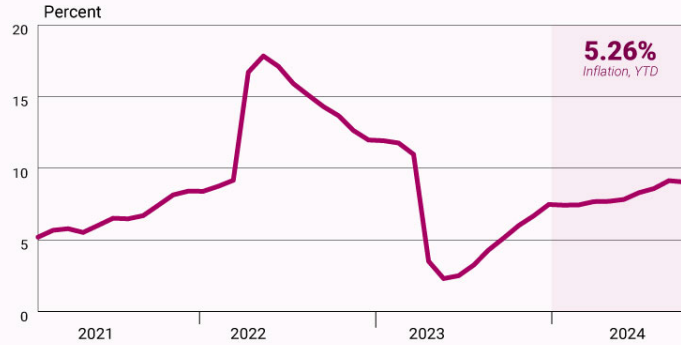


Dark Clouds Over the Russian Economy

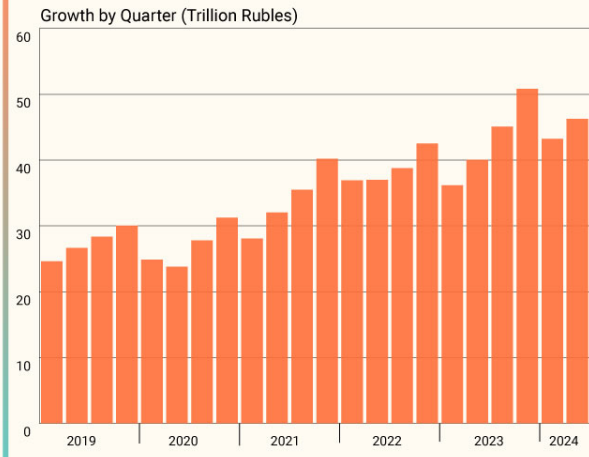
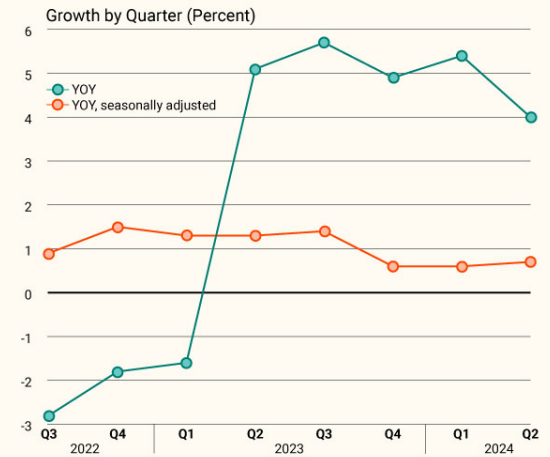
by Geopolitical Futures - October 4, 2024

Signs of Weakness in the Russian Economy

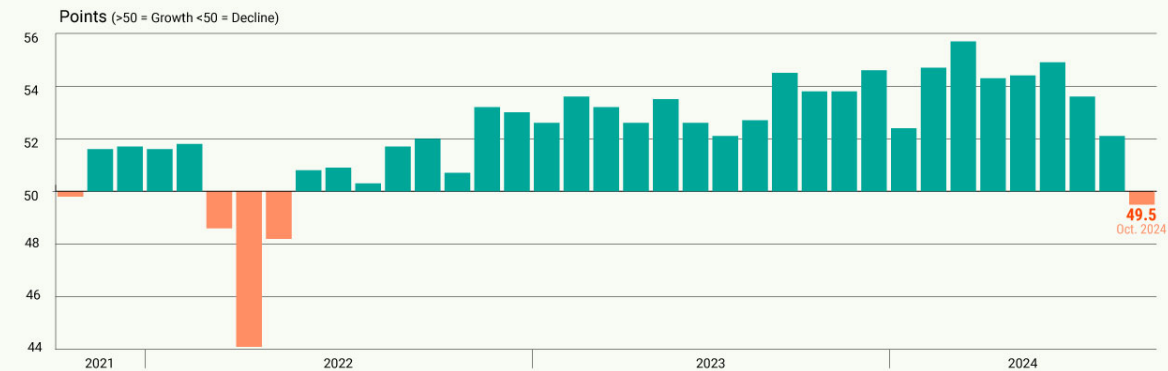
INFLATION



GDP



PURCHASING MANAGERS' INDEX (PMI)



Source: VEB Institute, StatBureau

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[\(click to enlarge\)](#)

International sanctions, disrupted logistics, rising prices and inflation expectations, and the difficulties of replacing banned imports with homegrown substitutes have placed heavy strain on the Russian

economy. The government has concealed these challenges to some extent through measures to boost wages, consumption and production, leading to several months of strong growth. However, recent GDP data and other indicators point to a slowdown as supply and demand imbalances emerge.

Limited production capacity, a weak ruble, tighter Western sanctions and labor shortages are constraining growth, while the central bank resists easing monetary policy to control inflation. Although demand remains high, business sentiment is worsening, and the economy remains vulnerable and far from a stable growth path.

Author: Geopolitical Futures

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