

GDP Growth May Accelerate in Q1

By [The Moscow Times](#)

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The economy may grow next quarter at the fastest pace since 2008 as government spending, rebounding consumer demand and bank lending spur recovery, according to a report by Renaissance Capital on Wednesday.

Gross domestic product may grow an annual 5.3 percent in the first three months of 2011, RenCap said. That would be the biggest quarterly increase since the third quarter of 2008. GDP this quarter may increase 3.6 percent, putting growth for the year at a “disappointing” 3.7 percent, the investment bank said.

“Barring another external shock, we think increasing consumption, loan growth and loose fiscal policy will likely drive faster growth than the market currently expects in 2011,” Roland Nash, RenCap’s Moscow-based chief strategist, wrote in the report.

Emerging markets face a better outlook and less uncertainty than developed economies, Finance Minister Alexei Kudrin said last month. The economy expanded an annual 5.2 percent in the second quarter and 2.9 percent in the previous three months.

The country's economy grows by about half a percentage point for every \$10 increase in the price of oil, according to Deputy Economic Development Minister Andrei Klepach. Crude in New York has gained 9 percent so far this year and hit a two-year high of \$87.63 a barrel Tuesday.

RenCap's forecast for next year suggests that the "the worrying slowdown in growth in the second half of 2010 is a result of temporary factors, rather than a sign of a deeper malaise," Nash said.

GDP slid a seasonally adjusted 0.7 percent in the third quarter from the previous period after posting gains for four quarters in a row, according to the Economic Development Ministry.

The ministry forecasts growth of 3.9 percent to 4.5 percent in the next three years. The government estimates that GDP will increase 4 percent in 2010 after last year's 7.9 percent contraction, the biggest since the Soviet Union's collapse in 1991.

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