



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

Quarterly Inflation Review

2007 Q2

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Research and Information Department

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

Introduction

Consumer price growth continued to slow down in Russia in the first half of 2007. In January-June, inflation stood at 5.7% as against 6.2% in the first half of 2006. The price slowdown was due to the goods included in the calculation of the core consumer price index, especially food products. Excluding vegetable and fruit prices, food prices rose 2.7% in January-June, the smallest price increase for this group of products since 1999. At the same time, growth in the prices of goods and services not included in the core inflation calculation accelerated from 14.0% in the first half of 2006 to 15.4% in January-June 2007, mainly due to the quickening of growth in vegetable and fruit prices. In addition, estimates show that growth in administered prices and rates was higher than in the first half of 2006 as a result of more significant rise in communications fees and passenger transport fares.

In April and May 2007, as supply far surpassed demand on the domestic foreign exchange market, the Bank of Russia increased ruble interventions significantly to prevent the excess ruble's appreciation. To ease the inflationary pressure of money supply growth, the Bank of Russia took steps to sterilise currency interventions. The major sterilisation instruments it used were the Bank of Russia bond operations and deposit operations. To contain money supply growth, the Bank of Russia continued to raise interest rates on operations to absorb liquidity. At the same time, it cut the refinance rate to 10% and the interest rates

on overnight loans and collateralised and guaranteed loans, further narrowing the effective interest rate band. In addition, on July 1, 2007, it raised required reserve ratios for credit institutions. A large part of aggregate banking sector liquidity, which resulted from significant growth in international reserves, was absorbed by the Russian Government's Stabilisation Fund (hereinafter referred to as the Stabilisation Fund).

Despite the use of the liquidity absorption measures, M2 growth exceeded the forecast for growth in the demand for money in 2007, written down in the Guidelines for the Single State Monetary Policy in 2008 (37%-39%) as well as the revised estimate of growth in the demand for money (39%-42%), based on more rapid economic growth. From the second half of 2006, the growth rate of money supply (M2 aggregate) exceeded an annualised 40.0% and stood at 53.3% as of July 1, 2007. The expansion of the broad monetary base as of the same date was 56.3%. Meanwhile, the accelerated growth of the money supply was largely due to short-term transactional factors, which will hardly put on additional inflationary pressure.

Higher demand for the national currency, due mostly to the slowing of the velocity of money caused by the de-dollarisation, the expansion of the share of the savings component and a decreased share of cash in the structure of the ruble supply, lessens the inflationary consequences of money supply growth.

Inflation Dynamics

Consumer Prices

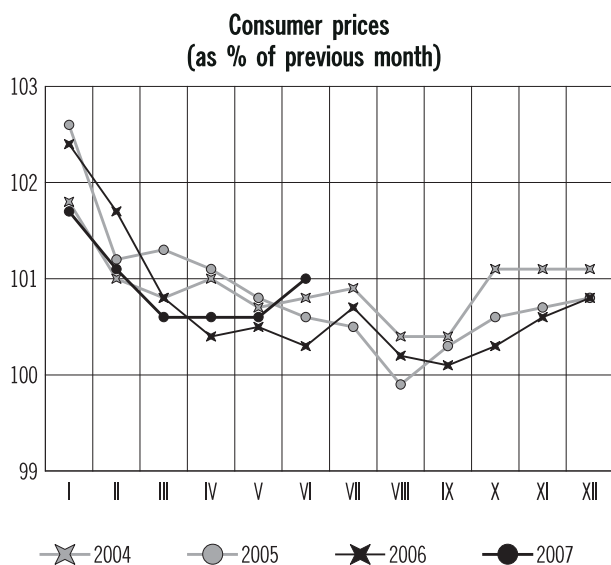
According to the Federal State Statistics Service, consumer prices gained 5.7% in the first half of 2007 as against 6.2% in January-June 2006. In 2007 Q1, they rose 3.4%, in 2007 Q2 - 2.2%. In June 2007, consumer prices were up 8.5% year on year and in the first half of 2007 they increased 7.9% on the same period in 2006.

Core inflation stood at 3.0% in the first half of 2007 as against 3.9% in January-June 2006. The prices of goods and services included in the calculation of the core consumer price index rose 1.7% in 2007 Q1 and 1.2% in 2007 Q2. In June 2007, core

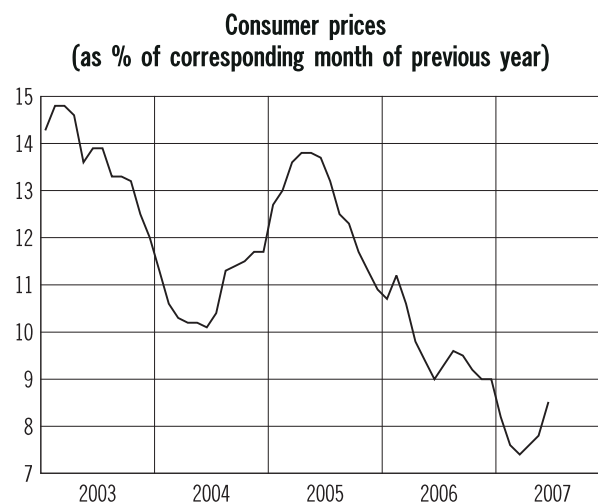
inflation equalled 6.9% as compared with June 2006.

Estimates show that growth in the prices of goods and services included in the calculation of the core consumer price index accounted for 2.3 percentage points, or 40.4%, of overall consumer price growth in the first half of 2007 (as against 3.0 percentage points, or 48.4%, in January-June 2006).

The slowing of growth in **food prices, excluding vegetable and fruit prices**, made the biggest contribution to the reduction of inflation. These prices rose 2.7% in the first half of 2007 as



Source: Rosstat.



Source: Rosstat.

Consumer price inflation (%)

	Growth (June 2007 on December 2006)	Growth (June 2006 on December 2005)	
Prices of goods and services, total	5.7	6.2	Retardation by 0.5 percentage points
Of which:			
- food prices	6.1	7.0	Retardation by 0.9 percentage points
- food prices, excluding vegetable and fruit prices	2.7	4.5	Retardation by 1.8 percentage points
- non-food prices	2.2	2.3	Retardation by 0.1 percentage points
- prices of paid services provided to households	9.8	10.0	Retardation by 0.2 percentage points
Prices of goods and services included in core inflation calculation	3.0	3.9	Retardation by 0.9 percentage points

Source: Rosstat.

Food price inflation (%)

	Growth (June 2007 on December 2006)	Growth (June 2006 on December 2005)	
Food products	6.1	7.0	Retardation by 0.9 percentage points
Bread and bakery products	4.7	6.3	Retardation by 1.6 percentage points
Cereals and legumes	7.3	9.0	Retardation by 1.7 percentage points
Pasta products	2.9	3.2	Retardation by 0.3 percentage points
Meat and poultry	2.3	2.2	Acceleration by 0.1 percentage points
Fish and seafood	4.3	4.2	Acceleration by 0.1 percentage points
Milk and dairy products	2.2	3.2	Retardation by 1 percentage points
Butter	2.7	3.0	Retardation by 0.3 percentage points
Sunflower oil	0.8	-0.9	
Granulated sugar	-4.5	30.4	
Vegetables and fruit	38.6	31.5	Acceleration by 7.1 percentage points
Alcoholic beverages	3.4	4.0	Retardation by 0.6 percentage points

Source: Rosstat.

against 4.5% in January-June 2006. Estimates show that growth in these prices in the first half of 2007 accounted for a percentage point, or 17.5% of overall increase in consumer prices. In the first half of 2006, this group of products was responsible for 1.8 percentage points, or 28.6% of total growth in consumer prices.

Prices of most of the major groups of food products in January-June 2007 rose at rates that did not exceed those of the first half of 2006. Growth in the prices of meat and poultry and fish and seafood was by 0.1 percentage points higher than in the first half of last year. At the same time, the price of granulated sugar declined from September 2006 to May 2007. In the first half of the year, granulated sugar prices fell 4.5% and in the period from September 2006 to May 2007 they slumped 23.4%. In the first half of 2006, growth in granulated sugar prices accounted for 0.3 percentage points of growth in consumer prices, whereas in the first half of the year its contribution was negative and negligent.

Vegetable and fruit prices rose 38.6% in the first half of 2007, an increase of 7.1 percentage points on the same period of 2006. Overall, this growth was close to the period average in 2001-2006. According to estimates, due to growth in vegetable and fruit prices in the first half of the year, the general rate of inflation rose by 1.5 percentage points (26.0% of overall consumer price growth) as against 1.2 percentage points (20.2%) in January-June 2006.

Overall growth in food prices in the first half of 2007 stood at 6.1% as against 7.0% in the same period of 2006.

As in the previous years, **non-food prices** grew more slowly than other consumer prices. In the first half of the year, they rose 2.2% as against 2.3% in the same period of 2006.

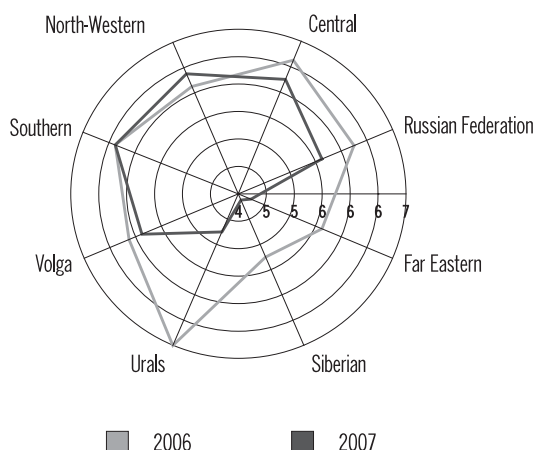
The period from October 2006 through March 2007 saw a fall in petrol prices. In 2007 Q1, they were down 0.9%, in 2007 Q2 they were up 1.4% and as result, first-half growth stood at 0.5% as against 2.6% in January-June 2006.

The prices of **paid services provided to households** increased 9.8% in the first half of the year as against 10.0% in the same period a year earlier. Estimates show that growth in paid service prices in the first half of the year accounted for 2.4 percentage points, or 42.7%, of overall consumer price increase (2.4 percentage points, or 38.3%, in January-June 2006).

Housing and utility prices rose 12.7% in the first half of 2007 as against 16.0% in the same period last year. Growth in communication charges accelerated from 0.3% in January-June 2006 to 10.5% due to a significant rise in the municipal telephone service rates in February. Overall growth in administered service prices in the first half of the year is estimated at 11.8%, an increase of 0.7 percentage points on the same period last year.

Growth in paid service prices in the first half of 2007 surpassed overall growth in the prices of

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



Source: Rosstat.

goods by 5.5 percentage points as against 5.0 percentage points in the first half of 2006.

Rosstat data indicate that in all **federal districts**, except the North-Western and Southern Federal Districts, consumer price growth in the first half of 2007 was smaller than in the same period of 2006.

According to estimates, the first half of the year saw the narrowing of the differences between Russian territories and regions in terms of a fixed set of goods and services used by the Federal State Statistics Service for the interregional comparisons of the purchasing power of the population. In January-June 2007, the regional difference ratio¹ decreased from 45.3% to 41.1%.

Growth in non-food prices in the first half of the year was virtually the same in all federal districts. However, vegetable and fruit price increases differed significantly by region. In the Southern Federal District, for instance, these prices rose 59.9%, whereas in the Far Eastern Federal District their growth stood at 10.8%.

In most federal districts growth in paid service prices slowed in the first half of the year, as compared with the same period last year. The only exceptions were the North-Western and Volga Federal Districts. According to data provided by the Institute for the Economy in Transition, the inflationary expectations of the managers of key in-

dustrial enterprises in January-June 2007 were more or less the same as a year earlier but differed within a broader range, which means that they have become more uncertain. In the first half of the year, 24%-40% of respondents predicted growth in selling prices as against 27%-36% in January-June 2006.

Housing prices

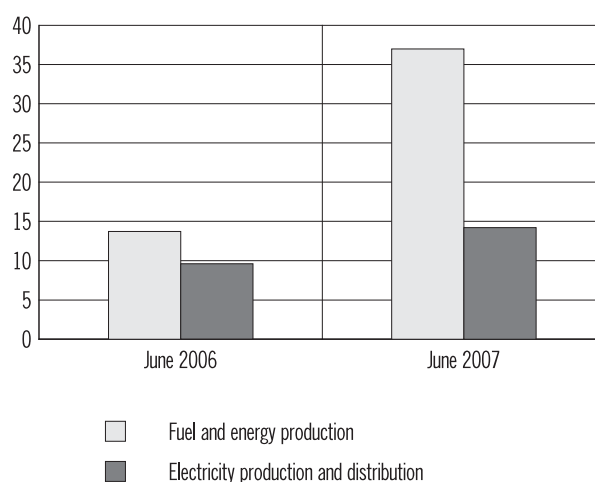
Housing prices have risen rapidly in recent years, exceeding growth in consumer prices. In 2007 Q2, housing prices on the primary market increased 10.7% as compared with 2006 Q4² (21.3% in the same period last year) and 10.7% on the secondary market (18.9%).

Growth in housing prices is slowing amid rapid growth in housing construction, which stood at 134.8% in the first half of the year as compared with the same period last year. Continued growth in household income and the expansion of mortgage lending help households finance a large proportion of housing construction (49.3% in the first half of 2007).

Producer prices

Industrial producer prices rose 14.5% in the first half of 2007 as against 9.4% in the first half of 2006. The acceleration of growth in producer prices was the result of the 32.9% rise in

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

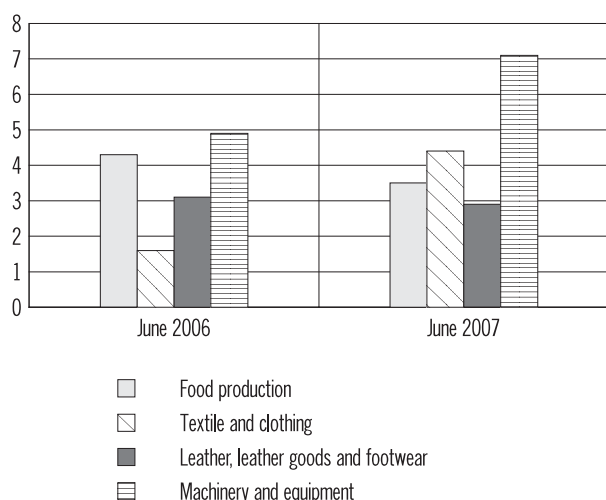


Source: Rosstat.

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

² As of end of period.

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



Source: Rosstat

producer prices in the mining sector. Producer price growth in the fuel and energy sector increased from 13.7% in the first half of 2006 to 37.0%. Producer prices in the metallic ore mining sector rose 3.5% as against 21.4% in the same period last year. Estimates show that the change in producer prices in the mining sector in the first half of the year accounted for 7.3 percentage points, or 50.7%, of overall industrial producer price growth. This compares with 3.1 percentage points, or 33.0%, in January-June 2006.

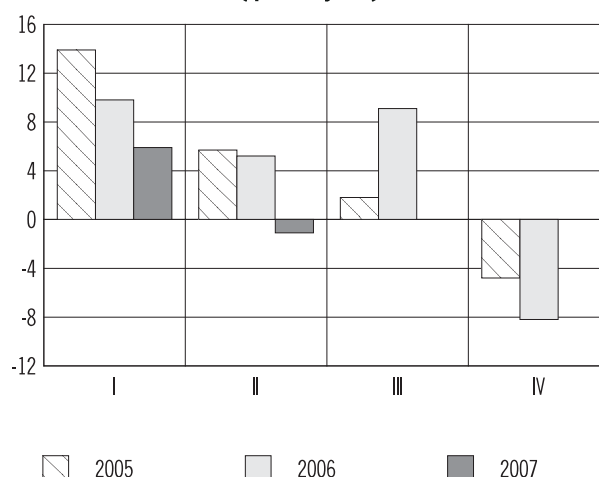
First-half price growth in the manufacturing sector in 2007 stood at 8.2% as against 7.7% in 2006.

As for the manufacturing industries whose output goes to the consumer goods market, first-half growth accelerated from 1.6% in 2006 to 4.4% in 2007 in the textile and clothing industry. At the same time, price growth slowed down in the production of foodstuffs, including beverages, and tobacco and leather, leather goods and footwear.

First-half price growth in the production, transmission and distribution of electricity, gas and water accelerated from 10.1% in 2006 to 14.1% in 2007.

Freight transportation rates rose 4.8% in the first half of the year as against 15.5% in the same period last year and railway transport fares were up 7.7% as against 8.9% in January-June 2006.

Freight transportation rates (quarterly, %)



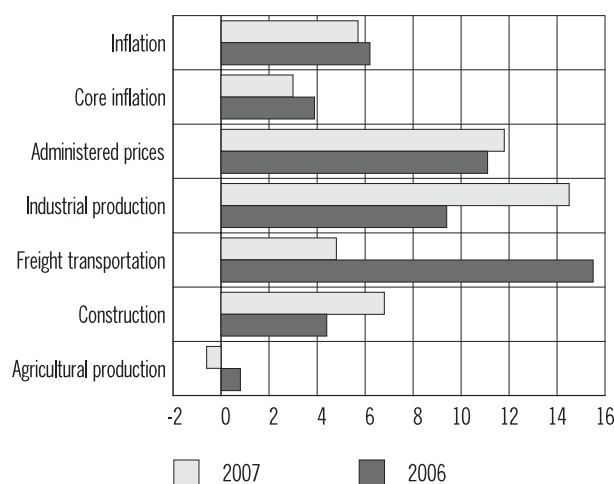
Source: Rosstat

Communication fees for corporate entities increased 3.8% in the first half of 2007 as against 1.0% in the first half of 2006.

Price growth in the **construction sector** stood at 6.8% in January-June 2007 as against 4.4% in the same period of 2006.

Agricultural producer prices fell 0.6% in the first half of the year, whereas in the first half of last year they rose 0.8%. Producer prices went up in crop growing but came down in livestock breeding. First-half growth in crop farming was 3.9% in 2007 as against 9.0% in 2006. There was a particularly high rise in potato prices in that period, which increased 19.8% as against 36.6% in the first half of 2006.

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



Source: Rosstat

First-half prices of livestock products were down 3.6% in 2007, whereas in 2006 they fell 4.0%. Livestock and poultry prices declined 1.1% as against 0.5% in January-June 2006.

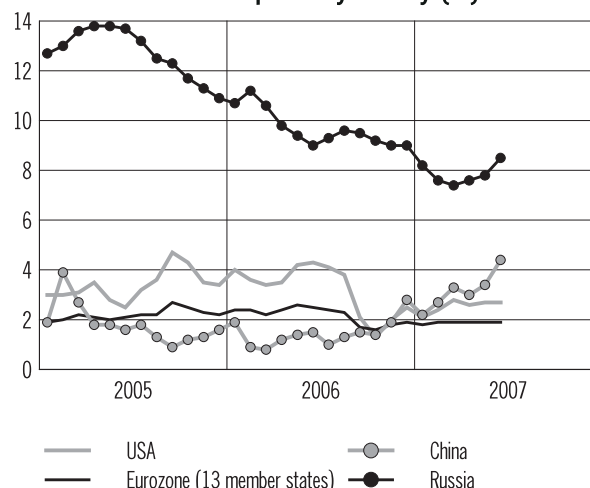
Inflation in some countries³

First-half inflation (June 2007 on December 2006) in the countries that are the major exporters of goods to Russia in 2007 was higher than in 2006. As for the countries that account for a large part of Russian imports, inflation accelerated to 4.9% in Hungary (2.9% in June 2006 on December 2005), 1.7% in China (0.1%), 4.2% in Ukraine (2.9%) and 2.2% in Poland (1.0%). It slowed in Turkey, Japan, Great Britain, Kazakhstan and some eurozone countries (France, Italy, Spain and Belgium). The acceleration of price growth in China, Ukraine and Germany was the principal factor of the rise in the aggregated inflation indicator for the major exporters of goods to Russia.

US inflation in the first half of 2007 (June on December of previous year) stood at 3.2% as against 3.1% in the same period last year. The rise in energy prices by 1.7 percentage points made a decisive contribution to the change in the general level of prices in the United States in the period under review. The contributions made by core inflation⁴ and food prices stood at 1.2 percentage points and 0.4 percentage points respectively. Energy prices gained 19.4%. The acceleration in energy price growth (from 17.4% in January-June 2006) was due to the quickening of energy price increases in the housing and utility sector⁵ (from 3.3% to 7.9%), whereas growth in motor fuel prices slowed slightly (from 32.6% to 30.8%). Food prices gained 2.8% as against 0.8% in June 2006 on December 2005. Their accelerated growth was attributable to growth in the prices of bread and bakery products and meat and dairy products.

Core inflation in the United States in the first half of the year slowed from 1.9% to 1.5% in the same period last year. The slowing of growth in rent (from 2.9% to 2.5%) and the fall in clothes, footwear and transport prices were contributing factors.

Consumer prices by country (%)*



* Growth in consumer prices on corresponding month of previous year
 Source: US Labour Department Bureau of Labour Statistics, Eurostat, China's National Statistics Bureau and Rosstat.

Eurozone inflation⁶ in the first half of the year stood at 1.4%, as was the case in the same period last year. Core inflation made the biggest contribution to consumer price growth in the eurozone (0.7 percentage points). Growth in energy prices accounted for 0.5 percentage points and food prices 0.3 percentage points. Compared to the first half of last year, the contribution by core inflation increased while the contribution of the changes in energy prices decreased. Growth in energy prices in January-June 2007 (5.1%) slowed on the same period of 2006 (7.2%). Prices of motor fuel and lubricants rose 8.8% and household energy prices edged up 0.8% as against 9.0% and 5.0% in the first half of 2006 respectively. Food, alcohol and tobacco prices increased 1.4% as against 1.7% in June 2006 on December 2005. There was a slowing of growth in the prices of meat and dairy products and vegetable and fruit prices.

Eurozone **core inflation⁷** stood at 0.9% in January-June 2007 as against 0.6% in the first half of 2006. Growth in hotel and restaurant service prices made the biggest contribution to core inflation. Its acceleration along with the quickening of growth in the prices of education-related products and services and household goods led to the escalation of core inflation.

³ Based on data provided by the US Labor Department's Bureau of Labour Statistics, the European Communities' Statistical Office (Eurostat), China's National Statistics Bureau and national statistics agencies of other countries. Contribution of individual factors to US and eurozone inflation has been calculated by the Bank of Russia.

⁴ The rise in the level of prices of goods and services included in the consumer goods basket, except foodstuffs and energy products.

⁵ Fuel oil, boiler fuel, coal, household gas and electricity.

⁶ Thirteen member states, including Slovenia. Eurostat data.

⁷ Growth in prices of goods and services included in the consumer goods basket, excluding foodstuffs, alcoholic beverages, tobacco and energy products.

Terms of trade

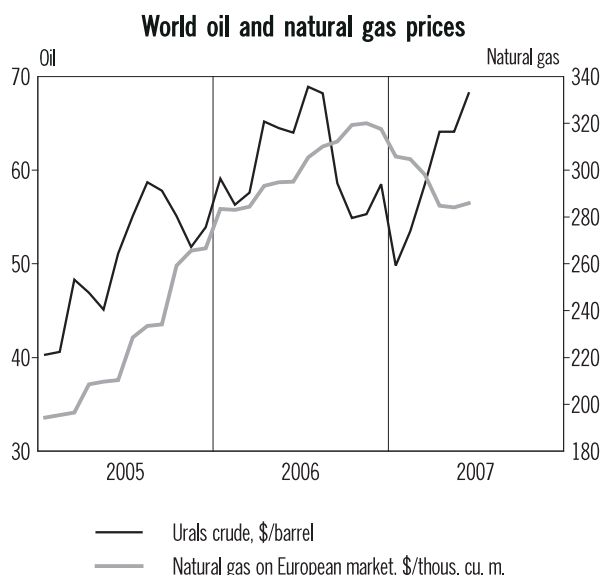
The price situation on the world markets for the major Russian export commodities⁸ was good on the whole in January-June 2007. World market prices for Russian exporters were on average higher than in the same period of 2006, while non-energy prices rose 13.2% and energy prices fell 1.3%.

Growth in oil prices, which resumed in the first quarter of the year, continued in the second. The main reasons for the rise in oil prices were more rapid growth in world demand for oil than its supply, the expectations of a possible reduction in oil deliveries to the world market from Iran connected with the implementation of that country's nuclear programme, the decrease in Nigerian oil exports and the OPEC's decision to keep oil production unchanged. As a result, according to a Bank of Russia estimate, in 2007 Q2 the average price of Urals crude was up 1.4% on the same period last year at \$65.5 per barrel. Petroleum product prices were on average the same as in 2006 Q2, while the price of natural gas in Europe was down 3.2%.

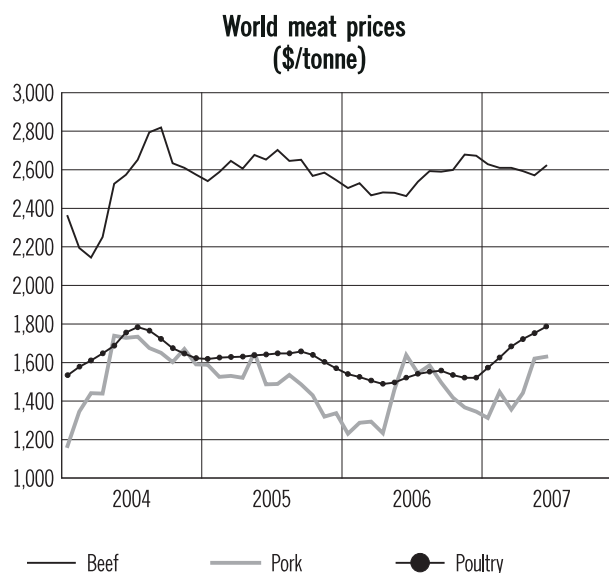
In the first half of the year, the world market price of Russian oil was by 2.3% lower than in the first half of last year, petroleum products were down 3.6% and natural gas was up 1.7%.

The world metal market in 2007 Q2 registered a slight rise in ferrous metal prices. As compared with 2006 Q2, ferrous metal prices increased 1.4% on average, but in the first half of 2007 they were down 1.8% on the same period in 2006. On the non-ferrous metal market, copper and nickel prices continued to rise in 2007 Q2 as compared with 2007 Q1, whereas the price of aluminium remained virtually unchanged. In January-June 2007, non-ferrous metal prices were considerably higher (by almost 50% on average) than in the same period of 2006: the price of aluminium was 10% higher, copper 12% and nickel 160%. Prices of other Russian raw material exports, except timber, were higher than in January-June 2006.

Prices of major food products imported by Russia⁹ changed both ways in the first half of the year. Beef prices rose 5% on the same period in 2006, pork was up 8% and poultry 12%.



Source: Reuters, the World Bank.



Source: The International Monetary Fund.

⁸ Average prices are based on data provided daily by news agency Reuters for oil, Petroleum Argus for petroleum products (petrol, diesel fuel and fuel oil), and the London Metal Exchange for non-ferrous metals (aluminium, copper and nickel). Average monthly prices of natural gas and ferrous metal indices are published by the World Bank and average monthly prices of other goods by the IMF.

⁹ Average prices of raw and refined sugar are based on data published daily by the London Commodity Exchange. Average monthly prices of grains are based on data published by the World Bank and beef, pork and poultry by the International Monetary Fund.

The fact that beef prices in the first half of the year remained unchanged on the end of 2006 indicates that the beef market has somewhat stabilised, while growth in pork and poultry prices is due to the rise in world demand.

In the past two agricultural years, the world market has seen grain price growth resume. According to the World Bank, in June 2007 the price of wheat was 60% higher than in June 2005 and the price of corn 70%. Despite the slowing of growth in wheat prices and the fall in corn prices, in 2007 Q2 these prices rose on the world market quarter on quarter. The price of wheat was up 8% and corn 46% on 2006 Q2 (a year earlier 33% and 13% respectively). In January-June 2007, wheat prices were 11% and corn prices 54% higher than in the same period of 2006.

According to the International Grains Council's estimates, the outlook for the world grain harvest in the new agricultural year, which runs from July 1, 2007, through June 30, 2008, remains good, although weather conditions in some CIS and European countries and the United States have led to the downward revision of harvest projections. Some countries, such as Egypt, Brazil and India, are buying up wheat on the world market, while Ukraine in June imposed a temporary ban on wheat exports. The world consumption of corn is growing rapidly as corn is increasingly used as a raw material for the production of a bio-fuel (ethanol). The lowering of the grain

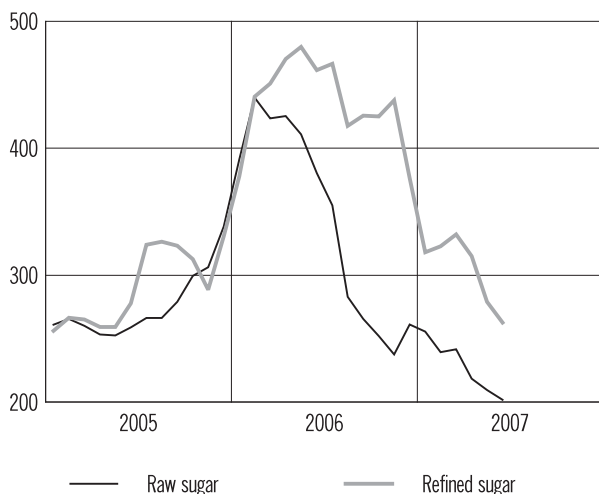
harvest forecasts amid the lowest level of grain stocks in 30 years and the rising world demand for grains, especially corn, presage further growth in the price of these crops.

Russia's wheat exports to the world market has grown in the past few years and since 2005 they have invariably surpassed imports, making Russia once again a net exporter of wheat. Wheat imports contracted 72.2% in volume in January-May 2007, as compared with the same period last year, while the contract price increased 30%. Wheat exports in that period rose 30% in volume amid the 50% rise in the contract price and exceeded import volumes by 17.2 times (in January-May 2006, wheat exports exceeded imports by 3.7 times).

Sugar prices continued to decline on the world market in 2007 Q2. A bumper raw sugar harvest led to growth in the production of refined sugar and a significant oversupply on the world market. As compared with 2006 Q2, the price of raw sugar fell 48% and refined sugar 39% and in the first half of the year the world market price of raw sugar slumped 45% and refined sugar 32% year on year.

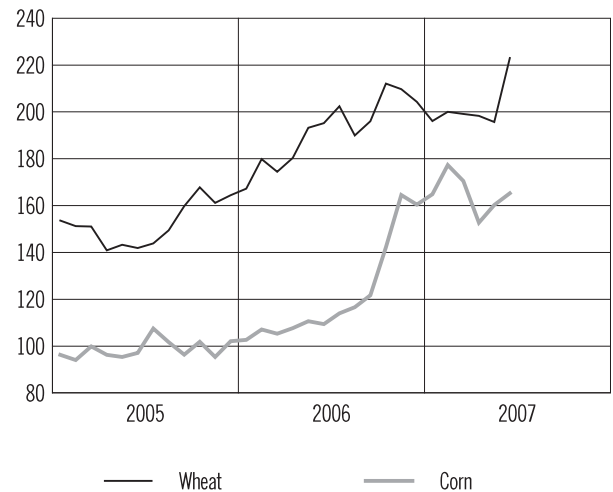
Growth in oil and petroleum product prices and the higher-than-last-year level of prices of other raw materials amid the sustained average rate of increase in import prices in the past two years testify to the improvement of the terms of Russia's trade with foreign countries¹⁰ in the first

World sugar prices (\$/tonne)



Source: The Financial Times.

Grain export prices (\$/tonne)



Source: The World Bank.

¹⁰ The ratio between export and import price indices.

half of 2007 as compared with the first half of 2006.

Russia's trade surplus contracted in that period due to the slight rise in exports and the acceleration of growth in imports. In the first half of the year, Russia's trade surplus decreased by an estimated 16.7% to \$61.7 billion, whereas in the same period last year it expanded 35.6% to \$74.1 billion.

Foreign trade in some countries¹¹

The European Union (EU)¹² registered a decrease of 8.1 billion euros in its trade deficit in January-May 2007 year on year. The value of EU imports of mineral fuel and lubricants contracted 13.1%, whereas in January-May 2006 it increased almost 50%. Russia accounted for more than a quarter of the value of these imports. In January-May 2007, imports of Russian goods by EU member countries decreased 6% in value year on year, of which imports of mineral fuel and lubricants declined 12.8%. As a result, Russia's share in the total value of EU imports contracted from 10.9% in January-May 2006 to 9.9% (whereas China expanded its share from 13.3% to 15.5%).

The US trade deficit contracted by \$11.2 billion in January-May 2007, as compared with the same period last year, due to slower growth in imports and relatively stable growth in exports. The slowing of growth in imports was the result of the reduction in the value of imports of crude oil, gas condensate and petroleum products, some kinds of metal products (non-monetary gold, ferrous metal products, bauxite and aluminium), timber and pulp-and-paper products, building materials and some other kinds of primary goods and materials for industry and construction, cars and car components. US imports from Russia decreased year on year due to the reduction in ferrous and non-ferrous metal imports. China accounted for almost a third of the US trade deficit.

China's first-half trade surplus in 2007 increased by \$51.4 billion, or 80%, as compared with the same period last year, due to the expansion of exports. The latest published data show that in January-April 2007 Chinese imports from Russia increased in value on the same period last year but more slowly than aggregate Chinese imports. As the terms and conditions of Russian crude and natural gas exports to Belarus changed, growth in Russian exports to that country slowed significantly in value. Russia's share of Belarus imports contracted from 61.8% in January-May 2006 to 58.2% in the

same period this year. Ukraine's imports of Russian goods grew at a steady pace and Kazakhstan's imports from Russia increased much faster than in January-May 2006. However, Russia's share in Ukraine and Kazakhstan imports of goods contracted.

Demand

Domestic demand

First-quarter GDP increased 7.9% in 2007 as against 5.0% in 2006. Economic growth was due to rapid increase in investor and consumer demand. At the same time, domestic demand for imported goods rose faster than the demand for home-made products. As compared with the previous year, the gap between the rates of growth in these indicators narrowed as demand for domestically manufactured goods quickened.

According to Bank of Russia estimates, growth in imports of investment goods exceeded growth in consumer goods imports. The latter expanded mostly due to the rapid increase in imports of cars, household appliances and other non-food products.

Imports from Asia-Pacific Economic Co-operation (APEC) member countries, especially China and Japan, increased more rapidly than overall imports in January-June 2007. Imports from EU member countries, including eurozone and CIS countries, grew more slowly than overall imports. As for the EU, there was a rapid rise in imports from Spain, Great Britain, the Czech Republic and Italy, and as for the CIS countries, from Ukraine and Armenia. Imports grew at the slowest rates from Eurasian Economic Community (EurAsEc) member countries, except Uzbekistan and Tajikistan.

The share of imported products in the retail trade commodity structure expanded from 47% in 2006 Q1 to 48% in 2007 Q1, mostly due to growth in non-food imports.

Growth in imports in the first half of 2007, as a year earlier, was mostly due to the expansion of import volumes, which accelerated significantly as compared with the first half of 2006, while growth in import prices was on average virtually

¹¹ Based on data compiled by the US Department of Commerce Bureau of Census, Eurostat, China's Ministry of Trade and national statistics agencies of other countries.

¹² Twenty-seven member countries, including Bulgaria and Romania. Excluding mutual trade between EU member countries.

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

	2004					2005					2006					2007
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	Q1
GDP	7.0	7.8	7.2	6.6	7.2	5.0	5.6	6.5	8.0	6.4	5.0	7.0	6.8	7.8	6.7	7.9
Final consumption	8.2	9.2	10.0	9.2	9.2	6.7	10.3	10.7	10.9	9.7	7.9	9.1	9.6	10.2	9.3	9.7
Of which:																
- households	11.0	12.3	13.2	11.9	12.1	9.5	14.0	13.7	13.6	12.8	9.6	10.7	11.6	12.6	11.2	11.9
Gross capital formation	14.7	15.7	8.0	13.7	12.2	16.3	0.4	6.6	8.3	7.2	4.0	16.9	10.4	19.7	13.4	34.2
Net exports	-4.1	-8.6	-14.9	-23.8	-12.2	-9.9	-8.6	-24.0	-11.1	-12.8	-5.9	-14.3	-22.2	-24.3	-15.8	-21.9
- exports	11.2	11.7	11.1	13.0	11.8	3.5	5.7	5.1	10.6	6.4	9.0	6.4	6.1	7.4	7.2	3.4
- imports	21.5	22.4	20.8	27.4	23.3	14.7	14.5	17.8	19.6	17.0	22.9	21.7	19.1	23.2	21.7	25.5

Source: Rosstat.

unchanged. At the same time, growth in the price of some imported products provokes price growth on the domestic market. The significant increase in the value of imports was due to the accelerated growth in engineering imports, especially cars, as compared with the first half of 2006.

Household spending on final consumption increased 11.9% in 2007 Q1 as against 9.6% in 2006 Q1. Consumer spending continued to grow rapidly in the first half of the year, leading to the expansion of sales through the retail trade network. Growth in retail trade turnover accelerated to 14.2% as against 12.3% in January-June 2006, whereas the value of paid services provided to households slowed slightly, from 7.6% in January-June 2006 to 7.2%.

Government expenditures on final consumption increased 4.4% in 2007 Q1 as against 4.0% in 2006 Q1. Nevertheless, the absorption of additional oil revenues by the Stabilisation Fund contained growth in consumer prices.

Gross capital formation expanded 34.2% in January-March 2007 as against 4.0% in January-March 2006. Fixed capital investment grew 22.3% in the first half of the year as against 11.0% in the same period last year. The biggest investments were made in the mining sector, transport and communications.

Investments in machinery, equipment and transport vehicles accounted for more than a third of total investments. About one-fifth went to purchase imported equipment. Large investments in machinery and equipment were a major factor of the technical retooling of enterprises and

growth in labour productivity, which created conditions for the reduction of price growth.

Fixed capital investment was mostly financed by borrowed funds (53.3%) in 2007 Q1, of which 13.4% were budget funds. Bank loans accounted for 9.2% of the investment financing as against 9.3% in January-March 2006.

As imports grew much faster than exports, net exports of goods and services decreased 21.9% in January-March 2007.

Foreign demand¹³

Estimates based on forecasts made by the OECD, the Commission of the European Communities and news agency Reuters indicate that the economic situation in the countries that are Russia's leading trading partners remained good in the first half of 2007. GDP growth rates in the countries that are Russia's major importers remained high, according to estimates. They were basically unchanged on the first half of 2006. However, Ukraine, Slovakia, Poland, Germany and Kazakhstan and some other countries in this group registered higher GDP growth rates than in January-June 2006.

According to preliminary data, China's GDP increased 11.5% in January-June 2007, as compared with the same period last year (10.9% in January-June 2006). US GDP growth slowed from 3.3% to 1.7% amid the reduction of investment in housing construction.

Russian exports of goods increased in the first quarter of the year as compared with the same period last year mostly as a result of higher

¹³ Based on data compiled by the US Commerce Department Bureau of Economic Analysis, Eurostat, China's National Statistics Bureau and national statistics offices of other countries.

value of non-energy exports. The rise in the export prices of non-energy products and the resumed growth in oil prices were accompanied by the expansion of the export volumes of oil and most other goods. Natural gas exports contracted significantly in volume. As compared with the first half of 2006, exports of goods increased 9.3% to \$157.2 billion (according to the balance of payments methodology). Export volumes grew more slowly than prices and their rates of growth remained relatively low. Exports of goods to APEC and CIS countries and especially EurAsEc countries in January-June 2007 increased much more rapidly than overall exports¹⁴. As regards the APEC member countries, there was a particular rise in the value of exports to Japan and South Korea, while exports to the United States fell. Exports of goods to the European Union, including the eurozone, increased slightly. As regards Russia's major EU trading partners, the most significant growth was registered in the value of exports to Portugal, Sweden and Spain, amid the decrease in the value of exports to Germany and Italy.

Supply

First-half data testify to rapid growth in the key macroeconomic indicators in that period. Output in the major types of economic activity increased 9.1% as against 5.7% in the same period last year. The most rapid rates of growth were registered in the construction, retail trade and the manufacturing sector.

Industrial output rose 7.7% in January-June 2007 as against 4.4% in the same period of 2006. The role of the manufacturing sector in industrial production growth continued to increase. Output in the manufacturing sector grew from 4.5% in January-June 2006 to 12.2% in January-June 2007. The most rapid rates of growth were registered in the activities that supplied investor demand: the output of machinery and equipment increased 23.4%, non-metal mineral products 17.5% and transport vehicles 14.9%. Output increased rapidly in the activities oriented to the consumer goods market: the production of leather and footwear expanded 13.8%, foodstuffs 9.9% and textile and clothing 5.2%. As a result, this created

conditions conducive to the reduction of inflationary pressure.

The expansion of the supply of goods had a favourable effect on price dynamics in the economy. Agricultural output increased 2.5% in the first half of the year as against 1.1% in the first half of last year. The output of the major livestock products, including cattle and poultry raised for slaughter, grew 10%. As a result, in the first half of the year the output of meat and meat products increased 8.6% on the same period last year, of which the output of meat, including 1st category sub-products, expanded 18.3%. This had a favourable effect on meat prices on the consumer goods market. Significant growth (by 16.4%) in the supply of granulated sugar on the consumer goods market also favourably affected the prices of this product.

Gross output of 2006 harvest grain crops surpassed the 2005 level by 0.3%, but the grain stocks created by the beginning of 2007 were by 0.3% smaller than a year earlier. By July 2007, grain stocks at the procurement and processing enterprises had decreased by 12%. The most significant reduction was registered in food wheat and rye stocks (by 14.3% and 30.0% respectively) and this had an adverse impact on the output of some food products and caused their prices to rise on the consumer goods market. As a result, in January-June 2007 the output of bread and bakery products declined 1.6%, pasta 6.2% and flour 4.5%.

The production capacity utilisation ratio has been observed to grow steadily in recent years. In industry, it was estimated at 75% in 2007 Q1, which represents an increase of 10 percentage points on the same period last year. The highest production capacity utilisation ratios were registered at enterprises producing leather, leather goods and footwear (95%) and at enterprises turning out timber products (78%). The lowest were at enterprises producing machinery and equipment (63%) and enterprises producing foodstuffs, including beverages, and tobacco products (58%). Taking into consideration the unfavourable age structure of fixed assets in the Russian economy today (over 50% of industrial

¹⁴ According to data provided by Russia's Federal Customs Service.

machinery and equipment have been in operation for more than 20 years), the capacity utilisation ratio is quite high and it increases the inflationary pressure on the economy.

Labour market

The number of people employed in the economy increased 1.9% in January-June 2007 as against 0.7% in the same period last year. Production growth rates are believed to be higher. As a result, in the first half of the year labour productivity increased by an estimated 5.6% as against 5.3% in the same period a year earlier. These figures show that the intensive factors of growth continued to play an important role, containing price increases in the economy.

In January-March 2007, as in the previous years, growth in the production of goods was faster than in the production of services, according to estimates and growth in labour productivity in the production of goods was faster than in the production of services and faster than the reduction in the number of jobs. Growth in jobs numbers in the service sector accelerated as compared with the same period last year.

Real wages grew faster (by 117.5%) than labour productivity in January-June 2007 and the gap between them widened in that period as compared with the corresponding period of 2006, creating conditions for further price growth.

Wage levels by type of economic activity continued to differ considerably in 2007. The highest average monthly wage in January-May 2007 was registered in the financial sector (33,321 rubles) and fuel and energy production (25,136 rubles). It exceeded the national average wage by 2.7 times and 2.1 times respectively. The lowest wages were registered in agriculture, hunting and forestry (5,120 rubles), the production of textile and clothing (5,751 rubles) and the production of leather, leather goods and footwear (6,433 rubles), making up 42%, 47% and 53% of the national average wage respectively. It should be noted that low wages were registered in the sectors that were largely financed from the federal budget (education, the provision of public utility, social and personal services, healthcare and public services). At the same time, nominal wage grew rapidly (by 28%-30%) in these activities.

Wage accounted for 51.4% in the GDP structure by source of income in 2007 Q1 as against 46.4% in the same period last year.

The number of unemployed (calculated according to the ILO methodology) dropped by an estimated 7.2% in January-June 2007 (in January-June 2006 it was down 0.9%). The total number of jobless in the first half of the year stood at 7.0% of the economically active population (7.6% in January-June 2006).

Monetary Conditions

Exchange rate

Favourable trends continued on the domestic foreign exchange market in the second quarter of the year. High energy prices brought about a massive inflow of foreign currency proceeds to the domestic market and growth in Russia's international reserves. The ruble's rate against the dollar and the euro continued largely to follow the dollar/euro dynamics on international markets. The weakening of the dollar against other major world currencies was due, as before, to structural imbalances in the US economy, the downturn in the real economy and the chronic budget and trade deficit. The Bank of Russia remained the net buyer of foreign currency on the domestic foreign exchange market, conducting operations to mitigate the ruble's fluctuations against the dollar and the euro.

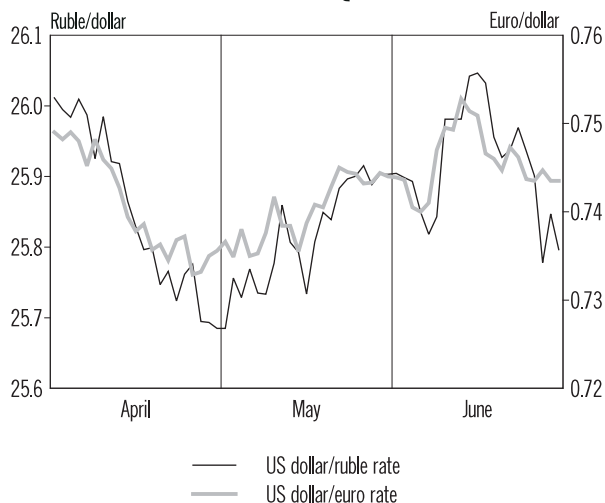
In the second quarter of the year, the domestic foreign exchange market registered fluctuations in the ruble's rate against the dollar and the euro, caused by the dollar's correction on the world currency market, but the overall tendency was towards the ruble's appreciation against the dollar, which was first noted in early 2006. The nominal **ruble/US dollar rate** gained 1.7% quarter on quarter as against 3.5% in 2006 Q2. In April, the average nominal ruble/dollar rate rose 1.0%

month on month. The continued rise of the ruble against the dollar was due to several factors, especially the foreign exchange market participants' expectations of a cut in the US federal funds rate. In May, the ruble remained virtually unchanged, gaining just 0.1% against the dollar and in June the ruble slipped 0.4%. Overall, in the period from the beginning of the year the nominal rate of the ruble against the dollar appreciated 1.4% as against 6.8% in January-June 2006 and as of July 1, 2007, it stood at 25.82 rubles to the dollar. In the second quarter, the average nominal ruble/dollar rate stood at 25.86 as against 26.31 in the first.

The nominal **ruble/euro rate** was down 1.1% in the second quarter of the year as compared with the first (in 2006 Q2, it was down 1.0%). In April, the nominal ruble/euro rate dropped 0.9% and in May 0.1%, but in June it gained 0.4%. In the period from the beginning of the year, the ruble/euro rate was down 0.1% to 34.72 rubles to the euro as of July 1, 2007. The average nominal ruble/euro rate stood at 34.86 in the second quarter as against 34.48 in the first.

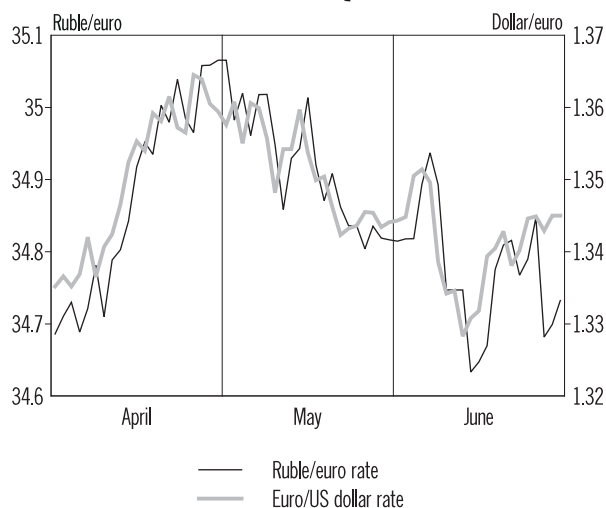
The real rate of the ruble against the dollar appreciated 1.9% in 2007 Q2 quarter on quarter but it remained unchanged against the euro (in 2006 Q2, the real rate of the ruble rose 3.8%

Nominal US dollar/ruble and US dollar/euro exchange rate in 2007 Q2



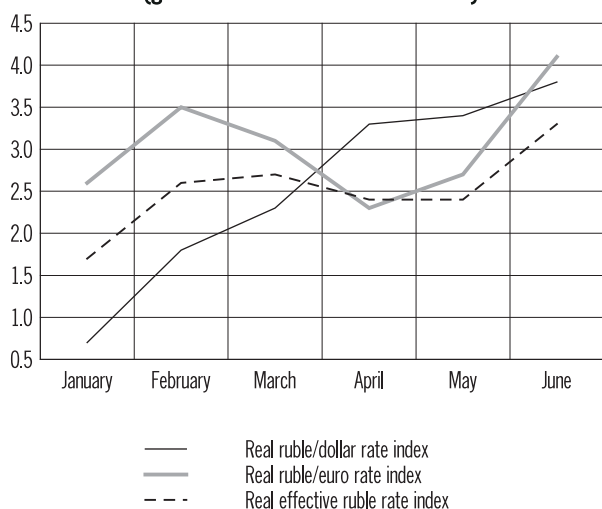
Source: The Bank of Russia, Reuters.

Nominal euro/US dollar and euro/ruble exchange rate in 2007 Q2



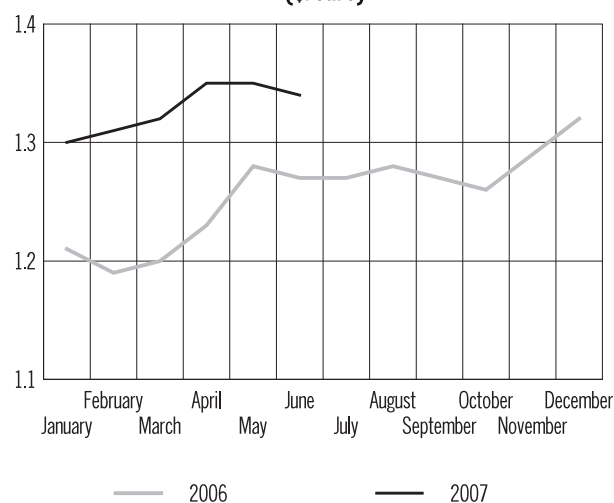
Source: The Bank of Russia.

**Real ruble exchange rate indices in 2007
(growth as % of December 2006)**



Source: The Bank of Russia.

**Average monthly euro/US dollar exchange rate
(\$/euro)**



Source: Reuters.

against the dollar and also remained unchanged against the euro). The real effective rate of the ruble against foreign currencies gained 0.3% in 2007 Q2 as against 1.8% in 2006 Q2. In the period from the beginning of the year, the real rate of the ruble appreciated 3.8% against the dollar and 4.1% against the euro; growth in the real effective rate of the ruble against foreign currencies stood at 3.3%.

Russia's international reserves increased by \$67 billion in 2007 Q2 (in 2006 Q2, they grew by \$44.7 billion). In April, they rose by \$30.3 billion, in May \$34.1 billion and in June \$2.6 billion and as of July 1, 2007, they aggregated \$405.8 billion, an increase of \$102 billion, or 34%, on the beginning of the year. In January-June 2006, Russia's international reserves expanded by \$68 billion, or 37.5%.

The international currency market in the first half of the year (June 2007 on December 2006) saw the dollar depreciation against the euro by 1.5% and against the yuan by 2.5%. At the same time, the dollar appreciated 4.4% against the yen. The dollar's depreciation against the euro was due to the reduction of the difference between US and eurozone interest rates. China continued to let the yuan gradually rally against the dollar. As for the currencies of importance for the Russian economy, the dollar depreciated against the Turkish lira, Indian rupee and Hungarian forint (in January-June 2006, the dollar appreciated against these currencies). The dollar continued to lose its value against some other currencies, such as the British pound, the Polish zloty,

the Slovak koruna, the Lithuanian lit, the Romanian leu and the Kazakhstan tenge. However, the weakening of the dollar was slower than in the first half of 2006. At the same time, the dollar appreciated against some currencies, such as the Belarus ruble. The Ukrainian hryvnia remained unchanged against the dollar.

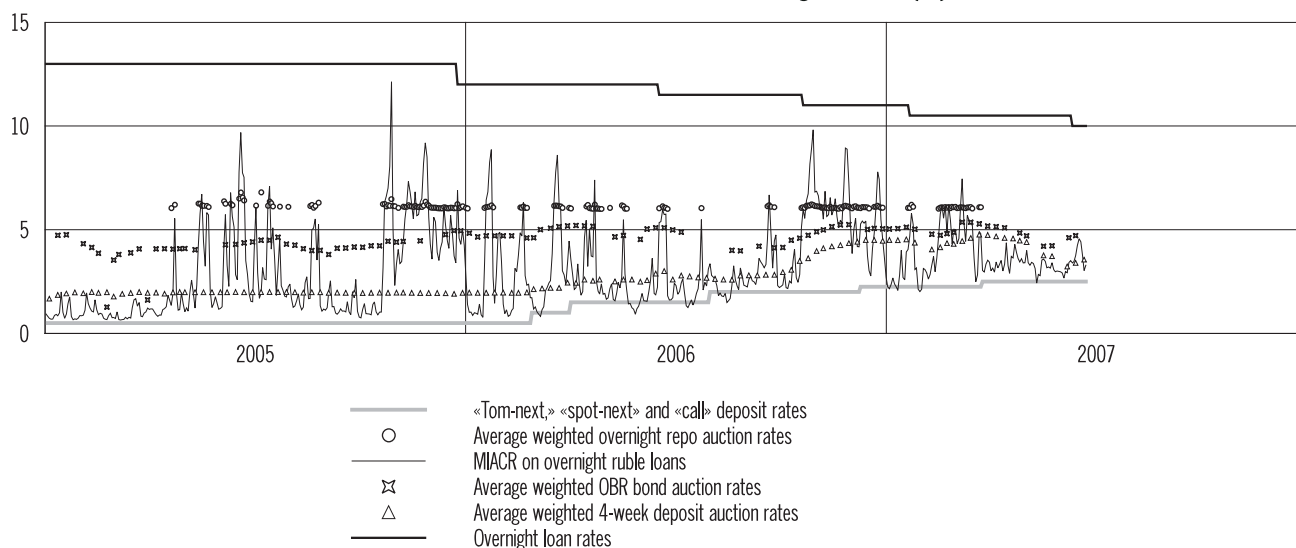
Interest rates

In the second quarter of the year, the Bank of Russia continued to take steps **to narrow the interest rate band** for its operations. On June 19, it cut the overnight loan rate, which sets the upper limit of the interest rate band, from 10.5% p.a. to 10.0% p.a. On April 2, the Bank of Russia raised from 2.25% p.a. to 2.5% p.a. the interest rate on deposit operations conducted on standard «tom-nex» and «call» conditions, which sets the lower limit of the interest rate band.

In the second quarter of the year, the Bank of Russia set lower cut-off rates at the deposit auctions. Average weighted 4-week deposit auction rates ranged from 3.22% to 4.74% p.a. (4.04% to 4.76% p.a. in 2007 Q1) and average weighted 3-month deposit auction rates varied between 4.03% and 5.02% p.a. (4.55% and 5.10% p.a. in 2007 Q1). The average weighted OBR auction yield in April, May and June ranged from 4.20% to 5.17% p.a. (4.73% to 5.36% p.a. in 2007 Q1).

No direct repo operations were conducted in the second quarter of the year. The average

Bank of Russia interest rates and overnight MIACR (%)



Source: The Bank of Russia.

weighted Lombard loan auction rate in that period stood at 7.00% p.a. (it ranged from 7.00% to 7.15% p.a. in 2007 Q1).

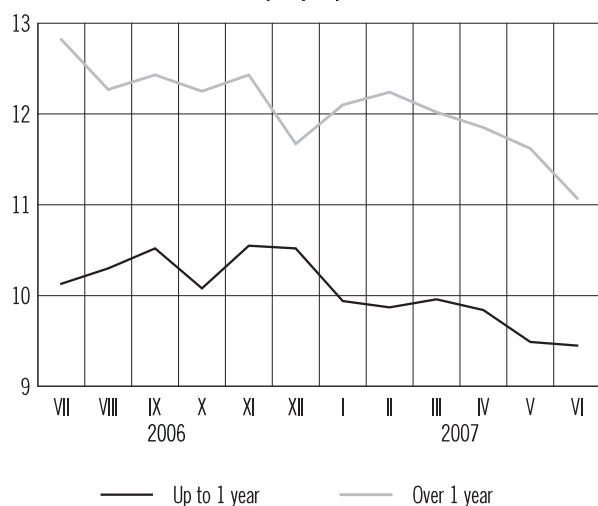
The ruble's continued appreciation in real terms against the world's major currencies in the second quarter of the year as compared with the first contributed to financial market participants' sustained interest in investing in ruble-denominated assets.

Credit institutions' interest rates on overnight ruble-denominated loans on the interbank credit market remained within the Bank of Russia interest rate band in the second quarter of the year and only on May 18 they sank by 7 basis points

below the Bank of Russia bid rates on «tom-next» ruble deposits. The range of overnight ruble MIACR fluctuations (2.43%-4.56% p.a.) in the second quarter of the year narrowed significantly as compared with the first (2.02%-7.45% p.a.) and the average overnight ruble MIACR fell to 3.34% p.a. in the second quarter as against 4.0% p.a. in the first.

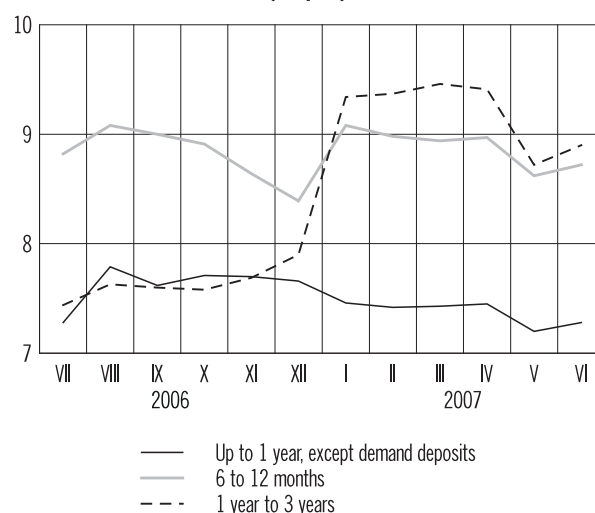
Interest rates on ruble loans to non-financial institutions and households mostly declined on the Russian financial market in the period under review. As compared with the first quarter, the average interest rate on short-term loans to non-financial institutions fell by 0.3 percentage points

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



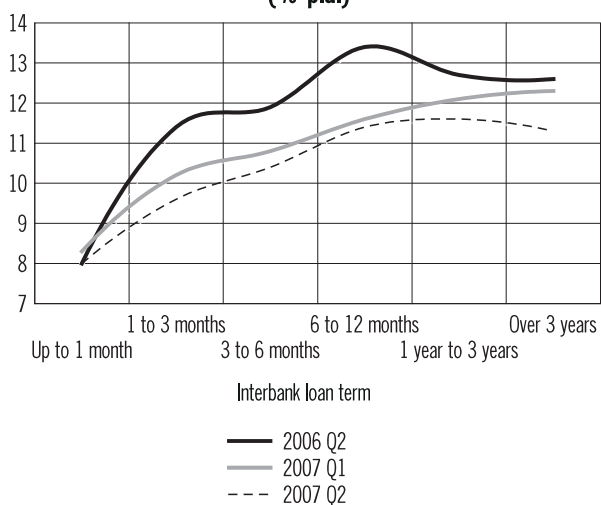
Source: The Bank of Russia.

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



Source: The Bank of Russia.

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



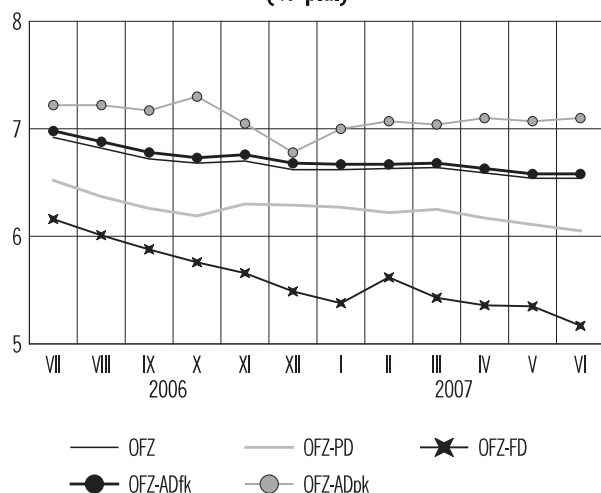
Source: The Bank of Russia.

to 9.6% p.a. in the second quarter and on long-term loans by 0.6 percentage points to 11.5% p.a.

The yield curve for loans to non-financial institutions slid down slightly, retaining its rising shape in all segments except operations with terms of over three years, while its angle remained virtually unchanged.

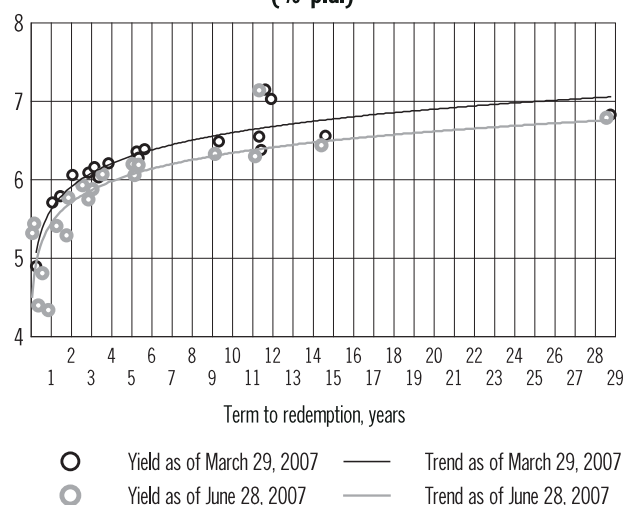
The average interest rate on loans to households with terms of up to one year rose by 0.3 percentage points in the second quarter as compared with the first and stood at 18.4% p.a., whereas the rate on household loans with terms of over 1 year slipped by 0.3 percentage points to 15.3% p.a.

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



Source: The Bank of Russia.

OFZ effective yield curve (% p.a.)



Source: The Bank of Russia.

The average interest rate on loans to households with terms of up to one year dropped by 0.2 percentage points to 7.3% p.a. in 2007 Q2 quarter, whereas the rate on loans with terms from one year to three years by 0.5 percentage points to 8.9% p.a.

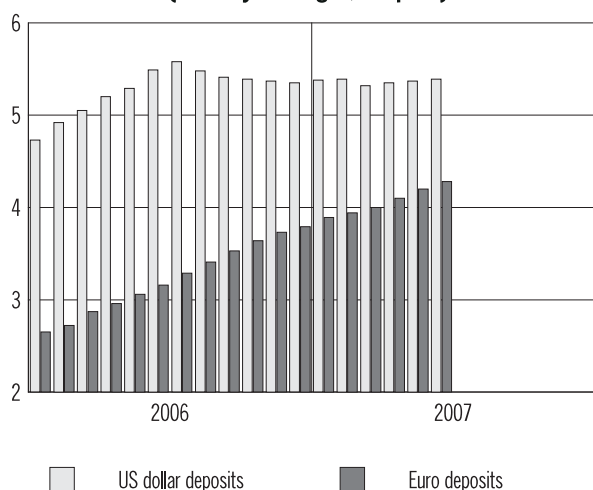
Yields mostly tended to fall on the OFZ market in the period under review. As of the end of 2007 Q2, the OFZ market portfolio effective indicator stood at 6.52% p.a., which represents a decrease by 0.11 percentage points on the end of 2007 Q1. The average quarterly OFZ market portfolio effective indicator slipped by 0.08 percentage points to 6.55% p.a.

The OFZ yield curve retained its rising slope in 2007 Q2. The inclination of the yield curve widened as yield on OFZ bonds with terms of up to one year decreased.

The interest rate structure by instrument maturity remained relatively balanced in the period under review. The yield curves for the key financial instruments retained their rising form.

The US Federal Reserve has been keeping the federal funds rate on the shortest term interbank loans unchanged at 5.25% p.a. since mid-2006. The European Central Bank (ECB) raised its refinancing rate in March from 3.5% to 3.75% p.a. and in June to 4.0% p.a. (it were, respectively, the seventh and eighth rises in the ECB refinancing rate by a quarter of a percentage point since December 2005). The US federal funds rate has exceeded the ECB refinancing rate since December 2004 (since June 13, 2007, the difference has been

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



Source: Reuters.

1.25 percentage points and it has been at its highest level of 2.5 percentage points since December 2004).

The LIBOR on US dollar deposits with terms from one to 6 months remained virtually unchanged in the first half of the year (June 2007 on December 2006), while the one-year deposit rate rose by 0.2 percentage points¹⁵. Rates on euro deposits for all terms increased by 0.5-0.6 percentage points. The yield on US government securities with terms to redemption from 2 to 30 years rose by 0.3-0.5 percentage points, whereas the yield on eurozone government securities with the same maturity periods increased by 0.7-0.8 percentage points. The LIBOR on the US dollar deposits with all maturities and the yield on US treasury bills with all terms to redemption in June remained higher than the LIBOR on the euro deposits and the yield on the eurozone government securities.

Money

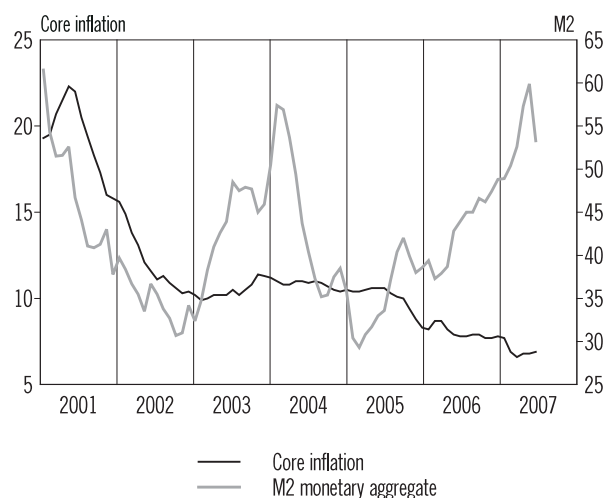
M2 growth stood at 15.5% in the second quarter of the year, exceeding the previous quarter's rate of 4.6% due to seasonal factors. M2 growth on an annualised basis (on the corresponding date of the previous year) accelerated from 52.6% as of April 1, 2007, to 53.3% as of July 1, 2007. As a result, M2 aggregate growth exceeded the forecast for growth in the demand for money in 2007, made in the Guidelines for the Single State Monetary Policy in 2008 (37%-39%) as well as the revised projection (39%-42%), which took into account faster economic growth. However, rapid economic growth and the slower

velocity of money mitigated the inflationary effect of money supply growth. In the second quarter of the year, the velocity of money, calculated by the M2 aggregate, decreased 7.2% (in the same period last year it fell 3.9%). Calculated on an annualised basis, it declined 19.8% as against 10.5% as of July 1, 2006.

The «money» aggregate in monetary survey definition, which comprises the most liquid transactional components of the money supply, reflects the economic situation and liquidity preferences. In the second quarter of the year, these funds increased 15.6% (in the same period last year, they grew 16.2%), mostly due to the expansion of the non-cash component of this aggregate, the demand deposits, as non-financial institutions accumulated funds in their current accounts (to participate in auctions and IPOs). In June and July, growth in this aggregate slowed significantly as auction transactions were completed, YUKOS debt payments to the budget began and the required reserve ratios were raised. **Demand deposits** increased 20.8% in the second quarter of the year as against 16.7% in the same period last year. Their annualised growth accelerated from 57.5% to 63.1% in the second quarter, whereas growth in the «money» aggregate slowed from 49.8% to 49.1%.

The non-cash component of the «money» aggregate is mostly comprised of corporate funds

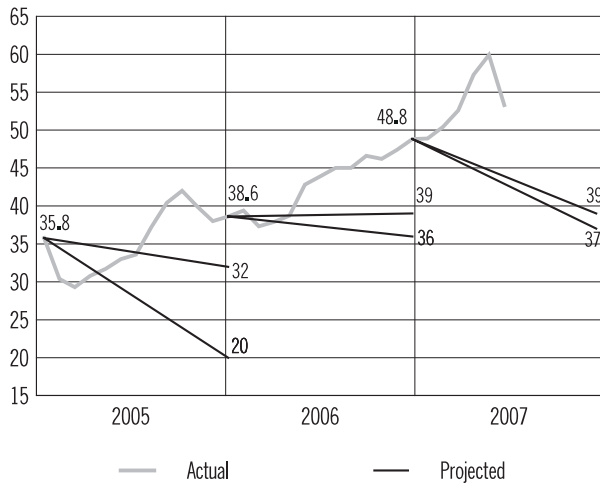
**Core inflation and M2
(as % of corresponding date of previous year)**



Source: The Bank of Russia, Rosstat.

¹⁵ Based on data provided by the Reuters agency.

**Projected and actual M2 growth rates
(as % of corresponding date of previous year)**



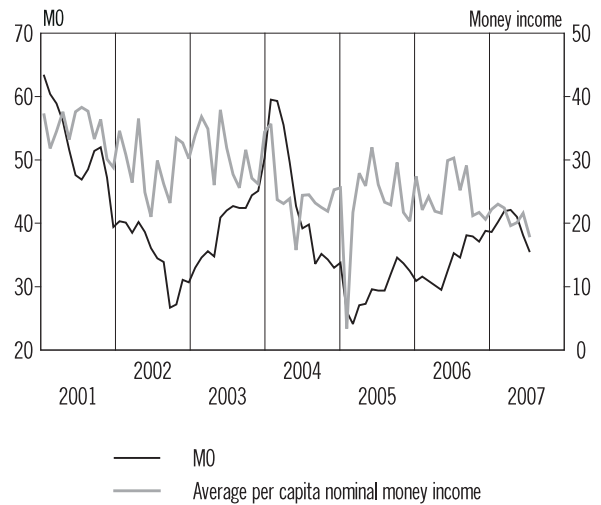
Source: The Bank of Russia.

and its expansion reflects above all economic agents' increased demand for money they need to conduct transactions. The share of corporate funds expanded from 79.9% to 80.4% in the second quarter.

Cash outside banks (M0 aggregate) increased 10.4% in 2007 Q2 as against 15.8% in 2006 Q2. The M0 aggregate's annualised growth slowed from 42.1% to 35.6% in that period and the share of cash in M2 contracted by 1.3 percentage points and as of July 1, 2007, it stood at 27.8%.

Household demand for foreign exchange significantly impacted M0 dynamics in the second quarter of the year. In April-June, net purchases

**M0 and household money income
(month on month of previous year, %)**

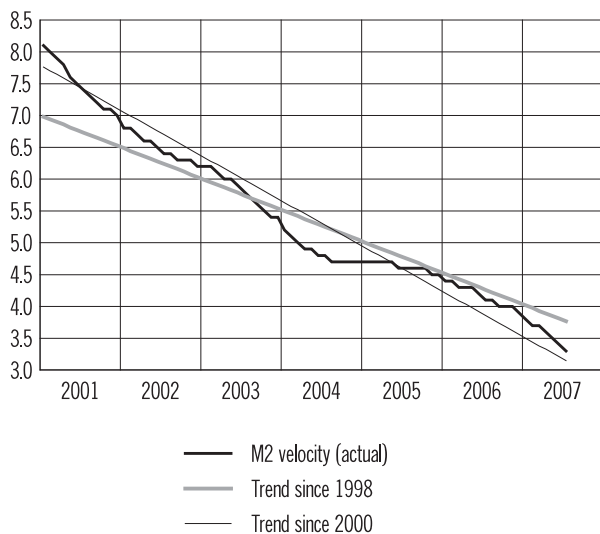


Source: The Bank of Russia, Rosstat.

of foreign exchange from households through the authorised banks' exchange offices aggregated nearly \$600 million, more than 25 times the amount registered in the same period last year. According to balance of payments data, the amount of foreign exchange contracted by \$4.3 billion in the second quarter of the year and in the first half it decreased by \$6.9 billion as against \$4.9 billion in the first half of 2006.

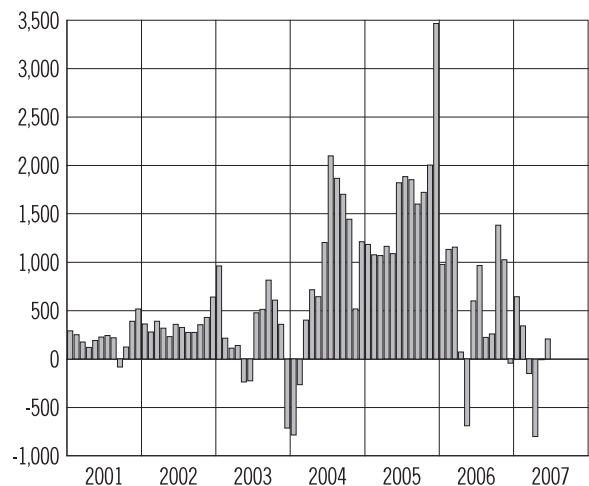
The «quasi-money» aggregate comprises less liquid components of the money supply used by economic agents as savings. In the second quarter of the year, this aggregate expanded 4.5% as against 8.2% in the same period last year

M2 Velocity



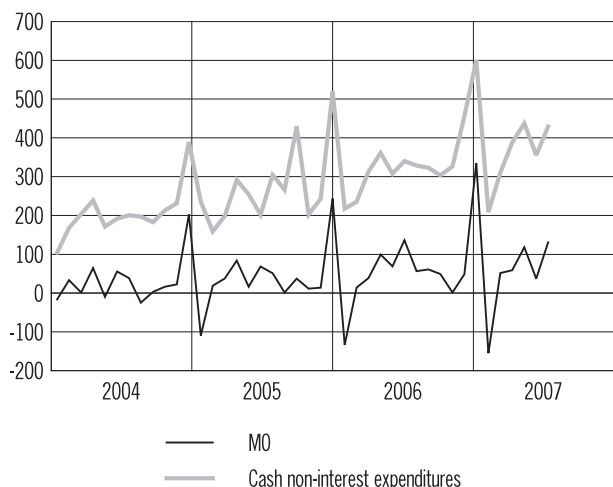
Source: The Bank of Russia.

**Net sales of foreign exchange to households through
exchange offices (million US dollars)**



Source: The Bank of Russia.

Monthly growth in cash in circulation and federal budget cash non-interest expenditures (billion rubles)

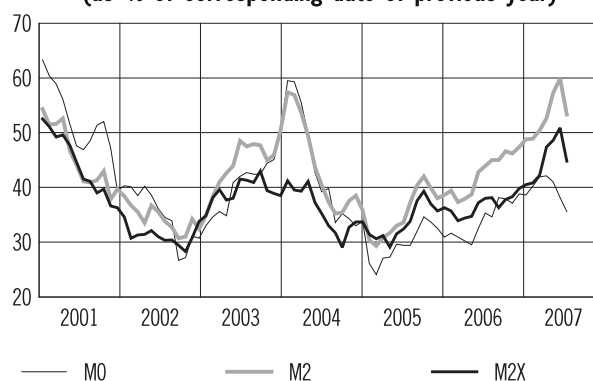


Source: The Bank of Russia, Federal Treasury.

and its annualised growth stood at 39.9% as of July 1, 2007 as against 33.2% as of the same date in 2006. Second-quarter growth in «quasi-money» was due to the expansion of the ruble component. Ruble time deposits increased 14.9% in 2007 Q2 as against 12.8% in 2006 Q2 and their annualised growth accelerated from 57.2% as of April 1, 2007, to 60.1% as of July 1, 2007. Foreign currency-denominated deposits contracted 20.0% in dollar terms in 2007 Q2, whereas in the same period last year they increased 2.1%.

Growth in the money supply, including foreign currency deposits (M2X aggregate), stood at 10.4% in the second quarter of the year

Monetary aggregates (as % of corresponding date of previous year)



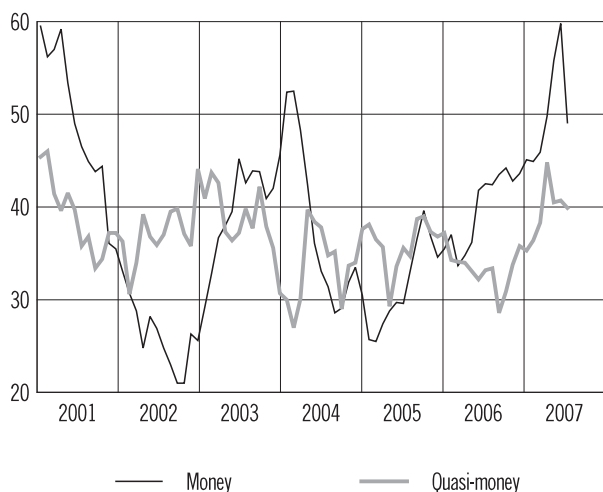
Definitions of aggregates:
 M0 - cash in circulation (outside banks);
 M2 = M0 + ruble accounts of resident non-financial institutions and households;
 M2X (money supply in the monetary survey definition) = M2 + foreign currency deposits.

Source: The Bank of Russia.

as against 12.3% in the same period last year. Overall, as a result of the fall in the demand for foreign exchange in the second quarter of the year the annualised M2 growth was higher than M2X growth, which stood at 44.8% as of July 1, 2007 as against 38.0% as of the same date in 2006.

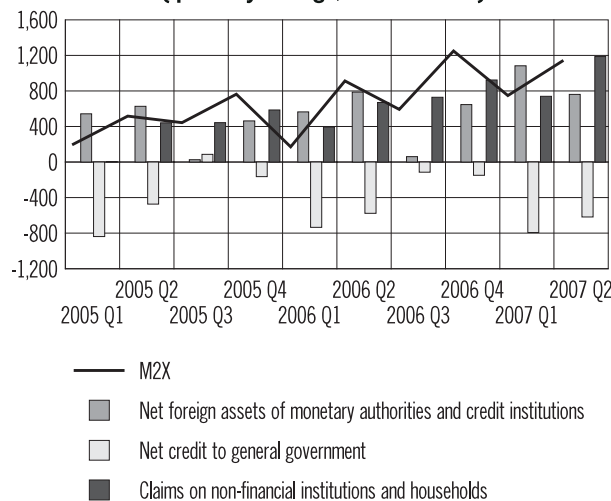
The dollarisation ratio (the share of the foreign currency component in the money supply in its monetary survey definition) decreased by 3.8 percentage points in the second quarter of the year and as of July 1, 2007, it stood at 9.8% (in the same period last year it fell by 1.9 percentage points and in 2006 as whole by 4.9 percentage

Money and Quasi-money (as % of corresponding date of previous year)



Source: The Bank of Russia.

Major sources of money supply growth (quarterly change, billion rubles)



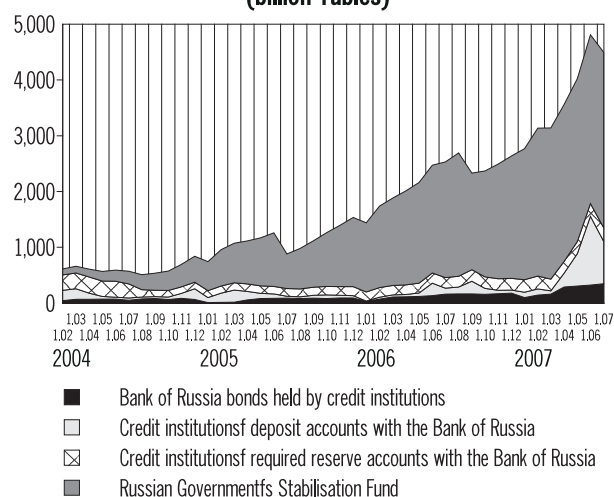
Source: The Bank of Russia.

points). At the same time, the ruble time deposits accounted for the largest part of M2X (34.7% as of July 1, 2007, as against 31.4% as of July 1, 2006).

The principal source of growth in the money supply that comprises foreign currency deposits in 2007 Q2 was the **banking sector's net foreign assets**, which increased by 761.8 billion rubles as against 787.5 billion rubles in 2006 Q2. **Domestic credit** expanded by 544.6 billion rubles as against 126.7 billion rubles in the same period last year. Growth in the non-cash component of M2X, that is, enterprise and household funds raised by banks in rubles and foreign currency, which increased by an annualised 48.5% as of July 1, 2007, was a little slower than growth in bank claims on non-financial enterprises and households (52.5%). This despite the fact that in the second quarter of the year these claims increased more than in the same period last year (by 12.9% as against 10.9%). Therefore, the role of banking sector's credit to non-financial enterprises and households as a source of growth in the aggregate money supply increased in 2007 Q2.

The broad monetary base expanded 22.0% in the second quarter of the year as against 20.8% in the second quarter last year. The share of credit institutions' funds in correspondent accounts with the Bank of Russia in the broad monetary base contracted in that period from 12.3% to 10.3%, whereas the share of credit institutions' funds absorbed by the Bank of Russia by taking them on deposit and OBR operations expanded

Banking sector liquidity absorption (billion rubles)*



* As of the 1st day of each month.
Source: The Bank of Russia, Ministry of Finance.

from 12.8% to 21.6%. The share of tied funds, including credit institutions' required reserves, also increased, from 17.8% to 26.4% (in 2006 Q2, it expanded by 1.9 percentage points to 14.1%).

The main source of growth in broad money in the second quarter of the year was the **net foreign assets of the monetary authorities**, which rose by 1,650.6 billion rubles. The accumulation of funds in general government accounts, which was largely due to the expansion of the **Stabilisation Fund**, had a major restraining effect on money supply growth in that period. In the first half of the year, the Stabilisation Fund expanded by 33.8% to 3,141.4 billion rubles (in the same period of 2006, it grew by 67.1%).

Statistical Addendum

Table 1

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

	Monthly inflation	Core inflation	Food price growth	Food price growth*	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices**	Service price growth
2005								
January	2.6	0.9	1.4	1.1	5.1	0.4	0.5	8.8
February	1.2	0.7	1.4	0.9	6.1	0.4	0.4	2.2
March	1.3	0.8	2.1	1.1	11.2	0.4	0.4	1.2
April	1.1	0.9	1.7	1.3	5.4	0.5	0.4	0.8
May	0.8	0.6	1.1	0.7	4.1	0.4	0.4	0.8
June	0.6	0.5	0.7	0.4	3.3	0.3	0.3	0.9
July	0.5	0.5	0.3	0.5	-1.8	0.4	0.4	0.9
August	-0.1	0.5	-1.0	0.5	-12.9	0.5	0.4	0.8
September	0.3	0.8	-0.7	0.6	-11.6	1.1	0.8	0.9
October	0.6	0.7	0.4	0.6	-2.4	0.7	0.7	0.7
November	0.7	0.6	0.9	0.6	4.5	0.6	0.6	0.6
December	0.8	0.6	1.1	0.6	5.6	0.5	0.5	0.8
Full year (December on December)	10.9	8.3	9.6	9.1	14.3	6.4	6.0	21.0
2006								
January	2.4	0.8	2.0	1.0	11.3	0.4	0.5	6.2
February	1.7	1.2	3.0	1.9	12.6	0.5	0.5	1.0
March	0.8	0.7	1.2	0.9	3.2	0.4	0.4	0.7
April	0.4	0.4	0.3	0.3	-0.3	0.3	0.3	0.6
May	0.5	0.4	0.5	0.2	2.6	0.4	0.4	0.6
June	0.3	0.3	0.0	0.1	-0.6	0.3	0.3	0.7
July	0.7	0.5	0.9	0.7	2.7	0.4	0.3	0.6
August	0.2	0.6	-0.5	0.7	-10.0	0.8	0.5	0.8
September	0.1	0.8	-0.6	0.6	-11.0	0.8	0.6	0.5
October	0.3	0.5	0.0	0.4	-4.1	0.6	0.7	0.4
November	0.6	0.6	0.8	0.6	2.7	0.6	0.6	0.5
December	0.8	0.7	1.1	0.8	3.6	0.5	0.5	0.7
Full year (December on December)	9.0	7.8	8.7	8.5	10.3	6.0	5.7	13.9
2007								
January	1.7	0.6	0.9	0.6	4.1	0.4	0.4	4.7
February	1.1	0.5	0.8	0.5	3.6	0.3	0.4	2.6
March	0.6	0.5	0.8	0.5	3.2	0.4	0.4	0.6
April	0.6	0.5	0.8	0.5	3.1	0.4	0.4	0.5
May	0.6	0.3	1.0	0.1	7.8	0.4	0.3	0.5
June	1.0	0.4	1.7	0.4	12.2	0.3	0.3	0.6

* Excluding vegetables and fruit.

** Since March 2005 - the Bank of Russia estimate.

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

Table 2

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

	Monthly inflation	Core inflation	Food price growth	Food price growth*	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices**	Service price growth
2005								
January	2.6	0.9	1.4	1.1	5.1	0.4	0.5	8.8
February	3.9	1.7	2.8	2.0	11.5	0.7	0.9	11.2
March	5.3	2.4	4.9	3.1	24.0	1.1	1.2	12.6
April	6.5	3.3	6.7	4.4	30.8	1.6	1.6	13.5
May	7.3	4.0	7.9	5.1	36.1	2.1	2.0	14.4
June	8.0	4.4	8.6	5.5	40.6	2.4	2.4	15.4
July	8.5	5.0	8.9	6.1	38.0	2.8	2.8	16.5
August	8.3	5.5	7.8	6.6	20.2	3.4	3.2	17.4
September	8.6	6.3	7.1	7.2	6.2	4.5	4.1	18.5
October	9.2	7.1	7.5	7.8	3.6	5.2	4.8	19.3
November	10.0	7.7	8.4	8.4	8.3	5.9	5.5	20.0
December	10.9	8.3	9.6	9.1	14.3	6.4	6.0	21.0
2006								
January	2.4	0.8	2.0	1.0	11.3	0.4	0.5	6.2
February	4.1	2.0	5.0	2.9	25.3	0.9	0.9	7.2
March	5.0	2.8	6.2	3.9	29.3	1.3	1.3	8.0
April	5.4	3.2	6.5	4.2	28.9	1.6	1.6	8.6
May	5.9	3.6	7.0	4.4	32.3	2.0	2.0	9.3
June	6.2	3.9	7.0	4.5	31.5	2.3	2.3	10.0
July	6.9	4.5	8.0	5.2	35.0	2.7	2.7	10.7
August	7.1	5.1	7.4	6.0	21.6	3.5	3.2	11.5
September	7.2	5.9	6.7	6.6	8.2	4.3	3.8	12.0
October	7.5	6.5	6.7	7.0	3.7	5.0	4.5	12.5
November	8.2	7.1	7.5	7.6	6.5	5.5	5.2	13.0
December	9.0	7.8	8.6	8.5	10.3	6.0	5.7	13.9
2007								
January	1.7	0.6	0.9	0.6	4.1	0.4	0.4	4.7
February	2.8	1.1	1.8	1.1	7.8	0.7	0.8	7.4
March	3.4	1.7	2.6	1.7	11.2	1.1	1.2	8.0
April	4.0	2.2	3.3	2.1	14.7	1.5	1.7	8.6
May	4.7	2.5	4.3	2.3	23.6	1.9	2.0	9.1
June	5.7	3.0	6.1	2.7	38.6	2.2	2.3	9.8

* Excluding vegetables and fruit.

** Since March 2005 - the Bank of Russia estimate.

Table 3

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

	Monthly inflation	Core inflation	Food price growth	Food price growth*	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices**	Service price growth
2005								
January	12.7	10.4	12.1	12.9	3.0	7.3	6.2	23.1
February	13.0	10.4	12.4	12.6	7.6	7.2	6.2	23.8
March	13.6	10.5	13.5	12.9	16.4	7.1	6.1	24.6
April	13.8	10.6	14.5	13.2	23.4	7.0	6.0	23.1
May	13.8	10.6	15.2	13.3	29.3	6.6	5.8	22.4
June	13.7	10.6	15.1	13.4	27.5	6.3	5.7	22.4
July	13.2	10.3	14.2	12.9	23.4	6.2	5.7	21.9
August	12.5	10.1	12.9	12.5	14.7	6.1	5.7	21.6
September	12.3	10.0	12.1	12.1	11.3	6.3	5.9	22.0
October	11.7	9.4	11.0	10.9	11.6	6.3	5.9	21.4
November	11.3	8.9	10.3	9.9	14.1	6.3	6.1	21.2
December	10.9	8.3	9.6	9.1	14.3	6.4	6.1	21.0
2006								
January	10.7	8.2	10.2	9.1	21.1	6.5	6.0	18.1
February	11.2	8.7	11.9	10.1	28.4	6.6	6.1	16.7
March	10.6	8.7	10.9	10.0	19.2	6.7	6.1	16.1
April	9.8	8.2	9.4	9.0	12.7	6.4	6.0	15.9
May	9.4	7.9	8.7	8.5	11.1	6.4	6.0	15.6
June	9.0	7.8	8.0	8.1	7.0	6.4	6.0	15.3
July	9.3	7.8	8.7	8.3	11.9	6.3	5.9	15.0
August	9.6	7.9	9.2	8.5	15.6	6.6	6.0	15.0
September	9.5	7.9	9.3	8.5	16.4	6.2	5.8	14.5
October	9.2	7.8	8.8	8.3	14.4	6.1	5.7	14.1
November	9.0	7.8	8.7	8.3	12.4	6.0	5.7	13.9
December	9.0	7.8	8.7	8.5	10.3	6.0	5.7	13.9
2007								
January	8.2	7.7	7.5	8.0	3.1	6.0	5.7	12.3
February	7.6	6.9	5.3	6.6	-5.1	5.8	5.6	14.2
March	7.4	6.7	4.9	6.2	-5.2	5.8	5.6	14.0
April	7.6	6.8	5.4	6.3	-1.9	5.9	5.8	13.9
May	7.8	6.7	5.9	6.3	3.0	5.9	5.7	13.8
June	8.5	6.9	7.7	6.6	16.2	5.9	5.7	13.7

* Excluding vegetables and fruit.

** Since March 2005 - the Bank of Russia estimate.

Table 4

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

	Foodstuffs*	Non-food products	Paid services	Vegetables and fruit	Inflation over period, %	Core inflation	Non-core inflation**
2005							
January	0.4	0.1	1.8	0.2	2.6	0.7	1.9
February	0.8	0.2	2.3	0.5	3.9	1.3	2.6
March	1.3	0.4	2.6	1.0	5.3	1.9	3.3
April	1.9	0.5	2.8	1.3	6.5	2.7	3.8
May	2.1	0.7	3.0	1.5	7.3	3.1	4.1
June	2.3	0.8	3.2	1.7	8.0	3.5	4.5
July	2.5	0.9	3.4	1.6	8.5	3.9	4.5
August	2.8	1.1	3.6	0.8	8.3	4.4	4.0
September	3.0	1.5	3.9	0.3	8.6	5.0	3.6
October	3.3	1.7	4.0	0.1	9.2	5.6	3.6
November	3.6	1.9	4.2	0.3	10.0	6.1	3.9
December	3.8	2.1	4.4	0.6	10.9	6.6	4.3
2006							
January	0.4	0.2	1.5	0.4	2.4	0.6	1.8
February	1.1	0.3	1.7	1.0	4.1	1.5	2.6
March	1.5	0.5	1.9	1.2	5.0	2.1	2.9
April	1.6	0.6	2.0	1.1	5.4	2.5	2.9
May	1.7	0.7	2.2	1.3	5.9	2.7	3.1
June	1.8	0.8	2.4	1.2	6.2	3.0	3.2
July	2.0	0.9	2.5	1.4	6.9	3.4	3.5
August	2.3	1.2	2.7	0.9	7.1	3.9	3.2
September	2.6	1.5	2.9	0.3	7.2	4.6	2.6
October	2.7	1.7	3.0	0.1	7.5	5.0	2.5
November	3.0	1.9	3.1	0.3	8.2	5.5	2.7
December	3.3	2.0	3.3	0.4	9.0	6.1	3.0
2007							
January	0.2	0.1	1.2	0.2	1.7	0.5	1.2
February	0.4	0.3	1.8	0.3	2.8	0.9	1.9
March	0.6	0.4	2.0	0.4	3.4	1.3	2.1
April	0.8	0.5	2.1	0.6	4.0	1.7	2.3
May	0.8	0.7	2.3	0.9	4.7	1.9	2.7
June	1.0	0.8	2.4	1.5	5.7	2.3	3.4

* Excluding vegetables and fruit.

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

Table 5

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

	Foodstuffs*	Non-food products	Paid services	Vegetables and fruit	Inflation over period, %	Core inflation	Non-core inflation**
2005							
January	0.4	0.1	1.8	0.2	2.6	0.7	1.9
February	0.4	0.1	0.5	0.3	1.2	0.6	0.7
March	0.5	0.1	0.3	0.5	1.3	0.6	0.7
April	0.5	0.2	0.2	0.3	1.1	0.7	0.4
May	0.3	0.1	0.2	0.2	0.8	0.5	0.3
June	0.2	0.1	0.2	0.2	0.6	0.4	0.3
July	0.2	0.1	0.2	-0.1	0.5	0.4	0.1
August	0.2	0.2	0.2	-0.6	-0.1	0.4	-0.5
September	0.2	0.4	0.2	-0.6	0.3	0.6	-0.4
October	0.3	0.2	0.2	-0.1	0.6	0.5	0.0
November	0.2	0.2	0.1	0.2	0.7	0.5	0.3
December	0.3	0.1	0.2	0.2	0.8	0.4	0.4
2006							
January	0.4	0.2	1.5	0.4	2.4	0.6	1.8
February	0.7	0.2	0.2	0.5	1.7	0.9	0.7
March	0.4	0.1	0.2	0.2	0.8	0.6	0.3
April	0.1	0.1	0.1	0.0	0.4	0.3	0.0
May	0.1	0.1	0.1	0.1	0.5	0.3	0.2
June	0.0	0.1	0.2	0.0	0.3	0.2	0.1
July	0.3	0.1	0.2	0.1	0.7	0.4	0.3
August	0.3	0.2	0.2	-0.5	0.2	0.5	-0.3
September	0.2	0.3	0.1	-0.5	0.1	0.6	-0.5
October	0.1	0.2	0.1	-0.2	0.3	0.4	-0.1
November	0.2	0.2	0.1	0.1	0.6	0.5	0.2
December	0.3	0.1	0.2	0.1	0.8	0.5	0.3
2007							
January	0.2	0.1	1.2	0.2	1.7	0.5	1.2
February	0.2	0.1	0.7	0.1	1.1	0.4	0.7
March	0.2	0.1	0.1	0.1	0.6	0.4	0.2
April	0.2	0.1	0.1	0.1	0.6	0.4	0.2
May	0.1	0.1	0.1	0.3	0.6	0.2	0.4
June	0.2	0.1	0.2	0.6	1.0	0.3	0.6

* Excluding vegetables and fruit.

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

Table 6

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

	Foodstuffs*	Non-food products	Paid services	Vegetables and fruit	Core inflation	Non-core inflation**
2005						
January	17.0	4.8	70.2	8.0	27.1	72.9
February	21.2	6.2	60.4	12.1	33.4	66.6
March	24.5	6.8	50.0	18.7	36.7	63.3
April	28.6	8.1	43.8	19.5	41.1	58.9
May	29.3	9.2	41.2	20.2	43.1	56.9
June	29.0	9.8	40.5	20.8	44.1	55.9
July	30.1	10.9	40.7	18.3	46.5	53.5
August	33.2	13.2	43.6	9.9	52.3	47.7
September	35.1	17.1	44.9	3.0	58.3	41.7
October	35.9	18.6	43.9	1.6	60.9	39.1
November	35.6	19.2	41.8	3.4	61.1	38.9
December	35.2	19.2	40.3	5.4	60.5	39.5
2006						
January	16.0	6.1	59.5	18.3	24.5	75.5
February	27.2	7.7	40.9	24.1	37.2	62.8
March	30.1	9.1	37.6	23.2	42.4	57.6
April	30.5	10.3	37.9	21.3	45.7	54.3
May	29.3	11.8	37.2	21.8	46.7	53.3
June	28.6	12.9	38.3	20.2	48.4	51.6
July	29.6	13.5	36.7	20.2	49.7	50.3
August	32.7	16.8	38.5	12.1	55.4	44.6
September	35.7	20.2	39.6	4.5	63.4	36.6
October	36.3	22.4	39.4	2.0	66.7	33.3
November	36.2	22.9	37.7	3.2	67.3	32.7
December	36.6	22.6	36.3	4.6	67.1	32.9
2007						
January	13.4	8.3	69.0	9.3	29.5	70.5
February	14.9	9.2	65.3	10.6	31.3	68.7
March	17.8	11.6	58.1	12.5	38.3	61.7
April	19.5	13.5	52.9	14.0	42.8	57.2
May	18.0	14.3	48.4	19.3	41.6	58.4
June	17.5	13.8	42.7	26.0	40.4	59.6

* Excluding vegetables and fruit.

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

Table 7

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

	Foodstuffs*	Non-food products	Paid services	Vegetables and fruit	Core inflation	Non-core inflation**
2005						
January	17.0	4.8	70.2	8.0	27.1	72.9
February	30.0	9.2	40.0	20.8	46.5	53.5
March	33.6	8.4	20.9	37.0	46.1	53.9
April	46.7	14.1	15.8	23.4	60.9	39.1
May	34.9	18.4	20.6	26.1	60.1	39.9
June	25.7	15.5	32.1	26.6	54.6	45.4
July	48.4	29.6	43.6	-21.6	86.0	14.0
August	<i>No estimate for negative value</i>					
September	92.7	141.5	83.9	-218.1	243.9	-143.9
October	47.2	40.9	29.7	-17.8	96.4	3.6
November	31.6	26.1	18.2	24.1	63.1	36.9
December	31.0	18.8	22.1	28.1	53.5	46.5
2006						
January	16.0	6.1	59.5	18.3	24.5	75.5
February	43.4	10.0	14.0	32.6	55.8	44.2
March	43.9	15.8	21.6	18.7	67.5	32.5
April	35.8	27.0	41.3	-4.2	90.9	9.1
May	16.1	27.6	29.9	26.4	57.3	42.7
June	15.3	34.9	59.7	-10.0	81.6	18.4
July	37.6	19.0	23.4	20.0	60.9	39.1
August	140.5	132.4	97.9	-270.7	249.5	-149.5
September	269.8	290.1	128.8	-588.7	678.9	-578.9
October	51.0	73.9	34.6	-59.5	145.8	-45.8
November	35.6	29.6	17.8	17.0	74.1	25.9
December	39.5	18.9	23.2	18.4	64.4	35.6
2007						
January	13.4	8.3	69.0	9.3	29.5	70.5
February	17.1	10.6	59.7	12.6	34.2	65.8
March	31.4	22.7	24.5	21.4	70.7	29.3
April	29.9	24.5	22.6	23.0	69.6	30.4
May	8.4	19.5	20.6	51.6	34.4	65.6
June	15.6	11.6	16.6	56.2	35.1	64.9

* Excluding vegetables and fruit.

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

Table 8

Russia's key macroeconomic and financial indicators

		Year	Q1	Q2	Q3	Q4	
Macroeconomic indicators							
GDP	over period since start of year, billion rubles	2005	4,479	9,652	15,524	21,620	
		2006	5,662	11,988	19,236	26,781	
		2007	6,566				
	over period since start of year, as % of corresponding period of previous year	2005	105.0	105.3	105.8	106.4	
		2006	105.0	106.0	106.3	106.7	
		2007	107.9				
	as % of corresponding quarter of previous year	2005	105.0	105.6	106.6	108.0	
		2006	105.0	107.0	106.8	107.8	
		2007	107.9				
Industrial output indices	as % of corresponding quarter of previous year	2005	103.2	103.6	104.1	104.9	
		2006	103.0	106.0	103.8	103.0	
		2007	108.4	106.7			
	over period since start of year, as % of corresponding period of previous year	2005	103.2	103.4	103.6	104.0	
		2006	103.0	104.4	104.2	103.9	
		2007	108.4	107.7			
Agricultural output	as % of corresponding quarter of previous year	2005	100.3	101.2	103.8	101.4	
		2006	101.3	101.0	100.6	109.5	
		2007	101.9	102.8			
	over period since start of year, as % of corresponding period of previous year	2005	100.3	100.9	102.7	102.4	
		2006	101.3	101.1	100.8	102.8	
		2007	101.9	102.5			
Fixed capital investment	over period since start of year, billion rubles	2005	540.5	1,316.8	2,310.4	3,611.1	
		2006	636.5	1,622.1	2,868.4	4,580.5	
		2007	866.5	2,265.1			
	as % of corresponding quarter of previous year	2005	106.3	108.4	111.4	114.3	
		2006	105.7	114.7	113.0	117.2	
		2007	120.1	123.8			
Retail trade turnover	over period since start of year, billion rubles	2005	1,511.1	3,185.9	4,982.7	7,040.9	
		2006	1,852.4	3,915.5	6,147.6	8,690.3	
		2007	2,235.9	4,741.0			
	as % of corresponding quarter of previous year	2005	110.5	113.8	113.3	113.5	
		2006	111.1	113.3	115.0	115.0	
		2007	113.9	114.3			
Federal budget on accrual basis, as of end of period	revenue	billion rubles	2005	1,196.4	2,386.4	3,681.7	5,127.2
			2006	1,399.1	2,938.1	4,561.0	6,278.9
			2007	1,421.9	3,245.7		
		as % of GDP	2005	26.7	24.7	23.7	23.7
			2006	24.7	24.5	23.7	23.4
			2007	21.7	23.3*		
	expenditure	billion rubles	2005	671.1	1,444.2	2,519.7	3,514.3
			2006	823.2	1,854.7	2,866.5	4,284.8
			2007	945.6	2,169.7		
		as % of GDP	2005	15.0	15.0	16.2	16.2
			2006	14.5	15.5	14.9	16.0
			2007	14.4	15.6*		
Federal budget surplus on accrual basis, as of end of period	billion rubles	2005	525.3	942.2	1,162.0	1,612.9	
		2006	575.9	1,083.4	1,694.5	1,994.1	
		2007	476.3	1,076.0			
	as % of GDP	2005	11.7	9.7	7.5	7.5	
		2006	10.2	9.0	8.8	7.4	
		2007	7.3	7.7*			

Note. Table 8 is based on data compiled by the Bank of Russia, Federal State Statistics Service and on Federal Treasury reported data. From April 2006, pursuant to Bank of Russia Ordinance No. 1660-U, dated February 17, 2006, interest rates on bank lending and deposit operations include data reported by bank branches.

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4
Socio-economic indicators						
Nominal imputed average monthly per employee wage	Rubles	2005	7,638	8,234	8,674	9,651
		2006	9,397	10,401	10,949	12,203
		2007	11,876	13,037		
	as % of corresponding quarter of previous year	2005	122.6	122.4	123.9	126.2
		2006	122.3	125.1	125.1	125.2
		2007	127.3	126.1		
	over period since start of year , as % of corresponding period of previous year	2005	122.6	122.4	123.0	126.9
		2006	122.3	123.7	124.1	124.4
		2007	127.3	126.7		
Real imputed average monthly per employee wage	as % of corresponding quarter of previous year	2005	108.4	107.6	110.0	113.4
		2006	110.3	114.3	114.3	114.8
		2007	118.2	116.8		
Household money income	per capita monthly average, rubles	2005	6,539.5	7,707.3	8,064.7	9,697.7
		2006	8,025.7	9,806.4	10,087.6	11,791.8
		2007	9,752.4	11,744.1		
Household real disposable money income	as % of corresponding quarter of previous year	2005	105.1	114.1	112.7	111.9
		2006	106.8	113.2	111.4	109.3
		2007	112.6	109.9		
	over period since start of year, as % of corresponding period of previous year	2005	105.1	109.8	110.8	111.1
		2006	106.8	110.2	110.6	110.2
		2007	112.6	111.2		
Household spending, as % of income	purchase of goods and payment of services	2005	73.6	70.1	71.9	67.2
		2006	73.9	67.9	71.4	68.2
		2007	74.6	69.6		
	compulsory payments and contributions	2005	8.4	8.8	9.6	9.6
		2006	11.4	11.0	11.6	11.1
		2007	13.1	12.6		
	growth in savings	2005	13.1	10.3	9.5	9.4
		2006	10.7	9.7	7.3	10.3
		2007	9.0	7.7		
	foreign exchange purchase	2005	7.6	8.0	9.1	9.2
		2006	7.6	7.0	7.3	7.4
		2007	5.3	5.4		
	cash on hand	2005	-2.7	2.8	-0.1	4.6
		2006	-3.6	4.4	2.4	3.0
		2007	-2.1	4.7		
Average imputed pension	total, rubles	2005	2,125	2,324	2,467	2,540
		2006	2,539	2,727	2,800	2,839
		2007	2,846	3,091		
Real imputed pension	as % of corresponding quarter of previous year	2005	106.6	108.2	110.6	112.6
		2006	107.8	107.2	103.7	102.5
		2007	104.1	104.9		
	over period since start of year, as % of corresponding period of previous year	2005	106.6	107.4	108.5	109.6
		2006	107.8	107.5	106.1	105.1
		2007	104.1	104.5		
Total number of unemployed (calculated by ILO methodology)	million	2005	6.0	5.5	5.4	5.5
		2006	5.7	5.5	5.0	5.0
		2007	5.3	5.1		
	as % of economically active population	2005	8.2	7.4	7.3	7.5
		2006	7.8	7.4	6.7	6.8
		2007	7.2	6.8		

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4	
Foreign economic activities							
Price of Urals crude	over period since start of year, \$/barrel	2005	43.1	45.4	49.3	50.4	
		2006	57.7	61.1	62.5	60.9	
		2007	54.0	59.7			
	as % of corresponding period of previous year	2005	146.4	146.1	148.2	145.6	
		2006	134.0	134.7	126.7	120.9	
		2007	93.5	97.7			
Exports of goods	over period since start of year, billion dollars	2005	50.2	109.8	174.7	243.8	
		2006	67.4	143.9	223.8	303.9	
		2007	72.1	157.2			
	as % of corresponding period of previous year	2005	134.6	136.4	135.4	133.1	
		2006	134.2	131.1	128.1	124.7	
		2007	107.1	109.3			
Imports of goods	over period since start of year, \$ billion	2005	25.7	55.1	87.6	125.4	
		2006	31.0	69.8	112.6	164.7	
		2007	42.9	95.5			
	as % of corresponding period of previous year	2005	129.1	128.5	129.1	128.8	
		2006	120.6	126.6	128.6	131.3	
		2007	138.5	136.8			
Current account (over period since start of year), \$ billion		2005	20.1	42.4	62.5	84.4	
		2006	30.5	55.3	79.1	95.3	
		2007	22.5	37.7**			
Net capital outflow (inflow) by private sector (over period since start of year), \$ billion		2005	1.7	-3.6	4.5	0.1	
		2006	-5.7	14.4	26.9	40.9	
		2007	13.9	67.0			
Foreign investment in Russia's non-financial sector (Rosstat data)	over period since start of year, \$ billion	2005	6.0	16.5	26.8	53.6	
		2006	8.8	23.4	35.3	55.1	
		2007	24.6				
	as % of corresponding period of previous year	2005	97.6	86.9	92.1	132.4	
		2006	146.0	141.9	131.7	102.7	
		2007	280.0				
Of which	direct	total, \$ billion	2005	1.9	4.5	6.6	13.1
			2006	3.8	6.4	10.3	13.7
			2007	9.8			
		as % of corresponding period of previous year	2005	130.0	131.0	118.1	138.8
			2006	200.0	143.6	155.5	104.6
			2007	250.0			
	portfolio	total, \$ billion	2005	0.1	0.2	0.4	0.5
			2006	0.2	0.5	0.7	3.2
			2007	0.2			
		as % of corresponding period of previous year	2005	89.9	135.2	160.5	136.3
			2006	290.0	290.0	182.3	700.0
			2007	85.8			
	other	total, \$ billion	2005	4.0	11.8	19.9	40.1
			2006	4.7	16.5	24.4	38.2
			2007	14.7			
		as % of corresponding period of previous year	2005	87.3	76.7	85.2	130.5
			2006	117.2	139.1	122.8	95.3
			2007	310.0			
Russia's international reserves (as of end of period), \$ billion		2005	137.4	151.6	159.6	182.2	
		2006	205.9	250.6	266.2	303.7	
		2007	338.8	405.8			
Real ruble exchange rate indices, last month of quarter (as % of December of previous year)***	ruble vs. dollar	2005	4.7	3.3	2.3	3.9	
		2006	6.9	10.0	12.1	16.7	
		2007	2.3	3.8			
	ruble vs. euro	2005	6.8	14.7	14.2	18.8	
		2006	6.5	4.9	6.0	5.6	
		2007	3.1	4.1			
	effective rate	2005	5.1	8.7	8.3	10.5	
		2006	6.2	7.0	7.9	7.4	
		2007	2.7	3.3			

Table 8 (continued)

	Year	Q1	Q2	Q3	Q4	
Financial market indicators (including Sberbank rates)						
Average for period						
Overnight interbank loan rates, % p.a.	in rubles	2005	1.2	3.0	2.3	4.6
		2006	3.2	2.8	2.6	5.1
		2007	3.9	3.4		
	in US dollars	2005	2.3	2.8	3.3	3.9
		2006	4.4	4.8	5.2	5.2
		2007	5.2	5.2		
OFZ yields****, % p.a.	2005	7.9	8.0	7.7	7.1	
	2006	6.8	6.9	6.8	6.7	
	2007	6.6	6.6			
Interest rates on household time deposits, % p.a.	up to 1 year in rubles	2005	9.5	8.6	8.5	8.4
		2006	8.3	8.0	7.6	7.7
		2007	7.4	7.3		
	over 1 year in rubles	2005	8.4	7.9	6.2	6.4
		2006	7.6	5.1	5.2	5.4
		2007	7.9	7.5		
	up to 1 year in US dollars	2005	5.6	5.7	5.6	5.6
		2006	5.6	5.7	5.7	5.9
		2007	5.4	5.3		
	over 1 year in US dollars	2005	6.1	5.6	5.8	5.5
		2006	6.2	4.7	5.0	5.5
		2007	6.8	6.6		
Interest rates on credit to non-financial institutions, % p.a.	up to 1 year in rubles	2005	10.6	10.7	10.3	11.0
		2006	10.4	10.8	10.3	10.4
		2007	9.9	9.6		
	over 1 year in rubles	2005	13.0	11.7	12.9	12.1
		2006	12.7	12.9	12.5	12.1
		2007	12.1	11.5		
	up to 1 year in US dollars	2005	7.9	8.6	9.0	8.8
		2006	8.6	8.4	8.6	8.5
		2007	8.7	8.8		
	over 1 year in US dollars	2005	9.6	9.6	10.4	10.4
		2006	10.5	10.2	10.4	10.0
		2007	10.3	10.1		
Interest rates on ruble promissory notes discounted by banks, % p.a.	2005	10.9	10.6	9.9	10.0	
	2006	12.9	8.7	9.2	9.7	
	2007	9.5	8.9			
MICEX rate in "tomorrow" trades, rubles/\$	2005	27.8560	28.1012	28.5150	28.7151	
	2006	28.0733	27.1897	26.8053	26.5910	
	2007	26.1795	25.8599			
As of end of quarter						
RTS index, points	2005	669.1	706.4	1,007.8	1,125.6	
	2006	1,435.0	1,494.6	1,550.0	1,921.9	
	2007	1,935.7	1,897.7			
Refinance rate, % p.a.	2005	13.0	13.0	13.0	12.0	
	2006	12.0	11.5	11.5	11.0	
	2007	10.5	10.0			

Table 8 (end)

		Year	1.01	1.04	1.07	1.10
Monetary indicators						
M0, billion rubles		2005	1,534.8	1,481.7	1,650.7	1,740.7
		2006	2,009.2	1,928.8	2,233.4	2,400.8
		2007	2,785.2	2,741.2	3,027.5	
M2, billion rubles		2005	4,363.3	4,474.6	4,927.4	5,292.8
		2006	6,045.6	6,169.4	7,092.3	7,757.5
		2007	8,995.8	9,412.6	10,874.0	
Net foreign assets of monetary authorities and credit institutions, billion rubles		2005	3,210.0	3,753.3	4,379.7	4,405.4
		2006	4,867.9	5,433.6	6,221.1	6,281.9
		2007	6,927.5	8,010.6	8,772.5	
Domestic claims, billion rubles		2005	4,345.6	3,509.6	3,487.7	4,035.2
		2006	4,460.8	4,129.4	4,256.1	4,944.1
		2007	5,727.7	5,696.9	6,241.6	
Money (monetary survey definition), billion rubles		2005	2,848.3	2,859.6	3,144.3	3,371.9
		2006	3,858.5	3,855.9	4,479.3	4,856.1
		2007	5,598.4	5,774.3	6,676.5	
Quasi-money (monetary survey definition), billion rubles		2005	2,450.4	2,640.0	2,871.6	3,086.5
		2006	3,362.6	3,537.0	3,825.5	4,041.1
		2007	4,548.3	5,120.2	5,352.7	
Foreign currency deposits, billion rubles		2005	935.1	1,024.9	1,090.6	1,167.9
		2006	1,178.2	1,225.9	1,221.0	1,153.2
		2007	1,155.4	1,490.6	1,183.7	
Broad monetary base, billion rubles		2005	2,380.3	2,250.1	2,302.8	2,538.9
		2006	2,914.1	2,721.0	3,285.9	3,484.2
		2007	4,121.6	4,209.2	5,137.1	
Balances in correspondent accounts, billion rubles		2005	480.4	320.9	276.7	374.4
		2006	508.6	320.0	430.9	443.7
		2007	638.1	518.1	528.7	
M2 velocity	annual average	2005	4.7	4.7	4.6	4.6
		2006	4.4	4.3	4.1	4.0
		2007	3.8	3.6	3.3	
	change since start of year, %	2005	-10.0****	-1.1	-1.9	-3.4
		2006	-6.5****	-2.3	-6.1	-9.6
		2007	-13.5*****	-6.1	-12.8	
Monetisation of the economy (by M2 aggregate), %		2005	21.2	21.4	21.6	22.0
		2006	22.7	23.2	24.2	25.1
		2007	26.2	27.6	30.1	
Money multiplier	by broad monetary base	2005	1.8	2.0	2.1	2.1
		2006	2.1	2.3	2.2	2.2
		2007	2.2	2.2	2.1	
	change since start of year, %	2005	9.2****	8.5	16.7	13.7
		2006	13.2*****	9.3	4.0	7.3
		2007	5.2****	2.5	-3.0	
Foreign exchange rates	rubles per UD dollar	2005	27.8	27.9	28.6	28.5
		2006	28.8	27.7	26.9	26.8
		2007	26.3	26.0	25.8	
	rubles per euro	2005	37.8	36.0	34.6	34.3
		2006	34.2	33.6	34.2	34.0
		2007	34.7	34.7	34.7	

* Preliminary data.

** Estimate.

*** Appreciation of the ruble (+), depreciation of the ruble (-).

**** Effective indicator of the OFZ market portfolio.

***** Relative to start of previous year.

