



# Russia falls from 6<sup>th</sup> to 8<sup>th</sup> in projected GDP after turbulent year

*GDP in PPP terms, 2011 US\$ trillions*

2014 GDP Ranking	GDP at PPP
China	17.632
US	17.416
India	7.277
Japan	4.788
Germany	3.621
Russia	3.559
Brazil	3.073
France	2.587
Indonesia	2.554
United Kingdom	2.435

2011 Projection of 2050 GDP	GDP at PPP
China	53.856
US	37.998
India	34.704
Brazil	8.825
Japan	8.065
Russia	8.013
Mexico	7.409
Indonesia	6.346
Germany	5.822
France	5.714

2014 Projection of 2050 GDP	GDP at PPP
China	61.079
India	42.205
US	41.384
Indonesia	12.210
Brazil	8.065
Mexico	8.014
Japan	7.914
Russia	7.575
Nigeria	7.345
Germany	6.338





# Russia improves business climate from 112 finish in 2012

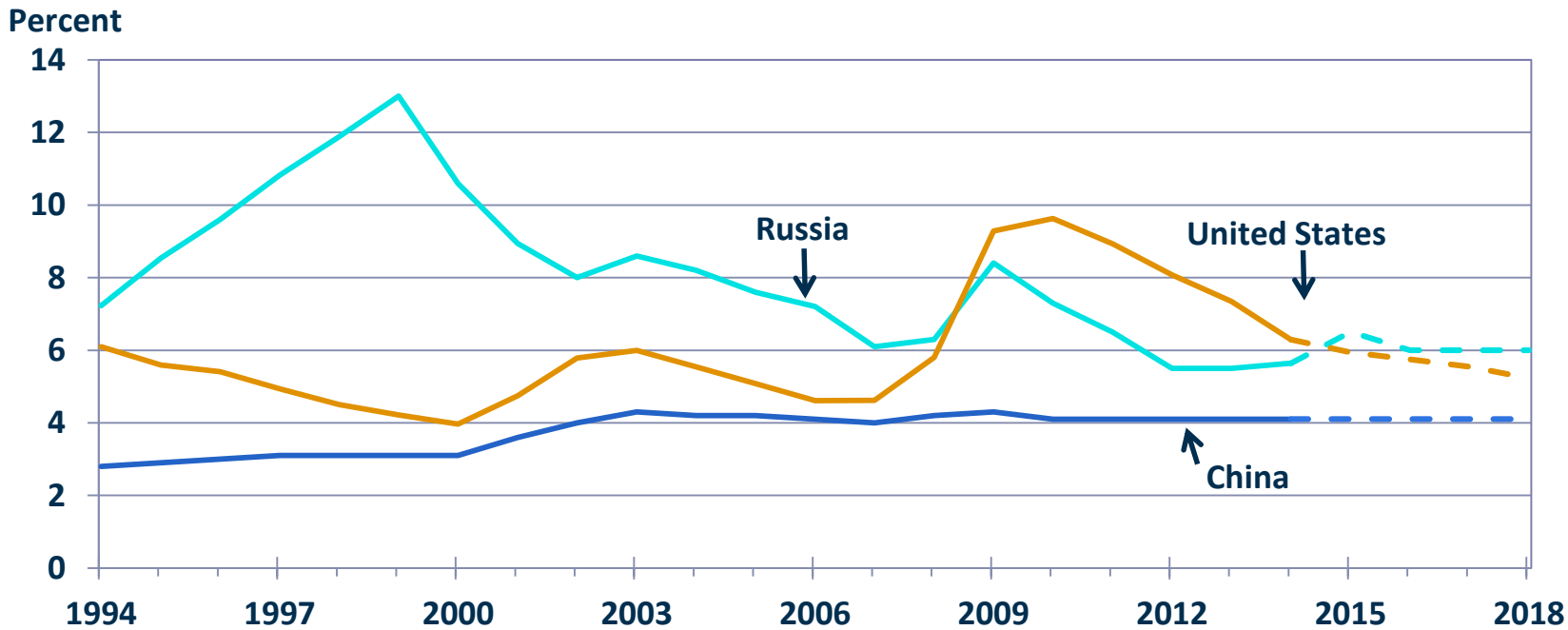
*Rank in Ease of Doing Business Index (total 185 countries), 2013*

Economy	Ease of Doing Business	Starting a Business	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Enforcing Contracts	Resolving Insolvency
Singapore	1	6	24	17	3	5	1	19
United States	7	46	29	2	25	47	41	4
Mexico	39	67	110	12	62	105	57	27
Rwanda	46	112	15	4	117	27	62	101
<b>Russia</b>	<b>62</b>	<b>34</b>	<b>12</b>	<b>61</b>	<b>100</b>	<b>49</b>	<b>14</b>	<b>65</b>
China	90	128	37	71	132	120	35	53
Brazil	120	167	138	89	35	177	118	55





# Unemployment higher in Russia than U.S. for first time since 2008

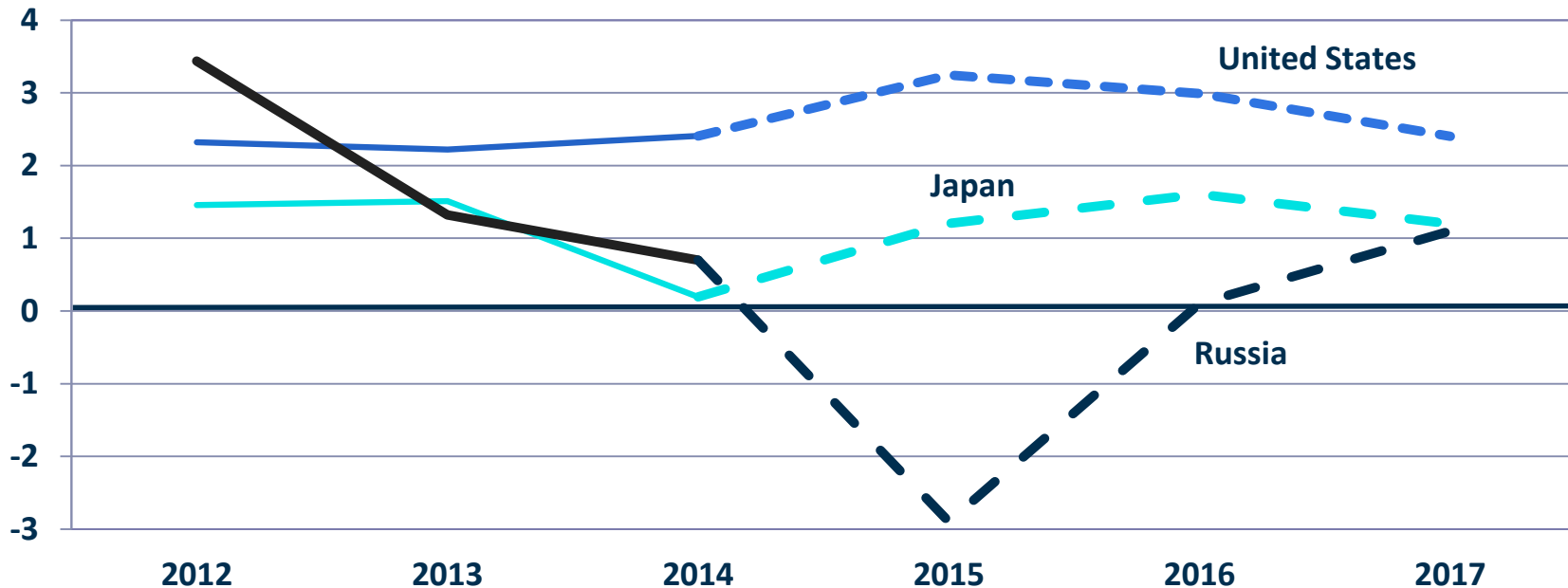




# Political pressure and oil prices lead to poor forecast for Russia

GDP

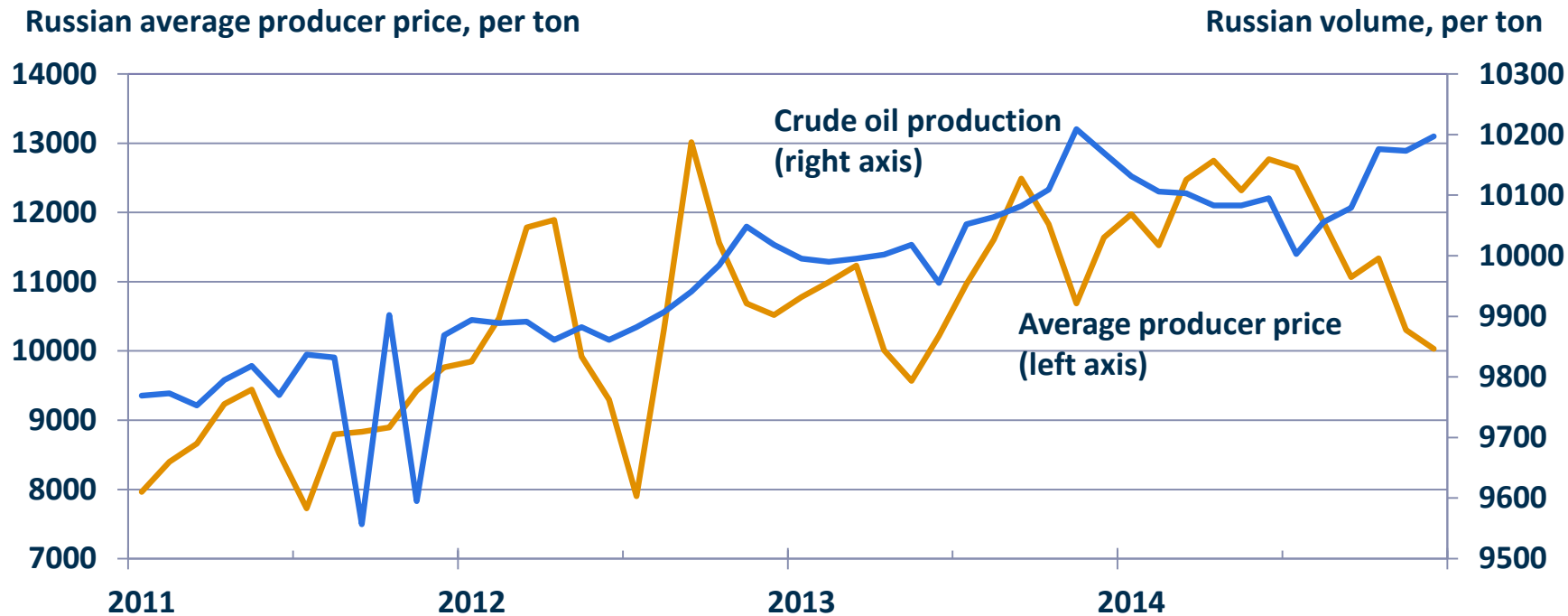
Percent change, year over year





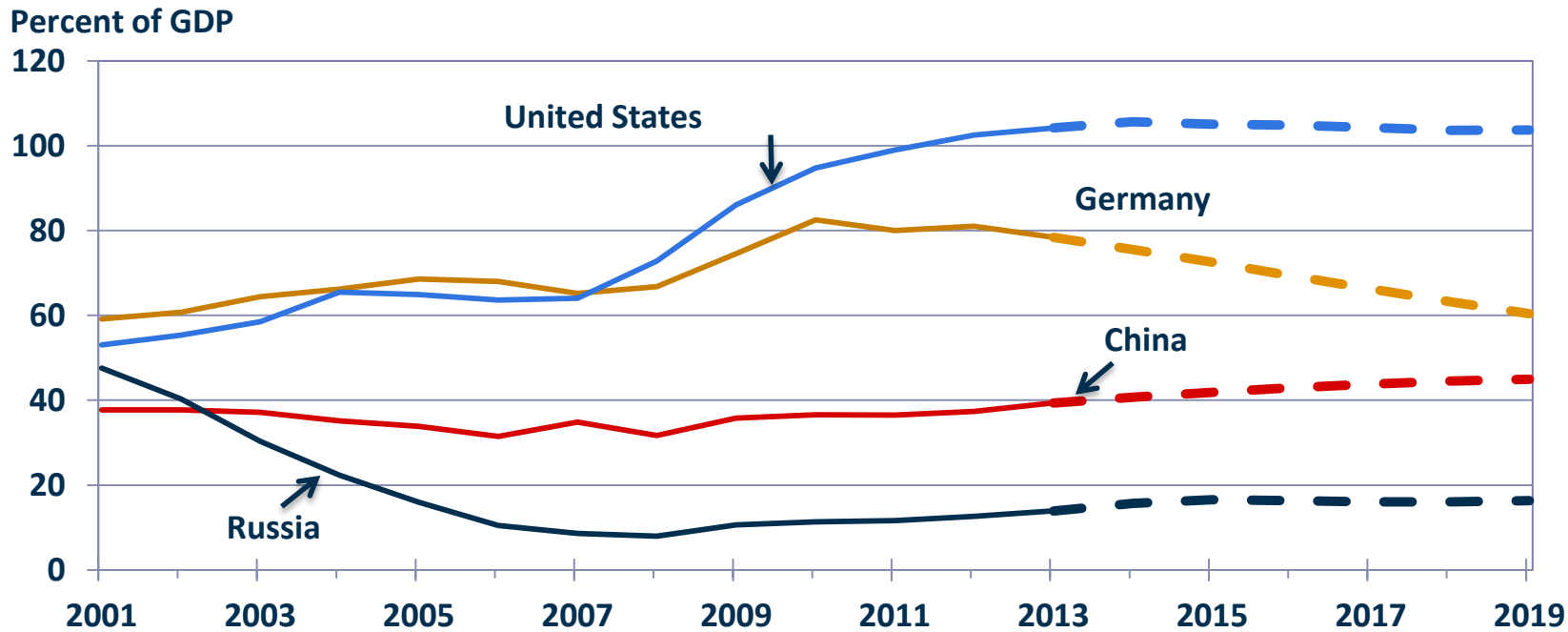
# Crude oil prices and production moving in opposite directions

*Value of oil exports*





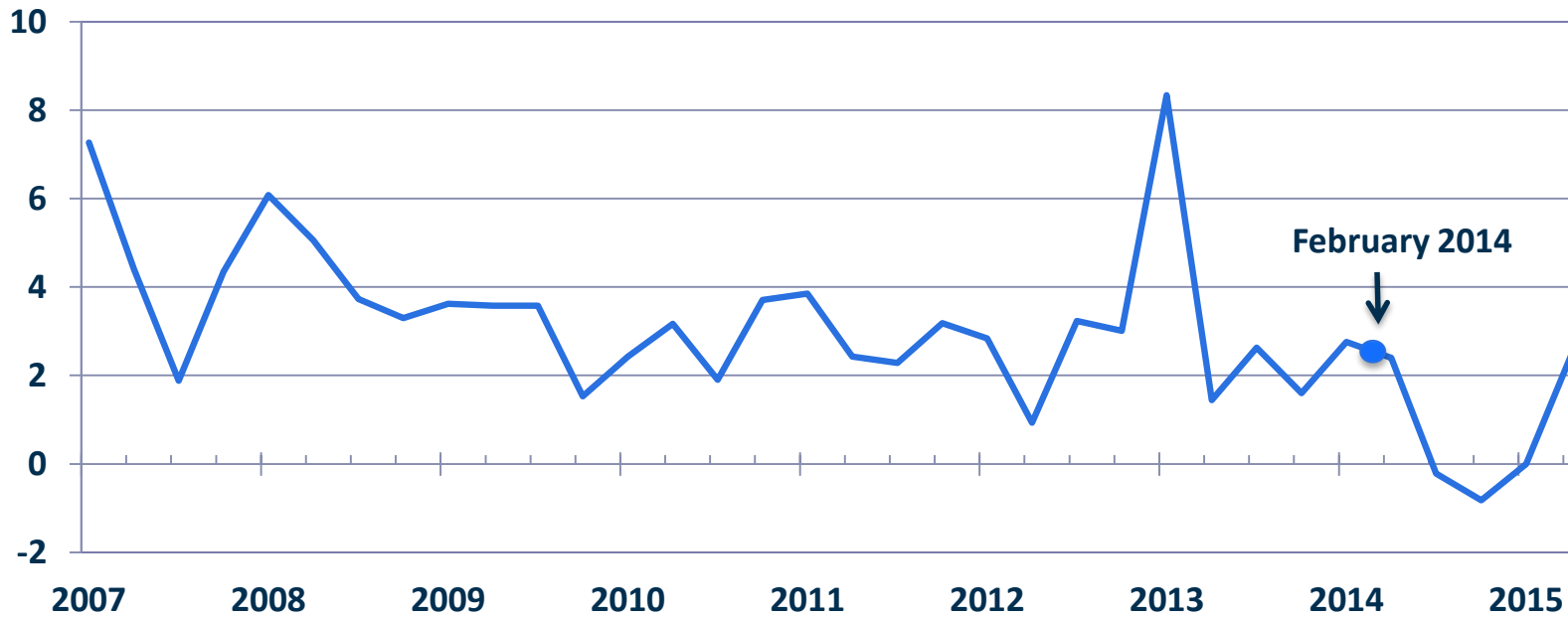
# Russia maintains low government gross debt despite unrest





# Foreign direct investment in Russia rebounds

Percent of GDP



February 2014



# Russian ruble strengthening







# Russian Asset Values

Decline and rebound.





# Ruble

Trader bet ruble volatility will decline the most among the 31 most-traded currencies





# Bonds

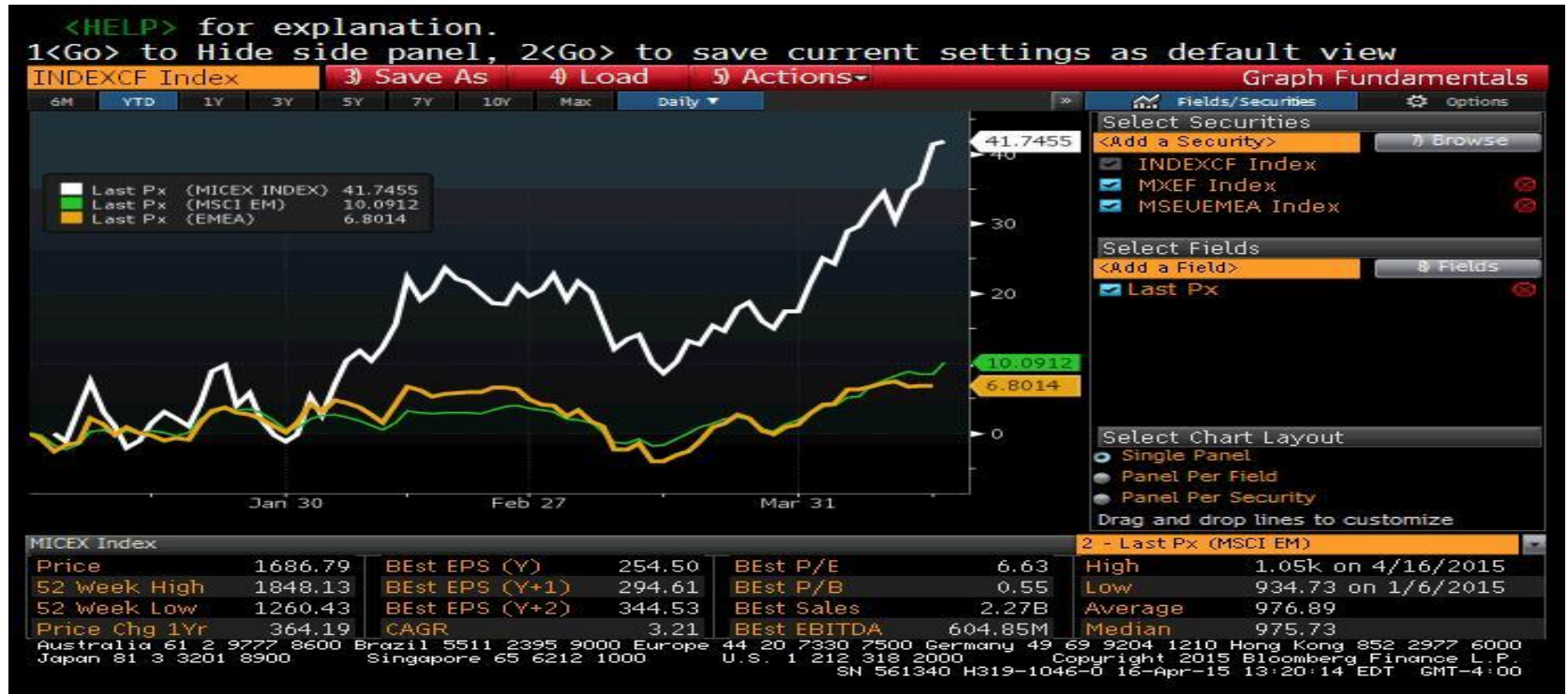
Sovereign debt denominated in Russian rubles produced 39 percent total return this year, when measured in U.S. dollars. The emerging markets gained 1 percent. EMEA lost 2 percent.





# Russian Stocks

Russia companies denominated in U.S. dollars produced a 41.7 percent total return this year, beating emerging markets' 10 percent and EMEA' 6.8 percent





- Real picture on Russian economy;
- Going East?
- Short term forecast. Is it so bad?





## Latest official statistics

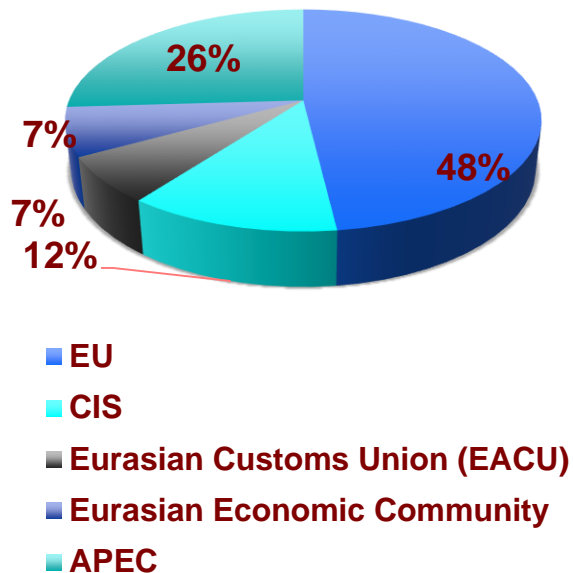
	March 2015	As % of		I quarter 2015 as % of I quarter 2014	Reference		
		March 2014	February 2015		March 2014 as % of March 2013	February 2014	I quarter 2014 as % of I quarter 2013
Gross Domestic Product, bln. roubles	71406,4	100,6			101,3		
Industrial Production Index		99,4	110,7	99,6	101,4	109,7	101,1
Agriculture production, bln. roubles	238,3	104,2	142,6	103,5	102,7	141,2	102,5
Freight turnover, bln. ton-kilometers	433,2	100,5	111,0	98,3	100,4	108,7	101,6
of which railway	199,9	100,6	114,4	100,2	108,4	115,7	106,8
Retail trade turnover, bln. roubles	2201,2	91,3	106,8	93,3	104,5	108,6	103,9
Foreign trade turnover, bln. USD of which:	44,7	73,9	111,9	69,9	88,6	99,8	94,0
export of goods	29,2	80,1	106,0	74,6	87,0	92,0	94,2
import of goods	15,6	64,6	124,9	62,1	91,0	114,7	93,6
Fixed capital investments, bln. roubles	744,3	94,7	116,3	94,0	95,3	114,5	94,7
Consumer Price Index		116,9	101,2	116,2	106,9	101,0	106,4
Producer Price Index		113,0	105,5	109,8	105,0	102,3	104,2
Real disposable money incomes		98,2	96,2	98,6	92,7	96,4	96,6
Real, roubles		90,7	104,7	91,7	103,8	106,9	104,4
Total number of unemployed, mln. persons	4,5	108,7	102,1	102,6	94,6	95,1	95,2



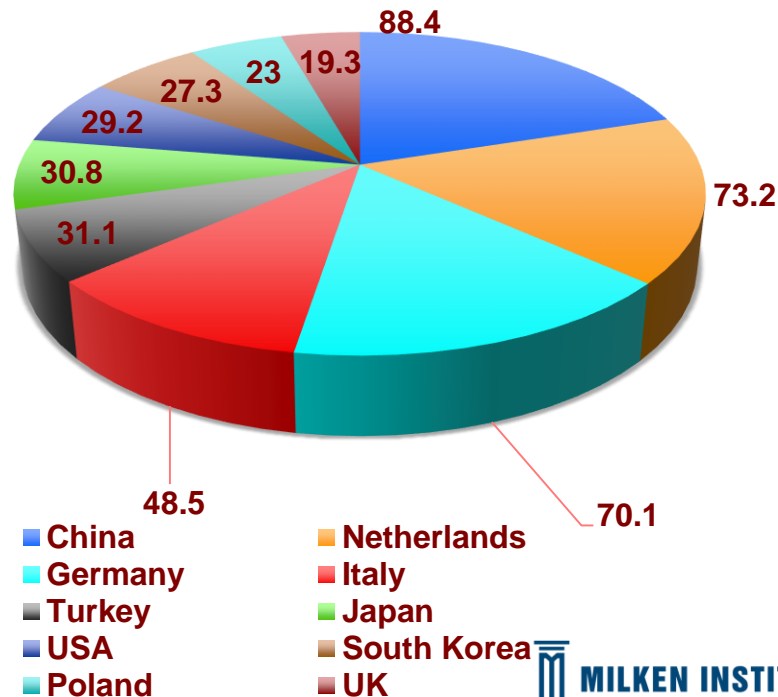


# Foreign trade of Russia. Going East?

## By organization



## By country (in bln, \$),





## Official Forecast

	<u>2014</u>	<u>2015</u>
<b>Gross Domestic Product, bln. roubles</b>	<b>1848,8</b>	<b>1270,0</b>
<b>Federal Budget, Budget balance/GDP, %</b>	<b>- 0,9</b>	<b>-1,8</b>
<b>Money supply, %</b>	<b>2,2</b>	<b>10,0</b>
<b>Average interest rate on credit, %</b>	<b>11,1</b>	<b>17,0</b>
<b>Foreign trade turnover, bln. USD of which:</b>		
<b>export of goods</b>	<b>497,8</b>	<b>340,0</b>
<b>import of goods</b>	<b>308,0</b>	<b>200,0</b>
<b>Foreign direct investments, bln. roubles</b>	<b>23,0</b>	<b>20,0</b>
<b>Consumer Price Index</b>	<b>11,4</b>	<b>13,0</b>
<b>Producer Price Index</b>	<b>5,9</b>	<b>10,0</b>
<b>Average monthly accrued wage, thousand of roubles</b>	<b>32,6</b>	<b>36,1</b>
<b>Unemployment, %</b>	<b>5,2</b>	<b>5,6</b>
<b>Average Exchange rate, RUB/USD</b>	<b>38,6</b>	<b>60,0</b>







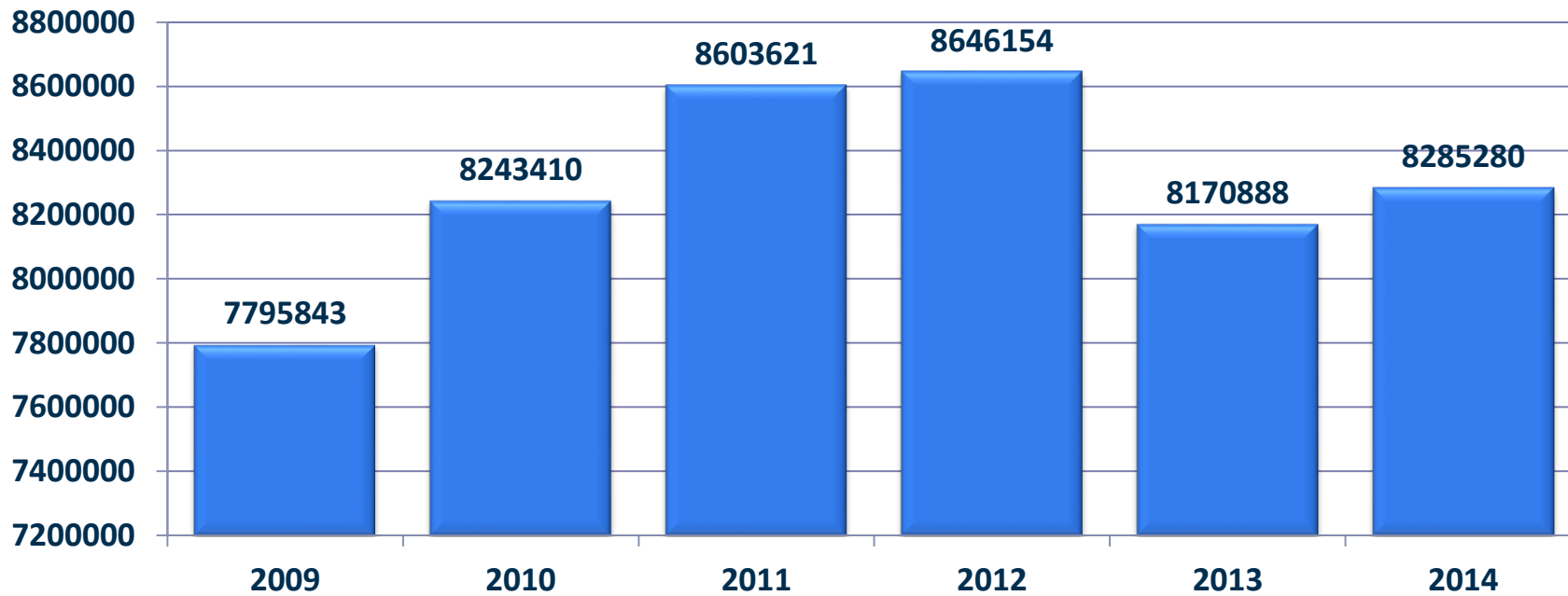
# Consequences of isolating Russia

1. Plays into the hands of anti-Western powers in Russia (Iron Curtain);
2. Gives support to anti-Western Orthodox Russian church;
3. Reinforces the feeling that the West led by the USA is the enemy;
4. Turns Russia eastward into the partnership with China;
5. Makes Russia evermore unpredictable;
6. Plays into the hands of Russia's military industrial complex;
7. Reinforces Russian desire to circle the wagons;
8. Minimize the access to outside information for Russian people;
9. Cuts off travelling (tourism, exchanges, educational opportunities);
10. Leads to birth of generation of Russians hostile to the West.





## Number of private companies in Russia 2009-2014





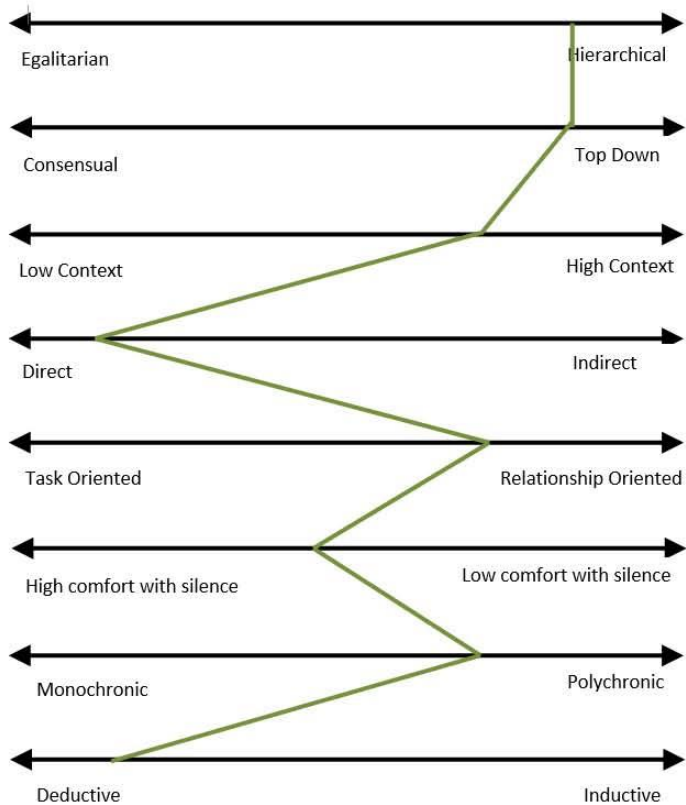
## Quick facts

1. \$17 230 per year - the average household net-adjusted disposable income per capita;
2. 585 000 – number of households with annual income over \$1 mln;
3. 1 982 hours – people work per year;
4. 43,88 mln – current number of international passports in Russia;
5. 94% of adults aged 25-64 have earned the equivalent of a high-school degree;
6. 69 years - life expectancy at birth in Russia;
7. 84% of people believe that they know someone they could rely on in time of need;
8. 73% of people saying they have more positive experiences in an average day than negative ones





## Russia



## USA

