
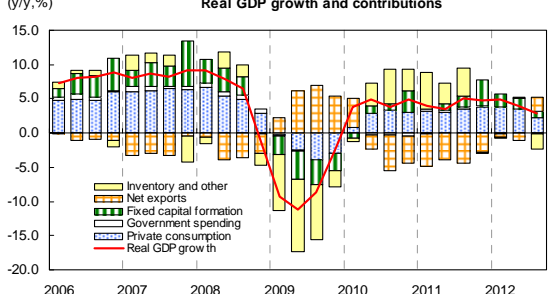


**Main Economic & Financial Indicators: Russia**

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Overview	Consumption/Labour Market
<p>Signs of a slowdown in the Russian economy have become more visible as private consumption weakened, although a pace of the slowdown was modest, showing some resilience. The fact that fixed capital formation which had been decelerating sharply until last September picked up somewhat since October has raised expectations that investment activity could offset a loss of momentum in private consumption to some extents.</p> <p>Looking at the fiscal side, the federal government is likely to post small budget surplus for 2012 but this has shrunk substantially from the previous year's 1.3% of GDP. From this year onwards, however, the budget position could fall into small a deficit despite the fact that the government is going to cap its spending in line with past oil price developments. This is because a large part of government spending will be mandatory, especially in areas such as defence, pensions and public sector pay, as these increases were promised during the presidential campaign.</p> <p>In the latest report by the EBRD, it was pointed out that the structural problems of the Russian economy, namely high energy dependency, have become more significant. Based on these findings, the report recommended diversifying its economic structure urgently by focusing on improving the quality of education and the skills of its work force. It also recommended measures that encourage research and development which could respond to business needs. At the same time, the report stressed that Russia's geographical diversity should offer many opportunities to achieve this goal.</p>	<p>Retail sales in November rose by 4.4% y/y up from the previous month's 4.0% y/y, although it is much weaker than the last 9 months' average rate of 6.4% y/y. The PMI reading in the service sector was 57.1, recording the highest reading since May 2011. However, the underlying trend may not be as strong as it looks, given decelerating household lending and sluggish growth in real wages. These are the factors which have been undermining consumer confidence.</p>  <p>(Source) BTMU based on Macrobond data</p>
<p><b>GDP</b></p>	<p><b>Prices/Monetary policy</b></p>
<p>Real GDP in Q3 was 2.9% y/y, down from the previous quarter's 4.0% y/y, but on a quarterly basis, the pace picked up, suggesting the economy was showing some resilience. While private consumption decelerated to 4.3% y/y from 6.6% y/y, fixed capital formation maintained its momentum, limiting the pace of deceleration. Net exports contributed to growth significantly on the back of robust exports to Asia and weak domestic demand.</p>	<p>The consumer price index in December was up by 6.6% y/y, mainly due to strong increases in food prices. Thus the year-end inflation target of 6.0% was missed yet again. However, the central bank decided not to tighten the monetary policy stance in January, keeping the refinancing rate at 8.25% as there have not been any visible signs of second round effects, in particular in terms of wage developments. Besides inflationary expectations have receded substantially after the previous rate rise in September. In fact, at the previous policy meeting in December, the bank reduced the Rouble currency swap rate by 0.25% points to 6.5%, thus increased the accessibility of Roubles for the financial institutions, implying that the monetary policy stance of the central bank has tilted in a more accommodative direction.</p>
 <p>(Source) BTMU based on data from FactSet</p>	<p><b>Balance of Payments</b></p>
<p><b>Output</b></p>	<p>According to the preliminary data, the current account surplus for 2012 was \$81.3bn, but the amount was a substantial fall from the previous year's \$98.8bn. Stagnant growth in energy exports coupled with an increase in the service and income deficits were the main cause of the fall in the current account surplus.</p> <p>Meanwhile, capital outflow in the corporate sector continues albeit at much slower pace. Private capital flow data confirmed that \$56.8bn had left the country in 2012. Although the amount of outflow has reduced significantly compared with the \$80.5bn registered in the previous year when investors' risk appetite fell substantially in the face of the rising fear of a Greek default, the level is almost the same as the one recorded in 2009 when recession hit Russia as well as the global economy. Moreover, the fact that a large part of capital left to Cyprus suggests that Russian capital which potentially could invest in the domestic market stayed away from the domestic market. Meanwhile, FDI inflows into Russia remained sluggish. All this seems to suggest that the government's attempt to encourage business investment in Russia has not borne fruit yet.</p>

## Main Economic & Financial Indicators: Russia

### 1. Annual & Quarterly data

		2010	2011	2012	11/Q4	12/Q1	12/Q2	12/Q3	12/Q4
GDP (at current prices)	(US\$ bn)	1,493.9	1,841.0	-	480.2	420.5	494.9	490.7	-
Real GDP growth	(%, y/y)	4.3	4.3	-	4.8	4.9	4.0	2.9	-
(Private consumption)	(%, y/y)	3.3	4.8	-	7.7	7.2	6.6	4.3	-
(Gross fixed capital formation)	(%, y/y)	5.8	8.0	-	13.2	15.0	7.9	7.2	-
Industrial production (real)	(%, y/y)	8.3	4.8	-	3.3	4.1	2.3	2.5	-
Retail sales (real)	(%, y/y)	6.2	6.9	-	8.9	7.6	7.0	4.7	-
Bank credits to the private sector	(%, y/y)	14.5	28.1	-	24.6	26.0	28.0	25.4	-
Consumer price index	(%, y/y)	6.9	8.5	-	6.7	3.9	3.8	6.0	-
Average monthly wage growth (nominal)	(%, y/y)	11.8	12.8	-	15.4	14.8	15.5	12.7	-
Unemployment rate	(%)	7.5	6.6	-	6.3	6.5	5.5	5.3	-
Trade balance	(US\$ mn)	151,393	198,180	195,400	54,203	59,180	50,059	40,820	48,600
Exports	(US\$ mn)	400,131	522,011	530,700	144,704	131,766	131,919	126,744	141,600
Export growth	(%, y/y)	31.9	30.5	1.7	27.4	16.4	-1.3	-2.8	-2.1
Imports	(US\$ mn)	248,738	323,831	335,400	90,501	72,586	81,860	85,924	93,000
Import growth	(%, y/y)	29.7	30.2	3.6	18.3	11.5	-1.4	0.8	2.8
Current account	(US\$ mn)	70,255	98,834	81,300	28,307	39,014	18,194	6,723	17,300
Capital and financial balances	(US\$ mn)	-25,486	-76,214	-40,900	-31,037	-34,054	-16,367	-8,503	18,000
Foreign direct investment	(US\$ mn)	43,288	52,879	-	13,955	12,415	4,367	16,298	-
Foreign reserves	(US\$ mn)	448,778	453,952	-	453,952	465,664	467,992	476,381	-
External debt	(US\$ bn)	488,940	545,387	-	545,387	565,274	572,667	-	-
Stock price index		1,435	1,606	1,453	1,430	1,537	1,392	1,442	1,442
Short-term int. rates (Interbank 3m)		5.93	5.59	7.17	7.17	7.11	7.09	7.13	7.36
Rouble/U S D		30.377	29.403	31.068	31.210	30.164	31.070	31.963	31.074
Rouble/E u r o		40.269	40.883	39.917	42.054	39.550	39.824	39.975	40.312
Rouble/G B P		46.948	47.111	49.236	49.038	47.373	49.143	50.493	49.922
European Urals Oil prices	(US\$/Barrel)	78.227	109.301	110.351	108.815	116.983	106.503	108.744	108.807

### 2. Monthly data

		12/05	6	7	8	9	10	11	12
Industrial production (real)	(%, y/y)	2.0	1.9	3.4	2.1	2.0	1.8	1.9	-
Retail sales (real)	(%, y/y)	7.4	7.1	5.4	4.3	4.5	4.0	4.4	-
Bank credits to the private sector	(%, y/y)	28.1	28.2	27.2	26.6	22.5	24.3	-	-
Consumer price index	(%, y/y)	3.6	4.3	5.6	5.9	6.6	6.5	6.5	6.6
Average monthly wage growth (nominal)	(%, y/y)	16.5	14.9	14.1	12.3	11.6	14.1	14.2	-
Unemployment rate	(%)	6.5	5.4	5.4	5.2	5.2	5.3	5.4	-
Trade balance	(US\$ mn)	17,524	13,937	11,524	11,294	15,597	14,499	15,356	-
Exports	(US\$ mn)	45,709	40,935	41,269	41,311	43,163	46,052	45,447	-
Export growth	(%, y/y)	4.7	-7.3	-1.7	-7.3	-1.5	0.0	-4.0	-
Imports	(US\$ mn)	28,185	26,998	29,745	30,017	27,566	31,553	30,091	-
Import growth	(%, y/y)	0.0	-2.7	8.2	-0.5	0.0	7.3	-1.0	-
Stock price index		1,345	1,346	1,411	1,441	1,477	1,459	1,405	1,461
Short-term int. rates (Interbank 3m)		6.877	7.004	7.428	7.071	6.865	7.502	7.025	7.553
Rouble/U S D		30.933	32.823	32.495	31.950	31.392	31.122	31.375	30.705
Rouble/E u r o		39.528	41.177	39.947	39.633	40.401	40.356	40.250	40.330
Rouble/G B P		49.191	51.106	50.660	50.242	50.598	50.052	50.086	49.609
European Urals Oil prices	(US\$/Barrel)	108.332	93.836	102.471	112.721	111.071	109.998	108.398	108.877

Note: Highlighted figures are estimates from the Russian Central Bank

Source: Russian Central Bank, Federal Statistic Office of Russia, Bloomberg etc.

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