

# S&P Sees Growth in H2 Slowing

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Political instability is likely to continue after the March presidential election and growth will slow in the second half of the year, Standard and Poor's said Thursday.

From 4.2 percent in 2011, Russia's annual growth will fall to 3.5 percent in 2012, the credit-rating agency predicted in a report written by chief economist Jean-Michel Six.

Prime Minister Vladimir Putin has said growth must reach 6 percent if Russia wishes to become one of the top five economies in the world, something he has promised the country will achieve.

HSBC said on Feb. 8 that growth in 2012 will be 3 percent, and the International Monetary Fund cut its forecast to 3.3 percent last month.

"Economic growth in Russia should stay dynamic in the first half of the year," S&P wrote, "but we anticipate that the economy will lose some steam in the second part."

The credit agency added that the Central Bank was likely to attempt to reduce credit growth when inflation gains ground as tariff hikes delayed until after the election are implemented.

S&P explained the surge in capital outflows during the final months of last year as due to "perceived investment restraints and political uncertainties about structural reforms."

In direct contrast to the Central Bank, which has said capital inflows could begin this month, S&P said they saw no reason for outflows to fall. "It is difficult in our opinion to see what would slow this rise in capital outflows in 2012," they wrote.

President Dmitry Medvedev's close economic aide Arkady Dvorkovich said Wednesday that he will be stepping down from his position as official representative to the G20. Dvorkovich wrote on Twitter that, while he will remain responsible for the G8, the president had ordered him to coordinate the work of the Disability-Rights Council and the Commission for the Unified State Exam.

His replacement at the G20 will be Deputy Economic Development Minister Stanislav Voskresensky, Dvorkovich said.

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