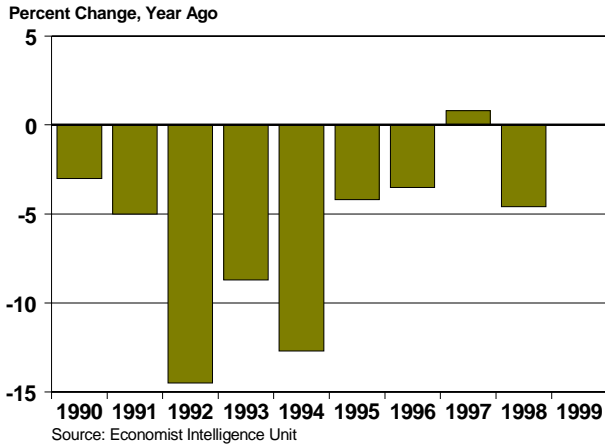


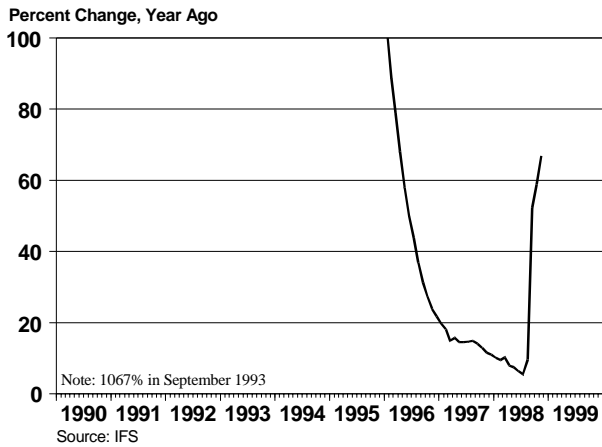
# Russia: Current Economic Conditions

**Russia - Real GDP Growth**  
1990 Prices

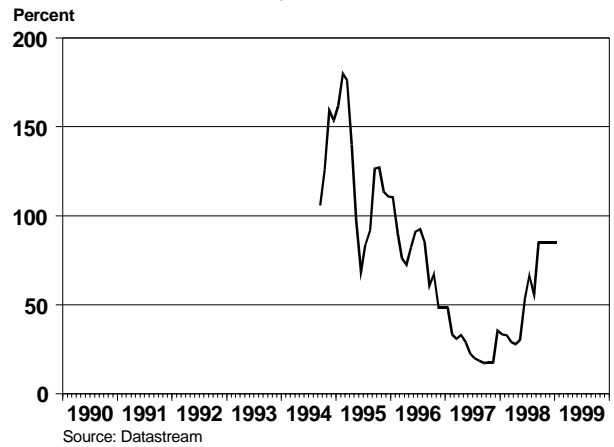


- Russian real GDP is estimated to fall 4.6% in 1998.
- After combating inflation from 1993-1997, exchange rates dropped in the third quarter of 1998.
- The ruble plunged after the government defaulted on its debt and printed more currency in 1998.
- Collapse of the ruble paralyzed investments and brought Russian equity markets to new lows.

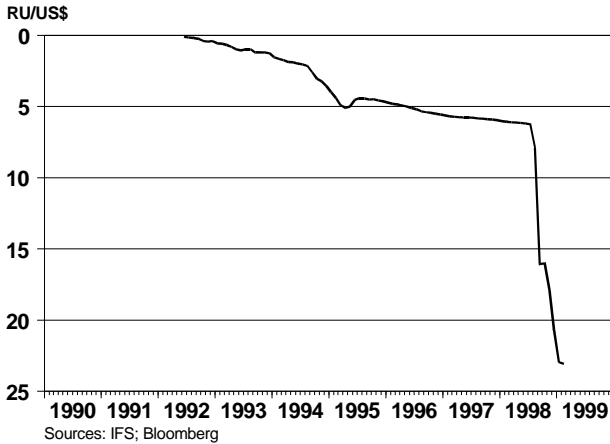
**Russia - Inflation Rate**  
Consumer Price Index



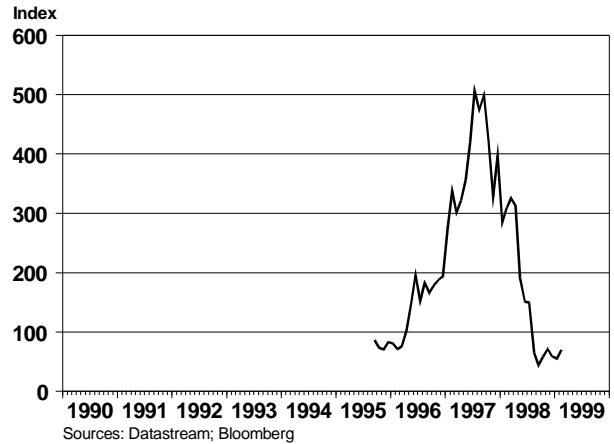
**Russia - Short-Term Interest Rates**  
90 Day Interbank Rate



**Russia - Exchange Rate**  
Rubles per US Dollar

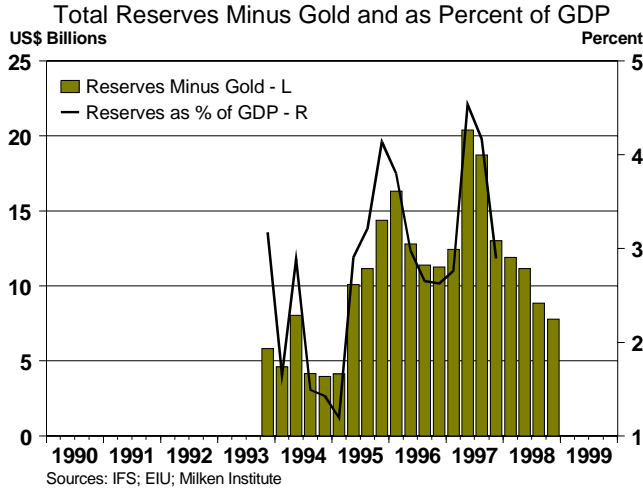


**Russia - Equity Index**  
RTS Index



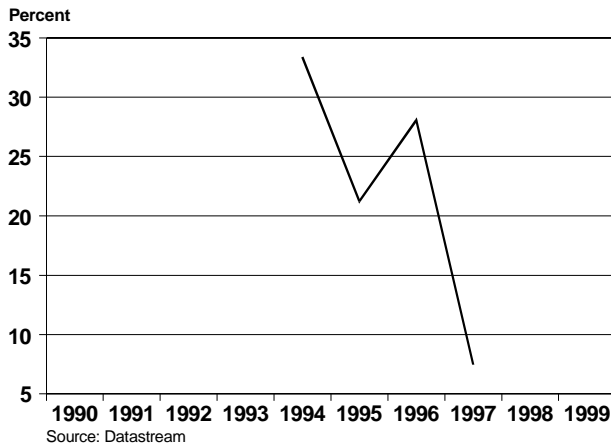
# Russia: Current Economic Conditions

## Russia - Official Reserves

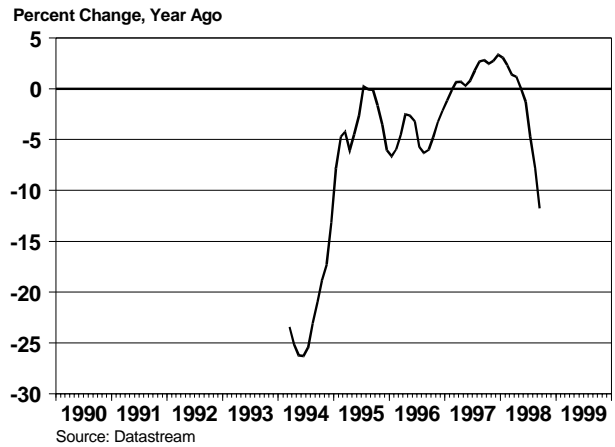


- Official reserves are less than half of what they were a year earlier.
- Current account balance as a percent of GDP dropped significantly in 1997 as trade collapsed.
- Negative industrial production growth since 1994.
- Production output climbed up in 1997, sliding back into negative territory in 1998.
- Unemployment rate rising steady since 1993.

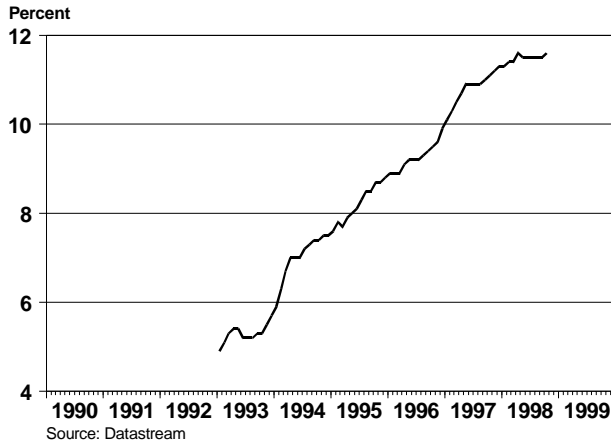
## Russia - Current Account Balance As Percent of GDP



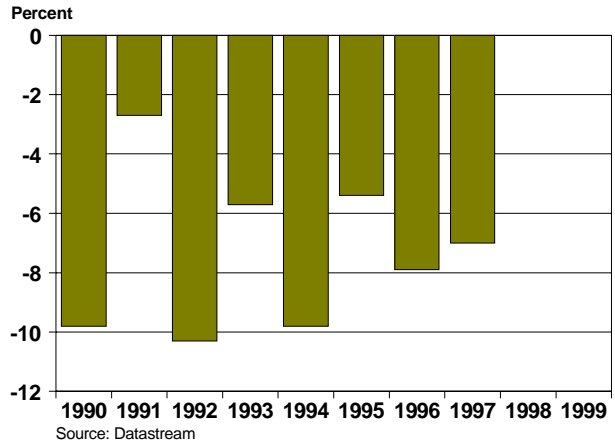
## Russia - Industrial Production Industrial Production



## Russia - Unemployment Rate Seasonally Adjusted

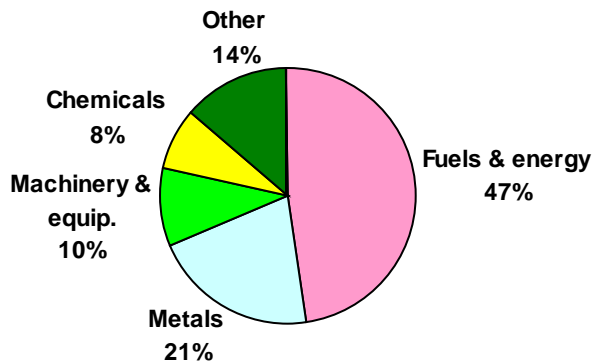


## Russia - Budget Balance Government Surplus/Deficit as Percent of GDP



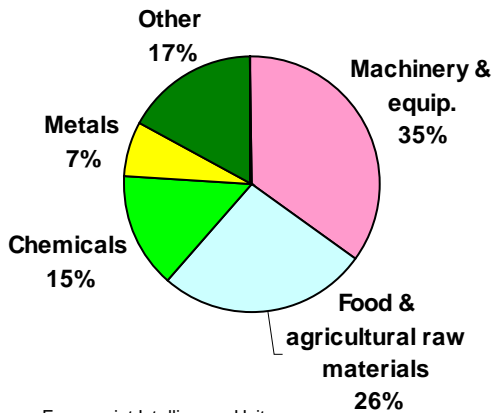
# Russia: International Trade

**Russia - Composition of Exports**  
1997



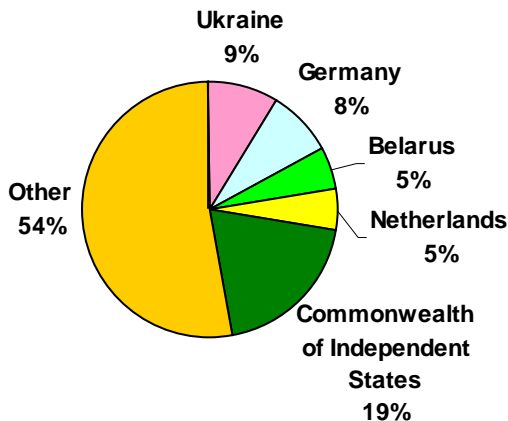
Source: Economist Intelligence Unit

**Russia - Composition of Imports**  
1997



Source: Economist Intelligence Unit

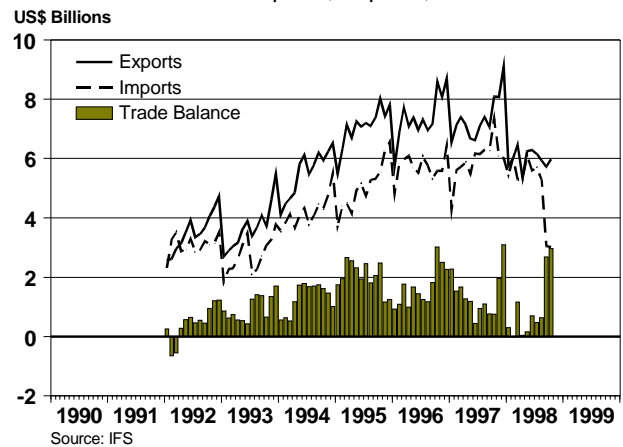
**Russia - Destination of Exports**  
1997



Source: Economist Intelligence Unit

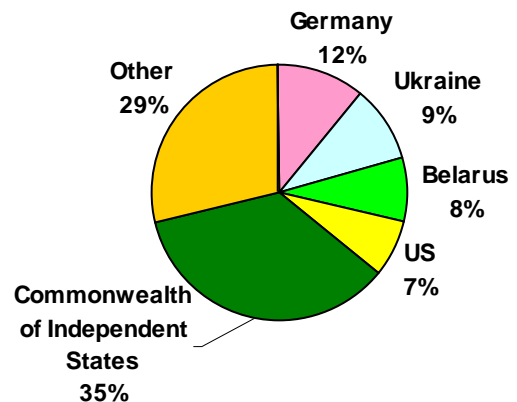
**Russia - Trade Balance**

Merchandise Exports, Imports, and Balance



- Trade balance mostly positive since breakup of the Soviet Union.
- Crash of commodities (especially oil) should change these terms of trade presently.
- The former states of the Soviet Union continue to be Russia's major trade partners.
- Russia's largest exports – crude petroleum, natural gas, and platinum.
- Over 60% of Russian imports include machinery and equipment, food, and agriculture products.

**Russia - Origin of Imports**  
1997



Source: Economist Intelligence Unit

# Russia: Banking and Finance

## Russia - Foreign Share of Banking Capital



- Large foreign exchange positions hurt Russia's top 20 banks in 1998 crisis.
- Small and medium-size banks ended up ahead due to little exposure.
- Government debt began to climb in 1996. Russia paid off old loans with IMF monetary packages.
- Debt nearly doubled in 1998 as the government defaulted on its loans and ruble tumble.
- Direct and portfolio investment increased in 1996 but dropped at the end of 1997 as returns weakened.

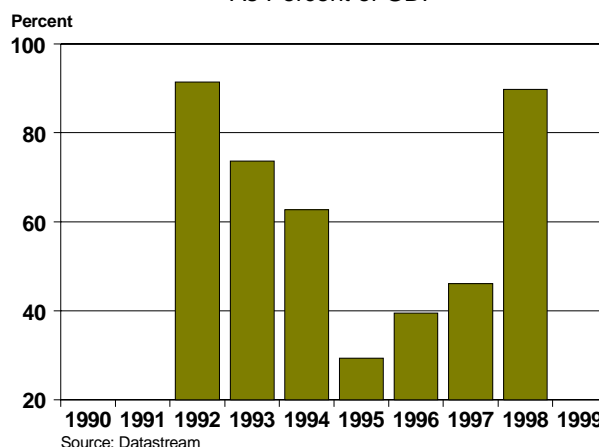
## Breakdown of Russian Banks by Financial Stability

Share of Assets and Retail Deposits in Foreign Exchange Positions

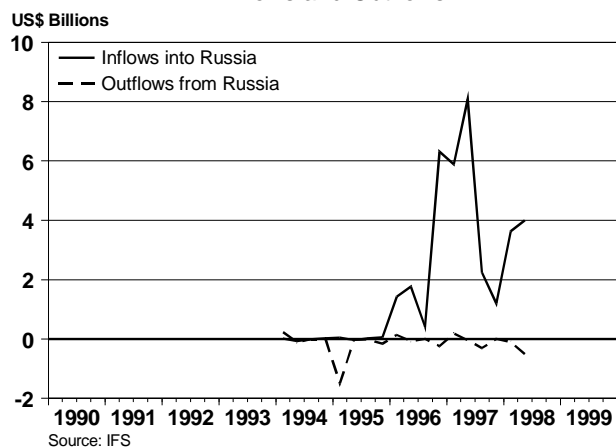
Group Categories	Number of Banks	Share of Total Assets	Share of Total Retail Deposits	Capital Required (Ruble, bln)
Solvent and Liquid Banks	590	15%	8.4%	0
Stable Regional Banks Which Need Some Capital Injection	190	10%	19.6%	6
Systemically Important Insolvent Banks Which Will Receive Government Financial Support	18	41%	40.0%	48
Banks Subject to Liquidation	720	34%	32.0%	87

Source: Troika Dialog Research

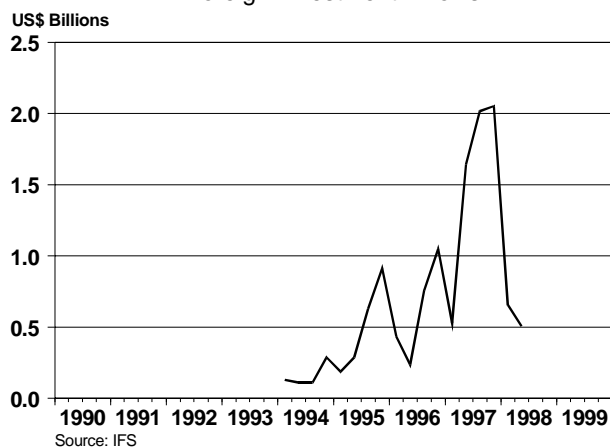
## Russia - Government Debt As Percent of GDP



## Russia - Portfolio Investment Inflows and Outflows

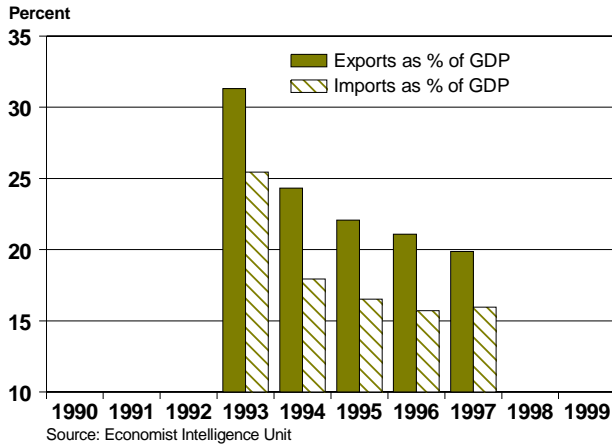


## Russia - Foreign Direct Investment Foreign Investment Inflows



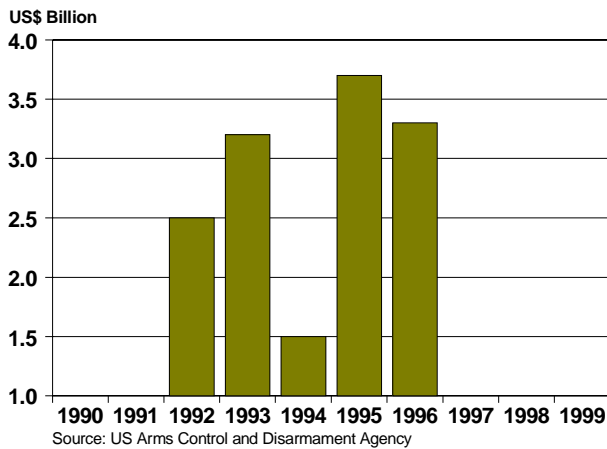
# Russia: Finance

**Russia - Role of Trade**  
Trade as Percent of GDP

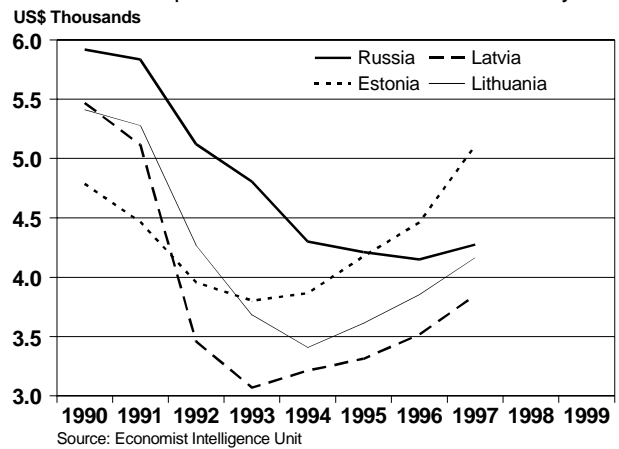


- International trade revenues made a smaller contribution to GDP on weaker export prices.
- Deteriorating economy may lead to increased arms exports and sale of nuclear weapons technology – quite worrisome.
- Russia is trailing former Soviet republics despite greater natural resources and labor force.
- Consumption dropping throughout the 1990s but barter transactions have flourished.
- Estimates put three-fourths or more of functioning economy running on barter basis.

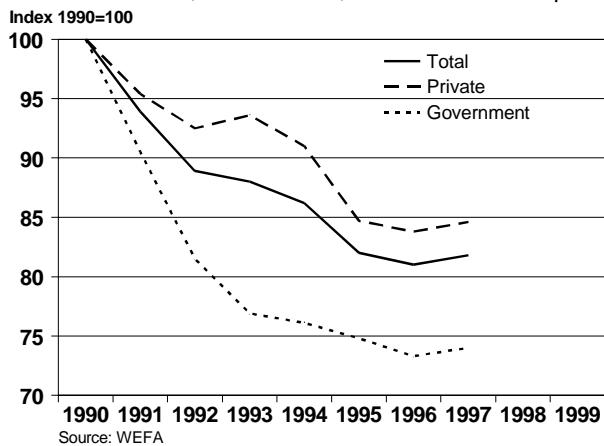
**Russia - Arms Exports**  
Arms Transfer Deliveries and Total Trade



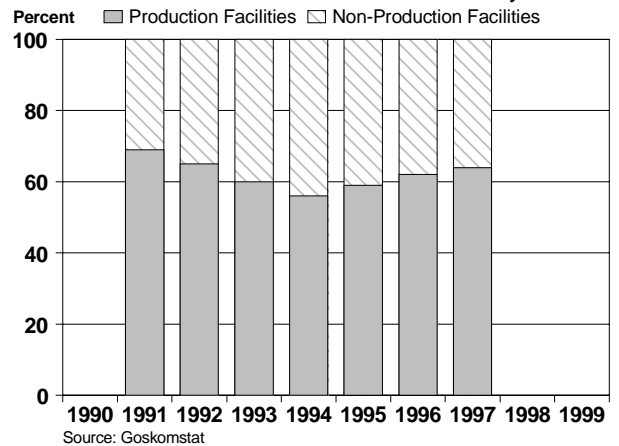
**Russia and Former Soviet Republic Comparison**  
Per Capita Income - Purchase Power Parity



**Russia - Consumption**  
Real Private, Government, and Total Consumption

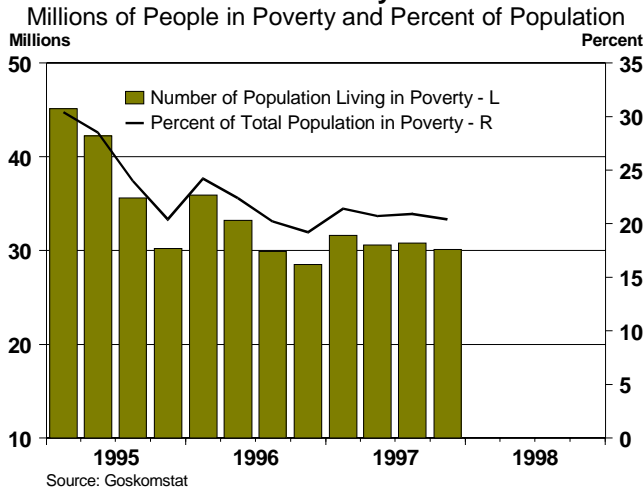


**Russia - Capital Investments**  
Percent of Production/Non-Production Facility Investment



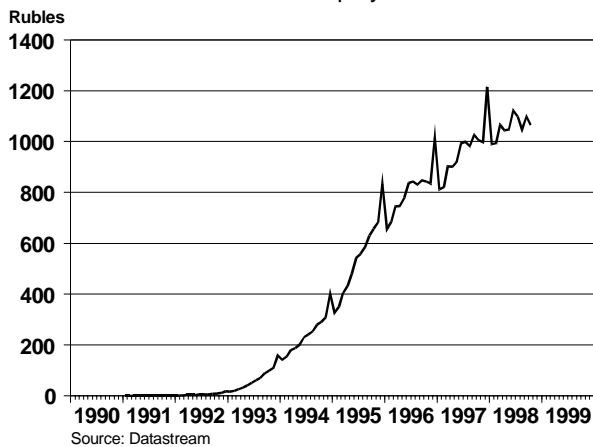
# Russia: Demographics

## Russia - Poverty Level



- Over 20% of the Russian population below poverty level.
- Russia may be superior to the US in many numerical social indicators. But quantity does not reflect quality.
- Russia ranks first in the world for the most legally induced abortions.
- Development of new housing is continuing at a stable pace under corporate and private construction groups.
- Privatization of apartments soared after the demise of communism, then decreased each year thereafter.
- Move to a market economy is very incomplete.

## Russia - Wages and Salaries Per Employee



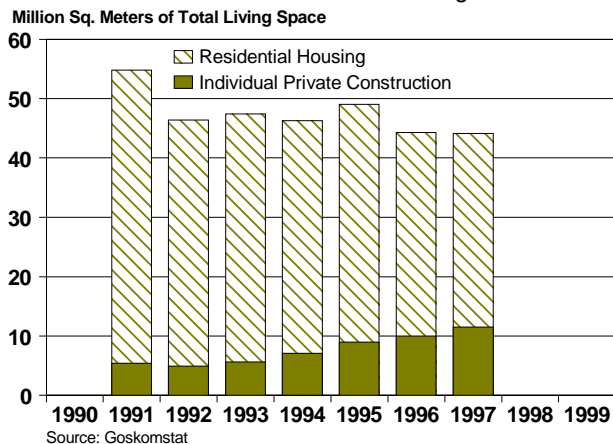
## Social Indicator and Public Expenditure Comparison

### Russia vs. United States

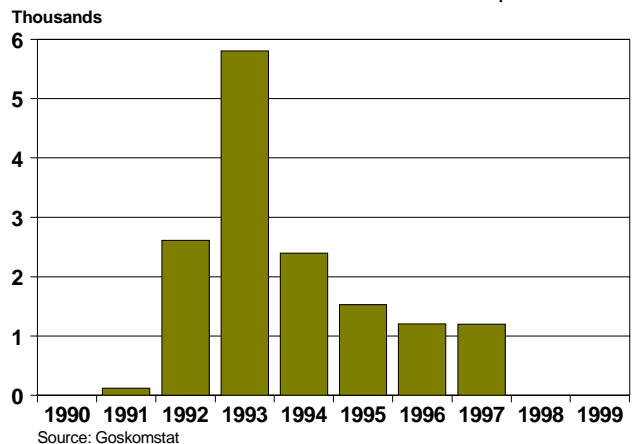
	Russia	US
Expenditure on Health ( as % of GDP)	3.0	12.7
Population Per Physician	241	385
Number of Hospitals	12265	6580
Expenditure on Education (as % of GDP)	4.3	5.5
Literacy Rate (%)	98.2	95.5
Number of Public Libraries	33200	9170
Expenditure on Social Welfare (as % of GDP)	7.9	6.7
Crime Rate (Offenses per 100,000 Population)	1857	5852
Divorce Rate (%)	60.8	52.2
Legal Induced Abortions (per 100 Live Births)	339.0	35.5

Sources: Illustrated Book of World Rankings; World Development Indicators

## Russia - Housing Increase of New Housing

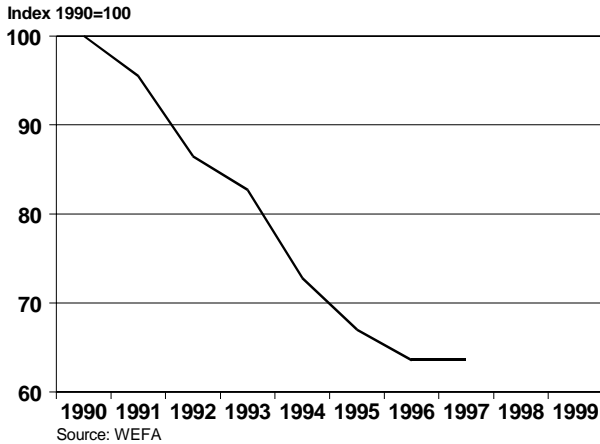


## Russia - Privatization of Apartments Privatization of Government and State Apartments



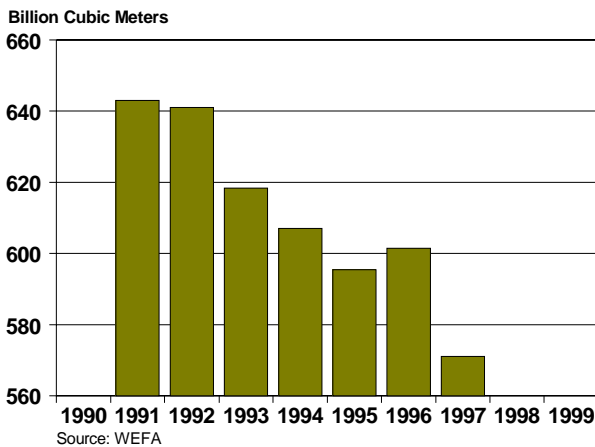
# Russia: Commodity Production

**Russia - Agriculture**  
Real Agriculture Production

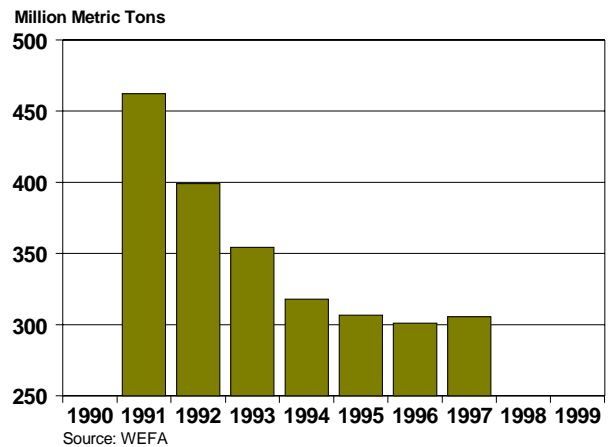


- Agriculture production has declined since 1990 and leveled off in 1997.
- Russia expecting worst harvest in decades from harsh weather conditions.
- Export revenues are down from low commodity prices and reduced production.
- Oil output – one of Russia’s largest exports – hit a 50-year low in 1998.
- Russia is the world leader in natural gas production.

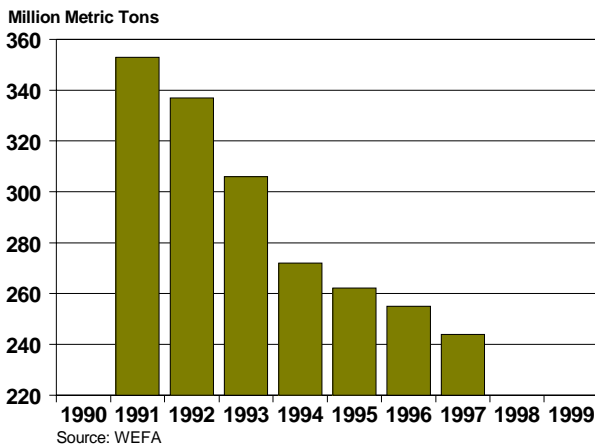
**Russia - Natural Gas**  
Natural Gas Production



**Russia - Crude Petroleum**  
Crude Petroleum Production



**Russia - Coal**  
Coal Production



**Percent of World Commodity Production by Russia**

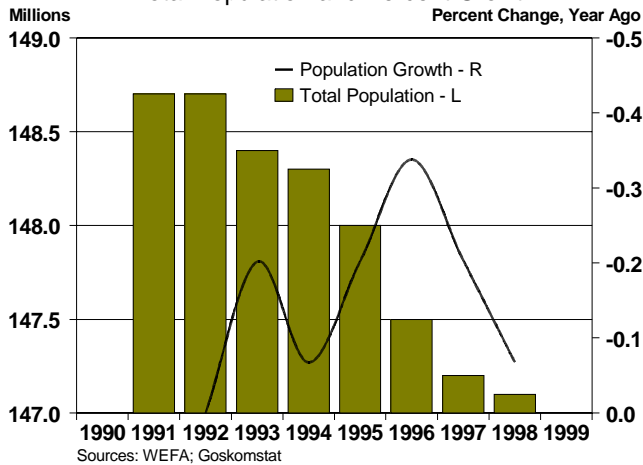
Natural Gas	32.5
Platinum	12.3
Crude Oil	8.9
Wheat	7.3
Gold	5.3
Copper	4.7
Live Cattle	3.3
Hogs	2.1

Source: Commodity Research Bureau

# Russia: Population

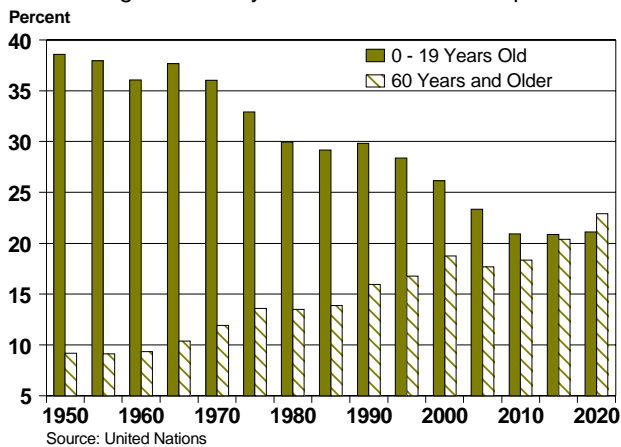
## Russia - Population

Total Population and Percent Growth

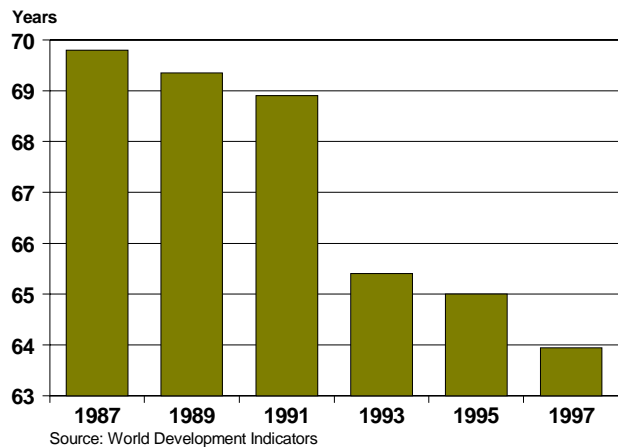


- Population growth and life expectancy decreased since “democratization” of Russia.
- Recent migration figures are evidence of massive departures, fewer arrivals.
- A higher death rate than birth rate is the result of the deterioration of health conditions.
- Medical supplies are difficult to find.
- Fewer births and a decreasing population growth forecast older dependents outnumbering young within 20 years.

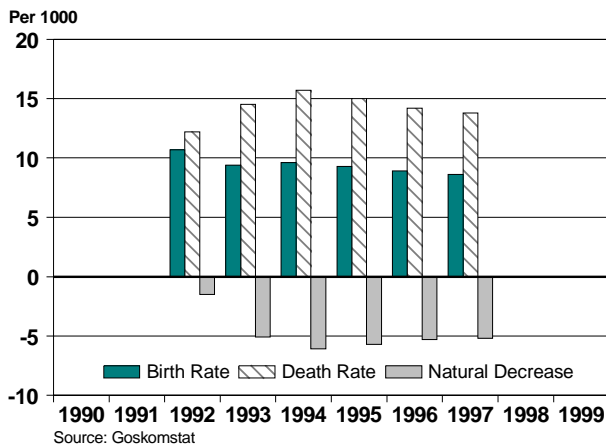
Russia - Young and Old Dependents  
Young and Elderly as Percent of Total Population



Russia - Life Expectancy  
Total Years



Russia - Birth and Death Rate  
Per 1000



Russia - Migration

Migration In-and-Outflow With Non-CIS and Baltic States  
Thousand Persons

