

Profitable Growth After the Crisis

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Is the crisis over?

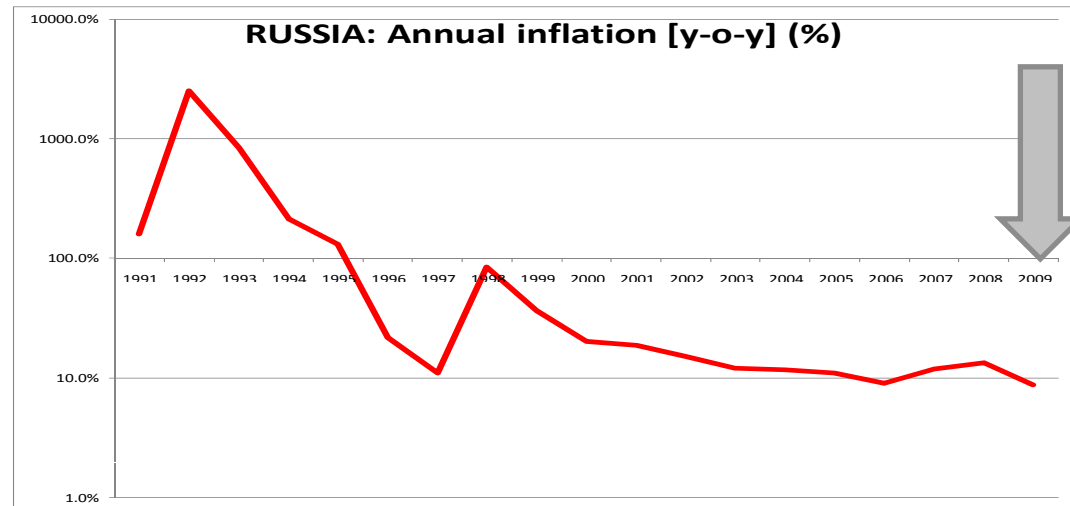
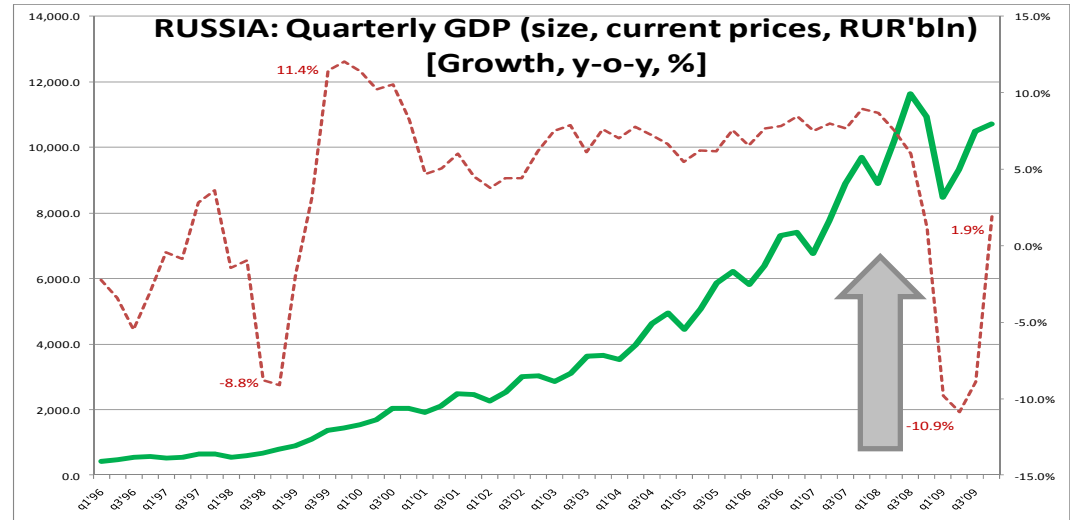
“So, so you think you can tell
Heaven from Hell,
Blue skies from pain.
Can you tell a green field
From a cold steel rail?
A smile from a veil?
Do you think you can tell?”

“Wish you were here”
Pink Floyd,
1975

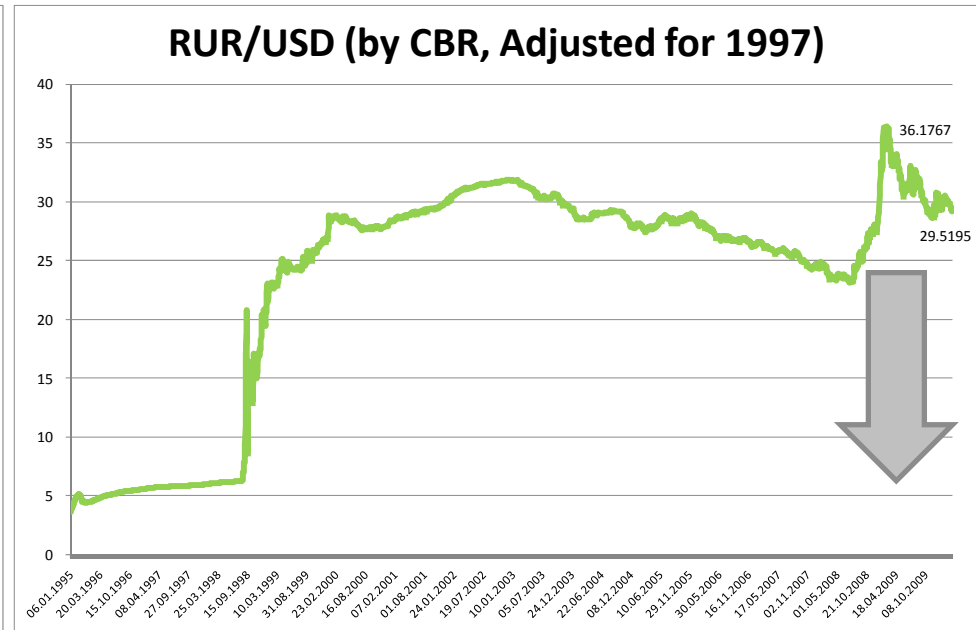
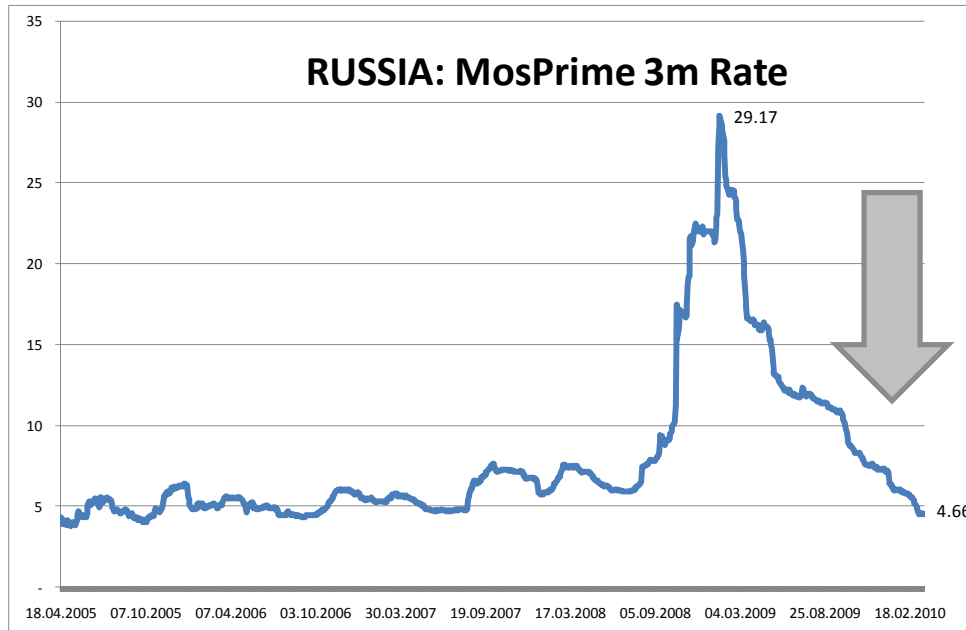
Is the crisis over yet?





“If you drown – you will not swim in the sea ever gain”

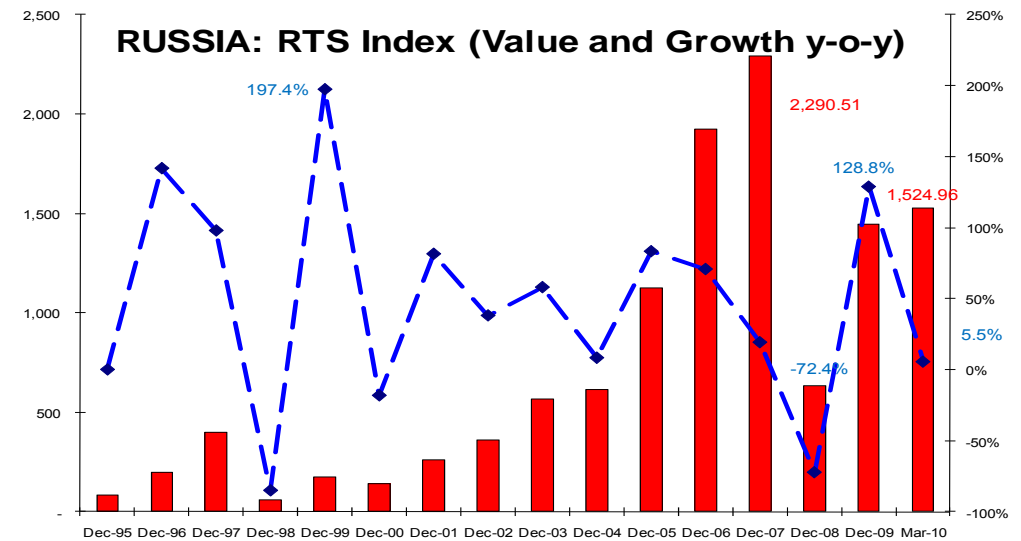
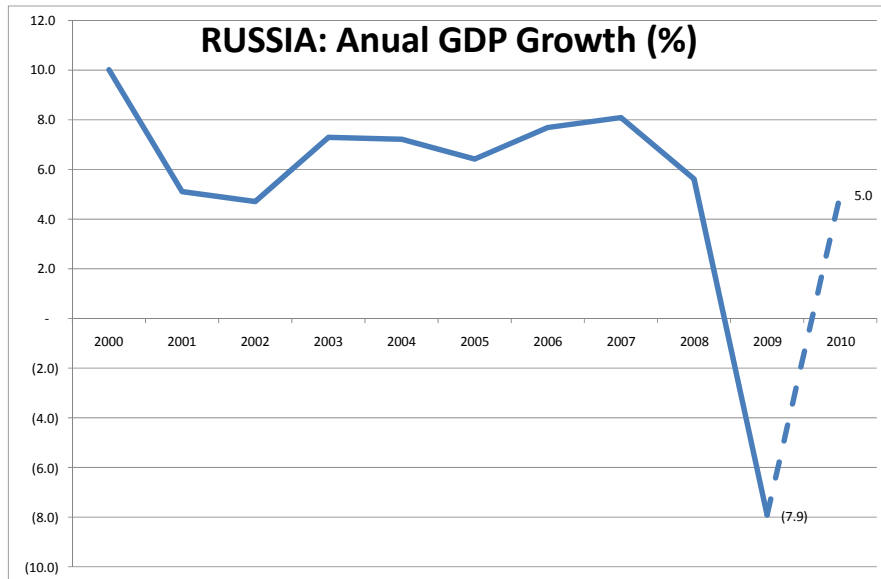


Is a Growth expected after the Crisis?



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Demand, demand, demand
 - External – cost of borrowing should be low (but not excessive!) and RUR/USD should favor export,
 - Internal – cost of borrowing should be low (but not excessive!), government support (auto-markers, but late),
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Diversification, diversification, diversification
 - Away from mineral resource extraction and processing (but that fast!)
 - More investments into high-tech (Nano, Bio, Nuclear – all low-hanging fruits)

How profitable the growth is expected after Crisis?



- De-Stocking is over,
- Gains on low base are always substantial,
- After “breakthrough” (2010) [if it happens] growth will slow down to more balanced (2011-2012),
- Chances for low inflation are real, government is aiming to bring borrowing rates in line with inflation to boost local demand.
- Lower cost of borrowing is expected to be a base for a more diversified growth.

What to expect in general?

- **WORLD** – Transition (V-, U-, W-, и L-?)
 - From mild regulation of financial markets to more strict rules and even micromanagement,
 - From recession to low-inflation growth,
 - From increased deficits of state budgets to contracting of those,
 - Anti-crisis business support programs will fold,
 - From deflation to low inflation etc.
- **RUSSIA** – Resurrection
 - (After 7.9% decline in 2009) GDP is expected to grow by 4.0-4.5% and up to 6.0% (MinEconom) [BUT oil should be \$65-70/ barrel],
 - Contraction of internal demand (Government spending (-7%), bank lending etc.),
 - Growth of investments, consumer demand,
 - Attempts to bring inflation down further,
 - Developing plans on restoring confidence in the ruble,
 - Borrowing costs will decline but at slower pace.
 - Budgetary deficit (!), but should trigger efficiency in spending (!!).



“Good luck”

