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Industrial Output Grows Beyond Expectations

By The Moscow Times

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Industrial output growth in Russia beat forecasts in September, boosted by stronger global demand for metals and gas, and by manufacturers cranking up production after a summer lull, according to data released Friday.

The data offered further proof that the country remains on a recovery path after suffering its worst recession in 15 years in 2009.

Output rose 6.2 percent year on year, beating a Reuters poll forecast of 5.4 percent. Adjusted for seasonal and calendar effects, production was up 0.7 percent month on month — its biggest increase since May. Manufacturers stepped up output to meet demand from increasingly affluent consumers.

"To compensate for August and against a backdrop of rising demand, carmakers have sharply stepped up production," said Alexander Morozov, HSBC chief economist for Russia and CIS.

Production of cars, which was temporarily halted during the worst of the heat wave this summer, rose by nearly a third over last month. Gas production rose 10.5 percent month on month.

The data should support expectations for a recovery from last year's economic contraction. The government expects gross domestic product to rise 4 percent this year after shrinking 7.9 percent in 2009.

Ukraine's industrial output rose 10.2 percent year on year in September on metals and chemicals, compared with an 18.4 percent decline in September 2009, the Ukrainian State Statistics Committee said Friday. In Ukraine, growth is seen at 3.7 percent after the economy contracted 15 percent in 2009. Kazakhstan, the region's No. 3 economy, also reported robust September output figures last week.

Russian producer prices, an indicator of inflation, declined 1.3 percent in September from the previous month, the Federal Statistics Service said in a report Friday. Prices of goods leaving factories and mines rose an annual 5.9 percent, the lowest rate since October 2009.

(Bloomberg)

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