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## **THE BULLETIN OF MODEL CALCULATION OF SHORT-TERM FORECASTS OF SOCIAL AND ECONOMIC INDICES OF THE RUSSIAN FEDERATION**

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## INTRODUCTION TO ALL THE ISSUES

This Bulletin presents calculations of values of different economic indices of the Russian Federation in May–October 2012 made on the basis on the time-series models developed as a result of research carried out by the IEP in the past few years<sup>1</sup>. The utilized method of forecasting belongs to the group of *formal* or *statistical* methods. In other words, the obtained values are not the expression of the *opinion* or *expert evaluation* of the researcher, but calculations of future values of the specific economic index made on the basis of formal models of ARIMA ( $p, d, q$ ) time series with taking into account the existing trend and, in some cases, its significant changes. The presented forecasts are of inertial nature because the respective models take into account the dynamics of the data till the date of making of the forecast and particularly depend to a great extent on the trends which are typical of the time series in the period which is just before the time interval for which the forecast is made. The evaluations of the future values of the economic indices of the Russian Federation can be used for approval of decisions related to the economic policy provided that the general trends observed till the date on which the forecast is made in respect of each particular index do not change, that is, there will be no serious shocks or changes in the existing long-term trends.

Despite the fact that a large volume of the data related to the period prior to the 1998 crisis is available, the analysis and model building for forecasting were carried out in the period after August 1998. It was justified by outputs of the pervious research<sup>2</sup> whose main conclusion was the fact that with the pre-crisis period taken into account the quality of forecasts in most cases declines. On the other hand, now it seems incorrect to use ever shorter series (after the 2008 crisis), as statistical qualities of the models built on the basis of such a short period happen to be rather low.

The evaluation of the models of the economic indices was carried out on the basis of the standard methods of analysis of time series. At the first stage, correlograms of the researched series and their first differences were analyzed in order to determine the maximum number of the delayed values which need to be included into the specifications of the model. Then, on the basis if the outputs of the analysis of the correlograms all the series were tested for weak stationarity (or stationarity around the trend) by means of the Dickey–Fuller test. In some cases, testing of series for stationarity around the segmented trend by means of the Perron and Zivot–Andrews tests for endogenous structural changes<sup>3</sup> was carried out.

Upon division of the series into those with weak stationary, trend stationary, segmented trend stationary or difference stationary, models corresponding to each of the above types were evaluated (as regards the levels and if necessary with inclusion of the trend, segmented trend or the differences). On the basis the Akaike and Schwartz information criteria and the parameters of the rest of the models (lack of autocorrelation, homoscedasticity and normality) and the quality of in-sample-forecasts obtained by means of those models, the best one was selected. Calculations of the forecast values were carried out on the basis of the best model which was built for each economic index.

1 See, for example, R.M. Entov, S.M. Drobyshevsky, V.P. Nosko, A.D. Yudin. *The Econometric Analysis of the Time Series of the Main Macroeconomic Indices*. M., IET, 2001; R.M. Entov, V.P. Nosko, A.D. Yudin, P.A. Kadochnikov, S.S. Ponomarenko. *Problems of Forecasting of Some Macroeconomic Indices*. M., IET, 2002; V. Nosko, A. Buzaev, P. Kadochnikov, S. Ponomarenko. *Analysis of the Forecasting Parameters of Structural Models and Models with the Outputs of the Polls of Industries*. M., IET, 2003; M.Yu. Turuntseva and T.R. Kiblitckaya, *Qualitative Properties of Different Approaches to Forecasting of Social and Economic Indices of the Russian Federation*. M.: IET, 2010, Treatise No.135R.

2 Ibid.

3 See.: Perron, P. Further Evidence on Breaking Trend Functions in Macroeconomic Variables, *Journal of Econometrics*, 1997, 80, pp. 355–385; Zivot, E. and D.W.K. Andrews. Further Evidence on the Great Crash, the Oil-Price Shock, and Unit-Root Hypothesis. *Journal of Business and Economic Statistics*, 1992, 10, pp. 251–270.

In addition to the above, on the basis of the models developed by the IEP *the Bulletin* presents the calculations of future values of monthly indices of the CPI, the volume of the import from all the countries and the export to all the countries on the basis of structural models (SM). The forecast values obtained on the basis of structural models can in a number of cases produce better results as compared to ARIMA-models because in building of such models the additional information on the dynamics of exogenous variables is used. In addition to the above, inclusion of structural forecasts in building of aggregated forecasts (that is, forecasts obtained as an average value by a few models) may contribute to adjustment of forecast values.

In modeling the dynamics of the consumer price index, theoretical hypotheses resulting from the monetary theory were used. Utilized as explanatory variables were: the money supply, output volume and the dynamics of the nominal RUR/USD exchange rate which defines the dynamics of the alternative cost of money safe-keeping. Also, the model for the consumer price index included the index of prices on power because that index determined to a great extent the dynamics of manufacturers' costs.

It is to be noted that the main index which may have an effect on the value of the export and the import is the real exchange rate which fluctuations result in the change in the relative value of domestic and import goods. However, in the econometric models that effect is insignificant. The most important factors which determine the dynamics of the export are the global prices on the exported resources, particularly, oil prices: price rises result in growth in export of goods. Used as a parameter of relative competitiveness of Russian goods was the level of households' income in the economy (the cost of the work force). In order to take into account seasonal fluctuations of the export, fictitious variables D12 and D01 equal to one in December and January, respectively, and zero in the other periods were introduced. The dynamics of the import is influenced by the income of households and industries; growth in income results in growth in demand in all the goods, including imported ones. The parameter of the households' income is the real disposable cash income, while that of the income of industries is the index of industrial production.

Forecast values of explanatory variables required for making of forecasts on the basis of structural models were calculated on the basis of ARIMA ( $p, d, q$ ) models.

Also, the paper presents calculations of the values of the indices of industrial production, producer price index and the index of the total number of the unemployed calculated with use of the results of the business surveys (BS) carried out by the IEP. The empirical studies show<sup>1</sup> that utilization of the series of the business polls as explanatory variables<sup>2</sup> in prediction models improves on average the accuracy of the forecast. Calculations of future values of those indices were made on the basis of the ADL-model (with addition of seasonal autoregressive delays).

All the calculations were carried out with use of the EvIEWS econometric package. ●

1 See, for example: V. Nosko, A. Buzaev, P. Kadochnikov, S. Ponomarenko. *The Analysis of Forecasting Parameters of Structural Models and Models with Business Surveys Results*. M., IEP, 2003.

2 Used as explanatory variables were the following series of the business polls: the current/expected change in production, the expected changes in the solvent demand, the current/expected price changes and the expected change in employment.



# INDUSTRIAL PRODUCTION AND RETAIL SALES

## Industrial production

For building of the forecast for March–August 2012, the series of monthly data of the indices of industrial production of the Federal State Statistics Service (FSSS) from January 2002 till February 2012, as well as the series of the base indices of industrial production of the Center for the Economic Situation under the Government of the Russian Federation (CES) and the National Research University Higher School of Economics (NRU HSE) in the period from January 1999 till March 2012 were used (the value of January 1995 was equal to 100%). The forecast values of the series were calculated on the basis of ARIMA-class models. The forecast values of the FSSS and CES–NRU HSE indices of industrial production are calculated with use of business surveys (BS) as well. The obtained outputs are shown in Table 1.

As seen from Table 1, the average<sup>1</sup> growth in the CES–NRU HSE index of industrial production in May–October 2012 on the corresponding period of 2011 as regards industry in general amounts to 3.7%. As regards the FSSS index of industrial production, it amounts to 3.9%.

In May–October 2012, the average values of the FSSS and CES–NRU HSE indices of industrial production as regards production of primary products amount to 4.0% and 2.8%, respectively. As regards production of charred coal and oil products, the average growth is expected at the level of 1.9% and 2.2% for the indices of the FSSS and CES–NRU HSE, respectively.

In May–October 2012, the average growth in the CES–NRU HSE index of industrial production as regards manufacturing industry amounts to 0.9% on the corresponding period of 2011, while that in the FSSS index, to 1.4%. The average monthly values of the FSSS and CES–NRU HSE indices of industrial production as regards production of food products amount to 5.8% and 7.1%, respectively. In May–October 2012, the average monthly values of the FSSS and CES–NRU HSE indices of industrial production as regards iron and steel industry and production of finished metal goods amount to 2.7% and 0.8%, respectively. As regards production of machines and equipment, the average growth is expected at the level of 7.1% and 9.6% for the indices of the FSSS and CES–NRU HSE, respectively.

In May–October 2012, the average growth in the FSSS index of industrial production as regards production and distribution of power, gas and water amounts to 2.4% on the corresponding period of 2011, while that in the CES–NRU HSE index, to 3.3%.

## Retail Sales

This section (see Table 2) presents forecasts of monthly retail sales made on the basis of monthly FSSS data in the January 1999 – February 2012 period.

As seen from Table 2, in May–October 2012 the average expected growth in retail sales volumes amounts to about 11.9% on the corresponding period of 2011.

In May–October 2012, the average expected growth in monthly real sales amounts to 5.3% on the corresponding period of 2011.

Table 2  
THE OUTPUTS OF CALCULATIONS OF FORECAST  
VALUES OF THE RETAIL SALES AND REAL RETAIL  
SALES

Forecast value according to ARIMA–model		
	Retail sales, billion Rb (in brackets – growth on the respective month of the previous year, %)	Real retail sales (as % of the respective period of the previous year)
May 2012	1714.1 (11.9)	106.0
June 2012	1735.6 (11.8)	105.9
July 2012	1786.3 (12.1)	105.8
August 2012	1842.6 (11.8)	105.3
September 2012	1834.1 (11.8)	104.4
October 2012	1902.0 (12.1)	104.3
For reference: actual value in the same months of 2011		
May 2011	1532.4	106.0
June 2011	1552.8	106.1
July 2011	1594.2	106.0
August 2011	1648.2	108.1
September 2011	1641.2	109.4
October 2011	1697.4	109.0

Note: Series of retail sales and real retail sales in the January 1999 – February 2012 period.

<sup>1</sup> The average growth in the indices of industrial production means here the average value of such indices in the period of six months of the forecast.

## INVESTMENTS IN CAPITAL ASSETS

*Table 3 presents the outputs of calculations of forecast values of investments in capital assets in May–October 2012. The forecasts were made on the basis of time-series models with utilization of the FSSS data of the January 1999 – February 2012 period.*

Table 3

THE OUTPUTS OF CALCULATIONS OF FORECAST VALUES OF THE VOLUME OF INVESTMENTS IN CAPITAL ASSETS AND REAL INVESTMENTS IN CAPITAL ASSETS

Forecast values according to ARIMA-model		
	Investments in capital assets, billion Rb (in brackets – growth on the respective month of the previous year, %)	Real investments in capital assets (as % of the respective period of the previous year)
May 2012	931.3 (23.7)	116.8
June 2012	1115.4 (23.7)	117.6
July 2012	996.8 (24.3)	119.0
August 2012	1149.4 (24.2)	118.6
September 2012	1298.9 (24.2)	119.2
October 2012	1427.6 (24.2)	119.6
For reference: actual values in the same months of 2011		
May 2011	752.9	107.4
June 2011	902.0	104.9
July 2011	802.0	107.8
August 2011	925.2	107.0
September 2011	1045.9	109.5
October 2011	1149.4	113.7

*Note:* Series of investments in capital assets in the January 1999 – February 2012 period are series of DS type.

The outputs in *Table 3* show that in May–October 2012 the average expected growth in investments amounts to about 24% on the corresponding period of 2011.

In the May–October 2012 period, the average expected growth in real investments amounts to 18.5% on the corresponding period of 2011.

## FOREIGN TRADE INDICES

*Model calculations of forecast values of the export and import to countries outside the CIS and the import and import from countries outside the CIS were made on the basis of the models of time series and structural models evaluated on the basis of the monthly data in the period from September 1998 till February 2012 on the basis of the data of the Central Bank of Russia<sup>1</sup>. The outputs of the calculations are shown in Table 4.*

In May–October 2012, the average expected growth in the export, import, export to countries outside the CIS and import from countries outside the CIS will amount to 11.7%, -5.7%, 4.3% and -3.2%, respectively on the corresponding period of 2011. In May–October 2012, the average expected volume of the trade balance with all the countries will amount to \$135.0bn which figure is equal to growth of 43.1% as compared to the same period of 2011.

<sup>1</sup> The data on the foreign trade turnover is calculated by the CBR in accordance with the methods for making of the balance of payment in prices of the exporter-country (FOB) in billion USD.

Table 4.1  
THE OUTPUTS OF CALCULATIONS OF FORECAST VALUES OF FOREIGN TRADE TURNOVER WITH COUNTRIES OUTSIDE THE CIS

Month	Export, total				Import, total				Export to countries outside the CIS				Import from countries outside the CIS			
	Forecast values (billion USD a month)		Percentage of actual data in the respective month of the previous year		Forecast values (billion USD a month)		Percentage of actual data in the respective month of the previous year		Forecast values (billion USD a month)		Percentage of actual data in the respective month of the previous year		Forecast values (billion USD a month)		Percentage of actual data in the respective month of the previous year	
	ARIMA	SM	ARIMA	SM	ARIMA	SM	ARIMA	SM	ARIMA	SM	ARIMA	SM	ARIMA	SM	ARIMA	SM
May 2012	43.0	51.3	98	117	23.5	28.2	84	100	40.5	37.4	109	101	22.3	24.0	93	100
June 2012	43.6	53.2	99	120	24.5	28.4	88	102	40.5	37.3	109	100	21.4	24.0	92	103
July 2012	43.2	53.1	103	126	26.2	27.4	96	100	39.4	37.0	111	104	23.1	23.2	99	100
August 2012	44.4	55.5	100	124	26.9	29.9	89	99	40.8	37.5	108	99	23.7	25.6	92	99
September 2012	42.3	56.3	97	128	24.4	27.6	89	101	39.4	36.8	108	101	22.6	23.3	97	100
October 2012	47.2	58.0	102	125	25.1	28.7	85	98	40.4	38.7	104	99	22.9	24.6	90	97
For reference: actual values in respective months of 2011 (billion USD)																
May 2011		43.6				28.1					37.2				24.0	
June 2011		44.2				27.7					37.3				23.3	
July 2011		42.0				27.4					35.5				23.3	
August 2011		44.6				30.1					37.9				25.9	
September 2011		43.9				27.4					36.5				23.3	
October 2011		46.3				29.4					38.9				25.3	

*Note:* In the period from January 1999 till February 2012, the series of the export, import, export to the countries outside the CIS and import from the countries outside the CIS were identified as stationary series in the first-order differences. In all the cases, seasonal components were included in the specification of the models.

## DYNAMICS OF PRICES

### The Consumer Price index and Producer Price Indices

*This section presents calculations of forecast values of the consumer price index and producer price indices (as regards both the industry in general and some types of its activities under the National Industry Classification Standard (NICS)) made on the basis of the time-series models evaluated on the basis of the FSSS data in the period from January 1999 to February 2012<sup>1</sup>. Table 5 presents the outputs of model calculations of forecast values in May–October 2012 in accordance with ARIMA-models, structural models (SM) and models built with utilization of business surveys (BS).*

Table 5

THE OUTPUTS OF CALCULATIONS OF FORECAST VALUES OF PRICE INDICES

Month	The consumer price index (ARIMA)	The consumer price index (SM)	Producer price indices:													
			PPI of industrial goods (ARIMA)	PPI of industrial goods (BS)	Production of primary products	Manufacturing	Production of power, gas and water	Production of food products	Textile and sewing industry	Woodworking and production of wood products	Pulp and paper industry	Production of charred coal and oil products	Chemical industry	Iron and steel industry and production of finished metal goods	Production of machines and equipment	Production of transport vehicles and equipment
Forecast values (% of the previous month)																
May 2012	100.3	100.6	100.5	101.6	100.4	101.0	100.1	100.3	100.5	100.8	100.5	103.2	101.7	99.5	100.0	100.7
June 2012	100.4	100.4	100.2	98.3	100.4	100.3	99.8	100.5	100.5	100.7	100.4	101.4	101.3	100.4	99.8	100.6
July 2012	100.3	100.6	101.4	97.5	103.2	100.8	99.2	100.1	100.6	100.7	100.4	102.0	99.5	100.7	100.1	100.7
August 2012	99.9	100.4	101.4	102.1	103.1	100.8	99.8	100.4	100.6	100.5	100.4	102.4	100.1	101.5	100.5	100.7
September 2012	100.1	100.3	101.2	101.6	101.7	100.5	99.3	100.1	100.6	100.5	100.4	101.8	100.7	102.6	99.7	100.2
October 2012	100.3	100.5	101.1	101.0	102.0	100.8	99.7	100.4	100.5	100.9	100.4	101.9	101.8	102.0	100.1	101.0
Forecast values (% of December 2011)																
May 2012	101.7	102.4	104.5	106.5	114.3	102.0	98.3	99.9	98.8	101.3	101.7	100.5	106.5	100.7	100.5	103.2
June 2012	102.1	102.8	104.7	104.7	114.8	102.3	98.1	100.4	99.3	102.0	102.2	101.9	107.8	101.1	100.3	103.7
July 2012	102.4	103.4	106.2	102.1	118.5	103.1	97.4	100.5	99.9	102.7	102.6	103.9	107.3	101.8	100.4	104.5
August 2012	102.3	103.8	107.7	104.3	122.1	104.0	97.2	100.9	100.4	103.3	103.1	106.4	107.5	103.4	100.9	105.3
September 2012	102.4	104.1	109.0	106.0	124.1	104.5	96.5	101.0	101.0	103.8	103.5	108.3	108.2	106.1	100.6	105.5
October 2012	102.7	104.6	110.3	107.0	126.6	105.3	96.2	101.5	101.5	104.7	104.0	110.4	110.2	108.2	100.8	106.6
For reference: actual values in the same periods of 2011 (% of December 2010)																
May 2011	104.8		110.5	123.5	106.0	108.3	102.3	111.9	105.0	104.5	109.2	107.6	107.8	104.4	106.6	
June 2011	105.0		108.0	114.5	105.5	107.5	102.1	111.9	105.3	104.4	107.1	108.2	106.4	103.8	107.1	
July 2011	105.0		106.0	107.1	105.8	103.8	102.3	111.9	105.2	103.7	107.9	109.4	105.1	104.8	107.8	
August 2011	104.8		109.5	117.1	107.6	104.2	102.0	111.8	106.1	103.0	113.9	110.0	107.0	105.1	108.0	
September 2011	104.8		110.1	118.0	108.3	103.5	101.6	112.9	105.8	103.1	115.4	112.2	107.5	105.4	108.1	
October 2011	105.3		111.1	119.0	109.1	105.0	101.5	113.4	107.6	103.4	118.2	114.5	107.4	105.7	108.5	

*Note:* In the period from January 1999 till February 2012, the series of the chain producer price index of industrial goods as regards production of machines and equipment are identified as a stationary process around the trend with two endogenous structural changes. The series of other chain price indices are stationary at levels.

In May–October 2012, the expected monthly average growth in the consumer price index will amount to 0.3%. In the above period, growth in prices of producers of industrial goods is expected on average at the level of 0.7% a month.

As regards NICS-producer price indices, in May–October 2012 the following average monthly growth rates are expected: production of primary products (1.8%), manufacturing (0.7%), production and distribution of power, gas and water (-0.3%), production of food products (0.3%), textile and sewing industry (0.5%), woodworking and production of wood products (0.7%), pulp and paper

<sup>1</sup> Structural models were evaluated in the period from October 1998.

industry (0.4%), production of charred coal and oil products (2.1%), chemical industry (0.9%), iron and steel industry and production of finished metal goods (1.1%), production of machines and equipment (0.0%) and production of transport vehicles and equipment (0.7%).

### The dynamics of the cost of the minimum package of food products

*This section presents the outputs of calculations of forecast values of the cost of the minimum package of food products in May–October 2012. The forecasts were made on the basis of time series with use the FSSS data in the period from January 2000 till February 2012. The outputs of calculations are shown in Table 6.*

As seen from Table 6, a decrease in the cost of the minimum package of food products as compared to the respective level of 2011 is expected. It is to be noted that the average expected cost of the minimum package of food products amounts to about Rb 2,400. The expected drop in the cost of the minimum package of food products amounts on average to about 7.3% as compared to the level of the same period of 2011.

### Indices of Transportation Tariffs on Cargo Carriage

*This section presents calculations of forecast values of price indices of transportation tariffs on cargo carriage<sup>1</sup>, made on the basis of time-series models evaluated on the basis of the FSSS data in the period from September 1998 till February 2012. Table 7 shows the outputs of model calculations of forecast values in April–September 2012. It is to be noted that some of the indices under review (for instance, the index of tariffs on pipeline transportation) are adjustable ones and for that reason their behavior is hard to describe by means of the time-series models.*

*As a result, the future values may differ greatly from the real ones in case of the centralized increase of the tariffs in the period of forecasting or in case of absence of such an increase in the forecasting period, but with it taking place shortly before the beginning of that period.*

Table 7

THE OUTPUTS OF CALCULATIONS OF FORECAST VALUES OF INDICES OF TRANSPORTATION TARIFFS

Period	Composite index of transportation tariffs on cargo carriage	Index of tariffs on motor cargo carriage	Index of tariffs on pipeline transportation
Forecast values according to ARIMA-models (% of the previous month)			
May 2012	100.4	100.3	103.1
June 2012	100.4	100.3	103.0
July 2012	100.4	100.3	103.2

Table 6

THE FORECAST OF THE COST OF THE MINIMUM PACKAGE OF FOOD PRODUCTS (PER PERSON A MONTH)

Forecast values according to ARIMA-model (Rb)	
May 2012	2479.2
June 2012	2466.4
July 2012	2437.6
August 2012	2359.0
September 2012	2326.5
October 2012	2325.6
For reference: actual values in the same months of 2011 (billion Rb)	
May 2011	2807.0
June 2011	2761.5
July 2011	2689.0
August 2011	2512.9
September 2011	2409.1
October 2011	2390.8
Expected growth on the respective month of the previous year (%)	
May 2012	-11.7
June 2012	-10.7
July 2012	-9.3
August 2012	-6.1
September 2012	-3.4
October 2012	-2.7

*Note:* The series of the cost of the minimum package of food products in the period from January 2000 till February 2012 are stationary in the first-order differences.

<sup>1</sup> The Bulletin presents a review of the composite index of transportation tariffs on cargo carriage and the index of transportation tariffs on motor cargo carriage, as well as the index of tariffs on pipeline transportation. The composite index of transportation tariffs on cargo carriage is calculated on the basis of the indices of tariffs on cargo carriage by individual types of transport: railway, pipeline, shipping, domestic water-borne, motor and air service (for more detailed information, pls. refer, for instance, to: Prices in Russia. The Official Publication of Goskomstat of RF, 1998).

Table 7, cont'd

Period	Composite index of transportation tariffs on cargo carriage	Index of tariffs on motor cargo carriage	Index of tariffs on pipeline transportation
August 2012	100.4	100.3	103.2
September 2012	100.4	100.3	103.2
October 2012	100.4	100.3	103.1
Forecast values according to ARIMA-models (% of December of the previous year)			
May 2012	100.7	105.0	103.6
June 2012	101.1	103.4	112.2
July 2012	100.6	104.7	107.8
August 2012	100.3	105.7	106.4
September 2012	101.0	106.0	110.5
October 2012	101.4	106.5	114.6
For reference: actual values in the same period of 2011 (% of the previous month)			
May 2011	100.1	100.7	100.0
June 2011	100.1	100.7	100.0
July 2011	105.3	100.8	110.9
August 2011	100.1	100.2	100.1
September 2011	100.5	100.4	100.7
October 2011	92.7	100	85.9

*Note:* In the period from November 2000 till February 2012, the series of the index of tariffs on motor cargo carriage were identified as stationary ones; the other series were identified as stationary ones in the period from November 1998 till January 2012, too; fictitious variables for taking into account particularly dramatic fluctuations were used in respect of all the series.

On the basis of the results of the forecast for May–October 2012, the behavior of the composite index of transportation tariffs on cargo carriage will be relatively steady: the average monthly growth is expected at the level of 0.4%.

The index of tariffs on motor cargo carriage will grow at the average monthly rate of 0.3%. The index of tariffs on pipeline transportation will grow within the next six months at an average monthly rate of 3.1%.

### The dynamics of prices on some types of primary products on the global market

*This section presents calculations of such average monthly values of prices on Brent oil (\$ per barrel), Aluminum (\$ per ton), gold (\$ per ounce), copper (\$ per ton) and nickel (\$ per ton) in April–September 2012 as were received on the basis of nonlinear models of time series evaluated on the basis of the IMF data in the period from January 1980 till March 2012.*

Table 8

#### THE OUTPUTS OF CALCULATIONS OF FORECAST VALUES OF PRICES ON PRIMARY PRODUCTS

Month	Brent oil (\$ per barrel)	Aluminum (\$ per ton)	Gold (\$ per ounce)	Copper (\$ per ton)	Nickel (\$ per ton)
Forecast values according to ARIMA-models					
May 2012	129.69	2210	1720	8392	17942
June 2012	132.01	2191	1745	8410	18143
July 2012	135.55	2183	1759	8416	18098
August 2012	139.20	2189	1778	8395	18166
September 2012	142.56	2180	1798	8352	18085
October 2012	145.50	2173	1816	8307	17993
Growth on the respective month of the previous year (%)					
May 2012	13.3	-14.6	13.8	-6.0	-25.8
June 2012	16.0	-14.3	14.2	-7.2	-19.1

Table 8, cont'd

Month	Brent oil (\$ per barrel)	Aluminum (\$ per ton)	Gold (\$ per ounce)	Copper (\$ per ton)	Nickel (\$ per ton)
July 2012	16.4	-13.6	12.1	-12.8	-24.1
August 2012	26.4	-8.1	1.0	-6.7	-16.9
September 2012	28.6	-4.9	1.0	0.6	-11.2
October 2012	32.9	-0.4	8.9	12.3	-5.5
For reference: actual values in the same period of 2011					
May 2011	114.46	2587	1512	8932	24165
June 2011	113.76	2558	1528	9067	22421
July 2011	116.47	2526	1569	9651	23848
August 2011	110.09	2381	1760	8998	21865
September 2011	110.88	2294	1781	8300	20378
October 2011	109.48	2181	1668	7394	19039

Note: In the period from January 1980 till March 2012, the series of prices on oil, nickel, gold, copper and aluminum are series of DS type.

The average expected level of prices on oil amounts to about \$137 per barrel which figure is on average 22% higher than the respective indices of the previous year. Prices on aluminum are expected at the level of about \$2,188 per ton, while their average drop is expected to amount to about 9% against the respective level of the previous year. Prices on gold are expected to amount to about \$1,769 per ounce. Average prices on copper are expected to amount to about \$8,379 per ton, while those on nickel, to about \$18,071 per ton. The average expected growth in prices on gold amounts to about 9%, while the average drop in prices on copper and nickel, to about 3% and 17%, respectively, against the respective level of the previous year.

## MONETARY INDICES

The future values of the monetary base (in the narrow definition: cash funds and the Fund of Mandatory Reserves (FMR)) and  $M_2$  monetary aggregate in May–October 2012 were received on the basis of models of time-series of respective indices calculated by the CBR<sup>1</sup> in the period from October 1998 till January 2012. Table 9 presents the outputs of calculations of forecast values and actual values of those indices in the same period of the previous year. It is to be noted that due to the fact that the monetary base is an instrument of the policy of the CBR the forecasts of the monetary base on the basis of time-series models are to a certain extent notional as the future value of that index is determined to a great extent by decisions of the CBR, rather than the inherent specifics of the series.

Table 9

### THE FORECAST OF $M_2$ MONETARY AGGREGATE AND THE MONETARY BASE

Period	Monetary base		$M_2$	
	Billion Rb	Growth on the previous month, %	Billion Rb	Growth on the previous month, %
May 2012	6915.9	4.7	24955.2	1.5
June 2012	6809.5	-1.5	25324.8	1.5
July 2012	7122.7	4.6	25699.0	1.5
August 2012	7022.2	-1.4	26077.9	1.5
September 2012	7335.9	4.5	26461.6	1.5
October 2012	7241.2	-1.3	26850.0	1.5

<sup>1</sup> The data on the specific month is given in accordance with the methods of the CBR as of the beginning of the following month.

Table 9, cont'd

Period	Monetary base		M <sub>2</sub>	
	Billion Rb	Growth on the previous month, %	Billion Rb	Growth on the previous month, %
For reference: actual value in the respective months of 2011 (growth on the previous month, %)				
May 2011	1.6		0.7	
June 2011	1.9		2.7	
July 2011	1.3		0.5	
August 2011	1.9		1.1	
September 2011	0.6		1.9	
October 2011	1.5		-0.5	

*Note:* In the period from October 1998 to February 2011, all the time series of monetary indices were attributed to the class of series which are stationary in the first-order differences and have an explicit seasonal component.

In May–October 2012, the expected average monthly growth in the monetary base will amount to 1.6% a month. The M<sub>2</sub> monetary index will grow at the average monthly rate of 1.5% in the period under review.

## INTERNATIONAL (GOLD AND FOREIGN EXCHANGE) RESERVES

*This section presents the outputs of the statistical evaluation of such future values of the international reserves of the Russian Federation<sup>1</sup> as were received on the basis of evaluation of the model of time series of the gold and foreign exchange reserves on the basis of the data of the CBR in the period from October 1998 till February 2012. That index is forecasted without taking into account a decrease in the amount of the reserves due to payment of the foreign debt and for that reason the values of the volumes of the international reserves in the months where foreign debt payments are made may happen to be overestimated (or, otherwise, underestimated) as compared to the actual ones.*

On the basis of the outputs of the forecast, in May–October 2012 the gold and foreign exchange reserves will grow at the average monthly rate of 1.2%.

Table 10

### THE FORECAST OF INTERNATIONAL (GOLD AND FOREIGN EXCHANGE) RESERVES

Period	Forecast values according to ARIMA-models	
	Billion USD	Growth on the previous month, %
May 2012	522.5	1.2
June 2012	529.1	1.3
July 2012	535.4	1.2
August 2012	541.5	1.1
September 2012	547.7	1.1
October 2012	554.2	1.2
For reference: actual values in the same period of 2011		
May 2011	521.1	-0.5
June 2011	524.5	0.6
July 2011	533.9	1.8
August 2011	545.0	2.1
September 2011	516.8	-5.2
October 2011	525.6	1.7

*Note:* In the period from October 1998 till January 2012, the series of the gold and foreign exchange reserves of the Russian Federation were identified as stationary series in difference.

<sup>1</sup> The data on the volume of the gold and foreign exchange reserves is presented as of the first day of the following month.

## FOREIGN EXCHANGE RATES

*The model calculations of future values of the foreign exchange rate (RUR/USD) were received on the basis of evaluations of the models of time series of respective indices set by the CBR as of the last day of the month in the period from October 1998 till April 2012 as of the last day of the month in the period from January 1999 till April 2012<sup>1</sup>.*

On the basis of the results of the forecast for May–October 2012, the RUR/USD exchange rate will amount on average to Rb 29.7 per USD. The average value of the EUR/USD exchange rate will amount to \$1.32 per Euro.

Table 11

FORECASTS OF THE RUR/USD AND USD/EUR EXCHANGE RATES

Period	Forecast values of the RUR/USD exchange rate (RUR per USD) according to ARIMA-model	Forecast values of the USD/EUR (USD per EUR) according to ARIMA-model
May 2012	29.56	1.32
June 2012	29.62	1.32
July 2012	29.67	1.32
August 2012	29.72	1.32
September 2012	29.77	1.32
October 2012	29.82	1.32
For reference: actual values in the similar period of 2011		
May 2011	27.89	1.43
June 2011	27.93	1.44
July 2011	27.9	1.43
August 2011	28.67	1.43
September 2011	30.50	1.38
October 2011	30.50	1.38

*Note:* In the respective periods, the series under review were identified as integrated series of the first order with a seasonal component.

## INDICES OF THE STANDARD OF LIVING

*This section (Table 12) presents such outputs of calculations of forecast values of indices of real wages, real disposable cash income and real cash income<sup>2</sup> as were received on the basis of the model of time series of respective indices calculated by FSSS and taken in the period from January 1999 till March 2012. The above indices depend to a certain extent on the centralized decisions on raising of wages and salaries to public sector workers, as well as those on raising of pensions, scholarships and allowances; such a situation introduces some changes in the dynamics of the indices under review. As a result, the future values of the indices of real wages and real disposable cash income calculated on the basis of the series which last observations are either considerably higher or lower than the previous ones due to such a raising may differ greatly from those which are implemented in reality.*

The outputs shown in Table 12 point to growth in the real disposable cash income, real wages and real cash income on the level of the respective period of 2011. The average growth in the real disposable cash income is expected at the level of about 5.4%. Growth in the real cash income will

<sup>1</sup> In the Bulletin, the data of the IMF on the period from January 1999 till January 2012 was used. The data on February and March 2012 was taken from the Web-site of the exchange rates statistics [www.oanda.com](http://www.oanda.com).

<sup>2</sup> *Real cash income* is a relative index which is calculated by means of division of the index of the nominal size (which was actually formed in the period under review) of households' cash income by the CPI. *Real disposable cash income* is cash income minus mandatory payments and contributions. (See: Rossiisky Statisticheskyy Ezhegodnik, Moscow, Rosstat, 2004, p. 212).

amount to 5.4% as compared to the respective level in 2011, while that in the real wages and salaries is expected to amount to 12.6% on the corresponding period of the previous year.

Table 12

## THE FORECAST OF THE INDICES OF THE STANDARD OF LIVING

Period	Real disposable cash income	Real cash income	Real accrued wages and salaries
Forecast values according to ARIMA-models (% of the respective month of 2011)			
May 2012	104.5	104.4	112.8
June 2012	104.8	106.2	112.7
July 2012	105.2	105.3	112.6
August 2012	105.7	105.1	112.6
September 2012	106.0	105.3	112.5
October 2012	106.3	106.1	112.4
For reference: actual values in the respective period of 2011 (% of the same period of 2010)			
May 2011	95.6	96.6	103.5
June 2011	102.7	102.1	102.4
July 2011	100.4	101.1	102.4
August 2011	101.5	102.3	103.9
September 2011	102.9	102.5	105.3
October 2011	100.2	100.1	106.2

*Note:* For calculating purposes, the series of the disposable cash income, real cash income and real wages in the base form were used (March 1999 was adopted as a base period). In the period from January 1999 till March 2011, those series were attributed to the class of processes which are stationary in differences and have an explicit seasonal component.

## EMPLOYMENT AND UNEMPLOYMENT

*For the purpose of calculation of the future values of the employment (of the number the gainfully employed population) and the unemployment (the total number of the unemployed), models of time series evaluated in the period from October 1998 till February 2012 on the basis of the monthly data of FSSS<sup>1</sup> were used. The unemployment was calculated on the basis of the models with results of the outputs of business polls<sup>2</sup>, too.*

*It is to be noted that possible logical differences<sup>3</sup> in forecasts of the employment and the unemployment which totals should be equal to the index of the economically active population may arise due to the fact that each series is forecasted individually and not as the difference between the forecast values of the economically active population and another index.*

Table 13

## THE OUTPUTS OF CALCULATION OF FORECAST VALUES OF THE INDICES THE EMPLOYMENT AND THE UNEMPLOYMENT

Month	Employment (ARIMA)		Unemployment (ARIMA)			Unemployment (BS)		
	Million people	Growth on the respective month of 2011 (%)	Million people	Growth on the respective month of 2011 (%)	% of the index of the number of the gainfully employed population	Million people	Growth on the respective month of 2011 (%)	% of the index of the number of the gainfully employed population
May 2012	71.4	0.6	4.4	-10.9	6.1	4.6	-8.2	6.4
June 2012	72.1	1.0	4.2	-8.9	5.8	4.5	-7.8	6.2

1 The index is calculated in accordance with the methods of the International Labor Organization (ILO) and is given as of the end of the month.

2 The model is evaluated in the period from January 1999 till February 2012.

3 For example, deemed as such a difference may be a simultaneous decrease both in the number of the gainfully employed population and the total number of the unemployed. However, it is to be noted that in principle such a situation is possible provided that there is a simultaneous decrease in the number of the economically active population.

Table 13, cont'd

Month	Employment (ARIMA)		Unemployment (ARIMA)			Unemployment (BS)		
	Million people	Growth on the respective month of 2011 (%)	Million people	Growth on the respective month of 2011 (%)	% of the index of the number of the gainfully employed population	Million people	Growth on the respective month of 2011 (%)	% of the index of the number of the gainfully employed population
July 2012	72.1	0.7	4.4	-13.0	6.0	4.5	-9.4	6.2
August 2012	72.4	0.6	4.1	-11.8	5.7	4.4	-7.9	6.1
September 2012	72.5	0.7	4.0	-13.1	5.5	4.6	-9.1	6.3
October 2012	71.7	1.3	4.1	-15.1	5.7	4.5	-8.7	6.3
For reference: actual values in the same periods of 2011 (million people)								
May 2011	71.0		4.9					
June 2011	71.4		4.6					
July 2011	71.6		5.0					
August 2011	72.0		4.7					
September 2011	72.0		4.6					
October 2011	70.8		4.8					

*Note:* In the period from October 1998 till February 2012, the series of the number of the gainfully employed population is a stochastic process which is stationary around the trend. The series of the index of the total number of the unemployed is a stochastic process with the first order integration. Both the indices include a seasonal component.

According to the forecasts on the basis of ARIMA-models (*Table 13*), in May–October 2012 growth in the number of gainfully employed population will amount on average to 0.8% a month on the corresponding period of 2011.

The average decrease in the index of the total number of the unemployed is expected at the level of 10.3% a month as compared to the same period of 2011. ●

## ANNEX

## Diagrams of the Time Series of the Economic Indices of the Russian

Fig. 1a. The FSSS index of industrial production (ARIMA-model)  
(% of December 2001)

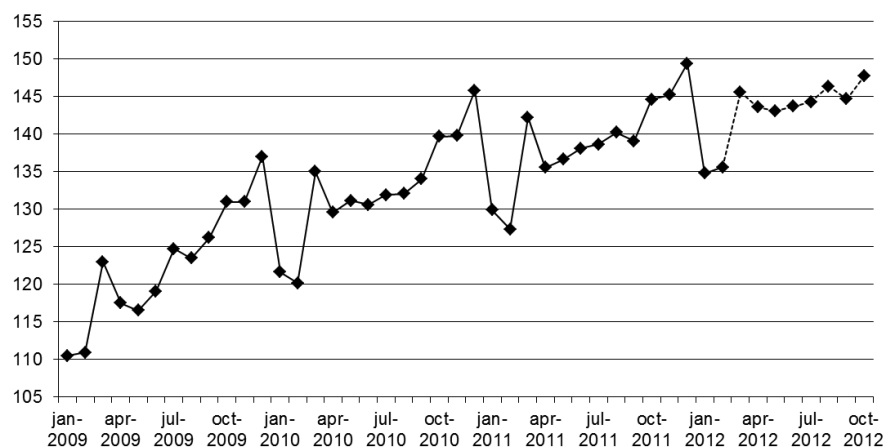


Fig. 1b. The CEC–NRU HSE index of industrial production (ARIMA-model)  
(% of January 1995)

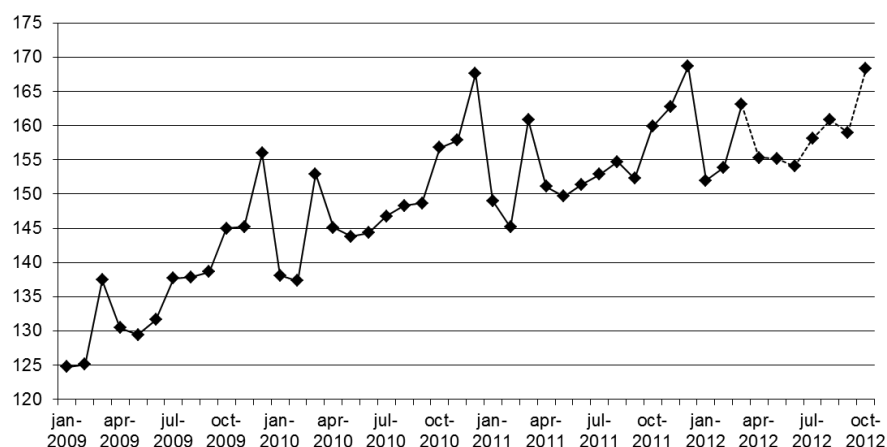


Fig. 2a. The FSSS index of industrial production as regards production of primary products  
(% of December 2001)

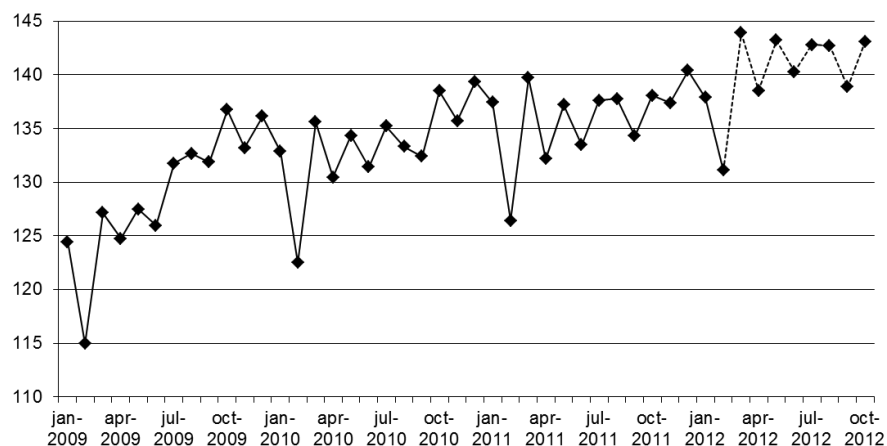


Fig. 2b. The CEC–NRU HSE index of industrial production as regards production of primary products (% of January 1995)

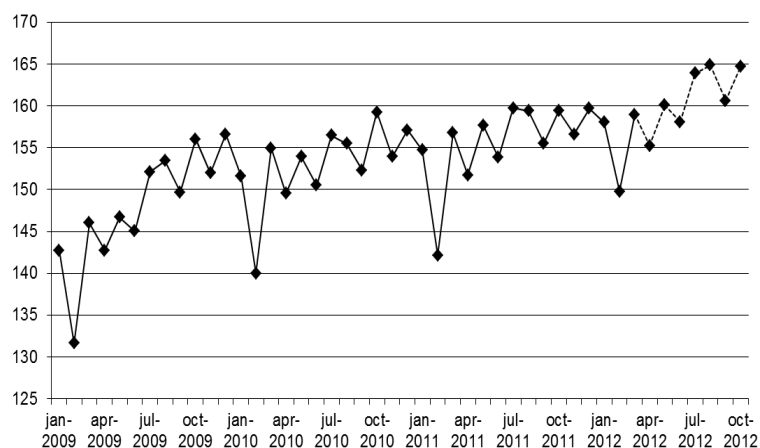


Fig. 3a. The FSSS index of industrial production as regards manufacturing industry (% of December 2001)

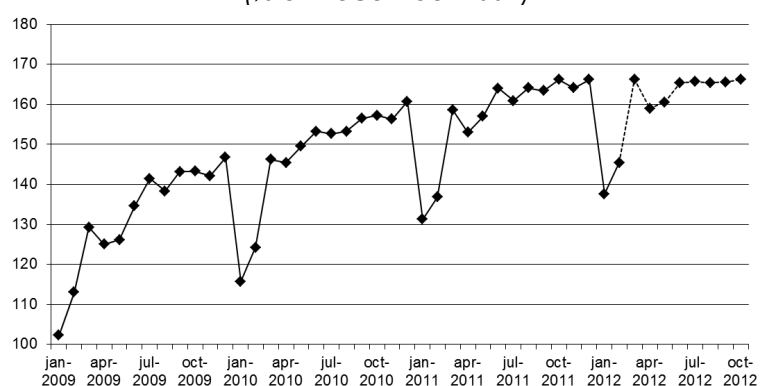


Fig. 3b. The CEC–NRU HSE index of industrial production as regards manufacturing industry (% of January 1995)

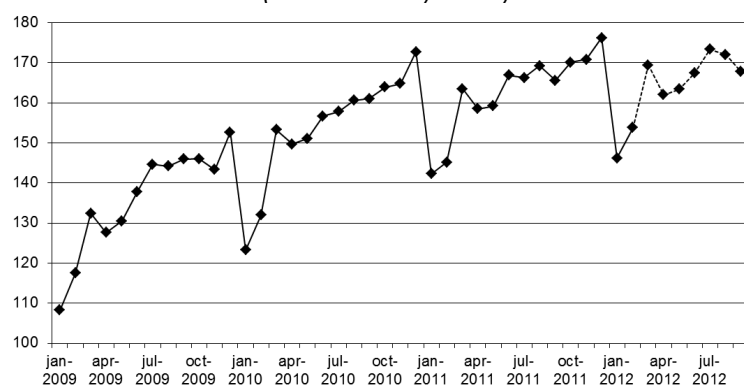


Fig. 4a. The FSSS index of industrial production as regards production and distribution of power, gas and water (% of December 1998)

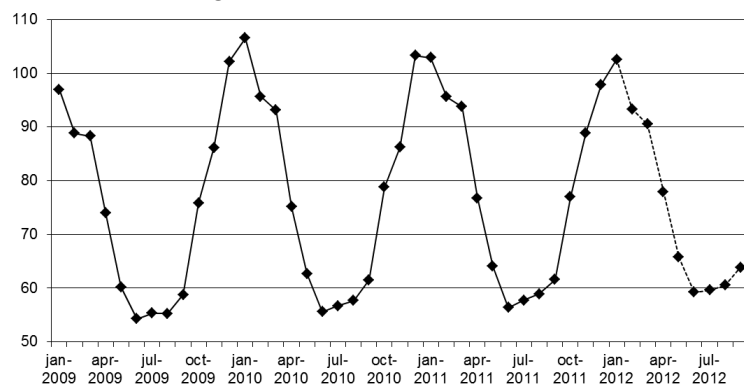


Fig. 4b. The CEC–NRU HSE index of industrial production as regards production and distribution of power, gas and water (% of January 1995)

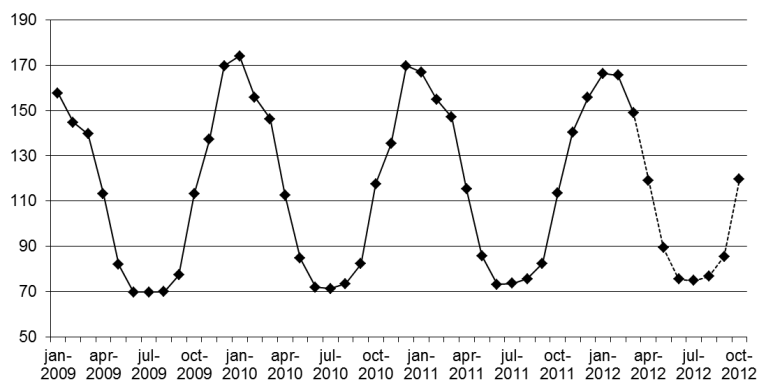


Fig. 5a. The FSSS index of industrial production as regards production of food products (% of December 2001)

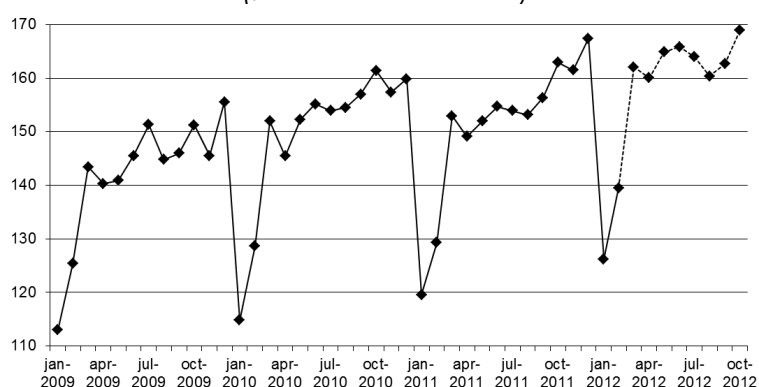


Fig. 5b. The CEC–NRU HSE index of industrial production as regards production of food products (% of January 1995)

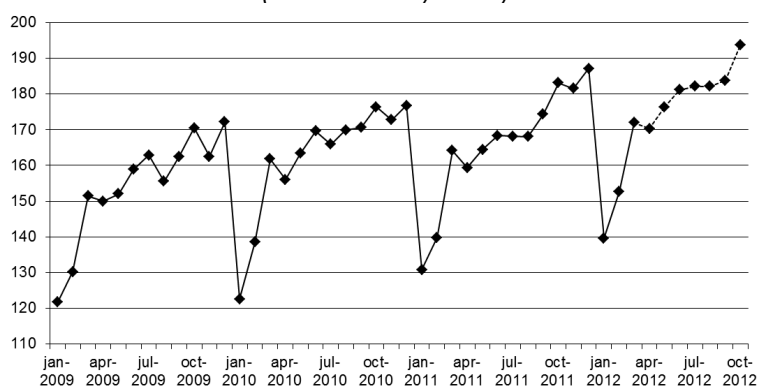


Fig. 6a. The FSSS index of industrial production as regards production of charred coal and oil products (% of December 2001)

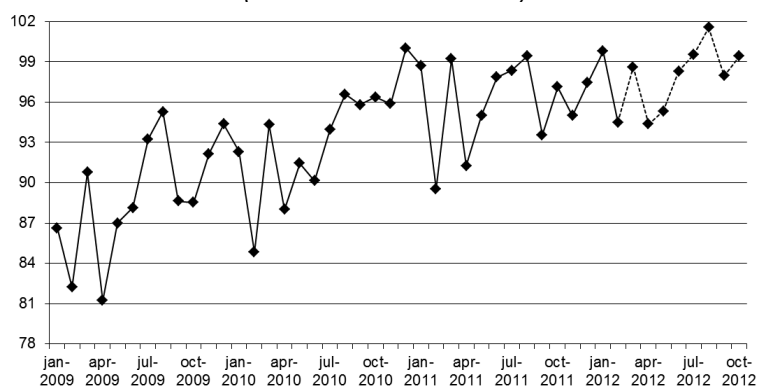


Fig. 6b. The CEC–NRU HSE index of industrial production as regards production of charred coal and oil products (% of January 1995)

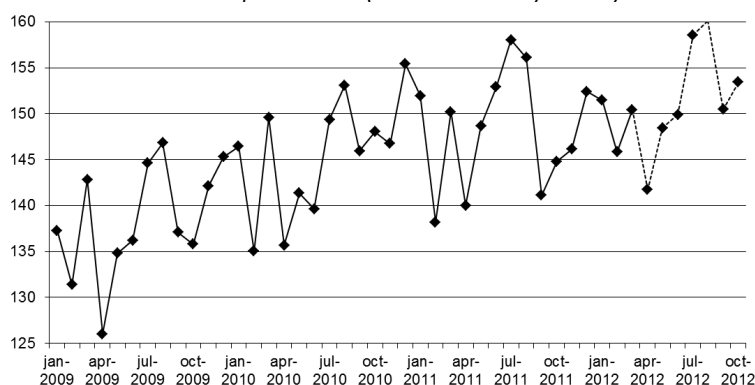


Fig.7a. The FSSS index of industrial production as regards iron and steel industry and production of finished metal goods (% of December 1998)

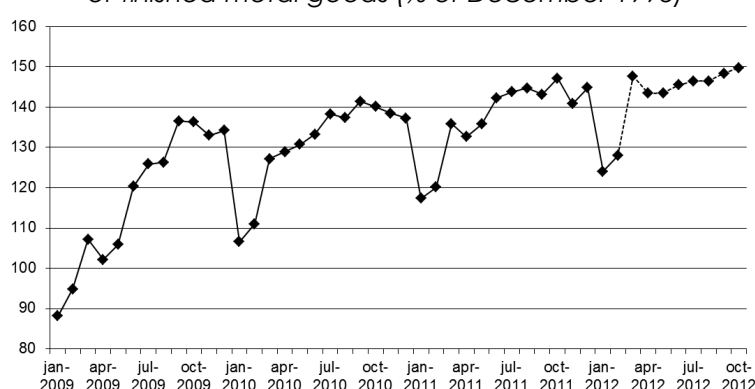


Fig. 7b. The CEC–NRU HSE index of industrial production as regards iron and steel industry and production of finished metal goods (% of January 1995)

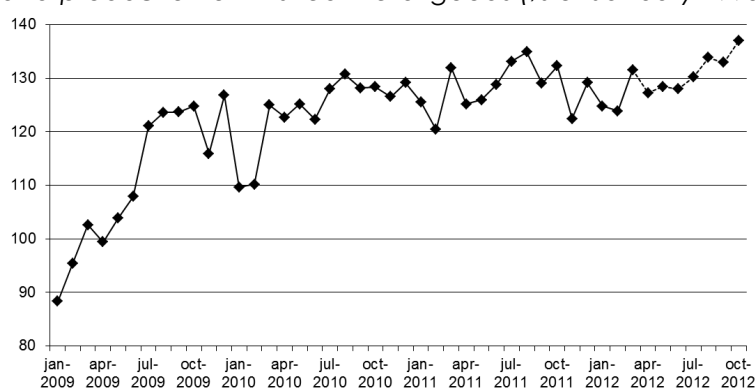


Fig. 8a. The FSSS index of industrial production as regards production of machines and equipment (% of December 1998)

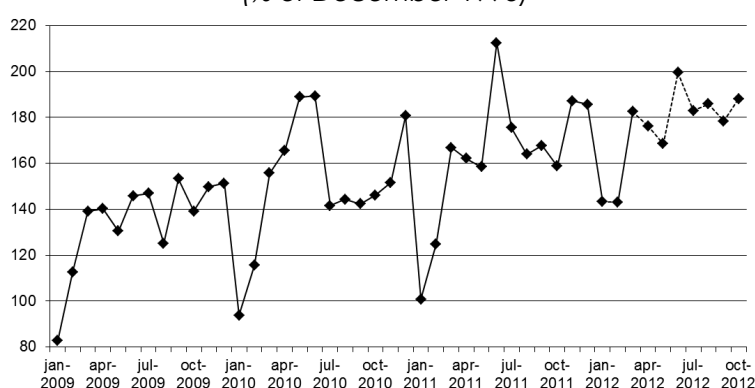


Fig. 8b. The CEC–NRU HSE index of industrial production as regards production of machines and equipment (% of January 1995)

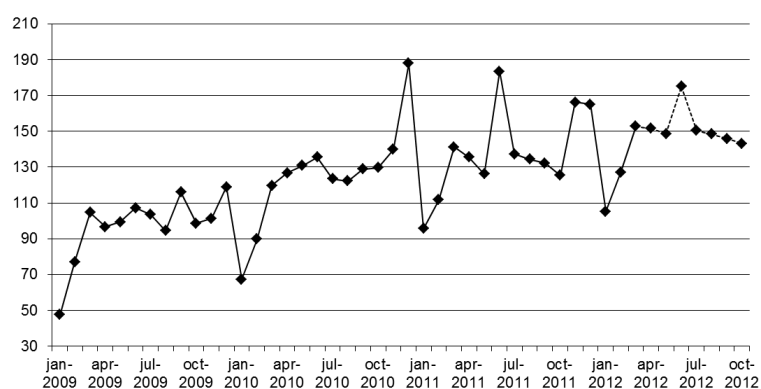


Fig. 9. The volume of retail sales (billion Rb)

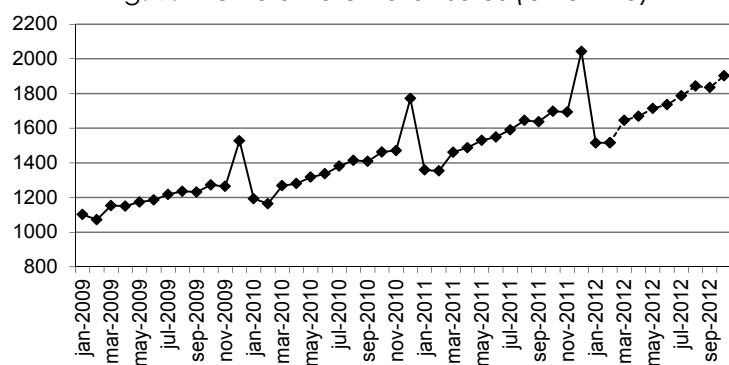


Fig. 9a. The real turnover of the retail trade (% of the respective period of last year)

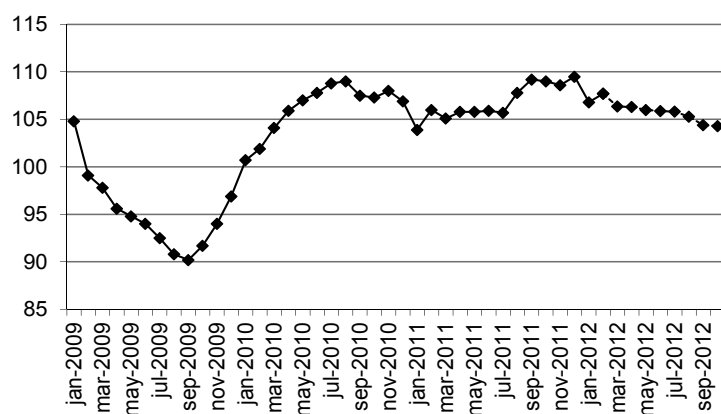


Fig. 10. Investments in capital assets (billion Rb)

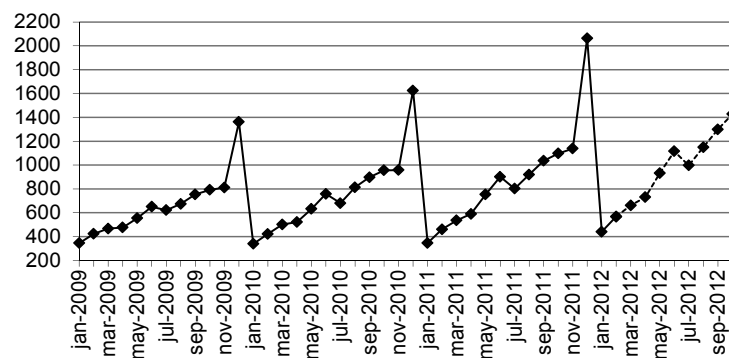


Fig. 10a. Real investments in capital assets (% of the respective period of the previous year)

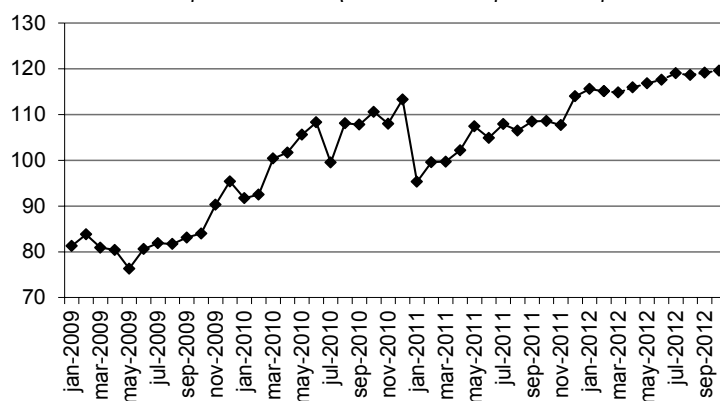


Fig. 11. Export to all the countries (billion USD)

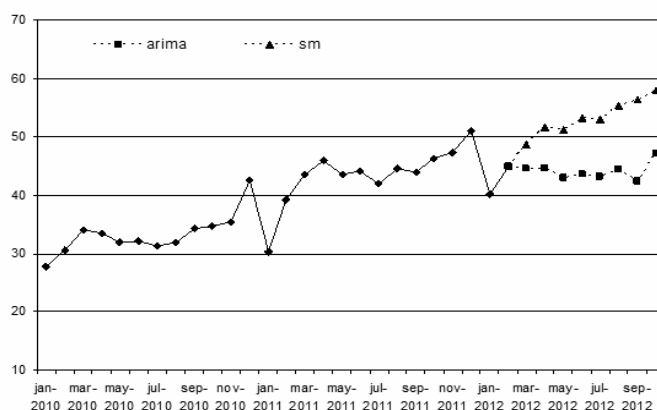


Fig. 12. Export to countries outside the CIS (billion Rb)

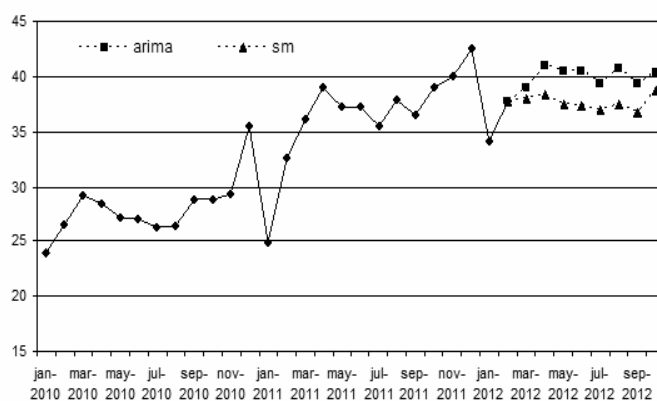


Fig. 13. Import from all the countries (billion USD)

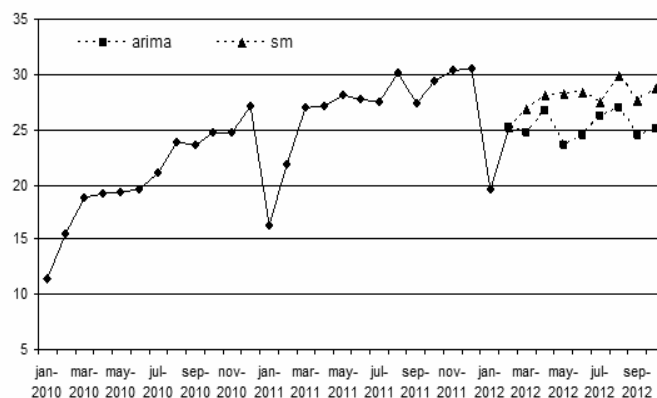


Fig. 14. Import from countries outside the CIS (billion USD)

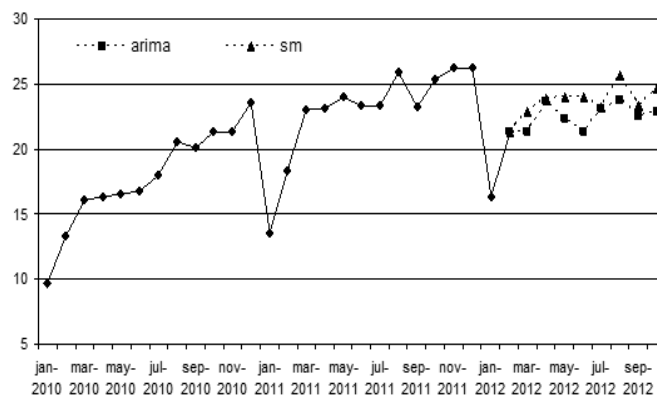


Fig. 15. Consumer price index as % of December of the previous year

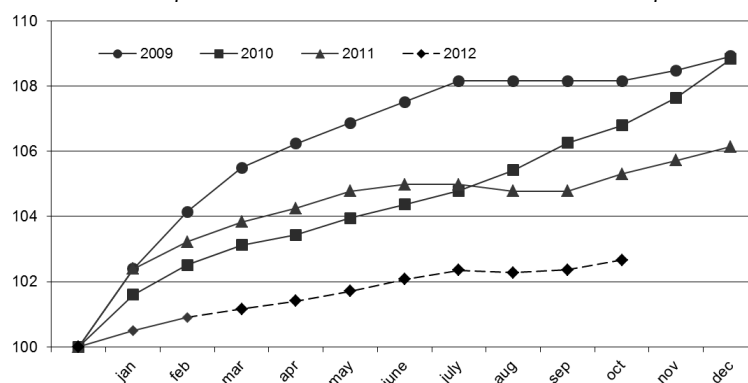


Fig. 15a. Consumer price index as % of December of the preceding year (SM)

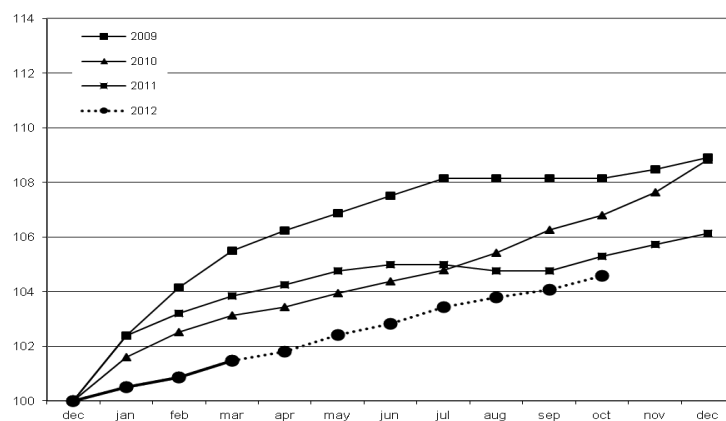


Fig. 16. Producer price index (industrial goods), % of December of the previous year

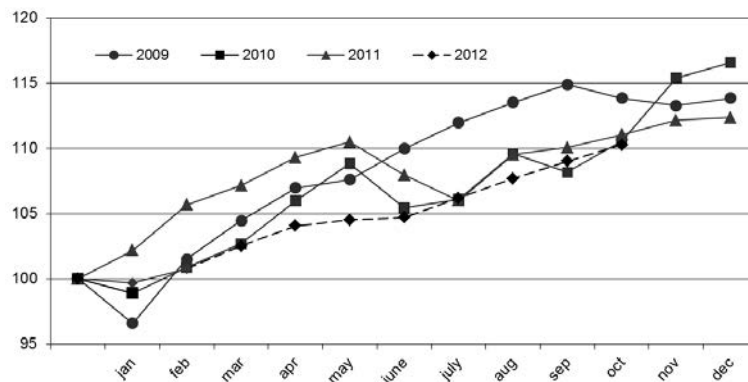


Fig. 17. Price index as regards production of primary products,  
% of December of the previous year

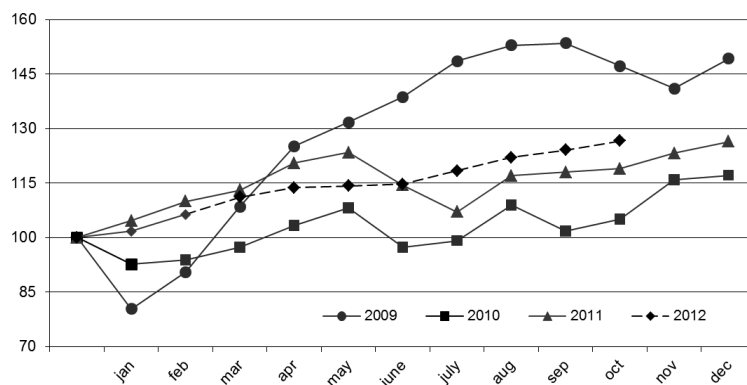


Fig. 18. Price index as regards manufacturing industries,  
% of December of the previous year

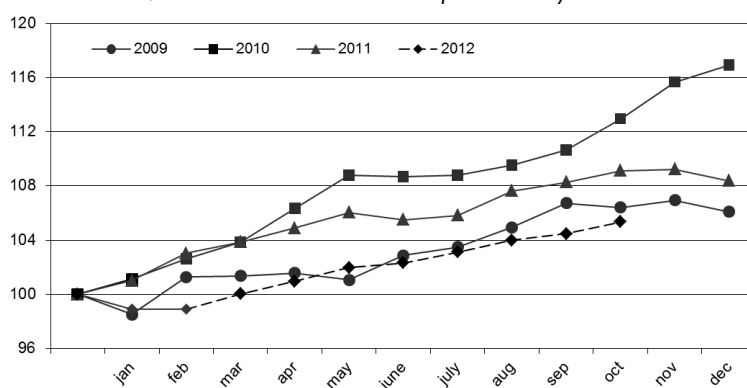


Fig. 19. Price index as regards production and distribution of power, gas and water,  
% of December of the previous year

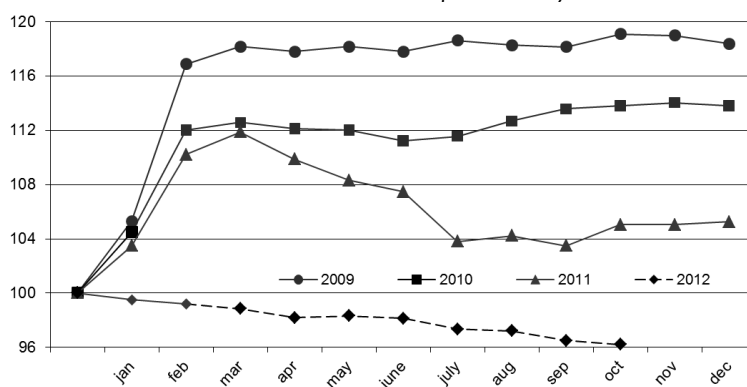


Fig. 20. Price index as regards production of food products,  
% of December of the previous year

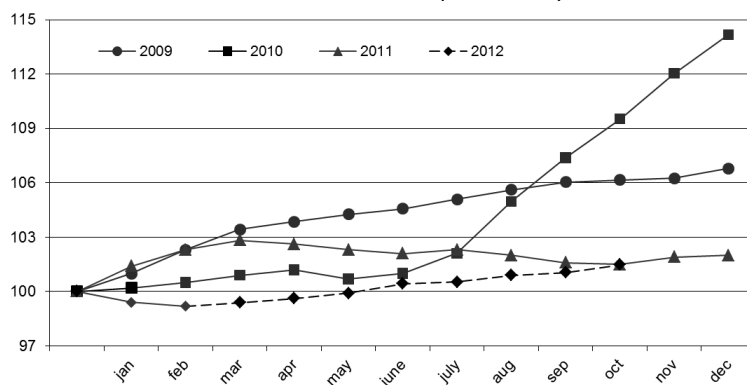


Fig. 21. Price index as regards textile and sewing industry,  
% of December of the previous year

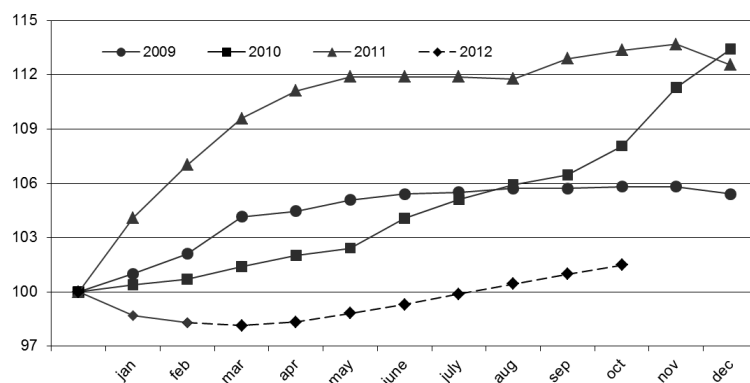


Fig. 22. Price index as regards woodworking and production of wood products,  
% of December of the previous year

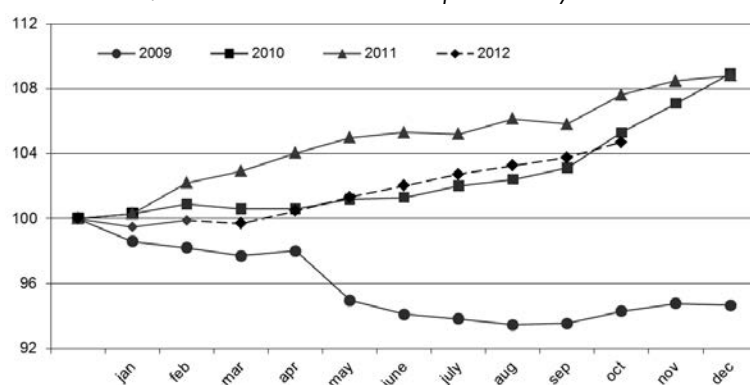


Fig. 23. Price index as regards pulp and paper industry,  
% of December of the previous year

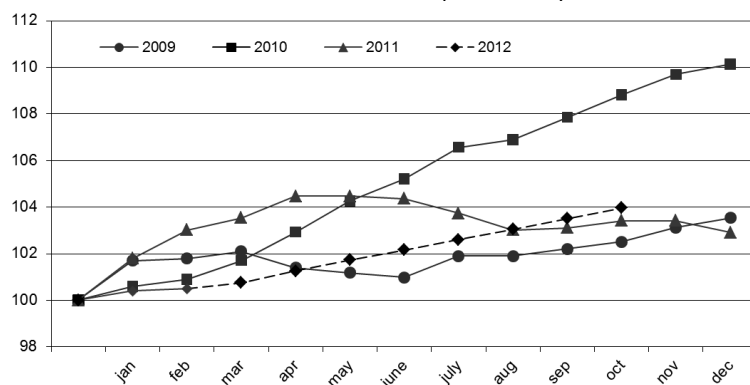


Fig. 24. Price index as regards production of charred coal and oil products,  
% of December of the previous year

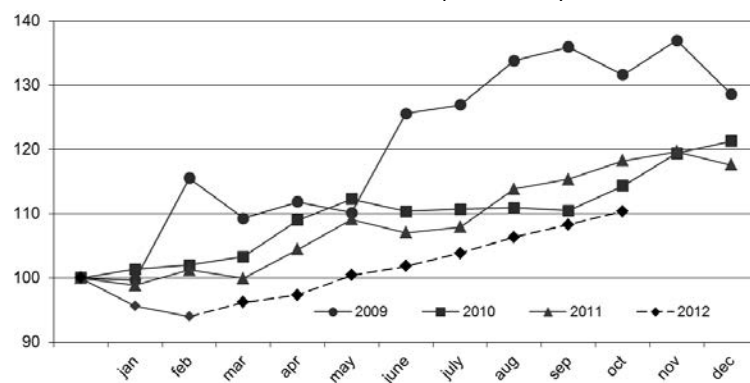


Fig. 25. Price index as regards chemical industry,  
% of December of the previous year

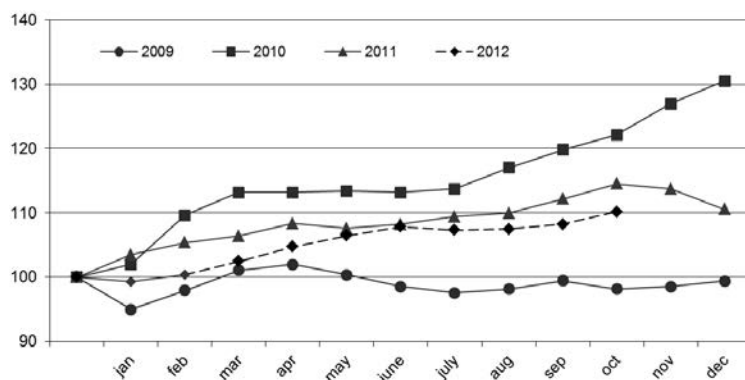


Fig.26. Price index as regards iron and steel industry and production of finished metal goods,  
% of December of the previous year

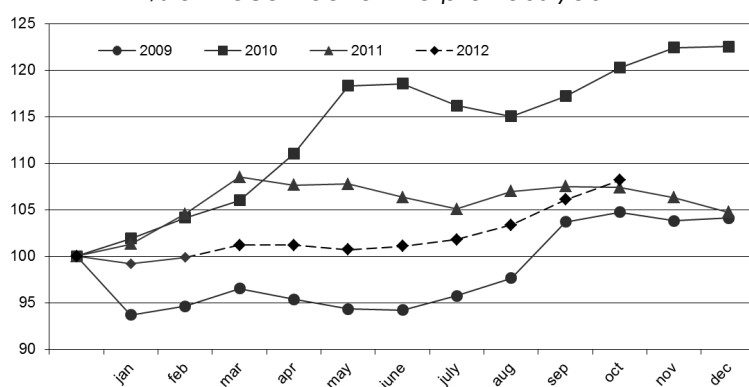


Fig.27. Price index as regards production of machines and equipment,  
% of December of the previous year

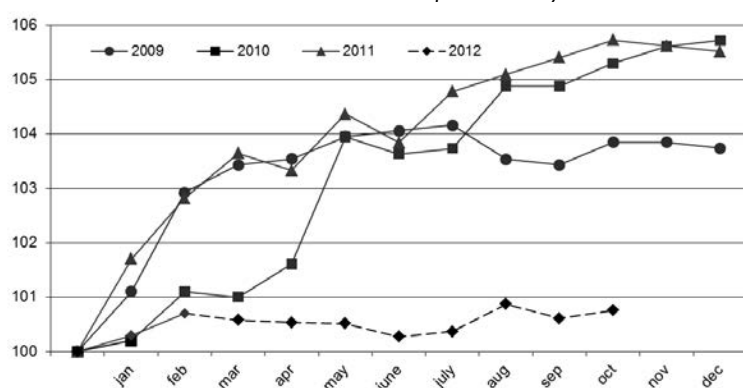


Fig.28. Price index as regards production of transportation vehicles and equipment,  
% of December of the previous year

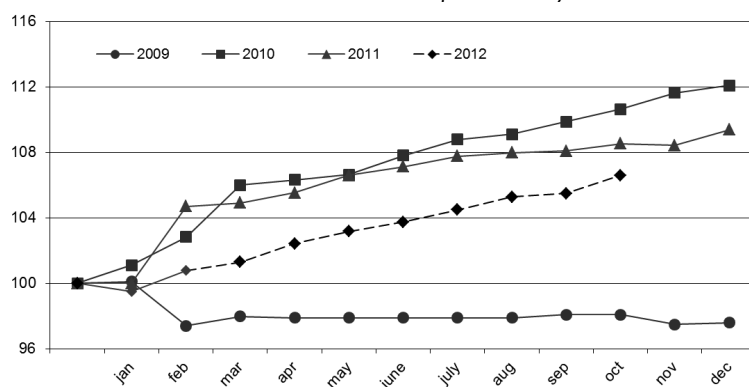


Fig. 29. The cost of the minimum package of food products per person a month (Rb.)

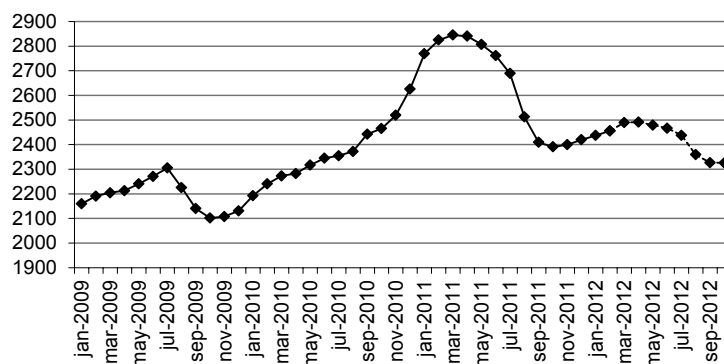


Fig. 30. The composite index of transportation tariffs (for each year as % of the previous month)

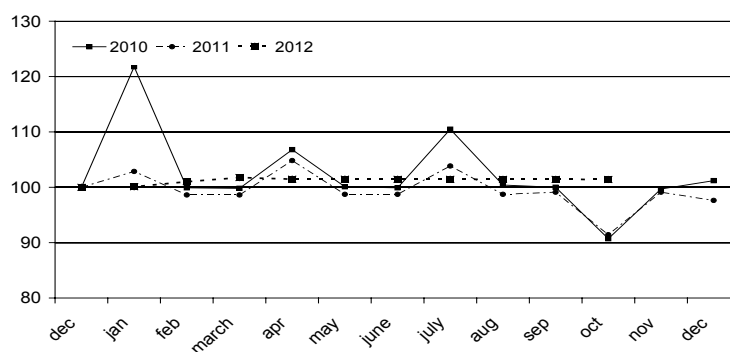


Fig. 31. Index of tariffs on motor cargo carriage (for each year as % of the previous month)

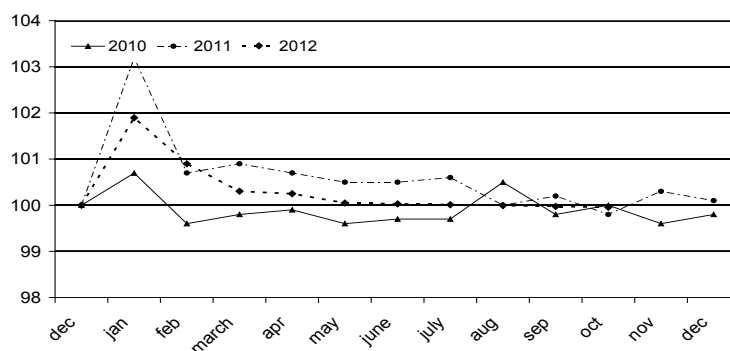


Fig. 32. Index of tariffs on pipeline transportation (for each year as % of the previous month)

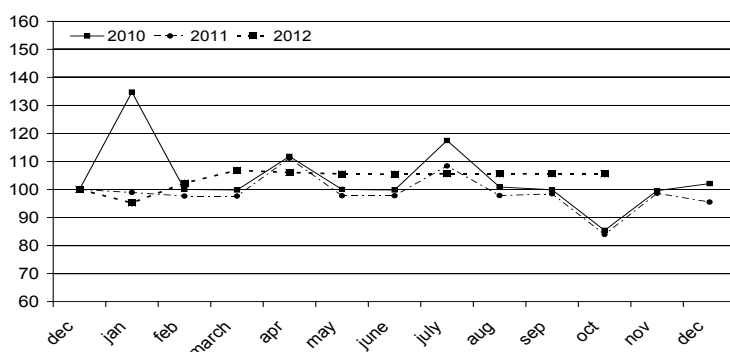


Fig. 33. Prices on Brent oil (\$ a barrel)

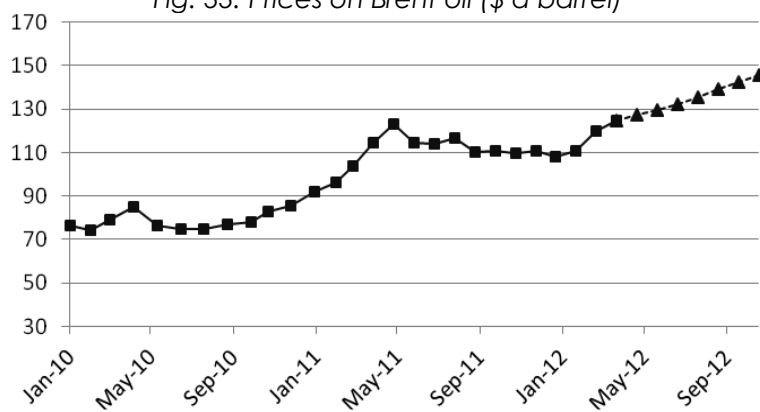


Fig. 34. Prices on aluminum (\$ per ton)

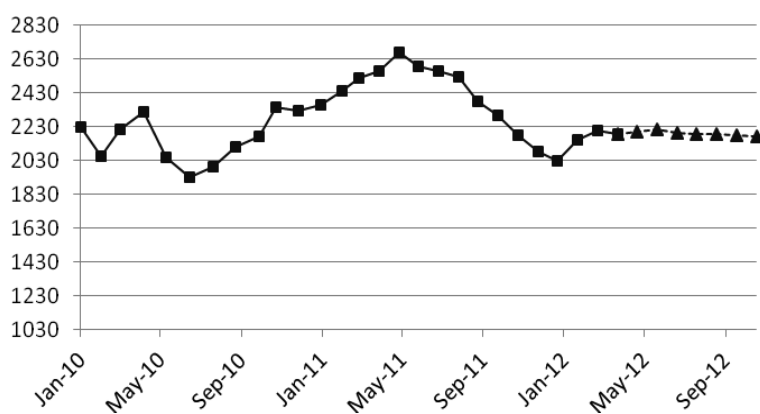


Fig. 35. Prices on gold (\$ per ounce)

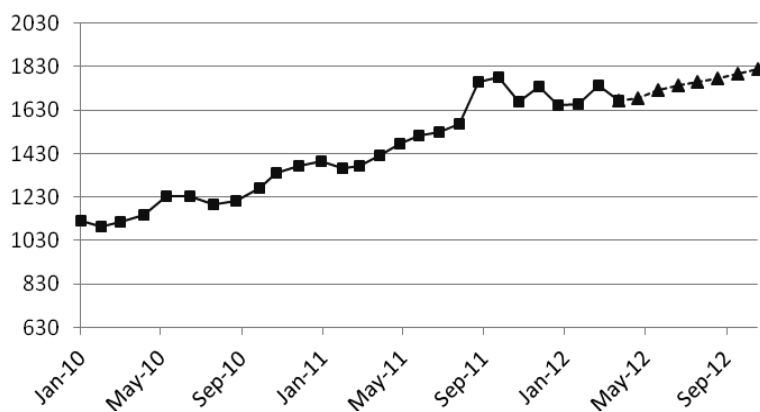


Fig. 36. Price on nickel (\$ per ton)

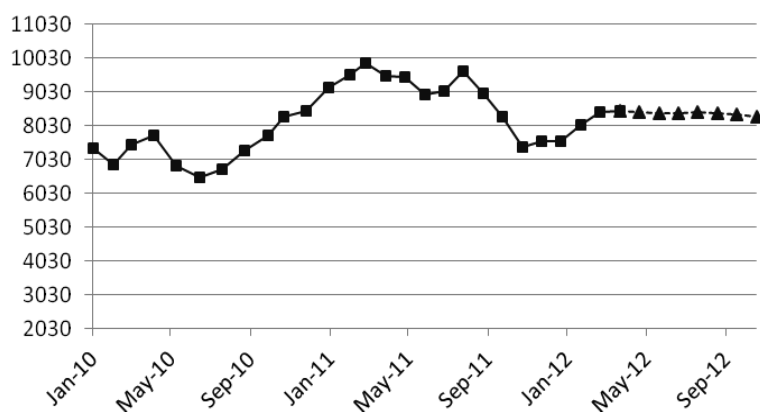


Fig. 37. Prices on copper (\$ per ton)

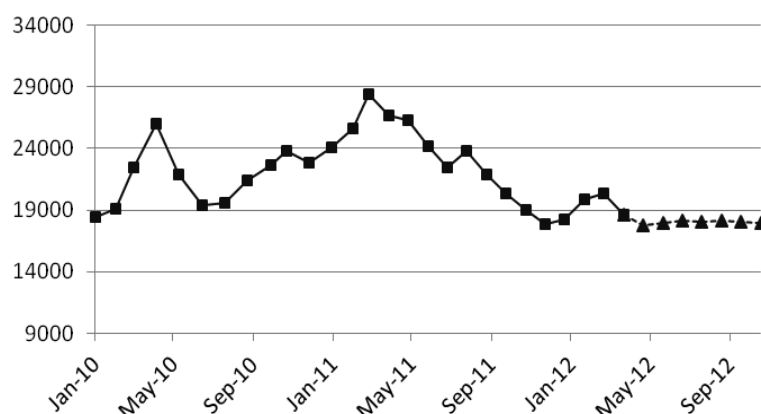


Fig. 38. Monetary base, million Rb

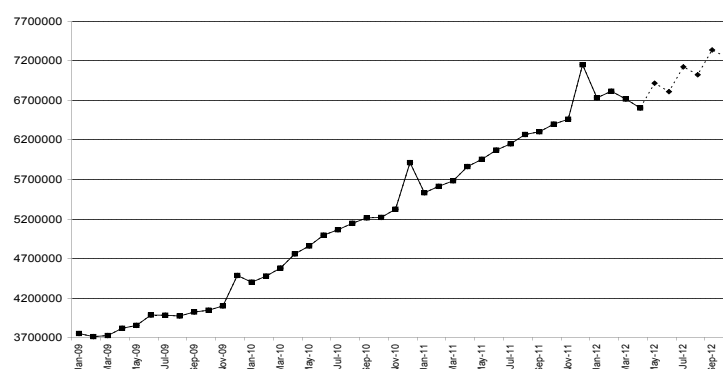


Fig. 39. M2, billion Rb

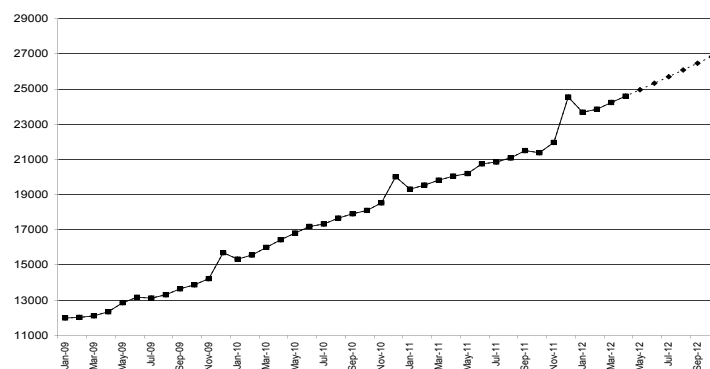


Fig. 40. Gold and foreign exchange reserves of the Russian Federation, million USD

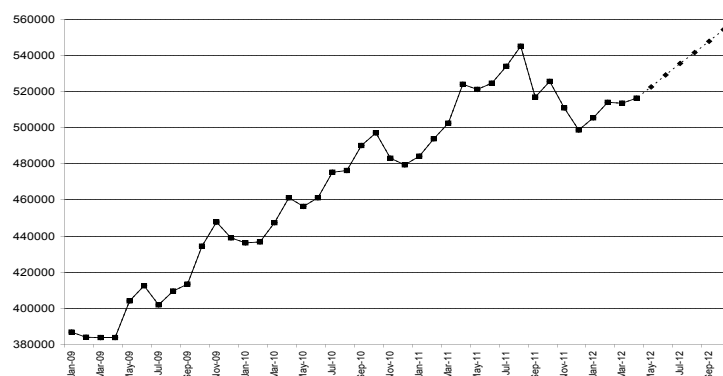


Fig. 41. The RUR/USD exchange rate

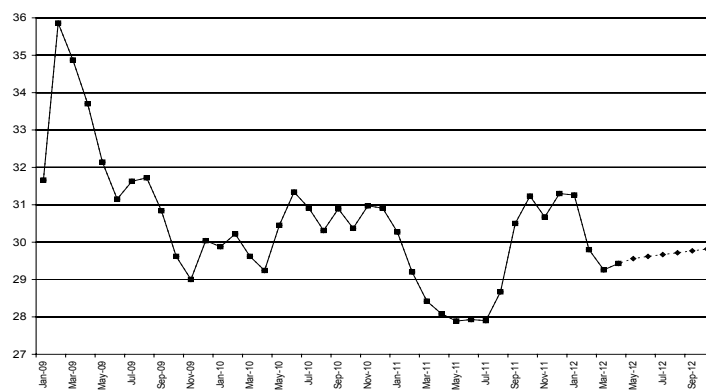


Fig. 42. The USD/EUR exchange rate

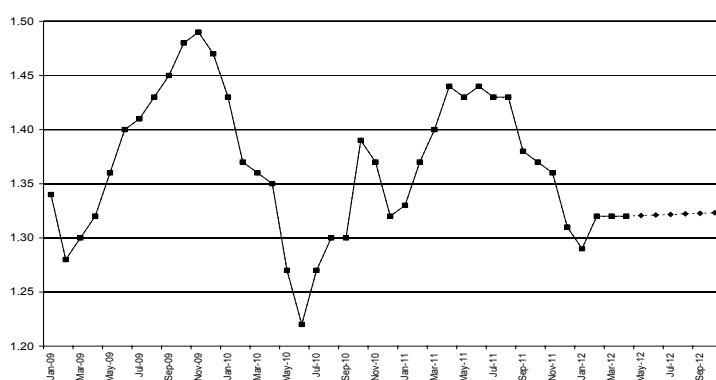
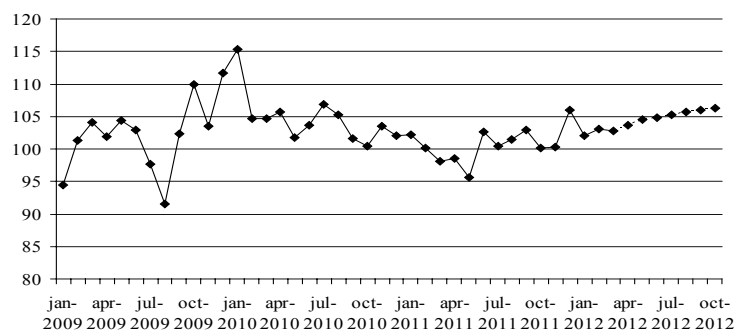
Fig. 43. Real disposable cash income  
(% of the respective period of the previous year)

Fig. 44. Real cash income (% of the level of January 1999)

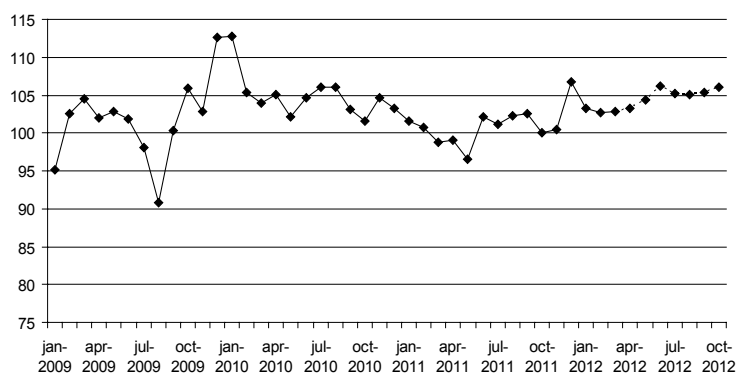


Fig. 45. Real accrued wages and salaries  
(% of the respective period of the previous year)

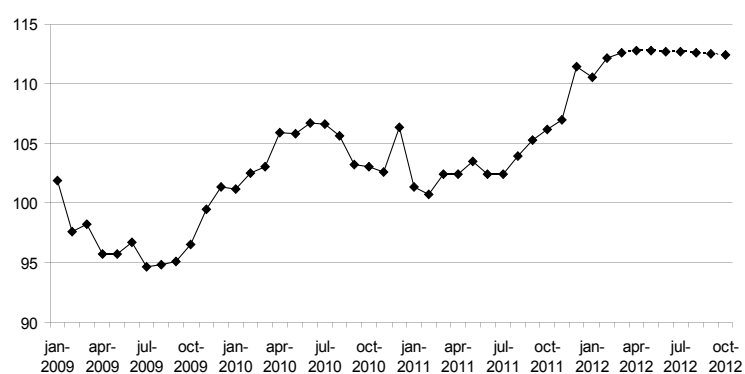


Fig. 46. Employment (million people)

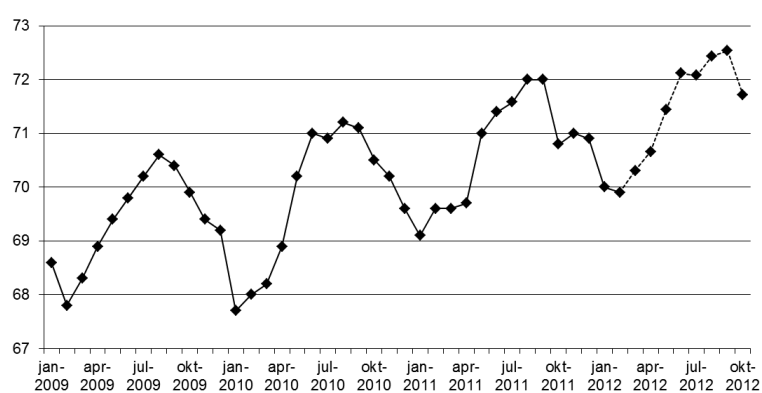


Fig. 47. Unemployment (million people)

