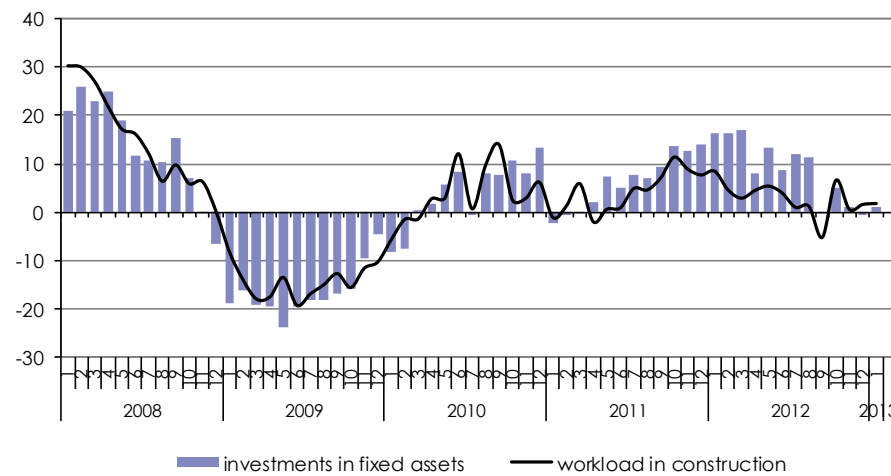


## RUSSIA'S REAL ECONOMY: TRENDS AND FACTORS

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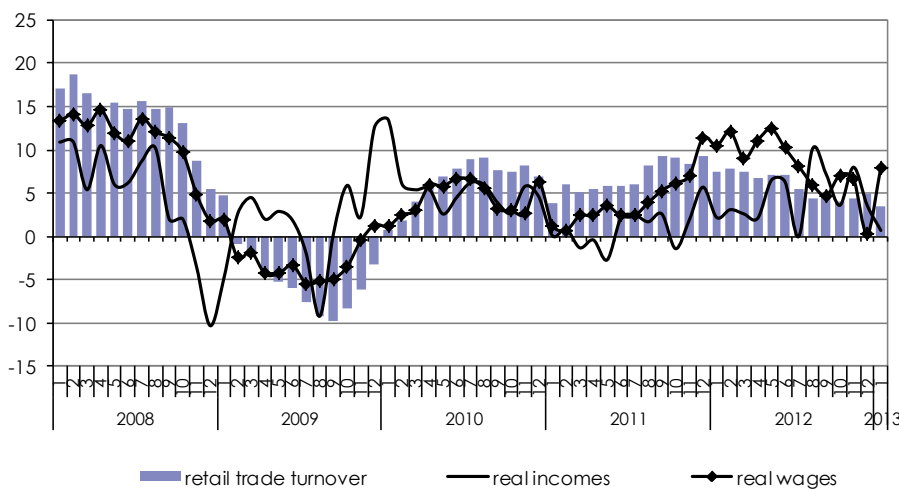
*In January 2013 the macroeconomic development was determined by the influence of the factors formed in the second half of the previous year. The domestic market was considerably affected by both the drop in the industrial production by 0.8% versus last January and the abrupt slowdown of the consumer and investment demand as compared with January 2012.*

Starting with September 2012 the trend towards the slowdown of growth rates of the investments in fixed assets and construction has been observed, which trend, as expected, has strengthened at the beginning of 2013. The growth rates of the investment in fixed assets made 1.4% in January 2013 as compared with the corresponding period of the previous year, the workload in construction – 1.8% while the construction materials production reduced by 2.2%.



Source: Federal State Statistics Service.

Fig. 1. Dynamics of Investments in Fixed Assets and Workload in Construction in 2008-2013, as Percentage to the Corresponding Period of the Previous Year



Source: Federal State Statistics Service.

Fig. 2. Dynamics of Retail Trade Turnover, Real Incomes of the Population and Real Wages in 2008-2013, as Percentages to the Corresponding Period of the Previous Year

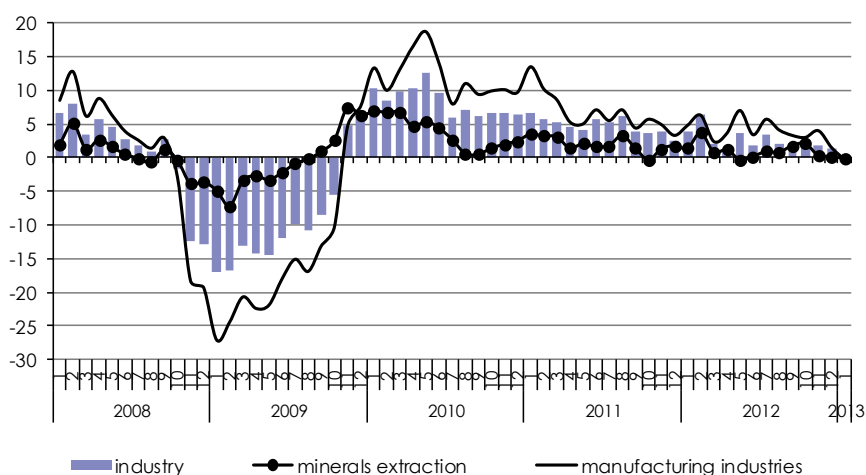
construction – 1.8% while the construction materials production reduced by 2.2%.

In January 2013 the situation at the consumer market changed. It should be noted that the retail trade turnover and the real incomes of the population recovered to the pre-crisis level of 2010. From September 2011 to May 2012 the intensive growth of the wages and real incomes of the population has invigorating effect on the consumer market. Besides, the expansion of the demand in this period was connected with the slowdown of the growth of the prices for consumer goods, as well as with the increase in the volume of consumer crediting. Starting with H2 2012 the growth rates of the retail trade turnover have been slowing down gradually, even though the dynamics of the real wages and demands for the credits remained at the same level. In January 2013 the retail trade turnover index versus the corresponding period of the previous year made 103.5% (107.4% in January 2012), including that of foodstuffs – 100.9% (105.2%) and of non-food goods –

105.9% (109.4%). The volume of paid services rendered to the population went up by 5.3% in January 2013 as compared with January 2012, the real wages increasing by 8.0%. The slowdown of the retail trade growth rates reflects the decrease of the consumer security of the population, which demonstrates the lowered inclination towards savings and the increased expenses for foreign currency purchase.

In January 2013 the internal market was considerably influenced by the reduction of the industrial production by 0.8% versus January of the previous year. The slowdown of the industrial production growth rates has been observed since October 2011 and was accompanied by the slackening of the dynamics of the minerals extraction and manufacturing industries. As compared with January 2012 the index of minerals extraction made 98.8%, the index of manufacturing industries – 99.7%, the index of electricity, gas and water production and distribution – 101.8%.

The drop in the manufacturing industries production is mainly connected with the low demand for the investment goods and production of adjacent construction materials and production of metallurgy, chemistry and timber processing. The decrease in the machinery and equipment production versus the previous year has been observed since April 2012, and, as a result, the level of output made 83.4% versus the corresponding period of the previous year. It should be noted that the peculiar features of post-crisis recovery of the machine-building complex is connected with the anticipating growth of transport vehicles and equipment production which supported the demand for the production of machine-building complex. Growth rates of transport vehicles production slowing down, the dynamics and production of machinery and equipment as well as electronic, electric and optical equipment was observed to be unsteady.



Source: Federal State Statistics Service.  
 Fig. 3. Dynamics of Industrial Production as Broken by Types of Economic Activity in 2008-2013, as Percentage to the Corresponding Period of the Previous Year

Table 1  
 DYNAMICS OF PRODUCTION INDICES AS BROKEN BY TYPES OF MANUFACTURING INDUSTRIES,  
 JANUARY ON JANUARY OF THE PREVIOUS YEAR, AS PERCENTAGE

	2009	2010	2011	2012	2013
Manufacturing industries	75.9	113.3	113.5	104.8	99.7
production of foodstuffs, including beverages and tobacco	96.4	101.8	104.1	105.6	102.8
textile and sewing industry	71.9	114.1	112.2	95.0	115.2
leather, leather goods and footwear production	74.0	137.6	111.8	90.5	107.8
timber processing and wooden goods production	66.6	109.8	114.9	96.3	106.1
pulp and paper industry; printing and publishing	78.9	113.1	94.2	108.0	89.7
coke and oil products production	95.7	106.7	107.0	100.9	102.6
chemistry industry	67.1	135.9	112.8	96.8	101.4
rubber and plastic goods production	73.3	127.1	126.2	104.6	113.7
other non-metal mineral products production	65.7	101.0	118.8	118.2	97.8
metallurgy industry and production of finished metal goods	69.9	120.9	113.2	105.7	97.0
machinery and equipment production	54.1	113.1	112.4	142.0	83.4
electric, electronic and optical equipment production	52.9	117.8	115.3	114.5	99.3
transport vehicles and equipment production	64.0	109.7	186.7	115.6	108.7
other industries	84.0	121.9	109.2	102.1	98.1

Source: Federal State Statistics Service.

Under the dynamics of main macroeconomic indices formed in January 2013 the possibility to reach the figures as forecast by the RF Ministry of Economic Development for 2013 which are 3.5% for GDP growth rates, 3.6% for industrial production, 5.4% for retail trade turnover and 6.5% for the investment in fixed assets depends on a significant acceleration of the production. ●