

# Poll Shows Economy Strong, If Slowing

By [The Moscow Times](#)

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Russia's economy bucked the global trend in the first half of 2012, a Reuters poll of 14 analysts showed Friday, prompting upgrades to growth forecasts for the year.

But growth will slow in the coming quarters, with lower oil prices set to weigh on the ruble, they said.

The forecasters expected that gross domestic product would increase overall by 3.8 percent in 2012.

The May poll showed anticipated GDP growth of 3.5 percent.

"The point is that the first half of the year seems to be very strong," said Natalya Orlova, chief economist at Alfa Bank. "Russia was not really affected by the global risks; the local trend remained quite decoupled from the global environment."

The new forecast follows a string of recent data showing strong growth in domestic demand

compensating for weak exports.

Official statistics released earlier this month showed that the economy grew 4.9 percent in the first quarter and 4.2 percent in May.

“The May economic statistics were unexpectedly strong. Private consumption and the investment of state companies remain the main engines of Russia’s economy,” said Andrei Karikhalin, an analyst at TKB Capital.

Economists expect that domestic demand will remain relatively resilient in the months ahead, despite a worsening international outlook, which has led to falling prices for Russia’s commodity exports, notably oil.

“The consumption trend in Russia is very likely to remain disconnected from global trends,” Orlova said, noting that record low unemployment of 5.4 percent is likely to maintain rapid increases in salaries, in turn fueling consumer spending.

Economists expected economic growth to decelerate to 3.6 percent in the third quarter, 3.2 percent in the fourth quarter, and 2.9 percent in the first quarter of 2013.

That compares with the previous poll in May, which forecast 3.4 percent growth in the third quarter, 3.2 percent in the fourth quarter, and 3.4 percent in the first quarter of 2013.

The outlook for inflation was unchanged, with analysts expecting the increase in consumer prices to reach 6.5 percent by the end of the year, the same as in the previous poll.

The forecast inflation rate remains higher than the Central Bank’s official target range of 5 to 6 percent, implying little scope to loosen monetary policy.

As in the previous poll, analysts saw the Central Bank leaving rates on hold for the remainder of this year.

The poll showed that economists have grown more bearish on the ruble, although they still expect it to appreciate.

Analysts forecast the ruble will reach 32 to the dollar and 36.3 against the euro-dollar currency basket monitored by the Central Bank by year’s end, compared with the previous poll forecast of 31.1 to the dollar and 34.7 against the basket.

On Friday, the ruble was trading at 32.9 against the dollar and 36.8 against the basket. The ruble has depreciated by some 15 percent against the dollar and 10 percent against the basket since mid-March, tracking falling international oil prices.

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