

contracted in April by 13.2 percent, year-on-year (and 2.3 percent compared to March) seasonally adjusted. The 0.1 percentage point decrease in the unemployment rate, month-

During March-April the ruble gained on average 18 percent against the US dollar compared to February while oil prices were up by just 4 percent. To prevent an excessive appreciation of the exchange rate, the CBR first increased the rates on foreign currency repos and cut key policy rates by 150 basis points. These measures had only limited impact on the market and the rally on the ruble continued into the first half of May. The CBR then canceled two auctions for 1-year foreign exchange repo facilities and on May 15 resumed interventions on the foreign exchange market with daily purchases of US\$150-200 million. These measures succeeded in triggering a market correction in the last week of May with the ruble depreciating by about 5 percent against the US dollar. With that the oil price and ruble exchange rate aligned again: the average RUB/US\$ exchange rate appreciated by 5.1 percent in May relative to April; while the average oil price increased by about 6.0 percent over the same period.

The 12-months Consumer Price Index fell to 15.8 percent from 16.4 percent in April; while core inflation decelerated to 17.1 from 17.4 percent. On a monthly basis, inflation slowed for both food and non-food items in the consumer basket, from 0.3 percent to 0.1 and from 0.9 to 0.5 percent, yet it picked up for services from 0.0 to 0.5 percent. Besides the strengthening ruble, the key driving factor is likely to be depressed consumer demand due to a sharp contraction in real wages (-13.2 percent in April).

Real wages

(percent, y-o-y)

(percent change, y-o-y)