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Macroeconomic Trends, 2026-Q3

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2026-Q3: Facts, Trends, Diagnostics

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Key facts and trends, Q3 2026

- GDP growth has weakened somewhat, but remains strong
  - Domestic demand strengthened growth momentum
  - Net exports weighed on growth, mainly due to excessive imports
  - Growth picked up in several major industries, both export-oriented and domestically oriented
- Domestic demand is flourishing on the back of household consumption
  - Real wage growth and household consumption are strengthening again
  - Investment demand has slipped back towards its long-term average
- Foreign trade: exports are broadly stable, while imports continue to surge
  - Physical volume of merchandise exports: some pullback, but still at a comfortable level
  - Physical volume of merchandise imports: a new all-time high
  - Favorable price competitiveness and continued rapid growth in services exports support a sound external position (in nominal terms)
- Labor market: still tight

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Economic activity: tailwinds outweigh headwinds

Tailwinds

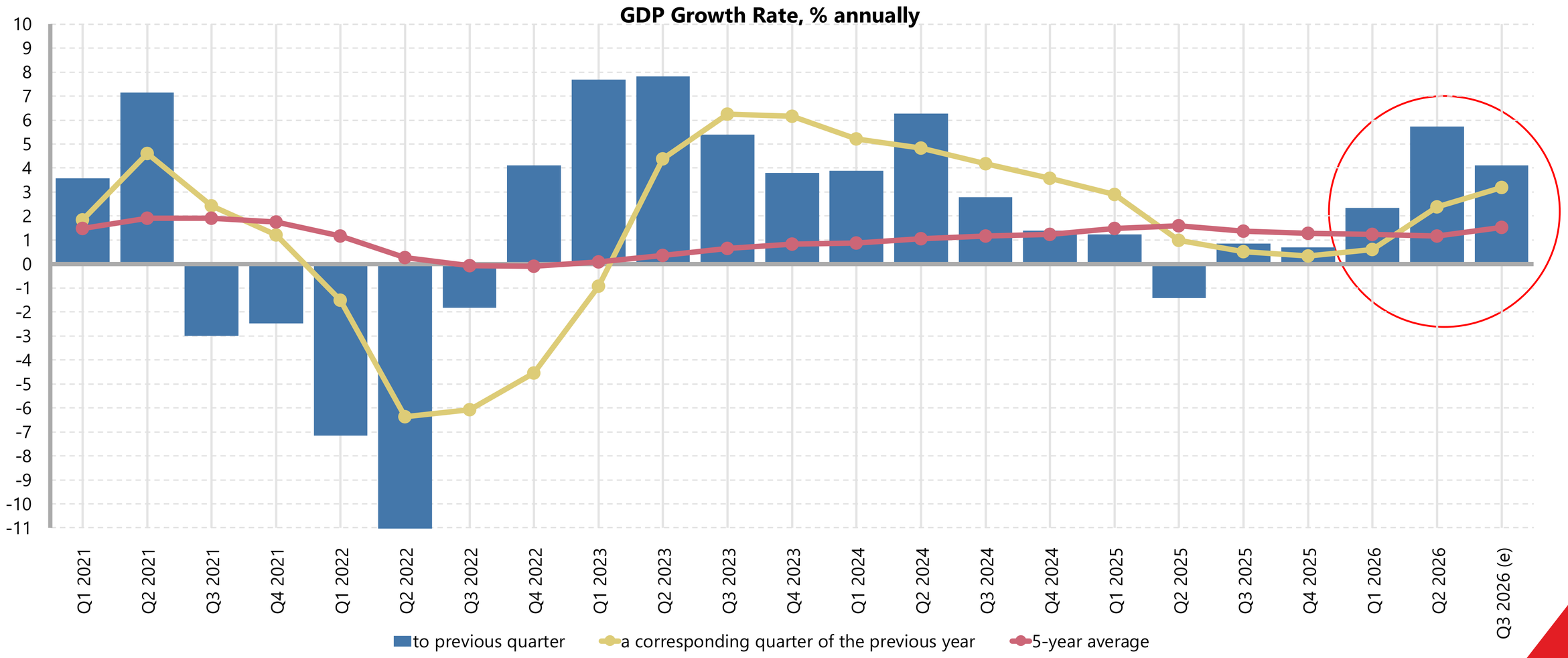
- Foreign demand remains strong, partly reflecting the fuel crisis in Russia and improved conditions for potash fertilizers
- Consumer activity is picking up, supported by improved sentiment, strong wage growth and increased borrowing
- Positive fiscal impulse and more room for fiscal maneuver, with some monetary stimulus still in place as well
- Price competitiveness remains favorable

Headwinds

- Imports have surged
- A lack of new export growth drivers
- Weak “autonomous” investment demand
- Macroeconomic distortions remain in the background

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2026-Q3: GDP growth eased somewhat but remained strong

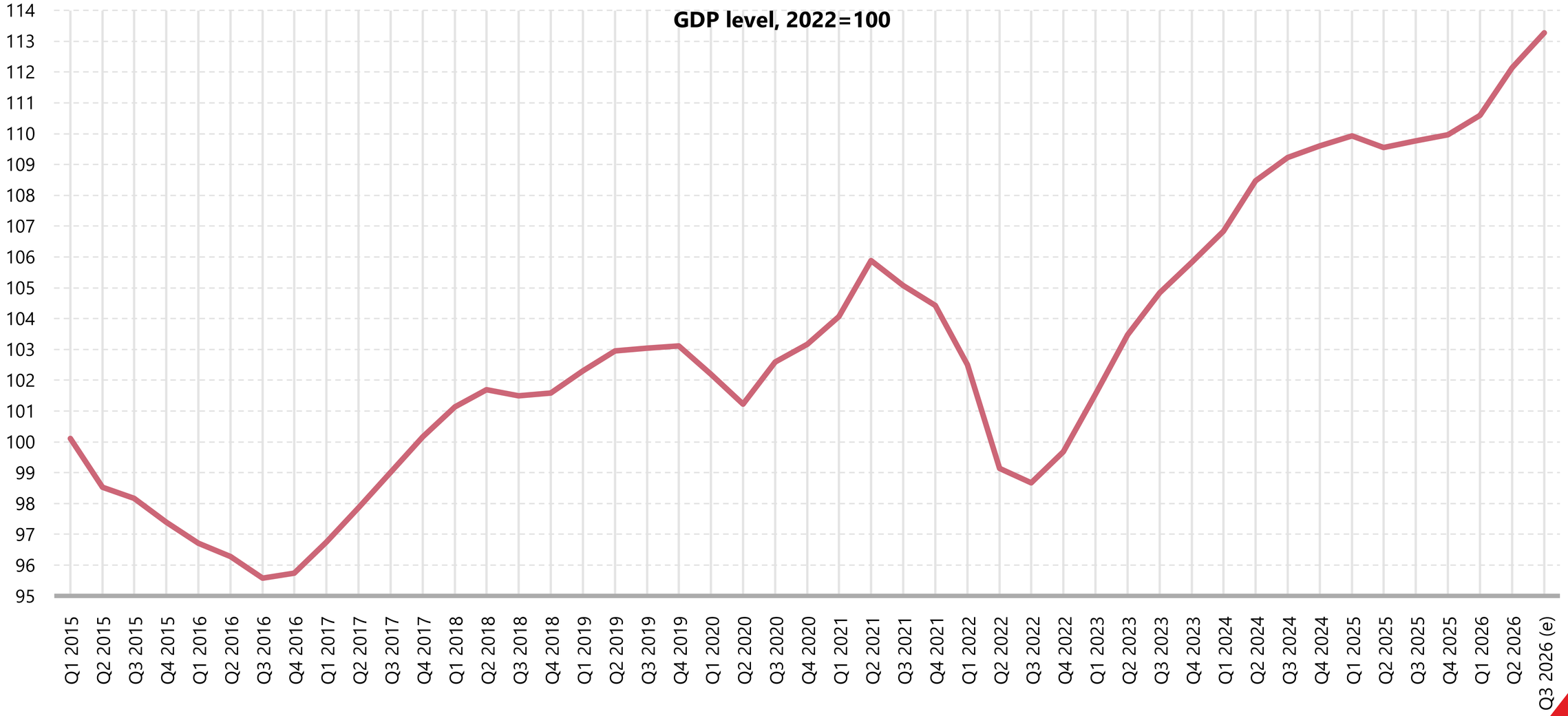


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GDP level has reached a new historical peak

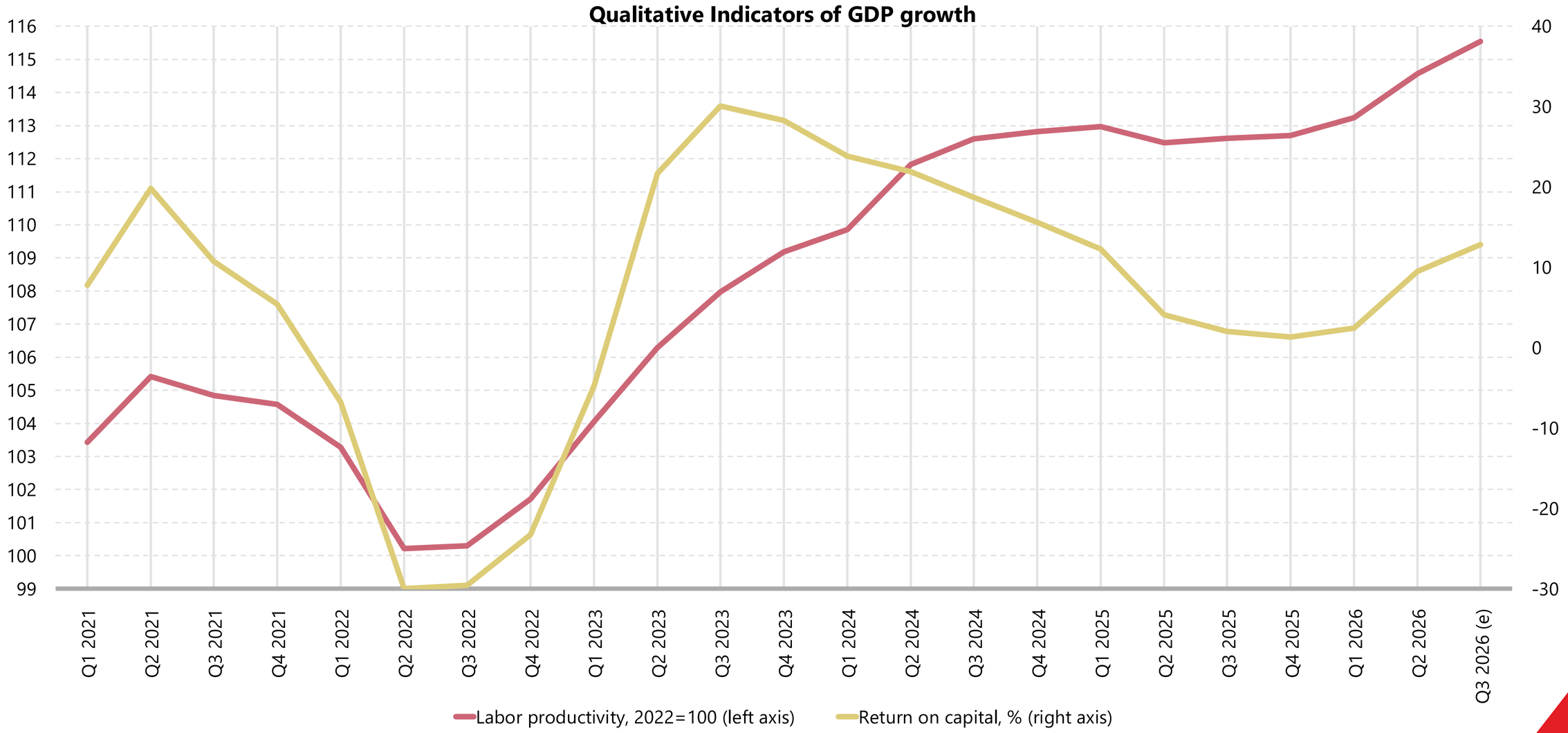


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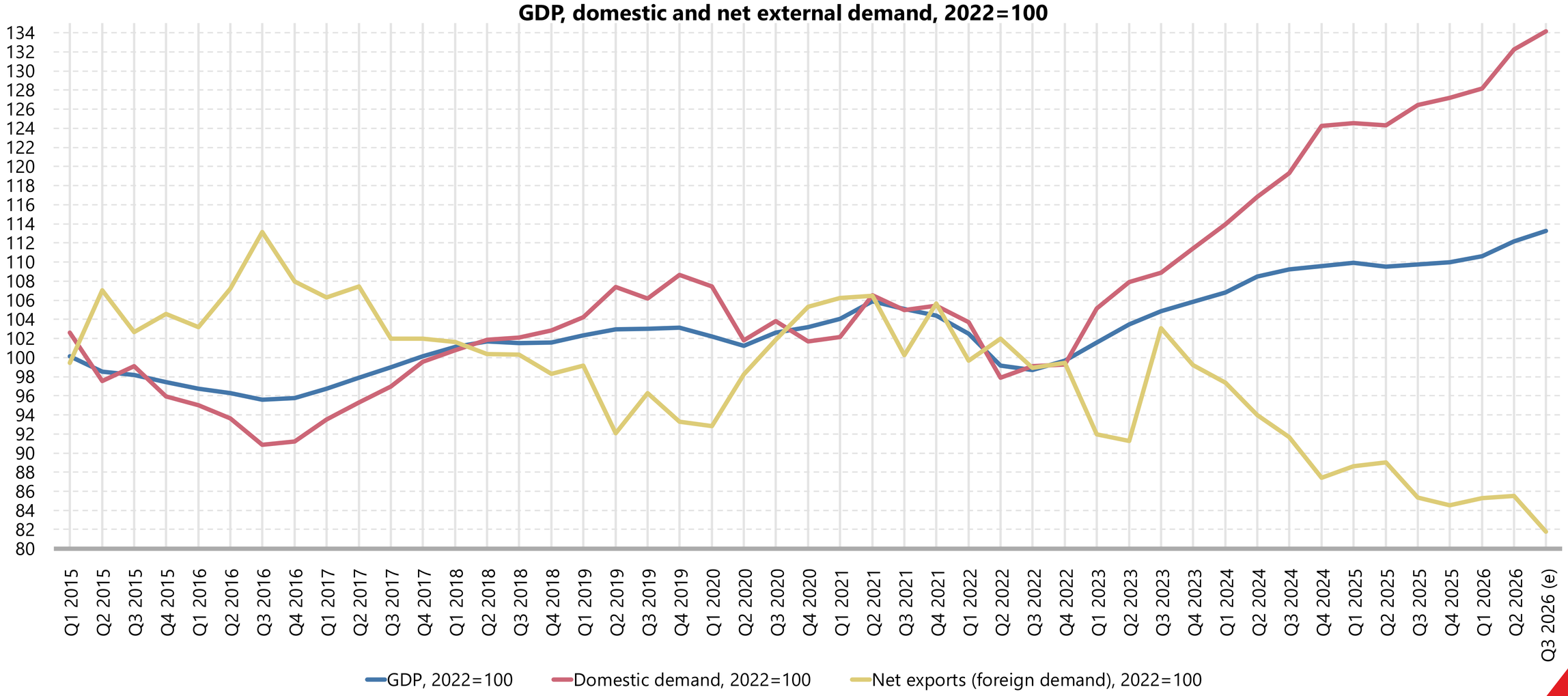
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Qualitative indicators signal a reinvigoration of growth



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Domestic demand is driving growth

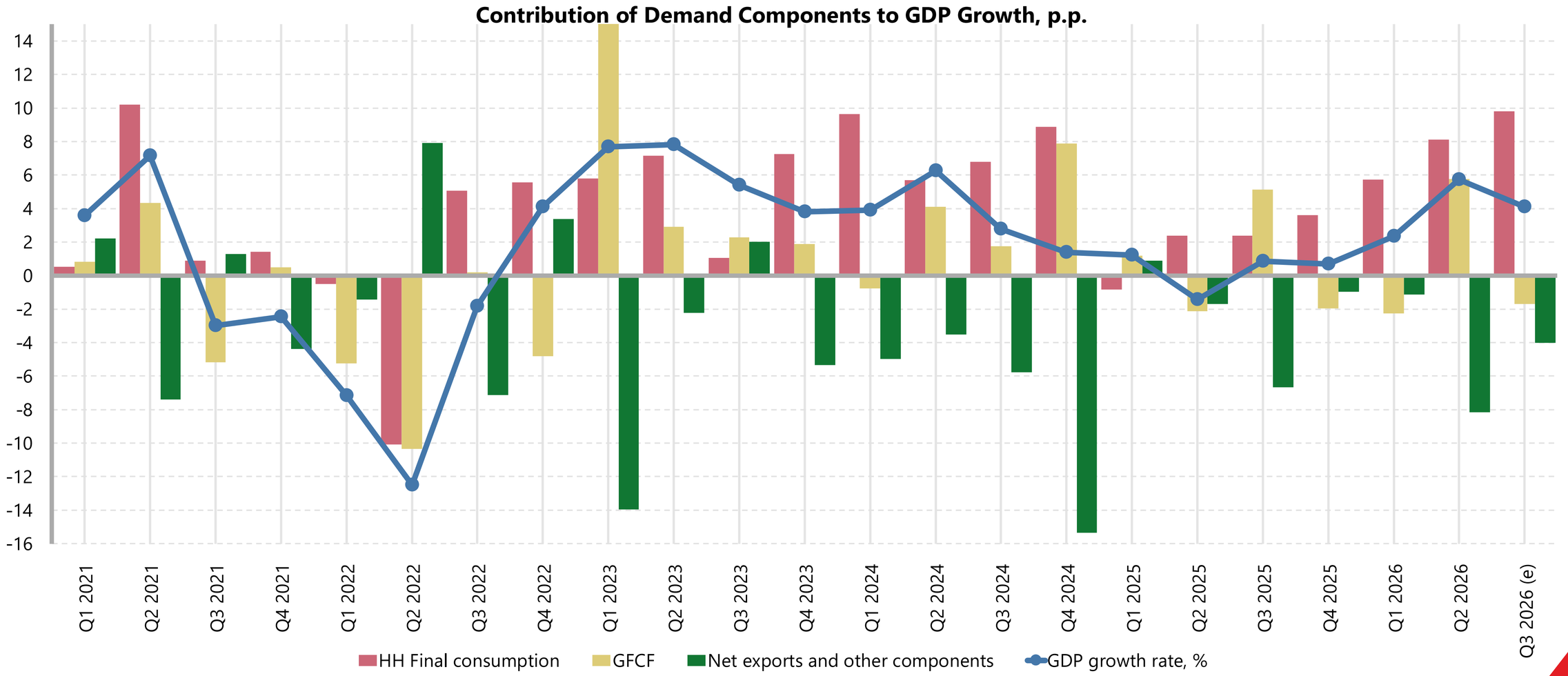


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Household consumption has regained its role as the main (only) driver of growth

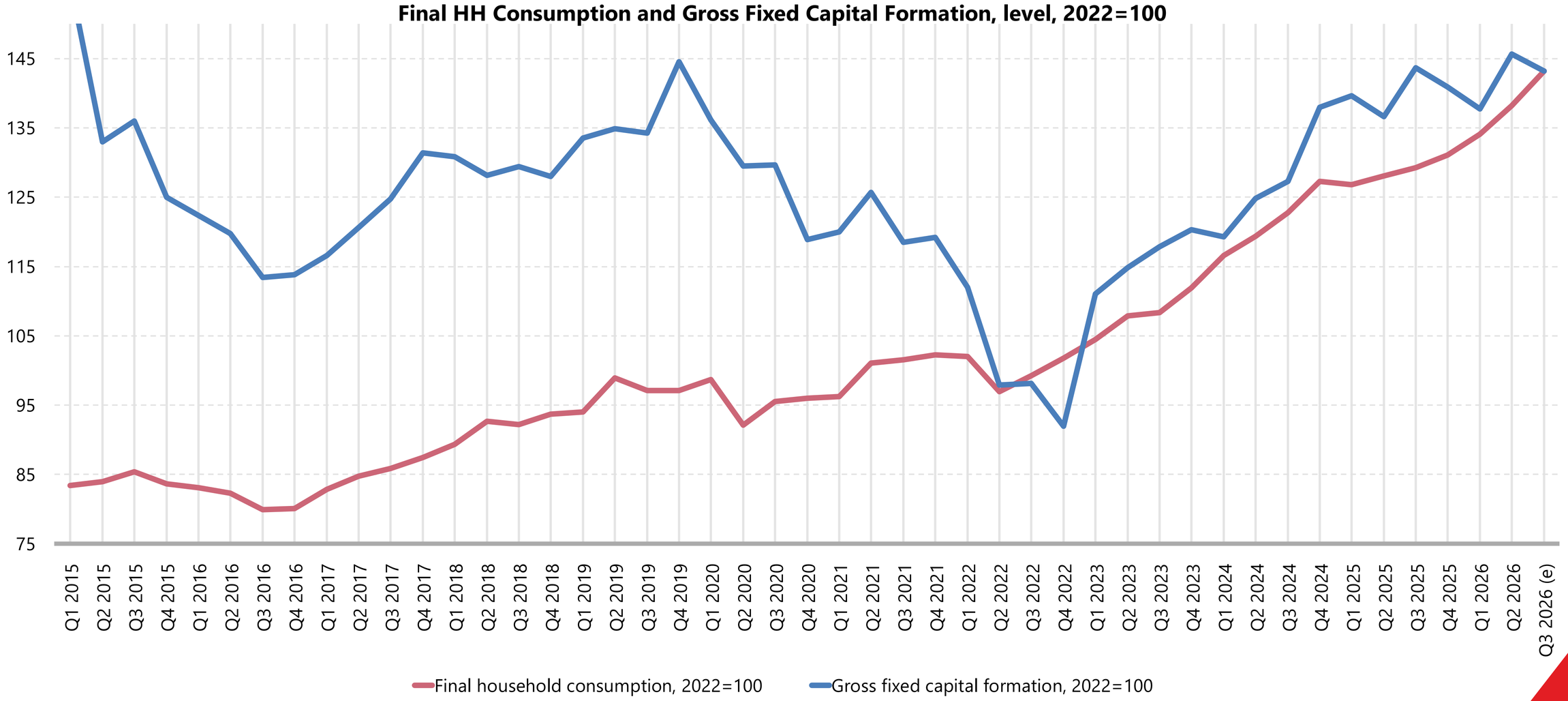


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Household consumption reaches a new all-time high; capital investment rebounds

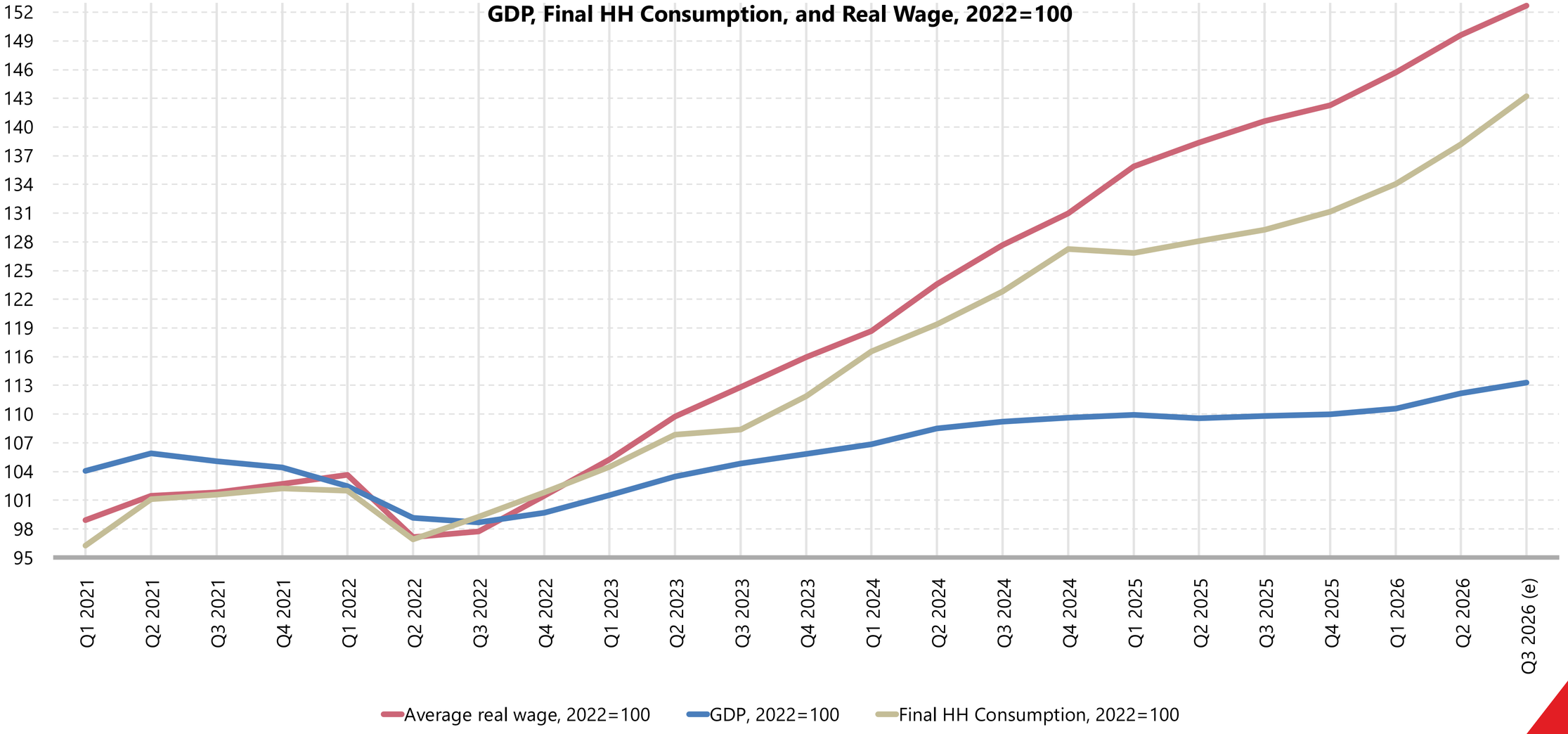


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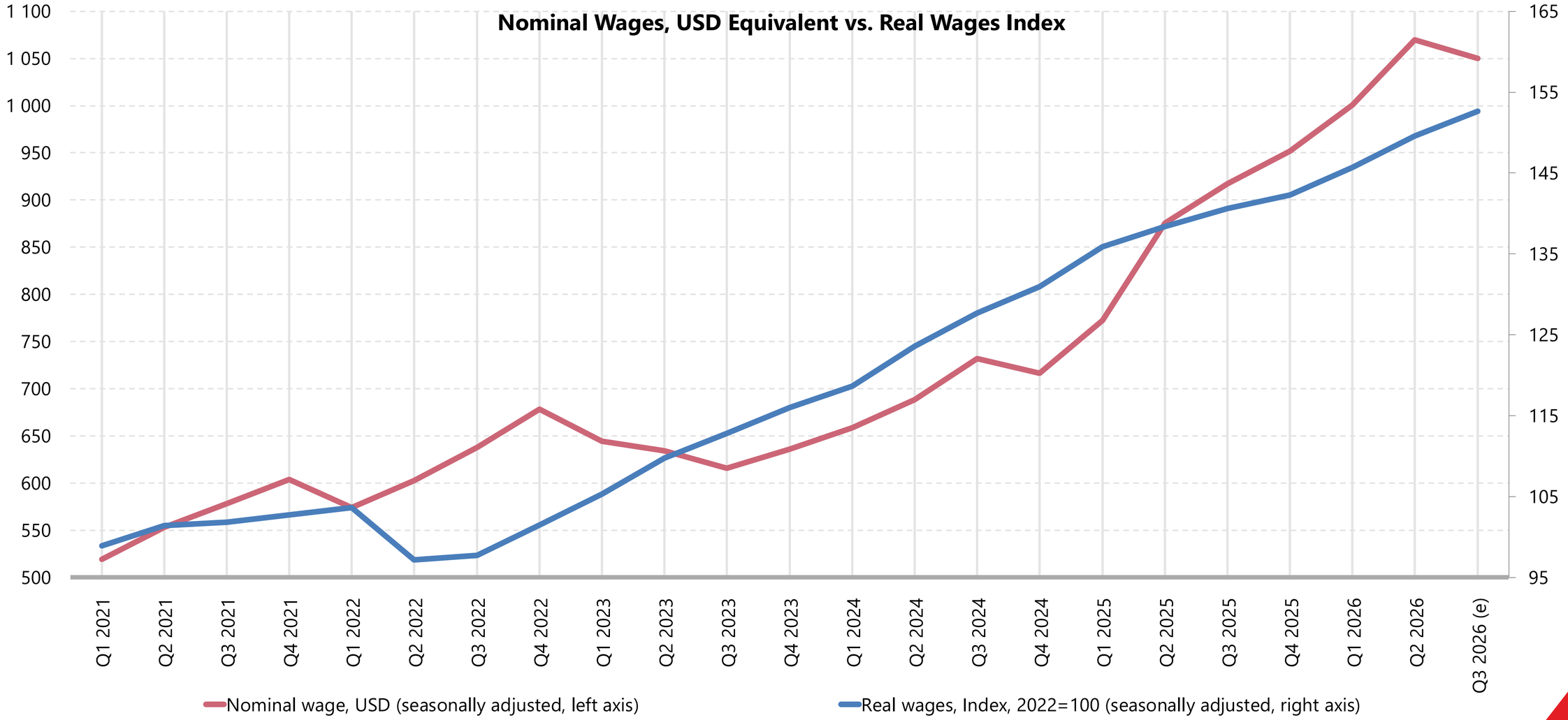
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A renewed acceleration in real wage growth (in Q2) is boosting household consumption



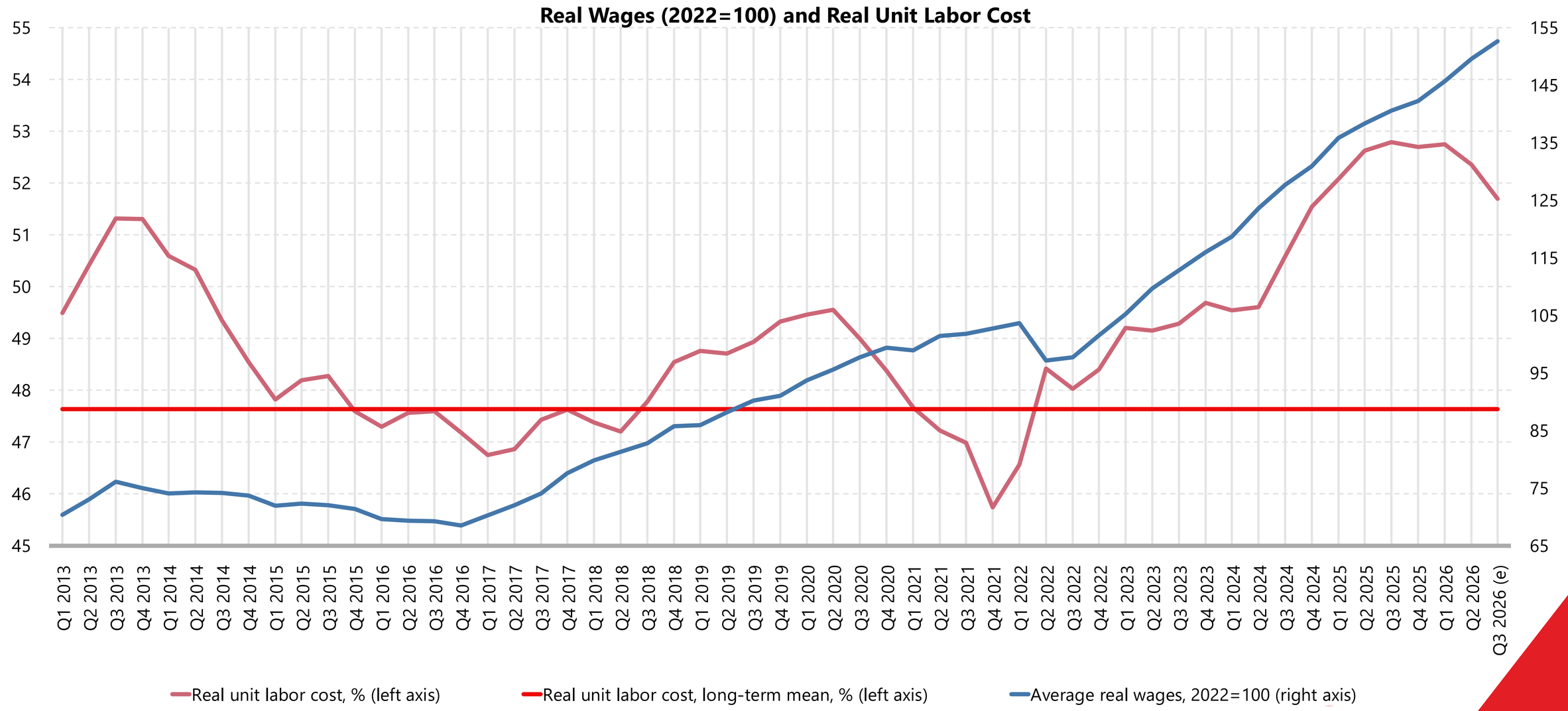
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Moreover, consumer optimism is buoyed by the “dollar wage illusion”



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The gap between real wage growth and productivity growth has narrowed, but still points to significant wage overheating

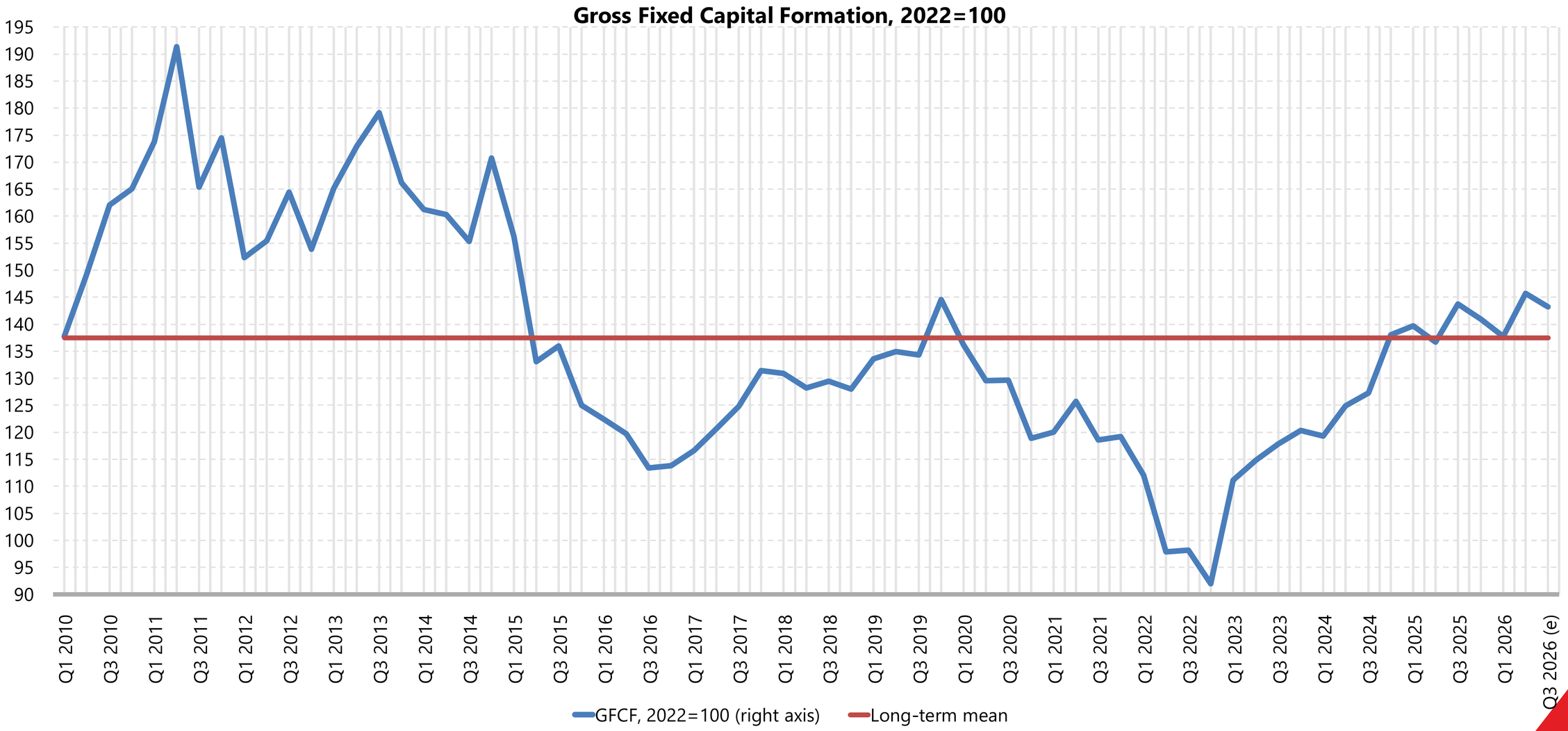


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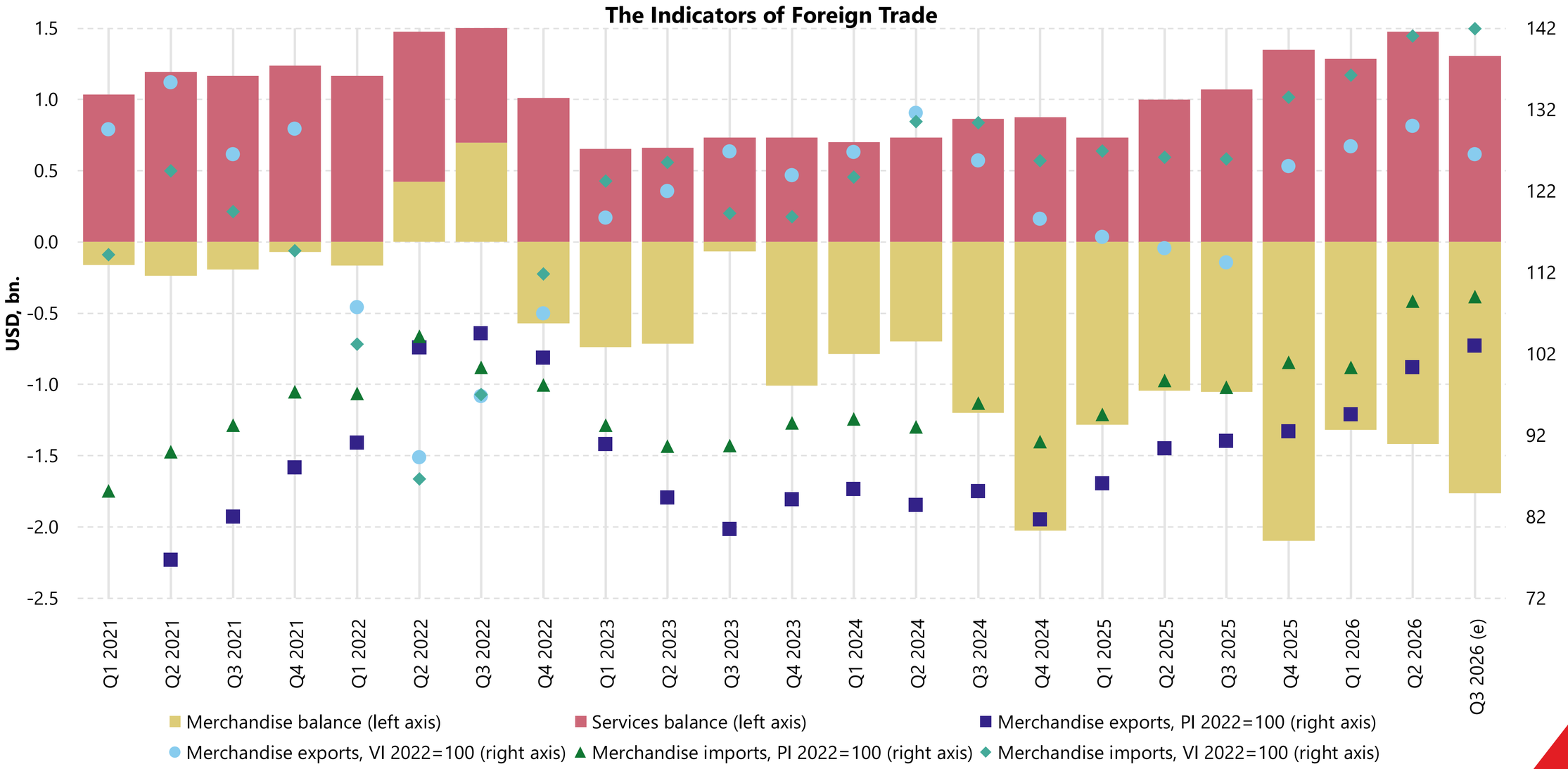
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Capital investment continues to fluctuate around its long-term average



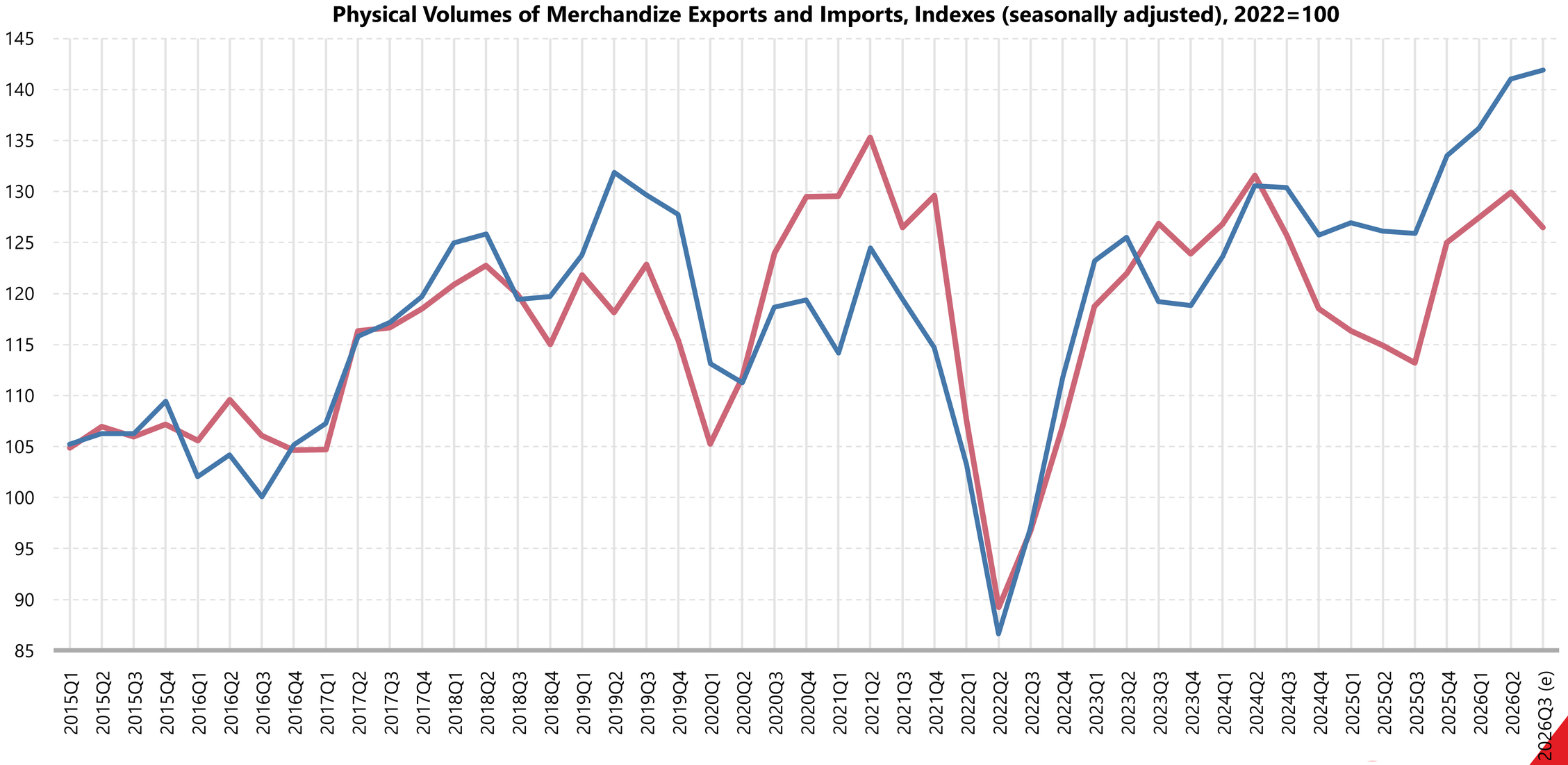
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Excessive imports are putting some pressure on the external position



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The pressure stems mainly from the rapid growth in import physical volumes

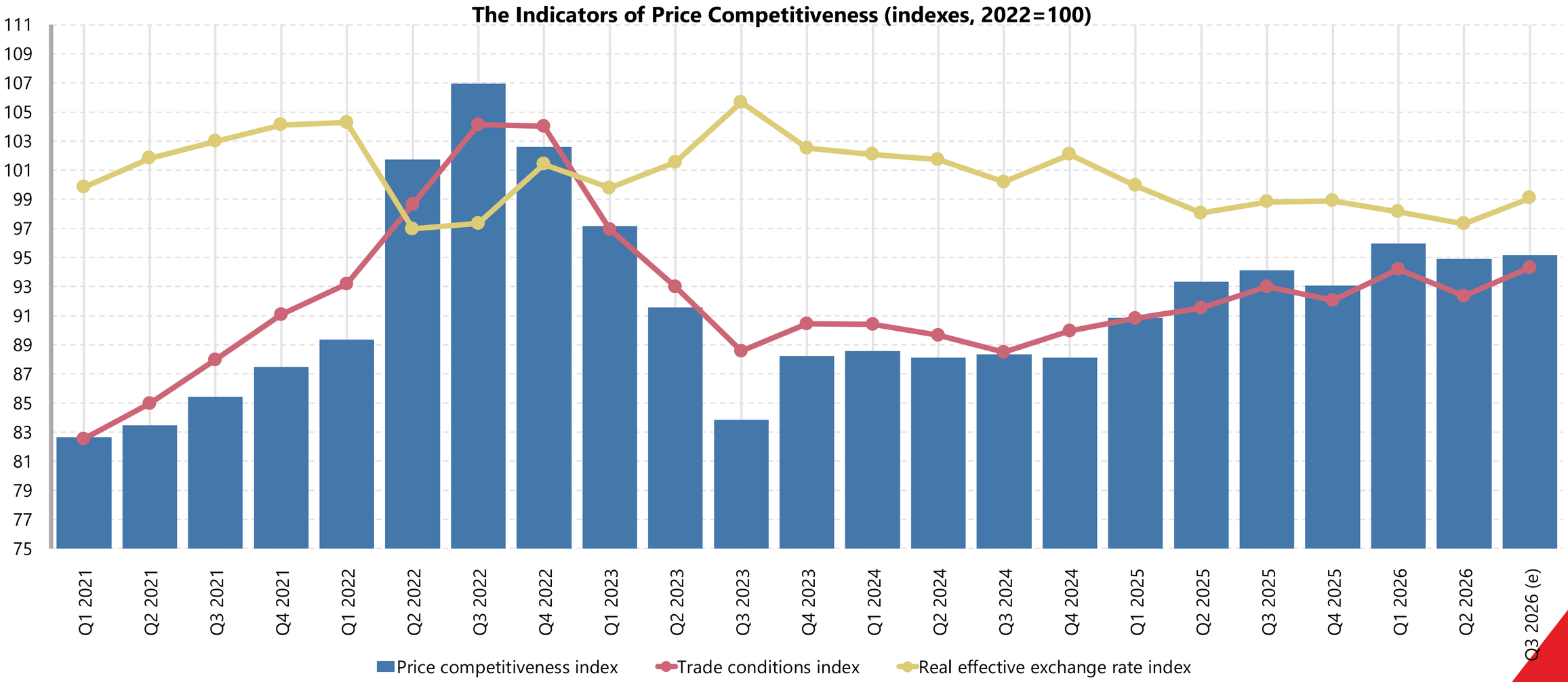


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However, price competitiveness remains strong



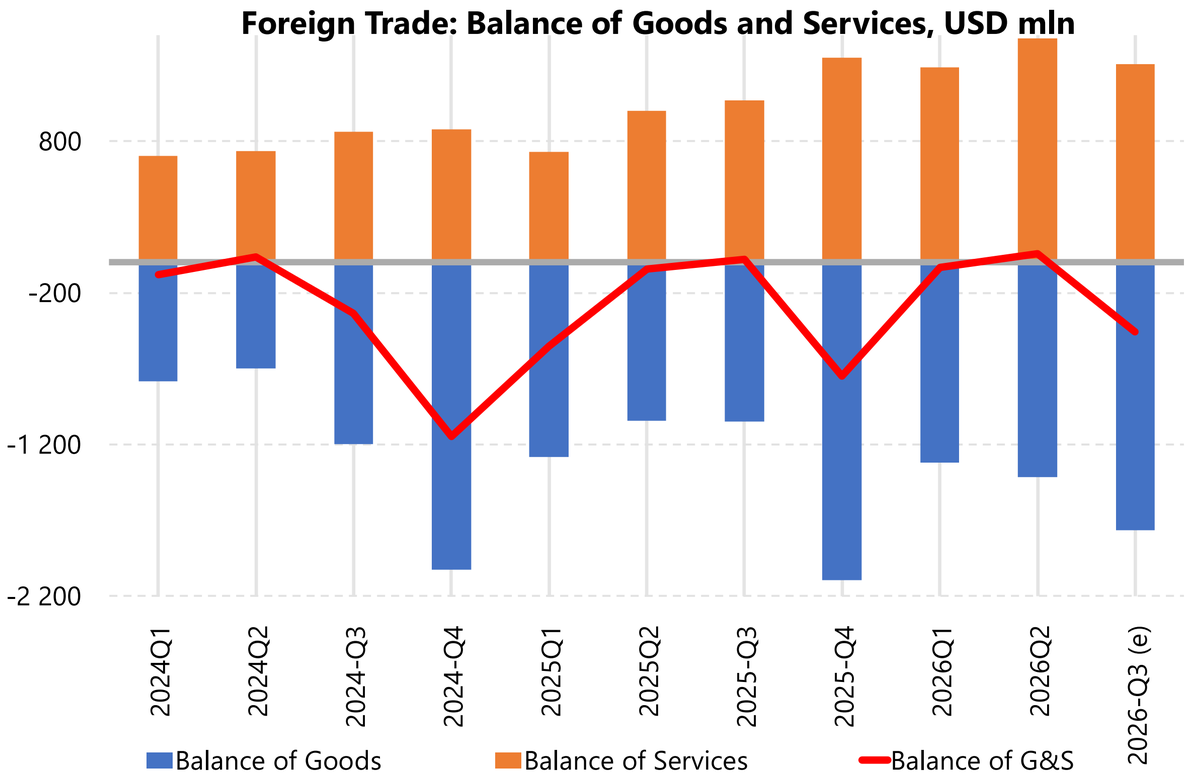
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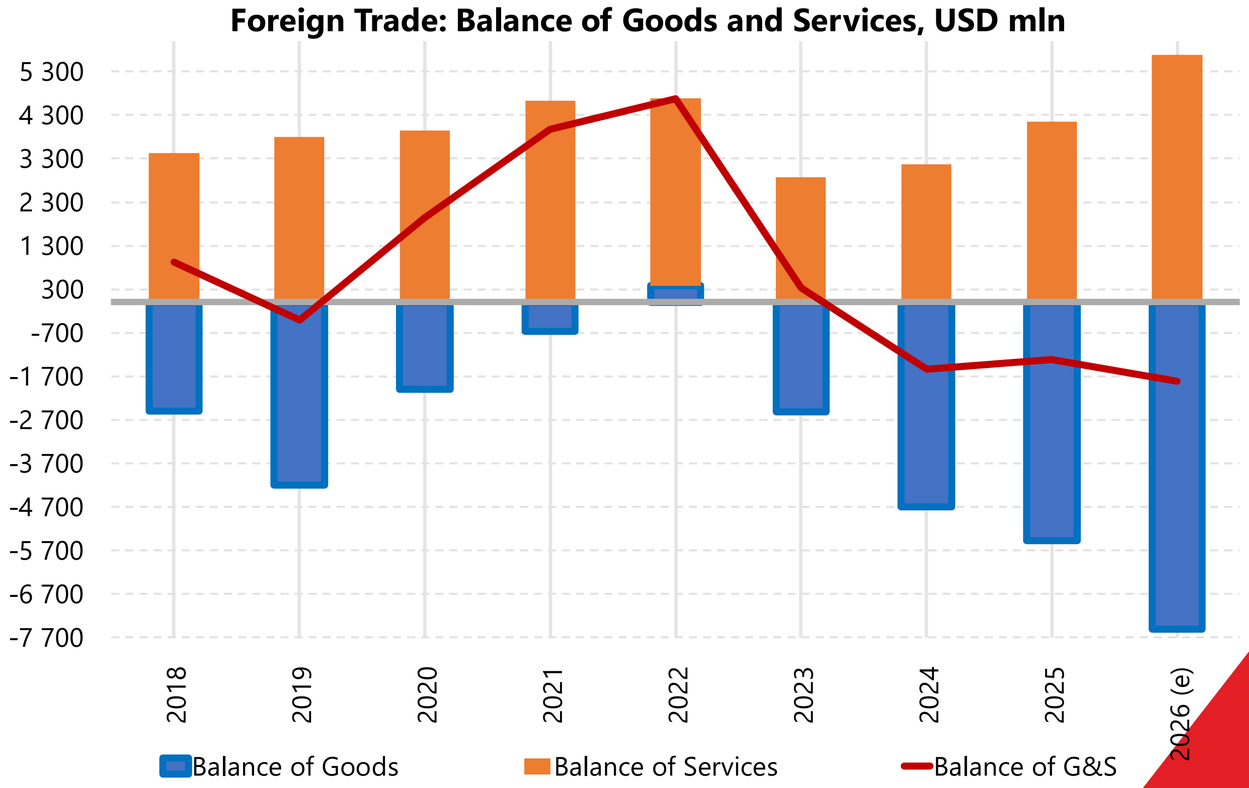
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As a result, the external position remains sound in the short term

A. Quarterly

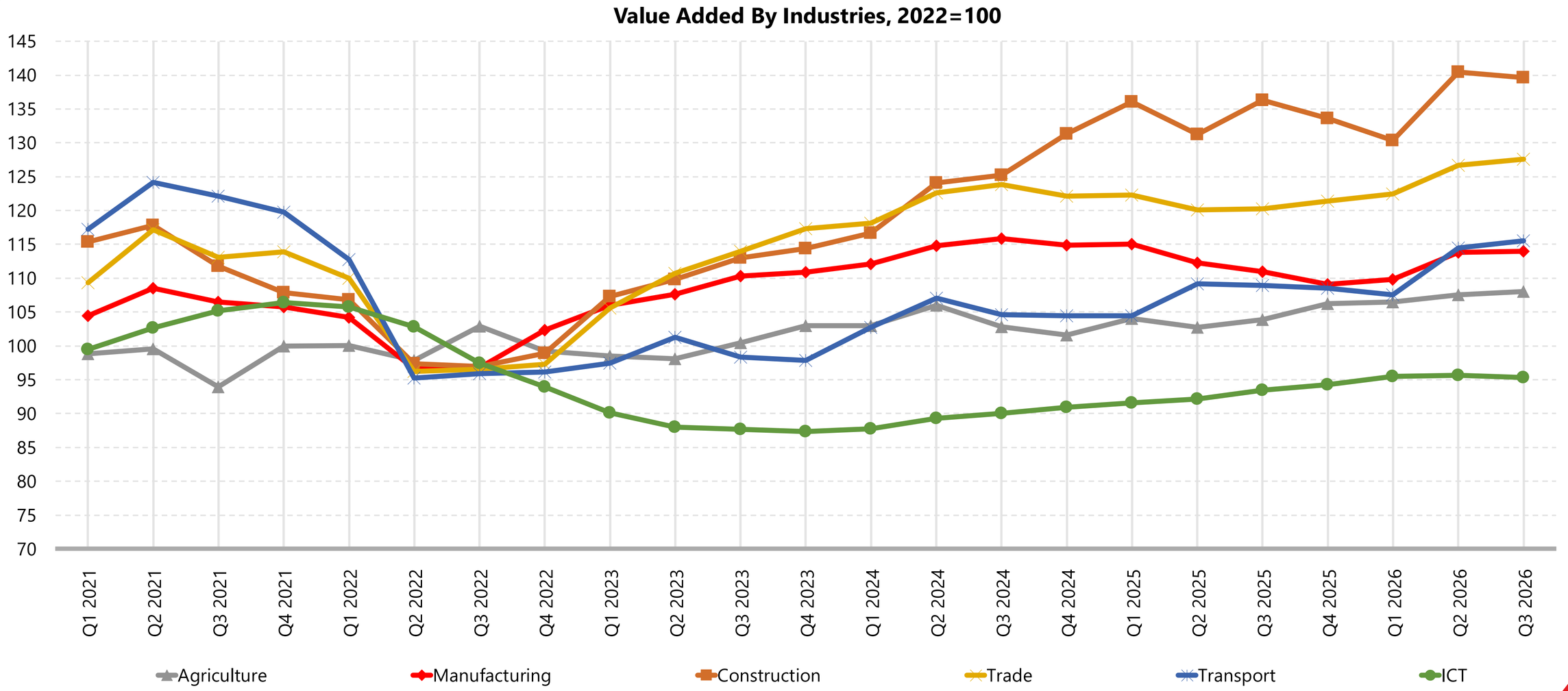


B. Annually



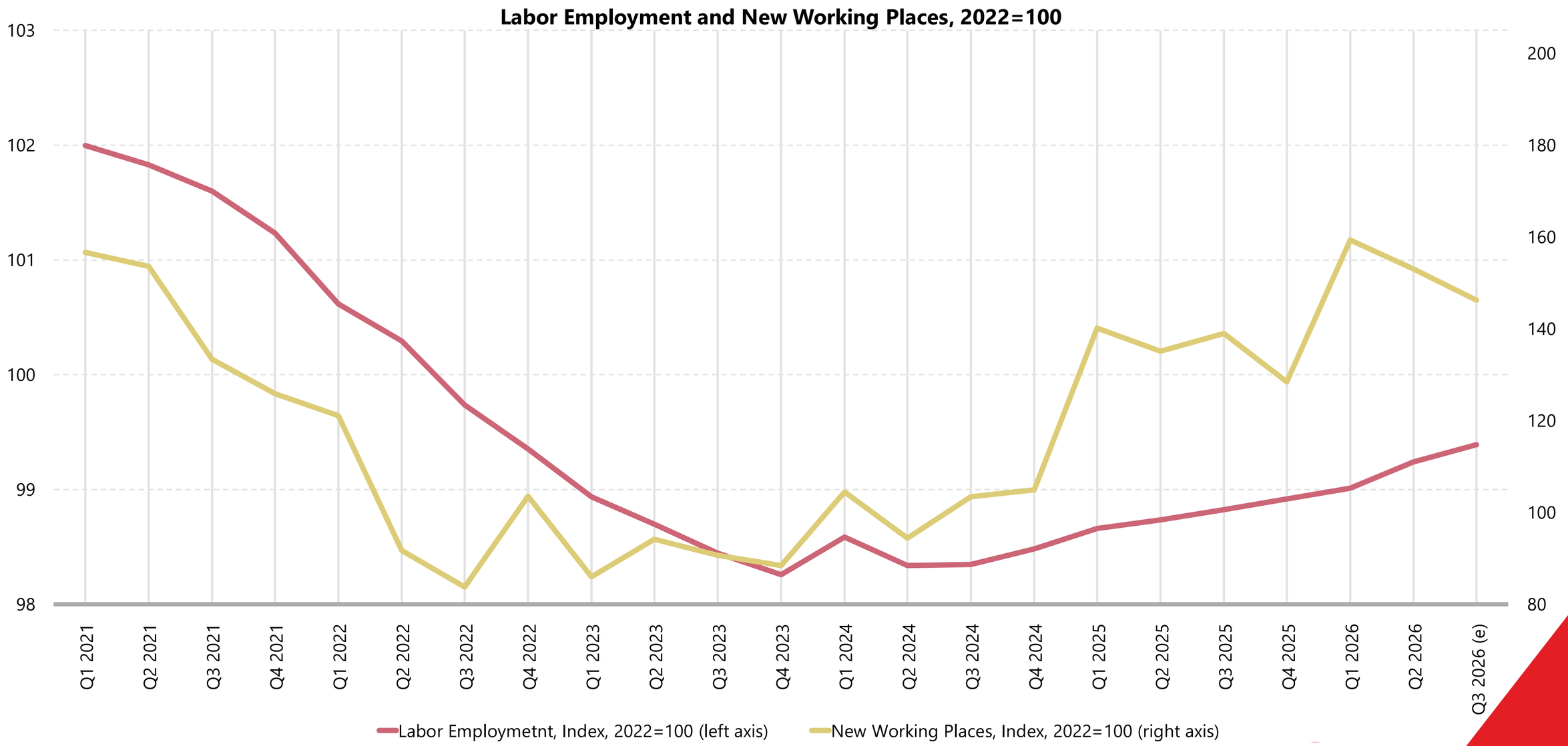
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Supply side: Growth has picked up across major industries, both export-oriented and domestically oriented



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Labor market is still tight



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Diagnostics: Domestic demand drives growth, while exports play a significant supporting role

- Technically, domestic demand accounts for the entire high growth rate
  - Household consumption continues to expand, supported by rapid wage growth amid a structural labor shortage
  - Economic policy stimulus, particularly fiscal support, is crucial to sustaining demand
  - Consumer sentiment is shaped largely by domestic factors
- However, these effects would have been at least weaker without strong exports, which support growth by:
  - Boosting activity across several major industries through industrial linkages
  - Fueling a new acceleration in real wage growth by easing financial constraints
  - Expanding room for more active stimulus by domestic authorities
- ➔ GDP growth remains highly dependent on external conditions and the sustainability of exports

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Mid-term view: significant formal improvement, but all major challenges remain

- Fundamental Challenges
  - Labor shortages
  - Limited production capacities
- External Challenges
  - Stagnating and unstable demand in Russia
  - Volatility of exports of oil products
  - Negative external shocks - both pro-inflationary and output-suppressing – tend to prevail
- Accumulated Macroeconomic Imbalances
  - Overheated domestic demand, suppressed inflation, and risks of an inflationary spike
  - Weakened financial position of firms and risks of financial turbulence
  - Weak and unstable external position, coupled with insufficient financing sources to cover the corresponding deficit

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The Positive ‘Gasoline Shock’ Might Not Be a Long-Lasting Source of Support for Output Growth

- Positive spillovers from the shock might not last long, even if the shock itself does
  - Russia is going to diversify imports of fuel, domestic prices in Russia will gradually adjust
  - Relying on full revival of oil products led growth is a huge risk politically, in many respects
- Russia’s gasoline shock masks and improves adverse external environment just temporarily
  - Stagnation of the ‘civil part’ of Russian economy is expanding
  - Fuel crisis denudes risks of inflation resurgence, as well XR volatility risks
  - Financial weaknesses of oil refineries cannot be eliminated rapidly due to a limited financial effect of ‘give and take’ mechanism of Russia’s oil processing
- A temptation to lie on the back of Russia’s gasoline shock might lead to new domestic imbalances
  - Further overheating of already overheated domestic demand and wages
  - Excessive demand on imports
  - New round of accumulation of price imbalances

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