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The review “Russian Economy. Trends and Outlooks” has been published by the Gaidar Institute since 1991. This is the 43th issue. This publication provides a detailed analysis of the most significant trends in the Russian economy, global trends in the social and economic development. The work contains 6 big sections that highlight different aspects of Russia’s economic development, which allow to monitor all angles of ongoing events over a prolonged period: global economic and political challenges and national responses, economic growth and economic crisis; the monetary and budget spheres; financial markets and institutions; the real sector; social sphere; institutional changes. The work is based on an extensive array of statistical data that forms the basis of original computation and numerous charts confirming the conclusions.

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5.2. Retail trade, services and consumer prices in Russia in 2021: recovery to the pre-pandemic levels[1]

The volume of retail trade in 2021 exceeded that of the previous year by 7.3% in comparable prices; the volume of paid services consumed by households increased by 17.6% in annual terms.[2] In 2021, growth in household consumption of goods and services was largely of a recovery nature, after as a result of pandemic-related

1 This section was written by *Burdyak A.Ya.*, Senior Researcher, INSAP, RANEPA.
2 Reports on the socio-economic situation in Russia for 2016–2020. Rosstat. URL: https://rosstat.gov.ru/compendium/document/50801

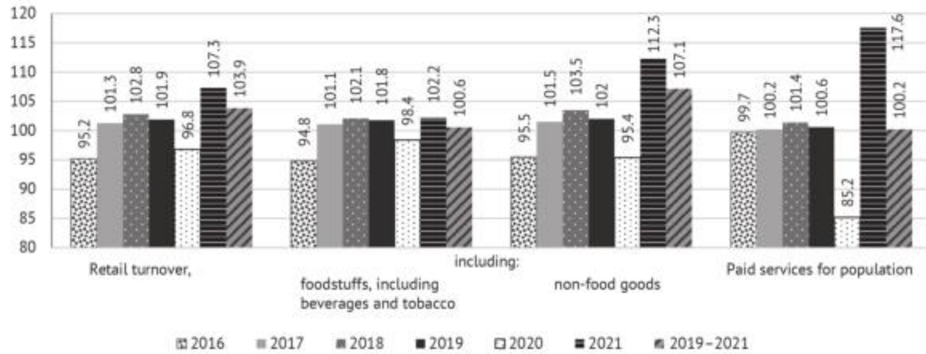

Fig. 7. The annual retail turnover indices and the physical volume of paid services for the population (in comparable prices relative to the previous year and a two-year index for 2019–2021), %

Source: Rosstat.

restrictions their indices had declined in 2020 by 3.2% and 14.8% relative to 2019, respectively (*Fig. 7*). The two-year movement of the volume of paid services (2019–2021) is near zero (+0.2%). The two-year growth in retail sales of foodstuffs, including beverages and tobacco products, amounted to 0.6%. The sales of non-food goods gained 7.1% relative to 2019. The cumulative retail turnover growth over two years amounted to 3.9% in comparable prices.

Changes in the household consumption level are reflected in the relative share of households that have been demonstrating certain types of large expenditures over the last three months prior to the survey date. The corresponding index is based on the results of regular population surveys conducted by FOM.[1] The "spending on repairs" (the most popular item for Russians) in the autumn of 2020 returned to its pre-pandemic level (20–21% of respondents), and then in the summer of 2021 it remained at that level. Over the summer months of the pre-pandemic year, 11–13% of households spent their money on vacation and travel; in the summer of 2021, this type of spending was reported by 8–9% of respondents. As far as spending on medical services is concerned (12–14% of respondents), there were no significant changes either at the onset of the pandemic or in 2021.

In the paid services sector, tourism and cultural services suffered most during the pandemic, shrinking by more than half in 2020. In 2021, these two types of services demonstrated a significant surge on the previous year - by 54% and 63%,[2] respectively; however, their indices are still demonstrating a decline relative to their pre-pandemic level (by 27% and 24% over the period 2019-2021). Their two-year movement pattern confirms the fact that they have been hit hardest and

1 Consumer behavior of Russians during crises. FOM. ФОМ. URL: https://covid19.fom.ru/post/potrebitelskoe-povedenie-rossiyan-v-krizisy

2 Reports on the socio-economic situation in Russia for 2016–2020. Rosstat. URL: https://rosstat.gov.ru/compendium/document/5080

have not yet recovered. In 2022, the transportation services sector experienced a growth of 37% on the previous year; however, its movement pattern is negative relative to 2019 (-17%). Hospitality services in 2021 gained 36% relative to 2020, but their index has not yet reached its 2019 level (12%).

In 2021, the volume of courier and postal services increased significantly: by 15% relative to 2020, and by 19% over the period 2019-2021. Growth is likewise observed in the sector of medical and veterinary services: by 26% and 35% over the past year, respectively, and by 14% and 17% relative to 2019. The consumption of personal and household services increased by 26% over the course of last year, and by 8% over two years.

In 2020, the pandemic produced a slight decline in the consumption of housing and amenities services (minus 4–5%). In 2021, there was an increase by those same 4–5%, as a result of which their consumption volume largely returned to its pre-pandemic level (*Table 4*).

Table 4

The volume of paid services consumed by the population in comparable prices

	2021, % relative to 2020	**2020, % relative to 2019**	**2021, % relative to 2019**	**Growth over 2 years**
Paid services *including:*	**117.6**	**82.7**	**97.3**	**-2.7**
— personal and household	126.1	85.4	107.7	7.7
— housing	103.9	95.2	98.9	-1.1
— amenities	104.7	96	100.5	0.5
— postal, courier	115	103.6	119.1	19.1
— medical	126.1	90.5	114.1	14.1
— veterinary	135.3	86.6	117.2	17.2
— education system	116	87.4	101.4	1.4
— telecommunications	101.4	95	96.3	-3.7
— legal	103.1	91.8	94.6	-5.4
— transportation	136.7	60.9	83.3	-16.7
— culture	162.6	46.7	75.9	-24.1
— tourism	153.9	47.6	73.3	-26.7
— physical culture and sports	146.7	67.4	98.9	-1.1
— hospitality and accommodation	136.1	64.9	88.3	-11.7
— specialized accommodation facilities	149.8	58.9	88.2	-11.8
— of these, sanatoria and health resort facilities	151.8	59.8	90.8	-9.2
— services provided to elderly and disabled individuals	111.1	96.9	107.7	7.7
— other types of paid services	139.4	79.4	110.7	10.7

Source: Rosstat.

In 2021, the structure of consumption demonstrated an increasing share of non-food goods and a shrinking share of paid services, while that of foodstuffs

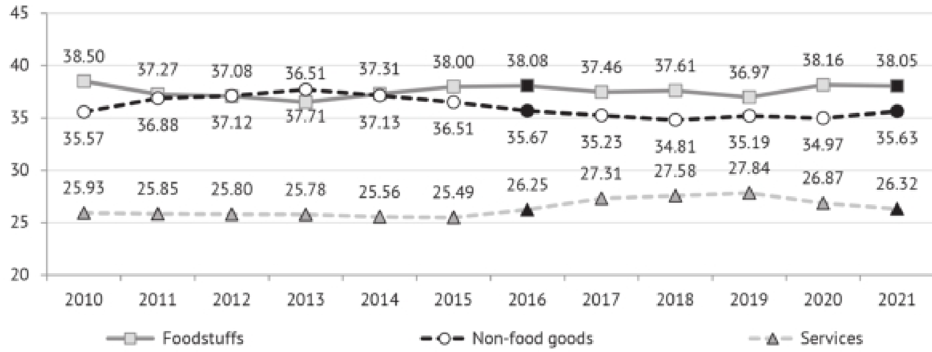

Fig. 8. The structure of consumer spending, %

Source: Rosstat.

remained practically unchanged. The ratios of these three groups of household expenditures in 2021 are close to those observed in 2016 (*Fig. 8*).

The consumer price inflation in 2021 reached 8.4%. Foodstuffs (+11.8%) were the leaders in terms of price growth; prices for non-food products increased by 8.6% (December 2021 relative to December of the previous year); and prices for services gained 5% (*Fig. 9*).

In 2021, the rise in prices for the most popular food items (the so-called "borscht set") was much steeper than that of the average consumer price index for all foodstuffs. Thus, for example, the price of white cabbage jumped 2.4 times on the previous year, so its price gained 141% overall (*Fig. 10*). Potato prices went up by 57%; prices of table beets, by 44%; those of garlic, by 43%; and those of carrots, by 33% (December 2021 relative to December of the previous year). Prices of some

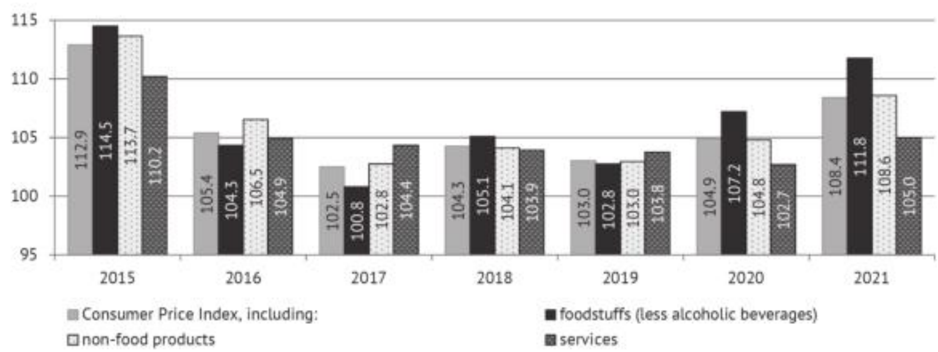

Fig. 9. The Consumer Price Index, December relative to December of the previous year, %

Source: Rosstat, EMISS.

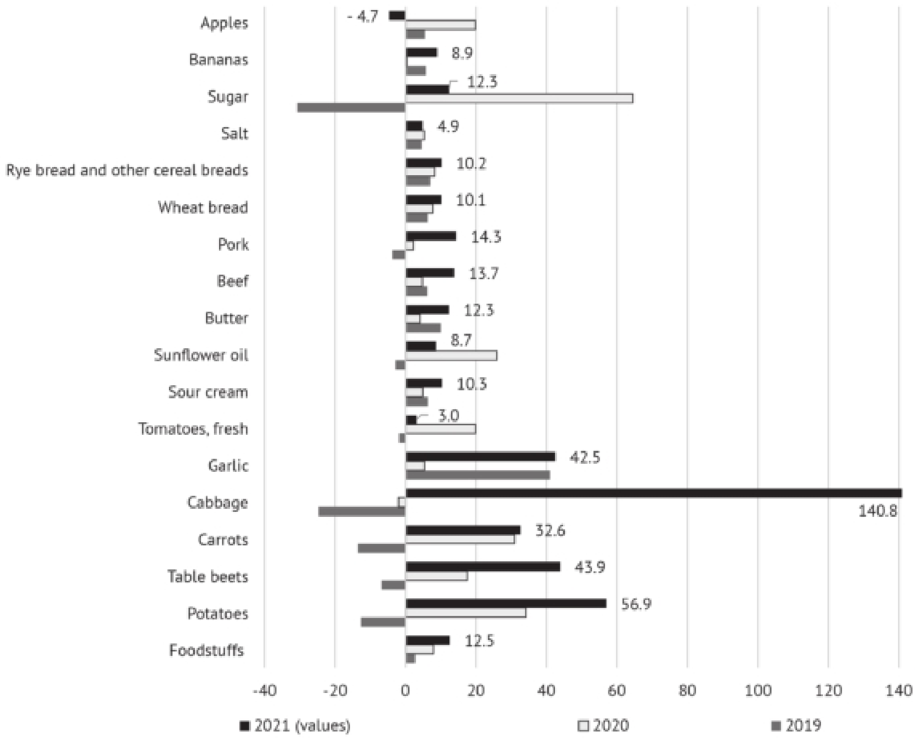

Fig. 10. Consumer price growth for the items in the “borscht set”, December relative to December of the previous year, %

Source: Classification of Individual Consumption According to Purpose (COICOP). Rosstat; EMISS.

of the products that displayed moderate increases in 2021 surged significantly upon the previous year. The price of sunflower oil increased by only 9% in 2021 vs. 26% in 2020 (thus moving significantly above the inflation rate). The price of sugar, which surged by 65% in 2020, climbed by another 12% in 2021. The situation with tomato prices was similar: in 2020, it increased significantly (by 20%), and then in 2021 it added another 3%, which was well below the average food inflation rate.

The difference between the personal consumer basket and the average consumption structure that is used as the basis for the movement of official consumer price indices results in a gap between the inflation rate observed by the population and the CPI indices in statistical reports. In December 2021, the population experienced inflation of 17.7%[1] (median value). The average observed inflation rate for 2021 based on the results of surveys amounts to 15.5%.

1 Inflation expectations and consumer sentiment. No. 2 (62). February 2022. Bank of Russia. URL: https://www.cbr.ru/collection/collection/file/40844/infl_exp_22-02.pdf