



NATIONAL RESEARCH  
UNIVERSITY

**Sergey Smirnov,**

Centre of Development Institute, Higher School of Economics (HSE)

# **THE COVID-19 RECESSION IN RUSSIA: SOME CONSENSUS-FORECASTS**

The HSE Survey of professional forecasters

Frankfurt am Main, 2020



# WHAT IS THE HSE SURVEY OF PROFESSIONAL FORECASTERS?

1. Quarterly e-mail survey starting from 2000Q1
2. On average, 25-28 respondents from commercial and investment banks, real-sector companies, and think-tanks from Russia and other countries
3. 18 annual macro indicators for current and coming years
4. Forecast of 5 annual macro indicators for 7 years
5. Forecast of 5 quarterly macro indicators for 8 quarters



# 5 KEY MACRO INDICATORS

7 years & 8 quarters

1. Real GDP, % change (y-o-y)
2. Consumer Price Index, % change (y-o-y)
3. Exchange Rate, RUB/USD (end of period)
4. CBR Key Interest Rate, % per annum (end of period)
5. Urals Oil Price, USD/bbl (average)



# THE LATEST HSE SPF (6-12 MAY, 2020)

## 28 respondents

Alfa Bank

BCS

Bloomberg Economics

Center of Macroeconomic Analysis & Short-term Forecasting

DC Institute (HSE)

Eurasian Fund for Stabilization and Development

Economic Expert Group

Economist Intelligence Unit

Institute of Economic Forecasting (RAS)

Institute of Economy (RAS)

ING Bank (EURASIA)

JPMorgan

LUKoil

Morgan Stanley

Nordea Bank

Oxford Economics

PF «Capital»

Promsvyazbank

Russian Direct Investment Fund

Raiffeisen Bank

Renaissance Capital

S&P Global Ratings

Sberbank CIB

Sberbank Center for Macroeconomic Research

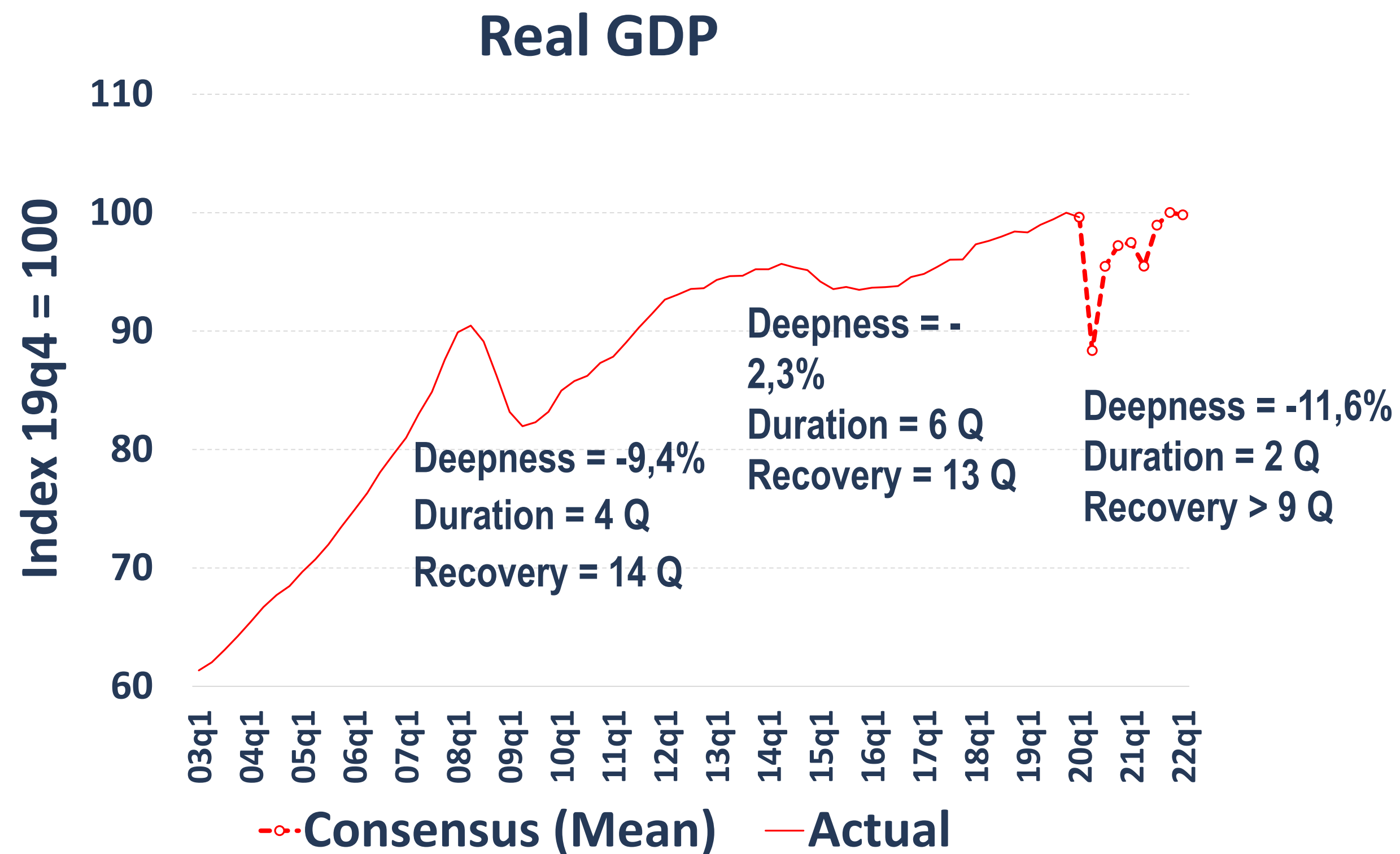
UBS

UniCredit Bank

VEB Institute

The Vienna Institute for International Economic Studies (WIIW)

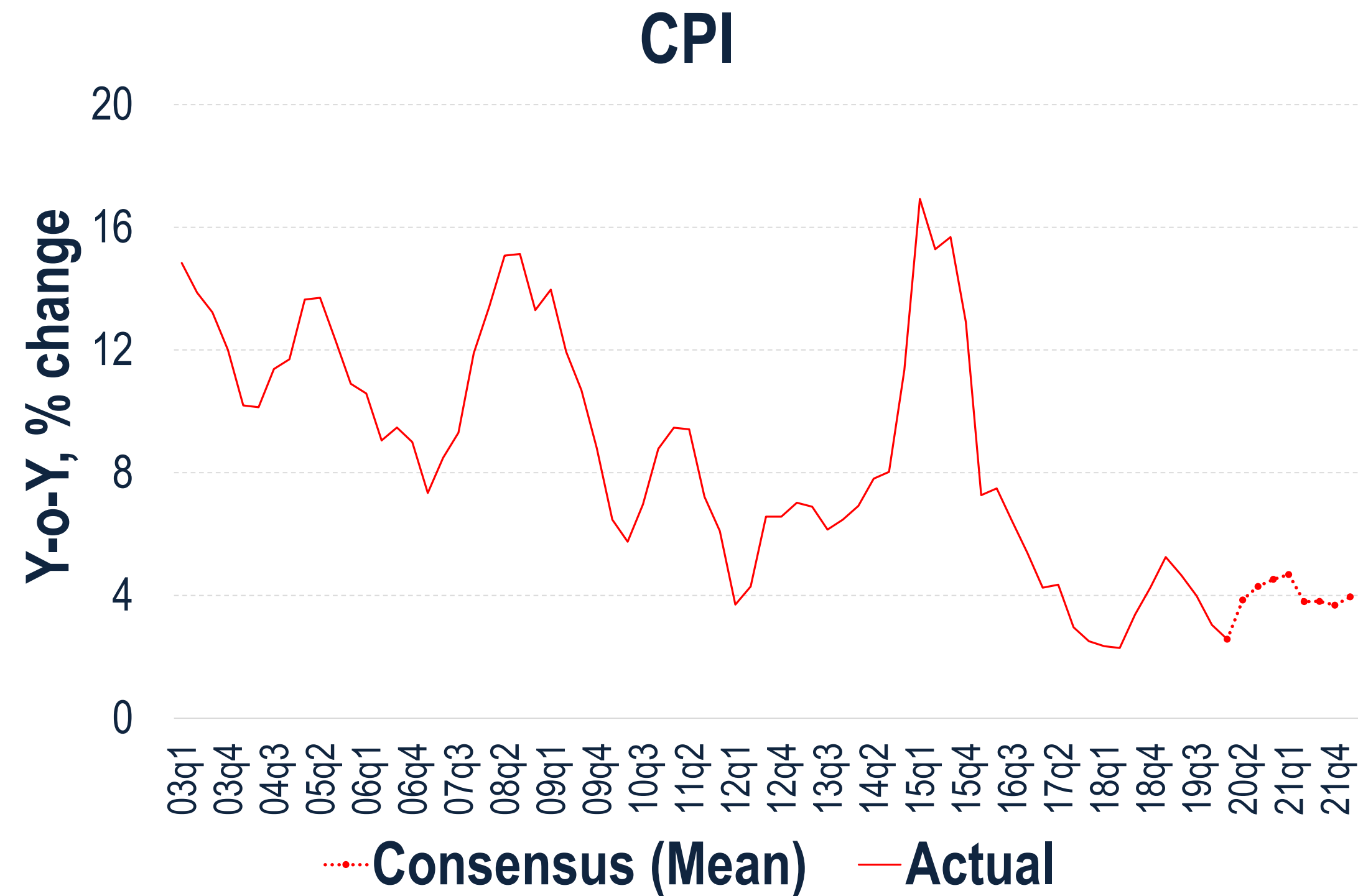
# THE COVID-19 RECESSION: REAL GDP



- Current recession is likely a V-shaped
- Full recovery will be achieved at the very end of 2021

Y-o-Y, %	20q2	20q3	20q4	21q1	21q2	21q3	21q4	22q1
Maximum	-6,0	6,0	1,5	0,0	19,0	8,4	6,4	5,0
Consensus	-10,7	-4,0	-2,8	-2,1	8,1	3,6	2,9	2,4
Minimum	-16,9	-9,1	-6,9	-4,9	-1,0	0,2	0,0	0,0

# THE COVID-19 RECESSION: CPI



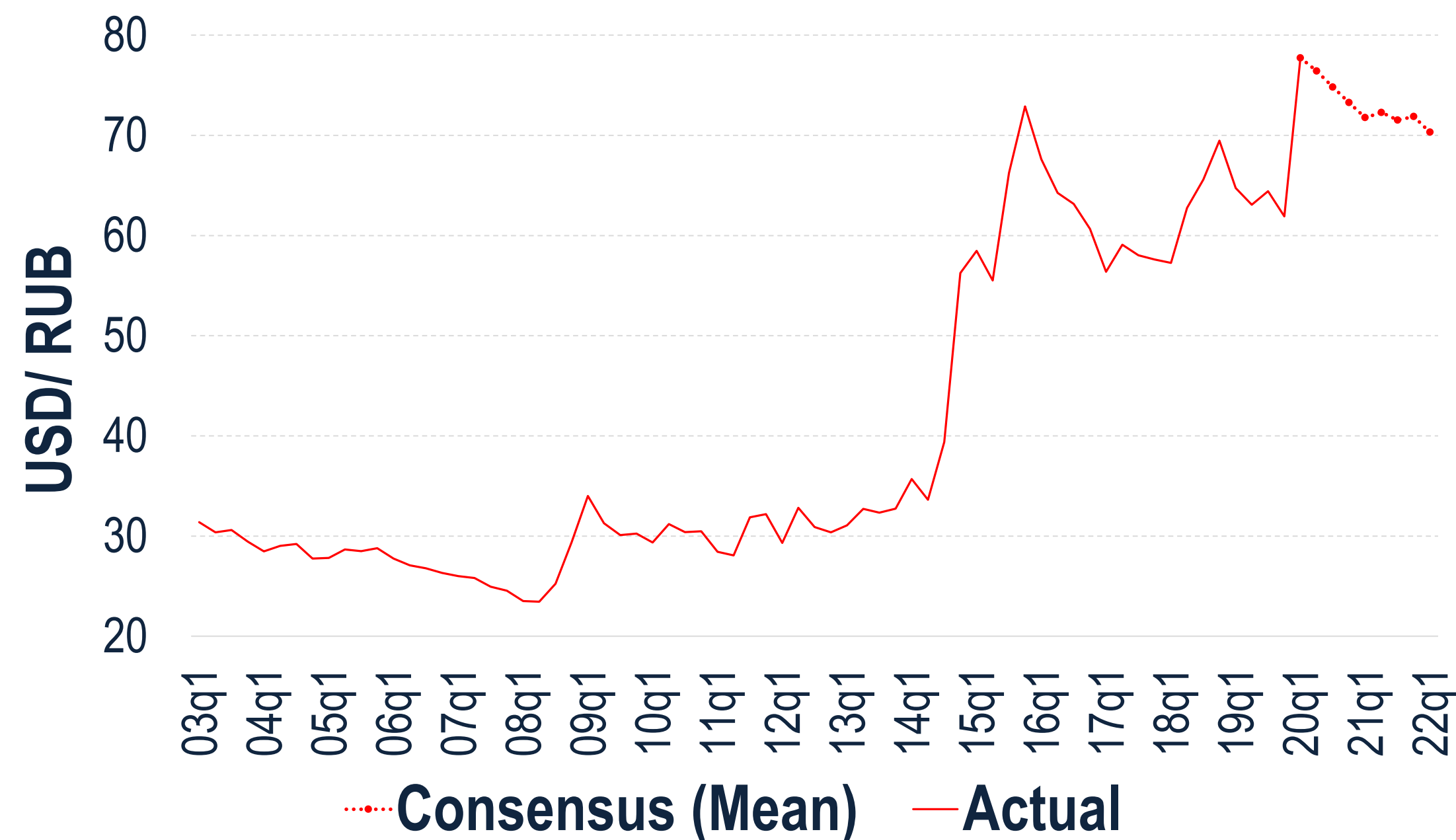
- **Low inflation risks**
- **Inflation will be close to the Central Bank of Russia target**

Y-o-Y, %	20q2	20q3	20q4	21q1	21q2	21q3	21q4	22q1
<b>Maximum</b>	5,2	6,1	6,0	6,3	5,2	6,4	4,5	4,5
<b>Consensus</b>	3,9	4,3	4,5	4,7	3,8	3,8	3,7	4,0
<b>Minimum</b>	3,1	3,4	3,6	3,6	2,6	1,9	2,2	3,2



# THE COVID-19 RECESSION: EXCHANGE RATE

Exchange Rate

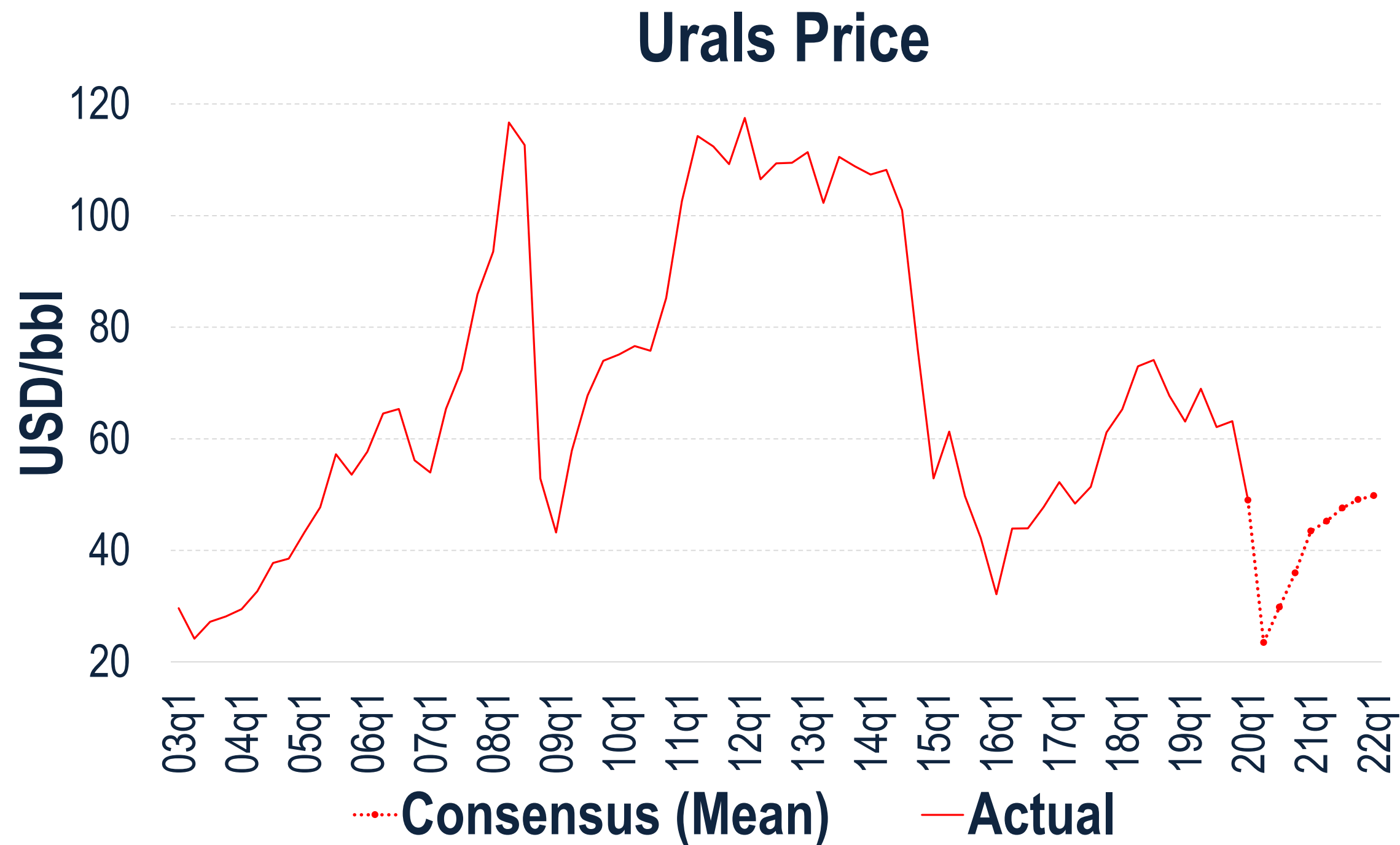


- Smooth strengthening of the ruble
- All estimates (incl. minimum) are rather moderate: current USD/RUB rate is 69,75

Y-o-Y, %	20q2	20q3	20q4	21q1	21q2	21q3	21q4	22q1
Maximum	85,0	80,0	85,0	76,5	85,0	80,0	85,0	73,8
Consensus	76,4	74,8	73,3	71,8	72,3	71,5	71,9	70,3
Minimum	71,0	70,0	67,0	68,0	67,0	66,0	65,0	67,6



# THE COVID-19 RECESSION: URALS OIL PRICE



- Recovery of the oil market
- In reality, the recovery is more rapid: current price is USD/bbl 40+

Y-o-Y, %	20q2	20q3	20q4	21q1	21q2	21q3	21q4	22q1
Maximum	35,0	37,0	45,0	67,0	68,0	69,0	69,0	63,0
Consensus	23,5	29,8	35,9	43,4	45,2	47,6	49,1	49,8
Minimum	17,0	20,0	24,0	29,0	34,0	35,6	36,6	45,7

---

# THE COVID-19 RECESSION VS CONSENSUS FORECASTS

1. It's rather a V-shaped recession but full recovery will be achieved only by the end of 2021
2. Inflation risks are low; the situation is fully under control from the Central Bank of Russia
3. Probably, the Central Bank of Russia will lower the key rate by 0,50-0,75 pp
4. Exchange rate (RUB/USD) and Urals oil price will return to the levels which are quite comfortable for Russia (in reality, the price recovery is even more rapid than the experts' anticipations)

# LONG-RUN CONSENSUS FORECASTS, 2020-2026

	2020	2021	2022	2023	2024	2025	2026
<b>REAL GDP, % CHANGE (Y-O-Y)</b>	-4,3	3,0	2,3	2,1	1,9	1,8	1,9
<b>CPI, % CHANGE (DEC./DEC.)</b>	4,7	3,8	3,9	3,9	3,8	3,8	3,9
<b>EXCHANGE RATE, USD/RUB (EOP)</b>	74,2	72,2	72	73,3	72,2	72,6	72,9
<b>KEY INTEREST RATE, % PER ANNUM (EOP)</b>	4,86	4,95	5,28	5,45	5,33	5,21	5,21
<b>URALS OIL PRICE, USD/BBL (AVERAGE)</b>	34,9	43,7	49,8	50,7	51,4	50,7	53,8

1. Long-run real GDP growth rate is less than 2% per year
2. Consumer inflation corresponds to the current CBR's target
3. Real CBR key rate is around 1-1,25%
4. Exchange rate (RUB/USD) is roughly stable
5. Urals oil price will be around 50 USD/bbl from beginning of 2022
6. Evidently, experts do not include the second wave of the COVID-19 pandemia into their estimates