

The Ruble's free fall in November after a large depreciation in October is a growing risk for the stability of the economy.

much in 2015 and there is no need to panic at the crude price drop". On the demand side, weak economic data from the Euro Areas and a number of emerging economies, including Russia, have exerted downward pressure on prices.

Industrial production rose 2.8 percent growth in September, year-on-year, after stagnating in August. The recovery was broad-based with manufacturing output expanding by 3.6 percent and extractive industries by 2.4 percent. Import substitution due to the weaker Ruble and increased production in the military complex were key factors for this improvement. Agriculture output expanded by 16.6 percent in September, year-on-year as a result of a rich grain harvest and continued restrictions on food imports. Nevertheless, the manufacturing PMI by HSBC remained practically unchanged at 50.3 in October, narrowly above the 50-point level indicating a contraction.

Retail trade and market services growth edged up marginally, yet growth in both sectors remains at less than half of last year levels at 3.2 and 3.1 percent respectively. Slowing income growth is limiting demand for non-tradable services: real wage growth dipped into negative territory in September (-1 percent) for the first time since the 2009 crisis and real disposable income growth slowed to just 0.6 percent from 3.9 percent in August. Western sanctions imposed on Russia in July-September weigh negatively on investment activities. Increased funding

In the US the recovery is firmly underway, with third-quarter GDP numbers confirming a broad-based pick-up in demand, while recent labor market data and declining energy costs point to strengthening consumer spending ahead. In contrast, activity and confidence remain worryingly low in the Euro Area, while growth is still fragile in Japan. In Japan, a weak Yen has failed to boost exports, and, the Bank of Japan surprised markets in end-October by significantly expanding its government bond purchase program. Meanwhile, major emerging economies are moving sideways. In China, high-