



**THE CENTRAL BANK
OF THE RUSSIAN FEDERATION
(BANK OF RUSSIA)**

Quarterly Inflation Review

2007 Q1

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Research and Information Department

*The electronic version of Quarterly Inflation Review is available on the Bank of Russia's website :
<http://www.cbr.ru/publ/>.*

Introduction

Consumer price growth continued to slow down in January-March 2007. Core inflation decreased and growth in the prices of goods and services not included in the calculation of the core consumer price index was slower than last year. Consumer prices grew 3.4% in 2007 Q1 as against 5% in 2006 Q1. The slower consumer price growth was largely attributable to the slowing of growth in food prices. Food prices, excluding vegetable and fruit prices, increased 1.7% in January-March 2007 (the lowest figure for this group of products) while vegetable and fruit prices grew 11.5% or more than two times slower than in 2005-2006.

As foreign currency supply exceeded demand, the Bank of Russia continued to carry out interventions on the domestic foreign exchange market to curb the ruble's appreciation. Monetary authorities took measures to absorb money supply to ease inflationary pressure. Operations with Bank of Russia bonds (OBR) and deposit operations were the Central Bank's major liquidity sterilisation instruments. At the same time, the

Bank of Russia continued to raise interest rates to absorb excess liquidity. A large part of aggregate liquidity, which resulted from significant growth in international reserves, was absorbed by the Russian Government's Stabilisation Fund (hereinafter the Stabilisation Fund).

Despite the measures to absorb excess liquidity, monetary aggregates grew faster than projected. The growth rate of money supply (M2 aggregate) exceeded an annualised 40% from the second half of 2006 and equalled 52.6% as of April 1, 2007, while the broad monetary base grew 54.7%. The trend towards accelerated annualised growth in M2, which had been observed since 2005 Q2, prevailed in January-March 2007.

Stronger demand for the national currency resulting from high economic growth rates, the economy's de-dollarisation and an increase in the savings component of money supply along with a reduced share of cash in the structure of ruble supply help ease the inflationary consequences of money supply growth.

Inflation Dynamics

Consumer Prices

According to the Federal State Statistics Service (Rosstat), consumer prices rose 3.4% in January-March 2007 as against 5.0% in the same period of 2006. Consumer prices grew 7.4% in March 2007 and 7.7% in 2007 Q1, year on year.

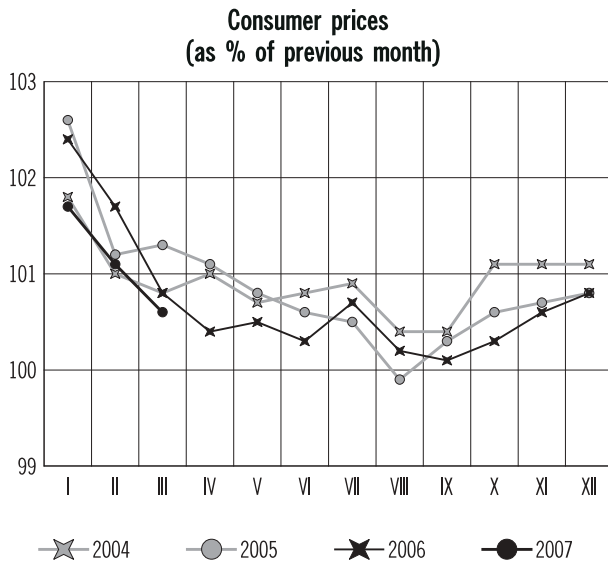
Core inflation equalled 1.7% in 2007 Q1 as against 2.8% in 2006 Q1 and 6.7% in March 2007 as compared with March 2006.

Growth in the prices of goods and services included in the calculation of the core consumer price index in 2007 Q1 accounted for an estimated 1.3 percentage points, or 38.3%, of overall consumer price growth as against 2.1 percentage points, or 42.4%, in January-March 2006.

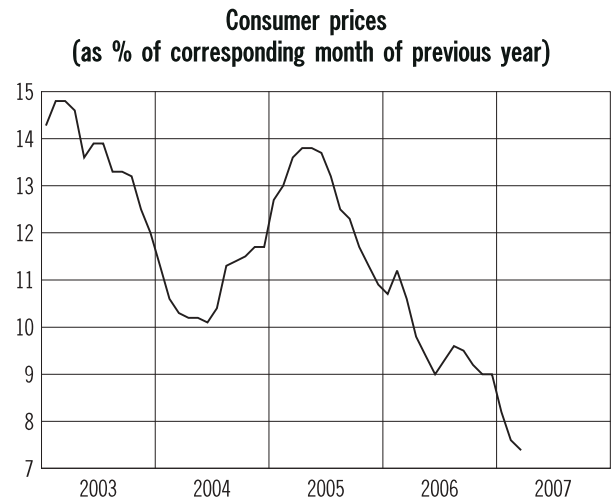
sumer price growth as against 2.1 percentage points, or 42.4%, in January-March 2006.

Growth in food prices slowed down considerably and contributed to lower inflation. **Food prices** grew 2.6% in 2007 Q1 as against 6.2% in 2006 Q1.

Food prices, excluding vegetable and fruit prices, grew 1.7% in January-March 2007 as against 3.9% in January-March 2006, and this growth accounted for an estimated 0.6 percentage points, or 17.8%, of overall consumer price growth in 2007 Q1 as against 1.5 percentage points, or 30.1%, in 2006 Q1.



Source: Rosstat.



Source: Rosstat.

Consumer price inflation (%)

	Growth (March 2007 on December 2006)	Growth (March 2006 on December 2005)	
Prices of goods and services, total	3.4	5.0	Retardation by 1.5 times
of which:			
- food prices	2.6	6.2	Retardation by 2.4 times
- food prices, excluding vegetable and fruit prices	1.7	3.9	Retardation by 2.3 times
- non-food prices	1.1	1.3	Retardation by 1.2 times
- prices of paid services provided to households	8.0	8.0	
Prices of goods and services included in core inflation calculation	1.7	2.8	Retardation by 1.6 times

Source: Rosstat.

Food price inflation (%)

	Growth (March 2007 on December 2006)	Growth (March 2006 on December 2005)	
Food products	2.6	6.2	Retardation by 2.4 times
Bread and bakery products	2.2	4.6	Retardation by 2.1 times
Cereals and legumes	4.5	5.7	Retardation by 1.3 times
Pasta	1.8	1.9	Retardation by 1.1 times
Meat and poultry	0.9	0.9	
Fish and seafood	3.3	3.3	
Milk and dairy products	1.9	3.4	Retardation by 1.8 times
Butter	1.9	2.9	Retardation by 1.5 times
Sunflower oil	0.1	-0.2	
Granulated sugar	-4.9	48.8	
Fruit and vegetables	11.2	29.3	Retardation by 2.6 times
Alcoholic beverages	2.0	2.2	Retardation by 1.1 times

Source: Rosstat.

The rates of growth in the prices of basic food products in January-March 2007 did not exceed the level registered in the first quarter of 2006. Granulated sugar prices continued to go down, registering a 4.9% fall in 2007 Q1. Granulated sugar prices declined 22.8% from September 2006 to March 2007, following a decrease in raw sugar prices on world markets. Changes in granulated sugar prices accounted for an estimated 0.6 percentage points of consumer price growth in 2006 Q1 whereas this contribution was negative and insignificant in 2007 Q1.

Vegetable and fruit prices rose 11.2% in January-March 2007 as against 29.3% in January-March 2006. The increase in vegetable and fruit prices in 2007 Q1 was below the average growth figure in January-March 2001-2006. Growth in vegetable and fruit prices in 2007 Q1 accounted for an estimated 0.4 percentage points of the general rate of inflation (12.5% of overall consumer price growth). In 2006 Q1, growth in vegetable and fruit prices accounted for 1.2 percentage points, or 23.2%, of overall consumer price growth.

As in the previous four years, **non-food prices** grew slower than the prices of other basic consumer goods and services. Non-food prices increased 1.1% in 2007 Q1 as against 1.3% in 2006 Q1.

Petrol prices were observed to decline from October 2006. They dropped 0.9% in 2007 Q1 (they increased 1.9% in 2006 Q1).

As was the case in January-March 2006, **the prices of paid services provided to households** grew 8.0% in January-March 2007 and accounted for an estimated 2.0 percentage points, or 58.1%, of overall consumer price growth (1.9 percentage points or 37.6% of the general rate of inflation in 2006 Q1).

Housing and utility prices rose 12.7% in 2007 Q1 as against 15.6% in the same period last year. Growth in communication fees accelerated to 10.4% in January-March 2007 from 0.5% in January-March 2006 as urban fixed-lined telephone service rates increased considerably in February. Regulated prices of paid services grew by an estimated 10.6% in 2007 Q1 or 0.7 percentage points faster than in the same period last year.

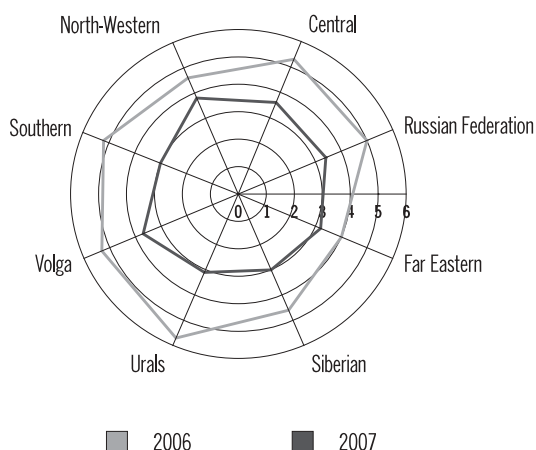
Growth in the prices of paid services provided to the public in 2007 Q1 was 6.1 percentage points faster than growth in the prices of goods (3.9 percentage points faster in 2006 Q1).

According to Rosstat data, consumer price growth in all **federal districts** in January-March 2007 was slower than in the same period last year.

Estimates show that the difference between various Russian territories and regions in terms of the price of the fixed set of goods and services used by the Federal State Statistics Service for interregional comparisons of the purchasing power of the population decreased in January-March 2007. The regional difference ratio¹ in that period decreased to 43.3% from 44.0% in 2006 Q1.

¹ The regional difference ratio is calculated by the Bank of Russia as the difference between the price of a fixed set of goods and services in the most expensive and the cheapest regions relative to the national value of the same set.

Consumer price growth by federal district (March as % of December of previous year)



Source: Rosstat.

The rates of growth in non-food prices and food prices, excluding vegetable and fruit prices, were roughly the same in all federal districts in the period under review. The rates of growth in vegetable and fruit prices differed considerably by region in 2007 Q1. In the Central Federal District, for instance, vegetable and fruit prices increased 13.4%, whereas in the Far Eastern Federal District they rose 7.4%.

Growth in the prices of paid services provided to the public slowed down in January-March 2007 as compared with the same period of 2006, except for the North-Western, Southern and Volga Federal Districts.

According to data provided by the Institute for the Economy in Transition, the inflation expectations of managers of the leading industrial enterprises in early 2007 roughly corresponded to the 2006 level. Growth in selling prices was predicted by 33-40% of respondents in January-February 2007 as against 33-36% in January-February 2006.

Housing prices

Housing prices have been growing faster than consumer prices in the past few years. The prices of new homes grew 6.5% in 2007 Q1 relative to 2006 Q4² (8.6% in the same period last year) while the prices of existing housing went up 7.0% (8.4%).

Housing prices continue to grow rapidly, despite the high rates of growth in the construction of new housing, which equalled 151.1% in 2007 Q1 as compared with the same period last year. The steady growth in household incomes and the development of mortgage lending help households finance a noticeable share of housing construction (49.1% in 2007 Q1).

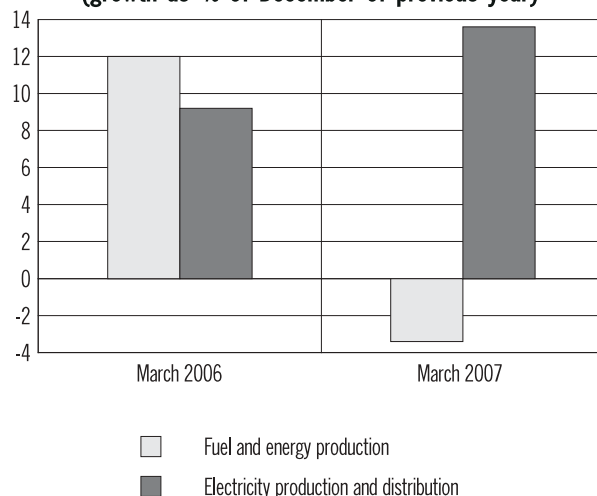
Producer prices

Producer prices rose 1.8% in January-March 2007 as against 6.0% in January-March 2006. Producer prices grew slower in 2007 Q1 as prices in the mining sector fell 2.8%. Fuel and energy producer prices declined 3.4% over this period (they grew 12.0% in 2006 Q1) as a result of lower world oil prices in late 2006 and January 2007. Metallic ore producer prices slipped 0.1% (they grew 5.0% in 2006 Q1). The contribution of producer prices in the mining sector to overall producer price growth was negative and equalled an estimated -0.6 percentage points in January-March 2007 as against 2.4 percentage points, or 40%, in the same period last year.

Producer prices in the manufacturing sector increased 0.9% in 2007 Q1 as against 3.5% in 2006 Q1.

In the manufacturing industries whose output goes to the consumer goods market, price growth accelerated in 2007 Q1 year on year in textile and clothing production (from 0.6% to 2.6%). At the same time, price growth slowed down in

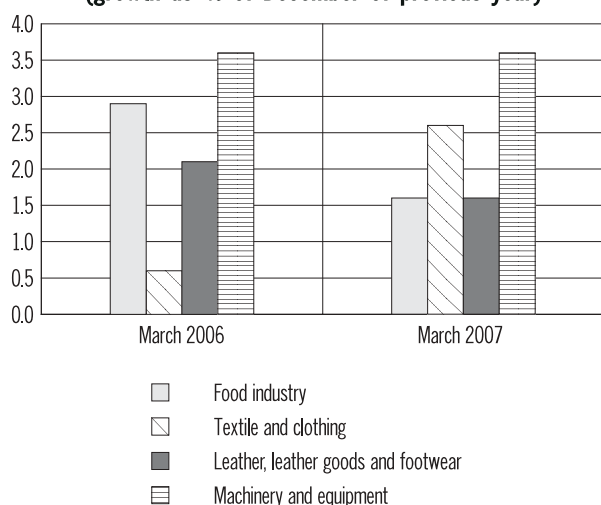
Producer prices by type of activity (growth as % of December of previous year)



Source: Rosstat.

² As of the end of period.

Producer prices in some manufacturing industries (growth as % of December of previous year)



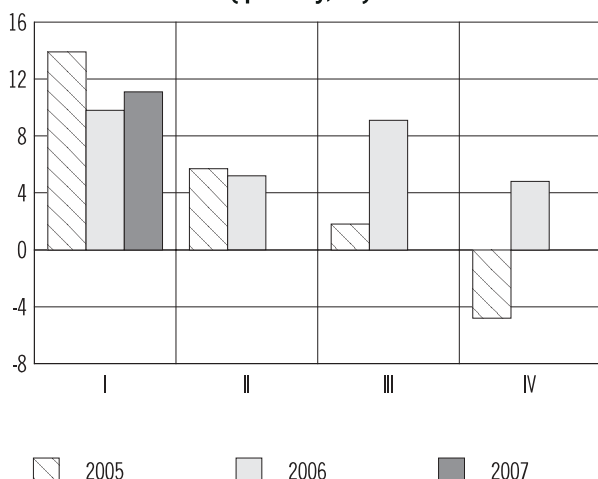
Source: Rosstat.

the production of foodstuffs, including beverages, tobacco products, and leather, leather goods and footwear.

According to estimates, growth in producer prices in industries whose output goes directly to the consumer goods market in January-March 2007 accounted for 0.7 percentage points of core inflation (1.2 percentage points in the same period of 2006).

Prices in the production, transmission and distribution of electricity rose 13.6% in 2007 Q1 as against 9.2% in the same period last year.

Freight transportation charges (quarterly, %)

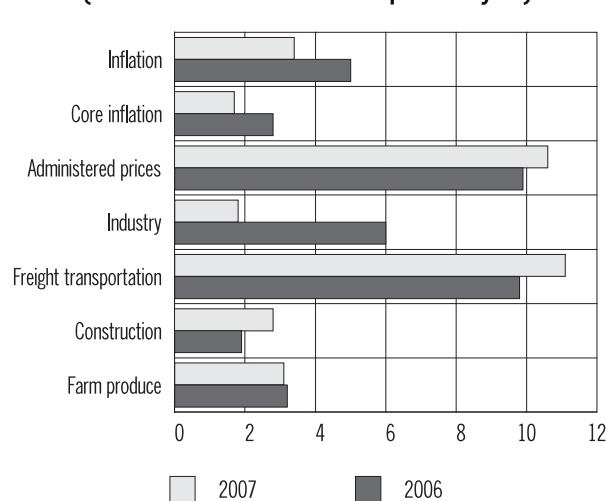


Source: Rosstat.

³ According to data provided by the Bureau of Labor Statistics at the US Department of Labor, the Statistical Office of the European Communities (Eurostat), the National Statistics Bureau of China and national statistical offices of other countries. The calculations of contributions by some factors to US and eurozone inflation were made by the Bank of Russia.

⁴ Growth in the prices of goods and services included in the consumer goods basket, excluding foodstuffs and energy products.

Price growth in the economy (March as % of December of previous year)



Source: Rosstat.

Freight transportation charges increased 11.1% in the first three months of the year as against 9.8% in January-March 2006. Railway fares were up 7.8% in the period under review (8.9% in January-March 2006).

Communication fees for corporate entities edged up 4.0% in January-March 2007 (they dropped 0.4% in the same period last year).

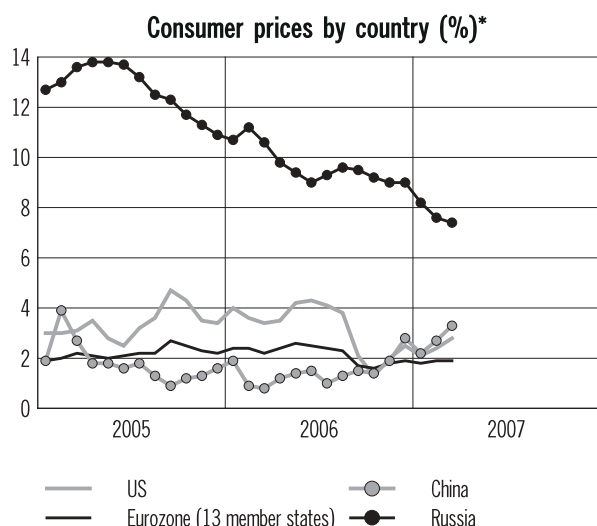
Prices in the **construction sector** rose 2.8% in 2007 Q1 as against 1.9% in the same period last year.

Agricultural producer prices increased 3.1% in January-March 2007 (3.2% in January-March 2006) largely due to growth in producer prices in the crop-growing sector, which rose 6.7% (7.6% in the same period last year). The most significant growth in 2007 Q1 was registered in vegetable prices, which went up 23.6% as against 25.0% in 2006 Q1.

The prices of livestock products increased 0.8% in January-March 2007 (0.6% in January-March 2006). Meat and poultry prices declined 0.5% (1.0% in January-March 2006).

Inflation in some countries³

US inflation stood at 1.8% in March 2007 compared with December 2006 (it equalled 1.5% in March 2006 on December 2005). Core inflation⁴ made the biggest contribution to the change of the general level of consumer prices in



* Consumer price growth on corresponding month of previous year.

Source: the Bureau of Labor Statistics at the US Department of Labor, the Statistical Office of the European Communities (Eurostat), the National Statistics Bureau of China, Rosstat.

the United States in the period under review by contributing 1.0 percentage point. Energy and food prices accounted for 0.6 and 0.2 percentage points, respectively, of overall consumer price growth in the United States. At the same time, the accelerated growth of energy and food prices in 2007 Q1 as compared with 2006 Q1 made the biggest contribution to the general level of inflation. Energy prices increased 6.3% in January-March 2007 (they went up 4.8% in January-March 2006) as the prices of energy products used for household needs⁵ rose from 0.1% to 2.0% and the prices of motor fuel grew from 9.9% to 10.6%. Food prices went up 1.7% in March 2007 on December 2006 (they rose 0.6% in March 2006 on December 2005). The accelerated food price growth was attributable to growth in fruit and vegetable prices and meat and dairy product prices.

US core inflation stood at 1.3% in January-March 2007 (1.4% in the same period last year). US core inflation decreased as growth in rent slowed down from 1.9% to 1.7%. The prices of clothing and footwear grew slower while the prices of motor vehicles went down. Growth in tuition fees slowed down. At the same time, health service charges grew faster.

Eurozone inflation⁶ stood at 0.4% in January-March 2007, as was the case in the same period last year. Growth in energy prices made the biggest contribution to the rise in eurozone consumer prices (by 0.2 percentage points). Growth in food prices and core inflation contributed to the increase in consumer prices equally (by 0.1 percentage points). Growth in energy prices decelerated from 3.3% in January-March 2006 to 2.2% in January-March 2007. The prices of motor fuel and lubricants increased 2.4% (3.2% in January-March 2006) and the prices of energy products used for household needs went up 2.0% (3.4%). Growth in food prices, including alcoholic beverages and tobacco products, decelerated from 1.0% in January-March 2006 to 0.5% in January-March 2007 due to the slowing of growth in fruit and vegetable prices.

Eurozone core inflation⁷ stood at 0.2% in 2007 Q1 (eurozone core inflation was negative at 0.1% in the same period last year). Growth in the prices of hotel and restaurant services made the biggest contribution to core inflation. The continued fall in the prices of some goods and services related to leisure time and individual creativity (including audio and video equipment and personal computers) had a positive effect on core inflation.

Terms of trade

In January-March 2007, the situation on world commodity markets was favourable for Russian exporters. The prices of major Russian export commodities⁸ were on average slightly higher than in the same period last year. Non-energy prices went up 16.1% while energy prices went down 2.5% in 2007 Q1.

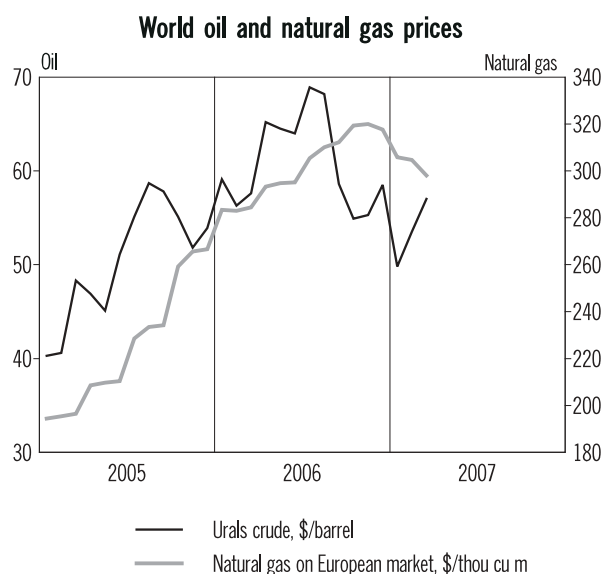
World oil prices declined in October-December 2006 and January 2007 due to slower growth in demand as a result of mild weather, the increased supply of oil by non-OPEC countries on world markets and large US commercial crude inventories. The prices of oil and petroleum products started to grow again in February amid increased tensions between Iran and the West over

⁵ Fuel oil, boiler fuel, coal, household gas and electricity.

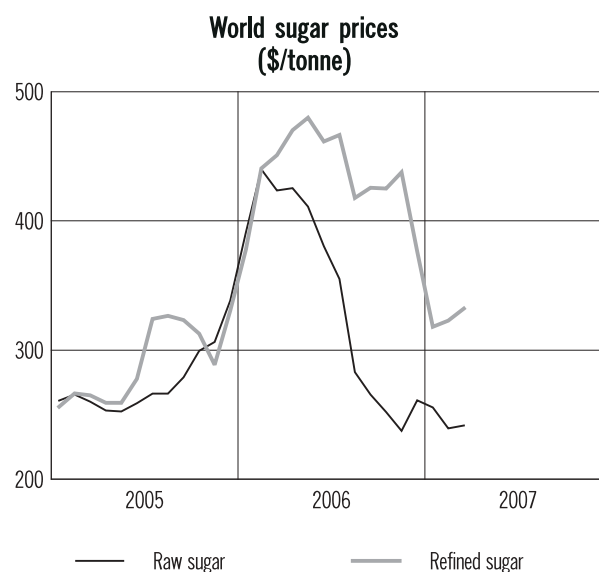
⁶ Data provided by Eurostat on 13 eurozone member states, including Slovenia.

⁷ Growth in the prices of goods and services included in the consumer goods basket, excluding foodstuffs, alcoholic beverages, tobacco and energy products.

⁸ Average prices have been calculated on the basis of data provided daily by the following news agencies and exchanges: Reuters for oil, Petroleum Argus for petroleum products (petrol, diesel fuel and fuel oil) and the London Metal Exchange for non-ferrous metals (aluminium, copper and nickel). Average monthly prices of natural gas and ferrous metal price indices have been calculated on the basis of data provided by the World Bank, and average monthly prices of other goods on the basis of data provided by the IMF.



Source: Reuters, World Bank.



Source: Financial Times.

the Iran nuclear programme and the expectations of seasonal growth in US petrol consumption. The decision made by OPEC member states at their March 15 meeting in Vienna to keep oil production levels unchanged had no significant effect on the world oil market. As a result, the price of Urals crude went down 6.5% in 2007 Q1 year on year to \$54 per barrel on average, according to Bank of Russia estimates. Changes in petroleum product prices largely followed oil price dynamics and declined 6.9% on average. The prices of natural gas in Europe were observed to decline in January-March 2007 but were 6.8% higher than in the same period last year.

The world ferrous metal market registered some growth in January-March 2007. However, world ferrous metal prices fell 4.8% on average in 2007 Q1 as compared with 2006 Q1. Aluminium and copper prices stabilized while nickel prices continued to grow on the world non-ferrous metal market in the first three months of 2007. Non-ferrous metal prices were considerably higher in 2007 Q1 than in the same period last year (50% higher on average). Aluminium prices were 16% higher, copper 20% and nickel 180%. The prices of other Russian export commodities were largely higher in January-March 2007 than in January-March 2006.

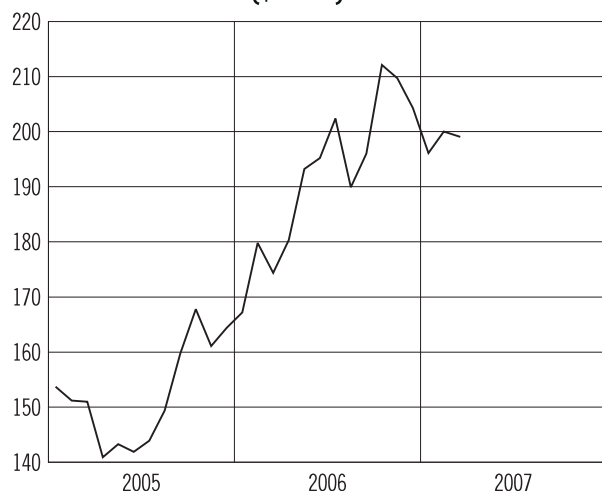
The prices of Russia's major food imports⁹ demonstrated opposite dynamics on world markets in January-March 2007: beef prices were virtually unchanged, pork and poultry prices were observed to grow while sugar and wheat prices largely went down.

In 2007 Q1, beef prices stayed at the level registered in late 2006, suggesting stabilisation on the world beef market, while growth in pork and poultry prices reflected increased world demand for these food products. Beef and poultry prices increased 5% and pork prices went up 10% in January-March 2007 year on year.

World sugar prices were observed to decline in 2007 Q1 as sugar output exceeded sugar consumption. A good raw sugar harvest increased refined sugar output and world sugar stocks. In February 2007, the International Sugar Organisation reviewed upward its estimate of world sugar overproduction in the 2006/2007 season and raised its estimates of a new harvest, in particular, in Brazil. According to estimates, a sugarcane harvest in the 2007/2008 season can reach a record amount of 415 million tonnes or 11.8% more than in the previous season. The expectations of a good harvest and the forecasts of considerable sugar surpluses on the world market will bring sugar prices further down. Raw sugar prices

⁹ Average prices of raw and refined sugar have been calculated on the basis of data provided daily by the London Commodity Exchange, average monthly prices of beef and wheat on the basis of data provided by the World Bank and pork and poultry on the basis of data provided by the IMF.

US wheat export prices (\$/tonne)



Source: World Bank.

continued to fall in 2007 Q1 whereas refined sugar prices slightly increased in February-March 2007. Year on year, raw and refined sugar prices declined 41% and 23%, respectively, on the world market in January-March 2007.

According to the International Grains Council's forecast published in February 2007, world wheat demand is expected to exceed supply in the 2006/2007 season and carryover wheat inventories will decline by the end of the season, especially in Argentina, Australia, the European Union, Canada and the United States, which are the world's leading wheat producers. As a result, world grain prices will continue to be high. US wheat export prices in 2007 Q1 remained virtually at the level registered in late 2006. Year on year, US wheat export prices increased 14% in January-March 2007.

Growth in import prices exceeded growth in the prices of exported products and the terms of Russia's trade with foreign countries¹⁰ deteriorated in January-March 2007 as compared with the same period last year.

Russia's foreign trade surplus contracted in 2007 Q1 year on year, as imports grew faster than exports. Russia's foreign trade surplus fell 21.9% to \$28.4 billion in the period under review (it grew 48.4% to \$36.4 billion in January-March 2006).

Foreign trade in some countries¹¹

The trade deficit in the European Union¹² grew by 1.3 billion euros in January-February 2007 year on year. However, growth in the EU trade deficit slowed down sharply in the first two months of the year as compared with the same period last year. The value of the imports of mineral fuel and lubricants by the EU member states decreased 11.4% in January-February 2007 (it rose 60% in the same period last year). Russia accounted for more than 25% of the imports of these commodities by the EU in 2006. The imports of Russian commodities by the EU member states in January 2007 slightly decreased as compared with January 2006. The share of Russian deliveries in the total value of imports by EU member states declined from 10.5% in January 2006 to 9.6% in January 2007 while the share of deliveries from China increased from 14.5% to 16.7%.

The US trade deficit fell by \$10.8 billion in January-February 2007 year on year as a result of slower growth in the imports of goods and stable growth in exports. The slowing of growth in imports was largely attributable to the lower value of the imports of crude oil, gas condensate, petroleum products and natural gas. The deliveries of Russian commodities to the US market decreased in January-February 2007 as compared with the same period last year due to reduced deliveries of Russia's two major commodity groups: ferrous and non-ferrous metals and products made of them, and oil and petroleum products. The share of Russia in the US import structure stayed below 1% in the period under review. The deficit in trade with China accounted for one-third of the US total trade deficit.

China's trade surplus amid the accelerated growth in exports expanded by \$23.1 billion (by two times) in 2007 Q1 as compared with 2006 Q1. Russia ranked tenth among China's trading partners. The imports of Russian goods by China grew slower than China's total imports in January-March 2007. Growth in the deliveries of Russian goods to the Republic of Belarus and Ukraine slowed down sharply. The share of Russian deliveries in the import structure of the Republic of Belarus and Ukraine decreased considerably in 2007 Q1 as compared with 2006 Q1. Nevertheless, Russian goods accounted for more than a half of Belarus' imports and for a quarter of Ukraine's imports. Growth in the imports of Russian goods by Kazakhstan accelerated but was slower than total import growth. As a result, the share of Russian deliveries to Kazakhstan declined from 39% to 35%.

¹⁰ The ratio between export and import price indices.

¹¹ According to data provided by the Census Bureau of the US Department of Commerce, the Statistical Office of the European Communities (Eurostat), the Ministry of Commerce of China and national statistical offices of other countries.

¹² The union of 27 countries, including Bulgaria and Romania. The data excludes mutual trade between EU member states.

Demand

Domestic demand

GDP expanded by 6.7% in 2006 and by an estimated 7.9% in 2007 Q1 (by 5.0% in 2006 Q1). Economic growth was driven by strong investment and consumer demand. However, the contribution of domestic demand to GDP growth was lower in 2006 than in 2005, according to estimates. Domestic demand for imports grew faster than for Russian-made products. The gap between growth in the demand for imports and domestic products widened due to an accelerated increase in imports.

Domestic demand expansion due to growth in revenues in various branches of the economy and the ruble's appreciation contributed to the dynamic growth of investment and consumer imports. According to Bank of Russia estimates, the import of investment goods needed for economic development grew faster than consumer goods imports.

The share of imports in the retail trade structure increased from 45% in 2005 to 46% in 2006 largely as a result of growth in the imports of non-food products.

As was the case in the same period last year, the imports of goods increased in January-March 2007 largely due to growth in import volumes, which continued to expand rapidly, although slower than in January-March 2006. The prices of imported goods were observed to rise in 2007 Q1 whereas in the same period last year they registered a fall. Growth in import prices created conditions for an increase in prices on the domestic market. The acceleration of growth in engineering imports, especially cars, as compared with

January-March 2006, led to a significant increase in the value of imports.

Imports from member states of the Asia-Pacific Economic Cooperation (APEC) organisation, especially from China, Japan and the United States, grew faster than total imports¹³ in January-February 2007. At the same time, imports from the EU countries (including eurozone member states), and also from the Commonwealth of Independent States (CIS), grew slower than total imports. Imports from Great Britain, Spain, the Czech Republic and Slovakia registered the biggest growth among the EU member states while among the CIS countries the most rapid growth was registered in imports from Ukraine. Imports from member states of the Eurasian Economic Community (EurAsEC) registered the slowest growth in the period under review.

Household spending on final consumption increased 11.2% in 2006 as against 12.8% in 2005. Consumer spending continued to grow rapidly in 2007 Q1, stimulating the expansion of retail trade turnovers. In the first three months of this year, retail trade turnover increased 13.6% as against 11.1% in the same period last year while the value of paid services provided to the public grew 7.9% (7.3%).

Government expenditures on final consumption increased 4.2% in 2006 as against 2.2% in 2005. Nevertheless, the restrictive budget expenditure policy and the absorption of excess liquidity by the Russian Government's Stabilisation Fund contained growth in consumer prices.

Gross capital formation increased 13.4% in 2006 as against 7.2% in 2005. Investment grew rapidly in January-March 2007. Fixed capital investment expanded 20.1% in the first three

GDP consumption
(growth as % of corresponding period of previous year)

	2004					2005					2006				
	I	II	III	IV	Full year	I	II	III	IV	Full year	I	II	III	IV	Full year
GDP	7.0	7.8	7.2	6.6	7.2	5.0	5.6	6.5	8.0	6.4	5.0	7.0	6.8	7.8	6.7
Final consumption	8.2	9.2	10.0	9.2	9.2	6.7	10.3	10.7	10.9	9.7	7.9	9.1	9.6	10.2	9.3
Including:															
- households	11.0	12.3	13.2	11.9	12.1	9.5	14.0	13.7	13.6	12.8	9.6	10.7	11.6	12.6	11.2
Gross capital formation	14.7	15.7	8.0	13.7	12.2	16.3	0.4	6.6	8.3	7.2	4.0	16.9	10.4	19.7	13.4
Net exports	-4.1	-8.6	-14.9	-23.8	-12.2	-9.9	-8.6	-24.0	-11.1	-12.8	-5.9	-14.3	-22.2	-24.3	-15.8
- exports	11.2	11.7	11.1	13.0	11.8	3.5	5.7	5.1	10.6	6.4	9.0	6.4	6.1	7.4	7.2
- imports	21.5	22.4	20.8	27.4	23.3	14.7	14.5	17.8	19.6	17.0	22.9	21.7	19.1	23.2	21.7

Source: Rosstat.

¹³ According to data provided by the Federal Customs Service of Russia.

months of this year as against 5.7% in the same period last year. In 2006, 60.5% of total fixed capital investment in large and medium-sized enterprises was made in transport, communications, manufacturing and mining enterprises.

In 2006, as in 2005, more than a third of fixed capital investment was made in machinery, equipment and transport vehicles. About one-fifth of investment went to purchase imported equipment. Large investment in machinery and equipment contributed to technical retooling and was a major factor of growth in labour productivity and created conditions for the reduction of price growth.

Fixed capital investment was largely financed with borrowed funds in 2006 (55.7%), of which budget funds accounted for 19.8%. The share of bank loans in the structure of investment financing sources grew by 0.6 percentage points in 2006 year on year to 8.9%.

Growth in imports considerably exceeded growth in exports in 2006. As a result, net exports of goods and services declined 15.8%. According to estimates, the trend towards the reduction of net exports continued into 2007 Q1.

Foreign demand

According to estimates based on forecasts made by the OECD, the European Commission and the Reuters news agency, economic growth in January-March 2007 continued in the countries that were Russia's main trading partners¹⁴. GDP growth in Germany, Italy, the Netherlands, France and some other countries was estimated to be higher in January-March 2007 than in the same period last year.

According to preliminary data, GDP growth accelerated to 11.1% in 2007 Q1 from 10.4% in 2006 Q1 in China and to 2.8% from 2.4% in Great Britain. In the United States, GDP growth slowed down from 3.7% to 2.1% due to a sharp slowdown in the growth of investment in housing construction.

The value of the exports of Russian commodities increased in January-March 2007 as compared with the same period last year due to growth

in the value of the exports of non-energy products while the value of the exports of energy products decreased. Growth in the export prices of non-energy goods expanded their export volumes. The exports of goods increased 6.0% in January-March 2007 year on year to \$71.4 billion (according to the balance of payments methodology). Export volumes grew slower than the prices of export goods and their growth rates were relatively low.

Exports to APEC countries and EurAsEC member states, especially to Kazakhstan, grew faster than total exports in January-February 2007 and increased 23.8% and 23%, respectively¹⁵. The biggest growth in exports to APEC countries was registered in exports to Japan, the Republic of Korea and some other Asian states. The exports of goods to the European Union declined while exports to the eurozone countries expanded. The most significant reduction in exports to Russia's largest EU trading partners was registered in exports to Germany, Great Britain and France whereas exports to the Netherlands expanded.

Supply

The macroeconomic situation in the first months of 2007 was characterised by high growth rates. Output in the major types of economic activity increased 8.8% in 2007 Q1 as against 4.2% in the same period last year. The biggest growth was registered in the production of products in the construction sector, retail trade and manufacturing industries.

Industrial output increased 8.4% in January-March 2007 as against 3.0% in the same period last year. The structure of industrial production in 2007 continued to change towards an increase in the share of products made by manufacturing sectors. Output in manufacturing industries increased 14.5% in January-March 2007 as against 2.8% in January-March 2006. The most dynamic development was registered in investment-attractive manufacturing sectors: the production of machinery and equipment (26%), the production of non-metallic mineral products (25.8%) and the output of transport vehicles (16.4%). High growth

¹⁴ According to data provided by the Bureau of Economic Analysis of the US Department of Commerce, the Statistical Office of the European Communities (Eurostat), the National Statistics Bureau of China and national statistical offices of other countries.

¹⁵ According to data provided by the Federal Customs Service of Russia.

rates were demonstrated by the industries whose output goes to the consumer goods market: the production of leather and footwear (18.7%), foodstuffs (13.7%) and textile and clothing (10.8%). Output growth in these industries created conditions for the reduction of price growth.

The expanded supply of goods had a positive effect on prices. Output in agriculture increased 1.9% in January-March 2007 as against 1.3% in the same period last year. There was a rise in the production of major livestock products, including cattle and poultry for slaughter (by 8.9%). Growth in the production of meat and meat products by 12.2% in January-March 2007, as compared with the same period last year, of which the production of meat, including 1st category sub-products, rose 21.5%, led to the slowing of growth in meat prices on the consumer goods market. A considerable increase in the supply of granulated sugar (by 73.9%) on the consumer goods market also had a positive effect on sugar prices.

The rate of utilisation of production capacities has been observed to grow steadily in the past few years. According to estimates, the utilisation ratio in industry rose by 5 percentage points in 2006 year on year to 65%. At the end of 2006, the highest utilisation ratio was registered in fuel and energy production (82%), pulp and paper and printing output (78%), coke and petroleum product output (75%). The lowest utilisation ratio was registered in the production of machinery and equipment (49%), and also textile and clothing production (47%). Considering the ageing of fixed assets in industry (more than 50% of industrial machinery and equipment have been in operation for over 20 years), the 2006 utilisation ratio can be characterised as relatively high, which increases inflationary pressure on the economy.

Labour market

The trend towards an increase in job numbers observed in 2006 continued in 2007. The number of jobs grew 1.2% in January-March 2007 as against 0.9% in the same period last year. Out-

put grew faster than job numbers. Estimates show that labour productivity increased 6.6% in January-March 2007 as against 4.1% in the same period last year. Consequently, the intensive factors of growth continued to play a major role, containing price increases in the economy.

As in 2005, labour productivity in goods-producing industries grew faster than in the services sectors in 2006. However, labour productivity growth in the industries that produce goods was largely due to the reduction of job numbers. At the same time, growth in labour productivity in the services sectors was attributable to a faster increase in production than in job numbers.

Wages rose faster than labour productivity in January-March 2007 and the gap between them widened in that period, as compared with January-March 2006, creating conditions for further price growth.

Wage levels by type of economic activity continued to differ considerably in early 2007. The highest average monthly wages were registered in the financial sector (34,031 rubles) and fuel and energy production (29,847 rubles), and exceeded the national average wage by 190% and 160%, respectively. The smallest wages were observed in agriculture, hunting and forestry (4,720 rubles), textile and clothing production (5,387 rubles), and also in the production of leather, leather goods and footwear (6,031 rubles), making up 40.7%, 46.5% and 52% of the country's average wage, respectively. It should be noted that low wages were registered in the branches of the economy largely financed from the state budget (education, the provision of other communal, social and personal services; health care and social services).

The number of unemployed calculated according to ILO methodology continued to decline and fell 6.9% in January-March 2007 as against 2.8% in the same period last year. The total number of jobless stood at 7.2% of the economically active population in January-March 2007 as compared with 7.8% a year earlier.

Monetary Conditions

Exchange rate

Favourable trends registered on the Russian foreign exchange market in the previous period prevailed in January-March 2007. High energy prices, despite their temporary fall in early January, brought large amounts of foreign currency earnings to the Russian forex market in the first three months of 2007 and contributed to growth in Russia's international reserves given the Bank of Russia's managed floating exchange rate regime. The ruble/dollar and the ruble/euro rates on the domestic forex market followed the dynamics of the dollar/euro rate on international markets. The Bank of Russia remained the net buyer of foreign currency on the domestic forex market as it conducted operations aimed at cushioning fluctuations in the exchange rate of the ruble against the dollar and the euro. From February 8, 2007, the structure of the bi-currency basket used by the Bank of Russia was changed from 0.6 dollars and 0.4 euros to 0.55 dollars and 0.45 euros. Last time the Bank of Russia changed the structure of its bi-currency basket in December 2005.

The trend registered in early 2006 towards the **ruble's appreciation against the US dollar** persisted in January-March 2007. Despite the ruble's fall against the dollar by 0.7% in January, the ruble gained 1.1% against the US currency in

nominal terms in January-March 2007 quarter on quarter (1.9% in January-March 2006). The ruble rose 0.5% against the dollar in February and 0.9% in March month on month to 26.01 rubles to the dollar as of April 1, 2007. The ruble gained against the US currency following the euro's rise against the dollar. At the same time, the euro appreciated against the dollar on statements by the European Central Bank that it would raise the eurozone interest rate in 2007, and also on reports about the intention of monetary authorities in some countries (China, Iran) to reduce the share of dollar assets in their reserves. The average monthly ruble/dollar rate was 26.31 rubles to the dollar in January-March 2007 as against 26.59 rubles to the dollar in October-December 2006.

The **ruble/euro nominal exchange rate** continued to decline in 2007 Q1. Although the ruble gained 0.8% against the euro in January and 0.2% in February, it slipped 0.6% against the single European currency in January-March 2007 (it rose 1% in January-March 2006) to 34.69 rubles to the euro as of April 1, 2007. The average monthly ruble/euro rate stood at 34.48 rubles to the euro in 2007 Q1 as against 34.29 rubles to the euro in 2006 Q4.

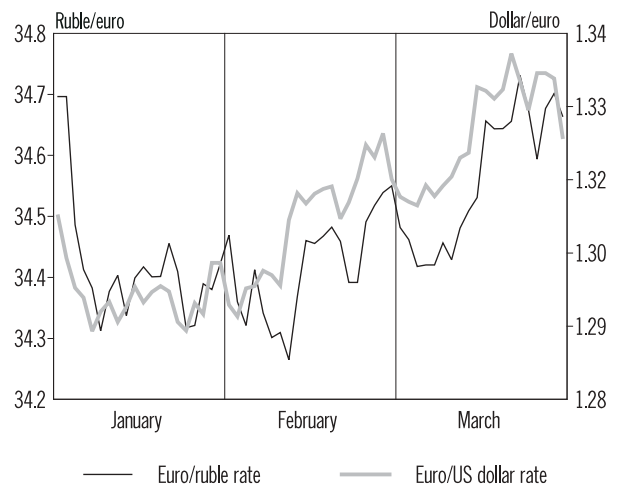
The real exchange rate of the ruble gained 3.5% against the dollar and 2.3% against the euro in January-March 2007 as compared with the pre-

Nominal US dollar/ruble and US dollar/euro exchange rate in 2007 Q1



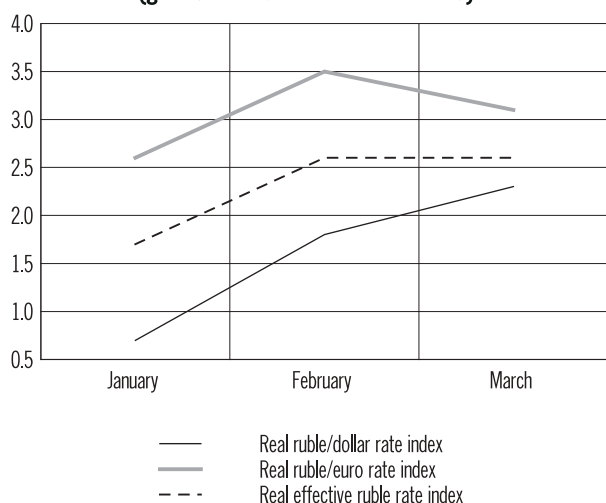
Source: Bank of Russia, Reuters.

Nominal euro/US dollar and euro/ruble exchange rate in 2007 Q1



Source: Bank of Russia, Reuters.

Real ruble exchange rate indices in 2007 Q1
(growth as % of December 2006)



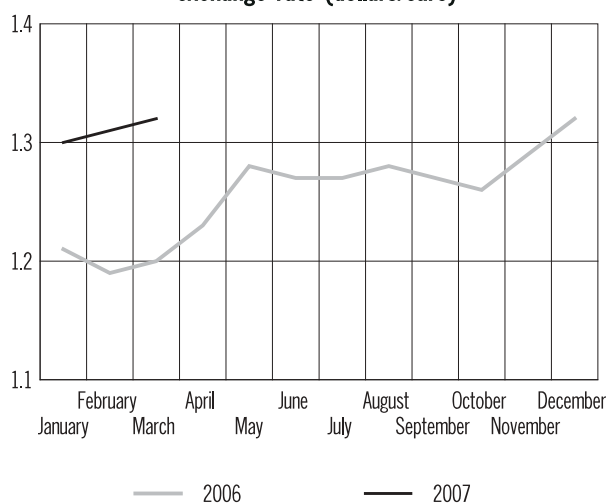
Source: Bank of Russia.

vious quarter (6.1% and 5.5%, respectively, in January-March 2006). The real effective exchange rate of the ruble against foreign currencies rose by an estimated 2% in the first three months of 2007 (by 4.7% in January-March 2006).

Russia's international reserves grew by 11.6% or \$35.1 billion in 2007 Q1 (by 13% or \$23.6 billion in 2006 Q1). Russia's international reserves expanded by 0.05% or \$154 million in January, 3.5% or \$10.6 billion in February and 7.7% or \$24.3 billion in March. The value of Russia's international reserves increased by almost 65% or \$132.9 billion from April 1, 2006, to \$338.8 billion as of April 1, 2007.

On international forex markets, the dollar lost 0.4% to the euro and 1.1% to the yuan in January-March 2007

Average monthly euro/US dollar exchange rate (dollars/euro)



Source: Reuters.

(March 2007 on December 2006). At the same time, the dollar gained 0.1% against the Japanese yen. The dollar depreciated against the euro due to the narrowing of differences in interest rates in the United States and the eurozone. China continued to conduct its policy of the yuan's smooth appreciation against the dollar (with intraday exchange rate fluctuations limited to $\pm 0.3\%$, as before). Changes in the dollar exchange rate against some other currencies of importance for the Russian economy demonstrated opposite trends. The dollar appreciated against the Ukrainian hryvnia, Belarusian ruble, Polish zloty, Swiss frank, British pound, South Korean won, Czech koruna and Swedish krona but depreciated against the Turkish lira, Kazakh tenge, Hungarian forint, Lithuanian litas, Slovak koruna, Romanian leu and Indian rupee.

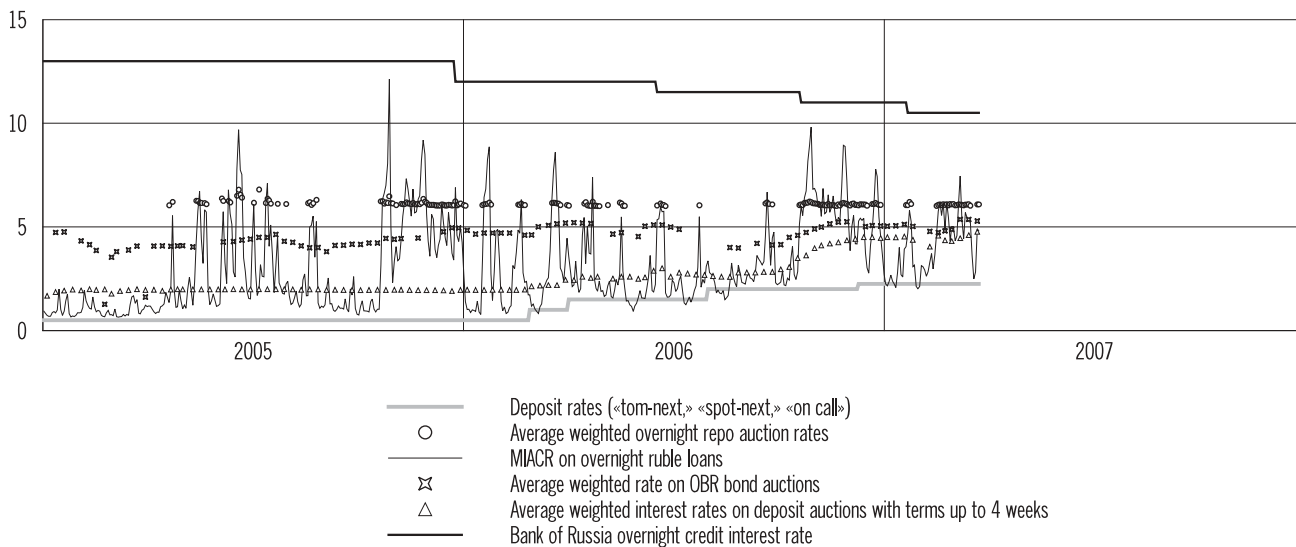
Interest rates

In January-March 2007, the Bank of Russia continued its policy of **narrowing the interest rate band** in its operations. The upper limit of the Bank of Russia interest rate band, set by the interest rate on overnight loans, was lowered from January 29, 2007, from 11% to 10.5% p.a. The lower limit of the Bank of Russia interest rate band, set by the interest rate on deposit operations on standard «tom-next», «spot-next» and «on call» conditions, stayed at the level of 2.25% p.a. during the first quarter of 2007 and was raised from April 2, 2007, from 2.25% to 2.5% p.a.

The Bank of Russia set higher deposit auction cut-off rates in January-March 2007. Average weighted four-week deposit auction interest rates changed within a band of 4.04%-4.76% p.a. as against 2.95%-4.50% p.a. in 2006 Q4 while average weighted three-month deposit auction interest rates changed within 4.55%-5.10% p.a. (4.03%-5.11% p.a.). The average weighted yield at the Bank of Russia bond (OBR) auctions held in January-March 2007 also increased and ranged from 4.73% to 5.36% p.a. (4.14%-5.24% p.a. in 2006 Q4).

The average weighted interest rate on overnight repo operations, the principal market instrument used to provide liquidity to banks, stayed within the range of 6.01%-6.20% p.a. (6.01%-6.47% p.a. in 2006 Q4). The average weighted interest rate on Lombard loan auctions ranged from 7.00% to 7.15% p.a. in January-March 2007 (from 7.00% to 7.18% p.a. in January-March 2006).

Bank of Russia interest rates and overnight MIACR (%)



Source: Bank of Russia.

The ruble's appreciation against the world's major currencies in 2007 Q1 as compared with the same period last year encouraged financial market participants to invest in ruble-denominated assets.

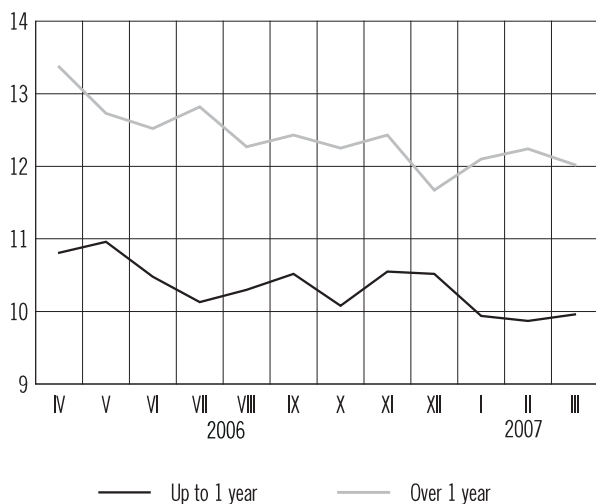
Credit institutions' interest rates on overnight interbank ruble loans remained within the Bank of Russia interest rate band during the larger part of 2007 Q1 and dropped below bid rates on ruble «tom-next» deposits with the Bank of Russia (by 1-23 basis points) on some days of January and February. MIACR interest rates on overnight ruble loans ranged within a narrower band in January-March 2007 (2.02%-7.45% p.a.) as compared with 2006 Q4 (2.17%-9.82% p.a.). The average

MIACR on overnight ruble loans in 2007 Q1 dropped to 4.0% p.a. as against 5.12% p.a. in 2006 Q4.

As in the previous quarter, there was no single trend in the dynamics of interest rates on ruble loans extended to non-financial enterprises and households in the first three months of 2007. The average quarterly interest rates on short-term loans to non-financial enterprises fell by 0.5 percentage points to 9.9% p.a. in 2007 Q1 quarter while the average quarterly interest rates on long-term loans were unchanged at 12.1% p.a.

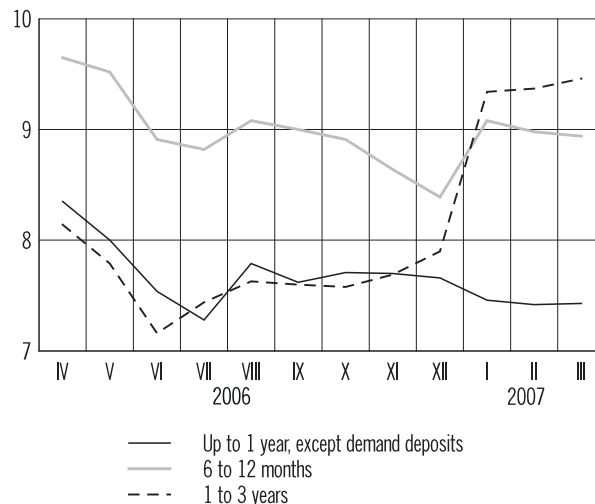
The yield curve for loans to non-financial enterprises had a rising slope in all the maturity sectors in January-March 2007. The inclination of

Interest rates on ruble loans to non-financial enterprises (% p.a.)



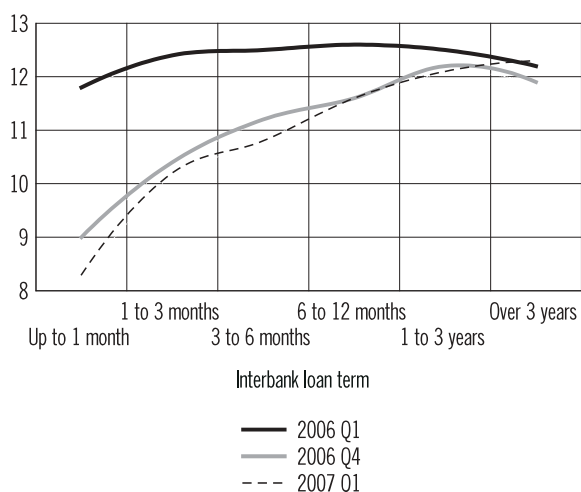
Source: Bank of Russia.

Interest rates on household ruble deposits (% p.a.)



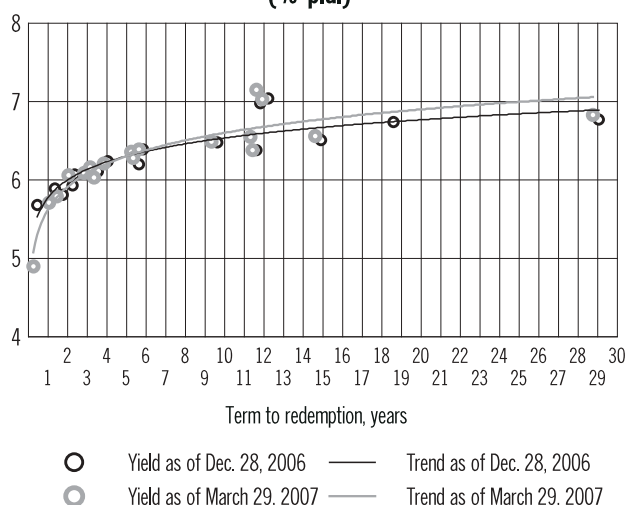
Source: Bank of Russia.

Yield curve for bank loans to non-financial enterprises (% p.a.)



Source: Bank of Russia.

OFZ effective yield curve (% p.a.)



Source: Bank of Russia.

the yield curve increased due to a fall in interest rates on loans with the term of up to three years and growth in interest rates on loans with longer terms.

The average interest rate on loans extended to households for a term of up to one year dropped by 0.1 percentage points in 2007 Q1 quarter on quarter to 18.1% p.a. while the interest rate on household loans for a term of over one year increased by 0.1 percentage points to 15.6% p.a.

The average interest rate on household deposits with the term of up to one year dropped by 0.3 percentage points in 2007 Q1 quarter on quarter to 7.4% p.a. In the period under review, the term structure of household deposit interest rates

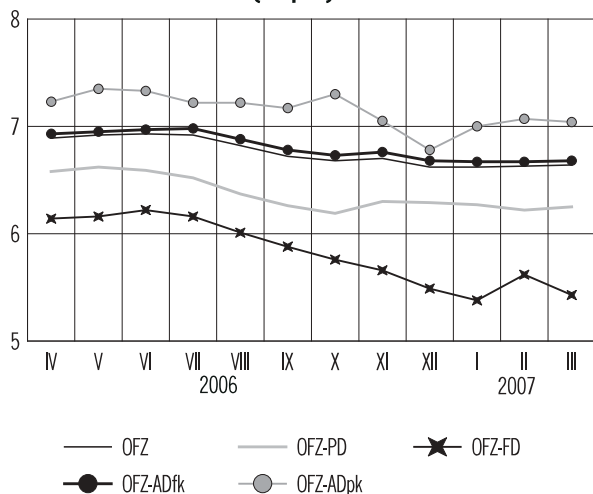
became more balanced. The interest rates on household deposits with terms from six to 12 months became lower than the interest rates on deposits with terms from one to three years, which increased significantly. The average interest rate on household deposits with terms from one to three years rose by 1.7 percentage points in 2007 Q1 quarter on quarter to 9.4% p.a.

The yields on federal loan bonds (OFZ) were observed to fluctuate in the first three months of this year. As a result, the OFZ market portfolio effective indicator stood at 6.63% p.a. at the end of 2007 Q1, an increase of 0.06 percentage points from the end of 2006 Q4. The average quarterly OFZ market portfolio effective indicator fell by 0.04 percentage points to 6.63% p.a.

The OFZ yield curve retained its rising slope in January-March 2007. The inclination of the yield curve widened after yields on OFZ bonds with terms of up to four years decreased and yields on OFZ bonds with longer terms slightly increased.

In the period under review, the structure of interest rates on instruments with different maturities remained relatively balanced. The price volatility of most of the ruble-denominated instruments on the financial market was moderate. The yield curves for the key financial instruments retained their rising shape. The inclination of the yield curves slightly increased due to opposite interest rate dynamics (the interest rates on short-term instruments slightly fell while the interest rates on long-term instruments slightly increased).

OFZ portfolio average monthly yield (% p.a.)

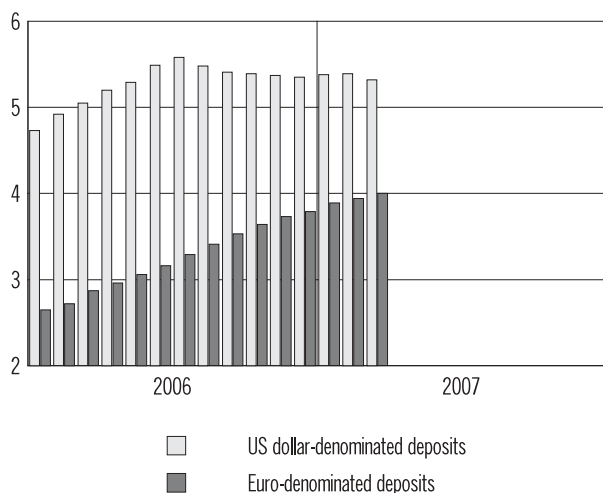


Source: Bank of Russia.

The US Federal Reserve has been keeping the benchmark interest rate on the shortest term interbank loans (federal funds rate) unchanged at 5.25% p.a. since mid-2006. Eurozone consumer prices grew at an annual rate of less than 2% (month on corresponding month of previous year) in January-March 2007, i.e. below the medium-term inflation target set by the European Central Bank (ECB) to ensure price stability. At the same time, the ECB continued its policy of raising short-term interest rates. In March 2007, the ECB raised the refinancing rate from 3.5% to 3.75% p.a. (the seventh increase by 0.25 percentage points since December 2005). The US benchmark federal funds rate has exceeded the ECB's refinancing rate since December 2004 (with the difference of 1.5 percentage points since March 14, 2007, and the maximum difference of 2.5 percentage points over the period since December 2004).

The LIBOR on deposits placed in US dollars was actually unchanged in January-March 2007 (March on December 2006) whereas the LIBOR on deposits placed in euros for terms from one month to one year increased by 0.2 percentage points¹⁶. The yields on US government securities with maturities from two to three years dropped by 0.1 percentage points while the yields on US government papers with terms from five to 30 years changed by less than 0.1 percentage points. The yields on similar eurozone financial assets with maturities from two to 30 years grew by 0.1-0.2 percentage points. The LIBOR on the dollar-denominated deposits with all maturity periods and the yield on US Treasury bonds with all maturities in March 2007 were higher than the LIBOR on the euro-denominated deposits and the yield on the eurozone government securities.

LIBOR on six-month US dollar- and euro-denominated deposits (monthly average, % p.a.)



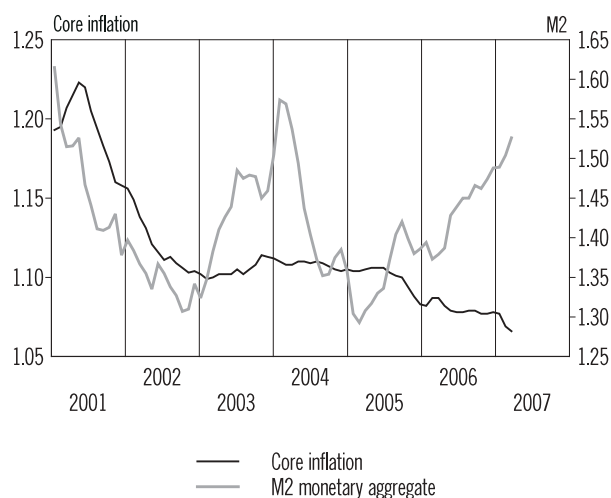
Source: Reuters.

Money

Growth in the **monetary aggregate M2** stood at 4.6% in January-March 2007 and was slower than in the previous quarter (16.0%) due to seasonal factors. Growth in the M2 aggregate accelerated on an annualised basis in the first three months of this year from 48.8% as of January 1, 2007, to 52.6% as of April 1, 2007. As a result, the annualised M2 growth exceeded as of April 1, 2007, the upper boundary of the adjusted forecast on the ruble supply increase (32-34%) by 18.6 percentage points. At the same time, despite the high rates of growth in money supply, inflation continued to decrease and the consumer price index annualised growth remained within the targeted range in January-March 2007. The high rates of economic growth, the process of the economy's de-dollarisation and the increase in the share of less liquid components of ruble supply help lessen the inflationary consequences of money supply growth. The velocity of money calculated by the M2 aggregate declined by 4.9% in January-March 2007 as against 2.3% in the same period last year. On an annualised basis, the velocity of money declined by 15.8% as of April 1, 2007, and this decline was faster than in 2005-2006.

The aggregate Money in the monetary survey definition, which comprises the most liquid transactional components of the money supply, reflects the economic situation and liquidity

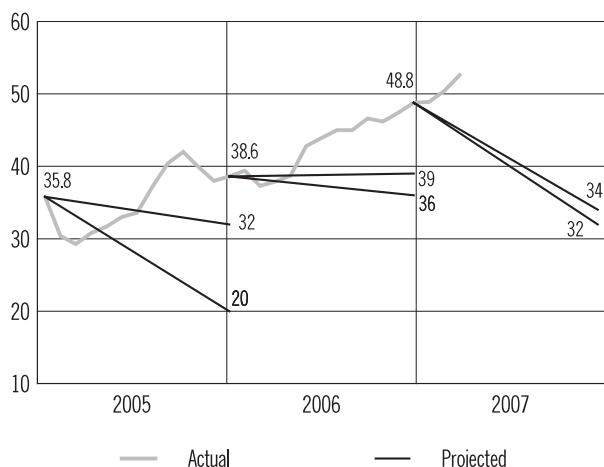
Core inflation and M2 (as % of corresponding date of previous year)



Source: Bank of Russia, Rosstat.

¹⁶ According to data provided by the Reuters agency.

**Projected and actual M2 growth rates
(as % of corresponding date of previous year)**

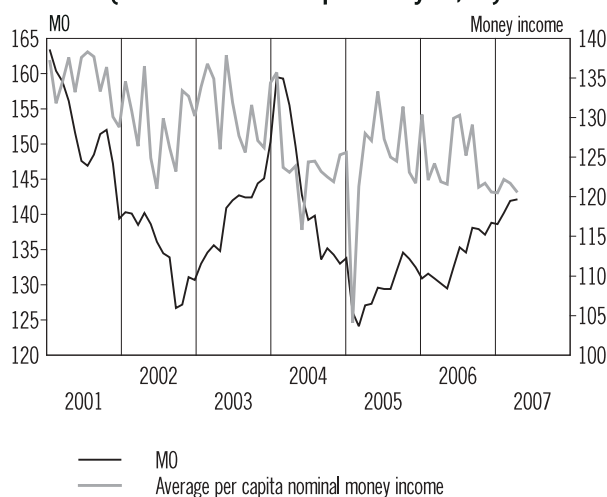


Source: Bank of Russia.

preferences. In 2007 Q1, these funds increased 3.1% (they fell 0.1% in the same period last year) due to growth in the aggregate's non-cash component comprising funds in demand deposits. The value of demand deposits increased 7.9% in January-March 2007 as against 4.1% in the same period last year. Growth in the value of demand deposits on an annualised basis accelerated from 52.0% to 57.5% in the first three months of 2007. Growth in the aggregate Money increased from an annualised 45.1% as of January 1, 2007, to 49.8% as of April 1, 2007.

The non-cash component of the aggregate Money largely comprises corporate funds and its

**M0 and household money income
(month on month of previous year, %)**



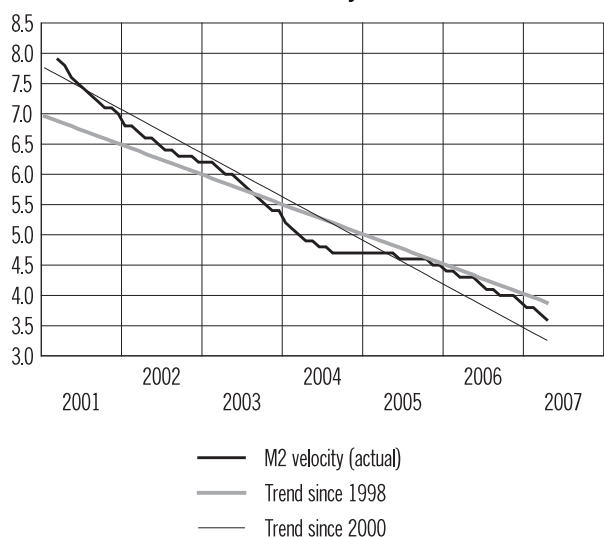
Source: Bank of Russia, Rosstat.

growth reflects the increasing demand of economic agents for money, which they need to conduct transactions. The share of corporate funds increased from 77.7% to 79.9% in January-March 2007.

Following the seasonal patterns, **cash outside banks (monetary aggregate M0)** contracted by 1.6% in January-March 2007 as against 4.0% in the same period last year. Growth in the M0 aggregate on an annualised basis accelerated from 38.6% to 42.1% in 2007 Q1.

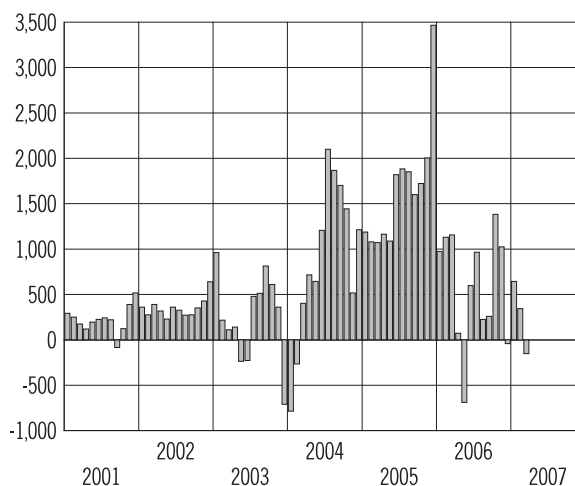
The dynamics of household demand for foreign exchange had a major effect on M0 dynamics in 2007 Q1. Net sales of foreign exchange to

M2 velocity



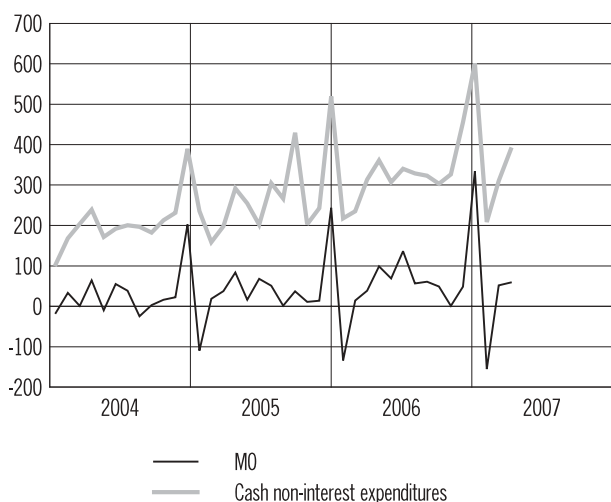
Source: Bank of Russia.

**Net sales of foreign exchange to households through
exchange offices (million US dollars)**



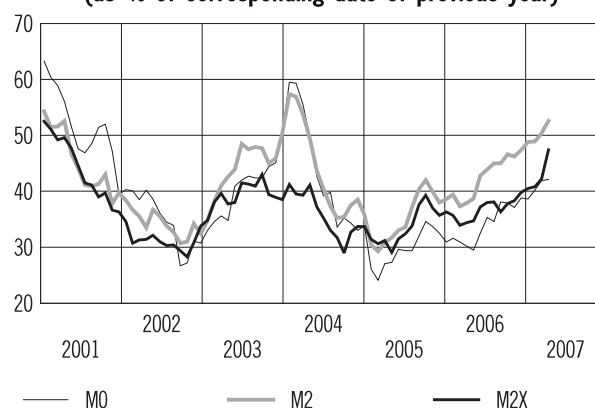
Source: Bank of Russia.

Monthly growth in cash in circulation and cash non-interest federal budget expenditures (billion rubles)



Source: Bank of Russia, Federal Treasury.

Monetary aggregates (as % of corresponding date of previous year)



Definition of aggregates:
 M0 - cash in circulation (outside banks);
 M2 = M0 + ruble accounts of resident non-financial enterprises and households;
 M2X (money supply in the monetary survey definition) = M2 + foreign currency deposits.
 Source: Bank of Russia.

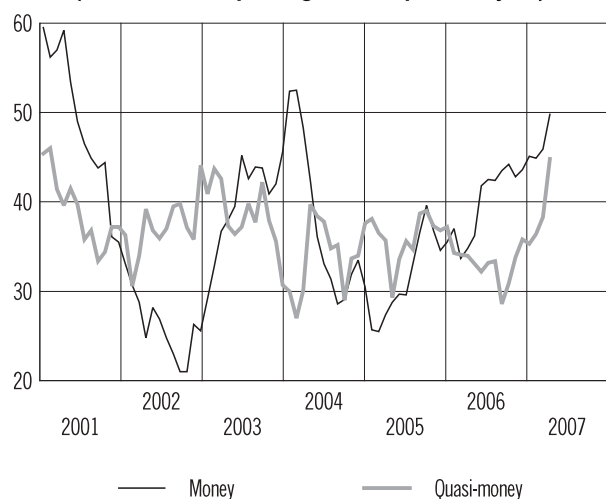
households through the exchange offices of authorised banks accounted for nearly \$800 million in January-March 2007, which is a contraction of almost four times as compared with the same period last year.

The share of cash in the M2 structure fell by 1.8 percentage points in January-March 2007 to 29.1% as of April 1, 2007. These structural changes in the ruble supply may somewhat mitigate the impact of money supply growth on inflation.

The aggregate Quasi-money comprises less liquid components of money supply used by economic agents as savings. In January-March 2007, Quasi-money increased 12.6% as against 5.2% in

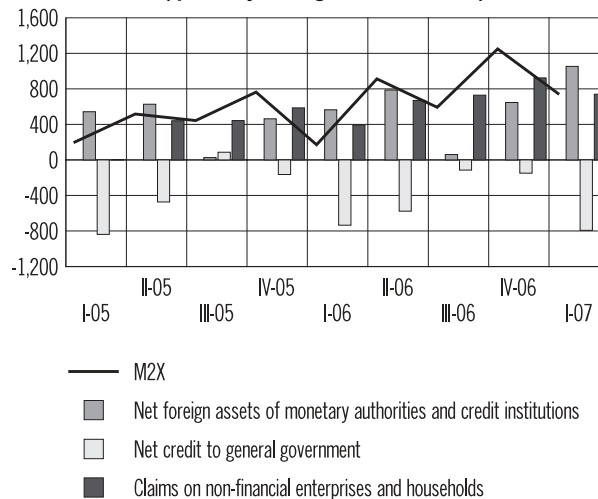
the same period last year and its annualised growth accelerated from 34.0% as of April 1, 2006, to 44.8% as of April 1, 2007. Growth in Quasi-money in 2007 Q1 was due to the expansion of the ruble component and the increase in the value of foreign currency-denominated deposits. The ruble-denominated time deposits increased 7.0% in the period under review (5.9% in January-March 2006) and their annualised growth accelerated from 55.4% as of January 1, 2007, to 57.2% as of April 1, 2007. Foreign currency-denominated deposits grew 30.6% in dollar terms in January-March 2007 as against 8.1% in January-March 2006.

Money and Quasi-money (as % of corresponding date of previous year)



Source: Bank of Russia.

Sources of money supply growth (quarterly change, billion rubles)



Source: Bank of Russia.

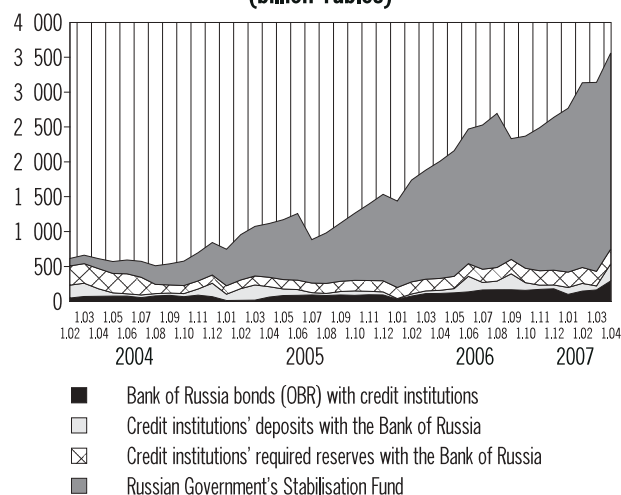
The money supply comprising foreign currency deposits (M2X monetary aggregate)

grew 7.4% in January-March 2007 as compared with 2.4% in the same period last year. As demand for foreign exchange declined, the annualised rates of growth in the M2 aggregate in 2007 Q1 were higher than the annualised rates of growth in the M2X aggregate, which stood at 47.4% as of April 1, 2007 (34.4% a year earlier).

The ratio of dollarisation (the share of the foreign currency component in the money supply in the monetary survey definition) increased in the first three months of the year by 2.3 percentage points to 13.7% as of April 1, 2007 (the ratio of dollarisation grew by 0.3 percentage points in the first three months of 2006 but fell by 4.9 percentage points in 2006 as a whole). Ruble-denominated time deposits predominated in the M2X structure (33.4% as of April 1, 2007, as against 31.3% a year earlier).

The banking sector's net foreign assets, which increased by 1,052.2 billion rubles in the first three months of 2007 (by 565.7 billion rubles in the same period last year) were the main source of growth in the money supply comprising foreign currency-denominated deposits. **Domestic credit** contracted by 30.7 billion rubles in the period under review (by 331.3 billion rubles in January-March 2006). The annualised rates of growth in the non-cash component of the M2X aggregate stood at 49.3% as of April 1, 2007, suggesting that growth in ruble- and foreign currency-denominated funds attracted by banks from non-financial enterprises and households was slightly slower than growth in banking sector claims on non-financial enterprises and households (49.8%). The increase in these claims was larger in January-March 2007 (8.7%) than in January-March 2006 (6.8%). Therefore, the importance of banking sector credit to non-financial enterprises and households as a source of growth in the aggregate money supply increased in the first three months of 2007.

Banking sector liquidity absorption (billion rubles)*



* As of the 1-st day of each month.

Source: Bank of Russia, Ministry of Finance.

The broad monetary base expanded 2.1% in January-March 2007 (it narrowed 6.6% in the same period last year). The share of credit institutions' correspondent accounts with the Bank of Russia decreased from 15.5% to 12.3% of broad money in the first three months of 2007. The share of banking sector funds absorbed by the Bank of Russia by taking them on deposit and OBR operations increased from 4.9% to 12.8% in 2007 Q1. The share of absorbed funds, including banks' required reserves, also increased, from 10.2% to 17.8% (in the first quarter of 2006, it expanded by 5.3 percentage points to 12.2% as of the end of the quarter).

The net foreign assets of monetary authorities, which grew by 820.2 billion rubles, were the main source of growth in the broad monetary base in January-March 2007. The accumulation of funds in general government accounts, resulting above all from **the expansion of the Stabilisation Fund**, had a restraining effect on money supply growth in January-March 2007. The Russian Government's Stabilisation Fund expanded 19.8% in the first three months of 2007 to 2,812.2 billion rubles (it grew 35.6% in the same period last year).

Statistical Addendum

Table 1

Consumer prices by group of goods and services (month on month, %)

	Monthly inflation	Core inflation	Food price growth	Food price growth*	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices	Service price growth
2005								
January	2.6	0.9	1.4	1.1	5.1	0.4	0.5	8.8
February	1.2	0.7	1.4	0.9	6.1	0.4	0.4	2.2
March	1.3	0.8	2.1	1.1	11.2	0.4	0.4	1.2
April	1.1	0.9	1.7	1.3	5.4	0.5	0.4	0.8
May	0.8	0.6	1.1	0.7	4.1	0.4	0.4	0.8
June	0.6	0.5	0.7	0.4	3.3	0.3	0.3	0.9
July	0.5	0.5	0.3	0.5	-1.8	0.4	0.4	0.9
August	-0.1	0.5	-1.0	0.5	-12.9	0.5	0.4	0.8
September	0.3	0.8	-0.7	0.6	-11.6	1.1	0.8	0.9
October	0.6	0.7	0.4	0.6	-2.4	0.7	0.7	0.7
November	0.7	0.6	0.9	0.6	4.5	0.6	0.6	0.6
December	0.8	0.6	1.1	0.6	5.6	0.5	0.5	0.8
Full year (December on December)	10.9	8.3	9.6	9.1	14.3	6.4	6.0	21.0
2006								
January	2.4	0.8	2.0	1.0	11.3	0.4	0.5	6.2
February	1.7	1.2	3.0	1.9	12.6	0.5	0.5	1.0
March	0.8	0.7	1.2	0.9	3.2	0.4	0.4	0.7
April	0.4	0.4	0.3	0.3	-0.3	0.3	0.3	0.6
May	0.5	0.4	0.5	0.2	2.6	0.4	0.4	0.6
June	0.3	0.3	0.0	0.1	-0.6	0.3	0.3	0.7
July	0.7	0.5	0.9	0.7	2.7	0.4	0.3	0.6
August	0.2	0.6	-0.5	0.7	-10.0	0.8	0.5	0.8
September	0.1	0.8	-0.6	0.6	-11.0	0.8	0.6	0.5
October	0.3	0.5	0.0	0.4	-4.1	0.6	0.7	0.4
November	0.6	0.6	0.8	0.6	2.7	0.6	0.6	0.5
December	0.8	0.7	1.1	0.8	3.6	0.5	0.5	0.7
Full year (December on December)	9.0	7.8	8.7	8.5	10.3	6.0	5.7	13.9
2007								
January	1.7	0.6	0.9	0.6	4.1	0.4	0.4	4.7
February	1.1	0.5	0.8	0.5	3.6	0.3	0.4	2.6
March	0.6	0.5	0.8	0.5	3.2	0.4	0.4	0.6

* Excluding vegetable and fruit prices.

Note: Tables 1-7 are based on Rosstat data and Bank of Russia calculations.

Table 2

**Consumer prices by group of goods and services
(since start of year on accrual basis, %)**

	Monthly inflation	Core inflation	Food price growth	Food price growth*	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices	Service price growth
2005								
January	2.6	0.9	1.4	1.1	5.1	0.4	0.5	8.8
February	3.9	1.7	2.8	2.0	11.5	0.7	0.9	11.2
March	5.3	2.4	4.9	3.1	24.0	1.1	1.2	12.6
April	6.5	3.3	6.7	4.4	30.8	1.6	1.6	13.5
May	7.3	4.0	7.9	5.1	36.1	2.1	2.0	14.4
June	8.0	4.4	8.6	5.5	40.6	2.4	2.4	15.4
July	8.5	5.0	8.9	6.1	38.0	2.8	2.8	16.5
August	8.3	5.5	7.8	6.6	20.2	3.4	3.2	17.4
September	8.6	6.3	7.1	7.2	6.2	4.5	4.1	18.5
October	9.2	7.1	7.5	7.8	3.6	5.2	4.8	19.3
November	10.0	7.7	8.4	8.4	8.3	5.9	5.5	20.0
December	10.9	8.3	9.6	9.1	14.3	6.4	6.0	21.0
2006								
January	2.4	0.8	2.0	1.0	11.3	0.4	0.5	6.2
February	4.1	2.0	5.0	2.9	25.3	0.9	0.9	7.2
March	5.0	2.8	6.2	3.9	29.3	1.3	1.3	8.0
April	5.4	3.2	6.5	4.2	28.9	1.6	1.6	8.6
May	5.9	3.6	7.0	4.4	32.3	2.0	2.0	9.3
June	6.2	3.9	7.0	4.5	31.5	2.3	2.3	10.0
July	6.9	4.5	8.0	5.2	35.0	2.7	2.7	10.7
August	7.1	5.1	7.4	6.0	21.6	3.5	3.2	11.5
September	7.2	5.9	6.7	6.6	8.2	4.3	3.8	12.0
October	7.5	6.5	6.7	7.0	3.7	5.0	4.5	12.5
November	8.2	7.1	7.5	7.6	6.5	5.5	5.2	13.0
December	9.0	7.8	8.6	8.5	10.3	6.0	5.7	13.9
2007								
January	1.7	0.6	0.9	0.6	4.1	0.4	0.4	4.7
February	2.8	1.1	1.8	1.1	7.8	0.7	0.8	7.4
March	3.4	1.7	2.6	1.7	11.2	1.1	1.2	8.0

* Excluding vegetable and fruit prices.

Table 3

**Consumer prices by group of goods and services
(month on corresponding month of previous year, %)**

	Monthly inflation	Core inflation	Food price growth	Food price growth*	Vegetable and fruit price growth	Non-food price growth	Growth in non-food prices, excluding petrol prices	Service price growth
2005								
January	12.7	10.4	12.1	12.9	3.0	7.3	6.2	23.1
February	13.0	10.4	12.4	12.6	7.6	7.2	6.2	23.8
March	13.6	10.5	13.5	12.9	16.4	7.1	6.1	24.6
April	13.8	10.6	14.5	13.2	23.4	7.0	6.0	23.1
May	13.8	10.6	15.2	13.3	29.3	6.6	5.8	22.4
June	13.7	10.6	15.1	13.4	27.5	6.3	5.7	22.4
July	13.2	10.3	14.2	12.9	23.4	6.2	5.7	21.9
August	12.5	10.1	12.9	12.5	14.7	6.1	5.7	21.6
September	12.3	10.0	12.1	12.1	11.3	6.3	5.9	22.0
October	11.7	9.4	11.0	10.9	11.6	6.3	5.9	21.4
November	11.3	8.9	10.3	9.9	14.1	6.3	6.1	21.2
December	10.9	8.3	9.6	9.1	14.3	6.4	6.1	21.0
2006								
January	10.7	8.2	10.2	9.1	21.1	6.5	6.0	18.1
February	11.2	8.7	11.9	10.1	28.4	6.6	6.1	16.7
March	10.6	8.7	10.9	10.0	19.2	6.7	6.1	16.1
April	9.8	8.2	9.4	9.0	12.7	6.4	6.0	15.9
May	9.4	7.9	8.7	8.5	11.1	6.4	6.0	15.6
June	9.0	7.8	8.0	8.1	7.0	6.4	6.0	15.3
July	9.3	7.8	8.7	8.3	11.9	6.3	5.9	15.0
August	9.6	7.9	9.2	8.5	15.6	6.6	6.0	15.0
September	9.5	7.9	9.3	8.5	16.4	6.2	5.8	14.5
October	9.2	7.8	8.8	8.3	14.4	6.1	5.7	14.1
November	9.0	7.8	8.7	8.3	12.4	6.0	5.7	13.9
December	9.0	7.8	8.7	8.5	10.3	6.0	5.7	13.9
2007								
January	8.2	7.7	7.5	8.0	3.1	6.0	5.7	12.3
February	7.6	6.9	5.3	6.6	-5.1	5.8	5.6	14.2
March	7.4	6.7	4.9	6.2	-5.2	5.8	5.6	14.0

* Excluding vegetable and fruit prices.

Table 4

**Inflation growth over period since start of year due to price changes by group
of goods and services (percentage points)**

	Foodstuffs*	Non-food products	Paid services	Vegetables and fruit	Inflation over period, %	Core inflation	Non-core inflation**
2005							
January	0.4	0.1	1.8	0.2	2.6	0.7	1.9
February	0.8	0.2	2.3	0.5	3.9	1.3	2.6
March	1.3	0.4	2.6	1.0	5.3	1.9	3.3
April	1.9	0.5	2.8	1.3	6.5	2.7	3.8
May	2.1	0.7	3.0	1.5	7.3	3.1	4.1
June	2.3	0.8	3.2	1.7	8.0	3.5	4.5
July	2.5	0.9	3.4	1.6	8.5	3.9	4.5
August	2.8	1.1	3.6	0.8	8.3	4.4	4.0
September	3.0	1.5	3.9	0.3	8.6	5.0	3.6
October	3.3	1.7	4.0	0.1	9.2	5.6	3.6
November	3.6	1.9	4.2	0.3	10.0	6.1	3.9
December	3.8	2.1	4.4	0.6	10.9	6.6	4.3
2006							
January	0.4	0.2	1.5	0.4	2.4	0.6	1.8
February	1.1	0.3	1.7	1.0	4.1	1.5	2.6
March	1.5	0.5	1.9	1.2	5.0	2.1	2.9
April	1.6	0.6	2.0	1.1	5.4	2.5	2.9
May	1.7	0.7	2.2	1.3	5.9	2.7	3.1
June	1.8	0.8	2.4	1.2	6.2	3.0	3.2
July	2.0	0.9	2.5	1.4	6.9	3.4	3.5
August	2.3	1.2	2.7	0.9	7.1	3.9	3.2
September	2.6	1.5	2.9	0.3	7.2	4.6	2.6
October	2.7	1.7	3.0	0.1	7.5	5.0	2.5
November	3.0	1.9	3.1	0.3	8.2	5.5	2.7
December	3.3	2.0	3.3	0.4	9.0	6.1	3.0
2007							
January	0.2	0.1	1.2	0.2	1.7	0.5	1.2
February	0.4	0.3	1.8	0.3	2.8	0.9	1.9
March	0.6	0.4	2.0	0.4	3.4	1.3	2.1

* Excluding vegetables and fruit.

** Growth in prices of goods and paid services not included in calculation of core consumer price index.

Table 5

Monthly inflation growth due to price changes by group of goods and services (percentage points)

	Foodstuffs*	Non-food products	Paid services	Vegetables and fruit	Inflation over period, %	Core inflation	Non-core inflation**
2005							
January	0.4	0.1	1.8	0.2	2.6	0.7	1.9
February	0.4	0.1	0.5	0.3	1.2	0.6	0.7
March	0.5	0.1	0.3	0.5	1.3	0.6	0.7
April	0.5	0.2	0.2	0.3	1.1	0.7	0.4
May	0.3	0.1	0.2	0.2	0.8	0.5	0.3
June	0.2	0.1	0.2	0.2	0.6	0.4	0.3
July	0.2	0.1	0.2	-0.1	0.5	0.4	0.1
August	0.2	0.2	0.2	-0.6	-0.1	0.4	-0.5
September	0.2	0.4	0.2	-0.6	0.3	0.6	-0.4
October	0.3	0.2	0.2	-0.1	0.6	0.5	0.0
November	0.2	0.2	0.1	0.2	0.7	0.5	0.3
December	0.3	0.1	0.2	0.2	0.8	0.4	0.4
2006							
January	0.4	0.2	1.5	0.4	2.4	0.6	1.8
February	0.7	0.2	0.2	0.5	1.7	0.9	0.7
March	0.4	0.1	0.2	0.2	0.8	0.6	0.3
April	0.1	0.1	0.1	0.0	0.4	0.3	0.0
May	0.1	0.1	0.1	0.1	0.5	0.3	0.2
June	0.0	0.1	0.2	0.0	0.3	0.2	0.1
July	0.3	0.1	0.2	0.1	0.7	0.4	0.3
August	0.3	0.2	0.2	-0.5	0.2	0.5	-0.3
September	0.2	0.3	0.1	-0.5	0.1	0.6	-0.5
October	0.1	0.2	0.1	-0.2	0.3	0.4	-0.1
November	0.2	0.2	0.1	0.1	0.6	0.5	0.2
December	0.3	0.1	0.2	0.1	0.8	0.5	0.3
2007							
January	0.2	0.1	1.2	0.2	1.7	0.5	1.2
February	0.2	0.1	0.7	0.1	1.1	0.4	0.7
March	0.2	0.1	0.1	0.1	0.6	0.4	0.2

* Excluding vegetables and fruit.

** Growth in prices of goods and paid services not included in calculation of core consumer price index.

Table 6

**Contribution to inflation growth over period since start
of year by group of goods and services (%)**

	Foodstuffs*	Non-food products	Paid services	Vegetables and fruit	Core inflation	Non-core inflation**
2005						
January	17.0	4.8	70.2	8.0	27.1	72.9
February	21.2	6.2	60.4	12.1	33.4	66.6
March	24.5	6.8	50.0	18.7	36.7	63.3
April	28.6	8.1	43.8	19.5	41.1	58.9
May	29.3	9.2	41.2	20.2	43.1	56.9
June	29.0	9.8	40.5	20.8	44.1	55.9
July	30.1	10.9	40.7	18.3	46.5	53.5
August	33.2	13.2	43.6	9.9	52.3	47.7
September	35.1	17.1	44.9	3.0	58.3	41.7
October	35.9	18.6	43.9	1.6	60.9	39.1
November	35.6	19.2	41.8	3.4	61.1	38.9
December	35.2	19.2	40.3	5.4	60.5	39.5
2006						
January	16.0	6.1	59.5	18.3	24.5	75.5
February	27.2	7.7	40.9	24.1	37.2	62.8
March	30.1	9.1	37.6	23.2	42.4	57.6
April	30.5	10.3	37.9	21.3	45.7	54.3
May	29.3	11.8	37.2	21.8	46.7	53.3
June	28.6	12.9	38.3	20.2	48.4	51.6
July	29.6	13.5	36.7	20.2	49.7	50.3
August	32.7	16.8	38.5	12.1	55.4	44.6
September	35.7	20.2	39.6	4.5	63.4	36.6
October	36.3	22.4	39.4	2.0	66.7	33.3
November	36.2	22.9	37.7	3.2	67.3	32.7
December	36.6	22.6	36.3	4.6	67.1	32.9
2007						
January	13.4	8.3	69.0	9.3	29.5	70.5
February	14.9	9.2	65.3	10.6	31.3	68.7
March	17.8	11.6	58.1	12.5	38.4	61.6

* Excluding vegetables and fruit.

** Growth in prices of goods and paid services not included in calculation of core consumer price index.

Table 7

**Contribution to monthly inflation growth by group
of goods and services (%)**

	Foodstuffs*	Non-food products	Paid services	Vegetables and fruit	Core inflation	Non-core inflation**
2005						
January	17.0	4.8	70.2	8.0	27.1	72.9
February	30.0	9.2	40.0	20.8	46.5	53.5
March	33.6	8.4	20.9	37.0	46.1	53.9
April	46.7	14.1	15.8	23.4	60.9	39.1
May	34.9	18.4	20.6	26.1	60.1	39.9
June	25.7	15.5	32.1	26.6	54.6	45.4
July	48.4	29.6	43.6	-21.6	86.0	14.0
August	<i>Estimate can't be made for negative value</i>					
September	92.7	141.5	83.9	-218.1	243.9	-143.9
October	47.2	40.9	29.7	-17.8	96.4	3.6
November	31.6	26.1	18.2	24.1	63.1	36.9
December	31.0	18.8	22.1	28.1	53.5	46.5
2006						
January	16.0	6.1	59.5	18.3	24.5	75.5
February	43.4	10.0	14.0	32.6	55.8	44.2
March	43.9	15.8	21.6	18.7	67.5	32.5
April	35.8	27.0	41.3	-4.2	90.9	9.1
May	16.1	27.6	29.9	26.4	57.3	42.7
June	15.3	34.9	59.7	-10.0	81.6	18.4
July	37.6	19.0	23.4	20.0	60.9	39.1
August	140.5	132.4	97.9	-270.7	249.5	-149.5
September	269.8	290.1	128.8	-588.7	678.9	-578.9
October	51.0	73.9	34.6	-59.5	145.8	-45.8
November	35.6	29.6	17.8	17.0	74.1	25.9
December	39.5	18.9	23.2	18.4	64.4	35.6
2007						
January	13.4	8.3	69.0	9.3	29.5	70.5
February	17.1	10.6	59.7	12.6	34.2	65.8
March	31.4	22.7	24.5	21.4	71.1	28.9

* Excluding vegetables and fruit.

** Growth in prices of goods and paid services not included in calculation of core consumer price index.

Table 8

Russia's key macroeconomic and financial indicators

		Year	Q1	Q2	Q3	Q4	
Macroeconomic indicators							
GDP	over period since start of year, billion rubles	2004	3,517	7,487	12,433	17,048	
		2005	4,479	9,652	15,524	21,620	
		2006	5,662	11,988	19,236	26,781	
	as % of corresponding period of previous year	2004	107.0	107.4	107.3	107.2	
		2005	105.0	105.3	105.8	106.4	
		2006	105.0	106.1	106.3	106.7	
	as % of corresponding quarter of previous year	2004	107.0	107.8	107.2	106.6	
		2005	105.0	105.6	106.6	108.0	
		2006	105.0	107.0	106.8	107.8	
Industrial output indices	as % of corresponding quarter of previous year	2005	103.2	103.6	104.1	104.9	
		2006	103.0	106.0	103.8	103.0	
		2007	108.4				
	as % of corresponding period of previous year	2005	103.2	103.4	103.6	104.0	
		2006	103.0	104.4	104.2	103.9	
		2007	108.4				
Agricultural output	as % of corresponding quarter of previous year	2005	100.3	101.2	103.8	101.4	
		2006	101.3	101.0	100.6	109.5	
		2007	101.9				
	as % of corresponding period of previous year	2005	100.3	100.9	102.7	102.4	
		2006	101.3	101.1	100.8	102.8	
		2007	101.9				
Fixed capital investment	over period since start of year, billion rubles	2005	540.5	1,316.8	2,310.4	3,611.1	
		2006	636.5	1,622.1	2,868.4	4,580.5	
		2007	866.5				
	as % of corresponding quarter of previous year	2005	106.3	108.4	111.4	114.3	
		2006	105.7	114.7	113.0	117.2	
		2007	120.1				
Retail trade turnover	over period since start of year, billion rubles	2005	1,511.1	3,185.9	4,982.7	7,040.9	
		2006	1,852.4	3,915.5	6,147.6	8,690.3	
		2007	2,228.3				
	as % of corresponding quarter of previous year	2005	110.5	113.8	113.3	113.5	
		2006	111.1	113.3	115.0	115.0	
		2007	113.6				
Federal budget on accrual basis, as of end of period	revenue	billion rubles	2005	1,196.4	2,386.4	3,681.7	5,127.2
			2006	1,399.1	2,938.1	4,561.0	6,276.3*
			2007	1,421.9			
		as % of GDP	2005	26.7	24.7	23.7	23.7
			2006	24.7	24.5	23.7	23.4
			2007	21.2			
	expenditure	billion rubles	2005	671.1	1,444.2	2,519.7	3,514.3
			2006	823.2	1,854.7	2,866.5	4,281.3*
			2007	945.8			
		as % of GDP	2005	15.0	15.0	16.2	16.2
			2006	14.5	15.5	14.9	16.0
			2007	14.1			
Federal budget surplus on accrual basis, as of end of period	billion rubles	2005	525.3	942.2	1,162.0	1,612.9	
		2006	575.9	1,083.4	113.3	1,995.0*	
		2007	476.3				
	as % of GDP	2005	11.7	9.7	7.5	7.5	
		2006	10.2	9.0	8.8	7.4	
		2007	7.1				

Note: Table 8 is based on data compiled by the Bank of Russia, the Federal State Statistics Service and on reporting data prepared by the Federal Treasury. Pursuant to Bank of Russia Ordinance No.1660-U of February 17, 2006, the data of credit institutions' branches are taken into account to calculate interest rates on banks' credit and deposit operations from April 2006.

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4
Socio-economic indicators						
Nominal imputed average monthly per employee wage	rubles	2005	7,638	8,234	8,674	9,651
		2006	9,397	10,401	10,949	12,203
		2007	11,924			
	as % of corresponding quarter of previous year	2005	122.6	122.4	123.9	126.2
		2006	122.3	125.1	125.1	125.2
		2007	127.6			
	as % of corresponding period of previous year	2005	122.6	122.4	123.0	126.9
		2006	122.3	123.7	124.1	124.4
		2007	127.6			
Real imputed average monthly per employee wage	as % of corresponding quarter of previous year	2005	108.4	107.6	110.0	113.4
		2006	110.3	114.3	114.3	114.8
		2007	118.4			
Household money income	per capita monthly average, rubles	2005	6,539.5	7,707.3	8,064.7	9,697.7
		2006	8,025.7	9,806.4	10,087.6	11,791.8
		2007	9,749.2			
Household real disposable money income	as % of corresponding quarter of previous year	2005	105.1	114.1	112.7	111.9
		2006	106.8	113.2	111.4	109.3
		2007	113.0			
	as % of corresponding period of previous year	2005	105.1	109.8	110.8	111.1
		2006	106.8	110.2	110.6	110.2
		2007	113.0			
Household spending, as % of income	purchase of goods and payment for services	2005	73.6	70.1	71.9	67.2
		2006	73.9	67.9	71.4	68.2
		2007	74.0			
	obligatory payments and contributions	2005	8.4	8.8	9.6	9.6
		2006	11.4	11.0	11.6	11.1
		2007	12.7			
	growth in savings	2005	13.1	10.3	9.5	9.4
		2006	10.7	9.7	7.3	10.3
		2007	10.4			
	foreign exchange purchase	2005	7.6	8.0	9.1	9.2
		2006	7.6	7.0	7.3	7.4
		2007	5.3			
	cash on hand	2005	-2.7	2.8	-0.1	4.6
		2006	-3.6	4.4	2.4	3.0
		2007	-2.4			
Average imputed pension	total, rubles	2005	2,125	2,324	2,467	2,540
		2006	2,539	2,727	2,800	2,839
		2007	2,846			
Real imputed pension	as % of corresponding quarter of previous year	2005	106.6	108.2	110.6	112.6
		2006	107.8	107.2	103.7	102.5
		2007	104.1			
	as % of corresponding period of previous year	2005	106.6	107.4	108.5	109.6
		2006	107.8	107.5	106.1	105.1
		2007	104.1			
Total number of unemployed (calculated by ILO methodology)	million	2005	6.0	5.5	5.4	5.5
		2006	5.7	5.5	5.0	5.0
		2007	5.3			
	as % of economically active population	2005	8.2	7.4	7.3	7.5
		2006	7.8	7.4	6.7	6.8
		2007	7.2			

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4	
Foreign economic activities							
Price of Urals crude	over period since start of year, \$/barrel	2005	43.1	45.4	49.3	50.4	
		2006	57.7	61.1	62.5	60.9	
		2007	54.0				
	as % of corresponding period of previous year	2005	146.4	146.1	148.2	145.6	
		2006	134.0	134.7	126.7	120.9	
		2007	93.5				
Exports of goods	over period since start of year, \$ billion	2005	50.2	109.8	174.7	243.8	
		2006	67.4	143.9	223.8	303.9	
		2007	71.4				
	as % of corresponding period of previous year	2005	134.6	136.4	135.4	133.1	
		2006	134.2	131.1	128.1	124.7	
		2007	106.0				
Imports of goods	over period since start of year, \$ billion	2005	25.7	55.1	87.6	125.4	
		2006	31.0	69.8	112.6	164.7	
		2007	43.0				
	as % of corresponding period of previous year	2005	129.1	128.6	129.1	128.8	
		2006	120.6	126.6	128.6	131.3	
		2007	138.7				
Current account (over period since start of year), \$ billion		2005	20.0	42.1	62.0	83.8	
		2006	30.5	55.0	78.5	94.5	
		2007	21.8**				
Net capital outflow (inflow) by private sector (over period since start of year), \$ billion		2005	1.8	-3.3	5.0	0.7	
		2006	-5.8	14.7	27.4	41.7	
		2007	13.0**				
Foreign investment in Russia's non-financial sector (Rosstat data)	over period since start of year, \$ billion	2004	6.2	19.0	29.1	40.5	
		2005	6.0	16.5	26.8	53.6	
		2006	8.8	23.4	35.3	55.1	
	as % of corresponding period of previous year	2004	98.5	149.9	139.4	136.4	
		2005	97.6	86.9	92.1	132.4	
		2006	146.0	141.9	131.7	102.7	
of which	direct	total, \$ billion	2004	1.5	3.4	5.6	9.4
			2005	1.9	4.5	6.6	13.1
			2006	3.8	6.4	10.3	13.7
		as % of corresponding period of previous year	2004	142.8	135.3	119.8	138.9
			2005	130.0	131.0	118.1	138.8
			2006	200.0	143.6	155.5	104.6
	portfolio	total, \$ billion	2004	0.1	0.1	0.2	0.3
			2005	0.1	0.2	0.4	0.5
			2006	0.2	0.5	0.7	3.2
		as % of corresponding period of previous year	2004	500.0	340.0	280.0	83.0
			2005	89.9	135.2	160.5	136.3
			2006	290.0	290.0	182.3	700.0
	other	total, \$ billion	2004	4.6	15.4	23.3	30.8
			2005	4.0	11.8	19.9	40.1
			2006	4.7	16.5	24.4	38.2
		as % of corresponding period of previous year	2004	88.3	152.9	144.4	136.6
			2005	87.3	76.7	85.2	130.5
			2006	117.2	139.1	122.8	95.3
Russia's international reserves (as of end of period), \$ billion		2005	137.4	151.6	159.6	182.2	
		2006	205.9	250.6	266.2	303.7	
		2007	338.8				
Real ruble exchange rate indices, last month of quarter (as % of December of previous year)***	ruble vs. dollar	2005	4.7	3.3	2.3	3.9	
		2006	6.9	10.0	12.1	16.7	
		2007	2.3				
	ruble vs. euro	2005	6.8	14.7	14.2	18.8	
		2006	6.5	4.9	6.0	5.6	
		2007	3.1				
	effective rate	2005	5.1	8.7	8.3	10.5	
		2006	6.2	7.0	7.9	7.4	
		2007	2.6**				

Table 8 (continued)

		Year	Q1	Q2	Q3	Q4
Financial market indicators (with account taken of Sberbank rates)						
Average for period						
Overnight interbank credit rate, % p.a.	in rubles	2005	1.2	3.0	2.3	4.6
		2006	3.2	2.8	2.6	5.1
		2007	3.9			
	in US dollars	2005	2.3	2.8	3.3	3.9
		2006	4.4	4.8	5.2	5.2
		2007	5.2			
OFZ yields****, % p.a.		2005	7.9	8.0	7.7	7.1
		2006	6.8	6.9	6.8	6.7
		2007	6.6			
Interest rate on household time deposits, % p.a.	up to 1 year in rubles	2005	9.5	8.6	8.5	8.4
		2006	8.3	8.0	7.6	7.7
		2007	7.4			
	over 1 year in rubles	2005	8.4	7.9	6.2	6.4
		2006	7.6	5.1	5.2	5.4
		2007	7.9			
	up to 1 year in US dollars	2005	5.6	5.7	5.6	5.6
		2006	5.6	5.7	5.7	5.9
		2007	5.4			
	over 1 year in US dollars	2005	6.1	5.6	5.8	5.5
		2006	6.2	4.7	5.0	5.5
		2007	6.8			
Interest rate on credit to non-financial enterprises, % p.a.	up to 1 year in rubles	2005	10.6	10.7	10.3	11.0
		2006	10.4	10.8	10.3	10.4
		2007	9.9			
	over 1 year in rubles	2005	13.0	11.7	12.9	12.1
		2006	12.7	12.9	12.5	12.1
		2007	12.1			
	up to 1 year in US dollars	2005	7.9	8.6	9.0	8.8
		2006	8.6	8.4	8.6	8.5
		2007	8.7			
	over 1 year in US dollars	2005	9.6	9.6	10.4	10.4
		2006	10.5	10.2	10.4	10.0
		2007	10.3			
Interest rate on ruble-denominated promissory notes discounted by banks, % p.a.		2005	10.9	10.6	9.9	10.0
		2006	12.9	8.7	9.2	9.7
		2007	9.5			
MICEX rate in «tomorrow» trades, ruble/\$		2005	27.8560	28.1012	28.5150	28.7151
		2006	28.0733	27.1897	26.8053	26.5910
		2007	26.1795			
As of end of quarter						
RTS index, points		2005	669.07	706.38	1,007.76	1,125.60
		2006	1,434.99	1,494.63	1,549.99	1,921.92
		2007	1,935.72			
Refinance rate, % p.a.		2005	13.0	13.0	13.0	12.0
		2006	12.0	11.5	11.5	11.0
		2007	10.5			

Table 8 (continued)

		Year	1.01	1.04	1.07	1.10		
Monetary indicators								
M0, billion rubles		2005	1,534.8	1,481.7	1,650.7	1,740.7		
		2006	2,009.2	1,928.8	2,233.4	2,400.8		
		2007	2,785.2	2,741.2				
M2, billion rubles		2005	4,363.3	4,474.6	4,927.4	5,292.8		
		2006	6,045.6	6,169.4	7,092.3	7,757.5		
		2007	8,995.8	9,412.6				
Net foreign assets of monetary authorities and credit institutions, billion rubles		2005	3,210.0	3,753.3	4,379.7	4,405.4		
		2006	4,867.9	5,433.6	6,221.1	6,281.8		
		2007	6,927.5	7,979.7				
Domestic credit, billion rubles		2005	4,345.6	3,509.6	3,487.7	4,035.2		
		2006	4,460.8	4,129.4	4,256.1	4,944.1		
		2007	5,727.7	5,696.9				
Money (monetary survey definition), billion rubles		2005	2,848.3	2,859.6	3,144.3	3,371.9		
		2006	3,858.5	3,855.9	4,479.3	4,856.1		
		2007	5,598.4	5,774.3				
Quasi-money (monetary survey definition), billion rubles		2005	2,450.4	2,640.0	2,871.6	3,086.5		
		2006	3,362.6	3,537.0	3,825.5	4,041.1		
		2007	4,548.3	5,120.2				
Foreign currency-denominated deposits, billion rubles		2005	935.1	1,024.9	1,090.6	1,167.9		
		2006	1,178.2	1,225.9	1,221.0	1,153.2		
		2007	1,155.4	1,490.6				
Broad monetary base, billion rubles		2005	2,380.3	2,250.1	2,302.8	2,538.9		
		2006	2,914.1	2,721.0	3,285.9	3,484.2		
		2007	4,121.6	4,209.2				
Balances in correspondent accounts, billion rubles		2005	480.4	320.9	276.7	374.4		
		2006	508.6	320.0	430.9	443.7		
		2007	638.1	518.1				
M2 velocity		annual average		2005	4.7	4.7	4.6	4.6
				2006	4.4	4.3	4.1	4.0
				2007	3.8	3.6		
		change since start of year, %		2005	-10.0*****	-1.1	-1.9	-3.4
				2006	-6.5*****	-2.3	-6.1	-9.6
				2007	-13.5*****	-4.9		
Monetisation (by M2 aggregate), %		2005	21.2	21.4	21.6	22.0		
		2006	22.7	23.2	24.2	25.1		
		2007	26.2	27.6				
Money multiplier		by broad monetary base		2005	1.8	2.0	2.1	2.1
				2006	2.1	2.3	2.2	2.2
				2007	2.2	2.2		
		change since start of year, %		2005	9.2*****	8.5	16.7	13.7
				2006	13.2*****	9.3	4.0	7.3
				2007	5.2*****	2.5		
Foreign exchange rates		rubles per US dollar		2005	27.75	27.85	28.63	28.53
				2006	28.78	27.70	26.94	26.78
				2007	26.33	26.01		
		rubles per euro		2005	37.84	36.03	34.63	34.31
				2006	34.19	33.63	34.24	33.98
				2007	34.70	34.69		

* Preliminary data.

** Estimate.

*** Appreciation of the ruble - «+», depreciation of the ruble - «-».

**** Effective indicator of OFZ market portfolio.

***** Relative to beginning of previous year.

