

Balanced Budget Possible in 2011, Goldman Sachs Says

By [The Moscow Times](#)

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Russia will balance its budget next year, four years earlier than the government estimates, and post a surplus in 2012 as oil prices “move sharply higher,” Goldman Sachs Group said Friday.

The economy of the world’s biggest energy supplier will grow 5.3 percent next year and 5.6 percent in 2012, Clemens Grafe, a Moscow-based economist at Goldman Sachs, said in an e-mailed report. Annual inflation will jump to 8.7 percent by July before slowing to 7 percent in the second half, the bank said.

“We expect Russia to see a year of two halves,” Grafe wrote. “The key game changers in the course of the year will be higher oil prices, some clarification on hydrocarbon policies and eventually more clarity on the future political leadership.”

Oil futures traded in New York will average \$100 a barrel next year and \$110 a barrel in 2012,

according to Goldman. Oil for January delivery rose as much as 33 cents to \$88.33 in New York on speculation that U.S. fuel demand will rise as the recovery gathers pace in the world's biggest oil consumer. The January contract closed at \$88 a barrel Thursday, the highest since October 2008.

The Russian government expects the budget to remain in deficit through 2014 based on an average price for Urals crude, Russia's chief export blend, of \$75 a barrel this year and 2011 and \$78 in 2012.

Russia's budget deficit was 5.9 percent of gross domestic product last year, it's first since 1999. The shortfall will narrow to about 4.6 percent this year, Finance Minister Alexei Kudrin said.

Annual inflation will probably slow to between 6.5 percent and 7 percent next year, Deputy Economic Development Minister Andrei Klepach said Nov. 30 in an interview in London. He also forecast a "slight acceleration" in the pace of economic growth to as much as 4.2 percent in 2011 from about 3.8 percent this year.

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