



Bank of Russia



RUSSIA'S BALANCE OF PAYMENTS

No. 2 (19) • 2024 Q2

Information and analytical commentary

18 July 2024

RUSSIA'S BALANCE OF PAYMENTS (2024 Q2)¹

- Over 2024 Q2, the current account surplus expanded year-on-year (YoY) primarily as a result of shrinking imports and a reduction in the primary and secondary income deficit.
- The value of exports increased, driven by higher crude prices, growing external demand, and supply diversification. Contrastingly, export quantities contracted slightly due to foreign restrictions on Russian metals. In addition, exports were contained by voluntary oil production and export cuts.
- The value of imports continued to trend downwards YoY. The positive contribution of domestic demand was wiped out by the negative effect of logistics issues. The decrease in goods imports was also associated with import substitution to a certain extent.
- In 2024 Q2, the financial account surplus expanded YoY, driven by increasing foreign assets, including because of longer time lags in foreign trade settlements.

Current account

The current account surplus increased from \$8 billion in 2023 Q2 to \$18 billion in 2024 Q2 because of decreased imports (-6% YoY) in the conditions of complicated logistics. Furthermore, the expansion of the current account surplus was driven by growing exports (+1% YoY) amid rising crude prices. Another contributor was the reduction in the primary and secondary income deficit resulting from a decrease in investment income payable to non-residents due to a decline in their equity stakes in Russian companies and banks and lower amounts of declared dividends, as well as rescheduling of dividend payments.

However, the current account surplus shrank compared to the previous quarter (\$23 billion), which was associated with a seasonal expansion of imports. Besides, a significant factor was the increase in the primary income deficit attributed to Russian companies' seasonal dividend payments to investors, including foreign ones.

Goods and services exports

Goods exports. The value of goods exports resumed an upward trend, rising by 1% YoY over 2024 Q2, compared to a 4% decline YoY in 2024 Q1. The increase was driven by higher crude prices and growing external demand amid the expansion of the world economy. As before, exports were supported by the redirection of supplies from Europe to other countries. According to the Federal Customs Service (FCS) of Russia, over January–May 2024, Europe's share in Russian exports plummeted from 24% to 15% YoY, whereas Asia's share was up from 68% to 76% YoY. Russian exports to other regions, including Africa, trended upwards as well.²

The quarter-on-quarter (QoQ) growth in the value of exports over 2024 Q2 was driven by higher global prices for many commodities.

Crude and petroleum products. The rise in global crude prices contributed to the increase in the value of oil exports in 2024 Q2. As reported by the World Bank, over 2024 Q2, the Brent crude price went up to \$85 per barrel on average, that is, by 8% YoY and 2% QoQ. Moreover, the price for Russian Urals crude rose more significantly, namely by 31% YoY and 5% QoQ, reaching \$69 per barrel. The discount

¹ The commentary on the balance of payments includes a preliminary estimate of its indicators in 2024 Q2.

² The calculation is based on the [Results of Foreign Trade with All Countries \(January–May 2024\)](#) published by the FCS of Russia on its website.

of Urals to Brent contracted to 19% in 2024 Q2, as compared to 21% in 2024 Q1 and 33% in 2023 Q2.³ The rise in crude prices was associated with the shortage in the market, the OPEC+ oil production cuts, geopolitical risks in the Middle East, and the beginning of the season of hurricanes in the USA and wildfires in Canada.

The quantities of petroleum products exports were rebounding in 2024 Q2 after the repairs at refineries and the suspension of the ban on petrol exports from 20 May to 30 June due to the saturation of the domestic market.⁴ However, Russia's additional voluntary oil production and export cuts by 471,000 barrels per day in total in 2024 Q2⁵ had a downward effect on the quantities of oil exports. This reduction was approved in addition to the voluntary cuts by 500,000 barrels per day, [announced](#) in April 2023, that will stay effective through 2025.

Natural gas and LNG. Global gas prices were up by 6% QoQ. Their decline YoY slowed down to 9% in 2024 Q2 (vs -38% YoY in 2024 Q1).⁶ In June 2024, gas prices even exceeded last year's level because of concerns about disruptions in supplies from Norway and growing competition for liquefied natural gas (LNG) among Asian buyers.

Over 2024 Q2, the quantities of Russia's pipeline gas exports to Europe increased by 36% YoY and 1% QoQ,⁷ despite the EU's plans to stop using the Russian energy commodity. In April–May, the value of Russia's pipeline gas exports to China surged by 18% YoY⁸ as the Power of Siberia pipeline was gradually brought to its design capacity.

Russia's LNG exports to Europe in 2024 Q2 increased by 15% YoY, but declined by 9% QoQ⁹ because of lower demand in the EU after the end of the heating season.

Non-oil and gas exports.¹⁰ Global prices for a large number of Russia's non-oil and gas exports rose over 2024 Q2. The World Bank's metal price index not only increased in 2024 Q2 compared to the previous quarter, but also exceeded last year's level amid growing business activity in manufacturing across the globe. According to the World Bank, the annual decline in the Australian coal price slowed down from 47% YoY in 2024 Q1 to 17% YoY in 2024 Q2. The global coal price was propped up by growing demand in Asia for air conditioning due to the hot weather and the seasonal replenishment by China of its stocks before the summer season. The decrease in global prices for fertilisers and grains decelerated.¹¹

The quantities of non-oil and gas exports edged down due to the foreign restrictions. In April 2024, the USA in coordination with the UK prohibited the import of Russian-origin aluminium, copper and nickel. These sanctions do not only ban the import of these non-ferrous metals from Russia but also limit their use on global metal exchanges. The Chicago Mercantile Exchange and the London Metal Exchange are [prohibited](#) from accepting new aluminium, copper and nickel produced by Russia. [Turkey decided](#) to suspend wheat imports from 21 June to 15 October to protect domestic producers.

³ The calculation is based on the data from Argus and the World Bank.

⁴ [Resolution of the Government of the Russian Federation No. 617, dated 17 May 2024](#). The suspension of the ban on petrol exports was then extended until 31 July 2024 pursuant to the [Resolution of the Government of the Russian Federation No. 882, dated 28 June 2024](#).

⁵ Russia [decided](#) to additionally reduce production and exports by 350,000 and 121,000 barrels per day in April and by 400,000 and 71,000 barrels per day in May, and cut production by 471,000 barrels per day in June.

⁶ The calculation is based on the World Bank's data.

⁷ The calculation is based on Bruegel's data.

⁸ In January–May 2024, it was up by 15% YoY, as reported by the General Administration of Customs of the People's Republic of China.

⁹ The calculation is based on Bruegel's data.

¹⁰ Exports of goods, excluding crude, petroleum products, natural gas and LNG.

¹¹ According to the World Bank.

This ban had a negative effect on Russia's grain exports. Coal exports were dragged down by logistics bottlenecks and China's import duties on coal. That said, from 1 May through 31 August, the Russian Government [cancelled](#) the export duty on bituminous coal, pegged to the ruble exchange rate,¹² in order to support domestic exporters. In April, this duty amounted to 5.5%, just as for many other non-oil and gas exports. In May–June, the [exchange rate-linked duty](#) on fertilisers and other exports remained unchanged at 10% and 5.5%, respectively.

Services exports. In 2024 Q2, the value of services exports contracted by 5% YoY after a 3% increase YoY in 2024 Q1. The dynamics of exports across service types were diverse. Due to the sanctions, the exports of transport, telecommunication, computer and information services continued to shrink YoY. There was also a decline in exports of construction services. Contrastingly, the export of travel services still exceeded last year's level. Its expansion in 2024 was driven by a larger number of foreigners arriving in Russia.¹³

Goods and services imports

Goods imports. The value of goods imports continued to trend downwards YoY. It decreased by 8% YoY in 2024 Q2, compared to -10% YoY in 2024 Q1. The positive effect of higher domestic demand on imports was wiped out by the ruble weakening¹⁴ and logistics difficulties.

As reported by the FCS of Russia, there was a contraction of goods imports to Russia from all world regions. Moreover, compared to Asia, imports from Europe and the USA decreased more notably because of the sanctions.¹⁵ Consequently, Europe's share in Russian goods imports shrank from 29% in January–May 2023 to 26% over the first five months of 2024, and the share of the USA contracted from 6% to 5% YoY. Conversely, Asia's share was up from 64% to 67% YoY.¹⁶

As to product groups, imports contracted in most categories in 2024. Over January–May 2024, the YoY reduction was mostly attributed to chemicals (-17% YoY) and the largest group consisting of machinery, equipment, vehicles and other items (-5% YoY).¹⁷ The value of imported food products and agricultural raw materials declined by 6% YoY over January–May 2024, which was partially associated with an increase in domestic output. According to Rosstat, in January–May 2024, Russia ramped up the production of many import-substituting food products, specifically meat, fruit and vegetables, as well as significantly expanded output in consumer goods manufacturing industries.

Services imports. The value of services imports rose by 1% YoY in 2024 Q2, compared to 0% YoY in the previous quarter. The growth of imports was largely driven by Russians' expenses during foreign trips recognised in the Travel item, as prices for them went up by 8% YoY, which was associated with an increase in the tourist flow to foreign countries. As reported by Turkey's Ministry of Culture and Tourism, the number of Russians who arrived in Turkey¹⁸ over April–May 2024 was up by 11% YoY. Furthermore, imports of telecommunication, computer and information services partially bounced back in 2024 Q2. Contrastingly, imports of transport services declined by 11% YoY.

¹² Resolution of the Government of the Russian Federation No. 553, dated 27 April 2024.

¹³ According to the Border Service of the Federal Security Service of the Russian Federation, the number of foreigners who arrived in Russia surged by 17% YoY over 2024 Q1.

¹⁴ In 2024 Q2, the nominal exchange rate and the real effective exchange rate of the ruble against the US dollar dropped by 11% YoY and 3% YoY, respectively.

¹⁵ According to the statistics of the FCS of Russia available on its website, over January–May 2024, imports from Europe and the USA plummeted by 17% YoY, while imports from Asia edged down by 4% YoY.

¹⁶ The calculation is based on the [Results of Foreign Trade with All Countries \(January–May 2024\)](#) published by the FCS of Russia on its website.

¹⁷ The calculation is based on the [Results of Foreign Trade with All Countries \(January–May 2024\)](#) published by the FCS of Russia on its website.

¹⁸ According to the Border Service of the Federal Security Service of the Russian Federation, Turkey accounted for 44% of the total number of Russian tourists in 2023.

Financial account

The **financial account surplus** (net of reserve assets) totalled \$17 billion in 2024 Q2, compared to \$31 billion in 2024 Q1 and \$6 billion in 2023 Q2.

As over the same period in 2023, net lending to the rest of the world in 2024 Q2 was supported by a more considerable increase in foreign assets than in foreign liabilities.

The growth of foreign **assets** (net of reserve assets) sped up from \$11 billion in 2023 Q2 to \$17 billion in 2024 Q2. Contrastingly, their increase slowed down QoQ (\$24 billion in 2024 Q1). The expansion of foreign assets over 2024 Q2 was attributed to, among other things, payments from exports and a rise in non-residents' debt on incomplete settlements.

Foreign **liabilities** were up by \$1 billion in 2024 Q2 (vs -\$7 billion in 2024 Q1 and +\$5 billion in 2023 Q2). This was partially associated with increased arrears of dividends that were announced but not paid to non-residents from unfriendly jurisdictions.

Reserve assets contracted by \$1 billion in 2024 Q2 (vs -\$7 billion in 2024 Q1 and -\$1 billion in 2023 Q2), primarily because of transactions with the National Wealth Fund's resources. Concurrently, over 2024 Q2, the increase in the country's international reserves resulting from their revaluation and other changes exceeded their reduction due to transactions recognised in the balance of payments. As a result, Russia's international reserves expanded by \$3 billion, reaching \$593 billion as of 1 July 2024.

RUSSIA'S BALANCE OF PAYMENTS* (\$ BILLIONS)

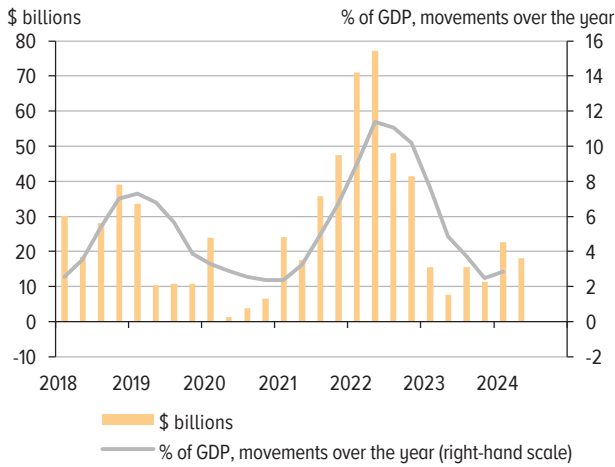
	2021					2022					2023					2024	
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2**
Current account	24.1	17.6	35.7	47.5	125.0	71.0	77.2	48.1	41.5	237.7	15.6	7.7	15.5	11.3	50.1	22.6	18.0
Balance of trade	30.4	39.2	54.5	69.1	193.1	84.8	95.1	72.8	62.8	315.6	30.5	26.3	33.4	31.4	121.6	33.8	34.0
Exports	93.3	114.6	132.1	154.1	494.2	154.6	151.8	141.7	144.0	592.1	105.1	103.4	109.1	106.9	424.5	100.9	104.8
Imports	62.9	75.5	77.6	85.1	301.0	69.8	56.7	68.8	81.2	276.5	74.6	77.1	75.7	75.5	302.9	67.1	70.8
Balance of services	-3.0	-4.1	-6.9	-6.3	-20.3	-3.5	-3.5	-6.8	-8.3	-22.1	-7.6	-8.9	-10.3	-8.4	-35.3	-7.3	-9.5
Exports	11.5	13.0	14.1	17.0	55.6	13.9	11.1	11.4	12.4	48.8	9.9	10.4	9.7	11.3	41.2	10.2	9.9
Imports	14.5	17.1	21.0	23.3	75.9	17.4	14.6	18.2	20.7	70.9	17.5	19.3	20.0	19.7	76.4	17.4	19.4
Balance of primary and secondary income	-3.3	-17.5	-11.9	-15.2	-47.8	-10.3	-14.4	-18.0	-13.0	-55.8	-7.3	-9.6	-7.6	-11.7	-36.2	-3.9	-6.5
Capital account	0.2	0.0	0.0	0.0	0.1	0.0	-1.1	-1.9	-1.5	-4.6	-0.1	0.0	0.0	-1.3	-1.4	-0.1	-0.1
Current and capital account balance	24.3	17.6	35.7	47.5	125.1	71.0	76.1	46.1	40.0	233.2	15.5	7.7	15.5	10.1	48.7	22.5	17.9
Financial account balance, net of reserve assets	20.2	9.9	3.9	26.5	60.5	79.0	73.8	42.7	38.9	234.3	18.2	6.1	14.3	12.9	51.6	30.7	16.7
Net incurrence of liabilities	-1.9	5.5	38.0	2.3	43.9	-31.8	-51.4	-15.2	-25.5	-123.9	-11.7	4.7	8.2	-9.8	-8.6	-7.0	0.6
Net acquisition of financial assets, net of reserve assets	18.3	15.4	41.9	28.8	104.4	47.1	22.4	27.4	13.4	110.4	6.4	10.9	22.5	3.1	43.0	23.7	17.3
Change in reserve assets	3.7	8.5	29.6	21.7	63.5	-10.6	1.2	1.8	0.4	-7.3	-5.1	-1.4	-2.3	-1.2	-10.0	-6.9	-1.3
Net errors and omissions	-0.4	0.8	-2.1	0.7	-1.0	-2.6	-1.1	-1.7	-0.7	-6.1	-2.5	-3.0	-3.4	1.7	-7.2	1.3	-2.5

* In the financial account, a surplus denotes net lending and a deficit denotes net borrowing. In assets and liabilities, '+' means growth and '-' means decline.

** Estimate.

CURRENT ACCOUNT

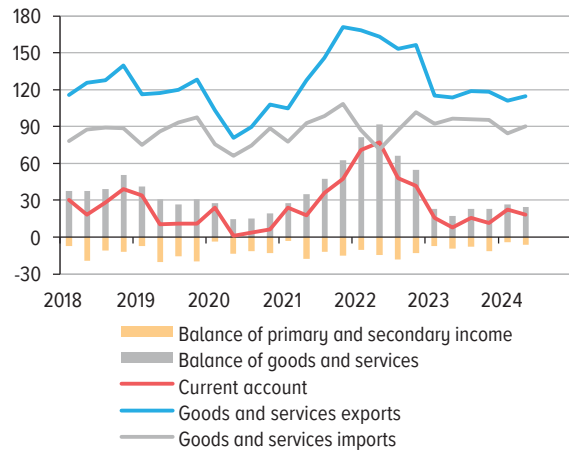
Chart 1



Sources: Bank of Russia, Rosstat.

CURRENT ACCOUNT COMPONENTS
(\$ BILLIONS)

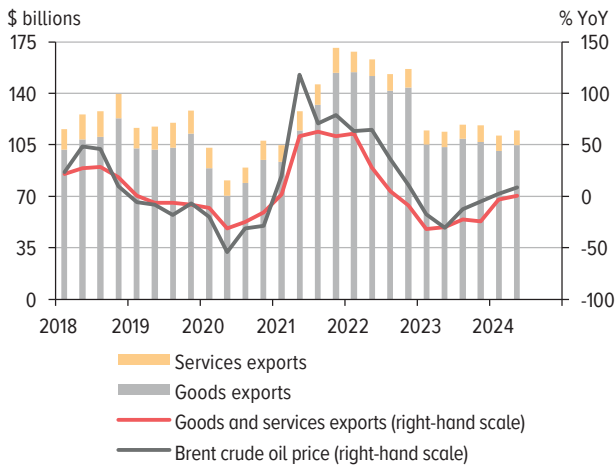
Chart 2



Source: Bank of Russia.

EXPORTS AND OIL PRICE

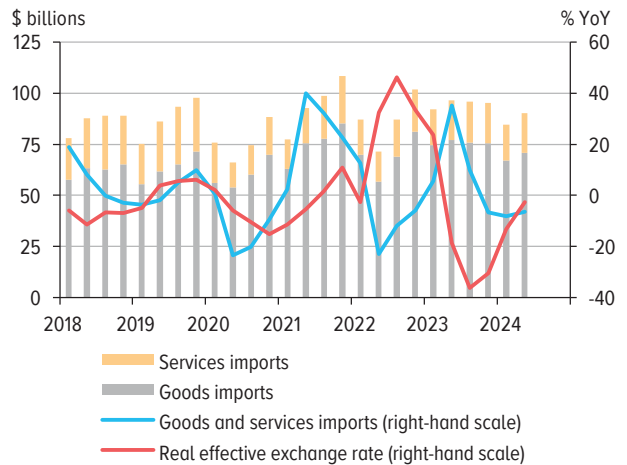
Chart 3



Sources: Bank of Russia, World Bank.

IMPORTS AND RUBLE EXCHANGE RATE

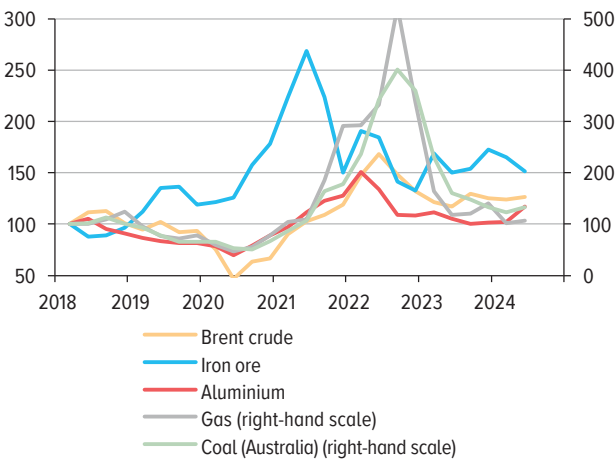
Chart 4



Source: Bank of Russia.

GLOBAL COMMODITY PRICES
(2018 Q1 = 100%)

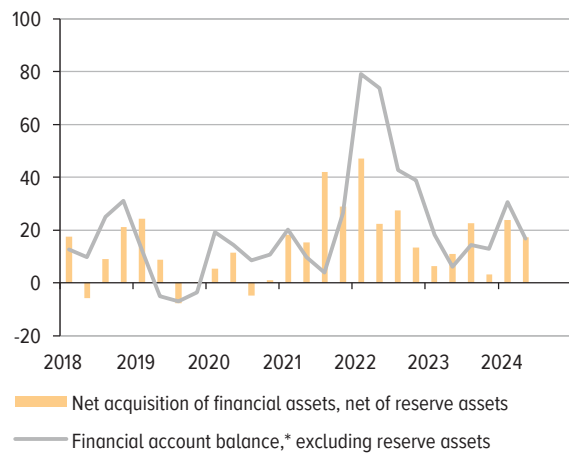
Chart 5



Source: World Bank.

FINANCIAL ACCOUNT COMPONENTS
(\$ BILLIONS)

Chart 6



* '+' denotes net lending and '-' denotes net borrowing.
Source: Bank of Russia.

The data cut-off date – 12.07.2024.

The electronic version of the [information and analytical commentary](#) is available on the Bank of Russia website.

Please send your comments and suggestions to svc_analysis@cbr.ru.

This commentary was prepared by the Monetary Policy Department.

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