



Bank of Russia



BANKING SECTOR LIQUIDITY AND FINANCIAL MARKETS

No. 6 (40) • June 2019

Information and analytical commentary

12 July 2019

Banking sector liquidity and financial markets: facts, estimates and comments (June 2019)

- The structural liquidity surplus decreased in June. In part, this was caused by further placements of OFZs by Russia's Ministry of Finance, dividend payment to the Bank of Russia by Sberbank, and the repayment of deposits of the Pension Fund of the Russian Federation by credit institutions.
- In June, the spread between short-term interbank interest rates and the Bank of Russia key rate widened somewhat.
- Interest rate spreads in the FX swap and interbank segments narrowed as the current account inflow contracted.
- The decision made by the Bank of Russia Board of Directors on 14 June was in line with the market's expectations. Moreover, many analysts noted an even softer signal. This is confirmed, among other things, by the expectations derived from market quotes, which had shifted downwards compared with the end of May.
- In June, the Russian financial market was positive in the same way as the markets of most other countries. This was mainly associated with the US Fed's meeting during which the monetary authority assumed that monetary policy might be softened this year.
- In May, interest rates in the deposit market continued to decline, while a number of other credit market segments registered signs of a downturn in interest rates.
- The activity in the corporate segment of the credit market has been on the rise as firms continue to replace their FX borrowings with ruble-denominated (mostly long-term) loans. In the retail segment of the market, lending activity decreased slightly in May.

Banking sector liquidity and money market

Ruble liquidity. In June, the structural liquidity surplus dropped by ₹0.3 trillion to ₹2.3 trillion. In part, this was caused by further placements of OFZs by Russia's Ministry of Finance, dividend payment to the Bank of Russia by Sberbank, and the repayment of deposits of the Pension Fund of the Russian Federation (PFR) by credit institutions at the month-end (Chart 1).

Banks tried to defer the required reserves averaging for the second half of the averaging period as they expected that the Bank of Russia Board of Directors would cut the key rate at its meeting on 14 June. In pursuit of this strategy, banks reduced their correspondent account balances and increased supply at the Bank of Russia's deposit auctions at the beginning of the averaging period. After the key rate decision was announced, banks, in contrast, increased their correspondent account balances, among other things, through deposit raising and repos with the Federal Treasury, and cut their supply

at the Bank of Russia's deposit auctions. Furthermore, ₹148 billion of PFR funds were repeatedly deposited with banks in early July; this created an additional liquidity inflow by the end of the averaging period.

As of the end of June, banks' outstanding liabilities on deposits and repos with the Federal Treasury were offset by a seasonal drop in bank deposits of Russian constituents (Chart 4). The increase in cash in circulation triggered an additional liquidity outflow from banks.

Money market. The spread between short-term interbank rates and the Bank of Russia key rate expanded somewhat to -14 bp (-8 bp in the May averaging period) (Chart 2); the spread volatility remained virtually unchanged at 14 bp. Despite the fact that market participants expected a key rate cut in the current averaging period, banks' high demand for the Bank of Russia's deposit auctions helped bring the interbank interest rates closer to the key rate. Tax payments by bank customers in late June failed to have a lasting effect on interest rates because the tax period coincided with the end

of operational week,¹ and market participants could promptly settle their positions.

FX liquidity. Interest rate spreads in the FX swap and interbank (basis) segments narrowed on average to 17 bp (31 bp in the May averaging period) (Chart 3). The basis narrowed as major banks which service exporters reduced FX lending after the fiscal rule-based inflow to the current account of the balance of payments reduced in May amid a rise in oil prices.

End-2019 forecast of the structural liquidity surplus has been kept at ₺3.0-3.3 trillion (Table 2). However, its seasonal decline is expected in July-November 2019. Liquidity will outflow primarily through the budget channel due to uneven budget expenditures and moderate

demand from banks for Federal Treasury operations (which will only partially offset the outflow), as well as further OFZ placements by Russia's Ministry of Finance. Given the expected decrease in the surplus, the Bank of Russia plans to temporarily reduce coupon bond placements to maintain deposit auctions at the level which is comfortable for liquidity management.

The decision of the Bank of Russia Board of Directors to cut the key rate made at the meeting on 14 June was in line with the market's expectations. Moreover, many analysts noted a considerably softer signal. This is also confirmed by the expectations derived from market quotes, which had shifted downwards compared with the end of May.

¹ An operational week means the period from the settlement date of the latest weekly deposit auction until the date of the next weekly auction (in standard conditions, from Wednesday of the current week until Tuesday of the following week inclusive).

MARKET PARTICIPANTS EXPECT FASTER MONETARY POLICY EASING

Table 1

1. Expectations based on market indicators (as of month-end)* interest rate (instrument)	September 2019	December 2019
– MosPrime 3M (FRA)	7.80 (7.87)	7.66 (7.71)
– RUONIA (ROISfix)	7.38 (7.48)	7.21 (7.50)
– RUONIA (futures)	7.35 (7.56)	7.23 (7.56)
2. Analysts' expectations for the key rate*	As of 30 September 2019	As of 31 December 2019
– Bloomberg survey	7.25 (7.50)	7.125 (7.25)
– Reuters survey	7.25 (7.50)	7.25 (7.25)
3. Implied inflation rate (OFZ-IN)	June 2019	
– OFZ-IN-52001 (until 16 August 2023)	3.90 (4.22)	
– OFZ-IN-52002 (until 2 February 2028)	3.89 (4.29)	

* Data for the end of the current and previous month (in brackets).
Source: Bank of Russia calculations.

END-2019 FORECAST OF THE STRUCTURAL LIQUIDITY SURPLUS HAS BEEN KEPT AT ₺3.0-3.3 TRILLION,
A SEASONAL DECLINE IS EXPECTED IN JULY-NOVEMBER 2019 (TRILLIONS OF RUBLES)

Table 2

	January-June 2019	June 2019	2019 (forecast)
1. Liquidity factors (supply)	-0.2	-0.1	[0.3; 0.6]
– change in the balances of general government accounts with the Bank of Russia, and other operations*	-0.9	-0.1	[0.6; 0.8]
– change in cash in circulation	0.4	-0.1	[-0.5; -0.4]
– Bank of Russia interventions in the domestic FX market and monetary gold purchases**	0.3	0.0	0.3
– regulation of banks' required reserves with the Bank of Russia	0.0	0.0	0.0
2. Change in free bank reserves (correspondent accounts) (demand)	0.5	0.2	0.3
3. Change in banks' claims on deposits with the Bank of Russia and coupon OBRs	-0.7	-0.3	[0.0; 0.3]
4. Change in outstanding amounts on Bank of Russia refinancing operations (4 = 2 + 3 – 1)	0.0	0.0	0.0
Structural liquidity deficit (+) / surplus (-) (as of the period-end)	-2.3		[-3.3; -3.0]

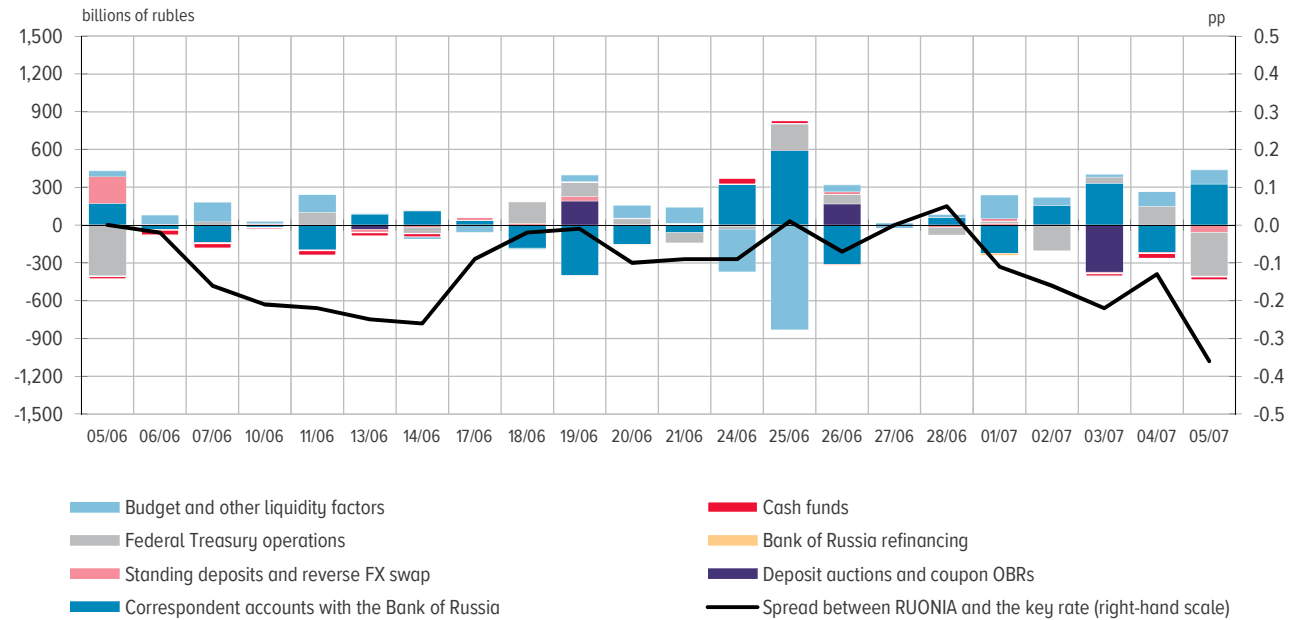
* Including operations to buy (sell) foreign currency in the domestic FX market under the fiscal rule, settlements on Bank of Russia USD/RUB FX swaps, and other operations.

** Forecast values of the indicator correspond to the actual volume of operations conducted.

Source: Bank of Russia calculations.

IN JUNE 2019, A CONSIDERABLE OUTFLOW OF FUNDS FROM THE BANKING SECTOR WAS CAUSED BY FURTHER PLACEMENTS OF OFZS BY RUSSIA'S MINISTRY OF FINANCE, DIVIDEND PAYMENT TO THE BANK OF RUSSIA BY SBERBANK, AND THE REPAYMENT OF DEPOSITS OF THE PENSION FUND OF THE RUSSIAN FEDERATION BY CREDIT INSTITUTIONS

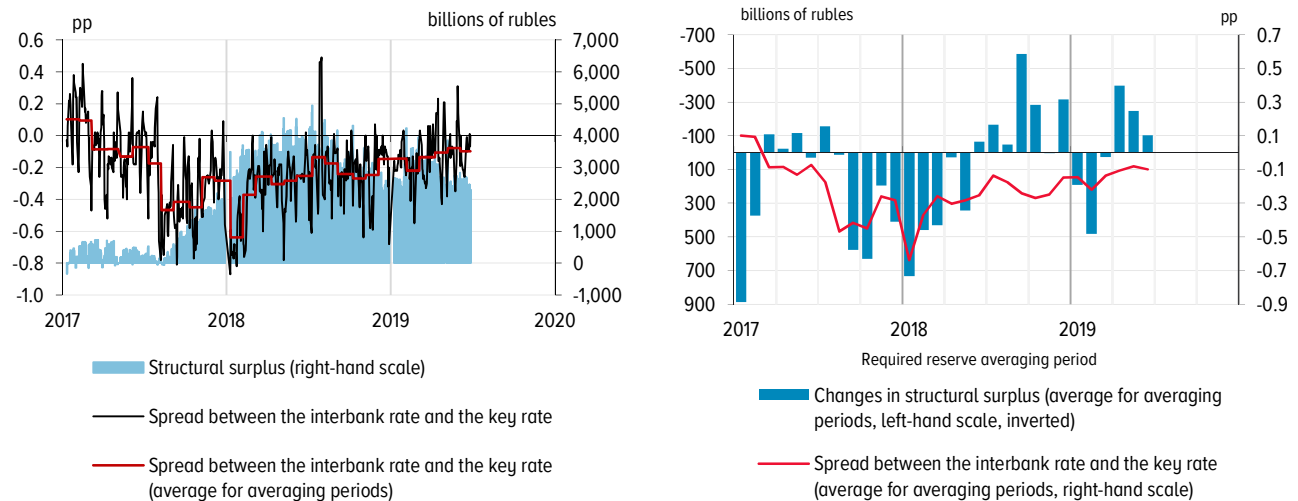
Chart 1



Source: Bank of Russia calculations.

INTERBANK LENDING RATES FORMED NEAR THE KEY RATE IN THE LOWER RANGE OF THE BANK OF RUSSIA INTEREST RATE CORRIDOR

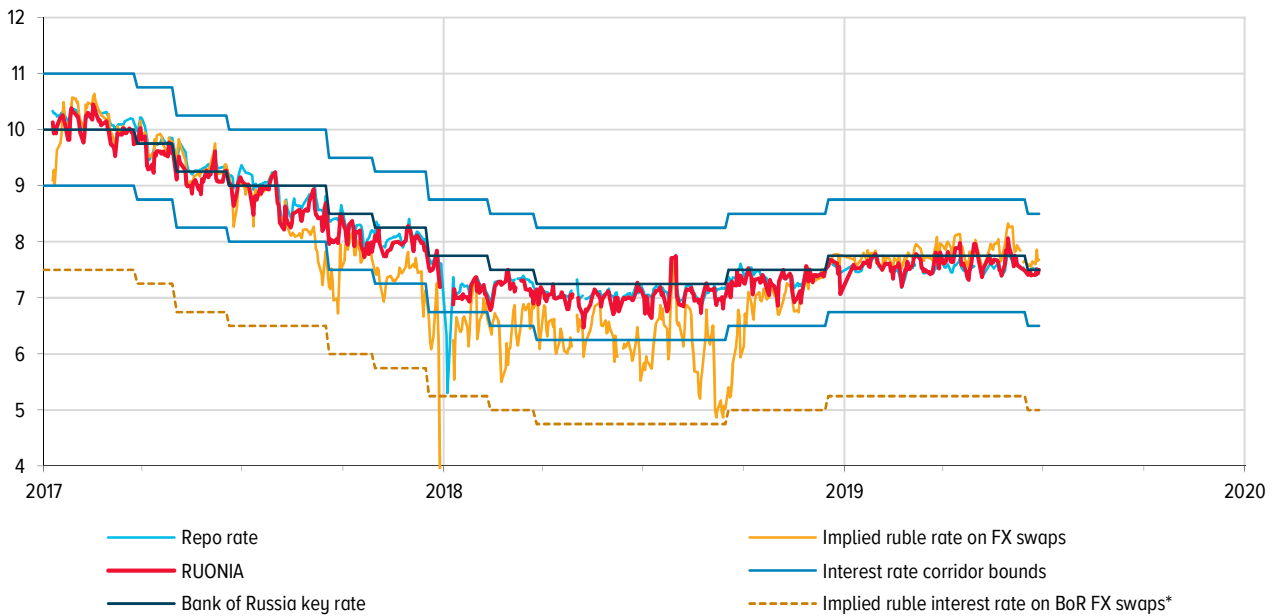
Chart 2



Source: Bank of Russia calculations.

INTEREST RATE SPREAD IN THE FX SWAP AND INTERBANK SEGMENTS SHRANK (PP)

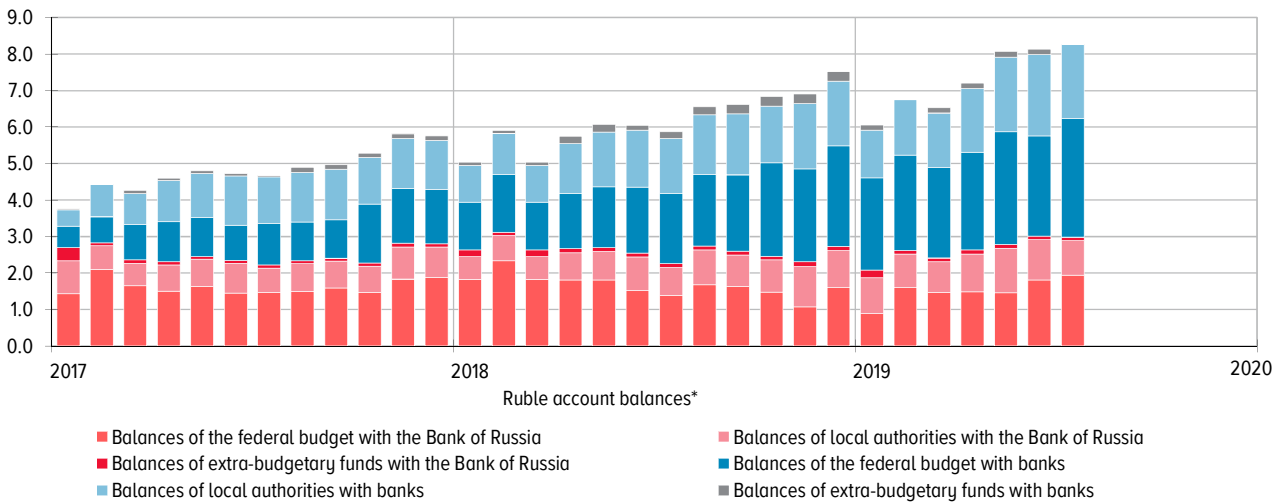
Chart 3



* Implied rate = ruble lending rate - FX borrowing rate + LIBOR (from 19 December 2016: key rate – 1 pp – (LIBOR + 1.5 pp) + LIBOR = key rate – 2.5 pp).
Source: Bank of Russia calculations.

AS OF THE END OF JUNE, BANKS' OUTSTANDING LIABILITIES ON DEPOSITS AND REPOS WITH THE FEDERAL TREASURY WERE OFFSET BY A SEASONAL DROP IN BANK DEPOSITS OF RUSSIAN CONSTITUENTS (TRILLIONS OF RUBLES)

Chart 4



* According to data from banking reporting form 0409301 'Indicators characterising the performance of a credit institution'.
Source: Bank of Russia calculations.

IN JUNE 2019, THE BANKING SECTOR'S STRUCTURAL LIQUIDITY SURPLUS DECREASED
(START OF BUSINESS, TRILLIONS OF RUBLES)

Table 3

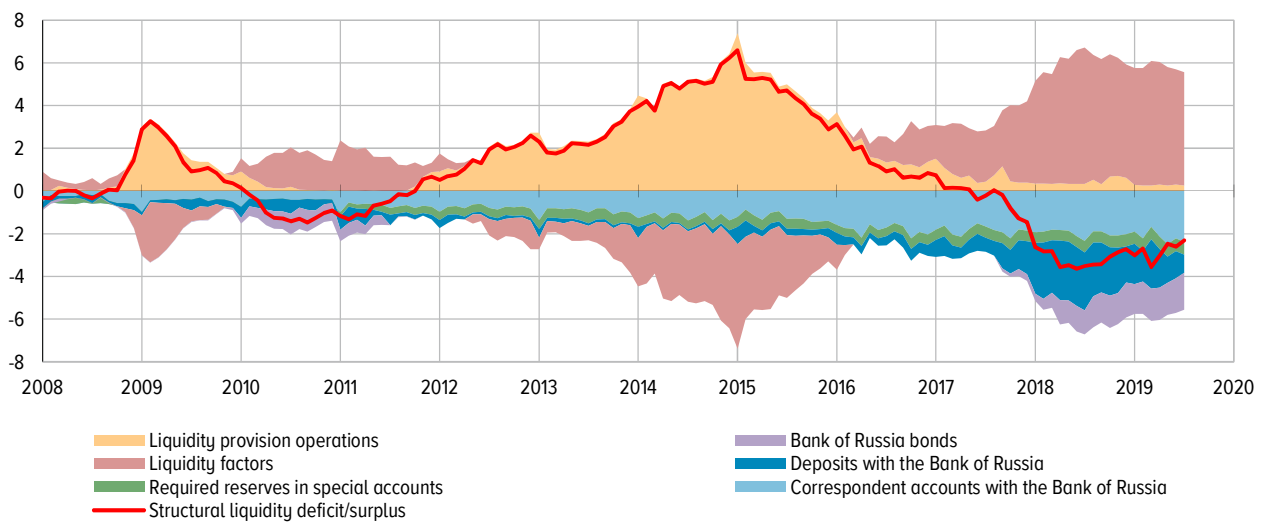
	1 January 2017	1 January 2018	1 January 2019	1 June 2019	1 July 2019
Structural liquidity deficit (+) / surplus (-)	0.7	-2.6	-3.0	-2.6	-2.3
Bank of Russia claims on credit institutions	1.3	0.0	0.0	0.0	0.0
Auction-based facilities	0.2	-	-	-	-
– repo and FX swap	-	-	-	-	-
– secured loans	0.2	-	-	-	-
Fixed interest rate facilities	1.0	0.0	0.0	0.0	0.0
– repo and FX swap	0.6	0.0	0.0	0.0	0.0
– secured loans	0.4	0.0	0.0	0.0	0.0
Credit institutions' claims on the Bank of Russia	0.8	2.7	3.3	2.9	2.6
Deposits	0.8	2.4	1.9	1.3	0.9
– auction-based	0.4	2.1	1.5	1.1	0.7
– fixed interest rate	0.4	0.2	0.4	0.2	0.2
Bank of Russia bonds	0.0	0.4	1.4	1.6	1.7
Standing reverse facilities other than Bank of Russia standard monetary policy instruments*	0.3	0.1	0.3	0.2	0.2

* These transactions include Bank of Russia specialised refinancing instruments, Bank of Russia loans issued under irrevocable credit lines, and USD/RUB and EUR/RUB sell/buy FX swaps.

Source: Bank of Russia calculations.

BANK OF RUSSIA BALANCE SHEET
(TRILLIONS OF RUBLES)

Chart 5



Source: Bank of Russia calculations.

Foreign exchange and stock market

In June, quotes in the Russian market was positive in the same way as in the markets of most other countries. This was primarily associated with the outcome of the US Fed's meeting during which the regulator assumed that monetary policy might be softened this year.

Foreign exchange rate. In June, the ruble strengthened by 3.4% (from ₺65.43 to ₺63.23 per US dollar). According to the Bank of Russia's model estimates, the main contribution came from an overall appreciation of emerging market (EME) currencies as risk appetite increased after the US Fed's meeting (Chart 6). Furthermore, the ongoing inflow of non-residents' funds into OFZs and the rising sales of foreign currency by exporters helped strengthen the ruble. The latter factor could be connected with the conversion of FX revenues for dividend payments.

Country risk premium. Russia's CDS spread shrank during the month by 17 bp, to 113 bp (Chart 7). The lowest indicator was registered on 21 June, when the CDS spread dropped to 108 bp during the trading day, which corresponded to the level seen in March 2018 (before the US imposed sanctions in April). Thus, market participants do not expect the sanction rhetoric to enhance in the near future. Other EMEs demonstrated similar dynamics of CDS spreads. Turkey showed the most pronounced reduction of the CDS spread (-90 bp) on the back of the outcome of the Istanbul major elections which investors regarded as positive.

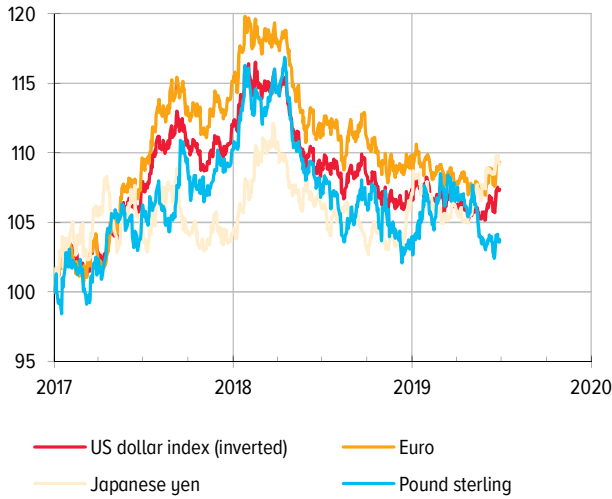
OFZ. Yields continued to decline in the government bond market amid the expected and actual monetary policy easing by the Bank of Russia and extensive OFZ purchases by foreign investors. In June, the OFZ yield curve shifted downwards by 30-60 bp depending on maturity (Chart 8). Yields dropped the most pronouncedly at the far end of the curve due to a traditionally high demand for longer-term bonds from foreign investors. Following the restriction imposed by Russia's Ministry of Finance on auction-based securities offering at the end of 2019 Q2, non-residents intensified OFZ purchases in the secondary market. The exchange data suggest that their net purchases in this segment totalled ₺53 billion in June, which is the highest reading since January 2018. The largest purchases (₺26 billion) fell on the three trading days after the US Fed's meeting. Foreign investors tentatively increased their OFZ investments by ₺89 billion overall over the month.

Stocks. Russian stock indices continued to rise in June amid positive dynamics in advanced economies and emerging markets (Chart 9). The MOEX index hit a new historical high after adding 3.8%. The RTS index rose by 7.3% returning to the level seen in July 2014. In contrast with May performance, when index growth was largely underpinned by securities of oil and gas companies, the situation in June was more balanced. Shares of most market sectors registered growth, the mining and quarrying, telecommunications and energy sectors made a sizeable contribution to index growth together with the oil and gas sector.

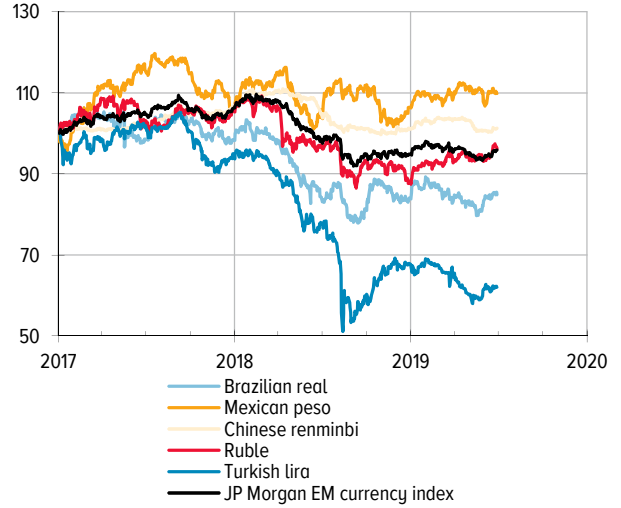
THE APPRECIATION OF EME CURRENCIES WAS THE MAIN CONTRIBUTOR TO GROWTH OF THE RUBLE EXCHANGE RATE*
(3 JANUARY 2017 = 100)

Chart 6

ADVANCED ECONOMY CURRENCY RATES



EMERGING MARKET ECONOMY CURRENCY RATES

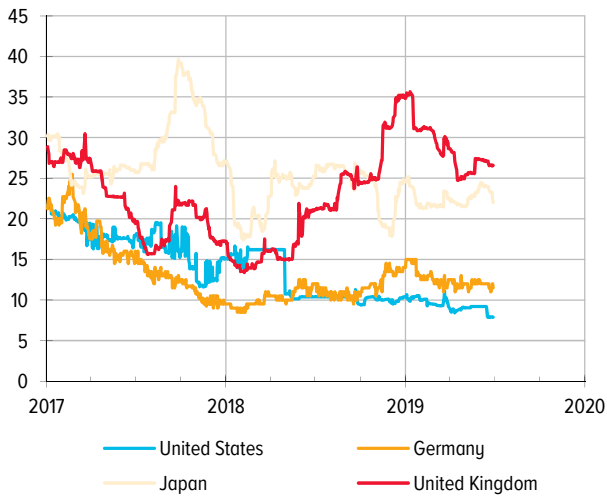


* Against the US dollar. Inverted exchange rate.
Sources: Bloomberg, Bank of Russia calculations.

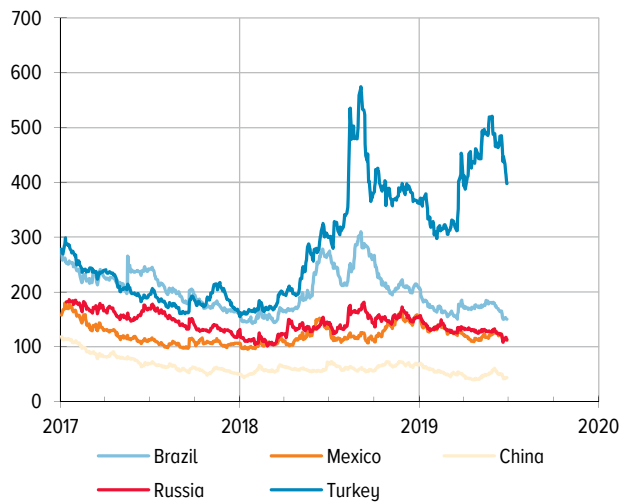
RUSSIA'S CDS SPREAD DECLINED BY 17 BP,
TO THE LOWEST READINGS OF MARCH 2018
(BP)

Chart 7

CDS OF ADVANCED ECONOMIES



CDS OF EMERGING MARKET ECONOMIES

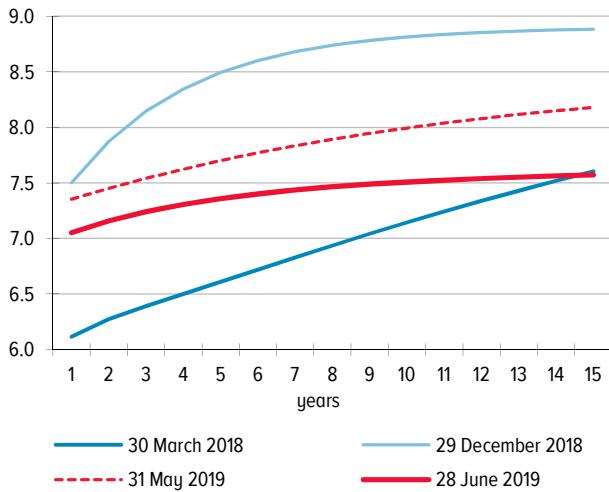


Sources: Bloomberg, Thomson Reuters, Bank of Russia calculations.

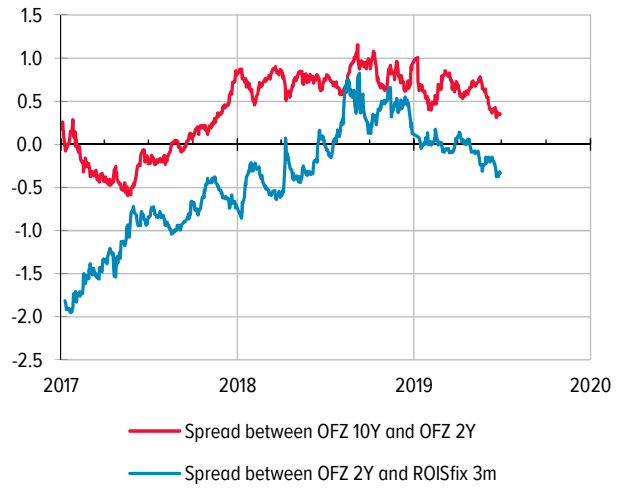
THE OFZ YIELD CURVE SHIFTED DOWNWARDS BY 30-60 BP AMID A LIMITED SUPPLY FROM RUSSIA'S MINISTRY OF FINANCE AND A RISING DEMAND OF NON-RESIDENTS FOR BONDS IN THE SECONDARY MARKET

Chart 8

OFZ ZERO COUPON YIELD CURVE (% P.A.)



SPREADS (BP)

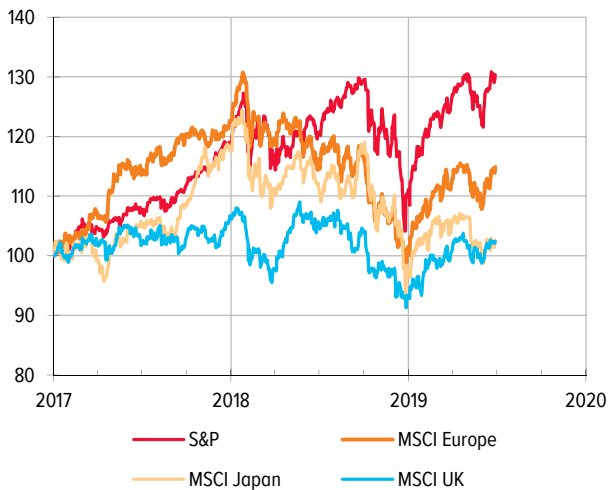


Source: PJSC Moscow Exchange.

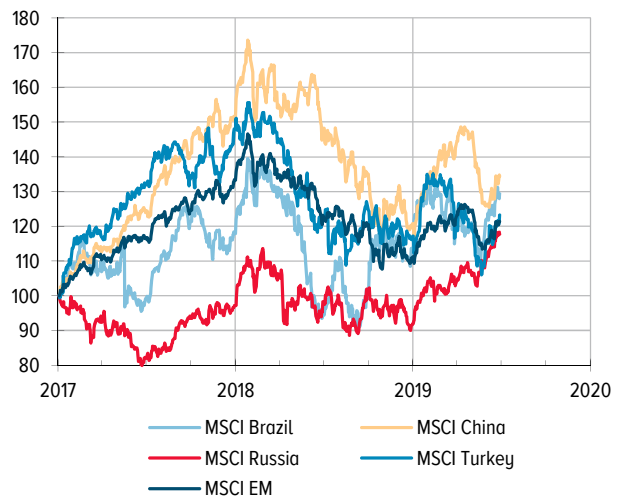
STOCK INDICES OF MOST COUNTRIES SHOWED A SIGNIFICANT RISE (3 JANUARY 2017 = 100)

Chart 9

ADVANCED ECONOMY STOCK INDICES



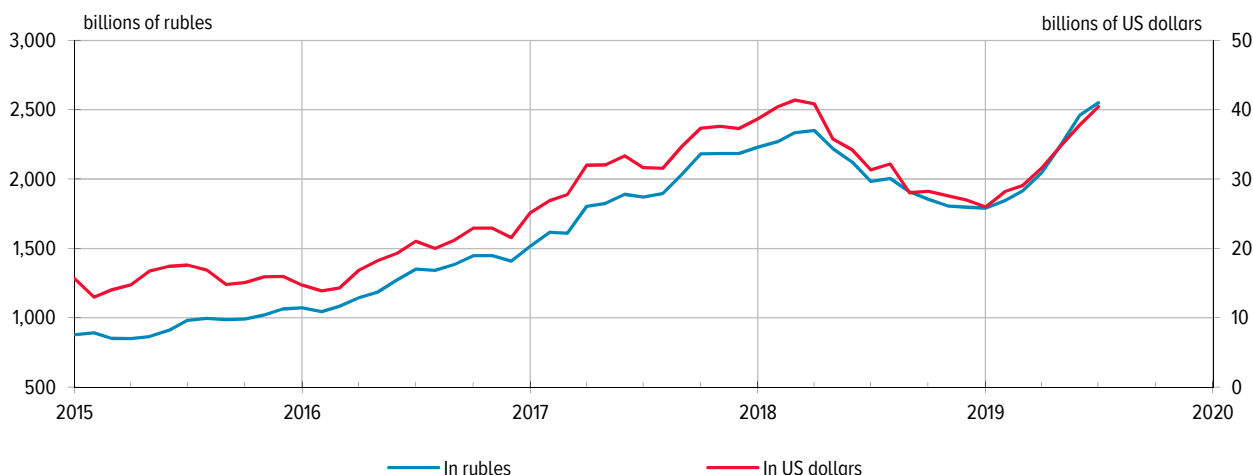
EMERGING MARKET ECONOMY STOCK INDICES



Sources: Bloomberg, Bank of Russia calculations.

IN JUNE, OFZ INVESTMENTS OF NON-RESIDENTS CONTINUED TO GROW
NOMINAL VALUE OF OFZ HELD BY NON-RESIDENTS

Chart 10



Source: Bank of Russia calculations.

MOST SEGMENTS OF THE RUSSIAN MARKET SAW PRICE GROWTH

Table 4

Indicator		28 June 2019	1M	3M	6M	YTD	1Y
Russian financial market							
RUB/USD exchange rate		63.21	3.4	3.9	10.0	10.0	-0.3
MOEX Index		2,766	3.8	10.8	17.3	17.3	22.7
RTS index		1,381	7.3	15.2	29.5	29.5	22.7
Government bond yield		7.25	-49.0	-86.0	-116.0	-116.0	-35.0
Corporate bond yield		8.05	-38.0	-75.0	-110.0	-110.0	34.0
Regional bond yield		8.15	-30.0	-50.0	-58.0	-58.0	59.0
CDS spread		113	-17.3	-21.0	-40.4	-40.4	-31.5
RVI		22	0.7	0.0	-5.0	-5.0	-3.6
Exchange rates (per US dollar, percent change, '+' - appreciation, '-' - depreciation)							
AEs*	US dollar index	96.13	-1.7	-1.2	-0.3	-0.3	0.9
	Euro	1.14	1.8	1.4	-0.6	-0.6	-1.6
	Japanese yen	107.85	0.4	2.7	2.2	2.2	2.2
	Pound sterling	1.27	0.5	-2.6	0.0	0.0	-3.2
EMEs	JP Morgan EM currency index	62.86	2.2	0.5	1.0	1.0	-2.2
	Ruble	63.21	3.4	3.9	10.0	10.0	-0.3
	Brazilian real	3.85	1.9	1.9	0.9	0.9	0.3
	Mexican peso	19.22	2.0	1.1	2.3	2.3	5.0
	Chinese renminbi	6.87	0.6	-2.2	0.2	0.2	-3.8
	Turkish lira	5.79	0.8	-3.9	-9.0	-9.0	-20.2
	South African rand	14.09	3.5	2.9	2.5	2.5	-1.6
10-year bond yield (% p.a., change in bp, '+' - growth, '-' - decline)							
AEs	United States	2.01	-12	-40	-71	-71	-82
	Euro area	-0.33	-13	-26	-57	-57	-65
	Japan	-0.16	-6	-7	-16	-16	-20
	United Kingdom	0.83	-5	-17	-44	-44	-41
EMEs	Russia	7.42	-50	-97	-128	-128	-34
	Brazil	7.45	-100	-151	-178	-178	-446
	Mexico	7.57	-44	-44	-112	-112	-13
	China	3.23	-6	17	-7	-7	-33
	Turkey	16.22	-200	-159	14	14	-33
	South Africa	8.82	-29	-33	12	12	12

CDS spreads (% p.a., change in bp, '↑' - growth, '↓' - decline)							
AEs	United States	8	-1	-1	-2	-2	-2
	Euro area	12	-1	-1	-3	-3	-1
	Japan	22	-2	0	-3	-3	-3
	United Kingdom	27	-1	-2	-9	-9	5
EMEs	Russia	113	-17	-21	-40	-40	-32
	Brazil	150	-31	-29	-60	-60	-117
	Mexico	112	-20	-13	-45	-45	-24
	China	44	-15	-6	-24	-24	-23
	Turkey	398	-90	-42	35	35	92
	South Africa	168	-34	-35	-55	-55	-44
Stock indices (points, per cent change, '↑' - growth, '↓' - decline)							
AEs	S&P	2,942	6.9	3.8	18.3	18.3	9.0
	MSCI Europe	1,683	6.5	2.9	13.6	13.6	-0.5
	MSCI Japan	936	2.8	-1.8	4.6	4.6	-8.7
	MSCI UK	2,139	3.7	2.0	9.8	9.8	-2.8
EMEs	MSCI EM	1,055	5.7	-0.3	9.6	9.6	0.3
	MSCI Russia	732	6.9	14.4	28.9	28.9	22.9
	MSCI Brazil	2,219	6.1	6.6	13.9	13.9	38.4
	MSCI Mexico	4,623	2.8	-0.2	5.1	5.1	-6.7
	MSCI China	79	6.9	-5.7	12.1	12.1	-7.1
	MSCI Turkey	1,316,315	6.5	3.4	6.0	6.0	1.3
	MSCI South Africa	1,414	2.8	3.4	8.2	8.2	5.2

* Advanced economies.

Sources: Bloomberg, PJSC Moscow Exchange, Cbonds.ru, Bank of Russia calculations.

Credit and deposit market

Deposit rates. The fall in the bond yields, expectations of a further inflation reduction and the Bank of Russia key rate cut, which materialised in June, helped decrease rates on banking operations in 2019 Q2 (Chart 11). Preliminary data suggest that the market average rate on both long-term and short-term ruble deposits dropped by 0.1 pp in May. The Bank of Russia key rate cut in June has set the ground for a further smooth reduction in deposit rates, which is contained by banks' competition for depositors.

Deposit operations. In May 2019, bank deposits remained attractive for households. As of the month-end, annual growth in household deposits with banks reached 7.0% (as of the beginning of May, 6.8%).² As in previous months, depositors retained interest in FX deposits. Their contribution to annual growth in household deposits continued to expand (Chart 12) but remained moderate. According to preliminary data, funds inflow to FX deposits accounted for approximately a quarter of total household deposit growth in June.

The trend towards the replacement of short-term ruble deposits with long-term ones resumed in May after a suspension in April. As of the end of May, growth in long-term ruble deposits came in at 11.9% (in short-term deposits, 3.7%).

Credit rates. In the second quarter, the credit market saw the first signs of transition to reduction of interest rates on ruble operations (Chart 11). In April 2019, the interest rate on long-term corporate loans fell by 15 bp, and on short-term ones by 6 bp. Preliminary data suggest that interest rates on long-term car loans went down slowly in April-May (by 6 bp over the two months), and the market average mortgage rate reduced intangibly in May (by 2 bp). Despite the

fact that lending rates fell only slightly and not all market segments registered the reduction, ruble rates on core credit products may be expected to decline in the short run. A steady decrease in deposit rates that reduces the cost of bank funding makes more room for banks to cut lending rates, and the ongoing competition for high credit quality borrowers forces them to take these opportunities. In June, more than ten major banks operating in the mortgage market decided to cut interest rates on mortgage programmes or introduced new mortgage products with attractive conditions (including price conditions).

Corporate lending. In May 2019, banks increased corporate lending (in May 2018, the corporate loan portfolio contracted). As a result, annual growth rates of loans to non-financial organisations came in at 6.2% at the beginning of June, which is a four-year high (Chart 13). Russian corporate borrowers continued to replace FX loans with ruble loans: annual growth of the ruble loan portfolio totalled 11.8%, whereas the portfolio of FX loans shrank by 7.4%. Long-term lending grew at a fast pace in the ruble segment of the market. As of the end of May, annual growth in the portfolio of ruble loans for more than one year totalled 12.1% (6.1% for short-term loans). In the FX segment of the market, it was the portfolio of short-term loans that contracted at the fastest pace.

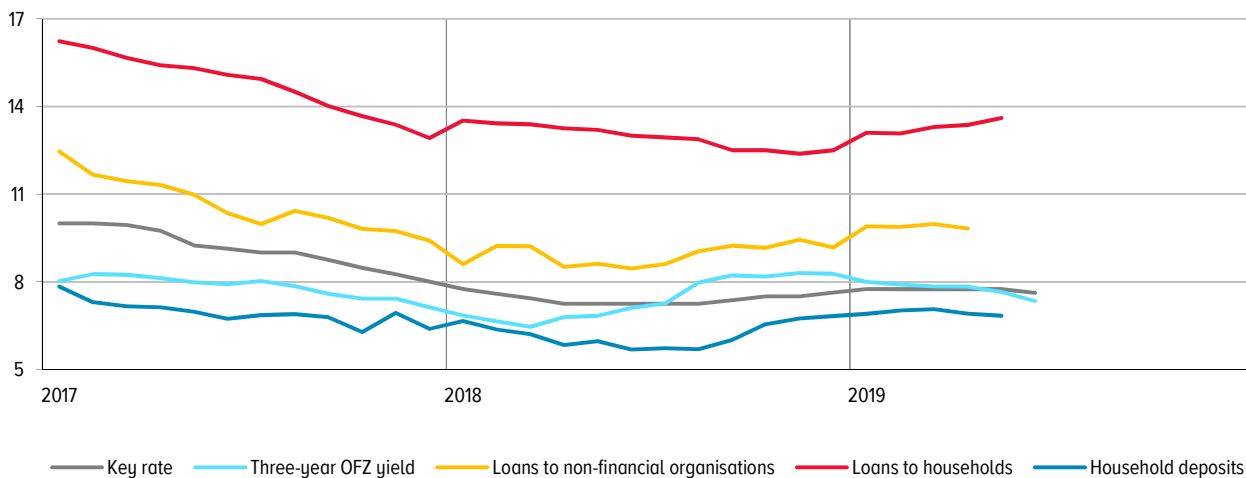
The emerging reduction of interest rates on corporate loans and growth in corporate borrowers' demand for loans predicted by banks (Chart 15) allow us to expect a further rise in activity in the corporate segment of the market.

Retail lending. In May, growth of retail lending seen in the past years stopped to accelerate. As of the beginning of June, annual growth in the retail loan portfolio came in at 23.3% (a month earlier, 23.8%). The activity in the retail segment of the credit market was reduced by both mortgage and consumer lending (Chart 14). In the second half of the year, growth in retail lending may be expected to slow down further as households accumulate credit liabilities and macroprudential measures aimed at containing individual segments of the retail lending market are implemented.

² Here and elsewhere, growth of banks' balance sheet indicators is calculated based on reporting data of operating credit institutions included in the State Register as of the reporting date. Growth in FX assets and liabilities is calculated in US dollar terms. To analyse funds flows between banks and their customers, when calculating growth of balance sheet indicators which include FX and ruble components, growth of the FX component is converted into rubles using the period average exchange rate.

LENDING RATES HAVE STARTED TO DECLINE BY MAY, WHILE DEPOSIT RATES CONTINUE TO GO DOWN FOR THE SECOND MONTH IN A ROW AS BOND YIELDS CONTRACT

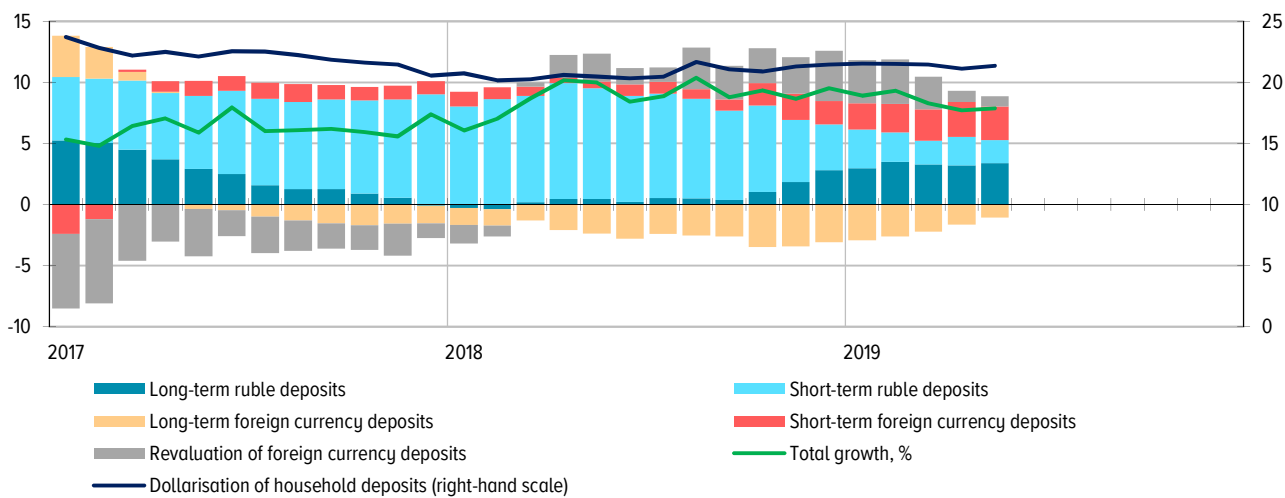
Chart 11



Source: Bank of Russia.

HOUSEHOLDS RETAIN INTEREST IN FX DEPOSITS
CONTRIBUTION OF INDIVIDUAL COMPONENTS TO ANNUAL GROWTH OF HOUSEHOLD DEPOSITS (PP)

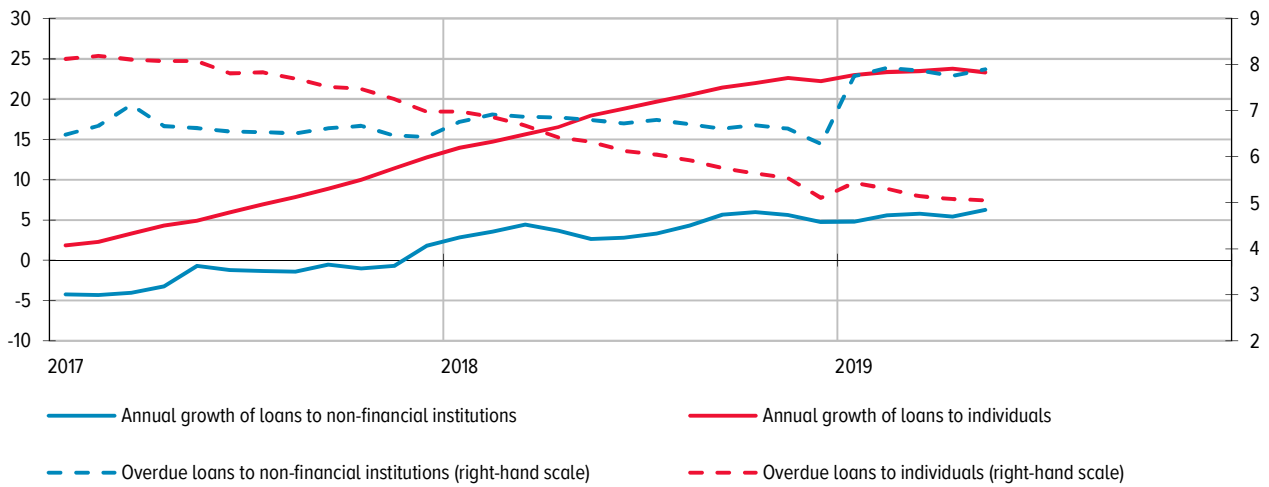
Chart 12



Source: Bank of Russia calculations.

LENDING TO HOUSEHOLDS HAS REMAINED THE MAIN DRIVER OF CREDIT MARKET GROWTH RUSSIAN CREDIT MARKET INDICATORS

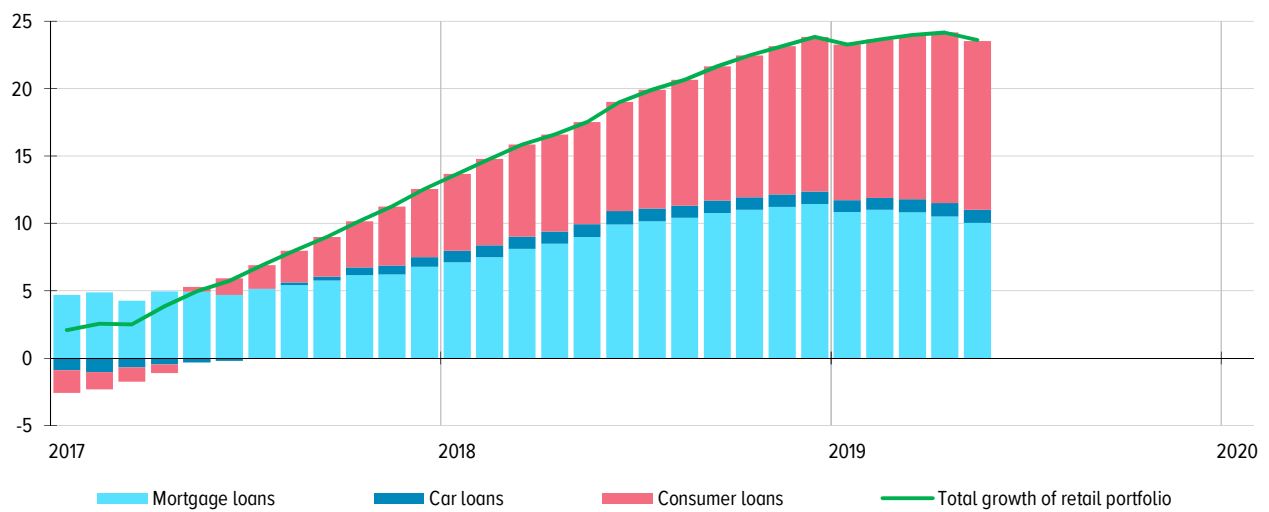
Chart 13



Source: Bank of Russia calculations.

IN MAY 2019, GROWTH IN RETAIL LENDING SLOWED DOWN DUE TO BOTH CONSUMER AND MORTGAGE LENDING CONTRIBUTION OF INDIVIDUAL COMPONENTS TO ANNUAL GROWTH OF RETAIL LOAN PORTFOLIO* (PP)

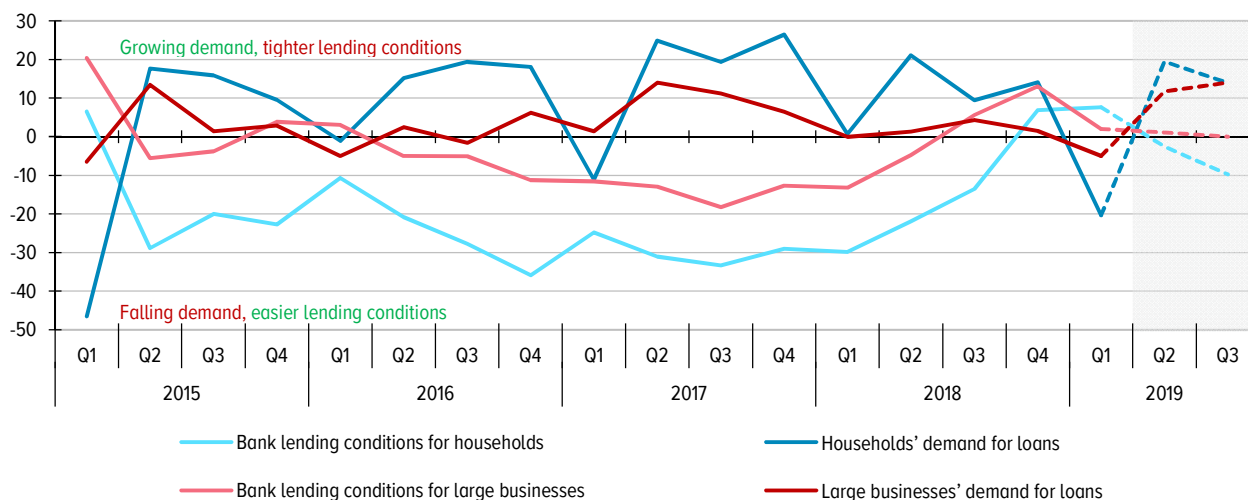
Chart 14



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

IN THE SHORT TERM, RUSSIAN BANKS EXPECT FURTHER GROWTH IN DEMAND FOR LOANS LENDING CONDITIONS AND DEMAND FOR LOANS INDICES (PP)

Chart 15



Source: Bank of Russia.

CREDIT AND DEPOSIT MARKET INDICATORS

Table 5

		February 2019	March 2019	April 2019	May 2019
Rates on long-term ruble-denominated bank operations*					
– household deposits	% p.a.	7.0	7.1	6.9	–
– loans to households	% p.a.	13.1	13.3	13.4	–
– corporate loans	% p.a.	9.9	10.0	9.8	–
Household deposits	% YoY, AFCR	5.7	5.6	6.8	7.0
– in rubles	% YoY	7.5	6.6	7.0	6.7
– in foreign currency	% YoY	-1.2	1.6	5.8	8.1
– dollarisation	%	21.5	21.5	21.1	21.3
Loans to non-financial organisations	% YoY, AFCR	5.6	5.7	5.4	6.2
– short-term (less than 1 year)	% YoY, AFCR	-2.0	2.7	-1.0	1.3
– long-term (more than 1 year)	% YoY, AFCR	6.1	5.2	5.8	5.9
– overdue loans	%	7.9	7.9	7.8	7.9
Loans to households	% YoY, AFCR	23.4	23.5	23.8	23.3
– housing mortgage loans	% YoY, AFCR	24.8	24.2	23.5	22.6
– unsecured consumer loans	% YoY	23.7	24.2	25.2	24.9
– overdue loans	%	5.3	5.1	5.1	5.0

Note: YoY – on corresponding period of previous year, AFCR – adjusted for foreign currency revaluation. The Marshall-Edgeworth decomposition is used to make the adjustment for FX revaluation.

Source: Bank of Russia calculations.

Cut-off dates:

- 'Banking sector liquidity and money market' section – 9 July 2019 (reserve requirements are an important part of the Bank of Russia's instruments to manage banking sector liquidity and money market rates. Therefore, the analysis of the effectiveness of the Bank of Russia's monetary policy operational procedure should take into account required reserves averaging periods. In June-July 2019, this period is from 5 June 2019 to 9 July 2019);
- 'Foreign exchange and stock market' section – 30 June 2019;
- 'Credit and deposit market' section – 1 June 2019.

A soft copy of information and analytical commentary is available on the Bank of Russia website (<http://www.cbr.ru/> DKP/). Please send your comments and suggestions to svc_analysis@cbr.ru.

This commentary is prepared by the Monetary Policy Department.

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