



Bank of Russia



January 2025

MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM

Information and analytical commentary

7 February 2025

MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM (JANUARY 2025)

Indicators of monetary tightness moved diversely in December 2024–January 2025 (Chart 1). Nominal interest rates decreased in most financial market segments, reflecting the revision of market expectations regarding the further key rate path. Real yields edged down too, though remaining close to their historical highs. In December and, according to recent data, in January, growth in banking system’s claims on the economy was moderated by high loan rates coupled with tighter non-price lending conditions and loan repayments using budget transfers received at the end of 2024. Though slowing down over that period, the growth of monetary aggregates was massively supported by cash flows.

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



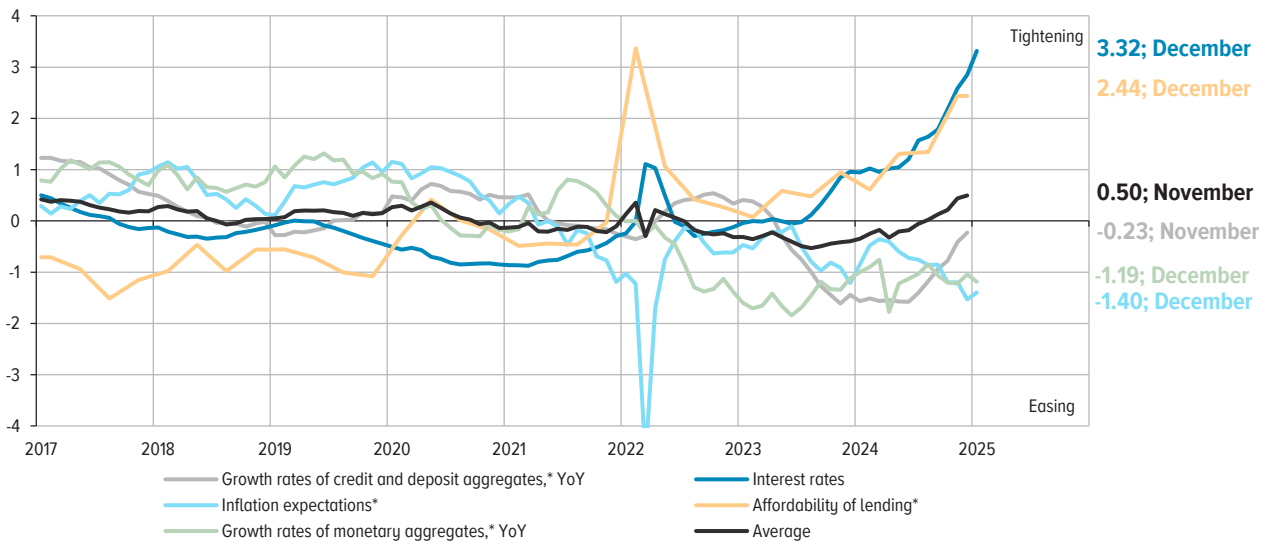
Note. The indicator panel represents one possible summary visualisation of key indicators to help assess the monetary conditions and their changes. It should not be considered a comprehensive presentation of all types of indicators relevant to assessing the nature of and changes in the monetary conditions.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

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.** In January, the key rate was 21,00% per annum, as the Bank of Russia Board of Directors decided to keep the key rate unchanged at its meeting on 20 December 2024.

As of the end of January, market expectations regarding the future path of the key rate remained the same as after the December meeting. The majority of market participants believed that this monetary tightening cycle had passed its peak and expected the beginning of monetary easing in 2025 H1.

- Banking sector liquidity and overnight rates (RUONIA).** In January, the spread between RUONIA and the key rate became negative and averaged -28 bp (vs +6 bp in December).¹ The spread volatility went down to 22 bp (vs 60 bp in December). Interest rates declined and the spread expanded at the end of the December required reserves (RRs) averaging period² (AP). Banks reduced their demand for liquidity, as they had already mostly completed the averaging of RRs. At the beginning of the AP, they maintained considerable balances in correspondent accounts in anticipation of a rise in the key rate.³ During the January AP,⁴ banks averaged RRs more evenly, therefore the spread narrowed and its volatility declined.

January saw an increase in the amount of open positions in the repo segment of the money market. The cost of liquidity in the repo market dropped but slightly more than in the interbank lending market. The spread between rates on repos collateralised by OFZs and those secured by other assets somewhat widened. This means that in order to obtain OFZs, lenders were ready to provide ruble liquidity at lower interest rates.

¹ The average spread between RUONIA and the key rate and its volatility were calculated based on all calendar days of the month. On the days when RUONIA was not calculated, its value equalled the previous day's value, for which the index was published. In previous issues, the estimates were based only on days for which RUONIA was calculated.

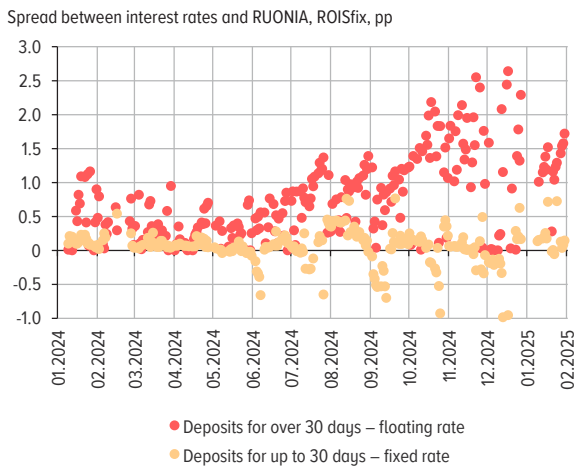
² From 11 December 2024 to 14 January 2025.

³ See [Monetary Conditions and Monetary Policy Transmission Mechanism No. 12, dated 17 January 2025](#).

⁴ From 15 January to 11 February 2025.

INTEREST RATES ON FT DEPOSITS
(ADJUSTED FOR RR COSTS)

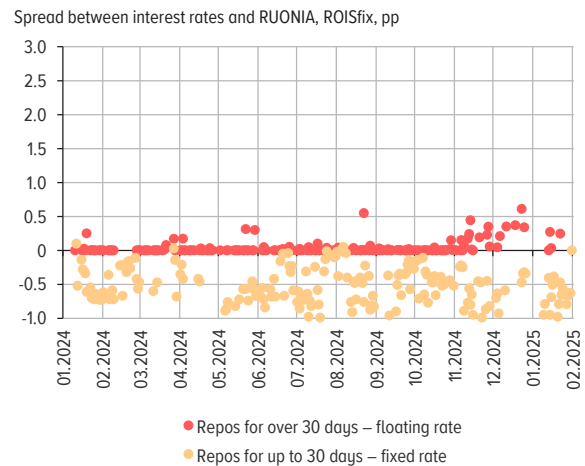
Chart 3



Source: Bank of Russia calculations.

INTEREST RATES ON FT REPOS

Chart 4



Source: Bank of Russia calculations.

In January, budget expenditures went up year on year, with some budget funds being transferred already at the end of December. The value of deposits of the constituent territories of the Russian Federation grew, and the Federal Treasury (FT) lengthened the maturity of its operations. As banks had largely exhausted the counterparty limits on FT deposits, the amount of their outstanding repos with the FT increased. The cost of borrowing temporarily free funds from government authorities edged down in January.

Meanwhile, FT operations with shortest maturities associated with funds held in demand accounts were also close to their limits and changed depending on the FT's liquidity needs. This implies that the FT keeps as much funds in demand accounts as it deems necessary for uninterrupted payments. To place remaining budgetary funds, the FT selects bids at more favourable rates. This structure of operations helps the FT minimise the balance of funds in the Treasury Single Account with the Bank of Russia and increase budget revenue.

The inflow of customer and budgetary funds and the effective easing of the liquidity coverage ratio (LCR⁵) enabled banks to lower their demand for Bank of Russia loans. In these settings, January saw the spread between short-term corporate deposits and the key rate range from +1 pp to +2 pp which was appreciably below the levels observed in November and the first half of December.

In January, the Bank of Russia resumed the mirroring of fiscal rule-based operations in the domestic FX market and updated the amount of deferred net foreign currency sales. The mirroring of fiscal rule-based operations of the Ministry of Finance of the Russian Federation has a neutral effect on bank liquidity in general.⁶ In December 2024, the Bank of Russia did not mirror foreign currency sales from the National Wealth Fund⁷ (NWF) in the domestic market. As a result, budgetary expenditures

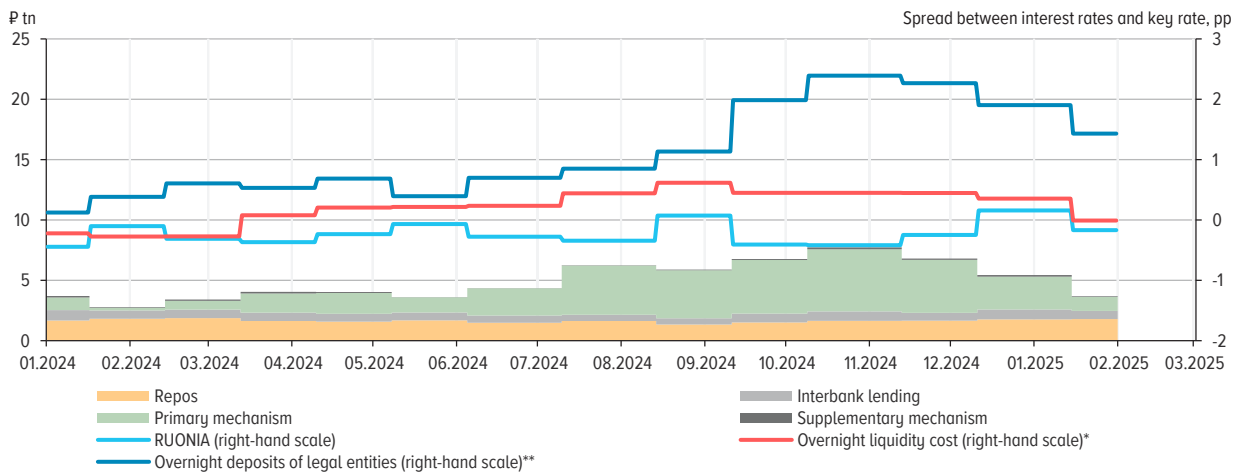
⁵ See the press releases of the Bank of Russia, dated [14 November](#) and [16 December](#) 2024. The deadline for the systemically important credit institutions' (SICIs) transition to independent compliance with the LCR was also delayed by six months: the level of 50% will remain effective until 1 July 2025.

⁶ Fiscal rule-based purchases of foreign currency are made by the Russian Ministry of Finance in the amount of additional oil and gas revenues of the federal budget. These budget revenues are made up of taxes paid by bank customers to the budget. However, the FT cannot deposit them with banks or use them to finance current expenses. When the Bank of Russia mirrors the foreign currency purchases made by the Russian Ministry of Finance, ruble liquidity returns to the banking sector in the amount of 'additional' taxes paid by bank customers. As a result, the total impact of these operations on the banking sector's liquidity balance becomes almost neutral. Earlier, this outflow was offset by an inflow of liquidity from the Bank of Russia's mirroring transactions.

⁷ Fiscal rule-based foreign currency purchases from 28 November to 31 December 2024 (₽117.6 billion) and non-fiscal rule-based foreign currency sales from the NWF to finance the 2024 budget deficit (₽1,300 billion).

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

Chart 5



* The weighted average cost of overnight borrowing in the money market, taking into account the Bank of Russia's standing facilities.

** 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.

Source: Bank of Russia calculations.

caused an inflow of funds to banks and a liquidity surplus in the banking sector. In contrast, the even mirroring of these net foreign currency sales in 2025, including the use of NWF resources to finance the 2024 budget deficit, will reduce the structural liquidity surplus of banks gradually throughout 2025.

In early January, banks registered a seasonal inflow of cash from the collection of retailers' receipts after the New Year holidays. By the end of the month, persistently high deposit rates pushed down cash in circulation below the previous years' monthly averages for January.

As a result of budgetary transfers and the seasonal return of cash to banks, the banking sector registered a liquidity surplus again. The liquidity balance forecast for 2025 will factor in the updated macroeconomic assumptions presented in the commentary on the short-term forecast, dated 26 February.⁸

- **Money market.** At the end of January, the ROISfix curve was at the previous month levels for up-to-one year maturities, where its movements were in the range from -1 bp to +4 bp. The biggest changes were registered for two-year maturities (-44 bp). Market participants continue to view the current level of the key rate (21%) as a peak. However, they expect that the period before the key rate begins to decline will be shorter than the one assumed in December immediately after the decision made by the Bank of Russia Board of Directors.

ROISFIX CURVE

Table 1

Maturity	1w	2w	1M	2M	3M	6M	1Y	2Y
31.01.2025	20.83	20.95	21.07	21.18	21.32	21.78	21.96	20.12
28.12.2024	20.84	20.91	21.1	21.19	21.33	21.79	21.96	20.56
Change, bp	-1	+4	-3	-1	-1	-1	0	-44

Sources: Moscow Exchange, National Finance Association.

⁸ See the [Commentary on the Medium-term Forecast](#).

- Federal government bonds.** Over the month, OFZ yields were predominantly rising to partially offset the decline recorded after the December meeting of the Bank of Russia Board of Directors. Under the impact of movements in the second part of December, average monthly yields on government bonds reduced markedly for all maturities in January. The steepest drop was observed in the short- and medium-term segments due to the revision of key rate expectations by the market (from -225 bp to -107 bp). In January, breakeven inflation for inflation-indexed federal government bonds (OFZ-IN) 2028 edged down again (-8 bp to 5.26%), remaining near the levels comparable with August 2022, but increased for OFZ-IN 2032 (+85 bp to 7.02%).

OFZ ZERO COUPON YIELD CURVE

Table 2

Maturity	1Y	2Y	3Y	5Y	7Y	10Y
31.01.2025	18.29	17.86	17.53	17.08	16.81	16.53
30.12.2024	18.58	18.06	17.48	16.53	15.87	15.22
Change, bp	-29	-2	+5	+55	+94	+131
Average for January 2025	18.73	18.08	17.55	16.82	16.35	15.89
Average for December 2024	20.98	20.17	19.32	17.89	16.86	15.87
Change, bp	-225	-210	-177	-107	-51	+2

The secondary OFZ market liquidity was low, with daily trades averaging ₹19.1 billion (December: ₹13.1 billion per day). The composition and behaviour of market participants remained unchanged. The key buyers were still retail investors (₹15.9 billion) and non-bank financial institutions, including as part of trust management (₹27.3 billion). In January, the largest net sellers were other banks and SICIs (-₹4.8 billion and -₹42.1 billion, respectively) like a month ago.

The Russian Ministry of Finance held three auctions in January, offering only conventional fixed-coupon federal government bonds (OFZ-PD). Bonds were primarily in demand among SICIs and banks. As before, the Russian Ministry of Finance mainly offered long- and medium-term bonds, which resulted in low liquidity in the short-term segment. At the January auctions, the yield on medium-term issue was near 17%, whereas the premium to the secondary market yield was considerable (+29 bp). The premium to yields on the long-term issues was moderate and ranged from -3 bp to +3 bp.

The Russian Ministry of Finance has set a plan for raising funds at ₹4.8 trillion for 2025, ₹1 trillion for 2025 Q1, of which ₹0.7 trillion for long-term issues.

- Corporate bond market.** The IFX-Cbonds index dropped for the second month in a row (23.09%; -109 bp MoM) from an all-time high reached at the end of 2024 (17 December: 28.25%). The average monthly spread between this index and OFZ yields edged down to 386 bp (December 2024: 412 bp), remaining considerably above the 2022–2024 average. The sign of change in the spreads to OFZ varied depending on the rating: IG – 364 bp (+40 bp MoM), B/ruB – 1,455 bp (-86 bp MoM), and BB/ruBBB – 1,560 bp (-485 bp MoM).

In the primary market, January saw corporate borrowings plummet from the previous month's amount (January 2024: ₹174 billion; January 2025: ₹441 billion; and December 2024: ₹1.8 trillion), including issues of yuan-denominated papers and substitute bonds. By early 2025, the growth rate of the corporate bond portfolio was below the 2014–2021 median (January 2025: +0.5%; median: 1.1%).

As of the end January, the corporate bond market totalled ₹31.2 trillion (+23.3% YoY; January 2024: ₹25.3 trillion).

No substitute bonds were offered in January. According to Cbonds, yields on substitute bonds decreased to 10.21% as of the end of the month (-79 bp MoM). The spread between them and US Treasuries (UST) with similar maturities contracted further to 79 bp compared to the end of December (January 2025: 594 bp; December 2024: 673 bp).

Banks' interest rates on ruble loans and deposits

- **Deposit rates.** According to preliminary data, deposit rates grew on average in December compared with November. Interest rates on short-term deposits⁹ rose by about 1 pp to 21.6%, and those on long-term ones – by around 0.7 pp to 20.9%, surpassing the previous all-time highs of 2014–2015 and 2022 (Chart 12).

Nevertheless, after the Bank of Russia Board of Directors decided to maintain the key rate unchanged at its meeting on 20 December 2024, banks' expectations regarding the stance and path of monetary policy in 2025 shifted downwards from the elevated expectations seen in October and November. As a result, banks began adjusting deposit rates downwards in the last week of December. In particular, according to selected estimates, short-term transfer pricing rates at major banks dropped by early January not only month on month amid lower expectations regarding the key rate, but also in the spreads to interest rate swaps, i.e. to risk-free rates. This may suggest a reduction in additional premiums for attracting customers (spreads to rates on longer maturities, by contrast, did not decrease).

In January, the decline in deposit rates was slightly more pronounced in part due to the weakening of competition in the deposit market amid a large-scale inflow of funds into bank accounts caused by a seasonal growth in budget transfers at the end of December. Moreover, in the second half of December, the Bank of Russia announced an easier schedule for LCR tightening,¹⁰ which reduced banks' appetite for retail deposits. The FRG100¹¹ index lost 0.2 pp in January and almost 0.5 pp since the mentioned December key-rate decision (Chart 13).

- **Corporate loan rates.** According to preliminary data, December saw the average interest rate on short-term loans to corporate borrowers¹² hit a fresh all-time high but that on long-term corporate loans drop to the June level, as the proportion of those loans that were unsusceptible to key rate changes to total long-term corporate loans remained noticeable. Market loan rates were significantly impacted by the scheduled normalisation of banking regulation on account of the gradual cancellation of the earlier introduced easing measures.

- **Retail loan rates.** In December, the weighted average rate on ruble-denominated housing mortgage loans decreased by 0.5 pp to 8.5% due to a further expansion of the proportion of subsidised mortgage loans to total mortgage loans. Coupled with a certain reduction in the proportion of mortgage loans to total new retail loans, the average rate on long-term loans to households was at the level of November (Chart 12). The interest rate on riskier short-term loans increased significantly in December, on the contrary. According to recent data, in January, the rates on household loans remained around the levels as of the end of December (Chart 13).

⁹ Interest rates on short-term deposits (for up to one year, except for demand deposits), short-term loans (for up to one year), and long-term deposits and loans (for over one year).

¹⁰ [The Bank of Russia press release, dated 16 December 2024.](#)

¹¹ The average interest rate of the 80 largest deposit banks on deposits for up to one year in an amount of at least ₹100,000, according to the information agency Frank RG.

¹² Russian bank loans offered/issued to unaffiliated borrowers that are non-financial organisations at a fixed rate. See the [Methodological notes on tables in the Section 'Loan and deposit interest rates and maturities'](#).

Growth rates of credit and deposit aggregates

- **Retail deposits.** The annual growth rate¹³ of household ruble deposits¹⁴ reached 31.0% in December after 30.9% in November (Chart 14). The higher growth in December reflects both households' high propensity to save amid attractive deposit rates and a seasonal increase in government expenditures which grew year on year. A considerable part of budget expenditures represented payments to households, including social allowances brought forward from January 2025. In nominal terms, the growth in household account and deposit balances with banks hit an all-time high in December. Transferable deposits accounted for over 45% of this growth. This proportion was slightly lower than that observed since early 2020, which might also suggest that households were transferring received funds to time deposits more actively due to the increased limit on funds transfers via the Faster Payments System (SBP).¹⁵ Households also partially converted foreign currency deposits into ruble ones, contributing to the growth of household ruble funds with banks, though such growth was smaller than in the previous month.

According to recent data, January registered a decrease in the amount of household deposits. As in the previous years, this was caused by seasonal factors so the overall dynamics were typical for January.

- **Bank lending conditions.** According to bank surveys,¹⁶ bank lending conditions (BLC) toughened for all major borrower categories in 2024 Q4 (Chart 17). This affected both price and non-price conditions. In addition to interest rates, banks also raised their fees. The toughening of non-price conditions primarily impacted requirements for borrowers. The tightness of BLC was influenced by both the higher key rate and the overall situation with the rising cost of internal funding. Moreover, banks began to note bank capital constraints. As a result, the tightness of BLC was up to the levels comparable with 2022 Q1, according to banks' assessments.

According to banks' forecasts, BLC will continue to tighten over 2025 Q1–Q2, though less intensely, and demand for loans will continue to decline in 2025 Q1, however, this view is also seasonal in nature.

- **Banking system's claims on organisations.** High loan rates coupled with tougher requirements for borrowers caused a further slowdown in corporate lending activity. In December, the annual growth of banking system's claims on organisations dropped by 1.3 pp to 18.9% (Chart 15). Loans and microloans made the main contribution to the December slowdown in the growth of claims. This was partially due to the repayment of some loans after the receipt of budget transfers. The ruble segment continued to demonstrate slightly positive growth, which had markedly decreased month on month, and the foreign currency segment registered a reduction in outstanding loans. The portfolio of corporate debt securities increased over the month. By the end of 2024, the growth of claims on organisations was only 3.7 pp lower than in 2023. The active expansion of borrowings was driven by credit market segments (insusceptible to the key rate changes), including project finance. According to recent data, January saw a reduction in claims on organisations due to both usual seasonal trends and, possibly, increased advance payments for public procurement needs.

¹³ Hereinafter, growth in balance-sheet measures is calculated based on the data in the [Depository Corporations Survey](#) as of the respective 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 of the foreign currency component is converted into rubles using the period average exchange rate.

¹⁴ Hereinafter, household deposits include transferable and other deposits in accordance with the [Methodological notes on the Depository Corporations Survey](#).

¹⁵ See [Transfers to own accounts: new limit in SBP](#) on the Bank of Russia website.

¹⁶ [The Bank of Russia's quarterly survey of bank lending conditions of the largest Russian banks](#).

- **Banking system's claims on households.** In December, high loan rates continued to slow down the growth of retail lending. As a result, the annual growth of banking system's claims on households came in at 9.7% as of the end of the month against 11.3% in November (Chart 15). The December slowdown was in part driven by the securitisation of consumer loans. December registered a slowdown in the annual growth of lending¹⁷ across all major segments of retail lending (Chart 16). At the end of 2024, the growth of the housing mortgage portfolio was down to 10.4%. In December, the amount of new housing mortgage loans in rubles was almost the same as in November (₽291 billion), with the percentage of market-based loans persistently contracting under the impact of high credit rates to fall below 20% in December. The dynamics of non-mortgage lending were also weak. The unsecured consumer loan portfolio decreased in part due to macroprudential measures. According to recent data, the portfolio of claims on households showed negative dynamics in January under the impact of seasonal factors, among other things.

Growth rates of monetary aggregates

- **Money supply.** The annual growth rates of money supply in national definition (M2) and broad money (M2X), adjusted for foreign currency revaluation, fell to 19.2% and 15.0% in December from 20.0% and 15.7% in November, respectively. Having slightly declined from the 2023 peaks, they, however, remained close to the highest levels since 2014. According to recent data, January did not see any further decrease in the annual growth of the money supply aggregates (Chart 18).
- **Sources of money supply.** Claims¹⁸ of the banking system on the economy remained the key source of money supply growth, ensuring an 18 pp increase in M2X over 2024. That said, their annual growth had been slowing down for more than six months, totalling 16.3% in December vs 17.6% in November. The contribution of budgetary operations to the annual growth of money supply increased in December in line with seasonal trends to 2.2 pp and more than doubled against the 2023 value.
- **Components of money supply.** In December, ruble deposits were again the main contributors to the annual growth of monetary aggregates. This indicator edged up against November. The contribution of cash in circulation outside the banking system (MO) to the dynamics of monetary aggregates (M2 and M2X) remained near zero in annualised terms, demonstrating usual seasonal fluctuations in December–January.

¹⁷ Increases in loan portfolio indicators are calculated based on the acquired claims reflected in 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.

¹⁸ 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.

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

By the end of January, the ruble had been appreciating against the main foreign currencies for the second consecutive month (Table 3). This was in part associated with the market's adaptation to the new conditions after the introduction of sanctions against the Russian payment infrastructure in November 2024, which caused a significant weakening of the exchange rate. The ruble exchange rate was also supported by the US dollar depreciation in the global markets, because the US President decided to introduce protectionist measures gradually rather than do it immediately. Average monthly exchange rates moved accordingly: the ruble strengthened against the US dollar, euro, and yuan by 3.6%, 3.1%, and 2.6%, respectively.

In January, the USD/RUB exchange rate spread calculated based on the over-the-counter quotations and the cross rate calculated using USD/CNY and USD/CNH exchange rates was volatile and ranged from -0.5% to 2.7%, which was in line with the dynamics at the end of November. 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)
31.01.2025	98.01	102.78	13.35
29.12.2024	101.68	106.10	13.71
Change, %	-3.61	-3.13	-2.63
Average for January	100.87	104.74	13.62
Average for December	102.26	107.59	13.88
Change, %	-1.36	-2.65	-1.87

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 appreciated by 1% in December (depreciation by 0.8% YoY). According to preliminary data, the REER strengthened by 5.1% against December and returned to the values slightly below its multi-year median (-1.6% vs the median of January 2015–December 2024).

- **Russian stock markets**

In January, the Russian stock market rose as compared to December. As of the end of the month, the Moscow Exchange Index equalled 2,948 p (+2.3% MoM), and the Russian Volatility Index (RVI) averaged 37 p in January (-7 p MoM), which was significantly below the average values of the previous month.

All sectoral stock indices demonstrated positive dynamics in January. The biggest growth was registered in construction (23% MoM) amid the slower growth of mortgage rates and planned government support of developers, the consumer sector (6% MoM), and the chemical industry (8% MoM). The market was also supported by higher stock quotes of gold mining companies as a result of the development of new Russian gold deposits and statements by the US administration about the introduction of tariffs on imports of goods from a number of countries.

- **Foreign markets**

The GDP-weighted average policy rate in advanced economies remained virtually unchanged in January (-1 bp to 3.49%). Some central banks continued to ease their monetary policies. These included policymakers in Canada (-25 bp to 3.00%) and Sweden (-25 bp to -2.5%). Japan, by contrast, decided to raise the policy rate by 25 bp to 0.5%. In emerging market economies (EMEs), policy rates also demonstrated mixed dynamics. The rate was raised in Brazil (+100 bp to 13.25%) but was cut in Indonesia (-25 bp to 5.75%) and South Africa (-25 bp to 7.5%).

As of the end of January, the average monthly yields on UST rose moderately for medium- and long-term maturities (Table 4). Although a slowdown in inflation (core CPI in December: +0.23% MoM; in November: +0.31% MoM) was registered for the first time in six months, at the January FOMC meeting, US Fed

representatives decided to keep the federal funds rate at 4.25–4.5%, giving a tough signal amid high inflationary pressures and robust labour markets. The market revised expectations for the future path of the policy rate, factoring in a slower pace of monetary easing (by 50 bp over 2025) and shifting the time of its start to a later date (from June 2025).

Despite the fifth cut in the ECB policy rate (-25 bp to 2.75%) during this cycle of monetary easing, the European bond yields were up by about 20 bp for all maturities in January due in part to higher UST yields recorded in the same month.

UST YIELD CURVE

Table 4

Maturity	2Y	5Y	10Y
31.01.2025	4.22	4.36	4.58
31.12.2024	4.24	4.38	4.57
Change, bp	-2	-2	+1
Average for January 2025	4.27	4.43	4.63
Average for December 2024	4.23	4.26	4.39
Change, bp	+4	+17	+24

Sources: Cbonds, Bank of Russia calculations.

The revision of the further path of the US Fed funds rate and the growth of bond yields did not influence the US dollar exchange rate: the US Dollar Index (DXY) rose to 108.5 (+0.05%). In January, most EMEs' currencies appreciated against the US dollar (BRLUSD: +5.5%; CNYUSD: +1.5%; TRYUSD: -1.3%; MXNUSD: +0.7%).

January saw mixed trends in the global stock markets (S&P 500: +2.7%; Stoxx 600: +6.3%; Nikkei 225: -0.8%; SSE Composite: -3.0%; Nifty 50: -1.8%; MSCI ACWI: +3.3%). In late January, S&P 500 hit a fresh all-time high, rising above 6,100 p amid large-scale investment in artificial intelligence infrastructure announced by the US administration. In general, sentiment in global markets was in part shaped by the intention of the new US President to introduce import duties on goods from China (10%), Mexico and Canada (25%), as well as to reduce corporate taxes.

Charts and tables

BUDGET OPERATIONS AND CASH FLOWS GENERATED AN INFLOW OF LIQUIDITY INTO BANKS IN JANUARY (P TN)

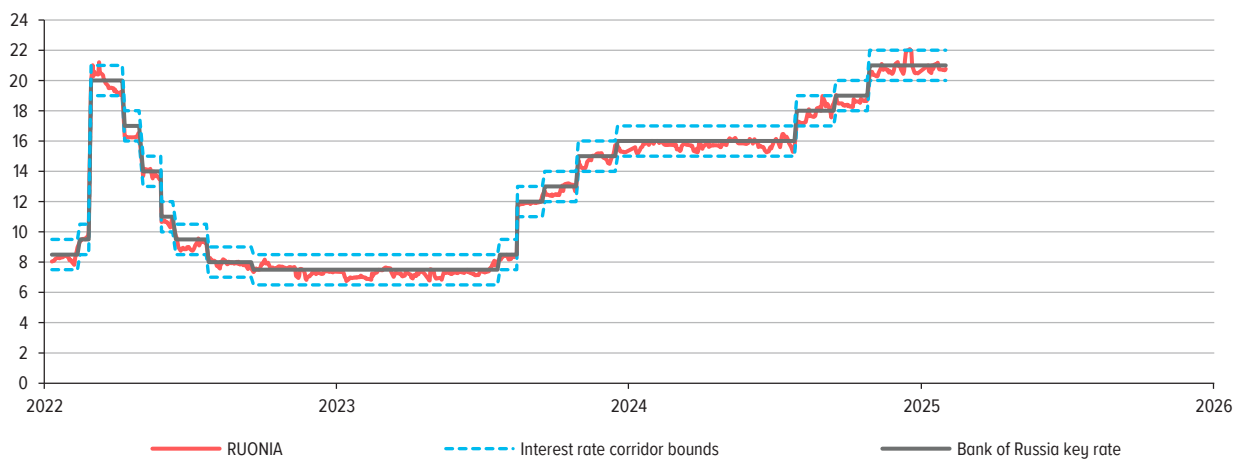
Table 5

	2024	January 2025
Liquidity deficit (+)/surplus (-) (as of beginning of period)	0.0	0.6
Liquidity inflow (+)/outflow (-):	-0.6	1.6
– change in balances of general government accounts with Bank of Russia and other operations*	0.4	1.1
– change in cash in circulation	-0.2	0.6
– change in required reserves	-0.8	0.0
Liquidity deficit (+)/surplus (-) (as of end of period)	0.6	-1.1

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

RUONIA (%)

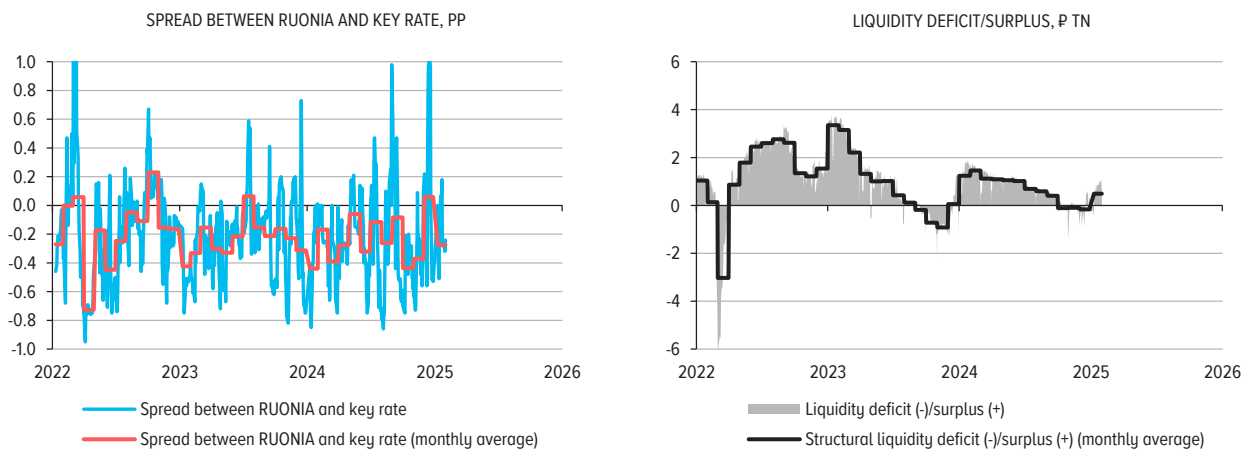
Chart 6



Source: Bank of Russia calculations.

THE SPREAD BETWEEN RUONIA AND THE BANK OF RUSSIA KEY RATE RETURNED TO NEGATIVE TERRITORY IN JANUARY

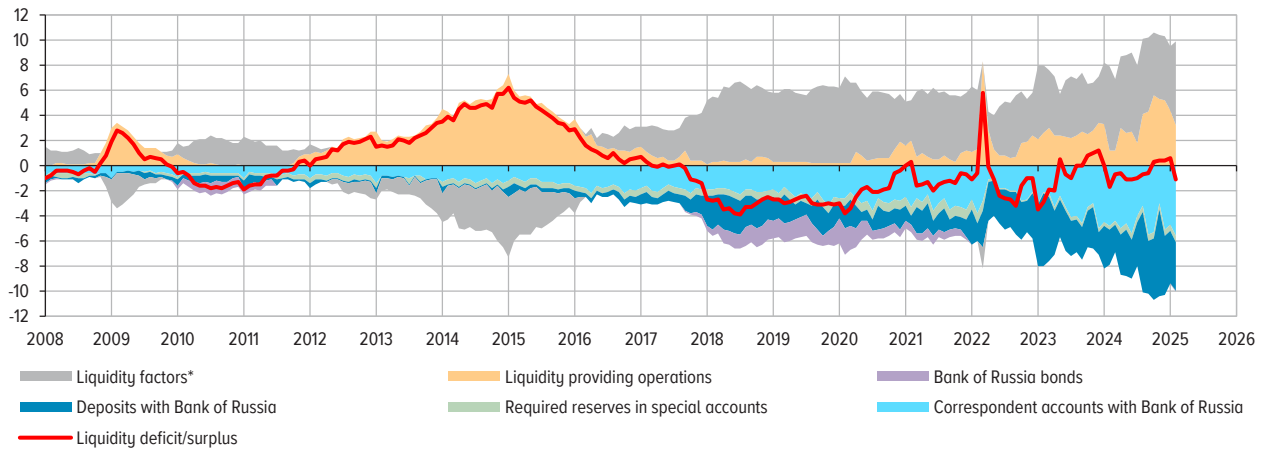
Chart 7



Source: Bank of Russia calculations.

BANK OF RUSSIA'S BALANCE SHEET
(P TN)

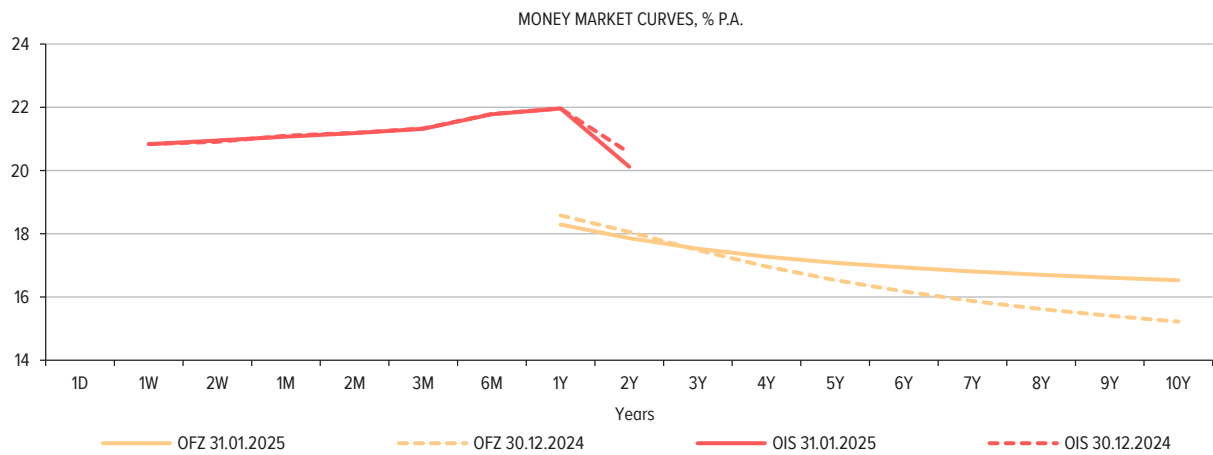
Chart 8



* 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 SHIFTED DOWNWARDS IN THE LONG-TERM SEGMENT IN JANUARY

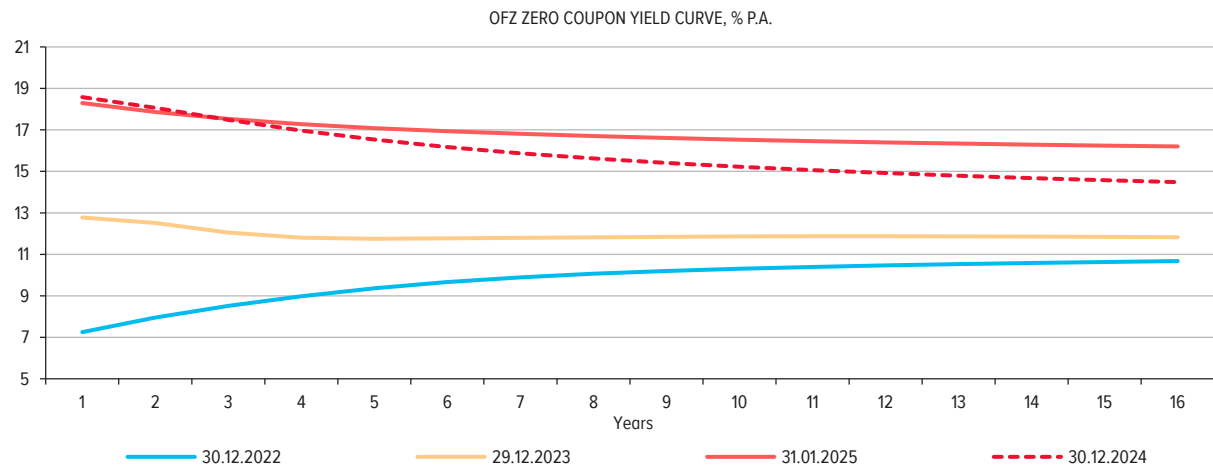
Chart 9



Sources: Cbonds, National Finance Association, Bank of Russia calculations.

OFZ YIELDS DECLINED FOR MEDIUM- AND LONG-TERM MATURITIES

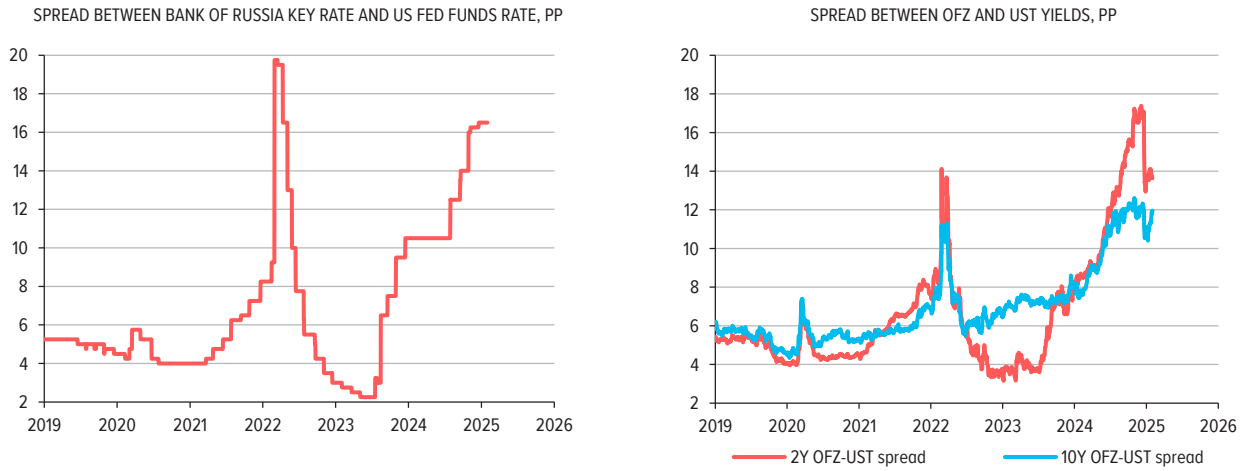
Chart 10



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

THE SPREAD BETWEEN OFZ AND UST YIELDS NARROWED

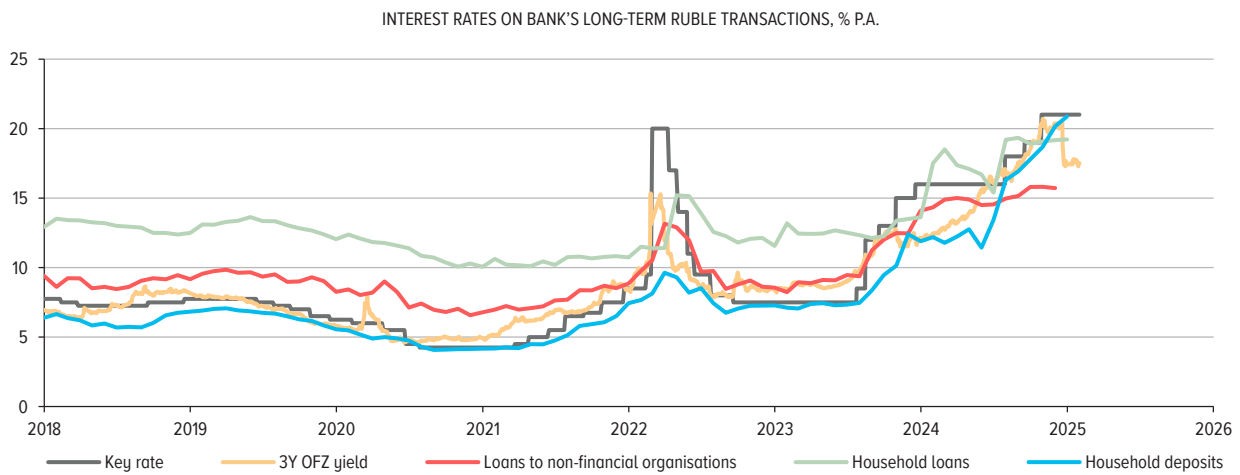
Chart 11



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

INTEREST RATES CONTINUED TO GROW IN DECEMBER

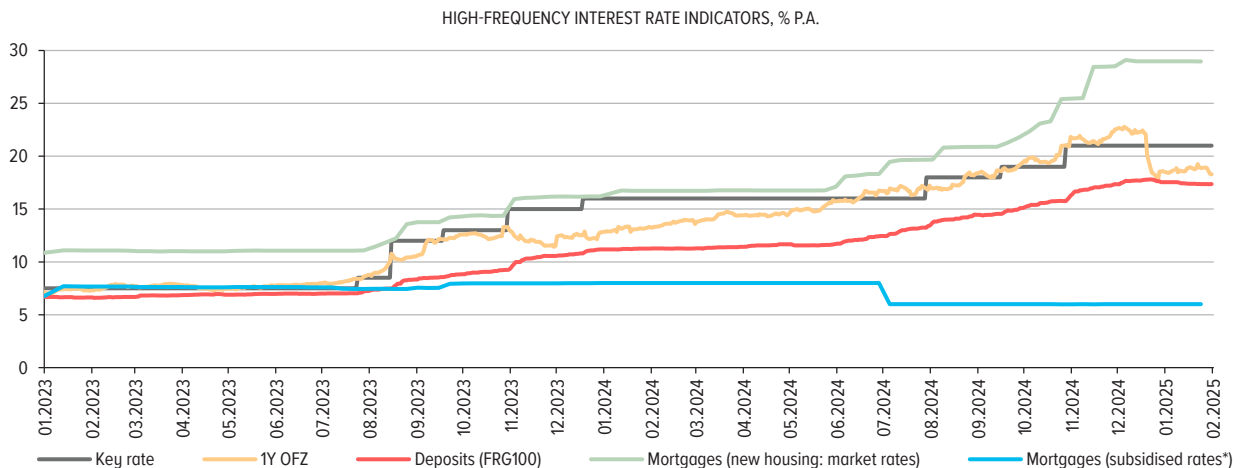
Chart 12



Source: Bank of Russia.

DEPOSIT RATES BEGAN TO DECLINE AT THE END OF DECEMBER

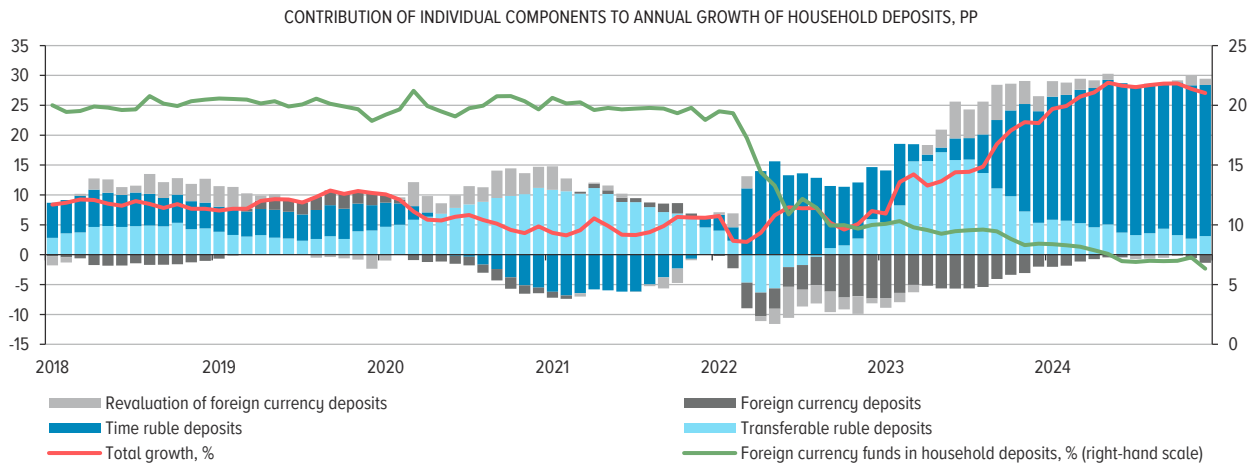
Chart 13



* 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.

DECEMBER SAW A SEASONAL PICKUP IN THE GROWTH OF HOUSEHOLD FUNDS WITH BANKS

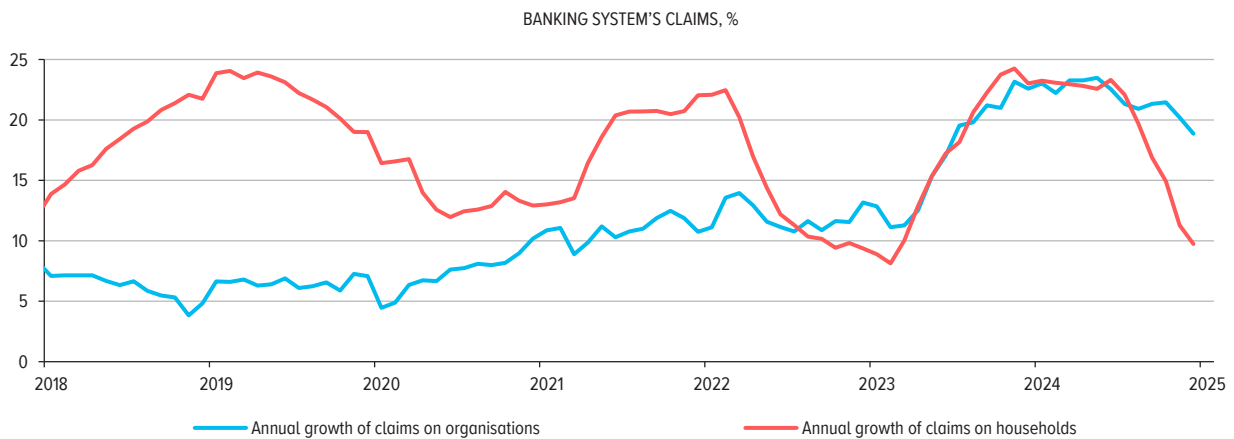
Chart 14



Source: Bank of Russia calculations.

CLAIMS ON CORPORATE AND RETAIL BORROWERS CONTINUED TO DECELERATE IN DECEMBER

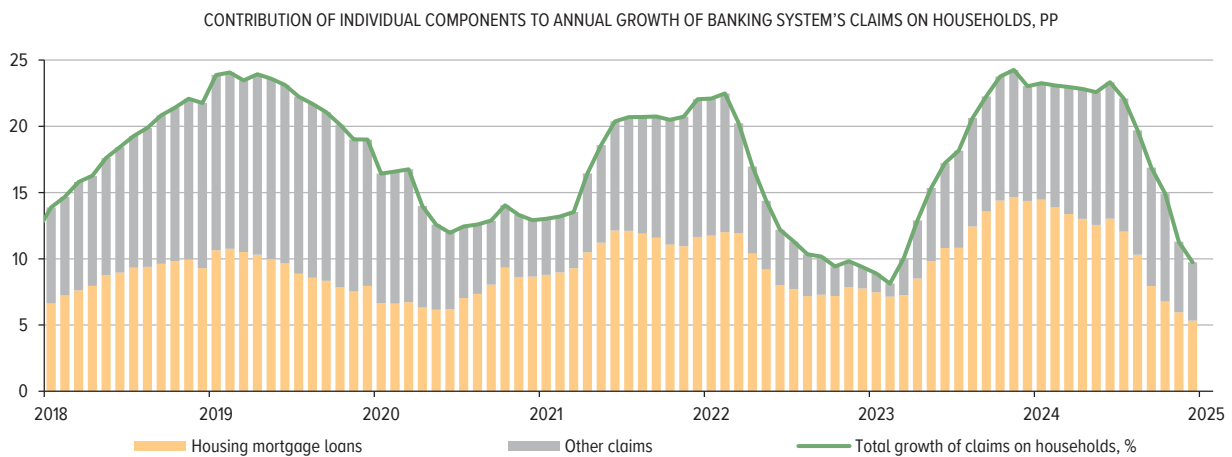
Chart 15



Source: Bank of Russia calculations.

SLOWER ACTIVITY WAS OBSERVED ACROSS ALL SEGMENTS OF RETAIL LENDING IN DECEMBER

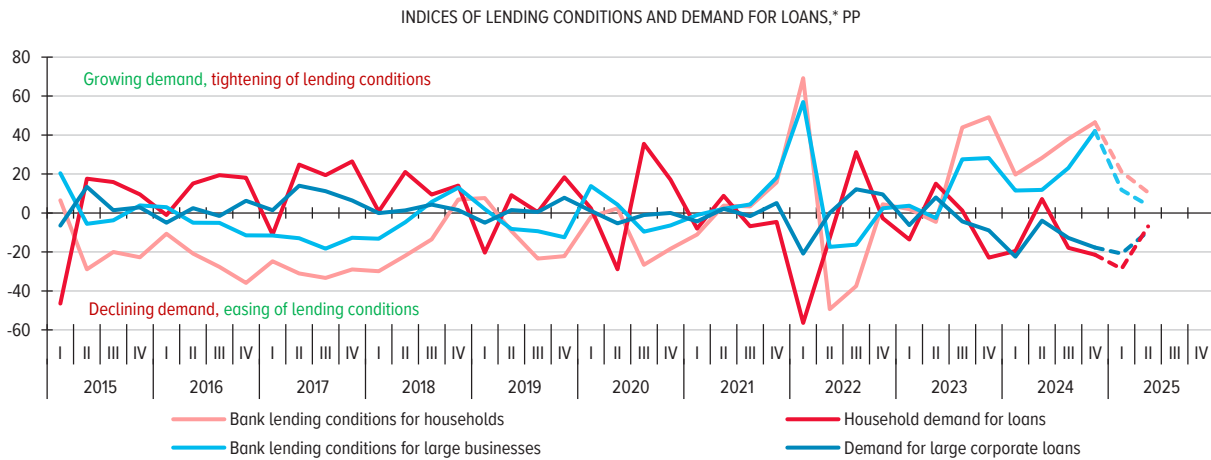
Chart 16



Source: Bank of Russia calculations.

BANK LENDING CONDITIONS SIGNIFICANTLY TIGHTENED IN 2024 Q4

Chart 17



CREDIT AND DEPOSIT MARKET INDICATORS

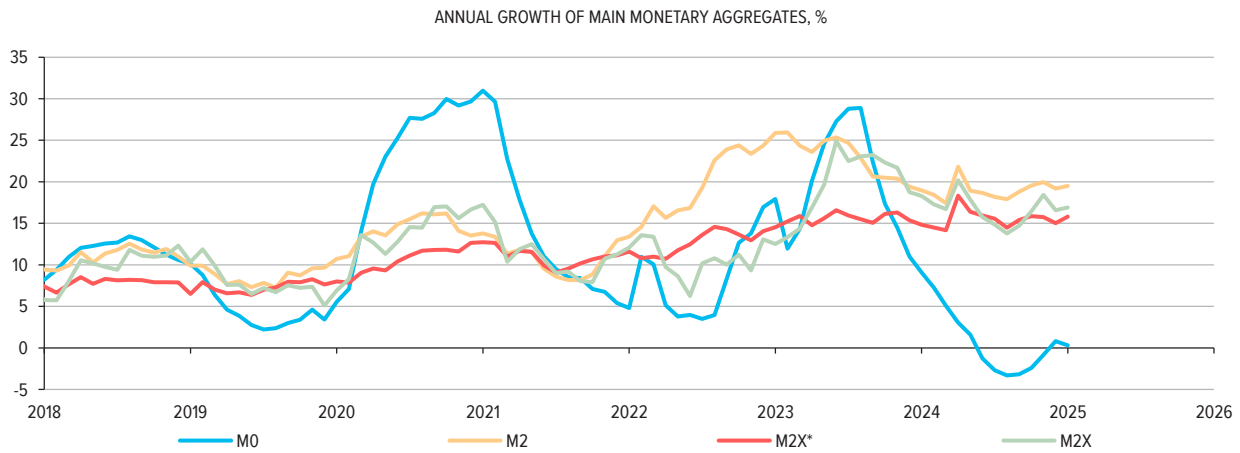
Table 6

		September 2024	October 2024	November 2024	December 2024
Interest rates on bank long-term ruble transactions					
household deposits	% p.a.	17.8	18.7	20.2	20.9
household loans	% p.a.	18.9	19.1	19.2	19.2
corporate loans	% p.a.	15.8	15.8	15.7	-
Household deposits	% YoY, AFCR	28.6	28.7	27.8	27.1
in rubles	% YoY	31.7	31.6	30.9	31.0
in foreign currency	% YoY, AFCR	-0.8	-1.8	-7.1	-16.0
share of foreign currency	%	7.0	7.0	7.3	6.3
Claims of banking system on economy	% YoY, AFCR	20.0	19.6	17.6	16.3
on businesses	% YoY, AFCR	21.3	21.5	20.2	18.9
on households	% YoY, AFCR	16.9	14.9	11.3	9.7
Money supply (M2)	% YoY	18.8	19.5	20.0	19.2
Broad money (M2X)	% YoY, AFCR	15.4	15.9	15.7	15.0

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.

THE SLOWDOWN IN MONEY SUPPLY GROWTH ENDED IN JANUARY

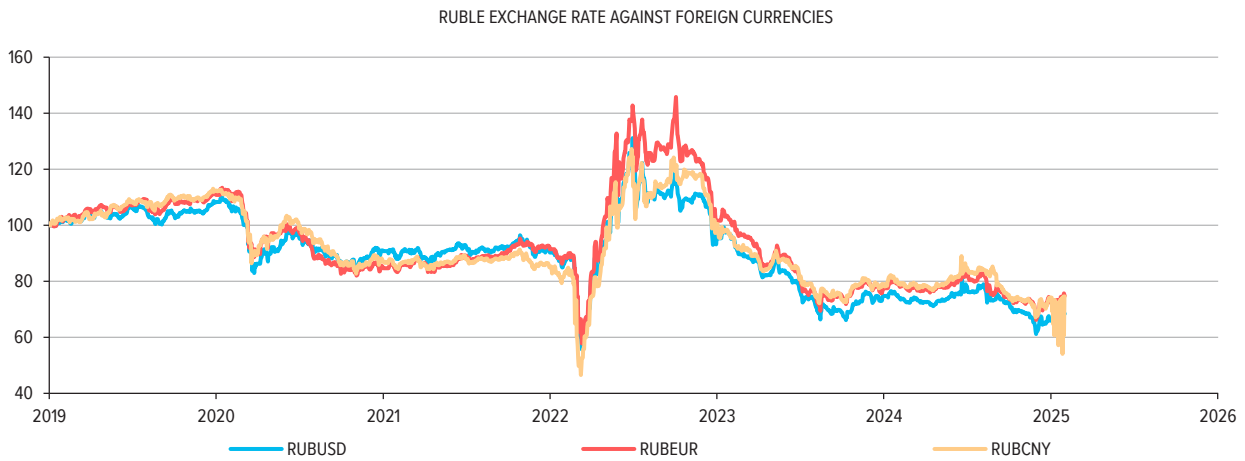
Chart 18



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

IN JANUARY, THE RUBLE CONTINUED TO STRENGTHEN
(02.01.2019 = 100)

Chart 19



Sources: Cbonds, Bank of Russia calculations.

THE RUSSIAN FINANCIAL MARKET DEMONSTRATED POSITIVE TRENDS IN JANUARY

Table 7

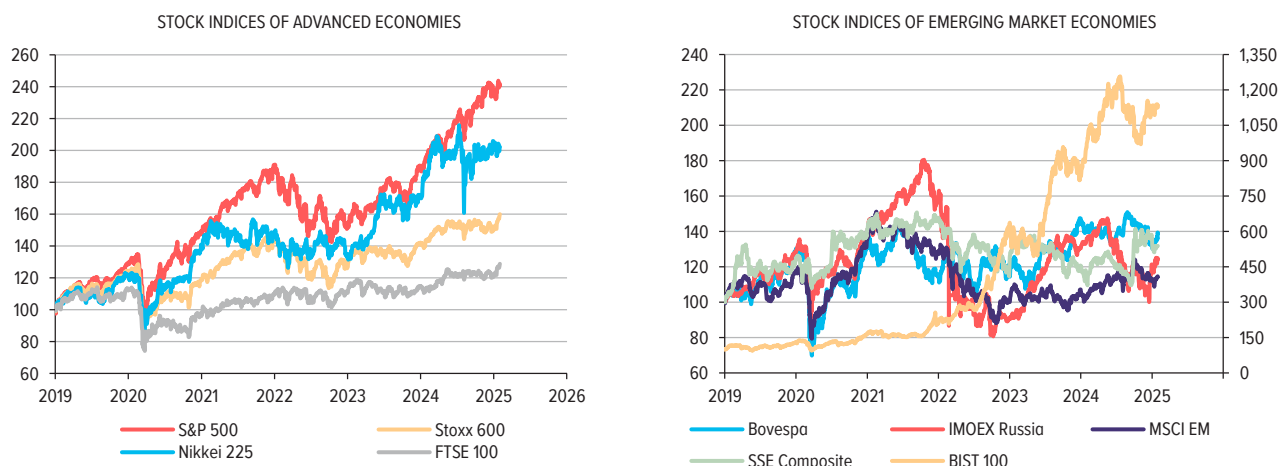
Indicator		31.01.2025	1M	3M	6M	YTD	1Y
Russian financial market ('+' – positive trends, '-' – negative trends)							
RUB/USD exchange rate		98.01	3.6	-1.0	-14.2	3.6	-9.8
MOEX Russia Index		2,948	2.3	15.2	1.7	2.3	-8.3
RTS Index		950	6.3	14.2	-10.9	6.3	-15.6
Government bond yields		16.86	82	-159	94	82	485
Corporate bond yields		23.09	109	-17	502	109	840
Regional bond yields		20.22	42	-72	307	42	718
RVI		34	-1	-7	7	-1	12
Exchange rates (per US dollar, % change, '+' – appreciation, '-' – depreciation)							
AEs*	US Dollar Index	108.37	-0.1	4.3	5.0	-0.1	4.9
	Euro	1.04	0.1	-4.7	-4.9	0.1	-4.0
	Japanese yen	155.12	-1.4	2.0	5.8	-1.4	5.3
	Pound sterling	1.24	-0.9	-3.9	-3.2	-0.9	-2.1
EMEs	Ruble	98.58	13.3	-1.2	-15.3	13.3	-9.0
	Brazilian real	5.85	5.5	-1.0	-2.1	5.5	-18.0
	Mexican peso	20.71	0.7	-3.4	-8.0	0.7	-20.4
	Chinese yuan	7.19	1.5	-1.0	-0.4	1.5	-1.3
	Turkish lira	35.85	-1.3	-4.7	-8.0	-1.3	-18.2
	South African rand	18.68	1.0	-6.2	-2.2	1.0	0.2
10Y bond yields (% p.a., change in bp, '+' – increase, '-' – decrease)							
AEs	US	4.58	0	30	78	0	59
	Germany	2.46	9	7	29	9	29
	Japan	1.24	-333	29	30	-333	50
	UK	4.54	345	9	71	345	75
EMEs	Russia	16.53	131	-36	108	131	489
	Brazil	14.83	-32	212	305	-32	423
	Mexico	10.41	0	-1	38	0	87
	China	1.64	-3	-51	-48	-3	-80
	Turkey	26.79	-36	-382	-103	-36	8
	South Africa	10.38	134	106	113	134	62
5Y CDS spreads (bp, change in bp, '+' – increase, '-' – decrease)							
AEs	US	31	2	-8	-1	2	-7
	Germany	13	-1	3	5	-1	1
	Japan	20	0	-1	-1	0	-2
	UK	23	2	4	0	2	-11
EMEs	Brazil	171	-36	20	7	-36	39
	Mexico	128	-9	6	13	-9	42
	China	57	-9	-8	-11	-9	-9
	Turkey	245	-8	-12	-32	-8	-72
	South Africa	193	2	3	-10	2	-34
Stock indices (p, % change, '+' – increase, '-' – decrease)							
AEs	S&P 500	6,041	2.70	5.9	13.0	2.7	24.7
	Stoxx 600	540	6.29	6.8	8.4	6.3	11.1
	Nikkei 225	39,572	-0.81	1.3	10.2	-0.8	9.1
	FTSE 100	8,674	6.13	7.0	6.1	6.1	13.7
EMEs	MSCI EM	1,093	1.66	-2.3	3.0	1.7	12.0
	Bovespa	126,135	4.86	-2.8	0.2	4.9	-1.3
	IPC Mexico	51,194	3.32	1.1	-2.0	3.3	-10.8
	SSE Composite	3,251	-3.02	-0.9	11.9	-3.0	16.6
	BIST 100	10,004	1.77	12.9	-4.5	1.8	17.7
	FTSE/JSE	85,957	2.21	0.7	6.7	2.2	15.3

* Advanced economies.

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

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

Chart 20



Data cut-off dates:

- Interest rates – 31 January 2025.
- Banks' interest rates on ruble loans and deposits – 1 January 2025, high-frequency data – 31 January 2025.
- Growth rates of credit and deposit aggregates – 1 January 2025.
- Growth rates of monetary aggregates – 1 January 2025, high-frequency data – 1 February 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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