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in cooperation with

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*All nominal rouble amounts are given in new, redenominated, roubles.
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THE CENTRAL BANK POLICY: CHALLENGES FOR 2000

Nadia Ivanova and Koen Schoors

RECEP, Moscow

The features of Russia's monetary policy (objectives, parameters and instruments) for the year 2000 were defined in the Central Bank document - "Main trends in monetary policy in 2000". The final approval of the general policy trends for 2000 was preceded by submission of two different draft scenarios by the CBR to the Duma on October 1, 1999. While the first scenario was in line with the government's projections for the 2000 budget, the preferences of the CBR were clearly revealed in the second scenario, which showed figures substantially different from the government's. According to the second scenario, the CBR aimed to achieve higher production growth (7%) and growth in GDP (6-10%) by stimulating consumer demand and bringing real household income to its pre-crisis level. Not surprisingly, the "CBR's scenario" provided for higher money supply growth (32-38%) and inflation (25-28%). Table 1 shows the main macroeconomic targets under the two scenarios, as presented in the draft and in the final document.

Table 1: Main macroeconomic and monetary policy targets in 2000

| | 1999 estimates | Draft document | | Final document |
|---|-------------------|-----------------------------|-----------------------------|-------------------|
| | | 1 st scenario | 2 nd scenario | |
| GDP, bn roubles | 4250-4500 | 5000-5100 | 5300-5600 | 5350 |
| GDP, % of previous year | 0-2 | 1-2 | 6-10 | 1-2 |
| Industrial production, % of previous year | 7-8 | 2-3 | 7-11 | 4 |
| CPI, December–December % | 38-40 | 18-22 | 25-28 | 18 |
| Industrial price index, December- December % | 65-75 | 20-25 | 28-32 | 21-25 |
| M2, growth rate December–December % | 44-50 | 20-28 | 32-38 | 21-25 |

Source: CBR

The CBR's initiative did not bring applause from the government, and the CBR had to correct the document in line with the targets of the 2000 budget. The subject of analysis in this report is the amended version containing only one scenario, approved by the government on November 25, 1999. Though the key economic indicators of the document coincide with the government's estimates, the CBR still managed to defend its position to some extent. Thus in the introductory section the CBR reserves the right to express its disagreement with the low figures for economic and household income growth projected by the government. The CBR even hints that it would not protest being given a free hand to pursue a more active policy.

Specifically, the ultimate objectives of monetary policy in 2000, as defined in the document, are the continued fight against inflation while allowing for the possibility of faster economic growth, and the creation of conditions for lower unemployment and the growth of real income of the population. However, the achievement of economic growth and low unemployment are normally the goals of government, not of a central bank. In addition, macroeconomic theory suggests that these objectives are not easily reconcilable, and that if the central bank acts to promote economic growth rather than to fulfil its primary goals of promoting a stable currency and maintaining low inflation, the outcome may be higher inflation and lower economic growth.

Nevertheless, this statement should be perceived more as a declaration by the CBR of its old affinity, rather than the real intention to boost the economy via money injections, especially when the operational objectives are discussed. The CBR explicitly states that the short-term operational focus of its monetary policy will be the monetary base. Technically this means that monetary policy mechanism will be based on controlling two components of base money: the net international reserves (NIR)¹ and net domestic assets (NDA)². As far as the latter is concerned, the focus will be on credits to the government and to commercial banks.

Problems to be addressed

The experience of the previous year suggests that the CBR grants credits to the government mainly in foreign currency (in 1999 credits to government totalled to \$4.5 bn and R32 bn) which is needed by the government to service its foreign debt. This implies that in general the CBR uses its foreign currency reserves for two purposes: supporting the exchange rate and financing foreign debt obligations. There is a difficult trade-off between these two objectives. If the CBR refrains from interventions foreign exchange will be more expensive and foreign debt obligations will weigh more heavily on the budget. On the other hand, this will make more foreign reserves available. Interventions make the burden of the foreign debt obligations easier for the budget, but will affect the foreign reserves. This implies that if the CBR opts for interventions it will have to buy foreign currency to replenish its foreign reserves after each intervention.

Buying foreign currency, the Central Bank exchanges foreign reserves for rouble liquidity, which mostly ends up as cash balances in the correspondent accounts of the commercial banks at the CBR. Therefore, exchange rate intervention performed in order to decrease the cost of debt service to the budget immediately translates into excess banking liquidity, threatening additional pressure on the rouble and inflation in future. The CBR is well aware of this trade-off between its objectives, as is evidenced by the statement in its policy document: “probably the main source of money supply in 2000 will be the purchases of foreign exchange by the CBR for replenish its foreign reserves.” Moreover, the CBR acknowledges that in implementing the procedure to control the money supply, the biggest attention will be paid to the dynamics of the cash balances in banks’ correspondent accounts.

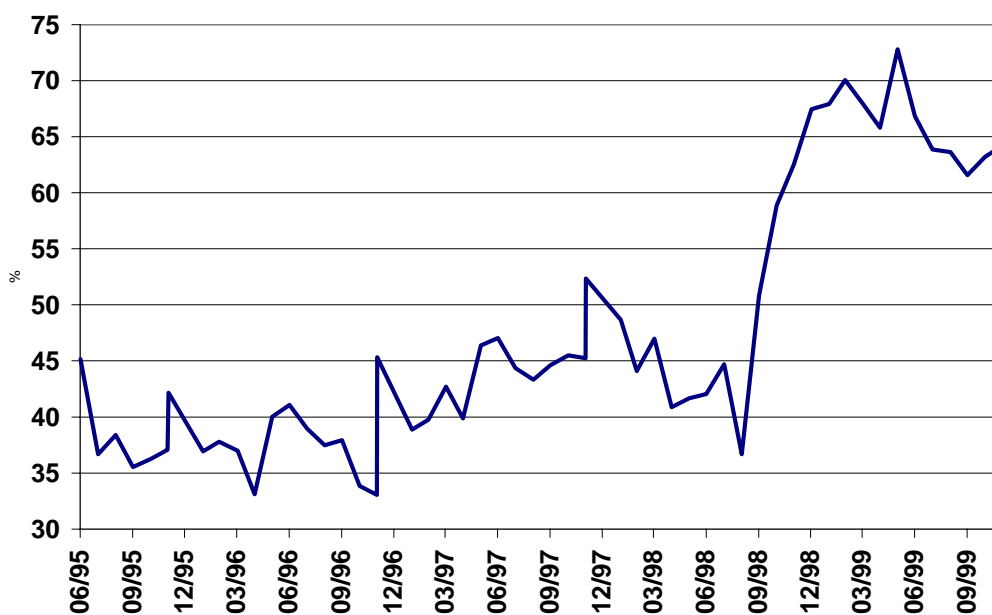
The cash balances in correspondent accounts at the CBR are the largest portion of excess reserves³ accumulated by commercial banks. Though the total amount of banks’ reserves always exceeds the legal requirement of the CBR, Figure 1 shows that the period directly after the crisis of August 1998 is characterised by a sharp increase in the share of excess reserves. This increase was mainly caused by the following factors: First, in September 1998 the CBR lowered the reserve requirement ratio to compensate banks for default on the government internal debt and soften consequences of the bank run. The second factor was a liquidity injection by the CBR into the banking system in the form of stabilisation credits. Then, the collapse of almost all financial markets deprived banks of any feasible investment opportunities. In 1999 the share of excess reserves even reached 70% of the total reserves held by banks.

¹ In dollar terms NIR is calculated as the difference between gross international reserve assets and international reserve liabilities of the monetary authorities (the CBR and the government).

² NDA are defined as the difference between base money and NIR expressed in roubles.

³ Mandatory reserves are held by all banks in compliance with the minimum legal reserve requirement for domestic and foreign currency denominated deposits.

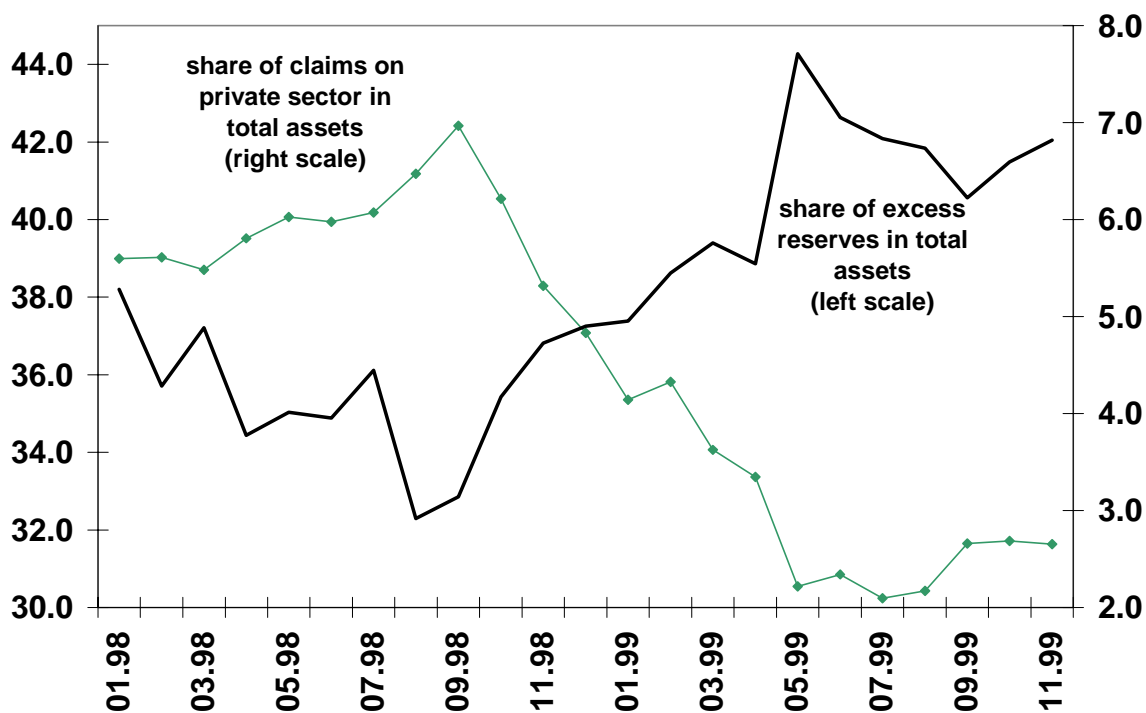
Figure 1: Share of excess reserves in total banks' reserves (%)



Note: Excess reserves are calculated as the difference between the total banks' reserves and required reserves on rouble and foreign currency deposits. The required reserves on rouble deposits are part of the money base. The required reserves on foreign currency denominated deposits are RET estimates from the data on foreign currency deposits and reserve requirements on the respective deposits.

Source: CBR, RET estimate.

Figure 2: Share of commercial banks' claims on the private sector and share of excess reserves in total assets (%)

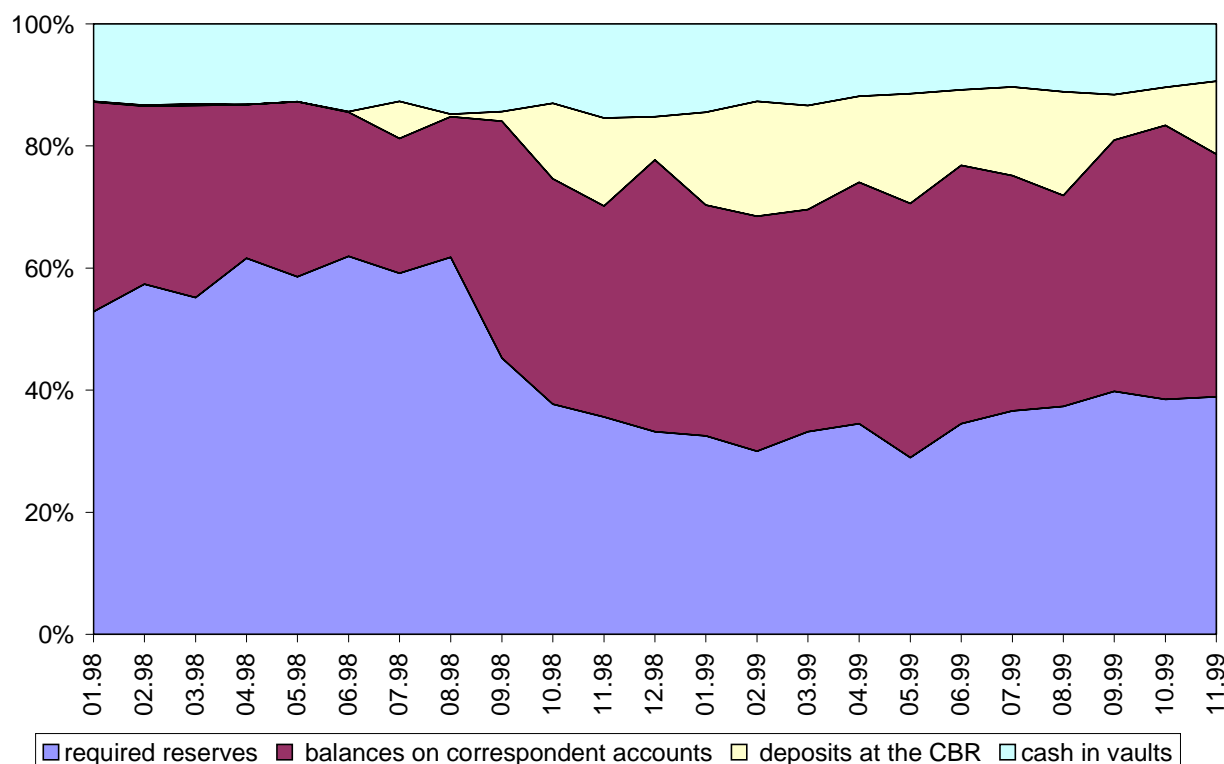


Source: CBR, RET estimate.

The alternative use of resources accumulated by banks in the form of excess reserves might be investment into the economy. In 1997-1998 the CBR attempted to stimulate lending to the real sector by lowering reserve requirements. This policy has failed. The banks prefer to use the released funds to expand their presence on the securities markets. After the 1998 crisis banks are still reluctant to lend to the real sector, even in times of abundant liquidity and lack of other investment opportunities. The reason is that credit to non-financial enterprises in Russia is entirely influenced by such fundamental factors as the creditor rights environment and general political stability. Figure 2 shows a pronounced negative relation between the liquidity measured as excess reserves and claims on the private sector.

The fact that the cash balances in correspondent accounts at the CBR are the largest part of banks' excess reserves is confirmed by Figure 3, which presents the break-down of total commercial banks' reserves by their main components. Apart from rising in relative terms in 1999, the cash balances increased by almost 2.5 times in absolute value and reached their peak of R88.3 bn at the beginning of January 2000. Another striking feature is the large portion of regional banks' cash in the amount of total cash balances in correspondent account at the CBR. In the course of 1999 this share ranged from 36% to 60%. At the same time it is widely known that the overwhelming majority of bank assets is concentrated in Moscow and the Moscow region. The share of assets of regional banks in total bank assets was only 13.9% at the end of the second quarter of 1999, slightly increasing to 15.6% at the end of the third quarter of 1999.

Figure 3: Break-down of total commercial banks' reserves (%)



Source: CBR, RET estimate.

Faced with this excess liquidity, banks may prefer to purchase foreign currency, which would undoubtedly put additional pressure on the exchange rate. Of course, the CBR may try to sterilise the bank liquidity increase in an attempt to alleviate the impact on the exchange rate and potential inflationary consequences of its policy. The question is which instruments the CBR has at its disposal to achieve sterilisation.

Monetary policy instruments: lack of room to manoeuvre

In the Main Policy Directions for 2000 the CBR included the standard list of instruments that central banks employ to conduct monetary policy and control the money supply. These instruments include refinance lending, adjustments to reserve requirements, deposit and open market operations and interest rate policy.

Refinance lending means that a central bank grants loans to banks at some fixed interest (refinancing) rate. Through open market operations a central bank can influence the supply of bank reserves by purchasing or selling securities on the open market. As far as the interest rate policy is concerned, this instrument presents a certain dilemma: in the short-run a central bank can control either the interest rate or the money supply, not both. The solution to this dilemma is that in the medium-run a central bank can adopt certain monetary targets (like a rate of growth for a chosen monetary aggregate). In a shorter run, certain circumstances may induce the central bank to aim at the interest rate rather than the pre-announced monetary targets, expecting the interest rate to affect money demand.

Most of the above monetary policy instruments are traditionally regarded as indirect market-based measures, while changes to the reserve requirements by nature is more like an administrative mechanism. Under normal conditions, this instrument is employed only as an supplemental tool for controlling the money supply. Lowering the reserve requirements amounts to monetary expansion. Reserve requirements are raised as a means of restricting credit in the economy. Another instrument that allows a central bank to contract the liquidity of the banking system is deposit operations. The cost of these operations is an interest that a central bank has to pay to banks for holding their money.

Before the crisis of August 1998 the CBR was in fact able to apply the entire range of monetary policy instruments. In the period of 1995-1998 bank liquidity was provided largely at the credit auctions. Also, the Central Bank could influence bank liquidity through the open market operations: the CBR was an active participant of the treasury bill (GKO) market that was the main interest-bearing liquidity instrument in that period.

Just after the crisis of August 1998 the list of monetary policy instruments available to the CBR was substantially reduced. The CBR has granted credits to commercial banks in a non-competitive way, in the form of so-called stabilisation credits. The criteria for access to CBR-liquidity have not been very transparent since the 1998 crisis. In general, up to now good connections seem to be crucial to obtain refinancing by the CBR. Many of the CBR's liquidity credits to banks in 1999 were extended in the form of REPO's, which means that the credits were extended against the collateral of GKO's. If a bank does not pay back the credit, the CBR will not return the GKO. In this situation, the amount of credit extended does not depend on the CBR's refinance rate. Therefore the decrease of the CBR refinance rate in January 2000 from 55% to 45% will not greatly affect the liquidity of the commercial banking system, nor will it stimulate bank lending to the real economy.

Sterilisation by administrative measures

In the virtual absence of other monetary policy instruments in the period after the crisis, the CBR's mainly used instrument for controlling the immediate liquidity of the banking system has been the required reserve ratio. The CBR is losing foreign reserves for financing foreign debt service and making exchange rate interventions (which, in turn, are a way to make debt service less expensive). In order to keep its reserves at an acceptable level, the CBR has to actively buy dollars from commercial banks. This directly increases bank liquidity. Table 2 and Figure 4 show that, to reduce pressure on the forex market from cash balances in commercial banks' correspondent accounts, the CBR

raised the reserve requirement twice in 1999. Another large increase in the reserve requirement took place at the beginning of January 2000 when cash balances in commercial banks' correspondent accounts reached their maximum (R88.3 bn). In this perspective, the lowering of the refinance rate in early 2000 is irrelevant because of the simultaneous increase in required reserves.

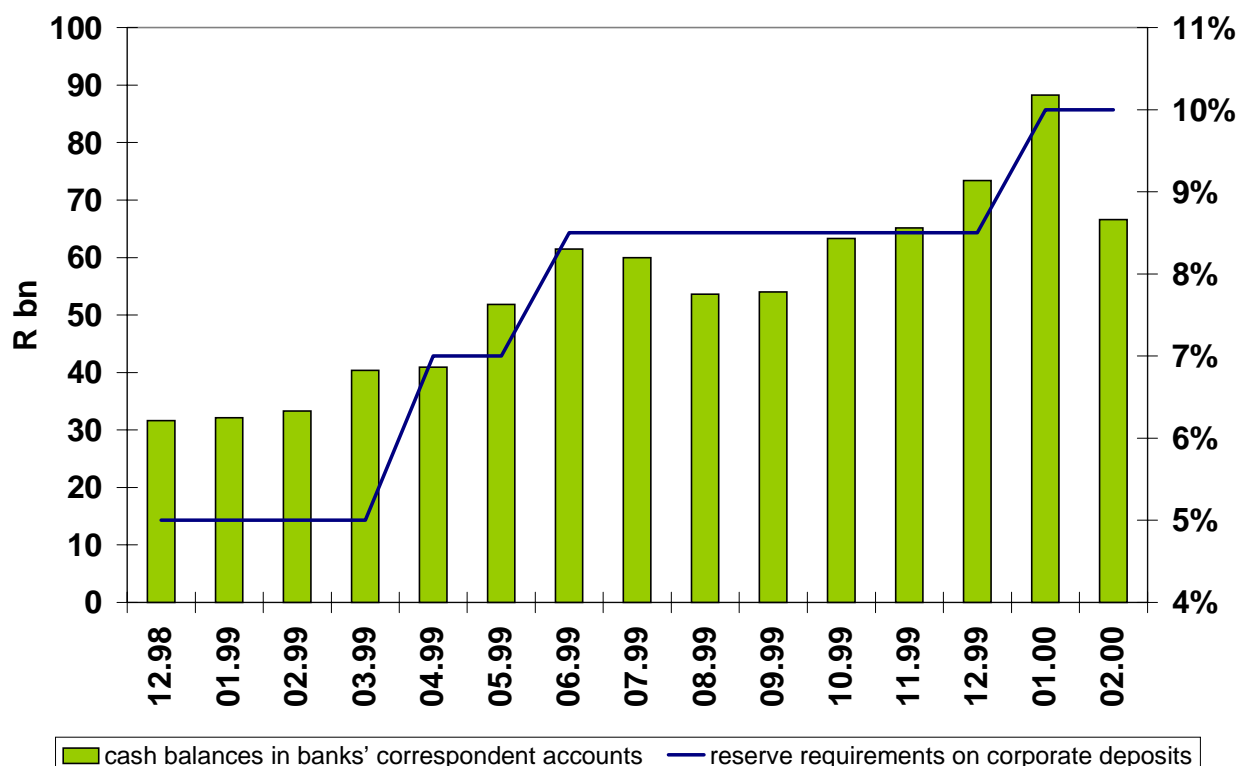
Table 2: Commercial bank reserve requirements (%)

| | On rouble corporate deposits | On rouble households deposits | On corporate foreign currency accounts | On rouble households foreign currency accounts | On rouble households accounts in Sberbank |
|---------------|------------------------------|-------------------------------|--|--|---|
| 1 December 98 | 5 | 5 | 5 | 5 | 5 |
| 19 March 99 | 7 | 5 | 7 | 7 | 5 |
| 10 June 99 | 8.5 | 5.5 | 8.5 | 8.5 | 5.5 |
| 1 January 00 | 10 | 7 | 10 | 10 | 7 |

Source: CBR

As a result of the latest big increase of the reserve requirements, the amount of required reserves only for rouble deposits, increased by R9.5bn from R35.6 bn at the end of December 1999 to R45.1 bn at the end of January 2000. In addition, the CBR managed to reduce bank liquidity in the form of cash balances in correspondent accounts, which stood at R64.6 bn at the end of February 2000 (Figure 4).

Figure 4: Reserve requirement ratio (%) and maximum cash balances in banks' correspondent accounts (R bn)



Source: CBR

The new placement of the GKO issues carried out by the Finance Ministry on February 23, 2000 might have had a marginal effect on bank liquidity. MinFin succeeded in placing two short-term treasury bills, raising R3.4 bn. One 3-month GKO issue intended for domestic buyers was placed at an average price of 94.88 roubles, and an annual yield of 20.1%. Reported demand for these bonds (R7.5 bn) exceeded supply (R2.5 bn) by three times. The second 6-month GKO issue available to non-residents was placed at a premium of 0.29%, implying a negative yield of 0.54%. Non-residents who bought this GKO will have the right to export currency after the redemption. MinFin chose the time of placement correctly, since it had to pay out about R10.3 toward the redemption of its old debt at the same date. The new placement of GKO's is a step towards fostering the recovery of the government securities market: liquid short-term instruments are very much needed for commercial banks to regulate their liquidity. However, in future the government should make sure that ailing state banks like the CBR and Sberbank are not forced to invest in GKO's and thereby help to keep yield levels artificially low.

In 2000 the Central Bank will likely continue to use another monetary policy instrument - deposit operations. The CBR mainly uses three types of deposit operations: deposit auctions, deposit operations at the fixed rate, and taking deposits from signatory banks of the special (general) agreement with the CBR, using the "Reuters-dealing" system. The latter option is mostly open to the 30 biggest banks located in Moscow, since deposit limits are too high for regional banks. In 1999 the CBR managed to attract bank deposits worth R176.8 bn. The monthly average amount of bank deposits held at the CBR was R14.7 bn, reaching a maximum of R23.1 bn in August 1999 and a minimum of R3.7 bn in December 1999.

Regarding its intentions with respect to interest rate policy, the CBR states that it will support the low real interest rate in the economy. No one would argue against such a goal, but at the same time the CBR admits that at present its influence on the interest rate level is quite limited. The main reason for this is a segmentation and substantial contraction of financial markets after the crisis of August 1998. Segmentation of financial markets means that substitution between different financial instruments is limited. In other words, each financial instrument has its own very specific and limited function. As the GKO market is currently very thin and undeveloped, economic agents are reluctant to invest money into securities with unclear future. Veksels are primarily used as a settlement instrument rather than investment vehicle. Corporate and to some extent household bank deposits are not so sensitive to changes in interest rates. Bank deposits are demanded for their payment function. As a consequence, there is a virtual absence of such important macroeconomic indicators as the interest rate.

Conclusions

One of the main challenges facing the CBR in 2000 is the conflict between the monetary and exchange rate policies, which occurs due to a necessity to regulate the immediate excess liquidity of commercial banks. Given the limited range of instruments available for this purpose the CBR will have to balance between replenishing its foreign reserves and controlling of money supply. The opportunity for commercial banks to invest in short-term market-based liquid instruments will certainly provide more freedom and flexibility for the Central Bank in conducting its monetary policy.

In practice monetary policy during 2000, and in the near future, will be dictated largely by the foreign debt service burden on the country. Therefore the outcome of foreign debt restructuring negotiations will directly affect monetary policy inside Russia. Any positive surprise on the restructuring side will be felt in the economy in the form of lower inflation, and/or decreased financial depression, with a subsequent positive influence on the financial sector and the real sector. Any debt restructuring windfall gains could easily be ruined by the government through higher budget deficits. Budgetary discipline therefore remains a prerequisite for a sustainable stabilisation of inflation.

ECONOMIC UPDATE

Aggregate demand

In January 2000 real consumer expenditures on goods and services (a proxy for personal consumption expenditures) continued to grow slowly but steadily. Since September 1999 they have increased by 5% and in January were only 6% below their 1997 average level. Real expenditures on non-food goods were 13% lower than the 1997 average level, expenditures on food & beverages 6% lower, and expenditures on services 5% higher than the 1997 average. Changes in the structure of consumer expenditures have been the opposite of changes in the structure of consumer prices: over 1998–1999 prices for non-food goods grew at the highest rate and prices for services at the lowest.

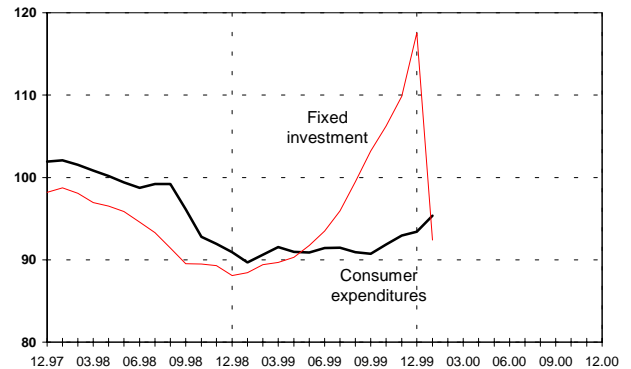
Goskomstat has drastically revised 1999 data for real expenditures on new construction & equipment (a proxy for gross fixed investment). A month ago their annual rate of growth over 1998 was estimated at 1%. This figure was now raised to 4.5%. Currently, monthly data on fixed investment look inconsistent. According to the current official data, in December 1999, the year-on-year rate of growth of fixed investment was 27.5%. At the same time the product of twelve 1-month rates of growth gives a year-on-year growth rate of about 33% for December 1999. Moreover, only such a rate of growth across the year corresponds with the reported figure of annual growth. But for January 2000 the preliminary year-on-year rate of growth is reported to equal only 5%. This means that in seasonally adjusted terms, in January 2000 fixed investment dropped by about 20% from December 1999. It is clear that Goskomstat will have to undertake another substantial revision of investment data in order to eliminate inconsistencies.

Output

In January 2000 industrial production resumed growth after several months of stagnation, picking up in seasonally adjusted terms by 2% from December 1999. In January industrial output was 11% higher than a year ago. The growth of output resumed in practically all sub-industries, with the exception of fuels output which remains unchanged, and machinery, of which output declined further.

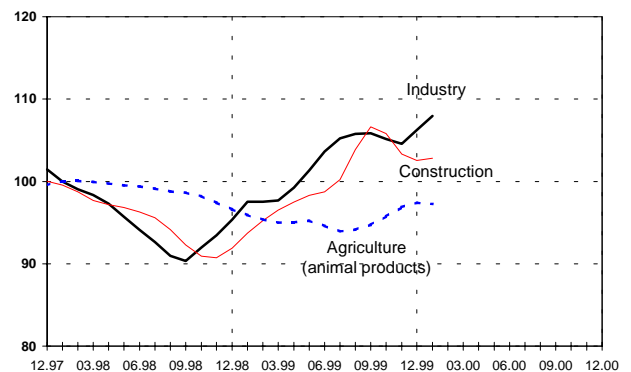
Output in construction and agriculture in January remained practically unchanged from December 1999 in seasonally adjusted terms, as well as freight transportation turnover. A slight fall was registered in passenger turnover. A rapid decline was observed in the real volume of wholesale trade, which fell from November 1999 to January 2000 by 11%.

Components of aggregate demand (1997 = 100, seasonally adjusted)



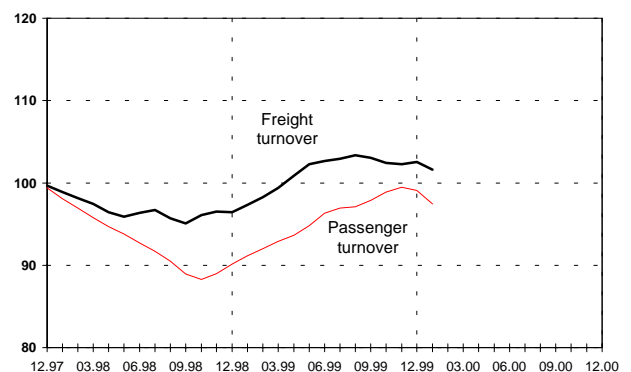
Source: Goskomstat.

Real gross output of goods (1997 = 100, seasonally adjusted)



Source: Goskomstat.

Transportation turnover (1997 = 100, seasonally adjusted)



Source: Goskomstat.

Prices

In February 2000 the consumer price index grew by 1.0% (2.3% in January). CPI for food increased in February by 0.5% (2.2% in January), for non-food items by 1.3% (2.2%), and for paid services by 3.0% (3.4%). CPI growth in the first two months of 2000 followed the pattern of 1997, when inflation was the lowest of the decade, and CPI increased over the year by only 11%.

Composite PPI grew in January by 4.4% (2.3% in December). PPI in industry increased by 4.0% (2.2%), mainly because of the 16% increase in oil prices. PPI in construction grew 2.7% (2.6%), and in agriculture by 1.3% (4.3%). Tariffs for freight rail transportation were increased by 15.1%, for pipeline transportation by 15.7%, and for business communications by 4.6%. An increase of regulated tariffs in transportation and communication usually occurs in January and thus can be treated as seasonal.

Over the last year, price growth followed growth of money supply. In January 2000 the 12-month rate of growth of CPI was equal to 29%, and for cash money (M0) it was equal to 31%. The year-on-year rate of growth of composite PPI in January was equal to 57%, the same as for broad money (M2X).

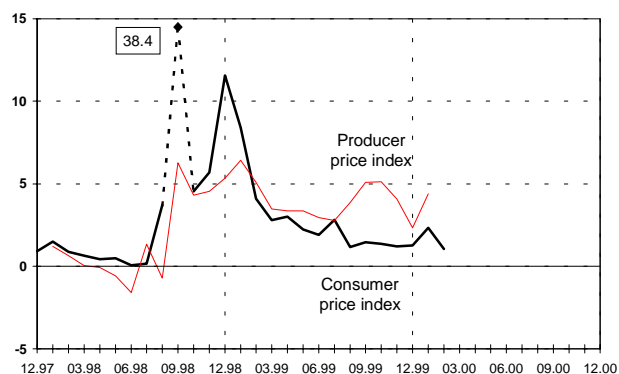
Labour

In the fourth quarter of 1999 the employment situation slightly worsened, reflecting a slowdown in business activity. The number of permanent payroll employees at large and medium-sized enterprises decreased from September to December by 0.3%. The involuntary underemployment rate at large and medium-sized enterprises increased from 6.7% of employees in September to 7.0% in December. According to employment surveys, provided by Goskomstat, the overall employment rate of the active population rose to 12.3% in November from 11.7% in August.

Real wages, estimated on the basis of the deflator for consumer expenditures, continued to grow. In January 2000 they increased by 1% over December in seasonally adjusted terms, and were only 10% lower than the 1997 average. According to official estimates based on CPI changes, real wages in January 2000 were about 18% lower than the 1997 average. This figure has provoked populist proposals by some members of the government to increase nominal wages substantially, a measure that would disrupt the price equilibrium.

Meanwhile wage arrears, which were intensively repaid in the previous months, increased in January by 2.6% to R44.9 bn. Wage arrears of enterprises grew by 3.2% to R34.7 bn, and arrears of the budget increased by 0.5% to R10.2 bn.

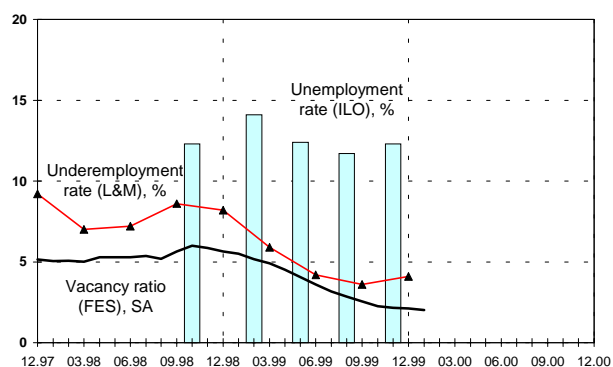
Monthly growth of price indices, %*



* *Producer price index covers prices in industry, construction, agriculture, and tariffs for freight transportation and communications.*

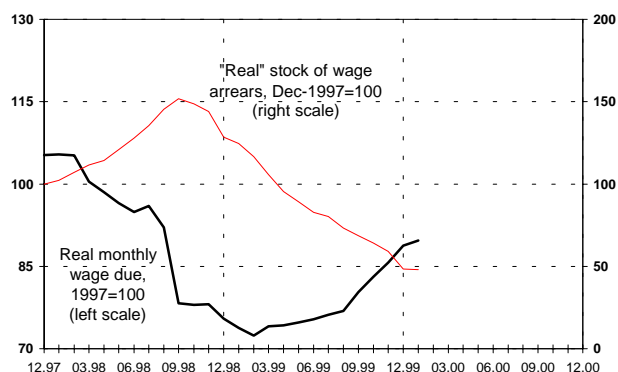
Source: Goskomstat.

Unemployment indicators



Source: Goskomstat.

Real wages and wage arrears



* *Index of real wages is based on price deflator for consumer expenditures; index of "real" wage arrears is deflated by nominal monthly wage due.*

Source: Goskomstat.

Foreign trade

In 1999 the Russian foreign trade turnover totaled \$115.4 (including unofficial shuttle trade), down 13.4% from 1998. The trade balance amounted to \$33.2 bn with exports standing at \$74.3 bn and imports at \$41.1 bn. While exports in 1999 were 0.1% higher compared with 1998, imports were 31% below their 1998 level. Russia's trade turnover with non-CIS countries amounted to \$93.4 bn and with the CIS \$22 bn. Exports to non-CIS countries increased 6% compared to 1998, whereas imports decreased by 32%. Exports to the CIS countries decreased by 22% and imports by 26%. The trade share of non-CIS countries in overall Russian trade increased to 81%, compared to 78% in 1998. The share of the CIS fell to 19% from 21.6% in 1998. This drop can be partly explained by the fact that some CIS countries have imposed trade restrictions on Russia to compensate for the increased competitiveness of Russian goods. Moreover, Russia has had trouble obtaining payment in hard currency for goods exported to the former Soviet republics.

In 1999, fuel and energy accounted for the biggest share of exports, 43%. Exports of iron, steel and non-ferrous metals accounted for 15%, and exports of machinery & equipment for 11% of total exports. Machinery, equipment and transport vehicles constituted the biggest share of imports, 32%. Russia's main trading partner in 1999 was the EU, which accounted for 34% of Russia's foreign trade. As for individual countries, the main trading partners were Germany, Ukraine, the United States and Belarus. With regard to monthly developments, Russia's trade surplus in December amounted to \$5.1 bn. Exports totaled \$9.3 bn and imports \$4.2 bn respectively. Both exports and imports increased in December 1999 compared to the same period in 1998.

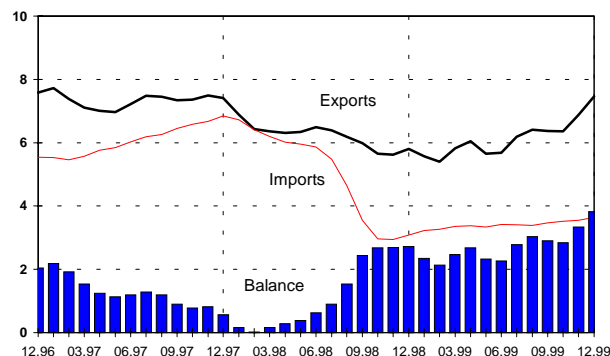
The share of unofficial trade in 1999 amounted to \$11.5 bn, or about 10% of the trade turnover (according to Goskomstat). This is about 30% less than in 1998.

In the end of 1999 export duties on oil, natural gas and on most metals were raised. Currently, the Russian government is planning to raise again the export duties on oil from 15 to 20 euros per ton and on diesel fuel from 10 to 15 euros per ton. The new duties reflect the higher world market prices as well as the government's need to increase budget revenues. They are expected to become effective in mid-April. The government is also planning to limit the gasoline and diesel fuel exports from April onwards.

Enterprise finances

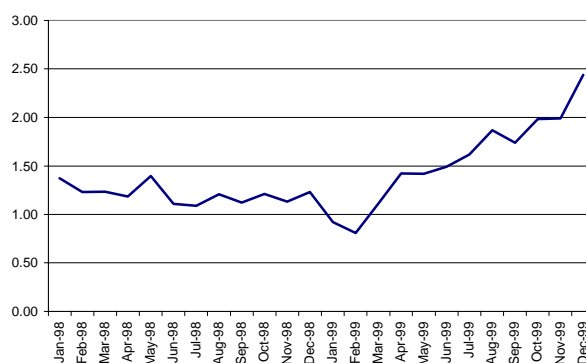
In 1999 overdue payables in 9 basic sectors of the economy, deflated by PPI, fell throughout the whole

Merchandise exports and imports (\$ bn, seasonally adjusted)



Source: Goskomstat.

Revenues from crude oil and petroleum exports (\$ bn)



Source: State Customs Committee

year. For the first time since collection of observations begun (October 1993) the growth rate of nominal overdue payables was exceeded by the inflation rate for each month of the year. While the devaluation effect increased the profits of exporting industries and led to a surge in the output of import competing industries, devaluation per se cannot alone explain the dramatic improvement in inter-enterprise and tax settlements. The gradual dissolution of the arrears crisis observed in 1999 can also be attributed to more fundamental institutional factors, such as the introduction of the new bankruptcy law in 1998 and eased worries with regard to the property rights environment. In December 1999 overdue payables to the budget and supplies were down in nominal terms. The general downward trend was supplemented by the seasonal effect of large overdue debt settlements traditionally undertaken at year-end.

Data on enterprise bank balances suggest that a new, higher level of monetisation of inter-enterprise and tax settlements was reached in the end of the third quarter of 1999. The volume of non-monetary settlement instruments, approximated by vekselns in circulation, remained stable in the fourth quarter. A slowdown in the process of remonetisation of the Russian economy is explained by the use of barter and offset-based intermediation schemes.

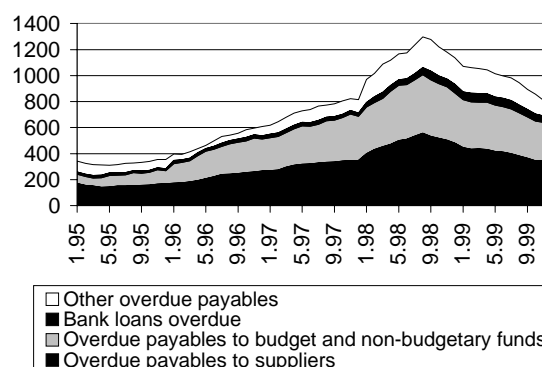
In the beginning of March the Federal Arbitration Court of the Northwestern District ruled, in favour of the US investor, that the decision made in October last year to renationalise the Lomonosov porcelain factory in St. Petersburg was illegal.

The banking sector

Two first months of 2000 did not bring any surprises in the area of bank restructuring. The latest developments suggest that the ARCO positions itself as an institution that bails out small depositors of bankrupt banks. Payouts to socially important small depositors will help ARCO to justify its existence given that it is unable to fulfill its major objective.

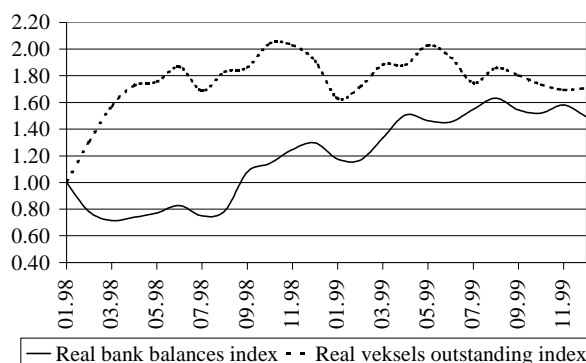
In 1999 CBR was reluctant to revoke licenses of many bankrupt banks. As a result debts of the banking sector to the budget surged to R35-40 bn. Numerous non-financial companies managed to shift their tax liabilities to insolvent banks exploiting the loopholes in bank supervision policies. Tax Ministry's efforts to resolve the issue were fruitless, since tax liability shifting schemes worked as long as participating banks held licences. In February this year, the CBR yielded to pressure from the Tax Ministry and announced its intention to deal with the problem through introduction of modifications to the licence withdrawal process.

Overdue payables deflated by PPI*, Jan-98=100



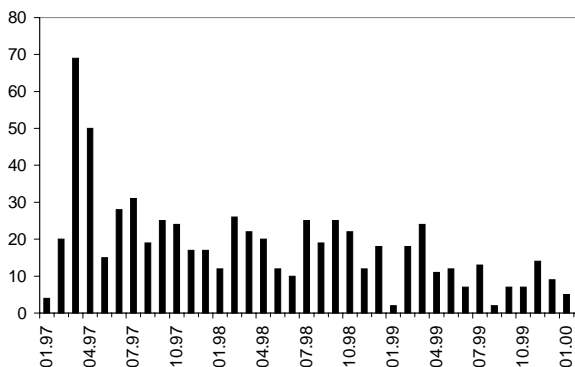
* Data is for large and medium size enterprises.
Source: Goskomstat.

Indices of money balances of Russian companies and vekselns outstanding deflated by PPI, January 1998=1*



Data is for large and medium-size enterprises.
Source: Goskomstat.

Number of bank licences withdrawn by the CBR for violations of banking laws and CBR regulations



Source: CBR.

The budget

Preliminary data indicate that in January 2000 the federal budget was again nearly balanced, with a deficit of only R0.3 bn. Revenues and expenditures stood at R61.1 bn and R61.4 bn respectively. Interest payments were around R15.7 bn.

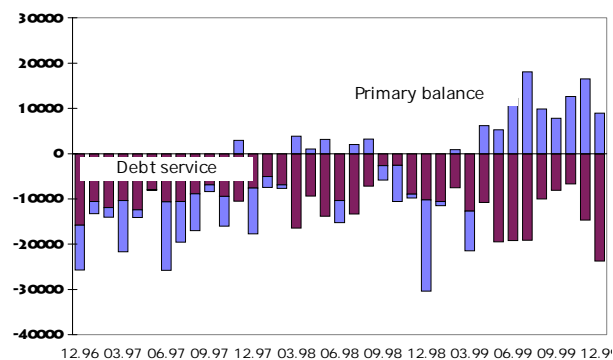
At the moment of writing, no new data on performance of regional and local budgets in January were available. In December the balance of regional and local budgets, which have been accumulating a significant surplus during July-November, reversed to a deficit of R16.7 bn. This was due to an increase in expenditure in December (R120.9 bn compared to R74.0 bn in the previous month). The overall surplus of regional and local budgets for the 12 months of 1999 amounted to R1 bn, or 0.02% of GDP. In 1999 revenues of regional and local budgets, including federal grants, totaled R647.9bn, or 14.5% of GDP, compared to 14.4% of GDP in 1998. Expenditures stood at R650.9 bn (14.5% of GDP).

At the beginning of February this year, Russia reached a preliminary agreement with the London Club representing Western commercial banks to restructure a part of the debt Russia inherited from the former Soviet Union. The London Club debt was re-scheduled first in 1995, after which it was divided into the Principal loans (PRINs) and Interest Arrears Notes (IANs). As a result of negotiations in February, \$10.6 bn of the total \$ 31.8 bn debt was written off. In addition, the repayment of the majority of the remaining \$21.2 bn was postponed to begin in 2008. In practical terms, this means that PRINs, IANs and overdue interest claims will be swapped into Russian Federation Eurobonds. According to the preliminary agreement, overdue interest worth of \$2.8 bn will be restructured into a 10-year Russian Eurobond, with a 9.5% principal upon issue and with an interest rate of 8.25%. PRINs and IANs will be swapped into 30-year Russian Eurobonds, principal payments starting at the beginning of 2008. With regard to interest payments, the first six months pay 2.25% interest and the next six months 2.5% interest. The interest payment for years 2-7 is 5%, after which it increases to 7.25%. With regard to the overall foreign debt burden, Russia currently owes over \$135 bn to foreign governments, Western banks, and multinational lending agencies like the International Monetary Fund and the World Bank. At present, Russia is planning to pay about \$1 bn in March, about \$3 bn in the first quarter and about \$9.5 bn in 2000.

The exchange rate

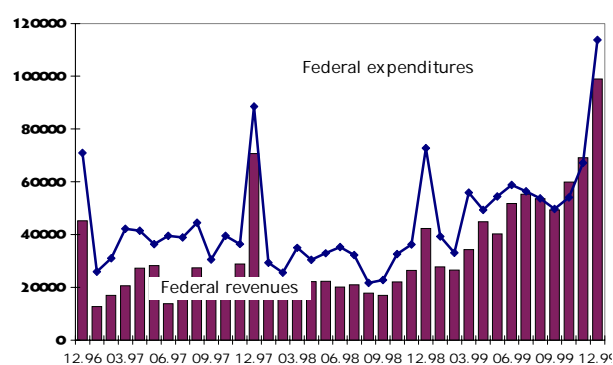
The exchange rate in the end of February remained more or less unchanged compared to end-January,

Federal budget deficit, R mln



Source: Ministry of Finance.

Federal revenues and expenditures, R mln



Source: Ministry of Finance.

IMF definitions of revenues, expenditure and deficit are used.

aided by a continued increase in international reserves (see MONEY) and high export revenues repatriated. Exports were especially high in the last quarter of 1999, and with a 90-day repatriation requirement this money is entering Russia in the first quarter of this year. At the end of February the CBR official rate stood at R28.65/\$ and the MICEX rate at 28.69/\$. This means that since the beginning of the year the rouble has depreciated 6% in nominal terms. The authorities will make an effort to maintain rouble stability, at least until the presidential election.

The Chairman of the CBR, Victor Gerashchenko has predicted the average exchange rate in 2000 to reach between R30 and R30.5/\$. He also stated that a potential threat is posed by a shortfall in tax revenues and an increase in oil production by OPEC countries which would lead to lower world market prices. The government's prediction for the average exchange rate is R32/\$.

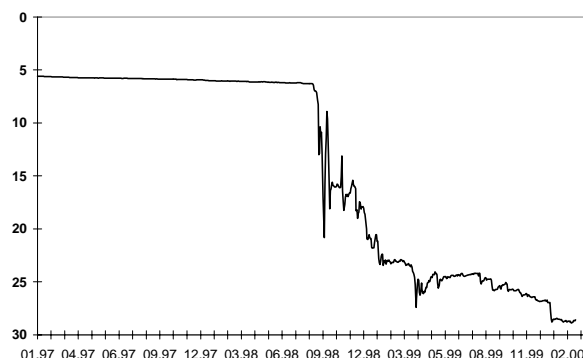
Money

At the end of December 1999 M2 stood at R704.7 bn. This means that the annual growth of the money supply (57.2%) significantly exceeded the target of 18-26% given in the document on the CBR's credit and monetary policy for 1999. The observed increase in the money supply was mostly determined by the growth of rouble deposits (68.2%) which stood at R438.1 bn at year-end. The annual growth of currency in circulation (M0) amounted to 41.9% after the traditional major year-end increase took place.

At the end January 2000 net domestic assets (NDA), one of the components of base money (MB) equalled R 354.2 bn, contracting by R43.7bn compared to the previous month. On the other hand, the other part of MB from the asset side - net international reserves (NIR) - increased by \$0.9 bn in dollar terms to \$2.1 bn. The growth in NIR was caused by a reduction of outstanding liabilities to the IMF (by \$372.7 mn) and by the monetary authorities' raising of Gross International Reserves (GIR).

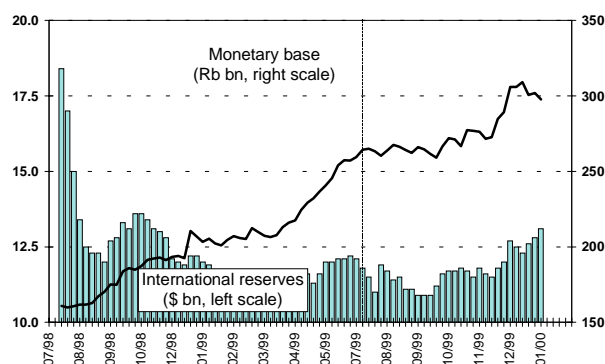
Due to the efforts of the Central Bank, Gross International Reserves (GIR) continued to rise in February (in total by \$0.8 bn), reaching a new high since the crisis of August 1998 - \$13.7 bn. The impact of active dollar purchases by the CBR was an increase in base money, which stood at R307.2 bn on February 28. Anticipating low inflation in February, the Central Bank lowered the refinancing rate for the second time this year: from 45% to 38% as of March 7, 2000.

The rouble exchange rate (R/\$)*



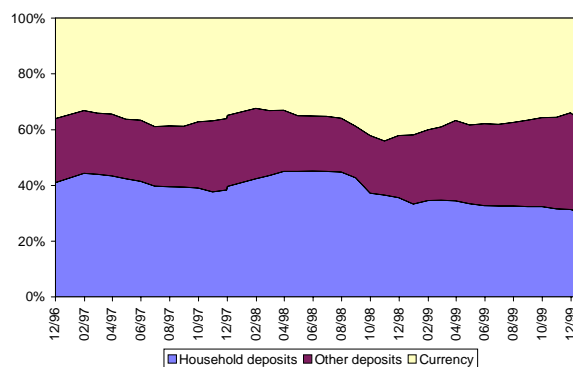
* MICEX exchange rate.
Source: Moscow Times.

Monetary base and gross international reserves (weekly data)



Source: CBR.

Composition of M2 (%)



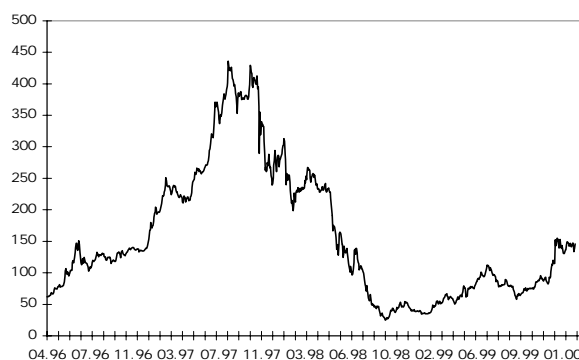
Source: CBR

Financial markets

The growth on Russia's stock market continued in February, with the Moscow Times \$ index up 6% (in January it grew 14.2%). The markets are currently awaiting the outcome of two, for Russia, major events; the presidential election on March 26 (a Putin victory already priced by the market) and the meeting between the OPEC countries on March 27. Russia's stock market growth underpinned by a continued high oil price and the flourishing US market.

Russia made a return to the domestic debt market in February as the government issued a modest R2.5 bn in new short-term GKO's. This is the first new issue since the August 1998 crisis. Although economic actors have shown an interest in the new bonds, it is unlikely that Russia will return to a pyramid-type situation as was the case before the crisis.

Moscow Times \$ Index



Source: *Moscow Times*.

Table 1: GDP and aggregate demand*

| | Nominal GDP | Real GDP, SA** | Nominal consumption of goods and services | Real consumption of goods and services*** | Nominal expenditures on new construction & equipment | Real expenditures on new construction & equipment, SA** |
|---------|-------------|----------------|---|---|--|---|
| | (R bn) | (1997=100) | (R bn) | (1995 = 100) | (R bn) | (1997=100) |
| 1995 | 1 540,5 | 102,6 | 664,8 | 100,0 | 267,0 | 128,5 |
| 1996 | 2 145,7 | 99,1 | 946,8 | 97,6 | 376,0 | 105,3 |
| 1997 | 2 521,9 | 100,0 | 1 123,3 | 100,8 | 408,8 | 100,0 |
| 1998 | 2 696,4 | 95,1 | 1 340,6 | 95,5 | 402,4 | 93,3 |
| 1999 | 4 476,1 | 98,1 | 2 170,9 | 81,9 | 659,3 | 97,5 |
| 01.1998 | | | 96,3 | 99,2 | 22,1 | 99,3 |
| 02 | 545,2 | 98,5 | 91,0 | 92,9 | 23,7 | 97,9 |
| 03 | | | 95,9 | 97,4 | 26,1 | 96,4 |
| 04 | | | 97,7 | 98,8 | 25,5 | 96,5 |
| 05 | 606,6 | 97,1 | 97,0 | 97,6 | 26,6 | 96,0 |
| 06 | | | 98,3 | 98,8 | 31,8 | 94,1 |
| 07 | | | 101,2 | 101,6 | 32,9 | 93,4 |
| 08 | 698,9 | 93,9 | 111,0 | 107,4 | 35,4 | 91,7 |
| 09 | | | 136,9 | 95,7 | 38,8 | 88,2 |
| 10 | | | 125,2 | 83,7 | 36,6 | 89,2 |
| 11 | 833,9 | 93,4 | 130,3 | 82,5 | 40,5 | 90,5 |
| 12 | | | 159,7 | 90,6 | 62,4 | 86,3 |
| 01.1999 | | | 146,0 | 76,4 | 28,0 | 88,7 |
| 02 | 823,1 | 95,7 | 147,7 | 74,2 | 31,3 | 89,3 |
| 03 | | | 162,1 | 79,3 | 35,9 | 89,5 |
| 04 | | | 164,6 | 78,1 | 36,3 | 89,6 |
| 05 | 1 026,2 | 98,4 | 166,6 | 77,3 | 40,0 | 91,9 |
| 06 | | | 171,9 | 78,3 | 50,7 | 92,9 |
| 07 | | | 177,8 | 78,8 | 55,3 | 95,5 |
| 08 | 1 269,9 | 99,2 | 190,7 | 83,5 | 60,8 | 99,1 |
| 09 | | | 195,0 | 84,2 | 66,5 | 103,5 |
| 10 | | | 202,4 | 86,2 | 63,4 | 106,0 |
| 11 | 1 356,9 | 101,6 | 206,3 | 86,8 | 70,8 | 108,7 |
| 12 | | | 240,0 | 99,7 | 120,3 | 115,1 |
| 01.2000 | | | 201,7 | 81,9 | 43,0 | 92,7 |
| 02 | | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
| 06 | | | | | | |
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* Series on consumption and investment slightly differs from NIPA concept. Since October 1998, monthly GDP data are not produced.

** Based on the year-on-year rates of growth at prices of the previous year.

*** Based on the nominal consumption figures deflated by CPI.

SA - seasonally adjusted.

Table 2: Industrial production

| | Industrial production, total, SA* | Industrial production, total, SAWT* | Oil extraction, SAAL | Natural gas extraction, SAAL | Electricity production, SAAL | Coal production, SAAL |
|---------|---|---|-------------------------|---------------------------------|---------------------------------|--------------------------|
| | (1997=100) | (1997=100) | (mn t) | (bn cub. m) | (bn kWt/h) | (mn t) |
| 1995 | 102,1 | | 298 | 595 | 862 | 262 |
| 1996 | 98,0 | | 293 | 601 | 848 | 255 |
| 1997 | 100,0 | 100,0 | 297 | 571 | 834 | 244 |
| 1998 | 94,8 | 94,8 | 294 | 591 | 827 | 232 |
| 1999 | 102,5 | 102,5 | 295 | 591 | 845 | 249 |
| 01.1998 | 99,3 | 100,2 | 298 | 591 | 841 | 238 |
| 02 | 99,0 | 98,8 | 298 | 593 | 845 | 239 |
| 03 | 98,4 | 98,3 | 296 | 593 | 846 | 231 |
| 04 | 98,0 | 97,9 | 291 | 593 | 849 | 238 |
| 05 | 95,5 | 95,2 | 291 | 559 | 827 | 230 |
| 06 | 94,6 | 94,5 | 297 | 571 | 829 | 227 |
| 07 | 92,8 | 92,1 | 294 | 630 | 808 | 217 |
| 08 | 91,4 | 91,7 | 291 | 599 | 788 | 229 |
| 09 | 88,8 | 88,2 | 292 | 596 | 804 | 227 |
| 10 | 92,0 | 93,2 | 294 | 607 | 831 | 228 |
| 11 | 93,1 | 93,2 | 294 | 583 | 831 | 238 |
| 12 | 94,6 | 94,2 | 292 | 578 | 824 | 241 |
| 01.1999 | 97,4 | 99,7 | 293 | 577 | 818 | 240 |
| 02 | 96,5 | 96,4 | 292 | 575 | 814 | 236 |
| 03 | 99,2 | 97,7 | 293 | 582 | 861 | 241 |
| 04 | 99,1 | 99,0 | 294 | 584 | 823 | 244 |
| 05 | 101,7 | 101,4 | 296 | 606 | 861 | 247 |
| 06 | 103,7 | 103,5 | 296 | 610 | 849 | 254 |
| 07 | 105,2 | 106,0 | 295 | 612 | 851 | 253 |
| 08 | 106,6 | 105,3 | 296 | 618 | 863 | 252 |
| 09 | 107,2 | 106,6 | 297 | 603 | 867 | 267 |
| 10 | 102,0 | 104,9 | 295 | 581 | 843 | 253 |
| 11 | 105,7 | 104,1 | 295 | 574 | 852 | 250 |
| 12 | 105,6 | 105,2 | 297 | 569 | 837 | 251 |
| 01.2000 | 107,8 | 110,4 | 300 | 571 | 858 | 251 |
| 02 | | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
| 06 | | | | | | |
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* Based on the year-on-year rates of growth at prices of the previous year.

SA - seasonally adjusted, SAAL - seasonally adjusted annual level.

SAWT - seasonally adjusted reflecting work time differences.

Table 3: Output by sector

| | Gross agricultural output at constant prices, SA | Agricultural production, animal products, SA | Real volume of construction works, SA* | Area of dwellings completed, SAAL | Freight transportation turnover, SAAL** | Freight carried by rail, SAAL |
|---------|--|--|--|--------------------------------------|---|----------------------------------|
| | (1997=100) | (1997=100) | (1997=100) | (mn sq. m) | (bn t-km) | (mn t) |
| 1995 | 103,8 | 118,3 | 127,6 | 41,0 | 3 537 | 1 025 |
| 1996 | 98,5 | 105,3 | 106,8 | 34,3 | 3 374 | 909 |
| 1997 | 100,0 | 100,0 | 100,0 | 32,7 | 3 256 | 886 |
| 1998 | 86,8 | 99,1 | 95,0 | 30,7 | 3 170 | 834 |
| 1999 | 88,9 | 95,4 | 100,1 | 32,0 | 3 331 | 945 |
| 01.1998 | 92,4 | 100,5 | 99,7 | 30,9 | 3 239 | 865 |
| 02 | 91,6 | 100,0 | 98,9 | 32,1 | 3 225 | 848 |
| 03 | 91,2 | 100,2 | 97,0 | 32,0 | 3 198 | 848 |
| 04 | 89,8 | 99,8 | 97,3 | 29,5 | 3 173 | 844 |
| 05 | 87,8 | 99,6 | 96,7 | 31,1 | 3 117 | 832 |
| 06 | 87,0 | 99,5 | 96,2 | 30,2 | 3 182 | 827 |
| 07 | 82,3 | 99,4 | 95,7 | 28,3 | 3 173 | 819 |
| 08 | 82,5 | 98,6 | 94,3 | 31,5 | 3 168 | 818 |
| 09 | 81,9 | 99,0 | 91,9 | 29,9 | 3 056 | 792 |
| 10 | 82,7 | 98,4 | 90,6 | 29,4 | 3 199 | 839 |
| 11 | 84,0 | 97,4 | 90,2 | 31,8 | 3 164 | 823 |
| 12 | 88,5 | 96,7 | 91,5 | 31,6 | 3 141 | 852 |
| 01.1999 | 89,6 | 96,0 | 94,0 | 32,3 | 3 216 | 878 |
| 02 | 88,9 | 95,4 | 95,0 | 37,4 | 3 204 | 889 |
| 03 | 88,6 | 95,1 | 96,5 | 30,1 | 3 275 | 894 |
| 04 | 89,1 | 94,7 | 97,5 | 31,6 | 3 292 | 913 |
| 05 | 88,2 | 96,0 | 98,1 | 31,9 | 3 383 | 939 |
| 06 | 87,2 | 94,7 | 99,2 | 30,7 | 3 365 | 943 |
| 07 | 87,7 | 93,5 | 98,2 | 31,3 | 3 366 | 960 |
| 08 | 86,3 | 94,4 | 104,8 | 32,2 | 3 416 | 965 |
| 09 | 87,4 | 94,5 | 107,2 | 34,3 | 3 371 | 971 |
| 10 | 94,1 | 95,9 | 106,9 | 30,6 | 3 370 | 973 |
| 11 | 89,2 | 97,0 | 101,8 | 31,9 | 3 335 | 992 |
| 12 | 90,2 | 97,9 | 102,4 | 29,8 | 3 384 | 1 019 |
| 01.2000 | 89,5 | 97,3 | 103,1 | 47,4 | 3 357 | 1 010 |
| 02 | | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
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* Based on the year-on-year rates of growth at prices of the previous year.

** Revised since 1998

SA - seasonally adjusted, SAAL - seasonally adjusted annual level.

Table 4: Trade

| | Wholesale trade* | Real wholesale trade* | Retail sales** | Real retail sales** | Paid services, total, current prices | Real paid services, total |
|---------|------------------|-----------------------|----------------|---------------------|--------------------------------------|---------------------------|
| | (R bn) | (1995 = 100) | (R bn) | (1995 = 100) | (R bn) | (1995 = 100) |
| 1995 | 1 091,9 | 99,5 | 553,5 | 100,0 | 113,0 | 100,0 |
| 1996 | 1 773,8 | 92,2 | 749,0 | 100,1 | 200,3 | 92,1 |
| 1997 | 2 173,8 | 100,0 | 866,0 | 103,7 | 269,5 | 95,5 |
| 1998 | 2 305,9 | 97,4 | 1056,2 | 100,0 | 318,6 | 95,1 |
| 1999 | 3 976,5 | 98,9 | 1782,1 | 90,7 | 421,0 | 97,4 |
| 01.1998 | 165,6 | 90,4 | 75,5 | 101,0 | 21,4 | 89,0 |
| 02 | 175,6 | 95,2 | 69,6 | 95,8 | 22,1 | 89,0 |
| 03 | 186,5 | 99,4 | 72,4 | 99,1 | 23,9 | 91,3 |
| 04 | 179,2 | 103,3 | 72,8 | 99,3 | 24,3 | 91,1 |
| 05 | 167,5 | 106,4 | 72,4 | 98,5 | 24,9 | 92,5 |
| 06 | 172,8 | 96,9 | 71,7 | 97,4 | 26,9 | 95,1 |
| 07 | 174,8 | 96,9 | 73,3 | 99,7 | 28,0 | 96,5 |
| 08 | 169,5 | 93,1 | 82,9 | 106,4 | 28,5 | 97,3 |
| 09 | 194,3 | 94,8 | 108,5 | 103,0 | 28,8 | 96,2 |
| 10 | 214,8 | 96,1 | 105,8 | 95,4 | 28,6 | 96,5 |
| 11 | 230,8 | 96,6 | 112,2 | 95,9 | 29,3 | 100,6 |
| 12 | 274,5 | 100,3 | 139,1 | 108,2 | 31,9 | 106,5 |
| 01.1999 | 223,4 | 76,6 | 120,5 | 82,9 | 27,5 | 88,5 |
| 02 | 236,2 | 82,4 | 121,9 | 83,3 | 28,3 | 86,0 |
| 03 | 288,6 | 93,3 | 133,2 | 88,4 | 31,4 | 91,2 |
| 04 | 291,7 | 97,4 | 134,4 | 86,3 | 32,1 | 91,2 |
| 05 | 292,6 | 103,5 | 137,5 | 86,2 | 31,0 | 94,9 |
| 06 | 313,1 | 95,3 | 141,1 | 86,9 | 34,6 | 100,8 |
| 07 | 332,4 | 98,8 | 144,5 | 86,9 | 35,7 | 106,4 |
| 08 | 348,7 | 101,4 | 155,8 | 92,3 | 37,3 | 99,3 |
| 09 | 377,4 | 112,4 | 160,1 | 93,1 | 37,9 | 98,2 |
| 10 | 390,4 | 107,6 | 165,9 | 95,1 | 39,6 | 102,6 |
| 11 | 406,9 | 106,2 | 169,0 | 95,6 | 41,4 | 103,6 |
| 12 | 475,1 | 112,5 | 198,2 | 111,8 | 44,2 | 105,7 |
| 01.2000 | 371,9 | 84,6 | 167,1 | 88,1 | 37,1 | 93,8 |
| 02 | | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
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* Including exports.

** Including catering. Revised by Goscomstat in January 1999.

Table 5: Labour market

| | Employment | Unemployment rate, ILO concept* | Registered unemployment rate* | Man-days lost in strikes | Nominal average monthly wage due** | Real average monthly wage due, SA*** |
|---------|------------|---------------------------------|-------------------------------|--------------------------|------------------------------------|--------------------------------------|
| | (mn) | (%) | (%) | (th) | (R) | (Dec-97=100) |
| 1995 | 66,4 | 8,5 | 2,8 | 1 366 | 472 | 77,8 |
| 1996 | 65,9 | 9,6 | 3,5 | 4 009 | 790 | 88,7 |
| 1997 | 64,7 | 10,8 | 3,1 | 6 001 | 950 | 93,0 |
| 1998 | 63,6 | 11,9 | 2,6 | 2 882 | 1 095 | 83,5 |
| 1999 | 64,5 | 12,6 | 2,2 | 1 790 | 1 581 | 64,9 |
| 01.1998 | 64,2 | 11,4 | 2,7 | 72 | 988 | 98,9 |
| 02 | 64,0 | 11,6 | 2,7 | 95 | 1 000 | 98,2 |
| 03 | 63,8 | 11,7 | 2,7 | 103 | 1 059 | 93,7 |
| 04 | 63,7 | 11,7 | 2,7 | 109 | 1 040 | 91,4 |
| 05 | 63,7 | 11,5 | 2,6 | 86 | 1 047 | 89,5 |
| 06 | 63,8 | 11,3 | 2,5 | 79 | 1 122 | 88,3 |
| 07 | 63,7 | 11,3 | 2,5 | 56 | 1 110 | 89,8 |
| 08 | 63,5 | 11,6 | 2,4 | 27 | 1 052 | 86,1 |
| 09 | 63,4 | 11,9 | 2,4 | 378 | 1 112 | 67,8 |
| 10 | 63,3 | 12,3 | 2,5 | 797 | 1 123 | 67,9 |
| 11 | 63,3 | 12,9 | 2,6 | 615 | 1 164 | 66,9 |
| 12 | 63,3 | 13,3 | 2,6 | 464 | 1 482 | 63,7 |
| 01.1999 | 63,2 | 13,8 | 2,6 | 577 | 1 167 | 62,6 |
| 02 | 63,2 | 14,1 | 2,7 | 532 | 1 199 | 61,1 |
| 03 | 63,6 | 13,6 | 2,6 | 83 | 1 385 | 62,3 |
| 04 | 64,1 | 13,0 | 2,5 | 15 | 1 423 | 62,0 |
| 05 | 64,6 | 12,4 | 2,3 | 15 | 1 472 | 61,3 |
| 06 | 64,9 | 12,0 | 2,2 | 6 | 1 626 | 61,2 |
| 07 | 65,1 | 11,8 | 2,0 | 6 | 1 618 | 61,0 |
| 08 | 65,2 | 11,7 | 1,9 | 5 | 1 608 | 62,9 |
| 09 | 65,1 | 11,9 | 1,8 | 99 | 1 684 | 66,9 |
| 10 | 65,0 | 12,1 | 1,7 | 228 | 1 716 | 69,7 |
| 11 | 64,9 | 12,3 | 1,7 | 42 | 1 789 | 72,1 |
| 12 | 64,9 | 12,3 | 1,7 | 184 | 2 283 | 75,9 |
| 01.2000 | 64,9 | 12,3 | 1,7 | 91 | 1 826 | 76,6 |
| 02 | | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
| 06 | | | | | | |
| 07 | | | | | | |
| 08 | | | | | | |
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| 12 | | | | | | |

* Monthly data are end of month, yearly data are averages of the end of month figures.

** Yearly figures reported by Goscomstat are not equal to monthly average.

*** Based on CPI changes.

SA - seasonally adjusted, SAAL - seasonally adjusted annual level.

Table 6: Social indicators

| | Personal income, per capita, official | Real personal income, per capita, official | Official minimum monthly wage | Average monthly pension | Official monthly subsistence level* | Share of population below subsistence level |
|---------|--|--|----------------------------------|----------------------------|--|---|
| | (R) | (1995 = 100) | (R) | (R) | (R) | (%) |
| 1995 | 514,9 | 100,0 | 42,6 | 188,1 | 264,1 | 26,2 |
| 1996 | 765,1 | 100,9 | 72,7 | 302,1 | 369,9 | 21,4 |
| 1997 | 931,7 | 107,2 | 83,5 | 328,2 | 411,2 | 21,2 |
| 1998 | 998,3 | 90,7 | 83,5 | 399,0 | 493,3 | 24,6 |
| 1999 | 1 568,4 | 75,8 | 83,5 | 448,6 | 907,8 | 34,1 |
| 01.1998 | 802,4 | 88,4 | 83,5 | 366,6 | 417,7 | 22,8 |
| 02 | 842,1 | 92,0 | 83,5 | 399,3 | 424,4 | 22,4 |
| 03 | 861,8 | 93,5 | 83,5 | 399,8 | 427,4 | 22,2 |
| 04 | 929,8 | 100,5 | 83,5 | 400,6 | 431,9 | 21,7 |
| 05 | 844,9 | 90,9 | 83,5 | 401,4 | 434,9 | 22,8 |
| 06 | 868,4 | 93,3 | 83,5 | 402,5 | 435,5 | 22,5 |
| 07 | 898,8 | 96,4 | 83,5 | 402,6 | 438,4 | 22,3 |
| 08 | 896,0 | 92,7 | 83,5 | 402,7 | 449,7 | 22,7 |
| 09 | 1 003,4 | 75,0 | 83,5 | 403,0 | 552,0 | 29,8 |
| 10 | 1 187,7 | 84,9 | 83,5 | 403,1 | 572,9 | 28,6 |
| 11 | 1 190,1 | 80,5 | 83,5 | 403,2 | 618,5 | 29,5 |
| 12 | 1 654,0 | 100,3 | 83,5 | 402,9 | 716,8 | 27,3 |
| 01.1999 | 1 124,1 | 62,9 | 83,5 | 403,0 | 786,9 | 38,2 |
| 02 | 1 258,8 | 67,7 | 83,5 | 403,1 | 829,1 | n.a. |
| 03 | 1 341,8 | 70,2 | 83,5 | 403,1 | 856,8 | 37,7 |
| 04 | 1 503,5 | 76,3 | 83,5 | 403,2 | 884,0 | n.a. |
| 05 | 1 437,5 | 71,4 | 83,5 | 451,6 | 923,6 | n.a. |
| 06 | 1 530,7 | 74,6 | 83,5 | 455,5 | 950,0 | 35,0 |
| 07 | 1 532,5 | 72,6 | 83,5 | 455,7 | 974,0 | n.a. |
| 08 | 1 621,3 | 75,9 | 83,5 | 455,9 | 936,4 | n.a. |
| 09 | 1 621,5 | 74,8 | 83,5 | 456,1 | 919,8 | 33,5 |
| 10 | 1 704,1 | 77,6 | 83,5 | 455,6 | 926,8 | n.a. |
| 11 | 1 736,9 | 78,2 | 83,5 | 519,2 | 943,1 | n.a. |
| 12 | 2 408,6 | 107,0 | 83,5 | 521,1 | 963,0 | 26,3 |
| 01.2000 | 1 415,8 | 61,5 | 83,5 | 521,6 | | |
| 02 | | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
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* Only quarterly since January 2000.

Table 7: Arrears*

| | Total overdue payables of enterprises, R bn | | Of which: | | | Total overdue receivables of enterprises, R bn | | Government wage arrears** |
|---------|---|-----------|--------------------|---|--------------------|--|-----------|---------------------------|
| | | | to suppliers, R bn | to the budget & non-budgetary funds, R bn | wage arrears, R bn | | | |
| | 4 sectors | 9 sectors | 4 sectors | 4 sectors | 4 sectors | 4 sectors | 9 sectors | |
| 1995 | 238,9 | n.a. | 122,3 | 75,0 | 13,6 | 165,5 | n.a. | |
| 1996 | 514,4 | n.a. | 245,9 | 203,4 | 34,7 | 335,5 | n.a. | 15,0 |
| 1997 | 756,1 | n.a. | 344,7 | 316,6 | 39,7 | 458,4 | n.a. | 8,0 |
| 1998 | 1053,4 | 1230,6 | 475,1 | 438,6 | 55,7 | 634,0 | 761,9 | 20,1 |
| 1999 | | | | | 33,0 | | | 10,2 |
| 01.1998 | 687,7 | 891,6 | 286,2 | 299,2 | 41,8 | 389,3 | 555,5 | 7,2 |
| 02 | 840,4 | 941,7 | 375,2 | 347,6 | 48,8 | 519,6 | 598,9 | 8,8 |
| 03 | 795,4 | 998,3 | 387,5 | 363,2 | 50,1 | 534,2 | 620,1 | 10,3 |
| 04 | 904,5 | 1034,1 | 395,0 | 381,9 | 52,5 | 548,7 | 647,7 | 10,9 |
| 05 | 939,2 | 1075,5 | 416,2 | 395,2 | 55,1 | 570,3 | 677,3 | 12,7 |
| 06 | 936,3 | 1082,0 | 417,2 | 391,1 | 56,4 | 569,8 | 683,4 | 14,9 |
| 07 | 980,7 | 1132,0 | 433,3 | 398,0 | 59,6 | 585,0 | 700,9 | 17,1 |
| 08 | 1005,1 | 1160,5 | 444,2 | 408,3 | 63,9 | 561,7 | 710,2 | 18,6 |
| 09 | 1034,8 | 1199,8 | 452,7 | 423,2 | 65,4 | 616,8 | 740,7 | 20,9 |
| 10 | 1054,4 | 1224,7 | 464,5 | 432,3 | 62,9 | 655,2 | 782,0 | 22,1 |
| 11 | 1065,5 | 1238,7 | 472,2 | 443,6 | 61,0 | 648,1 | 776,2 | 22,1 |
| 12 | 1053,4 | 1230,6 | 475,1 | 438,6 | 55,7 | 634,0 | 761,9 | 20,1 |
| 01.1999 | 1065,9 | 1241,1 | 472,8 | 443,6 | 55,6 | 641,8 | 772,0 | 19,4 |
| 02 | 1093,0 | 1280,6 | 477,6 | 463,8 | 52,9 | 659,5 | 799,8 | 19,0 |
| 03 | 1119,0 | 1321,8 | 490,8 | 475,3 | 49,8 | 675,0 | 824,8 | 17,0 |
| 04 | 1145,5 | 1358,9 | 498,9 | 495,1 | 46,8 | 684,3 | 842,3 | 15,3 |
| 05 | 1149,0 | 1366,3 | 492,5 | 503,1 | 45,4 | 702,2 | 863,8 | 14,6 |
| 06 | 1170,2 | 1388,0 | 509,7 | 511,8 | 43,3 | 714,6 | 881,2 | 14,6 |
| 07 | 1183,7 | 1404,8 | 508,1 | 520,9 | 44,3 | 718,9 | 883,8 | 15,0 |
| 08 | 1206,2 | 1427,4 | 513,3 | 525,0 | 41,3 | 716,5 | 881,6 | 13,8 |
| 09 | 1188,5 | 1416,9 | 513,9 | 527,3 | 40,0 | 714,3 | 883,5 | 13,7 |
| 10 | 1201,3 | 1435,1 | 511,6 | 533,9 | 38,9 | 724,5 | 889,7 | 13,4 |
| 11 | 1178,6 | 1416,3 | 494,5 | 531,0 | 37,6 | 695,3 | 859,7 | 12,4 |
| 12 | 1117,2 | 1354,5 | 468,6 | 520,4 | 33,0 | 646,9 | 814,6 | 10,2 |
| 01.2000 | | | | | 33,8 | | | 10,2 |
| 02 | | | | | | | | |
| 03 | | | | | | | | |
| 04 | | | | | | | | |
| 05 | | | | | | | | |
| 06 | | | | | | | | |
| 07 | | | | | | | | |
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| 12 | | | | | | | | |

* 4 sector series include data from the following sectors of the economy: industry, construction, transport and agriculture.

9 sector series, in addition to sectors included in 4 sector series, include communications, trade and catering, wholesalers, housing and 'other' sectors

** the series includes data for industry, construction, transport, agriculture, education, health, arts, sciences, social security, housing and communal services and local administration. Prior to July 1998 RET estimates.

Table 8: Prices (end of period)

| | Consumer price index, total (Dec-97=100) | Consumer price index, food & beverages (Dec-97=100) | Consumer price index, non-food goods (Dec-97=100) | Consumer price index, paid services (Dec-97=100) | Composite producer price index (Dec-97=100) | Industrial producer price index (Dec-97=100) |
|---------|---|--|--|---|--|---|
| 1995 | 74,0 | 77,9 | 78,5 | 55,0 | 74,4 | 74,1 |
| 1996 | 90,1 | 91,7 | 92,5 | 81,6 | 94,2 | 93,0 |
| 1997 | 100,0 | 100,0 | 100,0 | 100,0 | 100,0 | 100,0 |
| 1998 | 184,4 | 196,0 | 199,5 | 118,3 | 125,1 | 123,2 |
| 1999 | 251,7 | 266,4 | 277,7 | 158,5 | 196,3 | 206,2 |
| 01.1998 | 101,5 | 102,1 | 100,5 | 101,7 | 101,5 | 100,9 |
| 02 | 102,4 | 103,3 | 100,8 | 102,7 | 102,1 | 101,4 |
| 03 | 103,1 | 104,1 | 101,0 | 104,0 | 102,1 | 101,3 |
| 04 | 103,5 | 104,4 | 101,2 | 105,0 | 102,0 | 101,3 |
| 05 | 104,0 | 105,0 | 101,3 | 106,1 | 101,3 | 100,5 |
| 06 | 104,1 | 105,0 | 101,3 | 106,7 | 99,6 | 100,5 |
| 07 | 104,2 | 104,9 | 101,3 | 108,0 | 100,9 | 99,7 |
| 08 | 108,1 | 107,4 | 108,6 | 109,3 | 100,3 | 98,5 |
| 09 | 149,6 | 149,8 | 167,5 | 113,0 | 107,1 | 105,8 |
| 10 | 156,4 | 155,6 | 180,0 | 114,8 | 111,8 | 112,0 |
| 11 | 165,3 | 167,5 | 187,7 | 116,2 | 117,5 | 117,6 |
| 12 | 184,4 | 196,0 | 199,5 | 118,3 | 125,1 | 123,2 |
| 01.1999 | 199,9 | 216,2 | 211,9 | 123,2 | 133,6 | 131,7 |
| 02 | 208,1 | 225,6 | 220,2 | 127,1 | 140,3 | 139,1 |
| 03 | 213,9 | 231,9 | 227,4 | 129,5 | 145,2 | 144,4 |
| 04 | 220,4 | 238,0 | 236,6 | 133,6 | 149,8 | 149,7 |
| 05 | 225,3 | 242,7 | 243,0 | 136,4 | 154,2 | 155,1 |
| 06 | 229,6 | 247,0 | 246,8 | 141,1 | 158,3 | 160,9 |
| 07 | 236,0 | 254,8 | 251,6 | 145,6 | 162,7 | 165,9 |
| 08 | 238,8 | 255,8 | 257,6 | 148,5 | 168,6 | 173,8 |
| 09 | 242,3 | 257,9 | 264,5 | 151,4 | 176,4 | 184,0 |
| 10 | 245,6 | 260,1 | 270,3 | 154,5 | 184,5 | 194,2 |
| 11 | 248,6 | 262,7 | 274,5 | 157,1 | 191,8 | 201,7 |
| 12 | 251,7 | 266,4 | 277,7 | 158,5 | 196,3 | 206,2 |
| 01.2000 | 257,6 | 272,1 | 283,8 | 163,8 | 204,6 | 214,4 |
| 02 | 260,3 | 273,4 | 287,4 | 168,7 | | |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
| 06 | | | | | | |
| 07 | | | | | | |
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| 09 | | | | | | |
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Table 9: Foreign Trade

| | Exports total* | Export of oil & oil products | Export of gas | Imports total* | Imports of machinery & equipment | Trade balance total |
|---------|----------------|------------------------------|---------------|----------------|----------------------------------|---------------------|
| | (\$ bn) | (\$ bn) | (\$ bn) | (\$ bn) | (\$ bn) | (\$ bn) |
| 1995 | 81,1 | 17,3 | 10,8 | 60,8 | 15,8 | 20,2 |
| 1996 | 88,6 | 23,1 | 15,8 | 68,8 | 14,6 | 19,8 |
| 1997 | 88,2 | 21,9 | 16,4 | 73,7 | 18,5 | 14,5 |
| 1998 | 74,2 | 14,5 | 13,3 | 59,1 | 15,6 | 15,1 |
| 1999 | | | | | | |
| 01.1998 | 5,9 | 1,4 | 1,5 | 5,7 | 1,5 | 0,2 |
| 02 | 5,8 | 1,2 | 1,4 | 6,1 | 1,5 | -0,3 |
| 03 | 6,7 | 1,2 | 1,5 | 6,5 | 2,0 | 0,2 |
| 04 | 6,2 | 1,2 | 1,0 | 6,2 | 0,9 | 0,0 |
| 05 | 6,0 | 1,4 | 0,9 | 5,8 | 1,5 | 0,2 |
| 06 | 6,5 | 1,1 | 0,9 | 5,7 | 1,3 | 0,8 |
| 07 | 6,2 | 1,1 | 0,9 | 5,7 | 1,5 | 0,5 |
| 08 | 5,7 | 1,2 | 0,8 | 5,0 | 1,5 | 0,7 |
| 09 | 5,9 | 1,1 | 0,8 | 3,0 | 1,1 | 2,9 |
| 10 | 6,1 | 1,2 | 1,1 | 2,9 | 0,9 | 3,2 |
| 11 | 5,9 | 1,1 | 1,3 | 3,0 | 0,8 | 2,9 |
| 12 | 7,3 | 1,2 | 1,2 | 3,5 | 1,2 | 3,8 |
| 01.1999 | 4,6 | 0,9 | 1,3 | 2,9 | 0,9 | 1,7 |
| 02 | 5,0 | 0,8 | 1,0 | 3,0 | 0,9 | 2,0 |
| 03 | 5,9 | 1,1 | 0,9 | 3,5 | 1,0 | 2,4 |
| 04 | 6,5 | 1,4 | 0,7 | 3,7 | 1,0 | 2,8 |
| 05 | 5,1 | 1,4 | 0,7 | 3,0 | 0,7 | 2,1 |
| 06 | 5,3 | 1,5 | 0,7 | 3,4 | 0,8 | 1,9 |
| 07 | 6,3 | 1,6 | 0,7 | 3,5 | 0,7 | 2,8 |
| 08 | 6,0 | 1,9 | 0,7 | 3,3 | 0,7 | 2,7 |
| 09 | 6,3 | 1,7 | 0,7 | 3,4 | 0,7 | 2,9 |
| 10 | 6,7 | 2,0 | 1,1 | 3,6 | 0,7 | 3,1 |
| 11 | 7,3 | 2,0 | 1,3 | 3,6 | 0,8 | 3,7 |
| 12 | 9,3 | 2,4 | 1,5 | 4,2 | 1,0 | 5,1 |
| 01.2000 | | | | | | |
| 02 | | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
| 06 | | | | | | |
| 07 | | | | | | |
| 08 | | | | | | |
| 09 | | | | | | |
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| 12 | | | | | | |

* Includes Goscomstat estimate of unregistered trade.

Table 10: Balance of payments (\$ mn)

| | 1996 | 1997 | 1998 | 1998 Q3 | 1998 Q4 | 1999 Q1 | 1999 Q2 | 1999 Q3 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current Account | 11997 | 3555 | 2446 | 900 | 6640 | 5370 | 3459 | 5749 |
| <i>Trade balance</i> | 17198 | 12551 | 14156 | 4162 | 9841 | 6044 | 5766 | 7799 |
| Export | 103520 | 103060 | 87688 | 21802 | 22188 | 17550 | 19276 | 20936 |
| Import | -86322 | -90508 | -73533 | -17640 | -12347 | -11506 | -13511 | -13138 |
| <i>Merchandise trade balance</i> | 23069 | 17517 | 17306 | 4814 | 10000 | 6531 | 6448 | 8348 |
| Export | 90563 | 88927 | 74751 | 18112 | 19177 | 15601 | 16907 | 18093 |
| Import | -67494 | -71410 | -57445 | -13298 | -9176 | -9070 | -10459 | -9745 |
| <i>Service balance</i> | -5871 | -4965 | -3150 | -652 | -159 | -487 | -682 | -549 |
| Export | 12957 | 14133 | 12937 | 3690 | 3011 | 1949 | 2369 | 2844 |
| Import | -18828 | -19098 | -16087 | -4343 | -3171 | -2436 | -3052 | -3393 |
| <i>Income and Wages</i> | -5339 | -8411 | -11359 | -3234 | -3159 | -629 | -2399 | -2251 |
| Received | 4333 | 4366 | 4300 | 584 | 404 | 2267 | 710 | 413 |
| Paid | -9672 | -12777 | -15659 | -3818 | -3563 | -2896 | -3109 | -2664 |
| Wages | -406 | -342 | -164 | -32 | 29 | 62 | 65 | 55 |
| Received | 102 | 227 | 301 | 82 | 94 | 102 | 111 | 111 |
| Paid | -507 | -568 | -465 | -114 | -65 | -40 | -47 | -56 |
| Income | -4933 | -8069 | -11195 | -3201 | -3188 | -691 | -2463 | -2306 |
| Received | 4232 | 4140 | 3999 | 503 | 310 | 2166 | 598 | 302 |
| Paid | -9165 | -12209 | -15194 | -3704 | -3498 | -2856 | -3062 | -2608 |
| <i>Current Transfers</i> | 138 | -585 | -351 | -28 | -41 | -45 | 93 | 202 |
| Received | 765 | 349 | 223 | 41 | 57 | 51 | 220 | 326 |
| Paid | -627 | -935 | -574 | -69 | -98 | -96 | -127 | -124 |
| Capital Account | -3618 | 4047 | 5469 | 2754 | -6808 | -3821 | -1500 | -2845 |
| <i>Capital transfers (net)</i> | -463 | -797 | -382 | 15 | -116 | -97 | -33 | -81 |
| <i>Direct investments abroad</i> | -771 | -2603 | -1027 | -98 | -334 | -365 | -498 | -497 |
| <i>Direct investments into Russia</i> | 2479 | 6243 | 2182 | 411 | 699 | 642 | 722 | 613 |
| <i>Portfolio investments abroad</i> | -172 | -156 | -256 | 350 | -3 | -23 | -202 | 306 |
| <i>Portfolio investments into Russia</i> | 8929 | 45589 | 8035 | -232 | 381 | -370 | 82 | -201 |
| <i>Other investment - assets</i> | -29306 | -26621 | -16122 | -3942 | -6443 | -5818 | 523 | -3872 |
| Hard currency | -8908 | -13444 | 945 | -1712 | 773 | 319 | 1515 | 13 |
| Bank accounts and deposits | -1000 | 977 | 972 | -102 | -1139 | -1095 | -1524 | -562 |
| Trade credits | -9501 | -6789 | -6810 | -1181 | -4379 | -1819 | 1841 | -2040 |
| Loans provided (not overdue) | 9499 | 7004 | 5345 | 1282 | 615 | 1791 | 2188 | 126 |
| Overdue payments | -9475 | -3048 | -7428 | -488 | -436 | -4065 | -1307 | -277 |
| Non-repatriated export revenue | -9773 | -11458 | -8625 | -1507 | -2072 | -1009 | -2071 | -1065 |
| Other assets | -149 | 136 | -520 | -234 | 195 | 60 | -119 | -66 |
| <i>Other investment - liabilities</i> | 14328 | -15655 | 7784 | 3647 | -1966 | 1137 | -376 | -190 |
| National currency | -230 | -38 | 65 | 17 | -17 | -28 | -14 | -1 |
| Bank accounts and deposits | 1547 | -4694 | -2832 | -1376 | -844 | -249 | 645 | -376 |
| Trade credits and advances | -799 | -64 | 321 | 86 | 175 | 104 | 77 | 48 |
| Loans received (not overdue) | 10256 | 12676 | 5806 | 3188 | -2875 | -1159 | -2207 | 2518 |
| Overdue payments | 2672 | -24045 | 5120 | 1976 | 2510 | 2437 | 1300 | -2351 |
| Other liabilities | 881 | 511 | -697 | -244 | -915 | 33 | -177 | -28 |
| <i>Adjustments</i> | -1484 | -19 | -50 | 7 | -74 | 104 | -107 | -14 |
| <i>Net international reserves</i> | 2841 | -1934 | 5305 | 2596 | 1050 | 969 | -1611 | 1091 |
| Errors and omissions | -8379 | -7602 | -7914 | -3655 | 168 | -1549 | -1959 | -2904 |

Table 11: Federal budget (IMF definition)*

| | <u>Revenues</u> | | <u>Expenditures</u> | | <u>Deficit</u> | |
|---------|-----------------|------------------------|---------------------|-----------------------------|----------------|-------|
| | Total | of which: tax revenues | Total | of which: interest payments | Total | % GDP |
| | (R bn) | (R bn) | (R bn) | (R bn) | (R bn) | (%) |
| 1995 | 201,0 | 175,3 | 286,2 | 54,6 | 85,2 | 5,4 |
| 1996 | 253,8 | 218,7 | 427,1 | 124,5 | 173,3 | 7,9 |
| 1997 | 311,6 | 262,1 | 494,8 | 117,8 | 183,2 | 7,0 |
| 1998 | 273,0 | 236,0 | 407,2 | 106,8 | 134,2 | 5,0 |
| 1999 | 611,7 | | 685,9 | 162,6 | 74,2 | 1,7 |
| 01.1998 | 21,8 | 15,8 | 29,3 | 5,1 | 7,5 | 4,0 |
| 02 | 39,8 | 31,2 | 53,7 | 12,0 | 13,9 | 3,7 |
| 03 | 62,2 | 49,9 | 89,9 | 28,5 | 27,8 | 4,9 |
| 04 | 84,3 | 68,8 | 120,4 | 37,8 | 36,1 | 4,7 |
| 05 | 106,5 | 87,9 | 153,7 | 51,6 | 47,2 | 4,8 |
| 06 | 126,6 | 105,3 | 189,0 | 62,0 | 62,4 | 5,3 |
| 07 | 147,6 | 123,7 | 221,3 | 75,3 | 73,7 | 5,3 |
| 08 | 165,3 | 139,2 | 242,9 | 82,4 | 77,6 | 4,8 |
| 09 | 182,3 | 154,6 | 265,7 | 85,1 | 83,4 | 4,4 |
| 10 | 204,3 | 173,9 | 298,3 | 87,6 | 94,0 | |
| 11 | 230,7 | 197,8 | 334,5 | 96,6 | 103,8 | |
| 12 | 273,0 | 236,0 | 407,2 | 106,8 | 134,2 | 5,0 |
| 01.1999 | 27,8 | 24,6 | 39,3 | 10,6 | 11,5 | |
| 02 | 54,3 | 48,6 | 72,4 | 18,1 | 18,1 | |
| 03 | 88,6 | 80,1 | 128,2 | 30,8 | 39,6 | 4,8 |
| 04 | 133,4 | 119,3 | 177,6 | 41,5 | 44,2 | |
| 05 | 173,7 | 152,9 | 232,1 | 61,0 | 58,4 | |
| 06 | 225,5 | 195,2 | 290,9 | 80,3 | 65,4 | 3,5 |
| 07 | 280,8 | 242,9 | 347,3 | 99,4 | 66,5 | |
| 08 | 334,3 | 285,8 | 400,9 | 109,4 | 66,6 | |
| 09 | 383,7 | 326,0 | 451,6 | 117,5 | 67,9 | 2,2 |
| 10 | 443,6 | 375,6 | 504,6 | 124,2 | 61,0 | |
| 11 | 512,7 | 433,1 | 571,8 | 138,9 | 59,1 | |
| 12 | 611,7 | 509,5 | 685,9 | 162,6 | 74,2 | 1,7 |
| 01.2000 | 61,1 | | 61,4 | 15,7 | 0,3 | |
| 02 | | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
| 06 | | | | | | |
| 07 | | | | | | |
| 08 | | | | | | |
| 09 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |

* IMF definition of revenues and expenditure is used.

Monthly data are cumulative.

Deficit and expenditure figures for 1999 have been revised.

Table 12: Consolidated regional and local budgets (IMF definition)*

| | <u>Revenues</u> | | <u>Expenditures</u> | | <u>Deficit(+) or surplus(-)</u> | |
|---------|-----------------|--------------------------|---------------------|--------------------------------|---------------------------------|-------|
| | Total | of which: tax revenue | Total | of which: housing subsidies | Total | % GDP |
| | (R bn) | (R bn) | (R bn) | (R bn) | (R bn) | (%) |
| 1995 | 238,4 | 189,0 | 247,0 | 65,2 | 8,6 | 0,5 |
| 1996 | 321,2 | 254,3 | 342,8 | 88,6 | 21,6 | 1,0 |
| 1997 | 410,4 | 329,0 | 446,9 | 106,0 | 36,5 | 1,4 |
| 1998 | 395,5 | 308,1 | 407,1 | 94,4 | 11,7 | 0,4 |
| 1999 | | | | | | |
| 01.1998 | 18,6 | 14,3 | 19,9 | 3,8 | 1,2 | 0,7 |
| 02 | 35,7 | 32,7 | 43,6 | 9,1 | 7,9 | 2,1 |
| 03 | 67,0 | 52,4 | 71,9 | 15,7 | 5,0 | 0,9 |
| 04 | 101,3 | 79,9 | 106,7 | 22,7 | 5,4 | 0,7 |
| 05 | 131,6 | 105,0 | 138,3 | 30,0 | 6,7 | 0,7 |
| 06 | 163,9 | 129,5 | 176,2 | 37,4 | 12,3 | 1,0 |
| 07 | 192,0 | 153,6 | 205,8 | 43,9 | 13,8 | 1,0 |
| 08 | 218,9 | 176,2 | 233,6 | 50,5 | 14,7 | 0,9 |
| 09 | 247,1 | 198,5 | 261,4 | 57,0 | 14,3 | |
| 10 | 278,7 | 223,3 | 290,9 | 63,9 | 12,2 | |
| 11 | 319,0 | 254,5 | 330,8 | 73,1 | 11,7 | |
| 12 | 395,5 | 308,1 | 407,1 | 94,4 | 11,7 | 0,4 |
| 01.1999 | 25,7 | 18,3 | 22,7 | 3,8 | -3,0 | |
| 02 | 51,8 | 38,6 | 49,3 | 8,2 | -2,5 | |
| 03 | 93,6 | 71,3 | 91,5 | 16,1 | -2,1 | -0,3 |
| 04 | 143,4 | 111,8 | 138,7 | 24,9 | -4,7 | |
| 05 | 193,8 | 149,4 | 185,0 | 32,8 | -8,8 | |
| 06 | 247,3 | 188,8 | 240,0 | 42,2 | -7,3 | -0,4 |
| 07 | 297,4 | 227,6 | 288,5 | 51,4 | -8,9 | |
| 08 | 356,7 | 274,0 | 345,5 | 63,6 | -11,2 | |
| 09 | 410,9 | 314,0 | 400,6 | 75,2 | -10,4 | -0,3 |
| 10 | 467,5 | 354,1 | 454,0 | 85,5 | -13,6 | |
| 11 | 543,7 | 414,3 | 528,0 | 99,4 | -15,7 | |
| 12 | 647,9 | 493,1 | 648,9 | 124,6 | 1,0 | 0,02 |
| 01.2000 | | | | | | |
| 02 | | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
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* Privatisation receipts and net sales of state gold reserves are counted as deficit financing. Monthly data are cumulative.

Table 13: Monetary aggregates (end of period)

| | Monetary base | Net International Reserves (NIR) | Net Domestic Assets (NDA)* | M0** | M2*** | Outstanding stock of GKO and OFZs, nominal |
|---------|---------------|----------------------------------|----------------------------|--------|--------|--|
| | (R bn) | (\$ bn) | (R bn) | (R bn) | (R bn) | (R bn) |
| 1995 | 103,8 | 7,7 | 68,1 | 80,8 | 220,8 | 73,7 |
| 1996 | 130,9 | 1,7 | 123,0 | 103,8 | 288,3 | 237,1 |
| 1997 | 164,5 | 4,0 | 142,1 | 130,4 | 374,1 | 384,9 |
| 1998 | 210,4 | -6,5 | 249,3 | 187,8 | 448,3 | n.a. |
| 1999 | 324,3 | -3,0 | 397,9 | 266,5 | | n.a. |
| 01.1998 | 151,4 | 0,9 | 146,2 | 116,7 | 361,2 | 390,9 |
| 02 | 152,8 | 0,5 | 149,8 | 120,4 | 362,9 | 402,3 |
| 03 | 152,9 | 2,4 | 138,8 | 119,1 | 360,4 | 415,7 |
| 04 | 161,6 | 1,4 | 153,3 | 128,6 | 368,0 | 429,4 |
| 05 | 163,2 | 0,0 | 163,0 | 129,9 | 370,0 | 435,3 |
| 06 | 163,2 | 1,5 | 154,0 | 129,8 | 368,6 | 436,0 |
| 07 | 161,3 | -0,9 | 166,6 | 129,3 | 360,0 | 394,3 |
| 08 | 161,7 | -6,8 | 202,3 | 133,4 | 343,6 | 387,1 |
| 09 | 175,2 | -6,7 | 215,3 | 154,2 | 365,8 | n.a. |
| 10 | 187,2 | -5,6 | 221,0 | 166,4 | 377,6 | n.a. |
| 11 | 191,3 | -6,3 | 229,5 | 167,3 | 396,9 | n.a. |
| 12 | 210,4 | -6,5 | 249,3 | 187,8 | 448,3 | n.a. |
| 01.1999 | 202,5 | -8,7 | 412,2 | 178,0 | 444,2 | n.a. |
| 02 | 205,2 | -8,8 | 416,8 | 180,8 | 463,9 | n.a. |
| 03 | 205,9 | -9,0 | 423,9 | 174,1 | 473,8 | n.a. |
| 04 | 227,3 | -8,2 | 425,5 | 195,2 | 509,6 | n.a. |
| 05 | 241,4 | -7,1 | 412,0 | 205,3 | 542,4 | n.a. |
| 06 | 257,4 | -7,3 | 434,8 | 216,4 | 567,7 | n.a. |
| 07 | 262,3 | -6,4 | 417,8 | 218,2 | 583,2 | n.a. |
| 08 | 261,8 | -6,4 | 415,6 | 216,2 | 590,8 | n.a. |
| 09 | 259,6 | -6,1 | 405,9 | 212,8 | 597,4 | n.a. |
| 10 | 269,0 | -5,0 | 390,1 | 222,0 | 625,1 | n.a. |
| 11 | 267,1 | -4,7 | 380,4 | 219,3 | 646,6 | n.a. |
| 12 | 324,3 | -3,0 | 397,9 | 266,5 | 704,7 | n.a. |
| 01.2000 | 296,5 | -2,1 | 354,6 | 232,9 | | n.a. |
| 02 | 307,2 | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
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Source: CBR.

* Net Domestic Assets (NDA), of the monetary authorities equals monetary base minus net international reserves.

NDA is calculated using the exchange rates of R27 for 2000, R24.18 for 1999, R6.0 for 1998, R5,560 for 1997, R4,640 for 1996, R3,550 for 1995. In 1999 there were some changes in methodology for NDA and NIR data.

** M0 is currency in circulation.

*** M2 includes currency in circulation, demand deposits, and time deposits (there is a break in the series from December 1996, from then it includes only deposits at banks with active licences).

Table 14: Assets and liabilities of the commercial banks including Sberbank (end of period)*

| | Total assets | Claims on the general government | Claims on the private sector | Bank savings by Russian citizens (rouble household deposits) | Foreign currency deposits | Foreign liabilities |
|---------|--------------|-------------------------------------|---------------------------------|---|------------------------------|---------------------|
| | (R bn) | (R bn) | (R bn) | (R bn) | (R bn) | (R bn) |
| 1995 | 342,3 | 62,6 | 133,8 | 70,6 | 55,3 | 30,0 |
| 1996 | 497,7 | 150,7 | 157,3 | 118,4 | 69,4 | 58,9 |
| 1997 | 622,7 | 191,5 | 225,9 | 148,2 | 80,5 | 104,2 |
| 1998 | 933,1 | 259,4 | 346,0 | 149,5 | 190,9 | 203,1 |
| 1999 | | | | 211,0 | | |
| 01.1998 | 591,8 | 191,1 | 230,7 | 153,3 | 68,6 | 102,7 |
| 02 | 605,1 | 202,5 | 236,1 | 157,8 | 73,2 | 101,9 |
| 03 | 618,0 | 210,6 | 239,2 | 162,2 | 75,9 | 103,6 |
| 04 | 624,0 | 215,1 | 246,6 | 165,8 | 76,0 | 103,4 |
| 05 | 613,2 | 202,7 | 245,7 | 167,2 | 78,7 | 104,6 |
| 06 | 624,0 | 207,8 | 249,3 | 166,1 | 77,6 | 105,4 |
| 07 | 609,9 | 193,6 | 245,0 | 161,2 | 79,6 | 101,0 |
| 08 | 612,8 | 188,0 | 252,3 | 146,7 | 93,6 | 108,5 |
| 09 | 790,9 | 205,8 | 335,4 | 136,1 | 163,4 | 196,1 |
| 10 | 774,8 | 203,5 | 314,1 | 138,0 | 147,4 | 180,1 |
| 11 | 850,6 | 236,4 | 325,7 | 141,1 | 161,1 | 194,2 |
| 12 | 933,1 | 259,4 | 346,0 | 149,5 | 190,9 | 203,1 |
| 01.1999 | 1025,5 | 299,7 | 362,6 | 153,4 | 204,3 | 214,5 |
| 02 | 1047,5 | 303,2 | 375,2 | 161,0 | 206,1 | 218,4 |
| 03 | 1133,4 | 326,0 | 386,0 | 163,5 | 215,0 | 228,8 |
| 04 | 1174,9 | 347,3 | 392,0 | 170,6 | 224,2 | 288,1 |
| 05 | 1231,5 | 371,0 | 376,1 | 177,6 | 224,1 | 225,6 |
| 06 | 1283,5 | 390,4 | 395,9 | 185,4 | 233,7 | 227,7 |
| 07 | 1272,4 | 397,0 | 384,8 | 190,5 | 223,6 | 202,5 |
| 08 | 1318,3 | 399,2 | 401,1 | 191,8 | 238,4 | 204,0 |
| 09 | 1346,8 | 403,3 | 426,2 | 193,6 | 243,4 | 190,6 |
| 10 | 1416,0 | 415,9 | 449,0 | 197,6 | 257,6 | 195,4 |
| 11 | 1514,2 | 420,7 | 479,0 | 202,7 | 278,4 | 211,5 |
| 12 | 1549,7 | 437,7 | 521,6 | 211,0 | 290,2 | 222,5 |
| 01.2000 | | | | 213,7 | | |
| 02 | | | | | | |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
| 06 | | | | | | |
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Source: CBR, Goscomstat.

* Since January 1998 only for credit organisations with an active licence

Table 15: Interest rates (annual rates, period average)*

| | CBR refinance rate* | Lending rate** | Deposit rate** | Overnight Inter-bank rate | GKO average secondary market yield, all maturities | MT \$ index, monthly average (end Aug-94=100) |
|---------|---------------------|----------------|----------------|---------------------------|--|---|
| | (%) | (%) | (%) | (%) | (%) | |
| 1995 | 185 | 320,3 | 102,0 | 190,4 | 161,8 | 67,5 |
| 1996 | 110 | 146,8 | 55,1 | 47,6 | 85,8 | 101,9 |
| 1997 | 32 | 32,0 | 16,8 | 21,0 | 26,0 | 291,6 |
| 1998 | 60 | 42 | 17,1 | 50,6 | n.a. | 136,9 |
| 1999 | 57 | | | 14,8 | n.a. | 72,6 |
| 01.1998 | 28 | 29,8 | 11,6 | 24,1 | 33,4 | 246,4 |
| 02 | 39 | 30,4 | 12,2 | 30,3 | 29,6 | 229,6 |
| 03 | 30 | 38,3 | 11,2 | 25,9 | 24,4 | 254,3 |
| 04 | 30 | 38,8 | 11,0 | 29,5 | 27,8 | 233,3 |
| 05 | 150 | 40,4 | 12,9 | 47,6 | 54,8 | 187,4 |
| 06 | 80 | 48,0 | 14,0 | 56,1 | 65,1 | 139,1 |
| 07 | 60 | 44,9 | 15,1 | 58,8 | 81,0 | 114,9 |
| 08 | 60 | 48,6 | 17,5 | 45,3 | 135,3 | 74,0 |
| 09 | 60 | 46,8 | 23,8 | 139,7 | n.a. | 40,1 |
| 10 | 60 | 49,0 | 27,3 | 84,9 | n.a. | 34,6 |
| 11 | 60 | 44,8 | 22,3 | 36,7 | n.a. | 48,6 |
| 12 | 60 | 41,7 | 25,7 | 27,8 | n.a. | 41,0 |
| 01.1999 | 60 | 45,5 | 24,2 | 28,1 | n.a. | 36,2 |
| 02 | 60 | 44,1 | 22,8 | 20,4 | 33,4 | 45,4 |
| 03 | 60 | 45,7 | 18,9 | 20,7 | 30,7 | 58,8 |
| 04 | 60 | 43,8 | 14,6 | 15,2 | 27,4 | 59,1 |
| 05 | 60 | 43,5 | 14,7 | 7,1 | 20,2 | 73,9 |
| 06 | 55 | 32,2 | 11,0 | 8,4 | 16,0 | 89,7 |
| 07 | 55 | 38,9 | 12,6 | 9,0 | | 101,5 |
| 08 | 55 | 38,5 | 8,8 | 9,3 | | 82,2 |
| 09 | 55 | 37,8 | 9,7 | 18,2 | | 70,1 |
| 10 | 55 | 37,0 | 9,0 | 16,1 | | 72,5 |
| 11 | 55 | 38,3 | 9,4 | 13,2 | | 84,9 |
| 12 | 55 | | | 11,8 | | 96,9 |
| 01.2000 | 45 | | | 11,8 | | 143,1 |
| 02 | 45 | | | | | 141,5 |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
| 06 | | | | | | |
| 07 | | | | | | |
| 08 | | | | | | |
| 09 | | | | | | |
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| 12 | | | | | | |

Source: CBR, Moscow Times.

* Period average, except monthly CBR refinance data that is for end of month (annual is annual average).

** Data prior January 1997 not compatible with current methodology.

Table 16: Exchange rates and Stock market

| | MT \$ index, end of period | Exchange rate (MICEX), period average* | Exchange rate (MICEX), end of period* | Real exchange rate, period average** | Gross international reserves (including gold, end of period) | of which: Gold reserves (Valued at \$300 per ounce) |
|---------|----------------------------|--|---------------------------------------|--------------------------------------|--|---|
| | (end Aug-94=100) | R/\$ | R/\$ | (Dec-95 = 100) | \$ bn | \$ bn |
| 1995 | 64,0 | 4,562 | 4,640 | 82,4 | 17,2 | 2,8 |
| 1996 | 148,4 | 5,126 | 5,570 | 100,1 | 15,3 | 4,1 |
| 1997 | 302,7 | 5,785 | 5,974 | 104,3 | 17,8 | 4,9 |
| 1998 | 38,4 | 9,965 | 21,140 | 91,1 | 12,2 | 4,4 |
| 1999 | 114,6 | 24,836 | 26,959 | 63,0 | 12,5 | 4,0 |
| 01.1998 | 209,6 | 6,022 | 6,048 | 107,5 | 15,4 | 4,9 |
| 02 | 234,5 | 6,048 | 6,045 | 107,6 | 15,0 | 4,8 |
| 03 | 244,0 | 6,073 | 6,089 | 108,5 | 16,9 | 4,9 |
| 04 | 233,2 | 6,128 | 6,110 | 106,7 | 16,0 | 5,0 |
| 05 | 141,4 | 6,145 | 6,138 | 107,0 | 14,6 | 5,0 |
| 06 | 111,8 | 6,198 | 6,225 | 106,4 | 16,2 | 5,0 |
| 07 | 109,6 | 6,235 | 6,272 | 105,4 | 18,4 | 4,6 |
| 08 | 50,8 | 7,460 | 10,363 | 95,6 | 12,5 | 4,3 |
| 09 | 28,7 | 14,762 | 16,045 | 65,8 | 12,7 | 3,9 |
| 10 | 40,0 | 16,374 | 16,600 | 62,5 | 13,6 | 3,9 |
| 11 | 51,6 | 17,297 | 18,470 | 61,9 | 12,8 | 4,3 |
| 12 | 38,4 | 20,841 | 21,140 | 58,2 | 12,2 | 4,4 |
| 01.1999 | 35,1 | 22,991 | 23,100 | 57,9 | 11,6 | 4,5 |
| 02 | 50,7 | 23,075 | 23,100 | 59,7 | 11,4 | 4,2 |
| 03 | 61,0 | 24,120 | 24,860 | 60,9 | 10,8 | 4,1 |
| 04 | 69,4 | 25,321 | 24,290 | 60,9 | 11,2 | 4,1 |
| 05 | 75,6 | 24,672 | 24,700 | 60,8 | 11,9 | 3,9 |
| 06 | 96,5 | 24,429 | 24,210 | 63,4 | 12,2 | 4,0 |
| 07 | 88,6 | 24,321 | 24,198 | 65,3 | 11,9 | 4,1 |
| 08 | 78,9 | 24,690 | 24,860 | 64,8 | 11,2 | 4,4 |
| 09 | 63,8 | 25,499 | 25,179 | 63,9 | 11,2 | 4,6 |
| 10 | 75,0 | 25,776 | 26,030 | 65,0 | 11,8 | 4,7 |
| 11 | 87,0 | 26,328 | 26,650 | 66,3 | 11,5 | 3,9 |
| 12 | 114,6 | 26,813 | 26,959 | 66,6 | 12,5 | 4,0 |
| 01.2000 | 130,9 | 28,413 | 28,600 | 65,2 | 12,9 | 4,0 |
| 02 | 146,0 | 28,732 | 28,650 | 66,0 | 13,7 | 4,1 |
| 03 | | | | | | |
| 04 | | | | | | |
| 05 | | | | | | |
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| 12 | | | | | | |

Source: CBR, Moscow Times.

* Units are new roubles or, prior to January 1998, thousands of pre-denomination roubles.

** The real exchange rate is a new trade weighted exchange rate. An increase in this series represents an appreciation.

Weightings are 40% the US, 40% Germany, and 20% Ukraine.

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