

RUSSIAN BUSINESS SURVEYS BULLETIN

INDUSTRY

85 SURVEY - JUNE 1999

INSTITUTE FOR THE ECONOMY IN TRANSITION

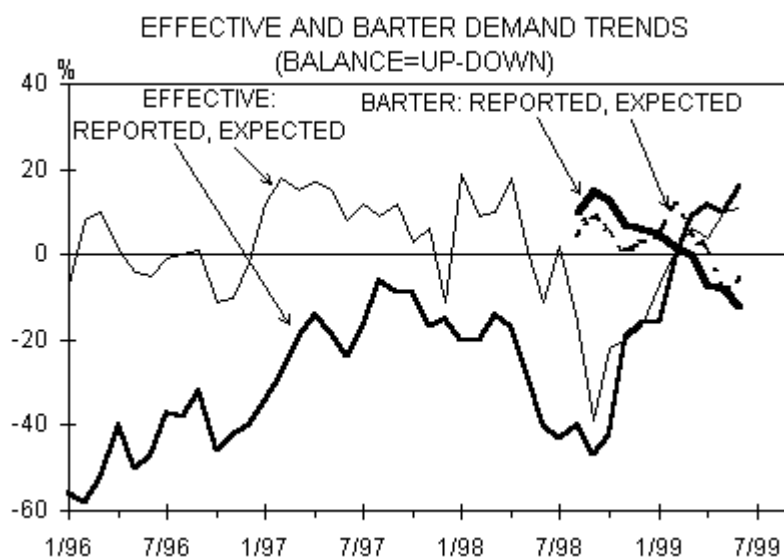
Director: Yegor Gaidar

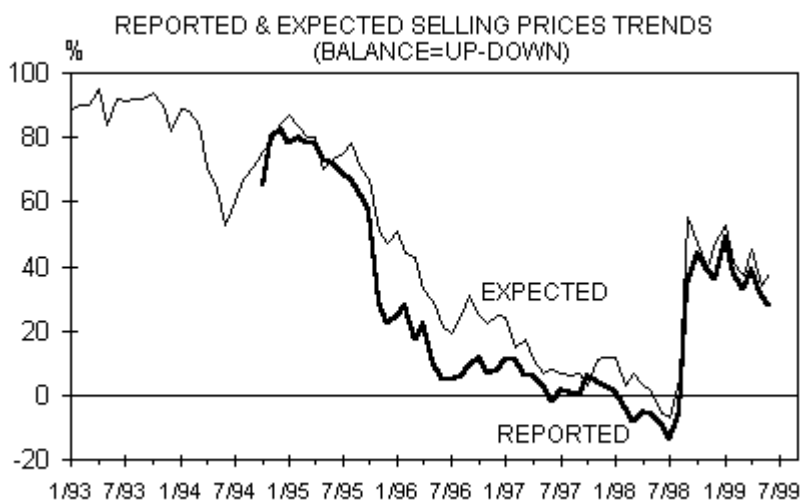
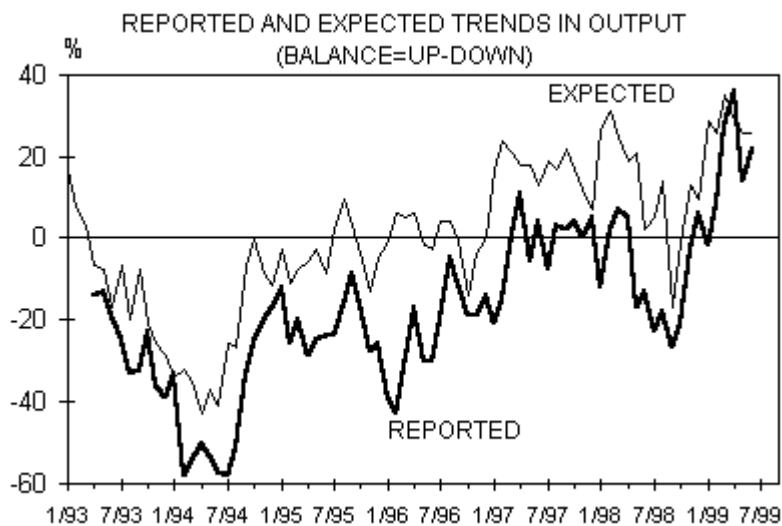
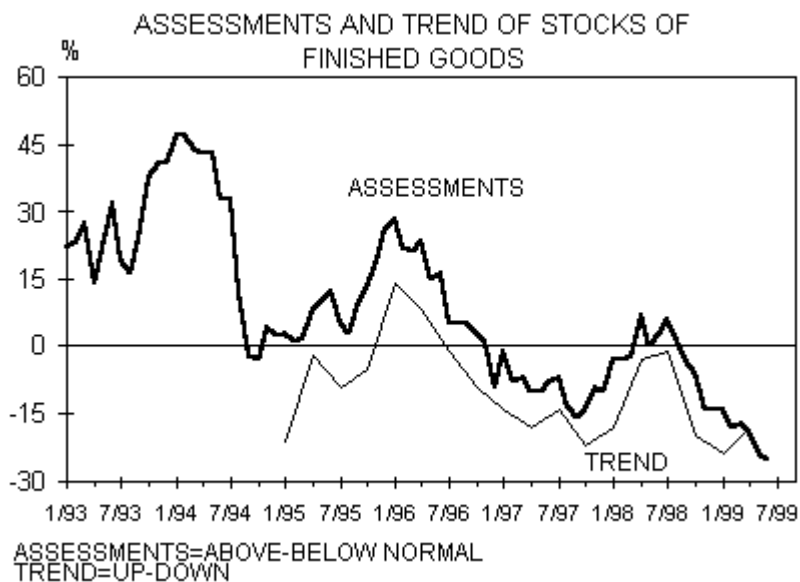
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- The growth in effective demand for industrial products continues.
 - The barter demand continues to fall.
 - In June the growth in output was noted in all the industry branches.
 - Forecasts of change in output have not changed in June.

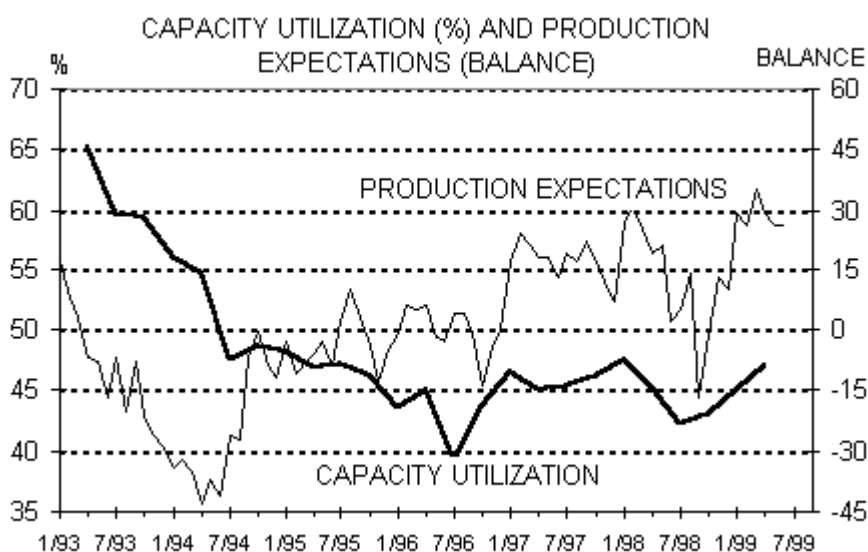




Business Survey Results of 1053 Enterprises.

(percentages of total answers)

What has been the trends over the PAST 2-3 months:	Up	Same	Down	N/A	Balance
Volume of output	38	44	16	2	+22
Average prices	31	63	3	3	+28
Order-books level (effective)	26	61	10	3	+16
Order-books level (barter)	8	62	20	10	-12
Do you consider that in volume terms:	Above normal	Normal	Below normal	N/A	Balance
Your present production	2	27	70	1	-68
Your total order book	2	29	66	3	-64
Your export order book	2	23	46	29	-44
Your present stocks of finished goods	16	37	41	6	-25
What are the expected trends for the NEXT 2-3 months:	Up	Same	Down	N/A	Balance
Volume of output	35	54	9	2	+26
Average prices	40	55	2	3	+38
Volume of order book level(effective)	21	63	10	6	+11
Volume of order book level (barter)	8	65	14	13	-6



Assessment of current situation

The growth in effective demand for industrial products continues. In June reports regarding sales for cash prevail in all the industry branches, except the food- processing. The most intensive growth in effective demand is registered in the ferrous metallurgy, construction industry, chemicals and petrochemicals.

As a result, the estimates of demand volume have improved. The share of responses "normal" generally grew up to 29%. In terms of industry branches, the highest indices were registered in the non-ferrous metallurgy (74%), forestry, wood-working and paper and pulp (55%), ferrous metallurgy (47%).

The barter demand continues to fall. In June the share of responses regarding growth in direct barter transactions dropped to 8%, while in September 1998 the percentage of such reports had been 28%.

Industrial output continues to grow. A 8 point growth in June exceeds the respective results of May, since during the latter month one noted a clear slowdown in the output growth due to seasonality. In June the growth in output was noted in all the industry branches, and that was most

intensive in the ferrous metallurgy and industry of construction materials.

The biggest number of enterprises ever registered by our surveys experience lack of finished products in stock. The share of responses "below norm" has been 41% for the second month running. In June reports on lack of stocks prevail in all the industry branches, while the respective deficit was biggest in the light industry and ferrous metallurgy.

The enterprises' price rise gradually slows down. In June its intensity has turned out to be the most modest one since August 1998, however responses regarding a price rise steadily prevails in all the industry branches. The most intensive price rise was noted by the survey in the chemicals and petrochemicals, ferrous metallurgy and machine building.

Predictions and expectations

Forecasts of change in output have not changed in June. Similar to May, expectations of production growth prevail substantially over expectations of its decline. Growth in output may take place in all the industry branches during the forthcoming months. It is the construction industry and metallurgy which deliver such optimistic forecasts at most, while the chemicals and petrochemicals shared the most moderate expectations

Forecasts of change in pricing practically have not changed during last month. The rise in producer prices is expected in all the industry branches, and the most intensive one should take place in the chemicals and petrochemicals.

For the fourth month running, the forecasts of change in effective demand have kept positive values which implies that expectations of growth in sales for cash prevail over expectations of downfall in those. For the first time ever such a situation has been registered in all the industry branches.

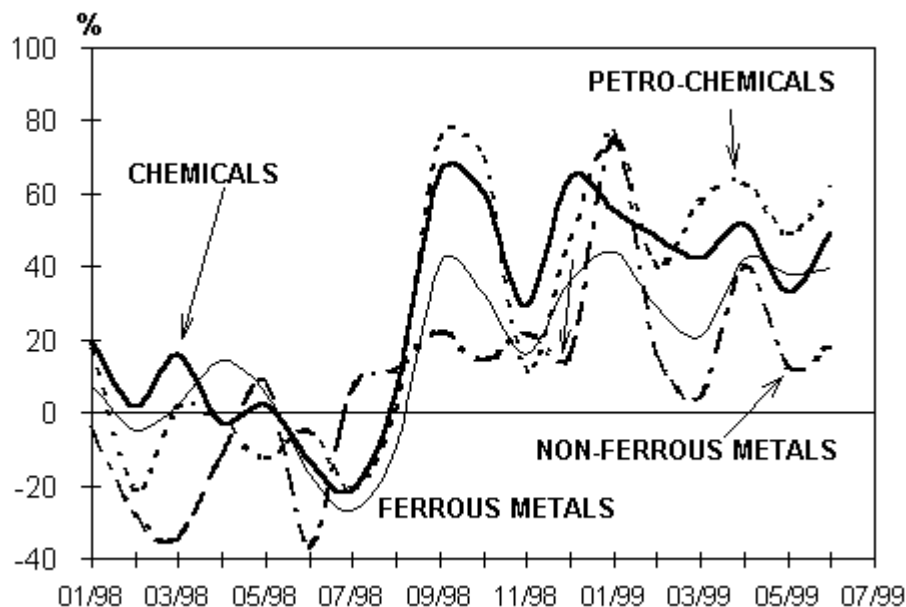
Forecasts of change in barter demand remain the same - the industrial sector as a whole mostly hopes for a downfall in barter transactions. Such a correlation of expectations has been registered by our surveys since May 1999. The growth in barter deals may happen in the forthcoming months only in the industry of construction materials and food- processing sector.

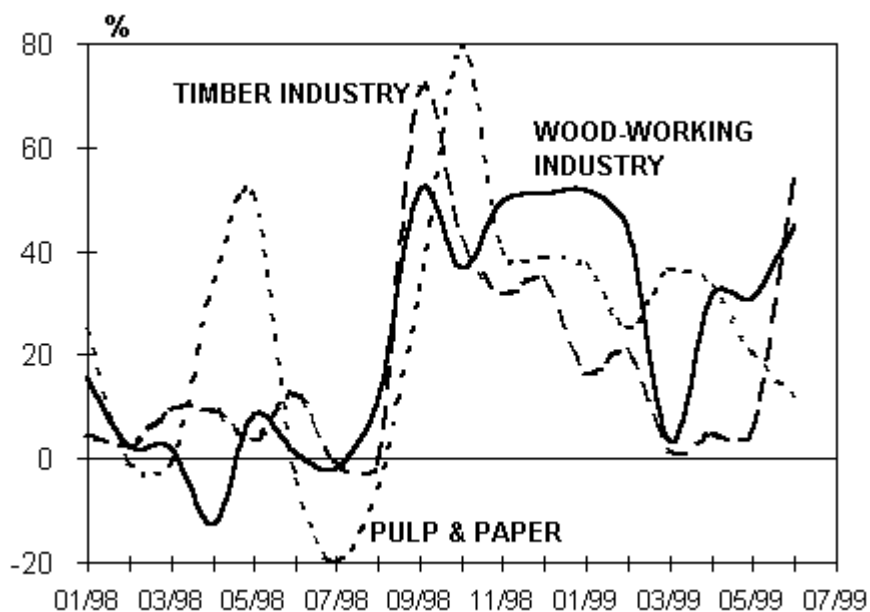
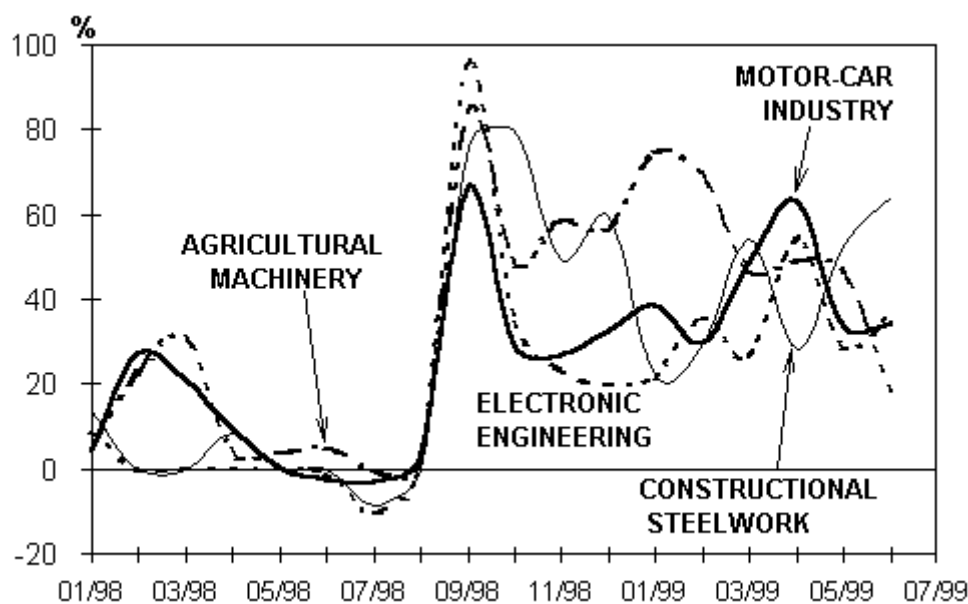
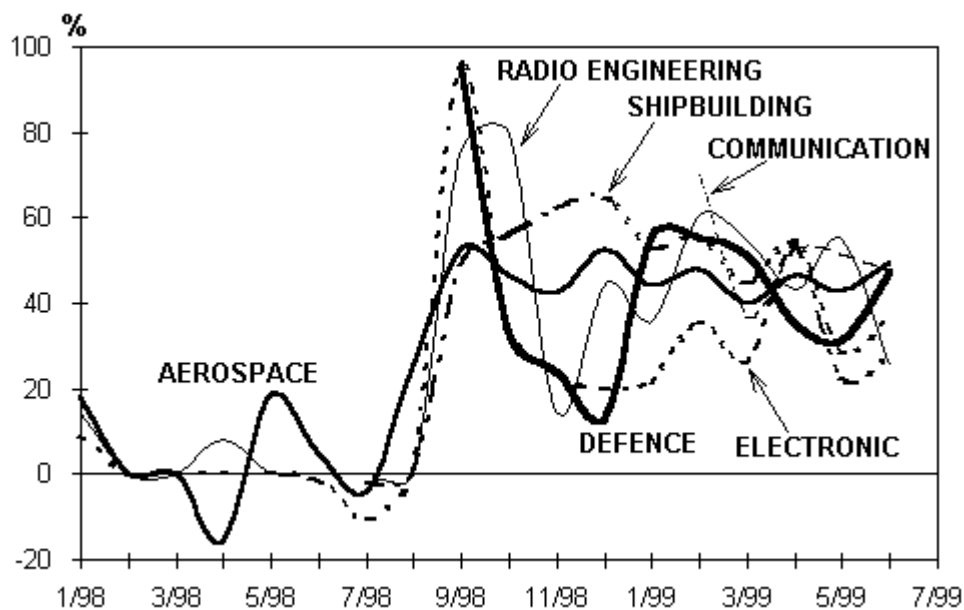
June 28, 1999

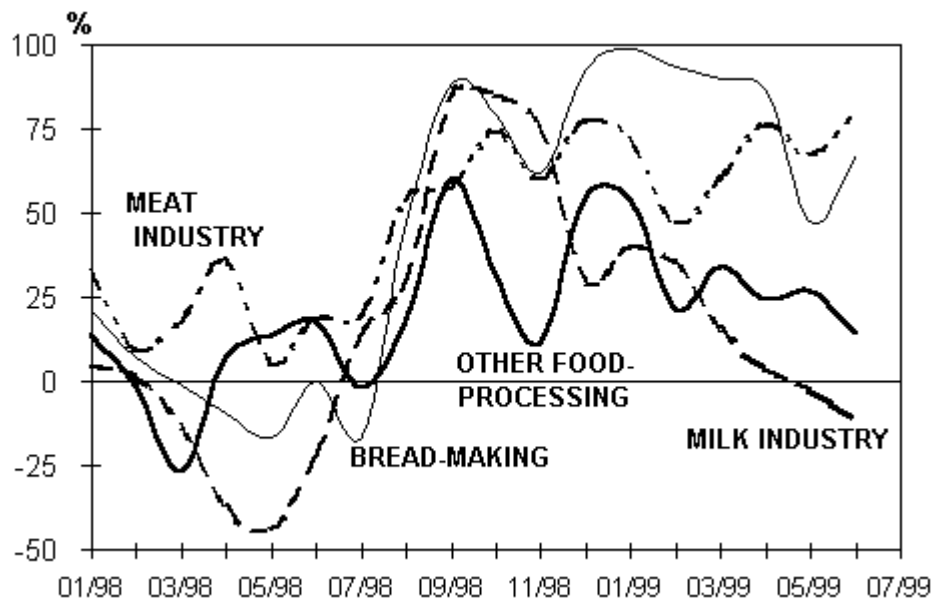
Sergey Tsukhlo,
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Charts of next Issue: barter expectations in subsectors

Price expectations in subsectors (balance=up-down)







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