

Minister: Low Oil Prices Risk Pushing Russia Into Recession

By [The Moscow Times](#)

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A traffic sign pointing down outside of oil major LUKoil's headquarters.

There are "very big risks" that Russia's economic growth could turn negative in 2015 if oil prices remain close to present levels, Economic Development Minister Alexei Ulyukayev said Friday, news agency Interfax reported.

"This is of course very serious," Ulyukayev said, after warning that growth in real household income and retail sales could turn negative. "As a result there are very big risks that overall economic growth will be negative, and that investment [growth] will also turn out to be minus."

In August, the ministry halved its official economic growth forecast for 2015 to 1 percent.

The price of oil, Russia's major export, has plummeted in recent months, falling around almost \$30 since June to around \$85 per barrel. Next year's budget is based on an oil price

of \$100 per barrel.

Russia's economy is also seeing a marked economic slowdown and rising inflation as a result of Western sanctions imposed over Moscow's role in the Ukraine crisis and a retaliatory ban by Russia on most Western food imports.

Ulyukayev also warned that Russia's inflation rate could be "significantly above" 8 percent at the end of 2014 and is likely to average more than 8 percent in 2015.

He expected that inflation would be "clearly above 8 percent" in the early part of 2015, but would fall below 7 percent by the end of that year.

The ministry's August forecasts predicted 7-7.5 percent inflation at the end of 2014 and 6-7 percent inflation in 2015, but officials have said more recently that inflation is likely to be around 8 percent by year-end.

The Central Bank aims to reduce inflation to 4.5 percent by the end of next year but has acknowledged that this goal may be unattainable, emphasizing its medium-term goal of reducing inflation to 4 percent by 2016-2017.

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