedure for Extending Bank of Russia Loans Secured by Assets or Guarantees to Credit Institutions;'

- start operations to extend gold-secured loans to credit institutions in compliance with Bank of Russia Regulation No. 362-P dated November 30, 2010, 'On the Procedure for Extending Bank of Russia Gold-Secured Loans to Credit Institutions,' with maturities from 181 to 365 calendar days, with the

interest rate on these loans set at 7.75% p.a. in accordance with a decision by the Bank of Russia Board of Directors dated March 30, 2012.

April 2012

April 9 (extract from the press release)

The Bank of Russia External and Public Relations Department informs that the Bank of Russia Board of Directors took a decision on April 9, 2012 to leave the refinancing rate and interest rates on Bank of Russia operations unchanged (see the Table 'Interest Rates on Bank of Russia Operations').

The decision was made following an assessment of inflation risks and the prospects of economic growth.

The annual inflation rate remained low at 3.7% in March, while core inflation slowed down to 5.5%. These trends are expected to be short-lived, while medium-term inflationary risks are intensified by uncertainty about the impact of the increase in most administered prices and tariffs scheduled for July on consumer prices.

The dynamics of certain macroeconomic indicators in February suggest some improvement in the economic situation. Industrial production growth accelerated and the annual growth rates of fixed capital investment remained high. The dynamics of real wages and consumer lending, and also the low unemployment rate create favourable conditions for the persistence of steady consumer demand.

The Bank of Russia Board of Directors also took a decision to set from April 10, 2012, the maximum rate on 1-week deposit auctions at 4.75% p.a. This decision, which adds a short-term liquidity absorption market instrument to the system of the Bank of Russia's monetary tools, will help reduce money market rate volatility and raise the efficiency of the Bank of Russia's interest rate policy.

Given the current internal and external macroeconomic trends, the Bank of Russia regards the established level of interest rates in the money market within the interest rate band as acceptable in the months to come. The Bank of Russia will continue monitoring inflationary risks and will be guided by mid-term inflation forecasts and inflation expectation dynamics in taking monetary policy decisions.

The next meeting of the Bank of Russia Board of Directors to consider monetary policy is scheduled for the first half of May 2012.

April 9 (extract from the press release)

The Bank of Russia External and Public Relations Department informs that from April 10, 2012, the system of Bank of Russia monetary policy instruments will be supplemented by 1-week deposit auctions, with their maximum interest rate set at 4.75% p.a. in accordance with a decision taken by the Bank of Russia Board of Directors on April 9, 2012.

The Bank of Russia intends to give up conducting unconditionally 1-week repo auctions and, starting from April 17, 2012, will hold on Tuesdays either liquidity provision auctions (repo and Lombard loan auctions) or liquidity absorption auctions (deposit auctions) for a term of 1 week.

These decisions are designed to help reduce money market rate volatility and raise the efficiency of the Bank of Russia's interest rate policy.

1-week auctions will be held on Tuesdays with settlements on Wednesday. The Bank of Russia will announce decisions on the auction direction on Mondays by 18:00 Moscow time and the corresponding liquidity provision (absorption) limit on Tuesdays by 10:15 a.m. Moscow time. The Bank of Russia will take these decisions pursuant to a banking sector liquidity forecast for a forthcoming week, which will include an assessment of banks' demand and liquidity supply influenced by autonomous and other factors.

Also from April 17, 2012, the Bank of Russia will do the following:

- suspend conducting 1-week and spot-week deposit operations at fixed rates on standard terms and providing 1-week Lombard loans at fixed rates;
- the Bank of Russia will take into account bids filed at a rate above or equal to the fixed rate on 1-week repo operations to calculate the use of limit on the maximum volume of funds at 1-week repo auction.

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
2010								
January	1.6	0.5	1.4	0.8	7.2	0.2	0.3	3.9
February	0.9	0.5	1.3	0.8	5.6	0.3	0.3	1.0
March	0.6	0.5	1.0	0.7	4.2	0.4	0.4	0.4
April	0.3	0.2	0.3	0.2	1.1	0.3	0.3	0.2
May	0.5	0.1	0.7	-0.1	7.2	0.4	0.3	0.4
June	0.4	0.2	0.5	0.0	4.6	0.2	0.2	0.4
July	0.4	0.4	0.3	0.4	-0.6	0.3	0.2	0.6
August	0.6	0.7	0.9	1.2	-1.4	0.4	0.4	0.3
September	0.8	1.1	1.6	1.8	0.2	0.6	0.6	0.0
October	0.5	0.8	0.7	1.0	-1.8	0.6	0.7	0.0
November	0.8	0.7	1.4	1.0	4.0	0.7	0.7	0.2
December	1.1	0.7	2.0	1.2	8.6	0.5	0.4	0.4
Full year (December on December)	8.8	6.6	12.9	9.4	45.6	5.0	4.9	8.1
2011								
January	2.4	1.1	2.6	1.6	11.2	0.9	0.6	4.1
February	0.8	0.7	1.2	1.0	2.7	0.3	0.5	0.8
March	0.6	0.7	0.9	0.9	1.4	0.5	0.6	0.3
April	0.4	0.5	0.4	0.6	-1.6	0.5	0.5	0.5
May	0.5	0.4	0.0	0.2	-1.6	0.8	0.4	0.7
June	0.2	0.3	-0.2	0.1	-3.2	0.4	0.3	0.7
July	0.0	0.4	-0.7	0.4	-9.2	0.3	0.3	0.6
August	-0.2	0.4	-1.4	0.3	-16.0	0.5	0.4	0.3
September	0.0	0.5	-0.6	0.2	-9.8	0.7	0.7	-0.1
October	0.5	0.5	0.5	0.5	0.5	0.7	0.7	0.1
November	0.4	0.5	0.5	0.7	-1.0	0.6	0.5	0.1
December	0.4	0.4	0.7	0.6	1.3	0.3	0.4	0.3
Full year (December on December)	6.1	6.6	3.9	7.4	-24.7	6.7	6.0	8.7
2012								
January	0.5	0.5	0.8	0.6	2.8	0.4	0.5	0.2
February	0.4	0.4	0.7	0.5	2.1	0.3	0.4	0.0
March	0.6	0.5	0.8	0.6	2.7	0.5	0.5	0.4

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, %)**

	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
2010								
January	1.6	0.5	1.4	0.8	7.2	0.2	0.3	3.9
February	2.5	1.0	2.7	1.6	13.2	0.5	0.6	5.0
March	3.2	1.5	3.8	2.3	18.0	0.9	1.0	5.4
April	3.5	1.7	4.1	2.5	19.3	1.3	1.3	5.6
May	4.0	1.8	4.8	2.4	27.9	1.7	1.7	6.0
June	4.4	2.0	5.4	2.4	33.8	1.9	1.9	6.4
July	4.8	2.4	5.7	2.8	32.9	2.2	2.1	7.0
August	5.4	3.1	6.6	4.1	31.0	2.5	2.5	7.3
September	6.2	4.3	8.4	5.9	31.3	3.1	3.1	7.4
October	6.8	5.1	9.1	7.0	28.9	3.8	3.8	7.4
November	7.6	5.8	10.6	8.1	34.0	4.5	4.5	7.6
December	8.8	6.6	12.9	9.4	45.6	5.0	4.9	8.1
2011								
January	2.4	1.1	2.6	1.6	11.2	0.9	0.6	4.1
February	3.2	1.8	3.9	2.6	14.2	1.2	1.1	4.9
March	3.8	2.5	4.8	3.5	15.8	1.7	1.7	5.2
April	4.3	3.0	5.2	4.1	14.0	2.2	2.2	5.7
May	4.8	3.4	5.2	4.4	12.2	3.0	2.6	6.5
June	5.0	3.8	5.0	4.5	8.7	3.5	2.9	7.2
July	5.0	4.1	4.2	4.9	-1.3	3.8	3.2	7.9
August	4.7	4.6	2.8	5.2	-17.1	4.3	3.6	8.2
September	4.7	5.1	2.1	5.5	-25.2	5.0	4.3	8.1
October	5.2	5.6	2.7	6.0	-24.9	5.7	5.1	8.3
November	5.6	6.2	3.2	6.7	-25.7	6.3	5.7	8.4
December	6.1	6.6	3.9	7.4	-24.7	6.7	6.0	8.7
2012								
January	0.5	0.5	0.8	0.6	2.8	0.4	0.5	0.2
February	0.9	0.9	1.5	1.1	5.0	0.8	0.9	0.2
March	1.5	1.4	2.3	1.7	7.8	1.2	1.4	0.6

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, %)**

	Monthly 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
2010								
January	8.0	7.6	6.1	6.6	0.7	9.1	9.0	9.1
February	7.2	6.3	5.5	5.8	1.4	7.7	7.4	8.7
March	6.5	5.4	4.8	5.1	1.1	6.6	6.1	8.4
April	6.0	4.8	4.4	4.5	2.4	5.9	5.2	8.4
May	6.0	4.4	4.4	4.1	5.4	5.7	4.7	8.4
June	5.8	4.3	4.5	4.0	6.1	5.1	4.6	8.4
July	5.5	4.3	4.2	4.2	2.1	4.8	4.6	8.2
August	6.1	4.6	6.1	5.1	13.1	4.5	4.5	8.0
September	7.0	5.3	8.7	6.5	28.0	4.4	4.6	8.0
October	7.5	5.8	10.0	7.6	33.9	4.4	4.5	8.1
November	8.1	6.2	11.2	8.5	38.0	4.7	4.8	8.1
December	8.8	6.6	12.9	9.4	45.6	5.0	4.9	8.1
2011								
January	9.6	7.2	14.2	10.2	51.1	5.6	5.2	8.2
February	9.5	7.4	14.2	10.5	46.9	5.6	5.4	7.9
March	9.5	7.7	14.1	10.8	42.9	5.8	5.6	7.9
April	9.6	8.0	14.1	11.2	39.1	5.9	5.8	8.2
May	9.6	8.3	13.4	11.6	27.7	6.3	5.9	8.6
June	9.4	8.4	12.5	11.7	18.3	6.6	5.9	8.8
July	9.0	8.4	11.3	11.7	8.1	6.6	6.0	8.9
August	8.2	8.1	8.8	10.7	-7.9	6.8	6.1	9.0
September	7.2	7.4	6.4	8.9	-17.1	6.8	6.1	8.8
October	7.2	7.2	6.2	8.4	-15.2	6.9	6.2	9.0
November	6.8	6.9	5.3	8.0	-19.3	6.8	6.1	8.8
December	6.1	6.6	3.9	7.4	-24.7	6.7	6.0	8.7
2012								
January	4.2	6.0	2.0	6.3	-30.4	6.2	5.9	4.7
February	3.7	5.7	1.5	5.8	-30.8	6.2	5.8	3.9
March	3.7	5.5	1.3	5.5	-29.9	6.2	5.7	3.9

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
2010							
January	0.3	0.1	1.0	0.3	1.6	0.4	1.2
February	0.6	0.2	1.3	0.5	2.5	0.8	1.7
March	0.8	0.3	1.4	0.6	3.2	1.2	2.0
April	0.9	0.5	1.4	0.7	3.5	1.4	2.1
May	0.8	0.6	1.5	1.0	4.0	1.5	2.5
June	0.8	0.7	1.7	1.2	4.4	1.6	2.8
July	1.0	0.8	1.8	1.2	4.8	1.9	2.8
August	1.4	0.9	1.9	1.1	5.4	2.5	2.8
September	2.0	1.1	1.9	1.1	6.2	3.5	2.8
October	2.4	1.4	1.9	1.0	6.8	4.1	2.7
November	2.8	1.6	2.0	1.2	7.6	4.7	2.9
December	3.3	1.8	2.1	1.6	8.8	5.3	3.5
2011							
January	0.5	0.3	1.1	0.4	2.4	0.8	1.5
February	0.9	0.4	1.3	0.6	3.2	1.4	1.7
March	1.2	0.6	1.4	0.7	3.8	2.0	1.8
April	1.4	0.8	1.5	0.6	4.3	2.4	1.8
May	1.5	1.1	1.7	0.5	4.8	2.7	2.0
June	1.6	1.2	1.9	0.4	5.0	3.0	2.0
July	1.7	1.3	2.0	-0.1	5.0	3.3	1.7
August	1.8	1.5	2.1	-0.7	4.7	3.6	1.1
September	1.9	1.8	2.1	-1.1	4.7	4.1	0.6
October	2.1	2.0	2.1	-1.0	5.2	4.5	0.7
November	2.3	2.2	2.2	-1.1	5.6	4.9	0.7
December	2.5	2.4	2.3	-1.0	6.1	5.3	0.8
2012							
January	0.2	0.2	0.1	0.1	0.5	0.4	0.1
February	0.4	0.3	0.0	0.2	0.9	0.7	0.1
March	0.6	0.5	0.2	0.3	1.5	1.1	0.3

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
2010							
January	0.3	0.1	1.0	0.3	1.6	0.4	1.2
February	0.3	0.1	0.3	0.2	0.9	0.4	0.5
March	0.2	0.1	0.1	0.2	0.6	0.4	0.3
April	0.1	0.1	0.1	0.0	0.3	0.2	0.1
May	0.0	0.1	0.1	0.3	0.5	0.1	0.4
June	0.0	0.1	0.1	0.2	0.4	0.2	0.3
July	0.1	0.1	0.2	0.0	0.4	0.3	0.1
August	0.4	0.1	0.1	-0.1	0.6	0.6	0.0
September	0.6	0.2	0.0	0.0	0.8	0.9	-0.1
October	0.4	0.2	0.0	-0.1	0.5	0.6	-0.1
November	0.3	0.2	0.1	0.2	0.8	0.6	0.3
December	0.4	0.2	0.1	0.4	1.1	0.6	0.5
2011							
January	0.5	0.3	1.1	0.4	2.4	0.8	1.5
February	0.3	0.1	0.2	0.2	0.8	0.6	0.2
March	0.3	0.2	0.1	0.1	0.6	0.6	0.1
April	0.2	0.2	0.1	-0.1	0.4	0.4	0.0
May	0.1	0.3	0.2	-0.1	0.5	0.3	0.2
June	0.0	0.1	0.2	-0.1	0.2	0.3	0.0
July ³					0.0		
August ³					-0.2		
September ³					0.0		
October	0.2	0.3	0.0	0.0	0.5	0.4	0.1
November	0.2	0.2	0.0	0.0	0.4	0.4	0.0
December	0.2	0.1	0.1	0.0	0.4	0.3	0.1
2012							
January	0.2	0.2	0.1	0.1	0.5	0.4	0.1
February	0.2	0.1	0.0	0.1	0.4	0.3	0.0
March	0.2	0.2	0.1	0.1	0.6	0.4	0.2

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 or negative inflation, estimates may vary.

**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
2010						
January	17.3	4.7	61.6	16.3	25.6	74.4
February	22.2	7.3	51.4	19.1	31.6	68.4
March	25.2	10.4	43.9	20.6	37.4	62.6
April	25.0	13.2	41.7	20.2	39.8	60.2
May	20.9	15.3	38.5	25.3	37.2	62.8
June	19.0	15.8	37.5	27.7	37.2	62.8
July	20.5	16.6	38.0	24.9	40.4	59.6
August	26.4	17.3	35.4	20.9	47.1	52.9
September	32.9	18.3	30.6	18.2	55.5	44.5
October	35.9	20.5	28.2	15.5	60.5	39.5
November	36.7	21.6	25.7	16.1	61.5	38.5
December	37.0	20.6	23.7	18.7	60.3	39.7
2011						
January	23.1	13.7	45.7	17.6	35.4	64.6
February	28.0	13.4	39.8	18.7	44.8	55.2
March	31.4	15.8	35.5	17.3	52.0	48.0
April	33.3	18.2	34.8	13.7	56.8	43.2
May	31.5	22.5	35.2	10.7	57.3	42.7
June	31.0	24.5	37.3	7.3	59.8	40.2
July	33.6	26.7	40.8	-1.1	66.0	34.0
August	37.8	32.2	45.0	-15.1	76.8	23.2
September	39.9	37.7	44.9	-22.5	86.3	13.7
October	39.6	39.2	41.2	-20.0	86.7	13.3
November	40.7	39.8	38.5	-19.0	87.4	12.6
December	41.3	38.7	36.9	-16.9	86.5	13.5
2012						
January	36.7	30.5	10.3	22.5	79.5	20.5
February	42.3	32.6	5.5	19.6	82.9	17.1
March	39.7	31.3	10.6	18.4	77.2	22.8

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
2010						
January	17.3	4.7	61.6	16.3	25.6	74.4
February	30.6	11.7	33.6	24.1	42.2	57.8
March	36.4	22.1	15.4	26.0	59.6	40.4
April	23.4	42.8	18.0	15.8	65.3	34.7
May	-5.6	29.1	18.0	58.5	20.5	79.5
June	0.9	20.8	28.1	50.2	36.6	63.4
July	38.7	26.1	43.8	-8.5	79.6	20.4
August	75.8	22.8	13.2	-11.8	102.9	-2.9
September	72.6	25.0	1.4	1.0	107.1	-7.1
October	71.1	46.0	-0.8	-16.3	119.3	-19.3
November	42.4	30.1	6.3	21.2	68.8	31.2
December	38.8	14.2	10.8	36.2	52.4	47.6
2011						
January	23.1	13.7	45.7	17.6	35.4	64.6
February	42.7	12.7	22.4	22.2	72.9	27.1
March	48.1	27.7	14.0	10.3	87.5	12.5
April	48.8	38.8	29.1	-16.7	96.9	3.1
May	16.9	59.7	38.3	-14.9	61.7	38.3
June	19.7	64.0	79.1	-62.7	110.0	-10.0
July ³						
August ³						
September ³						
October	37.0	52.5	7.6	2.9	89.4	10.6
November	54.5	47.2	5.6	-7.3	95.5	4.5
December	48.0	24.7	18.1	9.2	76.0	24.0
2012						
January	36.7	30.5	10.3	22.5	79.5	20.5
February	49.7	35.5	-0.9	15.7	87.4	12.6
March	35.8	29.4	18.1	16.7	68.7	31.3

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 or negative inflation, estimates may vary.

Table 8

Russia's key macroeconomic and financial indicators

			Year	Q1	Q2	Q3	Q4
Macroeconomic indicators							
GDP	over period since start of year. billions of rubles	2009	8,335	17,580	27,991	38,807	
		2010	9,617	20,310	32,154	45,173	
		2011	11,680	24,718	39,124	54,586	
	over period since start of year, as % of corresponding period of previous year	2009	90.8	...	...	92.2
		2010	103.8	...	...	104.3
		2011	104.0	...	...	104.3
	as % of corresponding quarter of previous year	2009	90.8	88.8	91.4	97.4	
		2010	103.8	104.9	103.8	104.9	
		2011	104.0	103.4	105.0	104.8	
Industrial output index	as % of corresponding quarter of previous year	2010	109.5	110.9	106.4	106.5	
		2011	105.9	104.8	105.1	103.3	
		2012	104.0				
	over period since start of year, as % of corresponding period of previous year	2010	109.5	110.2	108.9	108.2	
		2011	105.9	105.3	105.2	104.7	
		2012	104.0				
Agricultural output	as % of corresponding quarter of previous year	2010	100.5	98.6	79.2	96.2	
		2011	100.7	100.6	126.1	132.6	
		2012	104.0				
	over period since start of year, as % of corresponding period of previous year	2010	100.5	...	...	88.7
		2011	100.7	100.7	118.2	122.1	
		2012	104.0				
Fixed capital investment	over period since start of year, billions of rubles	2010	1,242.9	3,205.4	5,566.9	9,152.1	
		2011	1,353.0	3,598.0	6,371.1	10,776.8	
		2012	1,609.7				
	as % of corresponding quarter of previous year	2010	95.2	105.6	105.3	111.1	
		2011	99.2	105.0	108.2	113.6	
		2012	111.2				
Retail trade turnover	over period since start of year, billions of rubles	2010	3,631.0	7,571.5	11,784.1	16,499.0	
		2011	4,180.1	8,748.4	13,643.4	19,082.6	
		2012	4,666.1				
	as % of corresponding quarter of previous year	2010	102.3	106.9	108.5	107.5	
		2011	105.0	105.7	107.9	109.0	
		2012	107.5				
Federal budget on accrual basis, as of end of period	revenue	billions of rubles	2010	1,954.9	3,997.9	6,008.6	8,305.4
			2011	2,392.8	5,306.4	8,213.0	11,366.0
			2012	2,966.3			
		as % of GDP	2010	20.3	19.7	18.7	18.4
			2011	20.5	21.5	21.0	20.8
			2012	23.0 ¹			
	expenditure	billions of rubles	2010	2,199.5	4,386.2	6,701.2	10,117.4
			2011	2,214.7	4,602.9	7,082.1	10,935.2
			2012	3,036.5			
		as % of GDP	2010	22.9	21.6	20.8	22.4
			2011	19.0	18.6	18.1	20.0
			2012	23.6 ¹			
	surplus(+)/deficit(-)	billions of rubles	2010	-244.6	-388.3	-692.6	-1,812.0
			2011	178.0	703.5	1,130.9	430.8
			2012	-70.2			
as % of GDP		2010	-2.5	-1.9	-2.2	-4.0	
		2011	1.5	2.8	2.9	0.8	
		2012	-0.5 ¹				
General government budget on accrual basis, as of end of period	revenue	billions of rubles	2010	3,463.1	7,603.5	11,419.4	16,031.9
			2011	4,392.5	9,885.1	15,170.8	20,853.7
			2012	5,103.5			
		as % of GDP	2010	36.0	37.4	35.5	35.5
			2011	37.6	40.0	38.8	38.2
			2012	39.7 ¹			
	expenditure	billions of rubles	2010	3,220.7	7,331.2	11,309.8	17,616.6
			2011	3,575.4	8,138.7	12,745.4	20,004.8
			2012	4,583.6			
		as % of GDP	2010	33.5	36.1	35.2	39.0
			2011	30.6	32.9	32.6	36.6
			2012	35.6 ¹			
	surplus(+)/deficit(-)	billions of rubles	2010	242.4	272.3	109.7	-1,584.6
			2011	817.0	1,746.4	2,425.4	848.8
			2012	519.9			
as % of GDP		2010	2.5	1.3	0.3	-3.5	
		2011	7.0	7.1	6.2	1.6	
		2012	4.0 ¹				

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	2010	19,485	20,809	21,031	23,491	
		2011	21,354	23,154	23,352	26,905	
		2012	24,407				
	as % of corresponding quarter of previous year	2010	110.5	112.4	111.6	112.7	
		2011	111.2	112.5	112.2	115.7	
		2012	114.6				
	over period since start of year, as % of corresponding period of previous year	2010	110.5	...	...	112.4
		2011	111.2	111.8	111.9	113.0	
		2012	114.6				
Real imputed average monthly per employee wage, as % of corresponding quarter of previous year		2010	103.1	106.1	105.1	104.2	
		2011	101.6	102.7	103.8	108.5	
		2012	110.3				
Household money income (per capita monthly average), rubles		2010	16,085.1	18,662.5	18,642.8	22,140.0	
		2011	17,673.2	20,308.8	20,564.1	24,304.6	
		2012	18,936.1				
Household real disposable money income	as % of corresponding quarter of previous year	2010	108.1	104.3	105.8	102.9	
		2011	100.2	98.7	101.4	102.8	
		2012	102.3				
	over period since start of year, as % of corresponding period of previous year	2010	108.1	...	...	105.1
		2011	100.2	99.4	100.1	100.8	
		2012	102.3				
Household spending, as % of income	purchase of goods and payment for services	2010	72.9	68.1	72.4	67.2	
		2011	78.6	72.8	76.1	70.5	
		2012	80.5				
	obligatory payments and contributions	2010	9.4	9.7	10.1	10.1	
		2011	9.6	9.9	10.4	10.3	
		2012	10.2				
	growth in savings	2010	15.8	15.5	12.1	15.1	
		2011	10.6	11.0	6.8	12.4	
		2012	7.2				
	purchase of foreign currency	2010	3.2	3.2	4.1	4.0	
		2011	3.8	3.9	4.8	4.4	
		2012	5.3				
	cash on hand	2010	-1.3	3.5	1.3	3.6	
		2011	-2.6	2.4	1.9	2.4	
		2012	-3.2				
	Average imputed pension, total, rubles		2010	7,126	7,580	7,596	7,604
			2011	8,011	8,254	8,263	8,284
			2012	8,688			
Real imputed pension	as % of corresponding quarter of previous year	2010	144.1	138.9	134.3	124.1	
		2011	102.7	99.4	100.6	102.1	
		2012	104.4				
	over period since start of year, as % of corresponding period of previous year	2010	144.1	...	...	134.8
		2011	102.7	101.0	100.9	101.2	
		2012	104.4				
Total number of unemployed (calculated by ILO methodology)	million	2010	6.6	5.6	5.2	5.2	
		2011	5.6	5.0	4.8	4.7	
		2012	4.9				
	as % of economically active population	2010	8.8	7.4	6.8	6.9	
		2011	7.5	6.6	6.2	6.3	
		2012	6.5				

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4	
Foreign economic activities							
Price of Urals crude, over period since start of year	\$ /barrel	2010	75.1	75.9	75.8	78.2	
		2011	102.6	108.3	109.7	109.6	
		2012	117.5				
	as % of corresponding period of previous year	2010	173.8	150.0	134.5	128.6	
		2011	136.6	142.7	144.7	140.1	
		2012	114.6				
Exports of goods, over period since start of year	\$ billion	2010	92.2	189.6	287.1	400.6	
		2011	113.2	246.9	377.3	522.0	
		2012	134.7 ²				
	as % of corresponding period of previous year	2010	161.1	151.2	138.1	132.1	
		2011	122.8	130.2	131.4	130.3	
		2012	118.9 ²				
Imports of goods, over period since start of year	\$ billion	2010	45.7	103.8	172.1	248.6	
		2011	65.1	148.1	233.3	323.8	
		2012	73.3 ²				
	as % of corresponding period of previous year	2010	118.7	125.9	130.9	129.6	
		2011	142.5	142.7	135.6	130.2	
		2012	112.7 ²				
Current account balance (over period since start of year), \$ billion		2010	33.7	52.0	57.7	71.1	
		2011	30.8	52.7	70.5	98.8	
		2012	42.3 ²				
Private sector net capital outflow (inflow) (over period since start of year), \$ billion		2010	-15.1	-11.4	-14.4	-34.4	
		2011	-19.8	-27.1	-45.5	-80.5	
		2012	-35.1 ²				
Foreign investment in Russia's non-financial sector (Rosstat data), over period since start of year	\$ billion	2009	12.0	32.2	54.7	81.9	
		2010	13.1	30.4	47.5	114.7	
		2011	44.3	87.7	133.8	190.6	
	as % of corresponding period of previous year	2009	69.7	69.1	72.2	79.0	
		2010	109.3	94.5	86.8	140.1	
		2011	3.4 times	2.9 times	2.8 times	166.1	
of which:	direct	\$ billion	2009	3.2	6.1	10.0	15.9
			2010	2.6	5.4	8.2	13.8
			2011	3.9	7.0	11.7	18.4
		as % of corresponding period of previous year	2009	57.0	55.0	51.9	58.9
			2010	82.4	89.0	82.2	86.8
			2011	148.3	129.8	143.2	133.3
	portfolio	\$ billion	2009	0.1	0.9	1.0	0.9
			2010	0.3	0.7	0.9	1.1
			2011	0.1	0.2	0.5	0.8
		as % of corresponding period of previous year	2009	93.5	74.9	78.6	62.3
			2010	2.5 times	81.1	85.0	121.9
			2011	41.8	34.5	61.8	74.9
	other	\$ billion	2009	8.7	25.2	43.7	65.1
			2010	10.2	24.3	38.4	99.9
			2011	40.3	80.4	121.5	171.4
		as % of corresponding period of previous year	2009	75.6	73.5	79.1	86.5
			2010	117.1	96.2	87.8	153.3
			2011	3.9 times	3.3 times	3.2 times	171.7
Russia's international reserves (as of end of period), \$ billion		2010	447.4	461.2	490.1	479.4	
		2011	502.5	524.5	516.8	498.6	
		2012	513.5				
Real ruble exchange rate index (last month of quarter), growth as % of December of previous year ³	rubles per US dollar	2010	3.6	-0.7	2.0	4.0	
		2011	10.5	12.4	2.4	1.1	
		2012	7.0				
	rubles per euro	2010	11.7	18.6	14.5	14.5	
		2011	5.2	4.6	-0.9	1.6	
		2012	7.2				
	effective rate	2010	7.4	9.7	6.8	6.9	
		2011	6.9	8.4	1.0	3.8	
		2012	6.2				

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4
Financial market indicators (including Sberbank interest rates)						
Average for period						
Overnight interbank credit rate, % p. a.	in rubles	2010	4.2	3.1	2.6	2.9
		2011	2.8	3.6	4.1	5.1
		2012	4.7			
	in US dollars	2010	0.2	0.3	0.3	0.3
		2011	0.2	0.2	0.2	0.2
		2012	0.2			
OFZ yields, % p. a. ⁴		2010	7.4	6.9	6.6	6.8
		2011	6.9	6.9	7.5	8.0
		2012	7.5			
Interest rate on household time deposits, % p. a.	up to 1 year in rubles	2010	8.5	7.1	6.0	5.6
		2011	5.3	5.1	5.1	6.4
		2012	6.6			
	over 1 year in rubles	2010	7.7	6.2	5.3	4.8
		2011	5.6	5.6	6.0	6.9
		2012	7.6			
	up to 1 year in US dollars	2010	4.3	3.7	3.6	3.7
		2011	3.5	3.1	3.1	3.5
		2012	3.5			
	over 1 year in US dollars	2010	4.9	4.8	4.4	4.7
		2011	4.5	4.6	4.2	4.7
		2012	4.7			
Interest rate on loans to non- financial organisations, % p. a.	up to 1 year in rubles	2010	12.8	11.4	10.0	9.1
		2011	8.7	8.3	8.0	8.9
		2012	9.0			
	over 1 year in rubles	2010	13.9	12.3	11.4	10.5
		2011	10.6	10.5	10.3	10.1
		2012	11.2			
	up to 1 year in US dollars	2010	8.3	7.5	6.9	6.1
		2011	6.2	4.4	4.7	5.3
		2012	6.4			
	over 1 year in US dollars	2010	10.3	8.8	7.4	8.0
		2011	7.3	7.3	7.2	7.5
		2012	7.7			
Interest rate on ruble-denominated promissory notes issued by non-financial organisations and discounted by credit institutions, % p. a.		2010	14.1	11.6	10.8	10.2
		2011	8.4	10.0	8.9	9.4
		2012	11.5			
Interest rate on ruble-denominated promissory notes issued by credit institutions and discounted by credit institutions, % p. a.		2010	9.3	7.8	7.4	7.5
		2011	7.4	7.5	8.4	8.3
		2012	8.7			
MICEX rate in 'tomorrow' trades, ruble/US dollars		2010	29.8318	30.2891	30.6072	30.7248
		2011	29.1281	27.9951	29.1545	31.2231
		2012	30.1726			
As of end of quarter						
RTS index, points		2010	1,572.48	1,339.35	1,507.66	1,770.28
		2011	2,044.20	1,906.71	1,341.09	1,381.87
		2012	1,637.73			
Refinancing rate, % p. a.		2010	8.25	7.75	7.75	7.75
		2011	8.00	8.25	8.25	8.00
		2012	8.00			

Table 8 (end)

	Year	1.01	1.04	1.07	1.10	
Monetary indicators						
M0, billions of rubles	2010	4,038.1	3,986.1	4,367.7	4,524.5	
	2011	5,062.7	4,918.2	5,192.2	5,420.4	
	2012	5,938.6	5,704.3			
M2, billions of rubles	2010	15,267.6	15,639.4	16,900.9	17,690.2	
	2011	20,011.9	19,819.0	20,745.3	21,497.4	
	2012	24,543.4	24,041.3			
Broad money, billions of rubles	2010	19,095.8	19,309.7	20,557.1	21,318.6	
	2011	23,791.2	23,641.1	24,455.0	25,680.3	
	2012	28,814.9	28,411.8			
Net foreign assets, billions of rubles	2010	13,942.7	13,816.0	14,814.0	15,119.3	
	2011	15,041.2	15,025.3	15,599.9	17,514.6	
	2012	17,281.9	16,646.5			
Domestic claims, billions of rubles	2010	13,241.8	13,460.4	14,097.3	15,003.0	
	2011	17,468.2	17,005.1	17,234.7	18,635.9	
	2012	22,195.9	21,998.3			
Broad monetary base, billions of rubles	2010	6,467.3	6,363.9	7,195.0	7,126.0	
	2011	8,190.3	7,514.2	7,410.3	7,407.9	
	2012	8,644.1	7,787.8			
Balances of correspondent accounts, billions of rubles	2010	900.3	579.5	603.6	590.0	
	2011	994.7	597.2	786.5	781.6	
	2012	981.6	812.5			
Monetisation of the economy (by M2 aggregate), %	2010	32.7	33.6	35.0	36.3	
	2011	37.3	37.8	38.0	37.9	
	2012	38.2	39.1 ¹			
Money multiplier	by broad monetary base	2010	2.36	2.46	2.35	2.48
		2011	2.44	2.64	2.80	2.90
		2012	2.84	3.09		
	change since start of year, %	2010	1.5 ⁵	4.1	-0.5	5.2
		2011	3.5 ⁵	7.9	14.6	18.8
		2012	16.2 ⁵	8.7		
Foreign exchange rates	rubles per US dollar	2010	30.19	29.50	31.26	30.51
		2011	30.35	28.52	27.87	32.11
		2012	32.20	29.33		
	rubles per euro	2010	43.46	39.57	38.21	41.44
		2011	40.49	40.39	40.42	43.42
		2012	41.67	39.17		

¹ Preliminary data.

² Estimate.

³ (+) signifies appreciation of the ruble, (-) signifies depreciation of the ruble.

⁴ The average-weighted effective yield of the most liquid OFZ bond issues measured by the volume of bonds in circulation and the terms to redemption (calculated by the MICEX, since December 2011 – by the MICEX-RTS).

⁵ Relative to beginning of previous year.

Table 9

Bank of Russia interest rates¹ in January-April 2012

Purpose	Type of instrument	Instrument	Period	Interest rate, % p. a.
Providing liquidity	Standing facilities (fixed rates)	Overnight loans ²	1 day	8.00
		Currency swap operations ³	1 day	8.00
		Repo, Lombard loans	1 day	6.25
		Lombard loans	7 days ⁴	6.25
			30 days ⁵	6.25
		Repo	7 days ⁵	6.25
			12 months ⁵	7.75
		Loans secured by gold ⁶	Up to 90 days	6.75
			From 91 to 180 days	7.25
			From 181 to 365 days ⁶	7.75
		Loans secured by non-market assets or guarantees	Up to 90 days	7.00
			From 91 to 180 days	7.50
	From 181 to 365 days ⁷		8.00	
	Open market operations (minimum interest rates)	Repo auctions	1 day	5.25
			7 days	5.25
		Repo auctions, Lombard loan auctions	3 months	6.75
6 months ⁵			7.25	
12 months ⁷			7.75	
Absorbing liquidity	Standing facilities (fixed rates)	Deposit operations	demand, 1 day	4.00
			7 days ⁴	4.00
	Open market operations (maximum interest rates)	Deposit auctions	7 days ⁸	4.75
			1 month	5.50
			3 months ⁵	6.50
Memo item:				
Refinancing rate				8.00

¹ Interest rates set by the Bank of Russia Board of Directors.

² Provided pursuant to Bank of Russia Regulations No. 236-P, dated August 4, 2003, No. 312-P, dated November 12, 2007, and No. 362-P, dated November 30, 2010.

³ Interest rate to determine the minimum swap difference.

⁴ The operations were suspended from April 17, 2012.

⁵ The operations were suspended.

⁶ The interest was set from April 2, 2012.

⁷ The operations were resumed from April 2, 2012.

⁸ The interest rate was set from April 10, 2012.

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 bank obligations to non-resident legal entities in Russian currency	Required reserve ratio for bank obligations to non-resident legal entities in foreign 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 — January 31, 2011	2.5					
February 1, 2011 — February 28, 2011	3.5		3.0		3.0	
March 1, 2011 — March 31, 2011	4.5		3.5		3.5	
April 1, 2011 —	5.5		4.0		4.0	

