


Strengthening Ruble Slowing Down Russia's Economy — Report



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Russia's gross domestic product (GDP) is in decline despite the ruble's continuing recovery, a report by the Bloomberg news agency said Wednesday.

The strengthening of the ruble amid growing oil prices is creating obstacles to the country's economic growth.

“The system that helped the economy adapt to low oil prices is so far  not generating growth,” Karen Vartapetov, an analyst at S&P Global Ratings in Moscow, told Bloomberg.

The price for Brent crude oil reached \$50 per barrel last week after falling to under \$30 at the beginning of the year. The strength of the Russian ruble has risen with the oil prices to 64.7 against the dollar.

Russia's GDP has not reflected these changes, declining roughly 1 percent a month since January this year.

State development bank Vneshekonombank announced that it believes ☒problems in Russia's manufacturing, retail, construction, mining and ☒transport sectors are to blame for the discrepancy.

"Our May reports turned out to be much worse than expected, despite ☒positive forecasts and rising oil prices," Vneshekonombank's chief ☒economist Andrei Klepach wrote in his monthly report on GDP dynamics.

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