

Russian Economy Contracts by 2.1% In 2022 – Rosstat

By [AFP](#)

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Yuri Kadobnov / AFP

The Russian economy contracted by 2.1% last year, the government's statistics agency Rosstat said Monday, absorbing Western sanctions over Moscow's military intervention in Ukraine better than expected.

The data was published on the eve of a keenly awaited speech to parliament by President Vladimir Putin, days before the first anniversary of the launch of Russia's offensive against Ukraine on Feb. 24.

"The 2.1% contraction in Russian GDP in 2022 was smaller than expected and is consistent with an expansion in the fourth quarter, providing further evidence to suggest that the economy stabilized after the initial hit from sanctions in the second quarter," said Liam Peach at Capital Economics.

"Even so, momentum in Russia's economy remains weak and, with headwinds to activity building, it's likely to take until late this year before Russia embarks on a sustained recovery," he added.

The figure was better than the 2.9% contraction forecast by the economic development ministry in September and the around 3% drop in the gross domestic product (GDP) expected by the central bank.

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Rosstat's figure was also better than the 2.5% drop that Putin evoked a month ago, and far from apocalyptic forecasts when Western nations first began to slap sanctions on Russia after the invasion of Ukraine last February.

The International Monetary Fund (IMF) said at the end of January it expected a more moderate 2.2% contraction instead of the 3.4% drop it had previously forecast and said it expects Russia will muster slightly positive growth in 2023.

And while numerous analysts question the reliability of Russian statistics given an increased lack of transparency since the invasion, the Russian economy has demonstrated resilience in the face of the sanctions after the government and central bank took swift action.

Meanwhile, annual inflation was stable in January at around 12%, having shot up to 17.8% – the highest level in two decades – in April as the first Western sanctions began to bite.

At the beginning of February, Russia's central bank said it expected annual inflation to drop to between 5% and 7% this year, and down to 4% in 2024.

The Bank of Russia's governor, Elvira Nabiullina, said she expects the economy to return to growth in the middle of this year.

She gave a range of -1.0% to +1.0% for GDP this year.

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