

Q1 Economic Growth Surprises at 4.9%

By [The Moscow Times](#)

May 15, 2012



Acting Economic Development Minister Elvira Nabiullina **Andrei Makhonin**

Russia's economy grew by a robust 4.9 percent in the first quarter, significantly outperforming forecasts, but economists remained cautious about lifting their growth outlooks for 2012 against the backdrop of a cooling global economy.

The State Statistics Service did not provide any breakdown with the gross domestic product figures, but Dmitry Polevoi, economist at ING bank, suggested that the impressive year-on-year expansion was the result of strong government consumption and a slowdown in import growth, as well as higher inventories.

The figure, which defied a recent slowdown in industrial output, was "a total surprise to the market," he said.

The first official estimate for first-quarter GDP slightly outpaced the 4.8 percent year-on-year reading for the final quarter of last year.

Russia has seen robust 7 percent to 8 percent growth in consumption during the first months of this year, driven by higher real wages and government spending in advance of the presidential election in March won by Vladimir Putin.

However, analysts anticipate consumption growth to slow down later in the year as the government tightens spending and raises household utility prices.

The preliminary GDP headline reading, which is often subject to revision, was higher than an initial estimate of 4 percent made by Economic Development Minister Elvira Nabiullina last month.

Original url:

<https://www.themoscowtimes.com/2012/05/15/q1-economic-growth-surprises-at-49-a14778>