



Bank of Russia



November 2023

MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM

Information and analytical commentary

Moscow
2023

MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM (NOVEMBER 2023)

- According to the Bank of Russia's estimates, monetary conditions were tightening in October–November. The tightening of price conditions was evident from growth in credit and deposit rates and short-term money market rates. Contrastingly, rising household inflation expectations contributed to monetary easing.
- The average spread between RUONIA and the key rate was -20 bp in November (vs -15 bp in October).
- In November, short-term money market rates increased, while long-term ones lowered, which evidenced changes in market expectations of the future key rate path. OFZ yields across all maturities were declining, including due to higher demand from banks.
- In October–November, deposit rates continued to rise smoothly, supporting deposit activity, mainly in the short-term segment.
- Trends in credit rates were strongly influenced by subsidised programmes in October–November. Nevertheless, the expansion of lending still slowed down mainly among retail customers.
- In October, the M2X aggregate growth sped up, while the M2 aggregate growth rate remained nearly the same month-on-month.

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 (*interest rate channel* of the transmission mechanism), the ability of borrowers to provide high-quality collateral, and

that of banks – to expand lending (*credit and balance-sheet channels*), as well as the wealth of investors (*welfare channel*), and the ruble exchange rate (*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 which are taken into account by the Bank of Russia when deciding on the key rate.

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

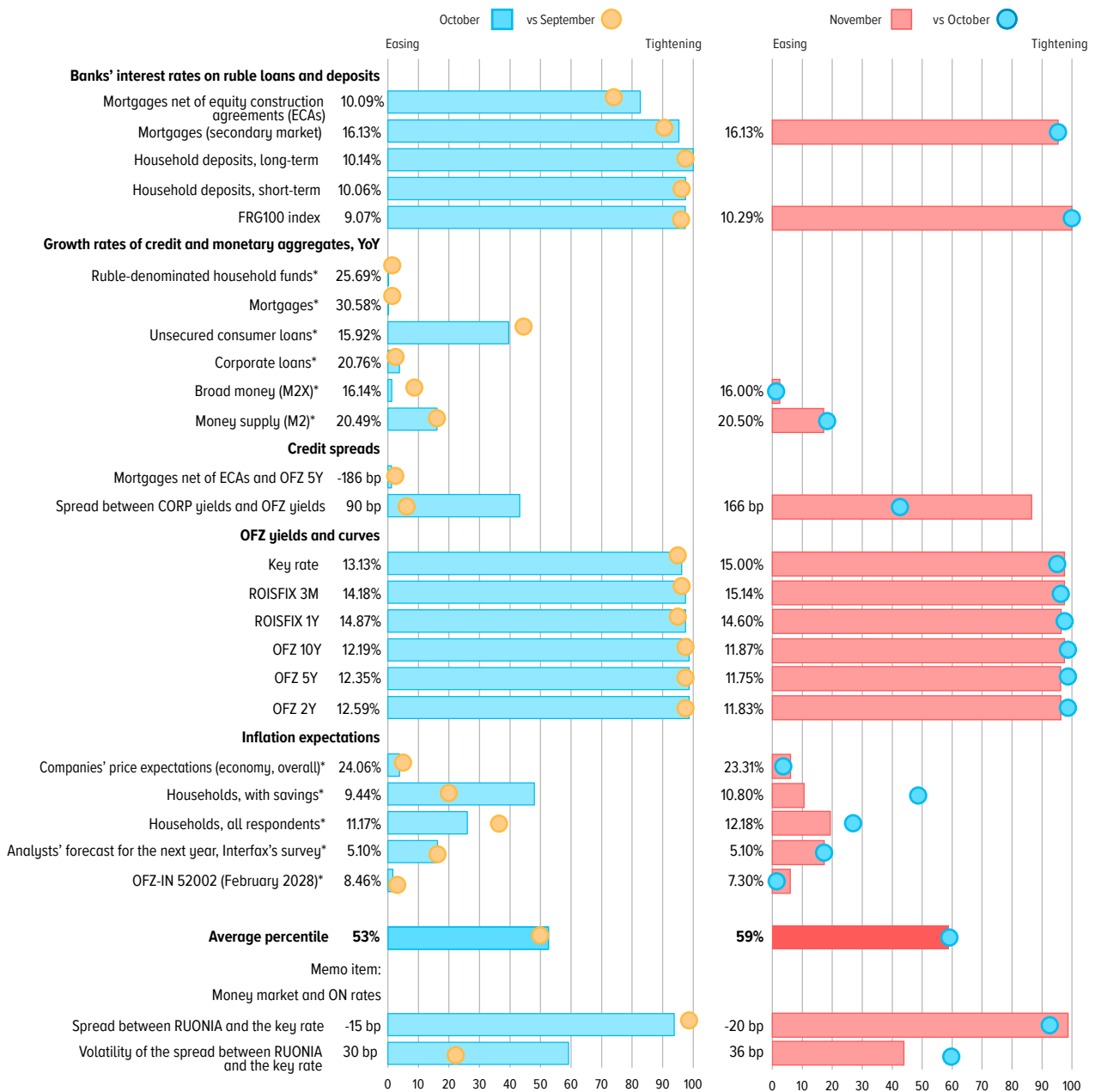
¹ See Appendix 1 to the [Monetary Policy Guidelines for 2024–2026](#).

MONETARY CONDITIONS

In October–November, monetary conditions in the Russian economy were tightening (Chart 1). The tightening of price conditions was evident from growth in credit and deposit rates and short-term money market rates. The expansion of corporate and retail lending was slowing down gradually, demonstrating lags in the transmission of the Bank of Russia’s decisions to monetary conditions. The growth rates of the monetary aggregates remained close to local highs.

SOME INDICATORS OF MONETARY POLICY TIGHTNESS AND THEIR CHANGES IN OCTOBER AND NOVEMBER

Chart 1



* The indicators were used to calculate the inverse percentile (higher values are shown to the left).

Note. The indicator panel represents one of possible summary visualisations of the key indicators to help assess monetary conditions and their changes. It should not be considered as a comprehensive representation of all types of indicators that may be used to assess the nature and changes of monetary conditions.

The chart shows the level of the indicator (in percentiles) relative to the distribution of values from January 2017 to October 2023 (left-hand chart) and to November 2023 (right-hand chart). The indicator's level (in percentiles) as of the previous date is circled. A shift of the indicator to the left relative to the previous date indicates the easing of monetary conditions, a shift to the right – their tightening. Percentiles 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. Due to its high volatility, the percentile for the spread between RUONIA and the key rate was taken out of the calculation of the overall average percentile.

Source: Bank of Russia calculations.

INTEREST RATE CHANNEL OF MONETARY POLICY TRANSMISSION MECHANISM (MPTM)

1. Key rate

In November, the key rate remained unchanged. Earlier, at the meeting on 27 October, the Bank of Russia Board of Directors decided to raise the key rate by 200 bp to 15% per annum.

2. Money market and overnight rates (RUONIA)

In November, the average spread between RUONIA¹ (the Bank of Russia's operational benchmark) and the Bank of Russia key rate² was **-20 bp** (vs -15 bp in October, -22 bp year-to-date) (Chart 4). The spread volatility was 36 bp (vs 30 bp in October, 26 bp year-to-date).

The average daily liquidity deficit grew by ₺0.2 trillion to ₺0.9 trillion in November, mainly due to outflows related to budget operations.

In November, the spread between RUONIA and the key rate expanded, while the spread volatility remained high. At the beginning of the month, there was a wide negative spread between RUONIA and the key rate. Due to the uneven path of required reserves (RRs) averaging in the October³ averaging period (AP), many banks had already almost completed the averaging of their RRs by that time. Demand for liquidity remained low during this period, which put downward pressure on money market rates. To absorb excess liquidity, at the end of the October AP, the Bank of Russia held four fine-tuning deposit auctions from 9 to 14 November. This helped bring RUONIA close to the key rate.

In the middle of the month when the November⁴ AP started, the movements of rates were influenced by growing demand for liquidity from banks. As the structural liquidity deficit expanded, banks' demand for funds in the money market and borrowings from the Bank of Russia was growing. This resulted in a rise in market rates and a small positive spread between RUONIA and the key rate in the second half of November. In these conditions, the Bank of Russia was gradually reducing the limits of one-week deposit auctions and releasing liquidity for its further redistribution among banks in the money market. Consequently, the amount of transactions in the market, including the RUONIA segment, was up. However, the redistribution of funds in the banking sector remained insufficiently effective, and there was still demand for the Bank of Russia's standing facilities for both absorbing and providing liquidity.

In November, budget and other transactions led to an outflow of ₺0.4 trillion from banks. This was largely associated with the suspension⁵ by the Bank of Russia of the mirroring of fiscal rule-based⁶ operations conducted by the Russian Ministry of Finance in the domestic foreign exchange market. The amount of funds raised by the Russian Ministry of Finance at OFZ auctions totalled ₺0.3 trillion on a net basis. Both budget revenues and expenditures increased year-on-year.

¹ RUONIA (Ruble OverNight Index Average) is the weighted average interest rate on overnight interbank ruble loans (deposits) reflecting the cost of unsecured overnight borrowing.

² The operational objective of the Bank of Russia's monetary policy within the inflation targeting strategy is to maintain rates in the unsecured overnight segment of the interbank money market close to the Bank of Russia key rate.

³ 11.10.2023–14.11.2023.

⁴ 15.11.2023–12.12.2023

⁵ [Press release of the Bank of Russia, dated 9 August 2023.](#)

⁶ More details about the impact on liquidity following the Bank of Russia's suspension of the mirroring of fiscal rule-based operations conducted by the Russian Ministry of Finance in the domestic foreign exchange market are available in the information and analytical commentary [Monetary Conditions and Monetary Policy Transmission Mechanism No. 10 \(16\), October 2023.](#)

In November, demand for cash was below the seasonal levels. The amount of cash⁷ in circulation decreased by ₺0.3 trillion. This was associated with the continued return of cash to banks amid rising deposit rates and, possibly, a larger amount of cash collected as retailers' earnings due to higher consumer activity.

In November, demand at the one-month repo auction did not change and totalled ₺0.2 trillion. The limit for the said auction remained at the level of ₺0.1 trillion.

The structural liquidity surplus forecast for the end of 2023 was raised by ₺0.5 trillion and is estimated in the range from ₺0.5 trillion to ₺1.2 trillion. The main change was due to a lower forecast of demand for cash, taking into consideration actual data for October–November, while the forecast range for this factor was also narrowed.

3. Money and debt market yield curves

Money market curves. In November, the ROISfix⁸ curve shifted upwards for short-term maturities (+25–58 bp), while ROISfix rates for over one year decreased by 65–96 bp: ROISfix 1w – 15.07%; ROISfix 2w – 15.08%; ROISfix 1M – 15.29%; ROISfix 2M – 15.45%; ROISfix 3M – 15.63%; ROISfix 6M – 15.63%; ROISfix 1Y – 14.48%; ROISfix 2Y – 13.14%.

According to market participants, such movements suggest that the latest key rate increase in October and expectations of its additional rise will result in a sufficient monetary tightening that will help return inflation to the target, enabling an earlier key rate decrease than previously expected (Chart 6).

OFZ yield curve. In November, OFZ yields were markedly declining across all maturities (on average, by 80–100 bp): OFZ 1Y – 11.50% (-145 bp); OFZ 2Y – 11.56% (-122 bp); OFZ 5Y – 11.64% (-84 bp); OFZ 10Y – 11.74% (-76 bp). The curve shifted downwards along its entire length because market participants considered the current key rate level to be close to the peak of the monetary tightening cycle and admitted that the key rate would decrease faster starting from 2024 Q2. Yields of short-term securities dropped considerably due to increased demand from individual financial market participants, among other factors.

The OFZ curve was back to normal owing to a more serious decrease in short-term yields. The spread between ten- and two-year OFZ yields turned positive (+18 bp; +46 bp MoM). The structure of the OFZ secondary market participants stayed nearly the same. Banks remained net sellers, while non-financial organisations and systemically important credit institutions (SICIs) were still net buyers.

Implied inflation.⁹ Medium- and long-term OFZ yields went down as implied inflation decreased. In November, monthly average implied inflation for OFZ-IN 52002 (2028) was 7.3% (-116 bp), while real yields grew by 39 bp on average.

Primary OFZ market. The Russian Ministry of Finance notably raised the amount of offerings in November, with the earnings totalling ₺301 billion vs ₺143 billion in October. Average demand for securities increased (₺134 billion in November vs ₺112 billion in October). Non-bank credit institutions, in particular collective investors, were the main buyers. Demand was the highest for OFZ-PD issues because market participants had revised their expectations of the further key rate path. When placing standard securities, the Ministry offered a small premium above secondary market yields (up to 5 bp) amid favourable market conditions, including due to the inflation slowdown and a stronger ruble. Since early 2023, OFZ placements by the Russian Ministry of Finance reached ₺2.5 trillion, i.e., 96% of ₺2.6 trillion provided for by the updated annual borrowing plan.

⁷ According to recent data.

⁸ The OIS (ROISfix) curve – indicative rates (fixing) on RUONIA interest rate swaps.

⁹ [Methodology for the calculation of the indicator.](#)

4. Corporate bond market

Secondary market. Based on the IFX–Cbonds index, corporate bond yields went up again as of the end of November, reaching 13.93% (+13 bp). The average monthly spread between corporate and government bond yields almost doubled (169 bp; +77 bp), which was a local high and comparable to the figures of December 2022. The spread expanded as a result of the above dynamics of short-term OFZs due to additional demand for such securities from individual market participants.

Primary market. In November, corporate borrowers raised funds in the amount exceeding the average since early 2023 (₽543 billion in November; ₽495 billion – the average from January to November 2023). About 90% of placements were available to a wide range of investors (₽486 billion in November vs ₽480 billion in October). As before, there were 48 issuers of market issues. Financial companies, including leasing ones, became the key borrowers. As of the end of November, the market of corporate bonds totalled ₽23.63 trillion (vs ₽23.64 trillion in October; +26% YoY).

In November, the amount of placed substitute bonds continued to grow (₽290.6 billion in November vs ₽45.5 billion in October). Nevertheless, according to the Cbonds index, yields plummeted to 6.93% (-92 bp MoM) amid steadily high demand for securities. The issuers of substitute bonds were highly rated financial companies.

5. Credit and deposit market

Deposit rates. In October, retail deposit rates were still rising amid the continued monetary tightening and the resulting growth in OFZ yields. As of the end of October, the weighted average interest rate on deposits for up to one year edged up by 0.6 pp to 10.1% per annum, while that on deposits for more than one year – by 0.7 pp to 10.1% per annum. Besides, the segment with maturities from one to three years demonstrated a more noticeable change.

According to recent data, in November, retail deposit rates continued to grow. Over the month, the FRG100¹⁰ index gained more than 1 pp, exceeding the 2022 high (Chart 12). The measures taken by the Bank of Russia to maintain price stability will remain the key factor influencing deposit rate dynamics. Banks' competition for depositors' funds, which usually increases during periods of monetary tightening, will most likely put additional upward pressure on interest rates.

Deposit operations. The continued growth in deposit rates supported demand for bank deposits as a savings tool for households. This increased the annual inflow¹¹ of household funds into banks¹² by 19.4% in October (vs 17.1% in the previous month). Nevertheless, in October, customers continued to transfer their funds from current accounts and long-term deposits to short-term ruble deposits as in previous months (Chart 13), which was due to relatively higher interest rates in the first place.

The monthly growth in household funds in escrow accounts was not as significant compared to September, which could be caused by both a more active use of these accounts during the period of an increase in commissioning of housing and the beginning decline in mortgage lending.

The outflow of household funds from foreign currency deposits continued to slow down in October. However, amid the appreciation of the ruble, the proportion of foreign currency in the retail deposit portfolio declined to 9.4% vs 10.1% in September.

According to preliminary data, the situation in the deposit market remained nearly the same in November: households were actively increasing balances in short-term ruble deposits. In the

¹⁰ 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 Frank RG news agency.

¹¹ Hereinafter, increases in banks' balance sheet indicators are calculated based on the reporting data of operating credit institutions included in the State Register as of the relevant reporting date. 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.

¹² Hereinafter, individuals' funds with banks include balances in time deposits, demand deposits and current accounts, but do not include escrow accounts under equity construction contracts.

near future, changes in household deposits will depend on the adjustment of banks' expectations regarding the regulator's monetary policy measures.

Credit rates. In September, interest rates on both corporate and retail loans continued to grow (Chart 11). Besides, riskier segments, including loans to small- and medium-sized businesses, working capital loans to trade enterprises, as well as car and consumer loans, expectedly demonstrated more significant growth in the cost of borrowings.

According to recent data, in October–November, changes in average market lending rates were strongly influenced by the disbursement of loans under subsidised programmes and one-off large transactions. However, banks were mostly raising interest rates on market-based loans in response to the continued monetary tightening and the regulator's tough rhetoric.

In particular, according to data provided by JSC DOM.RF, minimum market mortgage rates became noticeably higher¹³ (Chart 12). According to estimates, interest rates on consumer loans and corporate loans in industries not receiving large-scale government support went up as well. Moreover, taking into consideration lags in the transmission of the earlier monetary policy tightening to credit rates, they might continue to grow in 2023 Q4 and 2024 Q1.

Corporate lending. In October, companies' demand for borrowings remained high. As a month earlier, the annual increase in corporate lending¹⁴ was 20.8%, staying close to the highs of previous years (Chart 14). Moreover, the growth was still concentrated in the segment of ruble-denominated loans, largely medium- and long-term ones, while construction, wholesale, metallurgical and machine building enterprises were the key borrowers, according to preliminary estimates. Recent data show that in November, lending activity in the corporate segment also remained high.

The Bank of Russia forecasts¹⁵ that the expansion of corporate lending will slow down in 2024, including due to the noticeable tightening of lending conditions,¹⁶ as stated by participants in the monitoring of businesses. Besides, a higher fiscal stimulus expected in 2024 may partially substitute companies' demand for bank loans, which will have a restraining influence on lending dynamics.

Retail lending. In October, the annual growth in loans to individuals¹⁷ hit its new multi-year high, reaching 24.5%, but this was also due to the low base effect of 2022 (Chart 14). As regards monthly increases, the retail loan market continued to demonstrate signs of cooling-down, mainly because of the segment of unsecured consumer loans where the gradual rise in interest rates was accompanied by the increase in risk-weight adds-on from 1 September.¹⁸

Turnover in mortgage lending also started to decrease after record highs in September, although the amount of loans issued in this segment still remained considerably higher than the levels of 2022–2023 H1, and more than two-thirds of this amount were government subsidised mortgages. In these conditions, the annual increase in housing mortgage loans¹⁹ exceeded 30% for the first time since the end of 2014, being the main contributor to the dynamics of the total portfolio of retail loans (Chart 15).

According to recent data, in November, retail lending activity continued to slow down, but generally remained high.

¹³ Average market-based mortgage rates of the Top 20 banks for housing in the primary segment with standard parameters: the apartment price – ₹7.8 million, the loan – ₹5.5 million, the down payment – 30%, the loan maturity – 15 years, and any customer, according to JSC DOM.RF.

¹⁴ Hereinafter, the growth of lending to non-financial organisations, financial institutions, and individual entrepreneurs does not include claims acquired by banks.

¹⁵ [The Bank of Russia's medium-term forecast](#) following the key rate decision made on 27 October 2023.

¹⁶ [Monitoring of Businesses: Assessments, Expectations and Comments No. 11](#), November 2023.

¹⁷ Hereinafter, growth in household lending does not include claims acquired by banks.

¹⁸ [Press release of the Bank of Russia, dated 23 June 2023](#).

¹⁹ Housing mortgage loans, net of claims on such loans acquired by banks.

The Bank of Russia forecasts²⁰ that, in 2024, the growth in retail lending will decelerate due to the impact of tighter monetary conditions and households' increased propensity to save. Macroprudential policy measures will also help gradually normalise the situation in the retail credit market.

OTHER FINANCIAL MARKET SEGMENTS

1. Exchange rate (foreign exchange channel)

In November, the ruble continued to strengthen. By the end of the month, the exchange rate was 89.45 rubles per US dollar (+4.2%), 97.4 rubles per euro (+1.7%), and 12.49 rubles per yuan (+2%). The monthly average exchange rate of the ruble also strengthened significantly (-6.9% MoM). The ruble was supported by increased sales of foreign currency earnings by exporters, driven by higher export prices in previous months along with decreased imports.

The actual monthly exchange rate volatility declined to 12.1% (vs 14.6% in October).

[The real effective exchange rate of the ruble \(REER\)](#), calculated against the currencies of the main foreign trade partners, increased by 0.8% in October (vs 0% in September; -14% YoY). According to preliminary data, in November, the REER increased by 9.4% vs October, almost reaching its median value of recent years (-3.2% vs the median of January 2015–November 2023).

2. Capital market (welfare channel)

The Russian stock market edged down by 1.1% in November, continuing the sideways trend of the previous three months. The Moscow Exchange index was 3,166 bp as of the end of the month (+44.9% YoY). In November, the Russian Volatility Index (RVI) continued to decline, dropping to 25 points (-1 MoM; 28 points on average over 2021).

Among the industry indices, electric power and transport companies' shares demonstrated the most notable decrease (-7.5% and -7.3%, respectively), while IT companies' shares gained 2.3% as of the end of the month.

The total amount of transactions across all Moscow Exchange markets reached ₺126 trillion in November (+69% YoY). The trading in shares, depositary receipts and investment fund units totalled ₺2.1 trillion (vs ₺859 billion in November 2022). Average daily trades amounted to ₺96.9 billion (vs ₺40.9 billion in November 2022).

Foreign markets

After the Reserve Bank of Australia raised its policy rate by 25 bp, the weighted average policy rate in advanced economies (AEs) went up to 4.60% (+1 bp MoM; +122 bp YtD). Contrastingly, policy rates in most other economies continued to decrease. In particular, Brazil lowered its policy rate by 50 bp. As of the end of the month, the weighted average policy rate decreased in Latin America to 11.03% (-23 bp; -60 bp), in South and Southeast Asia – to 6.05% (-1 bp; +39 bp), in Central and Eastern Europe, and Central Asia – to 8.67% (-4 bp; -65 bp). In African countries, the weighted average rate remained unchanged at 11.02% (0 bp; +124 bp). In Turkey, the policy rate was raised for the sixth time in a row (from 35% by 500 bp).

As of the end of November, the US Treasury yield curve went down for the first time since March. The most significant changes were in the medium- and long-term segments (UST 2Y: 4.70%, -39 bp MoM; UST 10Y: 4.37%, -51 bp MoM). Other countries recorded similar decreases in yields. Markets responded to slower price growth, which indicated that the cycle of policy rate increases was likely near completion. Besides, market participants reviewed their expectations about an earlier start of policy rate decreases.

²⁰ [The Bank of Russia's medium-term forecast](#) following the key rate decision made on 27 October 2023.

The decline in yields had a favourable impact on stock markets. AEs' indices rose significantly as of the end of the month (S&P 500: +8.9%, Stoxx 600: +6.4%, Nikkei 225: +8.5%) (Chart 19). Stock indices in national currencies of emerging market economies (EMEs) mostly demonstrated positive dynamics as well (MSCI EM: +7.9%; Bovespa: +12.5%; IPC Mexico: +10.2%; SSE Composite: +0.4%; BIST 100: +5.8%) (Chart 19). Demand for risky assets was supported by signs of a peak in monetary tightening worldwide and expectations of an earlier start of policy rate decreases by large economies' central banks. Market optimism had a positive effect on EMEs' currencies which strengthened against the US dollar in November (BRL: +2.3%; MXN: +3.9%; CNY: +3.2% MoM). Only the Turkish lira continued to depreciate against the US dollar (-2.0%), despite the policy rate increase by the Central Bank of the Republic of Turkey.

MONEY SUPPLY

In October, the annual growth rate of claims on the economy²¹ was still high – 21.8% vs 21.5% in September, which had a positive impact on the money supply dynamics. However, the gradual decline in the importance of budget operations and the surge in funds in escrow accounts continued to limit the growth of the monetary aggregates. As a result, the annual increase in money supply in the national definition (M2) remained actually unchanged, namely 20.5% compared to 20.6% in the previous month, while broad money supply (M2X), excluding currency revaluation, expanded to 16.1% from 15.1% in September (Chart 20).

Nevertheless, the growth of cash in circulation outside the banking system (M0) continued to slow down in October. The annual increase equalled 17.3% vs 22.4% in the previous month, which was apparently due to households' propensity to deposit funds with banks amid higher interest rates, among other things.

According to preliminary estimates, in November, the annual growth rate of the monetary aggregates remained close to the level of the previous month.

²¹ 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.

CHARTS AND TABLES

THE STRUCTURAL LIQUIDITY DEFICIT INCREASED IN NOVEMBER
(START OF BUSINESS, BILLIONS OF RUBLES)

Table 1

	01.01.2022	01.01.2023	01.04.2023	01.07.2023	01.10.2023	01.11.2023	01.12.2023
Liquidity deficit (+) / surplus (-)	-1,134	-3,471	-1,982	-1,030	796	1,026	1,186
Bank of Russia claims on credit institutions	909	1,808	2,072	1,926	2,107	2,264	2,876
Auction-based facilities	116	1,492	1,766	1,378	1,203	1,100	992
– repos and FX swaps	116	1,492	1,766	1,378	1,203	1,100	992
Standing facilities	793	317	306	548	905	1,164	1,883
– repos and FX swaps	3	8	8	2	0	0	0
– secured loans	790	309	299	547	905	1,164	1,883
The Bank of Russia's liabilities to credit institutions	2,804	4,949	3,544	2,754	2,890	3,336	1,757
Deposits	2,804	4,949	3,544	2,754	2,890	3,336	1,757
– auction-based facilities	1,626	3,621	2,450	1,747	1,976	1,562	300
– standing facilities	1,178	1,328	1,094	1,008	914	1,774	1,457
Reverse facilities, other than instruments for regulating bank liquidity and money market rates*	204	331	354	282	344	545	492
Correspondent accounts with the Bank of Russia	2,651	2,984	3,317	4,105	3,269	3,010	5,021
Average amount of required reserves	3,207	2,322	2,453	3,621	4,504	4,562	4,596

* The difference between the Bank of Russia's claims on credit institutions on specialised facilities, operations within the additional liquidity providing mechanism, loans within irrevocable credit lines, and the Bank of Russia's obligations to return rubles on the Bank of Russia's Foreign Currency/RUB sell/buy FX swaps.
Source: Bank of Russia calculations.

THE STRUCTURAL LIQUIDITY SURPLUS FORECAST FOR THE END OF 2023 WAS RAISED BY ₰0.5 TRILLION
AND IS ESTIMATED IN THE RANGE FROM ₰0.5 TRILLION TO ₰1.2 TRILLION
(TRILLIONS OF RUBLES)

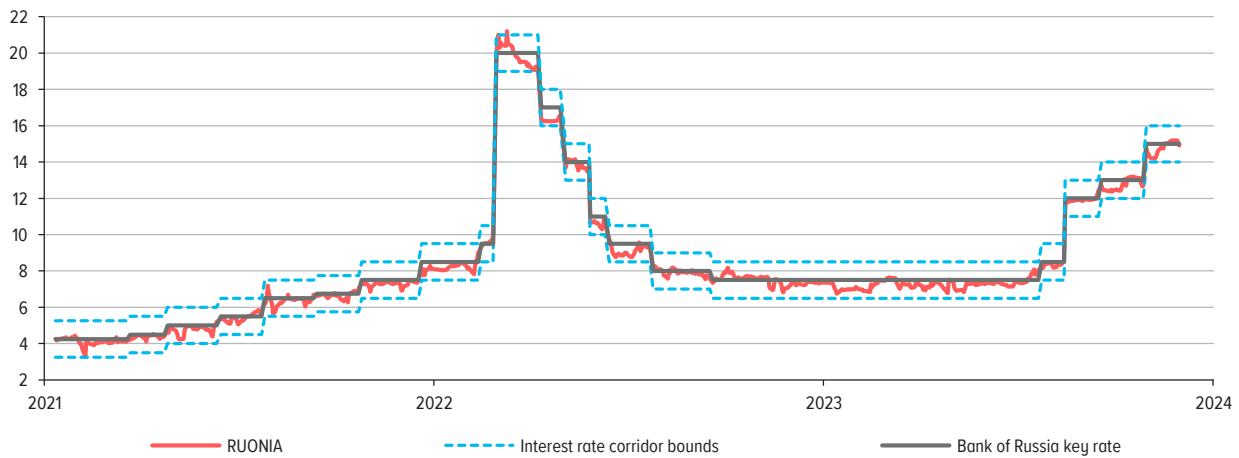
Table 2

	2022 (actual)	January – November 2023	November 2023	2023 (forecast)
1. Liquidity factors	1.5	-2.4	-0.1	[-0.6; 0]
– change in the balances of funds in general government accounts with the Bank of Russia, and other operations*	3.2	-0.6	-0.4	[1.8; 2.0]
– change in the amount of cash in circulation	-2.3	-1.7	0.3	[-2.3; -1.9]
– Bank of Russia interventions in the domestic foreign exchange market	-0.1	-	-	-
– regulation of banks' required reserves with the Bank of Russia	0.7	-0.1	0.0	-0.1
2. Change in the averaged amount of required reserves	-0.9	2.3	0.0	[2.3; 2.4]
3. Change in banks' claims on deposits with the Bank of Russia and coupon OBRs	0.8	-3.2	-1.6	[-2.3; -1.6]
4. Change in outstanding amounts on Bank of Russia refinancing operations (4 = 2 + 3 - 1)	-1.5	1.5	-1.4	0.7
Liquidity deficit (+)/ surplus (-) (as of the period-end)	-3.5		1.2	[-1.2; -0.5]

* 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 (%)

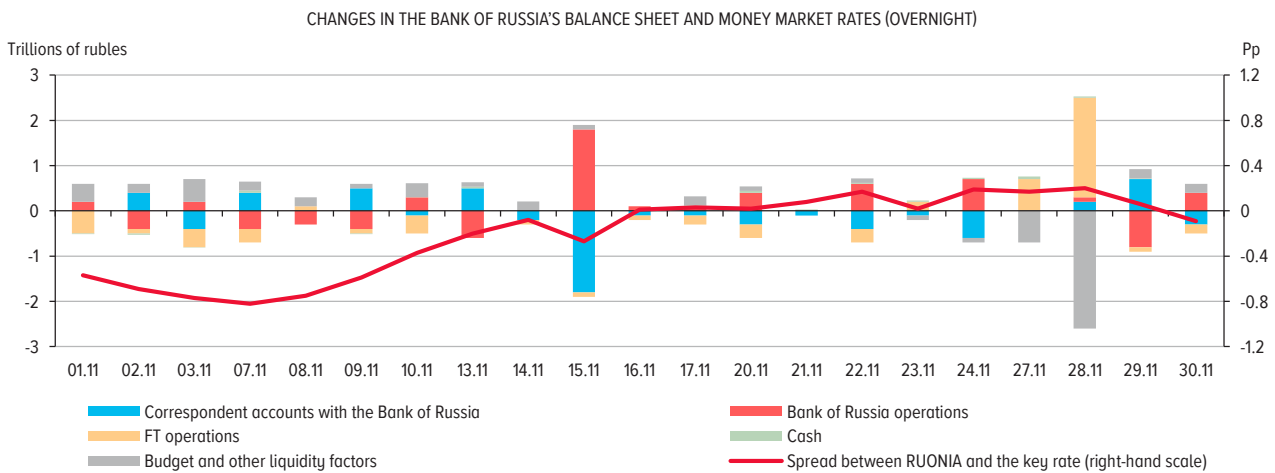
Chart 2



Source: Bank of Russia calculations.

CASH DYNAMICS LED TO A LIQUIDITY INFLOW IN NOVEMBER 2023

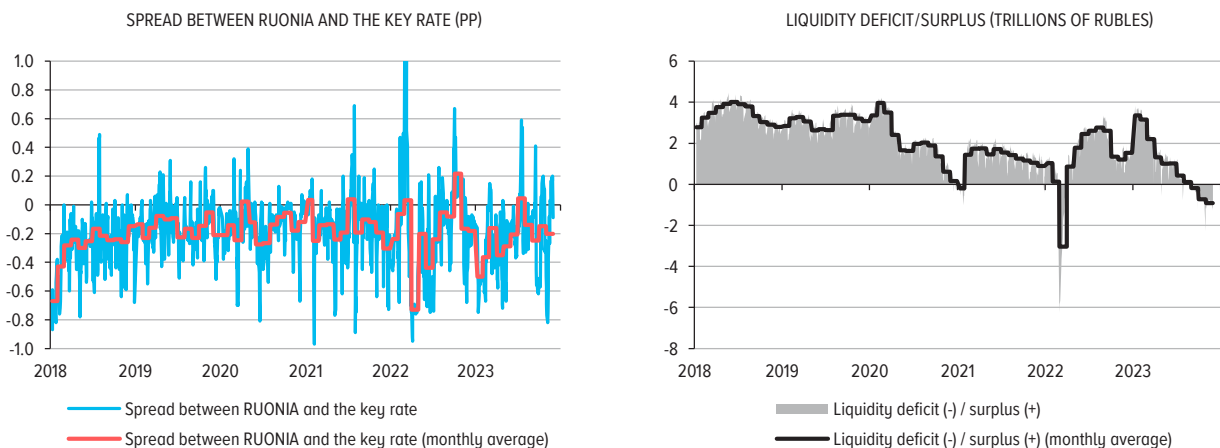
Chart 3



Source: Bank of Russia calculations.

THE AVERAGE MONTHLY SPREAD BETWEEN RUONIA AND THE BANK OF RUSSIA KEY RATE EXPANDED

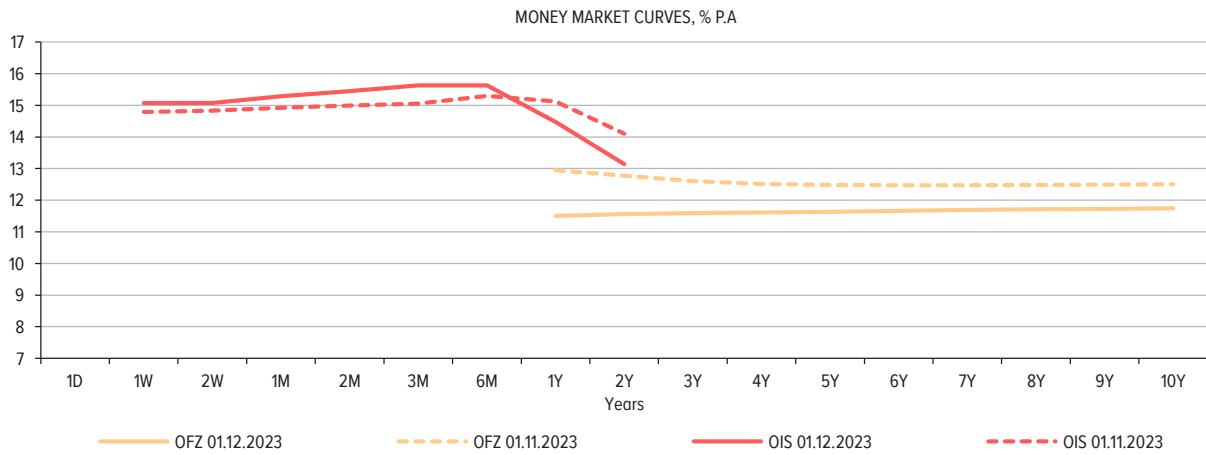
Chart 4



Source: Bank of Russia calculations.

IN NOVEMBER, SHORT-TERM RATES IN THE MONEY MARKET INCREASED, WHEREAS LONG-TERM ONES DECLINED

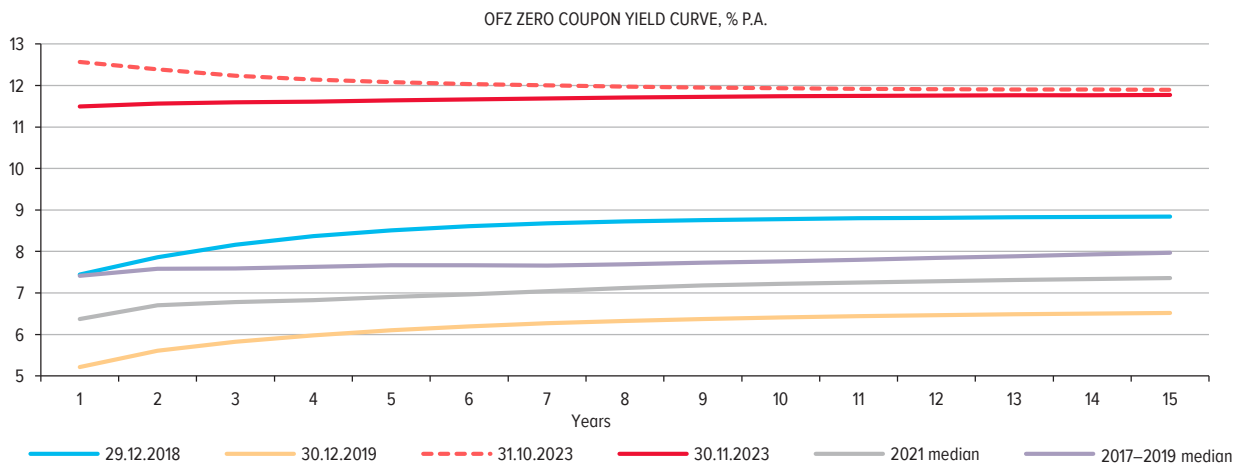
Chart 5



Note. The IRS curve for maturities of up to one year is built using ROISfix rates with respective maturities.
Sources: Moscow Exchange, NFA.

THE OFZ YIELD CURVE SHIFTED DOWNWARDS ACROSS ALL MATURITIES AND ALMOST FLATTENED

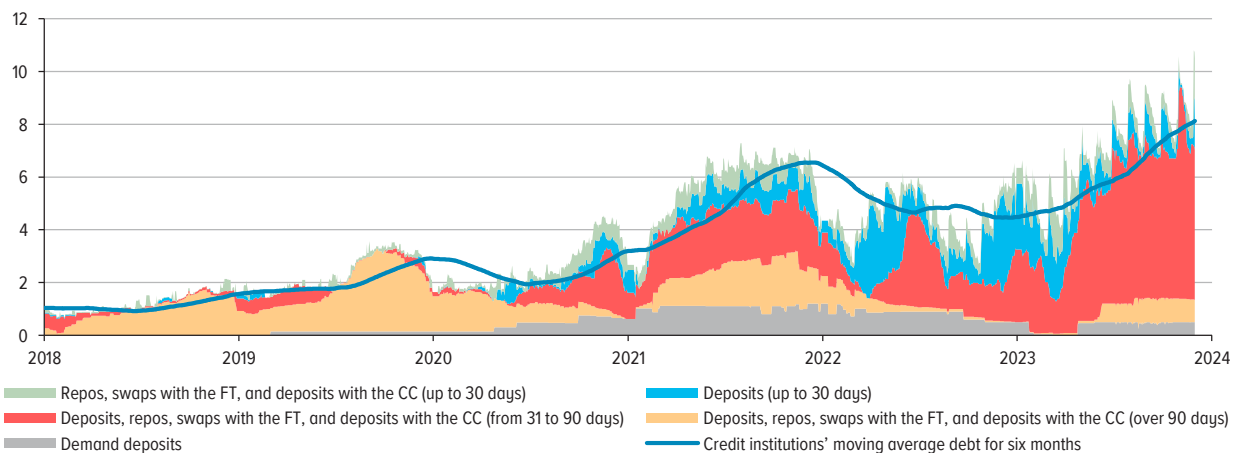
Chart 6



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

CREDIT INSTITUTIONS' DEBT TO THE FEDERAL TREASURY DECREASED BY ₺0.1 TRILLION IN NOVEMBER 2023
(TRILLIONS OF RUBLES)

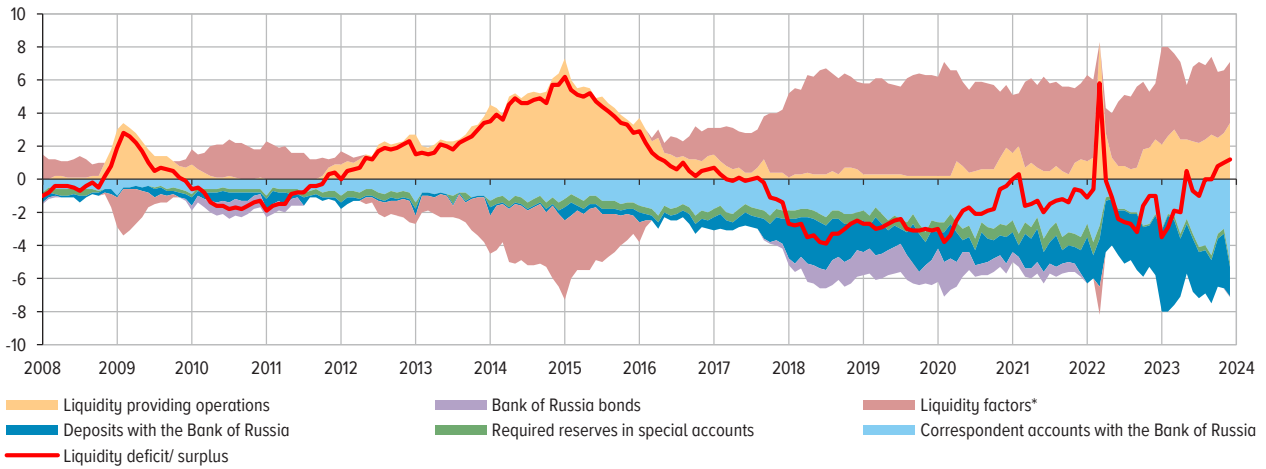
Chart 7



Sources: Federal Treasury, Bank of Russia calculations.

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

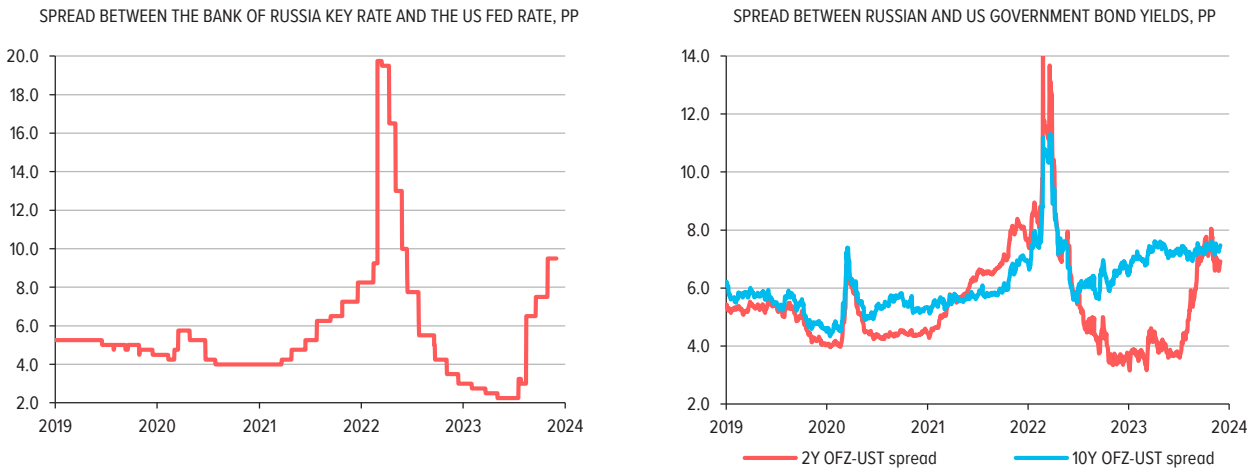
Chart 8



* 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.

THE SPREAD BETWEEN RUSSIAN AND US GOVERNMENT BOND YIELDS NARROWED

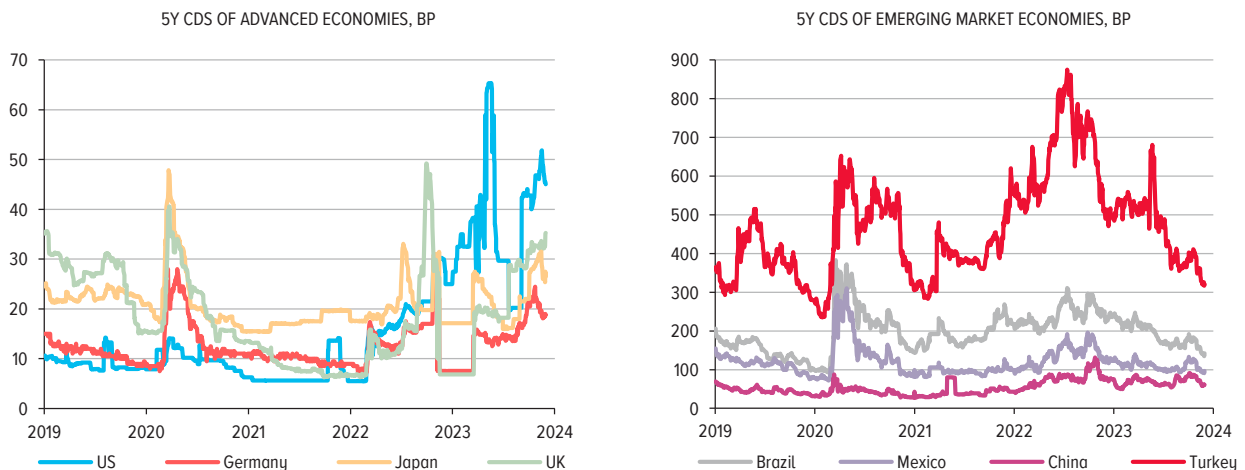
Chart 9



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

CDS SPREADS IN MOST COUNTRIES WERE DECLINING SLIGHTLY

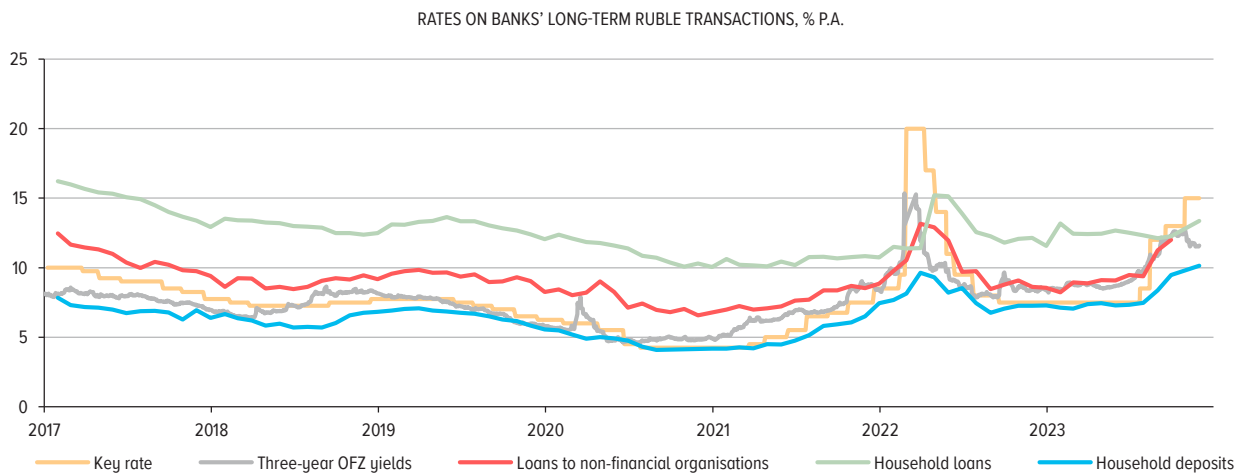
Chart 10



Sources: Cbonds, Bank of Russia calculations.

CREDIT AND DEPOSIT RATES CONTINUED TO GROW IN OCTOBER

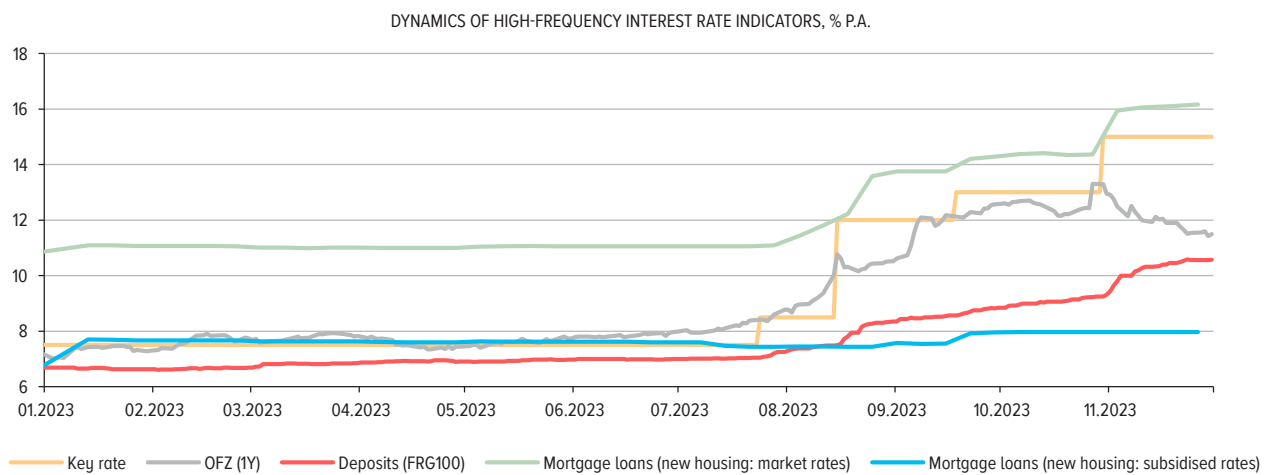
Chart 11



Source: Bank of Russia.

BANKS WERE MOSTLY RAISING INTEREST RATES ON THEIR COMMERCIAL PRODUCTS IN OCTOBER–NOVEMBER

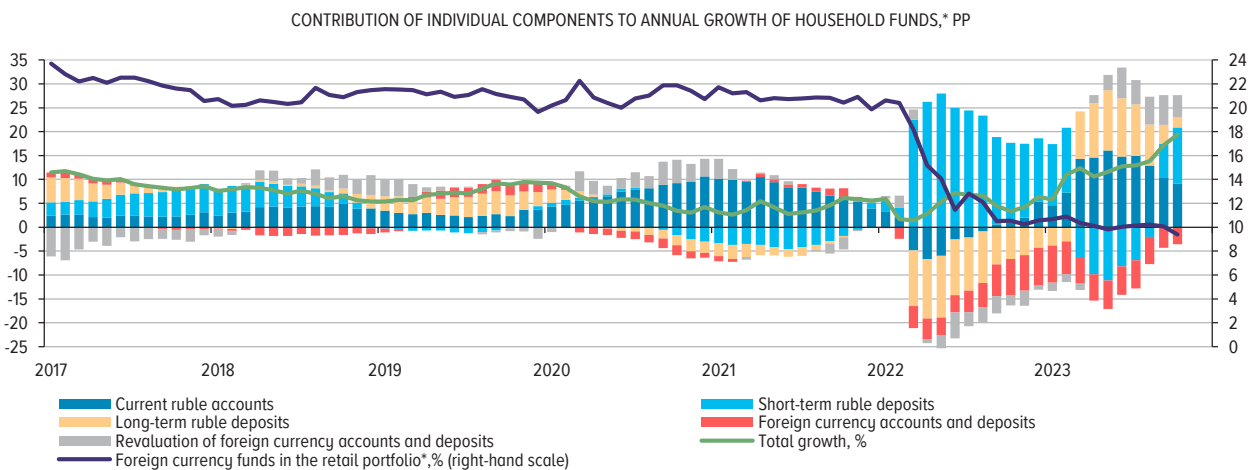
Chart 12



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

SHORT-TERM RUBLE DEPOSITS CONTINUED TO GROW IN OCTOBER

Chart 13



* Excluding escrow accounts.

Source: Bank of Russia calculations.

CREDIT ACTIVITY REMAINED HIGH IN OCTOBER

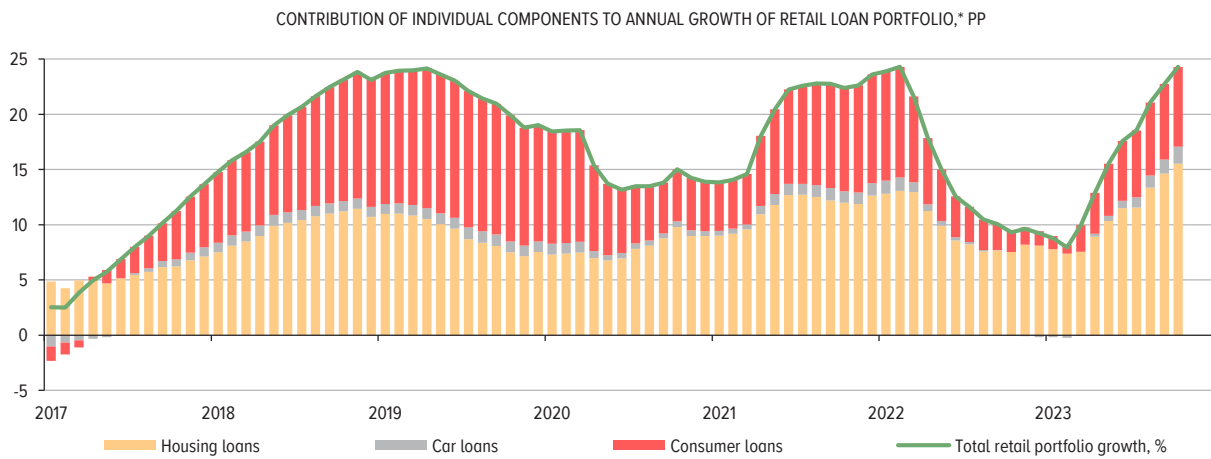
Chart 14



* Since 1 February 2021, the portfolios of corporate and retail loans include acquired claims. The portfolios' increases were calculated net of acquired claims. Source: Bank of Russia calculations.

SUBSIDISED PROGRAMMES WERE THE KEY DRIVER OF HIGH MORTGAGE ACTIVITY IN OCTOBER

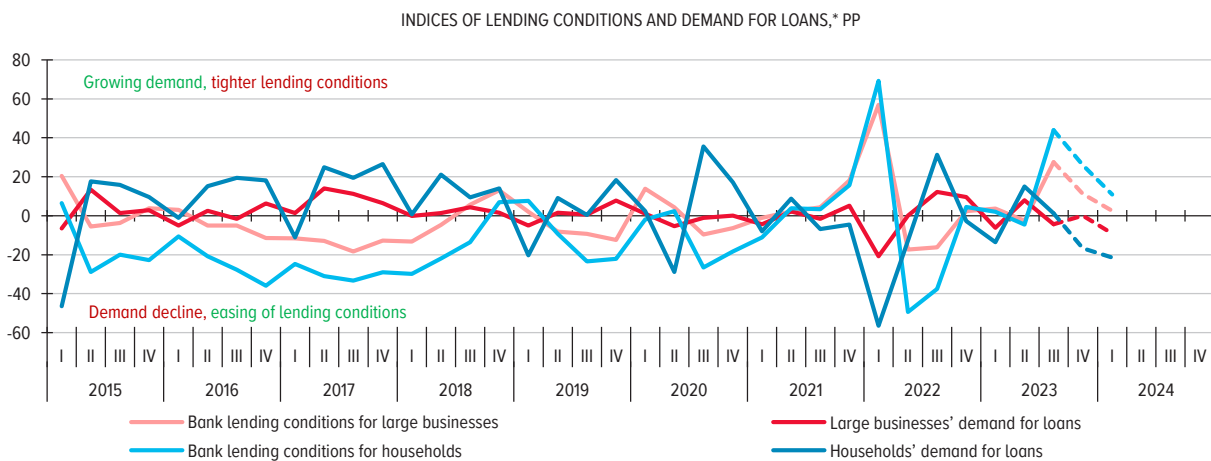
Chart 15



* For loans grouped into homogeneous loan portfolios. Source: Bank of Russia calculations.

BANKS EXPECT FURTHER TIGHTENING OF LENDING CONDITIONS IN 2023 Q4 AND 2024 Q1

Chart 16



* The dotted lines signify respondent banks' expectations regarding changes in lending conditions and demand for loans in 2023 Q3. Source: Bank of Russia.

CREDIT AND DEPOSIT MARKET INDICATORS

Table 3

		July 2023	August 2023	September 2023	October 2023
Interest rates on banks' long-term ruble transactions					
household deposits	% p.a.	7.5	8.4	9.5	10.1
household loans	% p.a.	12.3	12.1	12.3	13.4
corporate loans	% p.a.	9.4	11.2	12.0	-
Household funds*	% YoY, AFCR	12.9	13.8	17.1	19.4
in rubles*	% YoY	21.6	22.2	24.0	25.7
in foreign currency	% YoY	-37.2	-36.4	-30.5	-27.0
share of foreign currency*	%	10.1	10.2	10.1	9.4
Corporate loans**	% YoY, AFCR	21.2	20.6	20.8	20.8
short-term (up to 1 year)	% YoY, AFCR	7.6	9.2	11.4	12.9
long-term (more than 1 year)	% YoY, AFCR	27.2	25.9	25.4	25.0
Household loans**	% YoY, AFCR	18.8	21.3	23.0	24.5
housing mortgage loans	% YoY, AFCR	23.4	26.9	29.1	30.6
unsecured consumer loans	% YoY	13.3	14.4	15.0	15.9
Banking system's claims on the economy	% YoY, AFCR	19.1	20.0	21.5	21.8
on businesses	% YoY, AFCR	19.5	19.8	21.2	21.0
on households	% YoY, AFCR	18.2	20.6	22.3	23.7
Money supply (M2)	% YoY	24.7	22.9	20.6	20.5
Broad money supply (M2X)	% YoY, AFCR	15.9	15.5	15.1	16.1

*Excluding escrow accounts.

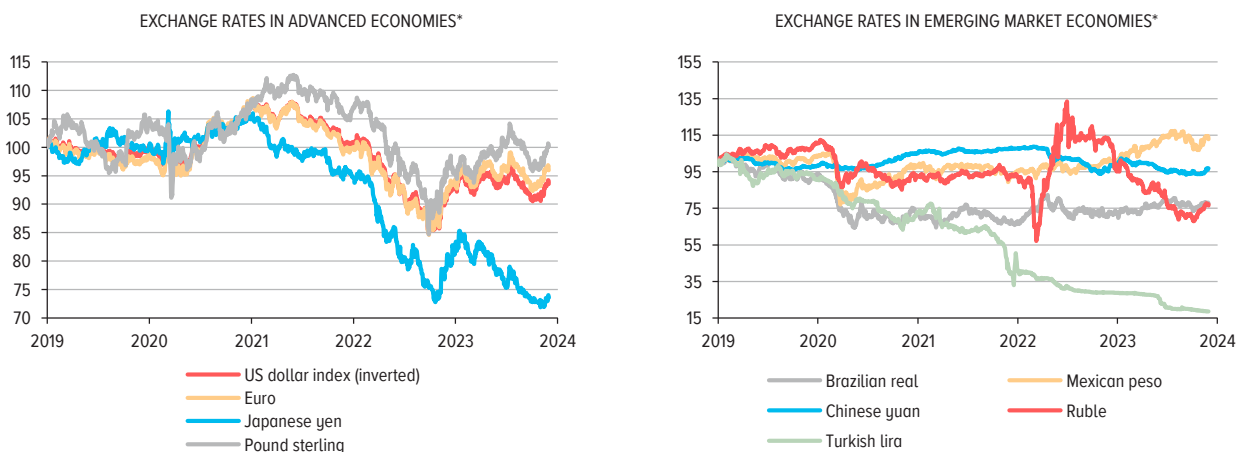
** Since 1 February 2021, the portfolios of corporate and retail loans include acquired claims. The portfolios' increases were calculated net of acquired claims.

Note. YoY – on the corresponding period of the previous 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 US DOLLAR DEPRECIATED AGAINST THE MAIN WORLD CURRENCIES IN NOVEMBER
(02.01.2019 = 100)

Chart 17



* Against the US dollar. Reverse exchange rates.

Sources: Cbonds, Bank of Russia calculations.

RUSSIAN FINANCIAL MARKET SEGMENTS MOSTLY SHOWED POSITIVE TRENDS IN NOVEMBER

Table 4

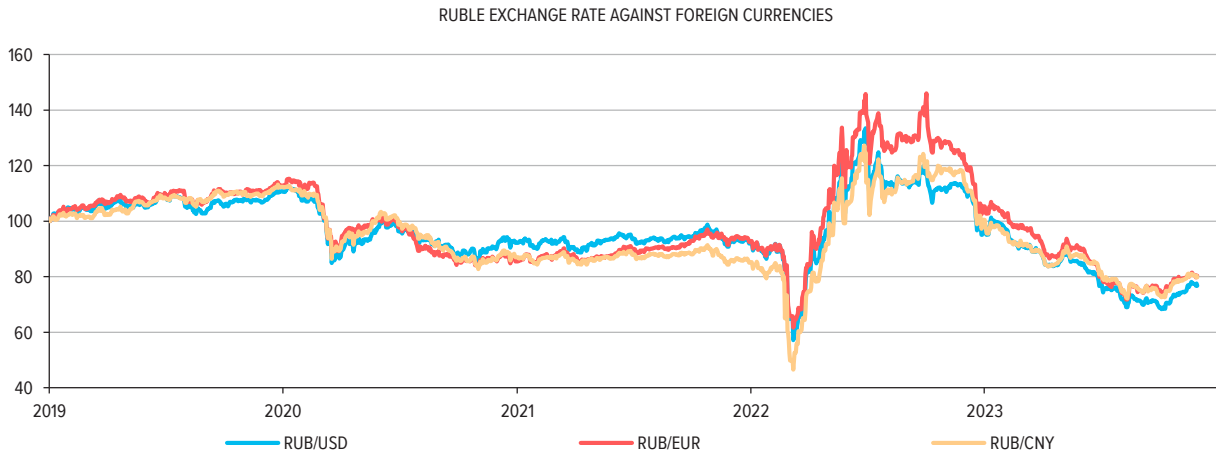
Measure		30.11.2023	1M	3M	6M	YTD	1Y
Russian financial market ('+' – positive trends, '-' – negative trends)							
RUB/USD exchange rate		89,45	4.2	6.8	-10.8	-28.0	-46.6
MOEX Index, bp		3,166	-1.1	-1.5	16.3	47.0	44.9
RTS Index, bp		1,115	3.3	6.0	5.0	14.9	-1.2
Government bond yields, %		11,71	-85	51	165	210	216
Corporate bond yields, %		13,93	13	263	436	421	447
Regional bond yields, %		12,77	-1	211	345	375	373
RVI, p		25	-1	0	-7	-14	-14
Exchange rates (per US dollar, % change, '+' – appreciation, '-' – depreciation)							
AEs*	US Dollar Index	103,50	-3.0	0.3	-0.1	0.0	-3.1
	Euro	1,09	2.9	-0.4	1.1	1.7	5.4
	Japanese yen	148,27	-2.3	1.4	6.8	13.0	6.8
	Pound sterling	1,26	3.9	-0.8	0.8	4.5	5.7
EMEs	Ruble	89,45	4.2	6.8	-10.8	-28.0	-46.6
	Brazilian real	4,92	2.3	-0.7	1.9	6.9	6.8
	Mexican peso	17,37	3.9	-3.7	1.0	10.9	9.7
	Chinese yuan	7,09	3.2	2.0	0.1	-2.7	1.1
	Turkish lira	28,87	-2.0	-8.1	-38.7	-54.3	-54.9
	South African rand	18,85	-1.1	-0.9	4.0	-10.9	-10.9
10-year bond yield (% p.a., change in bp, '+' – growth, '-' – decline)							
AEs	USA	4,37	-51	25	76	49	62
	Germany	2,45	-36	-10	20	-12	53
	Japan	0,65	-29	1	22	24	40
	UK	4,17	-34	-25	6	51	108
EMEs	Russia	11,74	-76	32	85	143	148
	Brazil	10,86	-105	0	-70	-190	-248
	Mexico	9,72	-88	9	63	37	14
	China	2,70	-2	10	-2	-18	-22
	Turkey	25,79	-240	667	1,585	1,602	1,493
	South Africa	9,98	-70	-22	-126	-21	-25
5Y CDS spreads (bp, change in bp, '+' – increase, '-' – decrease)							
AEs	USA	45	-2	25	8	20	15
	Germany	19	-3	2	5	11	11
	Japan	27	-3	5	7	9	9
	UK	35	3	6	16	28	28
EMEs	Brazil	143	-32	-14	-55	-97	-100
	Mexico	96	-20	2	-11	-28	-29
	China	61	-21	-18	-5	-14	-19
	Turkey	321	-63	-35	-238	-169	-189
	South Africa	233	-43	-6	-80	-13	-7
Stock indices (points, % change, '+' – increase, '-' – decrease)							
AEs	S&P 500	4,568	8.92	1.2	8.2	19.0	15.4
	Stoxx 600	462	6.45	0.5	1.4	8.6	5.6
	Nikkei 225	33,487	8.52	3.6	7.5	28.3	19.5
	FTSE 100	7,454	1.80	-0.3	-0.5	0.0	-0.8
EMEs	MSCI EM	987	7.86	-0.1	2.6	3.2	3.6
	Bovespa	127,331	12.54	8.3	15.2	16.0	14.8
	IPC Mexico	54,060	10.19	-0.6	2.5	11.5	7.7
	SSE Composite	3,030	0.36	-3.4	-5.5	-1.9	-3.8
	BIST 100	7,949	5.78	0.4	60.3	44.3	60.2
	FTSE/JSE	75,534	8.44	0.4	-0.3	3.4	3.3

* Advanced economies.

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

THE RUBLE STRENGTHENED MODERATELY IN NOVEMBER
(02.01.2019 = 100)

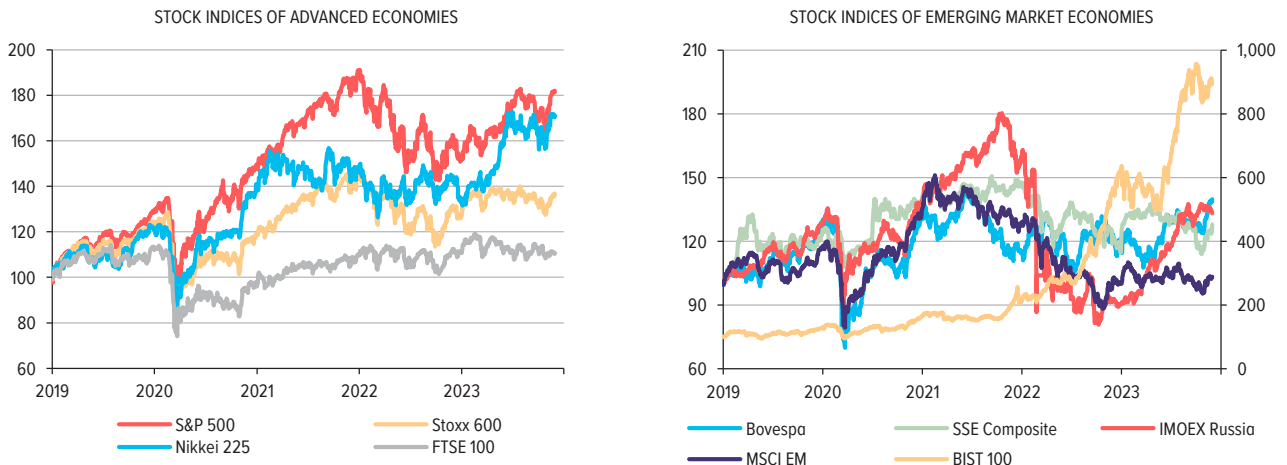
Chart 18



Sources: Cbonds, Bank of Russia calculations.

STOCK INDICES WERE MOSTLY RISING
(02.01.2019 = 100)

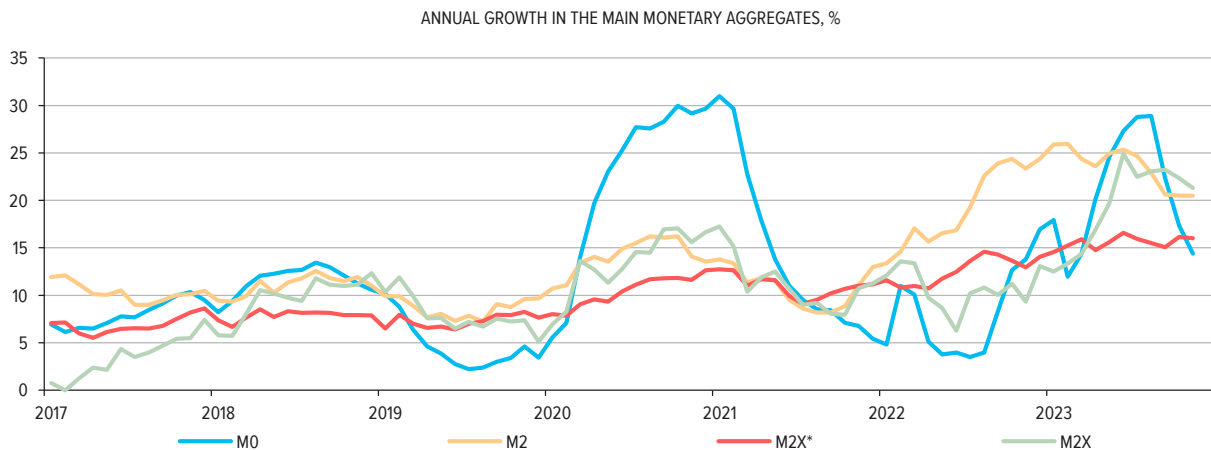
Chart 19



Note. Stock indices are indicated in national currencies.
Sources: Cbonds, Bank of Russia calculations.

MONETARY AGGREGATES CHANGED DIVERSELY IN OCTOBER

Chart 20



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

Data cut-off dates:

- 'Money market and overnight rates (RUONIA)' section – 30 November 2023;
- 'Money and debt market yield curves' and 'Other financial market segments' sections – 30 November 2023;
- 'Credit and deposit market' section – 1 November 2023, high-frequency data – 30 November 2023.

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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