Bank of Russia

April 2025

MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM

Information and analytical commentary

14 May 2025

MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM (APRIL 2025)

The indicators of monetary conditions were changing diversely in March–April but evidenced that monetary conditions remained tight overall (Chart 1). Inflation expectations of households and businesses stayed elevated. Real interest rates in certain segments of the financial market returned to the January–February level. Breakeven inflation was decreasing. Deposit rates continued to decline. Bank lending conditions (BLC) remained tight, and credit activity in the corporate and retail segments was weak in March–April, which was the main reason behind the slowdown in the annual growth of monetary aggregates.

MONETARY POLICY TRANSMISSION

The monetary policy transmission mechanism (or monetary policy transmission) is a sequence of links in the economy through which monetary policy affects 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 have an impact on 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).[1]

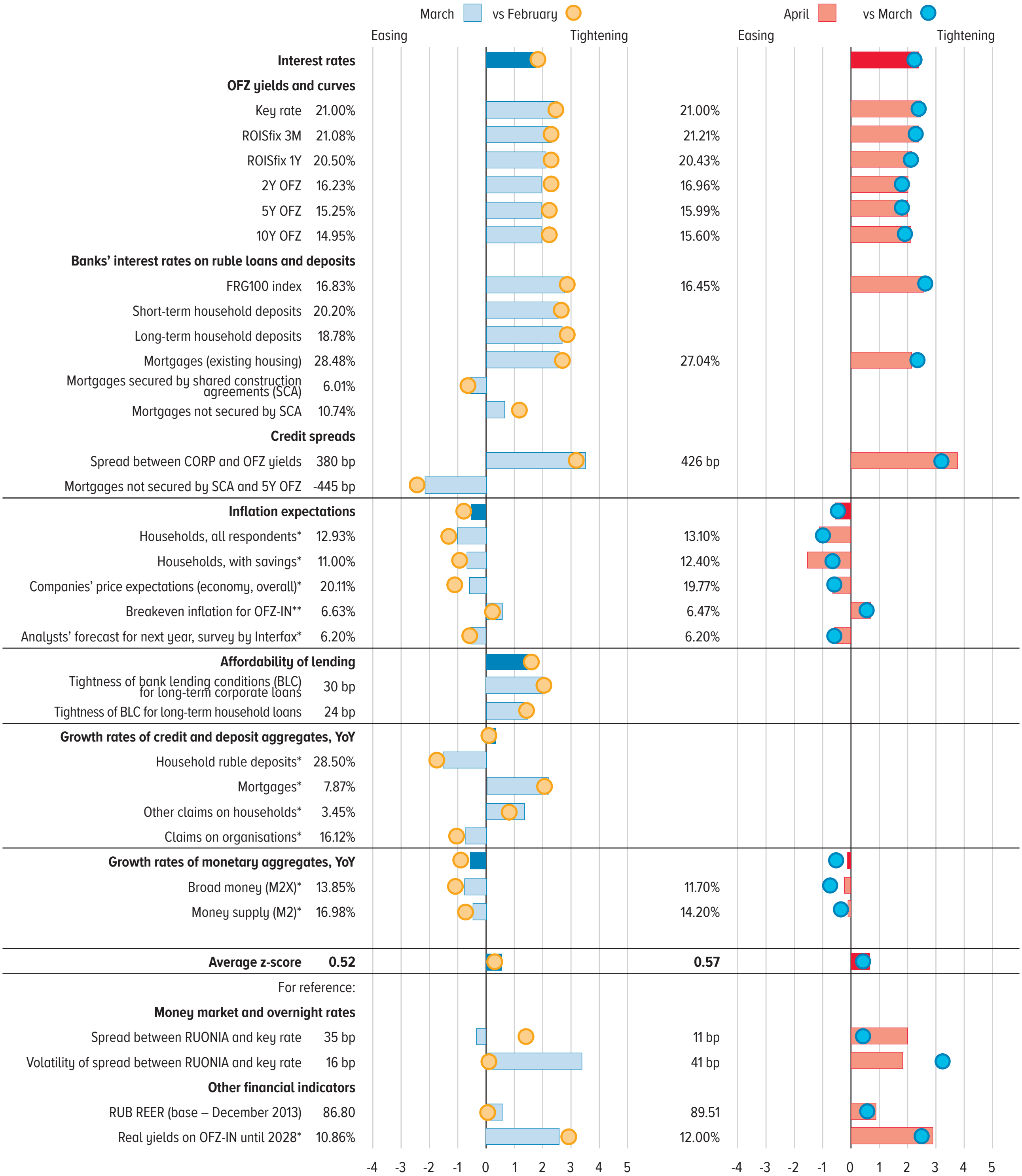
Through any of these channels, higher market rates constrain demand and inflation, while lower ones stimulate them. In addition to monetary policy and demand, inflation and financial market trends are influenced by many other factors that are taken into account by the Bank of Russia when deciding on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

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

[1] See Appendix 1 to the Monetary Policy Guidelines for 2025–2027.

INDIVIDUAL INDICATORS OF MONETARY TIGHTNESS AND THEIR CHANGES

INDIVIDUAL INDICATORS OF MONETARY TIGHTNESS AND THEIR CHANGES *Chart 1*



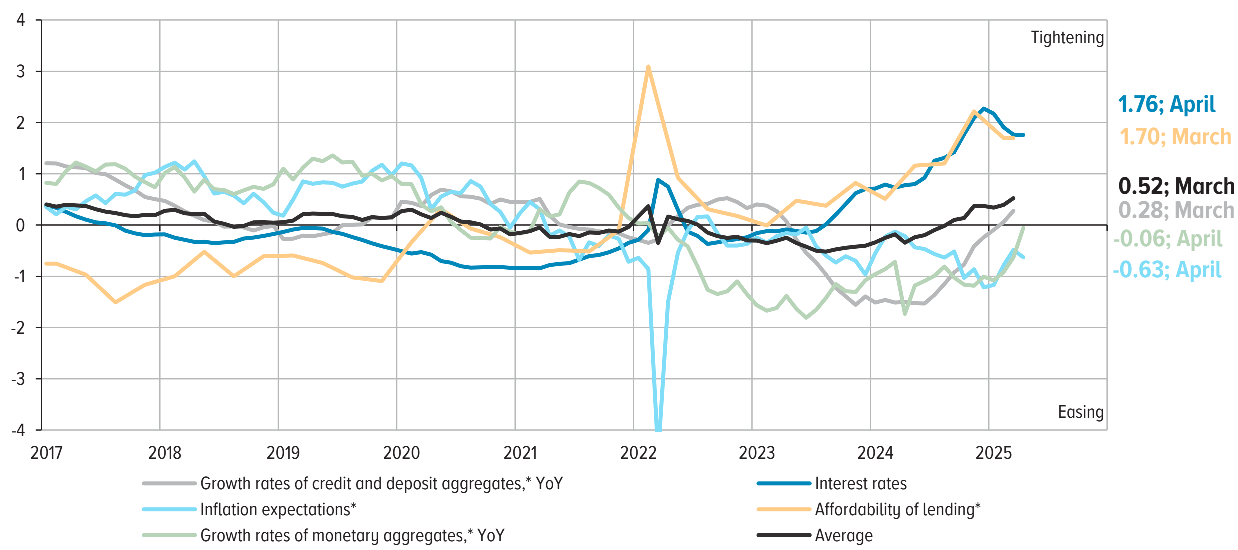
Note. The indicator panel represents one possible summary visualisation of key indicators to help assess the monetary conditions and their changes. It should not be considered a comprehensive presentation of all types of indicators relevant to assessing the nature of and changes in the monetary conditions. The chart shows the level of the indicator (z-score) relative to the distribution of values from January 2017 to March 2025 (left-hand chart) and to April 2025 (right-hand chart). The round marker denotes an indicator’s level (in standard deviations) as of the previous date. A shift of the indicator to the left relative to the previous date means an easing of monetary conditions, a shift to the right – their tightening. The z-scores for high-frequency indicators (OFZ yields, money market rates, the exchange rate, the 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.*

*** The average for the issues maturing in 2028, 2030, and 2032. The distribution of values since October 2021.*

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 25 April 2025, the Bank of Russia Board of Directors decided to keep the key rate at 21% per annum. This decision was in line with market expectations. Current inflationary pressures continued to ease, including in terms of the underlying components of inflation, though remaining elevated. Over the medium-term horizon, the balance of inflation risks remained tilted to the upside. According to the Bank of Russia's assessments, monetary conditions remained tight under the impact of the monetary policy pursued and autonomous factors.

The Bank of Russia stated that it would keep monetary conditions as tight as is required to return inflation to the target in 2026, meaning that monetary policy would be tight for a long period. Future key rate decisions will depend on the speed and sustainability of the decline in inflation and inflation expectations.

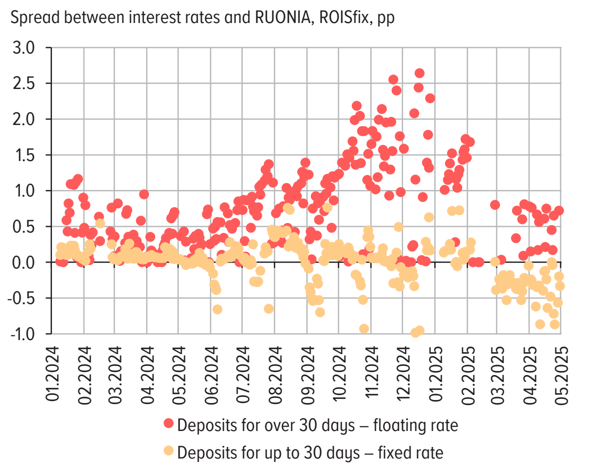
Most market participants believed that the peak of monetary policy tightening in this cycle had already been reached and expected the regulator to start easing monetary policy in 2025 H2.

- **Banking sector liquidity and overnight rates (RUONIA).** In April, the spread between RUONIA and the key rate narrowed. Its monthly value averaged +11 bp (vs +35 bp in March). In mid-April, after the regulator switched from one-week deposit auctions to repo auctions, the spread became negative again. The spread volatility increased to 41 bp (vs 16 bp in March).

Despite the continuing liquidity surplus in the banking sector, the money market rates stayed in the upper half of the interest rate corridor in early April. This was due to higher demand for liquidity from individual market participants, which was only partly offset by expanding supply. Previously, these banks raised the Bank of Russia's standing lending facilities, which helped them comply with the Liquidity Coverage Ratio (LCR).[1] However, after the LCR compliance improved in February–March, the banks switched to market transactions at lower interest rates. In such conditions, the Bank of Russia was gradually reducing the limits of one-week deposit auctions. However, not all banks that previously

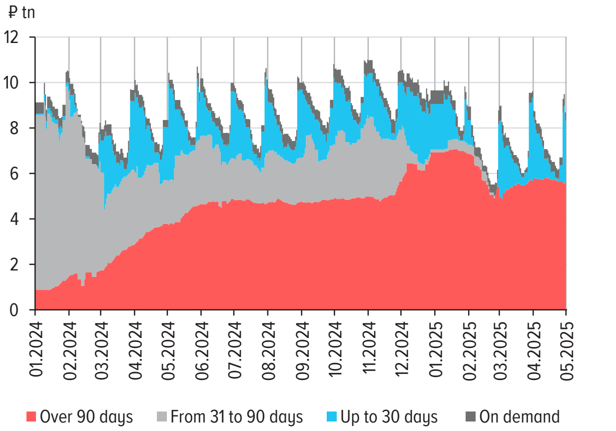
[1] See Monetary Conditions and Monetary Policy Transmission Mechanism No. 3 (33), March 2025.

INTEREST RATES ON FT DEPOSITS (ADJUSTED FOR RR COSTS) *Chart 3*



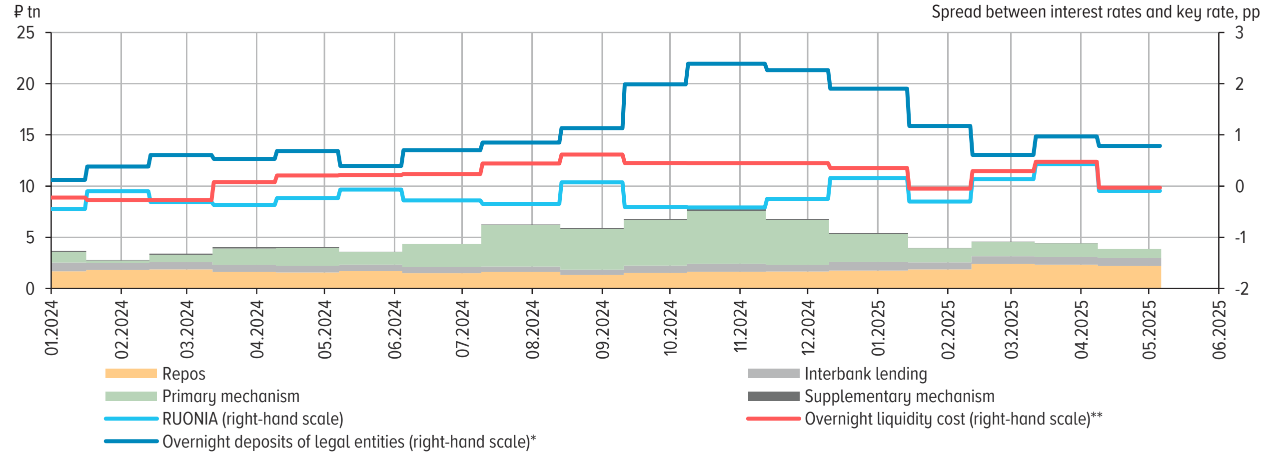
Source: Bank of Russia calculations.

BANKS' DEBT ON FT OPERATIONS *Chart 4*



Source: Bank of Russia calculations.

VOLUME AND COST OF OVERNIGHT BORROWING (AVERAGE VALUE FOR AP)* *Chart 5*



** The cost of borrowing from legal entities, adjusted for RRs. The sample only includes certain transactions of large legal entities where the parameters of a transaction are specified in the payment details.*
*** The weighted average cost of overnight borrowing in the money market, taking into account the Bank of Russia's standing facilities.*
Source: Bank of Russia calculations.

participated in deposit auctions entered the money market, as some of them preferred to use the Bank of Russia's standing deposit facilities. Therefore, the upward pressure on money market rates persisted. The cost of borrowing for banks converged overall across all money market segments, and the short-term corporate deposit rates stabilised close to the March values. This is also evidence of a weaker LCR effect on the pricing in the money market.

To bring money market rates closer to the key rate, owing to the anticipated further decline in the structural liquidity surplus, the Bank of Russia decided to start holding one-week repo auctions instead of one-week deposit auctions from 15 April 2025.[2] The market participants that used to raise funds in the market at higher rates partially switched to one-week repo auctions. Therefore, demand in the money market was down, while supply edged up and the spread became negative again.

In the event of the banking sector's transition from the structural liquidity surplus to the liquidity deficit or vice versa, the interest rate volatility may temporarily increase. In such conditions, the

[2] See the press release, dated 10 April 2025.

demand for liquidity is fairly uneven, as some market participants need to deposit funds, while others – to raise them. A similar situation was observed in 2026, when amid a transition to the structural surplus, the Bank of Russia switched from one-week repo auctions to one-week deposit auctions. As the structural deficit increases, demand for liquidity from market participants will become more even, since the share of banks that need to borrow funds from the Bank of Russia will go up. This will reduce the volatility of money market rates, which will help keep them close to the key rate. The Bank of Russia will continue to take into account specific aspects of liquidity redistribution in the money market and will set the parameters of banking sector liquidity management operations based on whether the market still needs incentives to independently adapt to the new conditions.

The effect of autonomous liquidity factors was close to neutral in April. The seasonal outflow was associated with the rise in the amount of cash in circulation (-₽0.2 trillion in April vs +₽0.2 trillion in March), which was close to the 2024 values overall. Since early 2025, cash has been increasingly returned to banks, which may be due to attractive deposit rates with the key rate remaining the same. Fiscal operations did not affect liquidity. On the one hand, there was a liquidity outflow due to the Bank of Russia mirroring net sales of foreign currency by the Russian Ministry of Finance (Ministry) in 2024.[3] On the other hand, part of the Bank of Russia's 2024 profit was credited to the budget accounts. The Federal Treasury (FT) may use these funds to finance expenses or temporarily deposit them with banks. In April, the FT deposited temporarily available budgetary funds predominantly for short terms (2–4 days) to be able to promptly use them to finance expenses. As demand for liquidity was growing and LCR compliance was improving, the amount of funds borrowed by banks from the FT via repo operations continued to increase, which partially offset the decline in the FT's deposits.[4] The required reserves (RRs) edged down in April, in part due to the revaluation of banks' foreign currency liabilities.

As before, 2025 will see a gradual decline in the liquidity surplus and a transition to the liquidity deficit, due to the Bank of Russia mirroring the net sales of foreign currency from the NWF by the Ministry in 2024, higher RRs, and a slight increase in the amount of cash in circulation. The average liquidity balance forecast for the December averaging period (AP) of 2025 has been adjusted downwards and projects a deficit of ₽1.2–2.0 trillion.[5]

- **Money market.** By late April, the ROISfix curve shifted downwards for all maturities of up to two years, returning to the levels of late February. The curve movements in this segment ranged between -86 bp and -49 bp. In the long-term segment of the curve, yields were up by 20 bp vs late March but remained below the peaks of late March–mid-April. The curve significantly shifted downwards during the quiet week and continued to decline after the meeting of the Bank of Russia Board of Directors on 25 April 2025 amid a rise in the expectations that monetary policy would be eased after reaching the peak of its tightening. Market participants believed that the key rate had reached its maximum value and predicted that the key rate cut cycle would start at the beginning of 2025 H2.

ROISFIX CURVE *Table 1*

Maturity	1w	2w	1M	2M	3M	6M	1Y	2Y
30.04.2025	20.82	20.83	20.83	20.82	20.77	20.55	19.84	17.77
31.03.2025	21.41	21.38	21.32	21.32	21.37	21.41	20.66	17.57
Change, bp	-59	-55	-49	-50	-60	-86	-82	+20

[3] See Monetary Conditions and Monetary Policy Transmission Mechanism No. 1 (31), January 2025.

[4] See Monetary Conditions and Monetary Policy Transmission Mechanism No. 3 (33), March 2025.

[5] See the Commentary on the Bank of Russia's Medium-term Forecast, dated 12 May 2025.

- **Federal government bonds.** In April, OFZ yields were growing across all maturities, most significantly in the short- and medium-term segments of the curve. Moderate upward dynamics of the OFZ curve were caused by the regulator giving a tougher signal than the market expected after the meeting of the Bank of Russia Board of Directors on 21 March 2025. Following the April meeting, OFZ yields were adjusted downwards, due to the signal becoming more neutral. However, the Bank of Russia remains determined to maintain tight monetary conditions for a long period. In April, breakeven inflation for inflation-indexed federal government bonds (OFZ-IN) 2028 and for OFZ-IN 2032 also dropped to the target level of 4.0% (-15 bp) and to 6.0% (-16 bp), respectively.

OFZ ZERO COUPON YIELD CURVE *Table 2*

Maturity	1Y	2Y	3Y	5Y	7Y	10Y
30.04.2025	18.19	17.06	16.53	16.04	15.81	15.63
31.03.2025	18.20	16.66	16.11	15.72	15.53	15.33
Change, bp	-1	+40	+42	+32	+28	+30
Average for April 2025	18.35	16.96	16.42	15.99	15.78	15.60
Average for March 2025	17.84	16.23	15.64	15.25	15.09	14.95
Change, bp	+51	+73	+78	+74	+69	+65

The liquidity of the secondary OFZ market was down MoM. Daily average trades totalled ₽29.2 billion (vs ₽41.3 billion in March). The composition and behaviour of market participants slightly changed. The key buyers were non-bank financial institutions, including as part of trust management (₽36.5 billion), and individuals (₽16.3 billion). SICIs remained the largest net sellers (-₽32.1 billion) in April.

The Ministry held five auction weeks in April, offering only standard fixed-coupon federal government bonds (OFZ-PD) each week, as in March. Bonds were demanded mainly by collective investors; SICIs also remained active in the primary market. Since 2024 H2, the Ministry has been offering predominantly long-term OFZ bonds with maturities of over 10 years. As the situation in the debt market improved amid expectations of the start of monetary policy easing in the near future, investors again showed demand for OFZ-PD. This helped decrease the premium to the secondary market yields, which ranged from -11 bp to +15 bp.

The Ministry set a borrowing target for 2025 in the amount of ₽4.8 trillion. As of the end of 2025 Q1, the borrowings in this quarter totalled 140% of the target in terms of the market price.

- **Corporate bond market.** In April, average corporate bond yields were below the March values (22.43% in April vs 21.70% in March on average), showing the same trend as OFZ yields. However, the average monthly spread between the IFX Cbonds index and OFZ yields expanded again to 426 bp (vs 380 bp in March), remaining substantially above the 2022–2024 average.

In April, the corporate bonds issue amount in the primary market decreased by 12% MoM (₽927 billion in April 2025 vs ₽1.06 trillion in March 2025) and almost tripled YoY (₽335 billion in April 2024), including yuan-denominated bonds, substitute bonds, and non-marketable bonds.[6] In April, the growth rate of the corporate bond portfolio reached its highest level since early 2025 (+2.6%) and was in line with the 2014–2021 median value of 2.5%. The activity in the corporate bond market edged down, probably because the geopolitical risks had not declined, despite market participants' expectations, and the Bank of Russia had signalled that tight monetary conditions needed to be maintained for a long period to further reduce the inflationary pressure.

[6] Cbonds.ru.

As of the end of April, the corporate bond market was up by 22,2% YoY and totalled ₽31.8 trillion (vs ₽26,0 trillion in April 2024).

Substitute bonds were not offered in April. According to Cbonds, yields on substitute bonds increased to 8.3% as of the end of the month (+54 bp MoM). The spread between them and yields on US Treasuries (UST) with similar maturities also expanded as compared with late March (476 bp in April 2025 vs 391 bp in March 2025). The issue amount of dual currency bonds denominated in euros and US dollars dropped in April to ₽129 billion (vs ₽185 billion in March).

Banks' interest rates on ruble loans and deposits

- **Deposit rates.** In March, weighted average interest rates on ruble deposits continued to decline: short-term rates[7] went down by 0.8 pp to 20.2% per annum, and long-term ones – by 1.0 pp to 18.8% per annum (Chart 12). This resulted from weaker competition among banks for customers' funds associated with slower credit activity and from banks' better compliance with the LCR. Based on high-frequency indicators, ruble deposit rates continued to decline in April as well, primarily the rates on six-month deposits. It is also worth mentioning that the decline was most notable in rates on both major deposits (over ₽1.4 million) and deposits below ₽50,000. The FRG100 index[8] edged down by 0.3 pp MoM (Chart 13).

- **Corporate loan rates.** Loan rates remained high, as the key rate had not changed (Chart 12). In March, the rates on loans to non-financial organisations went up after a significant decline in February associated mainly with the growing share of non-market-based loans in the overall credit market turnover. The rate on short-term loans (22.2%) approached the January value and that on long-term loans (18.7%) exceeded the relevant January level, hitting a new local high.

- **Retail loan rates.** Owing to banks' stringent approach to selecting borrowers and assessing risks and the stable key rate, retail loan rates remained at the February level in March, according to preliminary data. The cost of short- and long-term retail loans amounted to 28.2% per annum and 20.3% per annum, respectively (Chart 12). However, market-based mortgage loan rates declined by around 2.5 pp in March–April, according to JSC DOM.RF (Chart 13). The weighted average rate on ruble-denominated mortgage loans (7.6%) was close to the February level, since subsidised mortgage loans dominated the market turnover. Rates on other long-term consumer loans did not change substantially in March, remaining high, according to estimates.

Growth rates of credit and deposit aggregates

- **Retail deposits.** In March, the ruble retail deposit portfolio went up[9] by 1.1%. Its YoY growth rate declined from 29.9% to 28.5% as of the end of February (Chart 14). However, the transferable deposit portfolio barely changed, while the amount of time deposits increased by 1.6% MoM, which is evidence that bank deposits remain an attractive savings instrument. Balances on foreign currency deposit accounts edged up by 0.8% in March, while in annualised terms, the amount of currency deposits fell by 11.6% vs 12.3% in February.

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[7] Interest rates on short-term deposits (for up to one year, except for sight deposits), short-term loans (for up to one year), and long-term deposits and loans (for over one year).

[8] The average interest rate of the 85 largest deposit banks on one-year deposits worth at least ₽100,000, according to the information agency Frank RG.

[9] Hereinafter, increases in balance sheet indicators are calculated based on the Depository Corporations Survey as of the relevant reporting date. Increases in foreign currency claims and deposits are calculated in US dollar terms. Where increases in the indicators comprising foreign currency and ruble components are calculated herein, the growth rate of the foreign currency component is converted into rubles using the period average exchange rate.

According to high-frequency data, the ruble deposit portfolio was growing faster in April. Even after a slight decrease, nominal deposit rates exceeded both actual inflation and inflation expectations.[10] In such conditions, retail deposits will remain the main driver of the rise in money supply. Their growth rates will depend primarily on the overall dynamics of lending to the economy and other sources of money supply.

- **Bank lending conditions.** According to the banks surveyed,[11] BLC did not change in 2025 Q1 vs 2024 Q4 across all segments of the credit market, except for consumer lending, remaining tight (Chart 17). As for consumer lending, the regulator continued to tighten BLC in 2025 Q1 as well, primarily on account of higher interest rates. Non-price lending conditions also remained tight for retail and large corporate borrowers. In the SME segment, banks reported further tightening of non-price conditions, primarily requirements for borrowers, owing to the deterioration of companies' financial standing. As in 2024 Q4, individual banks mentioned insufficient capital as a factor contributing to the tightening of lending conditions.

Banks expect substantial easing of lending conditions only in the retail segment by the end of 2025 Q3. As for the corporate segment, only individual banks believe that BLC may be eased. According to the banks surveyed, demand for new loans from all main categories of borrowers will rebound in 2025 Q2–Q3 after the notable decline in 2025 Q1 caused by both tight BLC and seasonal factors.

- **Banking system's claims on organisations.** Credit activity in the corporate segment edged up vs February but remained notably more moderate than in 2024. The annual growth in claims on organisations continued to slow down: as of the end of March, it amounted to 16.1% vs 17.2% in February (Chart 15). Ruble loans to non-financial organisations accounted for around 60% of the growth in claims over the month. The portfolio of foreign currency claims also slightly expanded in March. According to high-frequency data, the growth rate of claims on organisations was comparable with the March values.

- **Banking system's claims on households.** The annual growth of retail lending continued to slow down under the impact of tight monetary policy and macroprudential measures constraining the issue of the most risky loans. As of the end of March, the annual growth rate of claims on households decreased by 1.7 pp MoM to 5.7% (Chart 15). The non-mortgage loan portfolio[12] contracted again over the month, albeit less notably than at the end of 2024. Non-mortgage lending was supported by the credit card segment. The mortgage market was dominated by subsidised mortgage loans, as before. Mortgage loans granted in March amounted to ₽257 billion (vs ₽227 billion in February). Subsidised mortgage loans issued primarily under the Family Mortgage programme accounted for 87% of this amount (Chart 16). The annual growth rate of the housing mortgage loan portfolio (adjusted for securitisation transactions) was down MoM (8.9% in February vs 7.9% in March), while that of outstanding housing mortgage loans,[13] taking into account the loans placed in securitised pools, slowed down MoM (9,6% in February vs 8.7% in March). According to high-frequency data, the growth rate of claims on households was close to zero again in April.

[10] See Inflation Expectations and Consumer Sentiment No. 4 (100), April 2025.

[11] The Bank of Russia's quarterly survey of bank lending conditions of the largest Russian banks.

[12] Increases in loan portfolio indicators are calculated based on the acquired claims according to the reporting data of operating credit institutions, recorded in the State Register as of the relevant reporting date. 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 of the US dollar against the ruble.

[13] As regards the indicator Outstanding Housing Mortgage Loans, besides the housing mortgage loan portfolio, the banks' balance sheets (according to the data in reporting form 0409316) also comprise housing mortgage loans transferred to mortgage agents under securitisation transactions (according to estimates based on reporting form 0409316 and accounting statements of mortgage agents).

Growth rates of monetary aggregates

- **Money supply.** In March, the growth of monetary aggregates slowed down. Annual growth rates of money supply in national definition (M2) and broad money (M2X) adjusted for foreign currency revaluation decreased vs February from 18.4% to 17.0 % and from 14.9% to 13.8%, respectively (Chart 18), owing to a slower rise in claims on the economy, which is a key source of money supply. According to high-frequency data, the said trends in the dynamics of monetary aggregates were registered in April as well.

- **Sources of money supply.** In March, the annual growth rate of banks' claims on the economy[14] amounted to 13.1% vs 14.4% in February. The slowdown in credit activity in the retail and corporate segments resulted in a smaller contribution of claims on the economy to the growth in money supply (15.9 pp in February vs 14.8 pp in March). The contribution of fiscal operations to money supply remained close to the January–February values (2.9 pp). According to high-frequency data, the contribution of fiscal flows was positive in April.

- **Components of money supply.** In March, as in the previous months, the annual growth in money supply (11.3 pp) was largely fuelled by ruble retail deposits. Cash in circulation outside the banking system (MO) continued to go down in March (-1.4% YoY), making a negative contribution to the money supply dynamics.

- **Exchange rate (foreign exchange channel)**

In April, the ruble was moderately stable against the main foreign currencies (Table 3). On the one hand, the current ruble exchange rate stemmed from a better geopolitical environment, trade surplus, and a weaker US dollar in the global markets, owing to the persistent tension in trade relations between the US and China. On the other hand, the downward pressure on the exchange rate was a result of rebounding imports, lower oil prices, and expectations of monetary policy easing at the beginning of 2025 H2. The monthly average ruble exchange rate strengthened by 2.5% and 4.3% against the US dollar and the yuan, respectively, and weakened by 3.9% against the euro.

In April, the spread between the USD/RUB exchange rate calculated based on the over-the-counter quotations and the cross rate calculated through the USD/CNY and USD/CNH exchange rates remained volatile, maintaining the momentum of 2025 Q1, and ranged from -1.3% to 1.8%. Significant fluctuations of the spread were largely attributed to liquidity flows between individual segments of the FX market.

RUBLE EXCHANGE RATE *Table 3*

	USD/RUB (Bank of Russia)	EUR/RUB (Bank of Russia)	CNY/RUB (Moscow Exchange)
30.04.2025	81.56	93.17	11.17
31.03.2025	83.68	89.66	11.68
Change, %	-2.5	+3.9	-4.3
Average for April 2025	83.18	93.66	11.34
Average for March 2025	86.10	92.74	11.77
Change, %	-3.2	+1.0	-3.7

Note. '+' – depreciation of the ruble; '-' – appreciation of the ruble.
Sources: Moscow Exchange, Bank of Russia calculations.

[14] The banking system's claims on the economy mean all claims of the banking system on non-financial organisations, financial institutions, and households in Russian rubles, foreign currency, and precious metals, which include loans extended (including overdue loans), overdue interest on loans, credit institutions' investment in debt and equity securities and promissory notes, as well as other forms of participation in equity of non-financial organisations and financial institutions, and other receivables under settlement operations with non-financial organisations, financial institutions, and households.

The real effective exchange rate (REER) of the ruble calculated against the currencies of the main foreign trade partners appreciated by 7.1% in March (and by 8.8% YoY). According to preliminary data, the REER was up by 3.2% in April vs March and is currently above its multi-year median (+14.7% vs the median of January 2015–March 2025).

- **Russian stock markets**

In early April, the MOEX Russia Index dropped below 2,600 p for the first time since December 2024 but soared to 2,900 p by the end of the month. Its dynamics were affected by geopolitical factors, a stronger ruble, lower oil prices, and the introduction of import duties by the US and China. As of the end of the month, the MOEX Russia Index equalled 2,918 p (-3% MoM) and the Russian Volatility Index (RVI) barely changed, amounting to 47 p (-1 p MoM) by late April. As of the end of the month, all sectoral indices decreased, most notably in IT (-9.6% MoM), metallurgy and mining and quarrying (-9.3% MoM), and telecommunications (-7.3% MoM).

- **Foreign markets**

The GDP-weighted average policy rate in advanced economies (AEs) declined again in April (-8 bp to 3.22%). The policy rates in AEs remained chiefly unchanged, except for the euro area (-25 bp to 2.25%) and New Zealand (-25 bp to 3.5%). As for emerging market economies (EMEs), the weighted-average policy rates rose in Uruguay (+25 bp to 9.25%) and Turkey (+350 bp to 46%). Other countries continued the cycle of monetary policy easing: Thailand (-25 bp to 1.75%), India (-25 bp to 6%), Philippines (-25 bp to 5.5%), and Kenya (-75 bp to 10%).

As of the end of April, average monthly yields on UST, except those on long-term UST, declined for almost all maturities (Table 4). This resulted from the downward revision of the US Fed's expected rate path amid Donald Trump's statements concerning the need to reduce the rate and the US protectionist policy, which may trigger a US economic slowdown and the need to support the US economy by easing the monetary policy.

In April, European bond yields went down by 30–35 bp on average across all maturities. The yield dynamics were largely associated with increasing concerns about the deceleration of the global economic growth amid the introduction of import duties by the US and the inflation slowdown (the CPI fell YoY to 2.2% in March from 2.3% in February). In March, the European Central Bank announced a pause at the April meeting, but on 17 April, all the three basic rates were reduced by 25 bp.

UST YIELD CURVE *Table 4*

Maturity	2Y	5Y	10Y
30.04.2025	3.60	3.72	4.17
31.03.2025	3.89	3.96	4.23
Change, bp	-29	-24	-6
Average for April 2025	3.78	3.91	4.28
Average for March 2025	3.97	4.04	4.28
Change, bp	-19	-13	0

Sources: Cbonds, Bank of Russia calculations.

The US Dollar Index (DXY) continued to decline (-4.5% to 99.5 p), hitting a three-year low in April amid the US foreign policy and uncertainty about further actions of the Trump administration. The EMEs' currencies changed unevenly against the US dollar (BRLUSD: +0.6%; CNYUSD: -0.2%; TRYUSD: -1.14%; MXNUSD: +4.42%).

As of the end of April, global stock markets changed diversely (S&P 500: -0.7%; Stoxx 600: -1.2%; Nikkei 225: +1.2%; SSE Composite: -1.7%; Nifty 50: +3.5%; MSCI ACWI: +0.7%). At the beginning of April, S&P 500 hit a five-year low after Donald Trump introduced tariffs but subsequently rebounded, as foreign trade conditions slightly improved. Asian markets changed similarly due to the same reasons. However, their rebound at the end of the month was additionally supported by the growth in the technological sector. The Indian stock market was up in April, owing to a substantial inflow of foreign investment worth $1.1 billion and the decrease in the rate of the Reserve Bank of India.

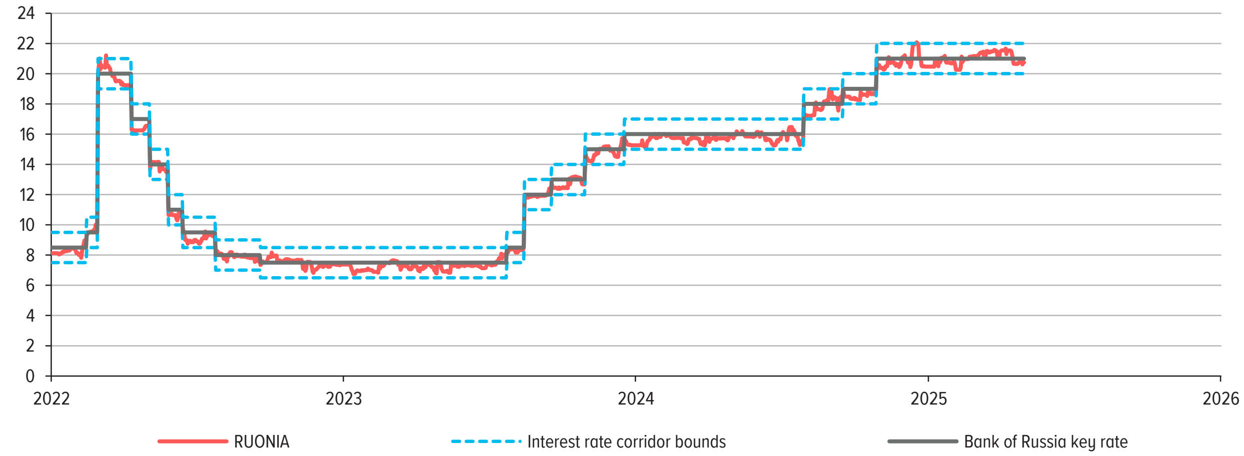
Charts and tables

THE OVERALL EFFECT OF AUTONOMOUS LIQUIDITY FACTORS WAS NEUTRAL IN APRIL *Table 5*
(₽ TN)

	2024	January – April 2025	April 2025	2025 (forecast)
Liquidity deficit (+)/surplus (-) (as of beginning of period)	**0.0**	**0.6**	**-1.3**	**0.6**
Liquidity inflow (+)/outflow (-):	-0.6	1.8	0.0	[-1.4; -0.6]
– change in balances of general government accounts with Bank of Russia and other operations*	0.4	1.0	0.1	[-0.4; -0.2]
– change in cash in circulation	-0.2	0.8	-0.2	[-0.5; -0.1]
– change in RRs	-0.8	0.1	0.1	[-0.5; -0.3]
Liquidity deficit (+)/surplus (-) (as of end of period)	**0.6**	**-1.3**		**[1.2; 2.0]**

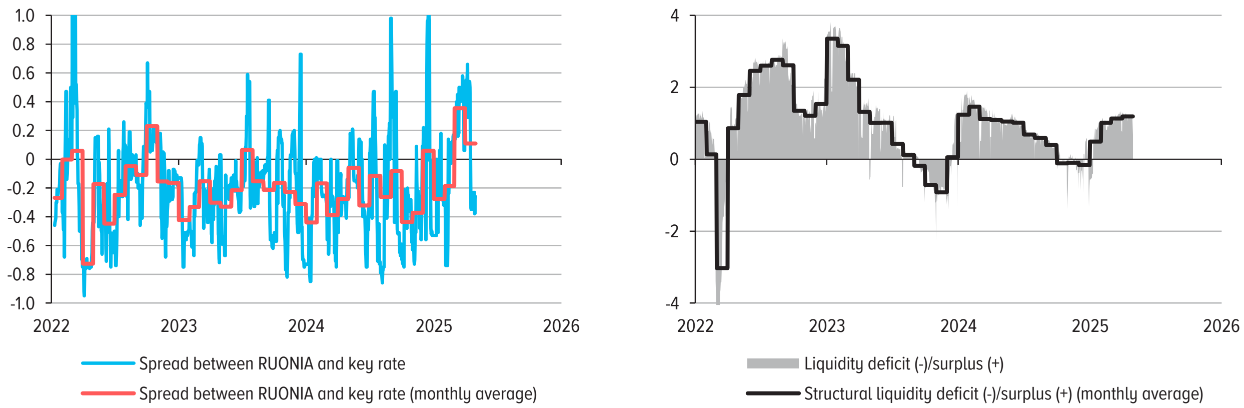
** Including fiscal rule-based operations to buy/sell foreign currency in the domestic FX market and other operations.*
Source: Bank of Russia calculations.

RUONIA *Chart 6*
(%)



Source: Bank of Russia calculations.

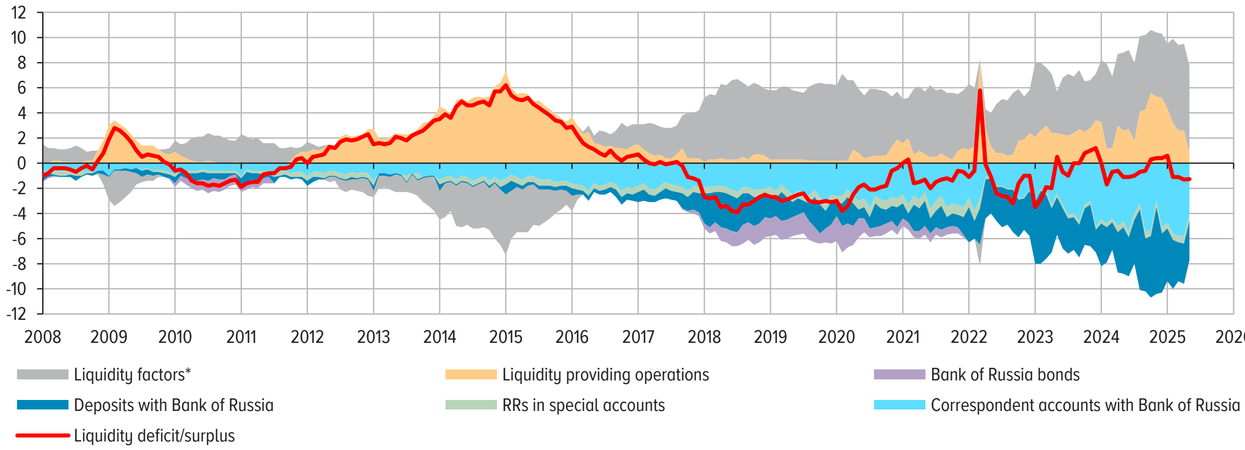
THE SPREAD BETWEEN RUONIA AND THE KEY RATE BECAME NEGATIVE AGAIN IN THE SECOND HALF OF APRIL *Chart 7*



Source: Bank of Russia calculations.

BANK OF RUSSIA'S BALANCE SHEET
(₽ TN)

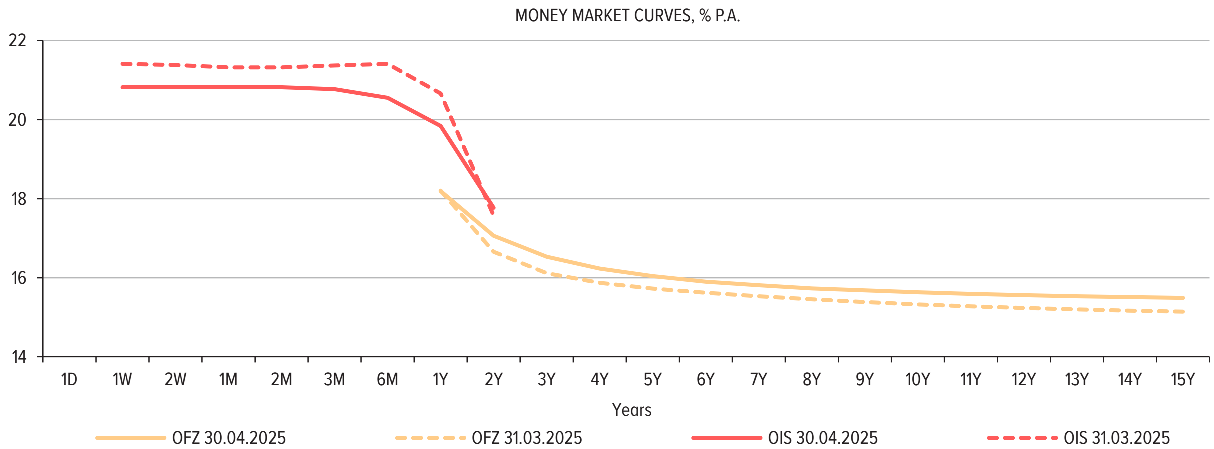
Chart 8



** 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 BARELY CHANGED IN APRIL VS MARCH

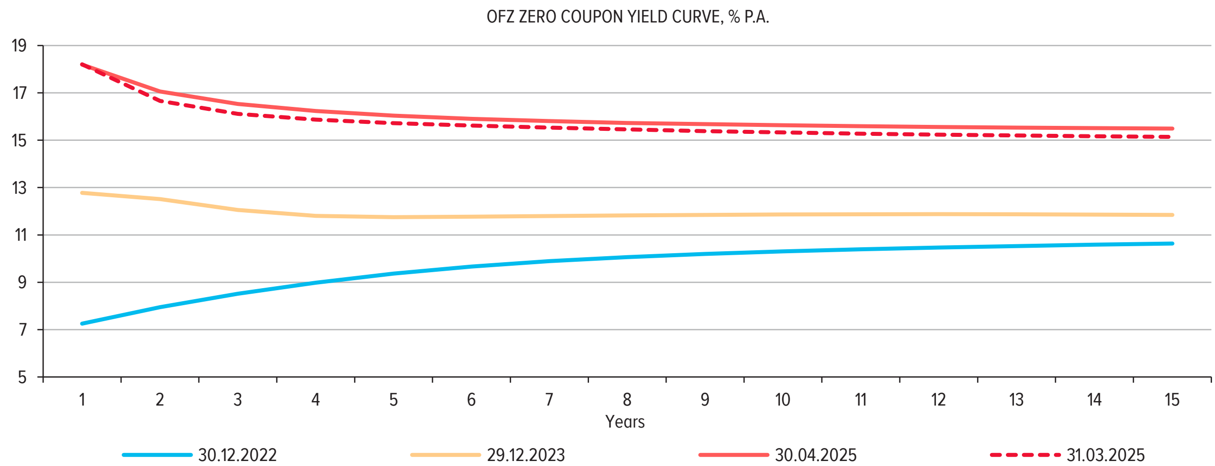
Chart 9



Sources: Moscow Exchange, National Finance Association.

THE OFZ CURVE SHIFTED UPWARDS IN APRIL

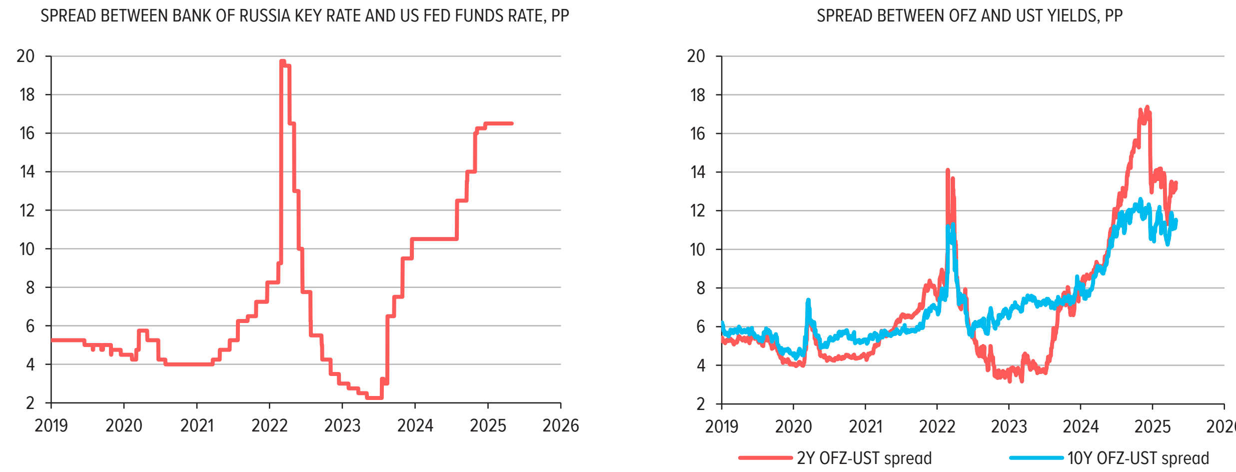
Chart 10



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

THE SPREAD BETWEEN OFZ AND UST YIELDS SLIGHTLY WIDENED

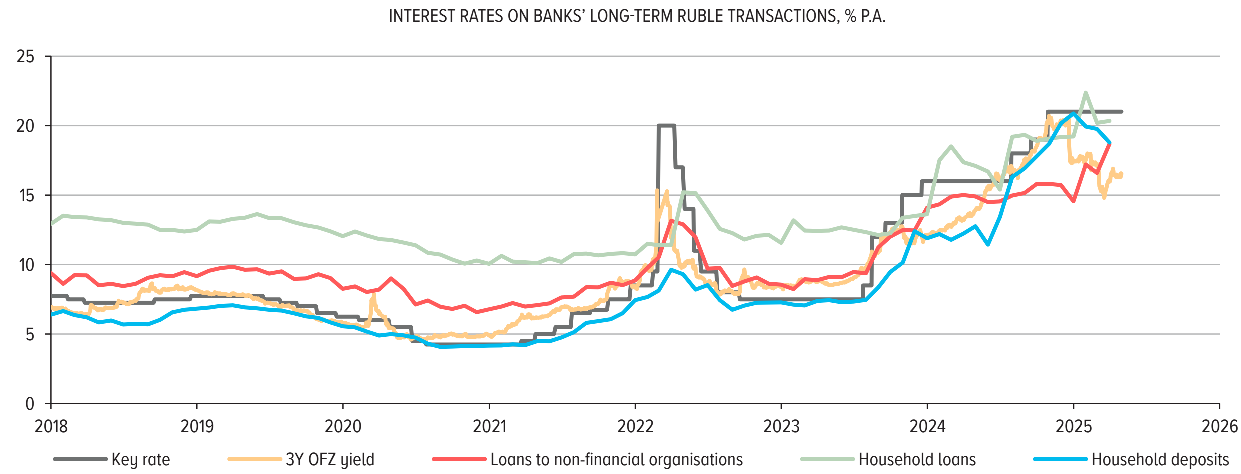
Chart 11



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

LOAN RATES REMAINED HIGH, WHILE DEPOSIT RATES CONTINUED TO GO DOWN IN MARCH

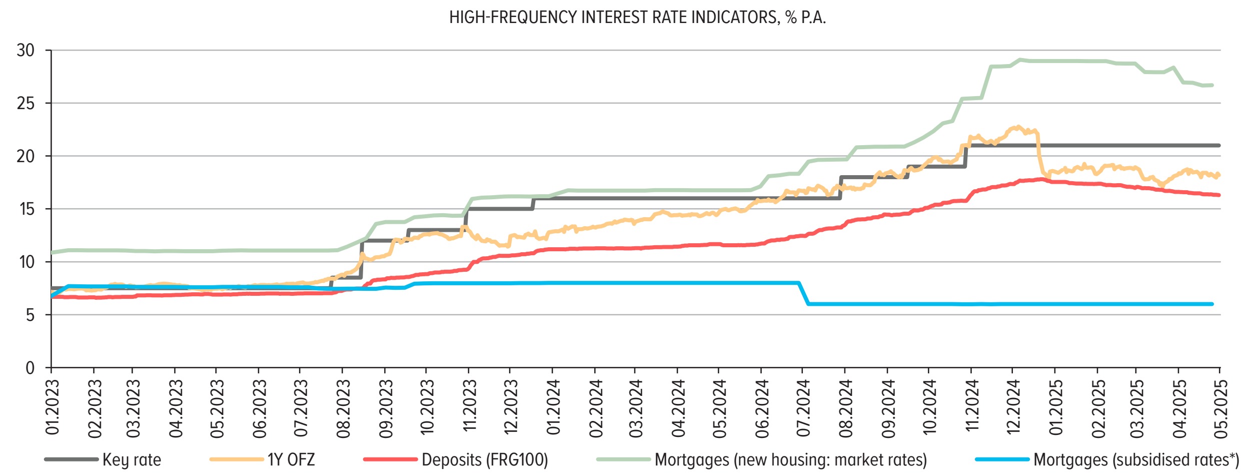
Chart 12



Source: Bank of Russia.

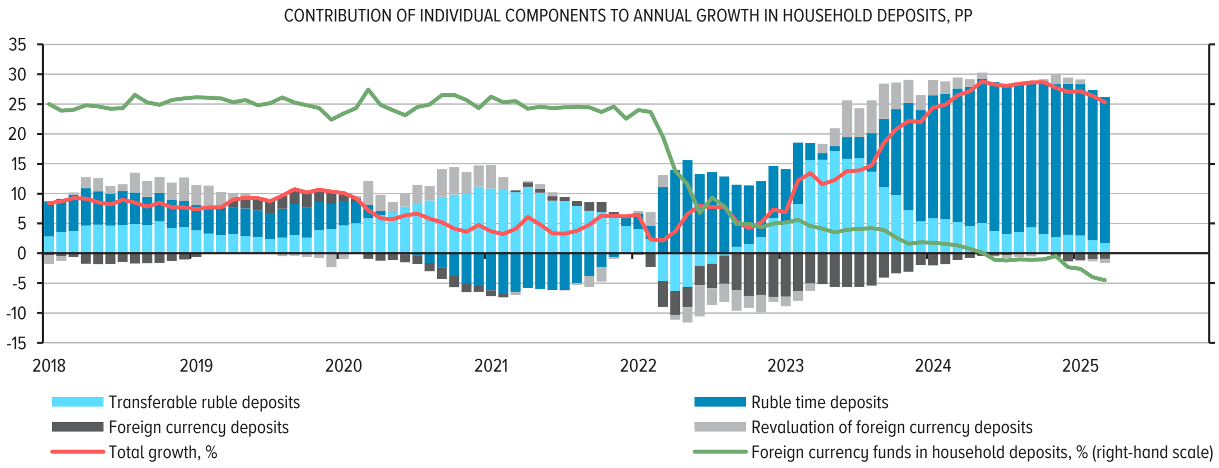
MARKET-BASED MORTGAGE RATES DECLINE

Chart 13



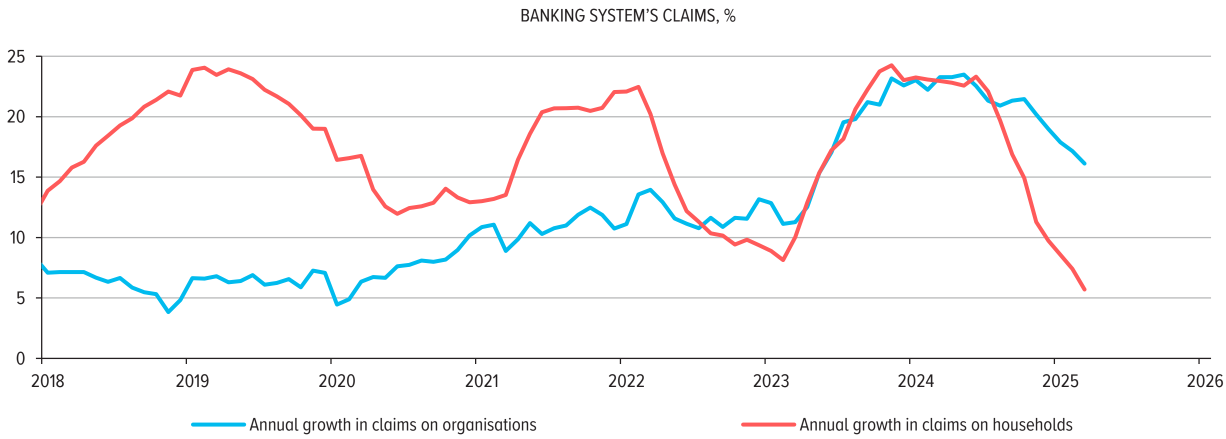
** Until 1 July 2024 – the interest rate under the Subsidised Mortgage programme, from 1 July 2024 – the interest rate under the Family Mortgage programme.*
Sources: Bank of Russia, Frank RG, JSC DOM.RF.

THE INFLOW OF HOUSEHOLD FUNDS INTO RUBLE TIME DEPOSITS CONTINUED *Chart 14*



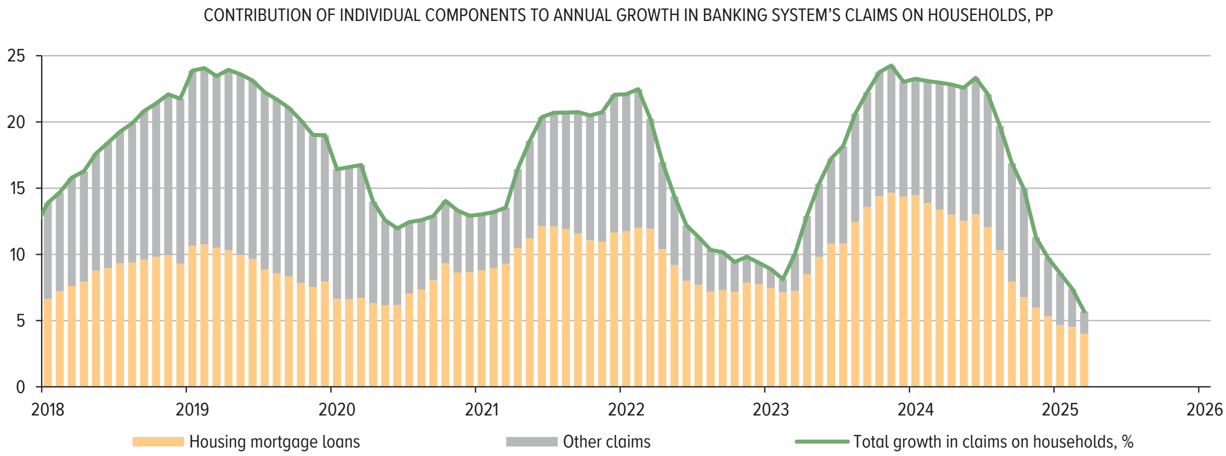
Source: Bank of Russia calculations.

ANNUAL GROWTH IN CLAIMS ON THE ECONOMY CONTINUED TO SLOW DOWN IN MARCH *Chart 15*



Source: Bank of Russia calculations.

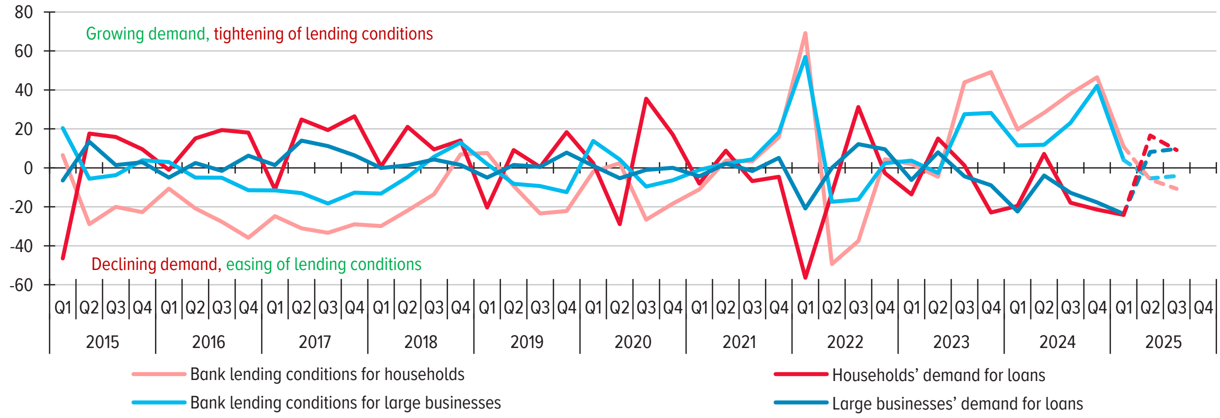
NON-MORTGAGE LOANS CONTINUE TO GO DOWN, WITH THE MORTGAGE PORTFOLIO SUPPORTED BY SUBSIDISED PROGRAMMES *Chart 16*



Source: Bank of Russia calculations.

BANK LENDING CONDITIONS BARELY CHANGED IN 2025 Q1 *Chart 17*

INDICES OF LENDING CONDITIONS AND DEMAND FOR LOANS,* PP



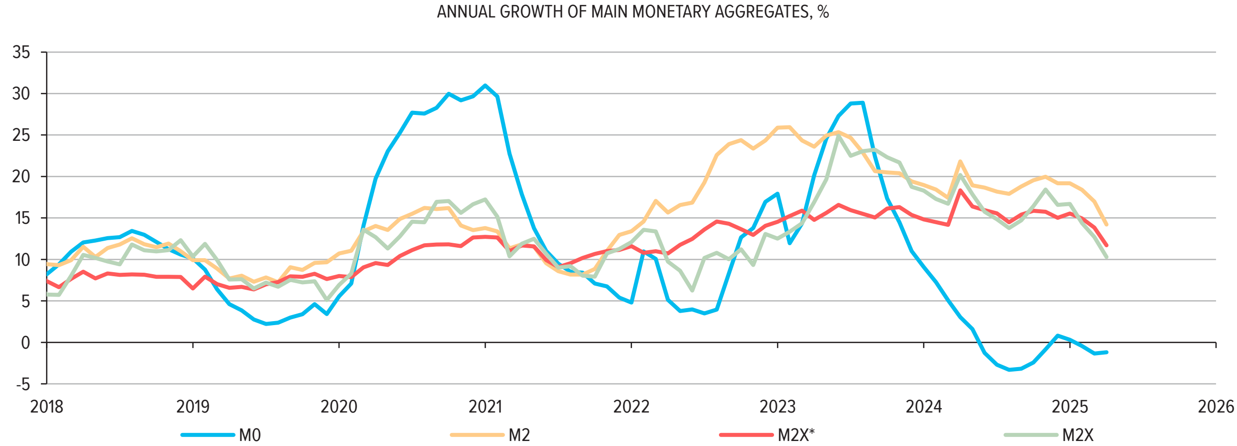
** The dotted lines signify respondent banks' expectations regarding changes in lending conditions and demand for loans in 2024 Q4.*
Source: Bank of Russia.

CREDIT AND DEPOSIT MARKET INDICATORS *Table 6*

		December 2024	January 2025	February 2025	March 2025
Interest rates on banks' long-term ruble transactions					
household deposits	% p.a.	20.9	19.9	19.8	18.8
household loans	% p.a.	19.2	22.4	20.2	20.3
corporate loans	% p.a.	14.6	17.2	16.6	18.7
Household deposits	**% YoY, AFCR**	**27.1**	**27.1**	**26.4**	**25.3**
in rubles	% YoY	31.0	30.9	29.9	28.5
in foreign currency	% YoY	-15.0	-13.7	-12.3	-11.6
share of foreign currency	%	6.3	6.2	5.5	5.2
Claims of banking system on economy	**% YoY, AFCR**	**16.3**	**15.2**	**14.4**	**13.1**
on businesses	% YoY, AFCR	19.0	17.9	17.2	16.1
on households	% YoY, AFCR	9.7	8.6	7.4	5.7
Money supply (M2)	**% YoY**	**19.2**	**19.2**	**18.4**	**17.0**
Broad money (M2X)	**% YoY, AFCR**	**15.0**	**15.5**	**14.9**	**13.8**

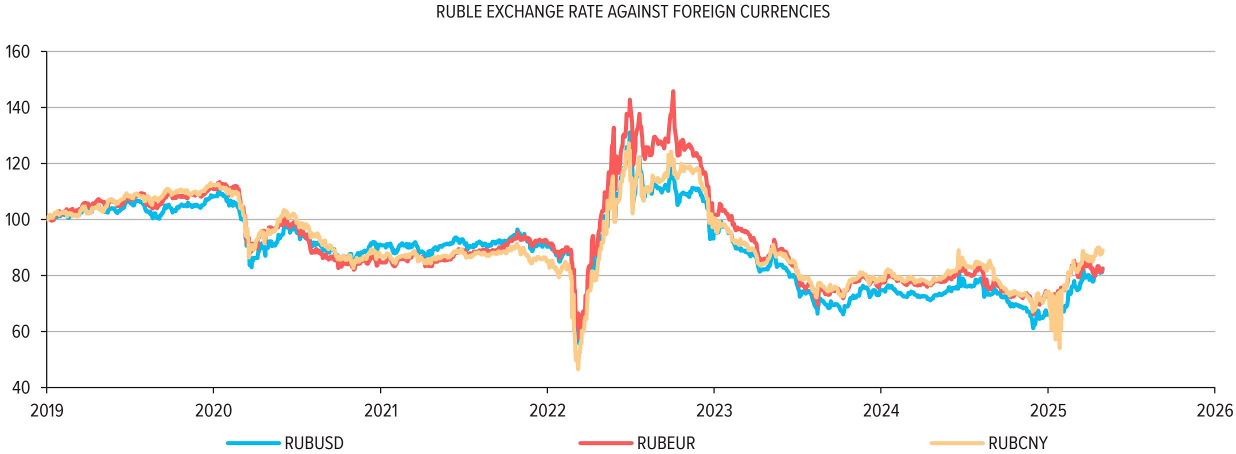
Note. YoY – year-on-year, AFCR – adjusted for foreign currency revaluation. The Marshall-Edgeworth decomposition is used to make the adjustment for foreign currency revaluation.
Source: Bank of Russia calculations.

GROWTH RATES OF MONETARY AGGREGATES SLOWED DOWN IN MARCH–APRIL *Chart 18*



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

THE RUBLE CONTINUED TO APPRECIATE AGAINST THE US DOLLAR BUT DEPRECIATED AGAINST THE EURO AND THE YUAN *Chart 19*
(02.01.2019 = 100)



Sources: Cbonds, Bank of Russia calculations.

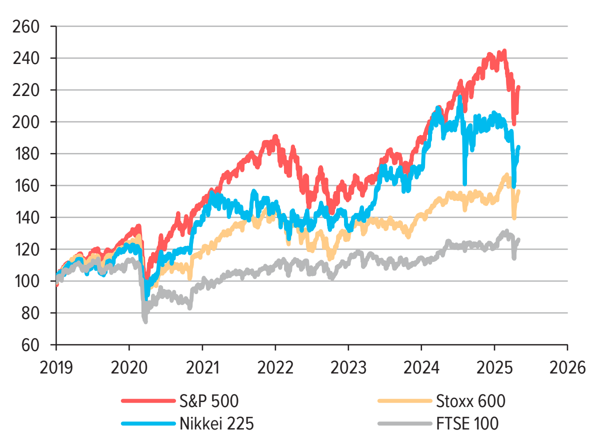
THE RUSSIAN FINANCIAL MARKET CHANGED MODERATELY *Table 7*

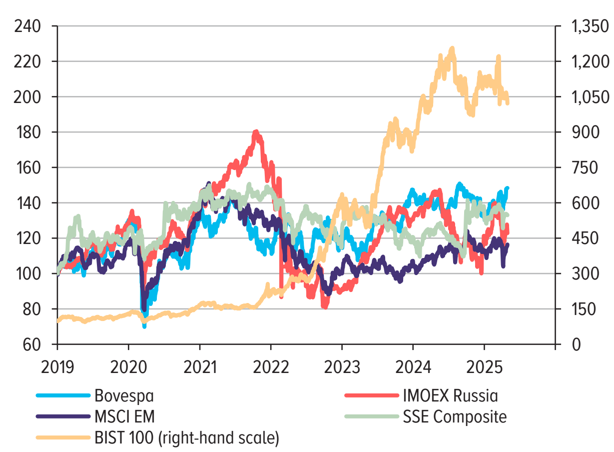
Indicator		30.04.2025	1M	3M	6M	YTD	1Y
Russian financial market ('+' – positive trends, '-' – negative trends)							
RUB/USD exchange rate		81.56	2.5	16.0	16.2	19.8	11.1
MOEX Russia Index		2,918	-3.1	-0.5	11.6	1.2	-16.1
RTS Index		1,128	1.6	19.7	32.9	26.3	-4.2
Government bond yields		16.04	30	-77	-218	0	237
Corporate bond yields		22.12	-14	-103	-97	12	638
Regional bond yields		18.91	-6	-125	-208	-89	460
RVI		47	-1	11	9	12	27
Exchange rates (per US dollar, % change, '+' – appreciation, '-' – depreciation)							
AEs*	US Dollar Index	99.47	-4.6	-7.8	-4.4	-8.3	-5.9
	Euro	1.13	4.8	8.6	4.4	9.4	5.7
	Japanese yen	143.07	-4.6	-8.0	-6.7	-9.1	-8.5
	Pound sterling	1.33	3.2	7.2	2.9	6.5	6.1
EMEs	Ruble	82.00	1.2	16.3	15.5	27.9	12.2
	Brazilian real	5.67	0.6	3.3	1.5	8.3	-10.8
	Mexican peso	19.62	4.2	4.5	2.7	5.9	-15.3
	Chinese yuan	7.27	-0.2	-0.3	-2.2	0.4	-0.4
	Turkish lira	38.50	-1.4	-7.8	-12.3	-8.8	-18.6
	South African rand	18.61	-1.5	0.3	-5.4	1.4	0.1
10Y bond yields (% p.a., change in bp, '+' – increase, '-' – decrease)							
AEs	US	4.17	-6	-38	-12	-41	-46
	Germany	2.44	-29	-12	6	8	-9
	Japan	1.31	-18	11	35	-325	43
	UK	4.44	-24	-17	9	335	15
EMEs	Russia	15.63	30	-82	-105	41	209
	Brazil	14.04	-92	-99	127	-111	229
	Mexico	9.67	-2	-72	-75	-75	-71
	China	1.62	-26	-2	-53	-5	-74
	Turkey	32.40	119	698	184	525	438
	South Africa	10.59	-2	157	130	155	-34
5Y CDS spreads (bp, change in bp, '+' – increase, '-' – decrease)							
AEs	US	51	14	20	12	22	15
	Germany	13	-1	-1	3	-1	3
	Japan	19	2	-1	-1	-1	0
	UK	21	1	-1	3	0	-6
EMEs	Brazil	173	-5	2	25	-34	33
	Mexico	134	3	12	15	-3	42
	China	62	9	7	-1	-4	-7
	Turkey	351	44	100	97	97	68
	South Africa	242	15	48	55	51	9
Stock indices (p, % change, '+' – increase, '-' – decrease)							
AEs	S&P 500	5,569	-0.76	-8.2	-4.2	-5.3	8.9
	Stoxx 600	527	-1.21	-0.8	3.1	3.9	3.8
	Nikkei 225	36,045	1.20	-7.6	-8.2	-9.6	-5.0
	FTSE 100	8,495	-1.02	-0.5	4.1	3.9	4.3
EMEs	MSCI EM	1,113	1.04	2.2	-1.2	3.5	5.9
	Bovespa	135,067	3.69	8.9	3.4	12.3	6.1
	IPC Mexico	56,259	7.19	9.0	10.6	13.5	-2.7
	SSE Composite	3,279	-1.70	0.9	0.4	-2.2	5.3
	BIST 100	9,078	-6.02	-10.3	1.4	-7.7	-10.0
	FTSE/JSE	91,583	3.32	8.4	5.6	8.9	19.8

** Advanced economies.*
Sources: Moscow Exchange, Cbonds, Bank of Russia calculations.

STOCK INDICES OF EMERGING MARKET ECONOMIES WERE UP, WHILE THOSE OF ADVANCED ECONOMIES WERE DOWN IN APRIL *Chart 20*

(02.01.2019 = 100)





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

Data cut-off dates:

- Interest rates – 30 April 2025.
- Banks' interest rates on ruble loans and deposits – 1 April 2025, high-frequency data – 30 April 2025.
- Growth rates of credit and deposit aggregates – 1 April 2025.
- Growth rates of monetary aggregates – 1 April 2025, high-frequency data – 1 May 2025.

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.

This commentary was prepared by the Monetary Policy Department.

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