



Bank of Russia



# BANKING SECTOR LIQUIDITY AND FINANCIAL MARKETS

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Information and analytical commentary

17 June 2019

## Banking sector liquidity and financial markets: facts, assessments and comments (May 2019)

- Structural liquidity surplus increased in May. This resulted from the fact that banks decreased correspondent account balances at the month-end and expanded funds supply at the deposit auction, and investments in Bank of Russia coupon bonds grew.
- Short-term interbank lending rates in the money market continued to form near the Bank of Russia key rate amid a high supply of funds at Bank of Russia deposit auctions and high rates in the FX swap segment.
- The interest rate spread in the FX swap and interbank lending segments increased somewhat as non-residents reduced supply of ruble liquidity.
- In May, market participants started to expect a faster easing of the Bank of Russia's monetary policy following the slowdown in inflation and statements by Bank of Russia representatives.
- The Russian financial market remained overall stable in May; however, in a number of its segments negative trends emerged by the end of the month, which were associated with deteriorating global financial markets. However, foreign investors continued extensive OFZ purchases, and their investments hit an all-time high.
- In May-August, Russian companies and banks plan to pay ₺1.9 trillion in dividends, which is 43% higher than in the same period of the previous year. This factor strongly supported the Russian stock market.
- In April 2019, the deposit market saw a rate reduction while the credit market witnessed a slowdown in interest rate growth.
- In the corporate segment of the credit market, participants' activity has remained moderate and the process of substitution of FX loans with ruble-denominated ones is ongoing. In the retail market segment, lending activity is gaining momentum largely on the back of consumer lending.

### BANKING SECTOR LIQUIDITY AND MONEY MARKET

**Ruble liquidity.** In May, the structural liquidity surplus expanded by ₺0.1 trillion to ₺2.6 trillion. This resulted from the fact that banks decreased correspondent account balances at the month-end and expanded funds supply at the Bank of Russia deposit auction in accordance with their required reserve averaging strategies, and investments in Bank of Russia coupon bonds increased.

The dynamics of liquidity factors led to net outflow of funds from the banking sector. Large tax payments were only in part offset by seasonally low budget expenditures and fiscal rule-based foreign currency purchases by the Bank of Russia. In addition, banks reduced their outstanding liabilities on deposits and repos of the Federal Treasury, while the Ministry of Finance continued to extensively place OFZs.

The decline in cash in circulation (among other things, as cash earnings returned to banks) after the May holidays was a factor of funds inflow to banks.

**Money market.** The spread between short-term interbank lending rates and the Bank of Russia key rate remained virtually unchanged at -8 bp (-11 bp in the April averaging period), spread volatility reduced somewhat from 23 bp to 16 bp. The amount of funds offered at Bank of Russia deposit auctions held close to the established limits, as in the previous averaging period; this allowed the Bank of Russia to absorb excess liquidity from banks' correspondent accounts. High interest rates in the FX swap segment also continued to support interbank lending rates. Banks which had an excess of ruble liquidity preferred to place it in this segment at higher rates helping reduce liquidity supply in the interbank lending segment.

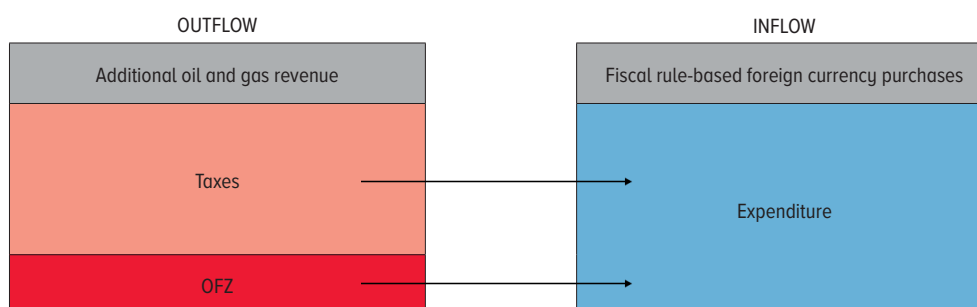
**FX liquidity.** The interest rate spread in the FX swap and interbank lending segments (basis) expanded by 14 bp to 32 bp on average during the averaging period. This was helped by non-residents closing their long ruble positions and therefore decreasing ruble liquidity supply in the FX swap segment. The positive basis was preserved by a high inflow of foreign currency in the current account of the balance of payments, and a relatively high stock of FX liquidity in the banking sector accumulated in 2018 H2 – 2019 H1.

**The end-2019 forecast of the structural liquidity surplus** has been kept at ₺3.0-3.3 trillion.

In May, market participants started to expect a faster easing of the Bank of Russia's monetary policy following the slowdown in inflation and statements by Bank of Russia representatives. In these circumstances, interest rate swap and OFZ yield curves shifted significantly downwards, while the year-end expectations for the key rate declined to 7.25% p.a. (according to surveys by Bloomberg and Thomson Reuters).

OFZ PLACEMENT BY RUSSIA'S MINISTRY OF FINANCE LEADS TO LIQUIDITY OUTFLOW FROM BANKS IN THE SHORT TERM. HOWEVER, THESE FUNDS WILL BE USED TO FINANCE BUDGET EXPENDITURE LATER, WHICH WILL OFFSET THE EFFECT OF THESE OPERATIONS ON BANKING SECTOR LIQUIDITY

Chart 1



Source: Bank of Russia.

MARKET PARTICIPANTS EXPECT FASTER MONETARY POLICY EASING

Table 1

1. Expectations based on market indicators* (as of month-end), interest rate (instrument)	July 2019	September 2019	December 2019
– MosPrime 3M (FRA)	7.73 (8.38)	7.87 (8.07)	7.71 (7.92)
– RUONIA (ROISfix)	7.56 (7.62)	7.48 (7.57)	7.50 (7.55)
– RUONIA (futures)	7.56 (7.64)	7.56 (7.64)	7.56 (7.64)
2. Analysts' expectations for the key rate*	As of 30 June 2019	As of 30 September 2019	As of 31 December 2019
– Bloomberg survey	7.75 (7.75)	7.50 (7.75)	7.25 (7.5)
– Reuters survey	7.5 (7.75)	7.5 (7.75)	7.25 (7.5)
3. Implied inflation rate (OFZ-IN)	May 2019		
– OFZ-IN-52001 (till 16 August 2023)		4.22 (4.61)	
– OFZ-IN-52002 (till 2 February 2028)		4.29 (4.65)	

\* Data for the end of the current and previous month (in brackets).  
Source: Bank of Russia calculations.

END-2019 FORECAST OF THE STRUCTURAL LIQUIDITY SURPLUS HAS BEEN KEPT AT 3.0-3.3 TRILLION RUBLES (TRILLIONS OF RUBLES)

Table 2

	January-May 2019	May 2019	2019 (forecast)
1. Liquidity factors (supply)	<b>-0.1</b>	<b>-0.1</b>	<b>[0.3; 0.6]</b>
– change in the balances of general government accounts with the Bank of Russia, and other operations*	-0.8	-0.3	[0.7; 0.9]
– change in cash in circulation	0.5	0.1	[-0.6; -0.5]
– Bank of Russia interventions in the domestic FX market and monetary gold purchases**	0.2	0.0	0.2
– regulation of banks' required reserves with the Bank of Russia	0.0	0.0	0.0
2. Change in free bank reserves (correspondent accounts) (demand)	<b>0.3</b>	<b>-0.3</b>	<b>0.3</b>
3. Change in banks' claims on deposits with the Bank of Russia and coupon OBRs	<b>-0.4</b>	<b>0.2</b>	<b>[0.0; 0.3]</b>
4. Change in outstanding amounts on Bank of Russia refinancing operations (4 = 2 + 3 - 1)	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Structural liquidity deficit (+) / surplus (-) (as of the period-end)		<b>-2.6</b>	<b>[-3.3; -3.0]</b>

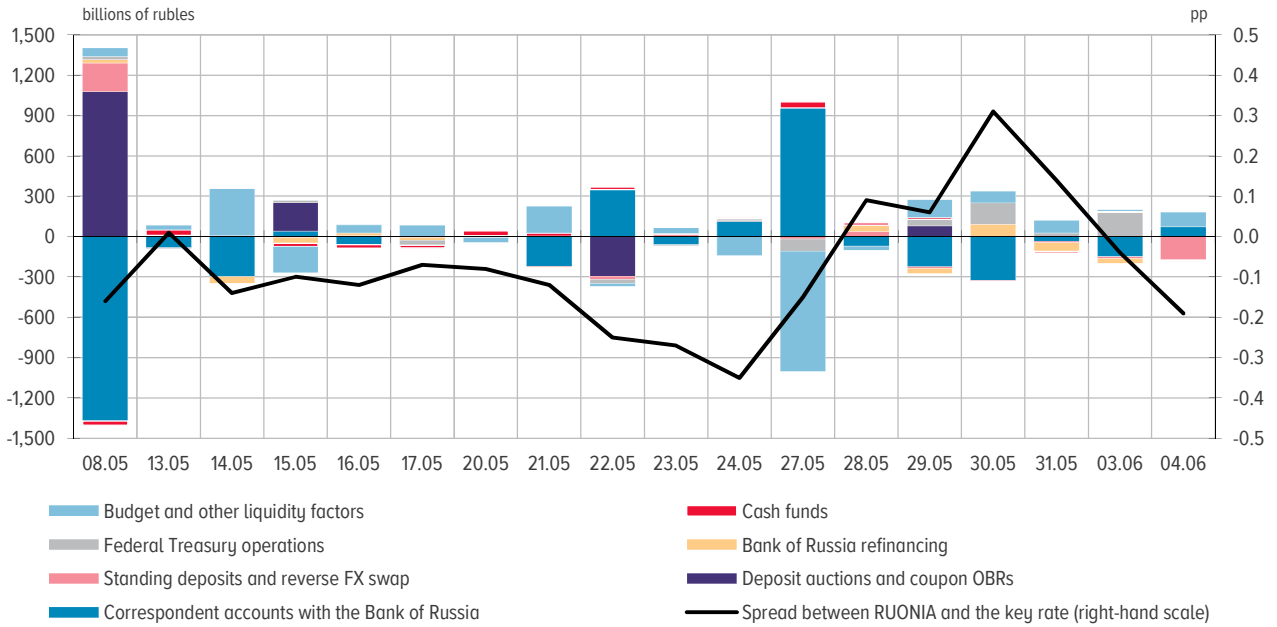
\* Including operations to buy (sell) foreign currency in the domestic FX market under the fiscal rule, settlements on Bank of Russia USD/RUB FX swaps, and other operations.

\*\* Forecast values of the indicator correspond to the actual volume of operations conducted.

Source: Bank of Russia calculations.

**IN MAY 2019, A SIZEABLE FUNDS OUTFLOW FROM THE BANKING SECTOR RESULTED FROM LARGE TAX PAYMENTS BY BANK CUSTOMERS, OFZ PLACEMENT BY RUSSIA'S MINISTRY OF FINANCE AND THE REDUCTION OF BANKS' OUTSTANDING AMOUNTS ON REPOS OF THE FEDERAL TREASURY**  
CHANGES IN THE BANK OF RUSSIA BALANCE SHEET AND MONEY MARKET RATES (OVERNIGHT)

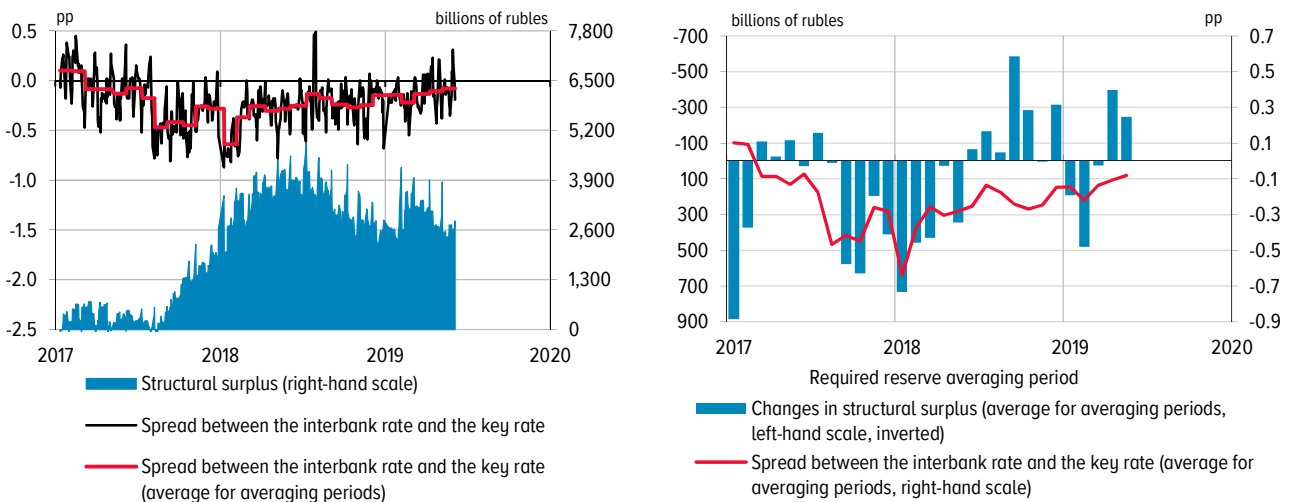
Chart 2



Source: Bank of Russia calculations.

**INTERBANK LENDING RATES FORMED NEAR THE KEY RATE IN THE LOWER RANGE OF THE BANK OF RUSSIA INTEREST RATE CORRIDOR**

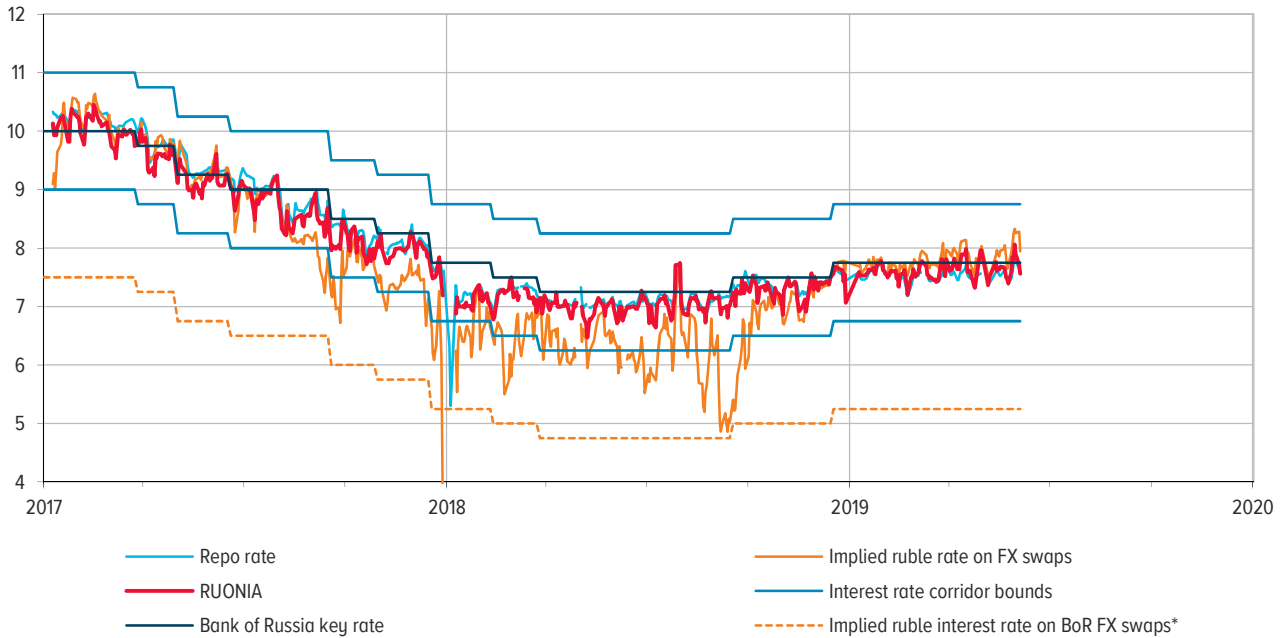
Chart 3



Source: Bank of Russia calculations.

**INTEREST RATE SPREAD IN THE FX SWAP AND INTERBANK LENDING SEGMENTS INCREASED SLIGHTLY**  
(PP)

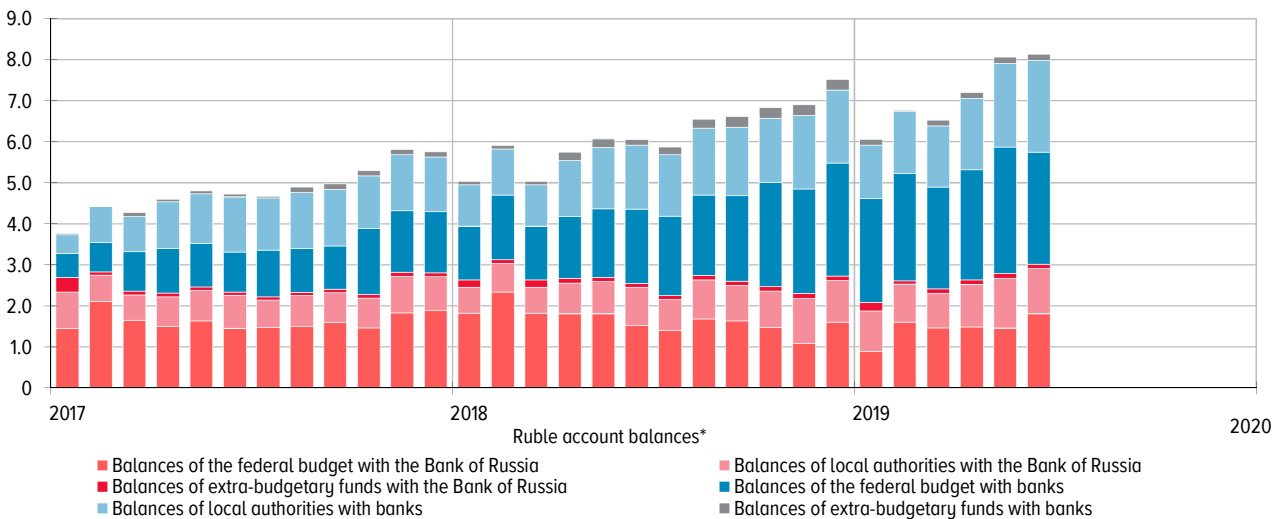
Chart 4



\* Implied rate = ruble lending rate - FX borrowing rate + LIBOR  
(from 19 December 2016: key rate - 1 pp - (LIBOR + 1.5 pp) + LIBOR = key rate - 2.5 pp).  
Source: Bank of Russia calculations.

**BANKS REDUCED THEIR OUTSTANDING AMOUNTS ON REPOS OF THE FEDERAL TREASURY**  
(TRILLIONS OF RUBLES)

Chart 5



\* According to data from banking reporting template 0409301 'Indicators characterising the performance of a credit institution'.  
Source: Bank of Russia calculations.

**IN MAY 2019, THE BANKING SECTOR'S STRUCTURAL LIQUIDITY  
SURPLUS INCREASED**  
(START OF BUSINESS, TRILLIONS OF RUBLES)

Table 3

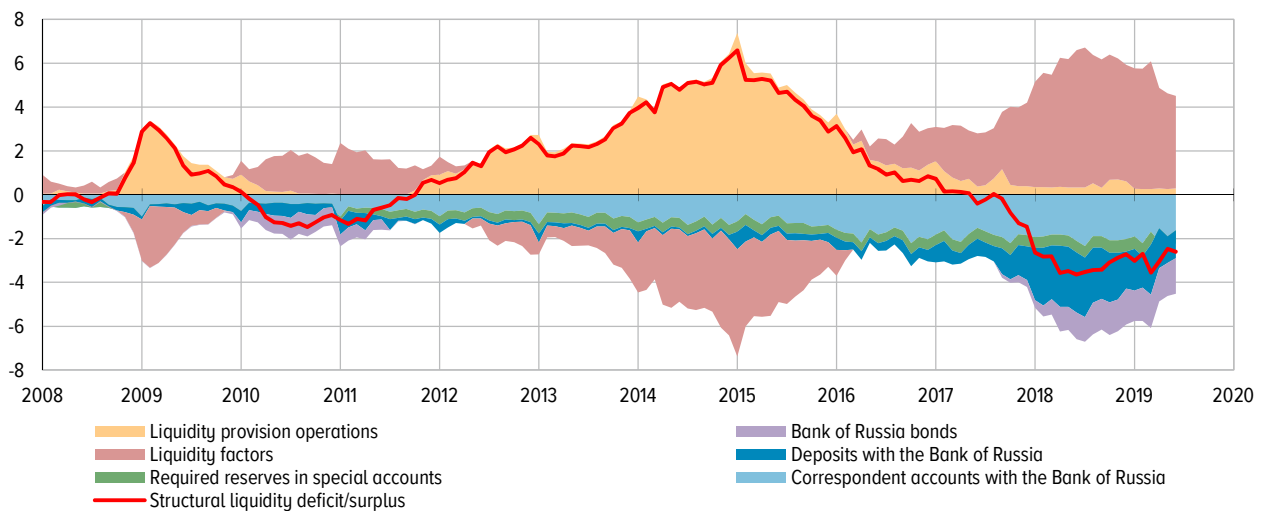
	1.01.2017	1.01.2018	1.01.2019	1.05.2019	1.06.2019
<b>Structural liquidity deficit (+) / surplus (-)</b>	<b>0.7</b>	<b>-2.6</b>	<b>-3.0</b>	<b>-2.5</b>	<b>-2.6</b>
<b>Bank of Russia claims on credit institutions</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Auction-based facilities	0.2	-	-	-	-
– repos and FX swaps	-	-	-	-	-
– secured loans	0.2	-	-	-	-
Fixed interest rate facilities	1.0	0.0	0.0	0.0	0.0
– repos and FX swaps	0.6	0.0	0.0	0.0	0.0
– secured loans	0.4	0.0	0.0	0.0	0.0
<b>Credit institutions' claims on the Bank of Russia</b>	<b>0.8</b>	<b>2.7</b>	<b>3.3</b>	<b>2.7</b>	<b>2.9</b>
Deposits	0.8	2.4	1.9	1.2	1.3
– auction-based	0.4	2.1	1.5	0.9	1.1
– fixed interest rate	0.4	0.2	0.4	0.3	0.2
Bank of Russia bonds	0.0	0.4	1.4	1.5	1.6
<b>Standing reverse facilities other than Bank of Russia standard monetary policy instruments*</b>	<b>0.3</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>

\* These transactions include Bank of Russia specialised refinancing instruments, Bank of Russia loans issued under irrevocable credit lines, and USD/RUB and EUR/RUB sell/buy FX swaps.

Source: Bank of Russia calculations.

**BANK OF RUSSIA BALANCE SHEET**  
(TRILLIONS OF RUBLES)

Chart 6



Source: Bank of Russia calculations.

## FOREIGN EXCHANGE AND STOCK MARKET

The Russian financial market remained overall stable in May; however, in a number of its segments negative trends emerged by the end of the month, which were associated with deteriorating conditions in the global financial markets. This resulted from the global decrease in demand for risk assets as investors raised doubts about a positive outcome of trade negotiations between the US and China.

**Foreign exchange rate.** In the first half of May, the ruble exchange rate ranged between ₹65.1 and ₹65.5 per US dollar amid relatively stable Brent crude prices, CDS spread and other emerging market (EME) currencies. Then it strengthened by 1% within several days as demand for ruble-denominated assets increased amid the expectations of a faster easing of the Bank of Russia's monetary policy. However, the exchange rate returned to the previous levels at the end of the month due to the worsening situation in foreign markets and a drop in global oil prices.

**Country risk premium.** Russia's CDS spread has held close to 130 bp for the third month in a row; as of the month-end it increased by 2 bp to 131 bp. At the same time, CDS premiums increased more considerably, by 15 bp on average, in other EMEs. The stability of Russia's CDS spread is attributed to steadier macroeconomic conditions in Russia compared to other EMEs and the ongoing considerable inflow of foreign capital into government bonds. At the same time, data by EPFR Global suggest that most EMEs register an outflow of non-residents' funds.

**OFZ.** The market was overall positive in May but deteriorated somewhat at the month-end. In May, OFZ placements totalled ₹376 billion at par value, which is slightly lower than in April (₹404 billion). Non-residents purchased 40%

of such bonds, systemically important credit institutions bought 35%, and other banks – 14%. Overall, non-residents bought securities worth ₹217 billion on the exchange and OTC market in May; their investments hit a new historical high reaching almost ₹2.5 trillion. At the latest May auction of Russia's Ministry of Finance, investors showed considerably lower demand and the ministry only managed to place bonds worth ₹44 billion. The decrease in placement was associated with the Ministry of Finance's unwillingness to place securities at a higher yield amid an overall lower risk appetite, given the Q2 placement plan had already been successfully implemented. In May, yields dropped by 10-30 bp depending on maturity. Expectations of a faster monetary policy easing by the Bank of Russia made the main contribution to the yield decline.

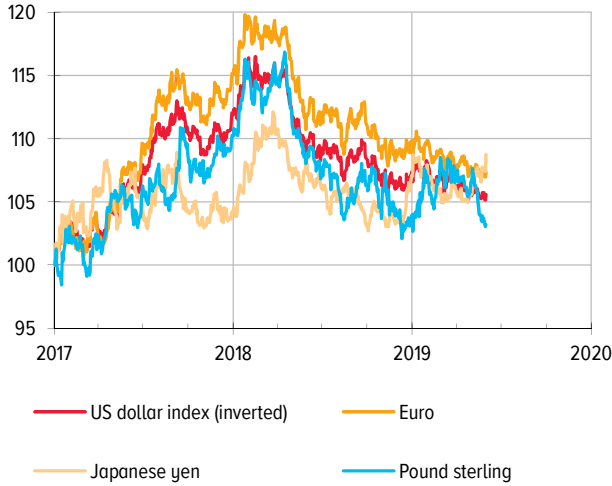
**Stocks.** Russian stock indices demonstrated a significant rise in May, whereas the indicators of most advanced and emerging economies dropped by 5-8% on average. As of the month-end, the MOEX Index rose by 4.1%, hitting a new historical high, while the RTS Index added 3.1%. The main contribution to the index growth came from shares of oil and gas producers, in particular PJSC Gazprom, whose quotes added 31.2% amid the news about rising dividend payments. This sector factored out, growth of the MOEX Index came in at approx. 0.1%, which is also considerably better than in other EMEs. The market was supported by the beginning of the dividend period, as a number of other large Russian companies and banks, apart from PJSC Gazprom, announced payment increase. According to the Bank of Russia's estimate, Russian companies and banks intend to pay ₹1.9 trillion in dividends in the period between May and August, which is 43% more than in the same period of 2018 (data as of 31 May 2019).



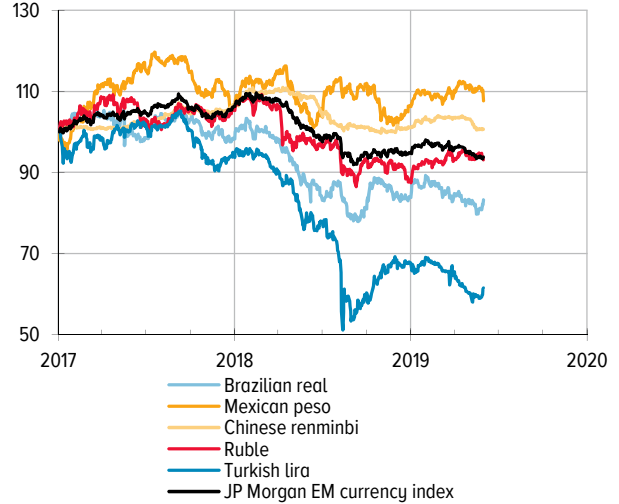
**MOST CURRENCIES DEPRECIATED AGAINST THE US DOLLAR AS INVESTORS RAISED DOUBTS ABOUT THE POSITIVE OUTCOME OF TRADE NEGOTIATIONS BETWEEN THE US AND CHINA\***

Chart 7

ADVANCED ECONOMY CURRENCY RATES



EMERGING MARKET ECONOMY CURRENCY RATES

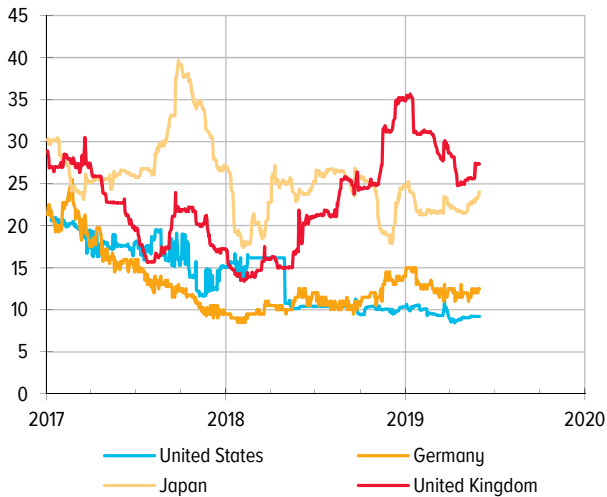


\* Against the US dollar. Inverted exchange rate.  
Sources: Bloomberg, Bank of Russia calculations.

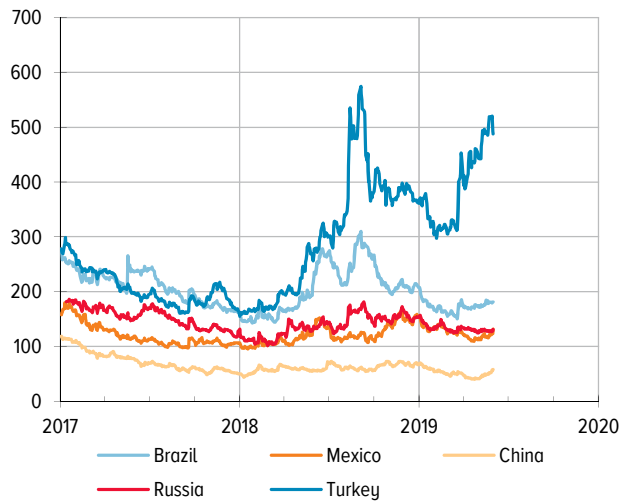
**RUSSIA'S CDS SPREAD HAS HELD AT 130 BP FOR THE THIRD MONTH IN A ROW (BP)**

Chart 8

CDS OF ADVANCED ECONOMIES



CDS OF EMERGING MARKET ECONOMIES

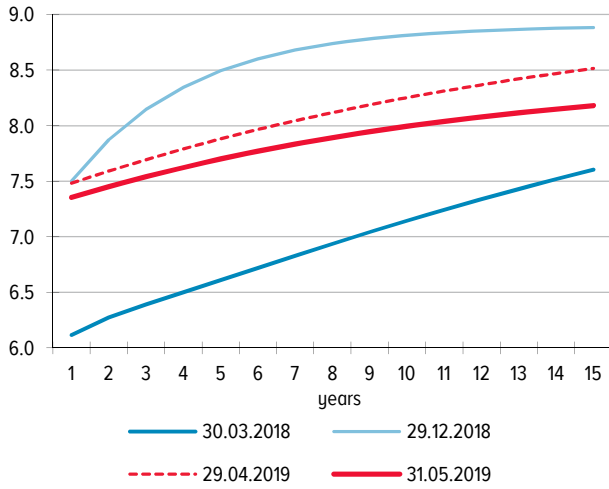


Sources: Bloomberg, Thomson Reuters, Bank of Russia calculations.

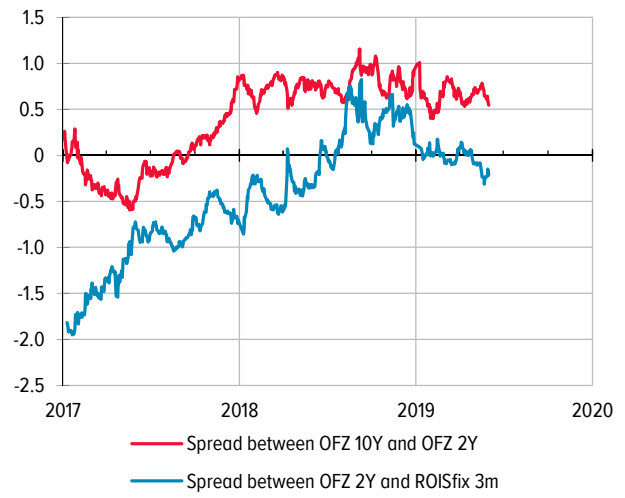
THE OFZ YIELD CURVE SHIFTED DOWNWARDS BY 10-30 BP DEPENDING ON MATURITY

Chart 9

OFZ ZERO COUPON YIELD CURVE (% P.A.)



SPREADS (BP)

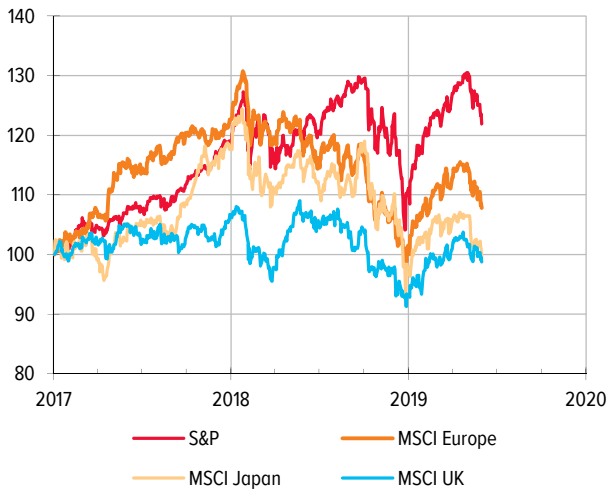


Source: PJSC Moscow Exchange.

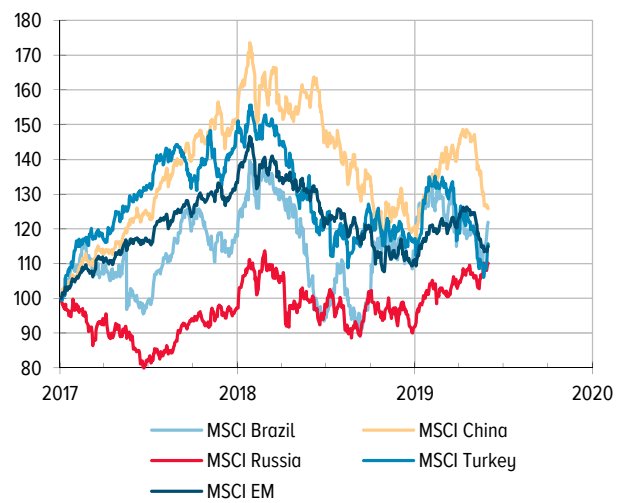
STOCK INDICES OF MOST COUNTRIES DROPPED BY 5-7% (3 JANUARY 2017 = 100)

Chart 10

ADVANCED ECONOMY STOCK INDICES



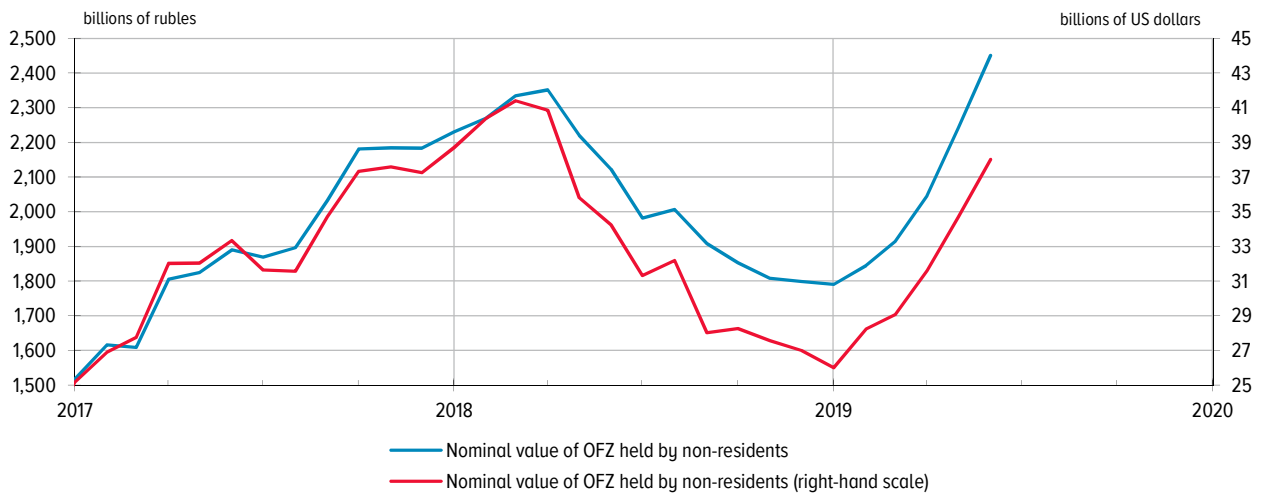
EMERGING MARKET ECONOMY STOCK INDICES



Sources: Bloomberg, Bank of Russia calculations.

NON-RESIDENTS' INVESTMENTS IN OFZ HIT A NEW HISTORICAL HIGH IN MAY

Chart 11



Source: Bank of Russia calculations.

MOST SEGMENTS OF THE RUSSIAN MARKET  
SAW PRICE GROWTH

Table 4

Indicator		31 May 2019	1M	3M	6M	YTD	1Y
<b>Russian financial market</b>							
RUB/USD exchange rate		65.43	-1.3	0.7	2.5	6.3	-5.1
MOEX Index		2,665	4.1	7.6	11.4	13.0	16.0
RTS index		1,287	3.1	8.4	14.3	20.7	10.7
Government bond yield		7.74	-24.0	-42.0	-70.0	-67.0	65.0
Corporate bond yield		8.43	-22.0	-47.0	-55.0	-72.0	99.0
Regional bond yield		8.45	-15.0	-17.0	-24.0	-28.0	105.0
CDS spread		131	6.0	0.7	-35.7	-23.1	-1.8
RVI		21	1.9	-1.3	-5.4	-5.7	-2.7
<b>Exchange rates (per US dollar, percent change, '+' – appreciation, '-' – depreciation)</b>							
AEs*	US dollar index	97.75	0.3	1.3	0.5	1.4	3.9
	EUR	1.12	-0.4	-1.7	-1.3	-2.4	-4.3
	Japanese yen	108.29	2.9	3.3	4.8	1.8	0.6
	Pound sterling	1.26	-3.1	-4.3	-0.9	-0.6	-4.9
EMEs	JP Morgan EM currency index	61.51	-1.5	-2.9	-1.6	-1.2	-7.5
	Ruble	65.43	-1.3	0.7	2.5	6.3	-5.1
	Brazilian real	3.92	-0.1	-3.8	-1.4	-1.0	-5.0
	Mexican peso	19.62	-3.4	-1.7	4.0	0.2	0.6
	Chinese renminbi	6.91	-2.5	-2.9	0.8	-0.4	-7.0
	Turkish lira	5.84	2.1	-8.1	-10.7	-9.7	-23.5
	South African rand	14.58	-1.9	-2.4	-4.8	-1.0	-14.1
	<b>10-year bond yield (% p.a., change in bp, '+' – growth, '-' – снижение)</b>						
AEs	USA	2.13	-38	-63	-86	-60	-73
	Euro area	-0.20	-22	-39	-52	-44	-57
	Japan	-0.10	-5	-9	-19	-10	-13
	United Kingdom	0.89	-30	-41	-48	-38	-37
EMEs	Russia	7.91	-22	-50	-79	-79	59
	Brazil	8.45	-53	-59	-144	-78	-300
	Mexico	8.00	-8	-14	-114	-68	24
	China	3.29	-11	9	-8	-1	-32
	Turkey	18.22	-114	327	235	214	424
	South Africa	9.11	0	-17	41	41	41
<b>CDS spreads (% p.a., change in bp, '+' – growth, '-' – decline)</b>							
AEs	USA	9	0	0	-1	-1	-1
	Euro area	13	1	1	-2	-2	0
	Japan	24	3	2	6	-1	0
	United Kingdom	27	2	-3	-4	-8	6
EMEs	Russia	131	6	1	-36	-23	-2
	Brazil	181	9	24	-29	-29	-36
	Mexico	132	19	6	-18	-25	1
	China	58	17	10	-11	-9	1
	Turkey	488	36	177	103	125	231
	South Africa	202	14	22	-28	-22	32
<b>Stock indices (points, per cent change, '+' – growth, '-' – decline)</b>							
AEs	S&P	2,752	-6.6	-1.8	-0.3	10.7	1.0
	MSCI Europe	1,579	-6.3	-3.6	1.3	6.7	-8.2
	MSCI Japan	911	-6.4	-5.9	-8.4	1.8	-11.2
	MSCI UK	2,063	-3.4	0.5	2.0	5.8	-7.1
EMEs	MSCI EM	998	-7.5	-5.1	0.3	3.7	-10.3
	MSCI Russia	685	3.1	8.4	15.3	20.5	10.9
	MSCI Brazil	2,091	1.5	-1.3	4.9	7.3	16.9
	MSCI Mexico	4,496	-7.6	-2.2	5.3	2.2	-6.1
	MSCI China	74	-13.6	-10.5	-2.1	4.9	-18.8
	MSCI Turkey	1,235,935	-4.2	-12.3	-5.3	-0.4	-12.0
MSCI South Africa	1,375	-5.7	1.2	7.9	5.2	0.8	

\* Advanced economies.

Sources: Bloomberg, PJSC Moscow Exchange, Cbonds.ru, Bank of Russia calculations.

## CREDIT AND DEPOSIT MARKET

**Deposit rates.** In 2019 Q2, expectations of inflation reduction, a downward shift in the expectations for the Bank of Russia key rate, and an ongoing decline in bond yields paved the way for a gradual decrease in bank interest rates (Chart 12). As in the previous periods of market rate decrease, banks cut deposit rates first. According to the preliminary data, the market average rate on long-term ruble deposits dropped by 0.1 pp and 0.3 pp for short-term deposits in April. The lowest decrease was registered in the segment of demand deposits, which may be explained by the competition between banks in the growing debit card market. In the short run, a smooth further reduction in ruble deposit rates may be expected.

The trend towards the dollar deposit rate cut which emerged in February-March held in April, but the pace of their decrease slowed considerably. FX deposit rates nearly returned to the level seen in 2018 Q3 before they started growing. The potential of their further reduction was limited.

**Deposit operations.** In April 2019, households continued to accumulate funds on bank deposits. By the beginning of May, annual growth of households' bank deposits reached 6.8% compared with 5.6% a month earlier.<sup>1</sup> Depositors maintained interest in FX deposits whose contribution to annual growth in household deposits continued to expand (Chart 13).

The trend towards replacement of short-term ruble deposits with long-term ones observed since mid-2018 came to a halt in April. The main inflow of funds into ruble deposits in April (and in May, according to preliminary estimates) came from demand deposits.

**Credit rates.** Rates in the lending market grew slower in April than in the previous month (Chart 12). Preliminary estimates suggest that

rates in the market of car loans even dropped slightly. The ongoing decline in the bond yields and the emerging decrease in deposit rates (and, subsequently, the reduction in bank funding costs) set the ground for a transition to a smooth reduction in credit rates in the short term. In April and May, a number of banks, major participants of the mortgage market, cut their rates on mortgage programmes.

**Corporate lending.** In April, growth in corporate lending slowed down slightly. Annual growth rates of loans to non-financial organisations came in at 5.4% at the beginning of May compared with 5.7% a month earlier (Chart 14). Firms continued to replace their FX borrowings with ruble-denominated loans: annual growth of ruble loan portfolio totalled 11.4%, whereas the portfolio of FX loans shrank by 9.1%.

The share of overdue loans in the corporate loan portfolio gradually decreased in recent months (adjusted for changes in the approach to bank asset accounting introduced in January). The improvement in the quality of the corporate loan portfolio could be among the reasons for a revival in construction lending in March 2019. Agricultural, mining and trade companies also made a considerable contribution to growth in the corporate loan portfolio.

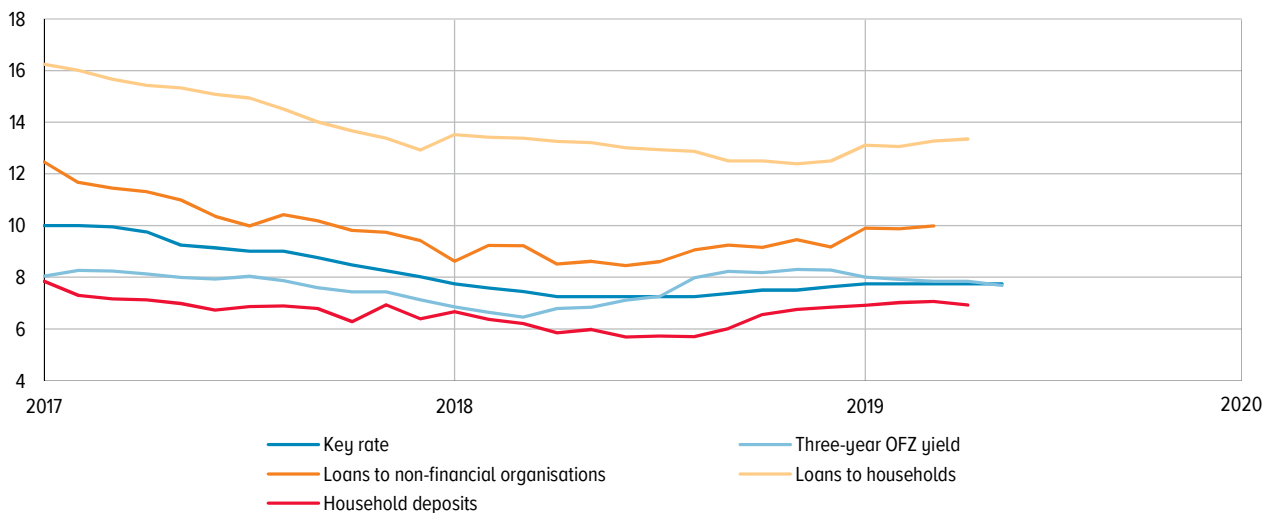
Growth in corporate borrowers' demand for loans expected by banks (Chart 16) coupled with prerequisites for credit rate reduction and the improvement of payment discipline allows expecting that activity in the corporate segment of the market will gradually rise.

**Retail lending.** Growth in the retail loan portfolio continued to gain momentum coming in at 23.8% in early May compared with 23.5% a month earlier. In April, consumer lending continued to make a large contribution to growth in bank borrowings (Chart 15), the share of consumer loans in the retail loan portfolio grew slowly. In the second half of the year, growth in retail lending may be expected to gradually slow down as households accumulate credit liabilities and macroprudential measures aimed at containing individual segments of the retail lending market are implemented.

<sup>1</sup> Here and elsewhere, growth of banks' balances is calculated based on reporting data of operational credit institutions included in the State Register as of the reporting date. Growth in FX assets and liabilities is calculated in US dollar terms. To analyse funds flows between banks and their customers, when calculating growth of balance sheet indicators which include FX and ruble components, growth of the FX component is converted into rubles using the period average exchange rate.

THE YEAR-TO-DATE DECLINE IN OFZ YIELDS BRINGS DOWN DEPOSIT RATES AND SETS THE GROUND FOR LENDING RATE CUT  
RATES ON BANKS' LONG-TERM RUBLE TRANSACTIONS (% P.A.)

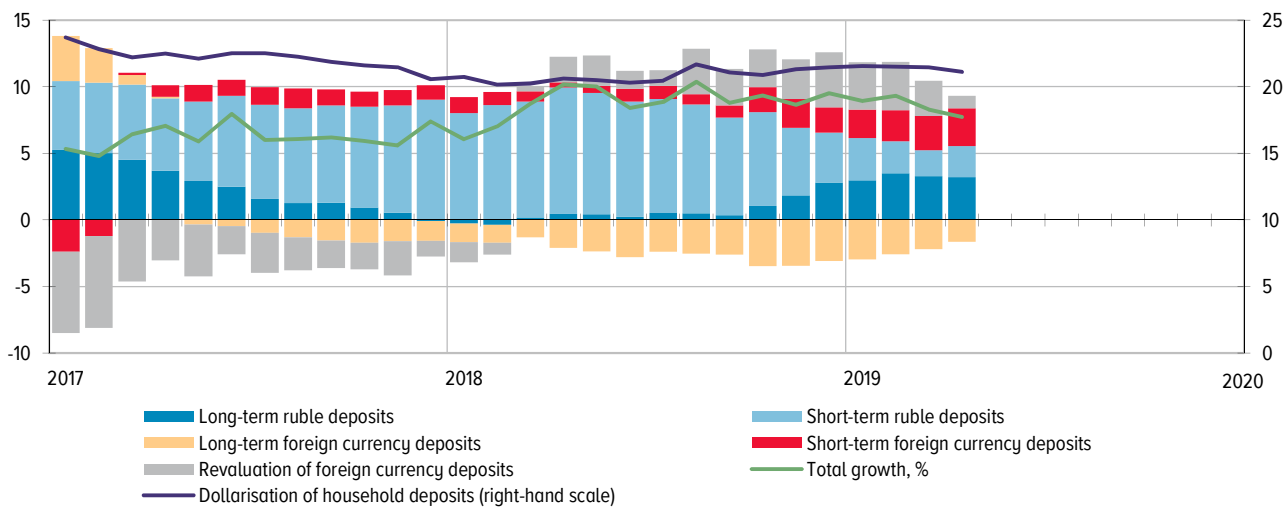
Chart 12



Source: Bank of Russia calculations.

THE INFLOW OF FUNDS INTO FX DEPOSITS HELPS ACCELERATE GROWTH IN HOUSEHOLD DEPOSITS  
CONTRIBUTION OF INDIVIDUAL COMPONENTS TO ANNUAL GROWTH OF HOUSEHOLD DEPOSITS (PP)

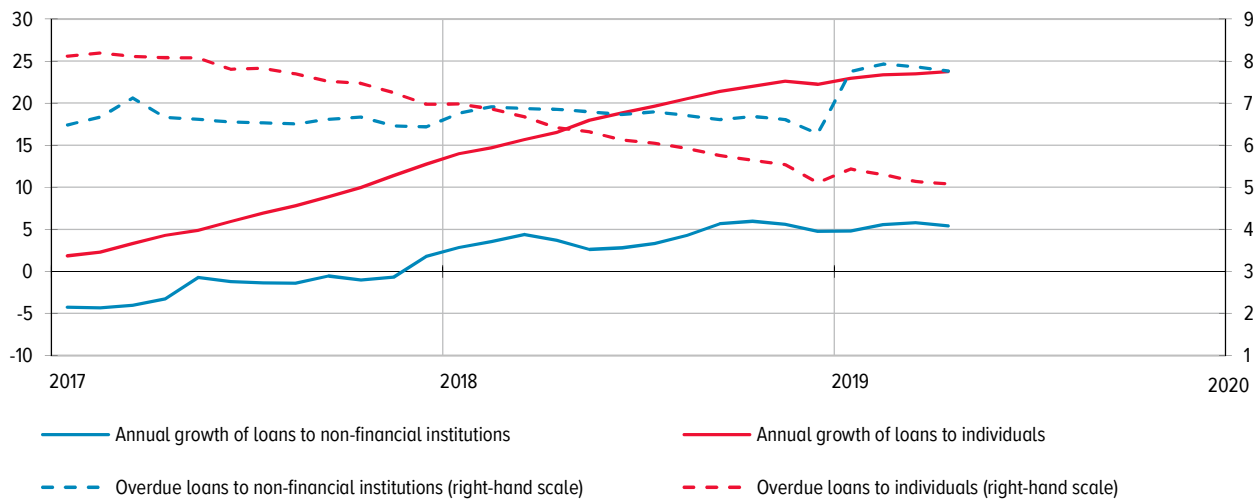
Chart 13



Source: Bank of Russia calculations.

LENDING TO HOUSEHOLDS HAS REMAINED THE MAIN DRIVER OF CREDIT MARKET GROWTH  
RUSSIAN CREDIT MARKET INDICATORS (%)

Chart 14

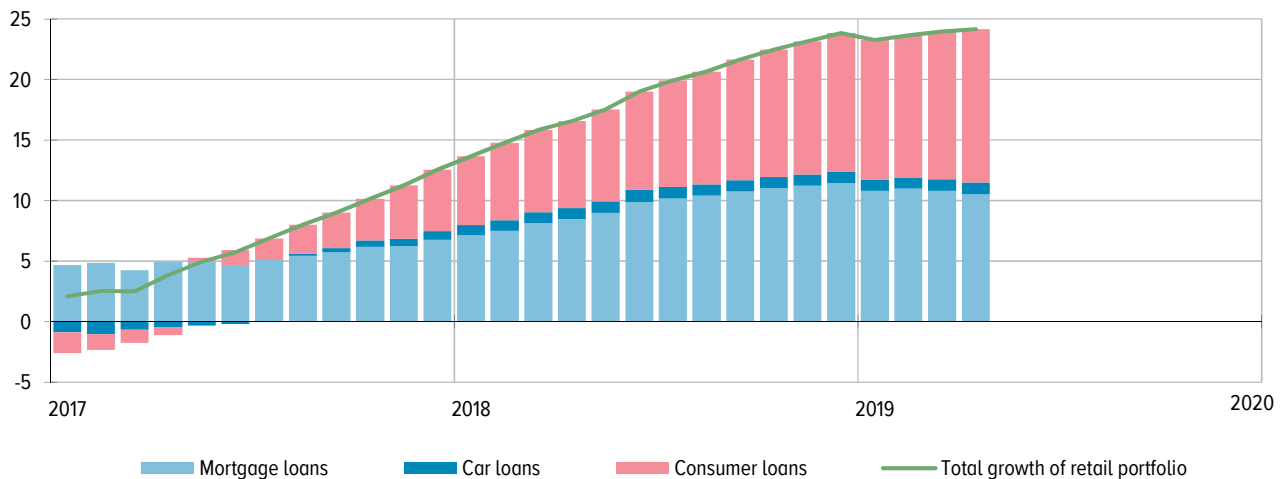


Source: Bank of Russia calculations.

IN MARCH-APRIL 2019, CONSUMER LENDING MADE THE LARGEST CONTRIBUTION  
TO RETAIL LENDING DYNAMICS\*

Chart 15

CONTRIBUTION OF INDIVIDUAL COMPONENTS TO ANNUAL GROWTH OF RETAIL LOAN PORTFOLIO\* (PP)

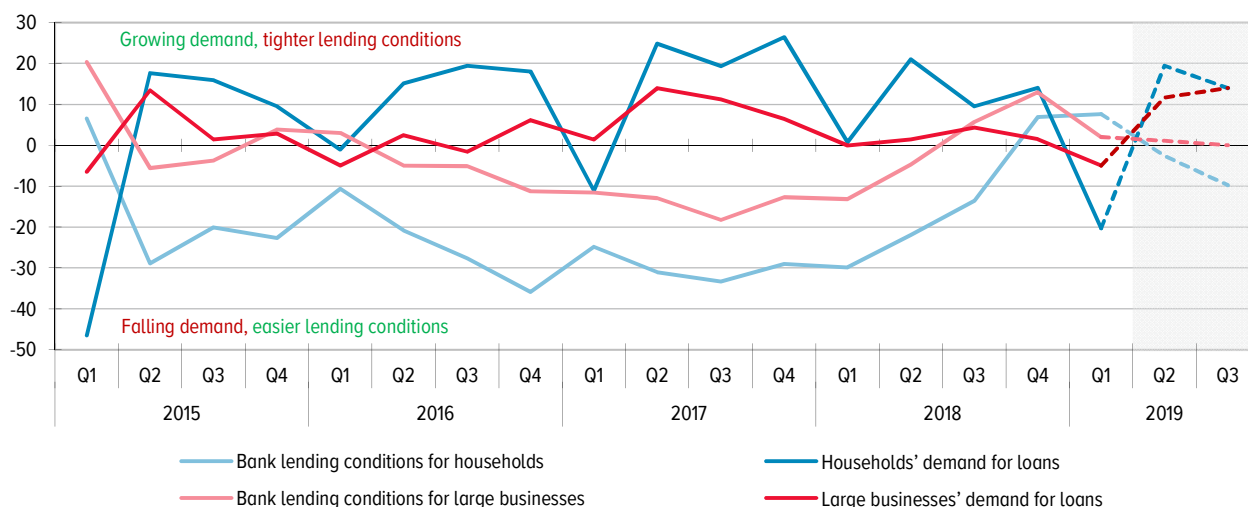


\* For loans grouped into homogenous loan portfolios.  
Source: Bank of Russia calculations.

IN THE SHORT TERM, RUSSIAN BANKS ARE NOT GOING TO TIGHTEN LENDING CONDITIONS;  
THEY ARE EXPECTED TO EASE SLIGHTLY IN THE RETAIL SEGMENT

Chart 16

LENDING CONDITIONS AND DEMAND FOR LOANS INDICES (PP)



Source: Bank of Russia.

## CREDIT AND DEPOSIT MARKET INDICATORS

Table 5

		January 2019	February 2019	March 2019	April 2019
Rates on long-term ruble-denominated bank operations*					
– household deposits	% p.a.	6.9	7.0	7.1	-
– household loans	% p.a.	13.1	13.1	13.3	-
– corporate loans	% p.a.	9.9	9.9	10.0	-
Household deposits	% YoY, AFCR	5.4	5.7	5.6	6.8
– in rubles	% YoY	7.8	7.5	6.6	7.0
– in foreign currency	% YoY	-3.6	-1.2	1.6	5.8
– dollarisation	%	21.5	21.5	21.5	21.1
Loans to non-financial organisations	% YoY, AFCR	4.8	5.6	5.7	5.4
– short-term (less than 1 year)	% YoY, AFCR	-0.6	-2.0	2.7	-1.0
– long-term (more than 1 year)	% YoY, AFCR	4.9	6.1	5.2	5.8
– overdue loans	%	7.8	7.9	7.9	7.8
Loans to households	% YoY, AFCR	23.0	23.4	23.5	23.8
– housing mortgage loans	% YoY, AFCR	24.7	24.8	24.2	23.5
– unsecured consumer loans	% YoY	23.2	23.6	24.2	25.2
– overdue loans	%	5.4	5.3	5.1	5.1

\* Starting from January 2019, the procedure for calculating rates on loans to non-financial organisations was revised (in particular, affiliated parties were excluded from the calculation base). This may affect the rate statistics.

Note: YoY – on corresponding period of previous year, AFCR – adjusted for foreign currency revaluation.

Source: Bank of Russia calculations.

## Cut-off dates:

- 'Banking sector liquidity and money market' section – 4 June 2019 (reserve requirements are an important part of the Bank of Russia's instruments to manage banking sector liquidity and money market rates. Therefore, the analysis of the effectiveness of the Bank of Russia's monetary policy operational procedure should take into account required reserves averaging periods. In May-June 2019, this period is from 8 May 2019 to 4 June 2019);
- 'Foreign exchange and stock market' section – 31 May 2019;
- 'Credit and deposit market' section – 1 May 2019.

A soft copy of information and analytical commentary is available on the Bank of Russia website (<http://www.cbr.ru/DKP/>). Please send your comments and suggestions to [svc\\_analysis@cbr.ru](mailto:svc_analysis@cbr.ru).

This commentary is prepared by the Monetary Policy Department.

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