



The reasons of high inflation in Russia

Rafael Uzyakov

Institute of economic forecasting

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Hikone

Dynamics of inflation

%, by corresponding period of previous year

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CPI	136.5	120.2	118.6	115.1	112	111.7	110.9	109	111.9	113.3	108.8
Incomes	164.2	137.5	134.2	128.9	131.0	124.0	126.5	125.7	123.6	118.6	113.0
M2	155.7	162.4	140.1	133.2	150.5	135.8	138.6	148.8	147.5	101.7	116.3
GDP	106.4	110.0	105.1	104.7	107.3	107.2	106.4	107.7	108.1	105.6	92.1
Investment	93.40	175.20	116.70	97.40	114.30	112.20	109.50	118.60	121.00	110.50	62.60

Even after a decade of economic growth in 1999-2008 inflation in Russia remains extremely high to world measures.

The structural factors

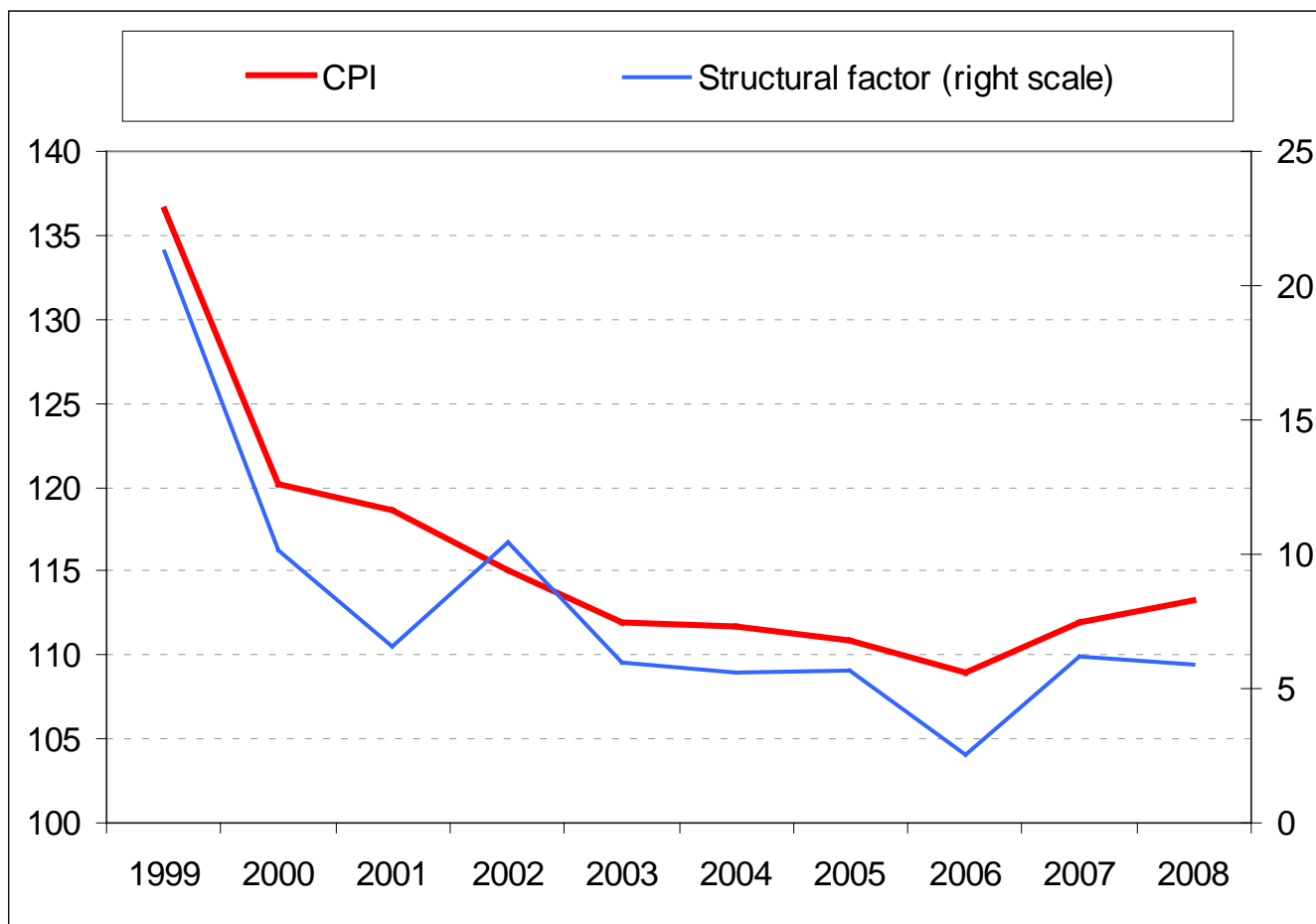


- The inflation of costs generated by distinction of the external and internal prices
- The inflation generated by the difference in levels of branches and enterprises technological development

- Monopoly
- In the circumstances of economic growth the technologically backward enterprises raise the wages level
- But they can not decrease the other cost articles
- It leads to a rise of prices

- The structural factor of inflation
- $Z = \sum |\Delta A^* a| / A$
- Where, Z – the structural factor, ΔA – the deviation of dynamics of branch output deflators from the deflator of total output
- A – the dynamic of total output deflator
- a – the share of the definite branch output in total output

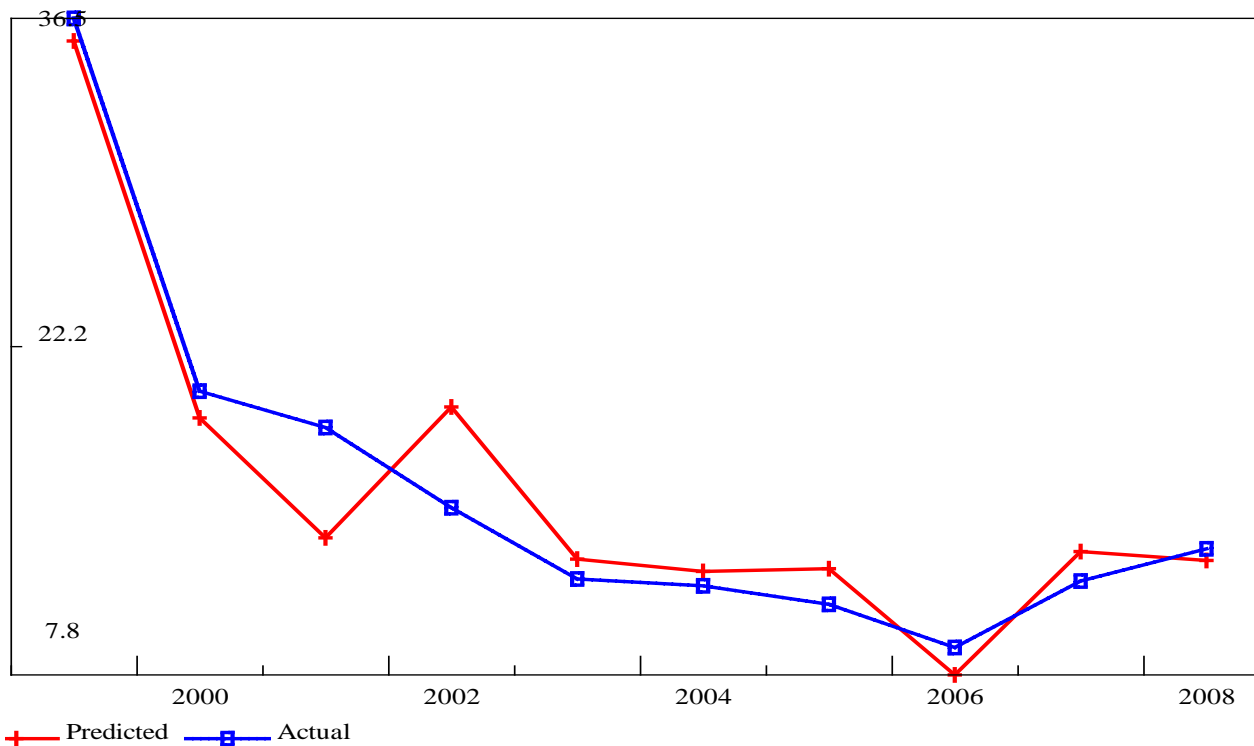
Dynamics of CPI and structural factor



r cpi = STRUCT

SEE = 2.27 RSQ = 0.9107 RHO = -0.24 Obser = 10 from 1999.000
 SEE+1 = 2.20 RBSQ = 0.8995 DW = 2.48 DoFree = 8 to 2008.000
 MAPE = 11.79

Variable name	Reg-Coeff	Mexval	Elas	NorRes	Mean	Beta
0 cpi	-----		15.92	---		
1 intercept	4.05957	36.7	0.25	11.20	1.00	
2 STRUCT	1.47959	234.7	0.75	1.00	8.02	0.954





ИИП РАН

Thank you for your attention