

# RUSSIA RELATED ANALYTICAL DIGEST ON MAY 2026

**“FROM ECONOMIC SLOWDOWN TO SOCIAL PRESSURE AND SIGNS OF SYSTEMIC STRAIN: FISCAL STRESS, SOCIAL TENSIONS, AND STATE CONTROL”**

The world needs a proactive strategy on Russia, taking the initiative by developing and communicating a clear strategic vision for Ukraine, along with a plan to contain and counter Russian influence.

The **National Interests Advocacy Network "ANTS"** monitors and studies not only the state of the Ukrainian economy and society, but also the Russian economy and Russian society, in order to have an objective understanding of the situation in that country, rather than relying on the bluff, hybrid aggression and disinformation on which Vladimir Putin's policy is built.

Fortunately, in the modern world it is difficult to conceal facts; realistic conclusions can be drawn through timely and critical data analysis, coupled with instant access to the Russian and international information environment and a deep understanding of socio-economic and political processes.

**The head of our organization, Dr. Hanna Hopko, former chair of the Foreign Affairs Committee of the Verkhovna Rada of Ukraine,** is making significant efforts at the international level to advocate for the cessation of appeasement of the aggressor, who should not be irrationally feared, because his economy and social processes are far from being in the best shape.





Ihor Krupka

# Brief analysis of the economic and political situation in Russia in May 2026

## Economy

The analysis of the materials in the economic section of the May 2026 digest indicates the deepening of systemic imbalances in the economy of the Russian Federation and a gradual transition from a stage of war-stimulated growth to stagnation with certain signs of recession. Despite some positive statistical indicators, the main macroeconomic trends reflect a deterioration in the state's financial position, a decline in business investment activity and rising budgetary risks.

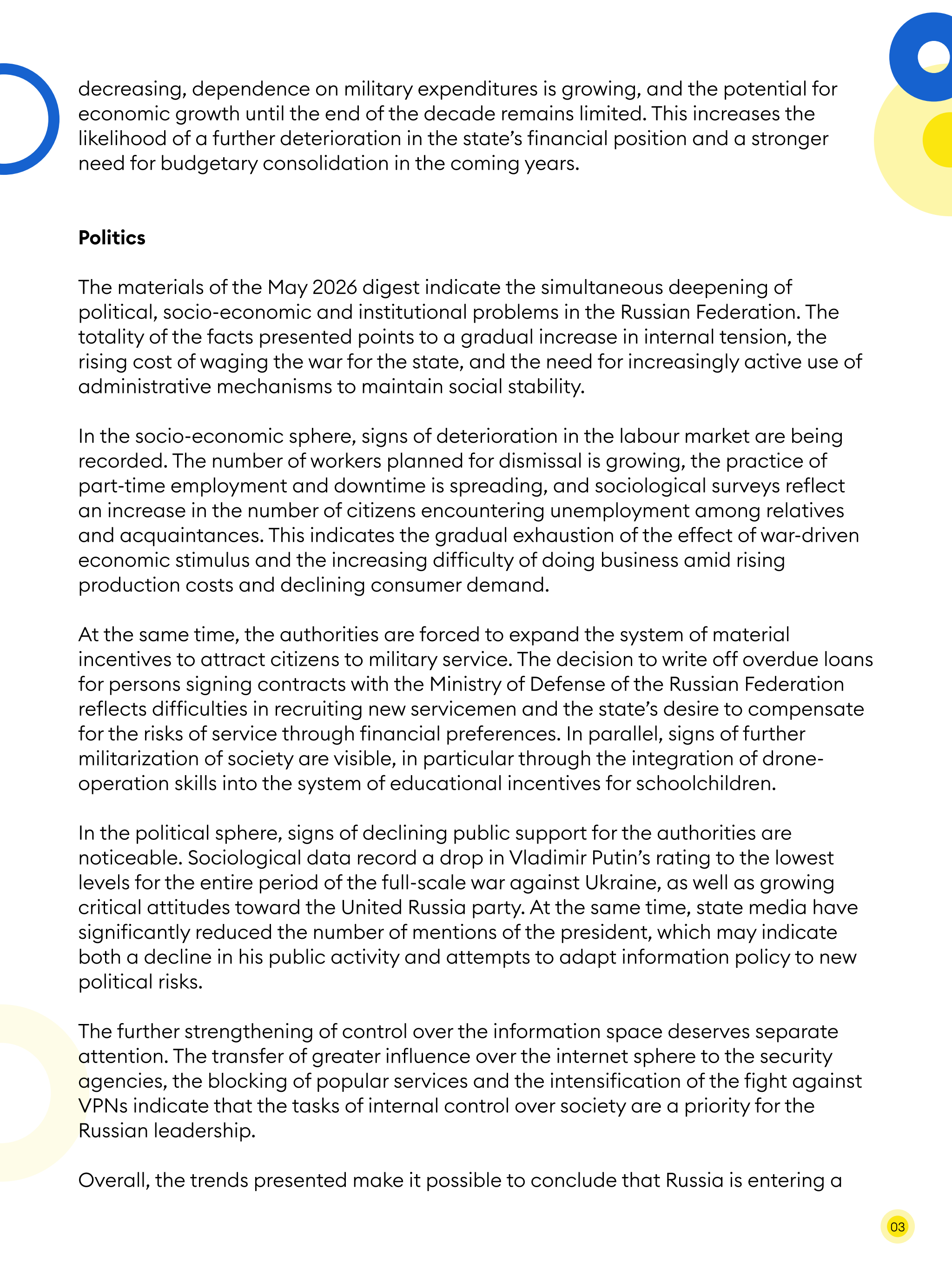
The most alarming signal is the rapid deterioration of the federal budget. In the first four months of 2026, the deficit reached almost 5.9 trillion rubles and had already significantly exceeded the annual plan. Even additional oil and gas revenues linked to rising energy prices due to the war in the Middle East are unable to offset the losses caused by the economic slowdown and rising expenditures. The government has effectively acknowledged the problem by considering a budget sequestration and the freezing of civilian expenditures in the coming years.

At the same time, the investment climate is deteriorating sharply. Indicators of investment activity among industrial enterprises have fallen to their lowest levels in the past sixteen years. Businesses cite a shortage of their own funds, uncertainty about the economic situation, weak demand and high lending rates as the main obstacles. This means that enterprises are reducing investment in the modernization of production and are effectively abandoning long-term investment projects.

At the same time, official data on the recovery of industrial production do not change the overall picture. The main source of growth remains the sectors linked to the military-industrial complex, while the civilian economy is showing much weaker dynamics. Actual growth is driven mainly by state military orders, which does not create the prerequisites for sustainable economic development in the medium and long term.

Additional indicators of the deterioration of the economic situation include the rise in wage arrears to the highest level since 2019, shortages of certain types of fuel due to problems at oil refineries (as a result of strikes against them by the Armed Forces of Ukraine), and the growing scale of capital outflows abroad. These processes indicate declining business confidence in the prospects of the Russian economy and the strengthening of structural problems.

Hence, all above makes it possible to conclude that the Russian economy is entering a phase of decline. Budgetary sustainability is weakening, investment activity is



decreasing, dependence on military expenditures is growing, and the potential for economic growth until the end of the decade remains limited. This increases the likelihood of a further deterioration in the state's financial position and a stronger need for budgetary consolidation in the coming years.

## **Politics**

The materials of the May 2026 digest indicate the simultaneous deepening of political, socio-economic and institutional problems in the Russian Federation. The totality of the facts presented points to a gradual increase in internal tension, the rising cost of waging the war for the state, and the need for increasingly active use of administrative mechanisms to maintain social stability.



In the socio-economic sphere, signs of deterioration in the labour market are being recorded. The number of workers planned for dismissal is growing, the practice of part-time employment and downtime is spreading, and sociological surveys reflect an increase in the number of citizens encountering unemployment among relatives and acquaintances. This indicates the gradual exhaustion of the effect of war-driven economic stimulus and the increasing difficulty of doing business amid rising production costs and declining consumer demand.

At the same time, the authorities are forced to expand the system of material incentives to attract citizens to military service. The decision to write off overdue loans for persons signing contracts with the Ministry of Defense of the Russian Federation reflects difficulties in recruiting new servicemen and the state's desire to compensate for the risks of service through financial preferences. In parallel, signs of further militarization of society are visible, in particular through the integration of drone-operation skills into the system of educational incentives for schoolchildren.

In the political sphere, signs of declining public support for the authorities are noticeable. Sociological data record a drop in Vladimir Putin's rating to the lowest levels for the entire period of the full-scale war against Ukraine, as well as growing critical attitudes toward the United Russia party. At the same time, state media have significantly reduced the number of mentions of the president, which may indicate both a decline in his public activity and attempts to adapt information policy to new political risks.

The further strengthening of control over the information space deserves separate attention. The transfer of greater influence over the internet sphere to the security agencies, the blocking of popular services and the intensification of the fight against VPNs indicate that the tasks of internal control over society are a priority for the Russian leadership.

Overall, the trends presented make it possible to conclude that Russia is entering a



period of growing internal challenges. The deterioration of economic dynamics and public sentiment, the expansion of social spending to support the war, and the strengthening of administrative control are forming signs of a gradual increase in systemic risks for Russia's political and socio-economic model.

# Mosaic of Russian economic news for May 2026

## Russia's economy is entering a period of decline, budget deficit and reduced investment

### The Russian economy has entered the zone of decline

After the effect of the wartime boom came to an end, preliminary estimates for the first quarter of 2026 show the Russian economy moving into negative dynamics in the range of approximately -0.3% to -0.7% of GDP. The weakest links were construction, transport and part of industry, which for the first time since 2022 itself moved into negative territory.

### Russia's budget deficit has almost doubled

In the first four months of 2026, the federal budget deficit rose to 5.88 trillion rubles, roughly twice as much as in the same period of the previous year. The main reasons are shortfalls in oil and gas revenues, the slowdown of the economy, and rising expenditures on defense and servicing the public debt.

### The government is preparing to cut civilian expenditures

Against the backdrop of failing revenues, the Russian authorities are effectively preparing for budgetary consolidation and the selection of priorities among expenditures. Non-interest and non-military items are most likely to be cut, while defense and security spending will remain protected.

### The GDP growth forecast has been lowered almost to zero

The government revised its expectations for economic growth in 2026 from 1.3% to only 0.4%, that is, practically to the verge of stagnation. This forecast implies lower investment, slower growth in household incomes, constrained consumption and the persistence of inflationary pressure.

### Ukrainian drone strikes are hitting industry and fuel production

The Central Bank of Russia acknowledged that the temporary loss of production capacity may restrain the recovery of economic activity, with the main cause being attacks on oil refineries, ports, fertilizer plants and defense enterprises. The



consequence has been a shortage of gasoline, especially AI-95, with the risk of a worsening deficit during the summer season of high demand.

### **Industrial companies are cutting investment at a record pace**

Enterprise surveys showed the worst assessments of investment activity in many years: only 38% of industrial companies described their investment levels as normal. Businesses are constrained by a shortage of their own funds, economic uncertainty, weak demand and high lending rates.

### **Oil revenues no longer guarantee budget stability**

Even additional revenues from more expensive oil do not cover the budgetary problems, because the accumulated shortfalls of the first quarter remain significant. If economic activity and corporate profits continue to fall, non-oil-and-gas revenues will also decline, and the deficit may prove to be much higher than planned.

### **Business is more actively moving money out of Russia**

The Federal Tax Service recorded an increase in questionable cross-border transactions, including loans to foreign entities that may be used as a scheme for capital outflow. The scale of such transactions is already estimated in the hundreds of billions of rubles, indicating business distrust of domestic economic prospects.

### **Wage arrears have reached their highest level since 2019**

Overdue wage payments of Russian organizations rose in April 2026 to 2.88 billion rubles, the highest figure since the end of 2019. The main reason is a shortage of enterprises' own funds, with the largest arrears accumulated in energy, construction and manufacturing.

### **“Unprecedented” relations with China do not solve economic problems**

Despite the Kremlin's statements about a record level of partnership with China, trade turnover between the countries declined in 2025, while agreements on Power of Siberia 2 remain uncertain (effectively without result). This shows that even the Chinese track does not compensate Russia for losses caused by sanctions restrictions. Economic cooperation is proving weaker than official rhetoric suggests.

**[Read more](#)**

# Mosaic of socio-political news from Russia in May 2026

## From Recruitment Crisis to Public Anxiety: Control, Mobilization and Public Discontent

### **Personnel crisis: the Kremlin's model of contract recruitment for the war has begun to fail**

The flow of Russians willing to sign a contract to participate in the war against Ukraine, according to indirect estimates, declined by 20-25% at the end of 2025 and the beginning of 2026. Even a sharp increase in payments no longer compensates for fear of large losses, the indefinite term of service, internal violence in the troops and society's increasingly negative attitude toward war participants.

### **Russian authorities want to ban media from writing about school attacks**

Russia is preparing restrictions on the dissemination of information about armed attacks on educational institutions in the media and on social networks, explaining this as a fight against the "heroization" of attackers. In practice, this is another mechanism of censorship that will allow the authorities to conceal acute social problems instead of openly discussing their causes.

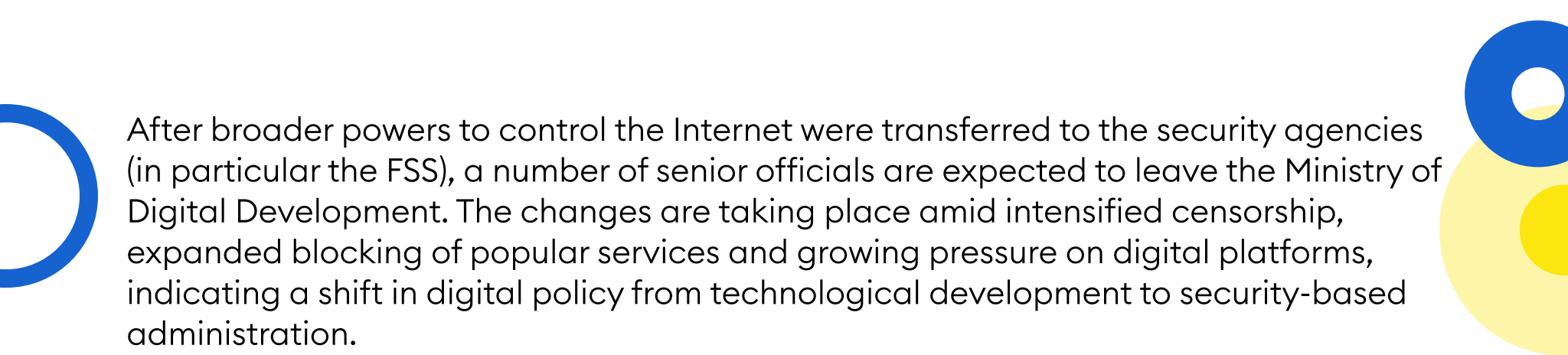
### **Rosstat has closed population data, causing official statistics to lose accuracy**

After up-to-date population data disappeared from open access, agencies have been forced to calculate morbidity, service coverage and crime based on outdated indicators. This creates increasing distortions: even in individual examples, the difference between real and "frozen" calculations reaches 15-17%.

### **Genetic research on Russians is to be placed under the control of security agencies**

The Russian authorities are preparing new rules that will require state approval for the publication of genetic studies abroad, through an interagency commission involving the FSS (Federal Security Service), the FIS (Foreign Intelligence Service) and other structures. These measures may affect a wide range of medical and scientific work, including cancer research and population genetics.

### **Digital pressure: control over the Internet is passing to the security agencies**



After broader powers to control the Internet were transferred to the security agencies (in particular the FSS), a number of senior officials are expected to leave the Ministry of Digital Development. The changes are taking place amid intensified censorship, expanded blocking of popular services and growing pressure on digital platforms, indicating a shift in digital policy from technological development to security-based administration.

### **Labor-market tension: the wave of layoffs in Russia has become a noticeable political problem**

The number of workers recommended for dismissal has risen by 43% and exceeded 105,000, while cuts have already affected IT, the financial sector, trade, industry and construction. Companies are trying to reduce losses caused by falling demand and rising costs, undermining one of the authorities' main arguments about a "stable" labour market.

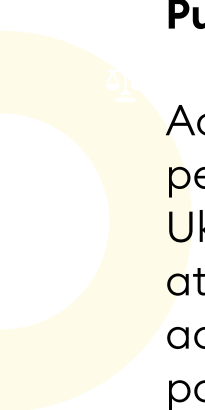
### **Militarization of education: schoolchildren will receive bonuses for drone-operation skills**

Russian schoolchildren will be able to receive additional points when applying to higher education institutions for demonstrating drone-operation skills. The initiative reflects the increasingly deep integration of military-oriented competencies into the education system, as schoolchildren's individual achievements are adapted to the state's wartime needs.

### **New contract soldiers have been allowed to write off overdue loans**

The State Duma and Putin supported a mechanism under which Russians who signed a contract with the Ministry of Defense from May 2026 may avoid repaying overdue loans of up to 10 million rubles. This step appears to be an attempt to compensate for the declining attractiveness of military service through financial benefits for people with debt problems.

### **Putin's rating has fallen to the level of the first week of the full-scale war**



According to POF (the Public Opinion Foundation), the assessment of Putin's performance fell to 71%, that is, to the level recorded in the first week of the invasion of Ukraine. At the same time, distrust, dissatisfaction with the authorities and negative attitudes toward "United Russia" [political party] have increased, indicating the accumulation of political fatigue in society and growing dissatisfaction with state policy.

## **State media have sharply reduced the number of reports about Putin**

TASS, RIA Novosti and Interfax began writing about Putin two to three times less often in the first months of the year, which is linked to a decline in his public activity and the strengthening of security measures. The reduced presence of the president in the information space looks unusual for a system built around the personal image of the leader.

**[Read more](#)**

## **ANTS is open to cooperation! The most accurate information on your desk before anyone else!**

NGO National Interests Advocacy Network ANTS is a non-governmental organization, a powerful analytical center working to develop a strategy for countering the threat from Russia and its allies. We are open to proposals for cooperation in this direction for a deeper awareness of our partners and allies about socio-political and economic processes in Russia and Ukraine, and therefore a more profitable strategy for dealing with threats.

We offer operational and high-quality monitoring, analytics, joint events, briefings and discussions.

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