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World Bank Predicts Russian Economy Will Shrink 0.7 Percent Next Year

By The Moscow Times

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Russian traditional Matryoshka wooden dolls and other gifts are on display, with sale advertisements seen behind a shop window, in St. Petersburg.

The World Bank said Friday that it expected the Russian economy to contract by 0.7 percent next year in its new baseline scenario before growing by 0.3 percent in 2016.

The new baseline, or most likely scenario, assumes an average oil price of $78 per barrel for 2015 and of $80 per barrel for 2016.

"Investment is projected to contract for a third year in a row in 2015 because of continued uncertainty, restricted access to international financial markets by Russian companies and banks, and lower consumer demand," Birgit Hansl, World Bank lead economist for Russia, said in a statement.

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