Bank of Russia

06.11.2025

COMMENTARY ON THE BANK OF RUSSIA'S MEDIUM-TERM FORECAST

The document presents the commentary on the medium-term macroeconomic forecast published following the key rate meeting of the Bank of Russia Board of Directors held on 24 October 2025.

The data cut-off date for the forecast calculations is 23 October 2025.

CONTENTS

THE BANK OF RUSSIA'S MEDIUM-TERM FORECAST FOLLOWING THE BOARD OF DIRECTORS' KEY RATE MEETING ON 24 OCTOBER 2025

KEY FORECAST PARAMETERS OF BANK OF RUSSIA'S BASELINE SCENARIO
(growth as % of previous year, if not indicated otherwise)

Table 1

	2024 (actual)	2025	2026	2027	2028
Inflation, as % in December year on year	9.5	6.5–7.0	4.0–5.0	4.0	4.0
Inflation, average for the year, as % year on year	8.4	8.8–8.9	5.3–6.3	4.0	4.0
Key rate, **average** for the year, % per annum	17.5	19.2[1]	13.0–15.0	7.5–8.5	7.5–8.5
Gross domestic product	4.3	0.5–1.0	0.5–1.5	1.5–2.5	1.5–2.5
– *% change, Q4–Q4 previous year*	*4.5*	*(-0.5)–0.5*	*1.0–2.0*	*1.5–2.5*	*1.5–2.5*
Final consumption expenditure	5.2	1.0–2.0	0.5–1.5	1.5–2.5	1.5–2.5
– *households*	*5.4*	*1.0–2.0*	*0.5–1.5*	*1.5–2.5*	*1.5–2.5*
Gross capital formation	2.1	(-1.0)–1.0	0.5–2.5	1.0–3.0	1.0–3.0
– *gross fixed capital formation*	*6.0*	*1.0–3.0*	*0.5–2.5*	*1.0–3.0*	*1.0–3.0*
Exports	–[2]	(-3.0)–(-1.0)	0.5–2.5	1.0–3.0	1.0–3.0
Imports	–[2]	(-2.0)–0.0	0.5–2.5	1.0–3.0	1.0–3.0
Money supply in national definition	19.2	7–10	5–10	7–12	7–12
Claims on organisations and households in rubles and foreign currency[3]	16.4	8–11	6–11	8–13	8–13
– *on organisations*	*19.0*	*10–13*	*7–12*	*8–13*	*8–13*
– *on households, including*	*9.7*	*1–4*	*5–10*	*8–13*	*8–13*
mortgage loans	*10.4*	*3–6*	*6–11*	*10–15*	*10–15*

[1] Given that the average key rate is 19.8% from 1 January through 26 October 2025 and is forecast to range from 16.4% to 16.5% from 27 October through 31 December 2025. Additional information on the format of the key rate forecast is available in the methodological note.
[2] Rosstat has not yet released 2024 data on GDP by expenditure in terms of exports and imports.
[3] Banking system claims on organisations and households mean all the banking system's claims on non-financial and financial institutions and households in rubles, foreign currency, and precious metals, including loans issued (including overdue loans), overdue interest on loans, credit institutions' investment in debt and equity securities and promissory notes, as well as other forms of equity interest in non-financial and financial institutions, and other accounts receivable from settlement operations involving non-financial and financial institutions and households.
Claims' growth rates are given with the exclusion of foreign currency revaluation. In order to exclude the effect of foreign currency revaluation, the growth of claims in foreign currency and precious metals is converted to rubles using the period average USDRUB exchange rate.
Source: Bank of Russia.

RUSSIA'S BALANCE OF PAYMENTS INDICATORS IN BASELINE SCENARIO[1]
(billions of US dollars, if not indicated otherwise)

Table 2

	2024 (actual)	2025	2026	2027	2028
Current account	**63**	**38**	**27**	**32**	**32**
Goods	132	116	104	112	112
Exports	*434*	*414*	*416*	*440*	*454*
Imports	*302*	*298*	*312*	*327*	*343*
Services	-38	-45	-45	-46	-46
Exports	*43*	*47*	*47*	*48*	*49*
Imports	*81*	*92*	*92*	*93*	*94*
Primary and secondary income balance	-30	-32	-33	-34	-35
Current and capital account balance	**63**	**38**	**27**	**32**	**32**
Financial account balance, excluding reserve assets	**57**	**51**	**41**	**30**	**29**
Net incurrence of liabilities	9	1	5	6	7
Net acquisition of financial assets, excluding reserve assets	66	52	46	36	36
Net errors and omissions	-10	-11	0	0	0
Change in reserve assets	**-4**	**-24**	**-14**	**2**	**3**
Oil price for tax purposes,[2] average for the year, US dollars per barrel	**68**	**58**	**55**	**60**	**60**

[1] Using the methodology of the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6). In the financial account, '+' stands for net lending and '–' denotes net borrowing. Due to rounding, total results may differ from the sum of respective values.
[2] Russian oil price used for tax purposes and published monthly on the website of the Ministry of Economic Development of the Russian Federation.
Source: Bank of Russia.

MAIN CHANGES IN THE FORECAST

Relative to the forecast presented following the key rate meeting on 25 July 2025, the forecast has been changed as follows.

Key rate. In 2025, the average key rate will be 19.2%. The range of the average key rate for 2026 has been revised upwards to 13.0–15.0%, which reflects a longer period of tight monetary policy to offset the second-round effects of one-off factors driving consumer price increases in late 2025–early 2026.

Inflation. The end-2025 inflation forecast range has been narrowed to 6.5–7.0% (compared with 6.0–7.0% in the July forecast). The end-2026 inflation forecast has been revised upwards to 4.0–5.0% (compared with 4.0% in the July forecast) given the effects of one-off proinflationary factors: an increase in the VAT rate from 20% to 22% in 2026, indexation of administered tariffs at a higher rate, and other tax and tariff changes.

GDP. The range of GDP growth in 2025 has been lowered to 0.5–1.0% given a more pronounced slowdown in the economic activity in 2025 Q2–Q3.

- Final consumption expenditure. The 2025 forecast has been revised upwards by 0.5 pp to 1.0–2.0% taking into consideration faster-than-expected growth in household consumption in 2025 Q3. This acceleration is driven by higher personal incomes and one-off factors, including increased demand for cars following the announced changes to parameters of the recycling fee calculation.

- Gross capital formation. In 2025, the range of changes in gross capital formation has been reduced by 1.5 pp to (-1.0)–1.0%, chiefly due to a more negative contribution of changes in inventories to GDP, which corresponds to their actual dynamics. The forecast range for gross fixed capital formation in 2025 has been also slightly reduced (by 0.5 pp) to 1.0–3.0%, taking into consideration the actual data for 2025 Q2. The 2026 forecast for this indicator has been revised upwards by 0.5 pp to 0.5–2.5%, which suggests the ongoing sustainable expansion of investment demand, due in part to government investments and large infrastructure projects.

- Exports. The 2025 forecast of growth in exports has been revised downwards by 2 pp to (-3.0)–(-1.0)% owing to the downward revision of expectations for oil and gas exports, which are affected by infrastructure limitations and a slight deterioration of market conditions, as well as actual data on food and agricultural raw materials exports in 2025 H1 amid a low harvest in 2024.

- Imports. The 2025 forecast has been revised downwards by 0.5 pp to (-2.0)–0.0%, due in part to a larger-than-expected decline in car imports in 2025, which in turn resulted from the revision of the recycling fee parameters.

Monetary indicators. The 2025 forecast ranges of claims on organisations, claims on the economy and money supply have been raised by 1 pp, due to higher-than-expected dynamics of corporate lending in 2025 Q3.

Oil prices. In 2025, the oil price used for tax purposes has been raised from $55 to $58 per barrel because of more favourable market conditions in late summer–early autumn.

Balance of payments. The 2025 forecast of the current account surplus has been revised upwards, due to the value of exports driven by higher-than-projected oil and gas prices. In 2025, the adjustment of energy prices has led to a less significant expected reduction in reserves on account of operations with the resources of the National Wealth Fund (NWF). In 2027–2028, the revision of forecast reserves is associated with changes in the cut-off price in the fiscal rule.

KEY ASSUMPTIONS

The Bank of Russia's forecast is based on the assumptions about medium- and long-term trends in the Russian and world economies that have a significant effect on the conditions of the monetary policy implementation.

World economy. Between 2025 and 2028, the world economy will be expanding at moderate rates, which are slightly below those observed in 2000–2019.[1] US foreign trade policy remains an important factor for the forecast: the baseline scenario assumes that tariffs will stay relatively high by historical standards over the entire forecast horizon. Protectionism and growing uncertainties will have a negative effect on both actual and potential output. Inflationary pressures will continue to weaken in the medium term, though this process will become more uneven because of the tariffs (in the US, inflation may deviate from the target for a slightly longer period than in China and the euro area). The US Fed will continue to ease monetary policy in 2025–2026 to support the economy as inflation slows down.

Export prices. In 2025–2026, average oil prices will be below both the 2024 and 2019–2021 levels, due to a deterioration in the balance of demand and supply in the market and will then stabilise close to equilibrium levels. Prices for Russia's non-commodity exports will be rising in the medium term in line with global inflation trends.

Geopolitical conditions. The calculations for the baseline scenario rely on the assumption that the geopolitical environment will remain unchanged for the Russian economy until the end of the forecast horizon. It is assumed that all the enacted external restrictions on Russian exports, imports, and investment and technology cooperation will stay in effect over the medium-term horizon.

Fiscal policy. The fiscal assumptions in the baseline scenario rely on the parameters stipulated in the amendments to the Federal Law on the Federal Budget for 2025 and the 2026–2027 Planning Period, the draft Federal Law on the Federal Budget for 2026 and the 2027–2028 Planning Period and the draft Guidelines for Fiscal, Tax, and Customs and Tariff Policy for 2026 and the 2027–2028 Planning Period, submitted to the State Duma, and decisions made by the Government of the Russian Federation regarding taxes, expenditures, borrowings, and using the resources of the NWF.

Potential output. The baseline scenario assumes that the long-term potential growth of Russian GDP ranges from 1.5% to 2.5% over the medium-term horizon.

Neutral rate of interest. In the baseline scenario, the longer-run level of the real neutral rate for the Russian economy is estimated at 3.5–4.5% per annum,[2] which corresponds to a nominal neutral rate of 7.5–8.5% per annum, given the inflation target.

EXTERNAL ENVIRONMENT

WORLD ECONOMY

Uncertainty associated with global trade restrictions persists. Short-term tariffs stay close to the expectations incorporated in the July forecast. Currently, trade restrictions have a less significant negative

[1] The yearly average global economic growth over 2000–2019 was 3.8% (according to the IMF).

[2] The Bank of Russia updates the estimate of the neutral rate annually and presents it in the Monetary Policy Guidelines.

effect on output and prices than expected, due in part to the lower level of the actual effective tariff rate (resulting from both postponements and exceptions for certain product categories, and changes in the geographical composition of US imports). However, there still remain upside risks associated with the announcement of new tariffs. The easing of financial conditions (primarily, the lower path of the Fed funds rate) was an additional reason for the upward revision of the output and inflation forecasts.

As a result, the 2025–2026 growth forecast for main global economies has been revised upwards, most significantly for the US. The US inflation forecast for 2025 and 2026 remains close to the July version. The main effect of import tariffs is expected to materialise in 2025 Q4–2026 Q1, as US producers increasingly tend to pass through the rise in their tariff-related costs to prices. The path of the US Fed funds rate is lowered in 2025–2026, reflecting market expectations for a series of rate cuts in response to the emerging cooling of the labour market. The 2027–2028 forecast regarding inflation and policy rates in the euro area and China has been moderately revised upwards, due to a slight increase in GDP growth expectations in these economies amid stronger external demand.

MAIN PARAMETERS OF EXTERNAL CONDITIONS IN BANK OF RUSSIA'S BASELINE FORECAST[1] **Table 3**

	2020	2021	2022	2023	2024	2025 (forecast)	2026 (forecast)	2027 (forecast)	2028 (forecast)
World GDP, % YoY	-3.0	6.6	3.6	3.4	3.3	3.2	3.1	3.2	2.9
US GDP, % YoY	-2.1	6.2	2.5	2.9	2.8	1.9	2.2	2.0	1.7
Euro area GDP, % YoY	-6.2	6.3	3.7	0.5	0.8	1.3	1.2	1.6	1.3
Chinese GDP, % YoY	2.0	8.9	3.2	5.4	5.0	5.0	5.0	4.9	4.7
Inflation, US, % YoY	1.5	5.2	5.0	3.1	3.0	3.2	2.6	2.3	2.2
Inflation, euro area, % YoY	0.2	2.7	5.2	3.4	2.7	2.3	1.8	2.0	2.1
Inflation, China, % YoY	0.4	1.0	0.5	0.6	0.2	1.1	1.3	1.5	1.8
US Fed rate, %	0.1	0.1	3.7	5.3	4.7	3.9	3.5	3.6	3.7
ECB rate, %	-0.5	-0.5	1.3	4.0	3.3	2.0	2.0	2.2	2.4
Chinese rate, %	3.9	3.8	3.7	3.5	3.2	3.0	3.1	3.4	3.8

[1] *The inflation item shows core inflation (Core PCE) for the US, core inflation (Core HICP) for the euro area, and core inflation (Core CPI) for China. The policy rates item shows the US Fed Funds Effective Rate, the average for Q4 of the year; the ECB rate (deposit facility), the average for Q4 of the year; and the Loan Prime Rate for one-year borrowing of the People's Bank of China, the average for Q4 of the year.*
Sources: national statistical agencies, US Fed, ECB, IMF, Bank of Russia calculations.

COMMODITY MARKETS

Growth in oil production in OPEC+ countries continues to put pressure on oil prices. Russian crude export prices fell to $59 per barrel on average in 2025 Q3 from $70 per barrel at the start of this year. In October, oil prices continued to decline amid the easing of geopolitical tensions and the accelerated increase in OPEC+ oil production, falling below $50 per barrel occasionally. Nonetheless, given the higher average price level since early 2025, the Bank of Russia has revised slightly upwards its forecast for the Russian crude price used for tax purposes to $58 per barrel this year. The forecasts for 2026, 2027, and 2028 remain unchanged at $55, $60, and $60 per barrel, respectively.

Over the mid-term horizon, prices for Russia's non-commodity exports will be shaped by global inflation trends.

INTERNAL CONDITIONS

MONETARY POLICY

Key rate. In 2025, the annual average key rate will equal 19.2% per annum. The average key rate forecast for 2026 has been revised upwards to 13.0–15.0%. This evidences the need for a longer period of tight monetary policy to offset the second-round effects of one-off proinflationary factors in late 2025–early 2026. In 2027 and 2028, the key rate is predicted to return to its neutral range of 7.5–8.5% per annum.

Banking sector liquidity and money market rates. The estimated structural liquidity deficit has been lowered to ₽0.5–1.3 trillion as of the end of 2025 (over the December required reserves averaging period).

The liquidity forecast has been updated due to the upward revision of plans of Russia's Ministry of Finance to invest NWF resources in eligible financial assets within the domestic economy in 2025.

As before, the decrease of the structural liquidity surplus and the banking sector's transition to a deficit will be associated, among other things, with the Bank of Russia's uniform mirroring of NWF foreign currency net sales conducted in the domestic FX market in 2024. Additional demand for liquidity will be up due to the seasonal increase of cash in circulation at the end of the year as well as the growth of required reserves because of the expansion of money supply over the period under review.

As the structural liquidity surplus decreases and the deficit increases, the market share of banks in need of liquidity will be rising. Additionally, following the transition to the national liquidity coverage ratio on 30 October 2025, SICIs are expected to lower their demand for Bank of Russia loans. This will boost competition for borrowed funds among money market participants. Eventually, short-term money market rates (RUONIA) may be slightly above the key rate.

MONETARY INDICATORS

Claims on the economy. In 2025 Q3, growth in corporate lending exceeded the 2025 Q1–Q2 levels, due to both changes in the ruble loan portfolio amid the gradual easing of monetary policy and foreign currency borrowings. In 2025 Q3, non-price lending conditions remained tight and even became slightly tighter in the corporate segment, including requirements for borrowers' financial standing and collateral, which continued to constrain lending activity. In September, the growth rate of claims on organisations was slightly below the July–August levels, and their annual growth rate declined to 13.4% as of the end of 2025 Q3. Claims on organisations are expected to increase by 10–13% as of the end of 2025. In 2026, under the impact of tight monetary policy, the growth of claims on organisations will decrease to 7–12%.

By the end of 2025 Q3, claims on households in annualised terms decreased by 1.1%. These dynamics were driven by the trends in the non-mortgage loan portfolio despite the fact that even in this segment the decline was followed by a slight rise in August–September. In 2025 Q3, mortgage lending was recovering at a more sustained pace: the number of new loans increased and higher activity was registered also in the market-based mortgage segment. As of the end of 2025, the growth of claims on households will range from 1% to 4%. Amid a further reduction in market lending rates and a gradual recovery of the propensity to consume, the growth rate of claims on households will increase to 5–10% in 2026.

In 2027–2028, claims on the economy will be growing steadily at a rate of 8–13%, which corresponds to a balanced growth path.

Money supply. In 2025, the moderate activity in the credit market will make a noticeable contribution to the deceleration of growth in money supply in national definition (M2). Considering the updated fiscal policy assumptions, the M2 growth will equal 7–10% at the end of 2025 and 5–10% in 2026. In 2027–2028, the money supply growth rate will range from 7% to 12% due to higher credit activity as inflation will stabilise near the target.

GDP

In 2025 Q2, GDP was up by 1.1% in annualised terms, which was below the July forecast. Net exports made a negative contribution to annual GDP dynamics in 2025 Q2, while the contribution of domestic demand remained positive. However, the dynamics of domestic demand components were mixed in 2025 Q2: the acceleration of household consumption growth was more pronounced than estimated in July, whereas the annual growth of gross fixed capital formation was lower than expected, and changes in inventories made a negative contribution to annual GDP dynamics.

According to Bank of Russia estimates, the positive output gap continued to contract in 2025 Q3. As evidenced by high-frequency data, the annual growth of GDP slowed to 0.4% in 2025 Q3, which was below the July forecast (1.6%). In 2025 Q4, the annual GDP growth rate is expected to range from -0.5% to 0.5%, due in part to the high base effect of 2024 Q4, when temporary rises in output were recorded in certain industries. As a result, in 2025, the GDP growth rate will be 0.5–1.0%. In 2026, the GDP growth rate is forecast to range from 0.5% to 1.5% amid a moderate expansion of consumer and investment demand. Under the influence of tight monetary conditions, the positive output gap will close in 2026 H1. According to the baseline scenario, in 2027, the Russian economy is expected to grow in line with its potential growth rate at 1.5–2.5%, with further output expansion remaining within this range.

Final consumption expenditure. In 2025 Q2, the growth of final consumption expenditure was 2.5%. The faster-than-expected household consumption growth (3.2%) was offset by the slowdown of growth in the public sector (0.6%). According to high-frequency data, in 2025 Q3, seasonally adjusted consumer activity will accelerate compared to 2025 Q2, due to the ongoing strong growth of household incomes. A certain contribution was also made by one-off factors, such as higher demand for cars, due to the announced changes in the recycling fee parameters. In 2025, final consumption expenditure growth is projected to slow to 1.0–2.0% under the impact of tight monetary policy. This trend will continue in 2026, when this component of domestic demand will grow by 0.5–1.5%. In 2027, consumption growth rates are forecast to return to the level of 1.5–2.5%, which is consistent with a balanced economic growth path.

Gross capital formation. In 2025 Q2, growth in gross capital formation was 0.1% in annualised terms, which was lower than expected in July. Based on actual data, the forecast growth of gross capital formation in 2025 was reduced by 1.5 pp to (-1.0)–1.0%. This trend in gross capital formation in 2025 is largely associated with the significant negative contribution of changes in inventories to GDP, due to the ongoing adjustment of their level amid a restrictive monetary policy stance. In 2026, the growth rate of gross capital formation is projected to rise to 0.5–2.5%, due to the sustained increase in investment demand and the stabilisation of the contribution of changes in inventories to GDP growth rates at a near-zero level. As monetary conditions approach a neutral level and the economy transitions to a balanced growth path, starting from 2027, gross capital formation will be growing steadily at the rate of 1.0–3.0%.

- **Gross fixed capital formation.** The growth rate of gross fixed capital formation forecast for 2025 has been decreased by 0.5 pp to 1.0–3.0% compared with July, due to lower-than-expected actual growth in 2025 Q2. Meanwhile, high-frequency data for 2025 Q3 and companies' investment plans evidence a revival in investment demand on a seasonally adjusted quarterly basis. For 2026, the growth rate of gross fixed capital formation has been revised upwards by 0.5 pp to 0.5–2.5%, which assumes the ongoing sustainable expansion of investment demand, due in part to government investments and the large infrastructure projects. Starting from 2027, the dynamics of gross fixed capital formation will correspond to their balanced growth rates of 1.0–3.0%.

- **Changes in inventories** made a slightly negative contribution to annual GDP growth in 2025 Q2. Moreover, the Bank of Russia's forecast suggests that in 2025, the overall contribution of changes in inventories to GDP growth will also be negative, due to the ongoing excess of demand over production capacity. In 2026–2028, the effect of changes in inventories on GDP will be close to zero.

Exports (quantities). In 2025, the forecast rate of changes in export quantities has been revised downwards by 2 pp to (-3.0)–(-1.0)%. A considerable contribution will be made by a reduction in oil and gas export quantities under the impact of infrastructure factors and a slight deterioration in the market conditions. Non-oil and gas exports will decrease, due to a decline in the export quantities of food and agricultural raw materials under the impact of unfavourable harvest trends in 2024. In 2026, exports will recover, with their growth rates totalling 0.5–2.5%. Starting from 2027, export growth will reach a sustainable level of 1.0–3.0% as companies adapt to changes in external conditions.

Imports (quantities). The Bank of Russia has revised downwards its import growth forecast for 2025 to (-2.0)–0.0%. The decline in demand for imports is driven by both the persistently tight monetary conditions, leading to the optimisation of inventories of final and intermediate imported goods, and one-off factors, including changes in the recycling fee parameters. The latter caused a noticeable reduction in the imports of new cars in 2025 H1 compared to 2024, when car dealers were seeking to build up their stocks in anticipation of the announced changes in the recycling fee. In 2026, import quantities will recover at a rate of 0.5–2.5%. Starting from 2027, import growth rates will stabilise at 1.0–3.0%.

BALANCE OF PAYMENTS

Exports. In 2025, the value of exports is expected to decline year on year, due to oil and gas exports amid lower oil prices and restrictions imposed on the deliveries of commodities. In 2026, as the drop in oil prices slows down, the reduction in oil and gas exports will be offset by the growing exports of other goods. In 2027, the expansion of exports will accelerate, due to the recovery of prices for main Russian export commodities. In 2028, the increase in total exports will be driven by other goods and services.

Imports. In 2025, the value of imports will increase on account of services, with the biggest contribution made by foreign travel and construction services. The goods imports are being restrained by the increase in the recycling fee, high interest rates, and inventories accumulated in previous years. In 2026–2028, the imports of consumer and investment goods are projected to rise at a moderate pace, which is generally consistent with the growth rate of domestic demand amid the gradual easing of monetary policy. However, the imports-to-GDP ratio will remain below the levels before 2022, including due to import substitution measures. Growth in import prices is expected to be in line with external inflation.

Current account. As a result of a reduction in exports and an increase in nominal imports, the current account surplus is projected to decline to $38 billion in 2025 and continue to go down in 2026 in anticipation of an expansion in goods and services imports, which will be more significant than that of exports. In 2027, driven by quicker growth in exports, the current account surplus will reach $32 billion and will stabilise at that level in 2028.

Financial account. The financial account balance (net of reserves) is forecast to contract from $51 billion in 2025 to $30 billion and $29 billion in 2027 and 2028, respectively. Over the forecast horizon, as in 2024, it will consist primarily of accumulated foreign assets (excluding reserves). In 2025–2026, reserves are projected to decline, due to fiscal rule-based operations and the mirroring of the investment of NWF resources within Russia's economy (as well as due to the non-fiscal rule-based mirroring of NWF operations in 2025). In 2027–2028, reserves are expected to increase, as the forecast oil price will exceed the base price in the fiscal rule.

INFLATION

As of the end of 2025 Q3, annual inflation equalled 8.0%, which was below the Bank of Russia's July forecast (8.5% YoY). In 2025 Q3, current inflation was below expectations, due to a more significant decline in fruit and vegetable prices in July–August compared to the seasonal norm, which was associated with a higher supply of domestic fruit and vegetables amid favourable weather conditions. At the same time, compared to 2025 Q2, current inflation in 2025 Q3 accelerated, as expected, mainly due to the indexation of housing and utility rates in July, and came in at 6.4% (seasonally adjusted annualised rate, SAAR). Core inflation was close to expected levels in 2025 Q3.

The October baseline scenario factors in one-off inflation factors, including the situation in the motor fuel market in 2025 H2, a VAT increase from 20% to 22% in 2026, a rise in the recycling fee for imported cars, higher rates of indexation of housing and utility rates in the coming years, and other announced changes in taxes and tariffs. The contribution of the expected VAT increase to inflation is estimated around 0.8 pp and its main effect is expected to materialise in December 2025–January 2026.

As a result, current inflation in 2025 Q4 is projected to range from 6.8% to 8.7% SAAR, and annual inflation as of the end of December 2025 will be 6.5–7.0%.

Given the current monetary policy stance and the return of the economy to a balanced growth path, annual inflation will decrease to 4.0–5.0% by the end of 2026 and will stabilise at the target further on. Underlying inflation will reach 4% as early as in 2026 H2.

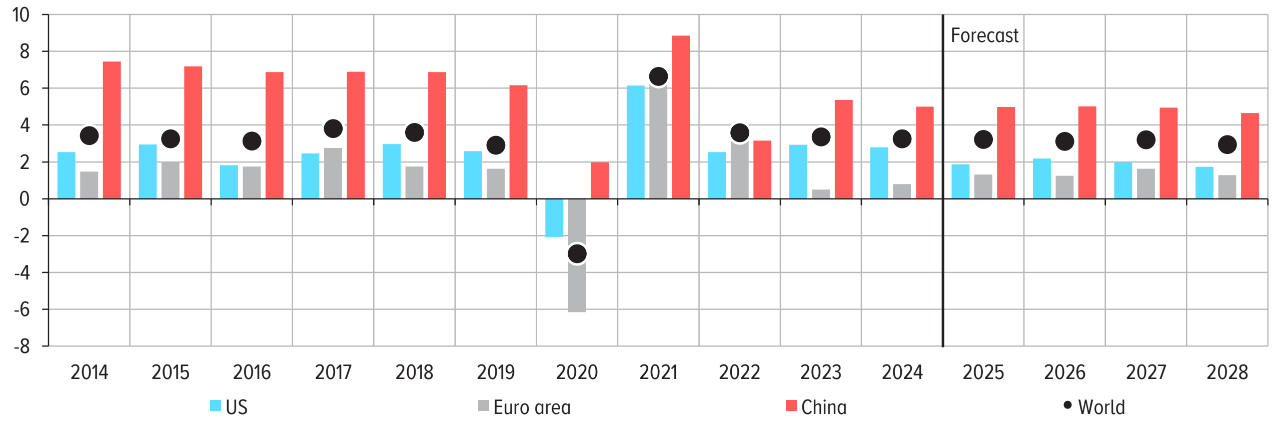
INFLATION AND GDP DYNAMICS **Table 4**

	Actual/Bank of Russia's forecast							
	2024 Q4 (actual)	**2025 Q1 (actual)**	**2025 Q2 (actual)**	**2025 Q3 (actual/estimate)**	**2025 Q4 (forecast)**	**2026 Q4 (forecast)**	**2027 Q4 (forecast)**	**2028 Q4 (forecast)**
Inflation, % YOY	9.5	10.3	9.4	8.0	6.5–7.0	4.0–5.0	4.0	4.0
Inflation, % QoQ, SAAR	12.9	8.1	4.4	6.4	6.8–8.7	–	–	–
GDP, % YoY[1]	4.5	1.4	1.1	0.4	(-0.5)–0.5	1.0–2.0	1.5–2.5	1.5–2.5

[1] GDP figure for 2025 Q3 is given for reference and shows the path close to the middle of the respective forecast range for 2025.
The figures for 2025 Q4–2028 Q4 are the Bank of Russia's forecast.
Sources: Rosstat, Bank of Russia calculations.

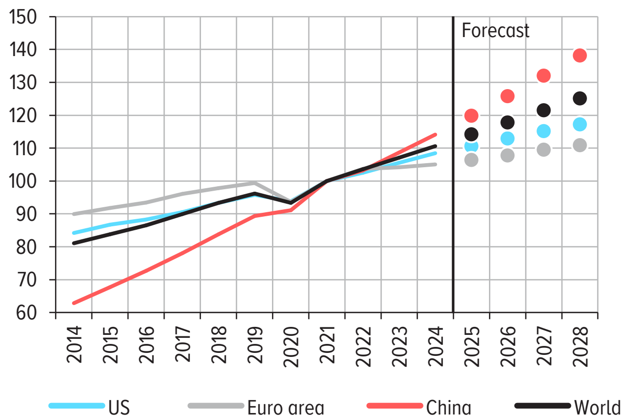
ANNEX

GDP GROWTH (MAJOR ECONOMIES) Chart 1
(% YOY)



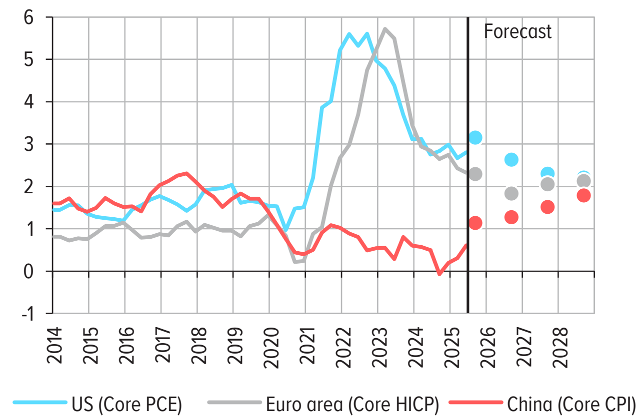
Sources: national statistical agencies, Bank of Russia calculations.

GDP (MAJOR ECONOMIES) Chart 2
(2021 = 100)



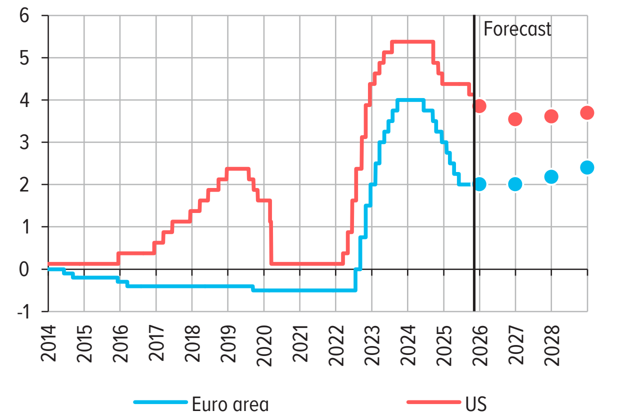
Sources: national statistical agencies, Bank of Russia calculations.

INFLATION (MAJOR ECONOMIES) Chart 3
(% YOY)



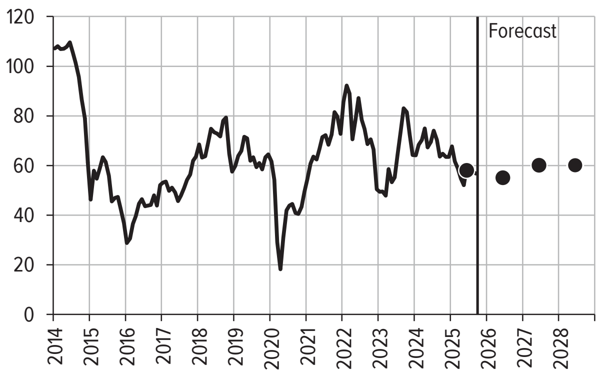
Sources: national statistical agencies, Bank of Russia calculations.

POLICY RATES: US FED FUNDS RATE (MIDDLE OF RANGE), ECB DEPOSIT FACILITY RATE Chart 4
(% per annum)



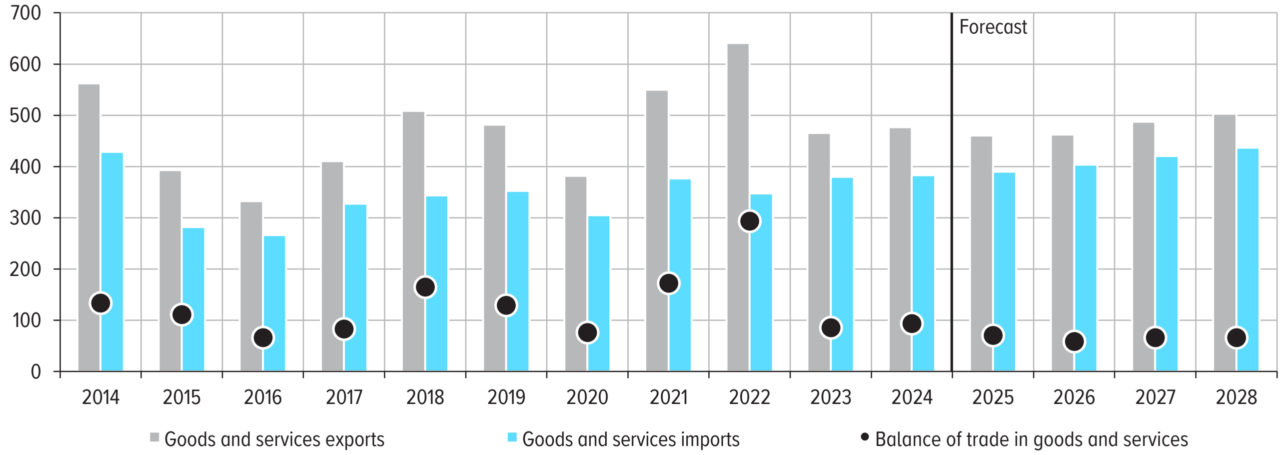
Sources: Cbonds, Bank of Russia calculations.

AVERAGE OIL PRICE FOR TAX PURPOSES Chart 5
($)



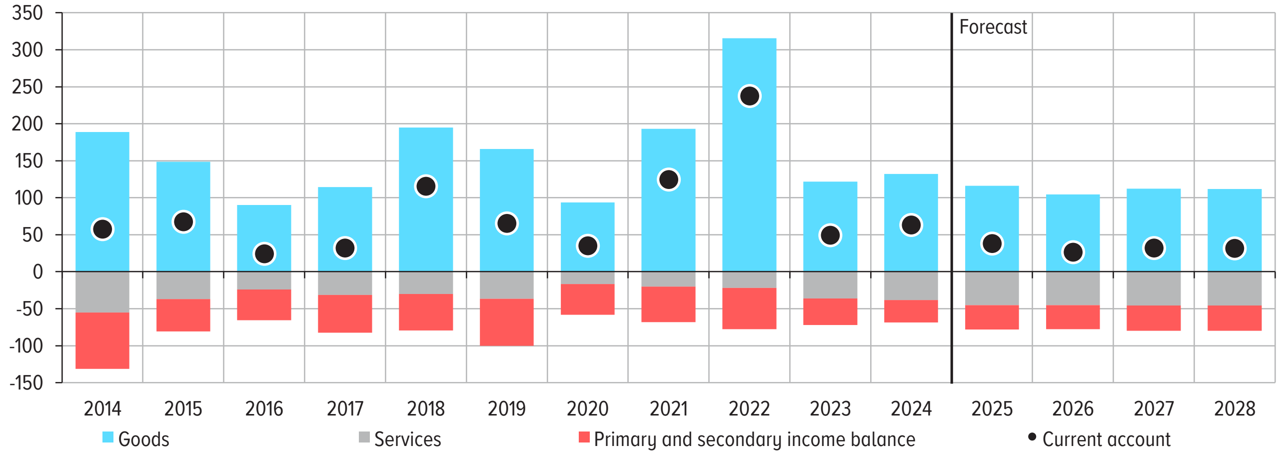
Sources: Ministry of Economic Development of the Russian Federation, Bank of Russia calculations.

FOREIGN TRADE, GOODS AND SERVICES **Chart 6**
($ bn)



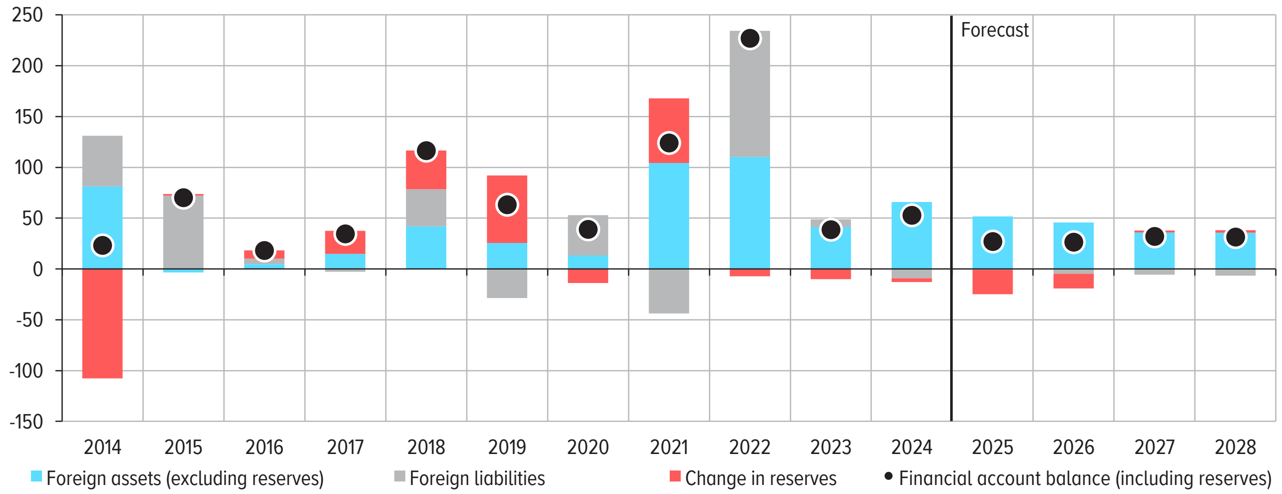
Source: Bank of Russia calculations.

CURRENT ACCOUNT AND ITS COMPONENTS **Chart 7**
($ bn)



Source: Bank of Russia calculations.

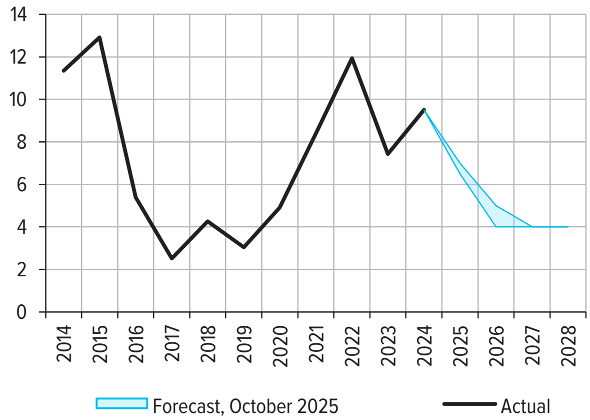
MAIN FINANCIAL ACCOUNT COMPONENTS* **Chart 8**
($ bn)



** In the balance item, '–' denotes net borrowing and '+' denotes net lending. In the assets item, '–' denotes a decrease and '+' denotes an increase. In the liabilities item, '–' denotes an increase and '+' denotes a decrease.*
Source: Bank of Russia calculations.

INFLATION
(% in December YoY)

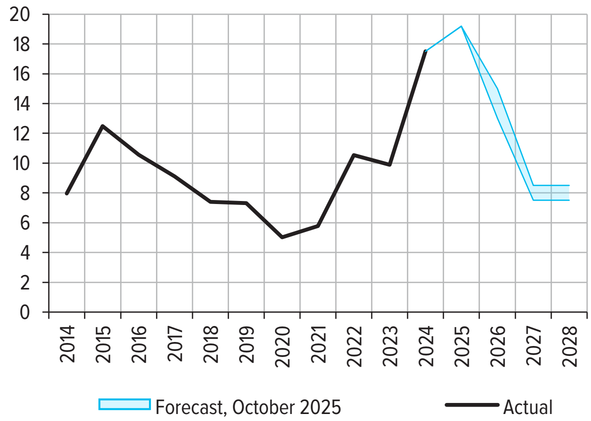
Chart 9



Source: Bank of Russia calculations.

AVERAGE ANNUAL KEY RATE
(% per annum)

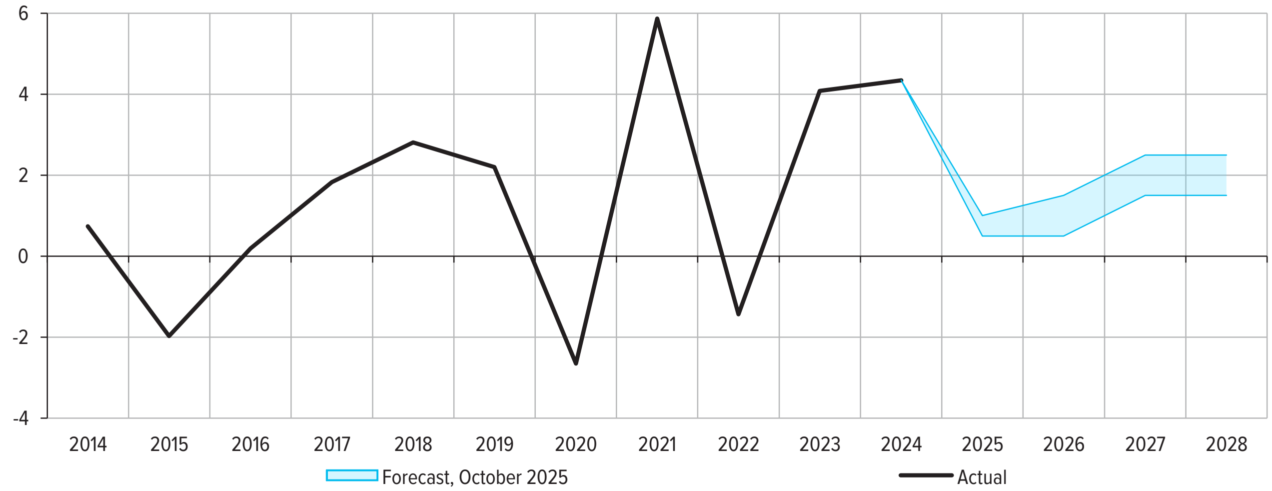
Chart 10



Source: Bank of Russia calculations.

GDP GROWTH RATE
(% YOY)

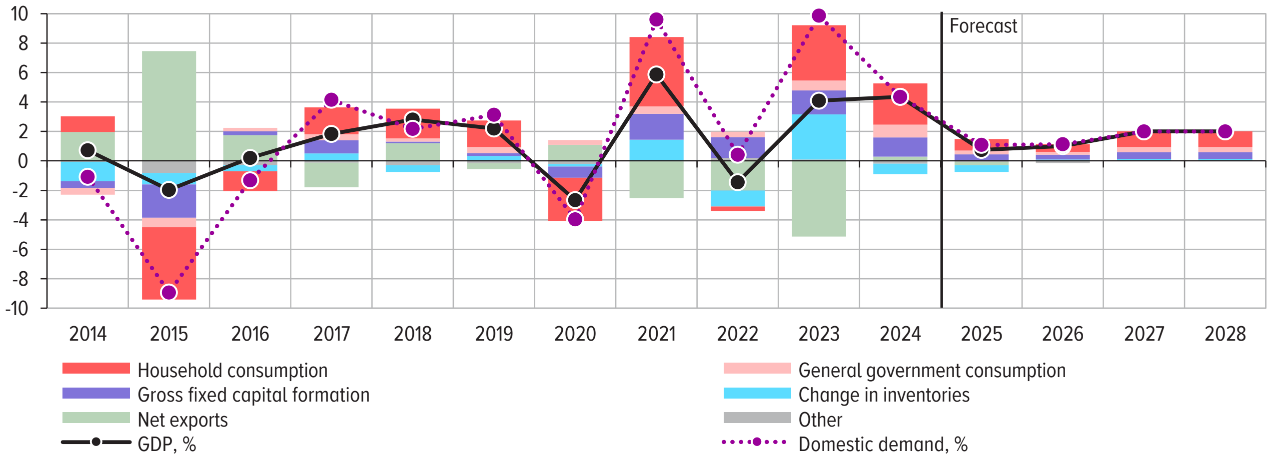
Chart 11



Source: Bank of Russia calculations.

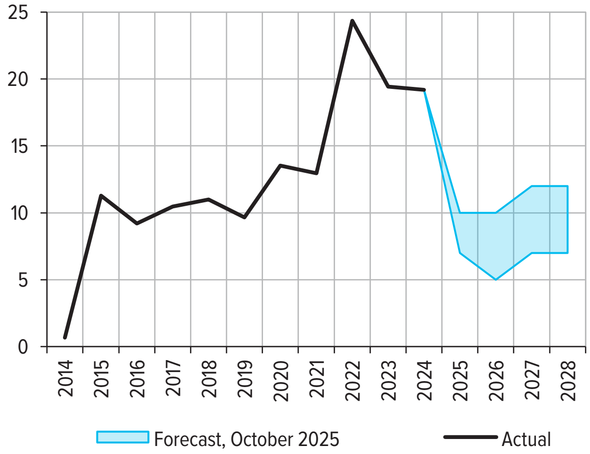
DECOMPOSITION OF GDP INTO EXPENDITURE COMPONENTS
(% YOY, pp, for the year)

Chart 12



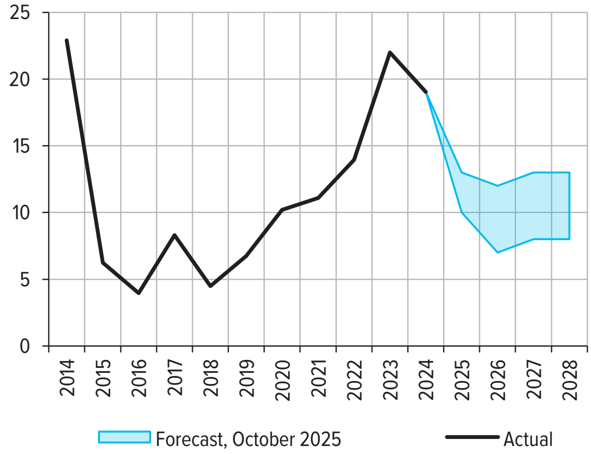
Sources: Rosstat, Bank of Russia calculations.

M2 (MONEY SUPPLY IN NATIONAL DEFINITION) **Chart 13**
(% YOY)



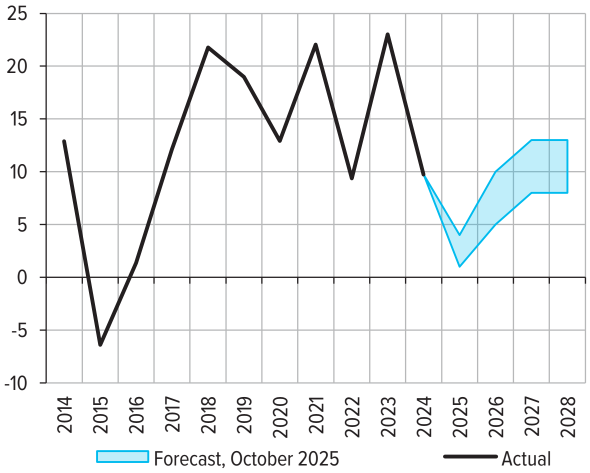
Source: Bank of Russia calculations.

CLAIMS ON ORGANISATIONS **Chart 14**
(% YoY, adjusted for foreign currency revaluation)



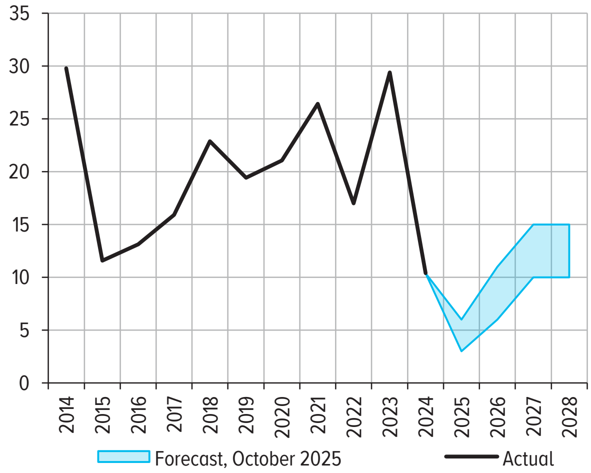
Source: Bank of Russia calculations.

CLAIMS ON HOUSEHOLDS **Chart 15**
(% YoY, adjusted for foreign currency revaluation)



Source: Bank of Russia calculations.

MORTGAGE LOANS **Chart 16**
(% YoY, adjusted for foreign currency revaluation)



Source: Bank of Russia calculations.