

Industrial Output Growth Waivers Unexpectedly

By [The Moscow Times](#)

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Russian industrial production slowed faster than expected in December 2011 and recorded the lowest figure since 2009, according to State Statistics Service data.

Output in December grew 2.5 percent compared with the same month in the previous year. In November, the figure was 3.9 percent. Total year-on-year output growth from factories, mines and utilities in 2011 was 4.7 percent, a drop from 8.2 percent in 2010, the service said Tuesday.

Troika Dialog analysts put the disappointing December figure, which dipped below a Bloomberg expectation survey result of 3.4 percent, down to warmer than average temperatures and fewer working days than the previous year. The 0.2 percent point fall in the December unemployment rate to 6.3 percent, they said, supported this thesis of sustainable economic growth.

Output at mines in December grew 1.8 percent year on year, industrial manufacturing showed 3.3 percent growth while utilities output shrank 5.1 percent.

The figures may weigh on the Central Bank's decision on interest rates that is expected in February. VTB Capital analysts even said in a research note that the figures might be worrying for the government. "The poor industrial production performance is likely to highlight even more the urgency of economic reforms to policymakers," they said.

Prime Minister Vladimir Putin, who is likely to become president after the election on March 4, is targeting annual gross domestic product growth of 6 percent. Growth was 4.2 percent in 2011.

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