



**EUROPEAN  
DEPARTMENT**

# **Russia – response to dual COVID-19 and oil price shock**

**DECEMBER 2020**

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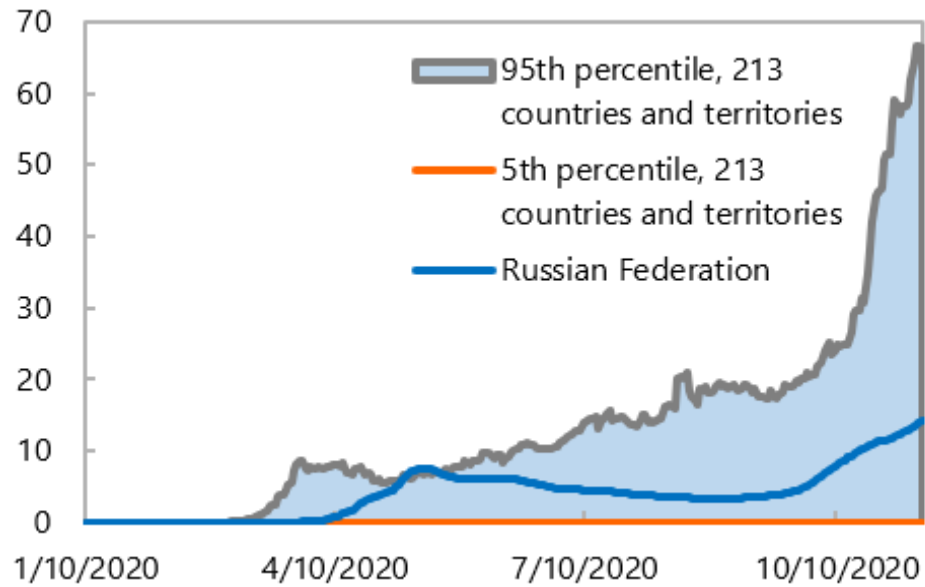
Resident Representative Russian Federation



# Russia is hit hard by the COVID-19 shock

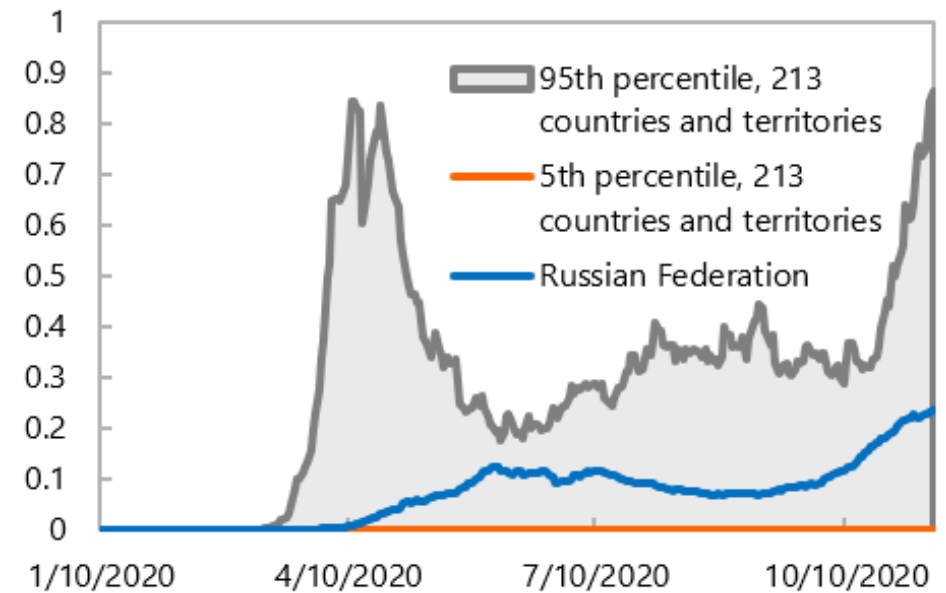
## Daily New COVID-19 Cases per 100,000 Population

(7-day moving average)



## Daily Death Cases per 100,000 Population

(7-day moving average)



Source: WHO, staff calculations.

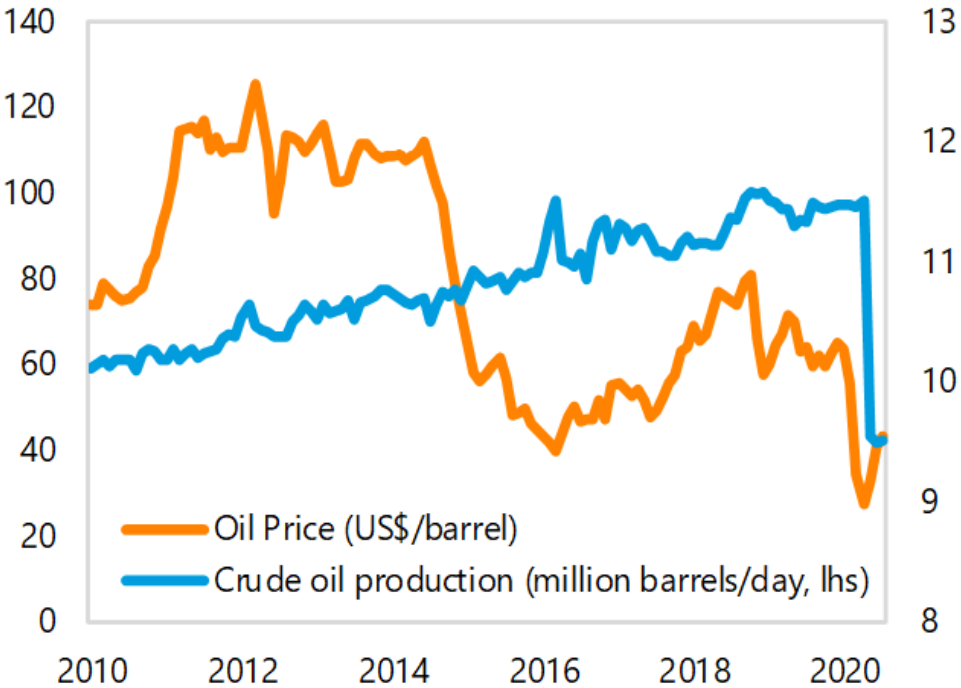
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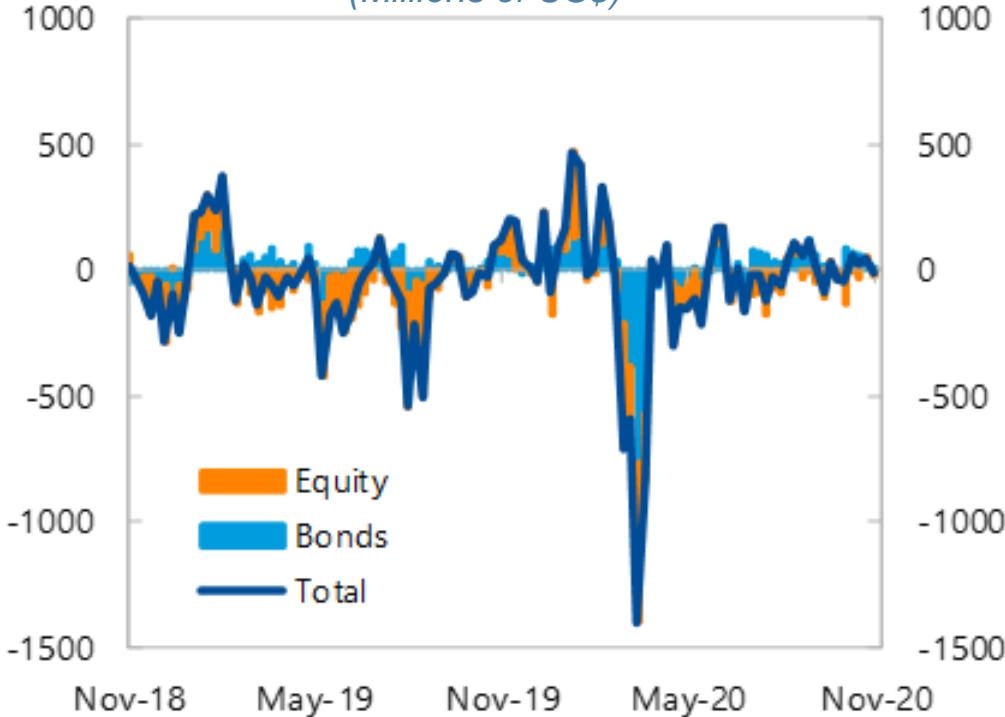
# The shock is compounded by a collapse in oil prices

### Russia's Oil Production



### Non-Resident Portfolio Flows

(Millions of US\$)

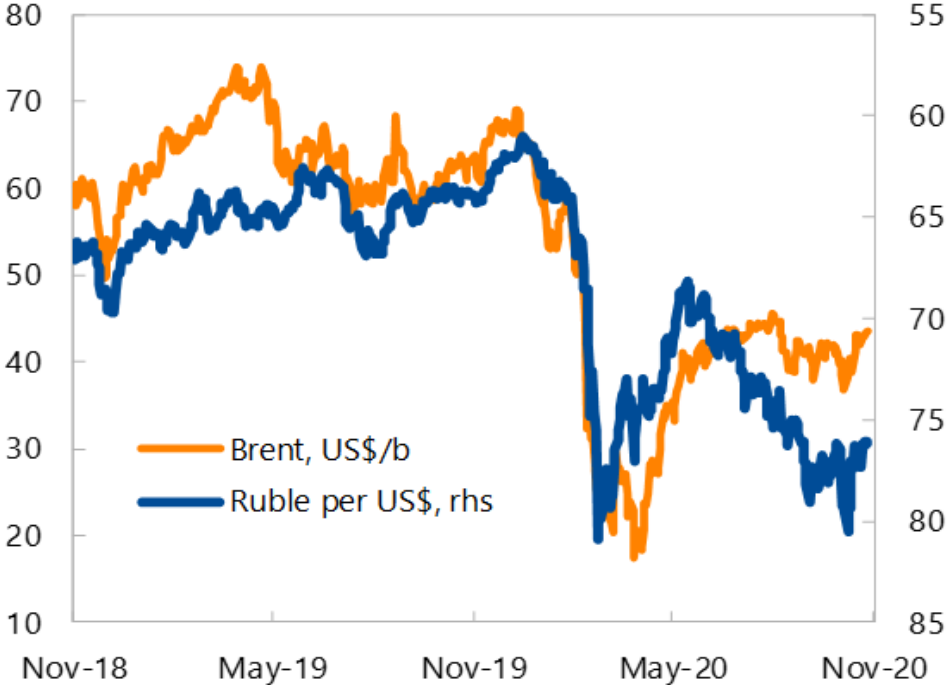


Sources: Haver Analytics, Bank of Russia, EPFR Global.



# The ruble depreciates and yields spike

Exchange Rate and Oil Price



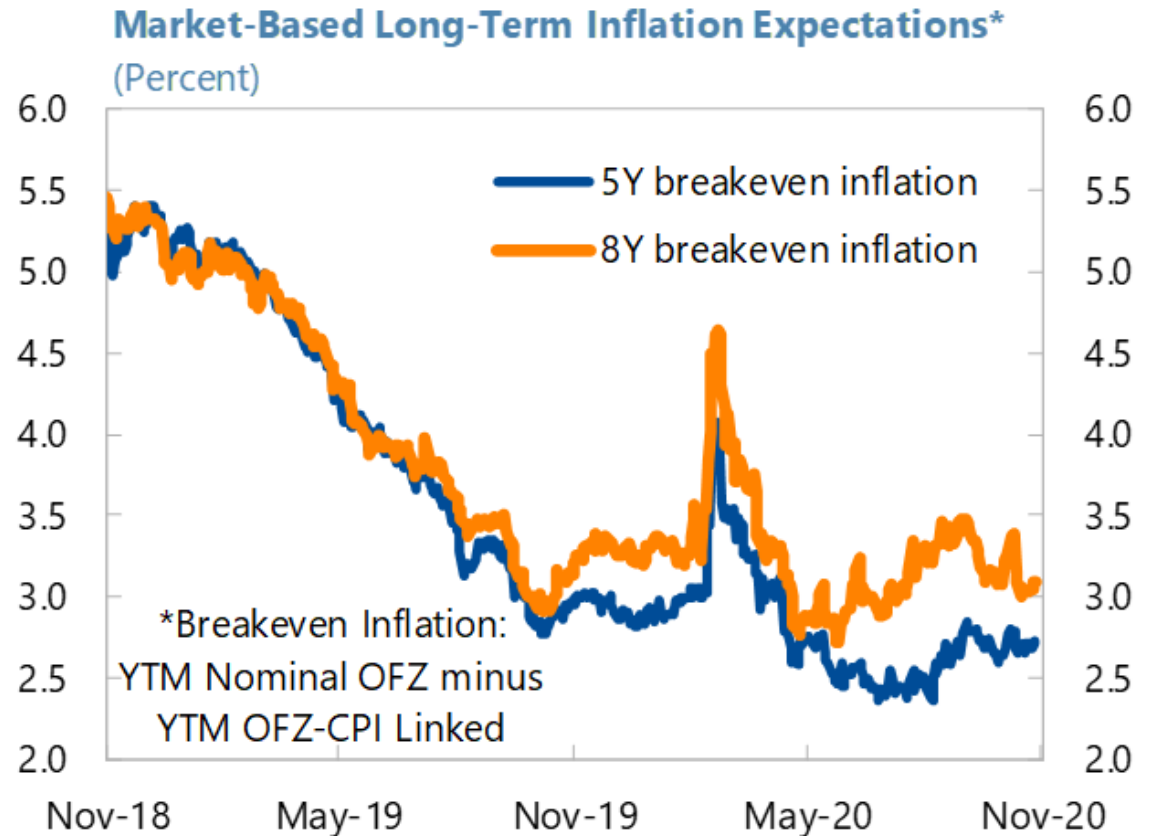
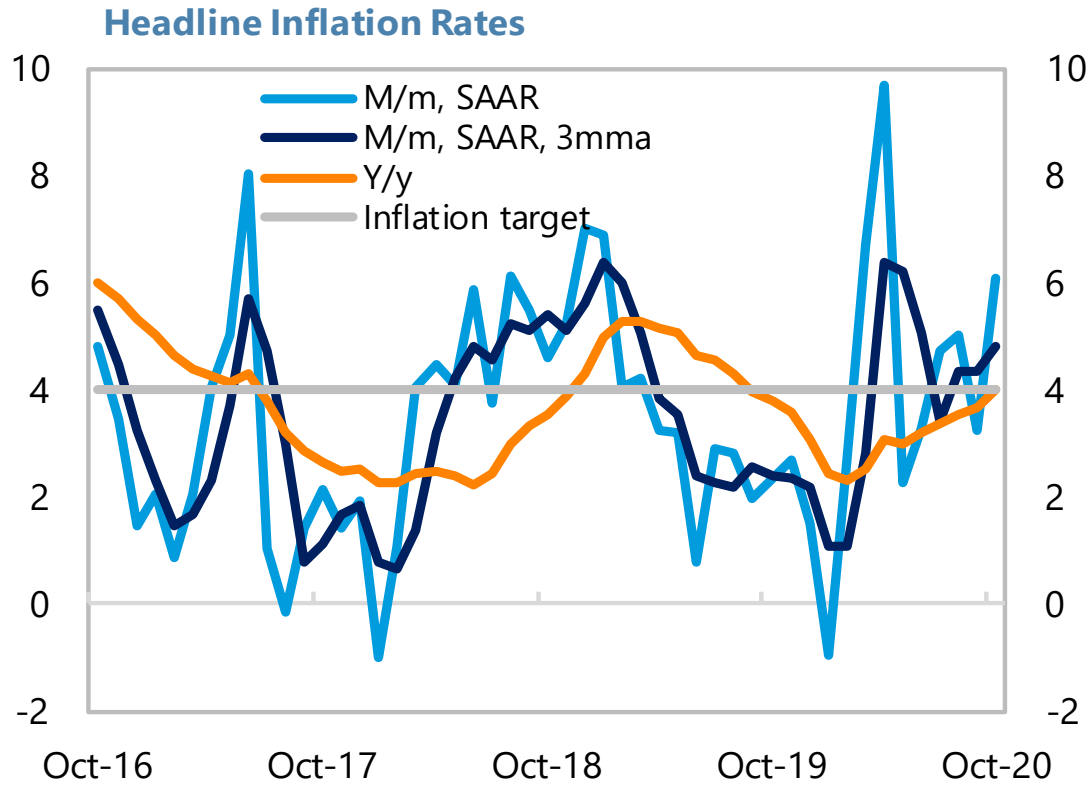
Yield Curves

(Percent)



Sources: Bloomberg Financial L.P.; Bank of Russia, and IMF staff calculations.

# Inflation has increased temporarily above target



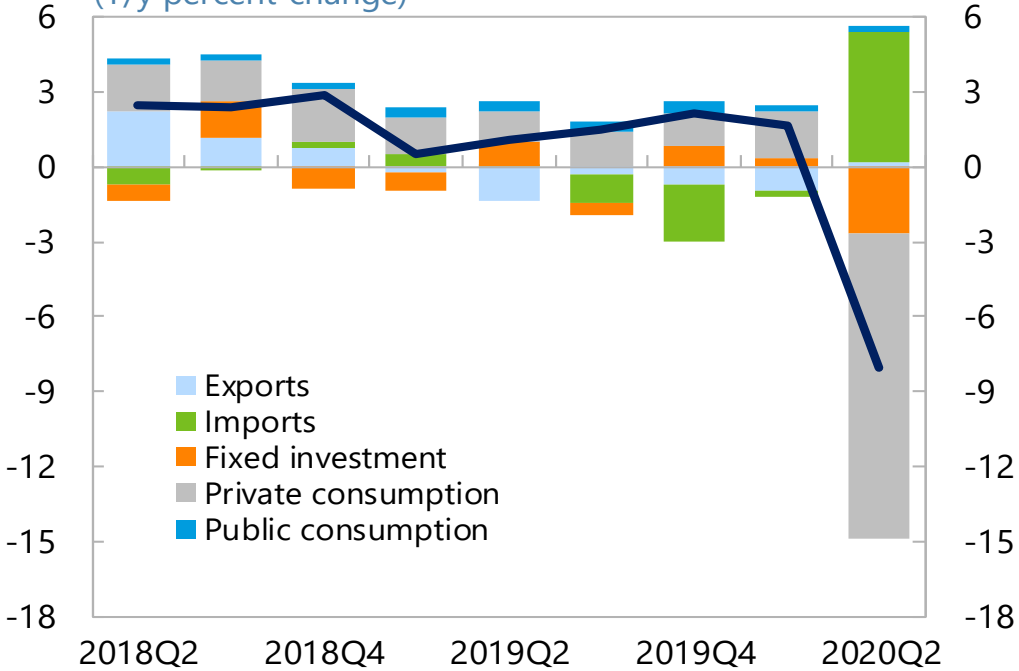
Sources: Bank of Russia, Haver Analytics and IMF staff calculations.



# Q2 2020 was a record contraction

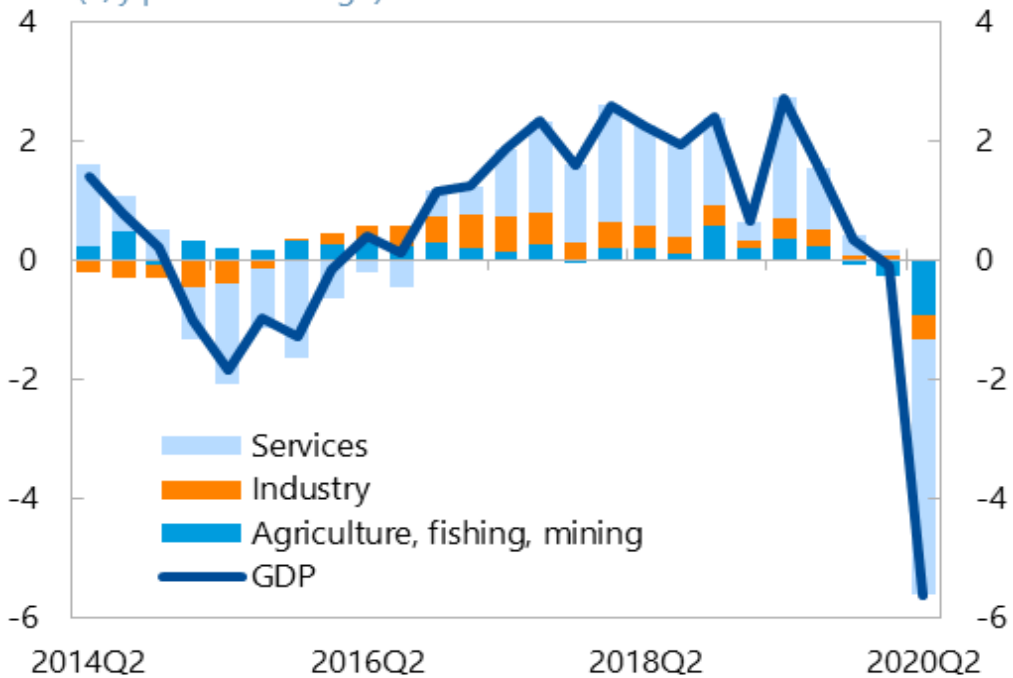
Contributions to Quarterly Real GDP Growth

(Y/y percent change)



Contributions to Real GDP Growth by Production

(Y/y percent change)

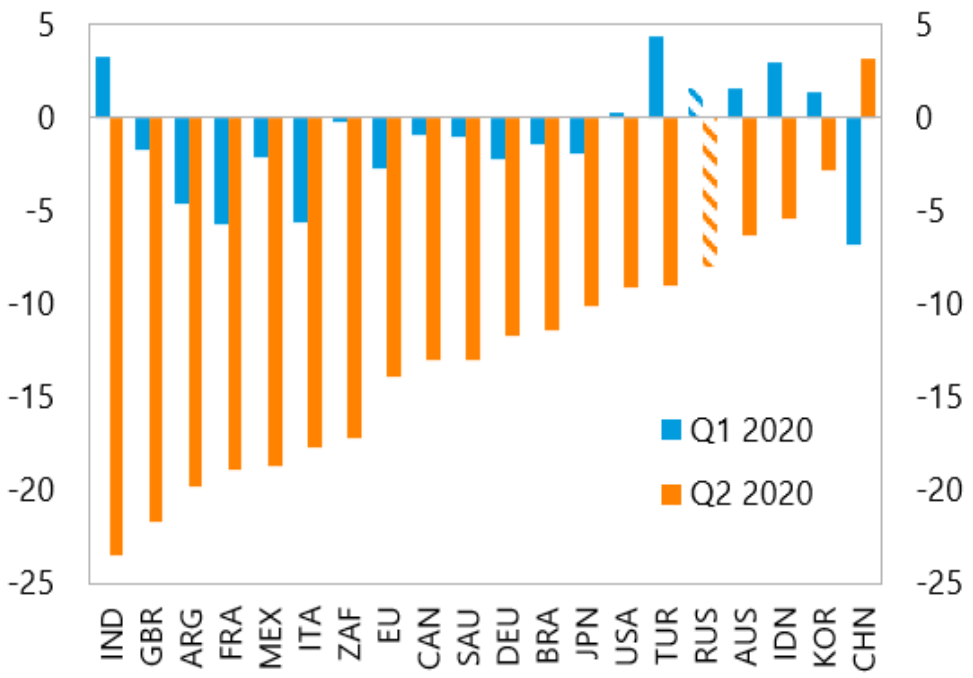


Source: Haver Analytics.

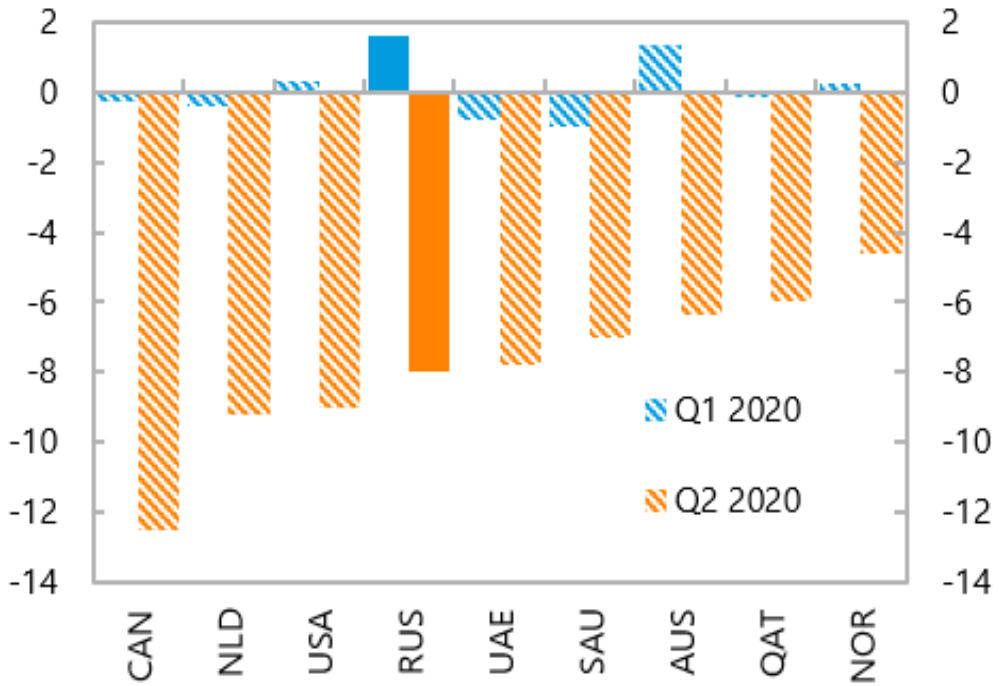


# Q2 was a record contraction But so far Russia has done better than other countries (combine charts) **Consistency**

Real GDP Growth, G-20 Countries  
(Y/y percent change)



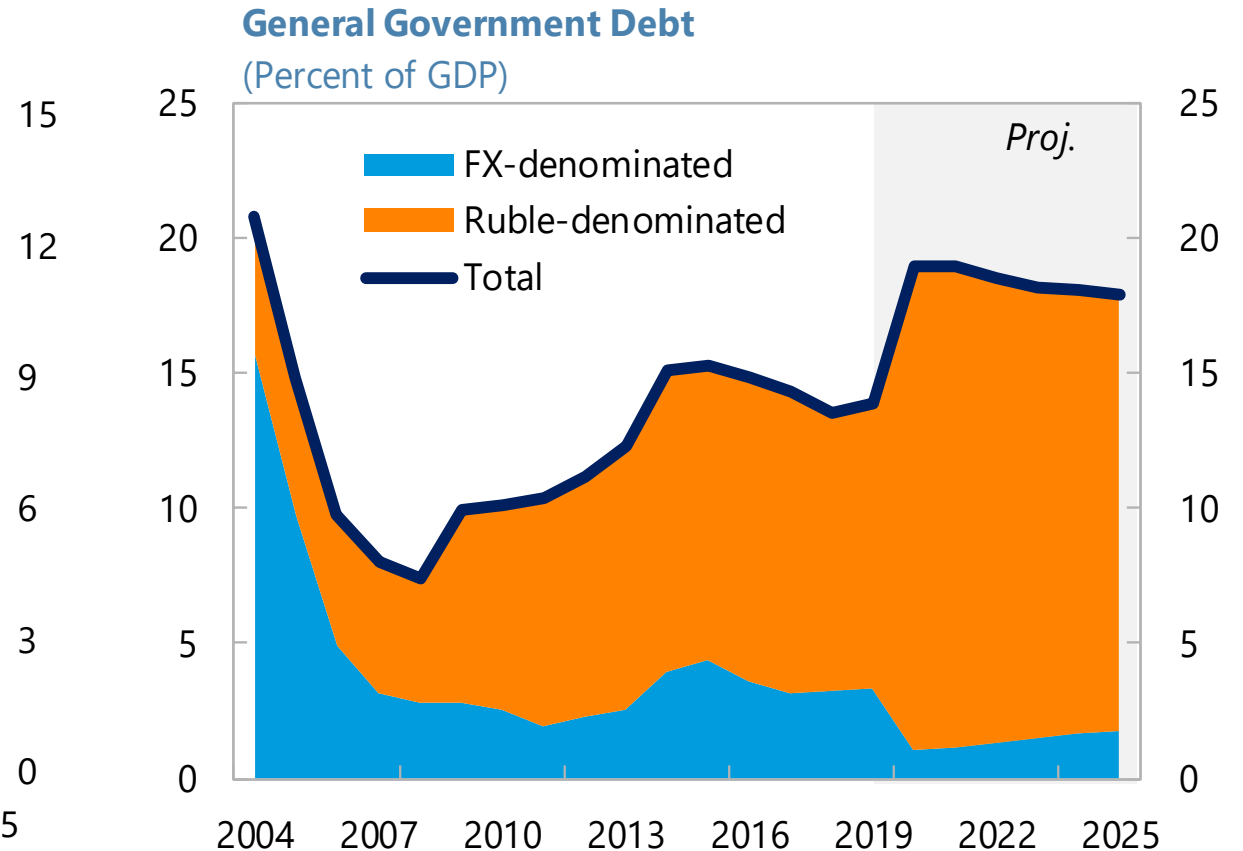
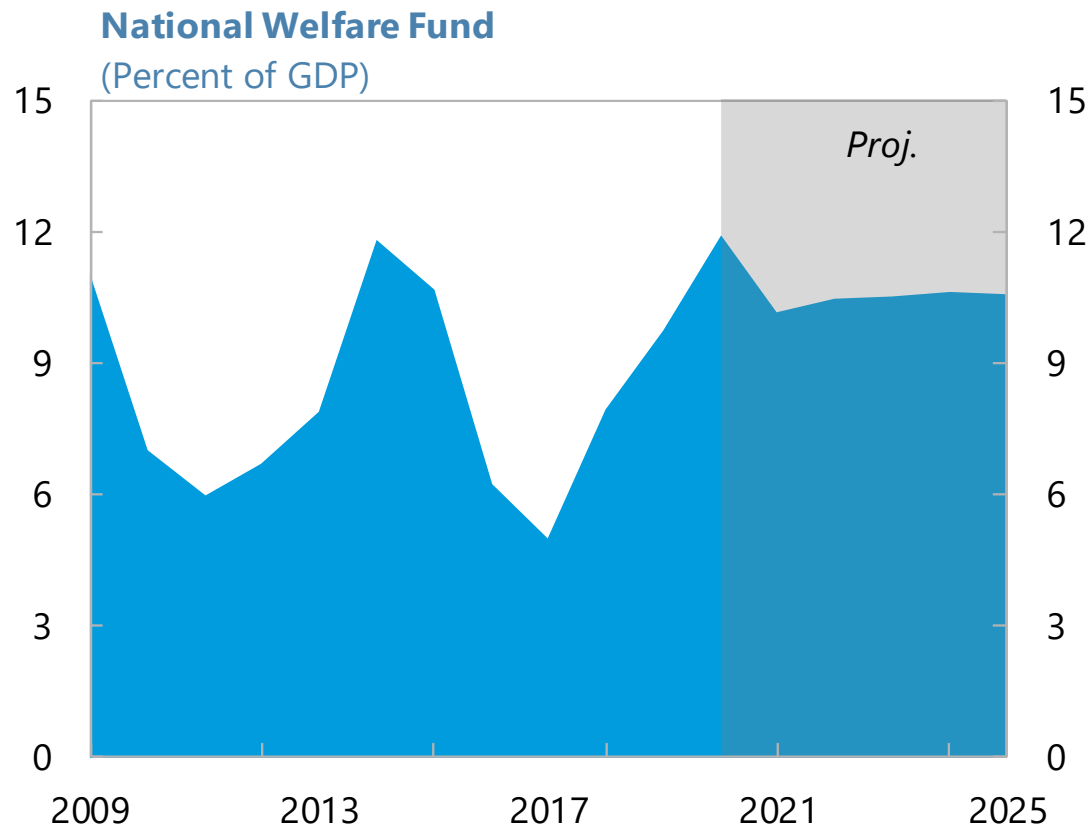
Real GDP Growth, Mineral Fuel Exporters  
(Y/y percent change)



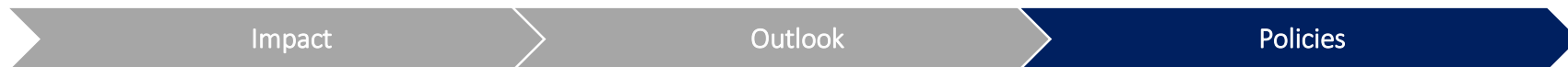
Source: Haver Analytics.



# A sound fiscal framework and substantial policy space



Sources: Bank of Russia IMF staff calculations.

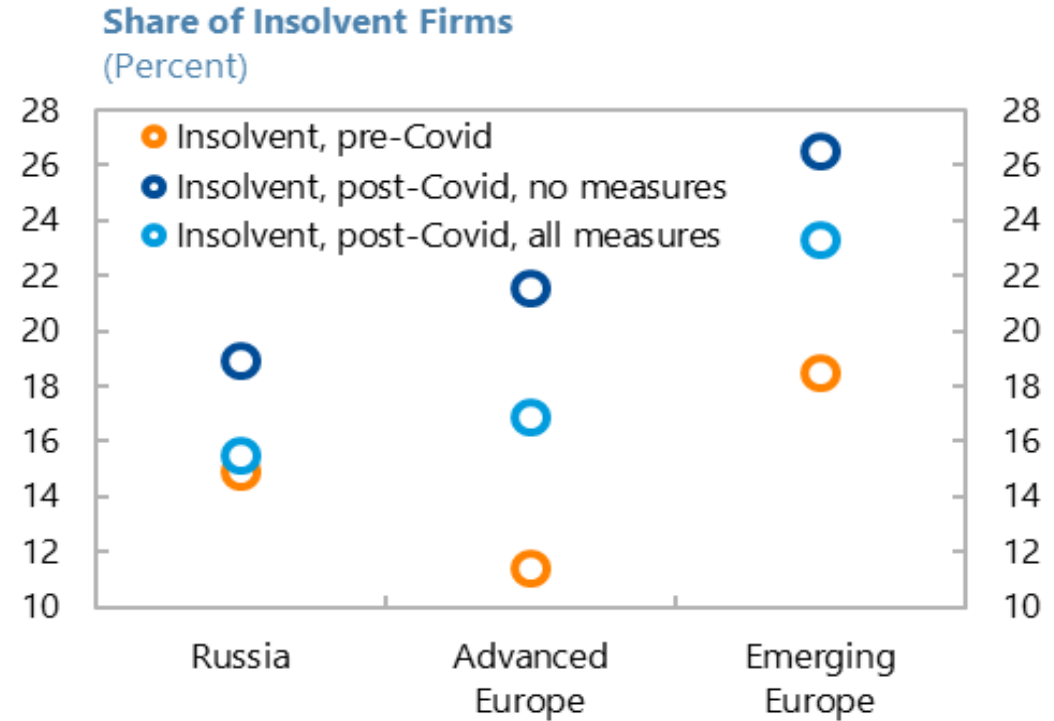




# A forceful policy response cushioned the impact

Fiscal Support Measures (% of GDP)	
<b>Spending measures</b>	<b>2.4</b>
Healthcare	0.6
Non-healthcare	1.8
Income support	0.8
Firm support	0.7
Local governments	0.3
<b>Revenue measures<sup>1/</sup></b>	<b>0.9</b>
<b>Spending and revenue measures</b>	<b>3.3</b>
<b>Below-the-line measures</b>	<b>1.0</b>
Measures to boost capital base	0.5
Guarantees for bank loans	0.5
Other	0.1

<sup>1/</sup>Includes the cut in social security contributions for SMEs, tax credits, reimbursements of taxes and the postponement of social security and tax payments.

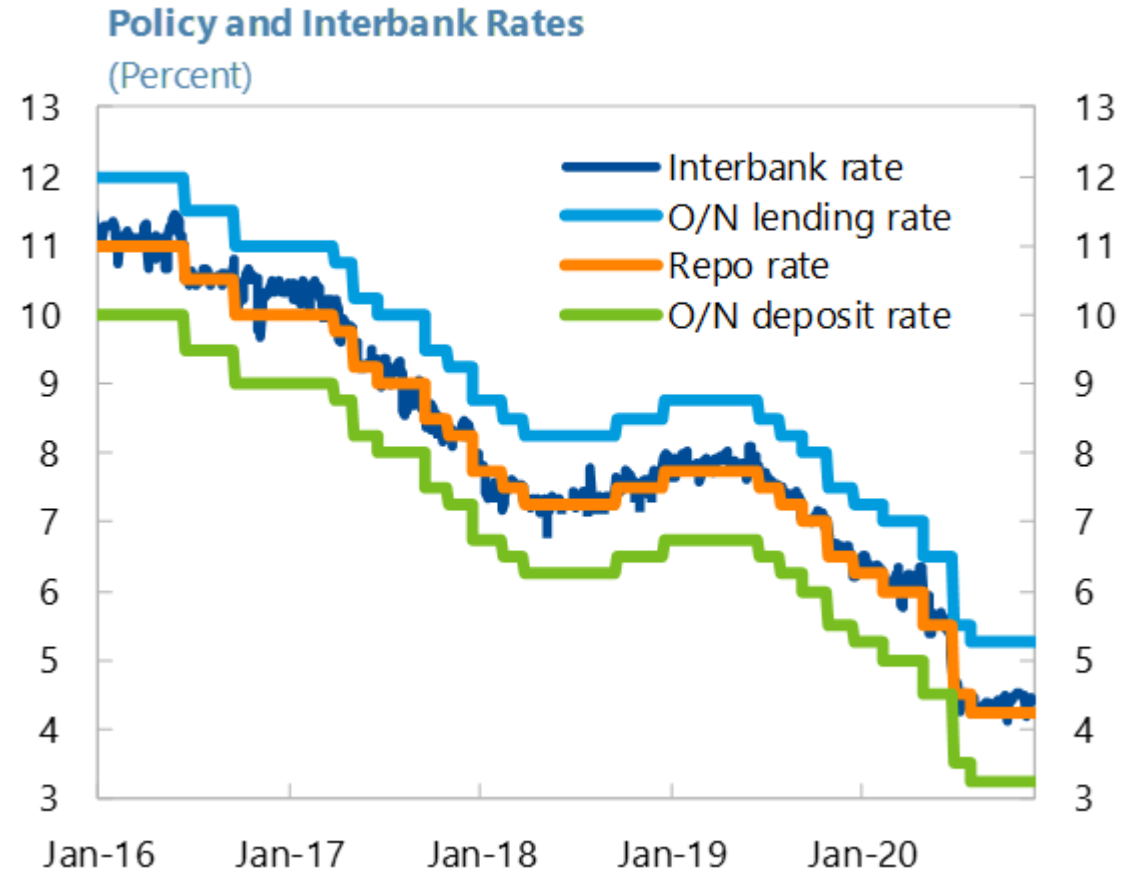


Sources: Orbis BvD; and IMF staff calculations.

# Easing of monetary policy prevented a credit crunch

## Monetary Policy Measures

- Foreign exchange operations
- Key rate cut
- Liquidity support
- SME loan refinancing



Sources: Bank of Russia and IMF staff calculations.

Impact

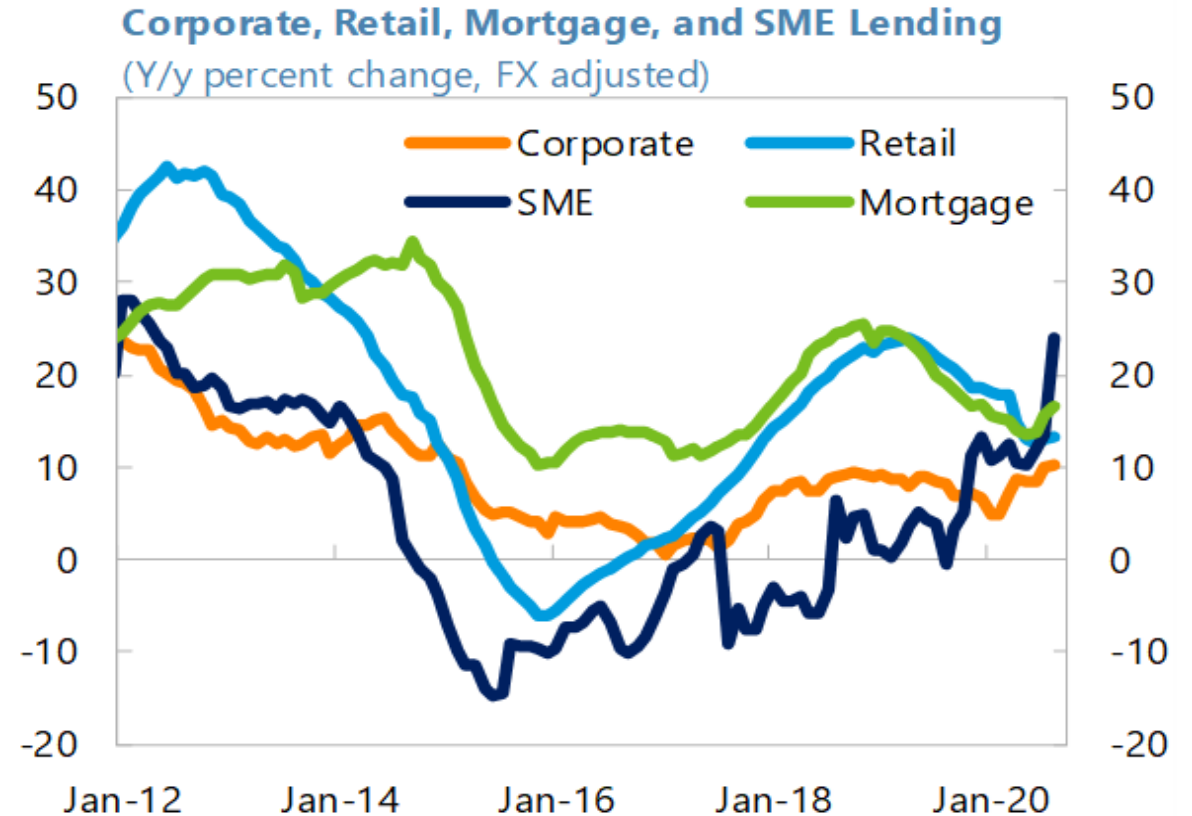
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# Regulatory measures supported loan restructuring

## Financial Sector Regulatory Measures

- Loan restructuring
- Forbearance on capital requirements and risk weights
- Forbearance on loan provisioning
- Forbearance on asset valuation



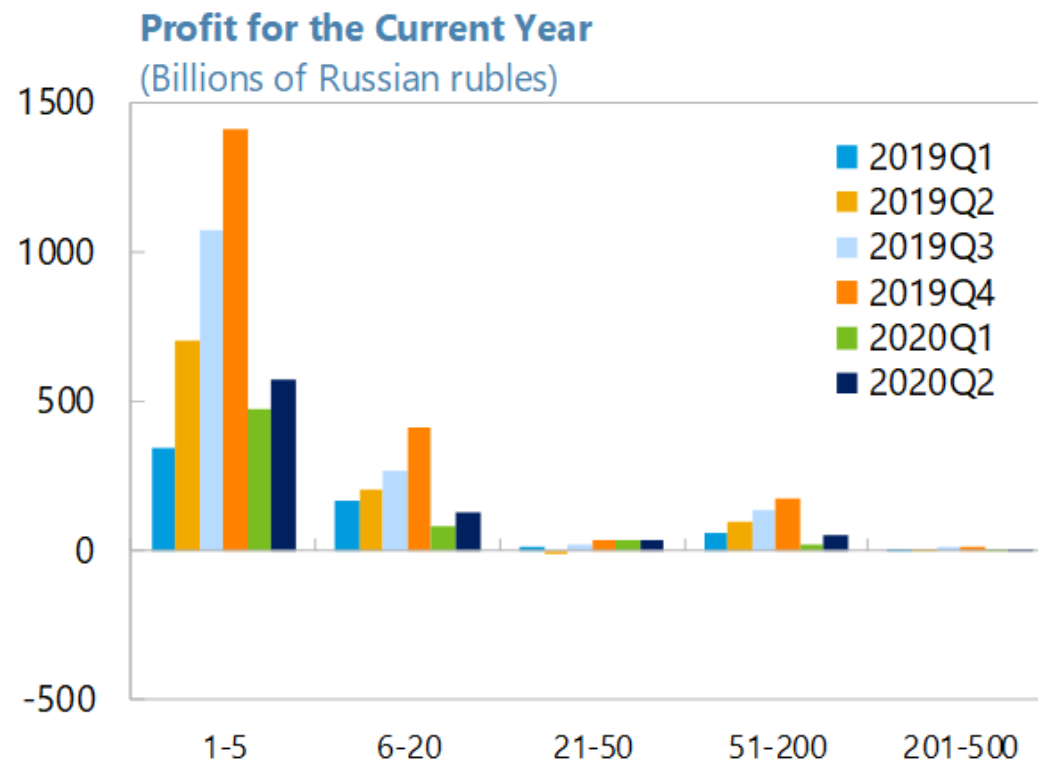
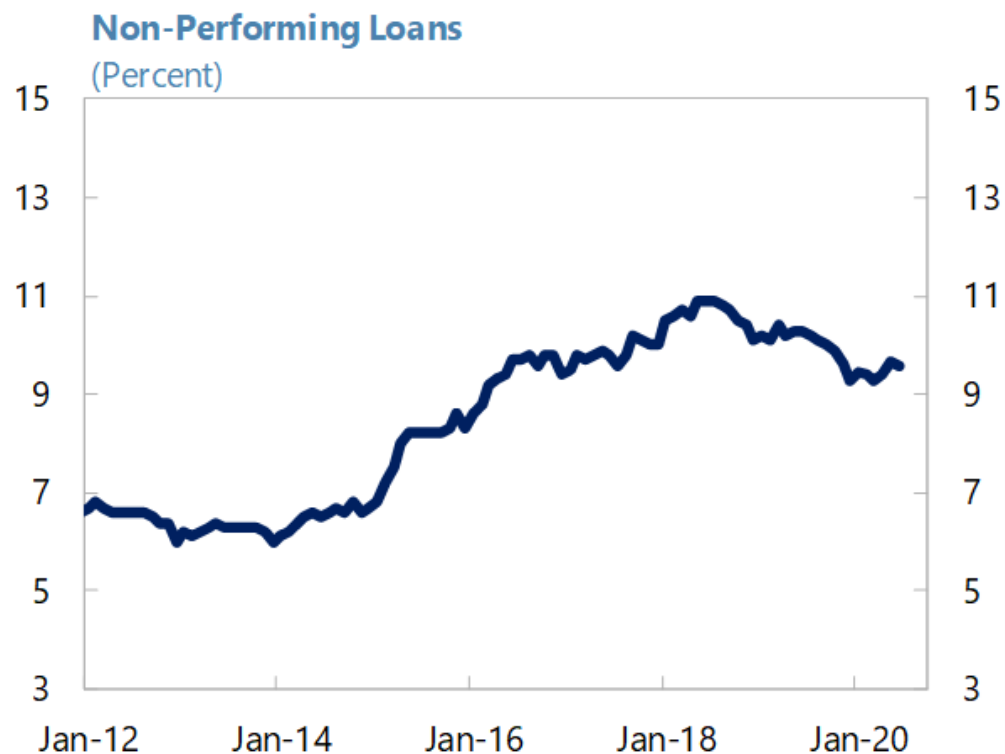
Sources: Bank of Russia and IMF staff calculations.

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# Bank losses appear manageable so far



Note: Credit institutions ranked by size of assets (descending).

Sources: Bank of Russia IMF staff calculations.

