



MARKET OVERVIEW



ECONOMIC FACTORS

GLOBAL ECONOMY

In 2020, the COVID-19 pandemic took the lives of nearly two million people, with the death toll continuing to grow. An even greater number of people suffered a severe disease form. The pandemic is expected to push nearly 90 million people into extreme poverty. Global economy is still recovering from the steep plunge it took in April 2020 amid the lockdown restrictions. However, due to the ongoing spread of COVID-19, many countries have slowed down the lifting of prohibitive prescriptions, while some other nations are reintroducing part of the lockdown restrictions to protect the most vulnerable groups of populations. The crisis caused by COVID-19 is one of the most economically challenging since World War II, as it led to a significant drop in business and trade activity across global markets (especially during the first wave in March–May 2020) and brought about considerable uncertainty over the near- and mid-term economic development prospects.

According to the IMF outlook¹, global economy will lose 4.4% in 2020, with a growth of 5.2% forecasted for 2021. That said, the scale and speed of recovery remain largely unknown. The IMF believes that industrial production in both advanced and developing economies will drop below the 2019 level. With its strong and resilient recovery rates, China stands out as one of the remarkable exceptions. According to the World Trade Organisation, global trade saw a sharp decline in the first half of 2020, comparable to the plunge experienced during the financial crisis of 2008–2009.

After the recovery in 2021, global growth rates are expected to gradually slow down to approximately 3.5% in the mid-term. This implies only limited progress toward catching up to the path of economic activity for 2020–2025 projected before the pandemic for both advanced and emerging market and developing economies. It is also a severe setback to the projected improvement in average living standards across all country groups.

¹ World Economic Outlook, IMF, October 2020



Evolution of global GDP, %

Countries	Actual											Forecast	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
World	5.1	3.9	3.4	3.3	3.4	3.2	3.2	3.7	3.6	2.8	(4.4)	5.2	
Advanced economies	3.0	1.7	1.2	1.4	1.8	2.1	1.7	2.3	2.2	1.7	(5.8)	3.9	
Emerging market and developing economies	7.4	6.2	5.1	4.7	4.6	4.0	4.3	4.7	4.5	3.7	(3.3)	6.0	

RUSSIAN ECONOMY

In 2020, the Russian economy faced unprecedented challenges due to the suspension of business activity in an attempt to stop the spread of COVID-19, as well as the drop in oil prices and export demand. The pandemic crisis led to a significant fall in Russian GDP, record-breaking reduction of real disposable incomes, growing unemployment rates, slowdown in consumption and investment, and, finally, a “staggering” budget

deficit (as the Russian authorities put it themselves). Estimates of the pandemic scale and timeline changed throughout the year. To date, the range of forecasts and projections is still very broad.

According to the forecast by the Russian Ministry of Economic Development, the GDP decline in 2020 will amount to 3.9%, with a growth of 3.3% projected for 2021.

The key assumption in the forecast

by the Russian Ministry of Economic Development is that of gradual global economic recovery, including the revival of foreign export demand. Oil and gas are not expected to dominate the export mix. The 2021 forecast also assumes the resumption of product and service imports (up by 10% in real terms) primarily driven by recovery in the service segment.

Russian economic growth

Item	Actual											Forecast	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F	
GDP, %	4.5	4.3	3.7	1.8	0.7	(2.0)	0.3	1.8	2.5	1.3	(3.9)	3.3	
Industrial production, %	7.3	5.0	3.4	0.4	1.7	(3.4)	1.1	2.1	2.9	2.3	(4.1)	2.6	