

Report Shows Economy Beginning to Slow Down

By [The Moscow Times](#)

May 28, 2012

The  **Moscow Times**

Russia's economy lost momentum in April after a strong start to the year, with data showing Monday that growth in domestic consumption is now struggling to compensate for weak exports as the global economy deteriorates.

Gross domestic product expanded 3.7 percent year on year in April, the Economic Development Ministry said in its monthly economic report, a slowdown compared with 3.9 percent growth in March.

The ministry also revised up its GDP growth figure for March, previously estimated at 3.2 percent.

The latest figures confirm a slow but steady deceleration in the economic growth rate over recent months, after unexpectedly robust growth in the first quarter.

In its report, the ministry estimated that GDP expanded 4.6 percent in the first four months of 2012, below an estimate of 4.9 percent growth in the first quarter made by the State Statistics Service earlier this month.

The ministry also said seasonally adjusted fixed investment had fallen 1.4 percent in March compared with April, while seasonally adjusted industrial output had declined 0.1 percent.

The economic deceleration was expected by analysts, following other recent data that also point to diminishing economic momentum.

"Some slowdown in April compared to March shouldn't be a surprise, seeing as we saw some slowdown in retail sales and the industrial production figures were sickly," said Dmitry Polevoi, economist at ING in Moscow.

"We may have more negative surprises in investment in the months ahead. ... Overall confidence among private manufacturers is shaky, so investments may at least be delayed in anticipation of steps by the new government, and some resolution to the euro-zone story."

A new government was formed last week, following President Vladimir Putin's inauguration earlier this month. While Putin has called for measures to improve Russia's business climate, many questions about the new government's policies remain.

The renewal of worries in the euro zone has had an even more damaging impact on investor confidence, hammering the Russian stock market and the ruble as a result of a fall in prices for oil and other export commodities.

Economists polled by Reuters in late April anticipated 3.6 percent growth in Russia's GDP for 2012 as a whole, compared with 4.3 percent growth in 2011.

Total bank deposits in Russia will increase this year by 12 percent to 15 percent, while total loans allocated should go up 20 percent, Central Bank First Deputy Chairman Alexei Ulyukayev said during an interview with radio station Ekho Moskvy, Interfax reported Monday.

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