

# Q1 GDP Growth Confirmed at 1.6%

By [The Moscow Times](#)

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Russia's economy expanded by 1.6 percent in the first quarter, the Federal Statistics Office confirmed Monday, giving a breakdown of production that showed a sharp decline in output of mineral resources.

The first quarter growth rate was the slowest since 2009 and represented a decline in year-on-year growth from 3.4 percent in last year as a whole.

Resource extraction which encompasses oil, gas, coal and metals declined by 4.9 percent, year on year, confirming anecdotal evidence that Russia's metallurgical sector is having a rough time as demand and prices slide.

The soft patch in Russia's \$2 trillion economy has forced the government to revise down its full-year growth forecast by a third to 2.4 percent, but policy makers have yet to take any meaningful steps to stimulate growth.

President Vladimir Putin, in a budget strategy address last week, urged the government

to focus on top-priority development projects but said Russia would not be able to keep raising public spending for ever.

Calls have also mounted for lower interest rates to give the economy a lift, and with Putin's economic adviser Elvira Nabiullina to take the helm of the Central Bank an interest rate cut could come as soon as next month, economists say.

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