

Growth Estimate Cut on Weak Investment

By [The Moscow Times](#)

April 08, 2012

The  Moscow Times

Russia reduced its forecast for economic growth this year, as investment will be weaker than initially estimated, Economic Development Minister Elvira Nabiullina said.

Gross domestic product will probably expand 3.4 percent this year, less than the previous forecast of 3.7 percent, Nabiullina said Friday, according to a transcript of her speech e-mailed by the ministry. Investment will advance 6.6 percent, down from the earlier prediction for 7.8 percent.

Rising oil prices are no longer stoking the economy after helping the world's largest energy exporter grow faster than estimated last year, when GDP expanded 4.3 percent and returned to output levels last reached before a 7.8 percent contraction in 2009. Russia increased its forecast for Urals crude, the country's main export earner, to average \$115 a barrel this year from \$100, Nabiullina said.

"Many large companies invested more than they had planned last year," Nabiullina said. "The high base level for last year led to a lower forecast for investment growth this year to 6.6 percent from 7.8 percent in the previous forecast. That's one of the main reasons why we cut our GDP forecast."

The ministry boosted its retail sales forecast for 2012 to 6.3 percent, from 5.5 percent, Nabiullina said. Real wages growth was also revised upward to 6.3 percent from 4.9 percent.

The euro area's sovereign-debt crisis remains the "key risk" to global economic growth, she said. The Economic Development Ministry's baseline scenario is for a "relatively positive" resolution to Europe's credit crunch, Nabiullina said.

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