



Bank of Russia



June 2024

# MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM

Information and analytical commentary

9 July 2024

## MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM (JUNE 2024)

In June, monetary conditions tightened month-on-month (MoM), according to high-frequency data (Chart 1). Nominal interest rates increased further in most financial market segments. Real interest rates hit new record highs, rising close to 8%, although households' and businesses' inflation expectations were up as well. Inflation expectations were fuelled by persistently high price growth rates and elevated consumer and investor activity amid limited supply. Credit activity remains high. Therefore, to bring inflation down to the target, it is necessary to maintain tight monetary conditions for a long period. The annual growth rates of the monetary aggregates still exceeded the levels of 2017–2019 when inflation had been close to 4%.

### MONETARY POLICY TRANSMISSION

*The monetary policy transmission mechanism (or monetary policy transmission) is a sequence of links in the economy through which monetary policy influences demand and, accordingly, inflation. This mechanism is based on interest rates and yields in the key market segments, influencing each other (the key rate has a direct effect on short-term money market rates; short-term rates influence long-term rates and OFZ yields; OFZ yields influence corporate bond yields; bond yields and long-term money market rates affect credit and deposit rates). Rates, in turn, influence the propensity to save, consume, and invest (the interest rate channel of the transmission mechanism), the ability of borrowers to provide high-quality collateral and that of banks – to expand lending (the credit and balance sheet channels), as well as the wealth of investors (the welfare channel), and the ruble exchange rate (the foreign exchange channel).<sup>1</sup>*

*Through any of these channels, higher market rates constrain demand and inflation, while lower ones stimulate them. In addition to monetary policy and demand, inflation and financial market trends are influenced by many other factors which are taken into account by the Bank of Russia when deciding on the key rate.*

*This material briefly describes the monetary policy transmission and the conditions of its functioning.*

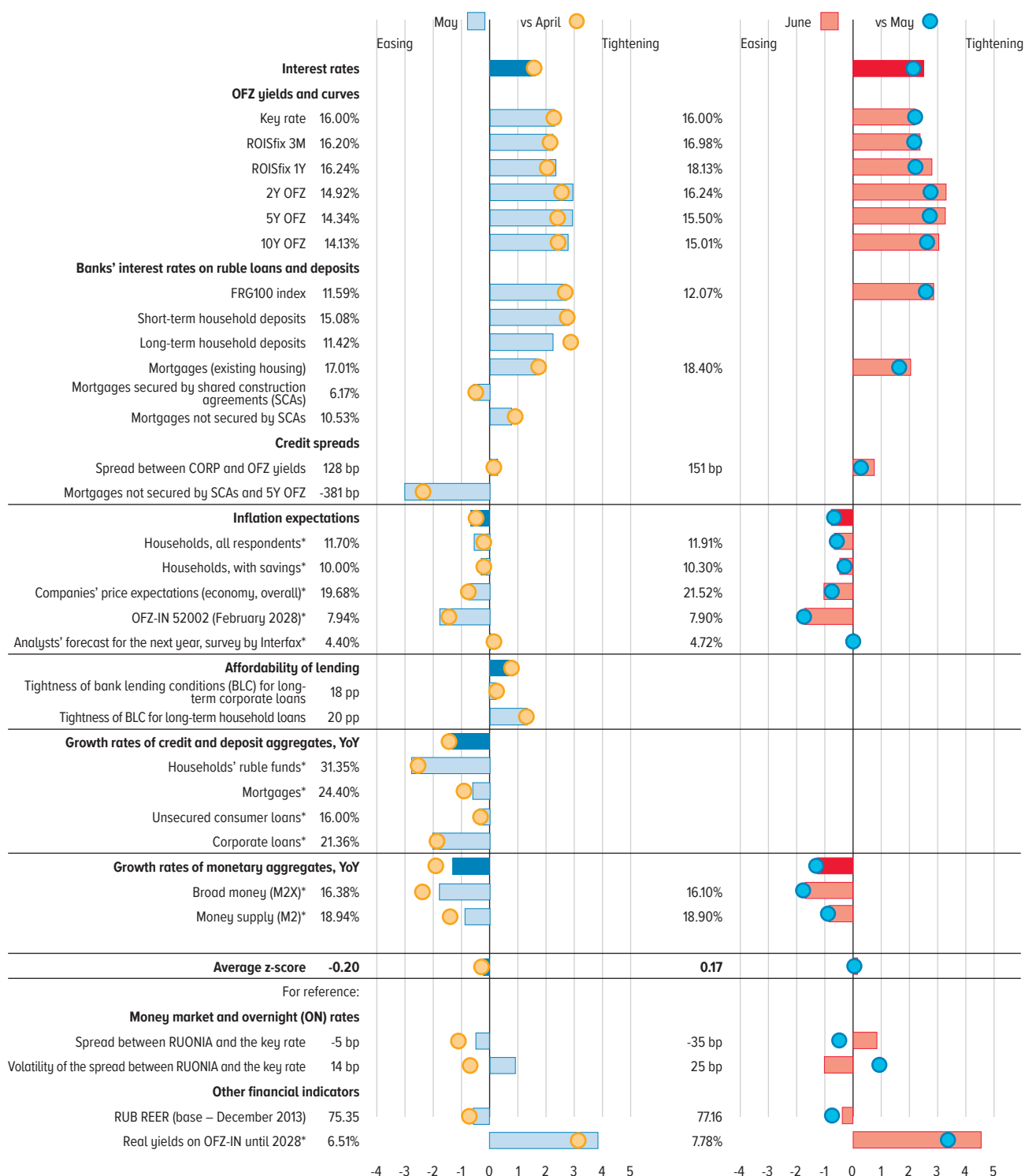
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<sup>1</sup> See Appendix 1 to the [Monetary Policy Guidelines for 2024–2026](#).

## INDIVIDUAL INDICATORS OF MONETARY POLICY TIGHTNESS AND THEIR CHANGES

### INDICATORS OF MONETARY TIGHTNESS

Chart 1



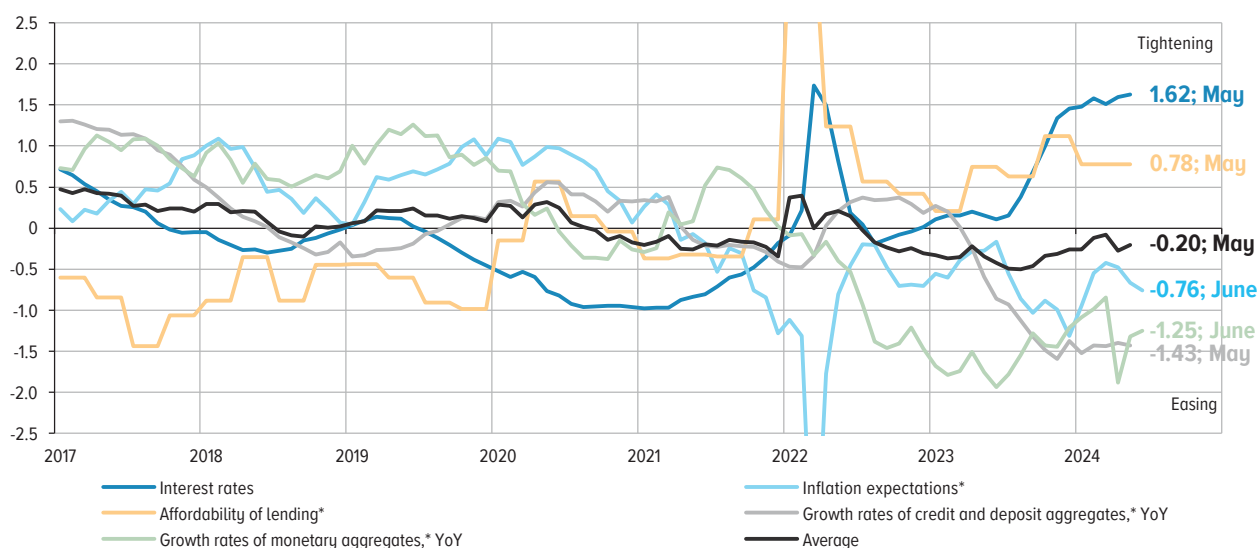
Note. The indicator panel represents one possible summary visualisation of key indicators to help assess the monetary conditions and their changes. It should not be considered a comprehensive presentation of all types of indicators relevant to assessing the nature and changes of the monetary conditions. The chart shows the level of the indicator (z-score) relative to the distribution of values from January 2017 to May 2024 (left-hand chart) and to June 2024 (right-hand chart). The indicator's level (in standard deviation) as of the previous date is circled. A shift of the indicator to the left relative to the previous date indicates easing of monetary conditions, a shift to the right – their tightening. The Z-scores for high-frequency indicators (OFZ yields, money market rates, exchange rate, spread between CORP and OFZ yields, etc.) were calculated based on the averages for the relevant month. The Z-score for the spread between RUONIA and the key rate was taken out of the calculation of the overall average indicator due to high volatility.

\* The indicators were used to calculate the inverse z-score.

Source: Bank of Russia calculations.

## HISTORICAL DYNAMICS OF INDIVIDUAL INDICATORS OF MONETARY TIGHTNESS

Chart 2



\* The indicators were used to calculate the inverse z-score.  
Source: Bank of Russia calculations.

## Interest rates

• **Monetary policy and the key rate.** On 7 June 2024, the Bank of Russia Board of Directors decided to keep the key rate at 16.00% per annum. The decision was made amid the same price growth rates as in 2024 Q1 and persistently expanding demand that had been significantly surpassing the capacities to ramp up supply. The increase in prices over April–May was partially associated with one-off factors, including the indexation of communication service tariffs and higher prices for domestic cars. GDP for 2024 Q1 and high-frequency indicators for 2024 Q2 suggest that the Russian economy continued to surge. According to the additional data released in June after the Board of Directors' meeting, economic activity and price growth rates are higher than forecast by the Bank of Russia in April.

The Bank of Russia toughened its signal, admitting the possibility of a key rate increase at the next meeting on 27 July.

• **Banking sector liquidity and overnight rates (RUONIA).** On average, the spread between RUONIA and the key rate widened to -35 bp in June (vs -5 bp in May) (Chart 4). The spread volatility rose to 25 bp (vs 14 bp in May). At the beginning of the June<sup>1</sup> required reserves (RR) averaging period, the spread between RUONIA and the key rate narrowed. Some banks expected the Bank of Russia Board of Directors to raise the key rate on 7 June<sup>2</sup> and were thus seeking to make their RR averaging earlier. That pushed up the demand for both liquidity in the money market and Bank of Russia loans. After the Board of Directors' meeting, the outstanding debt on Bank of Russia loans decreased, and the spread returned to negative territory. In mid-June, lower demand from some large borrowers had a downward effect on money market rates. The decline in demand was associated with the planned reduction in the available amount of the irrevocable credit line (ICL) from 1 July.<sup>3</sup> Some banks decided to maintain smaller balances in their correspondent accounts until the said date than was needed for RR averaging to later on raise more loans from the Bank of Russia so as to comply with both the RR ratios and liquidity coverage ratio (LCR).

<sup>1</sup> From 5 June 2024 to 9 July 2024.

<sup>2</sup> [Summary of the Key Rate Discussion, dated 20 June 2024.](#)

<sup>3</sup> [Press release of the Bank of Russia, dated 23 November 2023.](#)

The liquidity surplus averaged ₹1.0 trillion in June (vs ₹1.1 trillion in May). The contraction was attributed to the increase in RR resulting from the expansion of the deposit base. The impact of budget operations on liquidity was almost neutral in June. The Federal Treasury's operations offset budget revenues and expenditures. The Bank of Russia's operations to mirror transactions with the assets of the National Wealth Fund (NWF) in 2023 caused an outflow of liquidity from banks. Concurrently, banks received money from the NWF as investment in permitted financial assets. The demand for cash in June was below the averages of previous years and did not have a notable effect on the banking sector liquidity (in May, the inflow amounted to ₹0.1 trillion).

The liquidity balance as of the end of 2024 is expected to range from a deficit of ₹0.7 trillion to a surplus of ₹0.1 trillion<sup>4</sup> (Table 5).

- **Money market.** As of the end of June, the ROISfix curve went down for maturities of up to one month by 22–52 bp, which was because the key rate had been kept unchanged despite some market participants' expectations of its increase. Contrastingly, interest rates for longer maturities continued to trend upwards, adding 9–166 bp (Table 1). Market participants expect that the key rate will be revised upwards to 18% per annum at the upcoming meetings, interest rates will stay high for a longer period, and monetary policy easing will be slower.

ROISFIX

Table 1

Maturity	1w	2w	1M	2M	3M	6M	1Y	2Y
30.06.2024	15.87	15.92	16.06	16.80	17.39	18.17	19.08	18.24
31.05.2024	16.09	16.37	16.58	16.71	16.84	17.24	17.48	16.58
Change, bp	-22	-45	-52	9	55	93	160	166

Sources: Moscow Exchange, National Finance Association.

- **Federal government bonds.** From the end of 2023, the zero coupon yield curve has been shifting upwards across all maturities, reflecting the actual and expected monetary policy tightening. Over June, average monthly yields on federal government bonds (OFZs) rose by 15–100 bp, which was slightly below the growth rates of 120–170 bp observed in May. Short-term yields changed most significantly as market participants revised their expectations regarding the future path of the key rate. Although they expected the key rate to increase, yields on short-term securities rose considerably less than money market rates. As a result, the spread between OFZ yields and the interest rate swap expanded to the maximum since December 2023. This could be attributed to low liquidity in the short-term segment of the debt market as well as an increase in the demand for these securities following the cancellation of the easing related to the LCR. Prices for inflation-indexed federal government bonds (OFZ-IN) show that the shift in the nominal yield curve of OFZs in June was largely associated with rising real yields (+59 bp, 8.25%), while an additional increase in breakeven inflation had a less notable effect (+1 bp, 7.8% for OFZ-IN until 2028). In June, both real yields and breakeven inflation hit new record highs from 2018.

<sup>4</sup> [Commentary on the Bank of Russia's Medium-term Forecast, dated 13 May 2024.](#)

OFZ ZERO COUPON YIELD CURVE

Table 2

Maturity	1Y	2Y	3Y	5Y	7Y	10Y
30.06.2024	16.76	16.61	16.21	15.63	15.33	15.11
31.05.2024	15.73	15.81	15.59	15.23	15.06	14.96
Change, bp	103	80	62	40	27	14
Average for June 2024	16.18	16.24	15.98	15.50	15.23	15.01
Average for May 2024	15.14	14.92	14.65	14.34	14.20	14.13
Change, bp	104	132	133	116	103	88

Sources: Moscow Exchange, Bank of Russia calculations.

The composition of participants in the secondary OFZ market remained unchanged. As before, net buyers were mostly non-bank financial institutions using their equity and individuals, while net sellers were predominantly systemically important credit institutions, although the amount of their sales notably contracted compared to May.

There were only two auction weeks in June. The Russian Ministry of Finance raised almost the same amount of funds as in the previous month, specifically ₹78 billion in June vs ₹85 billion in May. The demand for OFZs averaged ₹278 billion. Moreover, investors demonstrated the highest demand for variable coupon federal government bonds (OFZ-PK) that the Ministry of Finance offered for the first time since November 2023 amid high current price growth rates and a worsening situation in the debt market that were making it difficult to offer large amounts of fixed coupon federal government bonds (OFZ-PD) at acceptable prices. The demand for OFZ-PD was supported by their high yields that rose to 15%, hitting a new record high. Traditional securities were mostly offered in the long-term segment at a small discount to secondary market yields (from -1 bp to -2 bp). Over 2024 H1, the Ministry of Finance sold OFZs worth ₹1.2 trillion, that is, 31% of the revised annual borrowing target (₹3.9 trillion).

- **Corporate bond market.** By the end of June, yields on corporate bonds were up to 17.93%, adding 63 bp MoM, according to the dynamics of the IFX-Cbonds index. The rise mostly reflected higher OFZ yields. However, the average spread between government and corporate bond yields over the month slightly expanded as well, namely from 128 bp in May to 151 bp in June. Corporate borrowers raised a larger amount in the primary market in June than in the previous year, specifically ₹531 billion vs ₹404 billion in June 2023. The growth rate of the corporate bond portfolio since the start of the year is comparable with the 2014–2021 median (+5.7% in June 2024 vs 5.2% – the median) but is two times lower YoY (+10.9% in June 2023). The total size of the corporate bond market reached ₹26.7 trillion as of the end of May.

In June, the amount of issued substitute bonds increased to ₹329 billion, accounted for by financial and metallurgy companies' securities. According to Cbonds, yields on substitute bonds included in the relevant index rose by 73 bp MoM to 8.07%. The spread between them and US Treasuries (UST) with similar maturities expanded by 90 bp to 357 bp, which is 100 bp less than the 2023 average.

## Banks' interest rates on ruble loans and deposits

- **Deposit rates.** Interest rates on short-term deposits continued to trend upwards in May, according to preliminary data. Long-term interest rates on standard retail deposits remained the same as in April. However, changes in the parameters of the promotional campaigns entailed a reduction in the weighted average interest rate. Banks continued to raise interest rates in June, as is evident from high-frequency data. Thus, the FRG100<sup>5</sup> index gained nearly 0.7 pp over the month. Banks' expectations of a possible monetary policy tightening might be assumed to cause a further increase in deposit rates in the near future (Charts 9 and 10).

<sup>5</sup> The average interest rate of the 81 largest deposit banks on deposits for up to one year in an amount of at least ₹100,000, according to the information agency Frank RG.

- **Corporate loan rates.** Interest rates on corporate loans remained high in May and continued to grow in a number of market segments in June, as is evident from high-frequency data (Chart 9).
- **Retail loan rates.** According to preliminary data, retail loan rates were changing diversely in May. Short-term loan rates were up, following the rise in bank funding costs. The average market interest rate in the long-term segment dropped due to a higher proportion of mortgages (mostly, subsidised ones) in market turnover. The weighted average interest rate on ruble mortgages edged down by 0.4 pp in May to 8.1% per annum. This resulted from the further expansion of the share of subsidised loans in the total amount of issued mortgages ahead of the termination of the extensive subsidised lending programme. Contrastingly, market interest rates on mortgage loans rose in May–June (Charts 9 and 10).

## Growth rates of credit and deposit aggregates

- **Deposits.** As before, higher deposit rates were encouraging households to deposit funds with banks in May. The annual growth<sup>6</sup> of the portfolio of households' ruble funds with banks<sup>7</sup> sped up from 29.7% in April to 31.3% in May. The inflow of funds into ruble current accounts slightly accelerated. Balances in short-term ruble deposits were increasing more slowly in May than in March–April. Funds in foreign currency deposits edged up in May, but their growth rate was still below that of ruble deposits. Coupled with the ruble strengthening, that contributed to a further reduction in the share of foreign currency deposits in the portfolio by 0.3 pp to 8.0% (Chart 11).
- **Corporate lending.** In May, companies continued to increase borrowings. The annual growth of the corporate loan portfolio<sup>8</sup> sped up by 0.9 pp to 21.4%. As in previous months, long-term borrowings accounted for the largest percentage of the monthly increase in May. Furthermore, the growth rate of ruble lending remained nearly the same as in April, whereas that of foreign currency lending inched down MoM. According to high-frequency data, the corporate segment of the credit market started to cool down somewhat in June (Chart 12).
- **Retail lending.** Credit activity in retail lending was high in May. The annual growth slowed from 22.6% in April to 22.0% in May. Optimistic consumer sentiment<sup>9</sup> supported households' demand for consumer and car loans: over the month, the portfolios expanded by 2.0% and 5.0%, respectively (vs 1.8% and 4.0%, respectively, in April). As the non-targeted subsidised mortgage programme was to end soon, households were seeking to raise low interest rate mortgages before its termination, which was one of the drivers of individuals' demand for mortgage loans. Mortgages issued in May totalled ₺546 billion, 77% of which were subsidised loans.<sup>10</sup> That said, tightening price lending conditions were containing the growth in the market segment of mortgage lending. As a result, the annual increase in the mortgage portfolio<sup>11</sup> (without adjustment for securitisation transactions) slowed down from 26.1% in April to 24.4% in May.

<sup>6</sup> Hereinafter, increases in banks' balance sheet indicators are calculated based on the reporting data of operating credit institutions recorded in the State Register as of the relevant reporting date. Increases in loans are calculated net of claims acquired by banks and without adjustment for securitisation transactions. Increases in foreign currency claims and liabilities are calculated in US dollar terms. Where increases in the indicators comprising foreign currency and ruble components are calculated herein, the growth of the foreign currency component is converted into rubles using the period average exchange rate.

<sup>7</sup> Hereinafter, households' funds with banks include balances in time deposits, sight deposits and current accounts, but do not include escrow accounts under shared construction agreements.

<sup>8</sup> Hereinafter, the growth of lending to non-financial and financial organisations and individual entrepreneurs does not include claims on such loans acquired by banks.

<sup>9</sup> [Inflation Expectations and Consumer Sentiment, No. 5 \(89\), May 2024.](#)

<sup>10</sup> Mortgages issued under the programmes Subsidised Mortgage, Family Mortgage, IT Mortgage, and Far Eastern and Arctic Mortgage.

<sup>11</sup> Mortgages net of claims on such loans acquired by banks.

According to high-frequency data, households' demand for loans remained high in June, largely due to the spike in the demand for subsidised mortgages ahead of the expiry of the large-scale programme (Charts 12 and 13).

## Growth rates of monetary aggregates

- **Money supply.** The effect of uneven budget operations that had entailed a faster rise in money supply in April was offset in May, and the increase in the monetary aggregates slowed down to the rates recorded in February–March. The annual growth rate of money supply in the national definition (M2) equalled 18.9% and that of broad money, adjusted for foreign currency revaluation, (M2X, AFCR) was 16.4% as compared to 21.8% and 18.3%, respectively. High-frequency data show that the annual increase in the monetary aggregates stayed fast in June (Chart 15).
- **Sources of money supply.** The banking system's claims on the economy remained the key source of money supply. As of the end of May, the annual growth rate of claims on the economy edged up by 0.1 pp to 23.2%. The contribution of budget operations to the increase in the monetary aggregates was smaller compared to the elevated level in April associated with the rescheduling of tax payments to the beginning of May.
- **Components of money supply.** The increase in the monetary aggregates in May was mostly driven by households' ruble deposits the annual growth of which accelerated from 30.8% in April to 32.2% in May. The share of cash in ruble money supply remained nearly the same MoM.

### • Exchange rate (foreign exchange channel)

As of the end of June, the ruble significantly strengthened against the main foreign currencies (Table 3). The ruble appreciated largely in the second half of June after the suspension of trading in US dollars and euros on Moscow Exchange due to the new sanctions. As a result, foreign currency trading shifted to the over-the-counter segment to a great extent. One of the reasons for the ruble strengthening was apparently lower demand from importers, which was associated with the existing problems with payments in foreign trade amid the stable supply of foreign currency from exporters. Overall, volatility in the foreign exchange market increased, whereas its liquidity declined. Nevertheless, it is possible to assume that the market liquidity will restore and the exchange rate will become less volatile as foreign exchange market participants adapt to the new conditions.

RUBLE EXCHANGE RATE

Table 3

	USD/RUB (Bank of Russia)	EUR/RUB (Bank of Russia)	CNY/RUB (Moscow Exchange)
30.06.2024	85.75	92.42	11.73
31.05.2024	90.10	97.72	12.39
Change, %	-4.50	-4.86	-5.28
Average for June	87.66	94.45	11.93
Average for May	90.72	98.11	12.49
Change, %	-3.37	-3.72	-4.47

Note: '+' – depreciation of the ruble; '-' – appreciation of the ruble.

Sources: Moscow Exchange, Bank of Russia calculations.

The [real effective exchange rate \(REER\) of the ruble](#) calculated against the currencies of the main foreign trade partners rose by 1.9% in May (-10.1% YoY). In June, the RUB REER was up by 5.2% MoM and slightly exceeded its multi-year median (+1.4% to the median of January 2015–May 2024), according to preliminary data.

### • Russian stock markets

The Russian stock market was also volatile in June. The MOEX Russia Index equalled 3,154 as of the end of the month (-2.0% MoM; +1.8% from the beginning of 2024). The decline provoked by the new sanctions was quickly offset for the most part. The Russian Volatility Index (RVI) edged up in June, hovering around 22–28 points (the monthly average – 25 points; +5 points MoM), but remained below the average of 30 points recorded last year. As to the sectoral indices, securities of metallurgical companies as well as mining and quarrying enterprises dropped most notably, specifically by 6.5%, whereas financial and transport companies' stocks significantly increased, namely by 3.5% and 2.8%, respectively.

### • Foreign markets

The average policy rate (weighted by GDP) in advanced economies dropped by 8 bp in June to 4.43%. In particular, the European Central Bank and the Bank of Canada cut their policy rates by 25 bp to 3.75% and 4.75%, respectively, as expected by market participants. The weighted average policy rate in emerging market economies (EMEs) edged down as well, namely by 2 bp to 7.91%. Specifically, Columbia reduced its policy rate by 50 bp to 11.25% and Chile – by 25 bp to 5.75%.

As of the end of June, the UST yield curve slightly dropped in the medium- and long-term segments (Table 4). The decline was associated with inflation statistics evidencing a slowdown in US price growth rates in May. German Bund yields for all maturities also decreased considerably, namely by about 20 bp.

The US dollar strengthened against the main world currencies as of the end of the month, and the US Dollar Index (DXY) added 1.2% to equal 105.8 as of the end of June. The rise was driven by the difference in interest rates, geopolitical factors, and market participants' higher confidence in economic growth in the USA rather than in the countries – trading partners. In particular, the gap between interest rates remained a negative factor for the Japanese yen: USDJPY in June exceeded 161 for the first time since 1986. In contrast to the ruble, other EMEs' currencies mostly weakened against the US dollar in June (BRLUSD: -6.6%; CNYUSD: -0.4%; TRYUSD: -1.6%; and MXNUSD: -7.7%).

UST YIELD CURVE

Table 4

Maturity	2Y	5Y	10Y
30.06.2024	4.75	4.38	4.41
31.05.2024	4.88	4.51	4.50
Change, bp	-13	-13	-9
Average for June 2024	4.76	4.32	4.30
Average for May 2024	4.87	4.50	4.48
Change, bp	-11	-18	-18

Source: Cbonds.

The dynamics in the main world stock markets were positive overall (S&P 500: +3.5%; Stoxx 600: -1.3%; and Nikkei 225: +2.8%). The signs of inflation easing in the USA had a positive effect on US indices, while the most significant increase was demonstrated by artificial intelligence stocks. The S&P 500 Equal Weight Index dropped by 0.6% in June. Japan's stock markets were supported by the yen weakening and better statistics on inflation. EMEs' stock indices were mostly rising as well in June (MSCI EM: +3.6%; Bovespa: +1.5%; IPC Mexico: -5.0%; MSCI EM Asia: +4.6%; and SSE Composite: -3.8%). Conversely, China's indices dropped again amid mixed economic statistics released in recent months.

## Charts and tables

THE LIQUIDITY BALANCE AS OF THE END OF 2024 IS EXPECTED TO RANGE FROM A DEFICIT OF ₺0.7 TRILLION TO A SURPLUS OF ₺0.1 TRILLION  
(₺ TRILLIONS)

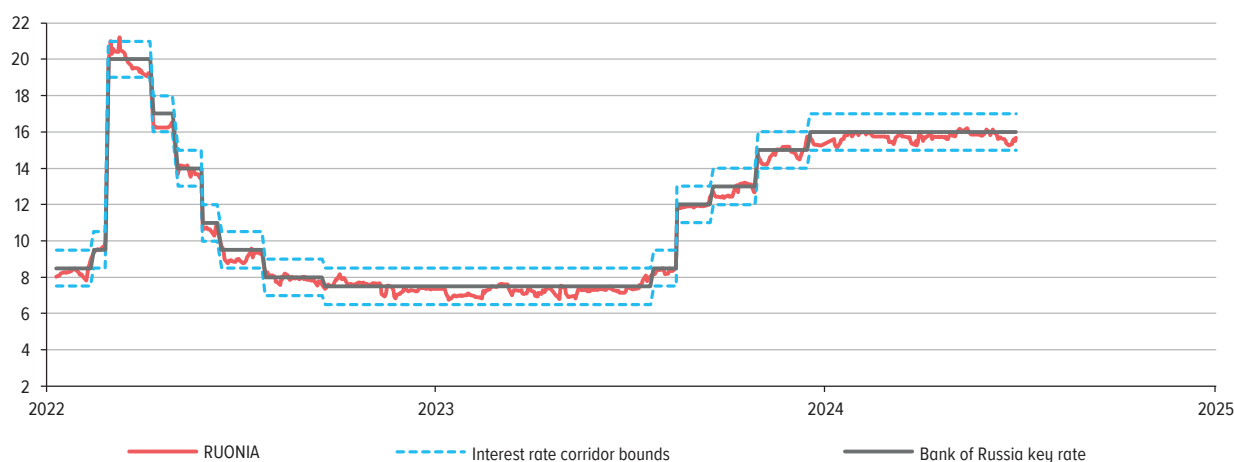
Table 5

	2023	January – June 2024	June 2024	2024 (forecast)
<b>Liquidity deficit (+)/surplus (-) (as of the beginning of the period)</b>	<b>-3.5</b>	<b>0.0</b>	<b>-1.1</b>	<b>0.0</b>
Liquidity inflow (+)/outflow (-):	-3.4	1.0	-0.1	[-0.7; 0.1]
– change in the balances of funds in general government accounts with the Bank of Russia and other operations*	1.0	0.9	0.0	[0.9; 1.1]
– change in the amount of cash in circulation	-2.0	0.5	0.0	[-0.9; -0.5]
– change in required reserves	-2.4	-0.4	-0.1	[-0.7; -0.5]
<b>Liquidity deficit (+)/surplus (-) (as of the end of the period)</b>	<b>0.0</b>		<b>-1.0</b>	<b>[-0.1; 0.7]</b>

\* Including fiscal rule-based operations to buy (sell) foreign currency in the domestic FX market and other operations.  
Source: Bank of Russia calculations.

RUONIA DYNAMICS  
(%)

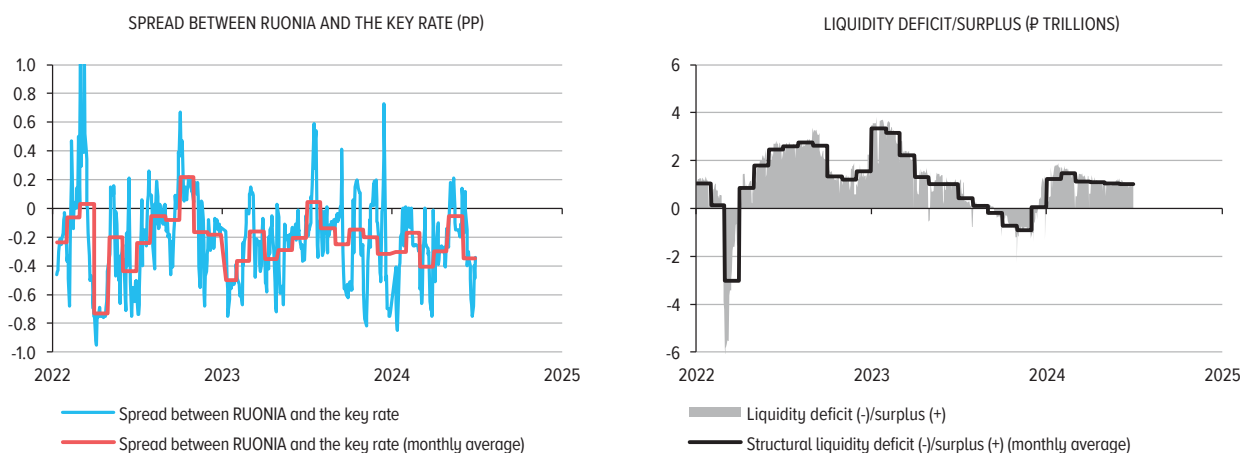
Chart 3



Source: Bank of Russia calculations.

## THE AVERAGE SPREAD BETWEEN RUONIA AND THE BANK OF RUSSIA KEY RATE EXPANDED IN JUNE

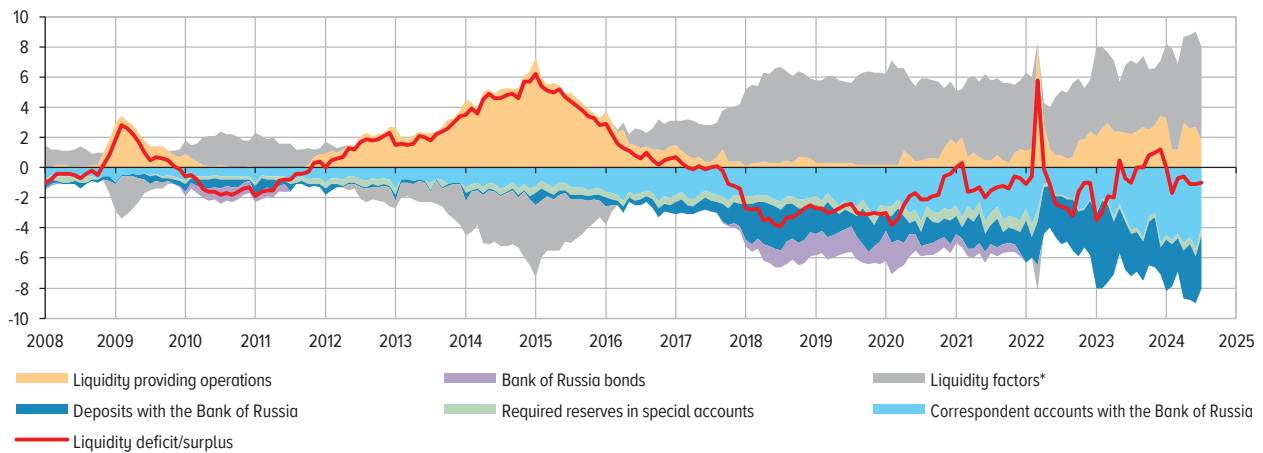
Chart 4



Source: Bank of Russia calculations.

THE BANK OF RUSSIA'S BALANCE SHEET  
(P TRILLIONS)

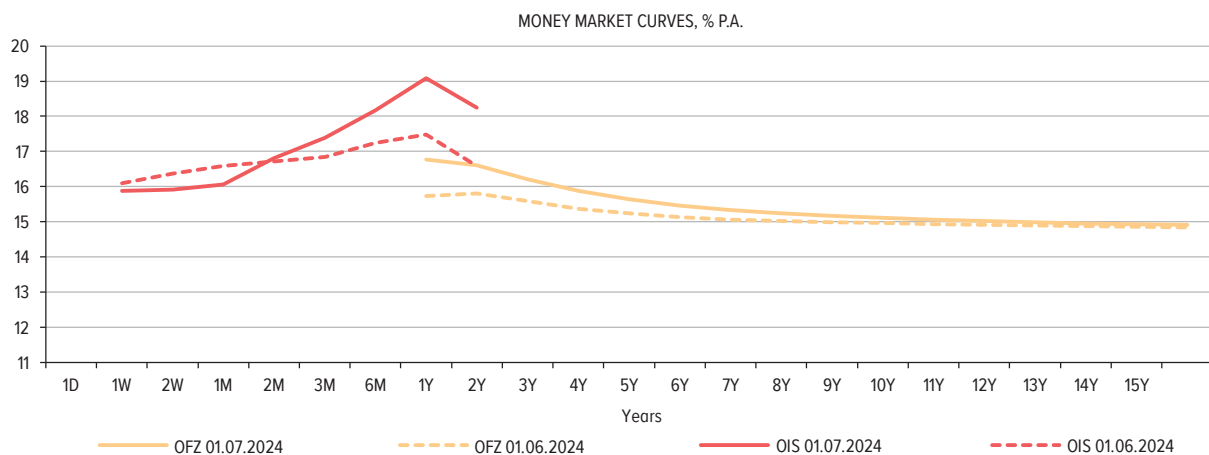
Chart 5



\* This item is balancing and comprises changes in all other, not differentiated, items of the Bank of Russia's balance sheet.  
Source: Bank of Russia calculations.

## MONEY MARKET CURVES SHIFTED UPWARDS FOR ALL MATURITIES IN JUNE

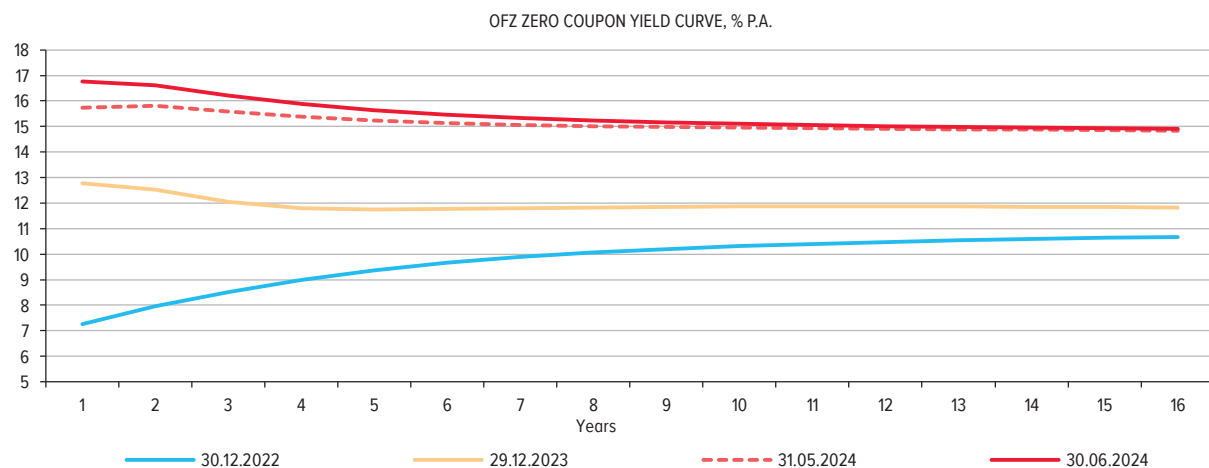
Chart 6



Sources: Moscow Exchange, National Finance Association.

## MEDIUM-TERM OFZ YIELDS SURGED

Chart 7

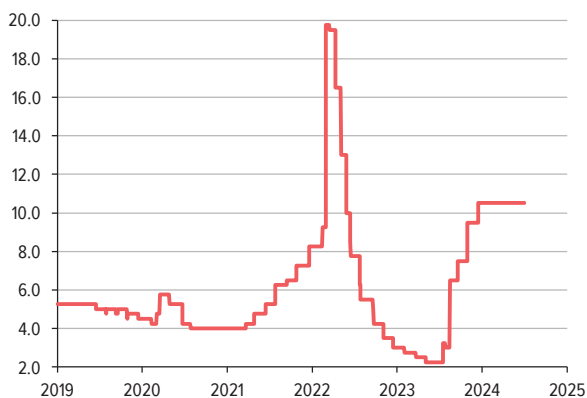


Sources: Moscow Exchange, Cbonds, Bank of Russia calculations.

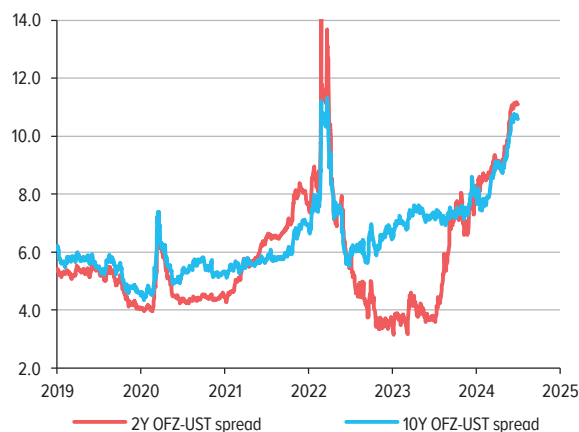
## THE SPREAD BETWEEN OFZ AND UST YIELDS EXPANDED

Chart 8

SPREAD BETWEEN THE BANK OF RUSSIA KEY RATE AND THE US FED FUNDS RATE, PP



SPREAD BETWEEN OFZ AND UST YIELDS, PP

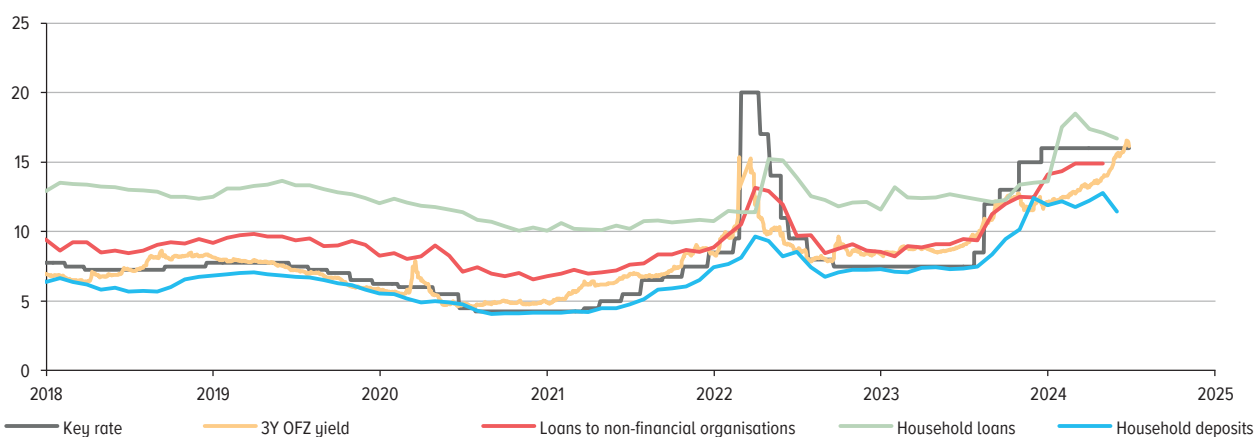


Sources: Moscow Exchange, Cbonds, Bank of Russia calculations.

## MARKET INTEREST RATES ON LOANS AND DEPOSITS REMAINED HIGH IN MAY

Chart 9

INTEREST RATES ON BANKS' LONG-TERM RUBLE TRANSACTIONS, % P.A.

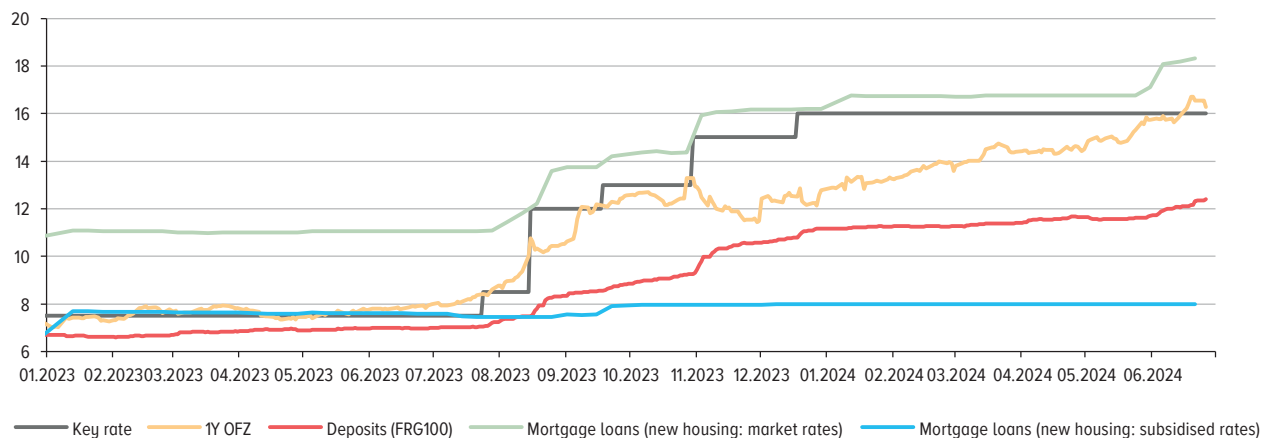


Source: Bank of Russia.

## LOAN AND DEPOSIT RATES CONTINUED TO RISE IN JUNE, ACCORDING TO HIGH-FREQUENCY INDICATORS

Chart 10

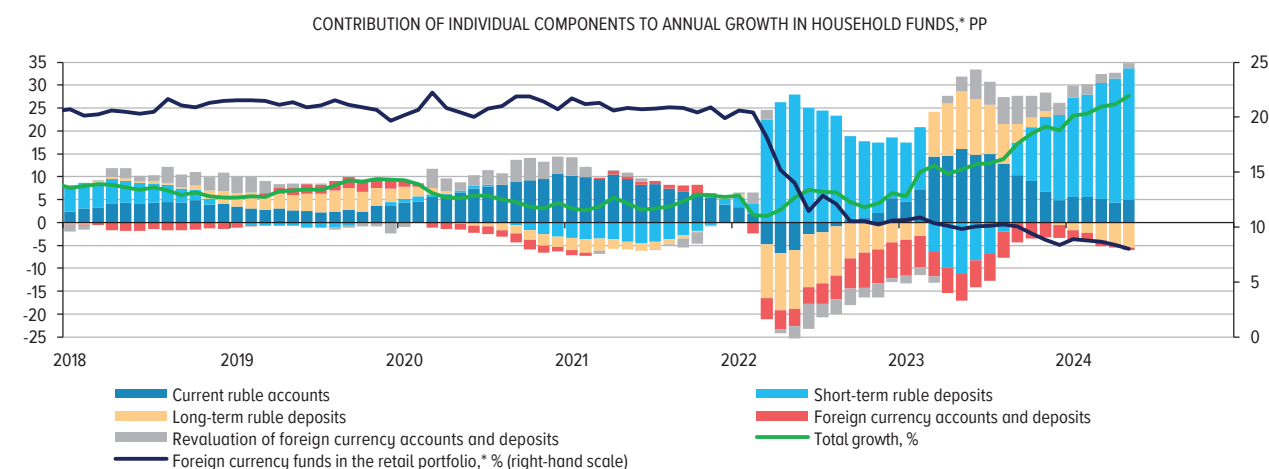
HIGH-FREQUENCY INTEREST RATE INDICATORS, % P.A.



Sources: Bank of Russia, Frank RG, JSC DOM.RF.

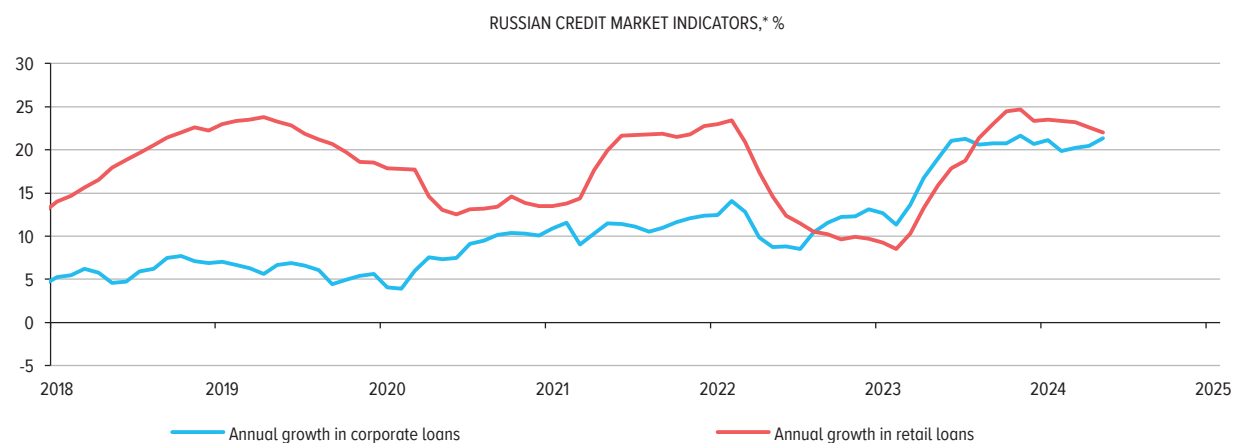
## SHORT-TERM RUBLE DEPOSITS WERE AGAIN THE MAJOR CONTRIBUTOR TO THE ANNUAL GROWTH OF THE DEPOSIT PORTFOLIO IN MAY

Chart 11



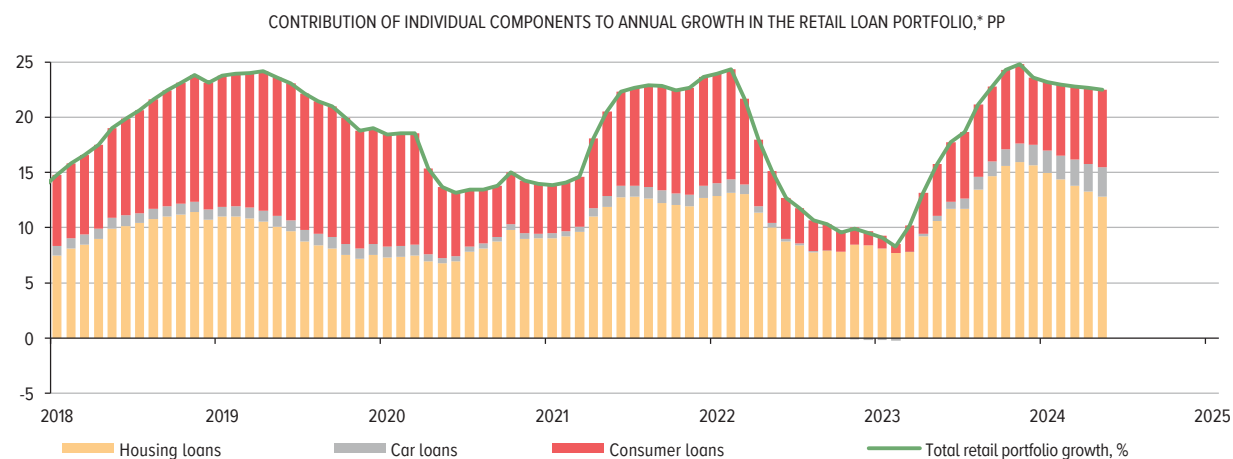
## CREDIT ACTIVITY STAYED HIGH IN MAY

Chart 12



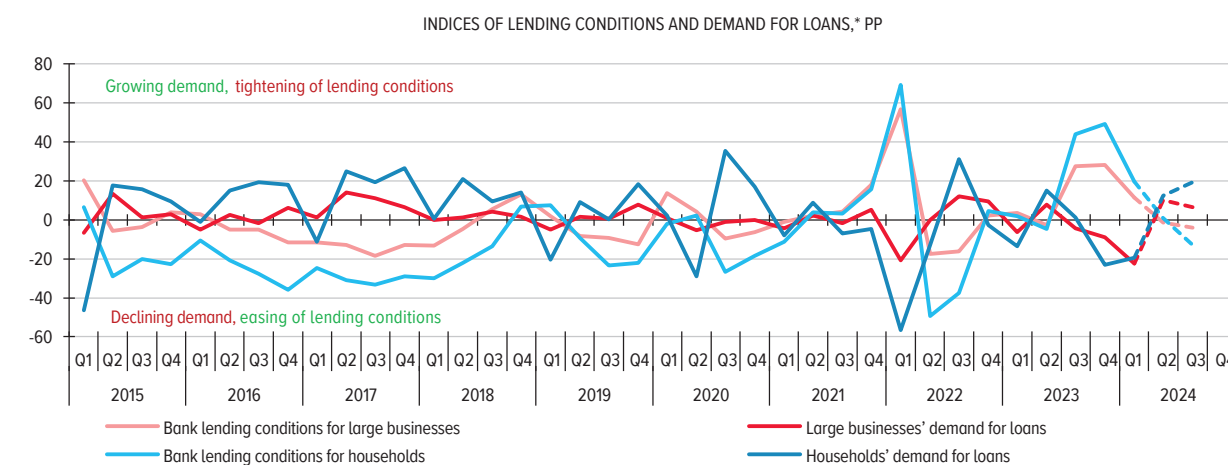
## UNSECURED CONSUMER AND CAR LENDING HAD A STRONGER EFFECT ON THE ANNUAL GROWTH OF THE RETAIL LOAN PORTFOLIO IN MAY

Chart 13



## BANKS TIGHTENED LENDING CONDITIONS IN 2024 Q1 IN TERMS OF BOTH HIGHER INTEREST RATES AND TOUGHER REQUIREMENTS FOR BORROWERS

Chart 14



## CREDIT AND DEPOSIT MARKET INDICATORS

Table 6

		February 2024	March 2024	April 2024	May 2024
<b>Interest rates on banks' long-term ruble transactions</b>					
household deposits	% p.a.	11.8	12.2	12.8	11.4
household loans	% p.a.	18.5	17.4	17.1	16.7
corporate loans	% p.a.	14.9	15.0	14.9	-
<b>Household funds*</b>	<b>% YoY, AFCR</b>	<b>23.8</b>	<b>25.3</b>	<b>25.9</b>	<b>27.7</b>
in rubles*	% YoY	28.9	29.6	29.7	31.3
in foreign currency	% YoY	-16.4	-11.2	-7.7	-5.4
share of foreign currency*	%	8.8	8.7	8.4	8.0
<b>Corporate loans**</b>	<b>% YoY, AFCR</b>	<b>19.9</b>	<b>20.3</b>	<b>20.4</b>	<b>21.4</b>
short-term (up to one year)	% YoY, AFCR	22.4	23.2	26.6	29.5
long-term (over one year)	% YoY, AFCR	21.2	21.4	20.8	21.3
<b>Household loans**</b>	<b>% YoY, AFCR</b>	<b>23.3</b>	<b>23.2</b>	<b>22.6</b>	<b>22.0</b>
mortgages	% YoY, AFCR	28.8	27.7	26.1	24.4
unsecured consumer loans	% YoY	14.5	15.0	15.6	16.0
<b>Claims of the banking system on the economy</b>	<b>% YoY, AFCR</b>	<b>22.5</b>	<b>23.2</b>	<b>23.1</b>	<b>23.2</b>
on businesses	% YoY, AFCR	22.2	23.3	23.3	23.5
on households	% YoY, AFCR	23.1	23.0	22.8	22.6
<b>Money supply (M2)</b>	<b>% YoY</b>	<b>18.4</b>	<b>17.4</b>	<b>21.8</b>	<b>18.9</b>
<b>Broad money (M2X)</b>	<b>% YoY, AFCR</b>	<b>14.5</b>	<b>14.2</b>	<b>18.3</b>	<b>16.4</b>

\* Excluding escrow accounts.

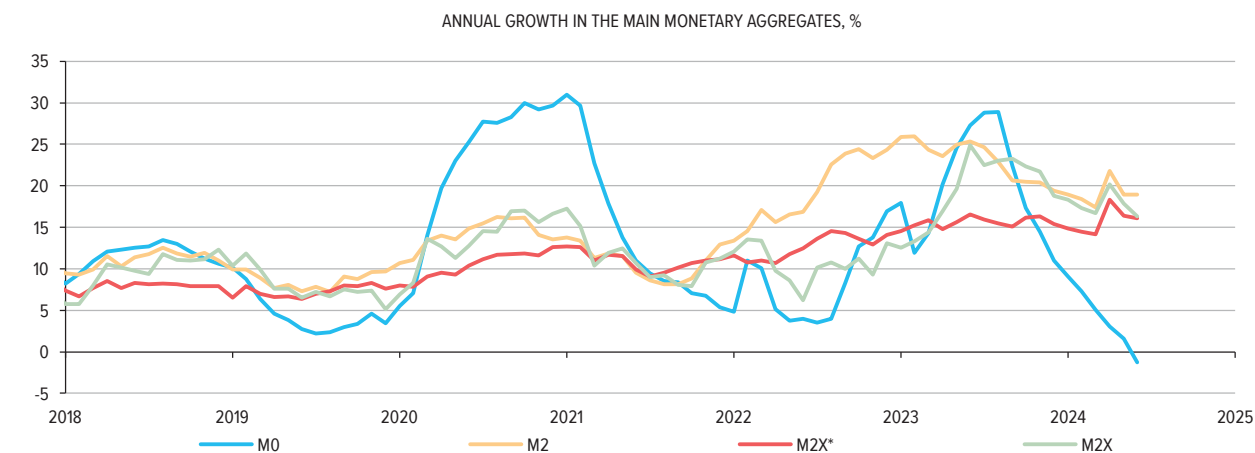
\*\* Since 1 February 2021, the portfolios of corporate and retail loans include acquired claims. The portfolio growth was calculated net of acquired claims.

Note. YoY – year-on-year, AFCR – adjusted for foreign currency revaluation. The Marshall-Edgeworth decomposition is used to make the adjustment for foreign currency revaluation.

Source: Bank of Russia calculations.

## MONEY SUPPLY WAS INCREASING FAST IN MAY-JUNE

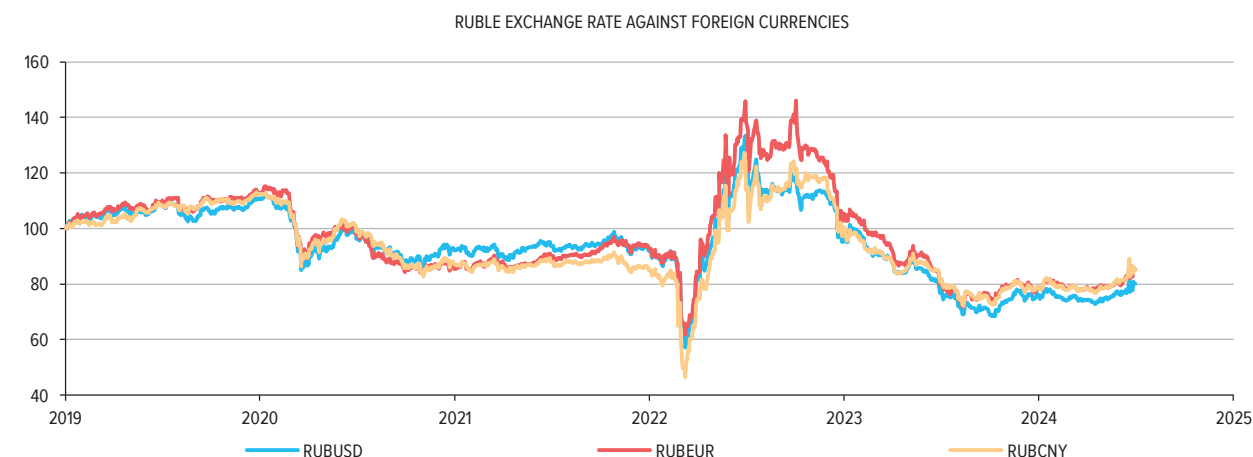
Chart 15



\* Adjusted for foreign currency revaluation.  
Source: Bank of Russia calculations.

THE RUBLE NOTABLY STRENGTHENED IN JUNE  
(02.01.2019 = 100)

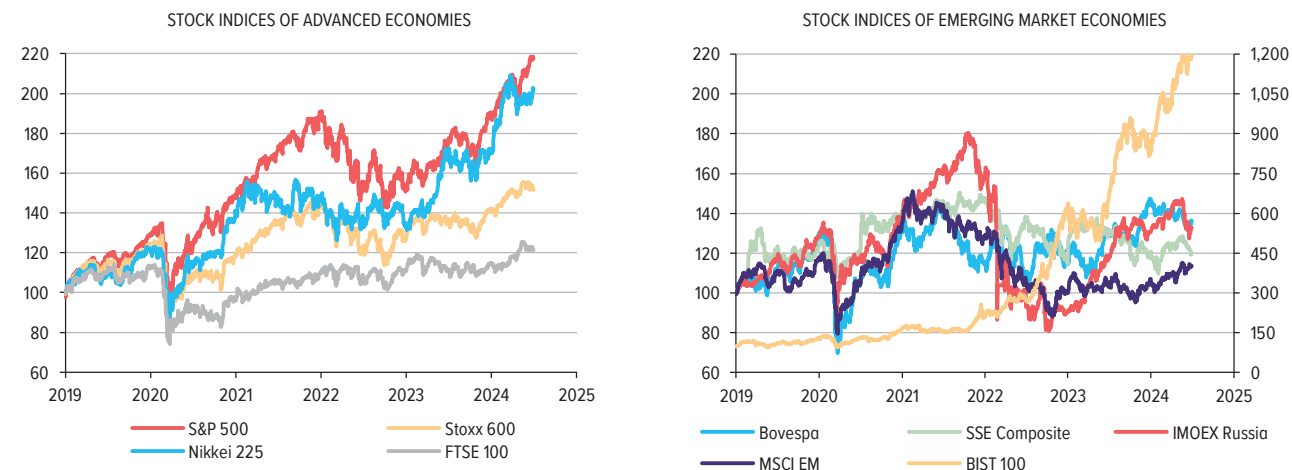
Chart 16



Sources: Cbonds, Bank of Russia calculations.

STOCK INDICES WERE MOSTLY RISING IN JUNE  
(02.01.2019 = 100)

Chart 17



Note. The stock indices are specified in national currencies.  
Sources: Cbonds, Bank of Russia calculations.

## THE RUSSIAN FINANCIAL MARKET DEMONSTRATED NEGATIVE TRENDS

Table 7

Indicator		30.06.2024	1M	3M	6M	YTD	1Y
<b>Russian financial market ('+' – positive trends, '-' – negative trends)</b>							
RUB/USD exchange rate (Bank of Russia)		85.75	4.5	7.1	4.4	5.0	-0.2
MOEX Russia Index		3,154	-2.0	-5.3	1.8	1.8	12.8
RTS Index		1,159	2.9	1.9	7.0	7.0	15.1
Government bond yields		15.41	23	212	343	343	514
Corporate bond yields		17.93	63	261	375	375	834
Regional bond yields		16.61	77	253	399	399	718
RVI		24	2	3	-3	-3	-7
<b>Exchange rates (per US dollar, % change, '+' – appreciation, '-' – depreciation)</b>							
AEs*	US Dollar Index	105.85	1.2	1.3	4.4	4.5	2.4
	Euro	1.07	-1.2	-0.7	-2.9	-3.0	-1.4
	Japanese yen	160.87	2.3	6.3	14.1	14.1	11.1
	Pound sterling	1.26	-0.8	0.2	-0.7	-0.8	0.3
EMEs	Ruble	85.74	5.2	7.4	3.7	3.7	1.3
	Brazilian real	5.59	-6.6	-11.5	-15.3	-15.3	-15.2
	Mexican peso	18.32	-7.7	-10.6	-7.9	-7.9	-7.0
	Chinese yuan	7.27	-0.4	-0.6	-2.7	-2.7	-0.2
	Turkish lira	32.74	-1.6	-1.4	-10.7	-11.0	-25.6
	South African rand	18.20	3.1	3.6	0.5	0.5	3.0
<b>10Y bond yields (% p.a., change in bp, '+' – increase, '-' – decrease)</b>							
AEs	USA	4.36	-15	16	48	48	51
	Germany	2.50	-17	20	48	48	8
	Japan	1.05	-2	33	44	44	67
	UK	4.17	-15	24	64	64	-20
EMEs	Russia	15.11	14	184	324	324	406
	Brazil	12.20	35	126	183	183	123
	Mexico	10.19	4	58	92	92	130
	China	2.22	-11	-9	-38	-38	-50
	Turkey	28.37	66	148	324	324	1,137
	South Africa	10.21	-74	-67	44	44	-28
<b>5Y CDS spreads (bp, change in bp, '+' – increase, '-' – decrease)</b>							
AEs	USA	36	-1	0	-7	-7	6
	Germany	10	0	0	-7	-7	-4
	Japan	22	3	3	-4	-4	4
	UK	25	-8	-4	-11	-11	7
EMEs	Brazil	162	26	30	35	36	-9
	Mexico	106	15	17	20	20	6
	China	67	4	-5	7	6	4
	Turkey	275	26	-12	4	8	-194
	South Africa	207	-29	-46	9	9	-61
<b>Stock indices (p, % change, '+' – increase, '-' – decrease)</b>							
AEs	S&P 500	5,460	3.47	3.9	14.5	14.5	24.2
	Stoxx 600	511	-1.30	-0.2	6.8	6.8	12.0
	Nikkei 225	39,583	2.85	-1.9	18.3	18.3	19.1
	FTSE 100	8,164	-1.34	2.7	5.6	5.6	9.3
EMEs	MSCI EM	1,086	3.55	4.1	6.0	6.1	10.0
	Bovespa	123,907	1.48	-3.3	-7.7	-7.7	4.7
	IPC Mexico	52,440	-4.96	-8.6	-8.6	-8.6	-2.1
	SSE Composite	2,967	-3.87	-2.4	-0.3	-0.3	-6.8
	BIST 100	10,648	2.38	16.5	42.5	42.5	84.9
	FTSE/JSE	79,707	3.91	6.9	3.7	3.7	6.4

\* Advanced economies.

Sources: Moscow Exchange, Cbonds, Bank of Russia calculations.

Data cut-off dates:

- Interest rates – 30 June 2024.
- Banks' interest rates on ruble loans and deposits – 1 June 2024, high-frequency data – 30 June 2024.
- Growth rates of credit and deposit aggregates – 1 June 2024.
- Growth rates of monetary aggregates – 1 June 2024, high-frequency data – 1 June 2024.

The electronic version of the [information and analytical commentary](#) is available on the Bank of Russia website.

Please send your comments and suggestions to [svc\\_analysis@cbr.ru](mailto:svc_analysis@cbr.ru).

This commentary was prepared by the Monetary Policy Department.

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