

Russia in the Global Economy: *Challenges ahead...*



Bikas Joshi
Resident Representative
International Monetary Fund
Moscow, Russia

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“New mediocre”

(WEO Real GDP growth projections)



World



U.S.



Euro Area



Japan



Brazil



India



China



Russia

**2014
(October
2014)**

3.3

2.2

0.8

0.9

0.3

5.6

7.4

0.4

**2014
(April 2014)**

3.6

2.8

1.2

1.4

1.8

5.4

7.5

1.3

**2015
(October
2014)**

3.8

3.1

1.3

0.8

1.4

6.4

7.1

0.5

**2015
(April 2014)**

3.9

3.0

1.5

1.0

2.7

6.4

7.3

2.3

What about Emerging Markets?



World

Advanced economies

EMDC

EM Asia

EM Lat Am

EM Europe

CIS

2014

3.3

1.8

4.4

6.5

1.3

2.7

0.8

Revision from April 2014

-0.3

-0.4

-0.5

-0.2

-1.2

0.3

-1.5

2015

3.8

2.3

5.0

6.6

2.2

2.9

1.6

Revision from April 2014

-0.1

0.0

-0.3

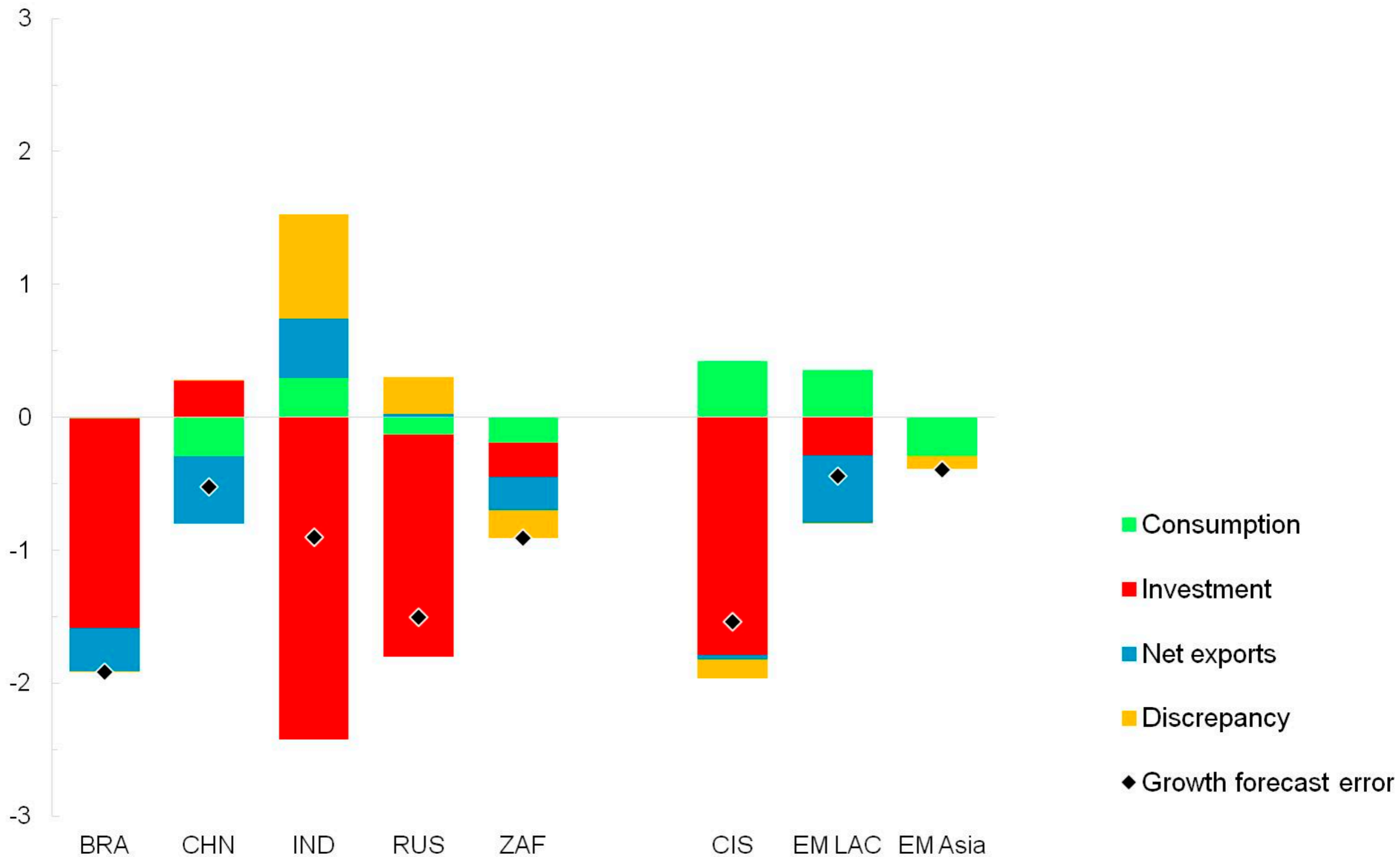
-0.2

-0.8

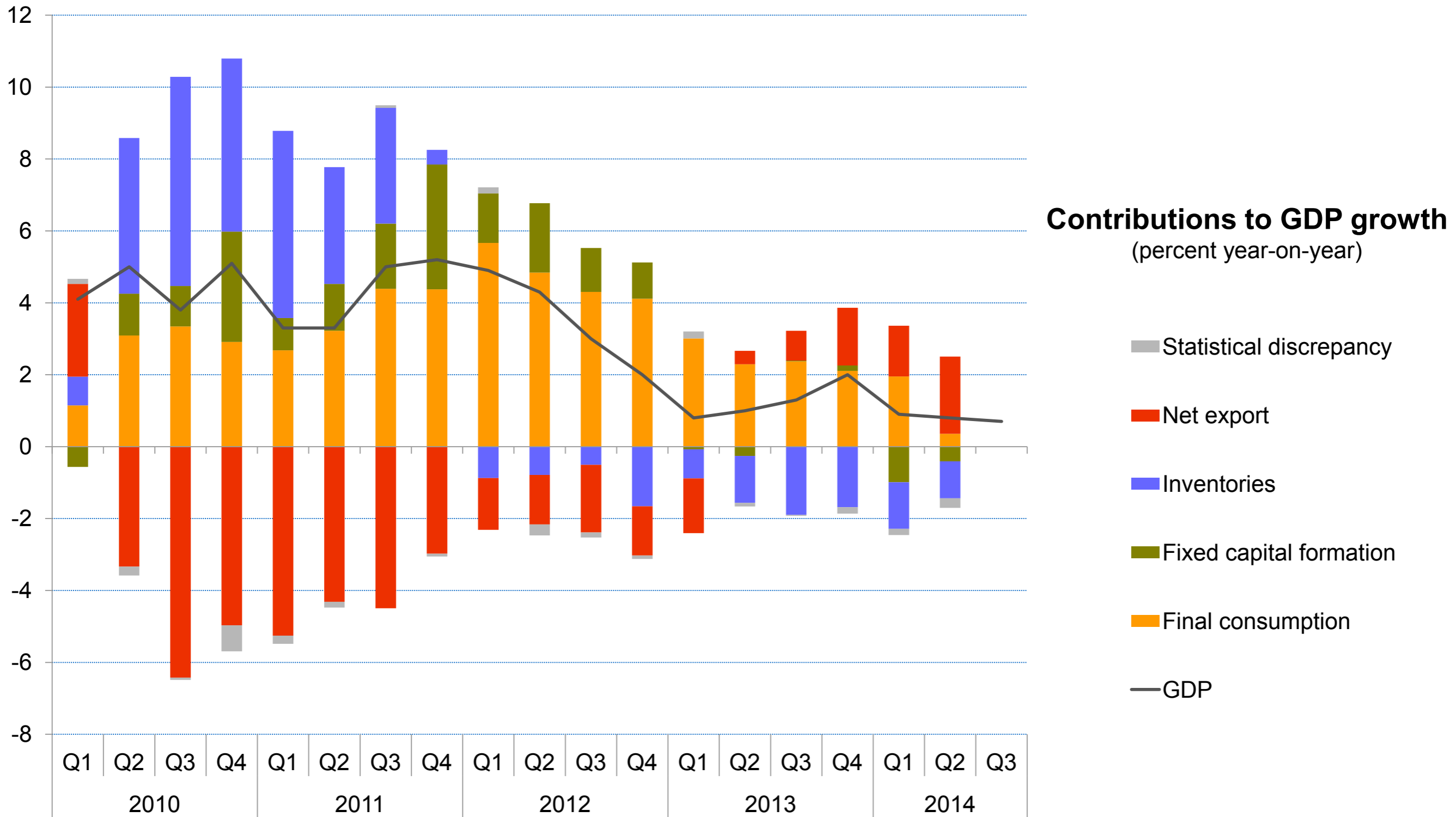
0.0

-1.6

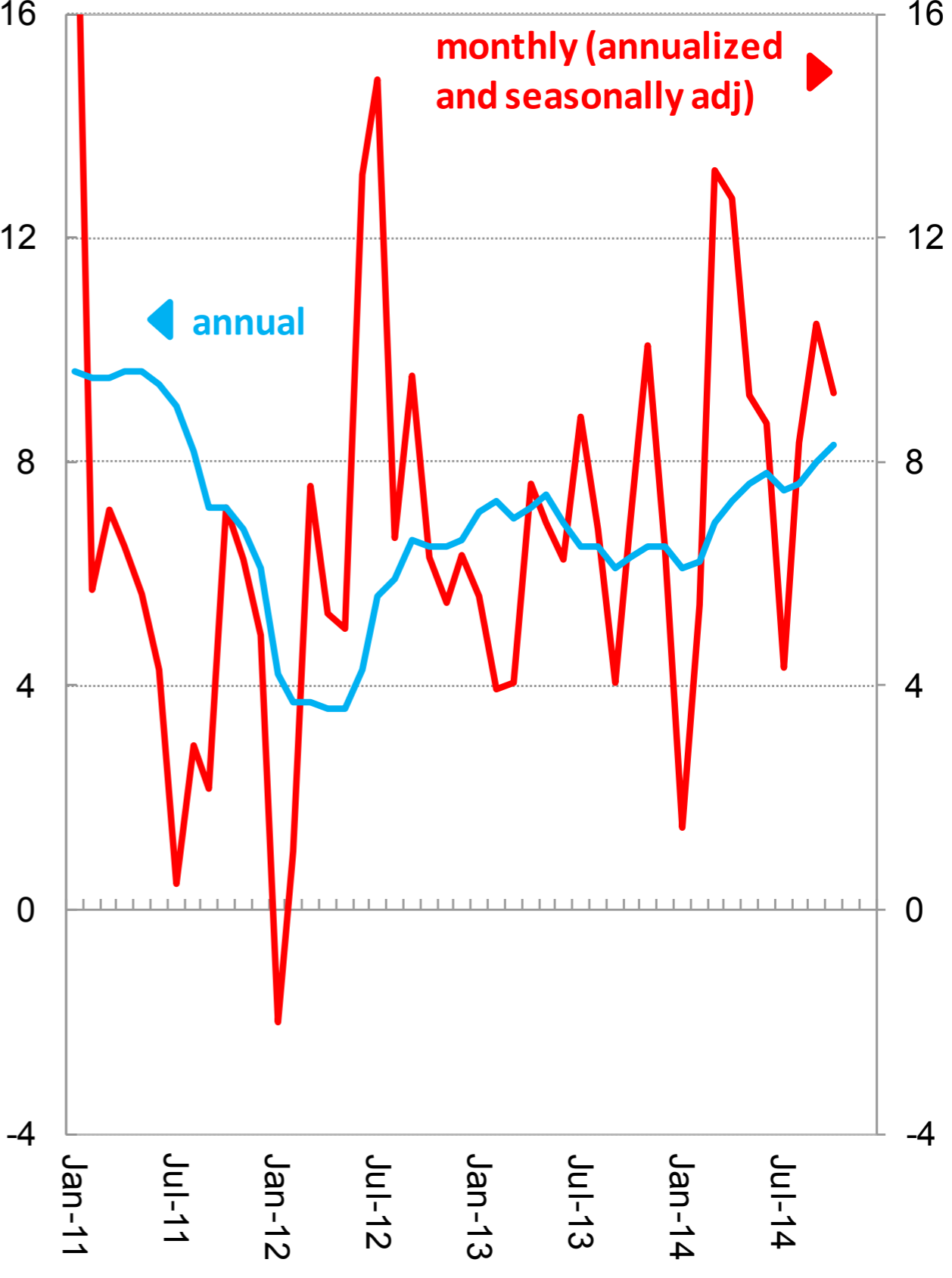
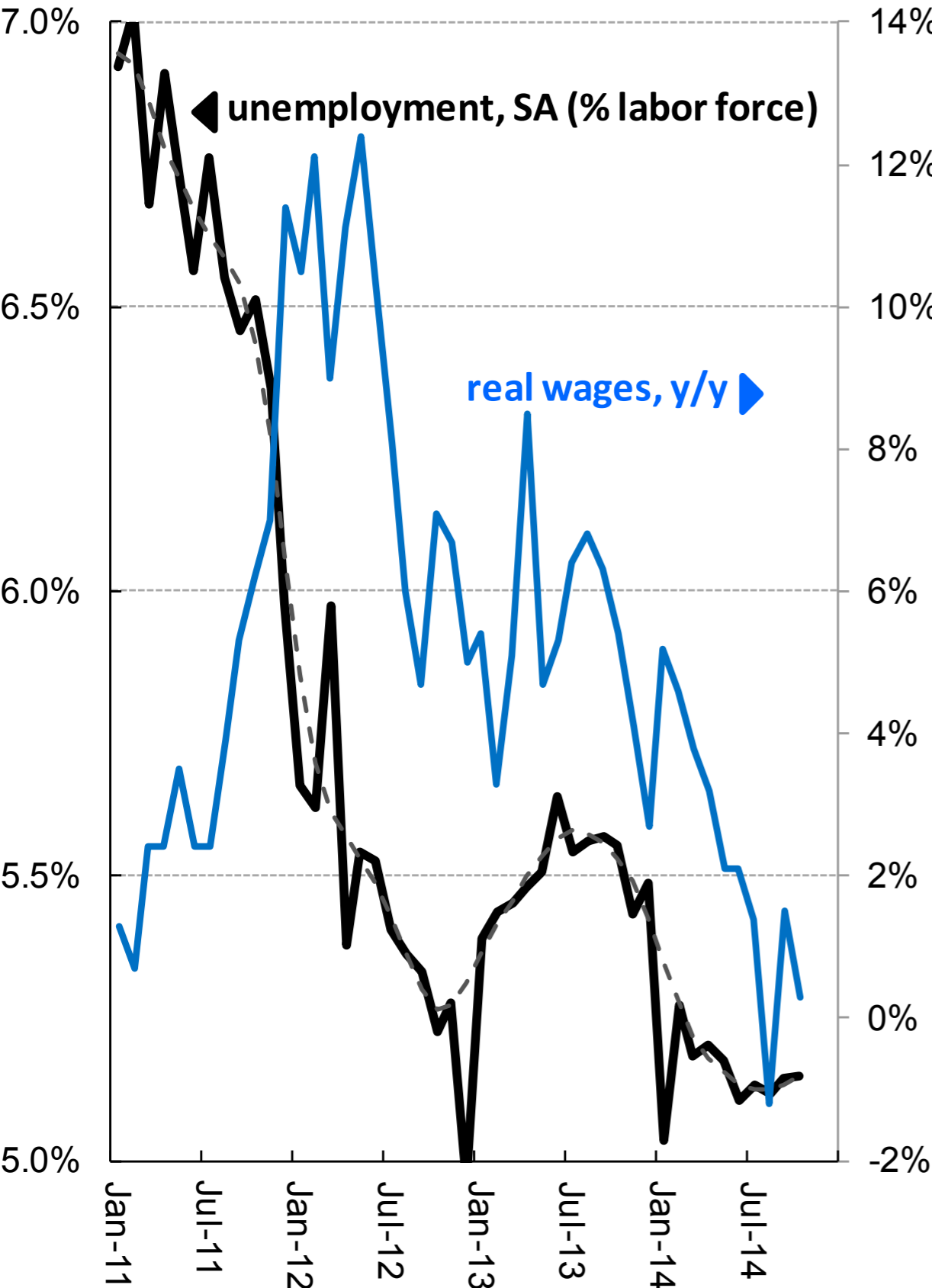
Forecast errors in EM growth: 2011-14



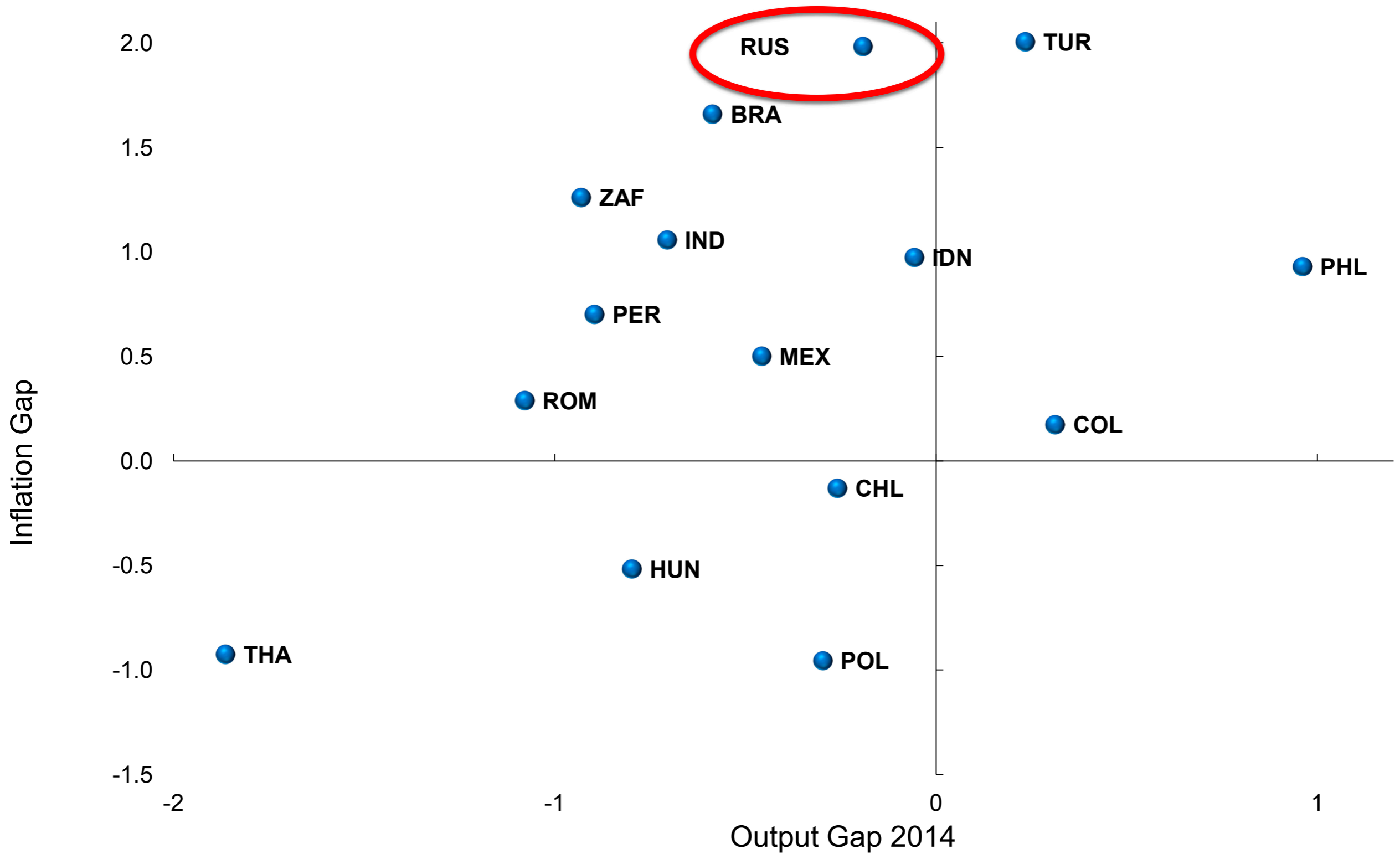
Sources of Russian growth



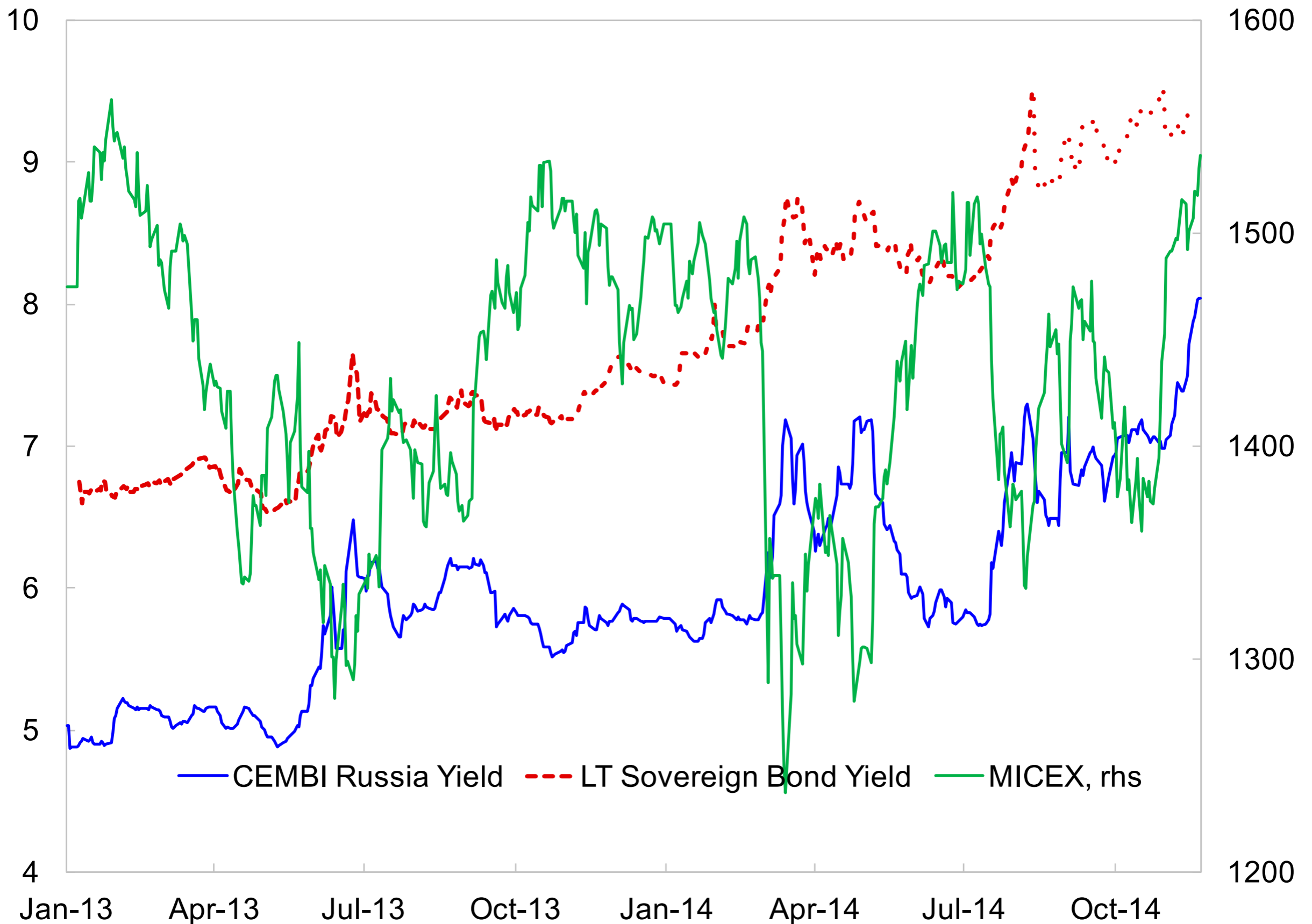
Domestic headwinds



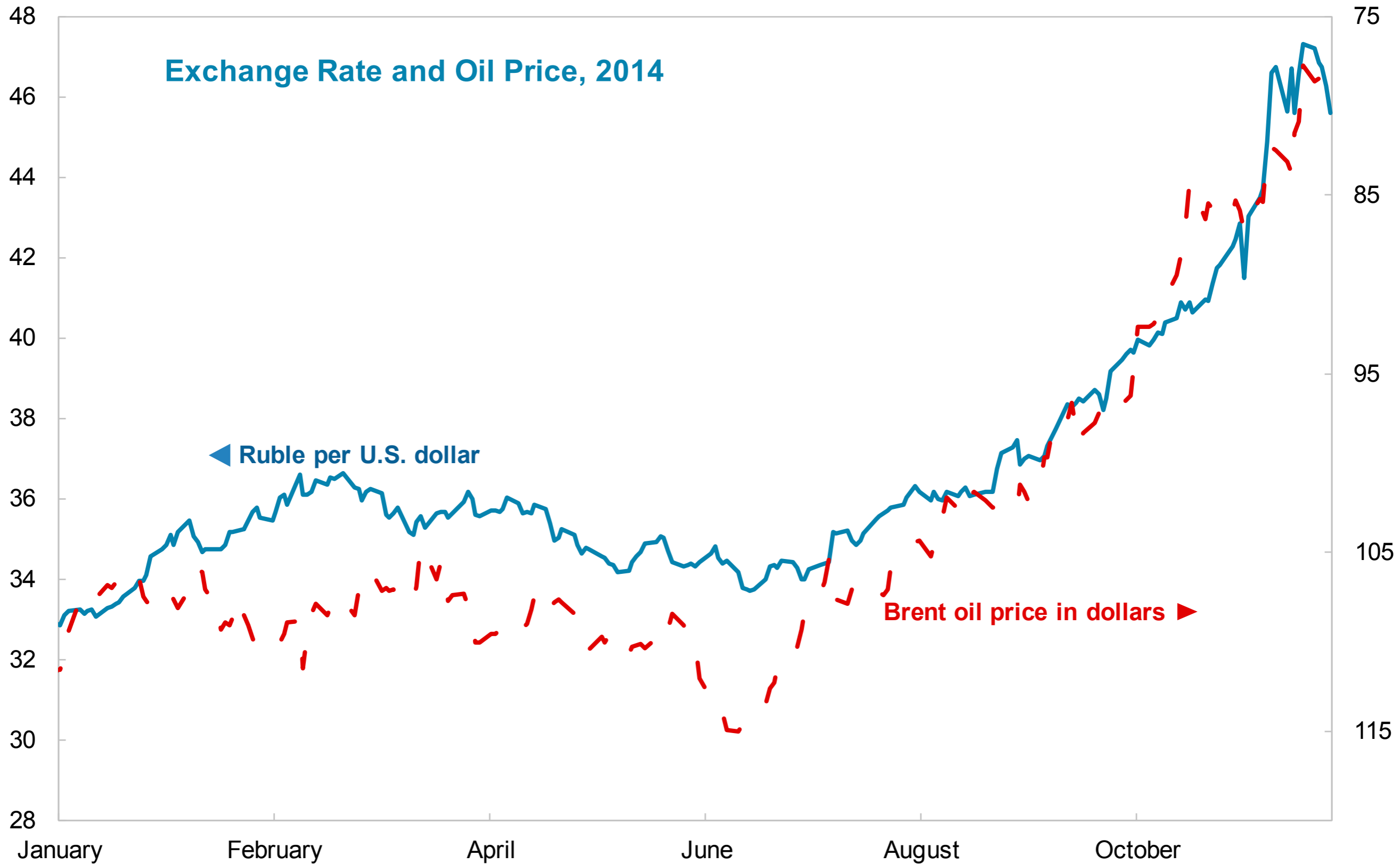
Demand-management policies?



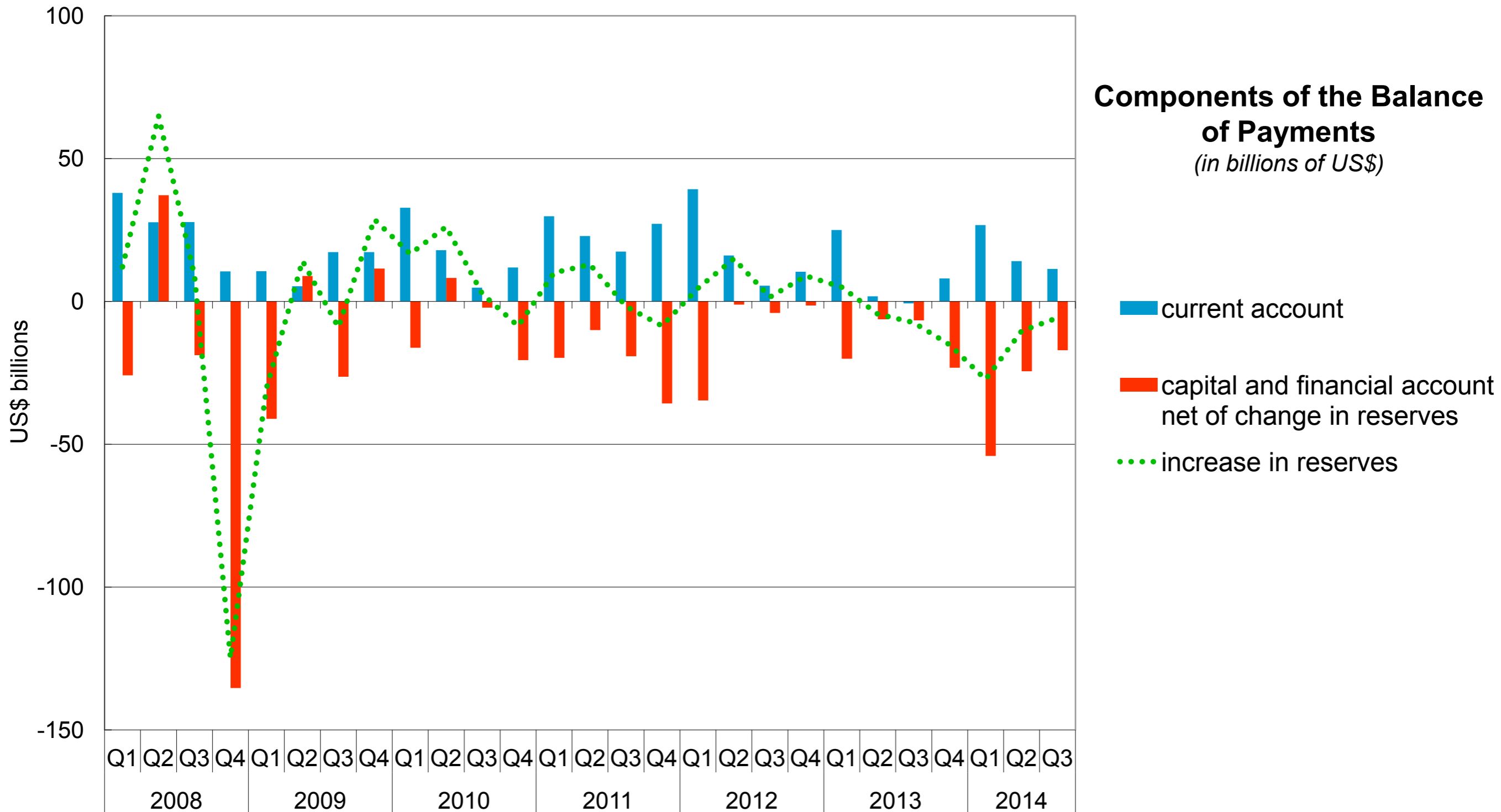
Headwinds: Financial markets



Headwinds: Financial markets

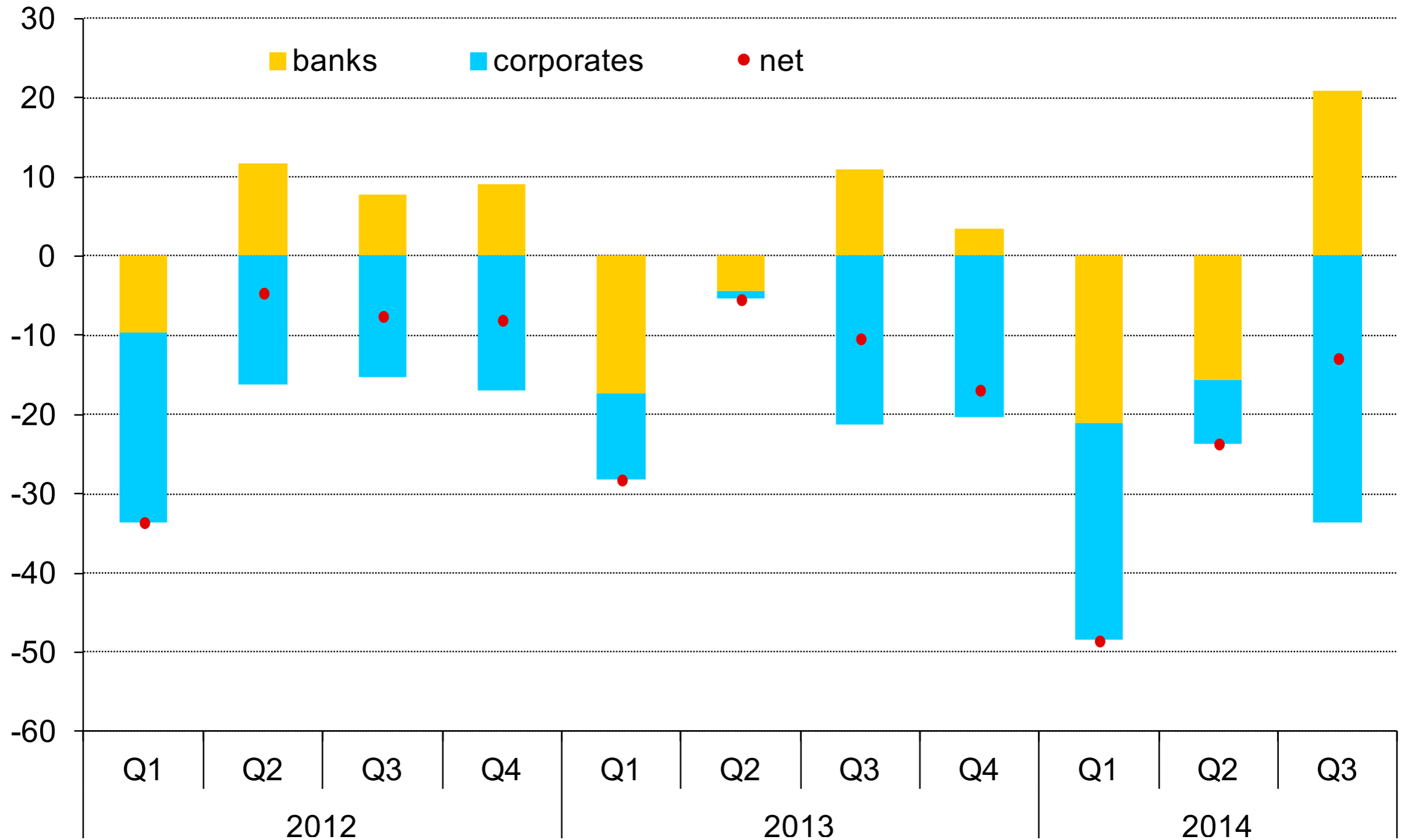


Russia and the world

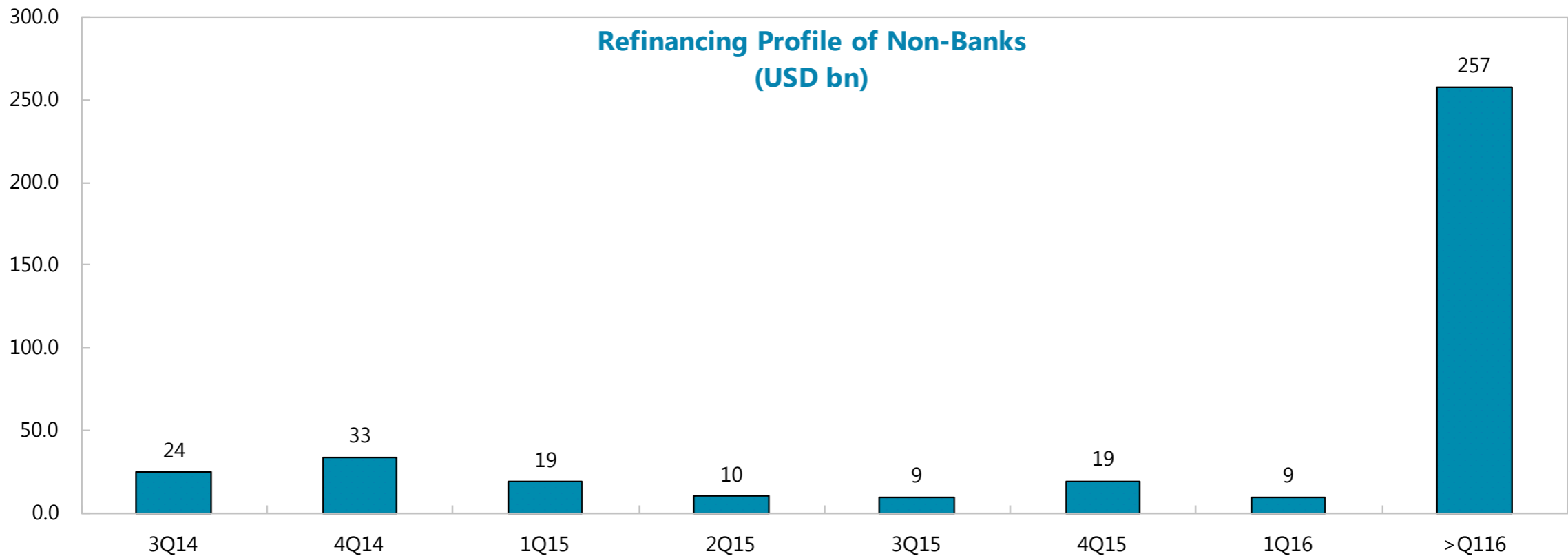
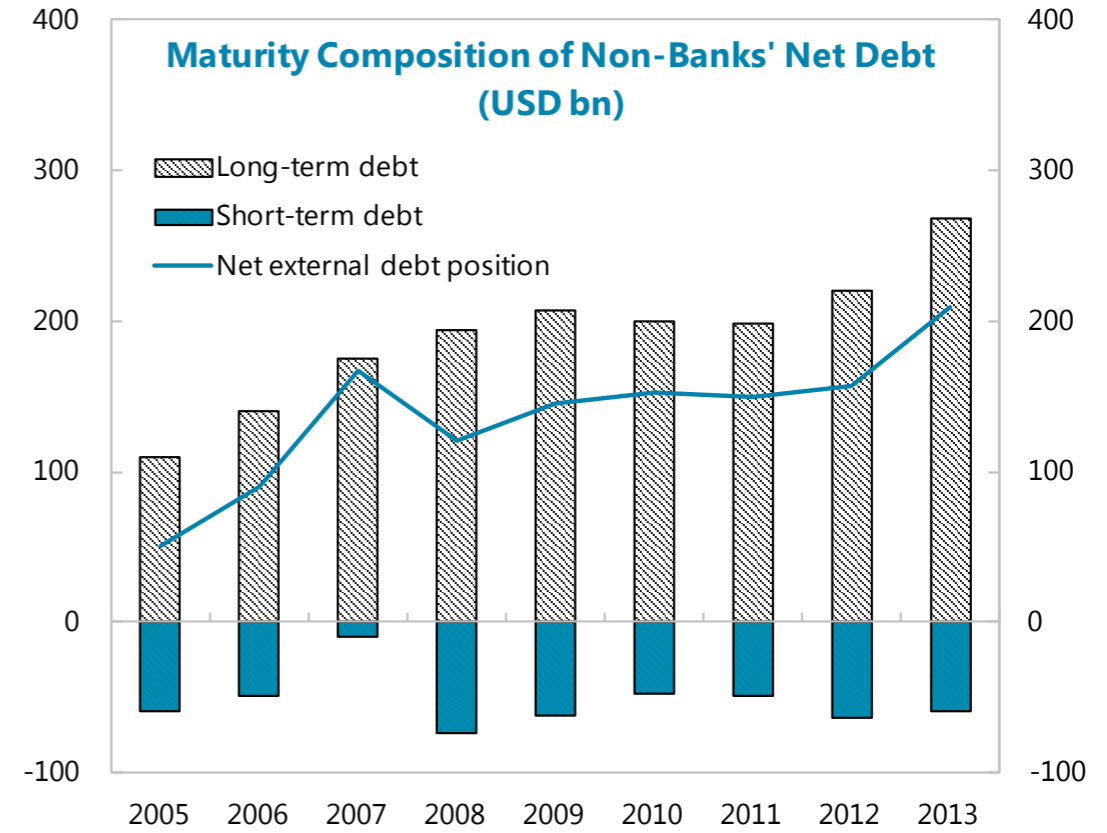


Private sector capital flows

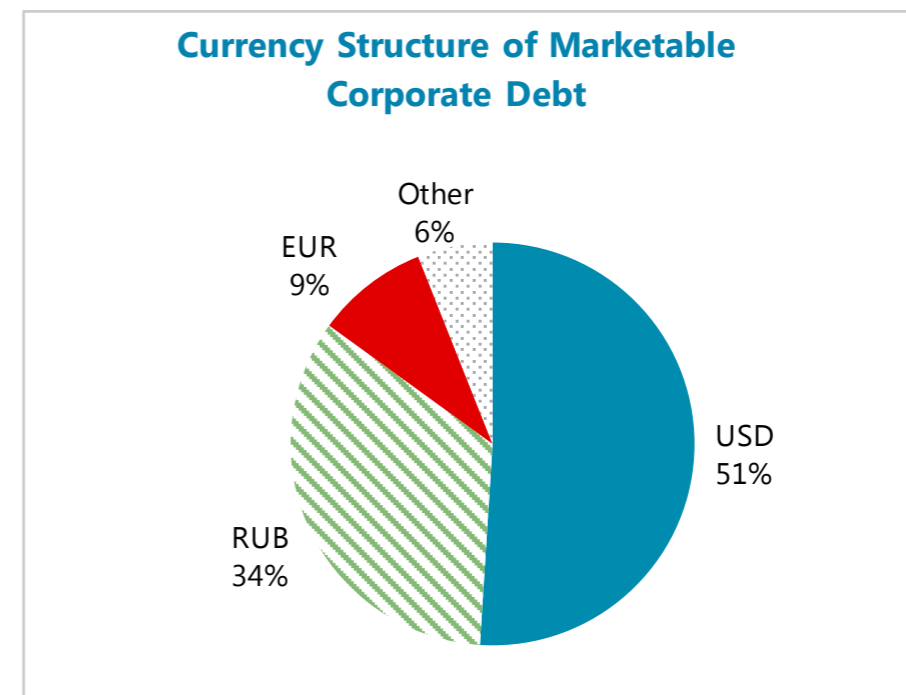
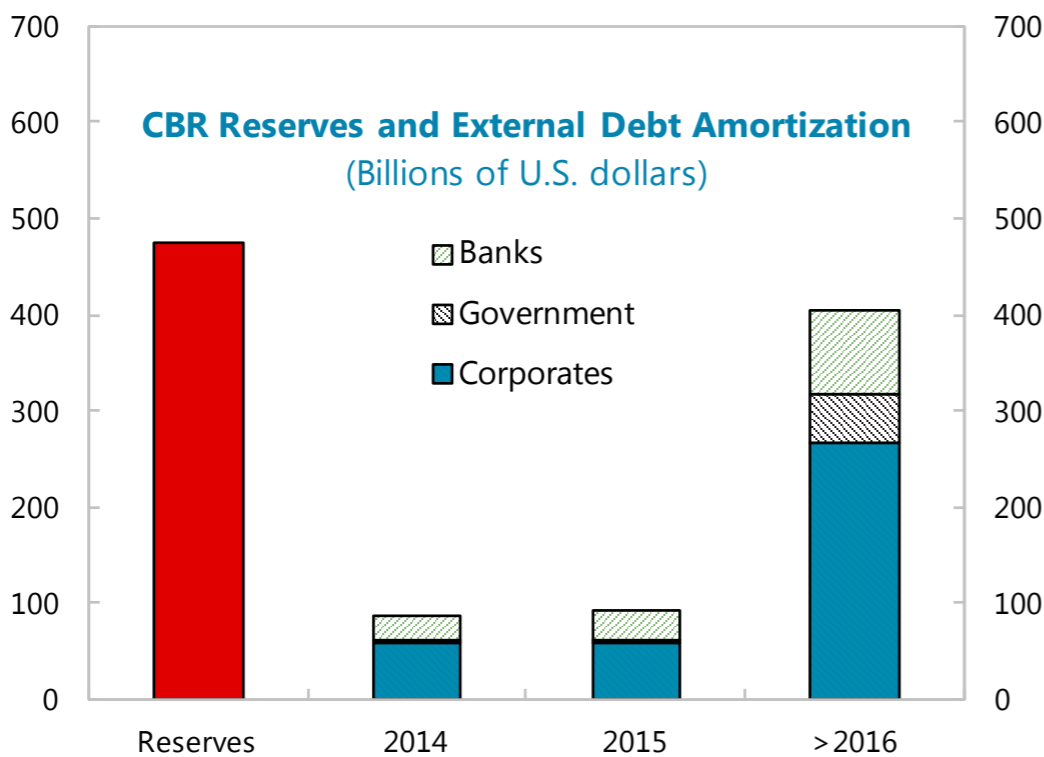
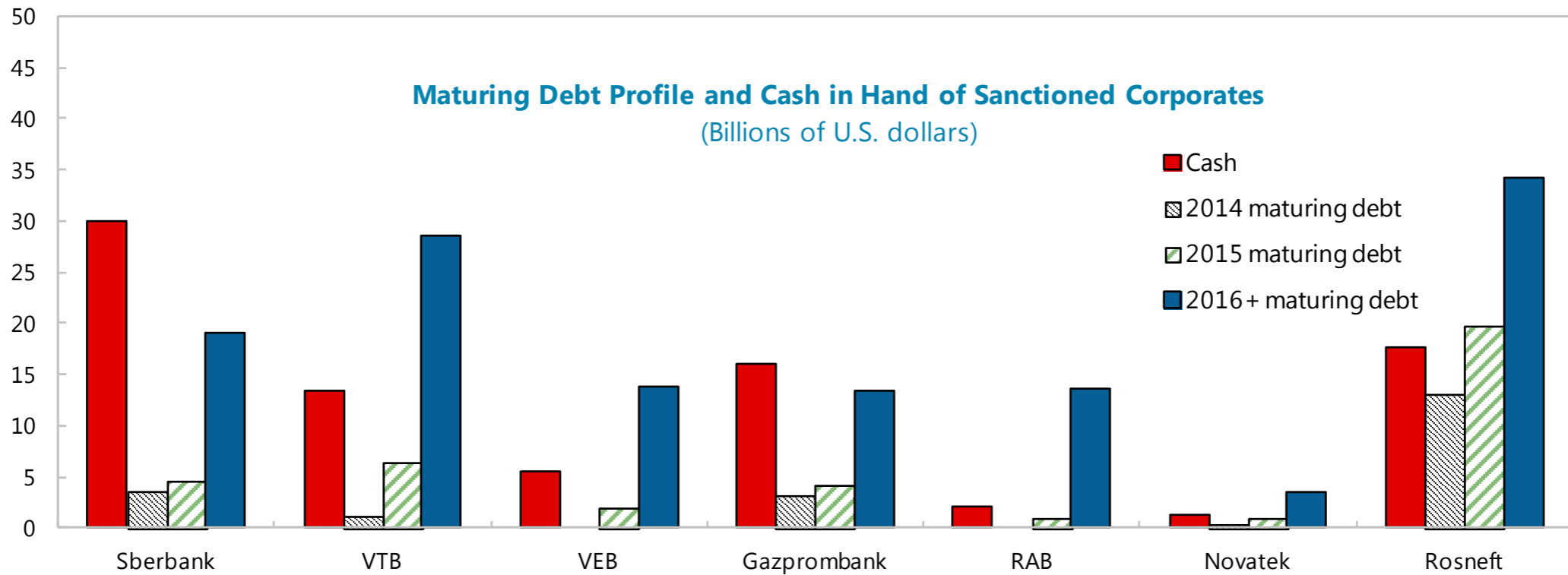
(in USD billions)



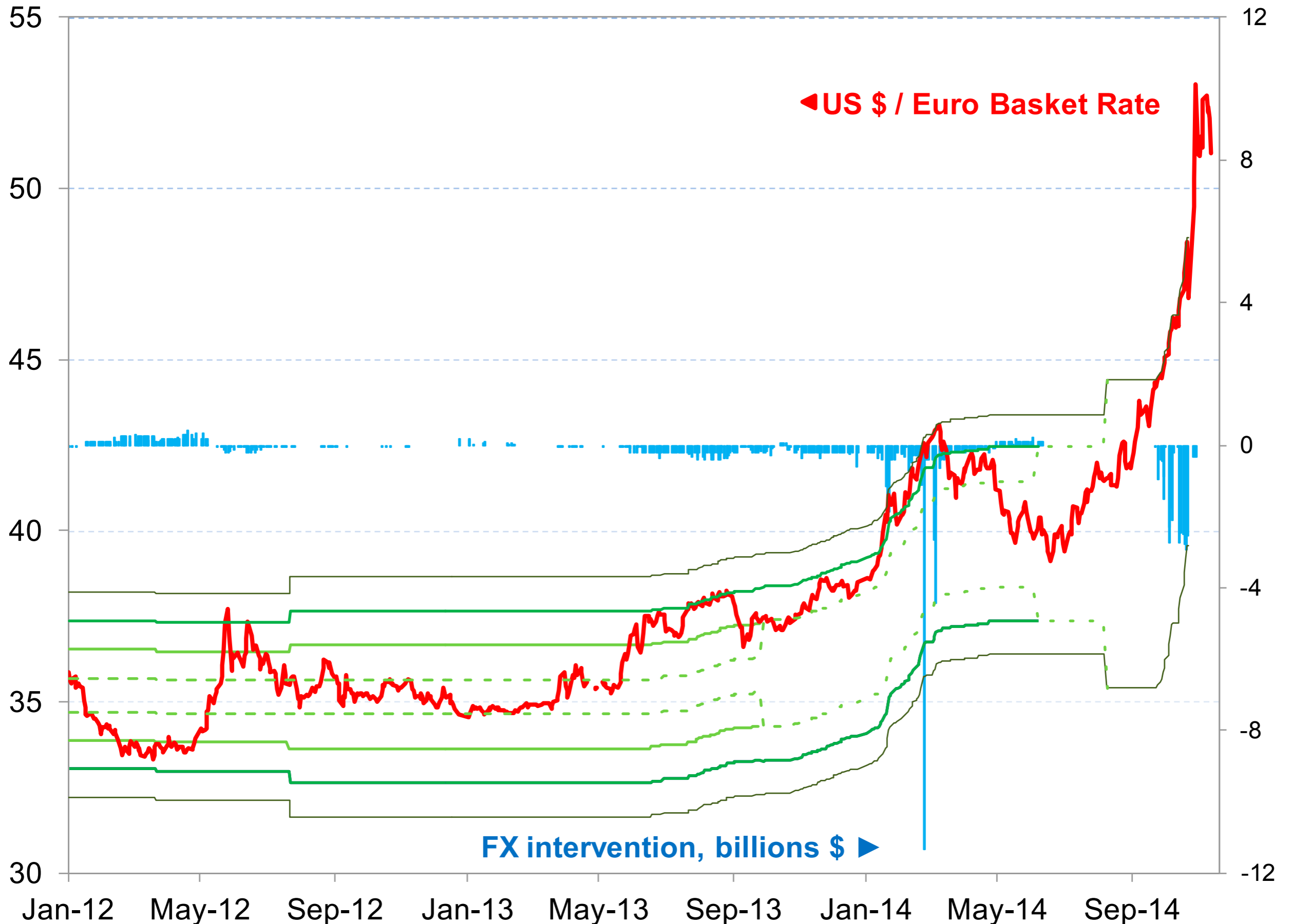
Geopolitics and external debt



Geopolitics and external debt



Monetary policy: extraordinary times



Monetary policy considerations

Monetary policy stance

Role of flexible exchange rates

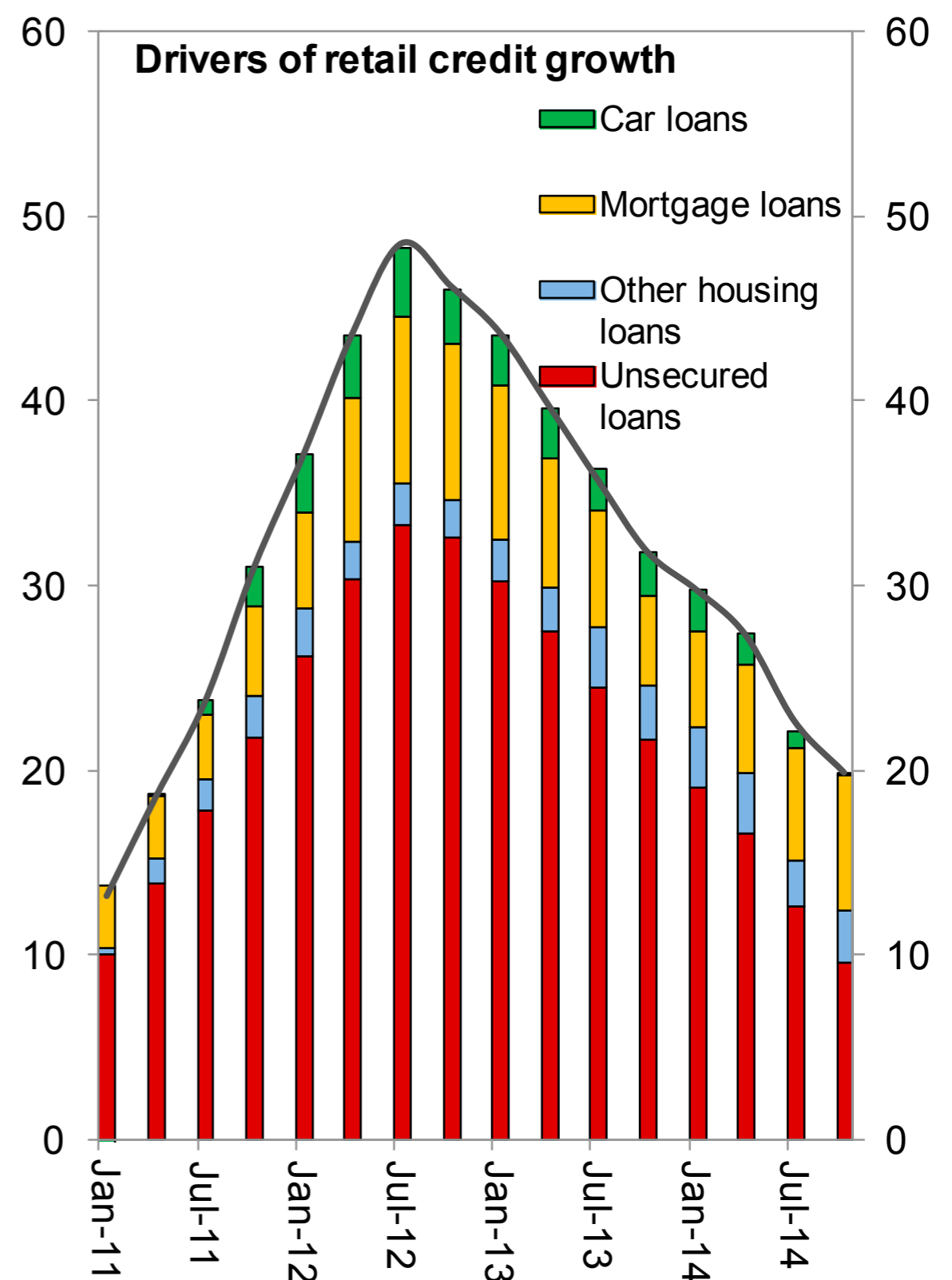
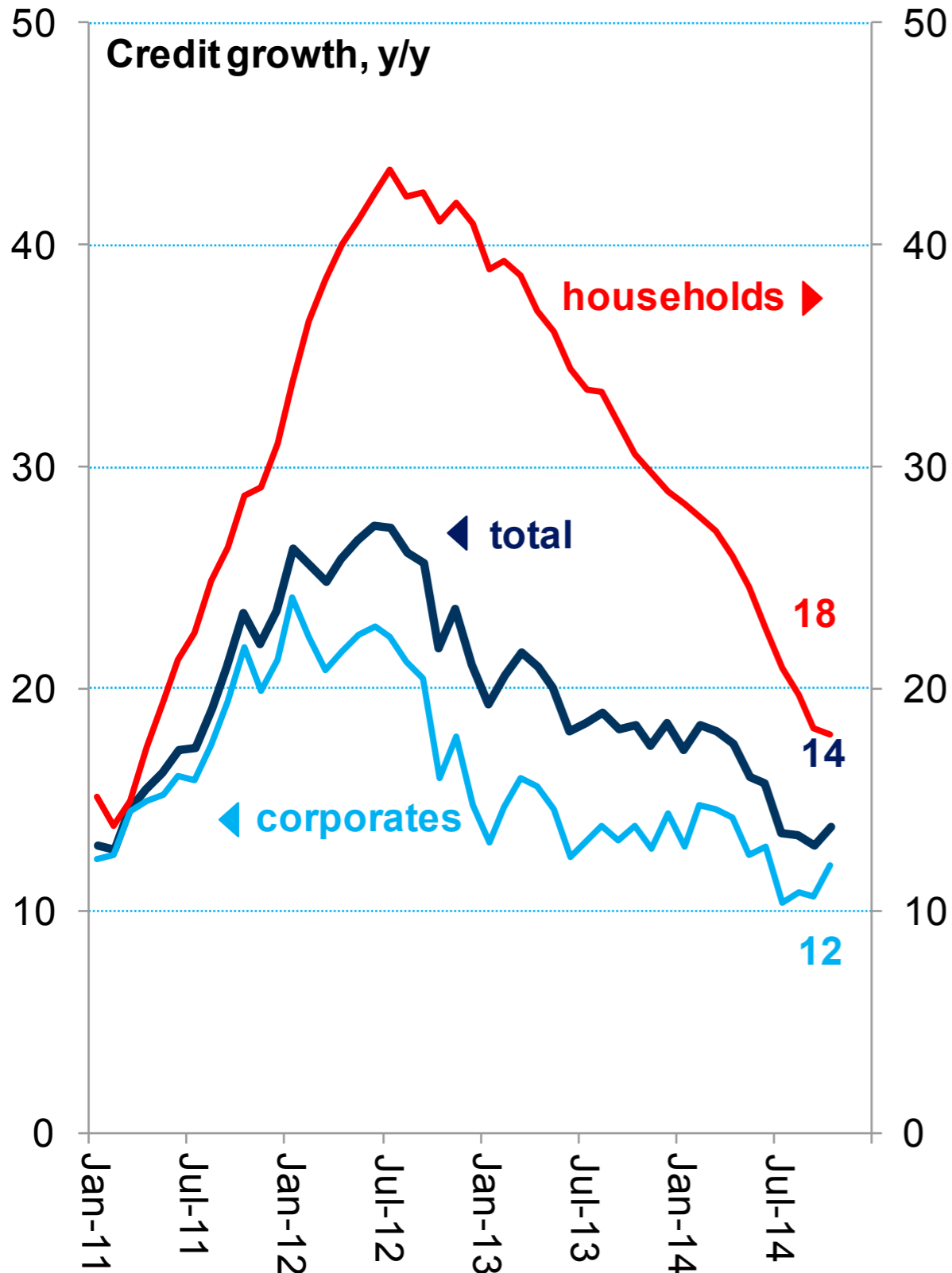
Operationalization of inflation targeting framework

Liquidity measures?

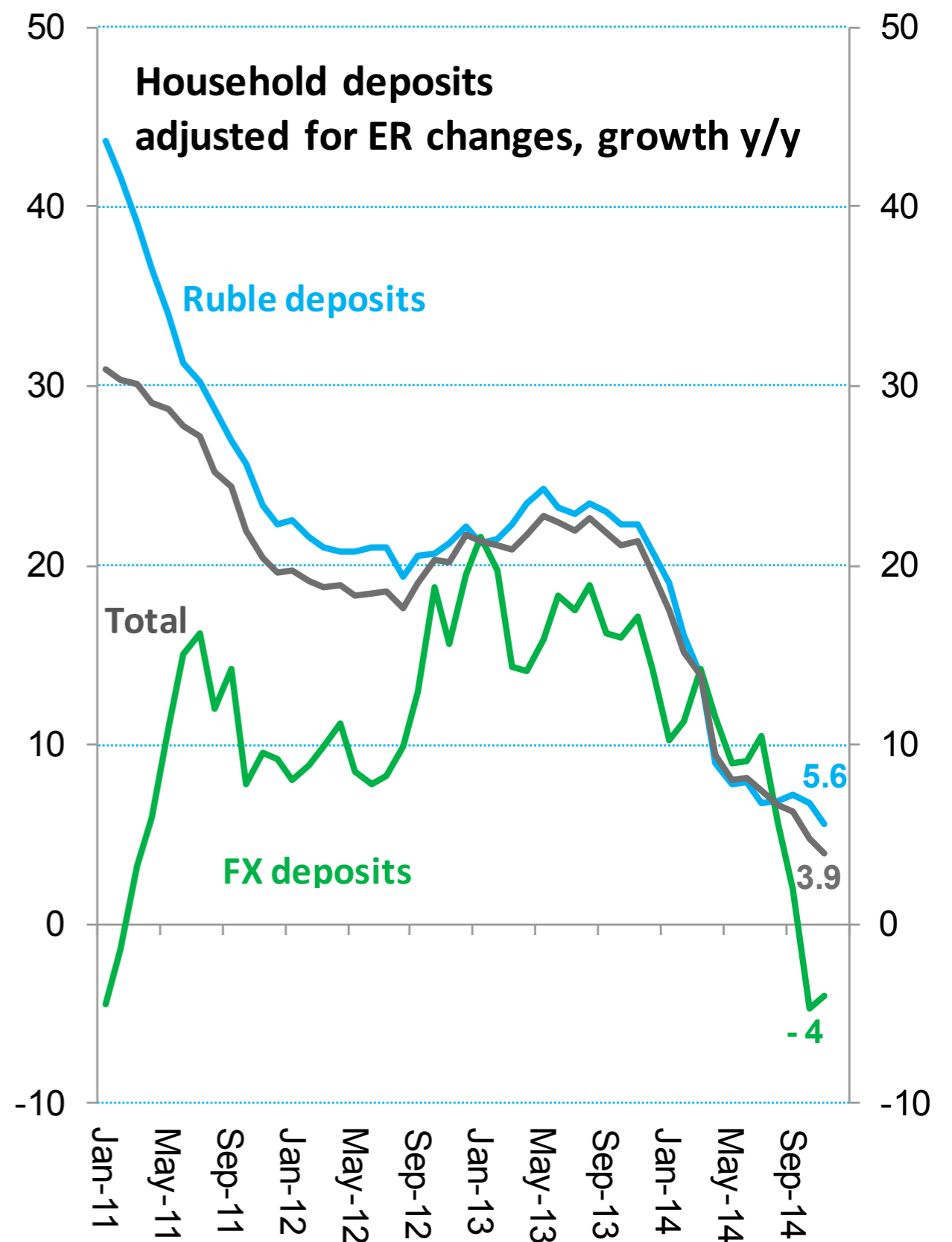
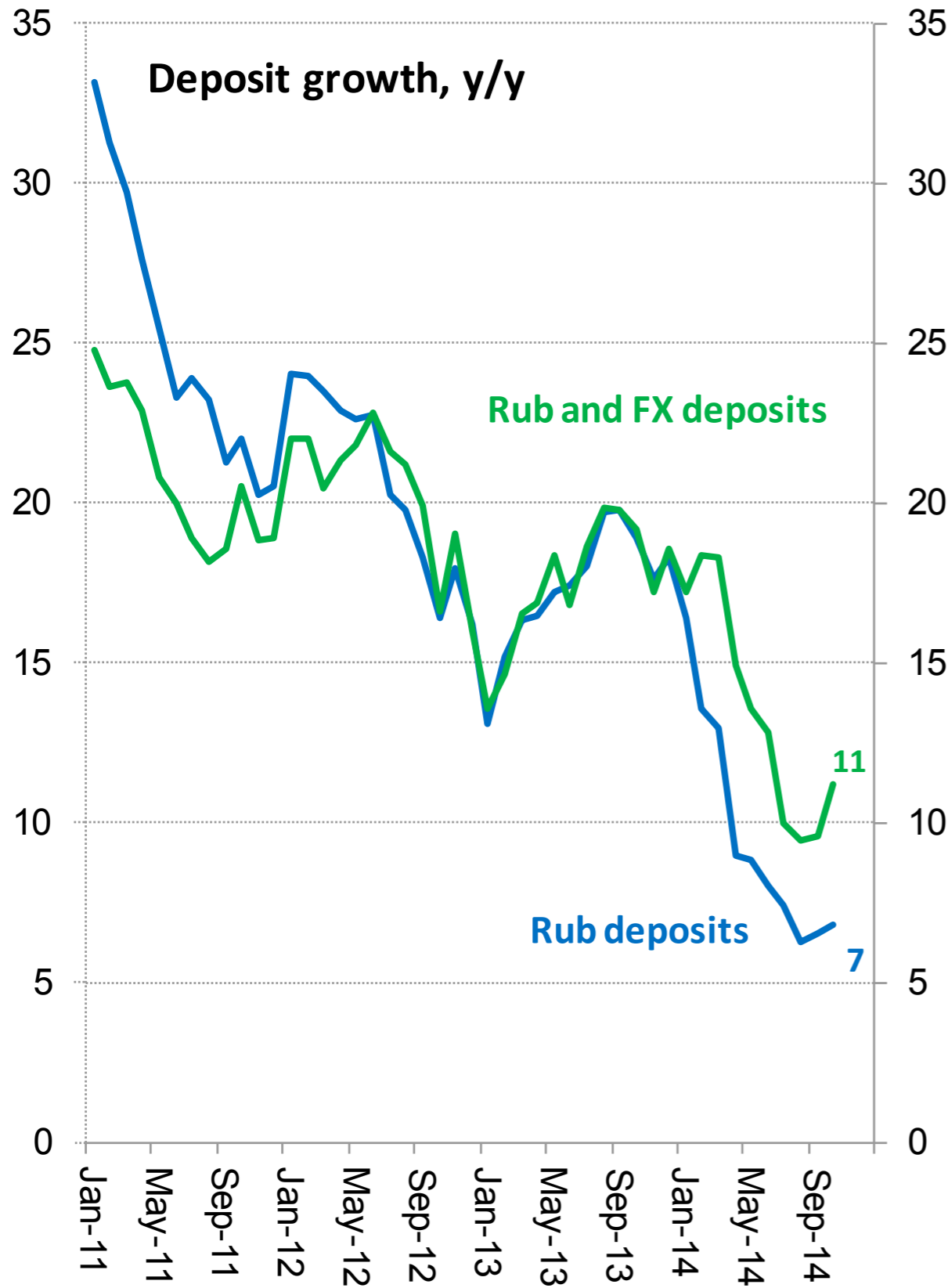
Emphasis on financial stability

Financial sector developments

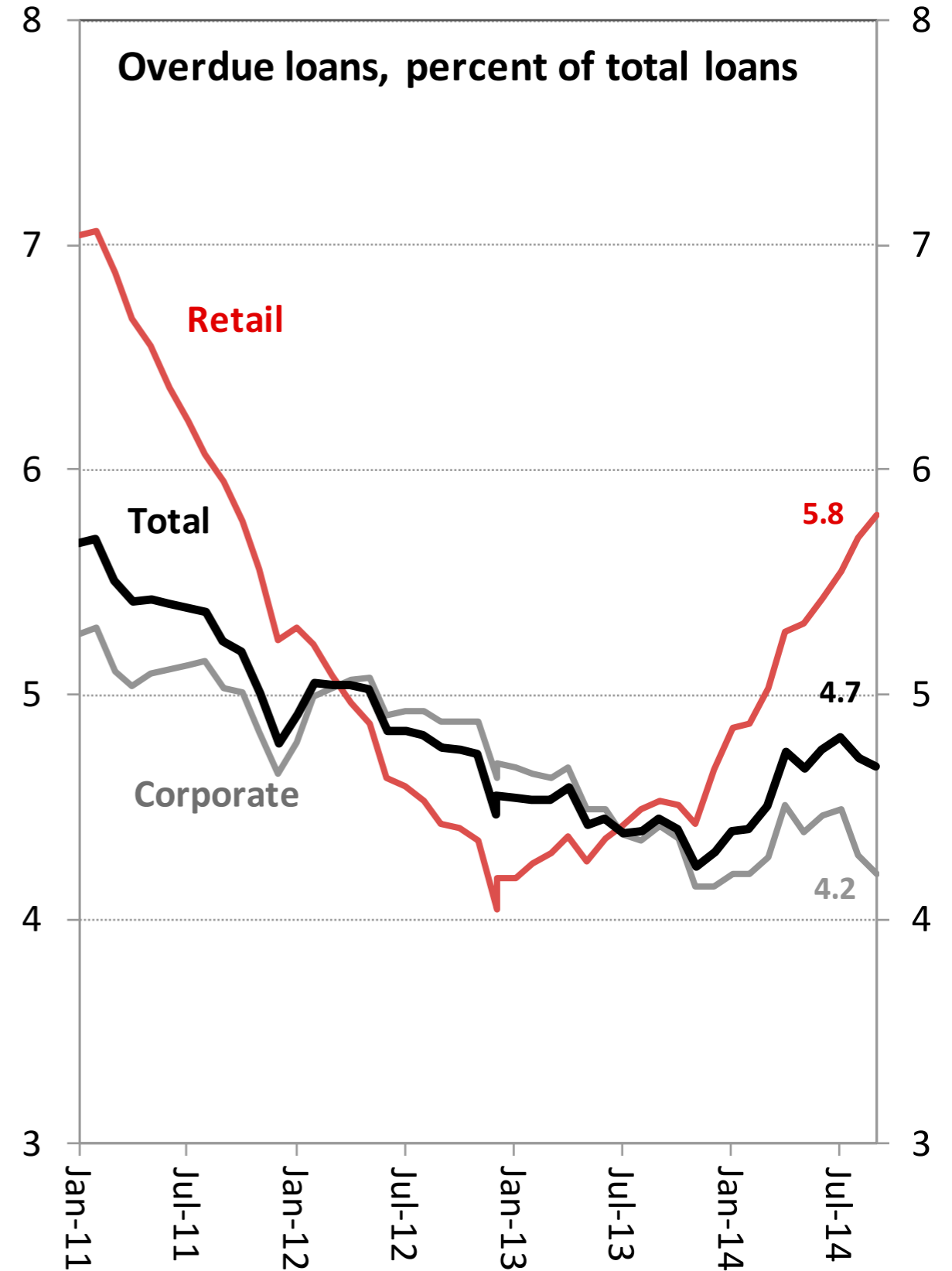
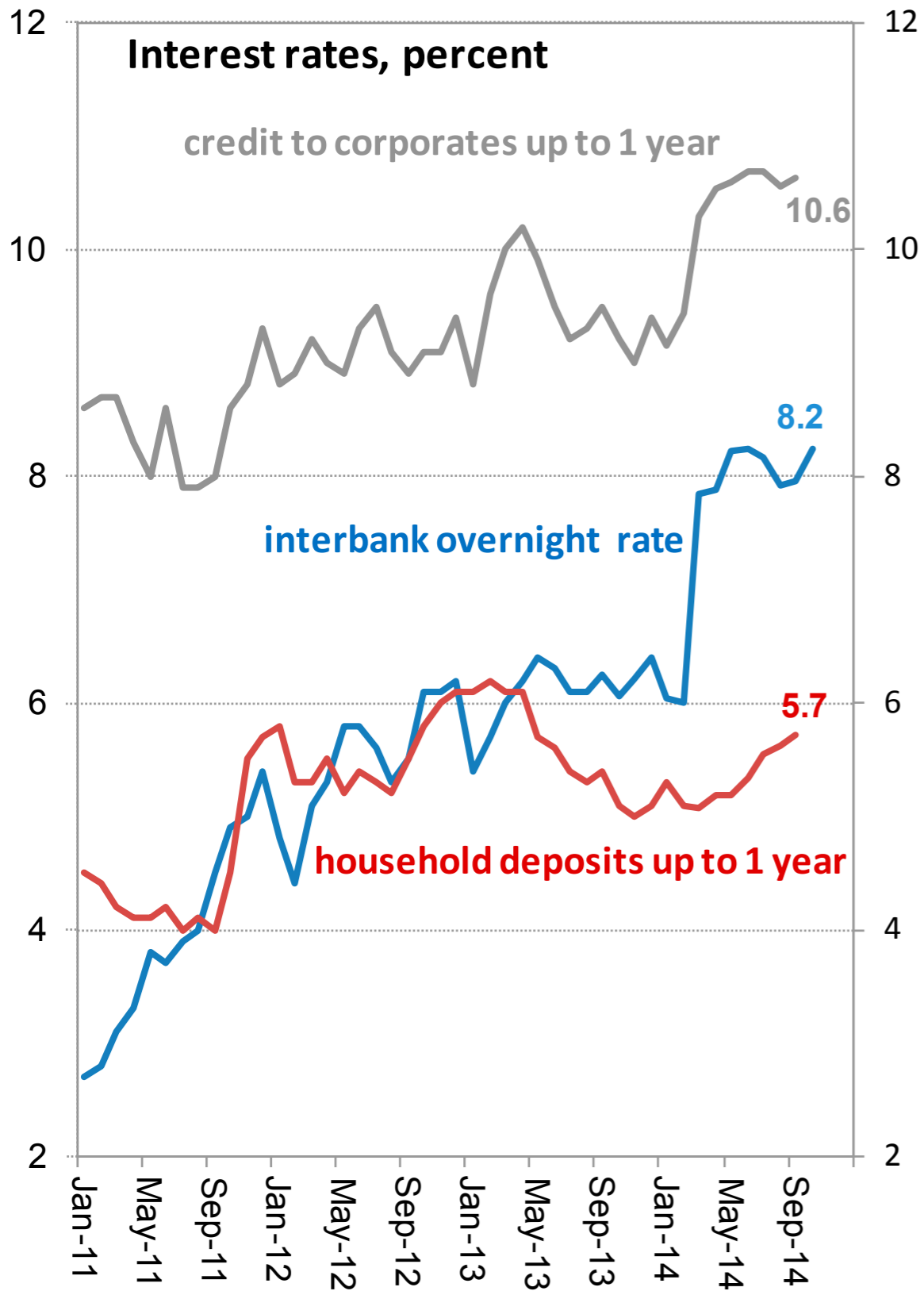
Containing risks. Encouraging intermediation



Developments in deposits

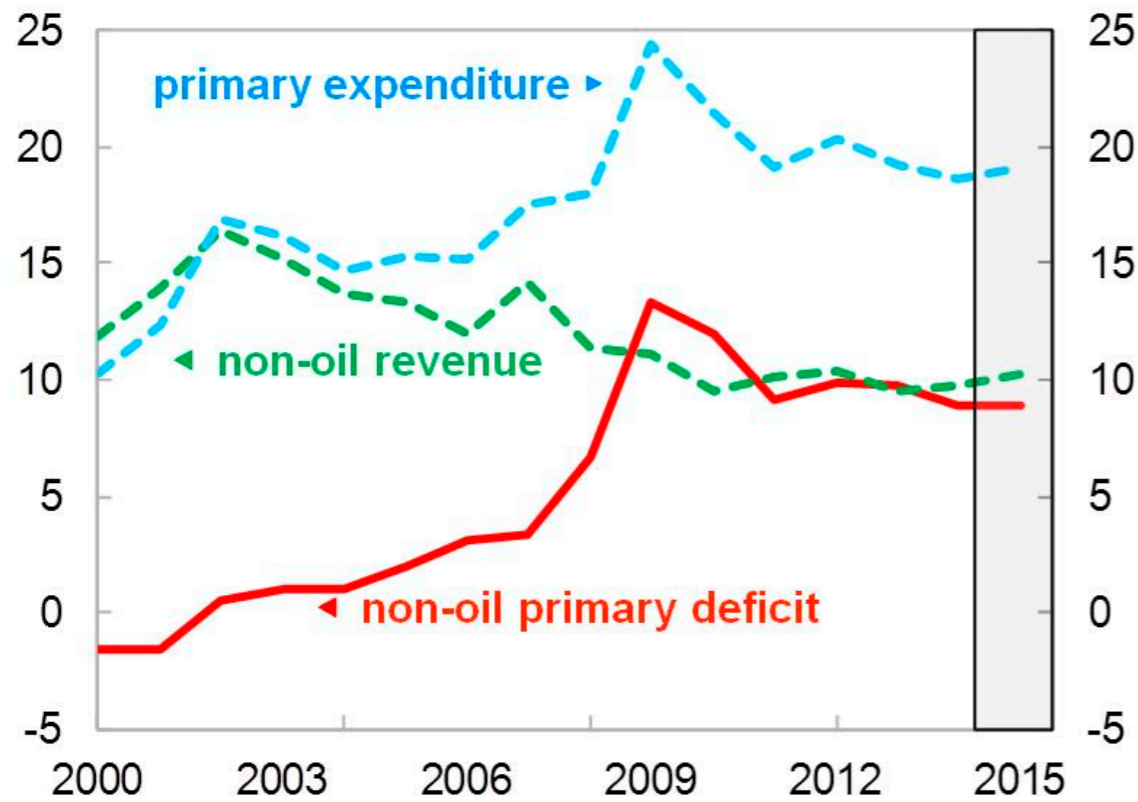


Banking sector



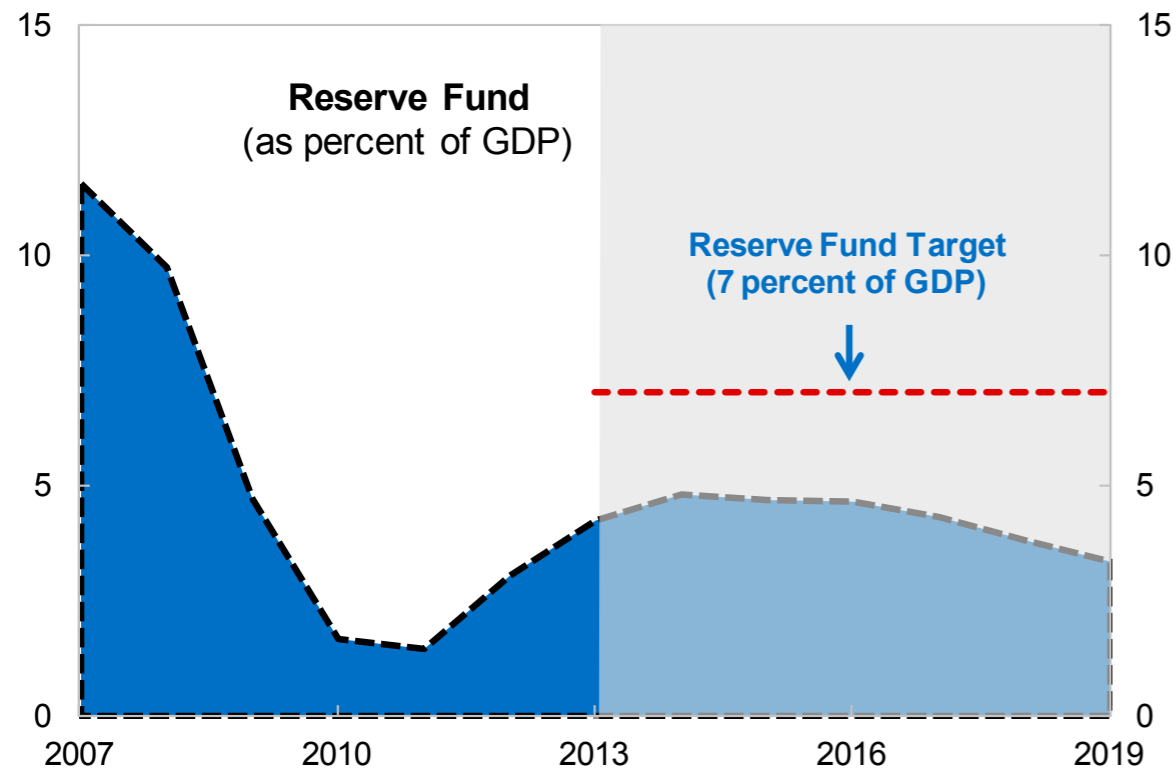
Fiscal policy challenges

Federal non-oil deficit



Fiscal rule remains an important anchor

Risks to the fiscal outlook



Infrastructure expenditure

Further pension reforms

Privatization

Prospects and Challenges

Improvements in the policy framework

... but structural slowdown, amplified by geopolitics

Near-term

Uncertainty—effect on (ample) buffers?

Stable and credible macro frameworks as policy anchor

Policy responses to avoid distortions

Medium-term

Structural reform agenda remains key

Diversification through integration

