

Data Show Economy Still Slowing

By [The Moscow Times](#)

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Russia's economy is struggling to maintain its recent growth, economic statistics showed Wednesday, increasing the likelihood that the Central Bank will hold off on a further hike in interest rates next month despite fears about rising inflation.

Data released by the State Statistics Service showed that retail sales in September rose 4.4 percent from a year earlier, a marginal increase over the 4.3 percent growth registered in August.

The growth rate was sluggish compared with that of the first half of the year, when retail sales grew an impressive 7.3 percent, although the September figure is in line with analysts' average forecast in a Reuters poll.

A rapid increase in household consumption had enabled Russia to shrug off the impact of a slowing international economy and post relatively strong economic growth of 4.5 percent in the first half of the year.

But the consumption boom lost steam over the summer, and the latest figures show that the slowdown has not been significantly reversed.

"I am most disappointed about the retail sales growth," said Natalya Orlova, chief economist at Alfa Bank.

"Higher inflation has resulted in a deterioration in consumers' expectations, and this was probably one of the factors why retail trade growth was rather modest."

A further disappointment was an unexpected decline in capital investment by Russian companies, which fell 1.3 percent in September compared with the level of a year earlier.

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