



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

Quarterly Inflation Review

2011 Q3

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/>.*

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Introduction

In January-September 2011, the output of goods and services continued to expand in the Russian economy. The increased domestic demand was the key driver of GDP growth. The dynamics of external demand remained weak due to the lack of stability in the global economy. There was an increase in net private capital outflow from Russia. The dynamics of many macroeconomic indicators improved in the third quarter of the year. Most indicators registered growth in January-September 2011.

The number of people employed in the economy increased, while the unemployment rate fell noticeably in January-September 2011. Consumer demand expanded despite a decrease in household real disposable money income. Growth in fixed capital investment accelerated in the third quarter of the year.

Agricultural producer prices were observed to decline in the third quarter of 2011, while world agrarian price dynamics were quite stable. The year-on-year rate of growth in consumer prices decelerated due to lower food prices, especially vegetable and fruit prices. Some depreciation of the ruble in August-September 2011 did not have a significant negative effect on price dynamics. Actual output continued to grow but stayed close to its potential (natural) levels, which did not prevent price growth from slowing down.

Against the backdrop of slower inflation and persisting risks to sustainable economic growth in July-August 2011, the Bank of Russia kept its monetary policy parameters unchanged (the interest rates on Bank of Russia operations were left unchanged). Amid uncertainty over external economic developments and taking into account the situation with banking sector liquidity, in September 2011 the Bank of Russia symmetrically raised interest rates on some of its liquidity absorption operations and lowered rates on liquidity provision operations to narrow its interest rate band. In October, the Bank of Russia kept the interest rates on its operations unchanged and took some measures to meet the credit institutions' increased demand for refinancing instruments amid the contraction in banking sector liquidity.

The increased uncertainty over external economic developments in the third quarter of 2011 affected the Russian money and capital markets. The contraction of credit institutions' liquid ruble resources and the ruble's depreciation reduced investors' demand for stock market instruments and led to the predominance of downward equity price trends, while interest rates in the money market were observed to rise. The Bank of Russia's measures to narrow the band of interest rates on some of its liquidity provision and absorption operations restricted the growth of interbank lending rate volatility in September-October. Interest rates in the credit and deposit market changed both ways.

The growth of credit aggregates continued in the third quarter of the year. Loans to non-financial organisations and households grew faster than bank deposits in July-September 2011. This factor is expected to increase the role of the domestic money market in the formation of the banks' resource base and further strengthen their demand for the Bank of Russia's refinancing instruments.

The growth of credit activity was the main source of the expansion of broad money in January-September 2011. The enhanced role of lending in money supply is creating the basis for the Bank of Russia to implement its interest rate policy more effectively. The budgetary factor had a containing effect on money supply growth due to a considerable reduction in net claims to general government from the Bank of Russia (largely because of the accumulation of funds in Bank of Russia accounts).

Monetary aggregate dynamics, particularly the slowing of annual rates of growth in ruble supply in January-September 2011, testified to the gradual decrease in inflation risks attributable to monetary factors. The current trends in monetary indicators and the tightening of real monetary conditions may create pre-requisites for a gradual mitigation of these risks by the end of the year.

Inflation Dynamics

«The Guidelines for the Single State Monetary Policy in 2011 and for 2012 and 2013» stipulate measures to bring the inflation rate down to 6-7% in 2011.

Year-on-year inflation changed insignificantly in the first half of 2011 and varied between 9.4% and 9.6%. In the third quarter of 2011, food prices were observed to decline amid a fall in the prices of Russian agricultural producers and the relatively calm situation in the world markets of agricultural raw materials and foodstuffs. The decrease in food prices was the key factor, which brought year-on-year inflation down to 7.2% in September. The growth of paid service prices was unchanged from the third quarter of 2010, while the prices of non-food goods grew somewhat faster than in the same period last year due to the steady increase in consumer demand. If the current trends continue and no shocks occur, Russia will keep inflation within the targeted range in 2011.

As compared with the same period last year, producer prices in the first nine months of 2011 were marked by faster growth of producer prices of industrial goods and by slower growth of producer prices of building materials and freight transportation charges.

Consumer prices

According to the Federal State Statistics Service (Rosstat), consumer prices rose by 4.7% in January-September 2011 or by 1.5 percentage

points less compared with the same period of 2010. In September 2011, consumer prices increased by 7.2% year on year and in June 2011 they grew by 9.4% as compared with the same month a year earlier. Core inflation stood at 5.1% in the first nine months of the year as against 4.3% in the same period last year. Year on year, it equalled 7.4% in September 2011. The rise in the prices of goods and services taken into account when calculating core inflation accounted for an estimated 4.1 percentage points, or 86.3% of the inflation rate in January-September 2011 as against 3.5 percentage points, or 55.5%, in January-September 2010.

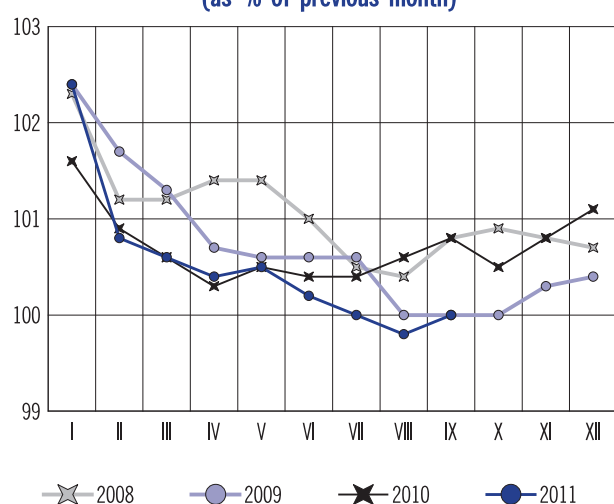
The slowing of inflation in January-September 2011 as compared with the same period last year was largely attributable to the decrease in vegetable and fruit prices, which fell by 25.2% over this period (in January-September 2010, they grew by 31.3%). The fall in vegetable and fruit prices contributed to the deceleration of inflation by an estimated 1.1 percentage points, or 22.5%. In January-September 2010, growth in the prices of this group of foodstuffs accounted for 1.1 percentage points, or 18.2%, of the inflation rate.

Food prices, excluding vegetable and fruit prices, grew by 5.5% in January-September 2011 as against 5.9% in the first nine months of 2010. Growth in the prices of this group of foodstuffs accounted for an estimated 1.9 percentage points, or 39.9%, of the inflation rate in the first

Consumer price inflation (%)

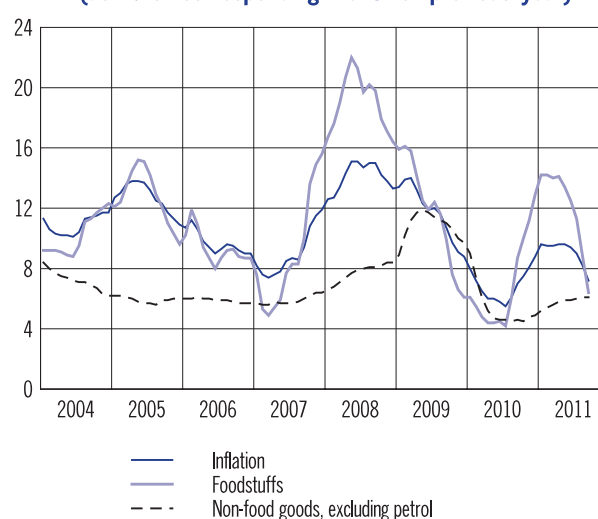
	Growth		Change, percentage points
	September 2011 on December 2010	September 2010 on December 2009	
Prices of goods and services, total	4.7	6.2	Slowing of growth by 1.5
of which:			
– food prices	2.1	8.4	Slowing of growth by 6.3
of which:			
– food prices, excluding vegetable and fruit prices	5.5	5.9	Slowing of growth by 0.4
– non-food prices	5.0	3.1	Acceleration of growth by 1.9
– prices of paid services provided to households	8.1	7.4	Acceleration of growth by 0.7
Prices of goods and services included in core inflation calculation	5.1	4.3	Acceleration of growth by 0.8

Source: Rosstat.

Consumer prices
(as % of previous month)


Source: Rosstat.

nine months of 2011, as against an estimated 2.0 percentage points, or 32.9%, in the same period of 2010. In the first nine months of 2011, the most significant increase in food prices, excluding vegetable and fruit prices, was registered in the prices of bread and bakery products, fish and seafood, meat and poultry, which grew by 6.9-8.3% (as compared with 1.8-4.6% in the same period of 2010). The prices of most other basic foodstuffs showed considerably lower growth rates in January-September 2011 than in the same period a year earlier. The prices of granulated sugar and eggs went down.

 Consumer prices
(as % of corresponding month of previous year)


Source: Rosstat.

Overall, food prices increased by 2.1% in January-September 2011 as compared with 8.4% in the same period of previous year.

Growth in non-food prices accelerated to 5.0% in the first nine months of 2011 from 3.1% in the same period of 2010. The increase in non-food prices accounted for an estimated 1.8 percentage points, or 37.7%, of the inflation rate in January-September 2011 as compared with 1.1 percentage points, or 18.3%, in the same period last year. The biggest growth was registered in the prices of tobacco products (17.5% as compared with 15.3% in January-September 2010)

Food price inflation (%)

	Growth		Change, percentage points
	September 2011 on December 2010	September 2010 on December 2009	
Foodstuffs	2.1	8.4	Slowing of growth by 6.3
Bread and bakery products	8.3	4.6	Acceleration of growth by 3.7
Groats and beans	3.9	36.6	Slowing of growth by 32.7
Pasta	3.9	1.4	Acceleration of growth by 2.5
Meat and poultry	6.9	4.2	Acceleration of growth by 2.7
Fish and seafood	7.6	1.8	Acceleration of growth by 5.8
Milk and dairy products	3.7	10.5	Slowing of growth by 6.8
Butter	4.0	14.4	Slowing of growth by 10.4
Sunflower oil	5.1	6.8	Slowing of growth by 1.7
Granulated sugar	-14.2	13.2	
Vegetables and fruit	-25.2	31.3	
Alcoholic beverages	6.3	6.9	Slowing of growth by 0.6

Source: Rosstat.

and petrol (13.9% as against 3.8% in the same period last year). The growth of petrol prices accounted for an estimated 1.0 percentage points, or 19.1%, of the overall non-food price growth in January-September 2011. The growth in the prices of textiles, clothing, underwear, knitwear

and footwear did not exceed 5.0%. The prices of television sets and radios went down.

The prices of paid services provided to households gained 8.1% in January-September 2011 as against 7.4% in the same period of 2010 and it has been estimated that their increase accounted

An analysis of the price growth distribution for goods and services is made to expose additional risks related to different price dynamics demonstrated by various components of the consumer basket. This distribution is based on a sample of more than 450 goods and services included in the consumer basket, regardless of their weights in consumer spending.

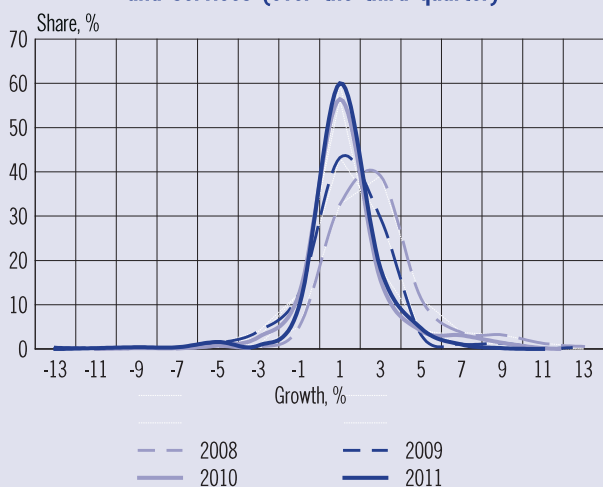
In 2008-2011, the share of consumer goods and services, which demonstrated price growth ranging from 0 to 2% in the third quarter, was observed to increase steadily. In the third quarter of 2011, this share stood at 60% as against 56.4% in the same period last year. In the third quarter of 2011, the share of goods and services, whose prices had dropped, decreased by 1.6 percentage points year on year to 15.6%; however, the proportion of goods and services, whose prices had declined significantly, increased.

The key characteristics of the distribution are the median, mean, and standard deviation. In the third quarter of 2011, the median, which in this type of distribution reflects the price growth of the bulk of goods and services, measured 1.2%, as in the previous year, and was lower than in 2008 and 2009 (2.3% and 1.6% respectively). The mean decreased by 1.4 percentage points in the third quarter of 2011 as compared with the same period of 2010 and stood at 0.4%. The standard deviation, which shows how diffuse the distribution is, increased to 6.5%, as against 6.0% a year earlier. The most significant increase (by one percentage point) was demonstrated by the standard deviation in the distribution of price growth for paid services as a result of a steep decline in the prices of some types of transportation services (by 14%).

The key characteristics of the price growth distribution (the mean values and standard deviations) differed significantly by major groups of goods and services. The price growth distribution for non-food goods and services showed low standard deviations (1.9% and 2.8% respectively) and the mean at 1.5% and 1.1% in the third quarter of 2011. The price growth distribution for foodstuffs, on the contrary, demonstrated significant standard deviations (12.0%) and the lowest mean (-2.4%) due to a considerable share of foodstuffs whose prices had dropped. Price decreases by 24-28% were demonstrated by 3.2% of all foodstuffs (1.6% in the third quarter of 2010), while the prices of 4% of all foodstuffs fell by more than 28% (there were no such foodstuffs in July-September 2010).

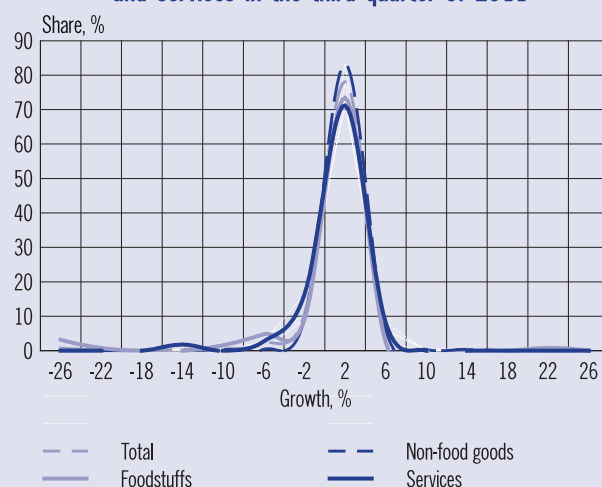
The medians of price growth distributions of foodstuffs, non-food goods and services differed insignificantly in the third quarter of 2011, ranging from 1.0% to 1.4% (from 0.9% to 1.4% in the third quarter of 2010). These characteristics were stable enough during the past two years, suggesting steady growth in the prices of these components of the consumer basket.

Distribution of price growth for consumer goods and services (over the third quarter)



Source: Rosstat, Bank of Russia calculations.

Price growth distribution by type of consumer goods and services in the third quarter of 2011



Source: Rosstat

for 2.1 percentage points, or 44.9%, of the headline consumer price growth as compared with 1.9 percentage points, or 30.6%, of the inflation rate in January-September 2010. Price growth accelerated for all types of services included in the core inflation calculation in the first nine months of 2011. The largest growth was registered in the prices of sanatoria, resorts and health-improving services (15.1%), and preschool tuition services (10.9%). In January-September 2010, these figures were 7.4% and 6.6%.

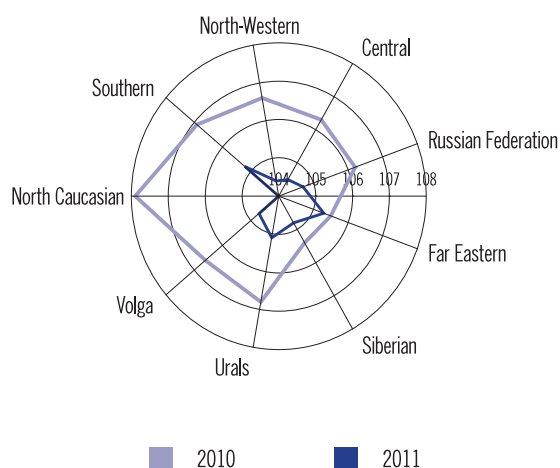
Growth in the administered service prices slowed by 1.3 percentage points in January-September 2011 year on year and stood at an estimated 10.0%. Housing and utility prices grew by 11.2% as against 12.2% in January-September 2010. Passenger transport fees rose by 7.6% in the third quarter of 2011 as against 7.3% in the same period a year earlier.

The growth in the prices of paid services provided to households in the first nine months of 2011 exceeded the overall increase in goods prices by 4.6 percentage points (as compared with 1.6 percentage points in the same period of 2010).

According to Rosstat data, consumer price growth was slower in all the **federal districts of Russia** in January-September 2011 than in the same period last year.

Estimates show that in September 2011 there were larger differences between constituent territories of the Russian Federation in terms of the price of a fixed set of goods and services

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



Source: Rosstat.

used by the Federal State Statistics Service for interregional comparisons of the purchasing power of the population. Specifically, the regional difference ratio¹ increased to 40.8% from 39.6% in September last year.

The rates of growth in food prices, excluding vegetable and fruit prices, ranged from 4.8% to 7.0% in the federal districts in January-September 2011, while the rates of non-food price growth changed within the range of 4.4-5.6%.

Vegetable and fruit prices went down in all the federal districts in the first nine months of 2011. At the same time, the rates of the decrease in vegetable and fruit prices differed significantly by region. For example, these prices fell by 31.1% in the Central Federal District and by 1.4% in the Far Eastern Federal District.

The rates of growth in service prices in the federal districts varied between 6.9% and 10.7% in January-September 2011 and, except for the North Caucasian and Urals Districts, were higher than in the same period last year.

Housing prices

Housing prices increased by 4.8% in the primary market and by 3.4% in the secondary market in September 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 1.8% in the secondary market.

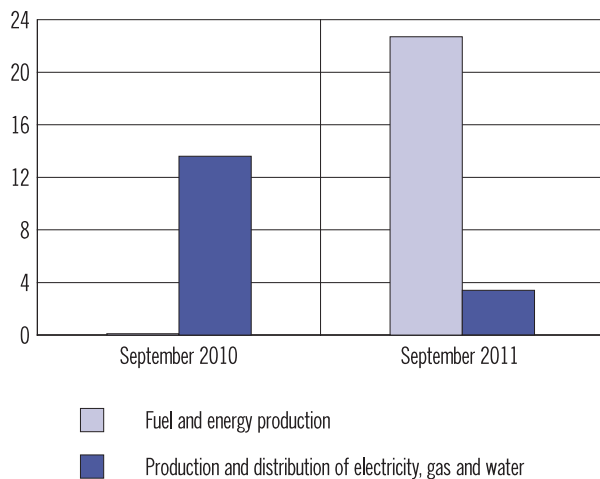
In January-September 2011, housing price dynamics were influenced by some rebound in the real estate market amid growth in commissioned housing. Specifically, the floorspace commissioned in January-September 2011 grew by 2.8%, whereas in the same period last year it contracted by 5.8%.

Producer prices

Industrial producer prices rose by 10.7% in January-September 2011 as against 8.2% in the same period a year earlier. The accelerated growth in producer prices was mainly attributable to the considerable increase in mining and quarrying prices. Producer prices in this type of economic activity grew by 21.8% during the first

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.

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



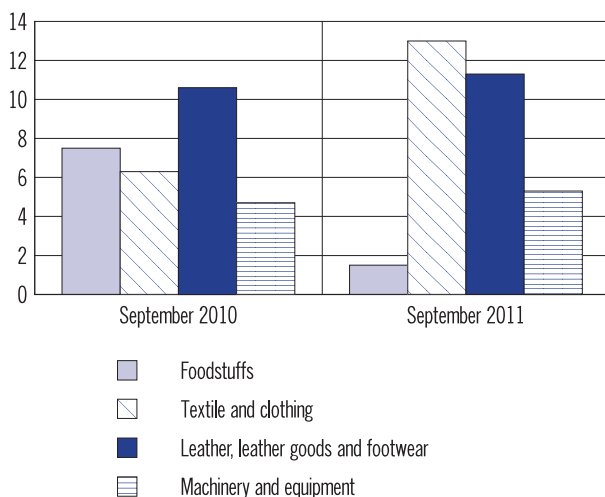
Source: Rosstat.

nine months of 2011 as against 1.8% in the same period last year. Fuel and energy producer prices increased by 22.7% as compared with 0.1% in January-September 2010.

In January-September 2011, price growth in the production and distribution of electricity, gas and water slowed to 3.4% from 13.6% in the same period of 2010.

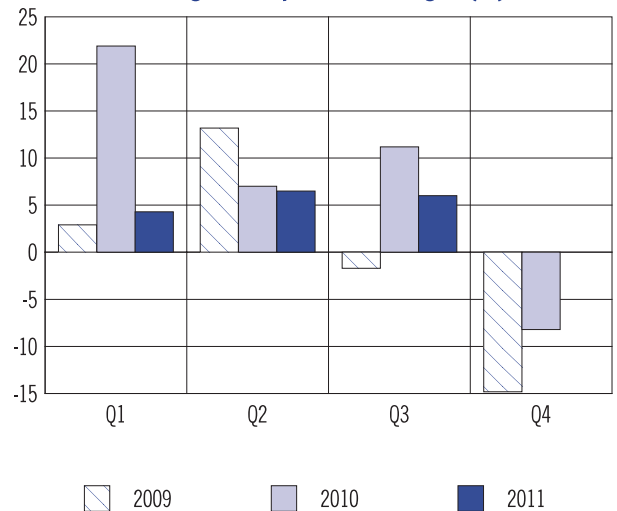
Producer prices in manufacturing industries rose by 8.2% in the first nine months of 2011, a decrease of 2.3 percentage points as compared with the same period last year. Growth in producer prices for most basic types of industrial goods decelerated. Producer price growth in the production of foodstuffs, including beverages, and to-

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



Source: Rosstat.

Freight transportation charges (%)



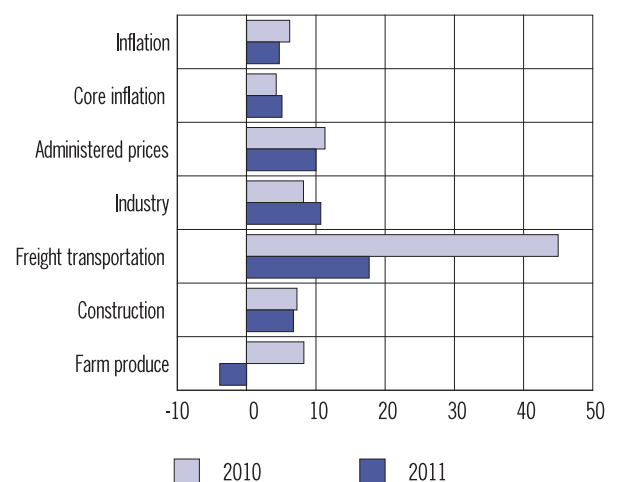
Source: Rosstat.

bacco products slowed down by 6.0 percentage points to 1.5% whereas growth in the producer prices of some non-food goods accelerated. The highest producer price growth was registered in the output of petroleum products (by 15.3% as compared with 9.4% in January-September 2010).

Freight transportation charges rose by 17.7% in the first nine months of 2011 as against 45.0% in the same period last year. Railway transport fares went up by 7.5% as against 9.4% a year earlier.

Communications fees for corporate entities grew by 3.9% in January-September 2011 as against 7.0% in the same period of 2010.

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



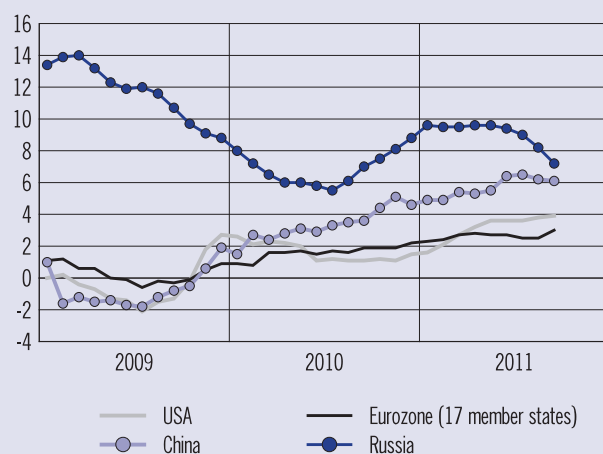
Source: Rosstat.

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 6.7% in the third quarter of 2011 as compared with the same period of the previous year (this growth stood at 5.4% in the second quarter of 2011). The inflation processes in the countries trading with Russia in the third quarter of 2011 were driven by the high price growth in the Republic of Belarus as a result of changes in its exchange rate policy in May 2011, and were also influenced by the statistical base effect.

The growth of world energy and agricultural product prices came to a halt in the third quarter of 2011. Oil prices increased in July but dropped in August and did not change significantly in September. The FAO food price index was observed to decrease in the third quarter of 2011. Estimates show that economic growth in the countries trading with Russia slowed down. The consumer price growth in the United States decelerated in July-September 2011 as compared with the previous quarter as a result of lower prices of energy products. In the eurozone, the growth of energy prices accelerated as a result of the euro's weakening in the third quarter of this year; however, the slowing of core inflation helped ease inflationary pressure.

Consumer prices by country (%)*



* Consumer price growth on the same month a year earlier.
Source: Bureau of Labor Statistics at the US Department of Labor, 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.

Building materials producer prices went up by 6.8% in January-September 2011 as compared with 7.3% in the same period a year earlier.

Agricultural producer prices fell by 3.9% in the first nine months of 2011 (they grew by 8.3% in the corresponding period of 2010). Livestock prices decreased by 2.0% (they grew by 6.1% in the first nine months of 2010). Crop grower prices went down by 6.2% (they increased by 12.0% in January-September 2010). Grain producer prices grew by 1.4% (by 13.1% in January-September 2010), while sunflower producer prices went up by 4.2% (by 20.9% in the same period last year).

Foreign trade

Conditions for Russia's trade improved in January-September 2011 compared with the same period last year as export prices grew faster than import prices. At the same time, world energy prices in the third quarter of 2011 were virtually unchanged from the previous quarter. Producer prices for oil and petrol increased in the domestic market in the third quarter and this growth was accompanied by increases in consumer prices of petrol. In the world food markets, prices tended

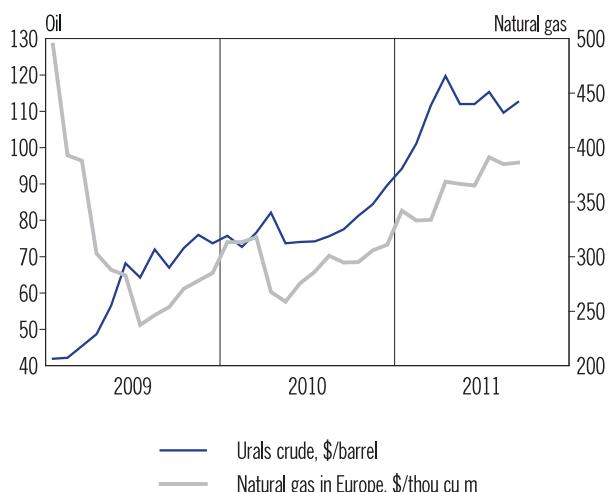
to fall in the second quarter and this trend continued in the third quarter. World grain prices started to decline, contributing to the seasonal decrease in the prices of some foodstuffs in the domestic consumer market.

The price situation for major Russian export commodities in world markets² was favourable in January-September 2011. World energy prices grew by 39% on average in January-September 2011 as compared with the same period last year, while non-energy prices gained 19%.

World oil prices in the first nine months of 2011 were largely influenced by the exacerbating political situation in North Africa and the Middle East and instability in the eurozone. The high level of world oil prices was supported by China's strong demand for crude oil and the channelling of considerable funds into commodities markets. High

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 (aluminium, copper and nickel) and other commodities are monthly averages published by the World Bank and the IMF.

World oil and natural gas prices



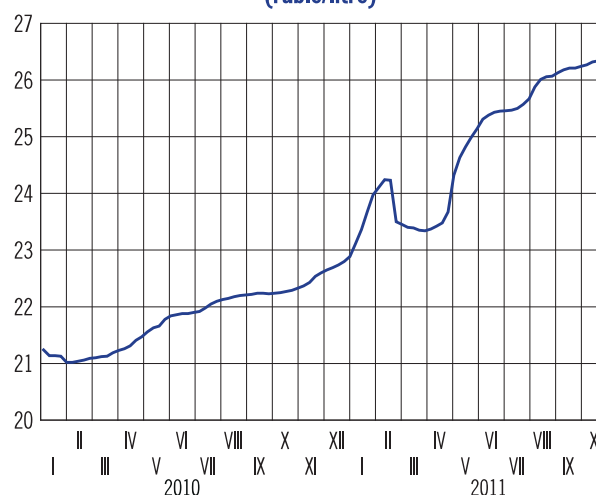
Source: Reuters, World Bank.

levels of US commercial oil inventories restrained oil price growth. As a result, world oil prices remained high in January-September 2011, with the price of Urals crude averaging \$ 109.7 per barrel, or 44.7% more as compared with the same period last year. Natural gas prices in Europe increased by 24.5% in January-September 2011.

Petroleum product prices increased by 40% on average in January-September 2011 as compared with the corresponding period last year. The price of diesel fuel grew at the highest rate – by 42%, petrol – by 38%, and fuel oil – by 37%.

Despite some slowdown of ferrous metal prices in the third quarter of 2011, they were on average by 16% higher in the first nine months of

Average consumer prices for petrol (ruble/litre)



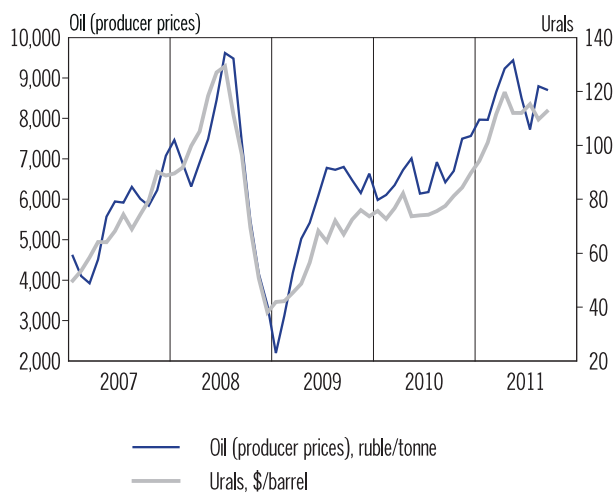
Source: Rosstat.

2011 than in the same period last year. The fall in world non-ferrous metal prices accelerated in the third quarter of 2011 but still they were on average by 18% higher in January-September 2011 than in the same period last year. The prices of copper went up by 29%, aluminium by 18% and nickel by 15%.

World grain prices largely tended to fall in the third quarter of 2011. However, they were considerably higher in the first nine months of 2011 than in the same period last year (the price of wheat was higher by a factor of 1.6, maize by almost 1.8 and barley by 1.4).

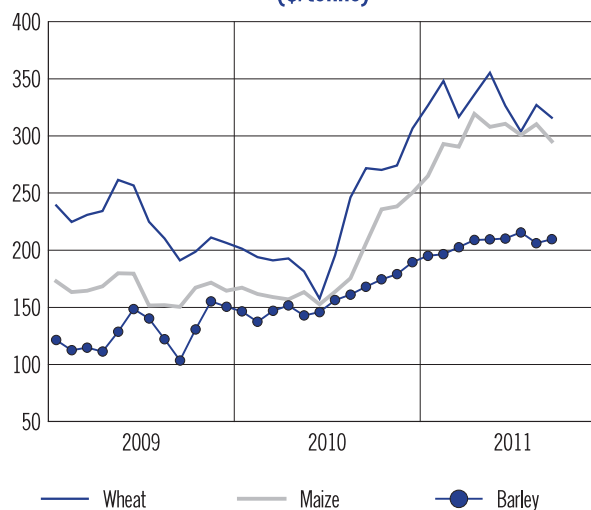
The world prices of monitored foodstuffs changed both ways in the third quarter of 2011.

World and domestic average oil prices



Source: Reuters, Rosstat.

World grain prices (\$/tonne)



Source: World Bank.

International trade

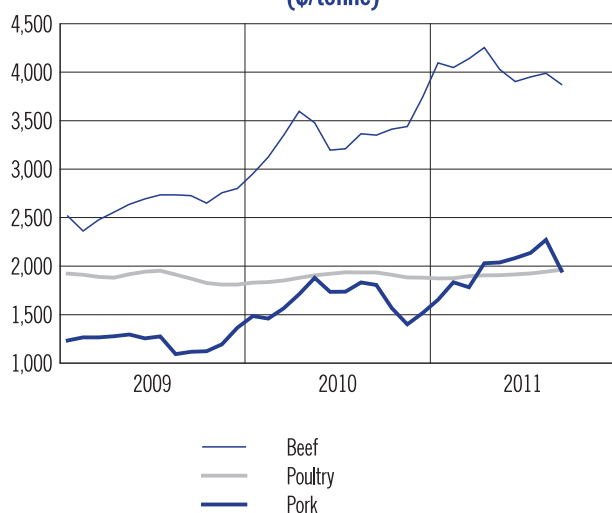
The International Energy Agency (IEA) estimates that in January-September 2011 the world consumption of oil increased by 1.3% as compared with the same period last year. In European countries that are members of the Organisation for Economic Cooperation and Development (OECD), oil consumption fell by 1.1%. According to the IEA forecasts, global oil consumption will grow by 1.1% in 2011, but in Europe (OECD member countries) it will decline by 1.3%. Oil consumption growth in Asian countries in 2011 is estimated at 4.2%.

The average price of Brent, Dubai and West Texas Intermediate (WTI) crude rose to \$104.3 per barrel in January-September 2011 (by 35.6%) from \$76.9 per barrel in the first nine months of 2010. In September 2011, the IMF lowered its 2011 forecast on the average price of the three crude oil benchmarks to \$103.2 per barrel as compared with its June forecast of \$106.3 per barrel.

According to Eurostat data, EU import quantities of mineral fuel and lubricants increased by 3.9% in January-August 2011 as compared with the same period of 2010, while the average unit cost of the imports of these commodities¹ increased by 31.3%. According to IMF data, the price of Russian natural gas exported to Germany was on average by 25.3% higher in January-September 2011 than in the same period last year.

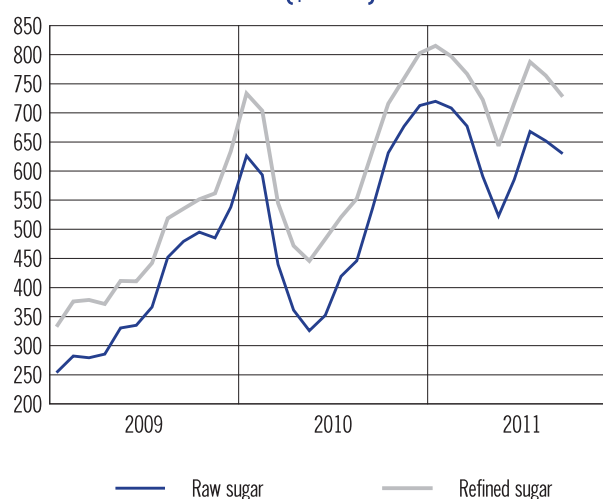
¹ The average unit cost of imports is the ratio of changes between the value of imports of particular commodities and the import quantities.

World meat prices
(\$/tonne)



Source: World Bank.

World sugar prices
(\$/tonne)



Source: London Commodity Exchange.

Beef and vegetable fat prices continued to decrease, whereas pork and poultry prices kept growing. World sugar prices resumed their growth. Despite a fall in the prices of some foodstuffs, the prices of all monitored food products were on average higher in January-September 2011 than in the same period a year earlier. Year on year, the prices of beef increased by 23%, pork by 17%, poultry by 1%, raw sugar by 40%, refined sugar by 32% and palm oil by 39% in January-September 2011.

The terms of Russia's trade improved in January-September 2011 as compared with the same period last year as export prices grew faster than import prices.

Demand

In January-September 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.

Household consumer spending growth remained high in January-September 2011. In April this year, fixed capital investment resumed its growth, which quickened in the third quarter. However, overall investment activity remained weak in the first nine months of 2011.

The external demand for Russian export commodities remained weak in January-September 2011, restricting export quantities.

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

	2010					2011	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
GDP	3.5	5.0	3.1	4.5	4.0	4.1	3.4
Final consumption	0.3	3.8	4.0	1.9	2.5	4.0	4.9
of which:							
– households	-0.5	4.7	5.1	2.7	3.0	5.7	6.6
Gross capital formation	0.8	27.9	29.8	39.3	28.4	44.2	17.8
Exports	18.7	4.1	2.2	5.0	7.1	0.0	3.5
Imports	11.4	21.7	34.8	30.1	25.6	23.1	23.4

Source: Rosstat.

Domestic demand

Economic growth in January-September 2011 was largely facilitated by rising domestic demand.

Real wage increases, improved labour market conditions and enhanced borrowing by households contributed to the growth of consumer demand. In the third quarter, the growth of real household spending on goods and services slightly accelerated and in January-September 2011 it increased by an estimated 6.9%.

The Consumer Confidence Index (CCI)³ reflecting consumer expectations improved in the third quarter as compared with the previous quarter. The improvement was the result of growth in the indices reflecting changes that had occurred in the Russian economy and the respondents' well-being, and also favourable conditions for large purchases.

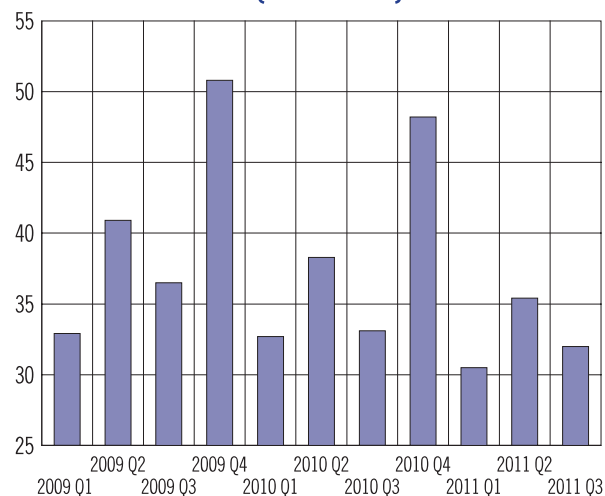
Household real disposable money income was observed to grow in the third quarter but in January-September 2011 it fell by 0.2%. The share of consumer spending in the structure of household money income use increased by 4.9 percentage points in the first nine months of 2011 on the corresponding period of 2010 to 76.3%. As interest rates on retail deposits remained low, household propensity for organised savings decreased. The share of spending on the purchase of foreign currency increased by 0.7 percentage points in January-September to 4.2%.

³ According to Rosstat studies, the CCI is calculated as an arithmetic mean of five indices: past and expected changes in personal well-being, past and expected changes in the economic situation in Russia, and favourable conditions for large purchases.

As domestic demand expanded and the ruble appreciated, the imports of goods grew rapidly in value in the first half of 2011 but this growth slowed down in the third quarter due to the ruble's depreciation in the quarter's second half. Nevertheless, this growth was faster in January-September 2011 than in January-September 2008. Almost two-thirds of the growth in imports was the result of the expansion of import quantities and almost one-third was the result of the increased import prices. Imports of investment goods grew faster than food imports. The imports of goods⁴ increased by 35% in January-September 2011 year on year to \$ 232.3 billion.

In January-June 2011, the share of imported goods in the retail trade resources stood at 42% (the share of non-food imports was unchanged

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



Source: Federal Treasury, Rosstat.

⁴ Balance of payments estimate as of October 4, 2011.

Economic growth in foreign countries¹

GDP in the group of countries carrying much weight in the structure of Russian exports increased by an estimated 3.8% in January-September 2011 as compared with the same period last year (it grew by 3.9% in January-September 2010). Preliminary data and estimates suggest that GDP grew by 1.8% in the United States, by 1.8% in the eurozone and by 9.4% in China. Economic growth in the Republic of Belarus slowed down considerably in the third quarter of 2011.

In September 2011, the IMF lowered its 2011 growth forecast for the global production of goods and services to 4.0% as compared with the forecast released in June (growth by 4.3%). The trend towards consumption growth is observed to weaken in large advanced economies. Risks posed by weak labour and bank credit markets are accompanied by inflationary pressure on real incomes, the tightening of fiscal policy and the tense situation in financial markets. In many developing countries, the task to curb inflation has required the tightening of monetary policy.

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

from the same period last year and equalled 50.5%, while the share of food imports contracted by one percentage point to 34%).

In the first half of 2011, government expenditures on final consumption increased by 0.3%. According to the Federal Treasury's data, general budget expenditure decreased to 33.4% of GDP in January-September 2011 as against 35.4% in the same period of 2010. Non-interest expenditures accounted for 32.7% of GDP as against 34.7% in the same period a year earlier.

In January-September 2011, the general government registered a budget surplus of 6.3% of GDP, which represents an increase of 6.0 percentage points as 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 government's planned tightening of its fiscal policy for the purpose of strengthening macroeconomic stability and sustainability of government finance.

Gross fixed capital formation increased by 5% in the second quarter of 2011 as compared with the same period last year. Fixed capital investment grew by 7.7% in the third quarter and by 4.8% in January-September 2011. About one-third of total investment was used to purchase machinery, equipment and vehicles, with investments directed to buy imported equipment, increasing by 0.8 percentage points in the first half of 2011, as compared with the corresponding period of 2010, to 20.9%.

Fixed capital investment was financed predominantly by raised funds, which accounted for 53.9% in January-June 2011, a contraction of

1.2 percentage points from the same period last year.

With imported quantities of goods and services growing faster than their exports in January-September 2011, net exports of goods and services were estimated to register negative growth.

Foreign demand

Foreign demand for Russian goods remained weak in January-September 2011. 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, motor cars and some types of mineral fertiliser. Exports increased by 32% in January-September 2011 to \$380.1 billion⁵ largely due to higher prices. Growth rates in exports to EU member countries lagged behind the overall export growth rates. The EU share in Russia's commodities exports fell by 1.5 percentage points in January-September 2011 from the same period of 2010. Within this group of countries, the proportions of major importers of Russian goods, such as the Netherlands and Italy, declined, while Germany's share rose slightly. Growth rates in exports to the Asia-Pacific Economic Cooperation (APEC) countries were considerably higher than the overall export growth rates. The share of APEC member countries in Russia's commodities exports grew by 1.1 percentage points. Within this group of countries, China and the United States increased their proportions, while Japan saw its share drop. Exports to CIS member countries increased faster than

⁵ Balance of payments estimate as of October 4, 2011.

overall exports largely due to growth in exports to Belarus and Ukraine.

Supply

Capacity utilisation in industry continued to improve in 2011, running close to its natural level, and approached its pre-crisis levels.

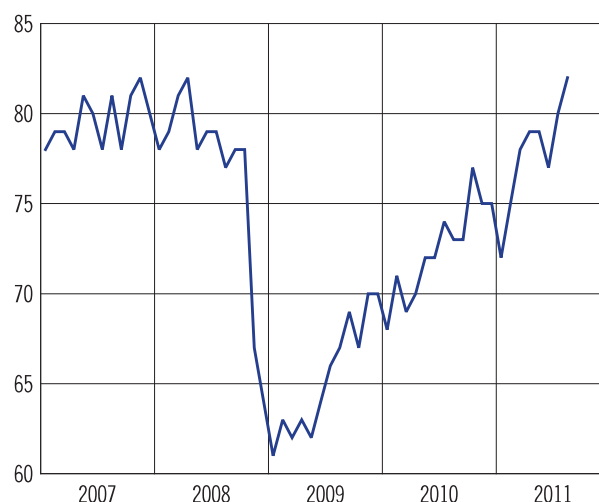
In January-September 2011, output in the key types of economic activity rose by 4.9% (as compared with 5.5% in January-September 2010). Production growth was registered in all the key types of economic activity.

Industrial output grew by 5.2% in January-September 2011 as against 8.9% in the same period of 2010. High growth rates were registered in manufacturing industries, with the production of transport vehicles, rubber and plastic products, machinery and equipment rising substantially.

Output in the mining and quarrying increased by 2.4%; 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 4.6%.

Industrial production capacity utilisation ratio increased and actually reached the pre-crisis level. The Russian Economic Barometer reported that capacity utilisation ratio averaged 77.8% in January-August 2011 as compared with 71.1% in January-August 2010. In August, the industrial capacity utilisation leaders were metallurgy (88%), the light and food industries, and also the building materials industry (84% each), whereas

Industrial production capacity utilisation ratio (%)



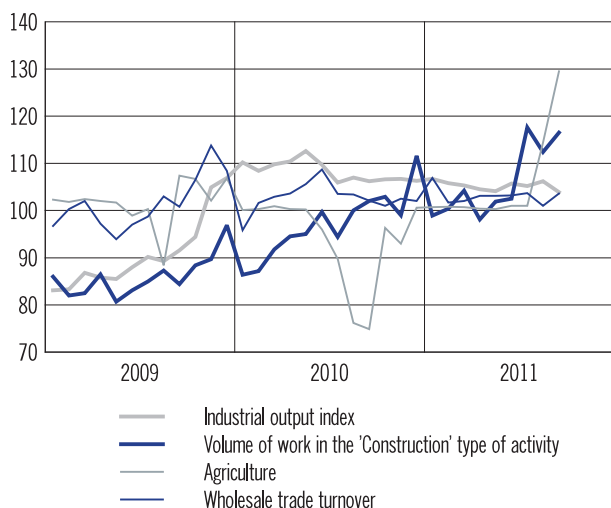
Source: Russian Economic Barometer.

the lowest rate was observed in the chemical industry (75%).

Agricultural output increased by 15.9% in January-September 2011. The production of key livestock products increased. The output of meat and meat products grew by 6.9%, of which meat, including by-products, rose by 4.6%. According to the Ministry of Agriculture's data, a total of 93.4 million tonnes of grain had been threshed by mid-October, or 50% more than in the same period last year, including 57.9 million tonnes of wheat (an increase of 38.9%).

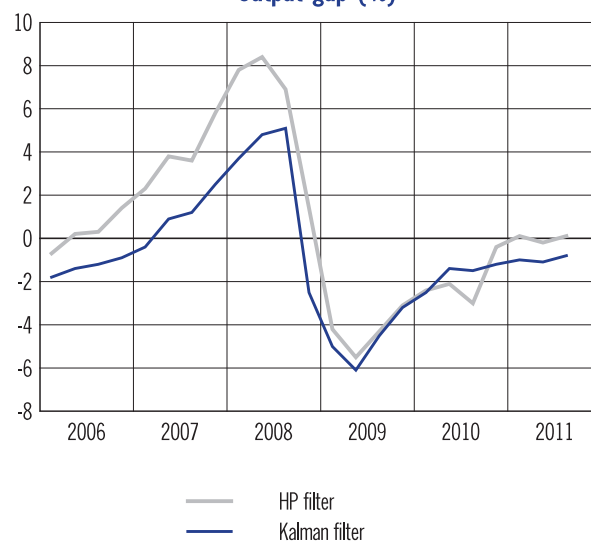
In January-September 2011, GDP increased by 4.1% as compared with the corresponding pe-

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



Source: Bank of Russia calculations.

Output gap (%)



Source: Bank of Russia calculations.

riod of 2010. Actual output is estimated close to its potential (natural level), which does not prevent price growth from slowing down.

Employment and unemployment

In January-September 2011, wage growth did not exceed labour productivity growth, which suggests that there was no additional pressure on prices.

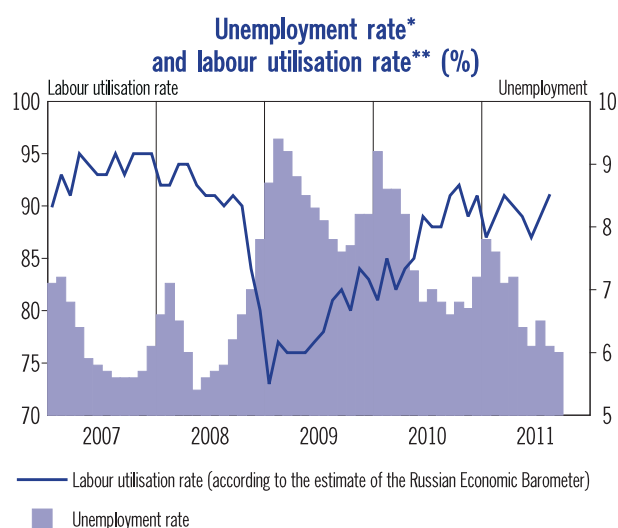
The number of people employed in the economy increased by 1.4% in January-September 2011 as compared with 0.5% in the same period last year.

The number of workers employed partially on the employer's initiative contracted by 56%

in September 2011 from December 2010 and by 54.7% from September 2010, which suggested that labour utilisation was growing in the economy.

In January-September 2011, labour productivity increased by an estimated 2.6% and its growth was faster in the goods producing sector than in the services sector. Growth in the output of services was slower than in the output of goods.

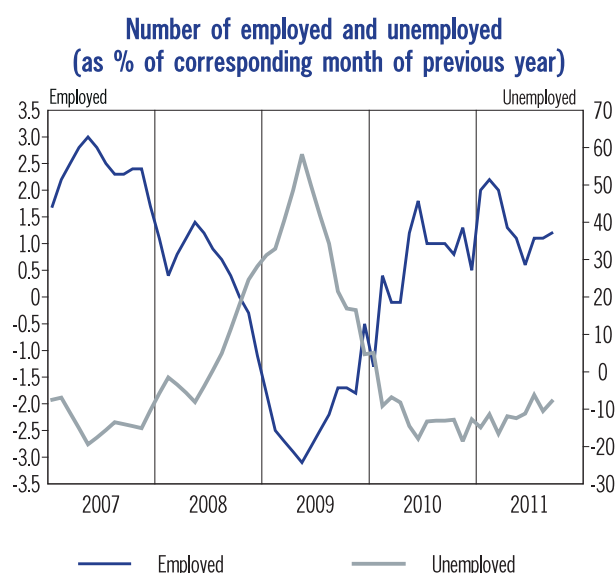
Real wages grew by 2.7% in January-September 2011 and matched the labour productivity growth. Unit labour costs measured as a share of compensation of employees (including undeclared compensation and mixed income), continued to decline in the breakdown of GDP by source



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

** In the industry.

Source: Rosstat.



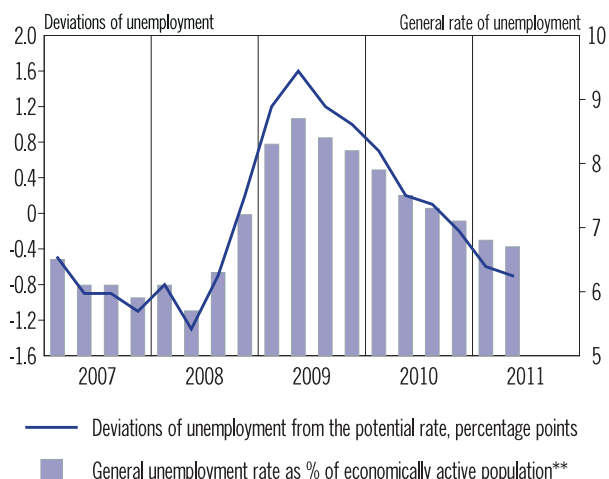
Source: Rosstat.

Average monthly imputed wage by type of economic activity (January-August 2011)

Type of activity	Rubles	As % of the all-Russian level
Total	22,532	100
Agriculture, etc.	11,752	52
Mining and quarrying	42,348	188
Manufacturing industries	20,996	93
Electricity, gas and water production and distribution	26,362	117
Construction	22,977	102
Wholesale and retail trade, etc.	20,431	91
Transport and communications	28,082	125
Financial activity	53,172	by 2.4 times
Real estate and other transactions	27,279	121
Public administration, etc.	24,992	111
Education	14,556	65
Public health care and social services	16,690	74
Public utility services, etc.	17,326	77

Source: Rosstat.

Unemployment rate (for the quarter)*



*The potential rate was assessed by means of the HP filter.
 ** Excluding the seasonal factor.
 Source: Bank of Russia calculations.

of income. They fell by 0.5 percentage points in the first half of 2011 to 52.7% as 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 unemployed dropped by 11.7% in January-September 2011 to 6% of the economically active population as of the end of September (6.6% as of the end of September 2010). Total unemployment exceeded the number of registered unemployed by a factor of 3.5. Most of the jobless were looking for work without any support of the employment services.

Total unemployment was estimated below the potential rate in January-September 2011.

Monetary Conditions

Exchange rate

Favourable conditions continued to shape up in the domestic foreign exchange market at the beginning of the third quarter of 2011 and were conducive to the ruble's appreciation against major global currencies. However, starting from August, investor risk aversion increased under the impact of such factors as the deterioration of current indicators and global economic outlook, the tense financial situation in the eurozone, and also the downgrade of sovereign ratings of some countries, including the United States. These factors generated capital outflow, which affected the depreciation of the currencies of some countries, including the Russian ruble. The situation in the Russian foreign exchange market was aggravated by the fall of the world prices of raw materials. In these conditions, the ruble depreciated against the US dollar and the euro.

According to preliminary data, the current account surplus stood at \$73.6 billion in January-September 2011 (as compared with \$56.3 billion in the first half of 2011). Estimates showed that net private capital outflow increased to \$18.7 billion in the third quarter from \$9.2 billion in the second quarter of 2011. Russia's international reserves fell by 1.5% in the third quarter of the year to \$516.8 billion as of October 1, 2011.

The nominal ruble/US dollar rate decreased by 3.6% in the third quarter of 2011 (in the second quarter of the year it grew by 4.6%). The ruble strengthened by 0.3% against the US dollar in July but weakened by 3.0% in August and by 5.7% in September. As of October 1, 2011, the official rate of the US dollar against the ruble was 32.1100. In October, the ruble continued to depreciate against the dollar and weakened by 2.7%. As of November 1, 2011, the official rate of the US dollar against the ruble stood at 30.1245.

The nominal ruble/euro rate decreased by 1.9% in the third quarter of 2011 (by 0.7% in the second quarter of the year). The nominal rate of the ruble against the single European currency demonstrated mixed intramonth dynamics in the period under review: it strengthened by 0.8% in July, depreciated by 3.0% in August and weakened by 2.3% in September. The official rate of the euro against the ruble stood at 43.4191 as of October 1, 2011. In October, the ruble depreciated by 1.8% against the single European currency. As a result, the official rate of the euro against the ruble stood at 42.1833 as of November 1, 2011.

The ruble value of the bi-currency basket tended to grow for most of the third quarter to reach 37.1991 rubles as of October 1, 2011. In

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



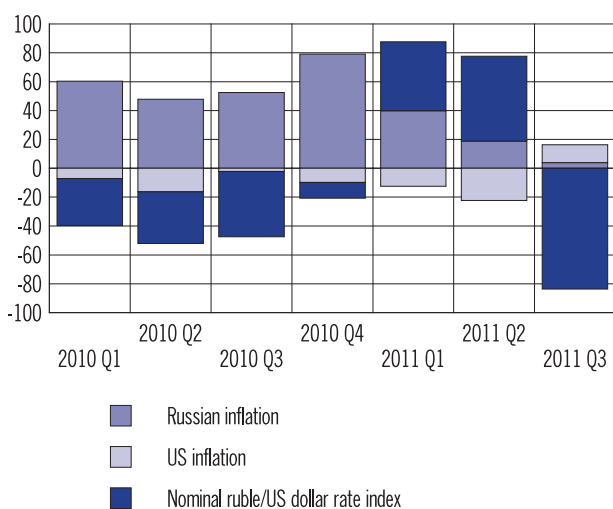
Source: Bank of Russia, Reuters.

Ruble value of bi-currency basket in July-October 2011 (rubles)



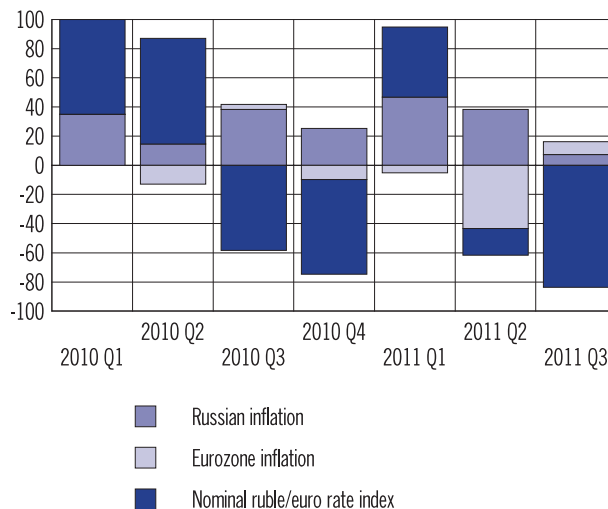
Source: Bank of Russia, Reuters.

Decomposition of change in real ruble/US dollar rate (as % of real ruble rate index)



Source: Bank of Russia, Reuters.

Decomposition of change in real ruble/euro rate (as % of real ruble rate index)



Source: Bank of Russia, Reuters.

October, the value of the operational benchmark decreased to 35.5510 rubles as of November 1, 2011.

The nominal effective rate of the ruble against foreign currencies decreased by 0.5% in July-September 2011 (it grew by 2.4% in the

second quarter of 2011). This rate was considerably lower than the nominal ruble/euro rate, which suggests that in July-September 2011 the national currency was relatively stable against the currencies of Russia's major trading partners outside the eurozone.

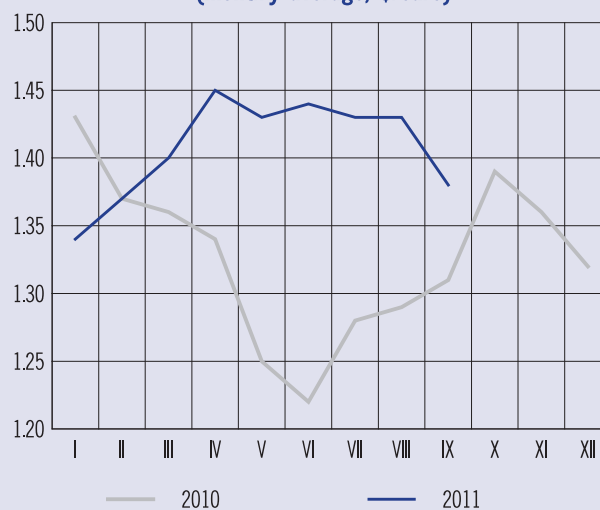
International currency market

In the international foreign exchange market, the US dollar depreciated by about 4.5% against the euro in January-September 2011 (September 2011 on December 2010) due to the growth of money supply in the United States and the widening of the US trade deficit. In the third quarter of 2011, the dollar strengthened against the euro and many other currencies as a result of heightened investor risk aversion over the debt crisis in Greece, which prompted short-term capital inflows into the United States.

In January-September 2011, the Swiss franc, the Japanese yen, and also the Czech koruna strengthened against the US dollar and the euro. The Chinese yuan, the South Korean won, the British pound, the Swedish krona and the Hungarian forint strengthened against the US dollar but weakened against the euro. There were no significant changes in the exchange rates of the Kazakh tenge and the Ukrainian hryvnia against the US dollar. The Brazilian real, the Polish zloty, the Indian rupee, the Turkish lira and the Belarusian ruble depreciated against the world's two major currencies.

In the third quarter of 2011, the US dollar strengthened against the currencies of most of Russia's major trading partners, except for Japan and China. Most currencies, including the Brazilian real, the Indian rupee, the Swedish krona and the Czech koruna, the Polish zloty, the Hungarian forint and the Turkish lira also depreciated against the euro. The fall in the exchange rate of the Belarusian ruble was moderate in the third quarter of 2011 after its sharp devaluation in May, although large differences persisted between the exchange rates in various segments of the Belarusian foreign exchange market.

Euro/US dollar rate (monthly average, \$/euro)



Source: Reuters.

The real ruble/US dollar rate decreased by 3.8% in the third quarter of 2011 (it grew by 4.3% in the second quarter of 2011). The index of the nominal ruble/US dollar rate, which considerably exceeded the inflation rate in Russia and the United States in July-September 2011, made the biggest contribution to the real ruble/US dollar rate dynamics. Estimates show that in October 2011 the ruble continued to depreciate against the US dollar in real terms and decreased by 2.4%.

The real ruble/euro rate fell by 2.0% in July-September 2011 (by 0.3% in the second quarter of 2011). The relative contribution of the corresponding nominal exchange rate to the real ruble/euro rate dynamics increased substantially due to high volatility of the nominal exchange rate in July-September 2011. Preliminary estimates show that the ruble weakened by 1.7% in real terms against the single European currency in October 2011.

The real effective rate of the ruble against foreign currencies depreciated by 1.9% in the third quarter of 2011 (it grew by 1.6% in the second quarter of 2011). According to preliminary data, the real effective rate of the ruble continued to decrease against foreign currencies in October 2011 and fell by 1.2%.

Interest rates

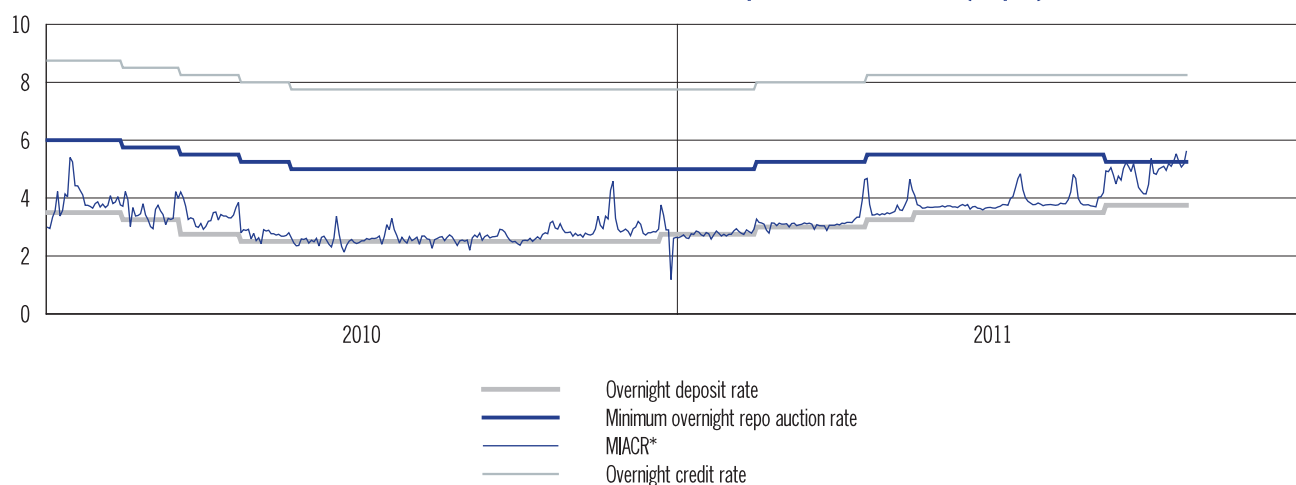
The Bank of Russia Board of Directors took decisions on June 30, August 4 and October 28, 2011 to keep interest rates on Bank of Russia operations unchanged, believing that the current

level of market interest rates was acceptable to secure a balance between measures to restrict inflationary pressure and the possibility of economic slowdown.

At the same time, from September 15, 2011, the Bank of Russia lowered interest rates on some of its refinancing operations by 0.25 percentage points and raised fixed rates on deposit operations by the same amount. The Bank of Russia's decision to narrow the band of interest rates on some of its operations to provide and absorb liquidity was aimed at restricting the volatility of money market rates amid the contraction of banking sector liquidity. The fixed rates on overnight loans, currency swap operations and loans extended against non-market assets or guarantees with maturities from 181 to 365 days, and also the refinancing rate were left unchanged at 8.25% p.a.

In the third quarter of 2011, the interest rates on ruble-denominated **interbank loans** extended for various terms increased gradually but were observed to rise sharply during the tax payment periods. Fluctuations in the MIACR on overnight interbank ruble loans amounted to 1.6 percentage points in July-September 2011 (as compared with 1.8 percentage points in April-June 2011). The average MIACR on overnight interbank ruble loans stood at 4.2% p.a. in the third quarter as against 3.6% p.a. in the second quarter of 2011. In October 2011, the MIACR on overnight interbank ruble loans moved within the range of 4.1-5.6% p.a. The average MIACR on overnight

Interest rates on Bank of Russia short-term operations and MIACR (% p.a.)



* MIACR is an average weighted rate on overnight interbank ruble loans.
Source: Bank of Russia.

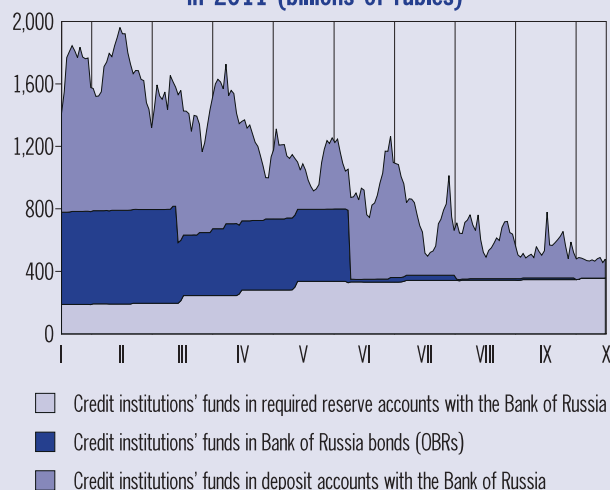
Liquidity situation and Bank of Russia operations

Bank of Russia average daily obligations to credit institutions on deposits and bonds contracted to 373.6 billion rubles in the third quarter of 2011 from 1,124.2 billion rubles in the first half of the year. Credit institutions' demand for Bank of Russia liquidity provision instruments remained insignificant for most of the third quarter of 2011. Despite this, some credit institutions took part in the auctions held to place federal budget funds on deposit accounts with commercial banks. Average daily claims to credit institutions in the third quarter of 2011 equalled about 30 billion rubles on Bank of Russia refinancing instruments and around 615 billion rubles on federal budget operations (about 8 billion rubles and 190 billion rubles, respectively, in the first half of 2011). In the period between July and the first half of September, the MIACR on overnight ruble loans deviated by an average of 0.39 percentage points from the lower limit of the Bank of Russia interest rate band as compared with 0.17 percentage points in the first half of 2011.

From mid-September 2011, amid the deteriorating situation in global financial markets and the expectations of the ruble's depreciation, Russian credit institutions started to regularly apply for Bank of Russia refinancing instruments. In October 2011, Bank of Russia average daily claims to credit institutions on refinancing operations exceeded 390 billion rubles. In the meantime, federal budget funds continued to be placed on deposit accounts with commercial banks. In October 2011, the average daily value of these funds reached almost 1,050 billion rubles. At the same time, credit institutions' funds in Bank of Russia instruments to absorb liquidity contracted to 168.6 billion rubles on average. In these conditions, the MIACR on overnight ruble loans moved close to the minimum bid rate at overnight repo auctions, with the average deviation standing at -0.32 percentage points in October 2011.

As credit institutions' demand for refinancing instruments increased, the Bank of Russia took some measures in the fourth quarter of 2011. In particular, the Bank of Russia raised adjustment ratios for the value of non-market assets used as collateral for Bank of Russia loans and started to accept credit institutions' guarantees again. In addition, the Bank of Russia resumed the provision of loans against non-market assets or guarantees with maturities from 91 to 180 days. Along with these measures, considering the current situation in the money market and current bank liquidity factors, the Bank of Russia suspended auctions for OBR placement.

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



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

Liquidity provision operations in 2011 (billions of rubles)*



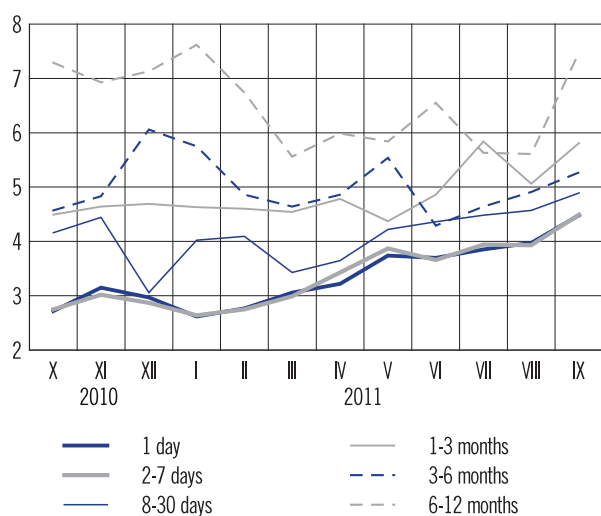
* Bank of Russia end-of-day claims to credit institutions.
** Overnight loans, Lombard loans, loans extended against non-market assets or guarantees.
Source: Bank of Russia.

interbank ruble loans in October 2011 increased by 0.4 percentage points, month on month, to 4.9% p.a. The average interest rate on interbank ruble loans placed by Russian banks for a term of 2-7 days increased from 3.7% p.a. in 2011 Q2 to 4.1% p.a. in 2011 Q3, for a term of 8-30 days from 4.1% p.a. to 4.6% p.a., and on loans placed

for a term of 1-3 months from 4.7% p.a. to 5.6% p.a.

In August-September 2011, interest rates on **household deposits** slightly increased. The average interest rate on short-term household ruble deposits in the third quarter of 2011 stood at 5.1% p.a. as in the previous quarter. The aver-

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



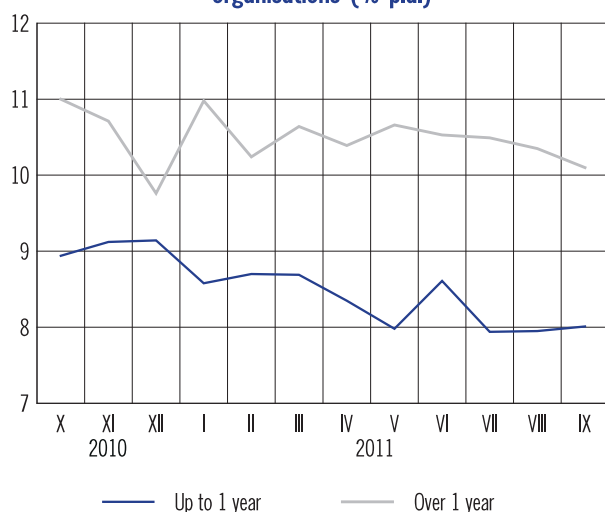
Source: Bank of Russia.

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



Source: Bank of Russia.

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



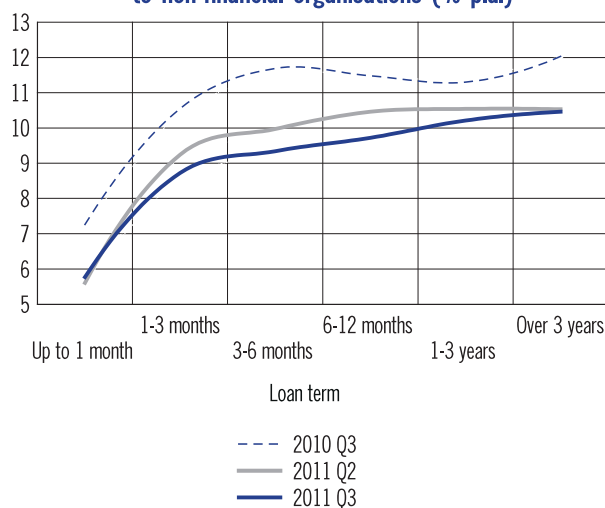
Source: Bank of Russia.

average interest rate on long-term household deposits (for a term of 1-3 years) grew by 0.4 percentage points, quarter on quarter, to 6.1% p.a.

In the ruble-denominated **household loan** market, the average interest rate on short-term loans grew by 0.3 percentage points in the third quarter of 2011, quarter on quarter, to 22.9% p.a., and on long-term loans it fell by 0.1 percentage points to 17.1% p.a.

In July-September 2011, interest rates on long-term ruble **loans to non-financial organisations** decreased gradually, while interest rates on short-term loans were stable, remaining below the monthly averages of the previous quarter. The

Term structure of interest rates on ruble loans to non-financial organisations (% p.a.)

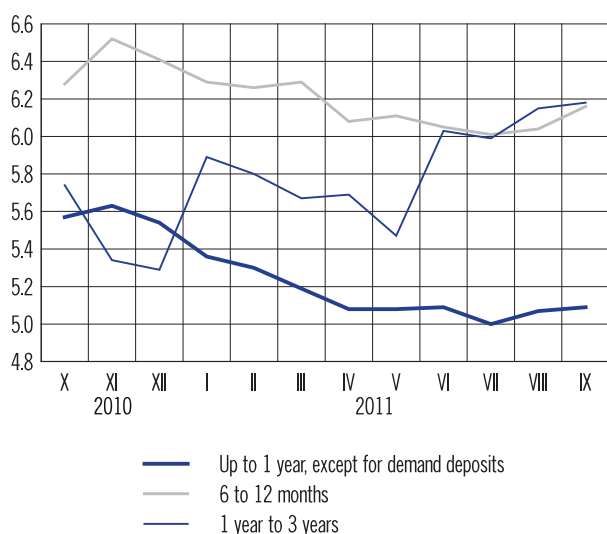


Source: Bank of Russia.

average interest rate on short-term loans dropped by 0.3 percentage points in the third quarter of 2011, quarter on quarter, to 8.0% p.a., and on long-term loans it fell by 0.2 percentage points to 10.3% p.a. The yield curve for loans to non-financial organisations shifted slightly upward in the third quarter of 2011, quarter on quarter, in the up-to-1-month segment and moved down in the segment of 1 month to 3 years.

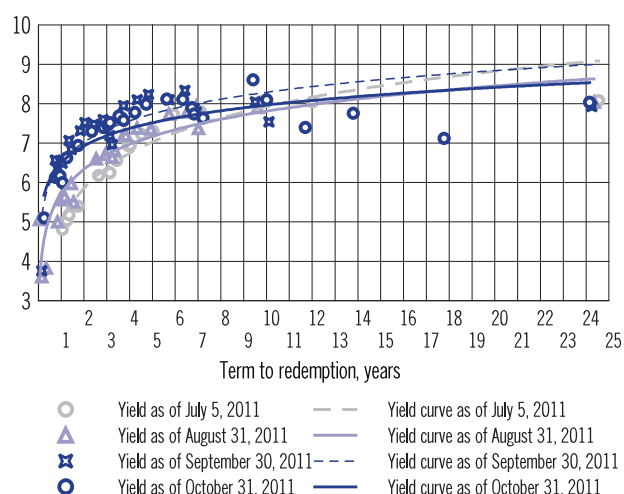
OFZ market yields demonstrated rather weak downward dynamics in July 2011. In August-September 2011, government bond yields were largely observed to increase. The average quarterly effective OFZ market portfolio indicator

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



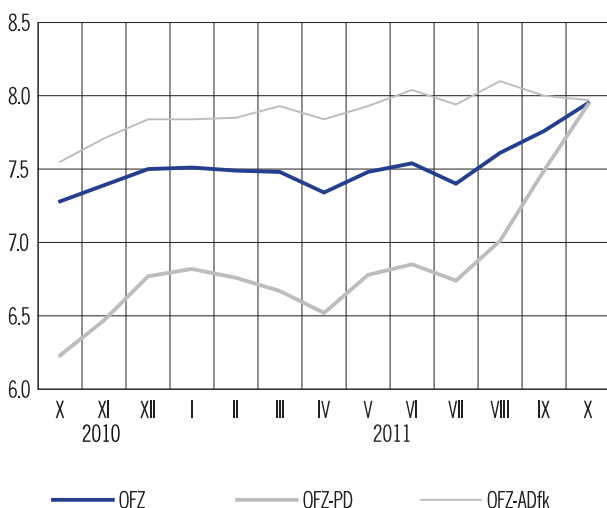
Source: Bank of Russia.

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



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

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



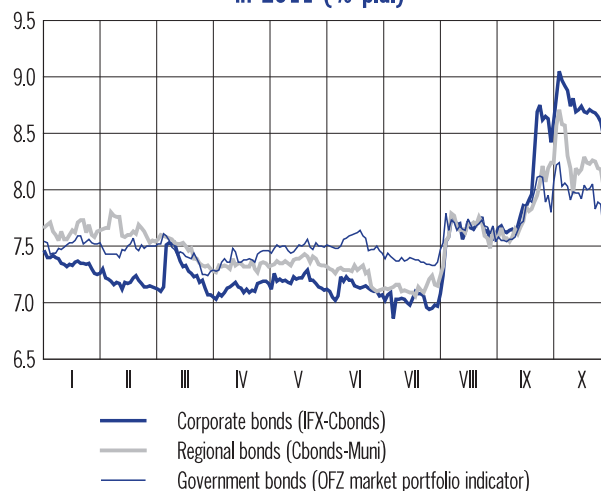
Source: Bank of Russia.

In July-September 2011, the OFZ yield curve remained ascending in the segment of up to 6 years and was close to the horizontal line in the segment of longer maturities. At the end of October 2011, the yield curve in the segment of short-term and medium-term government bonds shifted upward, while the yield curve slope decreased as compared with the beginning of July 2011, which may reflect market participants' expectations that OFZ bond yields will decline. In the segment of government bonds with maturities of over 6 years, the yield curve became descending, which suggested investors' uncertain expectations over the long term.

(MPI)¹ increased by 0.1 percentage points in July-September 2011, quarter on quarter, to 7.6% p.a. The OFZ yield (effective MPI) rose by 0.3 percentage points at the end of the third quarter of 2011, quarter on quarter, to 7.8% p.a. As of the end of October, the OFZ yields increased by less than 0.1 percentage points, month on month. The average effective MPI in October increased by 0.2 percentage points, month on month, to 8.0% p.a.

¹ The average duration of the OFZ bond index portfolio was 3.5 years in the second quarter and 3.6 years in the third quarter of 2011 (calculations are based on Bank of Russia data).

Russian ruble bond effective yields in domestic market in 2011 (% p.a.)



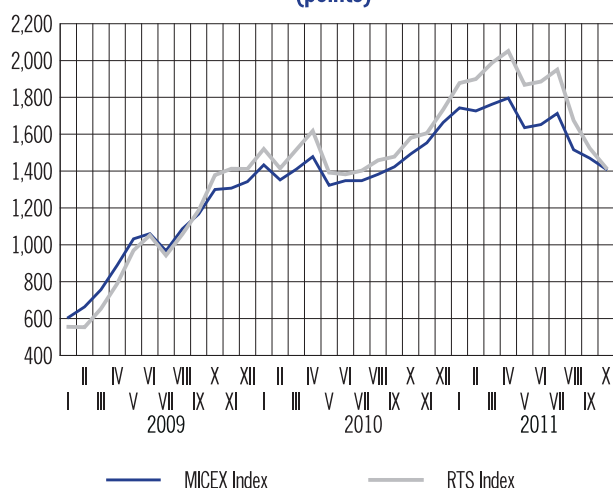
Source: Bank of Russia, Cbonds.ru agency.

Yields on the **ruble regional and corporate bond market** in July-October 2011 were similar to OFZ yields but demonstrated higher volatility. The average yield on regional bonds² and the average yield on corporate bonds³ increased by 0.2 percentage points and 0.4 percentage points, respectively, in July-September 2011 as compared with the previous quarter, to 7.5% p.a. each. Regional and corporate bond yields as of the end of the third quarter of 2011 increased by 1.0 percentage points and 1.3 percentage points, quarter on quarter, to 8.2% p.a. and 8.4% p.a., respectively. In October 2011, the average regional and corporate bond yields grew by 0.5 percentage points and 0.7 percentage points, month on month, to 8.2% p.a. and 8.7% p.a., respectively.

Asset prices

Share prices declined rapidly in **the Russian equity market** in the third quarter of 2011 under the impact of increased uncertainty in world capital markets amid rising global economic risks, instability in world raw material markets, continued capital outflow from the domestic equity market and the ruble's depreciation against ma-

Russia's major stock indices (points)*

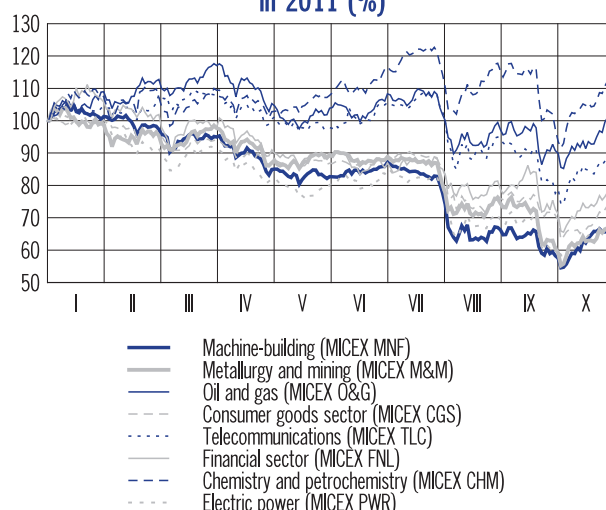


* Monthly averages.
Source: MICEX, RTS, Bank of Russia calculations.

² The average duration of the regional bond index portfolio was 2.7 years in the second quarter and 2.5 years in the third quarter of 2011 (based on data provided by Cbonds.ru agency).

³ The average duration of the corporate bond index portfolio was 1.6 years in the second quarter and 1.8 years in the third quarter of 2011 (based on data provided by Cbonds.ru agency).

MICEX indices by sector in 2011 (%)*



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

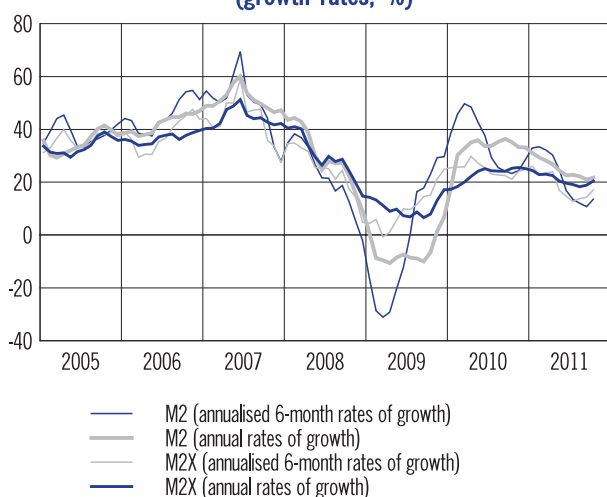
For world currencies. As of September 30, 2011, the MICEX stock index fell by 18.0%, quarter on quarter, to 1,366.54 points and the RTS stock index plunged by 29.7% to 1,341.09 points. The average MICEX and RTS stock indices dropped by 7.8% and 11.5%, respectively, in the third quarter of 2011, quarter on quarter. Equity prices in all sectors of the Russian economy decreased considerably in the third quarter of 2011. The most significant fall in share prices was registered in machine-building, metallurgy, telecommunications and the electric power sector.

In October 2011, Russian share prices grew rapidly, following an upward correction in world oil prices in the first half of the month and the resumption of positive price trends in the world stock market. As of October 31, 2011, the MICEX index grew by 9.7%, month on month, to 1,498.60 points, and the RTS index increased by 16.6% to 1,563.28 points. At the same time, the average MICEX and RTS stock indices were lower in October 2011 than in the previous month. Share prices in the key sectors of the Russian economy increased in October 2011. The biggest growth was registered in the chemical and petrochemical industry, machine-building, telecommunications, the electric power and oil and gas sectors.

Monetary aggregates

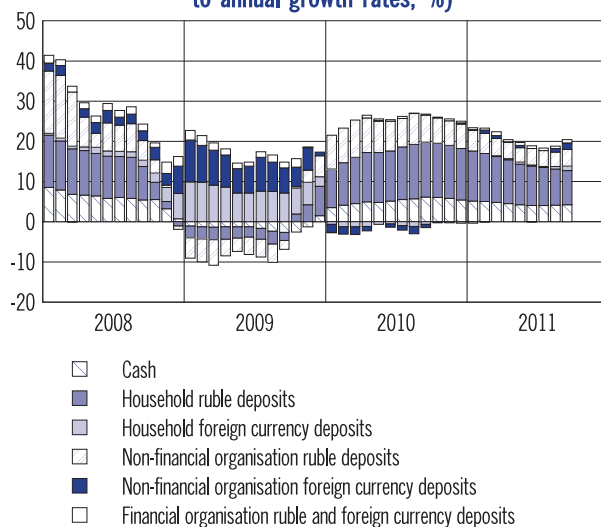
The dynamics of monetary aggregates in January-September 2011 suggested a gradual decrease in inflation risks conditioned by mone-

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



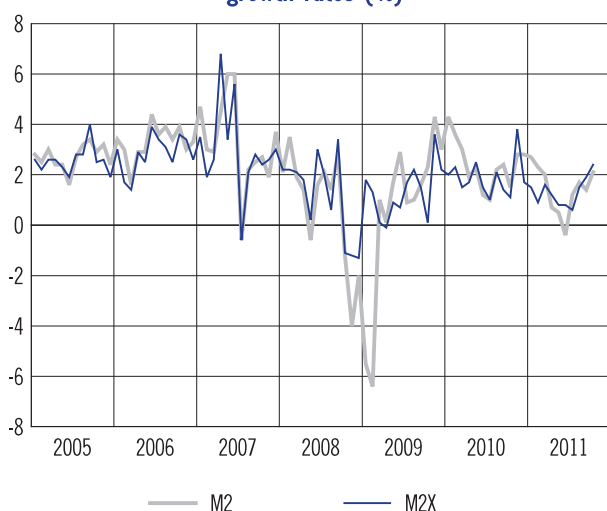
* Monetary aggregate M2X (broad money) includes deposits in foreign currency.
Source: Bank of Russia.

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



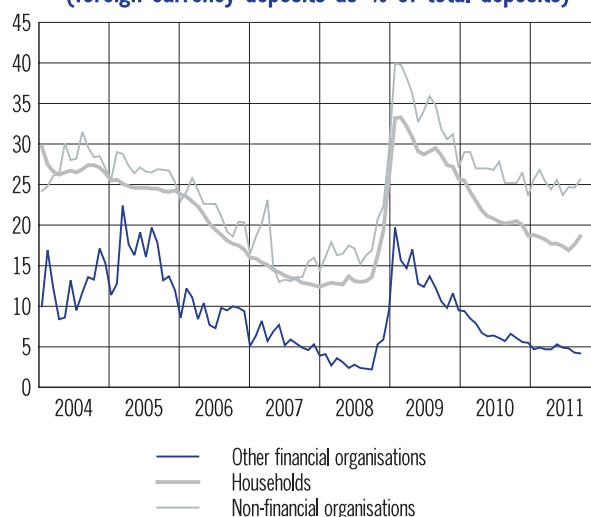
Source: Bank of Russia.

Seasonally adjusted M2 and M2X monthly growth rates (%)



Source: Bank of Russia.

Level of dollarisation of deposits (foreign currency deposits as % of total deposits)

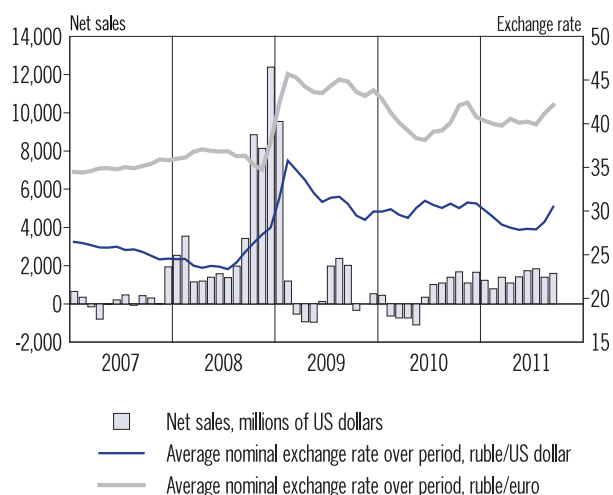


Source: Bank of Russia.

tary factors. Overall, in January-September 2011, the annual growth in ruble money supply gradually slowed down. As a result, the annual growth rate of **the monetary aggregate M2** was 21.5% as of October 1, 2011, a decrease of 9.6 percentage points compared with the beginning of this year (31.1% as of January 1, 2011) and 13.5 percentage points compared with the same date a year earlier (35% as of October 1, 2010). At the same time, the seasonally adjusted monthly growth in ruble money supply started to accelerate in the third quarter of 2011 (this growth slowed down in the first half of 2011).

The slowdown in the annual growth rates of ruble deposits in January-September 2011 was demonstrated by both household deposits and non-financial organisation deposits. At the same time, in January-September 2011, the annual rate of growth in household ruble deposits was significantly higher than the annual rate of growth in non-financial organisation deposits. The slowdown in the annual growth rates of non-financial organisation ruble deposits came to a halt in the third quarter of 2011, and this growth equalled 17.5% as of October 1, 2011 (28.3% as of October 1, 2010). The annual rate of growth in

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



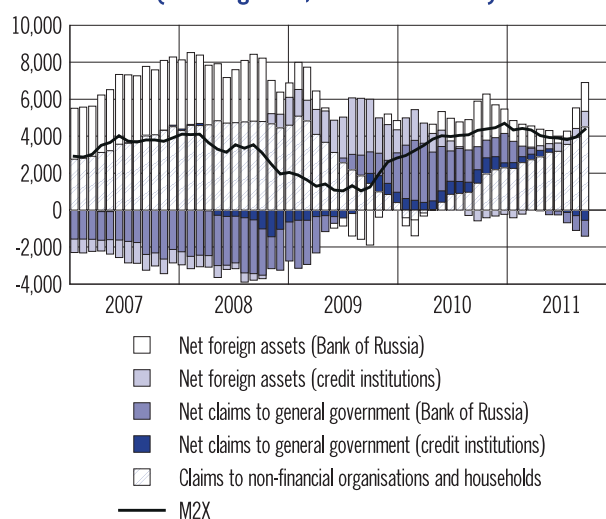
Source: Bank of Russia.

household ruble deposits fell to 25.5% as of October 1, 2011 from 48.2% as of the same date a year earlier.

The annual rates of growth in **foreign currency deposits** (in ruble terms) were considerably lower than the annual rates of growth in ruble deposits in January-September 2011. At the same time, as the exchange rate dynamics changed towards the ruble's depreciation, the rates of growth in foreign currency deposits increased considerably in August-September 2011. As a result, the annual rate of growth in foreign currency deposits accelerated to 15.3% as of October 1, 2011 (this indicator decreased by 7% as of October 1, 2010, as compared with the same date a year earlier). Nevertheless, despite some increase in the third quarter of 2011, the level of dollarisation of deposits⁴ was lower in January-September 2011 than in the same period last year and stood at 16.3% as of October 1, 2011 (17.0% as of October 1, 2010). Net foreign currency sales to households through foreign exchange offices slightly increased in the third quarter of 2011 as compared with the first and second quarters of this year. According to Russia's balance of payment preliminary estimates, foreign currency outside the banking system decreased in January-September 2011 but to a considerably lesser extent than in the same period of 2010.

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

Banking sector major assets and broad money (M2X) (annual growth, billions of rubles)



Source: Bank of Russia.

The annual rates of growth in the **broad money** were observed to decrease for most of the period of January-September 2011 and equalled 20.5% as of October 1, 2011 (compared with 25.4% as of October 1, 2010). At the same time, as the ruble depreciated considerably in August-September 2011 and prompted growth in foreign currency deposits in ruble terms, the annual rates of growth in the broad money registered some increase by the end of the third quarter of 2011. The M2X seasonally adjusted monthly rates of growth also increased in the third quarter of 2011.

Growth in lending was the main source of broad money expansion in January-September 2011. Banks' claims to non-financial organisations and households grew by 3.8 trillion rubles in the first nine months of 2011 whereas their growth in the same period last year was slower by almost 1.5 times (1.5 trillion rubles). The enhanced role of lending in money supply is laying the groundwork for the Bank of Russia to implement its interest rate policy more effectively.

The increase in banking sector net foreign assets also contributed to money supply growth. In January-September 2011, they rose by 2.5 trillion rubles (by 1.2 trillion rubles in the first nine months of 2010) mainly due to growth in the Bank of Russia's net foreign assets (by 1.8 trillion rubles). Credit institutions' net foreign assets also increased but their growth was considerably slower and equalled 0.6 trillion rubles in January-September 2011.

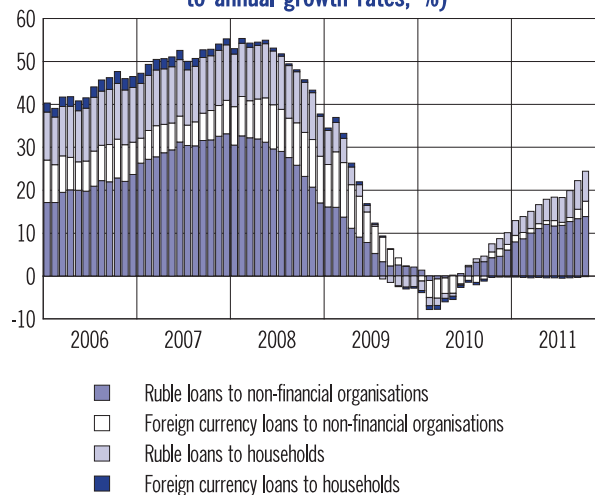
The first nine months of 2011 saw a changed impact of the budgetary factor on money supply. Banking sector net claims to general government contracted by almost 3 trillion rubles in January-September 2011 (they grew by 0.2 trillion rubles in January-September 2010). A significant decrease (by 2.3 trillion rubles) in net claims to general government from the Bank of Russia (largely because of funds accumulated in Bank of Russia accounts) had a considerable containing effect on the money supply dynamics.

Credit aggregates

The growth of credit aggregates continued in the third quarter of 2011. The debt on loans extended to non-financial organisations increased by 10% and the debt on loans to households increased by 11.2% over this period. The resulting annual rate of growth in the total debt on loans equalled 24.3% as of October 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 this type of loans equalled 34.8% as of October 1, 2011 compared with 9.6% as of the same date a year earlier. In absolute terms, the annual growth in the debt on loans to non-financial organisations and households virtually reached the level registered at the beginning of 2008.

The growth of the deposit base was a key source of increased credit supply in the post-crisis period. However, as a result of the continuing

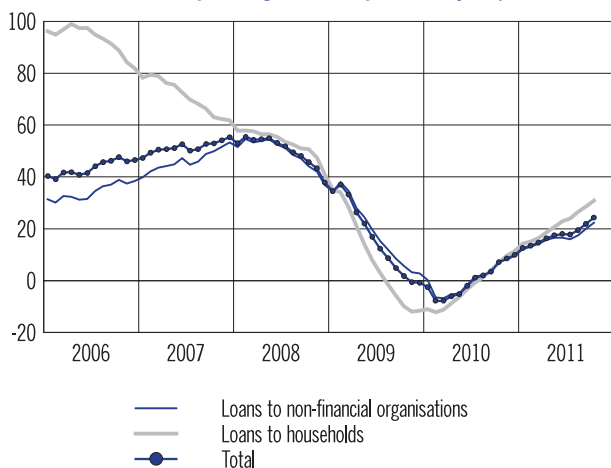
Loans to non-financial organisations and households (contributions by various types of loans to annual growth rates, %)



Source: Bank of Russia.

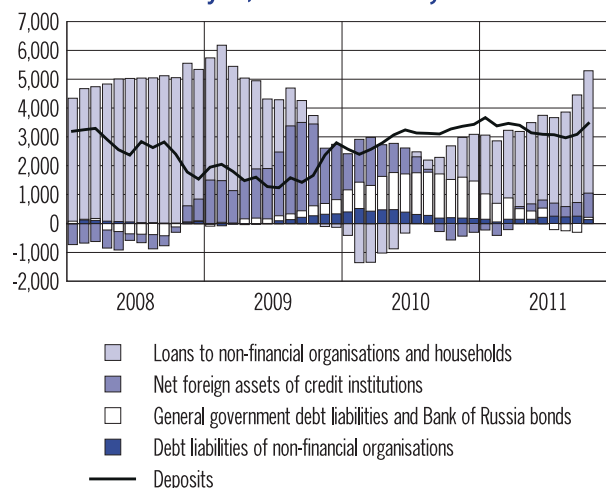
slowdown in the expansion of the deposit base from the end of 2010, the growth of loans to non-financial organisations and households exceeded the growth of bank deposits for the first time since 2009 in the third quarter of 2011. In these conditions, banks need sources of additional financing to maintain high rates of growth in credit aggregates. Before 2008, banks resorted to external borrowings as a source of additional financing whereas today the most probable source is the banks' greater reliance on the domestic money market, in particular, the continued growth in banks' demand for Bank of Russia refinancing instruments.

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



Source: Bank of Russia.

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



Source: Bank of Russia.

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

August 2011

August 4 (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 August 4, 2011, to leave the refinancing rate and interest rates on Bank of Russia operations unchanged.

The decision was made following an assessment of inflation risks and risks to sustainable economic growth, including risks posed by the persisting uncertainty over external economic developments.

The annual inflation rate continued to decline in July and stood at 9.0% as compared with 9.4% in June. As before, the dynamics demonstrated by the prices of certain foodstuffs made a major contribution to the slowdown in the inflation rate. Favourable grain harvest forecasts for this year along with the prevailing trends in world food markets suggest that the corresponding inflation risks are decreasing. The current downward trend in inflation expectations may contribute to a slower inflation rate in the future.

Meanwhile, the continuing trend towards slower growth in household deposits and the growth in retail trade outpacing the growth in real income 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.

The dynamics of certain 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 beginning of the year. The unemployment rate went down but that was largely due to seasonal factors. Fixed capital investments continued to recover following a slump at the beginning of the year, but their annual growth rate slowed down in June compared with May, suggesting that the trend was potentially unsteady. 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 policy implemented in recent months, the Bank of Russia regards the current level of interest rates in the money market 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 monetary policy is scheduled for September 2011.

August 26

The Bank of Russia External and Public Relations Department informs that the Bank of Russia Board of Directors took a decision on August 26, 2011, to set the interest rate on gold-secured loans extended for a term of up to 90 calendar days inclusive at 7% p. a.

In view of this, the Bank of Russia External and Public Relations Department informs that the Bank of Russia is prepared for the start of operations to provide loans secured by gold.

The procedure for the Bank of Russia to provide loans secured by gold is stipulated by Bank of Russia Regulation No. 362-P, dated November 30, 2010, 'On the Procedure for the Bank of Russia to Provide

Gold-Secured Loans to Credit Institutions' (published in Bank of Russia Bulletin No. 22 of April 27, 2011) and Bank of Russia Order No. OD-355, dated May 13, 2011, 'On the Provision of Gold-Secured Loans by the Bank of Russia to Credit Institutions' (published in Bank of Russia Bulletin No. 29 of May 25, 2011).

Information on the procedure and the terms of operations by the Bank of Russia to provide gold-secured loans to credit institutions is posted on the Bank of Russia's website at: http://www.cbr.ru/dkp/standard_system/print.asp?file=refinan.htm ('Refinancing (Crediting) of Credit Institutions as an Instrument of the Bank of Russia's Monetary Policy' in the chapter 'Loans Secured by Gold' in the Monetary Policy section).

September 2011

September 14 (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 September 14, 2011, to leave the refinancing rate unchanged, raise from September 15, 2011 the fixed rates on Bank of Russia deposit operations by 0.25 percentage points and lower by 0.25 percentage points interest rates on some of Bank of Russia liquidity provision operations.

The decision was made following an assessment of inflation risks and risks to sustainable economic growth, including risks posed by the persisting uncertainty over external economic developments, also taking into account the current trends in the money market and the existing factors influencing banking liquidity. This decision to narrow the band of interest rates on some of Bank of Russia liquidity provision and absorption operations is designed to help restrict interest rate volatility in the money market amid the existing risks of ruble liquidity shortfalls in the banking sector.

The annual inflation rate continued to decrease and stood at 8.0% as of September 5 (compared with 8.2% in August and 9.0% in July). The prices of certain groups of foodstuffs continued to make a major contribution to the slowdown in the inflation rate. The persisting favourable forecasts for this year's harvest of main agricultural crops, and also lower inflation expectations are the factors contributing to the reduction of the corresponding inflation risks. At the same time, the annual growth in the prices of paid services and non-food goods continues to accelerate.

Certain economic indicators continued to demonstrate positive dynamics in July: the industrial production index and fixed capital investment kept growing, following the trends, which emerged in the previous months. At the same time, the unemployment rate slightly increased, which could be attributed to seasonal factors only partially. The relatively low indicators of economic agents' sentiments point to risks to sustainable growth.

The persisting trend towards slower growth in household deposits and the increase in consumer lending might demonstrate less propensity to save, which may both contribute to improved business activity and be a source of additional inflationary pressures.

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

The next meeting of the Bank of Russia Board of Directors to consider monetary policy is scheduled for the last ten days of October 2011.

September 26

The Bank of Russia External and Public Relations Department informs that considering the current trends in the money market and the existing factors influencing banking sector liquidity, the Bank of Russia took a decision to suspend holding auctions to place Bank of Russia bonds No. 4-21-21BR1-1.

October 2011

October 28 (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 October 28, 2011, to leave the refinancing rate and interest rates on Bank of Russia operations unchanged.

The decision was made following an assessment of inflation risks and risks to sustainable economic growth, including risks posed by the persisting uncertainty over external economic developments.

In the period since the latest meeting of the Bank of Russia Board of Directors on monetary policy, the annual inflation rate continued to decrease and stood at 6.9% as of October 24, 2011 (compared with 7.2% in September and 8.2% in August). The prices of certain groups of foodstuffs continued to make a major contribution to the slowdown in the inflation rate. However, there were signs of the waning effect of this factor. The price decrease in September was also observed in the services sector. At the same time, the annual rates of growth in non-food prices had not registered any slowdown in the past several months, staying at a relatively high level. The Bank of Russia will continue monitoring the impact of various factors on inflationary processes, including the possible effect of the ruble's depreciation observed in the past few months on the level of prices.

Major macroeconomic indicators changed both ways in September. The annual industrial production index fell considerably as compared with August. At the same time, the annual rates of growth in fixed capital investment increased again in September after their slowdown in the previous month. The unemployment rate remained at a relatively low level, while the growth in household real income accelerated, and these factors, along with the continued increase in consumer lending, contributed to the steady rise in consumer demand. As a result, retail trade turnover continued to grow at an accelerated rate. The current domestic demand dynamics may both contribute to improved business activity and be a source of additional inflationary pressures.

In the interbank market, the banking sector's demand for refinancing instruments was observed to increase in recent months. The growth in liquidity volumes provided by the Bank of Russia will help restrict the rise in market rates.

Given the current internal and external macroeconomic trends, the Bank of Russia regards the current level of interest rates in the money market as acceptable in order to secure a balance between inflation risks and economic slowdown risks in the near future.

The Bank of Russia took a decision to increase to 180 days the term of loans provided against the collateral of gold and set from November 1, 2011, the interest rates on gold-secured loans with a maturity from 91 to 180 days at 7.25% p. a.

The next meeting of the Bank of Russia Board of Directors to consider monetary policy is scheduled for the last ten days of November 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	0.5	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
July	0.0	0.4	-0.7	0.4	-9.2	0.3	0.3	0.6
August	-0.2	0.4	-1.4	0.3	-16.0	0.5	0.4	0.3
September	0.0	0.5	-0.6	0.2	-9.8	0.7	0.7	-0.1

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	2.2	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
July	5.0	4.1	4.2	4.9	-1.3	3.8	3.2	7.9
August	4.7	4.6	2.8	5.2	-17.1	4.3	3.6	8.2
September	4.7	5.1	2.1	5.5	-25.2	5.0	4.3	8.1

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	5.9	8.8
July	9.0	8.4	11.3	11.7	8.1	6.6	6.0	8.9
August	8.2	8.1	8.8	10.7	-7.9	6.8	6.1	9.0
September	7.2	7.4	6.4	8.9	-17.1	6.8	6.1	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	1.4	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
July	1.7	1.3	2.0	-0.1	5.0	3.3	1.7
August	1.8	1.5	2.1	-0.7	4.7	3.6	1.1
September	1.9	1.8	2.1	-1.1	4.7	4.1	0.6

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	0.1	0.2	-0.1	0.2	0.3	0.0
July ³					0.0		
August ³					-0.2		
September 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 or negative inflation, 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	23.1	13.7	45.7	17.6	35.4	64.6
February	28.0	13.4	39.8	18.7	44.8	55.2
March	31.4	15.8	35.5	17.3	52.0	48.0
April	33.3	18.2	34.8	13.7	56.8	43.2
May	31.5	22.5	35.2	10.7	57.3	42.7
June	31.0	24.5	37.3	7.3	59.8	40.2
July	33.6	26.7	40.8	-1.1	66.0	34.0
August	37.8	32.2	45.0	-15.1	76.8	23.2
September	39.9	37.7	44.9	-22.5	86.3	13.7

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.

**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	23.1	13.7	45.7	17.6	35.4	64.6
February	42.7	12.7	22.4	22.2	72.9	27.1
March	48.1	27.7	14.0	10.3	87.5	12.5
April	48.8	38.8	29.1	-16.7	96.9	3.1
May	16.9	59.7	38.3	-14.9	61.7	38.3
June	19.7	64.0	79.1	-62.7	110.0	-10.0
July ³						
August ³						
September ³						

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 or negative inflation, 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, billions of rubles	2009	8,306	17,528	27,967	38,786	
		2010	9,572	20,195	31,968	44,939	
		2011	11,410	24,167.1			
	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	104.1		
	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	104.8		
Industrial output index	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	105.1		
	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	105.2		
Agricultural output	as % of corresponding quarter of previous year	2009	102.2	100.7	98.9	105.1	
		2010	100.5	98.6	79.2	96.2	
		2011	100.7	100.6	116.5		
	over period since start of year, as % of corresponding period of previous year	2009	102.2	...	...	101.4
		2010	100.5	99.4	87.0	88.7	
		2011	100.7	100.7	115.9		
Fixed capital investment	over period since start of year, billions of 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	3,598.0	6,355.5		
	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	105.0	107.7		
Retail trade turnover	over period since start of year, billions of 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	8,738.6	13,611.0		
	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	105.8	107.6		
Federal budget on accrual basis, as of end of period	revenue	billions of 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	8,213.0 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	21.5 ¹		
	expenditure	billions of 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	7,082.1 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	19.0	18.5 ¹		
surplus(+)/deficit(-)	billions of 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	1,130.9 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	3.0 ¹			
General government budget on accrual basis, as of end of period	revenue	billions of 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	15,170.8 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	40.9	39.7 ¹		
	expenditure	billions of 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	12,745.4 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	33.7	33.4 ¹		
	surplus(+)/deficit(-)	billions of 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	2,425.4 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	7.2	6.3 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	23,154	23,406		
	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	112.5	112.5		
	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	111.8	112.0		
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	102.7	104.1		
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	20,032.3	20,416.5		
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	98.0	101.7		
	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	98.8	99.8		
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	73.5	76.6		
	obligatory payments and contributions	2009	11.2	10.4	10.9	9.9	
		2010	9.5	9.9	10.2	10.3	
		2011	9.7	10.0	10.5		
	growth in savings	2009	8.3	16.6	12.3	17.5	
		2010	15.7	15.2	11.6	14.8	
		2011	10.2	10.9	6.3		
	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	4.9		
	cash on hand	2009	-6.3	2.4	-0.4	4.1	
		2010	-1.7	3.4	1.1	3.6	
		2011	-2.8	1.6	1.7		
	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	8,263	
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	100.6		
	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	100.9		
Total number of unemployed (calculated by 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	4.8		
	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	6.2		

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4	
Foreign economic activities							
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	109.7		
	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	144.7		
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	249.4	380.1 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	131.3	132.2 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	147.2	232.3 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	141.7	134.9 ²		
Current account balance (over period since start of year), \$ billion		2009	9.7	17.6	32.7	48.6	
		2010	33.6	52.1	57.6	70.3	
		2011	32.5	56.3	73.6 ²		
Private sector net capital outflow (inflow) (over period since start of year), \$ billion		2009	-35.0	-31.4	-64.9	-56.1	
		2010	-15.0	-11.5	-14.3	-33.6	
		2011	-21.4	-30.6	-49.4 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	87.7			
	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	by 3.4 times	by 2.9 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	7.0		
		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	129.8		
	portfolio	\$ billion	2009	0.1	0.9	1.0	0.9
			2010	0.3	0.7	0.9	1.1
			2011	0.1	0.2		
		as % of corresponding period of previous year	2009	93.5	74.9	78.6	62.3
			2010	by 2.5 times	81.1	85.0	121.9
			2011	41.8	34.5		
	other	\$ billion	2009	8.7	25.2	43.7	65.1
			2010	10.2	24.3	38.4	99.9
			2011	40.3	80.4		
		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	by 3.9 times	by 3.3 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	516.8		
Real ruble exchange rate index (last month of quarter), growth as % of December of previous year ³	rubles per 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	2.4		
	rubles per euro	2009	-12.0	-7.0	-9.0	-6.5	
		2010	11.7	18.6	14.5	14.5	
		2011	5.2	4.6	-0.9		
	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	1.0		

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	4.1	
	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	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	7.6	
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	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	6.0	
	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	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	4.2	
Interest rate on loans 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	8.0	
	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	10.3	
	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	4.7	
	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	7.2	
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	8.9	
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	8.4	
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	29.1545	
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	1,341.09	
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	8.25	

Table 8 (end)

	Year	1.01	1.04	1.07	1.10	
Monetary indicators						
M0, billions of 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	4,918.2	5,192.2	5,420.4	
M2, billions of 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	19,819.0	20,745.3	21,497.4	
Broad money, billions of 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	23,641.1	24,455.0	25,680.3	
Net foreign assets, billions of 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	15,025.3	15,599.9	17,515.8	
Domestic claims, billions of 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	18,635.9	
Broad monetary base, billions of 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	7,407.9	
Balances of correspondent accounts, billions of 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	781.6	
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	38.5	38.4 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	2.64	2.80	2.90
	change since start of year, %	2009	-3.4 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	18.8
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	32.11
	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	43.42

¹ Preliminary data.

² Estimate.

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

⁴ Effective OFZ market portfolio indicator.

⁵ Owing to the coming into force of Bank of Russia Ordinance No. 2332-U, dated 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 2011

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 to 14.09.11	From 15.09.11
Providing liquidity	Standing facilities (fixed rates)	Overnight loans ²	1 day	7.75	8.00	8.25	8.25	8.25
		Currency swap operations ³	1 day	7.75	8.00	8.25	8.25	8.25
		Repo, Lombard loans	1 day	6.75	6.75	6.75	6.75	6.50
		Lombard loans	7 days	6.75	6.75	6.75	6.75	6.50
			30 days ⁴	6.75	6.75	6.75	6.75	6.50
		Repo	7 days ⁵	6.75	6.75	6.75	6.75	6.50
			12 months ⁵	7.50	7.75	8.00	8.00	7.75
		Loans secured by gold ⁶	Up to 90 days				7.00	6.75
			From 91 to 180 days					7.25
		Loans secured by non-market assets or guarantees ⁷	Up to 90 days	6.75	7.00	7.25	7.25	7.00
	From 91 to 180 days ⁸		7.25	7.50	7.75	7.75	7.50	
	From 181 to 365 days ⁵		7.75	8.00	8.25	8.25	8.25	
	Open market operations (minimum interest rates)	Repo auctions	1 day	5.00	5.25	5.50	5.50	5.25
		Repo auctions, Lombard loan auctions	7 days	5.00	5.25	5.50	5.50	5.25
3 months			6.50	6.75	7.00	7.00	6.75	
6 months ⁵			7.00	7.25	7.50	7.50	7.25	
12 months ⁵			7.50	7.75	8.00	8.00	7.75	
Absorbing liquidity	Standing facilities (fixed rates)	Deposit operations	demand, 1 day	2.75	3.00	3.25	3.50	3.75
			7 days	3.00	3.00	3.25	3.50	3.75
	Open market operations (maximum interest rates)	Deposit auctions	1 month	5.00	5.00	5.25	5.50	5.50
			3 months ⁵	6.00	6.00	6.25	6.50	6.50
Memo item:								
Refinancing rate:				7.75	8.00	8.25	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, dated August 4, 2003, No. 312-P, dated November 12, 2007, and No. 362-P, dated November 30, 2010.

³ Interest rate to determine the minimum swap difference.

⁴ The issue of loans was suspended from February 10, 2011.

⁵ Operations were not held in 2011; a decision was earlier taken on their suspension.

⁶ The interest rate on loans with a term of up to 90 days was set at 7% p.a. from August 29, 2011, and the interest rate on loans for a term of 91 to 180 days was set at 7.25% p.a. from November 1, 2011.

⁷ The provision of loans secured by guarantees was suspended from March 1, 2011, to September 30, 2011.

⁸ The provision of loans was suspended from February 10, 2011, to October 31, 2011.

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 legal entities in Russian currency	Required reserve ratio for bank obligations to non-resident legal entities 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	

