

## **FORECASTING AND CHANGE OF THE MAJOR ECONOMIC INDICATORS OF RUSSIA**

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Russia experienced essential economic changes after the collapse of the Soviet Union and during last 20 years it was developing from a planned economy to the market. Russia is the biggest exporter of the natural gas in the world, the second large exporter of oil and the third largest exporter of steel and primary aluminum - and other less competitive branches of the heavy industry. Export of raw materials makes Russia dependable from world economic crises and changeable world prices for raw materials. That is why the topic of the research is very urgent.

The purpose of this paper is to research and analyse the main economic indicators of Russia which will influence country development.

According to the purpose the following objectives have to be achieved:

- 1) To study change of indicators during the period from 2000 to 2013;
- 2) To define reasons for growth/ decrease in economic indicators;
- 3) To work out recommendations and to forecast the development of economic indicators during the period from 2014 to 2015.

The actual growth rates of real sector of economy considerably exceeded the level of the planned indicators which were the basis for the budget in 2000. Increase in activity of the internal business caused by devaluation of ruble, allowed to expect GDP growth in 2000 within 104-105%. However, dynamic development of the world market of raw materials, fuel and energy resources gave an additional impulse of growth for the national economy in 2000.

The main feature of recovery of the Russian economy in 2000-2003 is simultaneous growth, of internal and external demand. In the course of formation of the open market the economy strengthens influence of external factors. On the one hand, this is almost double import compression in comparison with the pre-crisis level, provided space for intensive expansion of internal production and growth of the income of producers of goods and services. And on the other hand, growth of the income in economy from export considerably influenced change of structure and dynamics of the final requirement.

From 2006 to 2010 gross domestic products increased from 36134,6 billion rubles to 39699,9 billion rubles, namely, there was an increase by 10%. By the end 2007 the excess of the federal budget made 6% of gross domestic product. In 2007 the income of the federal budget made 7,8 billion rubles, and expenses in the same year - 6 billion rubles. In 2007, 2008 there was GDP in Russia while in 2009 there was a reduction in this indicator by 7,8%.

In 2008 Russia was touched by a wave of a world economic crisis which occurred in the USA. It also became the main reason of further destabilization of economy - stable growth was replaced with unexpectedly sharp recession. At this time the greatest losses were observed in banking system of the country, manufacturing and the budgetary system which had to reduce many expenses.

In 2003 the economy of Russia experienced two inconsistent tendencies. On the one hand, the intensive growth of consumption in domestic market of the country which created nearly 50% of the Russian gross domestic product in 2013, continued to stimulate economic growth. On the other proceeding recession in the countries of eurozone, and also the resumed reduction of economy of the USA and Japan, worked as a stopping factor as prices of oil started falling because of the decreasing requirement, and export of Russian goods in these areas also continued to decrease. Industrial output in the Russian Federation in 2012 increased by 2,6% in comparison with the results of 2011 when growth by 4,7% was registered.

One of the largest companies in oil production which has huge impact on the Russian economy is Gazprom. The company is a the reliable supplier of gas to the Russian and foreign consumers. The company possesses the biggest gas communication network in the world - uniform system of gas supply in Russia. Raw materials that the company supplies to more than 30 close and foreign countries, is the reason of growth in indicators of foreign trade growth.

There is an opinion that since the beginning of 2010 the Russian economy endures stagnation. Sharp decrease in GDP growth and almost total absence of growth of direct investments and industrial production are the facts to probe the statement. This results from the fact that the considerable income from export of hydrocarbons was pumped over, mostly, in inefficient projects of the state corporations. Also, by the beginning of 2010<sup>th</sup> the reserve of unused capacities of the Soviet period was almost settled, but there is no growth of investments into industrial sector. It is expected that the growth rates of the Russian economy will be more slowly than average world economic height in the next 16 years.

The European commission expects that the economy of Russia in 2014 will grow by 3,4%, and in 2015 - by 3,9%. In 2013 budget deficit of Russia made only 0,1% of gross domestic product, however budget deficit from the oil-extracting industry increased considerably and made 10,6% of gross domestic product. According to the European economists, the Russian authorities have to take measures for essential increase in economy.

The head of the Central bank of Russia, Elvira Nabyullina declared that the Russian economy can grow by 3 - 4% a year by means of various stimulating measures even if the price for oil doesn't change. Thus it is necessary to begin with stimulation of the internal requirement.

In March 2014, after Crimean crisis, followed by referendum, the declaration of independence of the Republic of Crimea from Ukraine and the process of accession to Russia, U.S President Barack Obama announced that he had signed a new executive order that would allow him to target specific sectors of the Russian economy. On March 20, 2014, the Department of Treasury's Office of Foreign Assets Control added Russia Bank to the Specially Designated Individuals list as a part of sanctions taken in response to the 2014 Crimean crisis, placing restrictions on US trade with the bank. International payment systems Visa Inc. and MasterCard suddenly stopped service of credit cards issued by the Russia Bank. Non-cash transactions of SMP Bank and Sobinbank (100% subsidiary of Russia) were also frozen.

On the basis of this data it is possible to draw the following conclusions:

1) Prospects of development reflect relative increase in competitiveness of the Russian economy and improvement of investment climate in moderate increase in expenses on social needs at development of infrastructure and the human capital in 2014-2015.

2) High enough growth rates of world economy and the world prices for oil in 2014-2015 at the level of 105-109 US dollars for barrel with acceleration of economic growth by 113 dollars for barrel in 2015 has to proceed.

3) From 1993 to 2010, Russian companies have made takeovers or been taken over in 13,834 mergers and acquisitions with a total value of \$ 613 billion. The number of deals that took place in 2010 have made 3,662, which is a new record; compared to 2009 this was an increase by 12%. The value of deals in 2010 accounted \$100 billion, which was the second highest value; compared to 2009 this was an increase by 143%.

4) During the expected period development of market institutes, competition development, improvement of corporate governance, development of the financial markets, bank and insurance sectors, improvement of quality of public administration and mechanisms of regulation of economic activity will be consistently provided.

5) Analyzing the latest events of 2014, it is possible to speak not only about changes in a course of planning of the Russian economy, but also about the new territorial device. Russia will meet with change of political views, modernization of economy and opening of the new horizons.