

Russia in the Global Economy: *Challenges ahead...*



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“New mediocre”

(WEO Real GDP growth projections)



World



U.S.



Euro Area



Japan



Brazil



India



China



Russia

**2014
(October
2014)**

3.3

2.2

0.8

0.9

0.3

5.6

7.4

0.2

**2014
(April 2014)**

3.6

2.8

1.2

1.4

1.8

5.4

7.5

1.3

**2015
(October
2014)**

3.8

3.1

1.3

0.8

1.4

6.4

7.1

0.5

**2015
(April 2014)**

3.9

3.0

1.5

1.0

2.7

6.4

7.3

2.3

What about Emerging Markets?



World

Advanced economies

EMDC

EM Asia

EM Lat Am

EM Europe

CIS

2014

3.3

1.8

4.4

6.5

1.3

2.7

0.8

Revision from April 2014

-0.3

-0.4

-0.5

-0.2

-1.2

0.3

-1.5

2015

3.8

2.3

5.0

6.6

2.2

2.9

1.6

Revision from April 2014

-0.1

0.0

-0.3

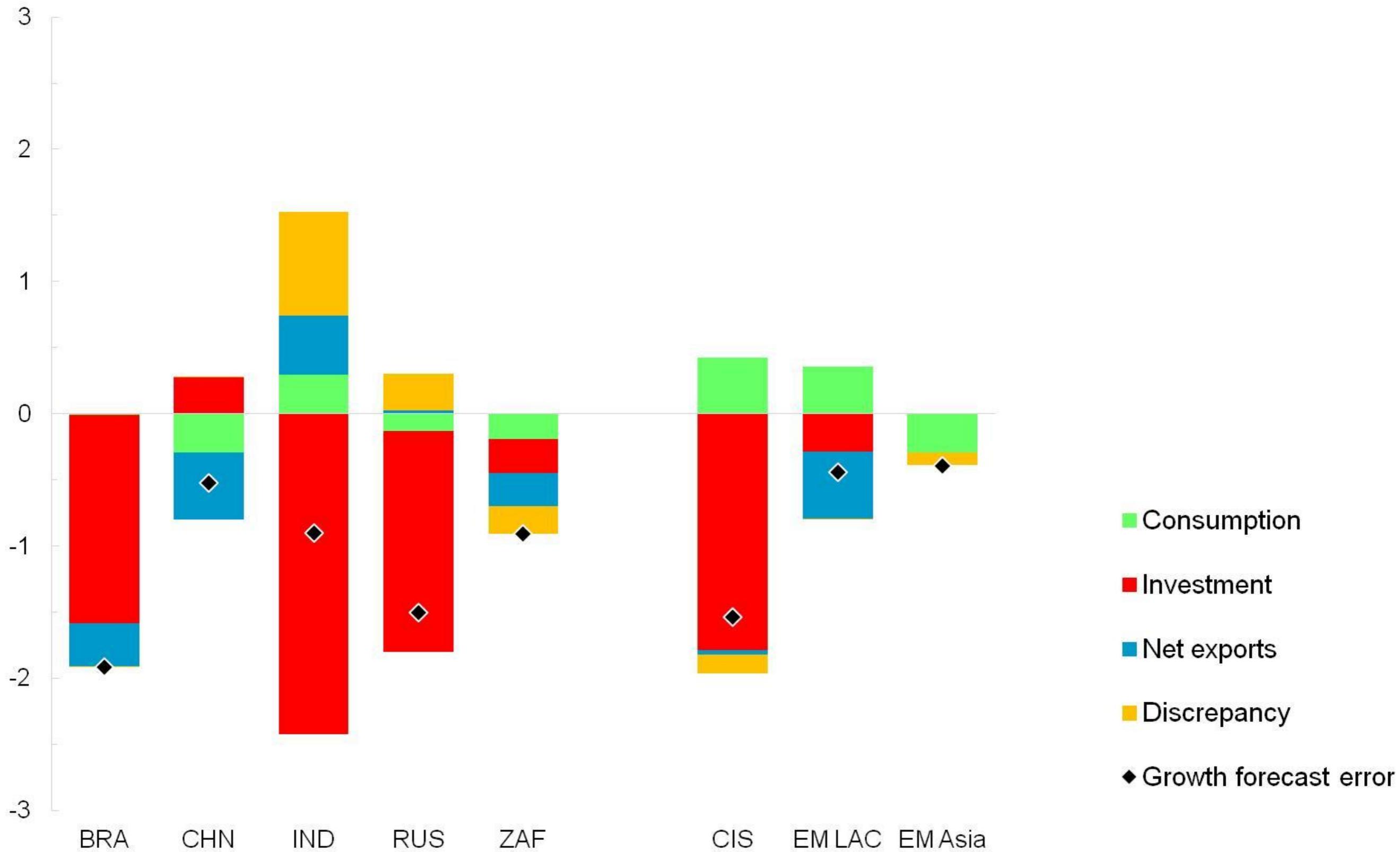
-0.2

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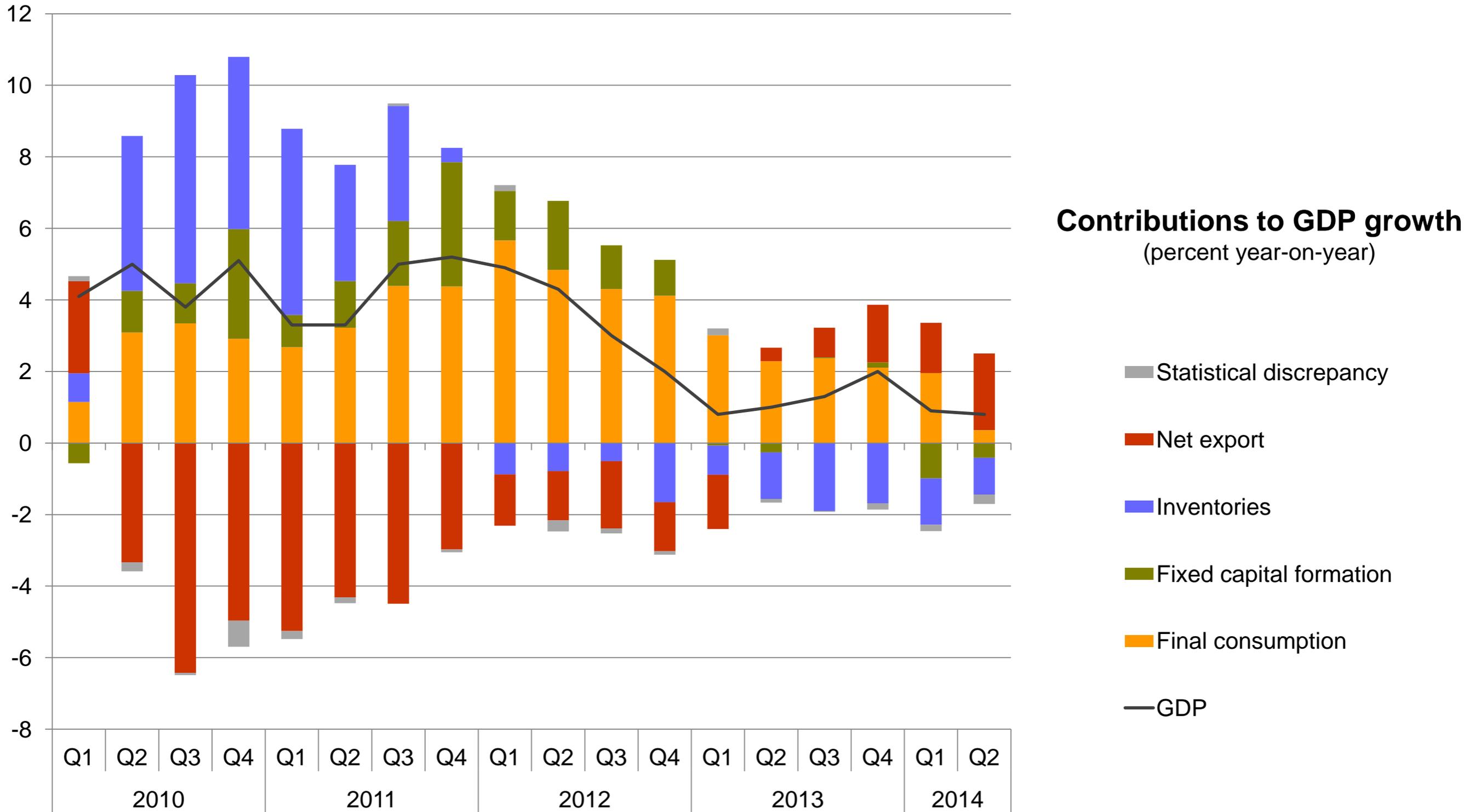
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-1.6

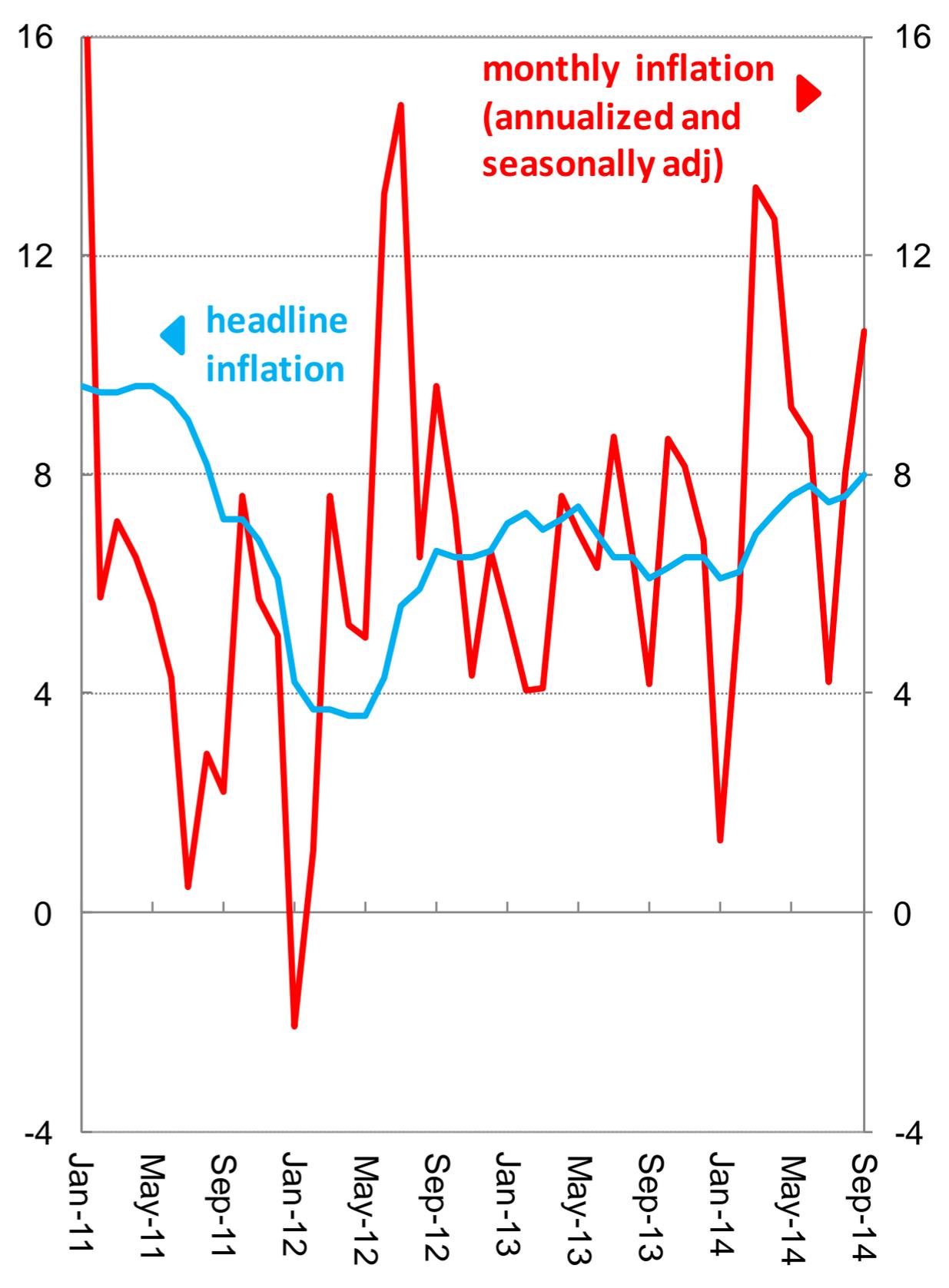
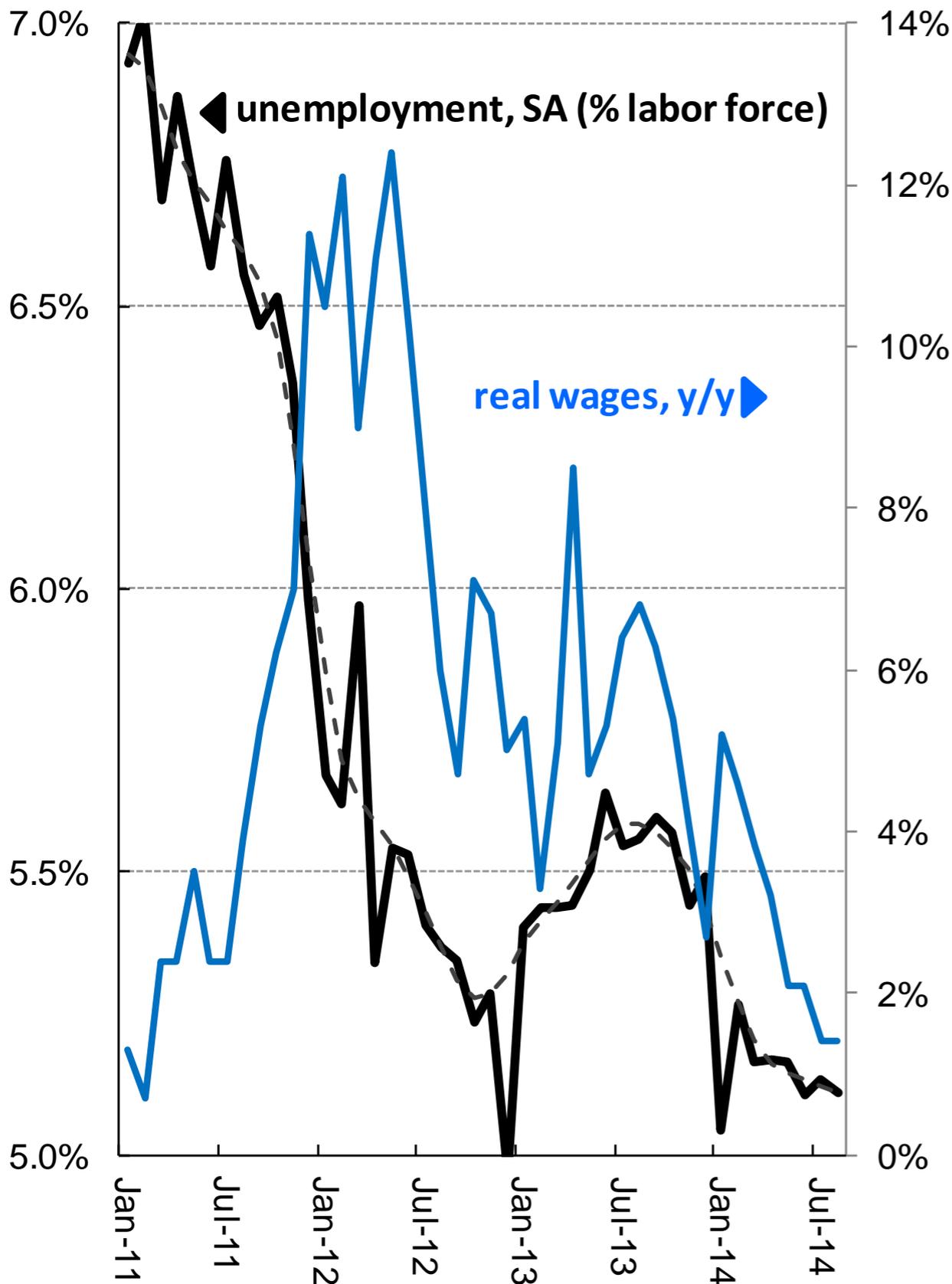
Forecast errors in EM growth: 2011-14



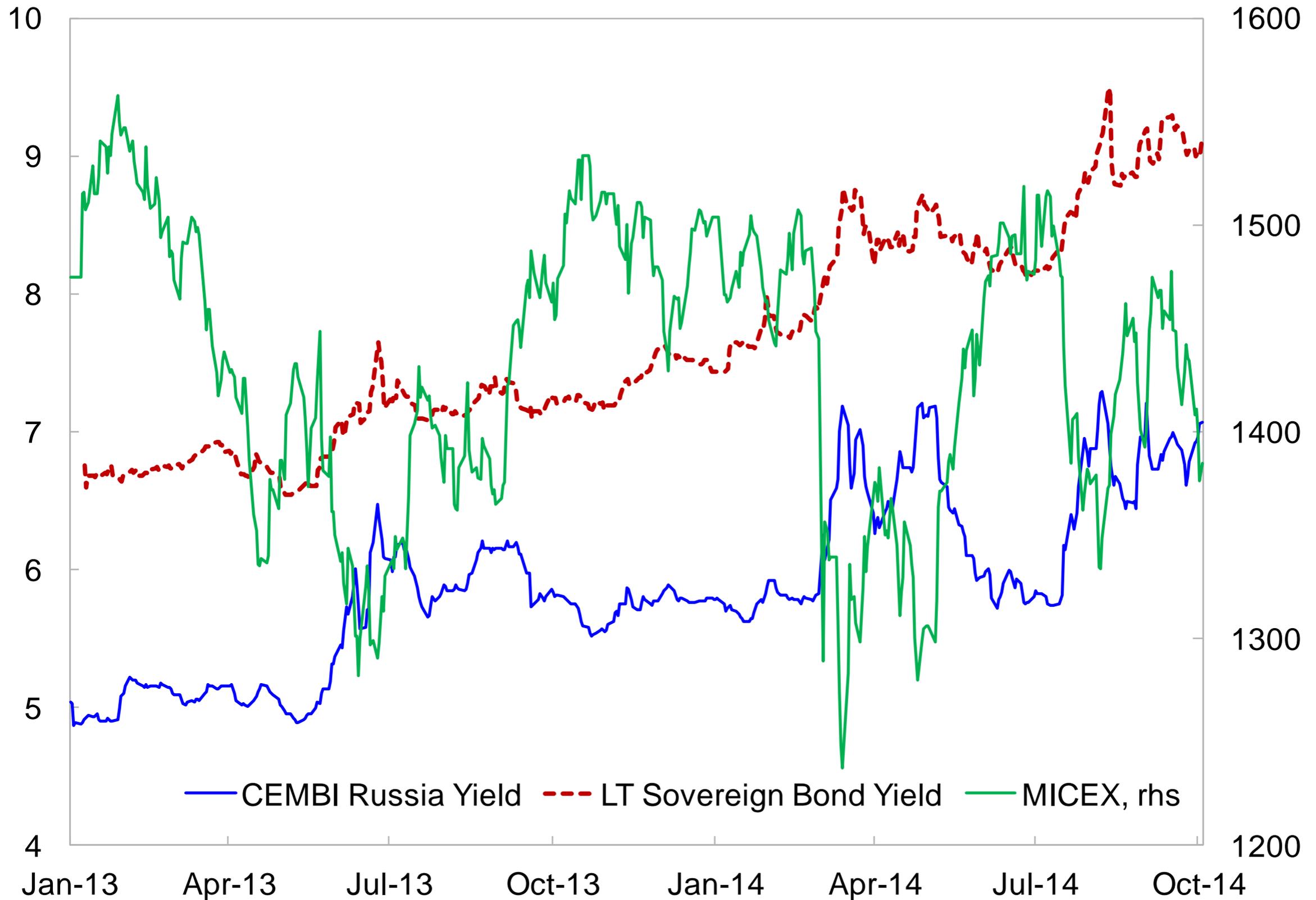
Sources of Russian growth



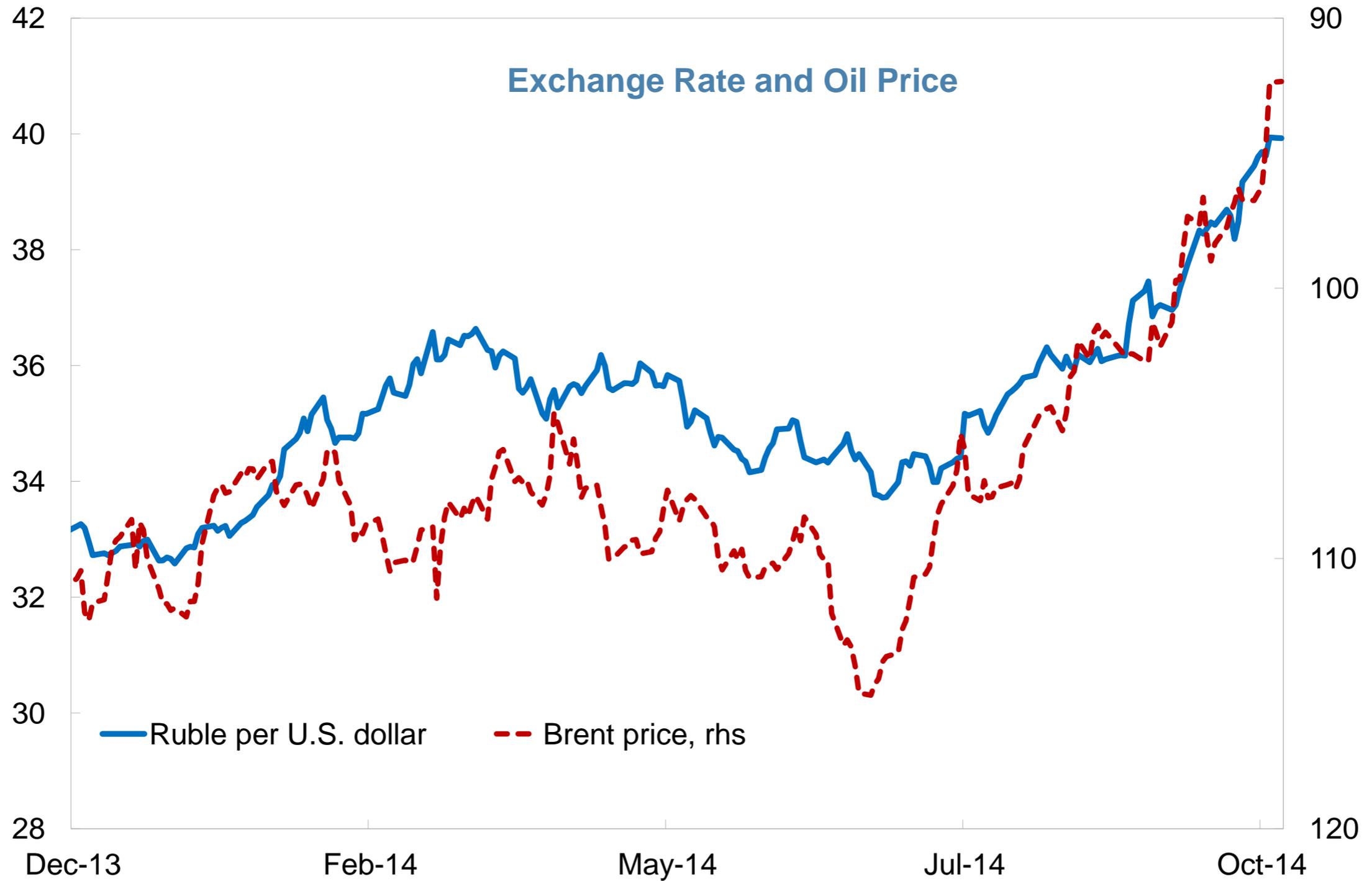
Domestic headwinds



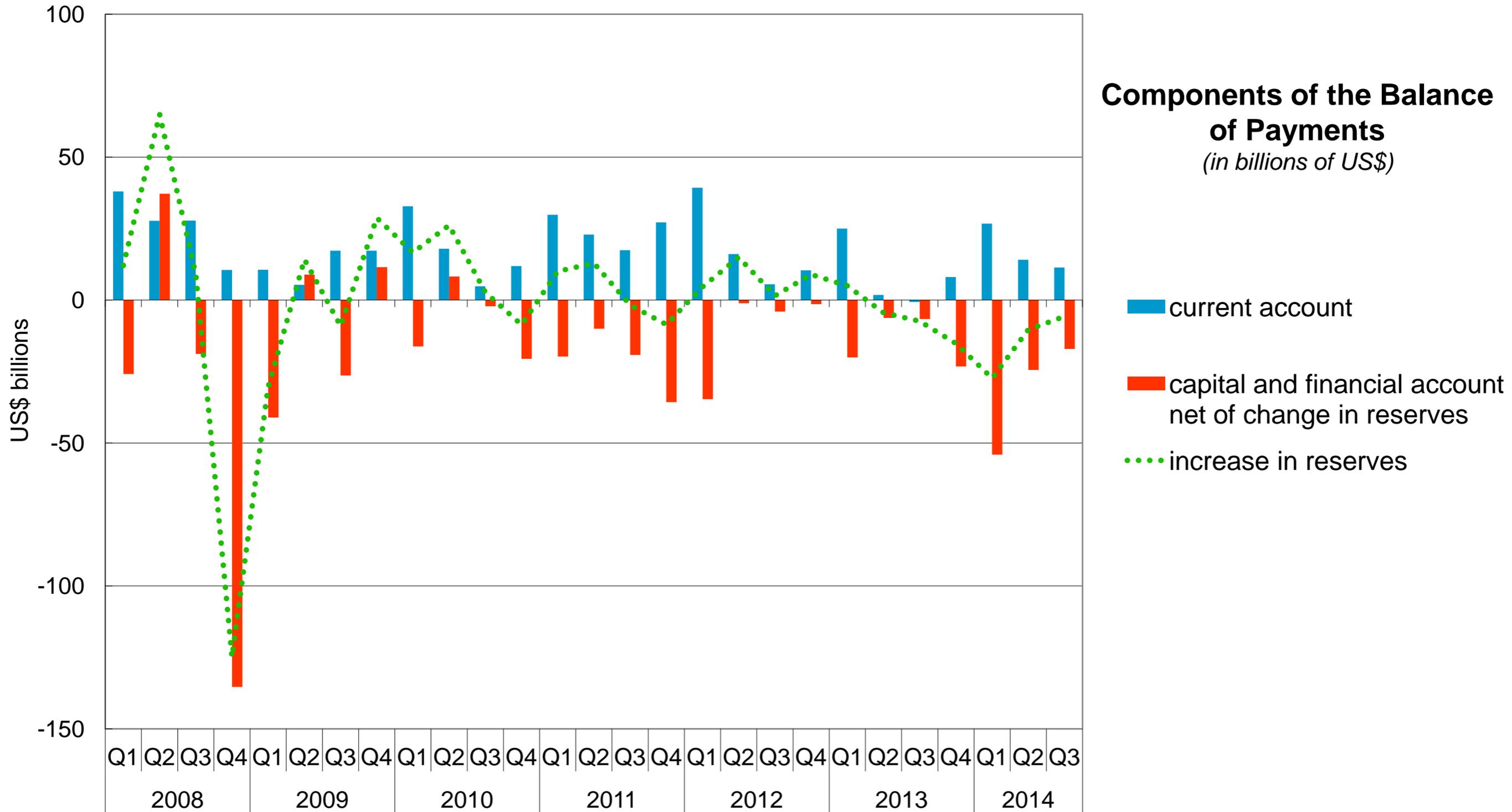
Headwinds: Financial markets



Headwinds: Financial markets

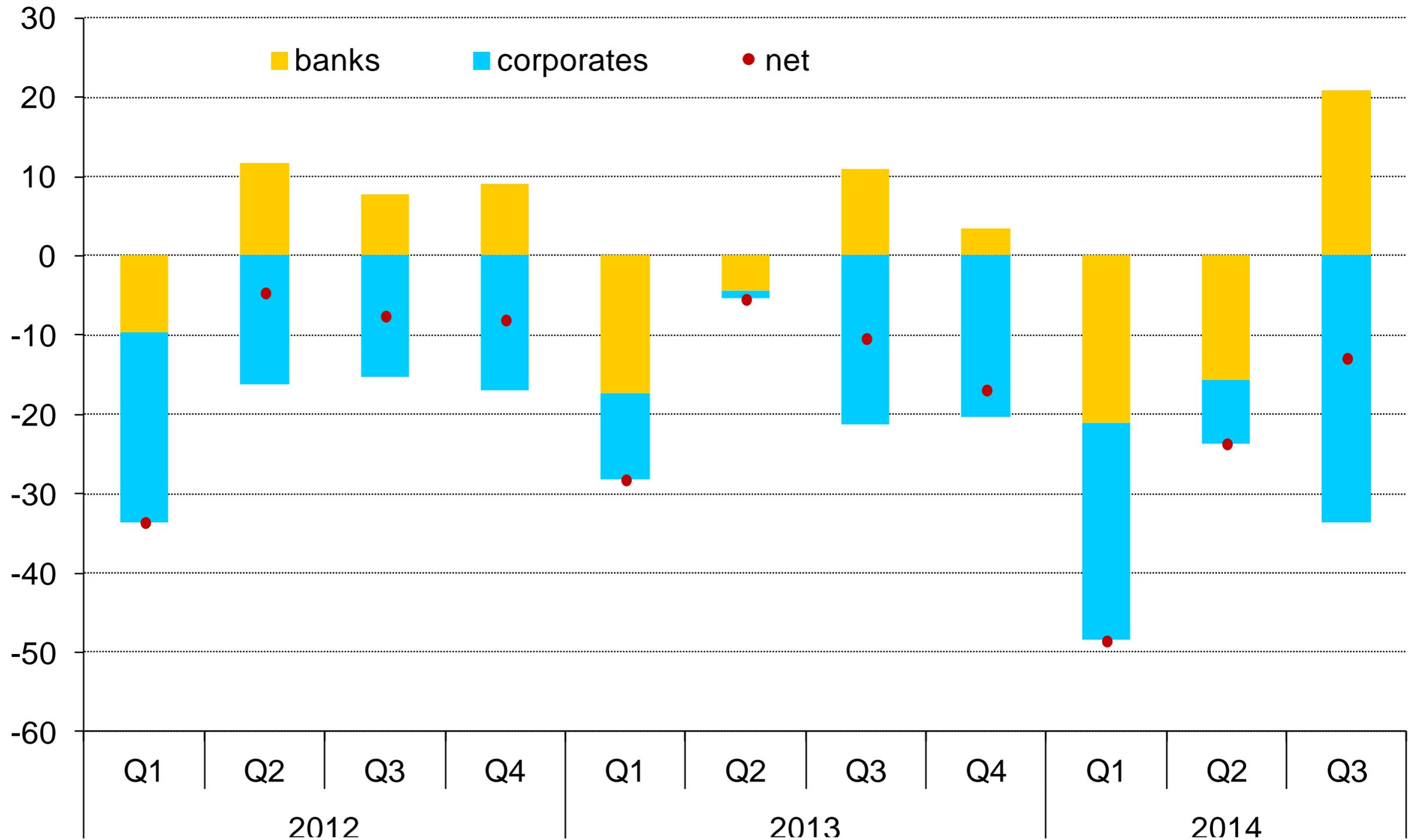


Russia and the world

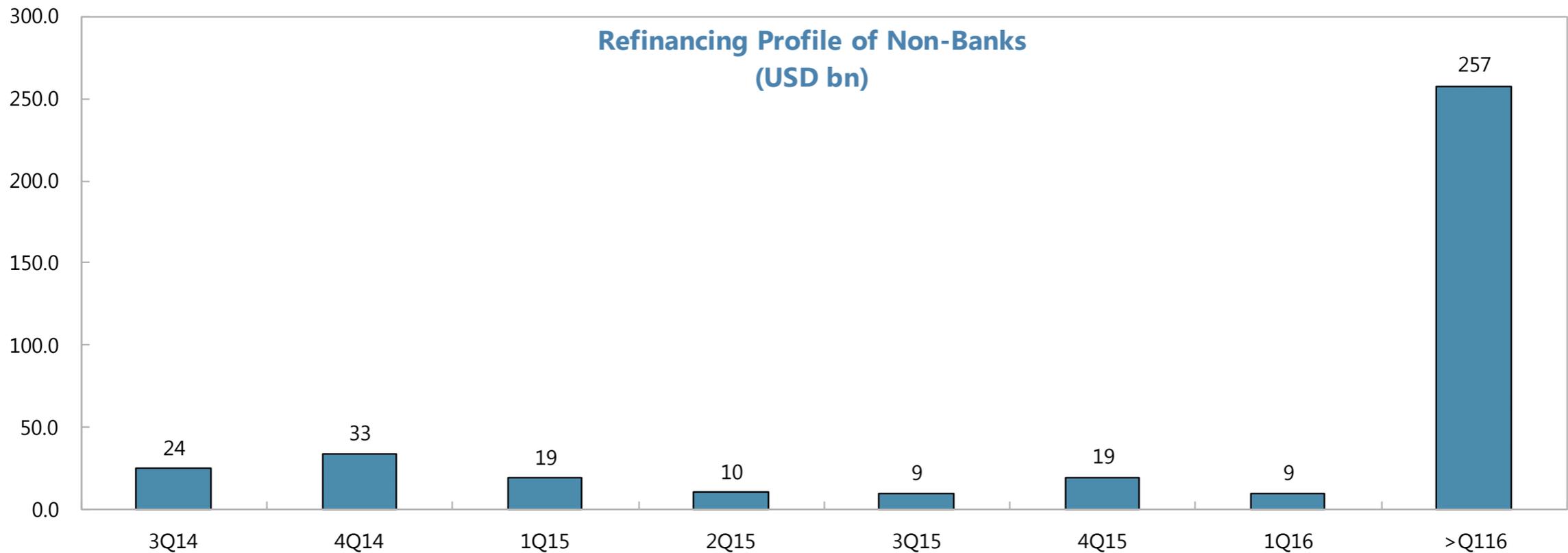
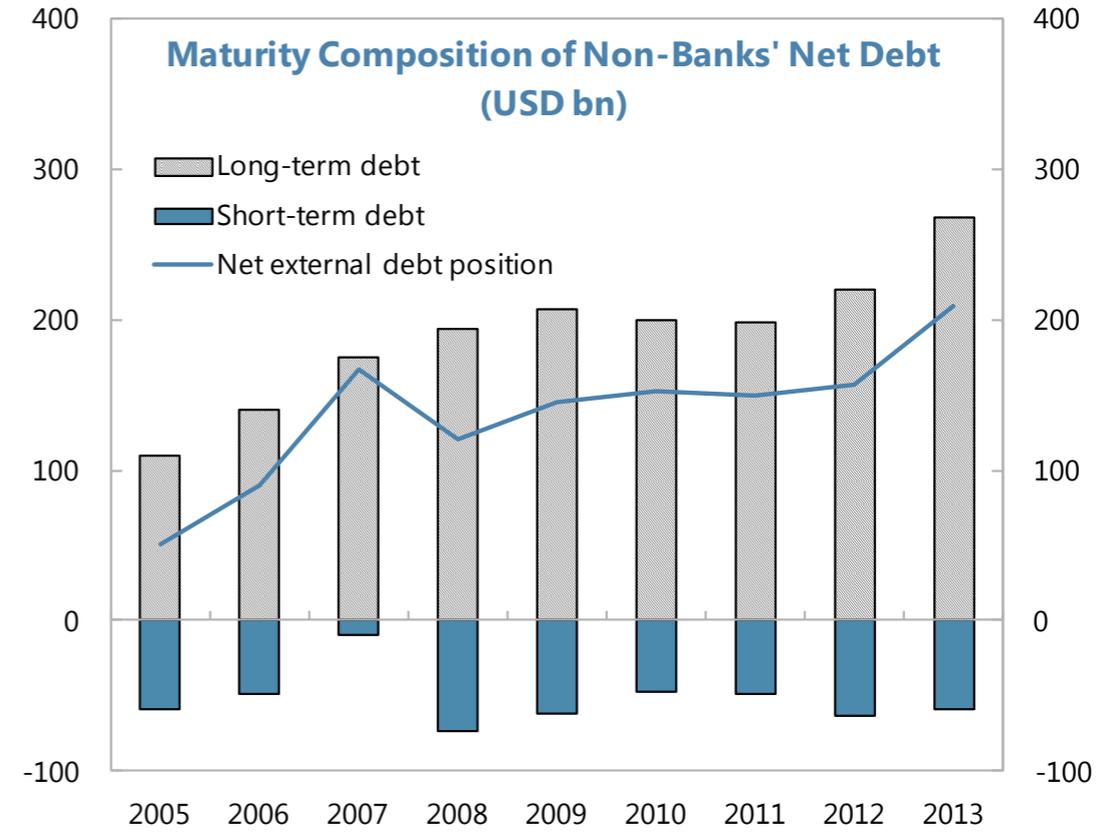
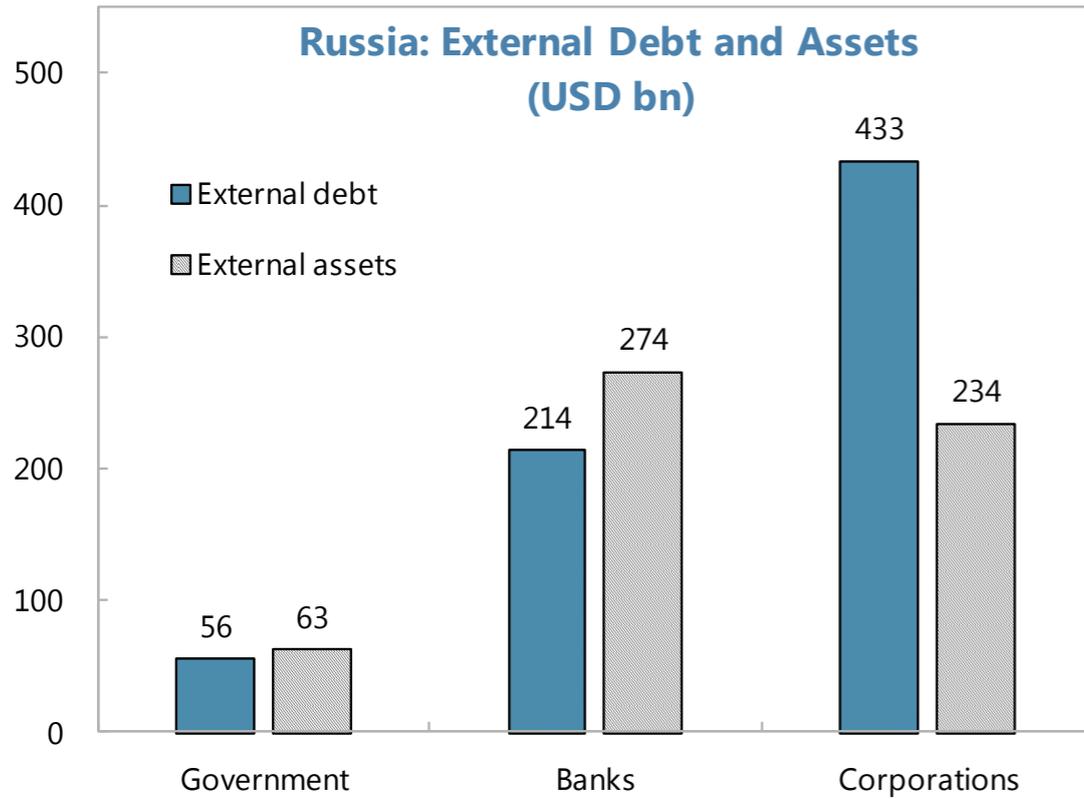


Private sector capital flows

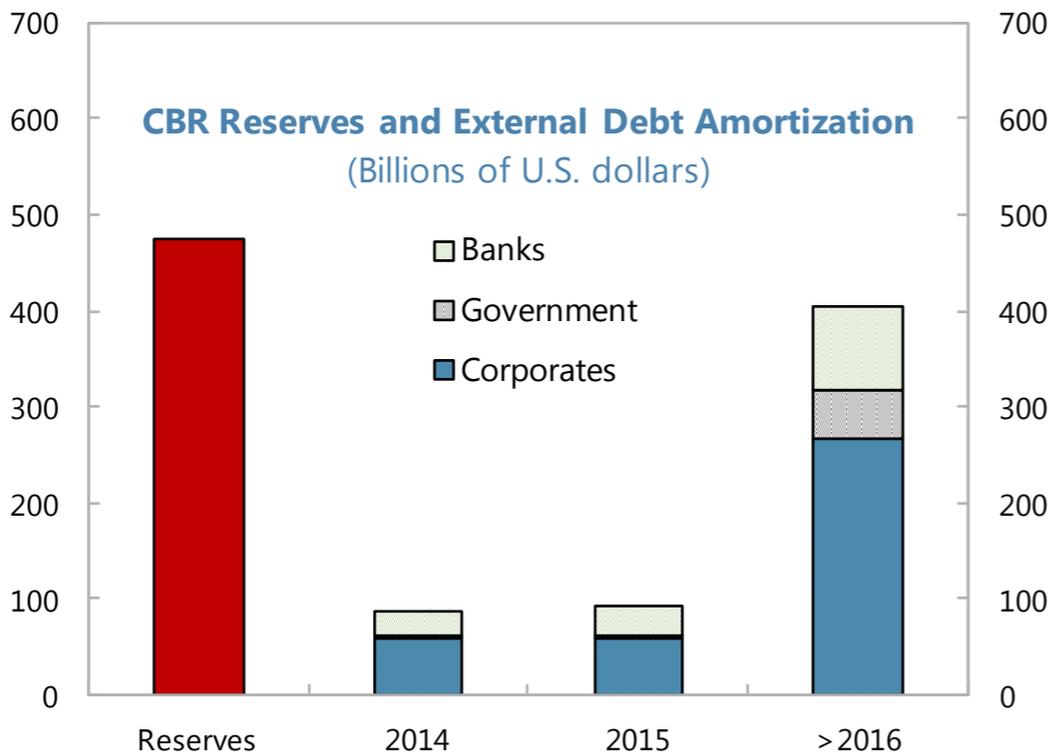
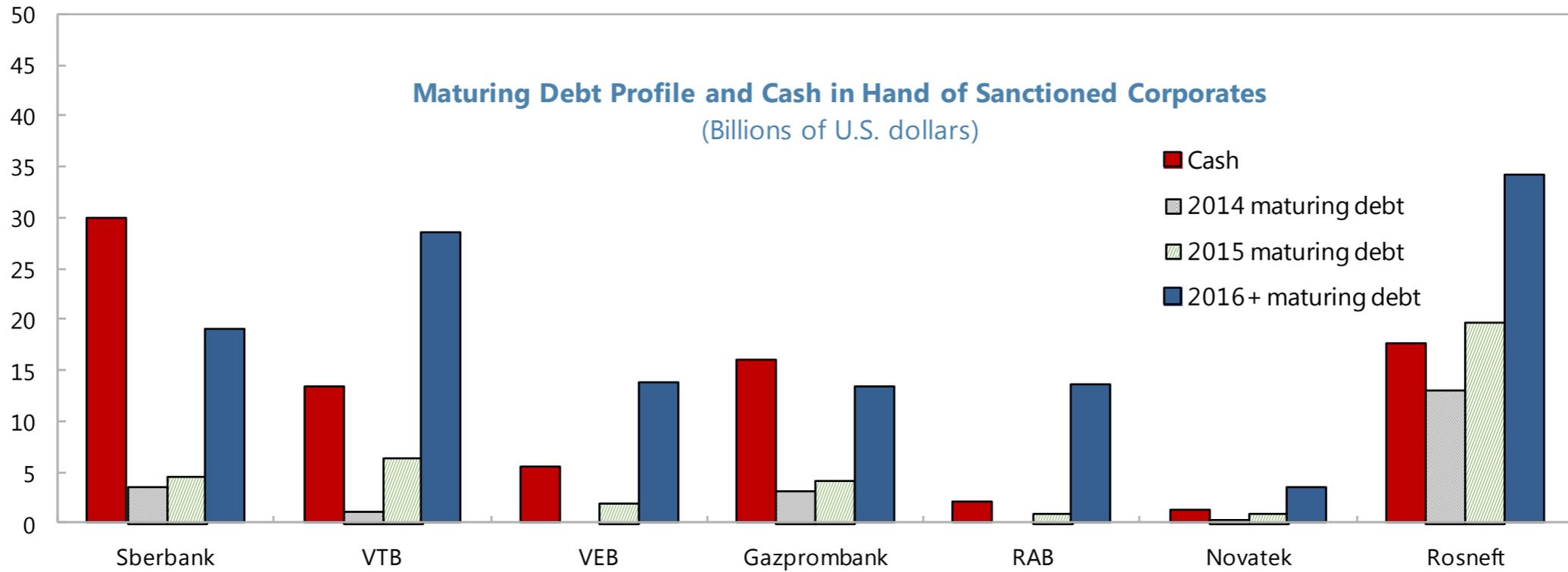
(in USD billions)



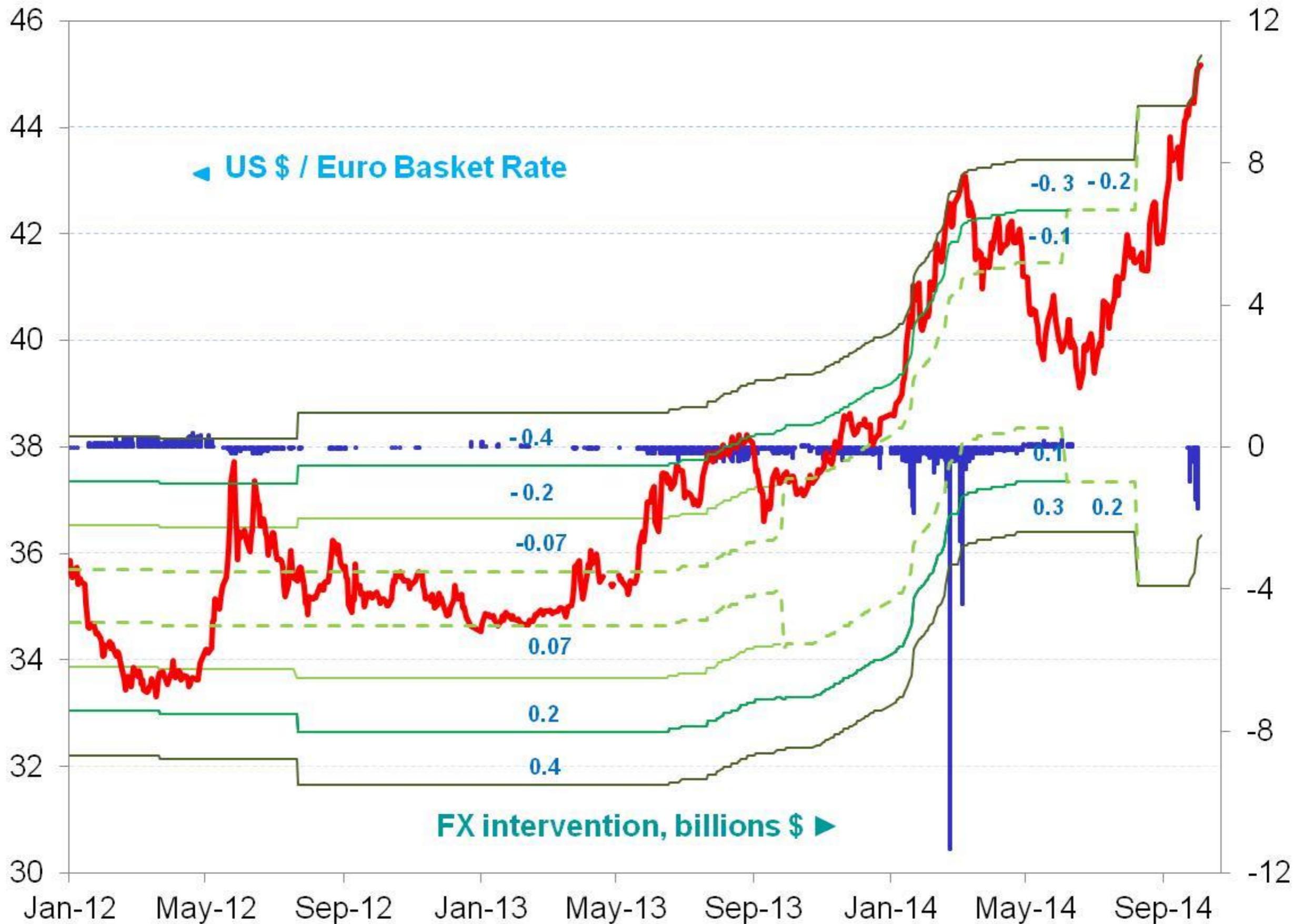
Geopolitics and external debt



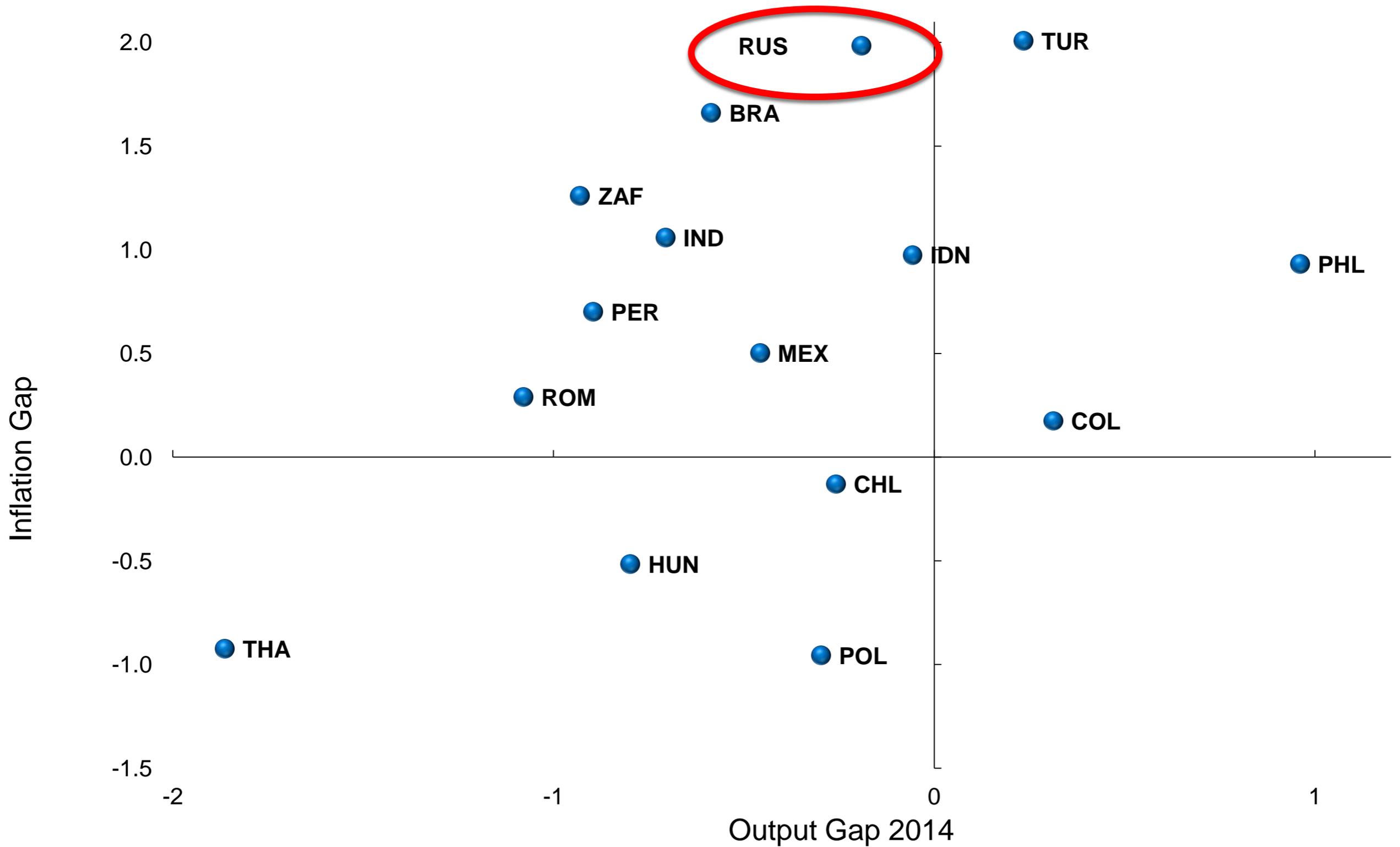
Geopolitics and external debt



Monetary policy: extraordinary times



Demand-management policies?



Monetary policy considerations

Monetary policy stance

Role of flexible exchange rates

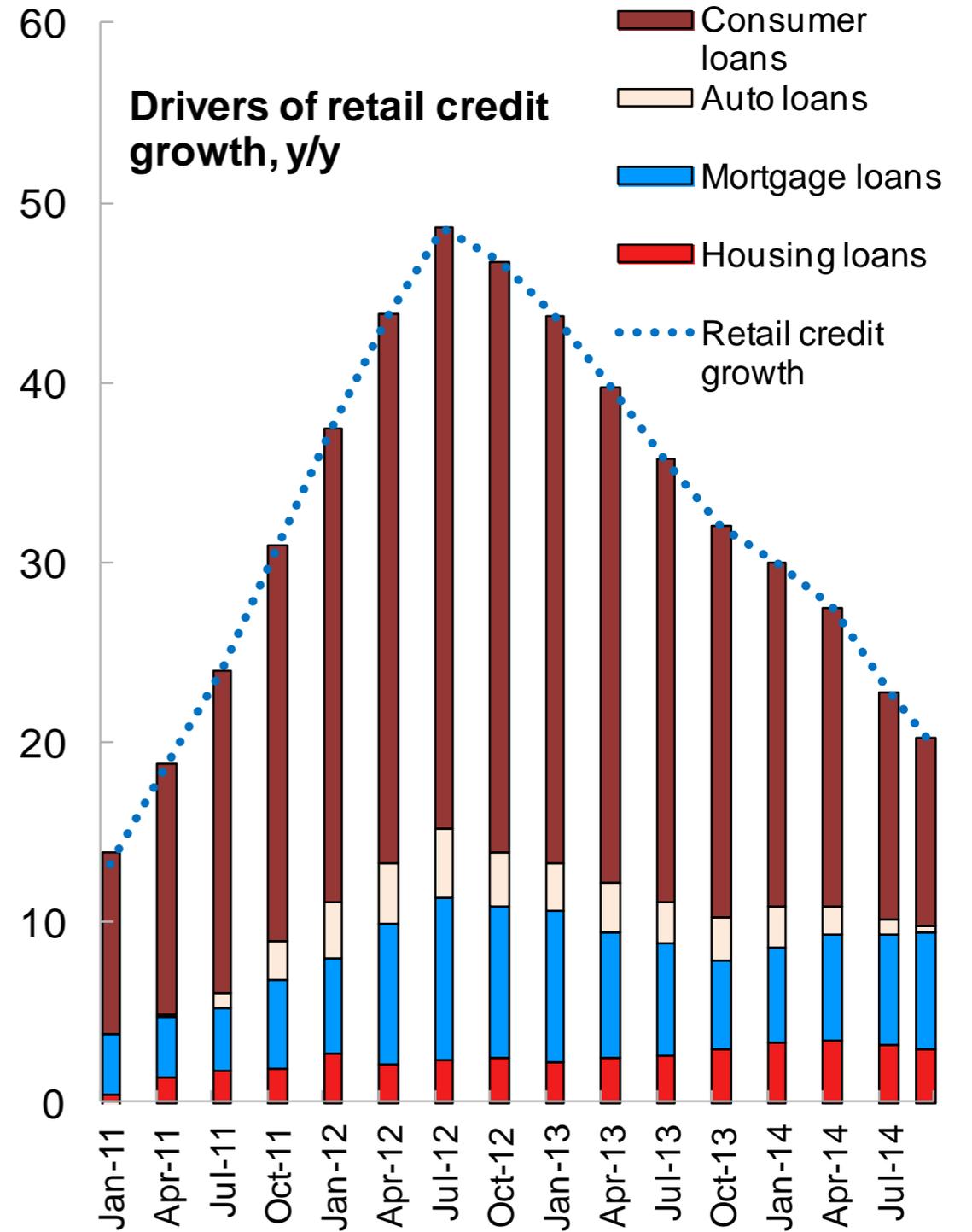
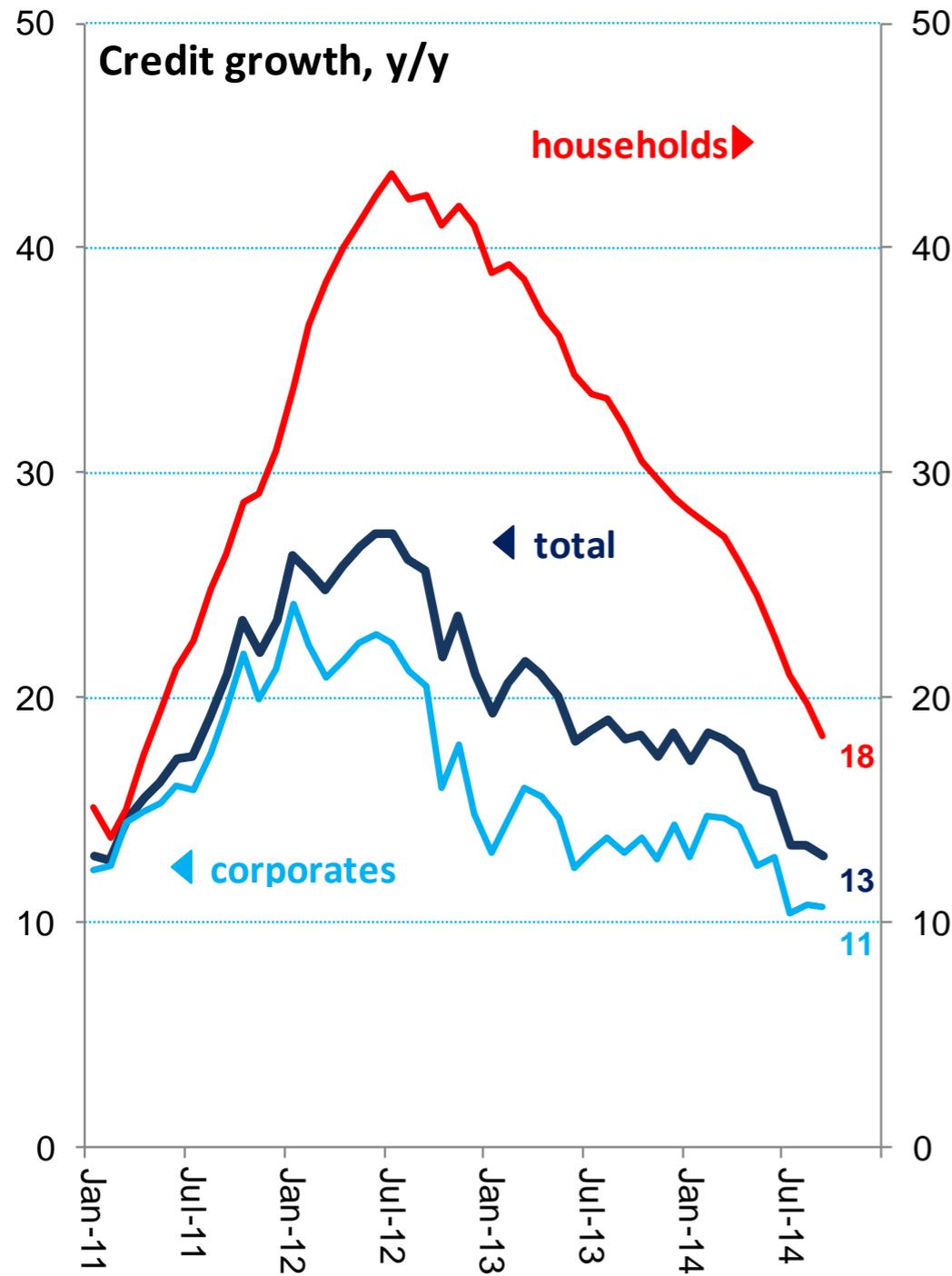
Road to a credible inflation targeting framework

Liquidity measures?

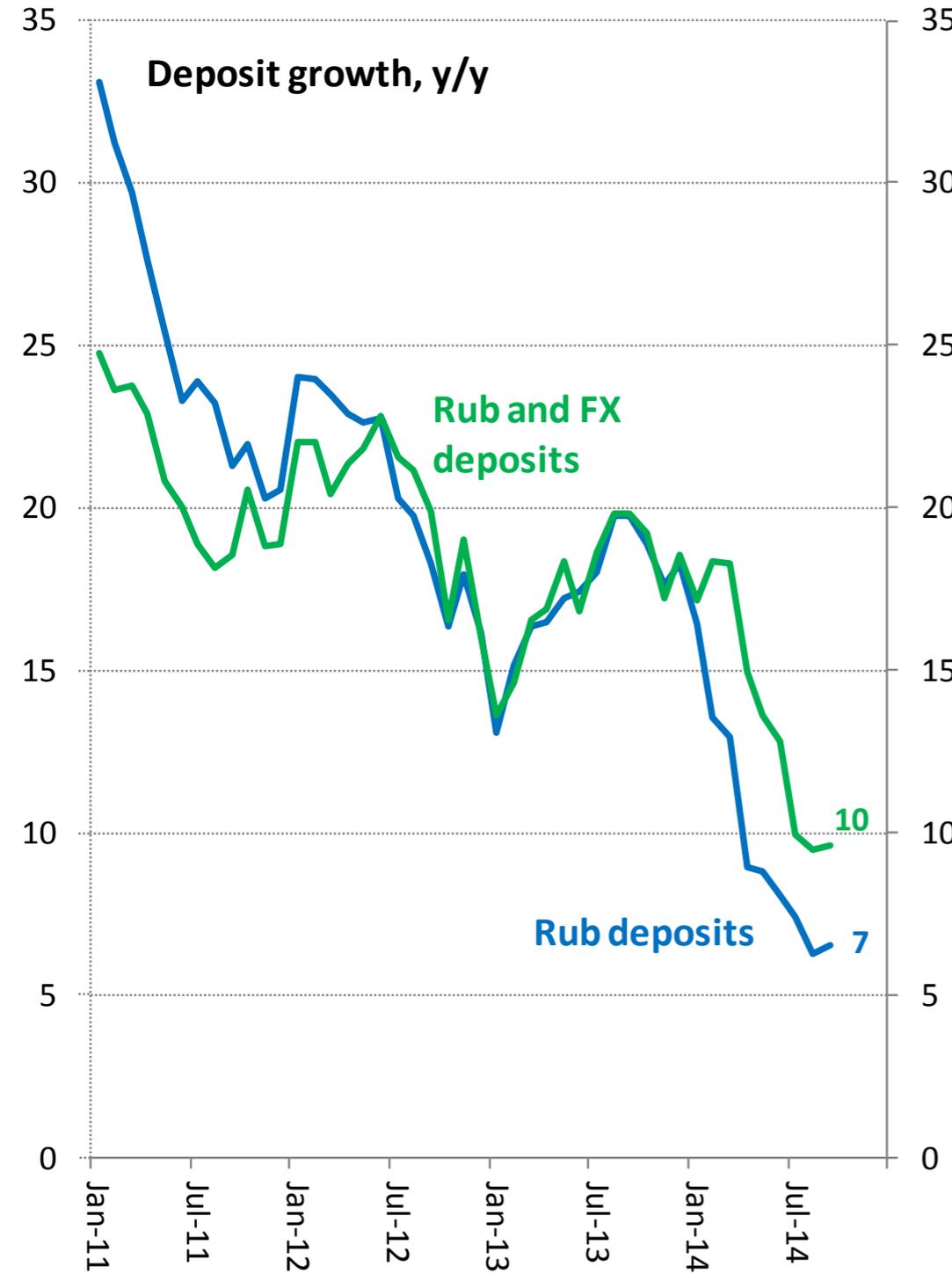
Emphasis on financial stability

Financial sector developments

Containing risks. Encouraging intermediation

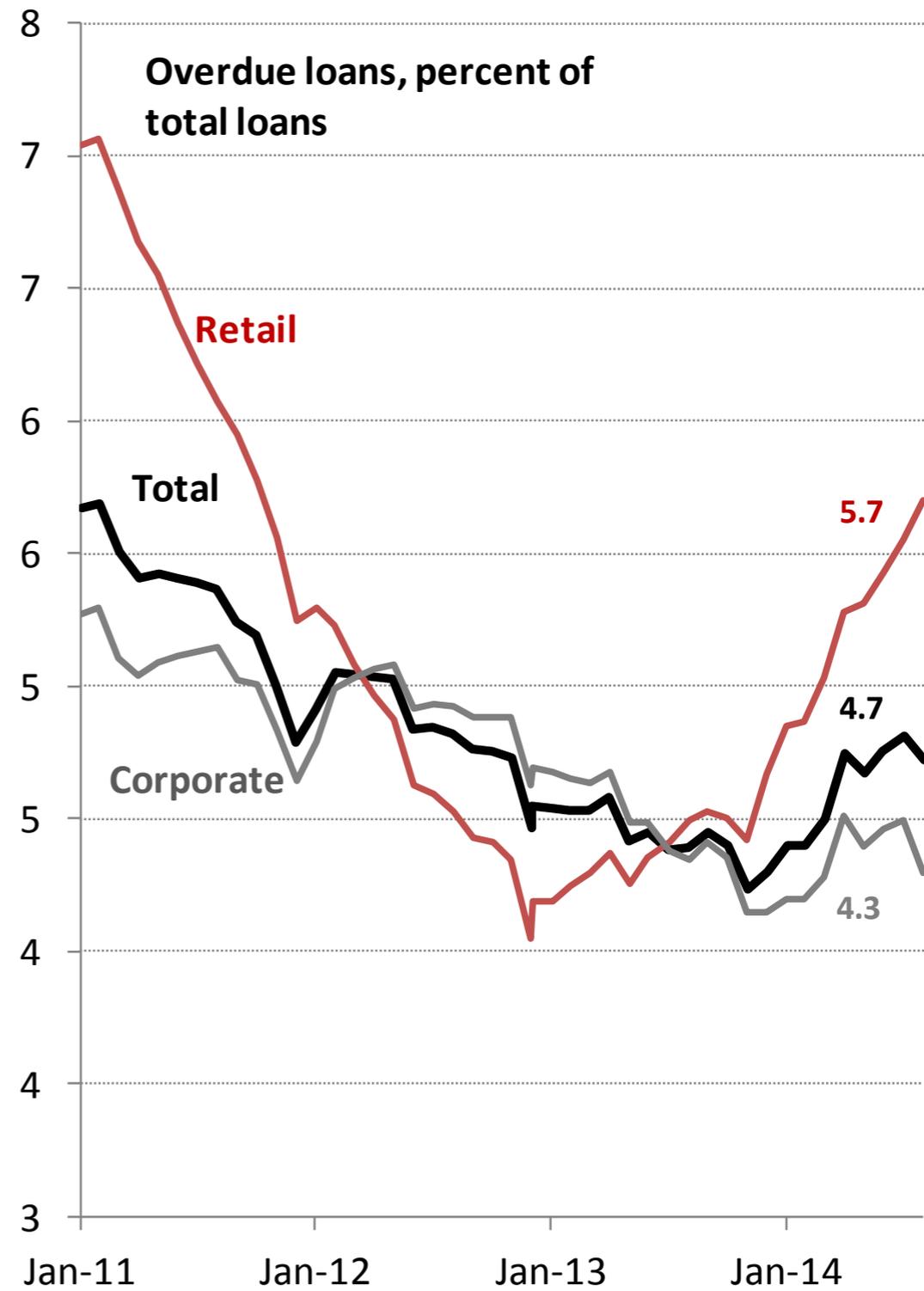
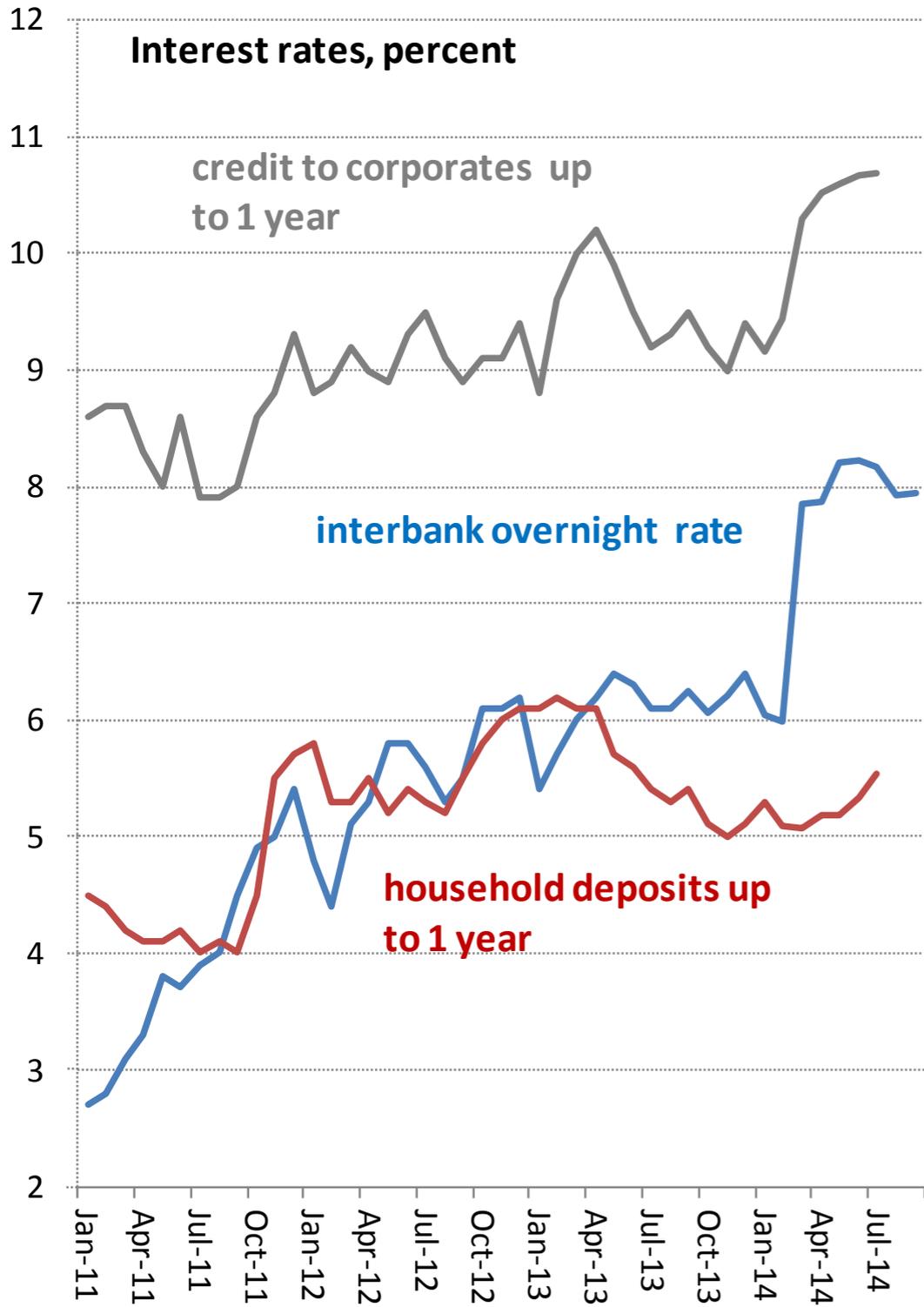


Developments in deposits



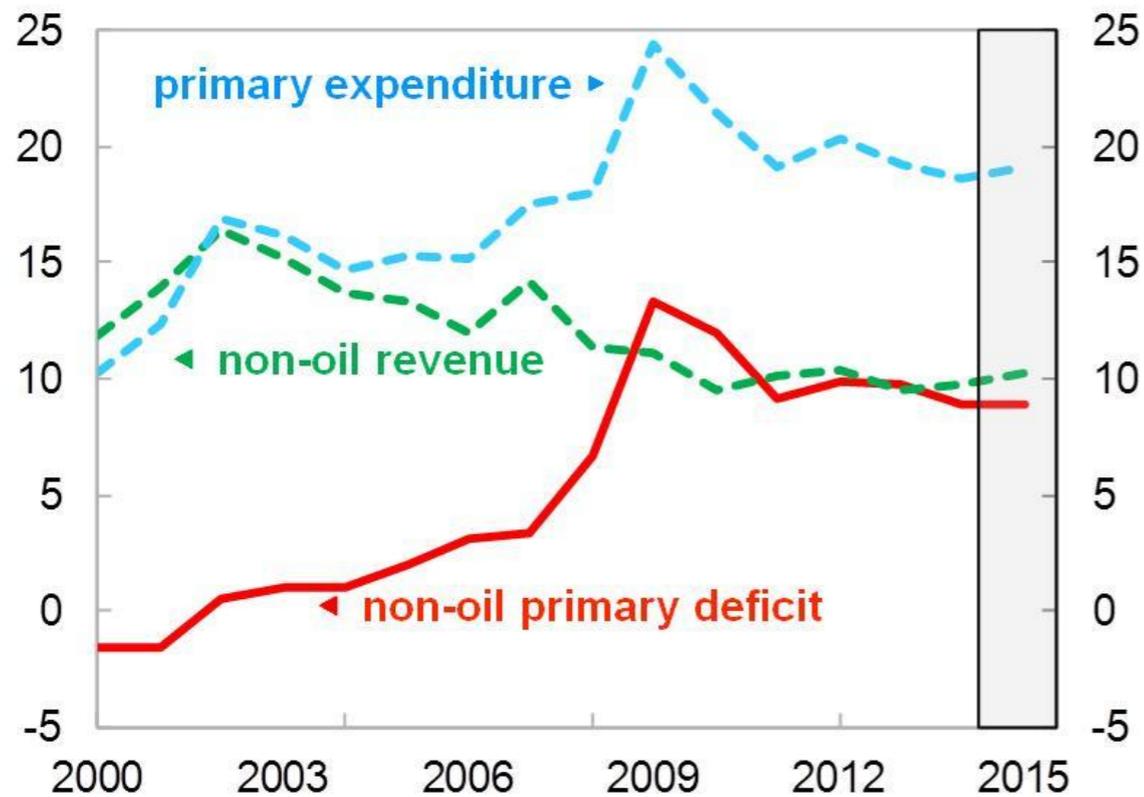
	as of 01/01/2014			as of 08/01/2014		
	Rub. bn.	% of total	% of GDP	Rub. bn.	% of total	% of GDP
Total deposits	32,795		49	34,380		49
Rub	22,932	70	34	23,834	69	34
FX	9,863	30	15	10,546	31	15
Households	16,958		25	16,883		24
Rub	14,001	83	21	13,699	81	20
FX	2,957	17	4	3,184	19	5
Non-financial enterprises	10,838		16	11,976		17
Rub	6,372	59	10	6,944	58	10
FX	4,467	41	7	5,031	42	7
Credit institutions	4,806		7	5,339		8
Rub	2,370	49	4	3,013	56	4
FX	2,437	51	4	2,326	44	3
Individual entrepreneurs	193		0	182		0
Rub	190	99	0	178	98	0
FX	3	1	0	4	2	0

Banking sector



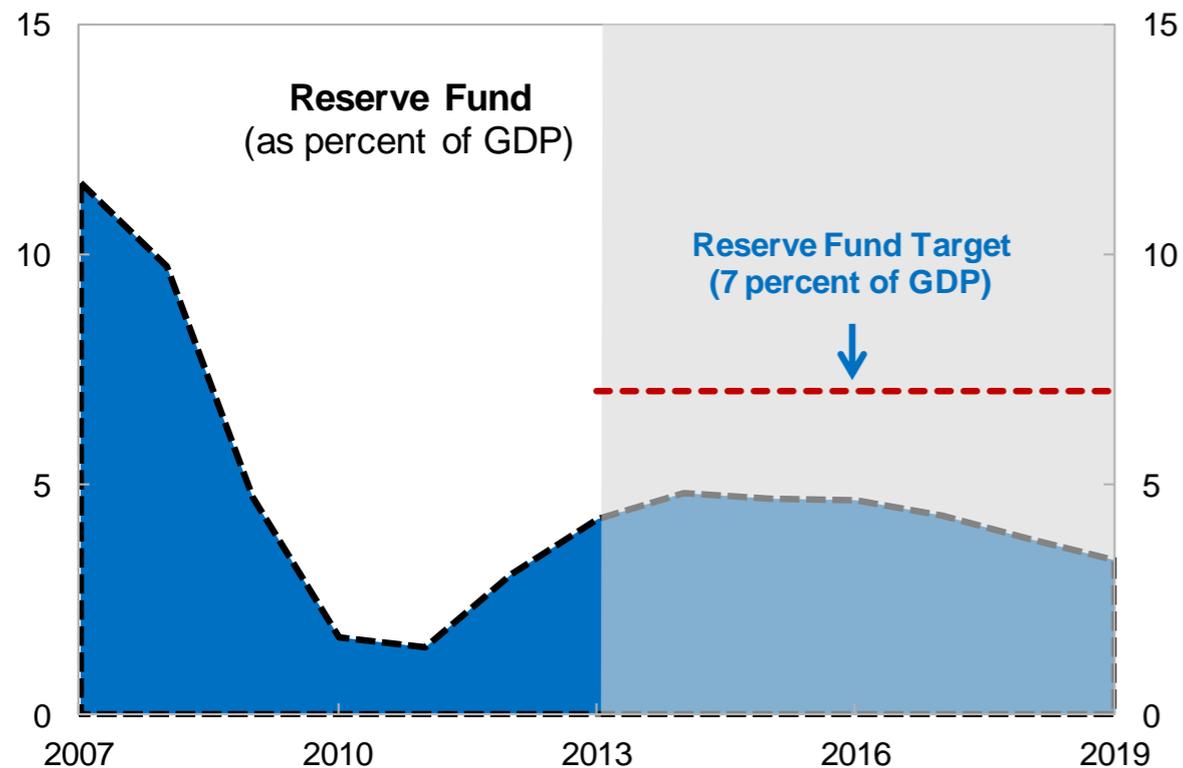
Fiscal policy challenges

Federal non-oil deficit



Fiscal rule remains an important anchor

Risks to the fiscal outlook



Infrastructure expenditure

Further pension reforms

Privatization

Prospects and Challenges

Improvements in the policy framework

... but structural slowdown, amplified by geopolitics

Near-term

Uncertainty—effect on (ample) buffers?

Stable and credible macro frameworks as policy anchor

Policy responses to avoid distortions

Medium-term

Structural reform agenda remains key

Diversification through integration