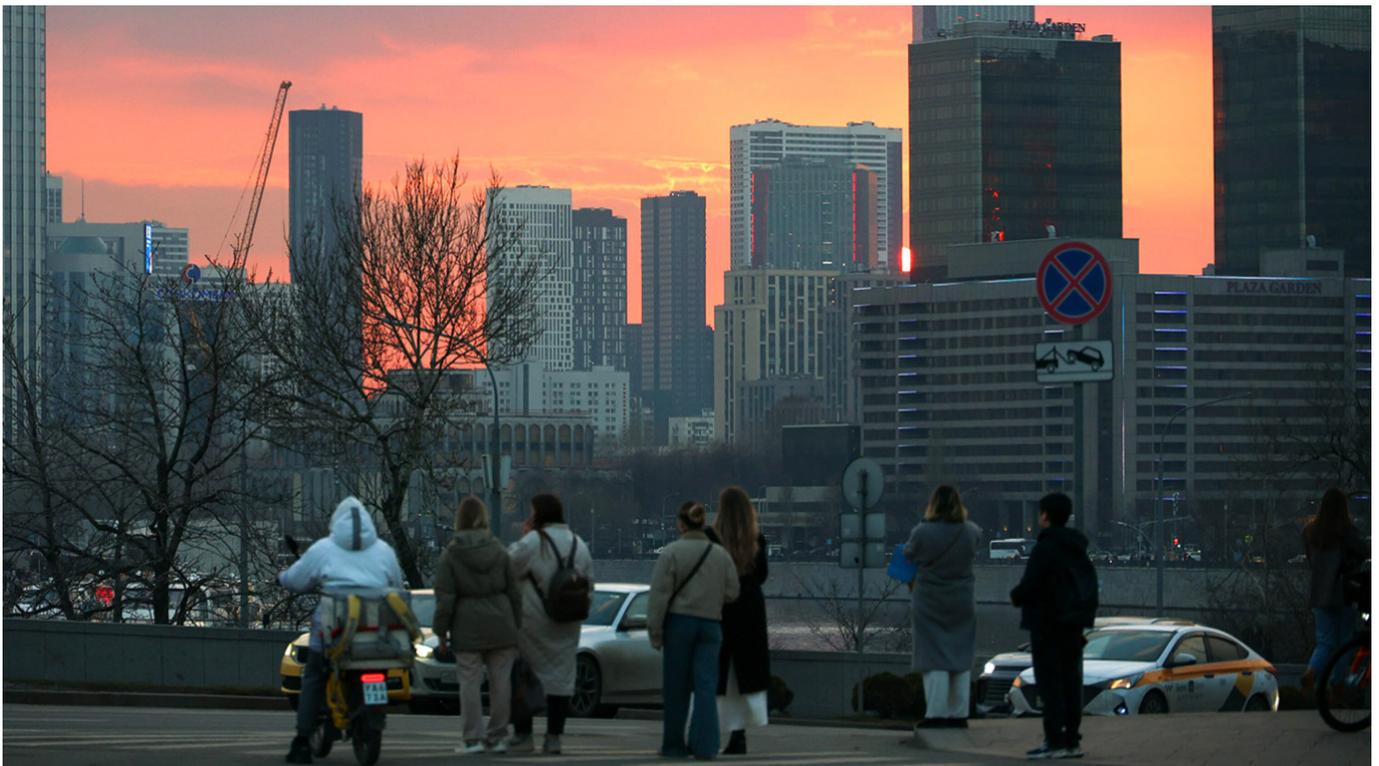


Russia's Real Wages Up 6.5% in January as Growth Slows

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People on the street in Moscow. **Yaroslav Chingaev / Moskva News Agency**

Real wages in Russia grew by a solid 6.5% year-on-year in January, according to preliminary Rosstat data, just as the economy begins to cool and inflation starts to decline.

Rosstat [reported](#) that the average monthly nominal wage was 88,981 rubles (\$1,056), marking a 17.1% rise in nominal terms compared to the same period of the previous year.

The nominal wage gain is due to a [chronic labor shortage](#) and running well ahead of inflation — which is currently just under 10% — resulting in strong gains in real wages. The real wage growth of 6.5% means the purchasing power of Russian workers has improved after accounting for inflation, albeit at a more modest rate.

At the same time, the economy is clearly slowing.

Russia's annual GDP growth in February stood at 0.8%, down from 3% in January, TASS [cited](#) the Economic Development Ministry as saying. But the ministry noted that the overall

dynamics of key macroeconomic indicators in February were largely influenced by the calendar factor, as February 2025 had one day fewer than February 2024.

Related article: [Russian Firms Lure South Asian Migrants Amid Historic Labor Shortage](#)

However, the latest PMI manufacturing and services results also show a sharp slowdown in the first quarter of this year. [Both indicators are stuck at around the 50 no-change benchmark level.](#)

But for the wage outlook that could be good news as the Central Bank is trying to engineer a soft landing for the overheated economy using [non-monetary policy methods](#) which appears to be working.

The S&P Global PMI panelists also reported that inflation pressures are easing due to the cooling business environment.

Given the shortage of labor, companies are unlikely to fire workers and if inflation falls that will offset any slowdown to some degree by boosting the value of real wages. It remains unclear how well this process will be managed, but it has started.

Related article: [Russian Manufacturing PMI Falls to Lowest Level Since April 2022](#)

Nevertheless, [peak inflation has not passed yet](#), even though the latest FOM survey found that the public's expectations for inflation are starting to fall.

Annual inflation in Russia [accelerated](#) to 10.24% in March, according to the Economic Development Ministry.

Prices changed by 0.05% in the non-food segment but prices continued going down for electric and domestic appliances. The PMI panelists also reported a fall in price pressures, but not a reversal.

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