

Russian Ministry Predicts More Recession, Lower Incomes and Less Employment

By [The Moscow Times](#)

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New falls in the oil price mean that Russia's economy will likely shrink again in 2016, as incomes continue to fall and unemployment rises, according to a draft outlook prepared by the Economic Development Ministry.

Officials had hoped for an end to recession this year, but a near 20 percent decrease in the price of oil in early January has forced a reassessment.

The new outlook, obtained by the Vedomosti business newspaper, assumed an average oil price of \$40 per barrel over 2016, down from the \$50 per barrel built into the current budget plan, but higher than the current price of around \$30.

The lower price will ricochet through the economy, the report said, according to Vedomosti. Instead of growing by 0.7 percent, the economy will contract by 0.8 percent, while industrial

output will fall slightly and investment will decline by 5 percent from last year, it said.

A weaker ruble and higher-than-expected inflation will continue to make Russians poorer. Real incomes will fall by 4 percent, instead of the 0.7 percent previously predicted, and unemployment will rise by half a percentage point to 6.3 percent, the report said.

Russia is already mired in its longest recession since President Vladimir Putin became president in 1999. The economy contracted by an estimated 3.7 percent last year, and officials have warned of government spending cuts this year. However, a wave of patriotism unleashed by military actions in Ukraine and Syria has kept the president's approval ratings at record highs.

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