VEB GDP Index: January 2015

Monthly estimate of Russian GDP

In January 2015 the trend in economic growth sharply reversed, as the positive impact from booms in consumption and manufacturing production was exhausted by the end-2014.

Month-on-month GDP change: contraction slowed down to 1.4%

As compared with the previous month, seasonally adjusted GDP declined by 1.4% in January (annualized decline of 16%), which was the sharpest monthly contraction since January 2009. The most important factors behind this downturn were deterioration in consumer spending along with an increase in consumer prices, and an unfavorable base effect related to the December spike in manufacturing. In January, wholesale and retail trade contracted by 6.0%, manufacturing – by 2.4%, mining industry – by 1.4%. By contrast, the contribution of net taxes to GDP growth became positive for the first time in several months.

Year-on-year GDP change: fall of 1.2%

As compared with the same month of the previous year, real GDP decreased by 1.2% in January 2015 after having increased by 0.5% in December 2014. The fall in GDP was mainly driven by a contraction in wholesale and retail trade. Trade contributed negatively in January by – 0.8 p.p. (after a 0.2 p.p. positive contribution). The contribution of manufacturing declined to zero (down from 0.5 p.p.). At the same time, net taxes on products and imports experienced a slight positive trend. According to preliminary data, exports of crude oil showed signs of recovery, and there was an acceleration in the production of excise goods.

VEB GDP Index, January 1999 = 100, seasonally adjusted and adjusted by working days

VEB GDP Index, year-on-year growth, %

VEB GDP Index

	Growth		Volume, bln. RUB
	Year-on-year, %	**Month-on-month, %**, seasonally adjusted and adjusted by working days	
October 2014	0.4	0.0	6481
November 2014	-0.9	-0.4	6282
December 2014	0.5	0.6	6367
January 2015	-1.2	-1.4	5063

Main principles and data sources

Monthly VEB GDP index is a leading indicator for quarterly GDP dynamics. Its estimation is based on the production method using available monthly data. Aggregation of GDP indices is done using average annual prices of the previous year.

Year-on-year change in GDP is estimated using Federal State Statistics Service's monthly data on changes in production of goods and services in major industries. Based on this data, we estimate indices of value added in the main industries.

Estimate of net taxes on products and imports is done using Federal State Statistics Service's data on production of excise goods, Ministry of Energy's preliminary data on the volume of exports of oil and gas, Customs Service's data on imports from non-CIS countries and VEB experts' assessment.

Month-on-month change in GDP adjusted for seasonal and calendar factors is estimated using an indirect method, i.e., the key components of GDP are seasonally adjusted and then are aggregated into the overall index. We additionally do seasonal adjustment using a direct method (by directly adjusting the GDP index).

In case of sizeable differences between the adjustments done using indirect and direct methods, the series are normalized by distributing the difference between the two series across adjusted elements.

Nominal GDP is estimated using assessment of the overall deflator index (year-on-year), which aggregates deflators of the main components of value added and net taxes on products and imports.

The calculations are based on Federal State Statistics Service's monthly data on the change in the value of shipment of own production goods, data on activities and own services in mining, manufacturing, production and supply of electricity, gas and water.

The main components of the deflator of net taxes on products are assessed using the dynamics of consumer prices, changes in the exchange rate, changes in the prices of excise goods and changes in world oil prices. The calculations are performed using an algorithm which is used to determine the value added volume indices of the main GDP components.