



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

Quarterly Inflation Review

2011 Q2

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/>.*

Contents

Introduction.....	3
Inflation Dynamics.....	4
<i>Consumer prices</i>	4
<i>Housing prices</i>	7
<i>Producer prices</i>	7
<i>Foreign trade</i>	9
<i>Demand</i>	12
<i>Supply</i>	14
<i>Employment and unemployment</i>	15
Monetary Conditions	17
<i>Exchange rate</i>	17
<i>Interest rates</i>	19
<i>Asset prices</i>	22
<i>Monetary aggregates</i>	23
<i>Credit aggregates</i>	25
Bank of Russia press releases on monetary policy measures in April-August 2011	27
Statistical Addendum	30

Introduction

The Russian economy registered further growth of goods and services production in the first half of 2011. Increasing domestic demand was the key driver of GDP growth. The lack of stability in the global economy affected the dynamics of external demand and Russian exports, which expanded in the wake of rising energy prices. There was an increase in the net outflow of private capital from the country. Macroeconomic indicators moved in opposite directions in the first half of the year.

The number of people employed in the economy increased, while the unemployment rate fell visibly. Real disposable money income of households dropped in the first half of the year. Still, output growth was fuelled by rising consumer demand. Fixed capital investments embarked on a growth path in the second quarter.

Actual output stayed on an upward trend, moving closely to its potential (natural) levels, which did not prevent price growth from slowing down. The increase in consumer prices was also restrained by the appreciation of the ruble. The growth of food prices, especially vegetable and fruit prices, tended to slow down, which suggested the weakening of the supply shock in the food market caused by the drought in the summer of 2010. From the second half of 2011, year-on-year inflation is expected to slow down.

With inflationary pressures persisting in the second quarter of 2011, the Bank of Russia continued to gradually tighten the monetary policies that it had launched in December 2010. Phased increases in interest rates on some of the Bank

of Russia's operations resulted in the interest rate band narrowing and shifting upward. Against the backdrop of slower inflation and persisting risks to sustainable economic growth in June and August, the Bank of Russia kept the interest rates on its operations unchanged.

The increased interest rates on Bank of Russia operations exercised moderate upward pressure on money market interest rates, which stayed at the lower limit of Bank of Russia interest rate band. The average MIACR on overnight ruble-denominated interbank loans rose to 3.6% p.a. in the second quarter from 2.9% p.a. in the first quarter. Price indicators in the credit, deposit and stock markets changed without any particular pattern in the period under review.

Credit aggregates continued to grow in the second quarter of 2011. The annual rate of growth in the total debt on loans stood at 17.8% as of July 1, 2011. The contribution of credit activity to the expansion of broad money supply increased considerably in January-June 2011. In the meantime, a significant decrease in the net claims to general government from the Bank of Russia (largely due to accumulating funds in Bank of Russia accounts) had a containing effect on the growth of money supply.

Current monetary indicator dynamics and tightening real monetary conditions may pave the way to a gradual reduction of inflation risks. The considerably enhanced role of credit activity in shaping money supply is laying the groundwork for the Bank of Russia to implement its interest rate policies more efficiently.

Inflation Dynamics

«The Guidelines for the Single State Monetary Policy in 2011 and for 2012 and 2013» call for bringing the inflation rate down to 6-7% in 2011. Year-on-year inflation changed insignificantly in the first half of the year and varied between 9.4% and 9.6%. In the first months of 2011, it was driven primarily by rising food prices following the 2010 poor harvest. With consumer demand going up, non-food goods and services prices averaged higher growth rates than in the same period of 2010.

Food price growth began to slow down in February 2011, when this trend was replaced by the cheapening of food goods in July. This was largely driven by declining vegetable and fruit prices in the second quarter and especially in July 2011. It all may mean that the contracting supply of agricultural output has been yielding less impact on prices.

If current trends continue and no shocks occur, the end-year inflation rate in 2011 may come close to the upper limit of the established yearly band.

Producer prices in the first six months of 2011 were marked by faster growth of producer prices of industrial goods (including manufacturers producing goods for the consumer market), by slower growth of producer prices in construction, communications and freight transport, and by low producer price growth in agriculture.

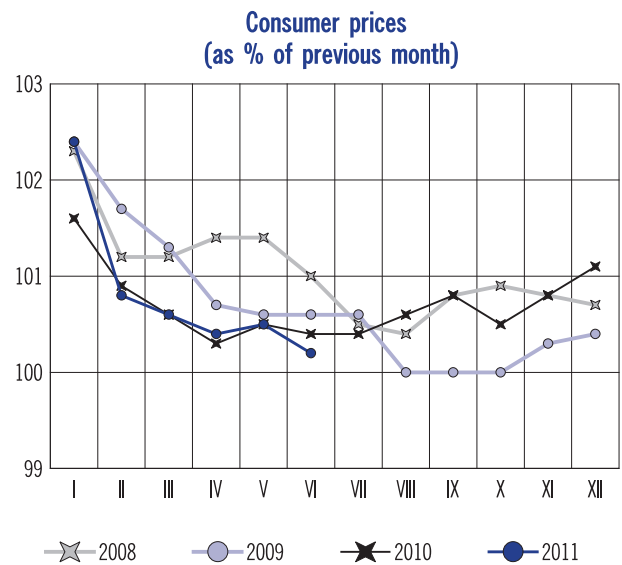
Consumer prices

According to the Federal State Statistics Service (Rosstat), consumer prices rose by 5.0% in January-June 2011 or by 0.6 percentage points more compared with the same period of 2010. Over 12-month moving period the growth rate of consumer prices in June 2011 measured 9.4% compared with 8.8% in December 2010.

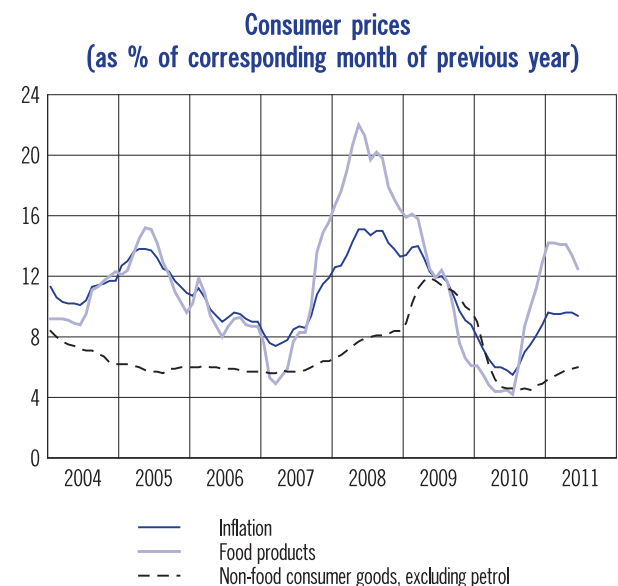
Inflation accelerated in January-June 2011 mainly due to the rising prices of the goods and services included in core inflation calculation, which equalled 3.8% as against 2.0% in the same period of 2010. Growth in the prices of goods and services included in the core inflation calculation accounted for an estimated 3.0 per-

centage points, or 60.1%, of the inflation rate as against 1.6 percentage points, or 37.2%, in January-June 2010.

Food prices excluding vegetable and fruit prices grew by 4.5% in January-June 2011, as against 2.4% in the first six months of 2010. Growth in the prices of this group of food products accounted for an estimated 1.6 percentage points, or 31.1%, of the inflation rate in the first six months of 2011, as against an estimated 0.8 percentage points, or 19.0%, in the same period of 2010.



Source: Rosstat.



Source: Rosstat.

Consumer price inflation (%)

	Growth		
	June 2011 on December 2010	June 2010 on December 2009	Change, percentage points
Prices of goods and services, total	5.0	4.4	Acceleration of growth by 0.6
of which:			
– food prices	5.0	5.4	Slowing of growth by 0.4
– food prices, excluding vegetable and fruit prices	4.5	2.4	Acceleration of growth by 2.1
– non-food goods prices	3.5	1.9	Acceleration of growth by 1.6
– prices of paid services provided to households	7.2	6.4	Acceleration of growth by 0.8
Prices of goods and services included in core inflation calculation	3.8	2.0	Acceleration of growth by 1.8

Source: Rosstat.

In the first half of 2011, the most significant increase in basic food prices excluding vegetable and fruit prices was registered in the prices of groats and beans (19.9%), bread and bakery products (7.6%), and fish and seafood (7.2%) (compared with 4.5%, 0.9% and 0.5% in the first half of 2010 respectively). The prices of other basic food products also showed higher growth rates in January-June 2011, than in the same period a year earlier. In the meantime, granulated sugar and egg prices went down.

Vegetable and fruit prices increased by 8.7% in the first six months of 2011, or by 25.1 percentage points less than in the corresponding period of 2010. The growth of vegetable and fruit prices accounted for an estimated 0.4 percentage points, or 7.3%, of the overall consumer price growth. In 2010, these numbers were 1.2 percentage points and 27.7%.

Overall, food prices increased by 5.0% in January-June 2011, compared with 5.4% in the previous year.

Growth in non-food goods prices accelerated to 3.5% in the first half of 2011 from 1.9% in the same period of 2010. The increase in non-food goods prices accounted for an estimated 1.2 percentage points, or 24.6%, of the inflation rate. In January-June 2010, these numbers were 0.7 percentage points and 15.8%. The highest price growth was registered for tobacco (12.4%) and petrol (10.6%) (9.4% and 2.3% in the first six months of 2010 respectively). The growth of petrol prices accounted for an estimated 0.7 percentage points, or 21.0%, to the overall non-food goods price growth. The growth in the prices of fabrics, clothing, underwear, knitwear and footwear did not exceed 3.5%. The prices of television

Food price inflation (%)

	Growth		
	June 2011 on December 2010	June 2010 on December 2009	Change, percentage points
Foodstuffs	5.0	5.4	Slowing of growth by 0.4
Bread and bakery products	7.6	0.9	Acceleration of growth by 6.7
Groats and beans	19.9	4.5	Acceleration of growth by 15.4
Pasta	4.3	-2.7	
Meat and poultry	4.7	1.3	Acceleration of growth by 3.4
Fish and seafood	7.2	0.5	Acceleration of growth by 6.7
Milk and dairy products	3.0	3.6	Slowing of growth by 0.6
Butter	3.1	5.3	Slowing of growth by 2.2
Sunflower oil	6.2	0.3	Acceleration of growth by 5.9
Granulated sugar	-4.7	-3.4	
Vegetables and fruit	8.7	33.8	Slowing of growth by 25.1
Alcoholic beverages	4.8	5.7	Slowing of growth by 0.9

Source: Rosstat.

sets and radios declined by 0.6% (compared with a reduction by 1.7% in the first half of 2010).

Prices and rates of paid services provided to households increased by 7.2% in January-June

2011 (compared with 6.4% in the same period of 2010), and accounted for an estimated 1.9 percentage points, or 37.1%, of the headline consumer price growth in the first half of 2011 (com-

Analysis of the price growth distribution (in the second quarter) for goods and services in 2008-11 was made using a sample composed of more than 450 consumer goods and services regardless of their weights in consumer spending.

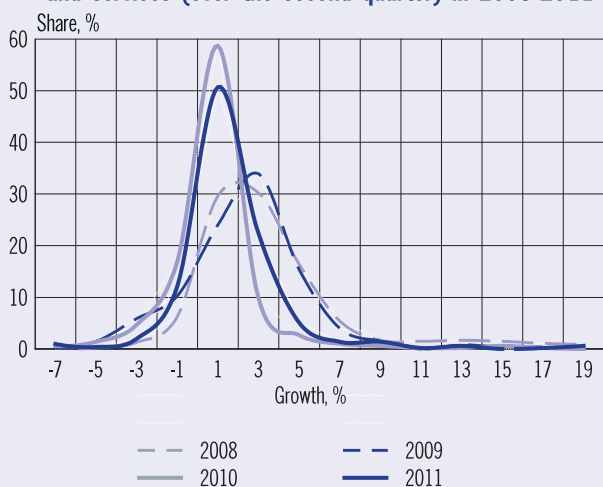
In the past four years, more than half of the consumer goods and services in question demonstrated price growth ranging from 0 to 4%. In 2008-09, their share was not more than 60%, but it has gone up in the past two years. The interval accommodated 73% of goods and services in the second quarter of 2011 (68.5% in the corresponding period of 2010). The share of goods and services, whose prices had dropped, made 17% in the second quarter of 2011 (25.3% in 2010).

The key characteristics of the distribution are: the median, mean, and standard deviation. In the second quarter of 2011, the median, which in this type of distribution reflects the price growth of the bulk of goods and services, measured 1.5% (0.8% in the corresponding period of 2010) and was lower than in 2008 and 2009 (2.7% and 2.4% respectively). The mean increased by 0.6 percentage points in the second quarter of 2011, compared to the same period of 2010, to stand at 1.6%. The standard deviation, which shows how diffuse the distribution is, dipped to 4.0%, as against 4.3% a year earlier. The standard deviation in the distribution of price growth for paid services increased to 4.2% from 3.2% in the second quarter of 2010, as a result of a steep rise in the prices of some types of transportation services.

The median of distributions of foodstuffs, non-food goods and services differed little in the second quarter of 2011, ranging from 1.4% to 1.6%. During this period, the price growth interval of 0 to 2% accommodated 43.5% of foodstuffs, 56.2% of non-food goods, and 45.9% of services (corresponding ratios equalled 55.6%, 58.8% and 61.8% in the same period of 2010).

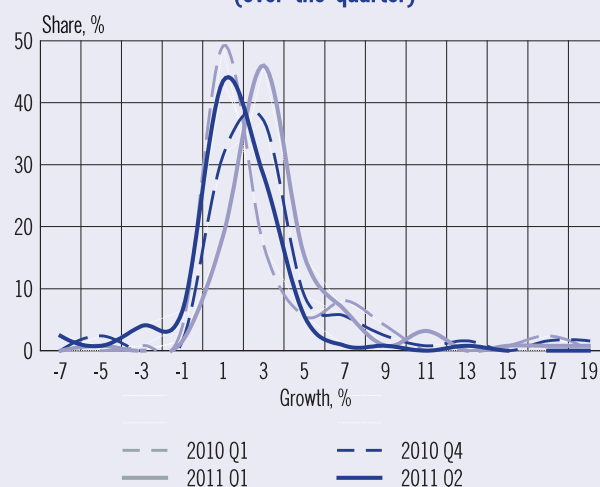
These distributions are an additional tool to analyse the negative supply shock dynamics in the food market caused by the drought. The shock had first manifested itself in the third quarter of 2010. Because of adverse weather, goods experiencing price growth of more than 14% came to represent 7.2% (3.2% in the second quarter of 2010). The share of goods with declining prices, which was typical of that quarter, accounted for 8.8%. As a result, the standard deviation soared to 11.1%. In the meantime, the median of distribution was quite low at 1.4%, with the price growth interval of 0 to 2% housing 49.2% of all foodstuffs. In the two quarters that followed, the share of goods with decreasing prices plummeted (to 4.8% and 2.4% respectively), while goods with fast growing prices retained their significant share (7.2%). The standard deviation dropped almost by half, with the median measuring 2.8% and 3.0% respectively. The high price growth in the first quarter of 2011 was partly due to seasonal factors, and the impact of the supply shock began to diminish. In the second quarter, the share of goods with high (over 14%) price increases fell to 0.8%, while the share of goods with lowering prices reached 15.3%, and the median dropped to 1.5%.

Distribution of price growth for consumer goods and services (over the second quarter) in 2008-2011



Source: Rosstat, Bank of Russia calculations.

Distribution of price growth for consumer foodstuffs (over the quarter)



Source: Rosstat, Bank of Russia calculations.

pared with 1.7 percentage points, or 37.5%, of the inflation rate in January-June 2010).

Administered prices of paid services grew by an estimated 10.3% in January-June 2011, which was by 0.6 percentage points slower, than in the same period last year. Housing and public utility prices rose by 10.9% in the first six months of 2011, as against 11.9% in January-June 2010. Passenger transport fees grew by 9.5% in the first six months of 2011, as against 7.0% in the same period a year earlier.

Price growth accelerated for most types of services included in the core inflation calculation in the first half of 2011. The largest growth was recorded in the prices of sanatoria, resorts and health care services (11.7%), and preschool tuition services (9.5%). In January-June 2010, these measures were 8.1% and 4.5%.

The growth of the prices and rates of paid services provided to households was 3.0 percentage points higher than the overall increase in goods prices (this compares with 2.7 percentage points in the corresponding period of 2010).

According to Rosstat data, consumer price growth was higher in all **federal districts of Russia** except for the North Caucasian Federal District in the first half of 2011 than in the same period of the previous year.

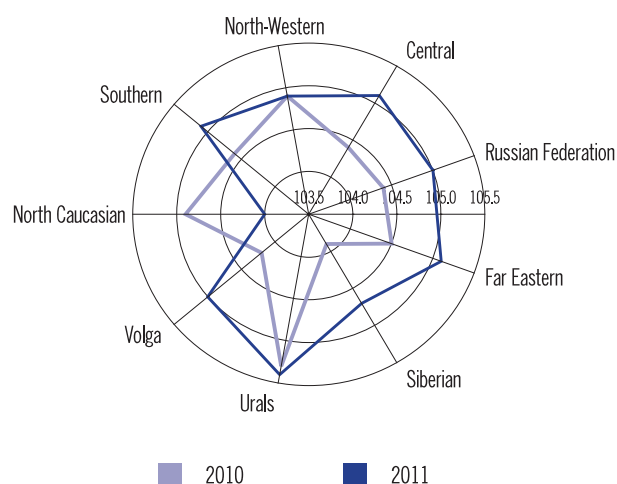
June 2011 estimates suggests that there were less differences between federal constituent territories of the Russian Federation in terms of the price of a fixed set of goods and services used by the Federal State Statistics Service for interregional comparisons of the purchasing power of households. For example, the regional difference ratio¹ fell to 39.8% against 42.5% in September last year.

The rates of growth in food price, excluding vegetable and fruit prices, ranged from 3.5% to 5.1% in the federal districts in the first half of 2011. The corresponding interval of price growth for non-food goods was 3.2% to 4.1%.

The rates of growth in vegetable and fruit prices differed significantly by region. For example, these prices rose by 6.2% in the Volga Federal District and by 13.1% in the Urals Federal District.

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

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



Source: Rosstat.

In January-June 2011, the price growth rates for paid services provided to households in the federal districts varied between 6.5% and 8.4% and, except for the North Caucasian and Urals Districts, were higher than in the same period of past year.

Housing prices

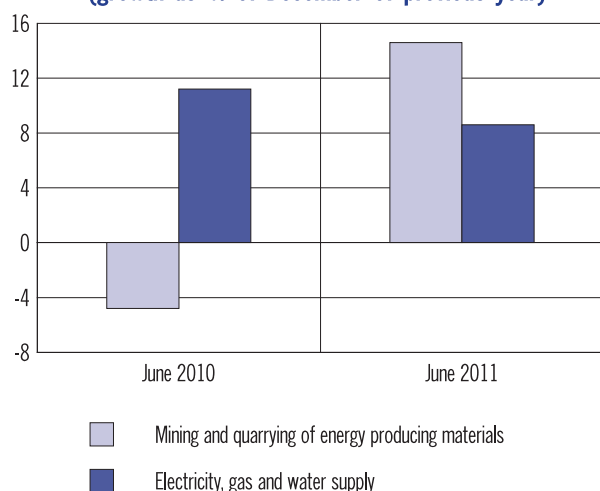
Housing prices increased by 3.1% in the primary market and by 2.4% in the secondary market in January-June 2011 from December of the previous year. Over the same period of 2010, housing prices grew by 0.1% in the primary market and by 1.4% in the secondary market.

In January-June 2011, housing price dynamics were influenced by some rebound in the real estate market amid the contraction of commissioned housing. Specifically, the floor space commissioned in January-June 2011, contracted by 3.7% compared with the same period of 2010 (in decreased by 0.6% a year before).

Producer prices

Industrial producer prices rose by 7.9% in January-June 2011, as against 5.5% in the same period a year earlier. The accelerating producer price growth was chiefly attributable to the increase in mining and quarrying prices. Producer prices in this type of economic activity grew by 14.4% during the first six months of 2011, whereas in the same period of 2010 they fell by 2.7%. Producer prices in the mining and quarry-

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



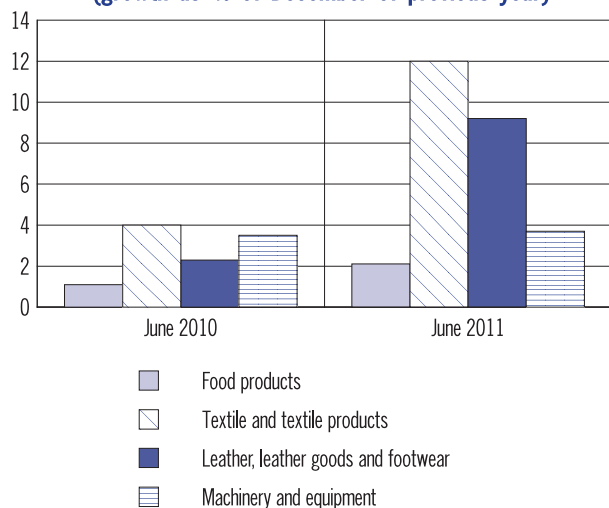
Source: Rosstat.

ing of energy producing materials increased by 14.6% in the first six months of 2011 (in January-June 2010, they declined by 4.8%).

In the first half of 2011, price growth in electricity, gas and water supply slowed down by 2.6 percentage points to 8.6%, compared with the corresponding period of 2010.

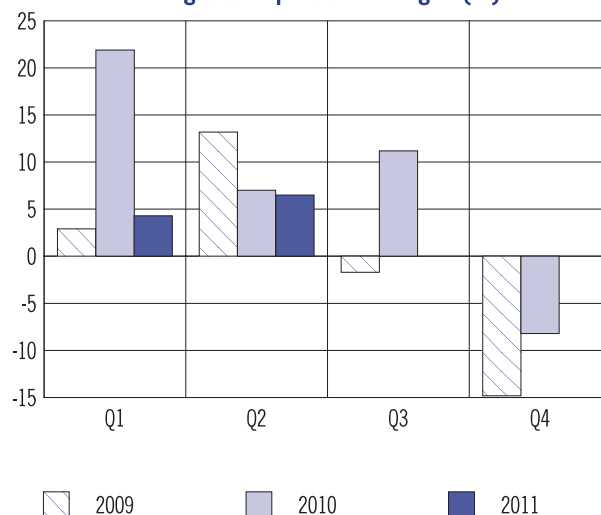
Growth in consumer goods producer prices accelerated. Specifically, producer prices for foodstuffs, including beverages, and tobacco products were up 1.0 percentage point compared with the first half of 2010, to reach 2.1%; and for textile and textile products they grew by 8.0 percentage points to reach 12.0%. In the production of leather, leather goods and footwear producer prices

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



Source: Rosstat.

Freight transportation charges (%)



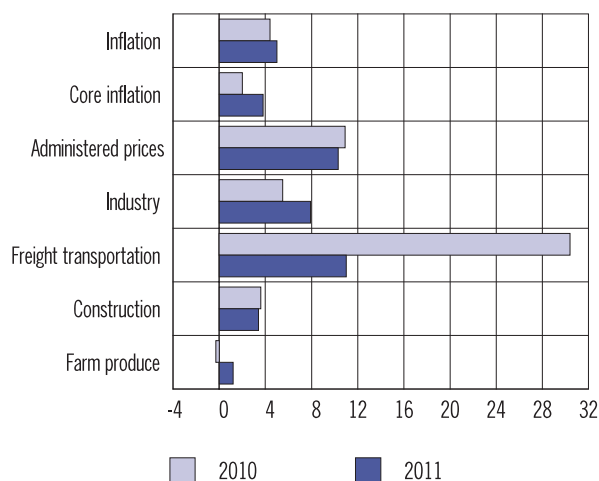
Source: Rosstat.

increased by 9.2%, up by 6.9 percentage points compared with the first six months of 2010.

Producer prices in manufacturing industries rose by 5.5% in the first half of 2011 (8.6% in the same period of 2010). Among manufactured goods, textile and textile products chalked up the highest growth (12.0%) followed by coke (9.9%). Producer prices in the output of petroleum products grew moderately by 6.7% (8.5% a year before).

Recent surveys of actual and projected producer prices dynamics (June 2011) conducted by Gaidar Institute for Economic Policy showed that the slowdown of producer price growth recorded by surveys since February has stopped (the total

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



Source: Rosstat.

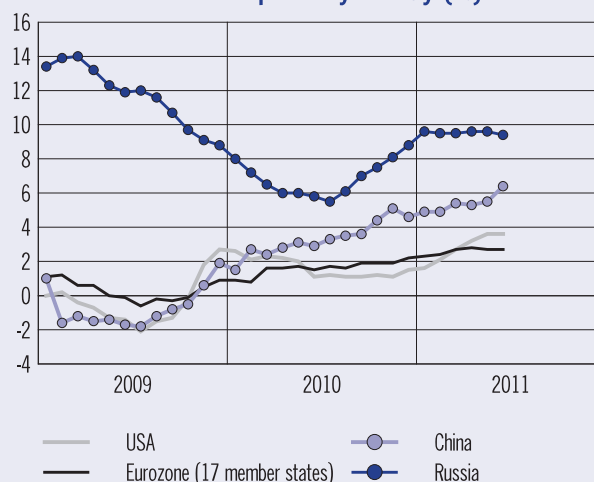
Inflation in countries trading with Russia¹

Consumer price growth in the countries that account for a considerable weight in the structure of Russian imports equalled 3.8% in the first half of 2011 (June on December of the previous year) compared with 1.5% in the corresponding period of 2010. The inflation processes were driven by rising energy and food prices in the global markets. This factor contributed less to the inflation rate in the second quarter than in the first quarter. Food prices grew at a high rate in January and February but became unstable in March onward. The FAO food price index was lower in June compared with the all-time high in February. After peaking in April, oil prices dipped in May and June. As foreign economies recovered and returned to a path of growth following the crisis, rising demand has gradually increased its impact on inflation.

Food price increases contributed less to the overall growth of consumer prices both in the eurozone and in the United States in April-June 2011, compared with January-March 2011. Fuel prices dropped slightly in the eurozone in the second quarter; in the United States fuel price growth slowed down considerably. Rising prices of goods and services included in the calculation of core consumer price index (excluding energy and food prices) contributed visibly more in the eurozone and less in the United States. The IMF estimates that Germany's GDP will reach its potential level in the current year, whereas the output gap will remain negative in the United States and the US economy prospects appear uncertain in the medium term.

The reason why the aggregate price growth index in Russia's trading partners grew slightly in the second quarter compared with the first quarter was that prices soared in the Republic of Belarus following the devaluation of the Belarussian ruble in May 2011. In Ukraine and Kazakhstan, inflationary pressures eased up in the second quarter as the growth of food prices and administered tariffs slowed down (conditioned, among other things, by seasonal factors). In China, price growth in April-June was also lower than in January-March. But the statistical base effect manifested itself in higher inflation rates on a year-on-year basis.

Consumer prices by country (%)*



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

Source: Bureau of Labour Statistics at the US Department of Labour, Statistical Office of the European Communities (Eurostat), China's National Bureau of Statistics, Rosstat.

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

of estimates ceased to drop in June). Institute analysts believe that pricing policy changes were prompted by an increase in sales.

Freight transportation charges increased by 11% in January-June 2011, as against 30.4% in the same period of 2010. Railway transport fares went up by 7.5%, as against 9.4% a year earlier.

Communications fees for corporate entities grew by 3.8% in the first half of 2011 (6.9% in the first six months of 2010).

Producer prices of building materials increased by 3.4% in the first half of 2011 (3.6% in the corresponding period of 2010).

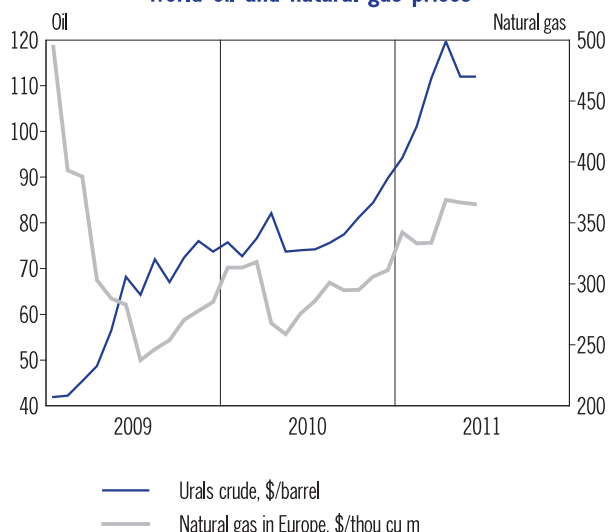
Agricultural producer prices grew by 1.2% in the first half of 2011 (they decreased by 0.3% in the corresponding period of past year). Crop grower prices increased by 8.3%, compared with

0.9% in January-June 2010. Grain prices grew by 10.7% and sunflower seed prices grew by 7% (in January-June 2010, grain producer prices dropped by 2.1%, while sunflower producer prices went up by 14.7%). Livestock producer prices fell by 4.5% as against 1.0% in January-June 2010. In the meantime, cattle producer prices rose by 3.2%, while milk and egg producer prices dropped by 8.6% and 30.6% respectively. In January-June 2010, cattle prices were down 1.7%, milk producer prices were up 6.4%, and egg producer prices were down 17.7%.

Foreign trade

Conditions for Russia's trade improved in the first half of 2011 compared with the same period of last year as export prices grew faster than import prices. The growth of global energy prices

World oil and natural gas prices



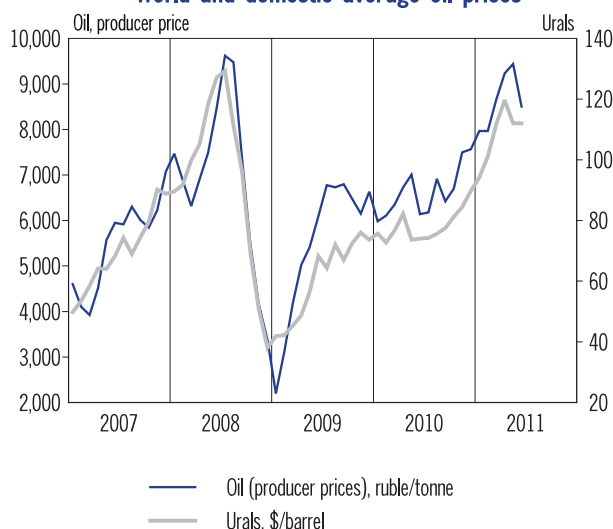
Source: Reuters, World Bank.

Average consumer prices for petrol in 2011 (ruble/litre)



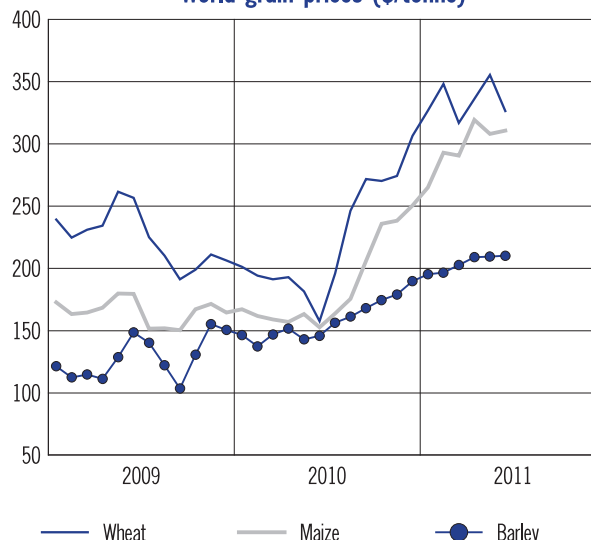
Source: Rosstat.

World and domestic average oil prices



Source: Rosstat, Reuters.

World grain prices (\$/tonne)



Source: World Bank.

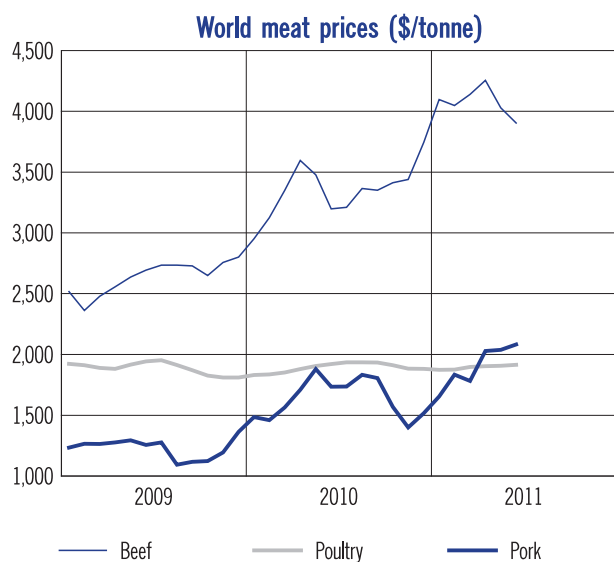
was accompanied by increases in producer and consumer prices for petrol in the domestic market. In the world food markets, prices tended to fall or grow more slowly for some goods. In the domestic consumer market, the growth of food prices also slowed down.

The price situation for major Russian export commodities in world markets² continued to im-

prove in the first half of 2011. World energy prices grew by an average of 36% in January-June 2011, compared with the same period last year, while non-energy prices gained 19%.

World oil prices in the first six months of 2011 were largely influenced by the exacerbating political situation in North Africa and the Middle East. The growth of oil prices was also facilitated by the upward revision of forecasts on the global demand for oil, especially from China, and the channelling of considerable funds into commodity markets for investment purposes. High levels of US commercial oil inventories restrained oil price growth. As a result, the price of Urals crude steadied at \$108.3 per barrel in the first half of

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

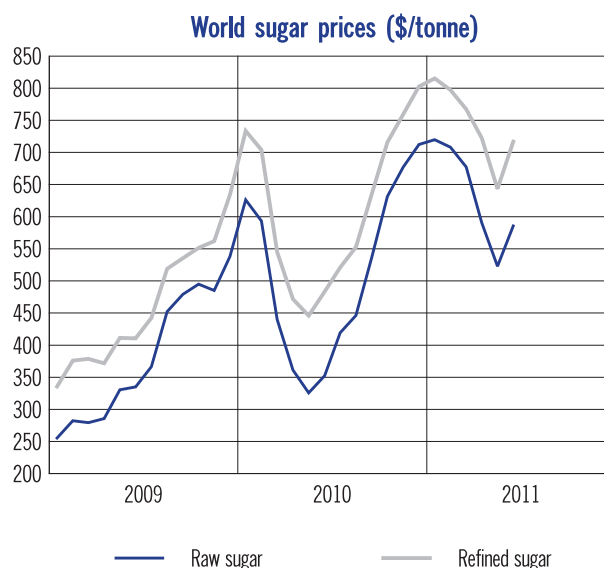


Source: World Bank.

2011, up by 42.7% on the same period of 2010. Natural gas prices in Europe increased by 20.8%.

Petroleum product prices increased by 40% on average in the first half of 2011, compared with the corresponding period of past year. The price of diesel fuel grew at the highest rate – by 41%, petrol – by 35%, and fuel oil – by 32%.

Despite the slowdown of ferrous metal prices in the second quarter of 2011, they climbed by 16% in the first half of 2011, against the corresponding period last year. In the second quarter of 2011, prices in the world market of non-ferrous metals declined for the most part, especially for nickel, but still remained higher than in the second quarter of 2010. Thus, the prices of aluminium went up by 20%, copper – by 32% and nickel –



Source: London Commodity Exchange.

by 21% in the first half of 2011, compared with the first half of 2010.

In the global grain markets, price growth slowed down in the second quarter 2011. However, because they had soared in the second half of 2010, price levels in the first half of 2011 were much higher than in the same period last year (wheat and maize prices rose by 80% and barley – by 40%).

In the second quarter of 2011, prices largely declined in the food markets and price growth slowed down for some goods. Still, all observed prices were higher in the first half of 2011 than in the same period of 2010. Beef and pork prices increased by 24% and 16% respectively, poultry prices – by 1%.

International trade

The International Energy Agency (IEA) estimates that the world oil consumption increased by 1.7% in the first half of 2011, compared with the first half of 2010, largely owing to increased consumption in China and other Asian countries. In European countries, members of the OECD, consumption fell by 1.0%. According to the IEA forecasts, global oil consumption will grow by 1.4% in 2011, but in Europe (OECD) it will decline by 1.1%.

The average price of Brent, Dubai and West Texas Intermediate crude rose to \$104.9 per barrel in January-June 2011 (by 35.2%) from \$77.6 per barrel in the first half of 2010. In June 2011, the IMF lowered its 2011 forecast on the average price of the three crude oil benchmarks to \$106.3 per barrel compared with its April forecast of \$107.2 per barrel.

According to Eurostat data, EU import quantities of mineral fuel and lubricants increased by 3.9% in January-May 2011 than in the same period of 2010. In the meantime, the average unit value of the imports¹ of these commodities increased by 33.9%. According to IMF data, the price of Russian natural gas exported to Germany was on average 22.2% higher in January-June 2011 than in the same period last year.

¹ The average unit value of imports is the ratio of changes in the value of imports of particular commodities to changes in the import quantities.

In the first half of 2011, vegetable fat prices were higher than in the first half of 2010 by a factor of 1.5, even though they fell in the second quarter of 2011, quarter on quarter.

After reaching their record highs in the first quarter of 2011, global sugar prices dropped in the second quarter, but on average raw sugar prices increased by 41% and refined sugar prices – by 32% in January-June 2011, year on year.

Demand

In the first half of 2011, growing domestic demand did not prevent consumer price growth from slowing down. Actual output of goods and services was estimated close to the potential (natural) level, which indicates that there was no excess demand in the economy.

Household consumer spending growth slowed down to some extent in the second quarter of 2011 but remained high. In April-June, fixed capital investment resumed its growth, but overall investment activity remained weak in the first half of 2011 as a sign of inconclusive economic recovery.

Instability in the global economy in the first half of 2011 manifested itself in the weak external demand for Russian exports.

Domestic demand

Rising domestic demand backed economic growth in the first half of 2011. Increased real wages, improved labour market conditions and enhanced borrowing by households contributed to the growth of consumer demand. In the second quarter, the growth rate of real household spending on goods and services³ slowed down. In the first six months, it increased by an estimated 6.7%.

The Consumer Confidence Index (CCI)⁴ reflecting consumer expectations improved in the second quarter compared with the previous quarter. The improvement was the result of positive changes in all CCI components, including expect-

tations regarding future economic developments and personal wellbeing.

In the second quarter, household real consumer spending took place amid the continued contraction of household real disposable money income. In January-June, it fell by 1.4%. The share of consumer spending in the structure of household money income use increased by 5.6 percentage points in the first half of 2011 on the corresponding period of 2010 to 76.2%. As interest rates on retail deposits remained low, household propensity to save through organised channels decreased. The share of the spending on the purchase of foreign currency increased by 0.7 percentage points in January-June, to reach 3.9%.

As the economy grew and the national currency appreciated, domestic demand grew much faster for imports than for local products. In the first quarter of 2011, the share of imported goods in the retail trade resources was 43% (non-food imports dropped by 1.9 percentage points to 50.7%, while the share of food imports remained unchanged at 35%).

In the first half of 2011, the value of imported goods grew at a high rate and topped the pre-crisis level (i.e. the first half of 2008). Over two-thirds of the growth of imports was the result of the expansion of import quantities and almost one-third – the result of increased import prices. Imports of investment goods grew faster than food imports in the first half of 2011. Imported goods⁵ were up 42% in the first half of 2011, compared with the same period of 2010, to \$147.8 billion.

According to the Federal Treasury's data, general budget expenditure decreased to 33.8% of GDP in January-June 2011, as against 36.3% in the first six months of 2010. Non-interest expenditure accounted for 33.2% of GDP, as against 35.7% in the same period last year.

In January-June 2011, the general government registered a budget surplus of 7.3% of GDP, which represents an increase of 6.0 percentage points compared with the same period last year. The improved budget balance, on the one hand, was related to higher oil and gas revenues and, on the other hand, reflected the impact of the

³ Rosstat reviewed the data for 2010 and for January through June 2011 in June 2011 as the methodology to account money incomes had changed.

⁴ According to Rosstat studies the CCI is calculated as an arithmetic mean of five indices: past and expected changes in personal wellbeing, past and expected changes in the economic situation in Russia, and favourable conditions for large purchases.

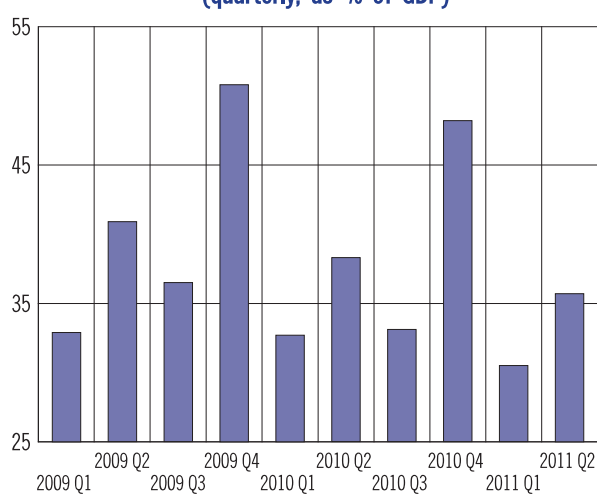
⁵ Balance of payments estimate as of July 5, 2011.

GDP by expenditure
(growth as % of corresponding period of previous year)

	2010					2011
	Q1	Q2	Q3	Q4	Full year	Q1
GDP	3.5	5.0	3.1	4.5	4.0	4.1
Final consumption of which	0.3	3.8	4.0	1.9	2.5	4.0
– households	-0.5	4.7	5.1	2.7	3.0	5.7
Gross capital formation	0.8	27.9	29.8	39.3	28.4	44.2
Export	18.7	4.1	2.2	5.0	7.1	0.0
Import	11.4	21.7	34.8	30.1	25.6	23.1

Source: Rosstat.

Federal budget non-interest expenditures
(quarterly, as % of GDP)



Source: Federal Treasury, Rosstat.

government's tightening of its fiscal policy for the purpose of strengthening macroeconomic stability and sustainability of public finance.

The growth of general government expenditure on final consumption slowed down to 0.1% in the first quarter of 2011.

Gross fixed capital formation fell by 0.6% in the first quarter of 2011. The second quarter saw a resurgence of investment activity. In the first six months fixed capital investment grew by 2.7%. More than one-third of total investment was used to purchase machinery, equipment and vehicles, with investments directed to buy imported equipment, falling by 0.9 percentage points in the first quarter of 2011, compared with the corresponding period of 2010, to settle at 19.5%.

Fixed capital investment was financed predominantly by raised funds. Bank loans account-

Economic growth in foreign countries¹

GDP in the group of countries carrying much weight in the structure of Russian exports increased by an estimated 4.0% in the first half of 2011 compared with the same period last year (same as in January-June 2010). Preliminary data and estimates suggest that GDP grew by 1.9% in the United States, by 2.1% in the eurozone, and by 9.6% in China. The GDP growth rates in the eurozone climbed up appreciably in the first quarter of 2011, fostered by the enhanced contribution of fixed capital investment. The statistical base effect contributed to the slowdown of the GDP growth rates in the trading partners in the second quarter.

In June 2011, the IMF lowered its 2011 forecast for the global production of goods and services (growth by 4.3%) compared with the forecast released in April (growth by 4.4%). The projected slowdown of global growth rates compared with 2010 (by 5.1%) resulted from a statistical base effect on the performance indicators reported in the period from the second quarter to the fourth quarter of 2011. The IMF downgraded its 2011 GDP growth forecast for the US GDP from 2.8% to 2.5% and upgraded its GDP forecast for the eurozone from 1.6% to 2.0%. The growth projections for the world and individual countries were revised downward taking into account the high energy prices and the aftermath of the natural disaster in Japan, which also affected the US industry because of disruptions in scheduled supplies of intermediate products. Meanwhile, investment performance in key European economies – Germany and France – has proved better than projected. According to the IMF forecasts, international trade in goods and services should expand by 8.2% in 2011 (compared with 12.4% in 2010).

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

ed for 7% in January-March, a contraction of 2.5 percentage points from the first quarter of 2010.

With imported quantities of goods and services growing much faster than exports in the first half of 2011, net exports of goods and services were estimated to have chalked up negative growth.

Foreign demand

Foreign demand for Russian goods was weak in the first half of 2011. Overall, export quantities were slightly lower than in the first half of 2010. Exports of oil, petroleum products, ferrous and non-ferrous metals (except aluminium) and some other commodities shrank. Growth was registered in the export quantities of natural gas, aluminium, mineral fertiliser, unprocessed and processed timber and motor cars. A 31% increase in export in the first half of 2011 (to \$249.5 billion⁶) resulted from higher prices. Export growth rates to EU member countries lagged behind the overall export growth rates. The EU share in Russia's commodities exports dropped by 2 percentage points compared with the first half of 2010. Within this group of countries, the shares of principle importers of Russian goods such as the Netherlands and Italy declined, while Germany's share rose slightly. Growth in export rates to the Asia-Pacific Economic Cooperation (APEC) countries was considerably higher than overall export growth rates. The share of APEC member countries in Russia's commodity exports grew by 1.3 percentage points. Within this group of countries, China and the United States increased their shares, while Japan saw its share drop. Exports to CIS member countries increased faster than overall exports and largely expanded due to growth in exports to Ukraine and Belarus.

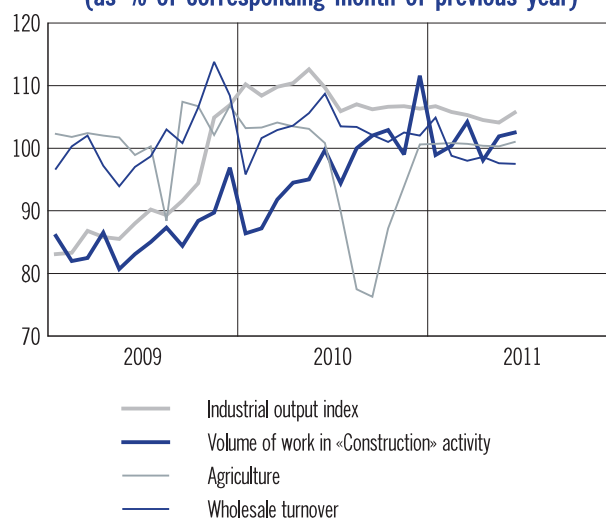
Supply

Capacity utilisation in industry has continued to improve in the current year and is now close to its natural level. Further improvements can have a negative impact on price changes.

In the first half of 2011, output in the core sectors of economy rose by 3.9% (compared with 7.0% in January-June 2010). Production growth was registered in most of key economic activities, excluding wholesale trade.

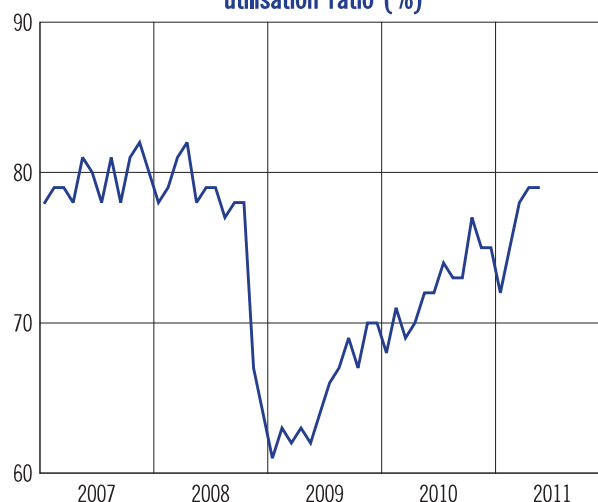
⁶ Balance of payments estimate as of July 5, 2011.

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



Source: Bank of Russia calculations.

Industrial production capacity
utilisation ratio (%)

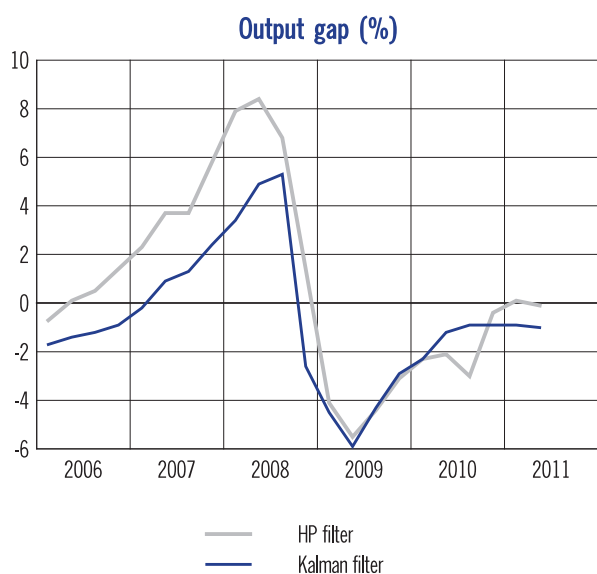


Source: Russian Economic Barometer.

Industrial output grew by 5.3% in January-June 2011 against 10.2% in the first six months of 2010. High growth rates were reported in manufacturing industries, with the production of transport vehicles, rubber and plastic products rising substantially.

Output in the mining and quarrying increased by 2.5%; particularly high growth was registered in the mining and quarrying of metal ores and other minerals. Oil output expanded by 0.8% and gas production grew by 4.5%.

Industrial production capacity utilisation ratio increased but was still below the pre-crisis level.



Source: Bank of Russia calculations.

The Russian Economic Barometer reported that capacity utilisation ratio averaged 76.6% in the first five months of 2011 (compared with 70% in January-May 2010). In May, the industrial capacity utilisation leaders were the timber and the wood-working industry (84%), chemicals (83%) and machine-building (82%), whereas the lowest rate was observed in metallurgy (74%) and the light industry (73%).

Agricultural output increased by 0.7% in January-June 2011. The production of key live-stock products increased. The output of meat and meat products grew by 7.1%, of which meat, including by-products, rose by 3.7%.

The Ministry of Agriculture forecasted that this year's gross grain harvest may reach 85-90 million tonnes (60.9 million tonnes in 2010). Acreages under grain and leguminous crops expanded by 1.2%, year on year. More land was sown with sunflowers, sugar beets and vegetables: by 5.7%, 11.2% and 4.9% respectively. Potato fields remained at about last year's level.

The expected good harvest for most crops may reduce the dependence of domestic producers on imported raw agricultural commodities and contain the growth of prices for end products.

In the first half of 2011, GDP increased by an estimated 3.7% compared with the corresponding period of 2010. Actual output is estimated close to its potential (natural level), which is not stopping price growth from slowing down.

Employment and unemployment

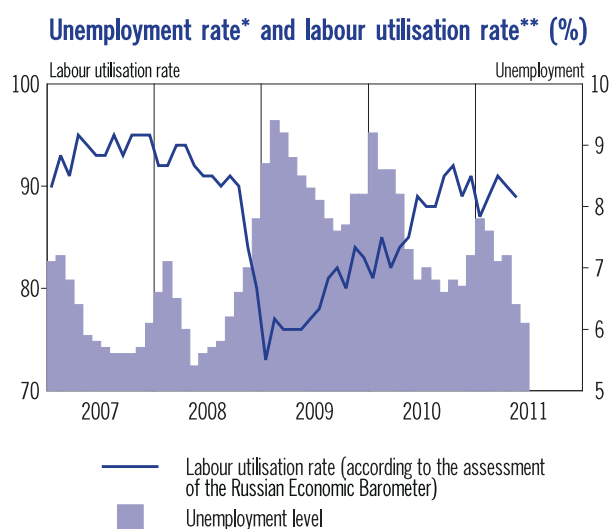
In the first half of 2011, wage growth was estimated not to have exceeded labour productivity growth, which indicates that there was no additional pressure on prices. The total unemployment rate was estimated below the potential (natural) level. Further growth of employment and, consequently, demand may increase inflationary processes in the economy.

The number of people employed in the economy increased by 1.5% in January-June 2011 (compared with 0.3% a year earlier).

The 2011 year saw more employer-initiated redundancies of part-time employees, which is a sign that labour utilisation was growing in the economy. In June 2011, part-time employment was down 45% on December 2010 and down 52.1% on June 2010.

In the first quarter of 2011, labour productivity increased by an estimated 2%. It was estimated to have risen in the goods producing sector and remained virtually unchanged in the services sector at the level of January-March 2010. Growth in the output of services was slower than in the output of goods. Estimates showed that employment in the services sector increased more substantially than employment in the goods producing sector in January-March 2011, compared with the corresponding period last year.

Real wages grew by 2.4% in the first half of 2011 and were estimated not to have exceeded

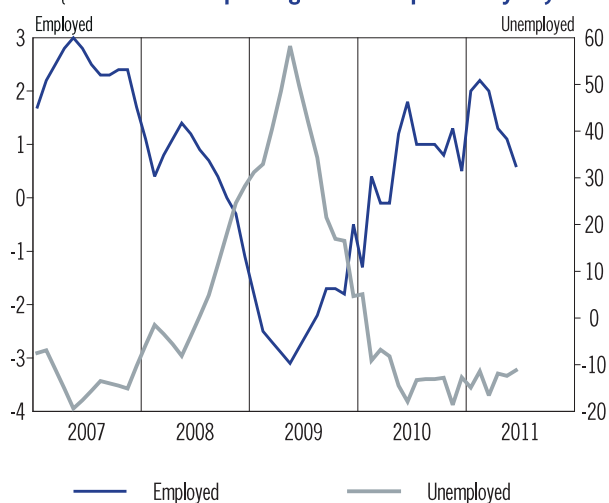


* Total number of unemployed as % of economically active population.

** In the industry.

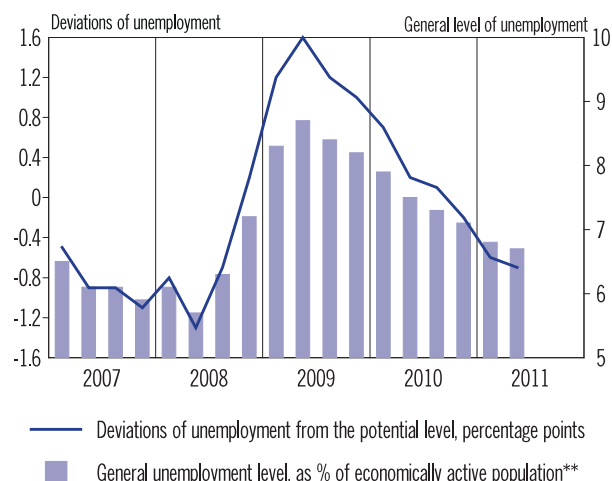
Source: Rosstat.

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



Source: Rosstat.

Unemployment level (for the quarter)*



* The potential level was assessed by means of the HP-filter.

** Seasonally adjusted.

Source: Bank of Russia calculations.

**Average monthly imputed salary accruals by type
of economic activity (in January-May 2011)**

Type of activity	Rubles	As a % of the All-Russian level
Total	21,904	100
Agriculture, etc.	10,971	50
Mining and quarrying	41,288	188
Manufacturing industries	20,345	93
Electricity, gas and water supply	25,757	118
Construction	21,850	99.8
Wholesale and retail trade, etc.	20,130	92
Transport and communication	27,035	123
Financial activity	53,873	2.5 times
Transactions with real estate and others	26,538	121
Public administration, etc.	24,389	111
Education	14,228	65
Public health and social services	16,059	73
Utility services, etc.	17,116	78

Source: Rosstat.

the labour productivity growth. Unit labour costs measured as share of compensation of employees (including undeclared compensation and mixed income), continued to decline in the breakdown of GDP by source of income. They fell by 0.5 percentage points in the first quarter of 2011, to 53.8% compared with the corresponding period last year.

Significant differences in wage levels between various types of economic activity remained this year.

The total number of the unemployed dropped by 13.2% in the first half of 2011 to 6.1% of the economically active population as of the end of June (6.8% as of the end of June 2010 and 5.6% as of the end of June 2008). Total unemployment exceeded the number of registered unemployed by a factor of 3.2. Most of the jobless were looking for work without any support of the employment services.

Total unemployment was estimated below the potential rate in the first quarter of 2011.

Monetary Conditions

Exchange rate

Favourable conditions continued to shape up in the domestic market in the second quarter of 2011 and were conducive to the strengthening of the ruble against major global currencies while the prices of Russian exports remained high. The Bank of Russia's exchange rate policy sought to keep the volatility of the national currency within acceptable boundaries.

According to preliminary data, the current account surplus stood at \$57.6 billion in January-June 2011 (compared with \$32.4 billion in the first quarter of 2011). Estimates showed that a net private capital outflow was reduced to \$9.9 billion in the second quarter (\$21.3 billion in the first quarter of 2011). In the second quarter of 2011, Russia's international reserves increased by 4.4% to \$524.5 billion as of July 1, 2011.

The nominal ruble/US dollar rate increased by 4.6% in the second quarter of 2011 (compared with 5.0% in the first quarter of 2011). The ruble appreciated by 1.2% in April and by 0.8% in May, and weakened by 0.4% in June. As of July 1, 2011, the official rate of the ruble against the US currency was 27.8726. In July, with energy prices remaining favourable, the nominal ruble/US dollar exchange rate gained

0.3%. As a result, the official rate of the US dollar against the ruble stood at 27.6796 as of August 1, 2011.

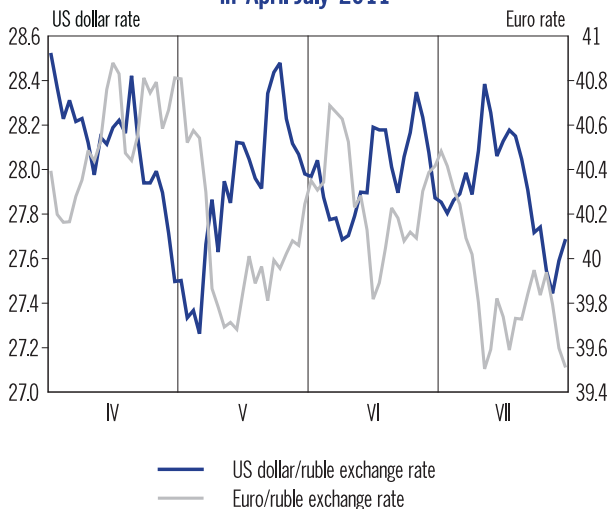
The nominal ruble/euro rate decreased by 0.7% in the second quarter of 2011 (following an appreciation of 4.3% in the first quarter of 2011). The ruble lost 1.9% in April, gained 1.1% in May, and lost 0.3% in June. The official rate of the ruble against the euro stood at 40.4153 as of July 1, 2011. In July, the nominal rate of the ruble against the single European currency appreciated by 0.8%. As a result, the official rate of the euro against the ruble stood at 39.5182 as of August 1, 2011.

The ruble value of the bi-currency basket stood at 33.5168 rubles as of July 1, 2011. During July 2011, the value of the operational benchmark experienced minor short-term fluctuations and amounted to 33.0070 rubles as of August 1, 2011.

The nominal effective rate of the ruble against foreign currencies increased by 2.4% in April-June 2011 (compared with 4.6% in the first quarter of 2011).

The real ruble/US dollar rate increased by 4.3% in the second quarter of 2011 (compared with 8.0% in the first quarter of 2011). The rela-

Nominal US dollar/ruble and euro/ruble rate in April-July 2011

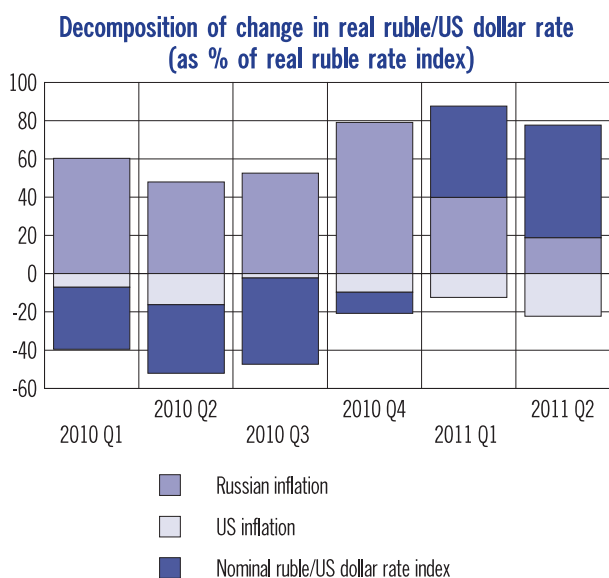


Source: Bank of Russia, Reuters.

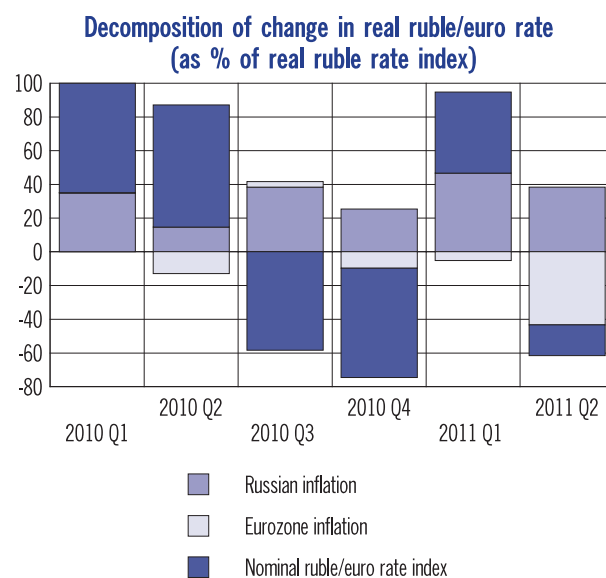
Ruble value of bi-currency basket in April-July 2011



Source: Bank of Russia, Reuters.



Source: Bank of Russia, Reuters.



Source: Bank of Russia, Reuters.

tive contribution of the nominal exchange rate to it increased, topping 50% compared with January-March 2011. Estimates show that in July 2011 the ruble continued to appreciate against the US dollar in real terms and increased by 0.4%.

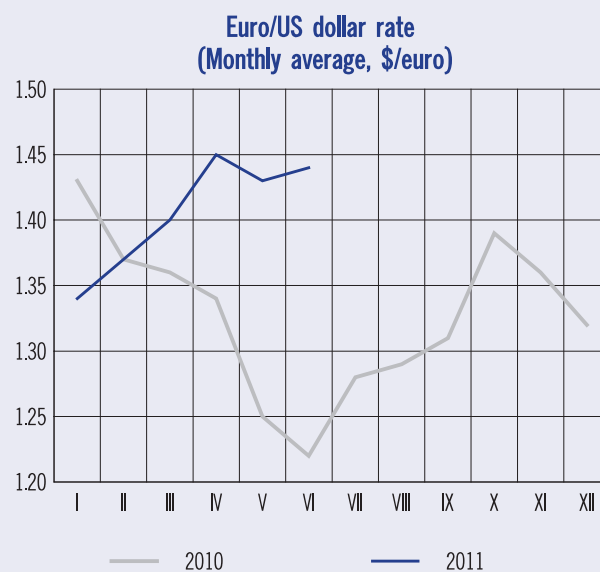
The real ruble/euro rate depreciated by 0.3% in April-June 2011 (following its apprecia-

tion of 7.7% in the first quarter of 2011). The contribution of the corresponding nominal exchange rate to the real ruble/euro exchange rate was substantially less than in the first quarter of 2011, which was largely due to a low absolute value of the index recorded in April-June 2011. Preliminary estimates show that the ruble weak-

International currency market

In the international foreign exchange market, the US dollar depreciated by about 9% against the euro in the first half of 2011 (June 2011 on December 2010) due to the Federal Reserve's additional measures of accommodative monetary policy, and also as a result of eurozone interest rate increase. In January-May 2011, the US trade deficit increased alongside a decrease in net foreign capital investments in long-term US resident securities, which also contributed to the weakening of the US dollar. The strengthening of the euro was held back by the financial problems in a number of eurozone countries, especially Greece.

The currencies of most of Russia's major trading partners (including China, Japan, the Republic of Korea, Great Britain, Brazil and Kazakhstan) strengthened against the US dollar and depreciated against the euro. There were no significant changes in the exchange rates of the Indian rupee or Ukrainian hryvnia against the US dollar, nor of the Polish zloty or a number of other European currencies tightly pegged to the euro, against the euro. The Swiss franc, Hungarian forint, Czech koruna and Romanian leu strengthened against the world's two leading currencies, while the Turkish lira and the Belarussian ruble depreciated against them. On May 24, 2011, the National Bank of Belarus carried out a one-time adjustment of the official exchange rates of the Belarussian ruble against foreign currencies, resulting in a 54%-increase of the Belarussian ruble equivalent value of a currency basket composed of equal portions of the US dollar, euro and Russian ruble.



Source: Reuters.

ened by 0.8% in real terms against the single European currency in July 2011.

The real effective rate of the ruble against foreign currencies appreciated by 1.6% in the second quarter of 2011 (7.3% in the first quarter of 2011). According to preliminary data, the real effective rate was less significant in July 2011 and equalled 0.2%.

In general, the national currency tended to appreciate in the second quarter of 2011, which does not harbingers additional inflationary risks from the exchange rate until the end of 2011.

Interest rates

Amid persisting inflationary pressures and risks existing for sustainable economic growth, the Bank of Russia Board of Directors took decisions in April and May 2011 to continue raising interest rates on some of Bank of Russia operations. From May 3, 2011, the Bank of Russia raised the refinancing rate and overnight credit rate to 8.25% p.a. and the rates on all standard deposits to 3.25% p.a. As a result, the interest rate band shifted upward by 0.25 percentage points. The Bank of Russia also raised open market rates and fixed rates on loans secured with non-market assets or guarantees. In the meantime, it kept unchanged repo rates and rates on Lombard loans with maturities of up to one month at 6.75% p.a. From May 31, 2011, the Bank of Russia raised the maximum rates of deposit auctions and fixed rates on standard-term deposits by another 0.25

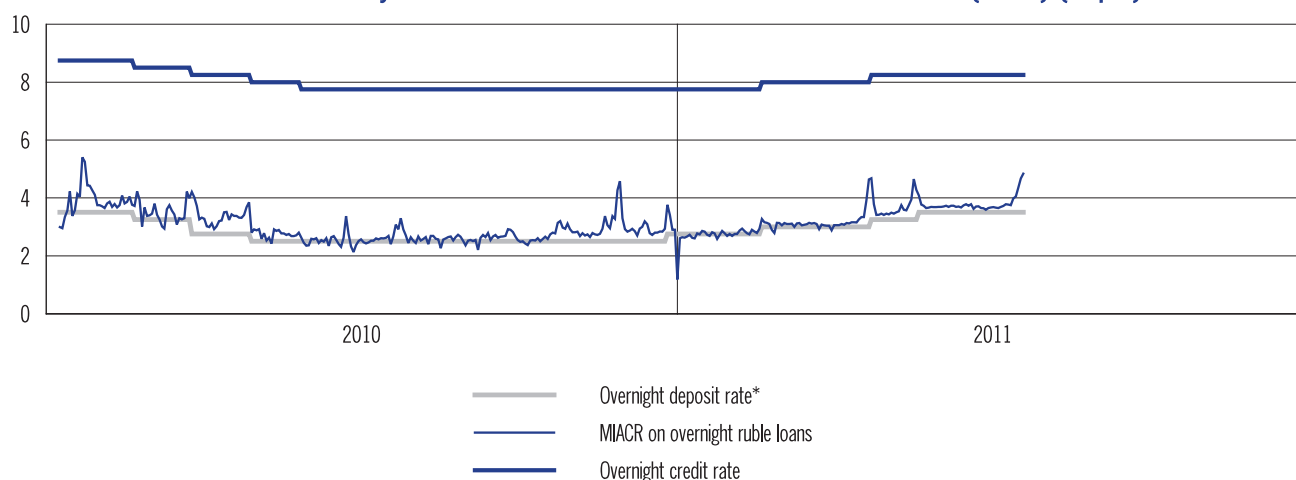
percentage points, which caused the interest rate band to narrow.

On June 30 and August 4, 2011, against the backdrop of retarded inflation and improved economic conditions, the Bank of Russia Board of Directors left the interest rates on Bank of Russia operations unchanged.

In the second quarter of 2011, the interest rates on ruble-denominated **interbank loans** extended for various terms fluctuated within a relatively narrow horizontal band, except for the tax payment periods. Fluctuations in MIACR on overnight ruble-denominated interbank loans amounted to 1.8 percentage points in April-June 2011 (compared with 0.7 percentage points in January-March 2011). The average quarterly MIACR on overnight interbank ruble loans stood at 3.6% p.a. in the second quarter compared with 2.9% in the first quarter of 2011. In July 2011, the MIACR on overnight interbank ruble loans moved within the range of 3.6-4.8% p.a. The average MIACR on overnight interbank ruble loans in July 2011 increased by 0.2 percentage points, month on month, to 3.9% p.a. The average interest rate on ruble interbank loans placed by Russian banks for a term of 2-7 days increased from 2.8% p.a. in 2011 Q1 to 3.7% p.a. in 2011 Q2, for a term of 8-30 days from 3.8% p.a. to 4.1% p.a., and on loans placed for a term of 1-3 months from 4.6% p.a. to 4.7% p.a.

The average interest rate on short-term **household ruble deposits** continued to de-

Bank of Russia key interest rates and Moscow Interbank Actual Credit Rate (MIACR) (% p.a.)



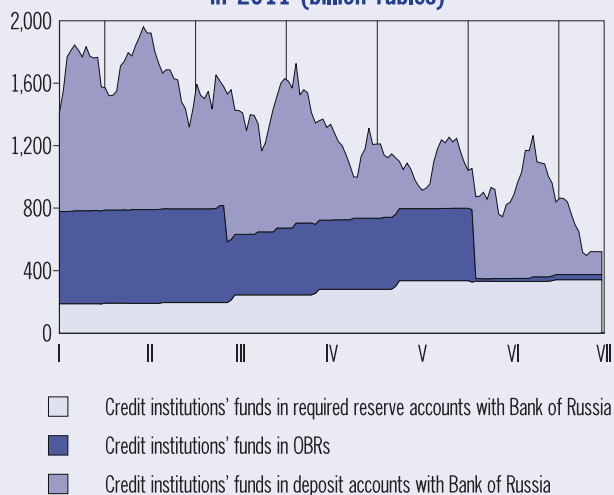
* «Overnight» deposit rate since March 29, 2010, and «tom-next» deposit rate before March 29, 2010.
Source: Bank of Russia.

Liquidity situation and Bank of Russia operations

In April-July 2011, credit institutions held slightly less free funds compared with the first quarter. Bank of Russia average daily obligations to credit institutions on the liquidity absorption instruments reduced from 1.4 trillion rubles in 2011 Q1 to 0.9 trillion rubles in 2011 Q2, and to 0.6 trillion rubles in July 2011. The MIACR on overnight ruble loans stayed invariably above the lower limit of Bank of Russia interest rate band in April-July (the average deviation over the period was 0.3 percentage points), whereas these rates were essentially identical in the first quarter of 2011. Meanwhile, credit institutions' demand for Bank of Russia liquidity provision instruments remained quite insignificant. Bank of Russia average daily claims to credit institutions on instruments used to provide liquidity decreased from about 11 billion rubles in the first quarter to 5 billion rubles in the second quarter, and to 3.5 billion rubles in July 2011.

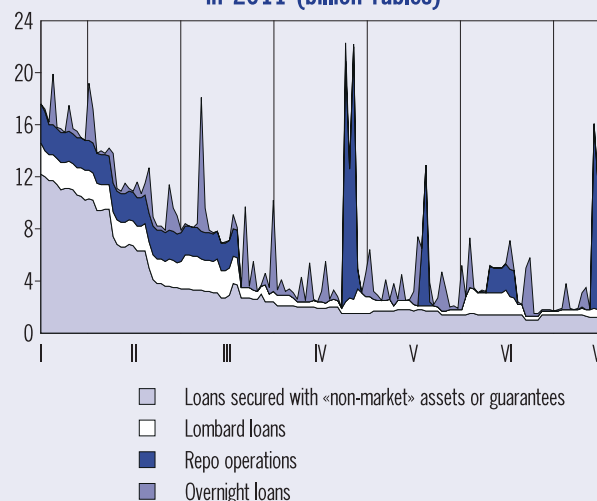
In the period under review, the Bank of Russia implemented actions it had announced earlier to tighten requirements for collaterals accepted for refinancing instruments. In particular, from April 2011, Bank of Russia List of Organisations started to include organisations with long-term credit ratings assigned by at least one international rating agency not lower than B/B2 from April 1, 2011, and not lower than B+/B1 from July 1. The Bank of Russia also tightened the requirements for the credit quality of the debt included in Bank of Russia Lombard List – the minimum required international credit rating assigned to their issuers (issues) was raised to B/B2 from April 1, and to B+/B1 from July 1, 2011.

Bank of Russia liquidity absorption operations in 2011 (billion rubles)*



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

Bank of Russia liquidity provision operations in 2011 (billion rubles)*



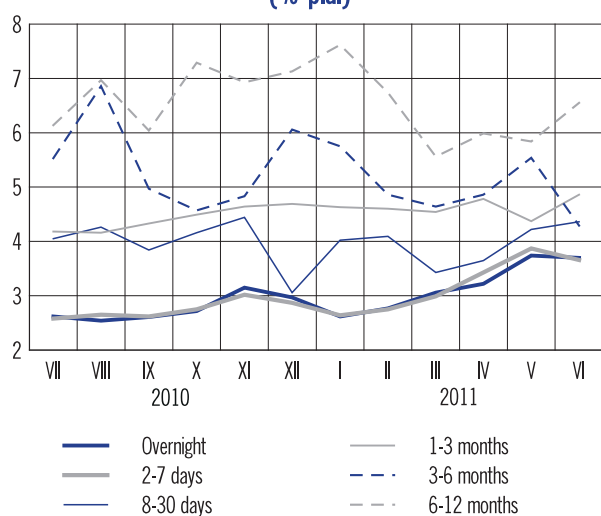
* Bank of Russia end-of-day claims to credit institutions.
Source: Bank of Russia.

cline in April but rose slightly in June. In the second quarter, the rate dropped by 0.2 percentage points, quarter on quarter, to 5.1% p.a. The interest rate on long-term (with terms of 1-3 years) household deposits was quite volatile and went up in June 2011 to the September 2010 level. In the second quarter of 2011, the average long-term household deposit rate dropped by less than 0.1 percentage points, quarter on quarter, to 5.7% p.a.

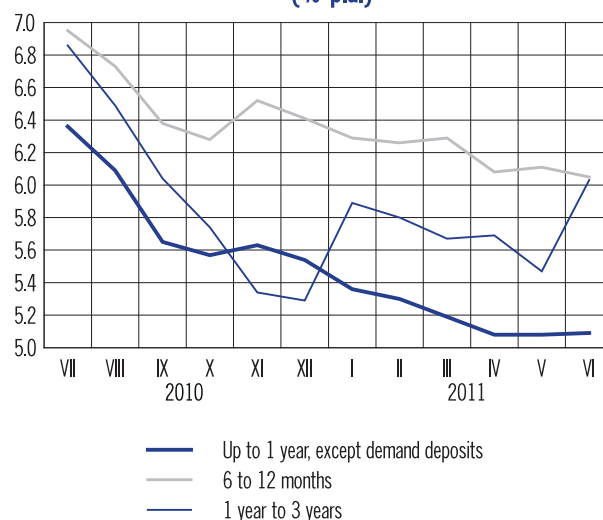
In the ruble-denominated **household loan** market, the average interest rate on short-term loans fell by 2.5 percentage points in the second quarter of 2011, compared with the first quarter

of 2011, to 22.5% p.a., and on long-term loans – it fell by 0.3 percentage points to 17.2% p.a.

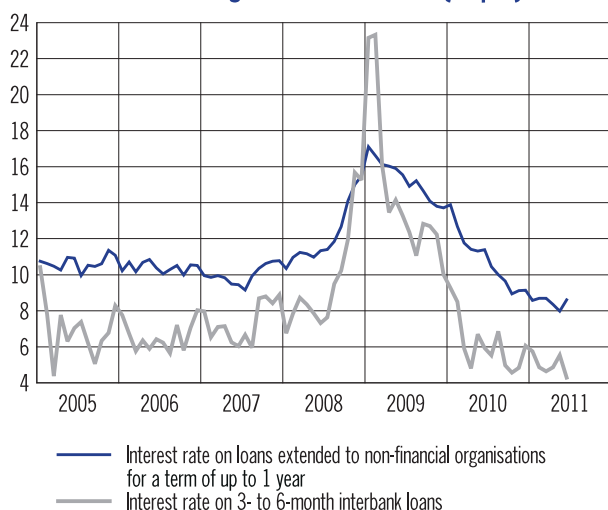
In April-June 2011, interest rates on short-term and long-term ruble **loans to non-financial organisations** declined for the most part. The average interest rate on short-term loans dropped by 0.3 percentage points in the second quarter of 2011, quarter on quarter, to 8.3% p.a., and on long-term loans it fell by 0.1 percentage points to 10.5% p.a. The yield curve for loans to non-financial organisations shifted down a little in the second quarter of 2011, quarter on quarter, in the up-to-1-year and over-3-year segments. The rising yield curve sector extended from one year

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


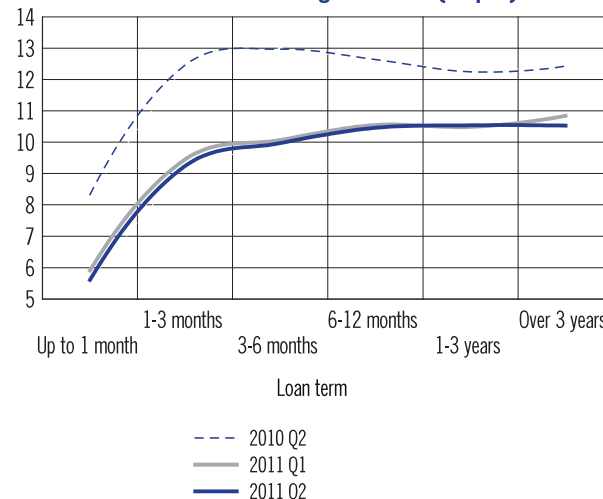
Source: Bank of Russia.

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


Source: Bank of Russia.

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


Source: Bank of Russia.

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


Source: Bank of Russia.

in the first quarter of 2011 to three years in the second quarter of 2011.

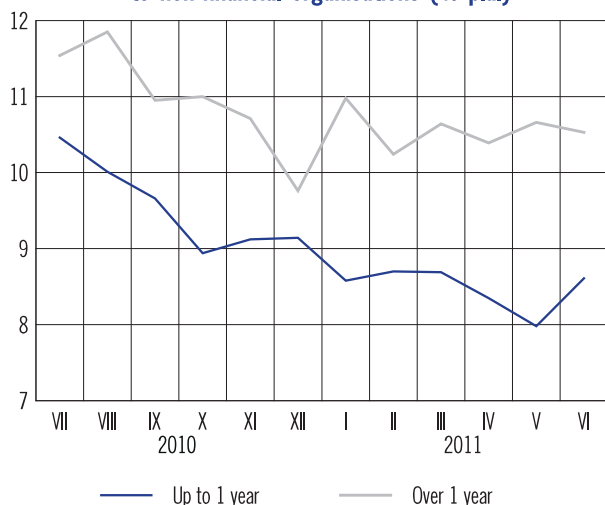
OFZ market yields changed both ways in the second quarter of 2011, with slightly upward dynamics as the prevailing trend. The average quarterly effective OFZ market portfolio indicator (MPI)¹ remained unchanged in 2011 Q2, quarter on quarter, and equalled 7.5% p.a. The OFZ yield (effective MPI) rose by 0.1 percentage points at

the end of the second quarter of 2011, quarter on quarter, to 7.5% p.a. As of the end of July, the OFZ yields fell by 0.1 percentage points, month on month, to 7.3% p.a. The average effective MPI in July was also down 0.1 percentage points, month on month, to 7.4% p.a.

In April-July 2011, the OFZ yield curve remained ascending, demonstrating slight changes in its position. By the end of July 2011, the yield curve of government bonds shifted upward and slightly increased its angle compared with the beginning of April 2011.

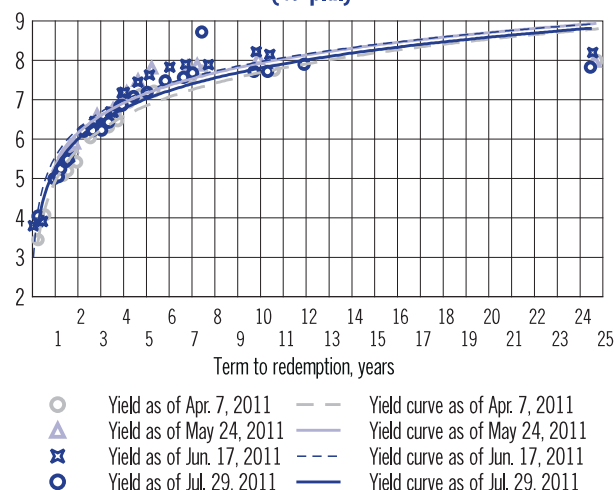
¹ The average duration of the OFZ bond index portfolio was 3.6 years in the first quarter and 3.5 years in the second quarter of 2011.

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



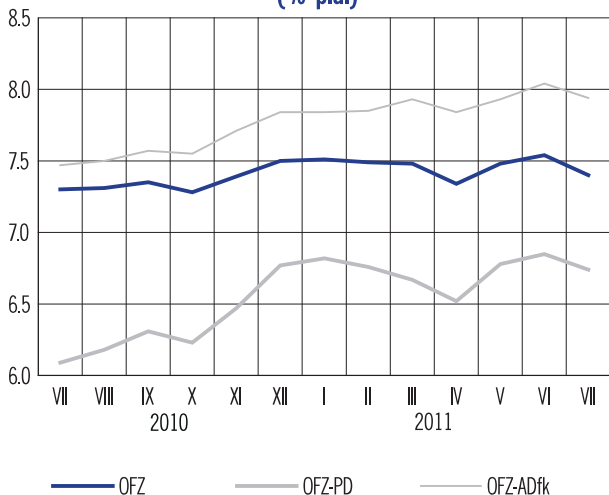
Source: Bank of Russia.

OFZ effective yield curve (% p.a.)*



* The yield curve has been fitted using the logarithmic function.
Source: Bank of Russia.

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



Source: Bank of Russia.

Yields in the **ruble regional and corporate bond market** changed horizontally in April-July 2011. The average yields on regional bonds² decreased by 0.3 percentage points in the second quarter of 2011, quarter on quarter, to 7.3% p.a., while the average yield on corporate bonds³ yields decreased by 0.4 percentage points to 7.1% p.a. Regional and corporate bond yields dropped by

² The average duration of the regional bond index portfolio was 2.8 years in the first quarter and 2.7 years in the second quarter of 2011.

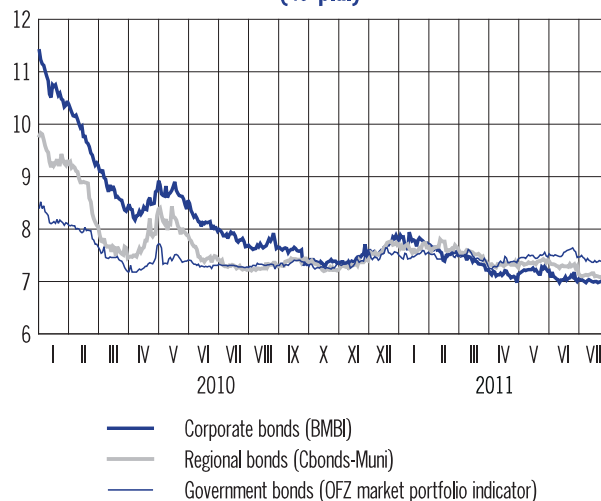
³ The average duration of the corporate bond index portfolio was 1.7 years both in the first quarter and in the second quarter of 2011.

0.1 percentage points and 0.2 percentage points at the end of the second quarter of 2011, quarter on quarter, to 7.3% p.a. and 7.0% p.a. respectively. In July 2011, the average regional and corporate bond yields were down 0.2 percentage points and 0.1 percentage points, month on month, standing at 7.1% p.a. and 7.0% p.a. respectively.

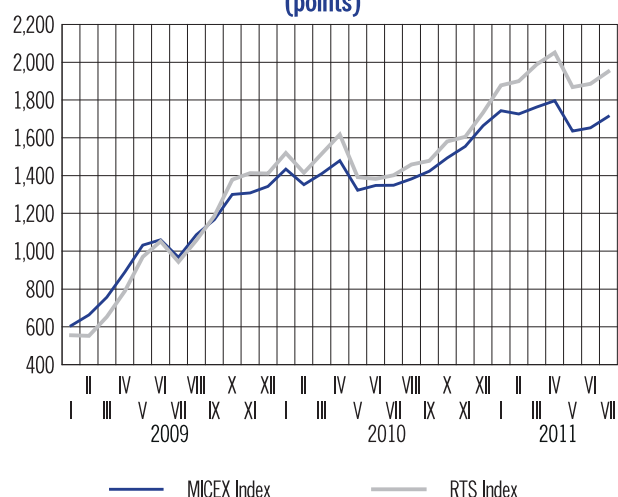
Asset prices

Downward equity price trend prevailed in the **Russian equity market** in the second quarter of 2011 amid periods of instability in the global capital markets, downward correction of world oil

Russian ruble bond effective yield (% p.a.)



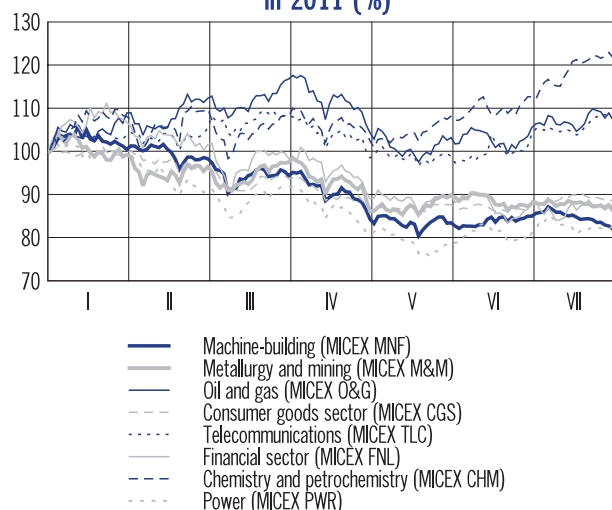
Source: Bank of Russia, Cbonds.ru agency, Bank of Moscow.

Russia's major stock indices
(points)*


* Monthly averages.
Source: MICEX, RTS.

prices, and enhanced capital outflow from the domestic equity market. The Russian stock indices, MICEX and RTS, took a plunge as of the second third of April to make partial recovery from the fall in May, and moved without a definite trend until late June. As of June 30, 2011, the MICEX index dropped by 8.1%, quarter on quarter, to 1,666.59 points, and the RTS index fell by 6.7% to 1,906.71 points. The average MICEX index dropped by 2.8% in 2011 Q2, quarter on quarter, while the average RTS index, by contrast, rose slightly (by 0.4%) in the period under review.

Equity prices in most sectors of the Russian economy dipped in the second quarter. Metal-

 MICEX indices by sector
in 2011 (%)*


* Indices as of December 30, 2010 = 100%.
Source: MICEX, Bank of Russia calculations.

lurgical, machine-building and energy equities, as well as credit institutions' equities suffered the largest contractions of value. Share prices in the chemical and petrochemical industries went up under the influence of positive corporate news.

In July, key Russian share prices moved within a wide horizontal band as the price expectations of market participants remained uncertain. Overall, however, the growth rates of the MICEX and RTS stock indices turned out positive in that month, supported by the upward price trend in the world oil market. As of July 29, the MICEX index was up 2.3%, month on month, standing at 1,705.18 points, and the RTS index grew by 3.1% to 1,965.02 points. Share prices in the key sectors of the Russian economy increased in July 2011, except for machine-building, metallurgy and mining and quarrying sectors.

Monetary aggregates

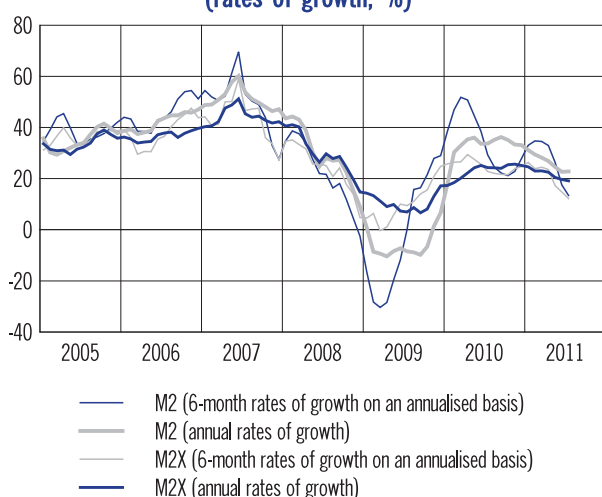
From September 2010 onward, the annual growth in ruble money supply gradually slowed down, and this trend continued into the first six months of 2011. The annual growth rate of the monetary aggregate M2 was 22.7% as of July 1, 2011 (31.1% as of January 1, 2011). Seasonally adjusted monthly rates of growth in ruble money supply were lower in the first half of 2011 than in the corresponding period of the previous year.

The slowdown of the annual growth rate of ruble deposits in January-June 2011 was demonstrated both by household deposits and non-financial organisation deposits. At the same time, in January-June 2011, the annual growth rate of ruble household deposits was significantly higher (averaging about 36% over the period) than the annual growth rate of non-financial organisation deposits (about 18% on average). As of July 1, 2011, the annual growth rate of ruble household deposits equalled 30.1% (44.5% as of July 1, 2010) and of non-financial organisation deposits – 17.1% (29.8% as of July 1, 2010).

With the ruble appreciating, foreign currency deposits dropped by 1.8% in ruble terms in the first half of 2011 (they fell by 4.5% in the first half of 2010). The annual growth rate of foreign currency deposits in ruble terms equalled 1.5% as of July 1, 2011. The level of dollarisation of deposits⁴

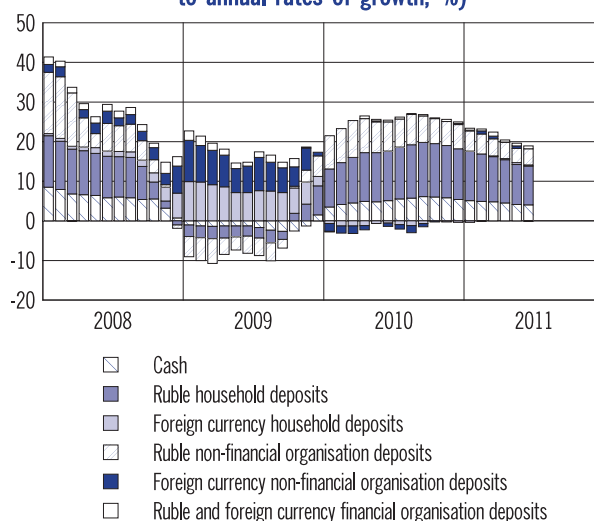
⁴ The level of dollarisation in this case is the share of foreign currency deposits (in ruble terms) in the broad money.

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



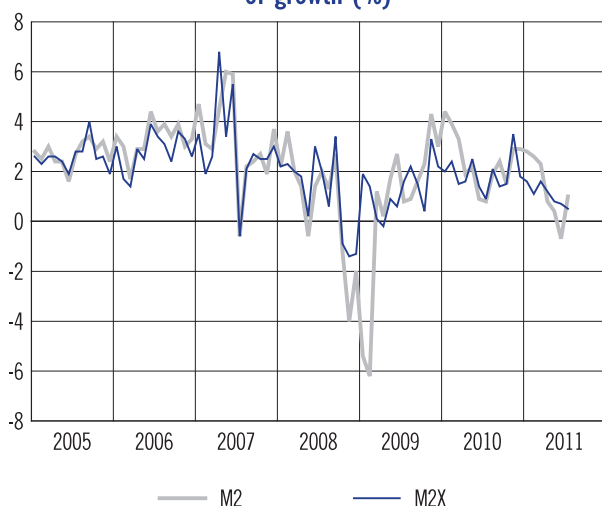
* Monetary aggregate M2X includes deposits in foreign currency.
Source: Bank of Russia.

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



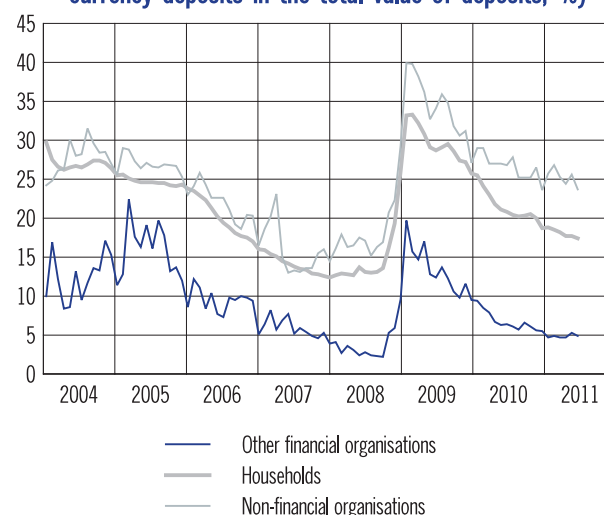
Source: Bank of Russia.

Seasonally-adjusted M2 and M2X monthly rates of growth (%)



Source: Bank of Russia.

Level of dollarisation of deposits (share of foreign currency deposits in the total value of deposits, %)



Source: Bank of Russia.

was lower in January-June 2011 than in the same period of the previous year and measured 15.2% as of July 1, 2011 (17.8% as of July 1, 2010). No steady trends were observed starting the second half of 2010 regarding net foreign currency purchases by households through exchange offices. According to Russia's balance of payment preliminary estimates, foreign currency outside the banking system decreased by \$3.2 billion in the first half of 2011 (such contraction had been greater in January-June 2010 and amounted to \$10.1 billion).

The annual rates of growth in the **broad money** began to slow down in December 2010,

and stood at 18.9% as of July 1, 2011. M2X seasonally adjusted monthly rates of growth also slowed down in the first half of 2011.

Lending contributed substantially more to the growth of broad money in the first half of 2011. In the second quarter of 2011, a pickup of the lending activity was the key source of broad money growth. The considerably enhanced role of lending in money supply is laying the groundwork for the Bank of Russia to implement its interest rate policies more effectively.

A marked drop in the growth rate of the Bank of Russia's net foreign assets, year on year, diminished the contribution of this factor to money

supply growth. The first six months of 2011 also saw a changed impact of the budgetary factor on money supply. A significant decrease in net claims to general government from the Bank of Russia (largely because of funds accumulated in Bank of Russia accounts) had a containing effect on the growth of money supply.

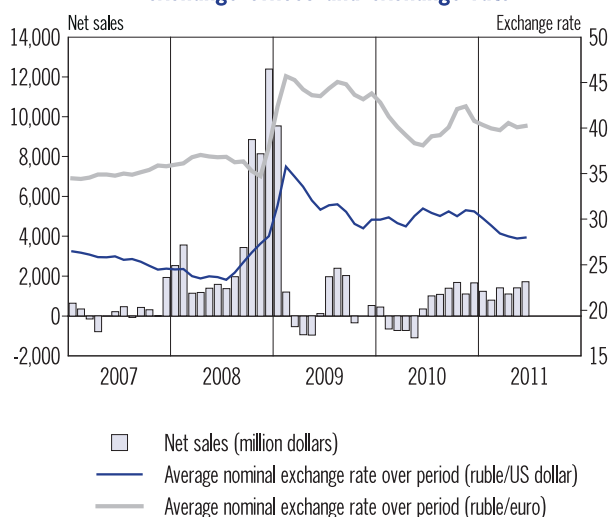
Aggregate money supply grew in late 2009 and in 2010 faster than demand for money, which testified to increased inflation risks attributable to monetary factors in the first half of 2011. Meanwhile, the current trends in monetary indicator behaviour may create pre-requisites for a gradual mitigation of these risks in future.

Credit aggregates

The growth of credit aggregates continued in the second quarter of 2011. The debt on loans extended to non-financial organisations increased by 5.2% and the debt on loans to households increased by 8.6%. The resulting annual rate of growth in the total debt on loans equalled 17.8% as of July 1, 2011, and is likely to continue growing.

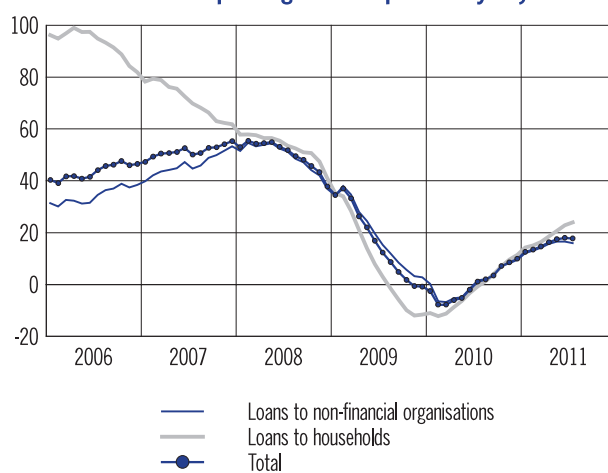
Ruble-denominated loans extended to households were the fastest growing credit aggregate. Thus, the annual rate of growth in the debt on ruble-denominated loans to resident in-

Net sales of foreign currency to households through exchange offices and exchange rate



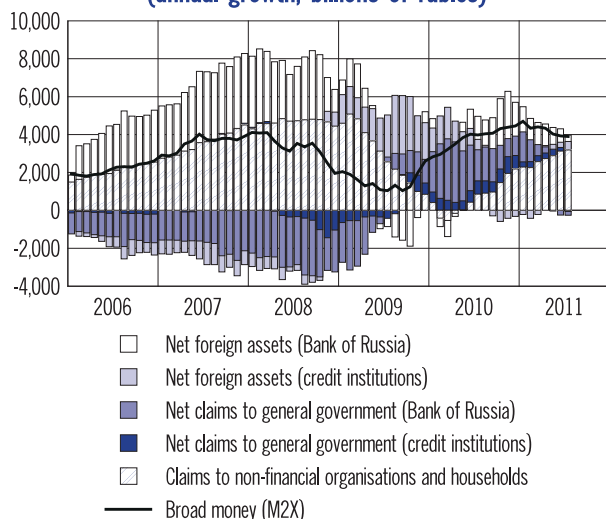
Source: Bank of Russia.

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



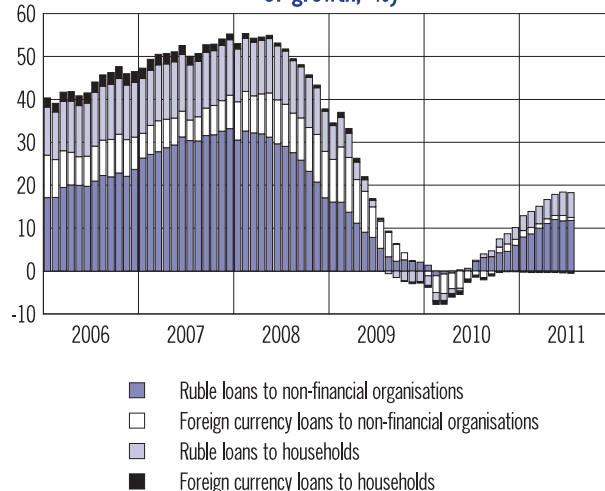
Source: Bank of Russia.

Banking sector major assets and broad money (annual growth, billions of rubles)



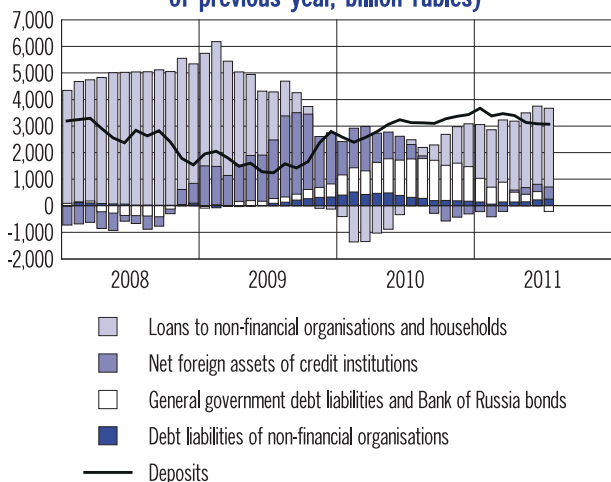
Source: Bank of Russia.

Loans to non-financial organisations and households (contributions by various types of loans to annual rates of growth, %)



Source: Bank of Russia.

Certain types of assets of credit institutions and bank deposits (growth as of corresponding date of previous year, billion rubles)



Source: Bank of Russia.

dividuals was almost 30% as of July 1, 2011, way up from just 1.5% a year earlier. This may indicate the growth of the consumer confidence indicator. Contribution of loan category of this type to the total debt growth rate, however, was not decisive.

The key sources of increased credit supply following the crisis were the growth of the deposit base and of risk-free liquid assets (such as Bank of Russia bonds) on banks' balance sheets. But, taking into account the continuing slowdown of money supply growth and the planned build-up of the internal state debt which can absorb a significant amount of banking resources, one can assume that in future banks will have a limited ability to ensure relatively high rates of credit growth.

Bank of Russia press releases on monetary policy measures in April–August 2011

April 2011

April 29 (extract from the press release)

The Bank of Russia External and Public Relations Department informs that the Bank of Russia Board of Directors took a decision on April 29, 2011, to raise the refinancing rate and interest rates on some of the Bank of Russia's operations by 0.25 percentage points from May 3, 2011 (see the Table on Interest Rates on Bank of Russia Operations).

This decision was made due to the persistence of high inflationary expectations exceeding the inflation targets for this year, and also taking into account the ambiguous effect, which the developments in the global financial and commodity markets may have on the Russian economy. The decision takes into account the fact that interest rates on Bank of Russia deposit operations will continue to exert a major influence on money market rates amid a steady excess of liquidity in the banking system. Also, the efforts to narrow the band of interest rates on Bank of Russia operations to provide and absorb liquidity are expected to raise the efficiency of interest rate policy.

In April 2011, inflationary pressure remained high: the annualised rate of inflation stood at 9.6% as of April 25, 2011 (9.5% in February–March 2011). The monthly growth of consumer prices, especially the prices of some food products, continued to slow down, which testified to the gradual decrease of the effect of price shocks in the domestic agricultural raw material market supported by the rapid growth of world food prices. At the same time, monetary factors remained a major cause of inflationary pressure.

Basic macroeconomic indicators continued to change both ways in March 2011. Industrial output expanded compared with February but its annual growth slightly slowed down. The unemployment rate continued to decrease. As before, fixed capital investment demonstrated weak dynamics. At the same time, the faster growth in retail trade turnover registered in the past few months compared with household income, coupled with the larger volume of lending to individuals and the slower increase in household deposits may suggest a potential decrease in the household propensity to save and may trigger higher inflation risks.

The Bank of Russia's further measures to adjust its monetary policy will depend on the correlation of risks linked to the persistence of high inflationary pressure and the slowing of economic growth, and also on the external economic environment.

The next meeting of the Bank of Russia Board of Directors to consider interest rate policy is scheduled for May 2011.

May 2011

May 4

The Bank of Russia Department for External and Public Relations informs that pursuant to a decision taken by the Bank of Russia Board of Directors, the Bank of Russia is to suspend signing general agreements with Russian credit institutions to extend unsecured Bank of Russia loans to credit institutions from of May 3, 2011.

May 30 (extract from the press release)

The Bank of Russia Department for External and Public Relations informs that on May 30, 2011 the Bank of Russia Board of Directors decided to leave unchanged the refinancing rate and interest rates on Bank of Russia liquidity provision operations and to increase the interest rates on deposit operations by 0.25 percentage points from May 31, 2011 (see the Table on Interest Rates on Bank of Russia Operations).

The decision was made in view of the persistently high inflation expectations and risks to sustainable economic growth. It was mindful of the fact that, given liquidity surplus in the banking sector, interest rates on Bank of Russia deposit operations would continue to exert a crucial influence on money market rates. In addition, the narrowing of the interest rate band on Bank of Russia operations would help reduce the volatility of money market rates and improve the impact of interest rate policy.

Annualised inflation was 9.7% as of May 23, 2011 (9.6% in April). The acceleration of the annual inflation rate was due to prices growing faster in April and May than in the first half of 2010 against the backdrop of post-crisis recovery. In the meantime, consumer price growth remained relatively low during the month. The observed acceleration of petrol price growth was of a non-monetary nature, and the slowdown of price growth for some foodstuffs might suggest that the impact of the domestic price shock on agricultural raw materials was withering away.

In May, the annual growth rate of money supply continued to slow down, which after a certain lag would help bring monetary-related inflation down.

Key macroeconomic indicators in April bore out continuing sizable risks to sustainable economic growth. The unemployment rate, including seasonally adjusted, increased. Industrial output was up compared with March, but its annual growth rate again dropped. The annual investment growth rate turned positive for the first time during the year, but remained very low. At the same time, with the growth of retail sales outpacing the growth of household incomes in the past few months, coupled with more loans granted to individuals and the continued slowdown of deposit growth rates, households might well be demonstrating lower propensity to save, which factor could contribute both to enhanced economic activity and to higher inflation risks.

The Bank of Russia views the interest rate level set by the said decision taking into account the impact of the monetary policies implemented in recent months as securing an acceptable balance between the risks of ongoing inflationary pressures and economic slowdown in the months to come.

The next meeting of the Bank of Russia Board of Directors to consider interest rate policy is scheduled for June 2011.

June 2011

June 30

The Bank of Russia Department for External and Public Relations informs that on June 30, 2011, the Bank of Russia Board of Directors took a decision to leave the refinancing rate and interest rates on Bank of Russia operations unchanged.

The decision was based on an assessment of inflation risks and risks to sustainable economic growth, including the persisting uncertainty over external economic developments.

Annualised inflation was 9.4% as of June 27, 2011 (9.6% in May). The growth rate of consumer prices slackened in June, month on month, which primarily was due to a retarded growth rate and a drop in the prices of individual groups of food products.

In June, lending to households continued to increase as the growth of deposits slowed down, which points to a potential reduction in people's propensity to save and which may contribute both to enhanced economic activity and to higher inflation risks. On the other hand, the retarded annual growth rate of money supply is paving the way to lower inflation caused by monetary factors.

In May, macroeconomic indicators retained the trends of the previous months as a sign of persisting risks to sustainable economic growth. Annual growth rates of industrial output contracted further as

household real disposable incomes diminished. The unemployment rate fell appreciably in May, but that was largely due to seasonal factors. At the same time, the turnover of retail trade kept growing. Annual growth rates of investment continued to recover after a significant slump at the beginning of the year, but it is too early to talk about this trend as sustainable.

Given the current internal and external macroeconomic trends and the impact of the monetary policies implemented in recent months, the Bank of Russia regards the current level of interest rates as acceptable in order to secure a balance between the risks of inflationary pressures and economic slowdown in the months to come.

The next meeting of the Bank of Russia Board of Directors to consider monetary policy issues is scheduled for the beginning of August 2011.

August 2011

August 4 (extract from the press release)

The Bank of Russia Department for External and Public Relations informs that on August 4, 2011, the Bank of Russia Board of Directors decided to leave the refinancing rate and interest rates on Bank of Russia operations unchanged (see the Table on Interest Rates on Bank of Russia Operations).

The decision was based on an assessment of inflation risks and risks to sustainable economic growth, including persisting uncertainty over external economic developments.

The annual inflation rate continued to fall in July and equalled 9.0% (9.4% in June). The prices of certain groups of foodstuffs continued to contribute importantly to slowing down inflation. A favourable outlook for this year's grain harvest combined with the situation in the global food markets gives reason to believe that the associated inflation risks are diminishing. The current downward trend regarding inflation expectations may contribute to a slower inflation rate in future.

Meanwhile, the continuing trend towards slower growth of household deposits and the growth of retail trade outpacing the growth of real incomes suggest that households might demonstrate less propensity to save, which may both contribute to improved business activity and be a source of additional inflationary pressures.

Movements of the macroeconomic indicators in June suggested that the economic situation had somewhat improved but there remained risks to sustainable economic growth. The industrial output index continued to grow and its annual growth rate accelerated for the first time since the year began. The unemployment rate went down but that was largely due to seasonal factors. Fixed asset investments continued to recover following a slump at the beginning of the year, but their annual growth rate slowing down in June compared with May might suggest that the trend was potentially fickle. Low indicators of economic agents' sentiments also point to risks to sustainable growth.

Given the current internal and external macroeconomic trends and the impact of the monetary policies implemented in recent months, the Bank of Russia regards the current level of interest rates as acceptable in order to secure a balance between inflation risks and economic slowdown risks in the months to come.

The next meeting of the Bank of Russia Board of Directors to consider interest rate policy is scheduled for September 2011.

Statistical Addendum

Table 1

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

	Monthly inflation	Core inflation	Food price growth	Food price growth ¹	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices ²	Service price growth
2009								
January	2.4	1.3	1.4	1.1	4.7	0.7	1.0	6.3
February	1.7	1.6	1.9	1.5	4.9	1.6	1.8	1.4
March	1.3	1.4	1.7	1.4	4.5	1.4	1.6	0.6
April	0.7	0.8	0.7	0.8	-0.1	1.0	1.1	0.3
May	0.6	0.5	0.7	0.3	4.1	0.7	0.8	0.3
June	0.6	0.3	0.5	0.1	3.9	0.8	0.3	0.5
July	0.6	0.3	0.6	0.2	3.2	0.6	0.2	0.8
August	0.0	0.5	-0.9	0.4	-11.0	0.6	0.4	0.4
September	0.0	0.5	-0.8	0.4	-11.5	0.7	0.6	0.1
October	0.0	0.3	-0.5	0.0	-6.2	0.6	0.7	-0.1
November	0.3	0.3	0.3	0.2	0.9	0.4	0.4	0.1
December	0.4	0.4	0.5	0.3	3.0	0.2	0.3	0.4
Full year (December on December)	8.8	8.3	6.1	6.9	-1.7	9.7	9.7	11.6
2010								
January	1.6	0.5	1.4	0.8	7.2	0.2	0.3	3.9
February	0.9	0.5	1.3	0.8	5.6	0.3	0.3	1.0
March	0.6	0.5	1.0	0.7	4.2	0.4	0.4	0.4
April	0.3	0.2	0.3	0.2	1.1	0.3	0.3	0.2
May	0.5	0.1	0.7	-0.1	7.2	0.4	0.3	0.4
June	0.4	0.2	0.5	0.0	4.6	0.2	0.2	0.4
July	0.4	0.4	0.3	0.4	-0.6	0.3	0.2	0.6
August	0.6	0.7	0.9	1.2	-1.4	0.4	0.4	0.3
September	0.8	1.1	1.6	1.8	0.2	0.6	0.6	0.0
October	0.5	0.8	0.7	1.0	-1.8	0.6	0.7	0.0
November	0.8	0.7	1.4	1.0	4.0	0.7	0.7	0.2
December	1.1	0.7	2.1	1.2	8.6	0.4	0.4	0.4
Full year (December on December)	8.8	6.6	12.9	9.4	45.6	5.0	4.9	8.1
2011								
January	2.4	1.1	2.6	1.6	11.2	0.9	0.6	4.1
February	0.8	0.7	1.2	1.0	2.7	0.3	0.4	0.8
March	0.6	0.7	0.9	0.9	1.4	0.5	0.6	0.3
April	0.4	0.5	0.4	0.6	-1.6	0.5	0.5	0.5
May	0.5	0.4	0.0	0.2	-1.6	0.8	0.4	0.7
June	0.2	0.3	-0.2	0.1	-3.2	0.4	0.3	0.7

¹ Excluding vegetables and fruit.

² Bank of Russia estimate.

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

Table 2

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

	Monthly inflation	Core inflation	Food price growth	Food price growth ¹	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices ²	Service price growth
2009								
January	2.4	1.3	1.4	1.1	4.7	0.7	1.0	6.3
February	4.1	2.9	3.3	2.6	9.8	2.3	2.8	7.8
March	5.4	4.3	5.0	4.0	14.7	3.8	4.5	8.5
April	6.2	5.2	5.8	4.8	14.6	4.8	5.7	8.7
May	6.8	5.7	6.5	5.1	19.3	5.5	6.5	9.1
June	7.4	6.0	7.0	5.2	24.0	6.3	6.9	9.6
July	8.1	6.3	7.6	5.4	28.0	7.0	7.1	10.5
August	8.1	6.8	6.6	5.8	14.0	7.6	7.6	10.9
September	8.1	7.3	5.8	6.3	0.8	8.3	8.2	11.0
October	8.1	7.6	5.2	6.3	-5.4	9.0	9.0	10.9
November	8.4	8.0	5.5	6.5	-4.5	9.4	9.4	11.1
December	8.8	8.3	6.1	6.9	-1.7	9.7	9.7	11.6
2010								
January	1.6	0.5	1.4	0.8	7.2	0.2	0.3	3.9
February	2.5	1.0	2.7	1.6	13.2	0.5	0.6	5.0
March	3.2	1.5	3.8	2.3	18.0	0.9	1.0	5.4
April	3.5	1.7	4.1	2.5	19.3	1.3	1.3	5.6
May	4.0	1.8	4.8	2.4	27.9	1.7	1.7	6.0
June	4.4	2.0	5.4	2.4	33.8	1.9	1.9	6.4
July	4.8	2.4	5.7	2.8	32.9	2.2	2.1	7.0
August	5.4	3.1	6.6	4.1	31.0	2.5	2.5	7.3
September	6.2	4.3	8.4	5.9	31.3	3.1	3.1	7.4
October	6.8	5.1	9.1	7.0	28.9	3.8	3.8	7.4
November	7.6	5.8	10.6	8.1	34.0	4.5	4.5	7.6
December	8.8	6.6	12.9	9.4	45.6	5.0	4.9	8.1
2011								
January	2.4	1.1	2.6	1.6	11.2	0.9	0.6	4.1
February	3.2	1.8	3.9	2.6	14.2	1.2	1.1	4.9
March	3.8	2.5	4.8	3.5	15.8	1.7	1.7	5.2
April	4.3	3.0	5.2	4.1	14.0	2.2	2.1	5.7
May	4.8	3.4	5.2	4.4	12.2	3.0	2.6	6.5
June	5.0	3.8	5.0	4.5	8.7	3.5	2.9	7.2

¹ Excluding vegetables and fruit.

² Bank of Russia estimate.

Table 3

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

	Monthly inflation	Core inflation ¹	Food price growth	Food price growth ²	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices ¹	Service price growth
2009								
January	13.4	13.9	15.9	17.3	4.1	8.1	8.9	16.9
February	13.9	14.6	16.1	17.6	3.9	9.2	10.2	17.0
March	14.0	14.9	15.8	17.5	2.5	9.9	11.2	17.0
April	13.2	14.4	14.1	16.3	-3.0	10.0	11.7	16.1
May	12.3	13.6	12.5	14.9	-5.1	9.9	11.9	15.3
June	11.9	12.9	11.9	13.7	-1.8	9.9	11.7	14.6
July	12.0	12.3	12.4	12.7	8.7	9.8	11.4	14.5
August	11.6	11.7	11.6	11.8	9.1	9.9	11.2	13.9
September	10.7	10.8	9.9	10.6	3.2	9.9	11.0	12.8
October	9.7	9.6	7.6	8.7	-2.8	9.6	10.6	12.7
November	9.1	8.8	6.6	7.6	-2.9	9.6	10.0	12.1
December	8.8	8.3	6.1	6.9	-1.7	9.7	9.7	11.6
2010								
January	8.0	7.5	6.1	6.6	0.7	9.1	9.0	9.1
February	7.2	6.3	5.5	5.8	1.4	7.7	7.4	8.7
March	6.5	5.4	4.8	5.1	1.1	6.6	6.1	8.4
April	6.0	4.8	4.4	4.5	2.4	5.9	5.2	8.4
May	6.0	4.4	4.4	4.1	5.4	5.7	4.7	8.4
June	5.8	4.3	4.5	4.0	6.1	5.1	4.6	8.4
July	5.5	4.4	4.2	4.2	2.1	4.8	4.6	8.2
August	6.1	4.7	6.1	5.1	13.1	4.5	4.5	8.0
September	7.0	5.3	8.7	6.5	28.0	4.4	4.6	8.0
October	7.5	5.8	10.0	7.6	33.9	4.4	4.5	8.1
November	8.1	6.2	11.2	8.5	38.0	4.7	4.8	8.1
December	8.8	6.6	12.9	9.4	45.6	5.0	4.9	8.1
2011								
January	9.6	7.2	14.2	10.2	51.1	5.6	5.2	8.2
February	9.5	7.4	14.2	10.5	46.9	5.6	5.4	7.9
March	9.5	7.7	14.1	10.8	42.9	5.8	5.6	7.9
April	9.6	8.0	14.1	11.2	39.1	5.9	5.8	8.2
May	9.6	8.3	13.4	11.6	27.7	6.3	5.9	8.6
June	9.4	8.4	12.5	11.7	18.3	6.6	6.0	8.8

¹ Bank of Russia estimate.

² Excluding vegetables and fruit.

Table 4

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

	Foodstuffs ¹	Non-food products	Paid services	Vegetables and fruit	Inflation over period, %	Core inflation	Non-core inflation ²
2009							
January	0.4	0.3	1.6	0.2	2.4	1.0	1.4
February	0.9	0.9	2.0	0.4	4.1	2.4	1.7
March	1.4	1.4	2.1	0.5	5.4	3.5	2.0
April	1.6	1.8	2.2	0.5	6.2	4.2	2.0
May	1.8	2.1	2.3	0.7	6.8	4.6	2.2
June	1.8	2.4	2.4	0.9	7.4	4.8	2.6
July	1.9	2.6	2.6	1.0	8.1	5.1	3.0
August	2.0	2.9	2.7	0.5	8.1	5.5	2.6
September	2.1	3.1	2.8	0.0	8.1	5.9	2.1
October	2.1	3.4	2.7	-0.2	8.1	6.1	1.9
November	2.2	3.5	2.8	-0.2	8.4	6.4	1.9
December	2.4	3.6	2.9	-0.1	8.8	6.7	2.1
2010							
January	0.3	0.1	1.0	0.3	1.6	0.4	1.2
February	0.6	0.2	1.3	0.5	2.5	0.8	1.7
March	0.8	0.3	1.4	0.6	3.2	1.2	2.0
April	0.9	0.5	1.4	0.7	3.5	1.4	2.1
May	0.8	0.6	1.5	1.0	4.0	1.5	2.5
June	0.8	0.7	1.7	1.2	4.4	1.6	2.8
July	1.0	0.8	1.8	1.2	4.8	1.9	2.8
August	1.4	0.9	1.9	1.1	5.4	2.5	2.8
September	2.0	1.1	1.9	1.1	6.2	3.5	2.8
October	2.4	1.4	1.9	1.0	6.8	4.1	2.7
November	2.8	1.6	2.0	1.2	7.6	4.7	2.9
December	3.3	1.8	2.1	1.7	8.8	5.3	3.5
2011							
January	0.5	0.3	1.1	0.4	2.4	0.8	1.5
February	0.9	0.4	1.3	0.6	3.2	1.4	1.7
March	1.2	0.6	1.3	0.7	3.8	2.0	1.8
April	1.4	0.8	1.5	0.6	4.3	2.4	1.8
May	1.5	1.1	1.7	0.5	4.8	2.7	2.0
June	1.6	1.2	1.9	0.4	5.0	3.0	2.0

¹ Excluding vegetables and fruit.

² Growth in prices of goods and paid services not included in the calculation of the core consumer price index.

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

	Foodstuffs ¹	Non-food products	Paid services	Vegetables and fruit	Inflation over period, %	Core inflation	Non-core inflation ²
2009							
January	0.4	0.3	1.6	0.2	2.4	1.0	1.4
February	0.5	0.6	0.4	0.2	1.7	1.3	0.3
March	0.5	0.5	0.2	0.2	1.3	1.1	0.2
April	0.3	0.4	0.1	0.0	0.7	0.7	0.0
May	0.1	0.3	0.1	0.2	0.6	0.4	0.2
June	0.0	0.3	0.1	0.2	0.6	0.2	0.4
July	0.1	0.2	0.2	0.1	0.6	0.2	0.4
August ³					0.0		
September ³					0.0		
October ³					0.0		
November	0.1	0.1	0.0	0.0	0.3	0.3	0.0
December	0.1	0.1	0.1	0.1	0.4	0.3	0.1
2010							
January	0.3	0.1	1.0	0.3	1.6	0.4	1.2
February	0.3	0.1	0.3	0.2	0.9	0.4	0.5
March	0.2	0.1	0.1	0.2	0.6	0.4	0.3
April	0.1	0.1	0.1	0.0	0.3	0.2	0.1
May	0.0	0.1	0.1	0.3	0.5	0.1	0.4
June	0.0	0.1	0.1	0.2	0.4	0.2	0.3
July	0.1	0.1	0.2	0.0	0.4	0.3	0.1
August	0.4	0.1	0.1	-0.1	0.6	0.6	0.0
September	0.6	0.2	0.0	0.0	0.8	0.9	-0.1
October	0.4	0.2	0.0	-0.1	0.5	0.6	-0.1
November	0.3	0.2	0.1	0.2	0.8	0.6	0.3
December	0.4	0.2	0.1	0.4	1.1	0.6	0.5
2011							
January	0.5	0.3	1.1	0.4	2.4	0.8	1.5
February	0.3	0.1	0.2	0.2	0.8	0.6	0.2
March	0.3	0.2	0.1	0.1	0.6	0.6	0.1
April	0.2	0.2	0.1	-0.1	0.4	0.4	0.0
May	0.1	0.3	0.2	-0.1	0.5	0.3	0.2
June	0.0	0.2	0.2	-0.1	0.2	0.3	0.0

¹ Excluding vegetables and fruit.

² Growth in prices of goods and paid services not included in the calculation of the core consumer price index.

³ Owing to zero inflation in August-October 2009, estimates may vary.

Table 6

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

	Foodstuffs ¹	Non-food products	Paid services	Vegetables and fruit	Core inflation	Non-core inflation ²
2009						
January	15.6	11.3	66.2	7.0	42.3	57.7
February	22.1	21.5	47.9	8.6	57.7	42.3
March	25.3	26.1	38.9	9.7	64.0	36.0
April	26.7	29.3	35.5	8.5	67.9	32.1
May	25.9	30.5	33.4	10.2	67.5	32.5
June	24.1	31.9	32.4	11.6	65.0	35.0
July	23.0	32.3	32.3	12.4	62.6	37.4
August	24.7	35.3	33.8	6.2	67.6	32.4
September	26.7	38.7	34.2	0.4	73.3	26.7
October	26.6	41.9	33.8	-2.4	76.3	23.7
November	26.7	42.2	33.0	-1.9	76.7	23.3
December	26.7	41.1	32.9	-0.7	76.4	23.6
2010						
January	17.3	4.7	61.6	16.3	25.6	74.4
February	22.2	7.3	51.4	19.1	31.6	68.4
March	25.2	10.4	43.9	20.6	37.4	62.6
April	25.0	13.2	41.7	20.2	39.8	60.2
May	20.9	15.3	38.5	25.3	37.2	62.8
June	19.0	15.8	37.5	27.7	37.2	62.8
July	20.5	16.6	38.0	24.9	40.4	59.6
August	26.4	17.3	35.4	20.9	47.1	52.9
September	32.9	18.3	30.6	18.2	55.5	44.5
October	35.9	20.5	28.2	15.5	60.5	39.5
November	36.7	21.6	25.7	16.1	61.5	38.5
December	37.0	20.6	23.7	18.8	60.3	39.7
2011						
January	23.2	13.4	45.8	17.7	35.5	64.5
February	28.2	13.0	40.0	18.8	45.1	54.9
March	31.9	15.5	35.3	17.3	52.5	47.5
April	33.4	18.1	34.7	13.7	56.9	43.1
May	31.7	22.4	35.1	10.7	57.5	42.5
June	31.1	24.6	37.1	7.3	60.1	39.9

¹ Excluding vegetables and fruit.

² Growth in prices of goods and paid services not included in the calculation of the core consumer price index.

Table 7

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

	Foodstuffs ¹	Non-food products	Paid services	Vegetables and fruit	Core inflation	Non-core inflation ²
2009						
January	15.6	11.3	66.2	7.0	42.3	57.7
February	31.2	35.9	22.0	10.9	79.5	20.5
March	35.2	40.0	11.7	13.1	83.0	17.0
April	37.5	53.9	9.3	-0.7	97.1	2.9
May	17.1	42.5	13.3	27.1	62.6	37.4
June	5.7	46.9	20.7	26.8	38.4	61.6
July	10.8	35.8	31.6	21.8	35.3	64.7
August ³						
September ³						
October ³						
November	28.1	49.4	12.3	10.2	87.7	12.3
December	27.3	19.3	30.1	23.3	70.2	29.8
2010						
January	17.3	4.7	61.6	16.3	25.6	74.4
February	30.6	11.7	33.6	24.1	42.2	57.8
March	36.4	22.1	15.4	26.0	59.6	40.4
April	23.4	42.8	18.0	15.8	65.3	34.7
May	-5.6	29.1	18.0	58.5	20.5	79.5
June	0.9	20.8	28.1	50.2	36.6	63.4
July	38.7	26.1	43.8	-8.5	79.6	20.4
August	75.8	22.8	13.2	-11.8	102.9	-2.9
September	72.6	25.0	1.4	1.0	107.1	-7.1
October	71.1	46.0	-0.8	-16.3	119.3	-19.3
November	42.4	30.1	6.3	21.2	68.8	31.2
December	38.9	14.1	10.7	36.3	52.4	47.6
2011						
January	23.2	13.4	45.8	17.7	35.5	64.5
February	43.0	11.8	22.7	22.4	73.9	26.1
March	50.0	27.6	12.4	10.0	88.2	11.8
April	46.2	40.3	30.2	-16.7	94.5	5.5
May	17.6	58.8	38.2	-14.6	62.2	37.8
June	17.4	69.6	75.9	-62.9	111.0	-11.0

¹ Excluding vegetables and fruit.

² Growth in prices of goods and paid services not included in the calculation of the core consumer price index.

³ Owing to zero inflation in August-October 2009, estimates may vary.

Table 8

Russia's key macroeconomic and financial indicators

		Year	Q1	Q2	Q3	Q4	
Macroeconomic indicators							
GDP	over period since start of year, billion rubles	2009	8,306	17,528	27,967	38,786	
		2010	9,572	20,195	31,968	44,939	
		2011	11,410				
	over period since start of year, as % of corresponding period of previous year	2009	90.8	...	...	92.2
		2010	103.5	104.3	103.9	104.0	
		2011	104.1	103.7			
	as % of corresponding quarter of previous year	2009	90.8	88.8	91.4	97.4	
		2010	103.5	105.0	103.1	104.5	
		2011	104.1	103.4			
Industrial output indices	as % of corresponding quarter of previous year	2009	84.5	86.4	90.4	101.8	
		2010	109.5	110.9	106.4	106.5	
		2011	105.9	104.8			
	over period since start of year, as % of corresponding period of previous year	2009	84.5	85.5	87.1	90.7	
		2010	109.5	110.2	108.9	108.2	
		2011	105.9	105.3			
Agricultural output	as % of corresponding quarter of previous year	2009	102.2	100.7	98.9	105.1	
		2010	103.6	102.3	80.3	91.8	
		2011	100.7	100.6			
	over period since start of year, as % of corresponding period of previous year	2009	102.2	...	...	101.4
		2010	103.6	102.8	88.3	88.1	
		2011	100.7	100.7			
Fixed capital investment	over period since start of year, billion rubles	2009	1,224.3	2,946.4	5,007.4	7,976.0	
		2010	1,242.6	3,205.1	5,566.2	9,151.4	
		2011	1,353.0	3,596.3			
	as % of corresponding quarter of previous year	2009	82.0	79.1	82.3	90.7	
		2010	95.2	105.6	105.3	111.1	
		2011	99.2	104.9			
Retail trade turnover	over period since start of year, billion rubles	2009	3,327.2	6,836.5	10,521.3	14,584.7	
		2010	3,625.7	7,560.2	11,764.0	16,468.6	
		2011	4,173.2	8,728.1			
	as % of corresponding quarter of previous year	2009	100.5	94.8	91.2	94.3	
		2010	102.2	106.9	108.4	107.4	
		2011	105.0	105.6			
Federal budget on accrual basis, as of end of period	revenue	billion rubles	2009	1,732.7	3,172.2	5,114.4	7,337.8
			2010	1,954.9	3,997.9	6,008.6	8,305.4
			2011	2,392.8	5,306.4 ¹		
		as % of GDP	2009	20.9	18.1	18.3	18.9
			2010	20.4	19.8	18.8	18.5
			2011	21.0	22.0 ¹		
	expenditure	billion rubles	2009	1,762.4	3,893.8	6,441.7	9,660.1
			2010	2,199.5	4,386.2	6,701.2	10,117.4
			2011	2,214.7	4,602.9 ¹		
		as % of GDP	2009	21.2	22.2	23.0	24.9
			2010	23.0	21.7	21.0	22.5
			2011	19.4	19.1 ¹		
	surplus(+)/deficit(-)	billion rubles	2009	-29.7	-721.7	-1,327.2	-2,322.3
			2010	-244.6	-388.3	-692.6	-1,812.0
			2011	178.0	703.5 ¹		
as % of GDP		2009	-0.4	-4.1	-4.7	-6.0	
		2010	-2.6	-1.9	-2.2	-4.0	
		2011	1.6	2.9 ¹			
General government budget on accrual basis, as of end of period	revenue	billion rubles	2009	3,033.5	6,042.7	9,555.0	13,599.7
			2010	3,463.1	7,603.5	11,419.4	16,031.9
			2011	4,392.5	9,885.1 ¹		
		as % of GDP	2009	36.5	34.5	34.2	35.1
			2010	36.2	37.6	35.7	35.7
			2011	38.5	41.0 ¹		
	expenditure	billion rubles	2009	2,807.1	6,619.7	10,503.9	16,048.3
			2010	3,220.7	7,331.2	11,309.8	17,616.6
			2011	3,575.4	8,138.7 ¹		
		as % of GDP	2009	33.8	37.8	37.6	41.4
			2010	33.6	36.3	35.4	39.2
			2011	31.3	33.8 ¹		
	surplus(+)/deficit(-)	billion rubles	2009	226.4	-577.0	-948.9	-2,448.6
			2010	242.4	272.3	109.7	-1,584.6
			2011	817.0	1,746.4 ¹		
as % of GDP		2009	2.7	-3.3	-3.4	-6.3	
		2010	2.5	1.3	0.3	-3.5	
		2011	7.2	7.3 ¹			

Note. Table 8 is based on data compiled by the Bank of Russia, the Federal State Statistics Service, the Ministry of Finance of the Russian Federation and the Federal Treasury.

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4
Socio-economic indicators						
Nominal imputed average monthly per employee wage	rubles	2009	17,441	18,419	18,673	20,670
		2010	19,485	20,809	21,031	23,491
		2011	21,354	23,353		
	as % of corresponding quarter of previous year	2009	112.8	108.0	105.7	108.4
		2010	110.5	112.4	111.6	112.7
		2011	111.2	113.1		
over period since start of year, as % of corresponding period of previous year	2009	112.8	...	...	107.8	
	2010	110.5	111.5	111.5	112.4	
	2011	111.2	112.2			
Real imputed average monthly per employee wage, as % of corresponding quarter of previous year		2009	99.2	96.1	94.8	99.3
		2010	103.1	106.1	105.1	104.2
		2011	101.6	103.2		
Household money income (per capita monthly average), rubles		2009	14,009.3	16,921.1	16,656.8	19,761.3
		2010	15,996.3	18,582.1	18,493.9	21,997.1
		2011	17,540.8	19,923.0		
Household real disposable money income	as % of corresponding quarter of previous year	2009	100.7	102.9	96.3	108.0
		2010	107.3	103.7	104.5	102.1
		2011	99.8	97.5		
	over period since start of year, as % of corresponding period of previous year	2009	100.7	...	...	102.0
		2010	107.3	105.3	105.0	104.2
		2011	99.8	98.6		
Household spending, as % of income	purchase of goods and payment for services	2009	76.6	67.1	71.2	65.0
		2010	73.3	68.3	72.9	67.3
		2011	79.0	73.7		
	compulsory payments and contributions	2009	11.2	10.4	10.9	9.9
		2010	9.5	9.9	10.2	10.3
		2011	9.7	10.1		
	growth in savings	2009	8.3	16.6	12.3	17.5
		2010	15.7	15.2	11.6	14.8
		2011	10.2	10.3		
	purchase of foreign currency	2009	10.2	3.5	6.0	3.5
		2010	3.2	3.2	4.2	4.0
		2011	3.9	4.0		
	cash on hand	2009	-6.3	2.4	-0.4	4.1
		2010	-1.7	3.4	1.1	3.6
		2011	-2.8	1.9		
Average imputed pension, total, rubles		2009	4,614	5,151	5,330	5,670
		2010	7,126	7,580	7,596	7,604
		2011	8,011	8,254		
Real imputed pension	as % of corresponding quarter of previous year	2009	106.1	113.3	109.1	114.2
		2010	144.1	138.9	134.3	124.1
		2011	102.7	99.4		
	over period since start of year, as % of corresponding period of previous year	2009	106.1	...	...	110.7
		2010	144.1	141.3	138.8	134.8
		2011	102.7	101.0		
Total number of unemployed (calculated using ILO methodology)	million	2009	6.8	6.5	6.0	6.1
		2010	6.6	5.6	5.2	5.2
		2011	5.6	5.0		
	as % of economically active population	2009	9.1	8.6	7.8	8.0
		2010	8.8	7.4	6.8	6.9
		2011	7.5	6.6		

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4	
Foreign economic activity indicators							
Price of Urals crude, over period since start of year	\$/barrel	2009	43.2	50.5	56.3	60.7	
		2010	75.0	75.8	75.8	78.2	
		2011	102.6	108.3			
	as % of corresponding period of previous year	2009	46.1	48.0	52.3	64.6	
		2010	173.7	150.1	134.7	128.9	
		2011	136.8	142.7			
Exports of goods, over period since start of year	\$ billion	2009	57.3	125.4	207.8	303.4	
		2010	92.2	189.9	287.5	400.4	
		2011	114.2	249.5 ²			
	as % of corresponding period of previous year	2009	52.0	52.9	55.6	64.3	
		2010	161.1	151.5	138.4	132.0	
		2011	123.8	131.4 ²			
Imports of goods, over period since start of year	\$ billion	2009	38.5	82.4	131.5	191.8	
		2010	45.7	103.9	172.3	248.7	
		2011	64.9	147.8 ²			
	as % of corresponding period of previous year	2009	63.9	60.7	60.1	65.7	
		2010	118.8	126.0	131.1	129.7	
		2011	141.9	142.3 ²			
Current account balance (over period since start of year), \$ billion		2009	9.7	17.6	32.7	48.6	
		2010	33.5	52.1	57.7	70.6	
		2011	32.4	57.6 ²			
Private sector net capital outflow (inflow) (over period since start of year), \$ billion		2009	-35.0	-31.4	-64.9	-56.1	
		2010	-14.9	-11.5	-14.5	-34.0	
		2011	-21.3	-31.2 ²			
Foreign investment in Russia's non-financial sector (Rosstat data), over period since start of year	\$ billion	2009	12.0	32.2	54.7	81.9	
		2010	13.1	30.4	47.5	114.7	
		2011	44.3				
	as % of corresponding period of previous year	2009	69.7	69.1	72.2	79.0	
		2010	109.3	94.5	86.8	140.1	
		2011	3.4 times				
of which:	direct	\$ billion	2009	3.2	6.1	10.0	15.9
			2010	2.6	5.4	8.2	13.8
			2011	3.9			
		as % of corresponding period of previous year	2009	57.0	55.0	51.9	58.9
			2010	82.4	89.0	82.2	86.8
			2011	148.3			
	portfolio	\$ billion	2009	0.1	0.9	1.0	0.9
			2010	0.3	0.7	0.9	1.1
			2011	0.1			
		as % of corresponding period of previous year	2009	93.5	74.9	78.6	62.3
			2010	2.5 times	81.1	85.0	121.9
			2011	41.8			
	other	\$ billion	2009	8.7	25.2	43.7	65.1
			2010	10.2	24.3	38.4	99.9
			2011	40.3			
as % of corresponding period of previous year		2009	75.6	73.5	79.1	86.5	
		2010	117.1	96.2	87.8	153.3	
		2011	3.9 times				
Russia's international reserves (as of end of period), \$ billion		2009	383.8	412.5	413.4	439.5	
		2010	447.4	461.2	490.1	479.4	
		2011	502.5	524.5			
Real ruble exchange rate indices (last month of quarter), growth as % of December of previous year ³	ruble vs. US dollar	2009	-15.4	-5.0	-3.9	-0.4	
		2010	3.6	-0.7	2.0	4.0	
		2011	10.5	12.4			
	ruble vs. euro	2009	-12.0	-7.0	-9.0	-6.5	
		2010	11.7	18.6	14.5	14.5	
		2011	5.2	4.6			
	effective rate	2009	-10.0	-4.2	-5.6	-3.9	
		2010	7.4	9.7	6.8	6.9	
		2011	6.9	8.4			

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4
Financial market indicators (including Sberbank interest rates)						
Average for period						
Overnight interbank credit rate, % p.a.	in rubles	2009	11.6	7.7	7.1	5.5
		2010	4.2	3.1	2.6	2.9
		2011	2.8	3.6		
	in US dollars	2009	0.2	0.2	0.2	0.2
		2010	0.2	0.3	0.3	0.3
		2011	0.2	0.2		
OFZ yields, % p.a. ⁴		2009	10.5	10.3	10.6	9.1
		2010	7.9	7.4	7.3	7.4
		2011	7.5	7.5		
Interest rate on household time deposits, % p.a.	up to 1 year in rubles	2009	10.0	10.8	10.7	10.2
		2010	8.5	7.1	6.0	5.6
		2011	5.3	5.1		
	over 1 year in rubles	2009	10.0	10.3	9.3	9.2
		2010	7.7	6.2	5.3	4.8
		2011	5.6	5.6		
	up to 1 year in US dollars	2009	6.0	5.3	5.5	5.2
		2010	4.3	3.7	3.6	3.7
		2011	3.5	3.1		
	over 1 year in US dollars	2009	6.5	6.1	5.7	5.5
		2010	4.9	4.8	4.4	4.7
		2011	4.5	4.6		
Interest rate on credit to non-financial organisations, % p.a.	up to 1 year in rubles	2009	16.6	15.8	14.9	13.9
		2010	12.8	11.4	10.0	9.1
		2011	8.7	8.3		
	over 1 year in rubles	2009	15.1	16.2	15.8	14.7
		2010	13.9	12.3	11.4	10.5
		2011	10.6	10.5		
	up to 1 year in US dollars	2009	10.7	10.1	10.0	9.3
		2010	8.3	7.5	6.9	6.1
		2011	6.2	4.4		
	over 1 year in US dollars	2009	12.7	11.6	10.7	9.0
		2010	10.3	8.8	7.4	8.0
		2011	7.3	7.3		
Interest rate on ruble-denominated promissory notes discounted by banks, % p.a.		2009	15.7	14.3	14.0	11.8
Interest rate on ruble-denominated promissory notes issued by non-financial organisations and discounted by credit institutions, % p.a. ⁵		2010	14.1	11.6	10.8	10.2
		2011	8.4	10.0		
Interest rate on ruble-denominated promissory notes issued by credit institutions and discounted by credit institutions, % p.a. ⁵		2010	9.3	7.8	7.4	7.5
		2011	7.4	7.5		
MICEX rate in «tomorrow» trades, ruble/US dollar		2009	34.4761	32.2032	31.3160	29.4737
		2010	29.8318	30.2891	30.6072	30.7248
		2011	29.1281	27.9951		
As of end of quarter						
RTS index, points		2009	689.63	987.02	1,254.52	1,444.61
		2010	1,572.48	1,339.35	1,507.66	1,770.28
		2011	2,044.20	1,906.71		
Refinancing rate, % p.a.		2009	13.00	11.50	10.00	8.75
		2010	8.25	7.75	7.75	7.75
		2011	8.00	8.25		

Table 8 (end)

	Year	1.01	1.04	1.07	1.10	
Monetary indicators						
M0, billion rubles	2009	3,794.8	3,278.3	3,522.5	3,485.6	
	2010	4,038.1	3,986.1	4,367.7	4,524.5	
	2011	5,062.7	4,916.4	5,189.6		
M2, billion rubles	2009	12,975.9	11,581.6	12,650.5	13,101.9	
	2010	15,267.6	15,639.4	16,900.9	17,690.2	
	2011	20,011.9	19,817.1	20,742.6		
Broad money, billion rubles	2009	16,276.7	15,810.4	16,579.8	17,004.5	
	2010	19,095.8	19,309.7	20,557.1	21,318.6	
	2011	23,791.2	23,639.3	24,452.4 ¹		
Net foreign assets, billion rubles	2009	12,197.9	12,884.3	13,049.9	13,238.9	
	2010	13,942.7	13,816.0	14,814.0	15,119.3	
	2011	15,041.2	15,030.6	15,606.8 ¹		
Domestic claims, billion rubles	2009	10,078.2	9,994.9	10,864.9	11,539.1	
	2010	13,241.8	13,460.4	14,097.3	15,003.0	
	2011	17,468.2	17,005.1	17,234.7 ¹		
Broad monetary base, billion rubles	2009	5,578.7	4,298.8	4,967.6	4,803.7	
	2010	6,467.3	6,363.9	7,195.0	7,126.0	
	2011	8,190.3	7,514.2	7,410.3		
Balances of correspondent accounts, billion rubles	2009	1,027.6	431.7	471.4	545.4	
	2010	900.3	579.5	603.6	590.0	
	2011	994.7	597.2	786.5		
Monetisation of the economy (by M2 aggregate), %	2009	32.1	31.9	32.2	32.5	
	2010	32.8	33.6	35.0	36.5	
	2011	37.5	38.2	38.7 ¹		
Money multiplier	by broad monetary base	2009	2.33	2.69	2.55	2.73
		2010	2.36	2.46	2.35	2.48
		2011	2.44	2.63	2.80	
	change since start of year, %	2009	-0.4 ⁶	15.8	9.5	17.3
		2010	1.5 ⁶	4.1	-0.5	5.2
		2011	3.5 ⁶	7.9	14.6	
Foreign exchange rates	rubles per US dollar	2009	29.39	33.90	31.04	30.01
		2010	30.19	29.50	31.26	30.51
		2011	30.35	28.52	27.87	
	rubles per euro	2009	41.43	44.89	43.85	43.89
		2010	43.46	39.57	38.21	41.44
		2011	40.49	40.39	40.42	

¹ Preliminary data.

² Estimate.

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

⁴ OFZ effective market portfolio indicator.

⁵ Owing to the coming into force of Bank of Russia Instruction No. 2332-U of November 12, 2009, the set of indicators used to characterise credit institutions' interest rate policy in the promissory note market changed from January 2010. Specifically, the single yield indicator for the promissory notes discounted by banks has been replaced by two indicators: the yield indicator for promissory notes issued by credit institutions and the yield indicator for promissory notes issued by non-financial organisations. These indicators are calculated only for operations with promissory notes denominated in Russian rubles.

⁶ Relative to beginning of previous year.

Bank of Russia interest rates¹ in January-July 2011 (% p.a.)

Purpose	Type of Instrument	Instrument	Period	Interest rate, % p.a.			
				From 1.01.11 to 27.02.11	From 28.02.11 to 2.05.11	From 3.05.11 to 30.05.11	From 31.05.11
Providing liquidity	Continuous operations (fixed interest rates)	Overnight loans ²	1 day	7.75	8.00	8.25	8.25
		Repo, Lombard loans	1 day	6.75	6.75	6.75	6.75
		Lombard loans	7 days	6.75	6.75	6.75	6.75
			30 days ³	6.75	6.75	6.75	6.75
		Repo	7 days ³	6.75	6.75	6.75	6.75
			12 months ³	7.50	7.75	8.00	8.00
		Loans secured by «non-market» assets or guarantees ⁴	up to 90 days	6.75	7.00	7.25	7.25
			from 91 to 180 days ³	7.25	7.50	7.75	7.75
			from 181 to 365 days ³	7.75	8.00	8.25	8.25
	Open market operations (minimum interest rates)	Repo auctions	1 day	5.00	5.25	5.50	5.50
		Repo auctions, Lombard loan auctions	7 days	5.00	5.25	5.50	5.50
			3 months	6.50	6.75	7.00	7.00
			6 months ³	7.00	7.25	7.50	7.50
			12 months ³	7.50	7.75	8.00	8.00
	«Currency swap» operations ⁵	1 day	7.75	8.00	8.25	8.25	
Absorbing liquidity	Continuous operations (fixed interest rates)	Deposit operations	demand, 1 day	2.75	3.00	3.25	3.50
			7 days	3.00	3.00	3.25	3.50
	Open market operations (minimum interest rates)	Deposit auctions	1 month	5.00	5.00	5.25	5.50
			3 months ³	6.00	6.00	6.25	6.50
For reference:							
Refinancing rate				7.75	8.00	8.25	8.25

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

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

³ At the moment the operations are suspended.

⁴ Issue of loans secured by guarantees is at the moment suspended.

⁵ Interest rate to determine the minimum offered swap difference.

Table 10

Credit institutions' required reserve ratios (from July 1, 2007 to October 31, 2009, %)

	Required reserve ratio for bank obligations to non-resident banks in Russian and foreign currency	Required reserve ratio for obligations to individuals in Russian currency	Required reserve ratio for other bank obligations in Russian and foreign currency
July 1, 2007—October 10, 2007	4.5	4.0	4.5
October 11, 2007—January 14, 2008	3.5	3.0	3.5
January 15, 2008—February 29, 2008	4.5	4.0	4.5
March 1, 2008—June 30, 2008	5.5	4.5	5.0
July 1, 2008—August 31, 2008	7.0	5.0	5.5
September 1, 2008—September 17, 2008	8.5	5.5	6.0
September 18, 2008—October 14, 2008	4.5	1.5	2.0
October 15, 2008—April 30, 2009	0.5	0.5	0.5
May 1, 2009—May 31, 2009	1.0	1.0	1.0
June 1, 2009—June 30, 2009	1.5	1.5	1.5
July 1, 2009—July 31, 2009	2.0	2.0	2.0
August 1, 2009—October 31, 2009	2.5	2.5	2.5

Table 11

Credit institutions' required reserve ratios (from November 1, 2009 up to present, %)

	Required reserve ratio for bank obligations to non-resident corporates in Russian currency	Required reserve ratio for bank obligations to non-resident corporates in foreign currency	Required reserve ratio for obligations to individuals in Russian currency	Required reserve ratio for obligations to individuals in foreign currency	Required reserve ratio for other bank obligations in Russian currency	Required reserve ratio for other bank obligations in foreign currency
November 1, 2009—January 31, 2011	2.5					
February 1, 2011—February 28, 2011	3.5		3.0		3.0	
March 1, 2011—March 31, 2011	4.5		3.5		3.5	
April 1, 2011—	5.5		4.0		4.0	

