

# Russia: Economic & Market Outlook

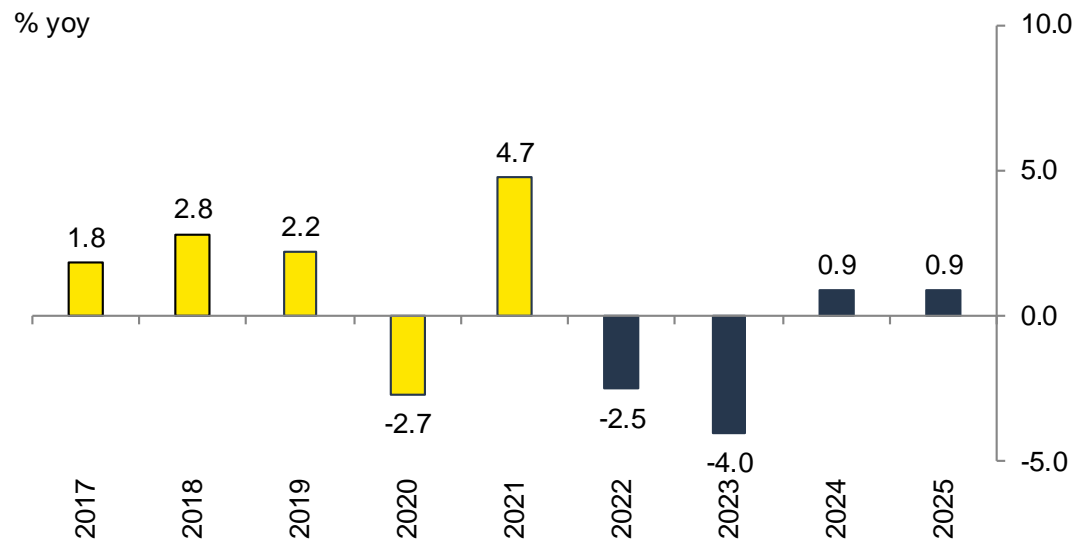


February 2023

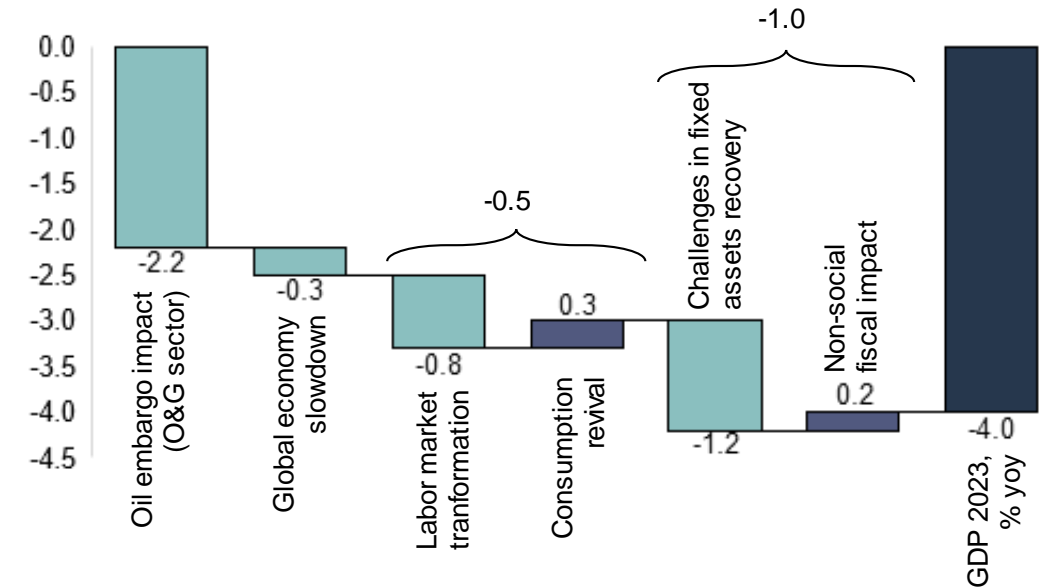
# ECONOMIC OUTLOOK

The downturn is to continue in 2023

## Recession is to be prolonged



## Delayed sanction impact to hit economy in 2023

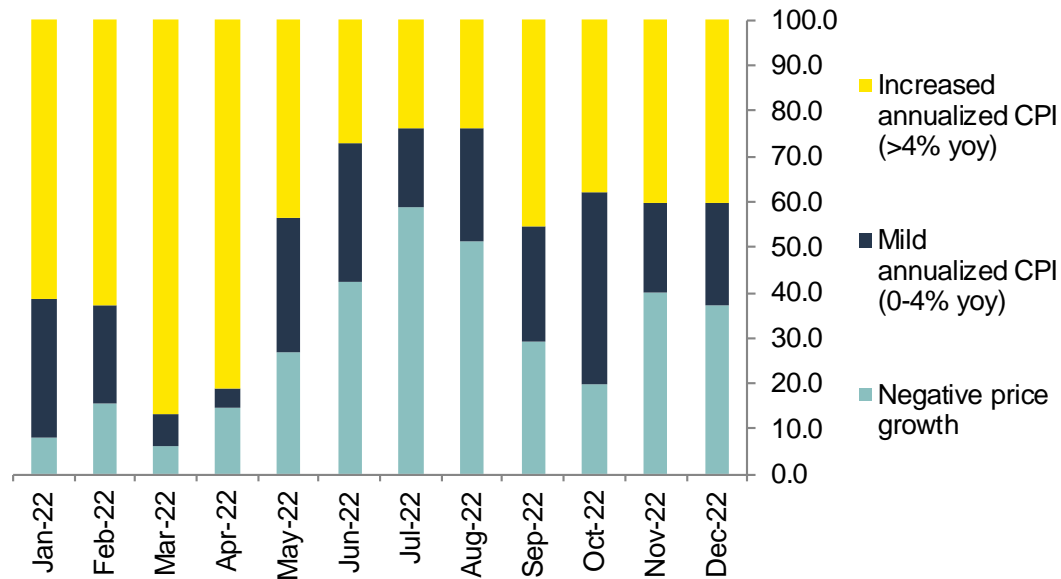


- In 2022, GDP may drop by 2.5% yoy. This estimation is much better in comparison to the expectations at the beginning of crisis (the consensus inclined to -8...-10% yoy). The delayed sanctions impact allowed for a less pronounced GDP decline in 2022, partly shifting the recession to 2023.
- The decline in consumption may account for 4-5% yoy in 2022. The key negative impact is related to weaker real wages and the more conservative consumer habits. In 2023, the labour market could worsen due to the expected unemployment rise and other crisis implications (e.g. possible structural deficit for certain segments). This should curb the consumption dynamics in a negative zone.
- New restrictions on Russian oil are already affecting the trade balance surplus. The second round of restrictions should come into force from the beginning of February. The negative impact may be partly offset via redirection of supplies. At the same time, the import is gradually reviving.

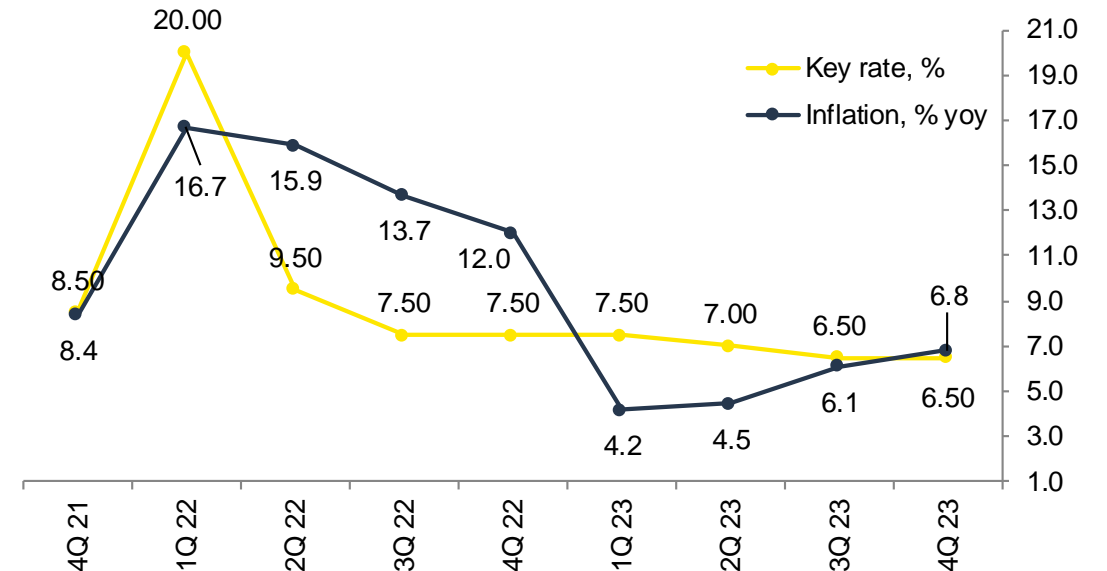
# MONETARY POLICY

The monetary policy easing is on hold since H2 2022

## Weighted\* share of goods and services with increased CPI stabilized



## Inflation and key rate forecast



- The inflation picture remains calm since Q4 2022 amid weakened consumption, which should remain as the key disinflationary driver in 2023. Price growth may be related to economy transformation costs.
- The monetary policy stance is set neutral by the CBR. In the midterm perspective the regulator assesses the proinflationary risks to be increased, which anchors the key rate at the current level (7.5%). However, assuming a mild monthly price growth pace, the key rate cut may occur already in the middle of 2023.

\* Weighted division of goods and services by annualized CPI growth, calculated on the basis of mom sa CPI (regulated services are excluded from the calculation).



# MACROECONOMIC FORECASTS

	2021	2022F	2023F	2024F
Brent, USD per bbl (avg)	71.0	98.3	85.0	75.0
USD/RUB (eop)	75.2	69.9	73.0	77.0
USD/RUB (avg)	73.7	68.4	70.6	75.0
EUR/RUB (eop)	85.5	74.3	81.8	88.6
EUR/RUB (avg)	87.2	72.3	77.2	85.6
EUR/USD (eop)	1.14	1.07	1.12	1.15
EUR/USD (avg)	1.18	1.05	1.09	1.14
RUB key rate, % (eop)	8.50	7.50	6.50	6.00
CPI, % yoy (eop)	8.4	12.0	6.8	4.0
Real GDP growth, % yoy	4.7	-2.5	-4.0	0.9
Households consumption	9.6	-2.0	-1.0	3.0
Investments	7.0	5.0	-5.0	2.0
Exports	3.2	-13.0	-9.0	-1.0
Imports	16.7	-20.0	0.0	4.0

Source: Rosstat, MinFin, CBR, Raiffeisenbank



# DISCLAIMER

Analytical materials provided by AO Raiffeisenbank are based on information received from open sources that are deemed reliable by AO Raiffeisenbank. AO Raiffeisenbank does not have the capacity to duly verify such information and shall not be responsible for the accuracy, completeness and reliability of such information. When making investment decisions, investors shall conduct their own analysis of the financial standing of an issuer, interest rates, yields and all risks connected with investing in securities and other financial instruments and, if necessary, seek advice from financial, legal and other consultants. The opinions contained in the analytical materials may differ from or contradict the opinions of other departments of AO Raiffeisenbank due to the use of different assumptions and criteria. Contact details of the persons involved in the preparation of the analytical materials are specified in the respective materials and on the website of AO Raiffeisenbank.

Delivery and distribution of analytical materials in certain jurisdictions may be restricted by law and persons obtaining any document or other information published in this source must comply with such limitations. Information regarding financial instruments presented in the analytical materials and on the website of AO Raiffeisenbank may be intended for qualified investors. In case you are a representative, an employee or act for and (or) on behalf of an Investment Firm (as defined in Directive 2014/65/EU) established within the territory of European Union, the use of the analytical materials of AO Raiffeisenbank including those published on the website of AO Raiffeisenbank is possible on a fee basis and is subject to an agreement between you and AO Raiffeisenbank unless the materials are used for information purposes on a non-commercial basis. Using the analytical materials in the absence of an agreement with AO Raiffeisenbank or the proposal on its conclusion you confirm the non-application of Directive 2014/65/EU and absence of Investment Firm status. In addition to the above, the provisions of the disclaimer, available at <https://www.raiffeisenresearch.com/en/web/portal/disclaimer;jsessionid=XgiCnWE3tsXLRVnCC6c2YWt>, shall apply to the analytical materials of AO Raiffeisenbank including those published on the website of AO Raiffeisenbank unless they contradict the provisions hereof or the applicable laws.

The value of investments may decrease or increase and investor may lose the initially invested funds. Past performance of securities and other financial instruments is not indicative of future performance. Investments in various financial instruments may be subject to various risks described in the respective declarations that are mandatory for reading for the persons taking the investment decision.

AO Raiffeisenbank may provide or has provided investment banking services, capital market services, consulting services, asset management services and/or other financial and/or banking services to the issuers whose financial instruments may be mentioned in the analytical materials. While doing so AO Raiffeisenbank complies with the strict rules and policies prohibiting the conflict of interest in order to avoid any damage to the interests of the clients.

Materials and information provided by AO Raiffeisenbank are of an exclusively informative nature, are intended for persons entitled to receive such materials and information and must not be regarded as representation on facts relevant for the conclusion, performance or termination of a transaction. The analytical materials provided by AO Raiffeisenbank shall not be regarded as an obligation to enter into a transaction, advertisement, offer, invitation or incentive to make an offer, request to purchase or sell financial instruments, or perform any investment activity unless otherwise provided in the respective material. Please note that the information published herein may change without prior notice. AO Raiffeisenbank does not assume any obligation to update respective information in order to maintain its relevance.

All rights to the provided information are owned by AO Raiffeisenbank. This information is not intended for distribution to an unlimited group of persons and cannot be reproduced, communicated or distributed without the prior written consent of AO Raiffeisenbank.