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IMF Reverses Negative 2023 Forecast for Russian Economy

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The Russian economy is predicted to grow 0.3% in 2023 despite setbacks from unprecedented Western sanctions over the Ukraine invasion, according to data released by the International Monetary Fund (IMF) on Monday.

Russia's projected economic growth stands in sharp contrast with the 2.3% contraction forecast by the IMF in October and marks an improvement from the 2.2% decline recorded by the sanctions-hit economy in 2022.

If the 2023 projection is realized, it would put Russia ahead of Germany and the U.K., whose economies are projected to grow by 0.1% and shrink by 0.6%, respectively.

Compared with its previous report in October, the IMF's latest global economic forecast paints a much brighter picture for the global economy overall, which is projected to grow by 2.9% in 2023 compared to its earlier prediction of 2.7%.

But the financial agency has also named a potential escalation of the war in Ukraine to be "a major source of vulnerability, particularly for Europe and lower-income countries."

While the European Union was able to store enough gas to avoid shortages and set lower-than-expected gas prices this winter, the IMF predicts the bloc's fortunes could reverse in the year ahead as it may face challenges in attempting to refile the gas storage for next winter amid radically diminished Russian gas flow and China's growing energy demands.

A potential failure to extend the UN-brokered Black Sea grain export agreement between Ukraine and Russia could worsen food insecurity in lower-income countries, leading to increased social unrest, the IMF warned.

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