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Forecast of 4.1% Growth Remains Firm

By The Moscow Times

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Russia's economic expansion will accelerate this year from 2010, even after gross domestic product grew more slowly than estimated in the third quarter, Deputy Economy Minister Andrei Klepach said.

The economy will increase 4.1 percent this year after 4 percent last year, Klepach said Monday, reiterating the official target. GDP rose 4.8 percent from a year earlier last quarter, missing economists' forecasts and the Economy Ministry's estimate of 5.1 percent.

The economy accelerated in the third quarter for the first time since last year.
The government predicts that GDP will slow in the fourth quarter, growing between 3.8 percent and 3.9 percent. Outflows of capital and insufficient investment are a drag on growth and present risks for Russia's economy, Klepach said. Net capital flight may reach $70 billion this year, up from a previous forecast of $36 billion of outflows, according to the Central Bank.

Fixed-capital investment surged 8.5 percent from a year earlier in September, while

the unemployment rate fell to the lowest in more than three years. Retail sales jumped 9.2 percent in the biggest increase since October 2008 after a 7.8 percent gain in August.

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