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Production in Key Branches of Russian Economy Falls by Most in 6 Years

By The Moscow Times

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A slump in key sectors of the Russian economy — including industrial production, retail trade and construction — deepened sharply in May, with the steepest monthly drop in output since September 2009, according to data released Wednesday by state statistics service Rosstat.

Production of goods and services in these primary sectors, which also include agriculture, wholesale trade and haulage, fell 6.8 percent in May year-on-year, according to Rosstat, after sharp falls in previous months. Production in these sectors fell 5.8 percent in April, 2.8 percent in March, 3.1 percent in February and 1.1 percent in January, according to Rosstat.

May's fall is the sharpest since September 2009, when production in these sectors dropped 7.6 percent. Russia's economy, battered by the global financial crisis and a fall in the price of oil, contracted by 7.8 percent that year, according to data from the World Bank.

Russia's economy is expected to shrink by about 3 percent this year as another slump in oil prices and Western sanctions over the Ukraine crisis stifle investment.

Retail trade turnover was hit the hardest in May, falling 9.2 percent in May year-on-year, while industrial output fell 5.5 percent. Agricultural production was one of the few bright spots, rising 2.7 percent in ruble terms as the ruble's devaluation prompted many Russians to choose cheaper domestic products over imports.

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