

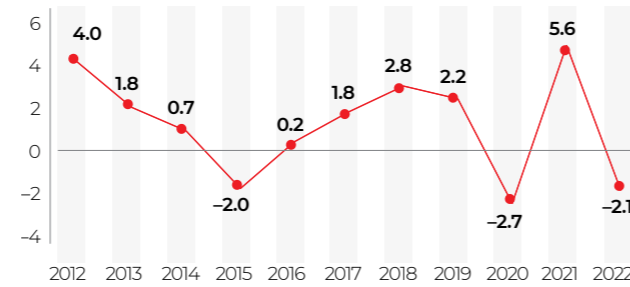
# Market overview

## Macroeconomic environment

In 2022, the Russian economy entered a phase of structural adjustment and had to face many headwinds triggered by changes in foreign trade and wide exchange rate fluctuations. Nevertheless, the country managed to avert a severe financial crisis, and the decline in economic activity was less than anticipated.

GDP fell by 2.1% compared to 2021 – less than in the forecast by the Bank of Russia (2.5%) and by the Ministry of Economic Development (2.9%). According to the Federal State Statistics Service (Rosstat), the GDP decline ensued from a reduction in the index of value added in volume terms, including in wholesale and retail trade. That said, the share of net exports in the structure of the main GDP components increased by 3.5 p.p., while the shares of final domestic demand (-2.3 p.p.) and gross savings (-1.2 p.p.) shrank.

Real GDP change in Russia, %

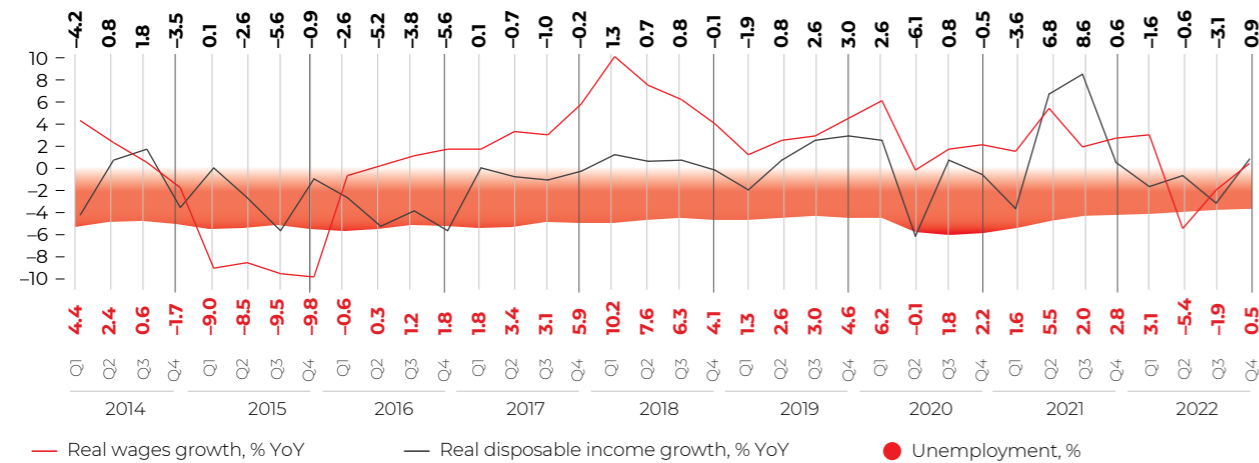


Source: Federal State Statistics Service, Ministry of Economic Development

In 2022, inflation was 11.9%, the highest rate since 2015 (12.9%), but still it was below expectations. The forecast of the Bank of Russia was 12–13% and that of the Ministry of Economic Development – 12–12.4%. In Moscow and St Petersburg, inflation stood at 11.7% and 11.5%, respectively. Average real wages in Russia fell by 1.0%, with

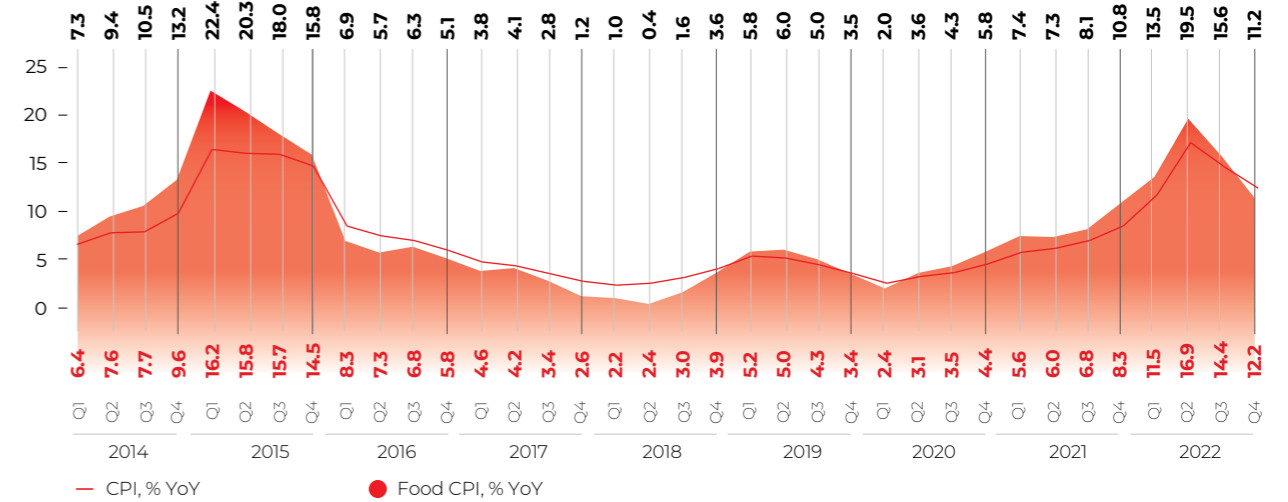
a considerable drop in real income observed in March–April amid high inflation, while income growth resumed towards the end of the year.

Real wages, real disposable income and unemployment rate, %



Source: Federal State Statistics Service

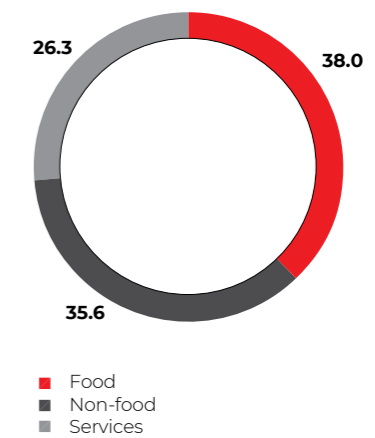
CPI and food CPI in Russia, %



The labour market was stable. By December, the unemployment rate remained at historic lows (3.7% of workforce, or 2.8 million people) and the annual average was 3.9% vs 4.8%<sup>1</sup> in 2021.

Despite elevated inflation expectations, which peaked in the spring of 2022, the consumer price index (CPI) slowed down to 11.9% by December and the food CPI to 10.3%. Food accounted for 38% – the largest share in consumer spending.

Consumer spending in 2022, %



<sup>1</sup> The unemployment figures for 2021 have been adjusted against the Annual Report 2021, according to data from the Federal State Statistics Service.