PRESS: Russia’s new economy forecast sees downturn end in 2017

MOSCOW, Mar 31 (PRIME) -- The Russian economic recession will likely stop in 2017 if the oil price is U.S. $45 per barrel and a confident growth will resume in 2019, the Economic Development Ministry said in its latest version of the forecast for 2016–2018 and a newly made one for 2019 seen by business daily Vedomosti on Thursday.

The economic development forecast must be submitted to the government in April in order to become the base for budgetary planning, an official told the daily. Russia is currently planning the budget for only one year but a 3-year budget planning system could return in the future.

Russia’s gross domestic product (GDP) will contract by 0.5% in the period from 2015 till 2018. In 2016, GDP will decline 0.3%, while in 2019 it will erase losses by growing 2.5% despite oil price stagnation. Oil prices can remain in the $40–50 range, gradually increasing.

A decline in investments will not be overcome during this period but in 2019 the investment growth rate will almost reach 5%. Companies have resources to invest but are waiting for a signal from authorities that they can reasonably do this, Vedomosti reported, citing an earlier statement by Economic Development Minister Alexei Ulyukayev.

The real income and real wages will restart growth in 2017 but will not come back to the 2014 level even in early 2020, according to the forecast.

Inflation will slow down to 5% by 2020, capital outflow will shrink to $20 billion, and the ruble exchange rate will be 56.7 per $1.

Natalya Akindinova, an expert of the center for development of the Higher School of Economics, said that the premises of the forecast are doubtful because “the economy used to die out even during stable $110 per barrel.”

End

31.03.2016 09:42