

RUSSIAN FEDERATION

After an initial sharp rebound from the deep recession of the past year, real GDP is projected to converge on potential. The decline in inflation seen since early 2009 is expected to continue into 2010 before flattening out. The current account surplus will increase in 2010 as a result of terms of trade gains, but it will decline in 2011 as strong trend import growth reasserts itself. Net private capital flows should strengthen, allowing a rebuilding of reserves.

Although recovery is in prospect, the large output gap and subdued inflation suggest that policy stimulus should not be removed too hastily. Fiscal policy should be managed to avoid dislocative demand effects from a surge of expenditures in late 2009 followed by a tightening in 2010. Discriminatory anti-crisis measures to protect domestic industries are counter-productive and should be unwound as quickly as possible.

Russian Federation: Macroeconomic indicators

	2007	2008	2009	2010	2011
Real GDP growth	8.1	5.6	-8.7	4.9	4.2
Inflation (CPI), period average	9.0	14.1	11.7	6.9	7.0
Inflation (CPI), December-to-December	11.9	13.3	9.2	6.7	7.6
Fiscal balance (per cent of GDP) ¹	6.0	4.8	-6.7	-6.0	-3.0
Current account balance (per cent of GDP)	5.9	6.0	3.6	4.1	2.5

1. Consolidated budget.

Source: OECD Economic Outlook 86 database.

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