

## Russian industry propelled by calendar effect

Russian industrial output was propelled from 2.1% year-on-year in 1Q to 4.9% YoY in April, mostly thanks to strong statistical effects of 2.0-2.5 percentage points. Still, later into the year, industry might receive actual support from state infrastructure spending



# +4.9%

## April industrial output (YoY)

+2.8% YoY in 4M19

Better than expected

We advise not to read too much into the above-consensus 4.9% YoY growth of industrial production reported for April. According to our estimates, 2.0-2.5 percentage points of this growth were attributable to the extra workday of April 2019 vs. April 2018 (22 vs 21) and a subtle lowering of the statistical base of April 2018 (seasonally adjusted m/m growth has been downgraded from +0.2% to -0.4%).

Stripped of these statistical effects, growth in April is only slightly higher than the 2.1% YoY rate seen in 1Q.

Given the adverse calendar effects for May (-2 workdays vs May 2018) and June (-1 workday vs June 2018) the near-term industrial output numbers are more likely to return to the 0-1% YoY range.

Later in the year, however, industry may receive actual support from the implementation of the state National Projects. As of 1Q, only 13% of the RUB1.7 trillion budgeted for 2019 has been spent and state spending on the national economy, representing infrastructure investments and other support to industry, has been down 20% YoY. We expect to see some recovery in industrial output growth in 2H19.

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