



Bank of Russia



August 2024

# MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM

Information and analytical commentary

6 September 2024

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

In July–August, monetary conditions tightened further, primarily in terms of price conditions (Chart 1). Nominal interest rates increased in most financial market segments, following the key rate rise announced at the July meeting of the Board of Directors and the higher forecast key rate path. Real interest rates on OFZ-IN were up to 8–9% with a simultaneous decline in breakeven inflation expectations, which indicated tighter monetary conditions. However, inflation expectations of households and businesses edged up, which may suggest insufficiently tight monetary conditions. The higher market rates had not yet fully affected the lending dynamics. Activity in the retail segment of the credit market declined, including following the termination of the non-targeted Subsidised Mortgage programme and the modification of the Family Mortgage programme terms, as well as due to the restraining impact of macroprudential measures. However, activity in the corporate segment of the credit market remained high. Attractive deposit market rates contributed to the propensity to save. According to high-frequency data, in August, the growth of money supply in the national definition was close to the July level.

### 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 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.*

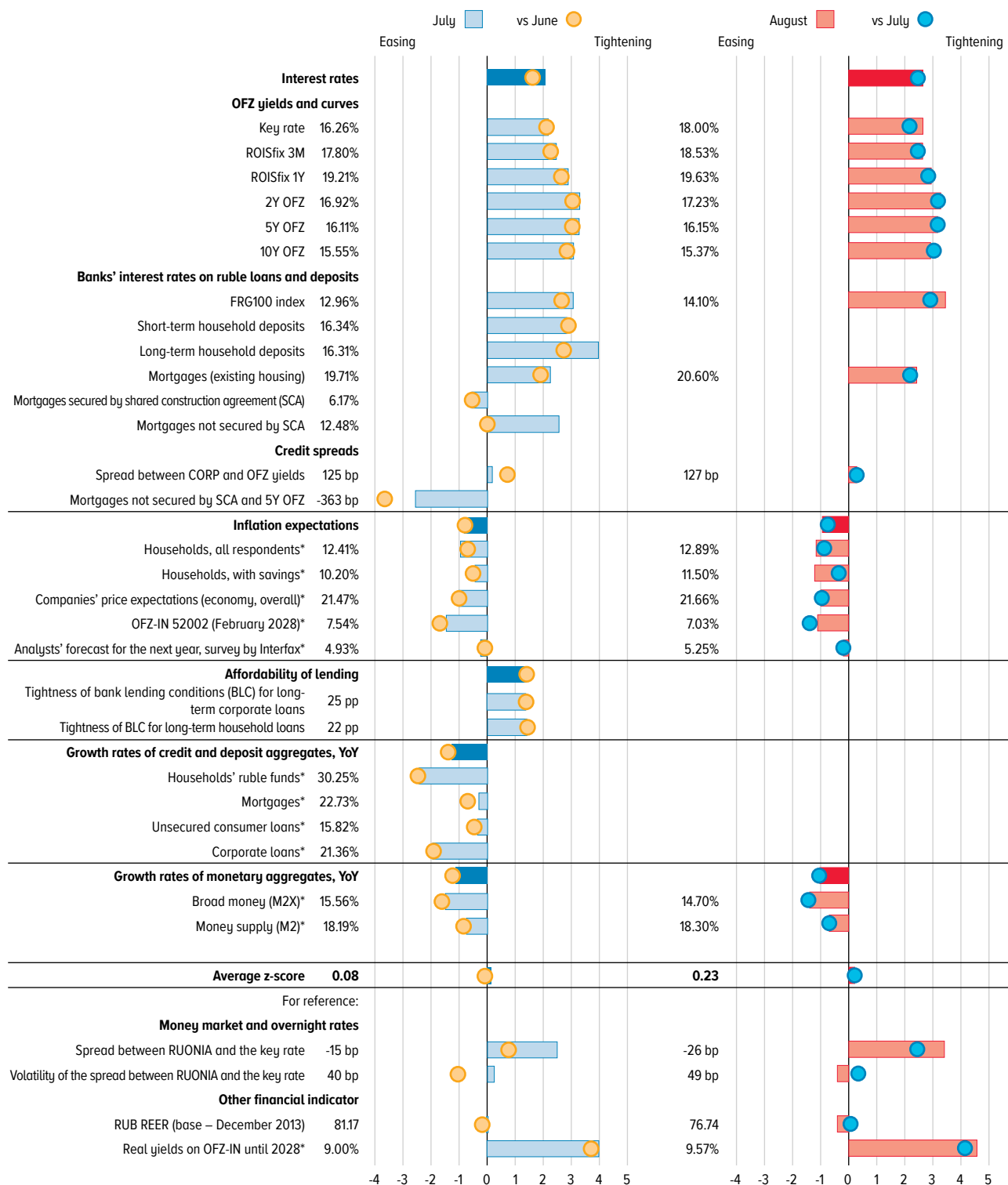
---

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

## INDIVIDUAL INDICATORS OF MONETARY TIGHTNESS AND THEIR CHANGES

### INDICATORS OF MONETARY TIGHTNESS

Chart 1



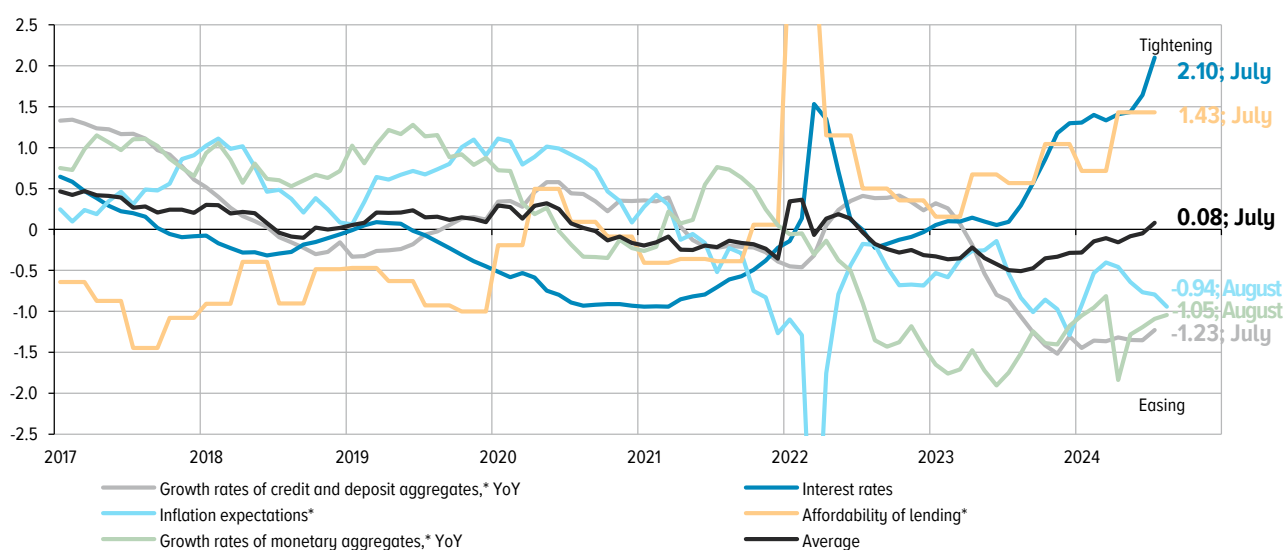
\* The indicators were used to calculate the inverse z-score.

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 July 2024 (left-hand chart) and to August 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.

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 26 July 2024, the Bank of Russia Board of Directors decided to raise the key rate by 200 bp to 18.00% per annum. No key rate meeting of the Board of Directors was held in August.
- Banking sector liquidity and overnight rates (RUONIA).** The average spread between RUONIA and the key rate widened to -26 bp in August vs -15 bp in July (Chart 4). The spread volatility was 49 bp (vs 40 bp in July). At the end of the July required reserves (RRs) averaging period (AP)<sup>1</sup>, the spread between RUONIA and the key rate expanded, as banks had already largely completed the averaging of RRs. Previously, credit institutions had been expecting the Bank of Russia Board of Directors to raise the key rate on 26 July and thus had been averaging RRs unevenly. As a result, the demand for liquidity had increased before the key rate meeting and decreased thereafter.<sup>2</sup> At the beginning of the August<sup>3</sup> AP, banks began to average RRs more evenly, and the spread narrowed. At the end of the month, the RUONIA rate went up, and the spread became positive. During the tax period, demand from certain banks temporarily increased, including from those banks that usually raise funds at a higher rate than other market participants. Concurrently, some lenders deposited funds with the Bank of Russia. At the end of the month, the demand for FX swap operations of the Bank of Russia went up, which led to a commensurate reduction in banks' correspondent accounts with the Bank of Russia.

Over the month, the average liquidity surplus dropped to ₹0.6 trillion (vs ₹0.7 trillion in July), including due to the Bank of Russia's mirroring of transactions with the assets of the National Wealth Fund (NWF), which were conducted in 2023. It was partially offset by the flow of funds from the NWF into the banking sector as investment in permitted financial assets. The fiscal revenues exceeded expenditures.

<sup>1</sup> From 10 July 2024 to 13 August 2024.

<sup>2</sup> See [Monetary Conditions and Monetary Policy Transmission Mechanism No. 7 \(25\), July 2024](#).

<sup>3</sup> From 14 August 2024 to 10 September 2024.

As before, the Federal Treasury promptly deposited tax revenues, which were credited to the Treasury Single Account, with banks. The demand for cash in August was below the averages of the previous years and its effect on liquidity was close to neutral (in July, the outflow amounted to ₹0.1 trillion).

The liquidity surplus is expected to range from ₹0.2 trillion to ₹1.0 trillion<sup>4</sup> at the end of 2024 (Table 5).

- **Money market.** In August, the ROISfix curve continued to shift upwards, rising by 35–90 bp for all maturities. At the same time, the Bank of Russia's decision to raise the key rate to 18.00% at the July meeting of the Board of Directors had a limited impact on money market rates because this rise was expected. The curve changed most significantly in the second half of August for maturities of three months and more when the rates approached the level of 19–20% after the Bank of Russia's signals about its readiness to further tighten its monetary policy and maintain high interest rates for a longer period, if needed. As a result, the market overestimated the duration of the tight monetary policy and the pace of its easing in the medium term.

ROISFIX CURVE

Table 1

Maturity	1w	2w	1M	2M	3M	6M	1Y	2Y
30.08.2024	18.02	18.08	18.33	18.77	18.98	19.77	20.05	19.23
31.07.2024	17.64	17.73	17.87	18.06	18.26	18.86	19.54	18.88
Change, bp	38	35	46	71	72	91	51	35

Sources: Moscow Exchange, National Finance Association.

- **Federal government bonds.** Expectations regarding the key rate path also translated into higher government bond yields. Over August, average monthly OFZ yields rose by 5–60 bp for short- and medium-term maturities, while long-term OFZ yields edged down. Despite the downward trend in the long-term segment of the curve, the spread between OFZ yields and the interest rate swap remained high as compared to the historical median.

OFZ ZERO COUPON YIELD CURVE

Table 2

Maturity	1Y	2Y	3Y	5Y	7Y	10Y
30.08.2024	18.35	18.11	17.55	16.68	16.18	15.78
31.07.2024	17.23	17.09	16.70	16.15	15.87	15.68
Change, bp	112	102	85	53	31	10
Average for August 2024	17.41	17.23	16.83	16.15	15.73	15.37
Average for July 2024	16.83	16.88	16.58	16.08	15.78	15.53
Change, bp	58	32	19	4	-7	-18

Sources: Moscow Exchange, Bank of Russia calculations.

<sup>4</sup> [Commentary on the Bank of Russia's Medium-term Forecast, dated 7 August 2024.](#)

The secondary OFZ market liquidity did not change considerably, remaining relatively low for the second month in a row. Daily average trades totalled ₹14.6 billion (₹18.5 billion in July, ₹21.6 billion in January–July). Concurrently, the share of securities with a maturity of one to two years and over 10 years increased. The growth in transactions with short-term securities could be due to a recalibration of key rate expectations, while an increase in those with long-term securities could be driven by the offering of securities with the corresponding maturity by the Russian Ministry of Finance.

The composition and behaviour of market participants did not change in any significant way either. Systemically important credit institutions (SICIs) remained the largest buyers of OFZ at auctions (₹117 billion), simultaneously selling securities in the secondary market (₹23.7 billion). In the primary and secondary markets, the overall demand for government bonds from banks that were not SICIs and trustees increased. As of the end of August, they purchased securities worth ₹33 billion and ₹45 billion, respectively (vs -₹12 billion and ₹15 billion in July, respectively).

The Russian Ministry of Finance held four auctions in August, raising more funds than last month, specifically ₹217 billion vs ₹190 billion in July. The demand for OFZ averaged ₹250 billion, which was also higher compared to July. The Ministry was mainly offering fixed coupon federal government bonds (OFZ-PD). Traditional securities were offered primarily in the long-term segment with a duration close to 10 years and at a moderate premium (+7–8 bp) to the secondary market yields. Owing to rising inflationary pressures in July–August, investors demonstrated active interest in variable coupon federal government bonds (OFZ-PK), with the demand for floaters equalling 60–70% of the offering amount at each auction. Over the first eight months of 2024, the Russian Ministry of Finance raised ₹1.6 trillion at auctions. The Ministry should raise ₹2.3 trillion by the end of the year to reach its updated annual borrowing target of over ₹3.9 trillion (an average of ₹0.6 trillion per month).

- **Corporate bond market.** According to the dynamics of IFX-Cbonds, corporate bond yields continued to grow following government bond yields and reached their highs since February 2009, totalling 19.61% (+140 bp MoM). However, the average monthly spread between corporate bond yields and OFZ yields remained virtually unchanged, remaining close to the average value of 2023–2024 (127 bp in August vs 125 bp in July).

In August, corporate borrowers raised a smaller amount of funds in the primary market than in the previous month (₹486 billion in August 2024 vs ₹609 billion in July 2024). The growth rate of the corporate bond portfolio since the beginning of the year was higher than the median for 2014–2021 (+8.6% in August 2024 vs the median of 7.2%) but two times lower YoY (16.0% in August 2023). As of the end of August, the market of corporate bonds totalled ₹27.4 trillion (+19.7% YoY; ₹23 trillion in August 2023).

The amount of issued substitute bonds was up to reach ₹32 billion in August, but the offering pace remained lower than that in the beginning of the year and the same period in 2023. One bond offering was made by a company of the fuel and energy sector. According to Cbonds, yields on substitute bonds included in the relevant index continued to rise and equalled 11.4% (+206 bp MoM). The spread between them and US Treasuries (UST) with similar maturities continued to expand and reached 776 bp in August.



## Banks' interest rates on ruble loans and deposits

- **Deposit rates.** According to preliminary data, in July, deposit rates continued to rise under the influence of expectations of tighter monetary policy and intense competition for depositors' funds. Furthermore, the operations of certain large banks that raised the interest rates on their long-term<sup>5</sup> deposits by 1.5–2 pp led to a hike in the weighted average interest rate in the segment of deposits with maturities of over one year. As a result, its value approached the average interest rate in the segment of deposits with a maturity of up to one year. According to recent estimates, interest rates on deposits continued to move upwards in August, primarily on short-term deposits, due to the key rate increase at the meeting on 26 July and the tightening of the signal regarding its further path, as well as persistently high interbank competition. The FRG100<sup>6</sup> index was up by 1.0 pp over the month, which is comparable with the July change (Charts 9 and 10).
- **Corporate loan rates.** According to preliminary estimates, interest rates on loans to non-financial organisations were up in July, with a more notable rise observed in the short-term segment. Nevertheless, the fact that there was still a relatively large portion of project financing and other loans at interest rates below the market ones, including at subsidised rates, restrained the growth of corporate lending rates. The key rate increase by 2 pp at the end of July may contribute to a further rise in the borrowing costs for companies in the coming months (Chart 9).
- **Retail loan rates.** According to preliminary data, the weighted average interest rate on long-term loans increased significantly in July. This was mainly due to the mortgage segment as the average interest rate on ruble mortgages went up from 7.6% in June to 10.2% at the end of July. This interest rate trend was associated with the termination of the Subsidised Mortgage programme, the modification of the Family Mortgage terms, which reduced the number of potential borrowers, and, as a result, a smaller share of all subsidised programmes in the mortgage market turnover compared to the peak values observed in June, as well as the continuing growth in market mortgage rates. High-frequency indicators show a further rise in interest rates on market mortgages in August. According to the estimates, interest rates in the segment of long-term non-mortgage loans edged up in July, while those in the segment of short-term loans to households edged down. This could be caused by a smaller percentage of risky borrowers in new loan issues due to tightened macroprudential regulation (Charts 9 and 10).

---

<sup>5</sup> 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).

<sup>6</sup> The average interest rate of the 80 largest deposit banks on one-year deposits worth at least ₹100,000, according to the news agency Frank RG.

## Growth rates of credit and deposit aggregates

- **Deposits.** High deposit rates continued to encourage the accumulation of household funds in ruble deposits and accounts. According to the July results, the annual increase<sup>7</sup> in the portfolio of household ruble deposits with banks<sup>8</sup> equalled 30.3%, edging down by 0.3 pp over the month, including due to the growth of household expenses, which is typical for the summer months. Time deposits remained the main contributors to the deposit portfolio dynamics. The balances in deposits for up to one year continued to grow, and the balances in long-term deposits also increased considerably after a reduction in June, which might be associated with a more notable growth in interest rates on such deposits. The inflow of funds into ruble current accounts remained stable. Foreign currency savings were still not in high demand, and the portfolio of foreign currency accounts and deposits continued to shrink. The share of foreign currencies in household funds edged down to 7.3% (Chart 11).
- **Corporate lending.** The growth of corporate lending accelerated again in July. The annual increase in the corporate loan portfolio<sup>9</sup> equalled 21.4% vs 21.3% in June, with the ruble lending remaining the main contributor thereto. The portfolio of loans in foreign currency edged up after a reduction in June. According to recent data, the increased interest rates did not fully translate into the lending dynamics in August, and corporate lending continued to grow commensurately to the July dynamics (Chart 12).
- **Retail lending.** There were signs of a decline in the retail lending market in July. Under the impact of high lending rates and restraining macroprudential measures, the growth in the portfolio of unsecured consumer loans went down from 2% in June to 1.4% in July. The growth in the portfolio of mortgage housing loans also decelerated, which was mainly due to the termination of the large-scale Subsidised Mortgage programme, as well as the tightening of the Family Mortgage programme terms. Specifically, ruble mortgages issued in July totalled ₺356 billion. Slightly more than a half of them were issued as part of the subsidised programmes (on average, since the beginning of 2024, the share of subsidised programmes in the market turnover was about 75%). However, despite high interest rates, the amount of market mortgages issued increased somewhat, including due to various high-risk mortgage schemes offering a lower interest rate for the first one to five years on the account of inflated housing prices. As a result, the annual growth in the portfolio of housing mortgage loans<sup>10</sup> was down by 2.1 pp to 22.7%.<sup>11</sup> According to high-frequency data, in August, the retail lending growth was close to the level of July but remained significantly lower than that in June and 2024 H1 in general, taking into consideration seasonal factors (Charts 12 and 13).

<sup>7</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>8</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>9</sup> Hereinafter, the increase in lending to non-financial organisations, financial institutions, and individual entrepreneurs does not include claims acquired by banks.

<sup>10</sup> Mortgages net of claims on such loans acquired by banks.

<sup>11</sup> Given a large-scale resale of mortgage portfolios in July, the annual growth in total claims of banks on housing mortgages was 23.7% as of the end of the month.



## Growth rates of monetary aggregates

- **Money supply.** The slowdown in the growth rate of monetary aggregates continued in July. By the end of the month, the annual growth of money supply in the national definition (M2) was 18.2% after 18.7% in June, and that of broad money (M2X) was 15.6% (adjusted for foreign currency revaluation) after 15.9% in June. According to high-frequency data, the annual M2 growth rate in August was close to the July level (Chart 15).
- **Sources of money supply.** As before, the banking system's claims on the economy were the main source of money supply. Nevertheless, the annual growth rate of claims was down to 21.5% (vs 22.8% in June), contributing to the slowdown in the money supply growth in July. The stimulating impact of budget operations on the annual change in the money supply remained moderate.
- **Components of money supply.** In July, the increase in monetary aggregates was still mainly driven by households' ruble deposits. The M1 aggregate grew by 3.2% over the last 12 rolling months, and ruble time deposits of households and organisations – by 37.3%. The annual M0 growth remained negative (it was -2.7% as of the end of July).

### • Exchange rate (foreign exchange channel)

As of the end of August, the ruble weakened by 1.8–8.0% against the main foreign currencies (Table 3). Nevertheless, the average monthly exchange rates changed less markedly. The ruble depreciated by 1.9% against the US dollar and by 3.2% against the euro, whereas the average monthly exchange rate against the yuan remained at the July level. Changes in certain currency pairs varied greatly due to increased segmentation of the FX market. For the first time since the imposition of sanctions on the Moscow Exchange Group companies, August saw major discrepancies between the official US dollar and euro exchange rates against the ruble and the cross rates calculated using the CNY/RUB exchange quotations. This was partly due to a reduction in opportunities for making arbitrage transactions by individual market participants who are allowed to conduct FX transactions in the Russian and foreign FX markets. Net sales of foreign currency by major exporters remained at the July level and were lower than in the previous months of 2024 (\$11.9 billion; -1% MoM in August). In August, the ruble volatility became higher and was approximately at the level of late 2022.

RUBLE EXCHANGE RATE

Table 3

	USD/RUB (Bank of Russia)	EUR/RUB (Bank of Russia)	CNY/RUB (Moscow Exchange)
31.08.2024	91.19	100.76	12.05
31.07.2024	86.33	93.29	11.84
Change, %	5.63	8.01	1.77
Average for August	89.16	98.08	11.92
Average for July	87.49	95.02	11.92
Change, %	1.91	3.22	0.00

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 1.8% in July (depreciation by 5.2% YoY). According to preliminary data, the RUB REER weakened by 5.3% in August compared to July and is currently slightly below its multi-year median (-1.7% vs the median of January 2015–August 2024).

#### • Russian stock markets

In August, the downward trend in the Russian stock market persisted for the fourth consecutive month. The MOEX Index equalled 2,650 as of the end of the month (-9.9% MoM; -14.5% YtD), returning to the level of May 2023. The index fell by 25% from this year's high reached on 20 May. In August, the most notable drop was observed in IT (-16.4%), transport (-16.0%), and construction (-15.1%). The oil and gas (-7.5%) and chemicals and petrochemicals (-7.6%) sectors were slightly more resilient. The Russian Volatility Index (RVI) was up in August, with its monthly average equalling 32 points (+5 points MoM), which is comparable to the average of 30 points recorded last year.

#### • Foreign markets

The average policy rate (weighted by GDP) in advanced economies edged down by 2 bp to 4.28% in August. Most central banks were moving towards easing their monetary policies. These included the Bank of England (-25 bp to 5.00%), Sweden's Riksbank (-25 bp to 3.50%), the Reserve Bank of New Zealand (-25 bp to 5.25%), and the Czech National Bank (-25 bp to 4.50%). The weighted average rate in emerging market economies (EMEs) also declined due to policy rate cuts by central banks in a number of countries. For example, the Bank of Mexico cut its benchmark interest rate by 25 bp to 10.75% in August.

As of the end of August, the yield curve of US Treasuries notably fell along its entire length (Table 4). Responding to the newly released statistics and the US Fed's rhetoric, markets expect the start of a decline as early as September. At the end of August, the US Fed funds rate reduction by 100 bp by the end of the year was factored into the prices for US interest rate derivatives, while a month earlier this reduction was expected to be no more than 75 bp. European yield curves generally demonstrated similar dynamics.

UST YIELD CURVE

Table 4

Maturity	2Y	5Y	10Y
31.08.2024	3.91	3.71	3.91
31.07.2024	4.28	3.94	4.06
Change, bp	-38	-26	-18
Average for July 2024	3.97	3.71	3.87
Average for August 2024	4.52	4.17	4.25
Change, bp	-54	-46	-38

Sources: Cbonds, Bank of Russia calculations.

The expectations regarding the US Fed funds rate path contributed to the depreciation of the US dollar for the second month in a row: the US Dollar Index (DXY) went down to 107.1 (-2.2%). The EMEs' currencies showed mixed dynamics against the US dollar in August (BRLUSD: +0.8%; CNYUSD: +1.7%; TRYUSD: -2.8%; MXNUSD: -5.9%).

As of the end of August, global stock markets were mostly up (S&P 500: +2.3%; Stoxx 600: +1.3%; Nikkei 225: -1.2%; SSE Composite: -3.3%; Nifty 50: +1.1%; MSCI ACWI: +2.4%). Volatility was elevated in early August following the publication of relatively weak July statistics about the US labour market, which cast doubt on the probability of 'soft landing'. However, further macro statistics and the US Fed's rhetoric calmed the markets. Concurrently, the appreciation of the yen, backed by the tighter monetary policy of the Bank of Japan, had a negative impact on the securities of Japanese exporters.

## Charts and tables

THE LIQUIDITY SURPLUS IS EXPECTED TO RANGE FROM ₱0.2 TRILLION TO ₱1.0 TRILLION BY THE END OF 2024  
(₱ TRILLIONS)

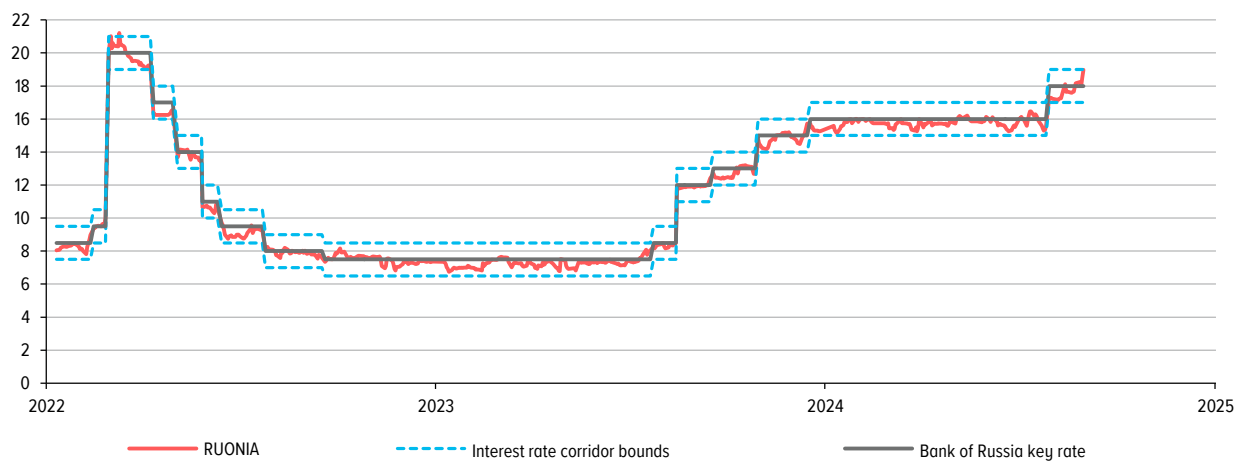
Table 5

	2023	January– August 2024	August 2024	2024 (forecast)
<b>Liquidity deficit (+)/surplus (-) (as of the beginning of the period)</b>	<b>-3.5</b>	<b>0.0</b>	<b>-0.7</b>	<b>0.0</b>
Liquidity inflow (+)/outflow (-):	-3.4	0.6	-0.1	[0.2; 1.0]
– change in the balances of funds in general government accounts with the Bank of Russia and other operations*	1.0	0.7	0.0	[1.1; 1.3]
– change in the amount of cash in circulation	-2.0	0.3	0.0	[-0.2; 0.2]
– change in required reserves	-2.4	-0.4	0.0	[-0.8; -0.6]
<b>Liquidity deficit (+)/surplus (-) (as of the end of the period)</b>	<b>0.0</b>	<b>-0.6</b>		<b>[-1.0; -0.2]</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 (%)

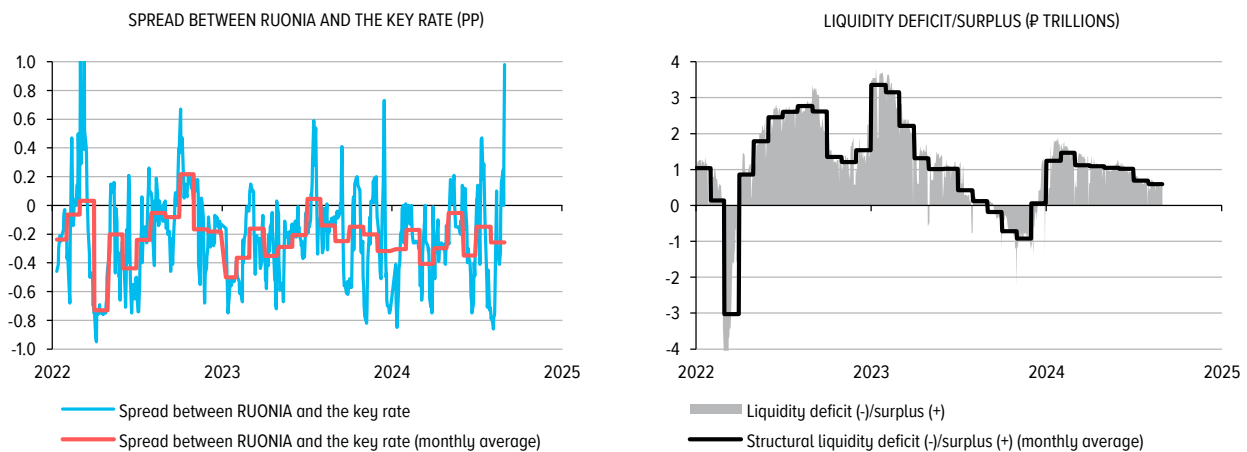
Chart 3



Source: Bank of Russia calculations.

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

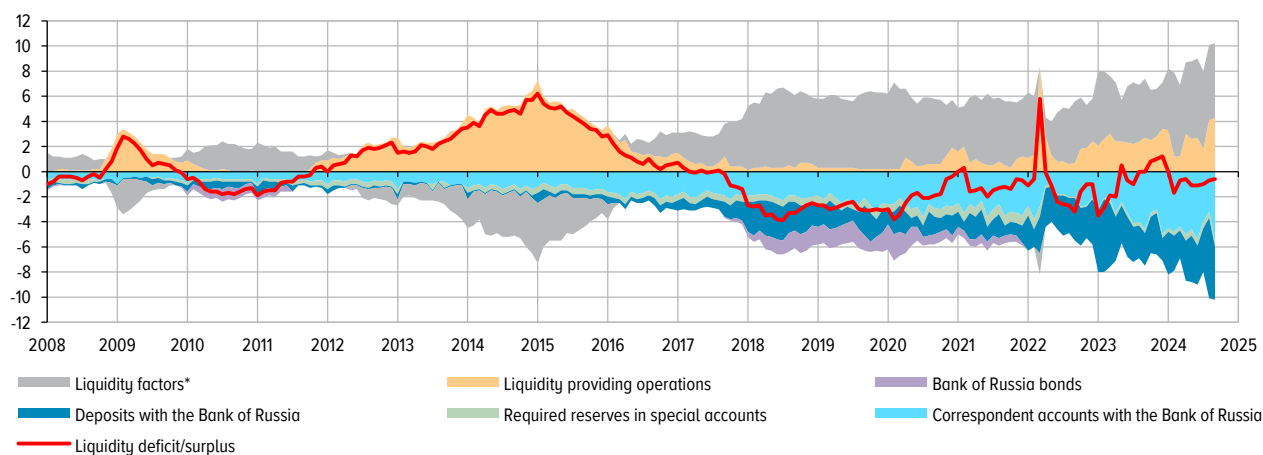
Chart 4



Source: Bank of Russia calculations.

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

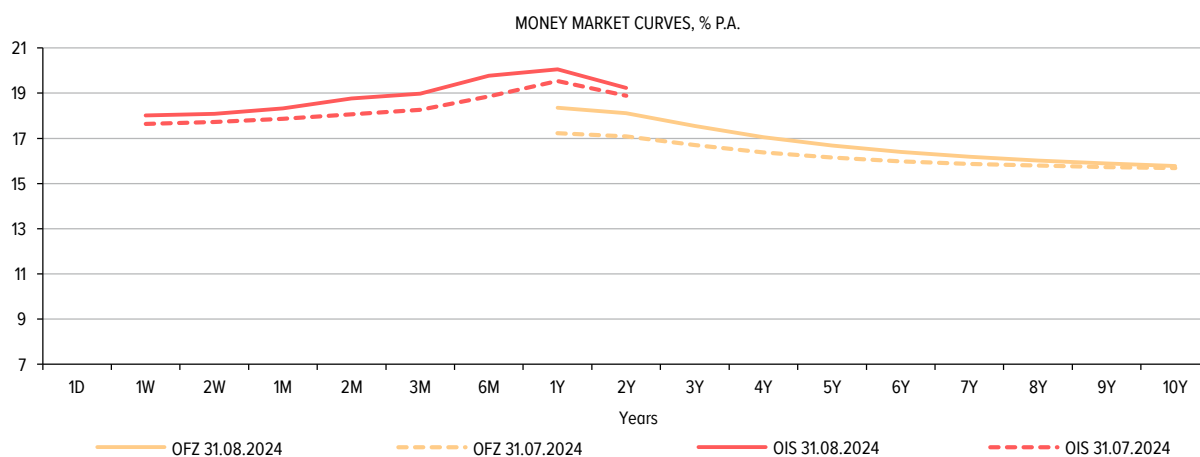
Chart 5



\* 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 AUGUST

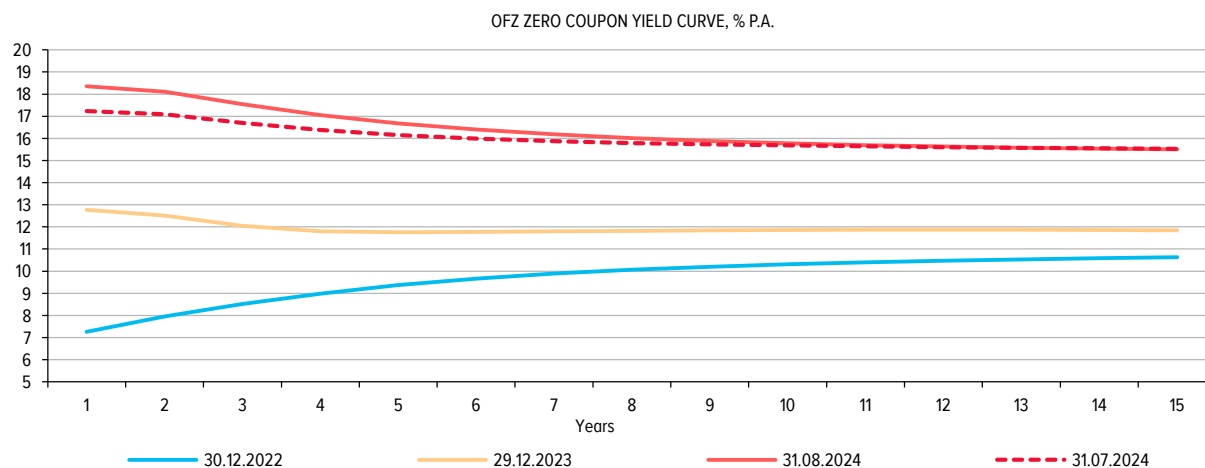
Chart 6



Sources: Moscow Exchange, National Finance Association.

## MEDIUM-TERM OFZ YIELDS SURGED

Chart 7

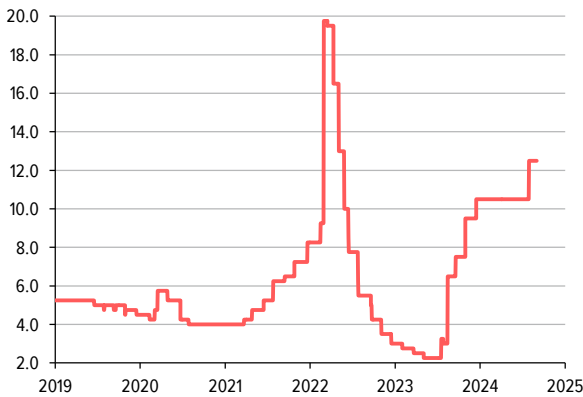


Sources: Moscow Exchange, Cbonds, Bank of Russia calculations.

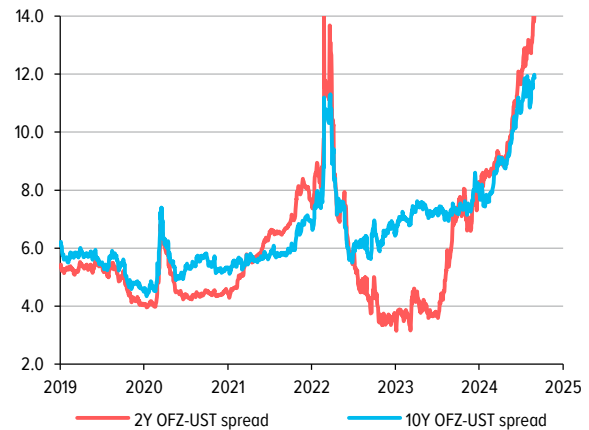
## THE SPREAD BETWEEN OFZ AND UST YIELDS EXPANDED

Chart 8

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



SPREAD BETWEEN OFZ AND UST YIELDS, PP

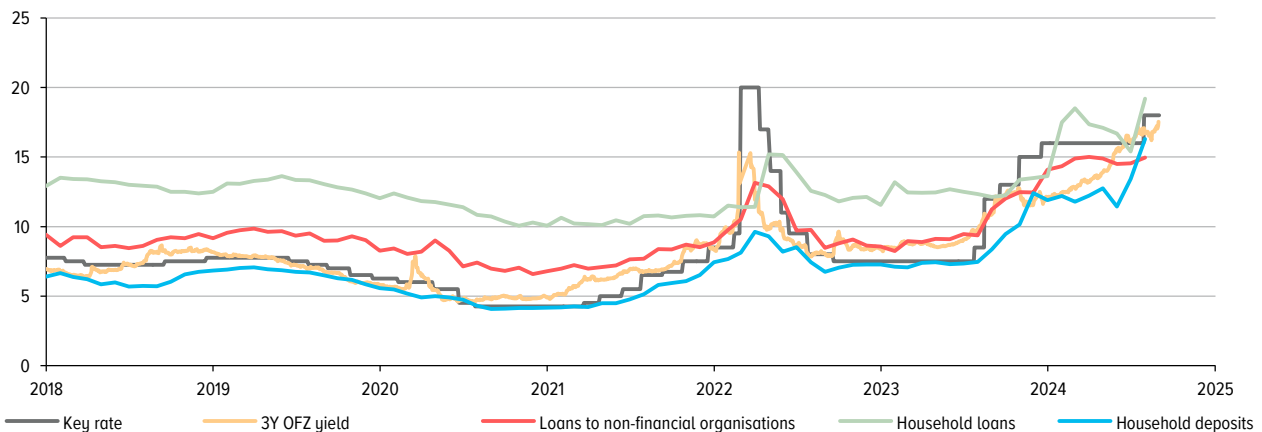


Sources: Moscow Exchange, Cbonds, Bank of Russia calculations.

## EXPECTATIONS OF A KEY RATE INCREASE IN JULY CONTRIBUTED TO THE GROWTH OF LOAN AND DEPOSIT RATES

Chart 9

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

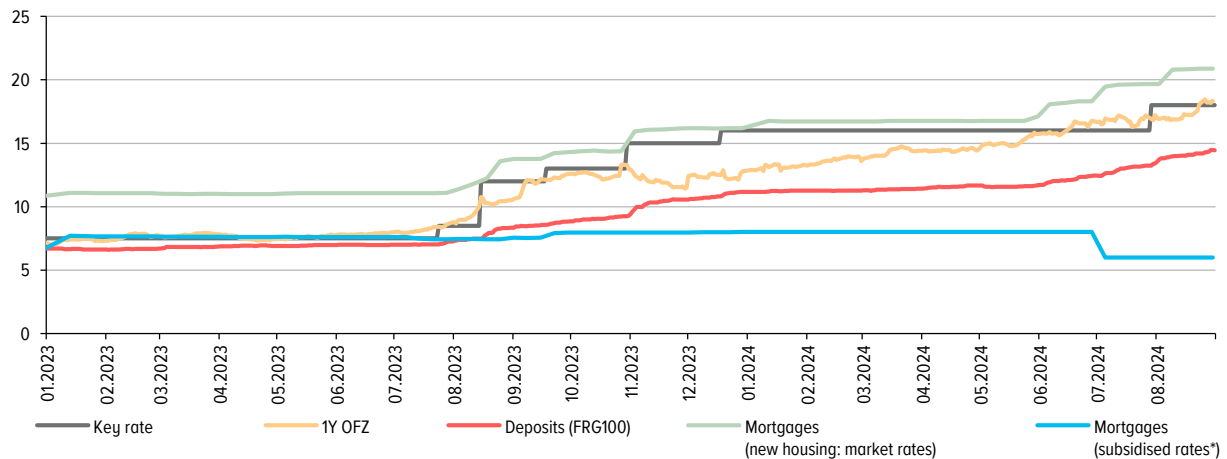


Source: Bank of Russia.

## INTEREST RATES ON DEPOSITS AND MARKET MORTGAGES CONTINUED TO RISE IN AUGUST

Chart 10

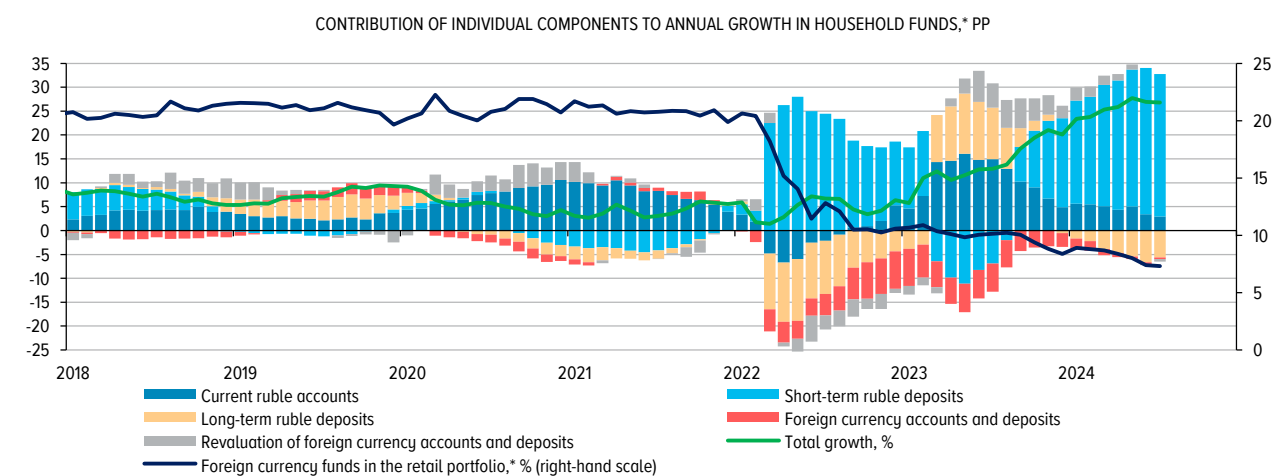
HIGH-FREQUENCY INTEREST RATE INDICATORS, % P.A.



\* 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.

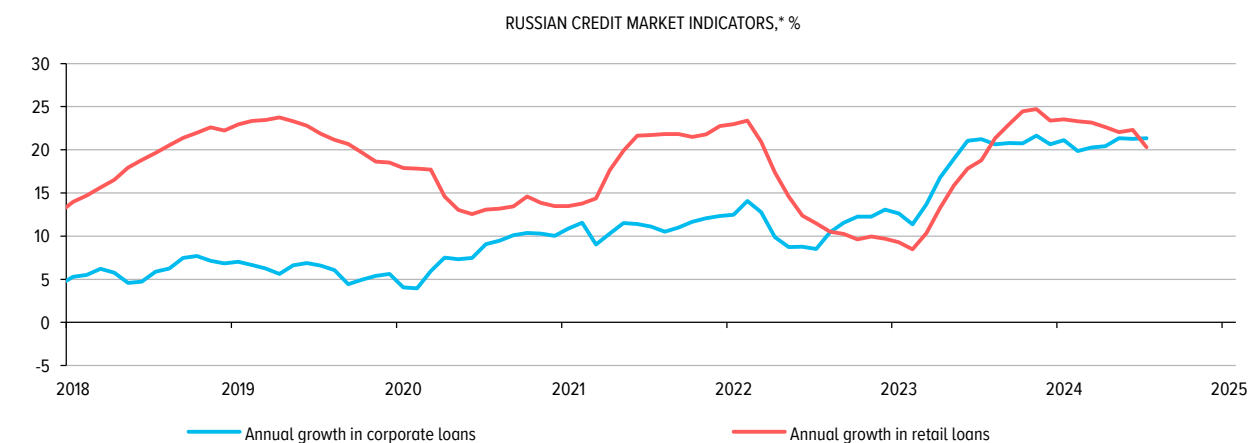
## A STABLE INFLOW OF HOUSEHOLD RUBLE FUNDS INTO BANKS CONTINUED IN JULY

Chart 11



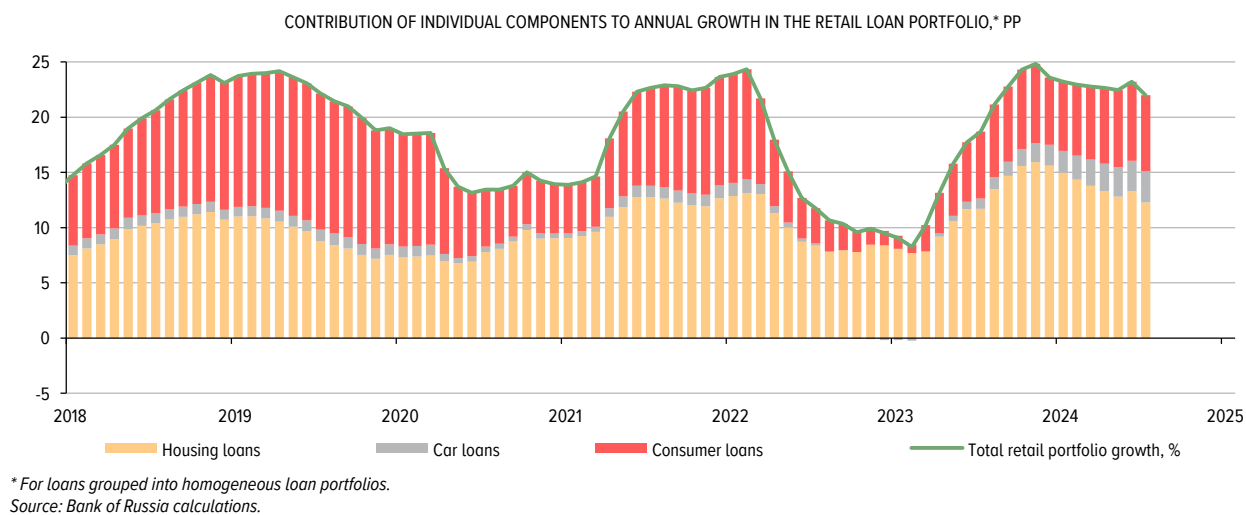
## RETAIL CREDIT MARKET ACTIVITY DECLINED IN JULY

Chart 12



## IN JULY, PORTFOLIO GROWTH SLOWED DOWN BOTH IN THE MORTGAGE AND UNSECURED CONSUMER LENDING SEGMENTS

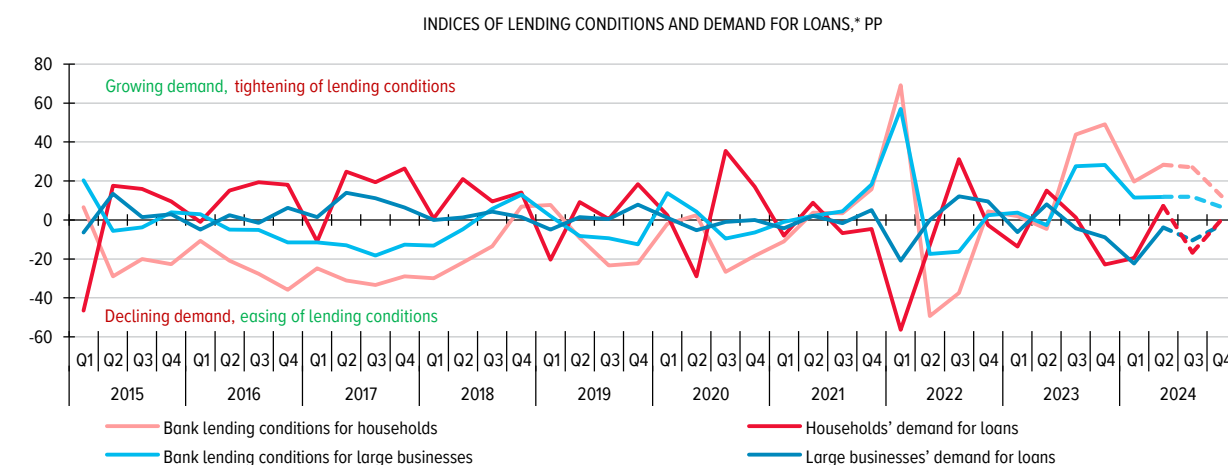
Chart 13





## BANKS EXPECT FURTHER TIGHTENING OF LENDING CONDITIONS IN 2024 Q3

Chart 14



Source: Bank of Russia.

## CREDIT AND DEPOSIT MARKET INDICATORS

Table 6

		April 2024	May 2024	June 2024	July 2024
<b>Interest rates on banks' long-term ruble transactions</b>					
household deposits	% p.a.	12.8	11.4	13.4	16.3
household loans	% p.a.	17.1	16.7	15.4	19.2
corporate loans	% p.a.	14.9	14.5	14.5	15.0
<b>Household funds*</b>	<b>% YoY, AFCR</b>	<b>25.9</b>	<b>27.7</b>	<b>26.9</b>	<b>26.8</b>
in rubles*	% YoY	29.7	31.3	30.5	30.3
in foreign currency	% YoY	-7.7	-5.4	-5.0	-3.8
share of foreign currency*	%	8.4	8.0	7.4	7.3
<b>Corporate loans**</b>	<b>% YoY, AFCR</b>	<b>20.4</b>	<b>21.4</b>	<b>21.3</b>	<b>21.4</b>
short-term (up to one year)	% YoY, AFCR	26.6	29.5	28.8	29.4
long-term (over one year)	% YoY, AFCR	20.8	21.3	21.2	21.0
<b>Household loans**</b>	<b>% YoY, AFCR</b>	<b>22.6</b>	<b>22.0</b>	<b>22.3</b>	<b>20.3</b>
mortgages	% YoY, AFCR	26.1	24.4	24.8	22.7
unsecured consumer loans	% YoY	15.6	16.0	16.5	15.8
<b>Claims of the banking system on the economy</b>	<b>% YoY, AFCR</b>	<b>23.1</b>	<b>23.2</b>	<b>22.8</b>	<b>21.5</b>
on businesses	% YoY, AFCR	23.3	23.5	22.6	21.3
on households	% YoY, AFCR	22.8	22.6	23.3	22.1
<b>Money supply (M2)</b>	<b>% YoY</b>	<b>21.8</b>	<b>18.9</b>	<b>18.7</b>	<b>18.2</b>
<b>Broad money (M2X)</b>	<b>% YoY, AFCR</b>	<b>18.3</b>	<b>16.4</b>	<b>15.9</b>	<b>15.6</b>

\* Excluding escrow accounts.

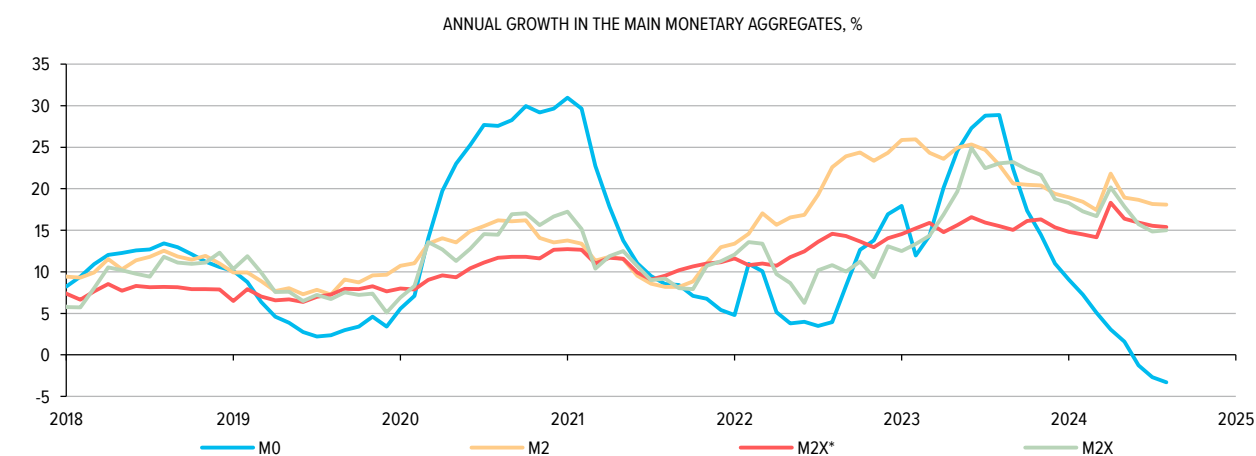
\*\* Since 1 February 2021, the portfolios of corporate and retail loans include acquired claims. The portfolio growth was calculated net of acquired claims.

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 GROWTH SLOWED DOWN IN JULY–AUGUST

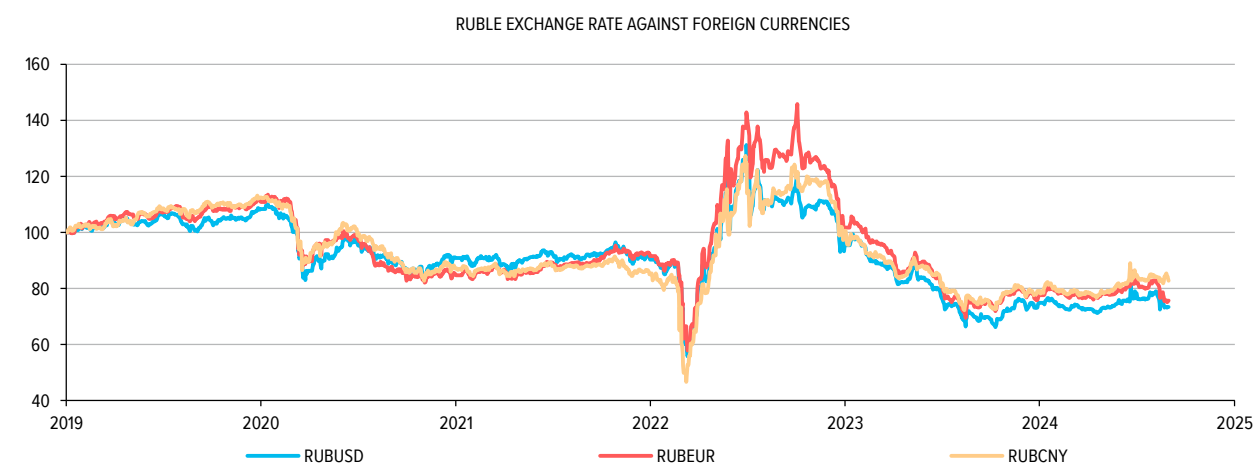
Chart 15



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

THE RUBLE DEPRECIATED IN AUGUST  
(02.01.2019 = 100)

Chart 16



Sources: Cbonds, Bank of Russia calculations.

## THE RUSSIAN FINANCIAL MARKET DEMONSTRATED NEGATIVE TRENDS

Table 7

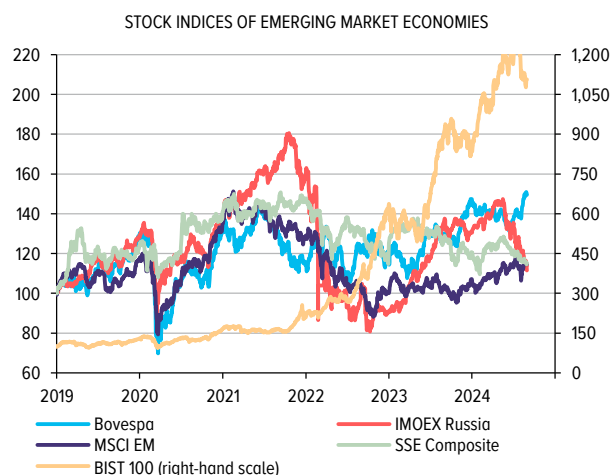
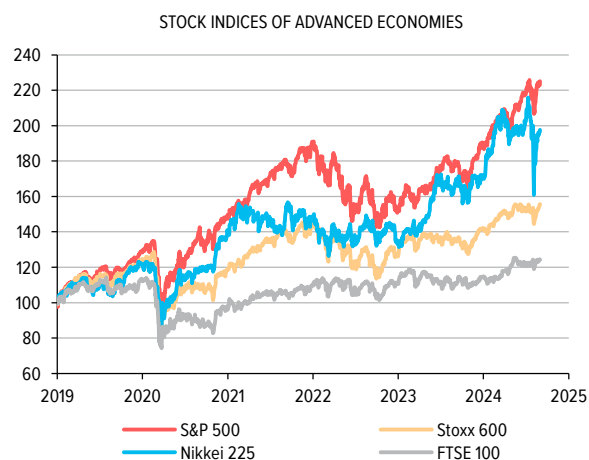
Indicator		31.08.2024	1M	3M	6M	YTD	1Y
<b>Russian financial market ('+' – positive trends, '-' – negative trends)</b>							
RUB/USD exchange rate (Bank of Russia)		91.45	-5.9	-2.5	-0.7	-1.3	4.4
MOEX Russia Index		2,650	-9.9	-19.3	-18.9	-14.5	-17.5
RTS Index		916	-15.0	-20.4	-18.4	-15.5	-13.0
Government bond yields		16.46	32	144	396	448	526
Corporate bond yields		19.61	140	243	489	543	831
Regional bond yields		17.85	63	211	440	523	719
RVI		36	11	13	16	8	10
<b>Exchange rates (per US dollar, % change; '+' – appreciation, '-' – depreciation)</b>							
AEs*	US Dollar Index	101.73	-2.2	-2.9	-2.1	0.4	-1.4
	Euro	1.10	2.0	2.0	1.9	0.1	1.1
	Japanese yen	146.20	-2.5	-6.8	-2.6	3.7	0.0
	Pound sterling	1.31	2.1	3.1	3.7	3.0	3.2
EMEs	Ruble	90.65	-6.6	-0.3	0.6	-1.8	5.7
	Brazilian real	5.61	0.8	-7.8	-13.2	-15.6	-14.7
	Mexican peso	19.72	-5.9	-15.9	-15.9	-16.1	-17.8
	Chinese yuan	7.09	1.7	2.1	1.4	-0.2	1.9
	Turkish lira	34.08	-2.8	-5.8	-8.6	-15.5	-27.6
	South African rand	17.82	2.1	4.9	6.7	2.6	4.6
<b>10Y bond yields (% p.a., change in bp, '+' – increase, '-' – decrease)</b>							
AEs	USA	3.91	-18	-64	-28	3	-21
	Germany	2.30	0	-35	-11	28	-24
	Japan	0.89	-17	-20	18	28	25
	UK	4.01	5	-33	-10	48	-40
EMEs	Russia	15.78	10	103	349	392	436
	Brazil	12.02	9	23	128	166	117
	Mexico	10.09	-13	-9	61	82	46
	China	2.19	3	-13	-20	-41	-42
	Turkey	26.73	-184	-141	-65	160	762
	South Africa	9.20	-21	-164	-90	-57	-100
<b>5Y CDS spreads (bp, change in bp, '+' – increase, '-' – decrease)</b>							
AEs	USA	32	0	-5	-3	-10	12
	Germany	9	0	-1	-2	-8	-7
	Japan	20	0	1	0	-5	-1
	UK	22	-1	-2	-8	-15	-8
EMEs	Brazil	144	-7	7	25	18	-12
	Mexico	103	-2	15	23	18	9
	China	61	-2	-1	-5	1	-18
	Turkey	261	5	11	-28	-7	-96
	South Africa	195	1	-35	-33	-3	-44
<b>Stock indices (p, % change, '+' – increase, '-' – decrease)</b>							
AEs	S&P 500	5,648	2.28	7.9	10.0	18.4	25.1
	Stoxx 600	525	1.32	1.7	5.5	9.6	14.4
	Nikkei 225	38,648	-1.16	1.6	-3.2	15.5	19.5
	FTSE 100	8,377	0.10	1.8	9.0	8.3	12.1
EMEs	MSCI EM	1,095	0.94	3.5	6.9	7.0	10.8
	Bovespa	136,004	6.54	10.8	5.3	1.4	15.7
	IPC Mexico	51,986	-2.17	-6.1	-6.4	-9.4	-4.4
	SSE Composite	2,842	-3.28	-8.1	-6.1	-4.5	-9.4
	BIST 100	9,833	-7.57	-6.2	8.1	31.6	24.2
	FTSE/JSE	83,750	1.19	8.5	15.1	8.9	11.3

\* Advanced economies.

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

STOCK INDICES SHOWED DIVERSE TRENDS IN AUGUST  
(02.01.2019 = 100)

Chart 17



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

## Data cut-off dates:

- Interest rates – 31 August 2024.
- Banks' interest rates on ruble loans and deposits – 1 August 2024, high-frequency data – 31 August 2024.
- Growth rates of credit and deposit aggregates – 1 August 2024.
- Growth rates of monetary aggregates – 1 August 2024, high-frequency data – 1 September 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.

Cover photo: Shutterstock/FOTODOM

Bldg V, 12 Neglinnaya Street, Moscow, 107016

Bank of Russia website: [www.cbr.ru](http://www.cbr.ru)

© Central Bank of the Russian Federation 2024