



## State Policy Developments

### The Russian Central Bank has cut the base rate from 9.75% to 9.25%.

On April 28, 2017 the Russian Central Bank expectedly cut the base rate to 9.25%. The major factors creating the ground for the cut have been registered inflation approaching the target level of 4.0% pa, appreciating rouble under the relatively high crude oil price and acceptable level of inflation expectations. The bank indicated the inflation risks resulting from the upcoming talks on extension of the oil output deal.

The base rate is presently expected to decrease to 8.5% pa by the end of 2017. The next meeting on the base rate change is planned for June 16, 2017.

Press-release of the Russian Central Bank: [Original](#) (Eng)

### Participation of Russia in the new oil output cut deal is still under question

Russia has mostly fulfilled its obligations shaped by the previous oil output cut deal (to expire in June 2017), but that was not so demanding exercise, as soon as by the moment of entering the deal the country was approaching seasonal slump in the oil production having the output peaking in years. At this time, the situation is quite different, and the new deal would require Russia to pull in its oil belt in a much more sensitive way, especially given existing plans on starting production at several new wells.

Despite quite impressive results of the previous deal, they slightly underperformed expectations of the Russian officials, who hoped to see the oil price in the range of USD 55-60 per barrel. However, the Russian budget still has been receiving a good boost, and given the approaching presidential elections, the top officials will be interested in retaining stability in the oil market that adds to the chances of the deal prolongation by Russia.

The new meeting on the oil output cuts is arranged in Vienna for May 25, 2017. Mr. Alexandr Novak, the Russian Minister of Energy, started consultations with the Russian oil companies. Meanwhile, the related issues are also being discussed with the representatives of OPEC countries (Saudi Arabia and Venezuela).

Additional comments in the dedicated article by Bloomberg: [Original](#) (Eng)

### The Ministry of Trade and Industry provided its view on the upcoming digital transformation of the Russian industry

On April 26, 2017 Mr. Vasily Osmakov, the Deputy Minister of the Trade and Industry, made a speech at [Hannover Messe](#) providing the view of the Ministry on the key

directions of the digital transformation in the Russian industry.

The major efforts of the Ministry will be focused on implementation of the [National Technology Initiative](#) assuming substantial improvement of global technological position of Russia by 2035. [Technet](#), the first roadmap on the industrial tech development elaborated in the framework of the initiative, was approved by the Russian Government on February 14, 2017 (commonly referred as analogue of [Industrie 4.0](#) program being implemented in Germany). The roadmap assumes creation of the network of so-called "Factories of the Future" that will effectively cover the product development cycle primarily specializing in engineering, industrial design, IoT, 3D printing and robotisation solutions. The pilot Factories are supposed to be established at the locations of the leading Russian industrial enterprises, as well as the leading industrial design companies and the research and educational institutions.

Referring to Mr. Osmakov, implementation of the National Technology Initiative will lead to 30% productivity growth in Russia by 2024 and 95% productivity growth by 2035 with the estimated 10% share of the emerging sectors in the Russian GDP. The share of the machines and equipment in the Russian exports shall increase from 8% to 13% by 2024. The share of the Russian engineering companies in the world market shall increase to 1.5% by 2035.

The Ministry invited foreign companies to participate in the projects implemented within the framework of National Technology Initiative mentioning Claas, DMG Mori and Daimler among the present partners utilising the program benefit.

Additional comments in the article of Kommersant newspaper: [Original](#) (Rus) | [Google Translate](#)

### The Government is still not sure on implementation of 22/22 tax reform planned for 2019

The 22/22 tax reform assumes decrease in aggregate payments of businesses to [extra-budgetary funds](#) from 30% to 22% with synchronous increase in VAT from 18% to 22%. The reform, which was announced in March 2017, is being actively promoted by Mr. Maxim Oreshkin, the Russian Minister of Economic Development and Mr. Anton Siluanov, the Russian Minister of Finance.

On April 24, 2017 Mr. Igor Shuvalov, the Russian First Vice Prime Minister, commented to the press that there is still a chance that the reform will be suspended in case the Government decides it is possible to manage without it.

Citing Mr. Shuvalov (TASS news agency): [Original](#) (Rus) | [Google Translate](#)

### The State decides on 50% dividend payments from the net income of the state-controlled companies

On April 27, 2017 Mr. Dmitry Medvedev, the Russian Prime Minister, ordered to secure the dividend payments of not less than 50% of the net income of the state-controlled joint stock companies (including infrastructure companies, O&G companies and companies of the defence industry).



In the beginning of April 2017 Mr. Anton Siluanov, the Russian Minister of Finance, commented to the press that in case the appropriate decision is made, the outlays of the federal budget for 2017 will be increased for the sum of additional budgetary revenues. According to the available estimates, the Russian budget is expected to receive RUR 150 billion (about USD 2.6 billion) of dividends of the state-controlled companies for 2016.

Selected companies with the majority shareholding belonging to the state were able to agree on the special terms with the Government. Specifically, RosNeft is to distribute only 35% of the net income as dividends.

Official announcement at the Russian Government web-site: [Original](#) (Rus)| [Google Translate](#)

## Business Environment Developments

### The EU is likely to prolong sanctions over Russia in June 2017

The signs of warming relations of Russia with the U.S. that were observed in the beginning of the year have reverted to the frosty stance in Spring 2017 amplified by the conflict related to the recent episode on the chemical weapons use in Syria. In its turn, the balance of opinions in the EU has also shifted deeper towards prolongation of sanctions over Russia. It is likely that the appropriate decision will be made after the EU leaders' summit in June 2017.

The situation still may change in case Ms. Marine Le Pen, a far-right candidate, surprisingly wins presidential elections in France to be held on May 7, 2017 or the U.S.–Russia relations start thawing.

Mr. Idriss Jazairy, the UN Special Rapporteur, estimated Russia's loss from sanctions at USD 50-55 billion over three years (about 1% of GDP), while the loss of sanctioning countries for that period was indicated at around USD 100 billion.

Dedicated article by Reuters: [Original](#) (Eng)

Citing Mr. Idriss Jazairy by Sputnik news agency: [Original](#) (Eng)

### The state launched sales of the Russian Government bonds for private persons (OFZ-n)

On April 26, 2017 the state started sales of the Russian Government bonds designated solely for private persons (OFZ-n). The exclusive placement agents are [Sberbank](#) and [VneshTorgBank \(VTB\)](#). The coupon rate for the first coupon was 7.5% pa increasing to 10.5% pa for the sixth coupon. The issue size is RUR 15 billion (about USD 280 million), while there is a possibility of increase to RUR 30 billion (about USD 560 million) subject to the demand conditions. The placement end date is October 25, 2017. The maturity date is April 29, 2020. The total volume of orders for the first day of sales exceeded RUR 1.6 billion (USD 28 million).

Announcement on the bond issue by the Russian Ministry of Finance: [Original](#) (Rus)| [Google Translate](#)

Announcement on the first trading day by the Russian Ministry of Finance: [Original](#) (Rus)| [Google Translate](#)

### Approval rating of Mr. Dmitry Medvedev, the Russian Prime Minister, fell record low

On April 26, 2017 Levada-Center, a Russian independent poll company, released the results of its poll on Mr. Medvedev's approval. The results demonstrated that 45% of people would be voting for Mr. Medvedev's dismissal. Mr. Medvedev's approval rating stayed record low in March-April 2017 with 54% of people disapproving his activities in April (February 2017: 47%, March 2017: 57%).

The political analysts believe that it is still not likely that Mr. Medvedev will be replaced in the coming months. Even in case his rating does not improve, and it is decided to replace him, it would be much more beneficial for the Presidential campaign of 2018 to do this closer to the election date in order to have stronger positive impact for the campaign.

Recent poll results by Levada-Center: [Original](#) (Rus)| [Google Translate](#)

Dynamics of approval ratings by Levada-Center: [Original](#) (Eng)

Comments on the poll results by Bloomberg: [Original](#) (Eng)

### Russia stays close to the end of the World Press Freedom Index ranking

On April 26, 2017, Reporters without Borders, an international organisation of journalists, released 2017 World Press Freedom Index, where Russia is positioned at 148<sup>th</sup> place out of 180 assessed countries (no changes as compared to the previous year).

Mr. Alexey Volin, the Deputy Minister of Communications and the Mass Media, commented to Kommersant newspaper on the results that the Ministry is "perfectly fine" with the present level of the press freedom in Russia.

More information in the article at Reporters without Borders web-site: [Original](#) (Eng)

Dedicated article of Kommersant newspaper: [Original](#) (Rus)| [Google Translate](#)

### The Russian international reserves hit USD 400 billion for the first time in 2.5 years

International reserves of Russia that represent the set of highly liquid assets (foreign currency, gold, SDRs and IMF reserve position), have increased from USD 398.4 billion to USD 400 billion over April 14-21 primarily due to reappraisal.

The minimal level of international reserves was observed in Russia on April 2, 1999 (USD 10.7 billion), while the maximum was registered on August 8, 2008 (USD 598.1 billion).

Information on dynamics of international reserves at web-site of the Russian Central Bank: [Original](#) (Eng)



## National Statistics

### **VEB estimated the Russian GDP to contract by 0.3% in 1Q 2017**

On April 24, 2017 [VneshEconomBank](#), the bank of development controlled by the Russian state, released the Russian GDP indices for March 2017 and 1Q 2017.

The Russian GDP is estimated to contract by 0.3% in 1Q 2017 as compared to 1Q 2016, while 0.3% growth is estimated if compared against 4Q 2016 (seasonally adjusted). The bank explained the contraction by the calendar factor, as far as the year 2016 was a leap year.

The GDP in March 2017 is estimated to be flat against March 2016 (0.0% growth) and to grow by 0.2% against February 2017 (seasonally adjusted).

GDP indices with comments at web-site of VEB: [Original](#) (Rus)| [Google Translate](#)

See also [section on GDP dynamics in 2017](#) at factosphere.com

### **RosStat registered 15.8% slump in the Russian residential construction in 1Q 2017**

On April 27, 2017 RosStat released data on the Russian residential construction in 1Q 2017 with the estimated volume of residential space that was put into operation at 13.1 million sq. m. (84.2% against 1Q 2016).

The outstanding contraction (59%) was registered in the city of Moscow that is mostly explained by the relatively small number of construction projects initiated 2-3 years ago, when the deterioration of the Russian economy was gaining momentum.

Official publication on residential construction in 1Q 2017 by the Russian State Statistics Service: [Original](#) (Rus)| [Google Translate](#)

More comments in the dedicated article of Vedomosti newspaper: [Original](#) (Rus)| [Google Translate](#)



## Reports and Forecasts on Russia Traced by Factosphere

Date	Publisher	Document name	URL
24.04.2017	<a href="#">ACRA credit rating agency</a>	Forecast of the Russian electric power generation and electric power market until 2021	<a href="#">Original</a> (Eng)
24.04.2017	<a href="#">The Centre for Macroeconomic Analysis and Short-Term Forecasting</a>	Presentations on the preliminary results of the policy of imports substitution in Russia from the seminar that took place on April 20, 2017	<a href="#">Original</a> (Rus)
25.04.2017	<a href="#">The World Bank</a>	Russia Monthly Economic Developments April 2017	<a href="#">Original</a> (Eng)
27.04.2017	<a href="#">The World Bank</a>	The World Bank Commodity Market Outlook April 2017	<a href="#">Original</a> (Eng)
27.04.2017	<a href="#">The Centre for Macroeconomic Analysis and Short-Term Forecasting</a>	The Russian Economy Trends (March 2017)	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
27.04.2017	<a href="#">Centre for Development of Higher School of Economics</a>	Comments on the state and the business, April 14-26, 2017 (#131)	<a href="#">Original</a> (Rus)
27.04.2017	<a href="#">Moody's</a>	Russia and Turkey face common growth challenges, despite differing exposure to commodity cycle (report announcement)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Economic Development</a>	Monitoring of development trends in the sectors of economy for 1Q 2017	<a href="#">Original</a> (Rus)
28.04.2017	<a href="#">Gaidar Institute</a>	Monitoring of Economic Situation in Russia #8 (46) April 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
28.04.2017	<a href="#">Gaidar Institute</a>	On results of privatisation program in 2014-2016	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
28.04.2017	<a href="#">The Russian Central Bank</a>	Press-release on the base rate cut by the Russian Central Bank with comments on the Russian economy developments	<a href="#">Original</a> (Eng)
29.04.2017	<a href="#">Kommersant publishing house (Vlast magazine)</a>	Economic forecast for May 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>

## Statistical Publications Traced by Factosphere

Date	Publisher	Document name	URL
24.04.2017	<a href="#">VneshEconomBank (VEB)</a>	Russian GDP Indices by VEB for March 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
25.04.2017	<a href="#">The Russian State Statistics Service</a>	Comparison of CPI in Russia and selected countries of the world in March 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
25.04.2017	<a href="#">The Russian State Statistics Service</a>	On financial results of activities of organisations in January-February 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
25.04.2017	<a href="#">The Russian Central Bank</a>	External trade in services, breakdown by main partner countries	<a href="#">Original</a> (Eng)
25.04.2017	<a href="#">The Russian Ministry of Finance</a>	Weekly data on budget funds in deposits, public budget loans and REPO	<a href="#">Original</a> (Eng)
26.04.2017	<a href="#">The Russian State Statistics Service</a>	On CPI estimate over April 18-24, 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
26.04.2017	<a href="#">The Russian State Statistics Service</a>	Business activities of organisations in April 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
26.04.2017	<a href="#">The Russian Central Bank</a>	Selected indicators of the Russian banking sector	<a href="#">Original</a> (Eng)
27.04.2017	<a href="#">The Russian State Statistics Service</a>	Bulletin: On Outstanding Debt Due to the Employees by the Employers (Wages) as of April 1, 2017	<a href="#">Original</a> (Rus)
27.04.2017	<a href="#">The Russian State Statistics Service</a>	Information on the aggregate sales of food & beverages for 2016, breakdown by region	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
27.04.2017	<a href="#">The Russian Central Bank</a>	External debt sustainability ratios of the Russian Federation	<a href="#">Original</a> (Eng)
27.04.2017	<a href="#">The Russian State Statistics Service</a>	On residential construction in 1Q 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
27.04.2017	<a href="#">The Russian State Statistics Service</a>	On production volumes of oil products and dynamics of their retail prices over April 17-23, 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>



Date	Publisher	Document name	URL
28.04.2017	<a href="#">The Russian State Statistics Service</a>	Current information on natural movement of population for January-March 2017, breakdown by region	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
28.04.2017	<a href="#">The Russian State Statistics Service</a>	Statistics for assessment of effectiveness of the regional and federal executive power bodies for 2012-2016 (abundance of indicators with breakdown by region)	Regional bodies: <a href="#">Original</a> (Rus) Federal bodies: <a href="#">Original</a> (Rus)
28.04.2017	<a href="#">The Russian State Statistics Service</a>	On dynamics of prices for gasoline and the oil products' stock in March 2017	<a href="#">Original</a> (Rus)  <a href="#">Google Translate</a>
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Annual report on execution of the federal budget (starting from January 1, 2006)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Annual report on the consolidated budget execution (starting from January 1, 2006)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Annual report on regional budgets execution (starting from January 1, 2006)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Annual report on the extra-budgetary funds execution (starting from January 1, 2011)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Quarterly report on execution of the federal budget (starting from January 1, 2011)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Quarterly report on the consolidated budget execution (starting from January 1, 2011)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Quarterly report on regional budgets execution (starting from January 1, 2011)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Quarterly report on the extra-budgetary funds execution (starting from January 1, 2013)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Monthly report on execution of the federal budget (starting from January 1, 2011)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Monthly report on the consolidated budget execution (starting from January 1, 2011)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Monthly report on regional budgets execution (starting from January 1, 2011)	<a href="#">Original</a> (Eng)
28.04.2017	<a href="#">The Russian Ministry of Finance</a>	Monthly report on the extra-budgetary funds execution (starting from January 1, 2014)	<a href="#">Original</a> (Eng)

### Contact Information

Mr. Dmitry Efremov, Director & Project Lead  
e-mail: [dmitry.efremov@factosphere.com](mailto:dmitry.efremov@factosphere.com)

Ms. Liudmila Novikova, Managing Director  
e-mail: [liudmila.novikova@factosphere.com](mailto:liudmila.novikova@factosphere.com)

Ms. Elizaveta Markovskaya, Head of Consulting  
e-mail: [elizaveta.markovskaya@factosphere.com](mailto:elizaveta.markovskaya@factosphere.com)

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