



Bank of Russia



October 2024

MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM

Information and analytical commentary

11 November 2024

MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM (OCTOBER 2024)

Monetary conditions continued to tighten between September and October (Chart 1). Nominal interest rates rose significantly in most segments of the financial market following the actual tightening of monetary policy and the revision of market expectations regarding a future key rate path. Growth in yields was primarily driven by an increase in real interest rates in addition to higher implied inflation. Household and business inflation expectations rose as well. Given rising inflation expectations, the tightening of actual monetary conditions was less considerable than that reflected in nominal interest rates. Therefore, overall credit activity remained strong until October on account of corporate loans, with a significant slowdown in retail lending. The expansion of lending supported a high rate of growth in monetary aggregates between September and October.

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, impacting 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 impact 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.

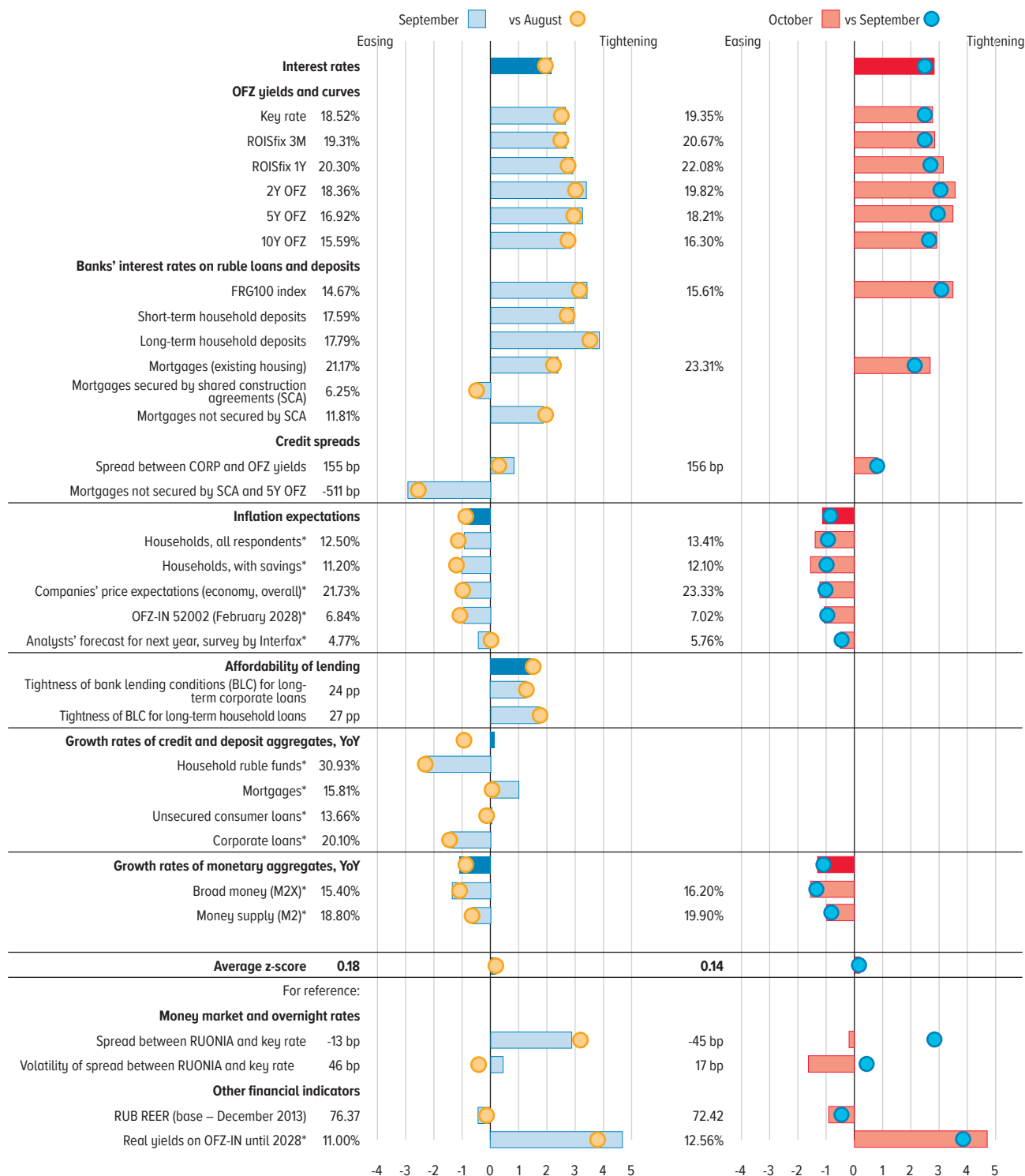
This material briefly describes the monetary policy transmission and the conditions of its functioning.

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



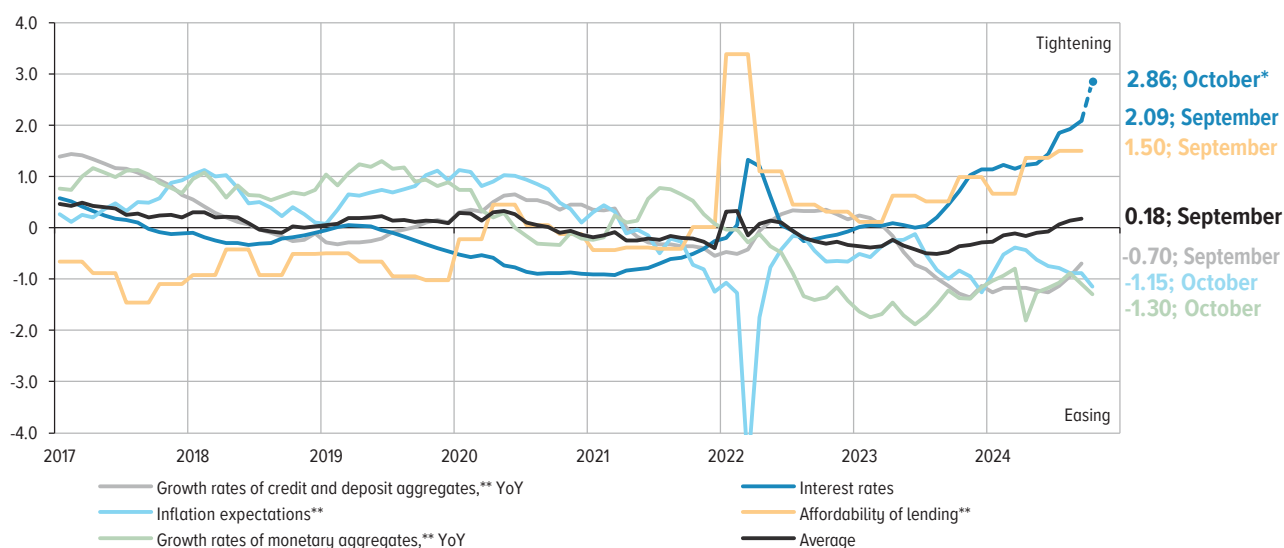
Note. The indicator panel represents one possible summary visualisation of key indicators to help assess the monetary conditions and their changes. It should not be considered a comprehensive presentation of all types of indicators relevant to assessing the nature of and changes in the monetary conditions. The chart shows the level of the indicator (z-score) relative to the distribution of values from January 2017 to September 2024 (left-hand chart) and to October 2024 (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 indicates 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.

Source: Bank of Russia calculations.

HISTORICAL DYNAMICS OF INDIVIDUAL INDICATORS OF MONETARY TIGHTNESS

Chart 2



* According to high-frequency data.

** 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 October 2024, the Bank of Russia Board of Directors raised the key rate by 200 bp to 21% per annum. The reason was that strong domestic demand continued to exceed capacities to expand supply, thereby supporting persistently high inflationary pressures. In particular, inflation was far above the Bank of Russia's July forecast. Yet, in real terms, monetary conditions tightened to a considerably lesser extent than predicted by the Bank of Russia due to rising inflation expectations.

A further tightening of monetary policy and a longer period of tight monetary conditions were needed to return inflation to its target and reduce inflation expectations that could reinforce the inertia of underlying inflation.

- Banking sector liquidity and overnight rates (RUONIA).** The average spread between RUONIA and the key rate widened to -45 bp in October (September: -13 bp) (Chart 4). The spread volatility was 17 bp (September: 46 bp). In the October required reserve (RR) averaging period (AP),² banks averaged required reserves ahead of schedule in anticipation of the key rate increase at the meeting of the Bank of Russia Board of Directors on 25 October. Before the key rate increase, banks maintained large balances in their correspondent accounts mainly because they reduced the amount of their placements at one-week deposit auctions arranged by the Bank of Russia. The RUONIA spread remained negative, however. Banks still had an appetite for Bank of Russia loans. This made demand for money market funds decline and curbed the growth of interest rates despite the key rate expectations. After the key rate was increased, banks placed excess liquidity on deposits with the Bank of Russia and reduced their correspondent account balances.

Despite the negative spread between RUONIA and the key rate, the total cost of short-term liquidity increased for banks. The continuing demand for Bank of Russia loans and competition for customer and budgetary funds between banks, in part seeking to ensure compliance with the liquidity coverage ratio, push up interest rates at deposit auctions arranged by the Federal Treasury and regional fiscal

² From 9 October 2024 through 12 November 2024.

authorities (for example, the Department of Finance of the City of Moscow), and corporate deposit rates. This serves as an additional factor in the tightening of monetary conditions.

The average liquidity balance changed from a ₺0.4 trillion surplus in September to a ₺0.1 trillion deficit in October. As before, the outflow of funds was driven by Bank of Russia operations to mirror the transactions with the National Wealth Fund assets made in 2023. Quarterly earnings approached the last year's level while expenses rose in October. Deposit and repo operations conducted by the Federal Treasury and regional fiscal authorities partially offset the impact of fiscal flows on bank liquidity. Cash had a neutral effect on liquidity and fluctuated around multi-year averages in October (September: ₺0.0 trillion).

Liquidity is predicted to close the year with a surplus ranging from ₺0.2 trillion to ₺1.0 trillion³ (Table 5). In 2025, banking sector liquidity is expected to decrease from surplus to deficit. The latter will continue to widen gradually due to Bank of Russia operations to mirror non-fiscal rule-based transactions made in 2024, which will cause an outflow of funds from banks. The rise in liquidity deficit will be additionally driven by increases in cash in circulation and required reserves.

- **Money market.** October saw the ROISfix curve shift upwards by 193–334 bp for all maturities. The most notable changes were recorded in the long-term section of the curve (three months and longer), reflecting the revision of key rate path expectations by market participants and a longer period of tight monetary policy. Money market rates for six months and longer exceeded 23%. Since the balance of risks has shifted considerably towards inflationary ones, the market admits that the monetary policy tightening may have not passed its peak yet and allows for a longer period of high rates than anticipated after the September meeting of the Board of Directors.

ROISFIX CURVE

Table 1

Maturity	1w	2w	1M	2M	3M	6M	1Y	2Y
31.10.2024	20.78	20.89	20.98	21.21	21.81	23.03	23.84	23.16
30.09.2024	18.85	18.97	19.14	19.4	19.66	20.35	20.59	19.82
Change, bp	193	192	184	181	215	268	325	334

Sources: Moscow Exchange, National Finance Association.

- **Federal government bonds.** The upward adjustment of key rate expectations and the official projection of the key rate path translated into higher yields on government bonds for all maturities. The most notable changes took place in the short- and medium-term segments. The RGBI Index hit its multi-year low of 96 pp, which was comparable with February 2009.

OFZ ZERO COUPON YIELD CURVE

Table 2

Maturity	1Y	2Y	3Y	5Y	7Y	10Y
31.10.2024	21.83	21.39	20.71	19.26	18.08	16.89
30.09.2024	19.43	19.05	18.52	17.47	16.65	15.85
Change, bp	239	235	219	179	143	104
Average for October 2024	19.99	19.82	19.34	18.21	17.26	16.30
Average for September 2024	18.59	18.36	17.87	16.92	16.24	15.59
Change, bp	140	146	147	129	103	71

Sources: Moscow Exchange, Bank of Russia calculations.

³ See [Commentary on the Bank of Russia's Medium-term Forecast, dated 6 November 2024](#).

The secondary OFZ market liquidity remained relatively low for the third consecutive month. Daily average trades totalled ₹14.7 billion (September: ₹15.5 billion; January–August: ₹20.7 billion). The composition and behaviour of market participants changed slightly. The largest buyers were still retail investors (₹17.1 billion) and non-bank financial institutions, including as part of trust management (₹20 billion). In October, the largest net sellers were systemically important credit institutions (SICIs) (₹15.6 billion) and banks that are not SICIs (₹22.1 billion), with the latter becoming the largest sellers for the first time since the beginning of the year.

The Ministry of Finance of the Russian Federation held five auctions in October offering both OFZ-PD (fixed-coupon federal government bonds) and OFZ-PK (variable coupon-income federal government bonds). The offering was much smaller than in the previous month (October proceeds: ₹90 billion vs September proceeds: ₹227 billion), as the Ministry of Finance did not hold a number of auctions because there were no bids offering acceptable prices. Demand averaged ₹50 billion. In October, the Ministry offered a short-term bond issue for the first time since April 2024. However, it still tended to offer predominantly long-term bonds. Among other things, small offerings in the short-term segment led to a considerable widening of the spread between OFZs and interest rate swaps (IRSs). The October auctions saw yields on long-term and short-term bond issues exceed 17% and almost reach 18.5%, respectively. The premium on yields on traditional securities in the secondary market remained moderate and ranged from -7 bp to +10 bp. Over nine months to October 2024, the Ministry raised more than ₹1.9 trillion at auctions. The Ministry should raise ₹2.1 trillion by the end of the year (or ₹1.0 trillion on average per month) to achieve its updated annual borrowing target of over ₹4.0 trillion.

- **Corporate bond market.** The rise in government bond yields translated into higher corporate bond yields. The IFX-Cbonds index was the highest since February 2009 and amounted to 23.26% (+291 bp MoM). However, the average monthly spread between this index and OFZ yields did not change, staying at 156 bp (vs 155 bp in September) and above the 2023–2024 average. The average spread between yields on low- and medium-rated securities and OFZ yields rose to the highest values since June 2022, i.e. B/ruB- – 1,031 bp (+178 bp MoM), BB/ruBBB – 440 bp (+80 bp MoM). Contrastingly, the spread between blue-chip securities and OFZs dropped from 53 bp to 18 bp. The reason was the slow adaptation of the market to the new levels of OFZ yields rather than greater demand for blue-chip securities and a decrease in their risk scores.

In the primary market, October saw corporate borrowings plummet from the previous month's amount (October 2024: ₹663 billion; September 2024: ₹1 trillion), including issues of yuan-denominated papers and substitute bonds. Growth in the corporate bond portfolio exceeded the 2014–2021 median year-to-date (October 2024: +14.3%; median: 9.2%) but was down year-on-year (September 2023: 19.4%).

As of the end of October, the market of corporate bonds totalled ₹28.9 trillion (+22.1% YoY; September 2023: ₹23.6 trillion).

The issue of substitute bonds amounted to ₹12.8 billion in October and was additionally offered by banks. According to Cbonds, yields on substitute bonds increased to 14.45% (+316 bp MoM). The spread between them and US Treasuries (UST) with similar maturities rose by 329 bp on September (October: 1,100 bp; September: 771 bp).

Banks' interest rates on ruble loans and deposits

- **Deposit rates.** The key rate increase at the September meeting translated into deposit rates (Chart 9). They were also impacted by tougher competition for depositors between banks seeking to ensure compliance with the liquidity coverage ratio. According to estimates, deposit rates continued to rise in October. The FRG100 index⁴ rose by 1.1 pp over the month, with a half of this percentage being gained in the last week of the month after the Bank of Russia raised the key rate and announced that the key rate might be increased further at the next meeting (Chart 10).
- **Corporate loan rates.** September saw moderate growth in rates on corporate loans.⁵ Concentration of lending activity in the segment insusceptible to key rate changes curbed the growth of average market rates. The actual tightening of monetary policy may be expected to push up rates on loans to non-financial organisations in general in the near term (Chart 9).
- **Retail loan rates.** Retail loan rates stopped rising in September (Chart 9). Average weighted rates on short- and long-term loans declined by 0.4 pp to 26.5% and 18.9%, respectively. In particular, the adjustment of the long-term rate (Chart 9) was again caused by a drop in the average mortgage rate (primarily due to the shift of lending activity to the primary segment of the market). Growth in unsecured consumer loan rates was estimated to have been moderate due to the implementation of macroprudential measures and a more thorough selection of borrowers. Car loan rates rose in September. According to high-frequency data, retail loan rates were up in October (Chart 10). Price conditions are expected to tighten further in retail lending.

Growth rates of credit and deposit aggregates

- **Deposits.** Households continued to actively deposit funds with banks in September. The annual growth⁶ in the portfolio of household ruble funds with banks⁷ was 30.9% (Chart 11) and stayed around the last month's figure (30.8%). In September, the growth of ruble funds in time deposits was also associated with an outflow of funds from current accounts. The outflow of funds from foreign currency deposits slowed down in September: the 12-month moving annual change was -1.2% in September vs -2.7% in August. The share of foreign currency deposits in the portfolio declined slightly from 7.5% in August to 7.4% in September to hit a new historical low.
- **Bank lending conditions.** According to a survey of largest banks,⁸ bank lending conditions (BLC) tightened again in 2024 Q3 for all main categories of borrowers. The main drivers of the tightening were measures taken by the Bank of Russia as part of its monetary and macroprudential policies, the higher cost of bank funding, and banks' expectations of key rate increases in the near future. BCL for retail borrowers were also impacted by an easing of bank competition allowing banks to raise their

⁴ The average interest rate of 80 largest deposit banks on one-year deposits worth at least ₹100,000, according to the Frank RG news agency.

⁵ Russian bank loans offered/issued to unaffiliated borrowers at a fixed rate. See [Methodological notes on tables of the Section 'Loan and Deposit Interest Rates and Maturities'](#).

⁶ 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 taking into account claims acquired by banks but 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 at a period average exchange rate.

⁷ Hereinafter, household funds with banks include balances in time deposits, demand deposits, and current accounts but exclude escrow accounts under shared construction agreements.

⁸ [Quarterly survey of bank lending conditions of top Russian banks.](#)

credit rates. Banks expect the current trends to stay for the next six months and push down demand for new retail and corporate loans (Chart 14).

- **Corporate lending.** Corporate lending continued to expand fast in September. The annual growth of the corporate loan portfolio⁹ equalled 21.2% vs 21.3% in August. Over September, the growth of the corporate loan portfolio was driven by those borrowings that were less sensitive to market rate fluctuations. Nonetheless, higher market-based loan rates curbed the expansion of corporate lending. The growth in the loan portfolio was driven by an increase in ruble borrowings, while the foreign currency loan portfolio changed slightly, making the share of foreign currency loans in the portfolio edge down. According to high-frequency data, October witnessed no visible signs of a slowdown in corporate lending (Chart 12).
- **Retail lending.** Retail lending was expanding at a considerably slower pace in September: the annual growth of the retail loan portfolio decreased from 19.7% in August to 16.8% in September (Charts 12 and 13). Decelerated growth in unsecured consumer lending was largely associated with persistently high loan rates and macroprudential measures, which was also confirmed by the outcomes of the survey of BLC of top banks conducted in 2024 Q3. Car loans, however, were observed to grow faster, as households were trying to buy cars before their prices rose as a result of the noticeable indexation of the recycling fee on 1 October and car loan rates went up under the impact of macroprudential measures. Mortgage lending activity was close to the July–August levels. New housing mortgage loans amounted to ₺373 billion vs ₺375 billion in the previous month, with more than a half of these loans being issued as part of the Family Mortgage programme. A steep drop in the annual growth of the housing mortgage loan portfolio (from 20.8% in August to 15.8% in September) was in part due to large-scale securitisations. According to high-frequency data, October registered the ongoing deceleration in retail lending, which might be expected to remain under the influence of the said constraining factors in the near future.

Growth rates of monetary aggregates

- **Money supply.** Growth in monetary aggregates accelerated in September: the annual growth of money supply in national definition (M2) amounted to 18.8% (August: 17.9%), and that of broad money adjusted for foreign currency revaluation (M2X) was 15.4% (August: 14.5%). High-frequency data show the ongoing acceleration of growth in monetary aggregates in October (Chart 15).
- **Sources of money supply.** The banking system's claims on the economy were still the key driver of growth in monetary aggregates. They rose by 20.0% in annualised terms, with a somewhat larger share of claims on organisations in the total value. Growth in money supply, however, was moderated by fiscal operations in September.
- **Components of money supply.** Monetary aggregates rose again, largely backed by household ruble deposits in September. The M1 aggregate was growing faster, with its annual change amounting to 3.8% (September: 1.8%). The M0 annual growth was close to the August level, with the share of cash in circulation in money supply staying around minimal values.

⁹ Hereinafter, growth in lending to non-financial organisations, financial institutions, and individual entrepreneurs.

• Exchange rate (foreign exchange channel)

As of the end of October, the ruble depreciated against the key foreign currencies (Table 3). Average monthly exchange rates demonstrated similar dynamics: the ruble depreciated against the US dollar, the euro, and the Chinese yuan by 5.3%, 3.6%, and 5.2%, respectively.

Net sales of foreign currency revenues by top exporters rose in October relative to September but were still lower than in the first eight months of 2024, with import quantities expanding at the same time.

In October, the ruble volatility was at the level of the previous month, which was comparable with the 2023 year-end. The USD/RUB exchange rate calculated based on OTC quotes was close to the cross rate calculated based on USD/CNY and USD/CNH rates and did not exceed an average of 1%.

The [real effective exchange rate \(REER\) of the ruble](#) calculated against the currencies of the main foreign trade partners weakened by 4.2% in September (depreciated by 1.4% YoY). According to preliminary data, the REER lost 1.4% over October compared to September, staying currently below its multi-year median (-8.6% vs the median of January 2015–October 2024).

RUBLE EXCHANGE RATE

Table 3

	USD/RUB (Bank of Russia)	EUR/RUB (Bank of Russia)	CNY/RUB (Moscow Exchange)
31.10.2024	97.05	105.22	13.58
30.09.2024	92.71	103.47	13.24
Change, %	4.68	1.69	2.53
Average for October	96.12	105.05	13.51
Average for September	91.31	101.36	12.84
Change, %	5.27	3.64	5.21

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

• Russian stock markets

Having picked up in September, the Russian stock market started to go down again in October. The MOEX Index equalled 2,560 as of the end of the month (-10.4% MoM; -18.2% YtD) and approached its lowest value in 2024. The key reasons were consumer price statistics for September–October and hence expectations of tighter monetary policy. October also saw a considerable drop in the construction (-18% MoM), telecommunications (-15% MoM), and information technologies (-15% MoM) sectors. The Russian Volatility Index (RVI) averaged 41 p (+10 p MoM) in September, which was above the average of 30 p recorded last month and last year.

• Foreign markets

The GDP-weighted average policy rate in advanced economies edged down in October (-10 bp; to 3.8%). Some central banks continued to ease their monetary policies. These included policymakers in the euro area (-25 bp to 3.25%), Canada (-50 bp to 3.75%), New Zealand (-50 bp to 4.75%), Iceland (-25 bp to 9.00%), and the Republic of Korea (-25 bp to 3.25%). The weighted average policy rate in emerging market economies (EMEs) also decreased, as central banks in some of these countries cut their policy rates, including in Colombia (-50 bp to 9.75%), Chile (-25 bp to 5.25%), and the Philippines (-25 bp to 6.00%).

As of the end of October, the UST yield curve rose moderately along its entire length (Table 4). The growth of UST was driven by the US Fed tough rhetoric amid rising medium-term inflation expectations (October: 2.66%; September: 2.54%; and August: 2.33%), consumer price dynamics in September (actual CPI: 0.18% MoM; expected CPI: 0.1% MoM), and the consumer expenditure deflator (PCE in September: +0.18% MoM; in August: +0.11% MoM). At the end of October, prices for US interest rate derivatives factored in a less sharper decline in the US Fed funds rate until the year-end (October: -50 bp; September: -75 bp).

Although the ECB lowered its deposit facility rate once again by 25 bp to 3.25% due to the start of the disinflationary process and a drop in labour costs, European yield curves rose at the end of the month, co-moving with UST.

The revision of market expectations regarding the US Fed funds rate path amid persistent inflationary pressures contributed to the appreciation of the US dollar: the US Dollar Index (DXY) was up to 103.9 (+3.1%). The EMEs' currencies mostly depreciated against the US dollar (BRL/USD: -6.2%; CNY/USD: -1.4%; TRY/USD: -0.2%; MXN/USD: -1.7%).

UST YIELD CURVE

Table 4

Maturity	2Y	5Y	10Y
31.10.2024	4.16	4.15	4.28
30.09.2024	3.66	3.58	3.81
Change, bp	50	57	47
Average for October 2024	3.97	3.91	4.10
Average for September 2024	3.62	3.50	3.72
Change, bp	35	41	37

Sources: Cbonds, Bank of Russia calculations.

As of the end of October, global stock markets were mostly down (S&P 500: -1.0%; Stoxx 600: -3.4%; Nikkei 225: +3.1%; SSE Composite: -1.7%; Nifty 50: -6.2%; MSCI ACWI: -2.3%). Global stock markets were down amid the news about poor financial performance of some large technological companies in the US and pharmaceutical companies in the UK. Negative sentiment in the Chinese stock market was partially associated with uncertainty over the expansion of Chinese economic stimulus programmes.

Charts and tables

LIQUIDITY SURPLUS IS FORECAST TO RANGE FROM ₺0.2 TRILLION TO ₺1.0 TRILLION BY 2024 YEAR-END
(₺ TN)

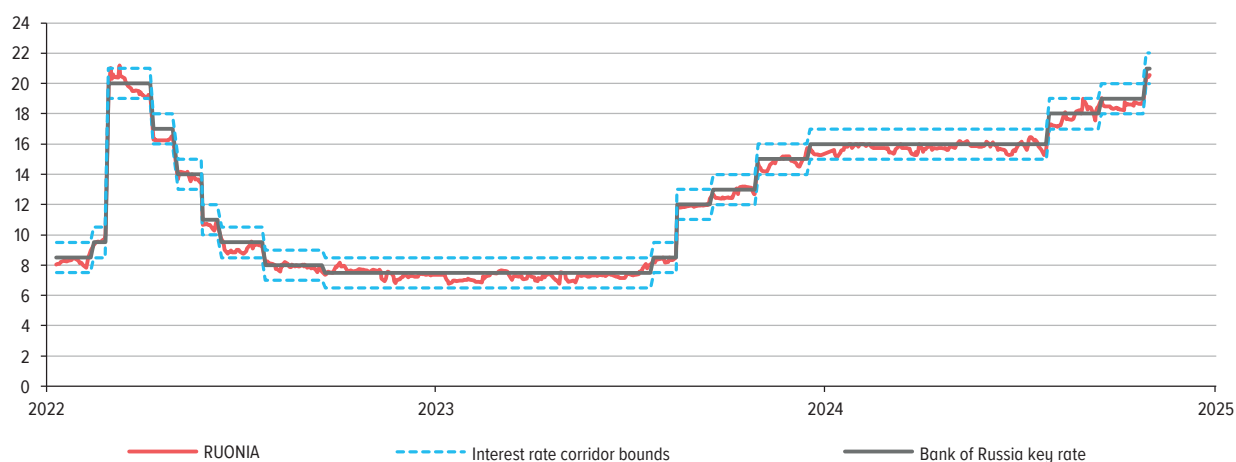
Table 5

	2023	January– October 2024	October 2024	2024 (forecast)
Liquidity deficit (+)/surplus (-) (as of beginning of period)	-3.5	0.0	0.3	0.0
Liquidity inflow (+)/outflow (-):	-3.4	-0.4	-0.1	[0.2; 1.0]
– change in balances of funds in general government accounts with Bank of Russia and other operations*	1.0	-0.2	0.0	[1.2; 1.4]
– change in amount of cash in circulation	-2.0	0.4	0.0	[-0.2; 0.2]
– change in required reserves	-2.4	-0.6	-0.1	[-0.9; -0.7]
Liquidity deficit (+)/surplus (-) (as of end of period)	0.0	0.4		[-1.0; -0.2]

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

RUONIA
(%)

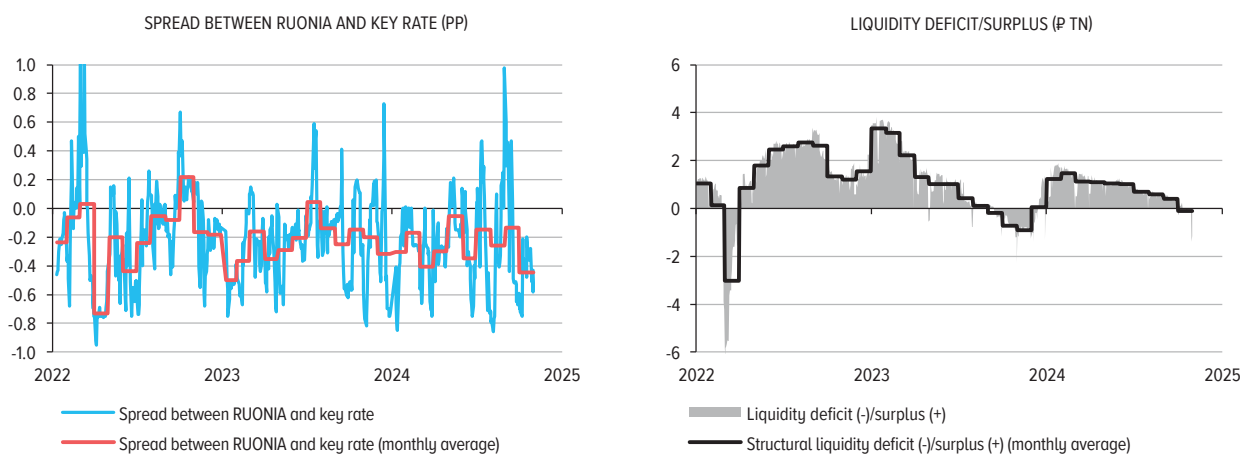
Chart 3



Source: Bank of Russia calculations.

AVERAGE SPREAD BETWEEN RUONIA AND BANK OF RUSSIA KEY RATE WIDENED IN OCTOBER

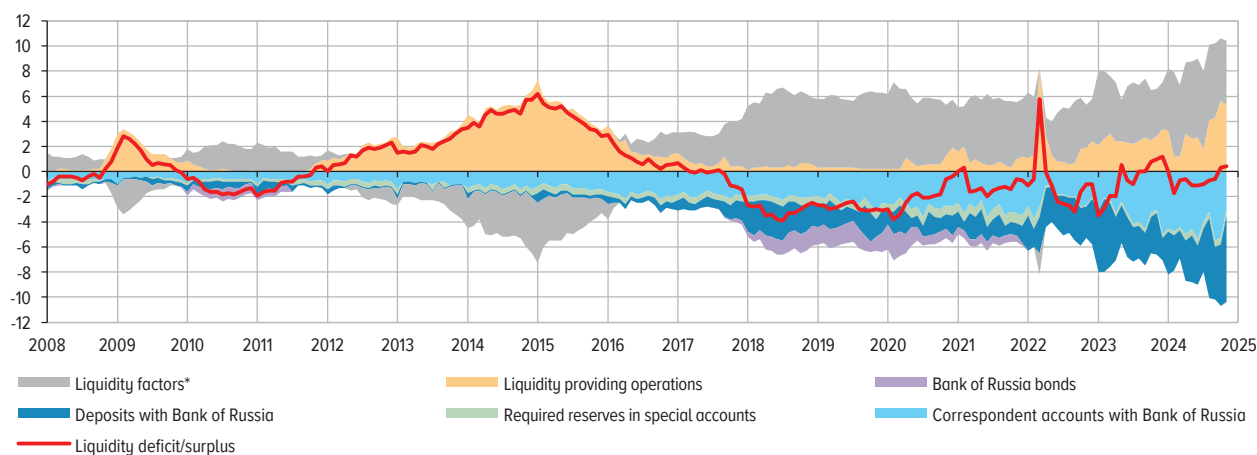
Chart 4



Source: Bank of Russia calculations.

BANK OF RUSSIA'S BALANCE SHEET
(P TN)

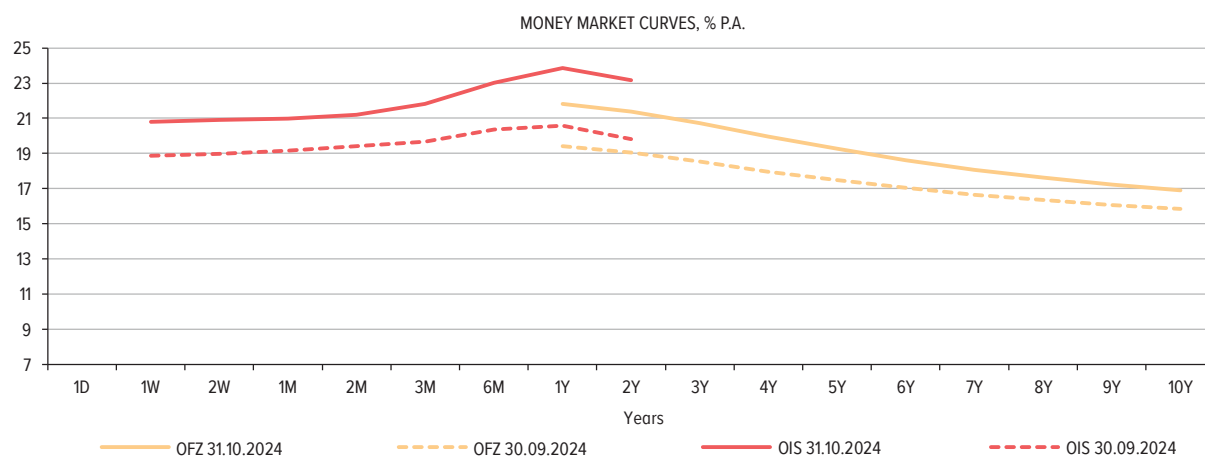
Chart 5



* 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 FOR ALL MATURITIES IN OCTOBER

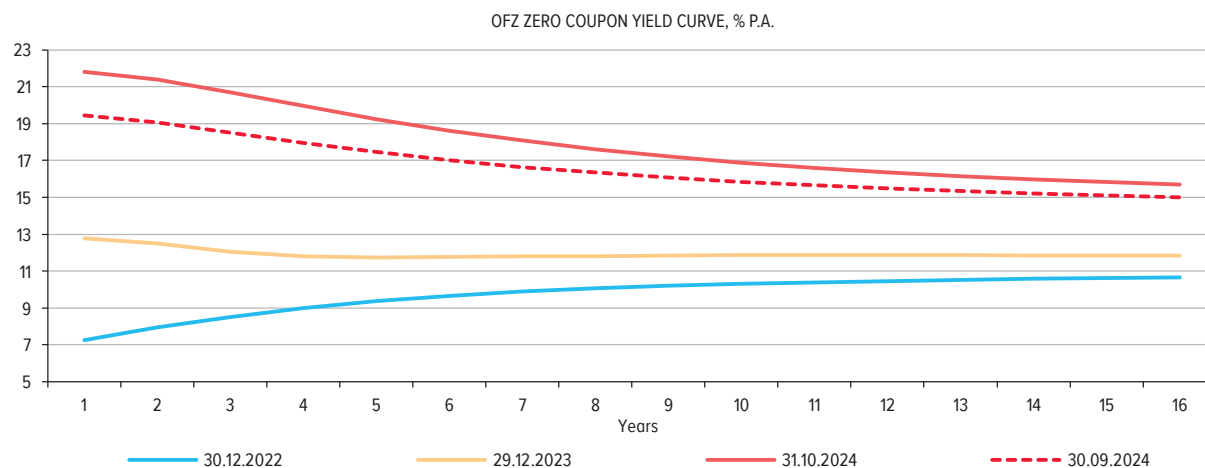
Chart 6



Sources: Moscow Exchange, National Finance Association.

MEDIUM-TERM OFZ YIELDS SURGED

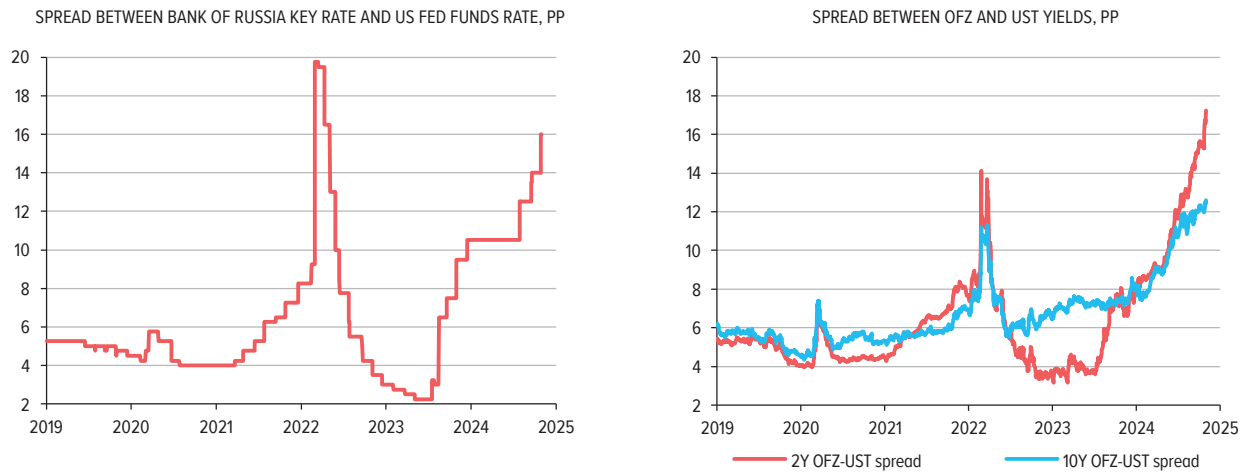
Chart 7



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

SPREAD BETWEEN OFZ AND UST YIELDS WIDENED

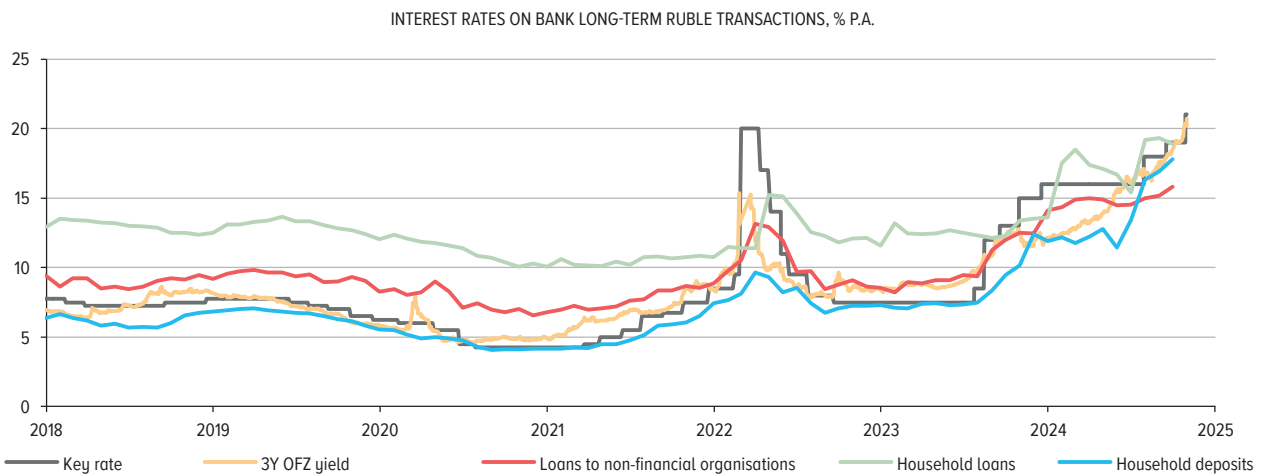
Chart 8



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

BANK OF RUSSIA MONETARY POLICY MEASURES PUSHED UP RATES IN SEPTEMBER

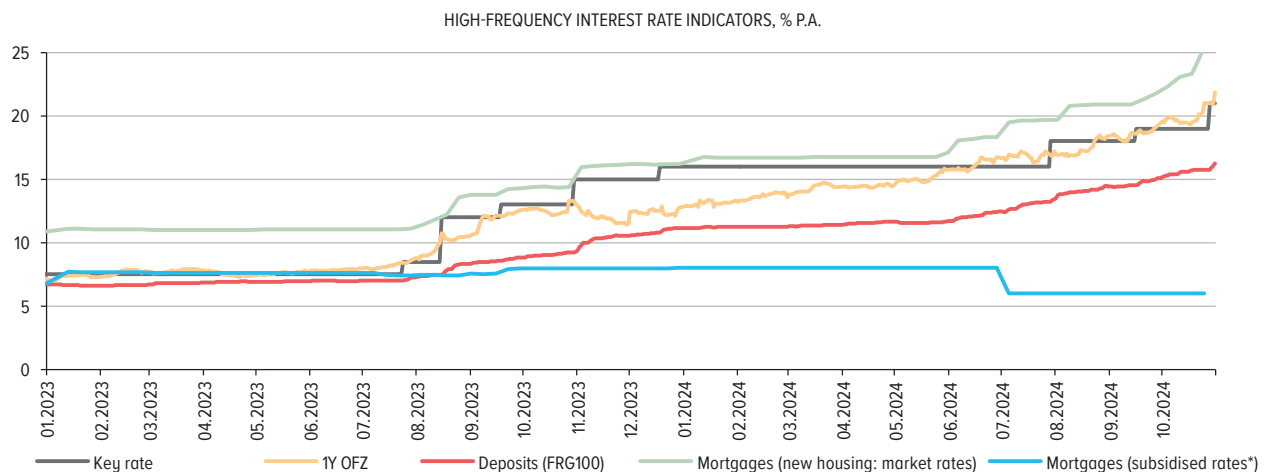
Chart 9



Source: Bank of Russia.

RETAIL RATES CONTINUED TO RISE IN SECOND HALF OF OCTOBER AFTER ADDITIONAL MONETARY POLICY TIGHTENING

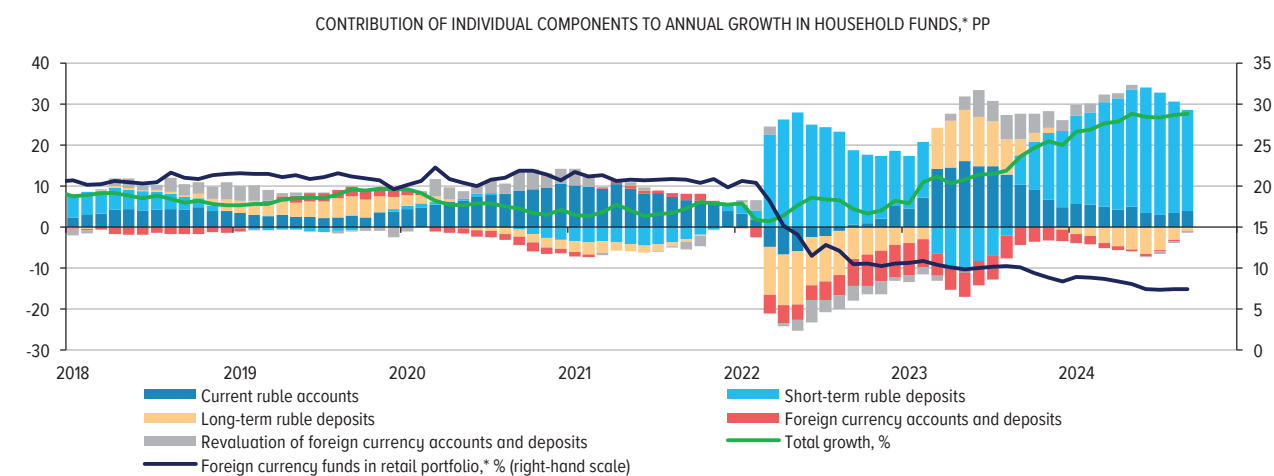
Chart 10



* 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.

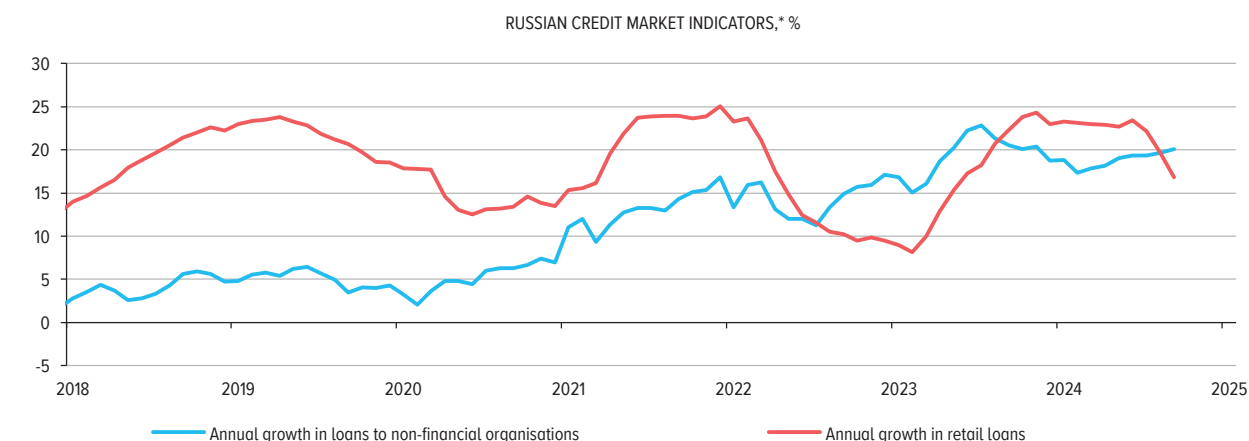
RISING DEPOSIT RATES ENCOURAGED HOUSEHOLDS TO DEPOSIT FUNDS WITH BANKS IN SEPTEMBER

Chart 11



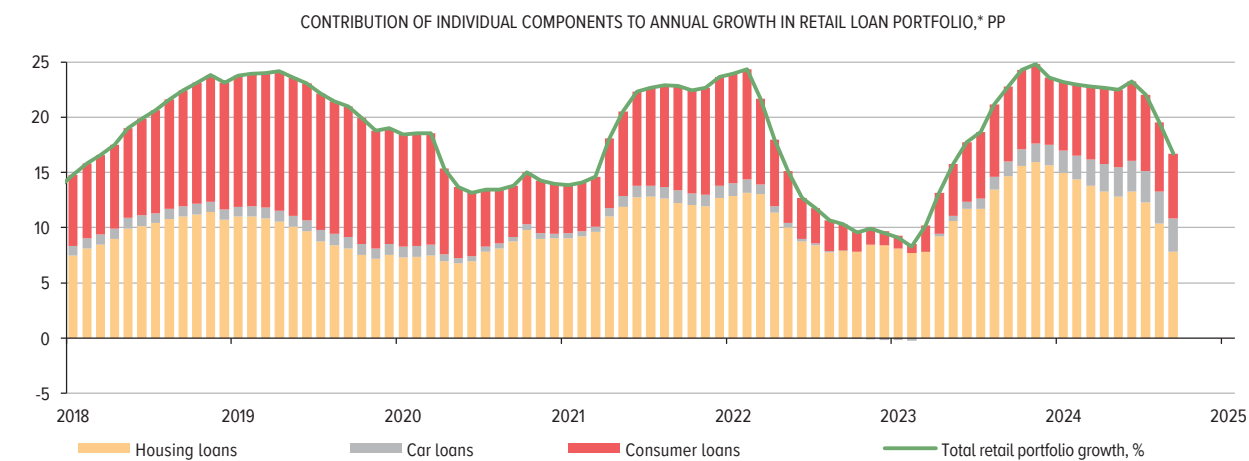
RETAIL LENDING CONTINUED TO DECELERATE IN SEPTEMBER

Chart 12



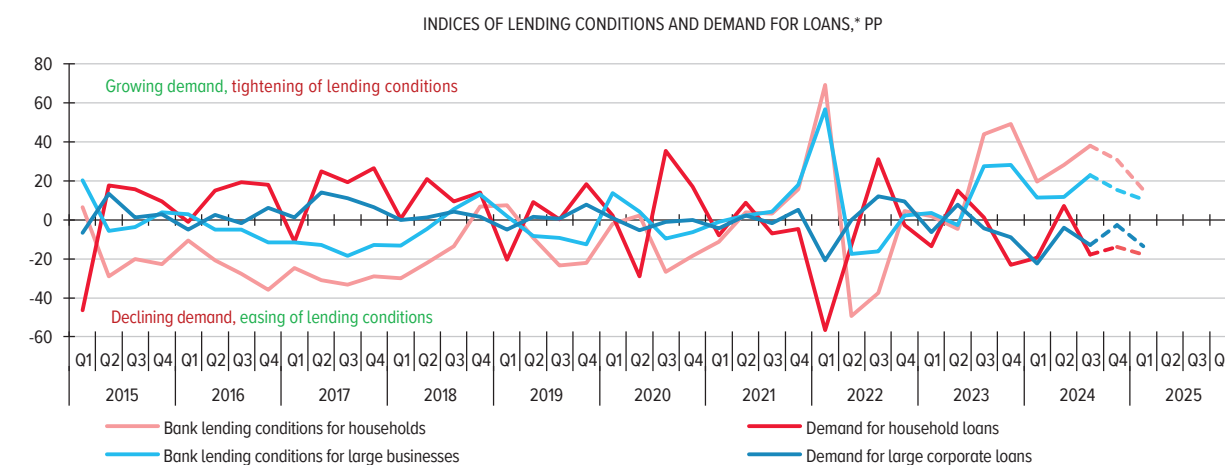
SLOWDOWN IN LENDING VS 2023 WAS RECORDED ACROSS ALL SEGMENTS EXCEPT FOR CAR LOANS

Chart 13



BANKS NOTE CONSIDERABLE TIGHTENING OF BLC FOR RETAIL AND CORPORATE BORROWERS IN 2024 Q3

Chart 14



CREDIT AND DEPOSIT MARKET INDICATORS

Table 6

		June 2024	July 2024	August 2024	September 2024
Interest rates on bank long-term ruble transactions					
household deposits	% p.a.	13.4	16.3	16.9	17.8
household loans	% p.a.	15.4	19.2	19.3	18.9
corporate loans	% p.a.	14.5	15.0	15.2	15.8
Household funds*	% YoY, AFCR	26.9	26.8	27.4	27.7
in rubles*	% YoY	30.5	30.3	30.8	30.9
in foreign currency	% YoY	-5.0	-3.8	-2.7	-1.2
share of foreign currency*	%	7.4	7.3	7.5	7.4
Loans to non-financial organisations**	% YoY, AFCR	19.3	19.3	19.7	20.1
short-term (up to one year)	% YoY, AFCR	32.6	31.8	30.1	26.8
long-term (over one year)	% YoY, AFCR	18.6	18.4	19.2	19.5
Household loans**	% YoY, AFCR	23.4	22.2	19.7	16.8
housing mortgage loans**	% YoY, AFCR	26.2	24.4	20.8	15.8
unsecured consumer loans**	% YoY	16.5	15.8	14.5	13.7
Claims of banking system on economy	% YoY, AFCR	22.8	21.5	20.6	20.0
on businesses	% YoY, AFCR	22.6	21.3	20.9	21.3
on households	% YoY, AFCR	23.3	22.1	19.7	16.9
Money supply (M2)	% YoY	18.7	18.2	17.9	18.8
Broad money (M2X)	% YoY, AFCR	15.9	15.6	14.5	15.4

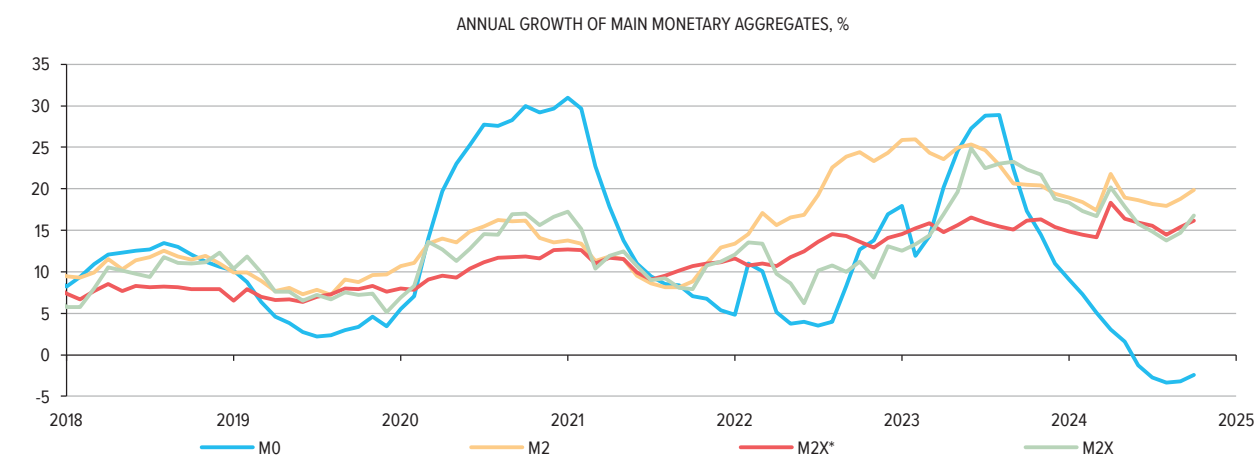
* Excluding escrow accounts.

** Including acquired rights of claim. Growth in the housing mortgage loan portfolio is unadjusted for securitisation transactions.

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.

MONETARY AGGREGATES GREW FASTER IN SEPTEMBER AND OCTOBER

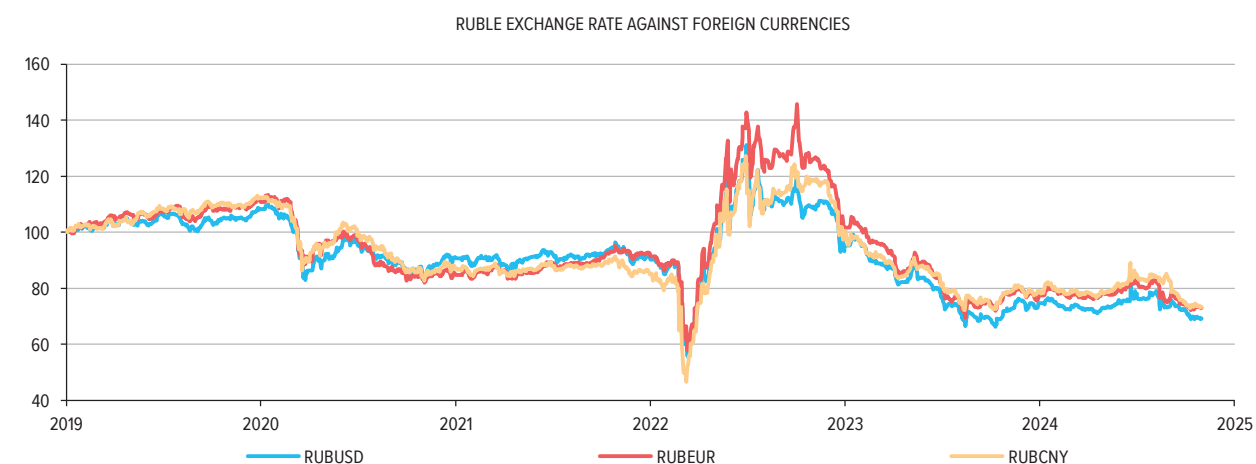
Chart 15



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

RUBLE CONTINUED TO DEPRECIATE IN OCTOBER
(02.01.2019 = 100)

Chart 16



Sources: Cbonds, Bank of Russia calculations.

RUSSIAN FINANCIAL MARKET DEMONSTRATED NEGATIVE TRENDS IN OCTOBER

Table 7

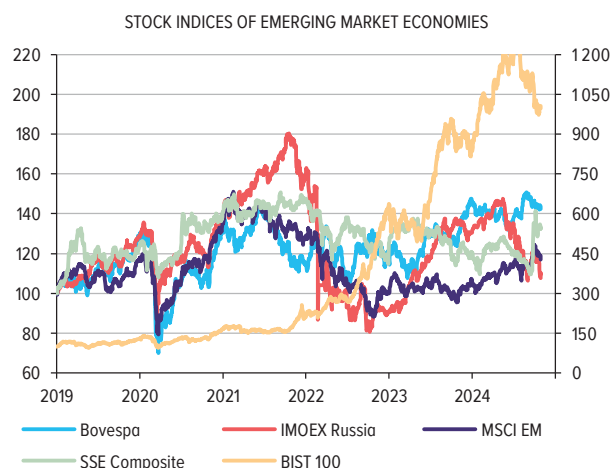
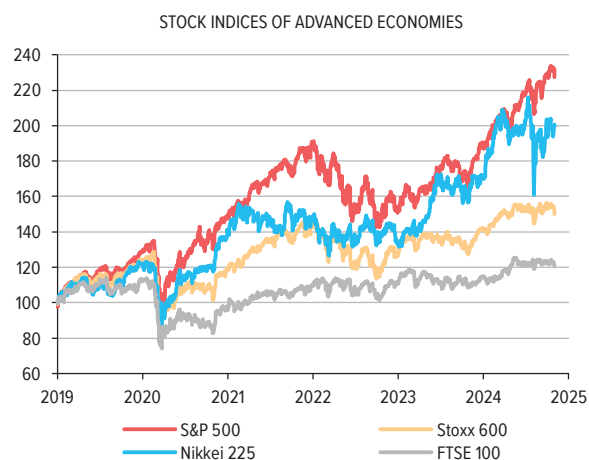
Indicator		31.10.2024	1M	3M	6M	YTD	1Y
Russian financial market ('+' – positive trends, '-' – negative trends)							
RUB/USD exchange rate		97.05	-6.4	-12.4	-5.7	-7.5	-4.1
MOEX Russia Index		2,560	-10.4	-13.0	-25.6	-17.4	-20.0
RTS Index		831	-13.9	-22.8	-29.4	-23.3	-23.0
Government bond yields		18.45	149	231	470	647	589
Corporate bond yields		23.26	291	505	745	908	946
Regional bond yields		20.94	201	372	654	832	816
RVI		41	10	17	20	13	15
Exchange rates (per US dollar, % change, '+' – appreciation, '-' – depreciation)							
AEs*	US Dollar Index	103.88	3.1	-0.2	-1.7	2.5	-2.6
	Euro	1.09	-2.3	0.5	1.5	-1.4	2.9
	Japanese yen	152.03	5.9	1.4	-1.1	7.9	0.2
	Pound sterling	1.29	-3.6	0.3	2.9	1.2	6.2
EMEs	Ruble	97.37	-4.8	-14.6	-5.0	-9.3	-4.0
	Brazilian real	5.79	-6.2	-2.4	-13.2	-19.3	-14.9
	Mexican peso	20.03	-1.7	-7.6	-18.0	-18.0	-10.9
	Chinese yuan	7.12	-1.4	1.4	1.7	-0.6	2.7
	Turkish lira	34.25	-0.2	-3.3	-5.8	-16.1	-21.0
	South African rand	17.60	-1.9	3.3	5.2	3.8	5.6
10Y bond yields (% p.a., change in bp, '+' – increase, '-' – decrease)							
AEs	US	4.28	47	19	-30	40	-60
	Germany	2.39	27	9	-15	37	-42
	Japan	0.95	10	-11	6	34	1
	UK	4.44	44	47	16	91	-7
EMEs	Russia	16.89	104	121	328	502	439
	Brazil	12.71	43	77	132	235	80
	Mexico	10.42	110	21	24	116	-18
	China	2.15	-2	0	-16	-44	-57
	Turkey	30.61	212	204	165	548	243
	South Africa	9.32	47	-9	-159	-46	-136
5Y CDS spreads (bp, change in bp, '+' – increase, '-' – decrease)							
AEs	US	40	5	7	3	-3	-7
	Germany	10	-1	1	-1	-7	-12
	Japan	21	1	0	2	-5	-9
	UK	19	-3	-4	-8	-18	-14
EMEs	Brazil	151	5	-1	14	25	-23
	Mexico	122	6	17	30	37	6
	China	64	4	1	-3	4	-17
	Turkey	257	0	1	-25	-11	-127
	South Africa	190	14	-4	-46	-8	-86
Stock indices (p, % change, '+' – increase, '-' – decrease)							
AEs	S&P 500	5,705	-0.99	3.3	12.7	19.6	36.0
	Stoxx 600	505	-3.35	-2.5	0.4	5.5	16.5
	Nikkei 225	39,081	3.06	-0.1	2.2	16.8	26.6
	FTSE 100	8,110	-1.54	-3.1	-0.8	4.9	10.8
EMEs	MSCI EM	1,120	-4.38	3.2	6.3	9.4	22.3
	Bovespa	129,713	-1.60	1.6	2.0	-3.3	14.6
	IPC Mexico	50,661	-3.46	-4.7	-10.7	-11.7	3.3
	SSE Composite	3,280	-1.70	11.6	5.6	10.2	8.6
	BIST 100	8,864	-8.30	-16.7	-13.2	18.7	18.0
	FTSE/JSE	85,385	-1.34	3.2	12.3	11.0	22.6

* Advanced economies.

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

STOCK INDICES SHOWED DIVERSE TRENDS IN OCTOBER
(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 October 2024.
- Banks' interest rates on ruble loans and deposits – 1 October 2024, high-frequency data – 31 October 2024.
- Growth rates of credit and deposit aggregates – 1 October 2024.
- Growth rates of monetary aggregates – 1 October 2024, high-frequency data – 1 November 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.

This commentary was prepared by the Monetary Policy Department.

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