

## SUMMARY

### Economic Survey "Russian Economic Developments" № 3/2018

#### Inflation Continues to Slow Down

**Alexandra Bozhechkova** – Head of Monetary Policy Department of the Center for Macroeconomics and Finance of the Gaidar Institute; Senior Research fellow of the Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration, Candidate of Economic Sciences. E-mail: [bozhechkova@iep.ru](mailto:bozhechkova@iep.ru)

**Pavel Trunin** – Head of Center for Macroeconomics and Finance of the Gaidar Institute; Leading Research fellow of the Center for the Study of Central Banks, Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration, Candidate of Economic Sciences. E-mail: [pt@iep.ru](mailto:pt@iep.ru)

In January 2018, inflation hit its record low of 2.2% relative to January 2017, while the Bank of Russia further eased its monetary policy by reducing the key rate by 0.25 pp to 7.5%. In absence of new inflation-triggering shocks, inflation this year may once again plunge its target set by the RF Central Bank.

*Key words:* inflation, monetary policy, key rate, outflow of capital, Bank of Russia.

#### Russia's Foreign Trade in 2017

**Alexander Knobel** – Head of Foreign Trade Department, Center for Real Sector of the Gaidar Institute; Director of the Center for Foreign Trade Department, Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration, Candidate of Economic Sciences. E-mail: [knobel@iep.ru](mailto:knobel@iep.ru)

**Alexander Firanchuk** – Senior Research fellow of the Center for Foreign Trade Department, Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration. E-mail: [firanchuk@ranepa.ru](mailto:firanchuk@ranepa.ru)

In 2017, exports of fuel and energy commodities as compared to 2018 increased by 27% (57% on the 2013 level). Exports of other commodities grew by 22%, having virtually returned to the pre-crisis values (94% on the 2013 level). Growth in exports of fuel and energy commodities, metals, raw rubber and timber is primarily related to substantial improvement of the pricing situation, while that in exports of mineral fertilizers and grain, to growth in volume terms.

Within a year, imports increased by 25% on the back of growing import prices and supply volumes. Appreciation of the exchange rate of the rouble had a positive effect on import volumes.

*Key words:* export, import, export prices, import prices, regional pattern of trade turnover.

#### Cost of Crossing: Position of Russia in International Indexes

**Dmitry Gordeev** – Senior Research fellow of Laboratory for Systems Analysis of Branch Markets, Institute of Industry and Markets Infrastructure, Russian Presidential Academy of National Economy and Public Administration. E-mail: [gordeev@ranepa.ru](mailto:gordeev@ranepa.ru)

**Anastasia Lets** – Research fellow of Laboratory for Systems Analysis of Branch Markets, Institute of Industry and Markets Infrastructure, Russian Presidential Academy of National Economy and Public Administration. E-mail: [lets@ranepa.ru](mailto:lets@ranepa.ru)

The article examines current state of procedures of customs administration. As measuring instruments such indexes as Trading across borders, Trade facilitation performance and Global Competitiveness Index are taken. Authors conclude that according to international ratings there is significant progress in customs administration.

*Key words:* customs, external trade, control procedures, port of entry.

## U.S. Stock Market Correction: Causes and Effects

**Alexander Abramov** – Head of Department for Analysis of Institutions and Financial Markets, Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration, Candidate of Economic Sciences. E-mail: [ae\\_abramov@mail.ru](mailto:ae_abramov@mail.ru)

The U.S. stock market entered a major correction on 2 February 2018, impacting most of the markets worldwide. Stock indices plunged as volatility increased. The correction was spurred mainly by the U.S. stock market overvaluation as well as concerns about inflation spike in the United States. Yet, there are no signs of a system-wide crisis.

*Key words:* US stock market, EU stock market, markets correction.

## Movement of Industrial Production Indices in 2017

**Andrey Kaukin** – Head of Department for System Analysis of Sectoral Markets, Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration; Head of Sectoral Markets and Infrastructure Department of the Gaidar Institute, Candidate of Economic Sciences. E-mail: [kaukin@iep.ru](mailto:kaukin@iep.ru)

**Eugenia Miller** – Research fellow of Department for System Analysis of Sectoral Markets, Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration. E-mail: [miller-em@ranepa.ru](mailto:miller-em@ranepa.ru)

In early 2017, the movement of indices in the majority of industries continued to display the trend observed in late 2016 – that of a low positive growth rate. At mid-year, there was a slowdown in the production growth pattern and its downward slide towards stagnation. Over H2, the trend component in the extractive industry pointed to a decline in Q3. The movement of the trend components across several sectors of the manufacturing industry demonstrated some growth, which was still insufficient to push manufacturing production, overall, upwards from its zero growth rate.

*Key words:* industry, economic sectors, mining industry and manufacturing.

## Price Differentiation in Domestic Market of Air Passenger Travel in Russia

**Andrey Kaukin** – Head of Department for System Analysis of Sectoral Markets, Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration; Head of Sectoral Markets and Infrastructure Department of the Gaidar Institute, Candidate of Economic Sciences. E-mail: [kaukin@iep.ru](mailto:kaukin@iep.ru)

**Eugenia Filicheva** – Research fellow of Department for System Analysis of Sectoral Markets, Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration. E-mail: [filicheva@ranepa.ru](mailto:filicheva@ranepa.ru)

Air messenger market in economies with market pricing on goods and services is characterized by marked differentiation of air ticket prices. In theoretical and empirical research price differentiation, as a rule, is explained by variation of costs incurred by a firm or by price discrimination. The aim of this paper is to determine the scale and factors, which specify price differentiation on domestic air service. One of key tasks is to provide an answer to whether heterogeneity of prices represents abuse by air travel companies of their power of a result of variation of their costs.

*Key words:* price, competition, price discrimination, air transport.

## Ruble's Exchange Rate That Will Be Best for Russian Industry in 2018

**Sergey Tsukhlo** – Head of Business Surveys Department, Center for Real Sector of the Gaidar Institute, Candidate of Economic Sciences. E-mail: [tsukhlo@iep.ru](mailto:tsukhlo@iep.ru)

Russian industry, after the ruble's sharp plunge in late 2014, for more than three straight years existed at a new exchange rate of the national currency, when its value was determined exclusively by market forces. During those years, all the participants in that process accumulated some practical experience of operating under the new conditions, were able to properly test their previous (theoretical) notions of the possible effects of the ruble's depreciation on the Russian economy, to adapt, over the period 2015–2017, to the actual movement pattern of the national currency, and to

shape their ideas of what its desired parameters in 2018 might be.

*Key words:* Russian industrial sector, ruble's exchange rate, ruble's devaluation impact on Russian industry.

## Survey of Current Business

**Sergey Aukutsionek** – Head of the Center for Transition Economy Studies, Primakov National Research Institute of World Economy and International Relations, Russian Academy of Sciences, Candidate of Economic Sciences. E-mail: [reb@imemo.ru](mailto:reb@imemo.ru)

**Andrey Yegorov** – Research fellow of the Center for Transition Economy Studies, Primakov National Research Institute of World Economy and International Relations, Russian Academy of Sciences, Candidate of Economic Sciences. E-mail: [andrese@mail.ru](mailto:andrese@mail.ru)

**Yury Glushko** – Senior Research fellow of the Center for Transition Economy Studies, Primakov National Research Institute of World Economy and International Relations, Russian Academy of Sciences, Candidate of Economic Sciences. E-mail: [glushko.reb@mail.ru](mailto:glushko.reb@mail.ru)

**Tatyana Serzhantova** – Senior Research fellow of the Center for Transition Economy Studies, Primakov National Research Institute of World Economy and International Relations, Russian Academy of Sciences. E-mail: [serzhantova@imemo.ru](mailto:serzhantova@imemo.ru)

In December 2017, a noticeable negative change happened with the order-book level: its current diffusion index fell by 9 percentage points. At the same time, its diffusion index of three-month expectations increased by 14 points. A positive shift is observed in the diffusion index of financial situation: it increased by 11 points. By the same amount increased the diffusion index of the three-month output expectations, although its absolute level was still below 50%.

*Key words:* industry, industrial enterprises, price level, wages, employment, output, investment, indebtedness to banks, order-book level, stocks of finished products, capacity utilization rate, risk of bankruptcy, economic policy, crisis duration.

## Does Russia Face Potato Shortages?

**Natalia Shagayda** – Director of the Center for Agrarian Policy, Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration; Head of Agro-Food Policy Department of the Gaidar Institute, Doctor of Economic Sciences. E-mail: [shagaida@iep.ru](mailto:shagaida@iep.ru)

The reports which were made public late in 2017 and early in 2018 on a decrease in potato output in the Russian Federation and substantial growth in potato imports do not reflect the actual state of things. Potato output is still at the average multi-year level. Despite some price rises, potato prices remain low. They are unable to instigate the food inflation because the share of potato is insignificantly low in the cost of the food basket.

*Key words:* agro-industrial complex, agriculture, potatoes, potato production, potato consumption.

## Russian Financial Markets: 2017 year-end Results

**Yury Danilov** – Leading Research fellow of the Structural Research Department, Russian Presidential Academy of National Economy and Public Administration, Candidate of Economic Sciences. E-mail: [danilov-ya@ranepa.ru](mailto:danilov-ya@ranepa.ru)

Russian financial markets continued to see their turnover expand in 2017, led by the firmest growth in over-the-counter (OTC) segments. However, the bias towards speculative trading primarily in FX assets was, as before, characteristic of the turnover structure. Financial market's money and FX segments contributed most to the exchange-based turnover structure. Stock market capitalization changed insignificantly from what it was a year earlier. Russia's local bond markets continued to experience a buoyant growth. The government bond market liquidity increased considerably, whereas the corporate bond market liquidity was down on the back of increased OTC bond issuances.

*Key words:* financial market, stock market, bond market, exchange and non-exchange segments of financial market, derivatives market, nonbank financial institutions.

## Bank Deposits and Lending in January 2018

**Michael Khromov** – Head of Department for Financial Studies of the Gaidar Institute; Senior Research fellow of the Center of Structural Research, Institute for Applied Economic Studies, Russian Presidential Academy of National Economy and Public Administration. E-mail: [khromov@iep.ru](mailto:khromov@iep.ru)

In January 2018, households' savings contracted against debt growth on bank loans, which is very unusual for the first month of the year. Consumption indexes—retail trade turnover and spending on paid services—continued growing. The households strive to maintain acceptable standard of living by mobilizing all available financial possibilities.

*Key words:* Russian banking sector, bank deposits, retail lending.

## International Automatic Exchange of Tax Information: How It Works

**Antonina Levashenko** – Senior Research fellow, Head of Russia-OECD Center, Russian Presidential Academy of National Economy and Public Administration. E-mail: [antonina.lev@gmail.com](mailto:antonina.lev@gmail.com)

**Alexandra Koval** – Younger Research fellow, Director of «Russia-OECD club», Russian Foreign Trade Academy under the Ministry for Economic Development of the Russian Federation. E-mail: [chil57@mail.ru](mailto:chil57@mail.ru)

Russia has reached an agreement on the automatic exchange of tax information with 73 countries. It means that the RF Federal Tax Service is able as early as this year to receive automatically information on foreign accounts of Russian tax residents: individuals, legal entities and persons controlling them. But to make this information exchange a reality, it is necessary to adopt a number of regulations.

*Key words:* tax information, common reporting standard, OECD.

## Households' Adaptive Strategies in 2017

**Elena Avraamova** – Head of Social Development Department, Institute of Social Analysis and Forecast, Russian Presidential Academy of National Economy and Public Administration, Doctor of Economic Sciences, Professor. E-mail: [avraamova-em@ranepa.ru](mailto:avraamova-em@ranepa.ru)

**Dmitry Loginov** – Senior Research fellow, Institute for Social Analysis and Forecasting, Russian Presidential Academy of National Economy and Public Administration. E-mail: [loginov-dm@ranepa.ru](mailto:loginov-dm@ranepa.ru)

A large portion of the population has a low adaptive potential and sticks to passive adaptive strategies. At the same time, efforts in terms of active forms of adaptive behavior largely promote the standard of living.

*Key words:* adaptation strategies of population, adaptation potential index, standard of living.