Bank of Russia

REGIONAL ECONOMY: COMMENTARIES BY BANK OF RUSSIA MAIN BRANCHES

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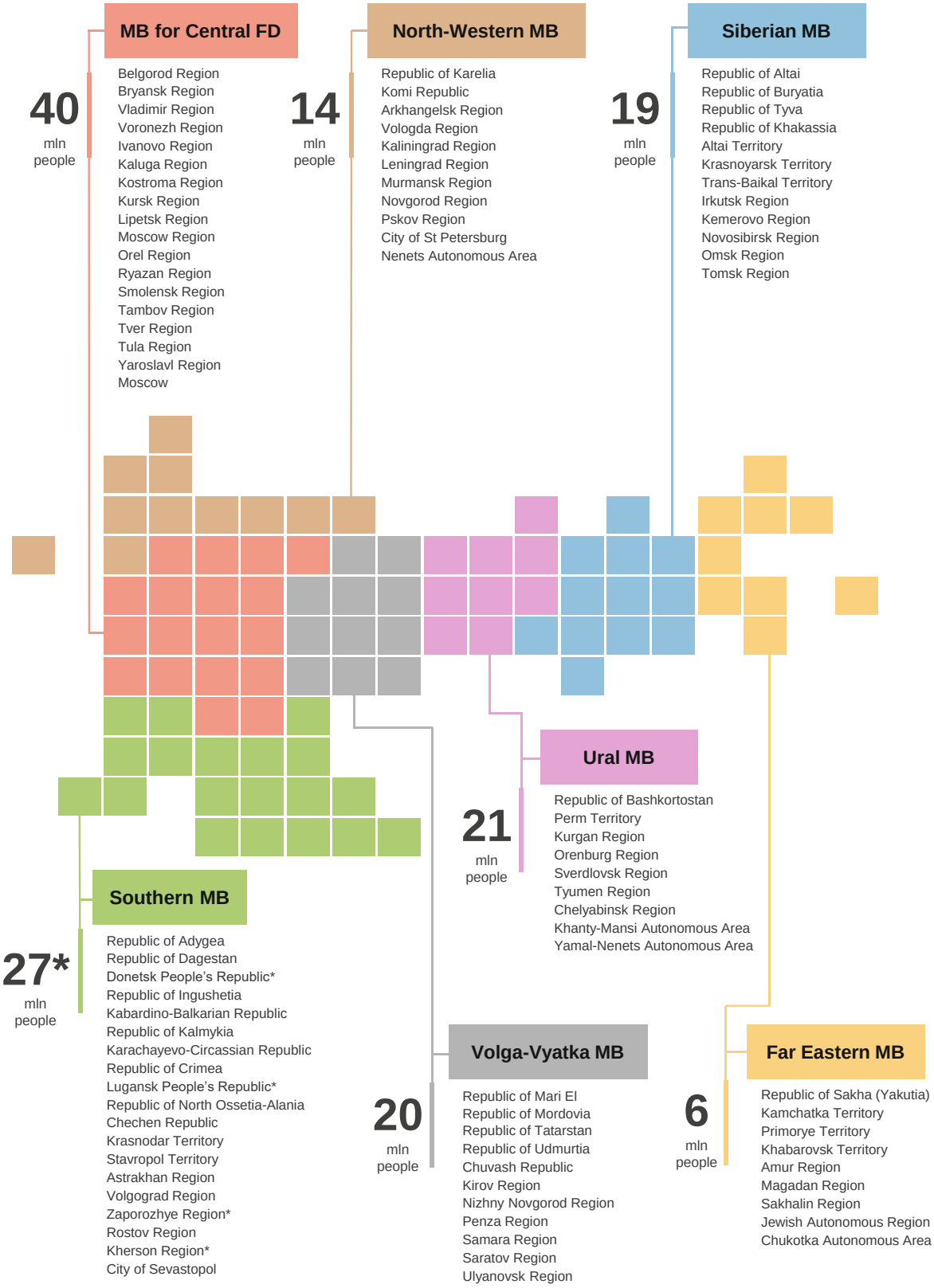

* Official statistics on the main social and economic indicators of the constituent territories of the Russian Federation do not include statistics on the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson Region.

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WHAT IS THE REPORT ‘REGIONAL ECONOMY: COMMENTARIES BY BANK OF RUSSIA MAIN BRANCHES’?

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

The feature of this Report is that it relies on qualitative analysis methods. Such analysis is based on the most comprehensive scope of economic information available regionally, including non-financial companies’ surveys and experts’ opinions. This approach makes it possible to combine official statistics with estimates by businesses, analysts and industry associations and to identify trends emerging in regions.

HOW DO WE COLLECT INFORMATION?

An important source of information for the Report is the monitoring of nearly 15,000 non-financial companies[1] carried out by the Bank of Russia Main Branches. It provides high-frequency data on the development of industries in all Russian regions. These data are combined with information received by the Bank of Russia Main Branches, including following various events with the engagement of regional executive authorities, businesses, industrial unions, and entrepreneurs’ associations. Along with this descriptive information, we also use figures, including official statistics. All data are verified for accuracy and consistency.

WHAT IS THE PURPOSE OF THE REPORT?

This Report is prepared to be a reliable source of the most up-to-date information about regional development for addressing the objectives of monetary policy. It describes key trends in economic activity and pricing processes in Russian regions, as well as the identified effects of both country-wide and local factors. All this is an integral part of the information the Bank of Russia’s management needs to make monetary policy decisions. This Report is considered by the Bank of Russia’s management in the course of preparations for making key rate decisions.

[1] In January 2025, we surveyed 14,793 companies.

RUSSIAN FEDERATION

Economic activity continued to grow in December 2024–January 2025, although companies' expectations about output became more moderate. The labour market recorded some signs of a slight decrease in tightness because of lower demand for personnel, as evidenced by the number of job adverts. Owing to the accumulated effect of the tightening of monetary conditions in 2024 H2, cooling in the credit market continued. Consumer activity in services remained high. Inflationary pressures and inflation expectations stay high.

Seasonally adjusted (SA) monthly price growth accelerated in December 2024. According to recent data, inflationary pressures remained high in January 2025. Prices for meat products, household appliances and electronics, and foreign travel rose most notably and in almost all macroregions. High domestic demand enables manufacturers to pass through rising costs to prices, but this pass-through is not immediate due to a number of constraints. As a result, price expectations have been elevated for a long period (see Box 1 *'Producer prices and price expectations'*). Households' inflation expectations remain at the highest level from late 2023, and companies' price expectations are close to the maximum recorded from spring 2022.

According to the Bank of Russia's survey, business activity indicators suggest that the expansion continues, although at a gradually declining pace. Businesses estimate the external environment as unfavourable. Companies in certain manufacturing and construction sectors noted a reduction in output and demand in the domestic market. This was reported by developers in the South and the Far East and oil and gas producers in the Urals. A slower rise in demand and lower expectations for the future in the construction industry caused a decrease in the growth rate of construction material sales and a decline in the demand for special-purpose machines (see Box 3 *'Industry focus. Construction material and specialised machinery market'*). Unemployment stays at the lowest level, while the demand for labour – at a record high (see Box 2 *'Labour market and labour productivity: constraints and growth potential'*).

Consumer activity was changing diversely across segments and regions. Almost all regions increased turnover in public catering, in many cases as a result of growth in the tourist flow. Households demonstrated stable demand, which encouraged companies to expand the output of consumer goods, specifically clothing in Central Russia, furniture in the Volga-Vyatka macroregion, pharmaceuticals in the North-West, dairy products in the South, and meat products in Siberia. Contrastingly, companies in a number of regions reported a slight decline in the sales of durables. Car sales plummeted, as compared to the autumn months when the demand for cars surged before the rise in the recycling fee.

Annual growth in business and retail lending decelerated. Compared to the retail segment, companies' demand for loans was decreasing less notably as they still needed working capital. According to businesses, this was partially because advance payments from counterparties for the orders decreased and many manufacturers of materials switched to full prepayment terms. Consumer lending continued to contract as a result of the tightening of price and non-price conditions. The share of market-based mortgages was declining, including due to higher limits under subsidised programmes. High interest rates supported households' demand for deposits.

KEY TRENDS IN RUSSIAN REGIONS

MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT. The growth rate of the macroregion's industrial sector exceeded the Russian average, primarily owing to an increase in the output of computers and electronic and optical products in the Moscow metropolitan area. Compared to Russia as a whole, housing commissioning decreased more considerably in November 2024, predominantly because of the Moscow Region.

NORTH-WESTERN MAIN BRANCH. Consumer activity edged up, driven by growth in the tourist flow, among other factors. Businesses' price expectations declined in almost all industries over January 2025. Pharmaceutical companies expanded the range of their products, including as part of import substitution. Investment projects developing the production of fish seed materials and feeds contributed to the expansion of aquaculture output.

VOLGA-VYATKA MAIN BRANCH. The growth rate of real wages dropped, while still staying above the Russian average due to more significant staff shortages in the macroregion. Concurrently, the utilisation rate of production capacities in the automobile industry declined, which was accompanied by a reduction in the number of additional work shifts and the output of cars. Developers' business activity and furniture manufacturers' expectations about demand were down due to cooling in the housing market.

SOUTHERN MAIN BRANCH. Industrial output declined, which was caused by a contraction of output in oil refining, metallurgy, and machine building. The growth rate in construction surpassed the Russian average, predominantly owing to higher investment activity. Despite a certain reduction, the demand for housing, which was declining less considerably than across the country, supported the increase in mortgage lending.

URAL MAIN BRANCH. The growth rate of consumer activity dropped, except in services where it exceeded the level recorded in Russia as a whole. To the contrary, the industrial sector expanded less notably compared to the Russian average, which was associated with the continuing reduction in mining and quarrying, oil refining, and chemicals manufacture. The decrease in investment programmes adversely affected output targets in transport engineering, despite growth in the tourist flow in the regions.

SIBERIAN MAIN BRANCH. As compared to Russia as a whole, the dynamics in the industrial sector were weaker, which was largely attributed to a reduction in coal output amid low export prices and insufficient carrying capacities of the railway infrastructure. The growth in consumer and investor activity slowed down, which caused a slight decrease in businesses' price expectations. Construction material manufacturers reduced the output of a wide range of products due to declining demand in construction.

FAR EASTERN MAIN BRANCH. Price growth was below the Russian average rate, primarily because of expanding fruit and vegetable imports from Asian countries. The construction of apartment buildings slowed down to a lesser extent than across the country in general, which was associated with the Far Eastern and Arctic Mortgage programme, integrated territorial development projects, and rental housing construction. Far Eastern seaports' freight turnover increased compared to November 2024.

CORE ECONOMIC INDICATORS

		Date	Russia	MB for the Central FD	North-Western MB	Volga-Vyatka MB	Southern MB	Ural MB	Siberian MB	Far Eastern MB
MBs' percentage in inflation	%	2025	100	33	11	12	15	14	10	5
Inflation	% YoY	Dec24	9.5	9.9	9.3	9.6	9.6	9.0	9.5	8.5
Core inflation	% YoY	Dec24	8.9	9.0	8.8	9.2	8.8	8.5	9.5	8.2
Industrial production	3MMA, % YoY	Nov24	3.9	12.5	6.5	7.2	-0.9	0.1	-0.1	3.4
Fixed capital investment	Cumulative, % YoY	2024 Q3	8.6	7.9	14.1	2.6	16.5	13.6	5.4	12.5
Construction	3MMA, % YoY	Nov24	0.2	-4.6	5.3	-7.5	14.3	-0.1	-0.8	-13.1
Housing commissioning	3MMA, % YoY	Dec24	-13.3	-14.9	-22.6	5.2	-23.1	-2.2	-16.6	-11.3
Retail	3MMA, % YoY	Nov24	6.0	5.0	1.4	5.8	10.3	7.6	6.5	9.0
Commercial services	3MMA, % YoY	Nov24	2.7	1.7	-0.8	2.7	4.6	8.3	2.6	-1.6
Real wages	3MMA, % YoY	Oct24	7.8	6.7	5.1	12.2	8.2	9.6	7.4	4.9
Real disposable income	% YoY	2024 Q3	8.5	10.0	8.2	10.1	9.2	7.9	6.1	5.7
Unemployment	% SA	Nov24	2.3	1.6	2.0	1.8	4.4	1.6	2.9	2.3
Outstanding consumer loans[2]	% YoY	Dec24	4.1	2.8	1.4	6.7	8.7	5.2	2.4	0.7
Outstanding mortgage loans	% YoY	Dec24	6.6	4.8	3.5	7.3	11.6	6.4	6.6	10.4
Funds in escrow accounts	% YoY	Dec24	9.9	13.2	-12.0	9.5	20.7	5.9	5.2	19.5
Non-financial organisations' outstanding bank loans	% YoY	Nov24	20.2	20.4	20.7	23.1	22.9	16.8	21.8	15.3
• Large borrowers	% YoY	Nov24	20.6	20.0	25.6	32.2	16.7	15.7	22.9	15.2
• SMEs	% YoY	Nov24	18.3	22.2	-4.3	4.4	32.8	22.0	18.5	15.8
Companies' price expectations[3]	Balance of responses, p, SA	Jan25	28.3	33.3	31.0	35.6	24.9	30.2	34.2	27.8
Business Climate Index	p, SA	Jan25	3.8	5.1	3.6	6.1	7.1	3.2	3.4	6.7
• Current estimates	p, SA	Jan25	-2.4	-1.5	-1.4	-2.5	-0.3	-4.2	-6.2	-0.2
• Expectations	p, SA	Jan25	10.2	11.9	8.6	15.0	14.7	10.8	13.4	13.9

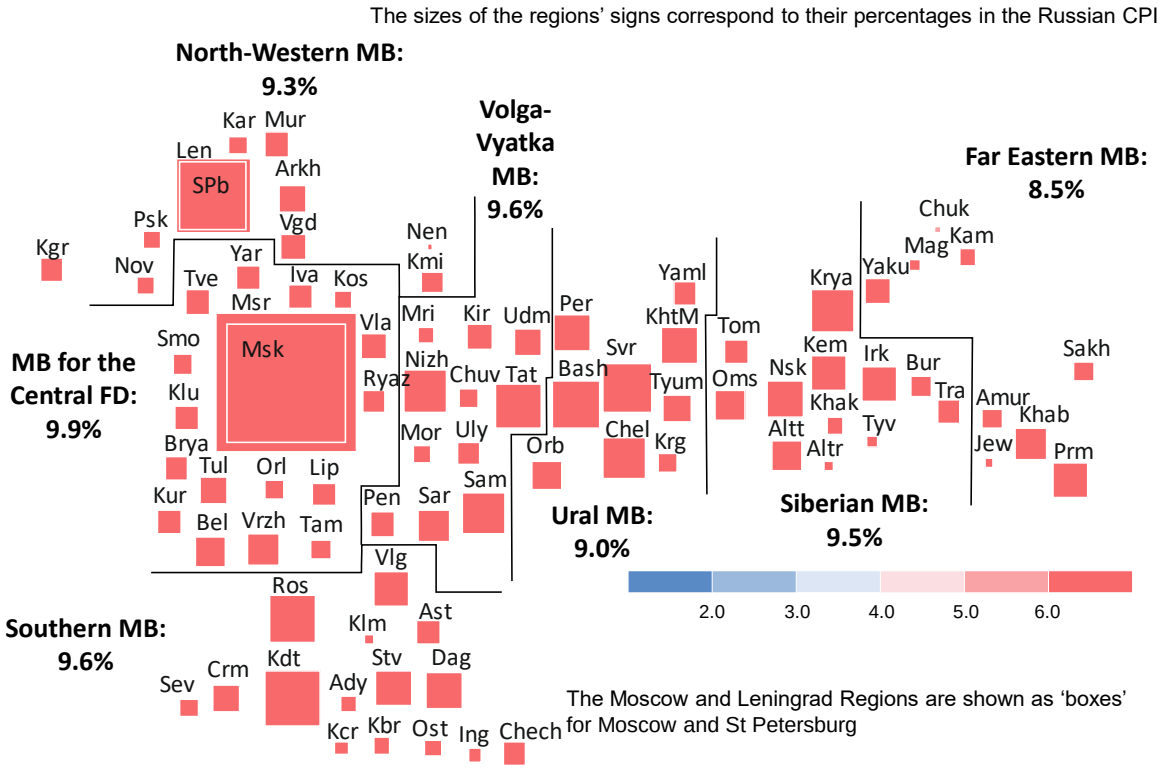
Sources: monitoring of businesses, Bank of Russia, Rosstat, calculations by the Bank of Russia MBs.

[2] Hereinafter, outstanding bank loans are given adjusted for foreign currency revaluation, according to Reporting Forms 0409316 'Loans to Households' and 0409303 'Loans to Legal Entities'. These reporting forms are used to carry out regional analysis since they enable the aggregation of indicators by resident borrowers' location.

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

INFLATION IN RUSSIAN REGIONS

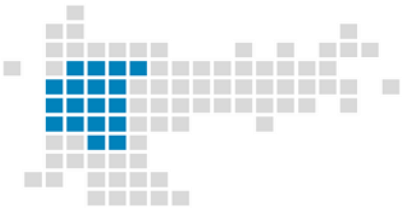
Price growth in December 2024, % YoY



Note. The lines on the map divide the regions of operation of the Bank of Russia MBs.
Official statistics on the main social and economic indicators of the constituent territories of the Russian Federation do not include statistics on the Donetsk People's Republic, the Lugansk People's Republic, the Zaporozhye Region, and the Kherson Region.
Source: Rosstat.

Ady	Republic of Adygea
Altt	Altai Territory
Altr	Republic of Altai
Amur	Amur Region
Arkh	Arkhangelsk Region (excl. Autonomous Area)
Ast	Astrakhan Region
Bash	Republic of Bashkortostan
Bel	Belgorod Region
Brya	Bryansk Region
Bur	Republic of Buryatia
Vla	Vladimir Region
Vlg	Volgograd Region
Vgd	Vologda Region
Vrzh	Voronezh Region
Dag	Republic of Dagestan
Jew	Jewish Autonomous Region
Tra	Trans-Baikal Territory
Iva	Ivanovo Region
Ing	Republic of Ingushetia
Irk	Irkutsk Region
Klm	Republic of Kalmykia
Klu	Kaluga Region
Kam	Kamchatka Territory
Kar	Republic of Karelia
Kbr	Kabardino-Balkarian Republic
Kem	Kemerovo Region – Kuzbass
Kir	Kirov Region
Kgr	Kaliningrad Region
Kmi	Komi Republic
Kos	Kostroma Region
Krya	Krasnoyarsk Territory
Kdt	Krasnodar Territory
Crm	Republic of Crimea
Kur	Kursk Region
Krg	Kurgan Region
Kcr	Karachayevo-Circassian Republic
Len	Leningrad Region
Lip	Lipetsk Region
Mag	Magadan Region
Mri	Republic of Mari El
Msr	Moscow Region
Mor	Republic of Mordovia
Msk	Moscow
Mur	Murmansk Region
Nen	Nenets Autonomous Area
Nizh	Nizhny Novgorod Region
Nov	Novgorod Region
Nsk	Novosibirsk Region
Oms	Omsk Region
Orb	Orenburg Region
Orl	Orel Region
Ost	Republic of North Ossetia–Alania
Pen	Penza Region
Per	Perm Territory
Prm	Primorye Territory
Psk	Pskov Region
Ros	Rostov Region
Ryaz	Ryazan Region
Sam	Samara Region
Sar	Saratov Region
Sakh	Sakhalin Region
Svr	Sverdlovsk Region
Sev	City of Sevastopol
Smo	Smolensk Region
SPb	City of St Petersburg
Stv	Stavropol Territory
Tam	Tambov Region
Tat	Republic of Tatarstan
Tve	Tver Region
Tom	Tomsk Region
Tul	Tula Region
Tyv	Republic of Tyva
Tyum	Tyumen Region (excl. Autonomous Areas)
Udm	Republic of Udmurtia
Uly	Ulyanovsk Region
Khab	Khabarovsk Territory
Khak	Republic of Khakassia
KhtM	Khanty-Mansi Autonomous Area – Yugra
Chel	Chelyabinsk Region
Chech	Chechen Republic
Chuv	Chuvash Republic
Chuk	Chukotka Autonomous Area
Yaku	Republic of Sakha (Yakutia)
Yaml	Yamalo-Nenets Autonomous Area
Yar	Yaroslavl Region

BANK OF RUSSIA MAIN BRANCH FOR THE CENTRAL FEDERAL DISTRICT



Consumer activity in the macroregion was growing more slowly in December 2024–January 2025. Monthly price growth accelerated in December 2024. In early January 2025, it stayed considerably above the path consistent with the inflation rate of 4%. Companies slightly lowered their price expectations due to a decline in cost pressures. Activity in the mortgage market was up in December 2024, driven by the increased limits under the Family Mortgage programme. Contrastingly, there was a decline in the number of new market-based mortgages. As a result of growing interest rates on ruble deposits, the inflow of households' funds into banks sped up in November–December 2024.

CONSUMPTION AND INCOMES. In December 2024–January 2025, the expansion of consumer activity in Central Russia decelerated, including because of lower demand for household appliances and digital devices. Car sales in December 2024 remained close to the modest levels recorded in the previous month. Companies in the Vladimir and Orel Regions reported a slower increase in sales of construction and finishing materials as well as housing repair services. Traffic in large shopping malls of Moscow declined somewhat. The growth rate in online trade dropped. Concurrently, the macroregion recorded a rise in the demand for food, ready-to-eat meals, and healthy lifestyle products. The increase in the tourist flow during the New Year holidays pushed up the demand in the fast food segment. Salary and social benefit indexations in early 2025 will continue to support consumption in the macroregion. In January 2025, trade companies increased their short-term expectations regarding demand.

PRICES. Annual inflation in the macroregion in December 2024 remained higher than the Russian average. Moreover, current price growth (SA) continued to accelerate. Underlying inflation (excluding volatile components) sped up as well in December 2024. Over the past three months, the average price growth rate in the macroregion was lower than across the country as a whole, which was mostly because prices for a range of services, including personal, telecommunication, education and healthcare services, were rising more slowly compared to the Russian average. According to Rosstat's weekly statistics, the price growth rate edged down in January 2025, while still staying high. As cost pressures weakened, companies in the macroregion slightly decreased their price expectations in January 2025, but they remained elevated nonetheless. The highest price expectations were recorded in retail.

MONETARY CONDITIONS AND BANKING SECTOR. Corporate loan rates continued to go up in November 2024. As of early December 2024, the monthly growth (SA) of the loan portfolio decelerated. According to the monitoring of businesses, companies' estimates of the lending conditions became less negative in January 2025. The retail loan portfolio contracted in December 2024 (SA), compared to the previous month, which was due to consumer lending. Outstanding consumer loans decreased because of high interest rates and the toughened macroprudential requirements. The amount of issued mortgage loans was up compared to November 2024, driven by the increased limits under the Family Mortgage programme. Contrastingly, the tightening of price conditions caused a decline in new market-based mortgages.

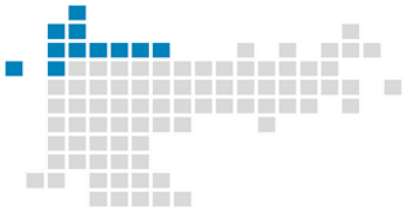
Amid rising interest rates and higher prices for new cars, pushed up by the increase in the recycling fee, the amount of new car loans issued in December 2024 contracted. The inflow of households' funds into banks accelerated in November–December 2024, driven by higher interest rates on ruble deposits.

TOURISM AND HOSPITALITY INDUSTRY. High demand for domestic travel and the opening of new recreation facilities caused an increase in the number of tourists to Central Russia in 2024. Furthermore, the tourist flow in the macroregion continued to soar in early 2025. The capital city became more attractive to tourists as a result of the expansion of the programme of activities, including those focused on youth and family tourism, and a growing number of holiday locations. The number of tourists visiting Moscow during the New Year holidays was 1.5 times higher year-on-year (YoY). The development of the tourism infrastructure boosted the demand for New Year vacations in some small towns of the macroregion. Kolomna, Rybinsk, Shuya, Suzdal, and Pereslavl-Zalessky were the leaders in terms of the growth rate of the tourist flow. In addition, there was an increase in the number of foreign tourists visiting the capital city and towns of the Golden Ring. The growing tourist flow supported the demand for restaurants. In December 2024–January 2025, Moscow public catering organisations recorded an increase in the number of visitors and revenues in annualised terms. As consumer activity remains high, the hospitality industry is able to pass through higher costs to prices.

CLOTHING AND FOOTWEAR. The output of clothing in the macroregion continues to surge, especially quickly in the Moscow metropolitan area and the Tver and Yaroslavl Regions. The range of products has been expanding as a result of government support measures and businesses' participation in the fulfilment of government orders. Moscow manufacturers are ramping up the output of sports clothing, including innovative apparel. Amid increasing competition, including with foreign manufacturers, the macroregion's companies are optimising their costs by moving their sewing facilities to Middle Asia due to cheaper labour and raw materials. The output of footwear in the macroregion is decreasing because of declining demand coupled with lower prices for imports. A number of manufacturers decided to terminate operation. Another negative factor for consumer goods manufacturers in certain regions is rents for production and warehouse areas that are growing due to insufficient supply in the market.

PAPER AND PAPER PRODUCTS. Growing demand and extensive import substitution encouraged the expansion of paper production in the macroregion. The increase in enterprises' demand for packaging materials, particularly in food manufacture, accelerates the localisation of production of all types of packaging. A large Moscow-based manufacturer plans to construct a new facility to expand the output of packaging and the range of packaging types for dairy products and beverages. The Tula Region is going to build a factory to manufacture cardboard and recycle waste paper. Amid staff shortages, companies are seeking to upgrade their production processes. By implementing a project to increase labour productivity at one of its divisions, a large federal-level packaging manufacturer in the Lipetsk Region managed to reduce production time and ramp up output. As estimated by experts, the growth rate of the cardboard packaging market expected in 2025 will enable companies to fully utilise the additional production capacities they commissioned.

BANK OF RUSSIA NORTH-WESTERN MAIN BRANCH



Consumer activity in the North-West edged up in December 2024–January 2025, compared to the previous two months. The tourist flow increased during the New Year holidays. The demand for museums and theatres was elevated. Pharmaceutical enterprises were opening new production facilities and expanding the range of their products, including for import substitution purposes. The implementation of projects for developing the production of fish seed materials and feeds promoted the increase in aquaculture output.

CONSUMPTION AND INCOMES. Consumer activity in the macroregion was growing moderately in December 2024–January 2025, just as over the previous two months. According to business surveys, retailers and the hospitality industry improved estimates of demand. Traffic in Saint Petersburg shopping malls in January 2025 exceeded last year's figures. The demand for museums and theatres in the macroregion was up during the New Year holidays, as compared to the previous year. The number of visitors to a large museum-reserve in Saint Petersburg surged by 2.5 times. Furthermore, driven by the increase in the tourist flow in the Pskov Region, the number of country house reservations soared more than fourfold compared to the previous year. Retailers' and service companies' short-term expectations about demand in the macroregion improved in January 2025.

PRICES. Annual inflation in the North-West sped up in December 2024, while still staying below the Russian average. Compared to November 2024, current price growth (SA) also edged up, mostly due to higher prices for meat products. Over the past three months, the average price growth rate in the macroregion was slightly above the level recorded in the country as a whole, which was largely associated with a more significant rise in fruit and vegetable prices in the North-West. In January 2025, companies' price expectations went down in almost all groups of industries. Nevertheless, they still exceeded the Russian average due to high expectations in the industrial sector, transportation, and storage. Contrastingly, price expectations among the macroregion's retailers were below the Russian average.

MONETARY CONDITIONS AND BANKING SECTOR. As of early December 2024, the annual growth rate of the corporate loan portfolio remained at the level of the previous month. The expansion of large companies' debt sped up slightly, primarily because of loans issued to mining and quarrying enterprises and oil refineries. In the conditions of high interest rates and the tightening of the macroprudential requirements by the Bank of Russia, the annual growth of retail lending continued to slow down in December 2024. The amount of new mortgages edged up following a considerable decline in November 2024, while staying notably below the average recorded over the past year. In particular, government subsidised mortgages issued under the Family Mortgage programme increased in December 2024 after the change in the mechanism of distribution of the limits. Households continued to deposit funds with banks. The annual growth rates of funds in time and current accounts were up, driven by higher interest rates, among other things.

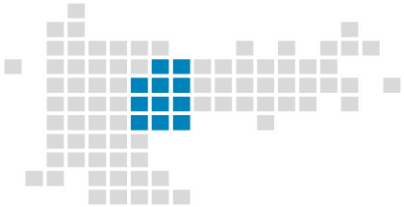
PHARMACEUTICALS. The North-Western macroregion expanded (SA) the output of pharmaceuticals and medical consumables as of the end of 2024, which was largely associated with

the development of a pharmaceutical cluster in Saint Petersburg. Specifically, a large company that commissioned new lines for manufacturing hormonal liquids and semi-solids in autumn plans to start producing hormonal solids this year. In December 2024, another enterprise opened a plant to manufacture ointments and medicated gels and creams. Inspired by high demand, a large Saint Petersburg-based company expanded the output of a diabetes drug developed in late 2023 as part of import substitution. Furthermore, at the end of last year, the company launched the production of analogues of foreign drugs, including those meant for blood disease treatment. Simultaneously, the related industries continue import substitution. Thus, in December 2024, the Arkhangelsk Region completed the construction of a plant for producing crystalline iodine that is predominantly used in pharmaceuticals.

FISHING AND FISH PROCESSING. Fish output in the North-West as of the end of January 2025 was lower than over the previous year. This was mostly due to a decline in haddock and cod fishing caused by reductions in the respective quotas amid decreased harvestable stocks. Nevertheless, the macroregion is expanding aquaculture output by implementing projects for manufacturing import-substituting fish seed materials and feeds and by opening new fish farms. Over the past two months, the Leningrad and Kaliningrad Regions commissioned new trout breeding and rearing complexes. Karelia completed the construction of a plant manufacturing feeds for valuable fish species, including sturgeon, salmon, and trout. Fish processing companies' output was supported by the opening of new facilities. In particular, the macroregion launched a plant to manufacture salted and smoked fish as well as caviar. Companies in the industry continued to expand supplies to new sales markets. At the beginning of 2025, a number of enterprises in the macroregion received permits to export fish, fish products, and seafood to East Asia.

TOURISM. Most regions in the North-West recorded an increase in the tourist flow during the New Year holidays. Traditionally, Saint Petersburg was a very popular destination where the number of tourists was up by 14% YoY. As of the end of 2024, the tourist flow in the city surged by nearly a fourth, exceeding the pre-pandemic level for the first time. As a result, the contribution of tourism to economic growth increased by a factor of 1.5. Arkhangelsk reported almost 100% occupancy of hotels during the holidays, while the growth rate of the number of tourists in the region over the past year was one of the highest in Russia. The tourist flow to Father Frost's residence in the Vologda Region exceeded last year's level by 40%. Better transport accessibility will promote a further increase in the number of tourists in the macroregion. A cargo and passenger ferry service between the Saint Petersburg passenger port and Kaliningrad was tested in January 2025. This route is expected to become popular among tourists. The Murmansk airport continues the construction of a new passenger terminal that will be able to serve twice as many passengers. Vologda plans to start building a new airport terminal in spring.

BANK OF RUSSIA VOLGA-VYATKA MAIN BRANCH



The growth rate of consumer expenses in December 2024–January 2025 remained at the level of the previous months. Consumer prices continued to soar. The expansion of output in the furniture industry accelerated in 2024 Q4, while expectations about future demand worsened due to the continuing decline in the housing market. Developers decreased the number of new projects launched. Cooling in the automobile market continued: there was an overall decline in car sales and a slight reduction in the output of domestic cars at the macroregion's plants. The expansion of the corporate loan portfolio slowed down (SA) to the six-month minimum by early December 2025, while the growth rate in retail lending remained low.

CONSUMPTION AND INCOMES. Consumer activity continued to edge up in December 2024–January 2025 at a pace comparable with that recorded in October–November 2024. Retailers decreased their estimates of demand vs November 2024. Car sales continued to contract, dragged down by a decline in lending and higher prices. Despite the expected increase in the recycling fee from January 2025, the demand for foreign-made cars did not surge, in contrast to September 2024. The demand for home improvement goods, including electronic devices and household appliances, slightly expanded, with some companies even reporting a rise in annual sales growth rates. Traffic in shopping malls was mostly at the level of December 2023–January 2024 or higher. The tourist flow during the New Year holidays was up compared to the previous year, which supported the demand for cafés and restaurants.

PRICES. Annual inflation in the macroregion was up to 9.6% in December 2024, exceeding the Russian average. Current price growth (SA) edged up compared to November 2024. The three-month average price growth was slightly above the rate recorded across Russia as a whole, which was associated with a more considerable rise in prices for food, primarily meat and dairy products. Price expectations of the macroregion's businesses somewhat increased in January 2025, staying above the Russian averages. This was driven by high expectations in services and trade, including retail.

MONETARY CONDITIONS AND BANKING SECTOR. Following the rapid growth over the six months, in November 2024, the expansion of corporate lending notably slowed down (SA) overall. However, the growth rates of outstanding loans in the manufacture of investment goods and motor vehicles remained solid. The expansion in the retail segment continued to decelerate in December 2024. Due to high interest rates, outstanding consumer loans were decreasing (SA). The mortgage portfolio remained nearly unchanged (SA). The amount of new mortgages, including both market-based and subsidised loans, contracted. In December 2024, the monthly growth of households' funds with banks hit the highest level since 2014.

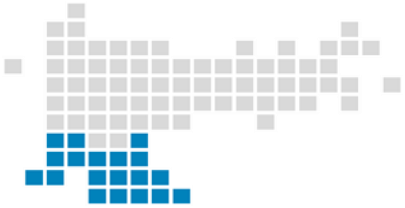
AUTOMOBILE INDUSTRY. The situation in the macroregion's automobile industry changed in November–December 2024. After a long period of rapid growth, car manufacturers started to demonstrate the first signs of a decrease in business activity. For the first time over a long period, a large car manufacturer changed its operation mode by reducing the number of working shifts

on weekends and the output of one of the models. In these conditions, the utilisation of Volga-Vyatka motor vehicle manufacturers' capacities and vehicle components significantly dropped as of the end of 2024 Q4 (SA), as compared with the previous quarter, returning to the level of early 2024 (73%). In January 2025, automobile enterprises became more pessimistic about demand and output. Surveyed auto dealers also expected a reduction in demand and sales, explaining this by the tightening of the car lending conditions and considerably higher car prices. Nevertheless, Volga-Vyatka auto groups' output remains close to record highs.

FURNITURE INDUSTRY. The output of furniture in the macroregion soared in 2024 Q4, hitting a new multi-year high, which was driven by growing demand, especially in the medium price segment. A number of companies ramped up output as well as turnover, by expanding sales on marketplaces. As noted by manufacturers, they received orders not only from consumers but also from the government sector. Furthermore, the demand from the tourism industry remained high as well. In these conditions, individual enterprises reported high capacity utilisation rates and an increase in the number of outsourced employees. However, respondents expect demand and output to gradually decline in 2025 H1 due to the downward trend in the housing market.

HOUSING MARKET. According to estimates, the demand for housing remained low in November–December 2024, as compared to 2023 and 2024 H1. During the period under review, new apartment sales were two times lower than last year's level, just as over the previous months, which was primarily associated with the earlier tightening of the market-based mortgage lending terms. Consequently, a number of developers continued to decrease their activity. As a result, in 2024 Q4, the area of new projects remained approximately 10% smaller than a year before. In particular, a Samara Region-based developer reduced the targets for the launch of new projects in 2025, while another company postponed the construction because of unsold housing stocks, among other reasons. In addition, a number of developers complained that staff shortages and more expensive project finance were still constraining the construction of new projects. As reported by market participants, housing prices edged up in November–December 2024, including because of the earlier rise in construction costs.

BANK OF RUSSIA SOUTHERN MAIN BRANCH



Consumer activity in the macroregion slightly declined in December 2024–January 2025. The increase in the tourist flow was driven by the expansion of the range of tourist destinations and public events. The monthly growth rate of consumer prices in December 2024 remained nearly unchanged month-on-month. Businesses' price expectations were down in January 2025. The annual growth of lending slowed down in both the corporate and retail segments. Despite a slight decline in demand, developers did not reduce their investment programmes.

CONSUMPTION AND INCOMES. According to high-frequency statistics, consumer activity edged down in December 2024–January 2025. There was a decrease in traffic in the shopping malls of the Stavropol Territory and the Astrakhan Region. As reported by a Sevastopol-based supermarket chain, buyers opted for cheaper products. Consumers' demand for home improvement goods and construction materials contracted, dragged down by the continuing decline in the housing market. Consumer activity dynamics were also affected by a minor deceleration in wage growth in both the public and private sectors. Contrastingly, certain companies reported a slight increase in the demand for tourism and entertainment services in January 2025. Specifically, the Karachayevo-Circassian Republic recorded a higher number of tourists preferring their own cars for travel.

PRICES. As of the end of 2024, annual inflation in the macroregion was below the Russian average. Monthly price growth (SA) in December 2024 stayed nearly the same month-on-month. Over the past three months, current average inflation in the macroregion was below the rate recorded across the country as a whole, which was mainly associated with price dynamics in services. In particular, apartment rents in the South were rising less significantly than across Russia, which was attributed to the expansion of supply (housing commissioning), including over previous years. Businesses' price expectations decreased in January 2025 due to a contraction of current demand and a slower rise in costs and were below the Russian averages. Expectations declined in almost all major sectors, especially in trade and agriculture.

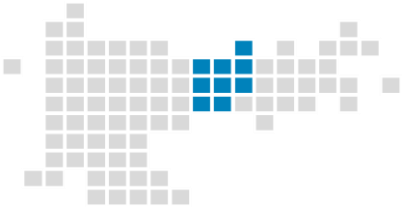
MONETARY CONDITIONS AND BANKING SECTOR. The annual growth of the corporate loan portfolio decelerated in November 2024 as a result of higher interest rates and tighter non-price lending conditions. Agricultural enterprises in the Krasnodar and Stavropol Territories reported more frequent refusals to issue subsidised loans due to the exhaustion of the limits under the main subsidised lending programmes. The consumer loan portfolio demonstrated similar dynamics in December 2024. The amount of car loans issued over this period decreased YoY. Furthermore, the annual growth of the mortgage portfolio continued to decelerate. However, the amount of subsidised mortgages edged up, driven by the increase in the overall limit under the Family Mortgage programme in December 2024. Nonetheless, banks expect a slowdown in the expansion of corporate and retail lending because of the toughened macroprudential requirements, among other factors. Boosted by higher interest rates, household deposits continued to grow.

LIVESTOCK PRODUCTION. In October–November 2024, the macroregion's agricultural enterprises ramped up the output of milk and eggs YoY. The Stavropol Territory constructed a new building of the livestock breeding complex for milk production. As a result, daily milk supplies to the region's processing companies were up. Using subsidised loans, an Astrakhan Region-based poultry farm completed the reconstruction and upgrade of its machinery, thus increasing the laying hen stock and the output of eggs. Contrastingly, meat output contracted in annualised terms over the said period, which was associated with a later formation of the new herd than in 2023 as well as a reduction in the livestock population in some regions caused by local livestock disease outbreaks. The industry was supported by high investment activity. In particular, the Republic of Dagestan opened a new poultry farm, which will help expand poultry output in the region.

TOURISM. The annual increase in the tourist flow in the macroregion continued in December 2024–January 2025, which was associated with public events at the resorts. Specifically, the number of tourists in the Karachayevo-Circassian Republic was up owing to a large-scale annual multi-event festival held in 2024 simultaneously with the opening of the ski resort season. During the New Year holidays, occupancy rates at the resorts in the Krasnodar Territory and North Caucasus exceeded last year's figures. New tourism areas are becoming increasingly popular. Glamping owners in the Rostov Region reported nearly 100% occupancy during the New Year holidays. The level of reservations for the summer season does not exceed the 2024 averages.

HOUSING MARKET. Southern construction companies reported lower demand for housing in November–December 2024, as compared to the previous months, which was associated with the temporary exhaustion of the limits under the Family Mortgage programme in November 2024 and high interest rates on market-based mortgages. According to construction market participants in the Rostov Region, sales plummeted by a third. Amid lower demand and stronger competition among developers, the annual growth of new housing prices continued to slow down. Nevertheless, developers do not expect housing prices to drop because of rising prices for construction materials. As estimated by companies in the industry, a possible cancellation of the limits under the subsidised programme for families with children will have a positive effect on the market in the future by ensuring the demand for housing. Therefore, construction companies do not plan to reduce their investment programmes and are launching integrated territorial development projects. In particular, developers in the Krasnodar Territory are actively entering the markets in Russian regions and Moscow and developing non-core business areas (construction of warehouse and recreation complexes).

BANK OF RUSSIA URAL MAIN BRANCH



Growth in consumer activity slowed down in December 2024–January 2025. Industrial output in November–December 2024 remained generally the same as in 2024 Q3. The downward trend in mining and quarrying persisted, whereas output in certain categories of investment goods continued to expand. Despite an increase in passenger traffic, transport engineering enterprises generally expect a decline in demand and output due to the termination of a number of large contracts for public transport renovation and the optimisation of key clients' investment programmes.

CONSUMPTION AND INCOMES. According to high-frequency statistics, the growth of consumer activity in the Urals slowed down in December 2024–January 2025, primarily in the non-food segment. Car sales in December 2024 plummeted to the nine-month minimum. As before, food retailers report that consumers opt for cheaper products, while the average basket value in retail chains is growing at a pace close to the overall inflation rate. As to non-food goods, retailers continue to report that buyers increasingly prefer the online segment. Sales on marketplaces are expanding significantly faster compared to other sales channels. As estimated by companies, labour market tightness is still high, while decreasing gradually, mainly because of the demand for low-skilled workers. Unemployment stays at a record low, but wage growth is decelerating. Businesses plan targeted wage increases for key employees or payroll indexations of no more than the annual inflation rate.

PRICES. Annual inflation sped up in December 2024, predominantly due to a faster rise in prices for food, including fruit and vegetables and animal products. However, monthly price growth (SA) in the Urals edged down compared to November 2024 owing to a more moderate increase in prices for tourism services and transportation. Over the past three months, current average inflation in the macroregion was higher than across the country as a whole, which was associated with a more considerable rise in prices for fruit and vegetables and certain types of services. Businesses' short-term price expectations slightly declined (SA) in January 2025 in the majority of industries, except for agriculture, while still staying high. Price expectations in trade and construction remained notably above the level recorded in other industries.

MONETARY CONDITIONS AND BANKING SECTOR. The macroregion's credit institutions reported lower demand for loans across a wide range of enterprises. The corporate loan portfolio was expanding primarily due to the credit activity of a small number of the macroregion's major borrowers and the demand for working capital loans. The increase in retail lending decelerated. In particular, the annual growth in mortgage and consumer lending slowed down in December 2024. High interest rates continued to support the inflow of households' funds into bank deposits. Surveyed credit institutions in the Urals expect that, in the next few months, the loan portfolio will expand moderately, while households' saving activity will remain high.

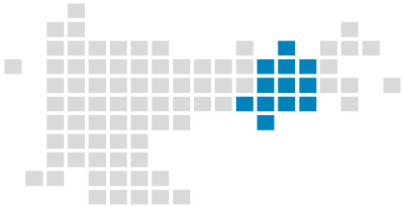
OIL AND GAS PRODUCTION. Oil and natural gas production in the Urals was contracting for the most part of 2024 Q4. The tightening of the sanctions against the Russian oil and gas sector in early 2025 has not yet affected companies' estimates or plans to cut production. Taking into

account the OPEC+ agreements, enterprises should start to restore oil production in April 2025. Companies continue the work following the earlier approved sales and investment plans. Competent agencies and gas producers themselves expect an increase in 2025, as compared to 2024, which will be driven by domestic consumption and higher utilisation of the operating export pipelines. As to liquefied natural gas production, no considerable changes are expected in 2025. Enterprises will be implementing exploration and production drilling programmes (including abroad) according to the approved plans, and the number of people employed in the industry will remain the same. Furthermore, oil and gas companies are going to expand the infrastructure capacities to meet growing domestic demand.

TRANSPORT ENGINEERING. Ural companies increased output over September–November 2024, especially in railway engineering. However, as estimated by representatives of the industry, output is likely to contract in 2025 compared to 2024 owing to a reduction in the investment programmes of the largest railway service provider and other major clients. Due to optimisation of the output targets, part of employees of a large bus manufacturer were on corporate holidays at the beginning of 2025. Contrastingly, Ural enterprises focusing on the manufacture of urban electric transport are more optimistic about demand. In 2024, some of them ramped up their output by 1.5–2 times and plan to expand it further. The Chelyabinsk and Sverdlovsk Regions continue to implement projects aimed at building and upgrading the capacities for making trolleybuses and trams. A shipyard in the Perm Territory is going to build two electric leisure boats this year.

PASSENGER TRANSPORT. Passenger traffic in the Urals trended upwards in 2024. The Tyumen airport recorded an increase in passenger traffic by 6.8% YoY, while the Tobolsk airport – by 1.5 times. After the beginning of 2025, the Yamal airports optimised their flight programmes. Rail passenger transportation in the Republic of Bashkortostan increased, which was mainly driven by suburban transportation that expanded by nearly a quarter. Passenger traffic from the Sverdlovsk Railways stations over 2024 was up by 4.6% YoY. In December 2024, branded double-decker trains were launched from Ufa and Chelyabinsk to Moscow. Due to higher costs, many regions in the Urals indexed urban transport fares at the beginning of the year. Enterprises consider that a shortage of drivers is still one of the main problems in current operations.

BANK OF RUSSIA SIBERIAN MAIN BRANCH



Consumer activity in Siberia continued to grow in December 2024–January 2025 at the same pace as in October–November 2024. Businesses' price expectations decreased. Driven by stable consumer demand, food and packaging output was expanding, and companies in these industries were developing regional brands and delivery services. Contrastingly, construction material manufacturers reduced output due to a lower amount of orders.

CONSUMPTION AND INCOMES. The growth rate of consumer activity in Siberia over December 2024–January 2025 stayed at the level of the previous two months, primarily because of elevated demand in services and public catering. According to regional tour operators, the number of visitors, including from Thailand, China and Indonesia, to the Lake Baikal region during the New Year holidays was up YoY. Hotels in the Republic of Altai reported full occupancy. The demand for cafés and restaurants rose compared to the previous year. The share of online purchases in non-food retail continued to go up. The Krasnoyarsk division of a large marketplace recorded a 15% increase in the number of purchases, including of large household appliances and home improvement goods, in annualised terms over December 2024–January 2025. This was largely driven by higher incentives paid to employees in the key industries of the Siberian industrial sector.

PRICES. Annual inflation in Siberia sped up in December 2024, while staying close to the Russian average. Nevertheless, monthly price growth (SA) in the macroregion edged down compared to November 2024. Over the past three months, the average price growth rate in Siberia did not exceed the level recoded across the country as a whole. Food prices remain the major contributor to inflation. According to fruit and vegetable importers, the rise in prices for these products was associated with higher logistics costs and the ruble weakening. The same factors pushed up prices for household appliances and TV and radio goods. Siberian companies' price expectations went down, while still exceeding the Russian average.

MONETARY CONDITIONS AND BANKING SECTOR. Bank lending conditions in Siberia remained almost unchanged in December 2024. Corporate lending growth slowed down as of early December. Due to high interest rates, households' demand for consumer loans and market-based mortgages continued to trend downwards. The demand for subsidised mortgages remained stable. Households' funds in deposits continued to increase, driven by high interest rates. Banks reported stronger competition for depositors as well as consumer switching behaviours.

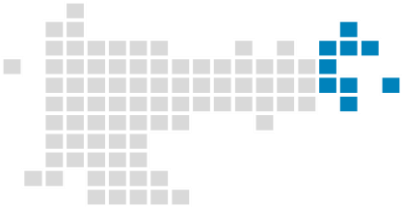
CONSTRUCTION MATERIALS. In 2024 Q4, Siberian construction material manufacturers complained about weaker demand and, consequently, a reduction in the output of main construction materials. Specifically, the largest cement manufacturer beyond the Urals (the combined capacities of five Siberian factories) decreased annual output by 2.7% in 2024 because of lower demand for construction materials in 2024 H2 after the termination of the extensive subsidised mortgage lending programme. The situation is exacerbated by a more acute deficit of carrying capacities of the railway infrastructure – the manufacturer reports that it is becoming increasingly complicated to deliver

finished goods to clients and raw materials for their manufacture. As a result, the capacity utilisation rate of the Siberian cement factories decreased from 61% in 2023 to 59% in 2024. According to a manufacturer of metal structures for construction, in 2024 Q4, many construction companies cancelled the preorders (refusals accounted for about 30% of the preliminarily ordered quantity), which caused overstocking of warehouses. A brick manufacturer complained that its output in 2024 Q4 was only a third of the potential level. Due to a reduction in orders, a roofing manufacturer decreased the number of working shifts, while an enterprise making reinforced concrete structures reduced investment, having cancelled its production expansion projects. Weaker demand was also reported by a large manufacturer of heat insulation materials. Nevertheless, output is propped up by federal projects aimed at creating social infrastructure, the construction of a range of industrial and logistics complexes, and elevated demand in individual housing construction.

FOOD INDUSTRY. In 2024 Q4, the average growth rate of food output in Siberia reached 6% in annualised terms, driven by sustained consumer demand, import substitution, and government orders. In particular, over 2024 Q4, a large meat cannery expanded output and sales by over 10% in annualised terms. Another company reported stronger demand and, accordingly, growing output in the segment of ready meals and semi-finished meat products. Major dairy product manufacturers have a good development potential owing to domestic demand and export opportunities. However, the second half of the year was a difficult period for the industry due to a deficit of raw milk and higher prices for it. As a result, a number of companies were forced to reduce milk processing volumes and their product ranges. Elevated demand, including from abroad, was reported by manufacturers of cheeses, vegetable and animal oils, pastries, and ice cream. Thus, over 2024, exports of Siberian cheeses doubled in annualised terms. A large Siberian confectionery reported a double-digit increase in sales. An ice cream manufacturer's exports nearly tripled by 2023. The company plans to expand exports by another 15% in 2025.

PACKAGING. In 2024 Q4, the majority of Siberian packaging producers reported a sustained rise in the demand for their products, driven by import substitution, development of local brands and retailers' own trademarks, and increasing consumption of packaged products. According to a large Siberian glassware manufacturer, the market continues to expand. The demand for the company's products exceeds its capacities to ramp up output. In the near future, the enterprise plans to install an additional production line and increase glassware output by 15% in annualised terms. A large plastic packaging manufacturer also reported an increase in the demand for the entire range of its products. This results in a shortage of finished goods and a waiting list, allowing the company to raise prices so as to offset higher costs. In addition to the domestic market, the manufacturer is also increasing its presence in Central Asia. A Siberian containerboard and packaging manufacturer significantly expanded its product range and output in 2024. The enterprise is mostly focused on large orders. However, as online trade develops, local manufacturers record a growing number of small orders as well. Hence, in 2024 H2, the company launched a new workshop for small and urgent orders.

BANK OF RUSSIA FAR EASTERN MAIN BRANCH



The growth of consumer activity in the macroregion sped up in December 2024–January 2025. Businesses' price expectations increased. Current price growth stayed elevated. The demand for corporate and retail loans declined. The toughening of the mortgage lending terms contributed to the reduction in demand in the new and existing housing markets and decelerated the growth in housing prices and real estate projects under construction. Companies are postponing the commissioning of new projects.

CONSUMPTION AND INCOMES. According to recent statistics, the increase in consumer activity sped up in December 2024–January 2025 after the slowdown in November 2024. Furthermore, the demand dynamics were diverse across market segments. Thus, food retailers in most regions of the Far East recorded a sustained rise in the demand for food products. Sales of everyday non-food items in a number of regions expanded in December 2024 compared to the previous month. Contrastingly, the demand for construction materials, furniture, and household appliances contracted in December 2024, which was associated with the worsening of the consumer and mortgage lending conditions. Auto dealers complained that new car sales continued to go down. Public catering companies recorded a rise in demand over December 2024 in both annualised and monthly terms. The demand for tourism and leisure services during the New Year holidays was also above last year's figures. Short-term expectations for demand in retail and services increased in January 2025.

PRICES. Annual inflation in the macroregion edged down in December 2024 to a level below the Russian average. Current price growth (SA) stayed elevated. Over the past three months, the average price growth rate in the macroregion was below the level recorded in the country as a whole, which was because the increase in fruit and vegetable prices was much less significant owing to larger supplies from China in November 2024. Businesses' price expectations were up in January 2025, whereas their level across Russia remained unchanged. This was mostly associated with the rise in expectations in the industrial sector, services, agriculture, transportation, and storage. Price expectations in retail stayed at the highest level recorded since April 2022, which was partly attributed to higher input prices and rising costs for goods delivery to the macroregion.

MONETARY CONDITIONS AND BANKING SECTOR. The bank lending conditions continued to tighten in December 2024 for all categories of borrowers. As of early December 2024, the monthly growth (SA) of the loan portfolio decelerated. According to banks, the demand for corporate loans contracted in December 2024–January 2025. As reported by a large bank, the demand for loan restructuring among small and medium-sized businesses surged by a third in December 2024, as compared to the previous month. The monthly increase in outstanding retail loans (SA) was decelerating in December 2024 for the fourth month in a row, predominantly due to consumer loans. Furthermore, there was a decline in new mortgages (SA), which was mostly because of market-based loans. The proportion of subsidised loans hit a new high. According to high-frequency statistics, the demand for consumer loans remained weak in January 2025, while households' funds in bank accounts continued to increase.

HOUSING CONSTRUCTION. In 2024 Q4, the annual and quarterly growth rates (SA) of apartment buildings under construction in the macroregion edged down, while staying higher than across Russia as a whole. This was associated with the Far Eastern and Arctic Mortgage programme, integrated territorial development projects, and rental housing construction. Developers complained about a decline in demand caused by the tightening of the mortgage lending conditions and more expensive project finance. As a result, the amount of new subsidised mortgages issued in 2024 Q4 decreased by 16% vs 2024 Q3 and by nearly 1.5 times vs 2023 Q4. A number of enterprises in the macroregion decided to suspend the construction of new projects until the time when financial conditions improve. Two large federal-level developers in the Khabarovsk Territory postponed the commissioning of new projects. A Sakhalin-based developer rescheduled the start of a new project for the middle of 2025. Despite weaker demand, new housing prices continued to trend upwards in 2024 Q4, fuelled by the rise in construction companies' costs, although at a slower pace. The growth of existing housing prices decelerated as well. Due to low demand, a part of owners who had planned to sell housing started to rent it out. Consequently, housing rental prices dropped in December 2024 (SA).

LOGISTICS. Freight traffic in Far Eastern seaports slightly contracted (SA) in November–December 2024, as compared to October 2024. The reason was reductions in oil supplies in November 2024 caused by the expansion of oil refining in the domestic market after the end of preventive maintenance at a number of oil refineries. In December 2024, oil transshipment increased to a record high, including owing to the resumption of operation of the railway station in a port of the Primorye Territory. Seaports' container transportation also stayed at a record high in December 2024, exceeding the average recorded in January–October 2024 by 13%. Container exports expanded to surpass last year's figures for the first time since early 2024. Due to high demand, one of carriers commissioned a direct line to a large container port in Asia in December 2024 and expanded its container fleet by 15% as of the end of 2024. Another transportation company completed the reconstruction of a container logistics complex in one of the ports of the territory in December 2024 so as to increase container processing and storage volumes.

FISHING AND FISH PROCESSING. As of the end of January 2025, fish output in the Far Eastern Basin edged down in annualised terms. According to experts, pollack and herring catches that started from early 2025 are expected to reach the record levels of 2024. Prices for most species of caught fish were growing over October 2024–January 2025, which was associated with increases in companies' fuel, labour, delivery and packaging costs. Thus, wholesale pollack prices in December 2024–January 2025 were a quarter higher YoY, despite the large catch in 2024. Due to high domestic demand, enterprises were able to raise pollack prices so as to offset the decline in their export revenues provoked by the slump in global prices for pollack to the 20-year minimum. Because of the low catch in 2024, wholesale sturgeon prices continued to trend upwards in November–December 2024, although more slowly than in August–October 2024. In January 2025, they stayed at the high level of late December. Retail prices for fish products were also growing from August 2024, but at a slower pace than wholesale prices. Fishing enterprises continued to implement the projects within the investment quotas. Specifically, a large Kamchatka-based company completed the construction of two ships. However, fishing enterprises report a decline in their financial performance in 2024 due to higher costs, among other reasons.

BOX 1
PRODUCER PRICES AND PRICE EXPECTATIONS

The dynamics of producer output prices are a measure of price pressure in the economy. As reported by enterprises, spending on raw materials, spare parts and components, as well as labour and logistics and maintenance services increased most significantly. In 2024, the majority of surveyed companies were able to pass through only part of higher costs to prices. Furthermore, the increase in producer prices was contained by strong competition and an insufficient level of domestic and external demand in a number of industries. Nevertheless, businesses' price expectations stay high. Thus, despite the worsened estimates of demand, enterprises in individual industries plan to actively pass through increased costs to prices in 2025.

PRODUCER PRICES IN 2024

The annual growth of prices of industrial goods producers was slowing down for the most part of 2024, including due to the overall downward trend in energy commodity prices. In November 2024, the growth rate in the domestic market equalled 3.9% YoY, whereas export prices declined by 4.2% YoY. Export pricing primarily depends on global prices and external demand. Due to weaker demand, a number of chemical companies in the Urals had to reduce output prices despite rising costs. Some wood processing enterprises in the Far East did not raise export prices because of decreased supplies to Asian countries. Contrastingly, a favourable situation in global markets enabled a North-Western fishing enterprise to pass through higher costs to output prices. In the conditions of market pricing, fluctuations of global and, consequently, export prices normally affect producer prices in the domestic market as well (Chart B-1-1).

The main contributors to the growth of producer prices [4] in January–November 2024 (+12.5% YoY on average over the first 11 months) **were mining and quarrying and the production of intermediate goods (raw materials and supplies, fuels, etc.)**. Regional heterogeneity of the growth rates of producer prices is mostly attributed to differences in the sectoral structure of the regional economies (Chart B-1-2). Compared to Russia as a whole, the increase in producer prices was most significant in the Urals (+15.0% YoY), having the largest share of mining and quarrying enterprises focusing on exports and depending on prices in global markets, and in the Volga-Vyatka macroregion (+13.7% YoY), which recorded higher demand for industrial enterprises' goods compared to the Russian average.

According to the Bank of Russia's business survey conducted in December 2024,[5] the majority of producers (approximately 60% of respondents) had to limit the rise in output prices because of strong competition. Consumer and intermediate goods manufacturers reported the strongest impact of tough market competition on their price decisions. Another constraint was the terms of contracts between retailers and producers: frequently, prices may only be raised at the moment of the renewal of product sales contracts. Nearly a third of surveyed industrial companies were unable to change prices due to fixed-price contracts (including as part of government orders). Contract-based pricing was used most frequently in investment goods production.

Furthermore, a number of infrastructure construction enterprises and providers of utility and transportation services also reported rigid contractual constraints forcing them to accumulate losses until the revision of the contracts. Manufacturers (in particular, machine builders), especially those

[4] Hereinafter, producer prices imply producer prices in the domestic market.
[5] For details on the findings of the survey, refer to the Research / Analytical Notes subsection on the Bank of Russia website.

with a long production cycle, often faced a situation where the actual costs of fulfilling an order exceeded the initially planned amount. In certain cases, companies were unable to pass through costs to prices due to regional authorities' restrictions and the Federal Antimonopoly Service's decisions regarding socially important products.

IMPACT OF RISING MATERIAL COSTS

According to the Bank of Russia's survey, the rise in material costs was the main reason for higher spending and output prices of Russian companies (Chart B-1-3), which was stressed by over 85% of companies as of the end of 2024. Agricultural and construction companies were affected by this rise most considerably (93.8% and 93.1% of respondents, respectively).

One of the triggers for the rise in material costs was the ruble weakening, which increased spending on imported raw materials, spare parts, and components. The accelerated growth in prices for agricultural machinery spare parts was noted by agricultural enterprises in all Russian regions. Thus, as reported by one of the companies, prices for spare parts for machinery made in unfriendly countries doubled compared to 2023. Wood processing enterprises in the Republic of Altai complained about higher costs of wood, which was associated with an increase in timber operators' spending on machinery maintenance and labour. Furthermore, higher spending on imported components was also reported by a coal producer in the Republic of Buryatia. A pharmaceutical company from the Kirov Region noted a negative effect of higher global prices on pharmaceutical ingredients. A household chemical manufacturer from the Altai Territory complained about a surge in prices for raw materials because of the closure of a Chinese plant that used to produce the largest proportion of raw materials for the global market.

High demand is another frequent reason for rising material costs. Specifically, in recent years, Russian construction material manufacturers have been raising prices for their products due to high demand from the construction industry. Thus, in 2024, construction companies from the Moscow metropolitan area and the Republic of Tatarstan reported an increase in costs of construction materials, including concrete, cement, crushed stone, and sand. According to their estimates, disruptions in construction material supplies were another factor pushing up construction costs.

IMPACT OF LOGISTICS AND PAYMENT ISSUES

Nearly half (49.5%) **of surveyed enterprises said that spending on logistics was one of the main contributors to higher costs in 2024**. Transport expenses had the strongest effect on trade companies (59.6% of respondents), whereas service enterprises were affected the least (24.7% of respondents).

Total expenses on imported raw materials and components continued to grow in 2024, including due to more complicated logistics. In particular, this was one of the reasons why a Siberian aircraft plant was loss-making as of the end of the first nine months of 2024, for the first time over many years. A Far Eastern packaging manufacturer complained about higher spending on raw materials due to more complicated schemes of supplies from Asian countries. A cotton product manufacturer from the Southern Federal District was forced to purchase imported components through third countries. As estimated by certain agricultural enterprises in the Trans-Baikal Territory, transport expenses account for up to 80% in the cost of some categories of imported raw materials.

High economic activity boosted the demand for rail transportation. However, the performance of the railway infrastructure is limited due to insufficient carrying capacities and a deficit of locomotives and freight stock. Specifically, a large refractory manufacturer faced the risk of stock depletion because of considerable delays in rail deliveries of raw materials. A construction company from the Khabarovsk Territory had to switch to truck shipping, which doubled its transport expenses.

Companies all over Russia report that they are forced to transition to more costly but faster truck shipping.

Kaliningrad Region enterprises had to significantly increase their transport expenses, which was associated with the tightening of the freight restrictions by the neighbouring European states.

Difficulties with cross-border payments remain one of the reasons for higher operating expenses and delays in deliveries of imported components. In particular, this was reported by a gypsum processing plant in the South, an optical fibre manufacturer in the Volga-Vyatka macroregion, a major poultry farm and a large machine builder in the Urals. Furthermore, companies experienced problems with payments in the course of exports as well. A steel coil manufacturer in the Volga Region complained about payment delays and high fees for money transfers to an Asian country. According to a mayonnaise manufacturer in the Volga Region, processing of cross-border payments requires additional operation links in transit countries, which reduces export revenues.

IMPACT OF RISING COSTS ON WAGES

Amid high economic activity, staff shortages remained a key reason for the rise in costs. Seeking to hire personnel, companies raise wages more considerably and, later on, pass through their labour costs to output prices. In the conditions when there are almost no opportunities to further increase employment in the economy, this causes labour costs to grow faster than productivity. Over 60% of enterprises surveyed by the Bank of Russia in January 2025 stressed that higher personnel expenses were one of the main reasons for the rise in costs in 2024. Due to higher labour intensity and persistently strong competition for workers, wage growth in 2024 significantly exceeded the consumer inflation rate and price indices in the majority of key industries (Chart B-1-4). For details about the situation in the labour market, see Box 2 *'Labour market and labour productivity: constraints and growth potential'*.

IMPACT OF RISING COSTS ON END-PRODUCT PRICES

According to the recent survey, in 2024, most enterprises (86%) did not pass through the increase in costs to prices to the fullest extent (Chart B-1-5). Moreover, for various reasons, the majority of respondents (60%) were able to pass through no more than 30% of the rise in costs to prices. Companies in most industries reported that the pass-through of costs to prices was limited by insufficiently high demand for their products and tough competition.

In particular, as noted by construction companies, weaker demand in the new housing market forces developers to contain the increase in prices, including in the Moscow metropolitan area. Construction companies, in turn, demonstrated lower demand for the products of ferrous metallurgy enterprises, which prevented the latter from passing through their costs to prices. The situation was aggravated by the decline in supplies to external markets. As a result, large metallurgical enterprises all over the country had to reduce output prices. Lower demand for investment goods was the reason why special-purpose and agricultural machinery importers in Central Russia were unable to raise output prices despite the increase in input prices provoked by the ruble depreciation.

Certain industries recorded tougher competition with foreign companies. Specifically, a Siberian manufacturer of heat and air conditioning meters had limited opportunities to raise prices after a Belarusian company entered the Russian market. A Krasnodar-based lifting equipment manufacturer contains price growth due to competition with Turkish manufacturers of similar products. Far Eastern logistics companies also recorded stronger competition after Chinese carriers started operations in the Russian market.

As little as 14% of surveyed companies were able to fully pass through their costs to prices. In particular, a Far Eastern oil refinery raised output prices for petroleum products by 15–20%

to offset its repair and modernisation expenses. A North-Western enterprise, which is the only Russian manufacturer of packing paper with unique parameters, was able to pass through a considerable portion of its costs to prices.

COMPANIES' EXPECTATIONS AND PLANS FOR EARLY 2025

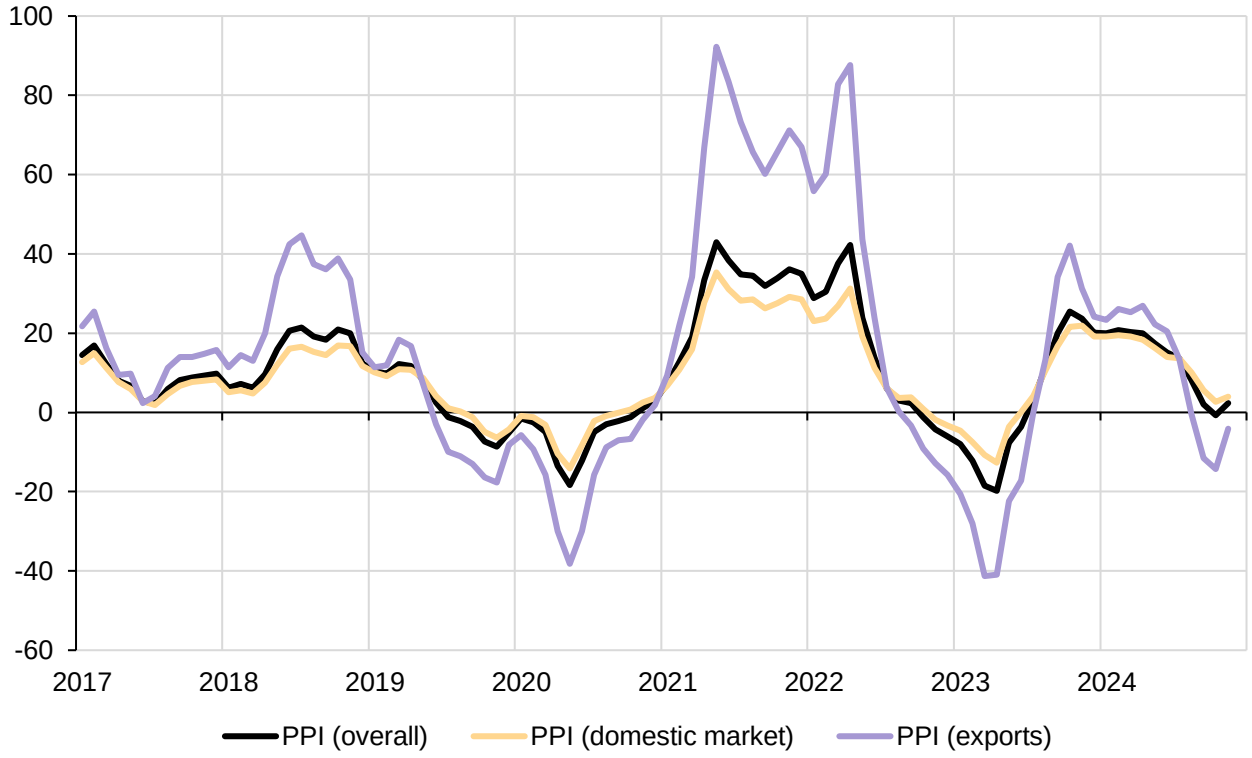
According to the Bank of Russia's regular surveys, businesses increased their price expectations over March–December 2024 (Chart B-1-6). In January 2025, they were close to the maximum recorded in spring 2022. The price growth rate expected by companies in the next three months (in annualised terms) equalled 10.8% in January 2025, including 9.8% in industrial production, 11.7% in logistics, 10.1% in construction, and 6.7% in agriculture.

In 2024 H2, demand estimates started to decline in a number of industries, whereas the overall trend in estimates of future price changes remained nearly the same – enterprises' short-term price expectations continued to grow. This is especially notable in construction where companies experience a decline in demand after the termination of the subsidised mortgage lending programme, but individual developers still plan to raise prices further. In segments where demand is stable or growing, many enterprises plan to set new prices in the contracts that take into account higher costs, after the expiry of the current long-term contracts.

However, the expected reduction in housing construction entails a decrease in the demand for construction materials, including ferrous metallurgy products. In particular, this was noted by a large developer from Tatarstan. That said, metallurgical companies' estimates in this regard vary. Specifically, a large plant in Udmurtia expects the rise in labour costs to slow down and, amid decreasing demand, is going to cut output prices by 2–3% in 2025 Q1. Contrastingly, despite a possible contraction of demand, a large metallurgical holding company in the Urals plans a 3–4% increase in output prices in 2025.

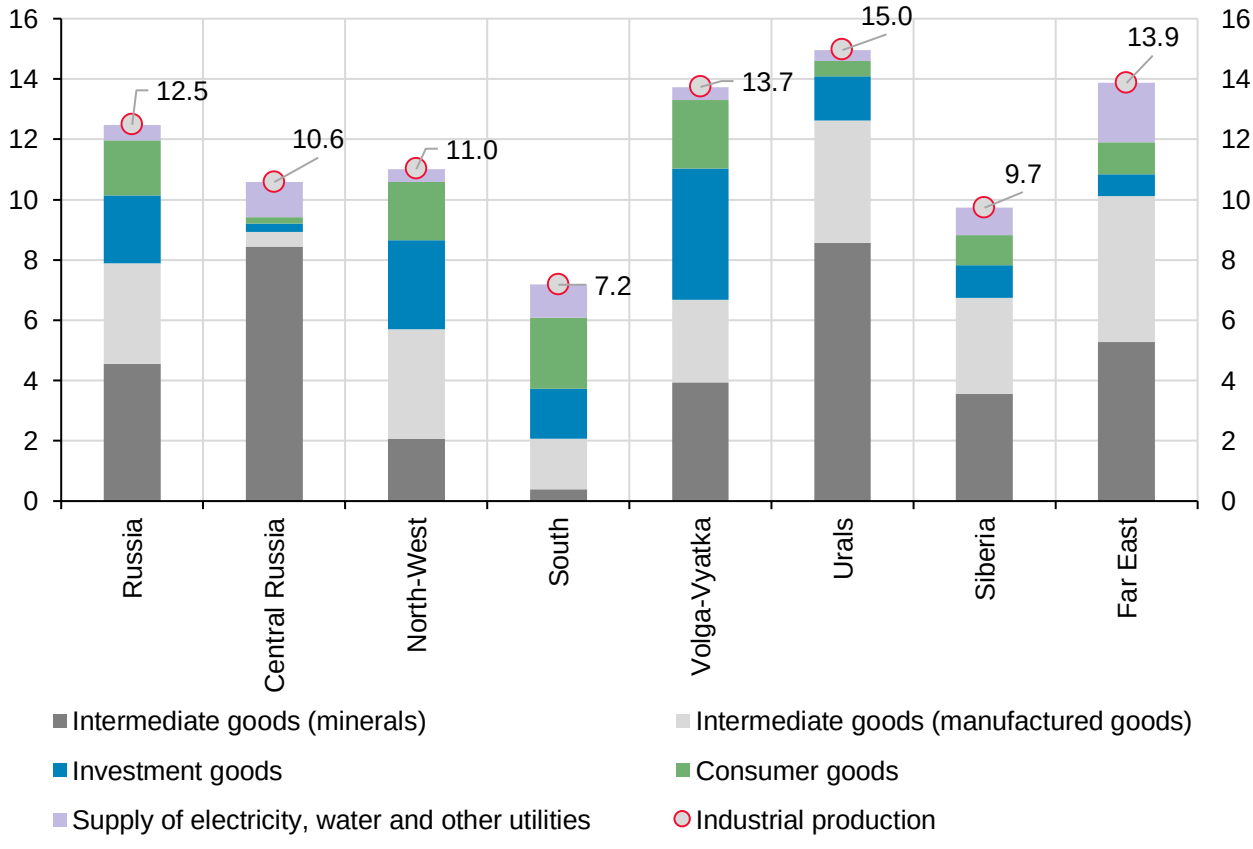
Elevated demand is recorded not in all industries, but high economic activity in the country as a whole causes a rise in general expenses, including on logistics and labour, for most industries and an increase in economic agents' price expectations. In 2024, producer prices were growing more slowly compared to the previous year. In particular, this was associated with global price dynamics, which limited exporters' opportunities to raise prices. Furthermore, to a great extent, the rise in prices was contained by strong competition, the terms of the effective long-term contracts, and a slower expansion of demand in certain industries. Despite the worsened estimates of demand, enterprises in individual industries plan to actively pass through increased costs to prices in 2025.

Chart B-1-1. Industrial goods producer price index, % YoY



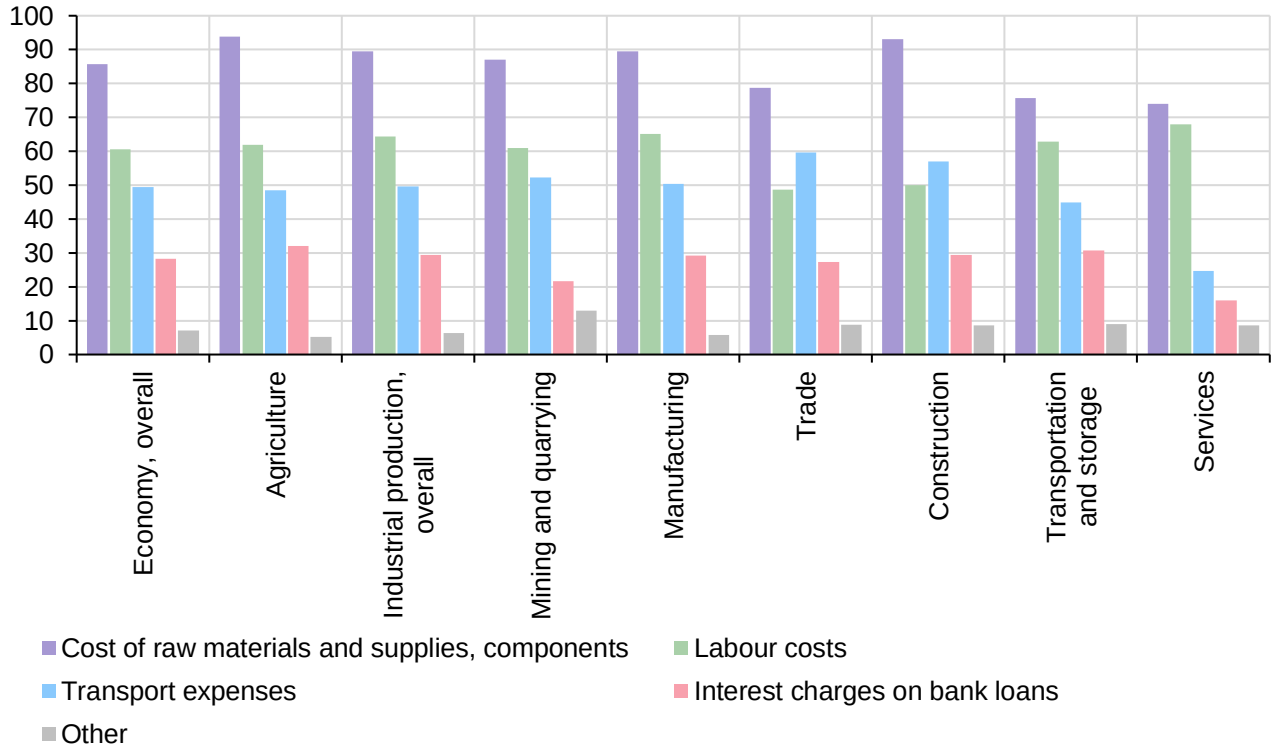
Sources: Rosstat, Bank of Russia calculations.

Chart B-1-2. Contribution to growth in industrial goods prices for domestic market in macroregions, January–November 2024 YoY, points



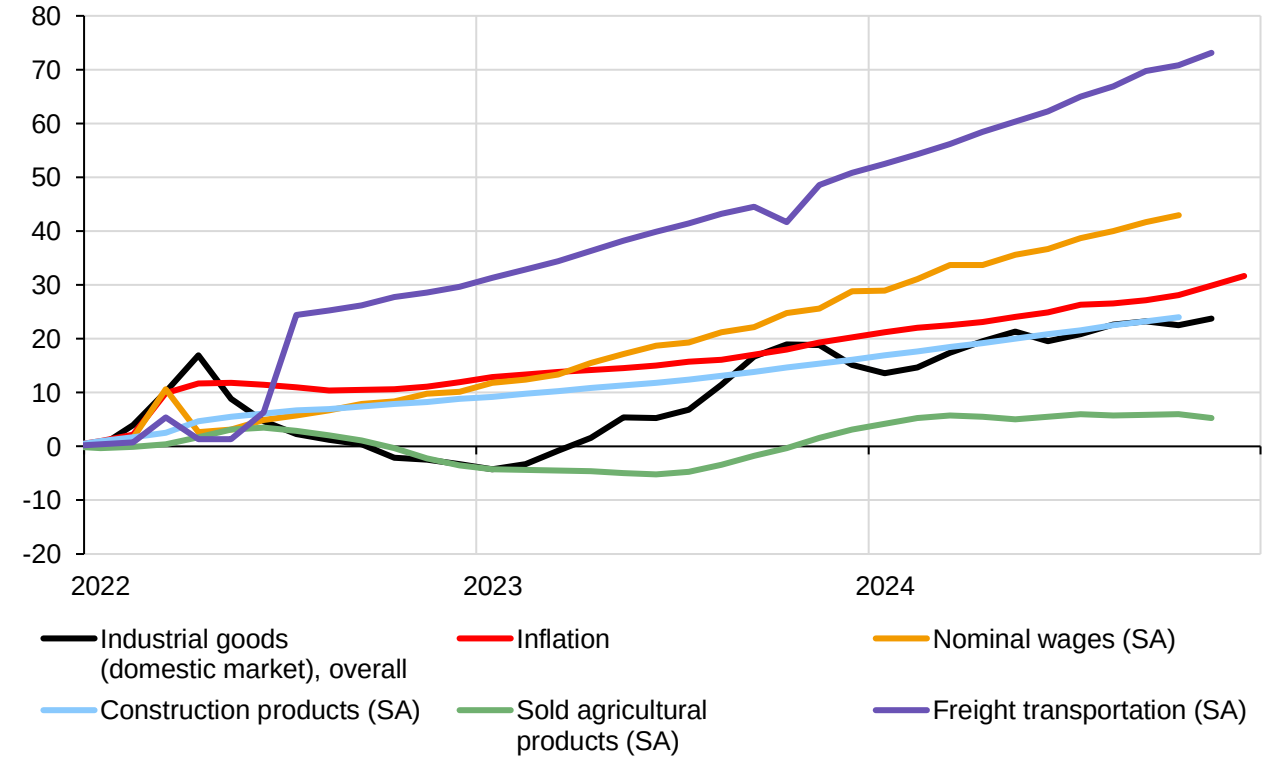
Sources: Rosstat, Bank of Russia calculations.

Chart B-1-3. Most influential factors for growth in companies' costs in 2024 YoY, % of respondents (multiple choice, %) (survey in January 2025)



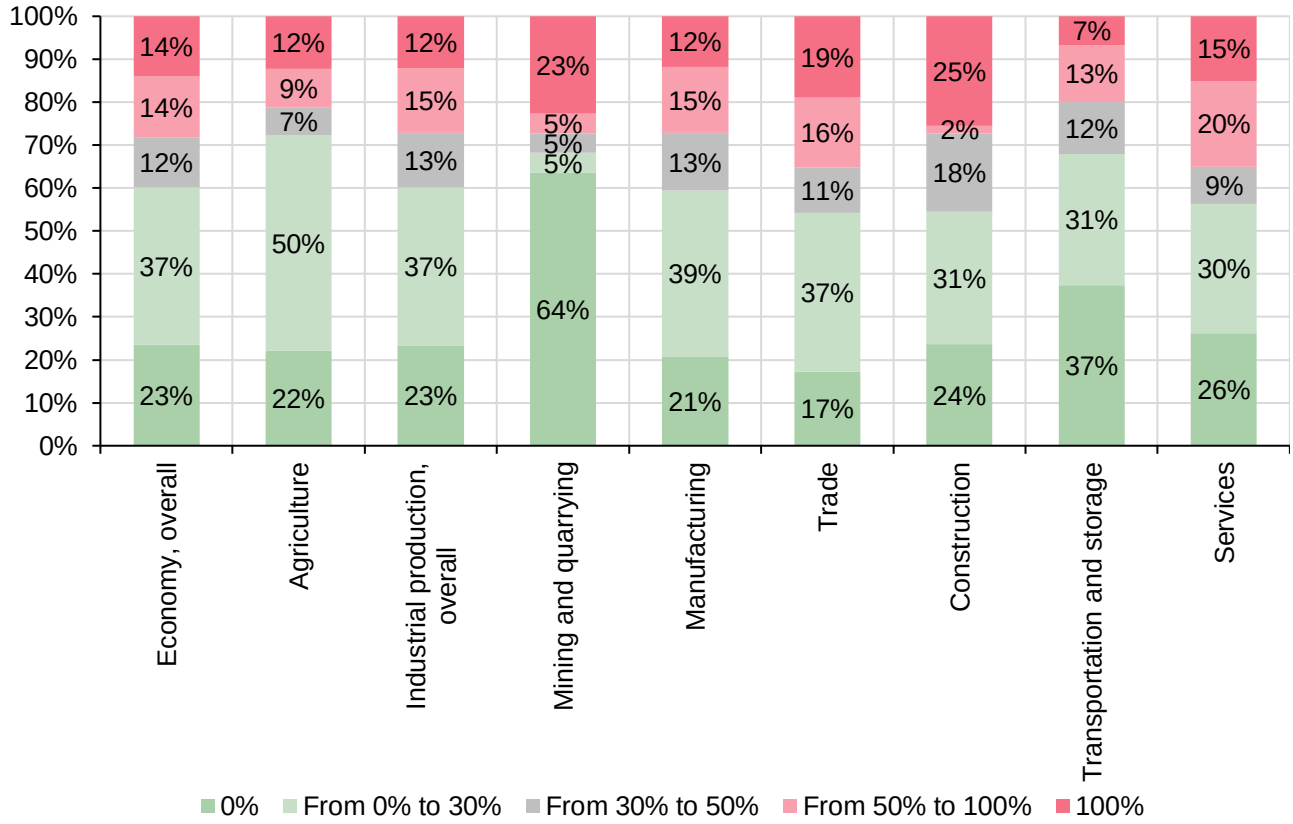
Sources: Rosstat, Bank of Russia calculations.

Chart B-1-4. Producer price (tariff) indices, inflation, and nominal wages, % growth on December 2021



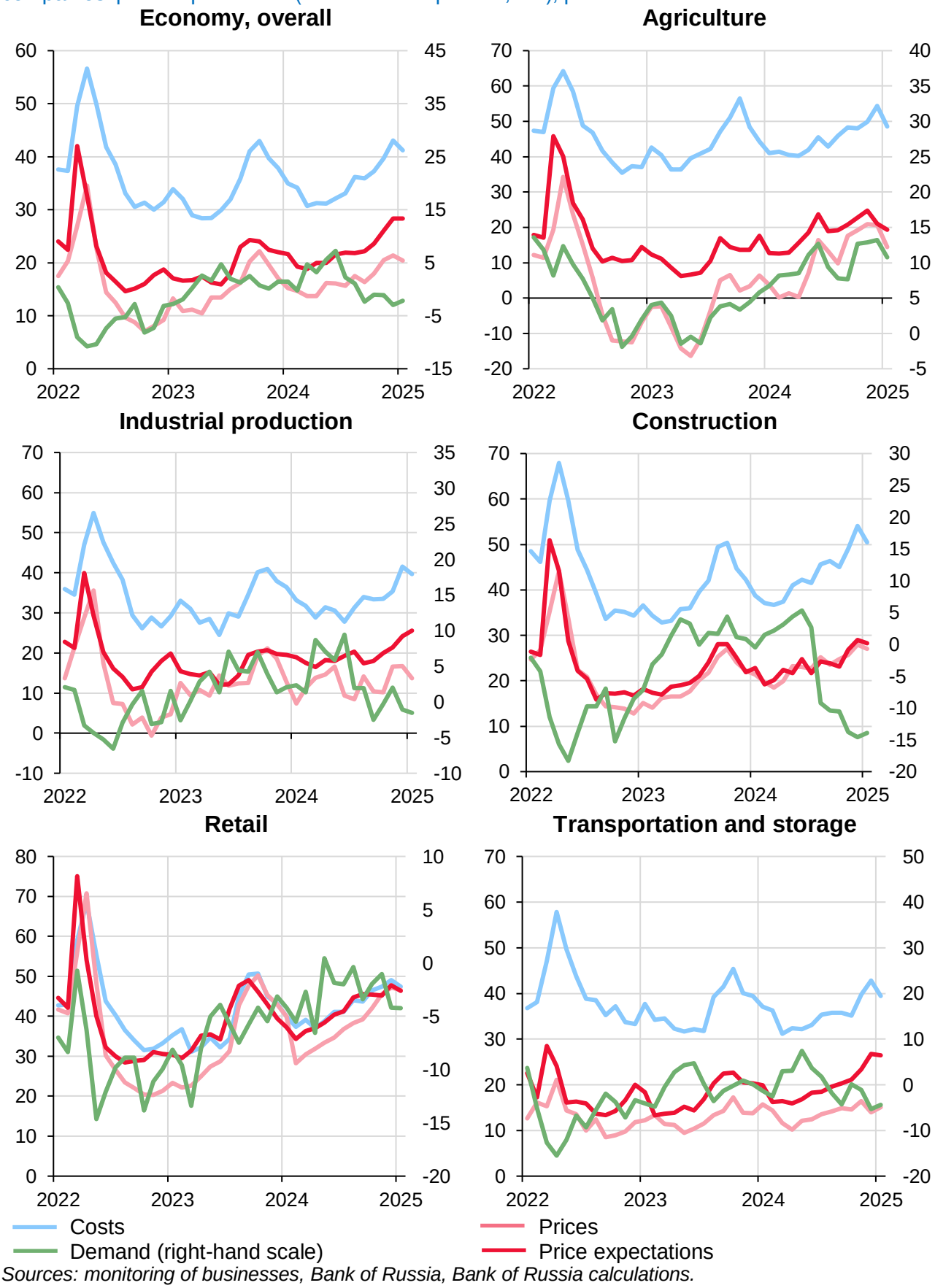
Sources: Rosstat, Bank of Russia calculations.

Chart B-1-5. Estimated percentage of pass-through of growth in costs over 2024 to output prices, % of respondents (survey in January 2025)



Sources: monitoring of businesses, Bank of Russia.

Chart B-1-6. Companies' estimates of changes in demand, costs and end-product prices, companies' price expectations (balance of responses, SA), points



Sources: monitoring of businesses, Bank of Russia, Bank of Russia calculations.

BOX 2
LABOUR MARKET AND LABOUR PRODUCTIVITY: CONSTRAINTS AND GROWTH POTENTIAL

In 2024, companies' demand for personnel remained unprecedentedly high for the Russian economy, while the unemployment rate was hitting record lows. Businesses continued to address the problem of staff shortages by increasing labour productivity through business process enhancement, production automation and robotisation, and staff training development. In 2024 Q4, the labour market started to demonstrate certain signs of stabilisation, namely the demand for new employees began to decline according to job adverts, while companies' plans to raise wages further became more moderate.

LABOUR MARKET IN 2024

In 2024, the situation in the labour market remained complicated in most Russian regions. Unemployment was hitting new lows throughout the year. The labour force participation rate was one of the highest over the past five years, with over 64% of the working-age population employed or actively searching for job. The growth in labour force participation, including as a result of the gradual retirement age increase, contributed to a slight rise in the number of workers (+0.5% in November 2024 YoY). However, the demand for labour increased much more significantly, with almost all industries experiencing staff shortages. The deficit of personnel was most acute in industrial production, trade, healthcare, tourism, and logistics. In addition to highly qualified specialists, companies needed blue-collar workers, drivers, sellers, cashiers, and couriers to be able to continue current operations. Businesses surveyed by the Bank of Russia reported worsening staffing levels for the most part of 2024 in almost all large industries (Chart B-2-1). As of the end of 2024, 69% of enterprises were facing staff shortages (vs 65% as of early 2024). Slightly less than a third of surveyed companies plan to further increase headcount in 2025.

Amid high demand for products of certain industries from both the public and private sectors, **workers were changing industries and employers selecting those who offered higher wages**. The most considerable growth rate[6] of the average headcount was recorded in the information and communication industry, manufacturing, and administrative activities. A reduction in the number of the employed was recorded in electricity supply, agriculture, real estate, and public administration. Employment in the non-formal sector[7] (especially in services, agriculture, and construction) was up as well, regardless of whether the job was the main or additional one. According to the Federal Tax Service, over 2024, the number of individual entrepreneurs across Russia rose by 6.6% YoY.[8] The increase in non-formal employment was most notable in Moscow, Saint Petersburg, Sevastopol, the Chukotka Autonomous Area, and the Trans-Baikal Territory.

A higher number of CVs on job aggregator websites amid a record-low official unemployment rate is evidence of the fact that **already employed people are searching for job more frequently**. In 2024, the number of active CVs was up by 20% or more in almost all federal districts, particularly

[6] According to the data as of October 2024.
[7] Individual entrepreneurs and their workers, self-employed persons, people engaged in household production, and other individuals not registered as a legal entity.
[8] The Unified Register of Small and Medium-sized Enterprises. According to the data as of 10 January 2025 compared to the data as of 10 January 2024.

in logistics, tourism, household services, and trade. Specialists started to change employers more frequently, while recruiters had to become more tolerant towards job jumpers. Other social barriers in recruitment lowered as well: in 2024, increasingly more employers hired people with no working experience (including students), pensioners, and pre-retirement age persons.

More people made decisions to move to regions offering higher wages (Chart B-2-2). As before, workers mostly preferred Moscow, Saint Petersburg, the Moscow, Leningrad, Sverdlovsk and Novosibirsk Regions, and the Republic of Tatarstan. Furthermore, the inflow of foreign labour migrants was most notable in the Moscow and Saint Petersburg metropolitan areas, the Krasnodar Territory, and the Tyumen Region. Nevertheless, **the inflow of foreign labour migrants contracted**, including because of the tightening of the migration legislation. In particular, the Chelyabinsk, Astrakhan, Volgograd, Tver, Irkutsk and Novosibirsk Regions and the Krasnodar, Primorye, Khabarovsk and Trans-Baikal Territories extended the ban on patent-based employment of foreign nationals in hotel business, public catering, passenger transportation, automobile sales, household appliance repairs, household production, and trade. Concurrently, consumer goods manufacturers and trade companies in Central Russia see South Asia as a source of labour force. A sewing factory in the Republic of Bashkortostan obtained a permit to hire specialists from Southeast Asia. Due to the restrictions on labour migrant flows from the CIS countries, some enterprises explore opportunities of hiring personnel from Africa and Latin America. A large Sakhalin-based trade company hired an immigration consultant to help labour migrants execute necessary documents.

MEASURES TO ADDRESS STAFF SHORTAGES

In the conditions of staff shortages, employers had to increase the workload on current employees and search for additional incentives to retain them. In 2024, the average number of working hours per employee rose at 27% of companies, according to the Bank of Russia's survey. Enterprises in many Russian regions reported a higher number of working shifts, most often in construction, trade, transportation and storage, and some manufacturing sectors.

More intensive use of labour and tough competition for workers forced employers to raise wages at a pace considerably exceeding the inflation rate. The rise in wages over 2024 was most significant in administrative activities, manufacturing, construction, and water supply. According to the Bank of Russia's survey, 85% of enterprises plan to raise wages further in 2025. However, in most cases, the increase is expected to be more modest than in 2024. The median of the wage growth rate expected by businesses in 2025 equalled 8.4%. Furthermore, employers were improving labour conditions, expanding social packages, and developing employee referral programmes (an ERP is a recruiting strategy in which employers encourage current employees to refer qualified candidates for jobs).

Companies provided financial aid to help people moving from other regions with accommodation. A number of employers in the Siberian and Far Eastern Federal Districts compensated their workers for mortgage payments. Several large companies in the Central, North-Western, Urals and Southern Federal Districts plan to build housing for potential employees.

Internal labour migration is encouraged by the government. In particular, pursuant to the terms of the programme for increasing workforce mobility effective in 26 Russian regions[9] with low

[9] The Republics of Buryatia, Karelia and Sakha (Yakutia), the Trans-Baikal, Kamchatka, Krasnoyarsk, Perm, Primorye and Khabarovsk Territories, the Amur, Arkhangelsk, Irkutsk, Kaluga, Kirov, Kostroma, Kurgan, Leningrad, Magadan, Nizhny Novgorod, Pskov, Sakhalin, Tambov and Ulyanovsk Regions, the Jewish

population density, employers are to receive financial aid to pay for workers' relocation and accommodation at a new place, provide housing to a family, pay a one-time compensation to workers, and help them with advanced training. Furthermore, the new national project Personnel launched from 2025 comprises measures to subsidise recruitment costs and encourage workforce mobility.

Higher labour productivity as of the end of 2024 was reported by slightly more than half (53%) of companies surveyed by the Bank of Russia. Respondents' estimates of the actual increase in productivity over 2024 averaged 2.7%, and their expectations for 2025 are at 2.6%.

The main drivers of labour productivity in 2024 were the use of new equipment and optimisation of production and business processes, according to the Bank of Russia's survey. Specifically, a number of machine builders in the Chelyabinsk Region are implementing robotics investment projects. A large retail chain in the Moscow metropolitan area robotised its warehouse and logistics business processes. A major shipbuilder in the Arkhangelsk Region plans to implement an automated machine welding complex, which will enable the company to decrease the number of workers engaged in certain processes by several times. A Volgograd-based food production facility automated its main warehouse processes, thus reducing the time needed to perform a range of operations by 40–80%.

Businesses consider it necessary to enhance workers' skills and qualifications and develop an ongoing training system. To promote conditions for sustainable implementation of robotics and innovative technologies, enterprises were opening training units at their own facilities and in secondary vocational education institutions and universities as well as developing apprenticeship programmes. In particular, employees of a large heavy engineering plant in the Southern macroregion are trained at the university department located at the enterprise's facilities. A large shipbuilder in the Astrakhan Region signed an agreement on establishing a shipbuilding and ship repair research centre. A Kaluga-based turbine manufacturer concluded an agreement with a university on cooperation in research, staff training, and apprenticeship for students.

Enterprises enhanced productivity as a result of, among other factors, their participation in the national project Labour Productivity.[10] Machine builders, chemical and pharmaceutical companies, metal processing and metallurgical enterprises are engaged in the project most actively. The funds allocated for the national project were mostly used to purchase equipment, rearrange internal logistics, increase equipment utilisation, and reduce idle time.

LABOUR MARKET IN LATE 2024: NEW TRENDS

In 2024 Q4, **the labour market began to demonstrate certain signs of stabilisation**. The Bank of Russia's regular surveys[11] showed a slight decrease in the estimates of staff shortages (Chart B-2-1).

The number of vacant jobs stopped growing and, in certain industries, even started to decline. The demand for new workers recorded by employment agencies[12] dropped in the majority of the largest regions (Chart B-2-3). This is confirmed by job aggregators: the hh.index

Autonomous Region, and the Chukotka Autonomous Area – Directive of the Government of the Russian Federation No. 696-r, dated 20 April 2015 (as amended on 28 May 2024).

[10] The Labour Productivity project has been effective in 79 Russian regions since 2015.

[11] Survey results.

[12] According to the data as of November 2024.

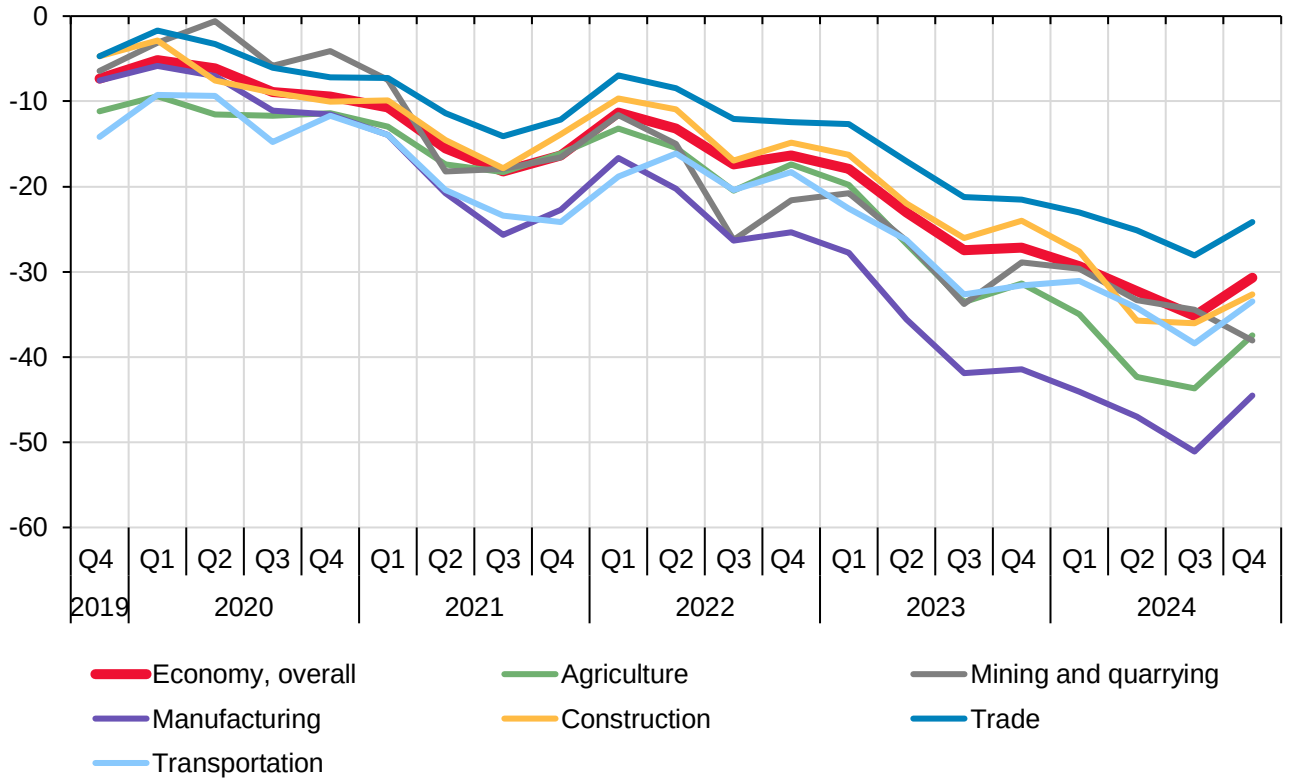
measuring the ratio of active CVs to vacant jobs in a particular professional area[13] showed an easing in the labour market over July–December 2024 (Charts B-2-4 and B-2-5).

The growth rate of real wages, exceeding that of labour productivity, as well as the rise in other costs incurred by companies[14] negatively affect the profitability of their operations.[15] In these conditions, enterprises are gradually exhausting the opportunities to actively raise wages further, which might moderate the increase in consumption and ease the overall inflationary pressure.

The situation in the labour market in 2024 remained complicated for employers. For the most part of the year, staff shortages were becoming more acute. Companies were addressing this problem by both enticing new workers with higher wages and better labour conditions and increasing labour productivity and the workload on current employees. However, the deficit of personnel is still a major proinflationary factor. Nevertheless, at the end of 2024, a number of indicators suggested that the situation in the labour market started to stabilise: in particular, companies decreased the demand for new workers and improved their estimates of staffing levels. Expecting these trends to continue into 2025, enterprises reduced their plans to hire new employees and raise wages.

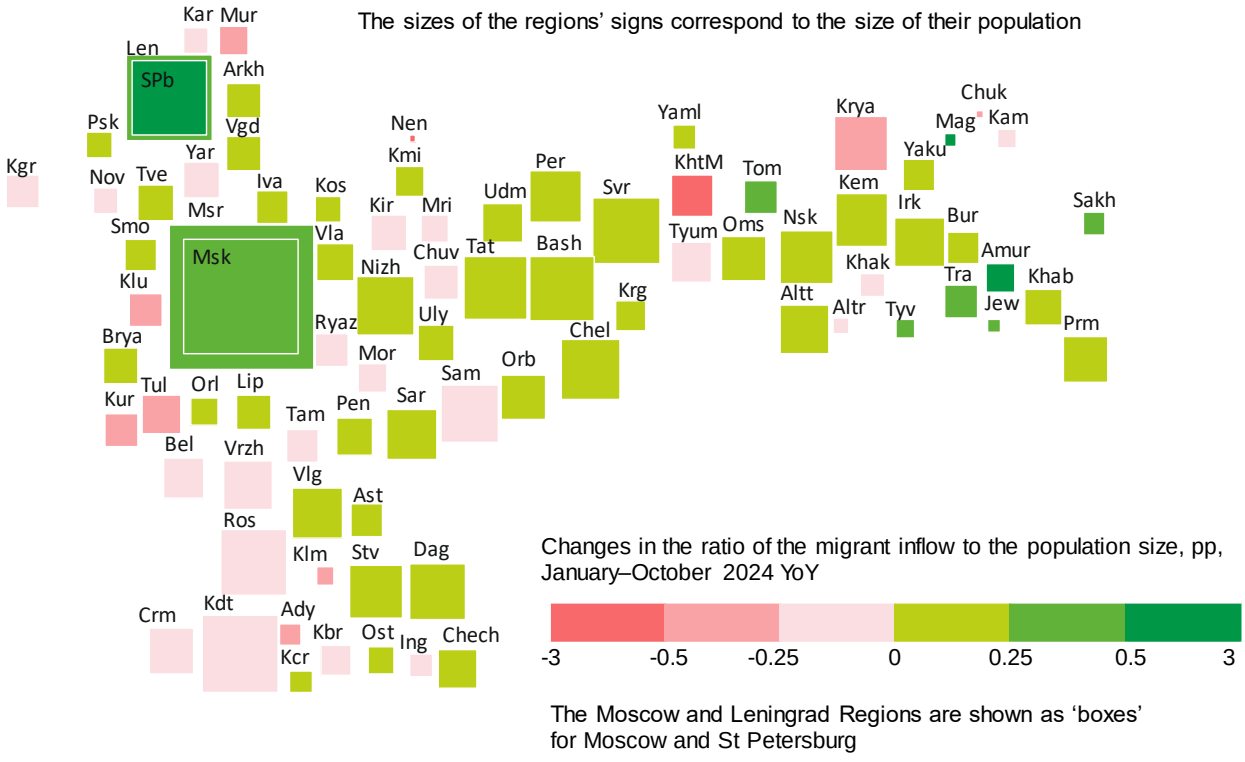
[13] The hh.index: 3.6 as of September 2024, 3.9 as of October 2024, 4.2 as of November 2024, and 4.5 as of December 2024.
[14] For details about companies' costs, see Box 1 'Producer prices and price expectations'.
[15] In January–October 2024, Russian companies' overall financial performance decreased by 17.2% YoY.

Chart B-2-1. Companies' staffing level estimates, balance of responses



Source: surveys by the Bank of Russia.

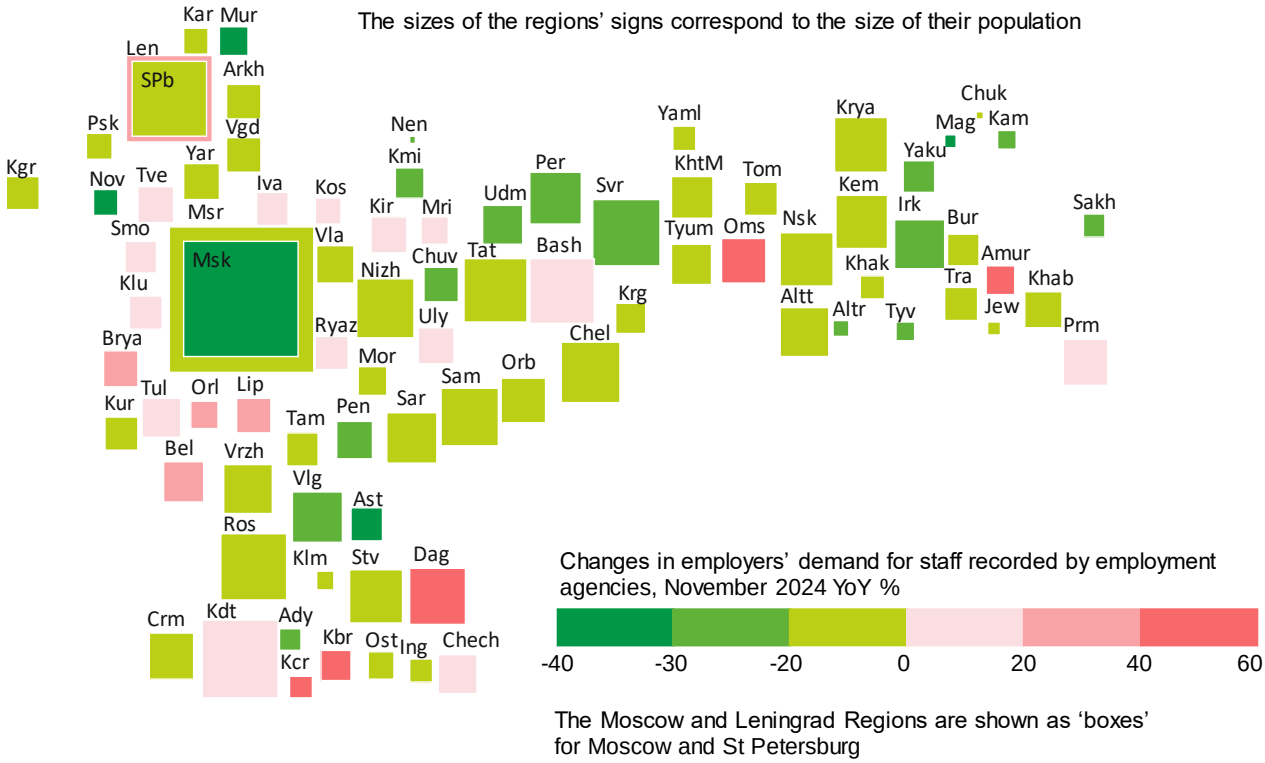
Chart B-2-2. Change in ratio of migrant inflow to population size, pp*



* The size of the population as of 1 January 2024 and 1 January 2023, respectively.

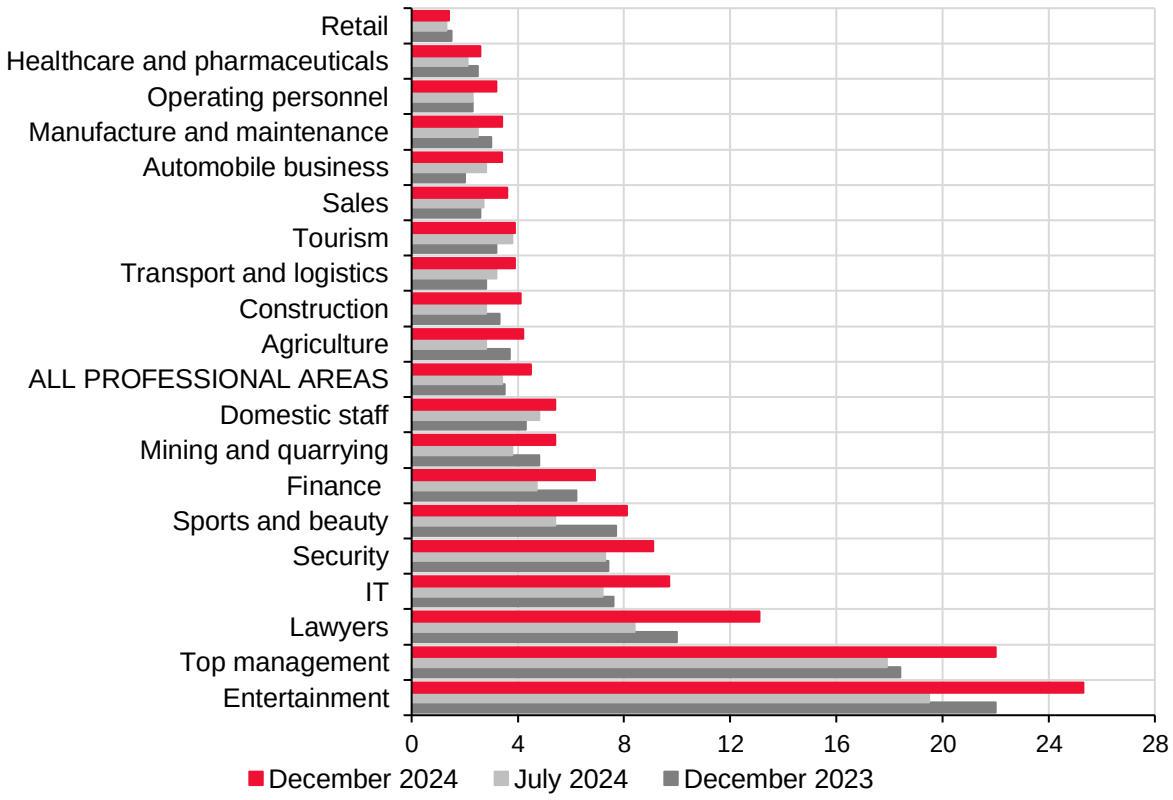
Source: Rosstat.

Chart B-2-3. Change in employers' demand for staff recorded by employment agencies, November 2024 YoY



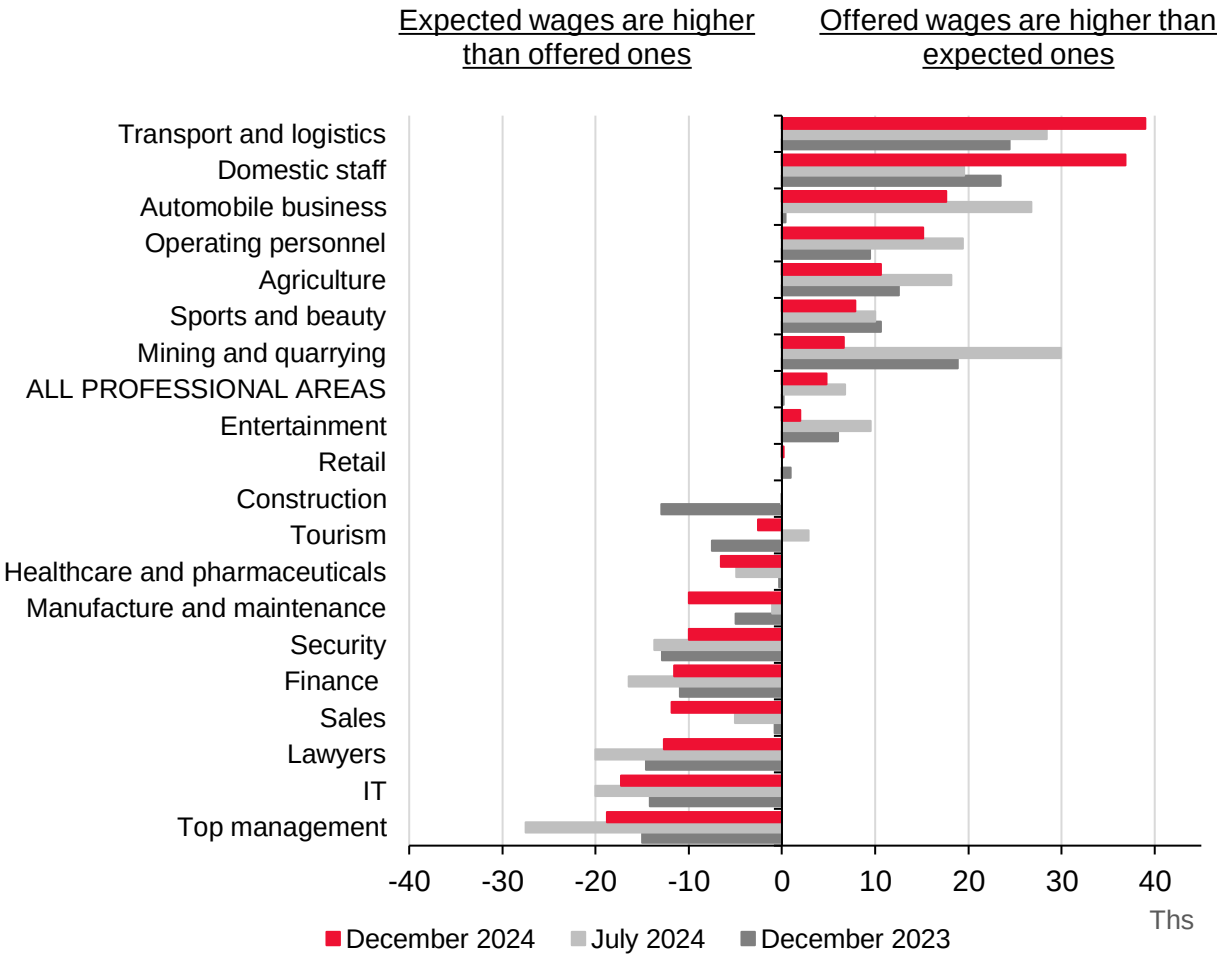
Sources: Rosstat, Bank of Russia calculations.

Chart B-2-4. Ratio of active CVs to job vacancies (hh.index), by professional area



** An increase in the index implies a rise in the number of active CVs relative to the number of vacant jobs.*
Source: HeadHunter.

Chart B-2-5. Ratio of wages offered by employers to wages expected by job seekers, ₽ ths per month



Sources: HeadHunter, Bank of Russia calculations.

BOX 3
INDUSTRY FOCUS. CONSTRUCTION MATERIAL AND SPECIALISED MACHINERY MARKET

In 2024, the amount of construction works in Russia was close to a record high, but its annual increase slowed down. As a result, the growth rates of construction material sales and the demand for specialised machinery were declining. The supply of construction materials in the internal market was ensured by expanding domestic production. The demand for special-purpose machines was met owing to imports primarily from friendly states, among other things.

The amount of construction works in Russia was close to a multi-year high, but its annual growth decelerated, specifically from 7.9% over 2023 to 2.0% over the first 11 months of 2024. The increase was driven by high demand for housing, state-owned companies' investment (in mining and quarrying, electricity generation, manufacturing, hotel business, etc.), and large infrastructure projects, including as part of the state programme Transport System Development.

In 2024, over 150,000 km of roads were built or improved, including the A-289 Krasnodar–Temryuk and A-290 Novorossiysk–Kerch Highways as well as beltways around Moscow and Saint Petersburg and around cities in Tatarstan and Bashkortostan. The bridges across the Sura and Kama Rivers in the Volga Region were constructed, and a new bridge across the Moscow River was opened. The Baikal-Amur Mainline was expanded, and the approaches to the ports of the North-Western, Azov and Black Sea, and Far Eastern Basins were built. The airports of Stavropol, Magadan, and Cheboksary were upgraded.

By 2028, it is planned to implement 380 road construction projects worth over ₽14 trillion.[16] The key projects include the Kazan–Yekaterinburg Highway, a new ring road around Saint Petersburg (KAD-2), and the Yuzhno-Lytkarinskaya Highway (YuLA) – a relief road for the Moscow Ring Road. It is planned to construct and reconstruct certain sections of the M-10 Scandinavia Highway, construct and reconstruct the R-215 Astrakhan–Makhachkala Highway, and repair a number of sections of the M-7 Volga, M-5 Urals, R-256 Chuya and A-360 Lena Highways. Furthermore, by 2035, it is planned to significantly expand the railway infrastructure, which comprises the third stage of the modernisation of the Baikal-Amur Mainline, the construction of the Moscow–Saint Petersburg, Minsk–Yekaterinburg and Moscow–Adler High Speed Mainlines (HSMs), the reconstruction of airports, sea and river ports, and the expansion of the pipeline network.[17]

Although the implementation of large-scale road and housing construction projects continues, new points of growth are needed to boost the expansion of investment and construction. The Moscow–Saint Petersburg HSM is expected to be one of them.[18] Investment in the project totals over ₽2 trillion, with the largest part of the funds provided not by the federal budget. The construction of the HSM was launched in 2024, the start of works on the main section of the mainline is scheduled for 2025 H1, and the commissioning is expected in 2028. However, according to the Bank of Russia's

[16] Directive of the Government of the Russian Federation No. 3907-r, as amended on 13 December 2024.
[17] Directive of the Government of the Russian Federation No. 3363-r 'On the Transport Strategy of the Russian Federation Until 2030 with a Forecast Until 2035', as amended on 6 November 2024.
[18] The 679 km long route will include 12 stops and run through the Moscow, Novgorod, Tver and Leningrad Regions. Trains will be able to speed up to 400 km/h, as a result of which the travel time between the two capitals will be 2 hours and 15 minutes.

monitoring of businesses, due to rising market rates, throughout 2024, many construction companies reported shifts in the timelines of the current projects and postponement of the start of new ones. This had a negative impact on construction material and specialised machinery sales.

CONSTRUCTION MATERIALS

Supply. Over January–November 2024, the output of construction materials[19] increased by approximately 6% YoY. The output is at a high level. This is driven by the commissioning of new production facilities and the expansion of the existing ones. Specifically, Mordovia is implementing a large investment project to build a cement factory. An enterprise in the Volgograd Region commissioned new machinery to manufacture ceramic bricks. A large manufacturer of heat insulation materials started the construction of a plant in Khabarovsk. A Russian leading architectural glass manufacturer commissioned a production line to make domestic alternatives to products previously imported from Europe. Karelia launched an autoclaved aerated concrete plant. Tatarstan and the Sverdlovsk Region opened paving slab factories.

Construction materials in Russia are domestically manufactured for the most part. A significant share of imports is accounted for by the EAEU countries, which is because construction projects are located close to the plants manufacturing construction materials. Russia exports part of products, including cement, glass, and wooden building materials, specifically veneers, plywood, particle boards, etc.

Retail sales and prices. Over the first 11 months of 2024, retail sales of construction materials were up by 7% YoY, compared to 10% in 2023. The seasonally adjusted annualised rate (SAAR) of growth in consumer prices for construction materials exceeded 4% in 2024. Over December 2024, prices went up by 4.5% (SAAR) (+7.9% YoY). Manufacturers explain the increases in prices for their products by rising costs of raw materials and energy commodities, higher wages, and more expensive logistics.

SPECIALISED MACHINERY

Manufacture. As assessed by the Bank of Russia, domestically made specialised machinery accounts for less than 20% of the market in physical terms. Over January–November 2024, its output[20] contracted by 13.6% YoY. The output in November 2024 was close to the level of late 2021 (SA). The reason was tough competition with imported, primarily Asian, machinery. Moreover, the rescheduling of part of government procurement orders for 2025 had a negative effect on the output dynamics.

Domestically made specialised machines, which are primarily loaders, bulldozers and excavators, are multi-purpose machinery for earthwork that may be used in many areas, including in the mining and quarrying sector and the construction of buildings and facilities, roads, railway tracks and pipelines. Russia produces almost no single-purpose machines, such as asphalt pavers, rollers, road scrapers, etc., or hi-tech specialised machines for complex works.

Nevertheless, Russia is currently implementing investment projects as part of import substitution to manufacture road construction machines and other special-purpose machinery. Specifically, within the framework of the Moscow–Saint Petersburg HSM project, an enterprise in the Southern

[19] As assessed by the Bank of Russia based on Rosstat's data about output in economic activity groups 16.2, 23 and 25, except for 25.4 and 25.9.
[20] As assessed by the Bank of Russia based on Rosstat's data about output in economic activity group 28.9.

macroregion started the development and manufacture of track machines for railroad repairs and maintenance. A large special-purpose machinery manufacturer in Chelyabinsk is to commission a new excavator production line.

Russian manufacturers are supported by government programmes aimed at boosting the demand for specialised machinery. In particular, these are a 15% discount to the buyers of domestically made specialised machines and subsidised leasing.[21]

Imports. As assessed by the Bank of Russia, over 2024, specialised machinery imports (approximately 80% of the market) expanded in physical terms. Since 2022, the composition of imports in terms of the countries of origin has significantly altered, with a shift towards supplies from friendly states. To reduce the share of imports, from 1 July 2024, the authorities raised the recycling fee for certain types of special-purpose machines, including dump trucks and heavy bulldozers. However, this measure was not efficient because the demand for these machines had been mostly covered by Russian manufacturers. Further indexation of the recycling fee will only be applicable to those types of specialised machines that can be made in Russia and a number of friendly states and can cover domestic demand.

Sales. According to the assessments based on the data from the Russian Association of Specialized Machinery and Equipment Manufacturers, the sales quantities of domestically made road construction machines in the internal market contracted in 2024. There was a reduction in shipments of excavators, motor graders, cranes, rollers, and bulldozers.

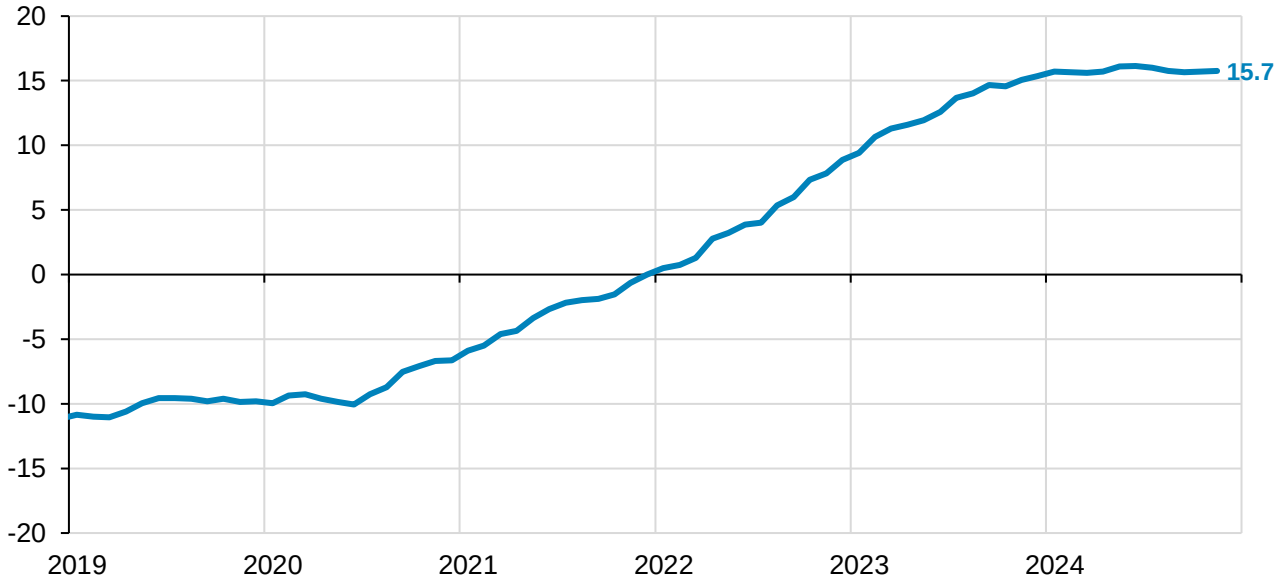
In 2025, sales of special-purpose machines, including domestically made ones, in the Russian market will be boosted by measures implemented by the Government of the Russian Federation to support specialised machinery manufacturers. In particular, in November 2024, the list of industrial goods, the purchase of which is funded through prepayments in the amount of at least 80% of the state contract price,[22] was expanded to comprise 35 types of specialised machines, including rollers, excavators, auto cranes, etc. This is needed to ensure uninterrupted imports of specialised machinery and/or components in the conditions when logistics schemes for their delivery are becoming increasingly complicated. Public sector customers thus act as 'creditors' of contractors, making and increasing the prepayments. This will enable both manufacturers and importers to expand output and import quantities without raising additional loans for this.

Furthermore, another driver of the demand for machinery will be the need to renovate the fleet. In particular, the operation period of about 68% of road construction machines in the Russian market is over 10 years, according to SRO Association SPETSAVTOPROM.

After the decrease in 2023 Q4–2024 H1, the output of specialised machinery expanded in 2024 H2 and rebounded to the level of 2021 Q4 (SA). In 2025, large investment projects will prop up the demand for construction materials and special-purpose machines amid weaker demand from the housing construction sector.

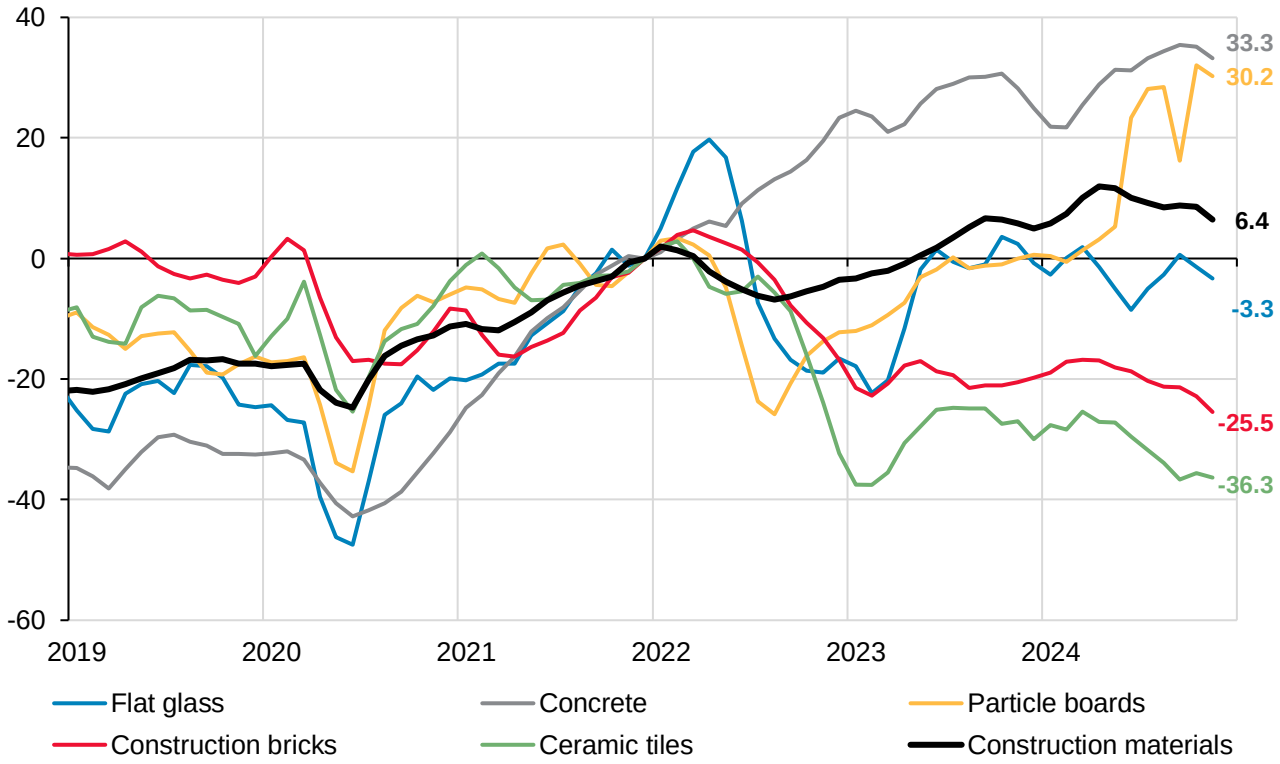
[21] Resolution of the Government of the Russian Federation No. 823, dated 4 June 2020, and Resolution of the Government of the Russian Federation No. 811, dated 4 May 2022, respectively.
[22] Resolution of the Government of the Russian Federation No. 1363, dated 11 October 2024.

Chart B-3-1. Amount of construction works, % on 2021 Q4, 3MMA SA



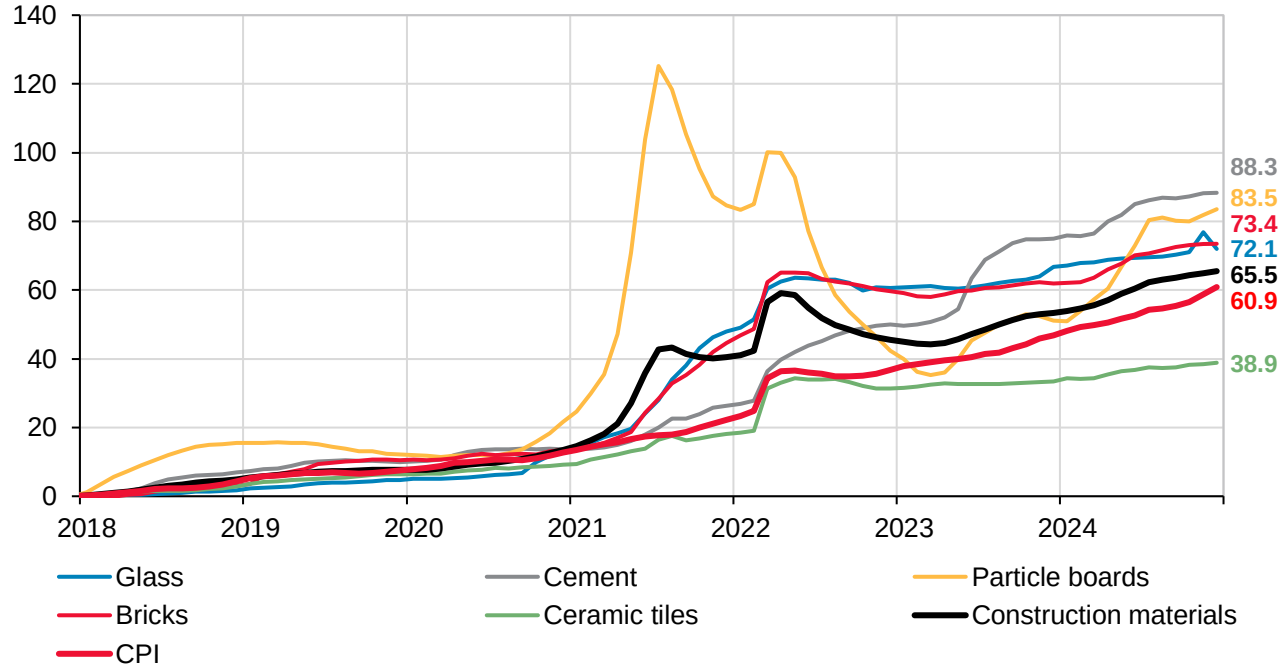
Sources: Rosstat, Bank of Russia calculations.

Chart B-3-2. Output of construction materials, % on 2021 Q4, 3MMA SA



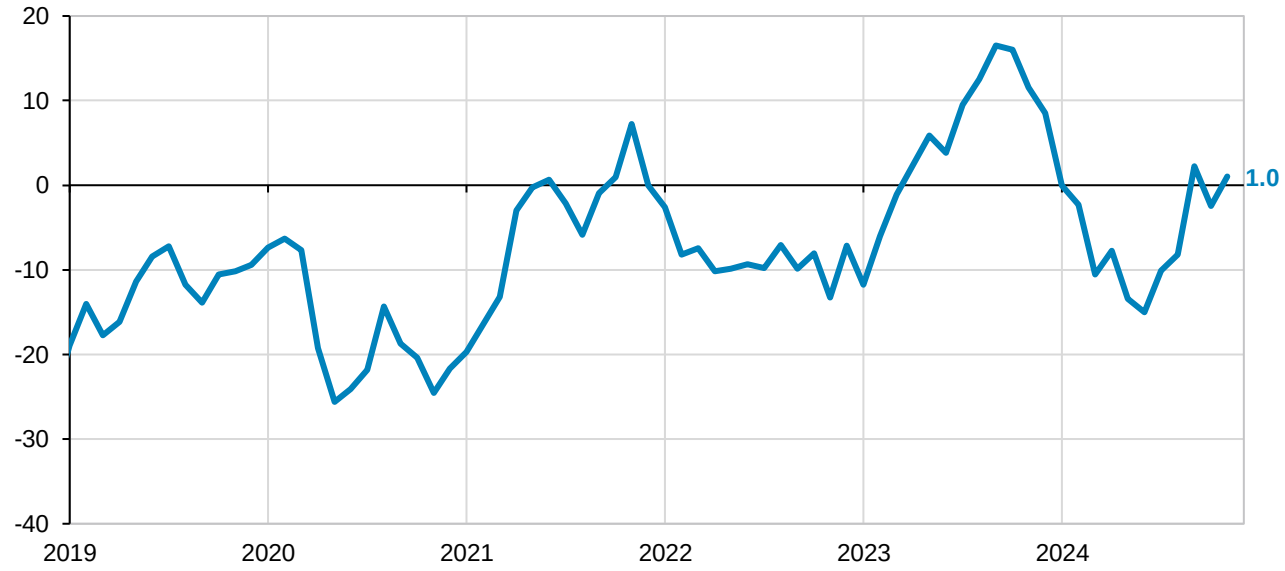
Note. As assessed by the Bank of Russia based on Rosstat's data about output in economic activity groups 16.2, 23 and 25, except for 25.4 and 25.9.
Sources: Rosstat, Bank of Russia calculations.

Chart B-3-3. Consumer prices for construction materials, % on December 2017



Sources: Rosstat, Bank of Russia calculations.

Chart B-3-4. Output of specialised machinery, % on 2021 Q4, 3MMA SA



Note. As assessed by the Bank of Russia based on Rosstat's data about output in economic activity group 28.9.
Sources: Rosstat, Bank of Russia calculations.

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ANNEX
CORE ECONOMIC INDICATORS

Core indicators. Russia *Table 1*

		2023	2024	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	Nov	Dec	Jan
Inflation	% YoY	7.4	9.5	7.4	7.7	8.6	8.6	9.5	8.9	9.5	
Core inflation	% YoY	6.8	8.9	6.8	7.8	8.7	8.3	8.9	8.3	8.9	
Industrial production	3MMA, % YoY	4.1		4.9	5.7	4.4	3.1		3.9		
Fixed capital investment	Cumulative, % YoY	9.8		9.8	14.5	10.9	8.6				
Construction	3MMA, % YoY	7.9		6.6	3.5	4.0	0.2		0.2		
Housing commissioning	3MMA, % YoY	7.5	-2.4	30.3	1.5	3.8	0.4	-13.3	-2.0	-13.3	
Retail	3MMA, % YoY	8.0		11.6	10.4	7.5	6.1		6.0		
Commercial services	3MMA, % YoY	6.9		6.8	3.6	4.2	2.7		2.7		
Real wages	3MMA, % YoY	8.2		8.6	10.8	7.8	8.1				
Real disposable income	% YoY	5.6		6.9	7.1	8.8	8.5				
Unemployment	% SA	3.2		2.9	2.7	2.6	2.5		2.3		
Outstanding consumer loans	% YoY	16.3	4.1	16.3	18.2	19.4	15.0	4.1	6.5	4.1	
Outstanding mortgage loans	% YoY	30.1	6.6	30.1	27.7	24.8	13.8	6.6	7.9	6.6	
Funds in escrow accounts	% YoY	38.4	9.9	38.4	37.6	47.9	27.5	9.9	17.5	9.9	
Non-financial organisations' outstanding bank loans	% YoY	24.6		24.6	23.2	24.0	21.4		20.2		
• Large borrowers	% YoY	23.6		23.6	22.3	23.5	21.1		20.6		
• SMEs	% YoY	28.9		28.9	26.9	25.8	23.0		18.3		
Companies' price expectations	Balance of responses, p, SA	19.5	22.1	22.9	19.9	20.5	21.9	26.0	26.0	28.4	28.3
Business Climate Index	p, SA	6.8	7.3	7.1	8.3	10.3	5.9	4.8	5.0	4.3	3.8
• Current estimates	p, SA	1.1	1.4	0.6	1.7	5.5	0.2	-1.6	-1.0	-3.1	-2.4
• Expectations	p, SA	12.6	13.4	13.9	15.2	15.3	11.7	11.5	11.1	11.9	10.2

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

Core indicators. Main Branch for the Central Federal District *Table 2*

		2023	2024	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	Nov	Dec	Jan
Inflation	% YoY	7.4	9.9	7.4	7.6	8.8	9.2	9.9	9.2	9.9	
Core inflation	% YoY	7.0	9.0	7.0	7.8	9.0	8.6	9.0	8.3	9.0	
Industrial production	3MMA, % YoY	16.0		20.3	10.5	12.7	11.0		12.5		
Fixed capital investment	Cumulative, % YoY	3.6		3.6	14.2	7.3	7.9				
Construction	3MMA, % YoY	9.0		9.6	2.6	-0.3	-1.4		-4.6		
Housing commissioning	3MMA, % YoY	0.3	-8.2	35.9	-17.9	-3.1	6.0	-14.9	-8.9	-14.9	
Retail	3MMA, % YoY	6.7		14.6	11.4	7.1	5.9		5.0		
Commercial services	3MMA, % YoY	9.6		10.0	6.2	6.0	2.1		1.7		
Real wages	3MMA, % YoY	6.8		9.8	12.4	7.5	8.0				
Real disposable income	% YoY	7.2		11.6	9.6	8.9	10.0				
Unemployment	% SA	2.5		2.3	2.0	1.8	1.7		1.6		
Outstanding consumer loans	% YoY	16.0	2.8	16.0	17.0	18.9	14.2	2.8	5.2	2.8	
Outstanding mortgage loans	% YoY	25.0	4.8	25.0	23.6	21.3	11.5	4.8	6.0	4.8	
Funds in escrow accounts	% YoY	24.9	13.2	24.9	26.6	38.4	24.4	13.2	17.8	13.2	
Non-financial organisations' outstanding bank loans	% YoY	24.5		24.5	21.7	22.3	21.1		20.4		
• Large borrowers	% YoY	24.2		24.2	21.4	22.1	20.1		20.0		
• SMEs	% YoY	26.2		26.2	23.3	23.1	26.2		22.2		
Companies' price expectations	Balance of responses, p, SA	25.7	28.6	31.3	25.8	27.4	28.8	32.5	32.9	33.8	33.3
Business Climate Index	p, SA	6.7	6.6	9.3	10.0	7.8	3.6	5.1	5.0	4.6	5.1
• Current estimates	p, SA	0.5	0.5	2.4	3.9	2.6	-2.6	-2.1	-2.6	-2.1	-1.5
• Expectations	p, SA	13.0	13.0	16.5	16.4	13.1	10.0	12.5	12.9	11.4	11.9

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

Core indicators. North-Western Main Branch *Table 3*

		2023	2024	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	Nov	Dec	Jan
Inflation	% YoY	7.1	9.3	7.1	7.4	8.1	8.1	9.3	8.6	9.3	
Core inflation	% YoY	6.4	8.8	6.4	7.5	8.3	8.1	8.8	8.3	8.8	
Industrial production	3MMA, % YoY	4.9		5.8	7.7	5.4	4.8		6.5		
Fixed capital investment	Cumulative, % YoY	4.3		4.3	17.7	19.4	14.1				
Construction	3MMA, % YoY	2.1		1.7	1.0	13.3	-2.5		5.3		
Housing commissioning	3MMA, % YoY	1.7	-8.7	12.2	8.3	-17.7	-4.8	-22.6	-17.4	-22.6	
Retail	3MMA, % YoY	13.1		19.2	8.2	5.0	2.3		1.4		
Commercial services	3MMA, % YoY	10.2		9.6	0.8	1.2	0.1		-0.8		
Real wages	3MMA, % YoY	6.1		6.6	7.6	5.4	6.1				
Real disposable income	% YoY	4.0		1.8	9.8	9.1	8.2				
Unemployment	% SA	2.7		2.4	2.5	2.2	2.1		2.0		
Outstanding consumer loans	% YoY	13.5	1.4	13.5	15.1	15.8	11.5	1.4	3.6	1.4	
Outstanding mortgage loans	% YoY	23.0	3.5	23.0	21.7	19.3	10.2	3.5	4.7	3.5	
Funds in escrow accounts	% YoY	25.7	-12.0	25.7	18.6	27.1	6.7	-12.0	1.3	-12.0	
Non-financial organisations' outstanding bank loans	% YoY	29.6		29.6	35.3	33.0	22.1		20.7		
• Large borrowers	% YoY	32.3		32.3	36.6	34.3	26.2		25.6		
• SMEs	% YoY	16.3		16.3	28.1	25.5	0.2		-4.3		
Companies' price expectations	Balance of responses, p, SA	21.8	25.9	25.7	21.2	25.5	27.3	29.6	30.6	33.0	31.0
Business Climate Index	p, SA	2.9	5.0	5.2	6.3	5.8	4.9	3.1	3.5	2.3	3.6
• Current estimates	p, SA	-2.7	-0.6	-0.8	-0.6	0.5	0.1	-2.4	-2.0	-3.1	-1.4
• Expectations	p, SA	8.7	10.8	11.5	13.4	11.2	9.8	8.8	9.1	7.9	8.6

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

Core indicators. Volga-Vyatka Main Branch *Table 4*

		2023	2024	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	Nov	Dec	Jan
Inflation	% YoY	7.1	9.6	7.1	7.3	8.2	8.4	9.6	8.8	9.6	
Core inflation	% YoY	6.6	9.2	6.6	7.4	8.2	8.0	9.2	8.4	9.2	
Industrial production	3MMA, % YoY	9.0		8.7	7.5	5.4	4.9		7.2		
Fixed capital investment	Cumulative, % YoY	18.3		18.3	19.0	13.5	2.6				
Construction	3MMA, % YoY	13.7		3.6	0.6	3.6	-7.5		-7.5		
Housing commissioning	3MMA, % YoY	9.9	1.3	33.7	7.8	-1.0	-8.7	5.2	17.4	5.2	
Retail	3MMA, % YoY	9.8		13.3	10.7	8.6	6.5		5.8		
Commercial services	3MMA, % YoY	4.5		4.2	4.7	5.5	3.4		2.7		
Real wages	3MMA, % YoY	11.8		10.9	12.5	10.2	12.0				
Real disposable income	% YoY	4.7		4.9	11.0	9.1	10.1				
Unemployment	% SA	2.4		2.1	2.0	1.9	1.8		1.8		
Outstanding consumer loans	% YoY	17.8	6.7	17.8	20.8	22.2	18.3	6.7	9.2	6.7	
Outstanding mortgage loans	% YoY	32.1	7.3	32.1	29.6	26.9	14.8	7.3	8.6	7.3	
Funds in escrow accounts	% YoY	47.9	9.5	47.9	50.5	63.3	35.6	9.5	18.3	9.5	
Non-financial organisations' outstanding bank loans	% YoY	18.3		18.3	16.1	16.7	21.6		23.1		
• Large borrowers	% YoY	12.2		12.2	9.5	12.8	27.2		32.2		
• SMEs	% YoY	32.5		32.5	31.1	25.0	9.7		4.4		
Companies' price expectations	Balance of responses, p, SA	26.2	28.7	30.0	25.0	28.2	29.4	32.4	32.9	34.5	35.6
Business Climate Index	p, SA	9.3	10.0	10.8	10.7	13.4	9.2	6.7	6.6	6.2	6.1
• Current estimates	p, SA	2.4	3.7	3.5	4.2	8.0	2.8	-0.2	-0.1	-0.9	-2.5
• Expectations	p, SA	16.4	16.5	18.4	17.4	18.9	15.7	13.8	13.5	13.5	15.0

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

Core indicators. Southern Main Branch *Table 5*

		2023	2024	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	Nov	Dec	Jan
Inflation	% YoY	7.8	9.6	7.8	7.8	8.7	8.6	9.6	9.0	9.6	
Core inflation	% YoY	6.8	8.8	6.8	7.9	8.7	8.0	8.8	8.1	8.8	
Industrial production	3MMA, % YoY	4.5		0.0	8.0	1.9	-1.7		-0.9		
Fixed capital investment	Cumulative, % YoY	8.1		8.1	19.8	13.3	16.5				
Construction	3MMA, % YoY	4.1		-7.3	-14.2	14.0	19.9		14.3		
Housing commissioning	3MMA, % YoY	11.3	3.0	40.3	11.4	37.6	-1.9	-23.1	1.7	-23.1	
Retail	3MMA, % YoY	10.5		5.9	10.6	7.1	7.1		10.3		
Commercial services	3MMA, % YoY	3.2		2.5	2.7	4.6	4.3		4.6		
Real wages	3MMA, % YoY	8.1		6.1	7.5	9.6	8.1				
Real disposable income	% YoY	4.0		0.7	6.8	8.9	9.2				
Unemployment	% SA	5.3		5.2	4.9	4.8	4.6		4.4		
Outstanding consumer loans	% YoY	19.8	8.7	19.8	23.0	24.6	19.7	8.7	11.6	8.7	
Outstanding mortgage loans	% YoY	43.4	11.6	43.4	38.7	35.3	21.8	11.6	14.0	11.6	
Funds in escrow accounts	% YoY	106	20.7	106	102	95.0	54.7	20.7	30.7	20.7	
Non-financial organisations' outstanding bank loans	% YoY	21.0		21.0	17.1	19.2	22.6		22.9		
• Large borrowers	% YoY	8.5		8.5	3.6	4.5	14.9		16.7		
• SMEs	% YoY	46.8		46.8	44.0	45.6	35.9		32.8		
Companies' price expectations	Balance of responses, p, SA	19.2	22.1	21.3	17.5	20.4	22.8	27.9	28.5	28.8	24.9
Business Climate Index	p, SA	6.4	8.4	7.1	9.6	9.0	7.1	8.0	7.3	8.2	7.1
• Current estimates	p, SA	0.1	1.6	0.0	1.0	2.4	1.6	1.3	1.7	0.6	-0.3
• Expectations	p, SA	12.9	15.5	14.4	18.5	15.7	12.8	14.8	13.0	16.0	14.7

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

Core indicators. Ural Main Branch *Table 6*

		2023	2024	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	Nov	Dec	Jan
Inflation	% YoY	6.7	9.0	6.7	7.5	8.0	8.0	9.0	8.3	9.0	
Core inflation	% YoY	6.0	8.5	6.0	7.4	7.9	7.7	8.5	7.8	8.5	
Industrial production	3MMA, % YoY	2.7		3.1	2.4	1.5	1.1		0.1		
Fixed capital investment	Cumulative, % YoY	5.0		5.0	14.5	19.1	13.6				
Construction	3MMA, % YoY	5.6		7.6	10.2	3.4	-1.9		-0.1		
Housing commissioning	3MMA, % YoY	9.3	0.6	11.7	12.4	-3.6	-4.5	-2.2	0.5	-2.2	
Retail	3MMA, % YoY	9.0		9.3	11.1	9.1	8.3		7.6		
Commercial services	3MMA, % YoY	5.8		4.4	3.3	2.2	6.7		8.3		
Real wages	3MMA, % YoY	10.3		7.8	11.2	7.8	8.2				
Real disposable income	% YoY	6.6		10.0	10.0	8.0	7.9				
Unemployment	% SA	2.5		2.3	2.2	1.9	1.8		1.6		
Outstanding consumer loans	% YoY	16.4	5.2	16.4	18.9	19.6	15.3	5.2	7.7	5.2	
Outstanding mortgage loans	% YoY	32.6	6.4	32.6	29.3	25.5	12.7	6.4	7.4	6.4	
Funds in escrow accounts	% YoY	69.3	5.9	69.3	60.9	67.4	34.6	5.9	17.4	5.9	
Non-financial organisations' outstanding bank loans	% YoY	19.0		19.0	16.5	17.3	17.8		16.8		
• Large borrowers	% YoY	14.2		14.2	13.8	14.3	15.5		15.7		
• SMEs	% YoY	44.6		44.6	29.1	31.2	28.6		22.0		
Companies' price expectations	Balance of responses, p, SA	19.4	24.3	23.0	21.1	22.0	24.5	29.7	30.3	32.6	30.2
Business Climate Index	p, SA	9.9	8.2	10.5	12.5	9.7	5.8	4.7	5.2	2.5	3.2
• Current estimates	p, SA	4.8	2.1	5.2	5.8	4.1	0.5	-1.8	-0.4	-5.0	-4.2
• Expectations	p, SA	15.1	14.4	16.0	19.4	15.5	11.1	11.5	10.9	10.2	10.8

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

Core indicators. Siberian Main Branch *Table 7*

		2023	2024	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	Nov	Dec	Jan
Inflation	% YoY	8.2	9.5	8.2	8.6	9.2	8.8	9.5	9.0	9.5	
Core inflation	% YoY	7.6	9.5	7.6	8.7	9.5	8.8	9.5	8.8	9.5	
Industrial production	3MMA, % YoY	-0.6		-0.6	2.3	0.9	0.9		-0.1		
Fixed capital investment	Cumulative, % YoY	5.3		5.3	4.4	6.9	5.4				
Construction	3MMA, % YoY	-6.2		-13.3	12.0	4.9	-6.5		-0.8		
Housing commissioning	3MMA, % YoY	22.4	0.1	54.5	6.6	-1.5	13.9	-16.6	4.3	-16.6	
Retail	3MMA, % YoY	8.7		10.5	10.9	9.9	7.5		6.5		
Commercial services	3MMA, % YoY	6.0		4.8	1.9	3.4	2.6		2.6		
Real wages	3MMA, % YoY	9.7		7.3	9.5	7.3	7.1				
Real disposable income	% YoY	5.8		4.4	10.2	6.8	6.1				
Unemployment	% SA	3.6		3.2	3.1	3.1	2.9		2.9		
Outstanding consumer loans	% YoY	15.5	2.4	15.5	17.2	17.5	13.7	2.4	4.4	2.4	
Outstanding mortgage loans	% YoY	33.0	6.6	33.0	30.3	26.4	14.3	6.6	7.9	6.6	
Funds in escrow accounts	% YoY	67.9	5.2	67.9	61.1	70.9	32.3	5.2	18.3	5.2	
Non-financial organisations' outstanding bank loans	% YoY	29.7		29.7	29.6	38.0	21.9		21.8		
• Large borrowers	% YoY	34.6		34.6	35.1	51.1	23.4		22.9		
• SMEs	% YoY	16.7		16.7	15.1	10.0	17.2		18.5		
Companies' price expectations	Balance of responses, p, SA	23.6	26.9	28.7	23.8	25.4	26.0	32.2	32.8	35.6	34.2
Business Climate Index	p, SA	10.5	9.0	11.0	11.1	12.2	7.8	5.1	6.1	3.6	3.4
• Current estimates	p, SA	3.2	1.0	2.8	2.5	5.0	0.2	-3.8	-2.8	-6.5	-6.2
• Expectations	p, SA	18.0	17.4	19.5	20.1	19.5	15.7	14.4	15.4	14.2	13.4

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

Core indicators. Far Eastern Main Branch *Table 8*

		2023	2024	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	Nov	Dec	Jan
Inflation	% YoY	8.0	8.5	8.0	8.4	9.1	8.3	8.5	8.7	8.5	
Core inflation	% YoY	8.3	8.2	8.3	8.9	10.1	8.5	8.2	8.4	8.2	
Industrial production	3MMA, % YoY	6.4		7.6	5.1	1.3	0.03		3.4		
Fixed capital investment	Cumulative, % YoY	19.4		19.4	20.7	18.4	12.5				
Construction	3MMA, % YoY	22.0		12.7	12.4	-6.6	-8.8		-13.1		
Housing commissioning	3MMA, % YoY	21.4	1.7	14.2	8.6	18.8	0.04	-11.3	-3.5	-11.3	
Retail	3MMA, % YoY	3.9		6.1	5.7	6.4	8.1		9.0		
Commercial services	3MMA, % YoY	1.7		2.0	2.4	-0.8	-1.5		-1.6		
Real wages	3MMA, % YoY	6.8		5.4	7.8	5.7	4.5				
Real disposable income	% YoY	2.0		1.4	7.5	7.5	5.7				
Unemployment	% SA	3.0		2.8	2.6	2.5	2.3		2.3		
Outstanding consumer loans	% YoY	12.5	0.7	12.5	13.8	14.4	10.6	0.7	2.4	0.7	
Outstanding mortgage loans	% YoY	32.8	10.4	32.8	29.7	26.0	17.3	10.4	11.9	10.4	
Funds in escrow accounts	% YoY	46.0	19.5	46.0	35.0	41.9	30.5	19.5	26.1	19.5	
Non-financial organisations' outstanding bank loans	% YoY	32.3		32.3	33.3	33.9	29.1		15.3		
• Large borrowers	% YoY	33.7		33.7	35.2	36.9	27.4		15.2		
• SMEs	% YoY	26.3		26.3	25.2	22.2	37.7		15.8		
Companies' price expectations	Balance of responses, p, SA	18.8	19.7	21.6	16.6	18.0	20.3	24.0	24.0	27.0	27.8
Business Climate Index	p, SA	7.4	7.8	6.9	8.3	9.9	6.2	6.7	7.3	4.8	6.7
• Current estimates	p, SA	0.7	2.3	0.3	2.8	4.8	0.9	0.8	2.1	-2.1	-0.2
• Expectations	p, SA	14.4	13.4	13.8	13.9	15.2	11.6	12.7	12.7	11.9	13.9

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