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Russia: Quarterly Economic Forecast

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About

The bulletin has been developed by the staff of the Institute of Economic Forecasting of the Russian Academy of Sciences since 2006.

This is a short version of the main bulletin. The full version is available in Russian here: https://ecfor.ru/nauchnye-izdaniya/kvartalnye-prognozy-makroekonomicheskih-pokazatelej-rf/.

This issue of the bulletin was prepared jointly with our colleagues from the Institute of Psychology of the Russian Academy of Sciences. The traditional sections of the bulletin are supplemented by an analysis of the psychological state of society and a forecast of its dynamics.

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Russia's macroeconomic indicators forecast: 2026–2029 — Business-as-usual scenario

	2023	2024	2025	2026	2027	2028	2029
GDP by expenditure at constant 2021 prices, growth, annual %							
GDP	4.1	4.9	1.0	0.7	1.3	1.9	2.1
Households and NPISHs final consumption	8.6	6.7	3.6	3.5	1.5	2.8	3.8
General government final consumption	4.0	2.2	1.1	0.9	0.2	−0.1	−0.2
Gross fixed capital formation	11.0	8.6	−0.4	−3.4	1.9	1.5	1.8
Exports of goods and services	−11.5	2.6	−0.9	1.8	1.2	2.1	0.6
Imports of goods and services	12.5	2.7	−0.4	6.0	1.9	2.7	3.0
Macro indicators at current prices, trillion rubles							
GDP	174.3	202.3	214.3	230.8	246.2	268.1	293.8
Gross operating surplus and gross mixed income	85.4	98.0	93.4	95.6	101.9	110.4	120.0
Compensation of employees (incl. not observed)	73.5	89.5	102.7	116.4	122.9	134.4	148.3
Net taxes on production and import	15.3	14.8	18.2	20.8	21.3	23.3	25.5
National Wealth Fund	12.0	11.9	13.4	13.3	13.5	14.1	14.7
PPP conversion factor, GDP (rubles per international $)	27.2	29.1	29.7	30.4	31.5	33.0	34.3
GDP, PPP (current international $), trillion	6.476	6.921	7.219	7.592	7.808	8.118	8.557
GDP per capita, PPP, thousand	44.3	47.4	49.5	52.3	53.9	56.3	59.5
GDP per capita by PPP, % to USA level	53.8	55.2	55.0	54.9	54.2	54.7	55.8
GDP deflators, annual %							
GDP deflator	6.7	10.7	4.9	6.9	5.3	6.8	7.3
Households and NPISHs consumption deflator	8.0	8.1	6.0	8.3	6.1	6.1	6.5
Gross fixed capital formation deflator	9.9	8.5	9.4	4.5	4.8	6.4	6.9
General government consumption deflator	13.8	14.2	9.2	9.1	7.8	8.1	8.2
Consumer price index, average annual %	5.9	8.5	8.7	6.2	5.4	5.8	6.3
Consumer price index, annual %	7.4	9.5	5.6	6.5	6.2	6.0	6.2
Consolidated budget, without Extra-budgetary funds, trillion rubles							
Total revenues	51.4	61.3	63.1	68.5	73.1	79.2	86.2
Total expenditures	54.9	65.1	70.3	75.7	76.1	82.1	89.1
Surplus (+) / Deficit (-)	−3.4	−3.8	−7.2	−7.2	−3.0	−2.9	−2.9
Households income and savings, trillion rubles							
Income	94.1	112.2	131.2	142.2	152.4	164.4	180.2
Compensation of employees	54.8	67.4	77.7	85.7	92.3	100.9	111.3
Savings	7.6	16.1	16.2	14.7	16.2	13.9	14.1
Balance of Payments, billion US$							
Exports of goods	424.7	433.6	419.5	467.1	451.2	470.8	485.6
Imports of goods	303.1	301.5	306.4	326.6	342.0	349.1	357.6
Trade balance	121.7	132.1	113.2	140.5	109.2	121.7	128.0
Current account balance	49.4	63.3	38.8	55.2	19.9	28.5	29.2
Monetary aggregates							
Money supply M2 growth, annual %	19.4	19.2	10.6	12.3	9.3	9.8	9.3
Loans on households	23.1	9.8	2.8	6.0	8.5	9.5	9.4
Loans and other claims on nonfinancial corporations	21.6	20.1	11.3	10.5	10.0	10.7	10.5
Labor force							
Labor productivity growth, annual %	101.7	104.1	100.7	101.5	100.2	101.8	102.0
Employed, mln. Persons	73.6	74.2	74.4	74.8	74.6	74.7	74.7
Unemployed, mln. Persons	2.4	1.9	1.7	1.6	1.7	1.7	1.7
Unemployment rate, % of total labor force	3.2	2.5	2.2	2.1	2.2	2.2	2.2

Analytical summary

The growth of macroeconomic indicators in Q2 2026 indicates that, despite difficult conditions, there is a stabilization of output in the civil sector, and the economy as a whole has overcome the decline of Q1 2026.

The development of the Russian economy in Q2 2026 was characterized by the impact of three key factors that contribute to stopping the one-and-a-half-year trend towards a decrease in economic growth rates. Firstly, this is a revival of consumer demand against the background of lower deposit rates and savings rates in terms of current population incomes. The growth in demand, apparently, is also associated with an increase in financial anxiety of the population, the answer to which is an additional increase in current consumption. Secondly, this is the normalization of inventories, which led to a limited revival in demand for intermediate products (metals, chemicals, building materials, etc.). Thirdly, we are talking about a change in the foreign economic situation. The effect of these factors led to the stabilization of the macroeconomic situation in Q2 2026 and created prerequisites for an upward revision of macroeconomic indicators estimates.

Significant support to the economy in the 1 half of the year was provided by the outstripping growth of budget expenditures. However, the accumulated deficit and the advance payment of a number of budget purchases at the beginning of the year do not allow counting on an equally significant budget impetus in the second half of 2026.

In Q2 2026, GDP growth amounted to 1.3%. Such growth reflects the general balancing of supply and demand in the economy, its adaptation to the prevailing price level. However, for the development of the situation in the 2nd half of 2026 and the beginning of 2027, the duration of the impact of stabilizing factors on economic dynamics will be important. According to our preliminary estimates, most of their positive impact on economic growth will occur in 2026. This means that the state of the economy in 2027 will largely depend on the progress that will be achieved by the end of 2026.

Consumer demand will be gradually limited against the background of a decrease in the growth of real disposable incomes of the population.

By mid-2026, the only significant factor in their increase was the growth in wages of employees of large and medium-sized organizations. However, significant growth remains mainly in those activities where the relative level of wages is small. There is a reason to believe that with moderate GDP growth rates (1–1.5%), the trend of outstripping wage growth may come to naught. Demand will be supported by a decrease in motivation to save, but in 2027 it will already have a moderate impact on consumer demand.

The restoration of intermediate product inventories depends on the types of activities with a large-scale output. First of all, we are talking about construction and machine-building activities. At the same time, due to the current high load of defense industries, the role of construction in this case is significantly increasing. However, the existing restrictions both of a budgetary nature and in terms of mortgage financing restrain the growth of demand for intermediate products from construction.

The external economic situation has a positive impact on export growth in 2026. This made it possible to significantly normalize the federal budget parameters, but it is rather difficult to count on a long-term preservation of positive foreign economic trends.

The strengthening of the ruble, which took place at the beginning of 2026, led to an increase in the share of imports in filling consumer demand and contributed to a slowdown in inflation, but had a negative impact on domestic producers, exporters and budget revenues. The recent depreciation of the ruble restores the balance of interests of economic agents between securing export earnings, protecting the domestic market and cheap imports. However, the space for the weakening of the ruble in terms of economic growth is quite narrow, the departure of the ruble above 90 rubles per US dollar in 2026 will lead to a significant negative impact on economic growth.

Positive macroeconomic trends are countered by direct military damage, affecting such important sectors of the economy as mining, oil refining, transport, tourism, and agriculture. This means that the final results of economic development in 2026 will largely depend on how effective the set of measures to counter this damage will be.

From the point of view of fundamental mechanisms for supporting economic growth, three areas can be considered: budget, exchange rate and monetary policy. Taking into account budgetary constraints, as well as insufficient exchange rate management tools, adequate monetary policy should have a key impact on maintaining growth.

It should be noted that, although over the past half of the year the key rate cut was relatively small, it had a direct impact on the change in the savings model of the population's behavior. Another question is that transmission lags in the economy have increased significantly. Taking this into account, the continuation of the cycle of easing monetary policy parameters could contribute to the expansion of the period of support for consumer demand, further capacity utilization and the formation of prerequisites for the private investment growth.

The loss of capacity in oil refining and the need to finance emergency repairs at refineries led to a shortage in the motor fuel markets and an increase in prices. Risks of accelerating inflation remain in the economy. However, due to the fact that the rise in prices for motor fuel is not monetary in nature, it would be inappropriate to respond to it through monetary measures. Moreover, the growth of rates in these conditions could significantly slow down the influence of positive factors of economic growth, which would entail negative consequences already in 2026. Maintaining economic growth in 2026–2027 without consistent easing of monetary policy becomes impossible.

As for the impact of rising prices for motor fuel on inflation, so far it can be considered moderate. According to our estimates, the maximum additional contribution to the CPI growth may be 0.4–0.5 percentage points, that is, inflation this year will remain in the range of 6–7%.

The normalization of the budget system revenues under the influence of improving foreign economic conditions is limited, but it allows a certain redistribution of expenditures in favor of those that support mechanisms for the economy stabilizing.

Taking into account all the factors affecting the development of the economy in 2026, GDP growth rates are unlikely to exceed 1%.

Analysis of the psychological state of society and forecast of its progress in 2026–2027

According to monitoring conducted by the Institute of Psychology of the Russian Academy of Sciences, by July 2026, the younger and older generations of Russians still have multidirectional dynamics of the psycho-emotional state. If in the winter of 2026 anxiety-depressive symptoms grew in older age groups, then since spring there has been an increase among young people 18–34 years old. The proportion of respondents reporting symptoms of depression was 49%, and 33% indicated symptoms of intractable anxiety.

Although the consumer expectations index has continued to decline since April 2025, there has been a revival in consumer demand, which grew by 6% YoY in Q2 2026. Such multidirectional dynamics can be associated not only with a decrease in deposit rates, but also with the anxiety of Russians about the future, increasing outstripping consumption.

According to the Institute of Psychology of the Russian Academy of Sciences, the proportion of those who are anxious when thinking about their finances increased by May 2026 to 66%, by the beginning of July it decreased to 56%, and then increased again in July–August (up to 68% in the group 35–44 years). In the summer of 2026, anxiety about their financial situation was highest in capitals and cities with a population of over one million, as well as among residents of small towns with fewer than 50 thousand people, in the South, North Caucasus and Siberian federal districts.

Negative economic expectations are more typical for residents of megacities (63% expect the economic situation in the country to deteriorate in the next 12 months), but they are also increasing in small towns and villages (59% and 53%, respectively). If during last year residents of cities with a population of 500 thousand to 950 thousand were more optimistic about the economy, now only 12% of respondents expect an improvement in the economic situation (three times less than in 2025).

According to the Institute of Psychology of the Russian Academy of Sciences, during 2022–2026, the share of respondents who believe that in the current circumstances what is happening in their lives depends more on themselves was reduced (38% in July 2026; in April 2022, this figure was 67%).

On the one hand, the continued decline in perceived control will shorten the planning horizon, increase the propensity for compensatory, compulsive consumption and financial risk.

On the other hand, "survival values," a focus on acquiring housing and savings behavior will be strengthened. We can expect a decrease in readiness for investment and long-term obligations (mortgages, long-term savings programs). Reducing perceived control will increase susceptibility to certain cognitive biases: specifically loss avoidance (fear of losing more than desire for gain), ownership effect (overestimation of what is already owned), and future discounting (preference for less but immediate reward over future gain).

Base scenario hypotheses

The scenario conditions of this forecast are based on the average price of Urals oil in 2026 at $65/bbl. and further stabilization at $55/bbl. in 2027–2029. The national currency in 2026 will strengthen to 79 rubles per US dollar, 92 rubles per euro on average for the year.

Oil production in Russia in 2026 will remain at the level of last year — 513 million tons. At the same time, according to our estimates, the export of Russian oil this year will grow to almost 260 million tons (+12.8% compared to 2025), which exceeds the volume of supplies in 2022. The reasons for the significant growth in 2026 are the high demand for Russian oil in Asia amid the escalation of the conflict in the Middle East and a decrease in domestic demand due to unscheduled stops for the repair of a number of refineries in Russia. In the future, a correction in the volume of Russian oil supplies is expected. The export of petroleum products in 2026 will decrease (according to our estimates, to 105 million tons) as a result of a complete ban on the export of gasoline this year.

Natural gas production in 2026 will be higher than previous estimates - 697 billion cubic meters due to increased domestic demand and LNG exports. In the future, gas production volumes will grow.

	2023	2024	2025	2026	2027	2028	2029
External and related conditions							
Urals oil price on average, $/bbl	63	68	56	65	55	55	55
Natural gas price on average, $/mmbtu	346	266	242	271	232	226	228
Liquefied natural gas price on average, $/m3	300	300	301	313	274	267	269
Crude oil exports, mln t	235	245	230	260	227	236	236
Natural gas exports, bn m3	101	119	115	116	125	125	128
Liquefied natural gas exports, mln m3	75	77	68	89	104	129	147
Oil products exports, mln t	131	122	126	105	134	134	130
Oil extraction, mln t	531	516	512	513	516	525	525
Gas extraction, bn m3	638	685	663	697	711	732	750
Exchange rates							
USD/RUB	73.6	68.1	85.1	92.5	97.9	101.5	104.8
EUR/USD	1.18	1.05	1.08	1.08	1.10	1.11	1.11
EUR/RUB	87.2	72.1	92.1	100.2	108.0	112.7	116.7
Monetary sphere							
Key rate, average annual %	5.7	10.6	9.9	17.5	19.0	13.8	9.0
Consolidated state budget							
Expenditures for economy to total amount of expenditures, %	25	24	25	25	29	25	25
Net government domestic securities issue, trillion rubles	1.6	1.7	1.7	3.0	3.3	3.7	3.9
Demography indicators, mln. persons							
Working age population	82.9	84.4	83.4	84.7	84.6	86.1	85.9

The main forecast results

This forecast for the Russian economy development in 2026–2029 is based on modified scenario conditions for the socio-economic development of Russia presented by the Ministry of Economic Development in May 2026. These scenario conditions reflect developments in the global and Russian economies in the 1 half of the 2026. At the same time, they are preliminary and quite conservative, especially in terms of world energy prices and exchange rates. Taking into account this factor, you need to analyze the results of the current version of the forecast according to the QUMMIR model.

GDP growth in 2026 is estimated at 0.7%, which coincides with the estimate made in the previous issue of the bulletin. However, its content has changed. The development of the economy in Q2 2026 made it possible to count on more significant growth this year, associated with a reduction in the savings rate among the population, the restoration of inventories and an improvement in the foreign economic situation. However, the military damage has reduced the final assessment of economic development. At the same time, regardless of this, in 2026 there is a transition from cooling to stabilization and revival of growth at the end of the year.

In 2027, GDP growth rates will be constrained by budget consolidation and normalization of the situation on world markets, which, along with logistical restrictions, will limit the level of economic activity. The aggregate GDP growth in 2026–2029 will be 6.3%, and the average annual GDP growth rate will be 1.5%. Such dynamics can be considered as inertial and preserving problems of the budget system, as well as the restraining possibility of launching a new investment cycle.

A significant slowdown in household disposable income growth (+0.5% in 2026) will be a factor in the gradual but accelerating slowdown in household consumption growth by the end of the year. The advance of population consumption growth above the level of cash income growth will be ensured by a significant reduction in the savings rate in 2026–2027. Household consumption will outstrip GDP growth throughout the forecast period. However, in 2027, the growth rate of household consumption and GDP will practically equal, which can be interpreted as the exhaustion of the factor of deferred demand. For 2026–2029, the aggregate growth in household consumption will amount to 12.1% with an average annual growth rate of this indicator of 2.9%.

A significant contribution to the stabilization of economic development in 2026 will be made by the restoration of inventories. The positive contribution of this factor to the formation of GDP reaches 0.2 percentage points. The total increase in reserves in 2026–2029 will be 15.2%.

The inevitable budget consolidation in 2027–2029 will negatively affect the growth of government consumption, as well as restrain investment and consumer demand. In particular, the total growth of government consumption in 2026–2029 is only 0.7%.

The emerging restrictions on economic development will restrain the growth of investment in fixed assets. First of all, it is worth mentioning the alleged stagnation of budget investment. The factor supporting investment will be capacity utilization amid economic stabilization and demand growth. In addition, efforts to minimize military damage will also make a certain contribution to maintaining investment. Gross fixed capital formation is expected to decrease by 3.4% in 2026. In general, gross fixed capital formation increases by 1.7% over the period 2026–2029.

The scenario proceeds from the recovery of exports in 2026–2029. Its growth over this period will be 5.9% with an average annual growth rate of 1.4%. Imports in the forecast period are growing more dynamically — by 14.3% with an average annual growth rate of 3.4%. In general, over the forecast period, the trend of the negative contribution of net exports to the dynamics of GDP remains.

The risks of the Russian economy development in the medium term will be determined by the scale of budgetary consolidation, the risks of a worsening foreign economic situation, and difficulties in launching a new investment cycle based on private business resources.

GDP components contribution to growth, percentage points

a	2025	2026	2027	2028	2029
GDP, growth, annual %	1.0	0.7	1.3	1.9	2.1
including, annual %:					
Households and NPISHs final consumption expenditure	1.9	1.9	0.8	1.6	2.2
General government final consumption expenditure	0.2	0.2	0.0	0.0	0.0
Gross fixed capital formation	−0.1	−0.8	0.4	0.3	0.4
Changes in inventories	−1.2	0.2	0.1	0.1	0.1
Net exports of goods and services	−0.1	−0.8	−0.1	−0.1	−0.5

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