



Bank of Russia



July 2024

# MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM

Information and analytical commentary

9 August 2024

## MONETARY CONDITIONS AND MONETARY POLICY TRANSMISSION MECHANISM (JULY 2024)

In July, monetary conditions tightened further, primarily as regards price conditions (Chart 1). Nominal interest rates notably increased in most financial market segments. The tightening impact of nominal interest rates growth on monetary conditions was partially offset by rising households' and businesses' inflation expectations. The expansion of corporate lending in June was comparable to that in May, while retail lending increased further owing to rising wages and improving consumer sentiment. According to recent data, the growth rates of monetary aggregates barely changed in July.

### 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 (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).<sup>1</sup>*

*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 monetary policy transmission and the conditions of its functioning.*

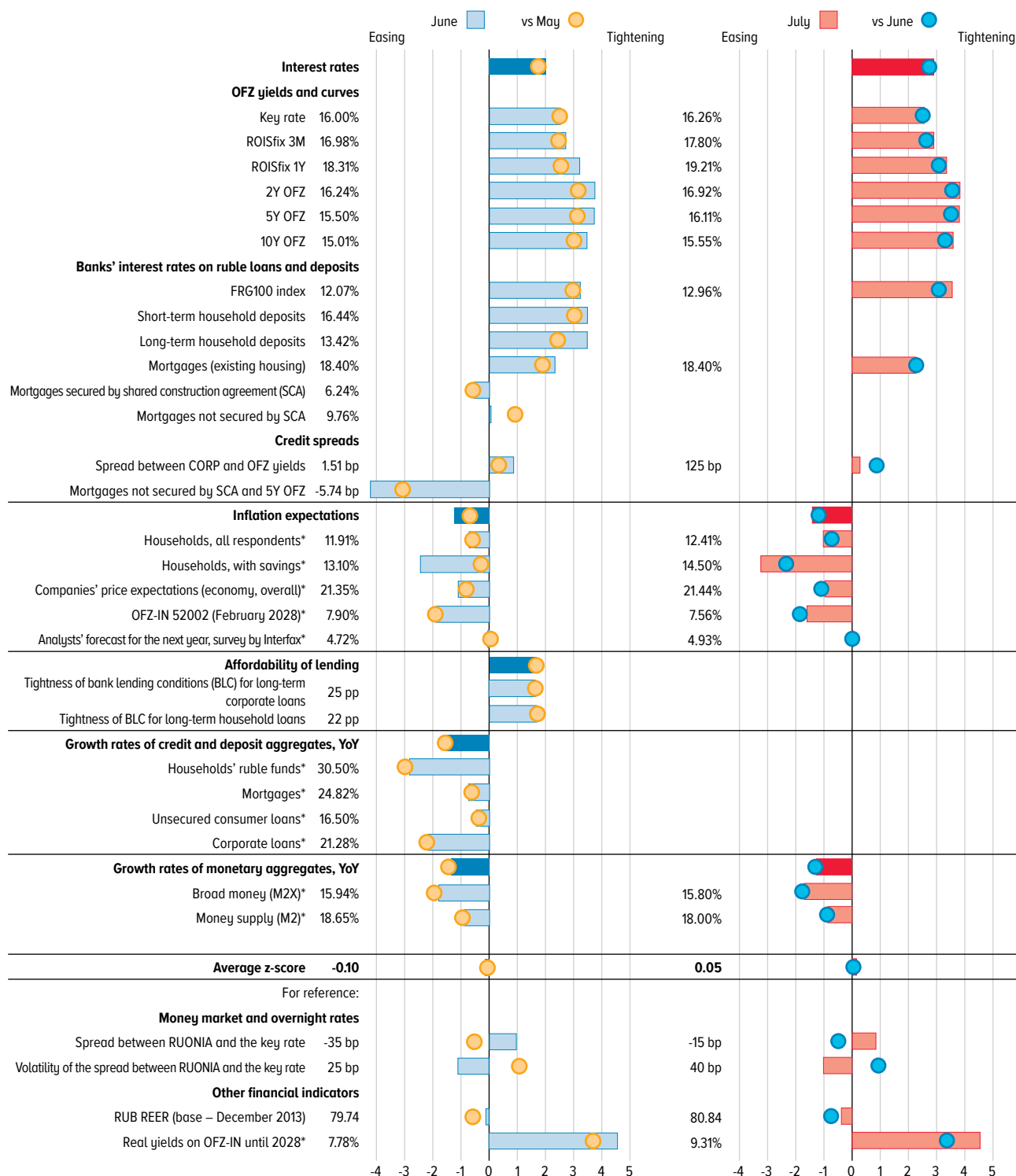
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<sup>1</sup> See Appendix 1 to the [Monetary Policy Guidelines for 2024–2026](#).

## INDIVIDUAL INDICATORS OF MONETARY POLICY TIGHTNESS AND THEIR CHANGES

### INDICATORS OF MONETARY TIGHTNESS

Chart 1



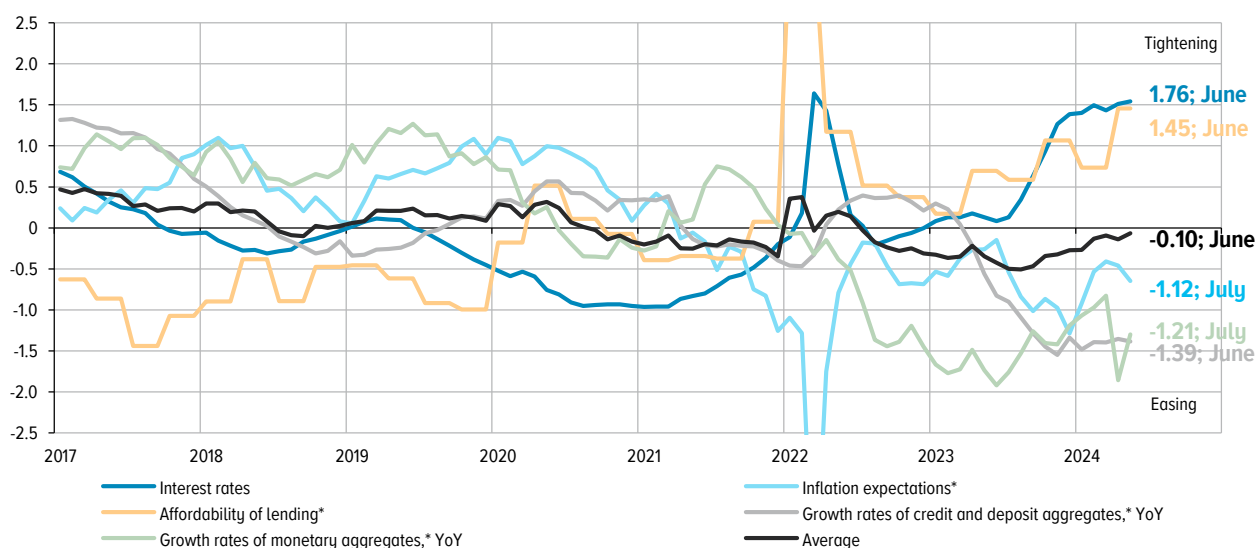
\* The indicators were used to calculate the inverse z-score.

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 and changes of the monetary conditions. The chart shows the level of the indicator (z-score) relative to the distribution of values from January 2017 to June 2024 (left-hand chart) and to July 2024 (right-hand chart). The indicator's level (in standard deviation) as of the previous date is circled. A shift of the indicator to the left relative to the previous date indicates easing of monetary conditions, a shift to the right – their tightening. The z-scores 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. 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.

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.** On 26 July 2024, the Bank of Russia Board of Directors decided to raise the key rate by 200 bp to 18.00% per annum. The decision was made due to the intensification of inflationary pressures in 2024 Q2. Inflation is considerably higher than was forecast by the Bank of Russia in April due to a significant rise in domestic demand that continues to surpass the capacities to ramp up the supply of goods and services.

The Bank of Russia substantially revised its forecast. Additional monetary tightening is required for inflation to start decelerating again, and considerably tighter monetary conditions than previously assumed are needed to bring inflation down to the target.

The decision of the Board of Directors was generally in line with the expectations of market participants.

- Banking sector liquidity and overnight rates (RUONIA).** The average spread between RUONIA and the key rate narrowed to -15 bp in July (vs -35 bp in June) (Chart 4). The spread volatility increased to 40 bp (vs 25 bp in June). At the beginning of the July required reserves (RR) averaging period,<sup>1</sup> the spread between RUONIA and the key rate narrowed and became positive. Banks expected the Bank of Russia Board of Directors to raise the key rate at their meeting on 26 July. This led to a temporary increase in demand for liquidity in the money market and for Bank of Russia loans. However, money supply in the market was limited as all banks sought to maintain high balances in their correspondent accounts. As a result, the spread returned to negative territory due to a small number of participants and overall surplus of banks' liquidity. Banks' demand for liquidity declined following the key rate increase. Credit institutions deposited a portion of the surplus with the Bank of Russia.

<sup>1</sup> From 10 July 2024 to 13 August 2024.

The average liquidity surplus over a month was ₹0.7 trillion (vs ₹1.0 trillion in June). The budget had no significant impact on liquidity in July. Quarterly tax payments exceeded expenditures due to the seasonality factor, resulting in a budget surplus. Russian regions built up their deposits with banks, using the part of the above revenues that was received by the regional budgets. The Bank of Russia's operations to mirror transactions with the assets of the National Wealth Fund in 2023 caused an outflow of liquidity, which was offset by a decline in balances in budget accounts. In July, demand for cash was around its average levels of the past years and led to an outflow of liquidity in the amount of ₹0.1 trillion (vs ₹0.0 trillion in June).

The liquidity surplus is expected to range from ₹0.2 trillion to ₹1.0 trillion<sup>2</sup> by the end of 2024 (Table 5). The liquidity balance forecast was raised by ₹0.9 trillion mainly due to a reduction in the expected outflow of cash by ₹0.7 trillion in 2024 to the range from -₹0.2 trillion to ₹0.2 trillion.

- **Money market.** In July, the ROISfix curve shifted upwards by 46–181 bp for all maturities. The increase in yields over the month was driven by the expectations regarding the key rate rise at the Board of Directors' meeting on 26 July, while additional growth of the money market curves following the key rate decision was caused by the signal of a possible further tightening of monetary policy (Table 1). In general, market participants allow for the possibility of another key rate hike until the end of 2024, as well as a longer period of high interest rates and a slower pace of monetary policy easing over the medium-term horizon.

ROISFIX CURVE

Table 1

| Maturity   | 1w    | 2w    | 1M    | 2M    | 3M    | 6M    | 1Y    | 2Y    |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|
| 31.07.2024 | 17.64 | 17.73 | 17.87 | 18.06 | 18.26 | 18.86 | 19.54 | 18.88 |
| 30.06.2024 | 15.87 | 15.92 | 16.06 | 16.80 | 17.39 | 18.17 | 19.08 | 18.24 |
| Change, bp | 177   | 181   | 181   | 126   | 87    | 69    | 46    | 64    |

Sources: Moscow Exchange, National Finance Association.

- **Federal government bonds.** From the end of 2023, the zero coupon yield curve has been shifting upwards across all maturities, reflecting the actual and expected monetary policy tightening. Over July, average monthly yields on federal government bonds (OFZs) rose by 40–63 bp, which was below the shift of 20–133 bp observed in June. Growth in long-term yields widened the spread between OFZ yields and the interest rate swap that reached its peaks since 2022 by mid-July, dropping again by the end of the month.

OFZ ZERO COUPON YIELD CURVE

Table 2

| Maturity              | 1Y    | 2Y    | 3Y    | 5Y    | 7Y    | 10Y   |
|-----------------------|-------|-------|-------|-------|-------|-------|
| 31.07.2024            | 17.23 | 17.09 | 16.70 | 16.15 | 15.87 | 15.68 |
| 30.06.2024            | 16.76 | 16.61 | 16.21 | 15.63 | 15.33 | 15.11 |
| Change, bp            | 47    | 48    | 49    | 52    | 54    | 57    |
| Average for July 2024 | 16.83 | 16.88 | 16.58 | 16.08 | 15.78 | 15.53 |
| Average for June 2024 | 16.18 | 16.24 | 15.98 | 15.50 | 15.23 | 15.01 |
| Change, bp            | 64    | 64    | 60    | 58    | 55    | 52    |

Sources: Moscow Exchange, Bank of Russia calculations.

<sup>2</sup> [Commentary on the Bank of Russia's Medium-term Forecast, dated 7 August 2024.](#)

The composition of participants in the secondary OFZ market remained unchanged. As before, net buyers were mostly non-bank financial institutions using their equity and individuals, while net sellers were predominantly systemically important credit institutions, whose sales expanded compared to June.

The Russian Ministry of Finance held five auctions in July, raising a greater amount of funds than last month, specifically ₹190 billion in July vs ₹78 billion in June. The demand for OFZs averaged ₹227 billion. The demand for fixed coupon federal government bonds (OFZ-PD) was supported by their high yields that exceeded 15.5%, hitting a new record high. Traditional securities were mostly offered in the long-term segment at almost no discount to secondary market yields (up to 1 bp). At the same time, investors demonstrated the highest demand for variable coupon federal government bonds (OFZ-PK) as they did in the previous months. The Ministry of Finance set a quarterly borrowing target at ₹1.5 trillion for 2024 Q3. The Ministry should raise ₹2.5 trillion by the end of the year to reach its annual borrowing target of over ₹3.9 trillion, which was revised on 28 May.

- **Corporate bond market.** According to the dynamics of IFX-Cbonds, yields on corporate bonds continued to grow by the end of July, following the upward shift of the zero coupon yield curve, to reach 18.21% (+21 bp MoM). Furthermore, the average monthly spread between corporate and government bond yields narrowed (July: 125 bp; June: 151 bp), which was partially attributed to a slower response of corporate bond prices to the changes in monetary policy. Corporate borrowers raised a smaller amount in the primary market in July than in the previous year: ₹609 billion in July 2024 vs ₹743 billion in July 2023. The growth rate of the corporate bond portfolio since the start of the year was higher than the median for 2014–2021 (+7.2% in July 2024 vs the median of 6.6%) but two times lower year-on-year (14.9% in July 2023). The total size of the corporate bond market reached ₹27 trillion as of the end of July.

In July, the amount of issued substitute bonds dropped to ₹17 billion. One bond offering was made by a company of the mining and quarrying sector. According to Cbonds, yields on substitute bonds included in the relevant index rose by 127 bp MoM to 9.34%. The spread between them and US Treasuries (UST) with similar maturities expanded by 213 bp to 580 bp.

## Banks' interest rates on ruble loans and deposits

- **Deposit rates.** Deposit rates soared in June, with interest rates<sup>3</sup> on long-term deposits growing at an accelerated pace (2.0 pp vs 1.4 pp). According to recent data, interest rates continued to grow in July: FRG100 index<sup>4</sup> rose by more than 1 pp over the month. At the same time, most changes occurred before the Bank of Russia raised the key rate due to banks' expectations regarding the further tightening of monetary policy and maintaining it even tighter in 2024–2025 (Charts 9 and 10).
- **Corporate loan rates.** Interest rates on corporate loans remained relatively high in June. Specifically, interest rates on short-term loans to non-financial organisations were down from 17.3% in May to 17.0% in June, while those on long-term loans stayed at the level of 14.5%. This trend in corporate loan interest rates is explained, among other things, by the fact that there is still a large portion of project financing and other loans issued at interest rates lower than the market ones, including at subsidised rates (Chart 9). According to recent data, average interest rates on corporate loans did not change significantly in July.

<sup>3</sup> [Interest rates](#) on short-term deposits (for up to one year, except for sight deposits), short-term loans (for up to one year), and long-term deposits and loans (for over one year).

<sup>4</sup> 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.

- **Retail loan rates.** Average market interest rates on retail loans declined in June due to an expanding proportion of mortgages in the market turnover and of subsidised mortgages in the turnover of its mortgage segment (see the section 'Retail lending'). As a result, in June, interest rates on short-term loans equalled 25.9% and those on long-term loans – 15.4%. The weighted average interest rate on housing mortgage loans in rubles decreased from 8.1% in May to 7.6% in June. According to the estimate, retail loan rates continued their moderate decline in June, which could be ascribed to the selection of more reliable borrowers amid tight monetary conditions. Recent data indicate a notable growth in the interest rates on market-based loans in July. In particular, market-based mortgages went up by over 1.3 pp (Charts 9 and 10).

## Growth rates of credit and deposit aggregates

- **Deposits.** In June, the inflow of households' funds to banks<sup>5</sup> remained close to the local highs, although slightly slowing down compared to May amid elevated consumer spending, including due to the holiday season, and expenses for real estate purchases (see the section 'Retail lending'). As a result, the annual growth<sup>6</sup> of the portfolio of households' ruble funds declined to 30.5% in June as compared to 31.3% in May. More than 80% of the increase in households' deposit balances with banks was due to short-term deposits, which remained attractive for depositors due to relatively high interest rates and higher liquidity compared to long-term deposits. The decline in long-term deposit balances intensified in June. Foreign currency deposits decreased in June by an amount exceeding the May gains both in current and savings accounts, as well as in the time deposit segment. Coupled with the strengthening of the ruble exchange rate, this led to a reduction in the share of foreign currency deposits in the retail deposit portfolio by 0.6 pp to 7.4% compared to May (Chart 11).
- **Bank lending conditions.** Bank lending conditions<sup>7</sup> tightened in 2024 Q2, meaning that their easing expected by banks in the previous quarter had not materialised (Chart 14). Banks tightened lending conditions mainly by raising interest rates. Banks also noted the impact of macroprudential measures on the toughening of requirements for borrowers in the retail segment. According to banks' estimates, the trend towards the tightening of bank lending conditions might continue in 2024 Q3 and partially in 2024 Q4.
- **Corporate lending.** In June, the annual growth of debt under corporate loans<sup>8</sup> equalled 21.3%, which was close to the May level. The growth of corporate loan portfolio was driven by ruble transactions, while the portfolio of corporate foreign currency loans contracted in June for the first time since the summer of 2023. According to recent data, the growth rates of claims on companies increased in July (Chart 12).

<sup>5</sup> Hereinafter, households' funds with banks include balances in time deposits, sight deposits and current accounts, but do not include escrow accounts under shared construction agreements.

<sup>6</sup> Hereinafter, increases in banks' balance sheet indicators are calculated based on the reporting data of operating credit institutions recorded in the State Register as of the relevant reporting date. Increases in loans are calculated net of claims acquired by banks and without adjustment for securitisation transactions. Increases in foreign currency claims and liabilities are calculated in US dollar terms. Where increases in the indicators comprising foreign currency and ruble components are calculated herein, the growth of the foreign currency component is converted into rubles using the period average exchange rate.

<sup>7</sup> [Bank Lending Conditions as of 1 July 2024.](#)

<sup>8</sup> Hereinafter, the increase in lending to non-financial organisations, financial institutions, and individual entrepreneurs does not include claims acquired by banks.



- **Retail lending.** Retail lending continued to expand in June. The annual growth of lending to households edged up by 0.3 pp to 22.3%, exceeding the May level (Chart 12). Consumer lending activity was supported by rising wages and continuing consumer optimism, which, among other things, boosted households' propensity to make expensive purchases<sup>9</sup> and contributed to increased spending associated with the holiday season. As a result, portfolios of unsecured consumer and car loans gained 2% and 4.2%, respectively, in June vs 2% and 5.0%, respectively, in May. Mortgages issued in June amid the termination of the subsidised mortgage lending programme equalled ₺778 billion (which is close to its historical high of ₺960 billion) after ₺546 billion in May. Mortgage loans issued as part of government support programmes accounted for 85% of this amount.<sup>10</sup> The annual growth of the housing mortgage portfolio in these conditions amounted to 24.9% in June after 24.4% in May (Chart 13). According to recent data, the growth of long-term retail loan portfolio slowed down in July. This could be the result of the termination of the non-targeted subsidised mortgage programme, tightening of the macroprudential policy in terms of consumer lending,<sup>11</sup> and mortgage portfolio securitisation.

## Growth rates of monetary aggregates

- **Money supply.** In June, the growth of monetary aggregates slightly decelerated: the annual growth of money supply in national definition (M2) equalled 18.7% after 18.9% in May, while that of broad money (M2X) was 15.9% (adjusted for foreign currency revaluation) after 16.4% in May. According to recent data, the annual growth rates of money supply in July remained close to the June levels (Chart 15).<sup>12</sup>
- **Sources of money supply.** The claims on the economy remained the key source of money supply, despite edging down compared to May. In June, the annual growth of claims on the economy declined by 0.4 pp MoM to 22.8%. The impact of budget operations on monetary aggregates generally stabilised after fluctuating in April–May and was moderately positive in June.
- **Components of money supply.** The increase in monetary aggregates in June, as over the rolling 12-month period, was mostly driven by households' ruble deposits. Households continued to deposit their cash into bank deposit accounts, which resulted in the negative annual growth of cash in circulation (M0) for the first time since 2015: -1.3% in June after +1.6% in May.

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<sup>9</sup> [Inflation Expectations and Consumer Sentiment No. 7 \(91\), July 2024.](#)

<sup>10</sup> Mortgages issued under the programmes Subsidised Mortgage, Family Mortgage, IT Mortgage, and Far Eastern and Arctic Mortgage.

<sup>11</sup> [Press release on macroprudential policy, dated 26 April 2024.](#)

<sup>12</sup> [Monetary aggregates – estimate for July 2024.](#)



### • Exchange rate (foreign exchange channel)

As of the end of July, the ruble weakened by 0.7–0.9% against the main foreign currencies (Table 3), while remaining generally close to the strongest levels recorded this year. Difficulties connected with foreign trade settlements persist, restricting the demand for foreign currency. Net sales of foreign currency to the key exporters somewhat decreased in July, although stayed at fairly high levels. Most foreign currency transactions shifted to the over-the-counter segment. This process started in the second half of June following the sanctions imposed against the Moscow Exchange Group companies. In July, ruble volatility decreased month-on-month and returned to the average level from the beginning of the year.

RUBLE EXCHANGE RATE

Table 3

|                  | USD/RUB (Bank of Russia) | EUR/RUB (Bank of Russia) | CNY/RUB (Moscow Exchange) |
|------------------|--------------------------|--------------------------|---------------------------|
| 31.07.2024       | 86.33                    | 93.29                    | 11.84                     |
| 30.06.2024       | 85.75                    | 92.42                    | 11.73                     |
| Change, %        | 0.68                     | 0.95                     | 0.90                      |
| Average for July | 87.49                    | 95.02                    | 11.92                     |
| Average for June | 87.63                    | 94.39                    | 11.95                     |
| Change, %        | -0.16                    | 0.67                     | -0.25                     |

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 rose by 5.0% in June (depreciation by 8% YoY). In July, the RUB REER was down by 0.7% MoM, while remaining slightly above its multi-year median (+1.3% to the median of January 2015–July 2024), according to preliminary data.

### • Russian stock markets

In July, the downward trend in the Russian stock market persisted, and the MOEX Index equalled 2,943 as of the end of the month (-6.7% MoM; -5.0% YtD). The market decline was provoked by the monetary tightening and ex-dividend dates. The Russian Volatility Index (RVI) was up in July, exceeding 35 points in the middle of the month, although its monthly average equalled 27 points (+3 points MoM), remaining below the average of 30 points recorded last year. Securities prices in all sectors declined on average. The most notable drop was observed in telecommunications (-14.4%), transport (-10.6%) and construction (-10.1%). Chemical and petrochemical companies appeared to be more resilient, experiencing only a 5.8% decline as of the end of the month.

### • Foreign markets

The average policy rate (weighted by GDP) in advanced economies remained virtually unchanged in July (+0 bp, 4.43%). Central banks are mostly moving towards easing their monetary policies. For example, the Bank of Canada cut its policy interest rate by 25 bp to 4.50%. At the same time, as the price growth rates stabilise significantly above zero levels, the Bank of Japan continues to gradually shift away from its ultra-loose monetary policy: it raised its key interest rate by 15–25 bp to 0.25% and announced a reduction in Japanese government bond purchases. The weighted average rate in emerging market economies (EMEs) declined as central banks cut their policy rates in a number of countries, including Colombia (-50 bp to 10.75%), Romania (-25 bp to 6.75%) and Kazakhstan (-25 bp to 14.25%).

As of the end of July, the yield curve of US Treasuries notably fell in the medium- and long-term segments (Table 4). According to the inflation statistics, price growth rates continue to decelerate in the US, which in turn affects market participants' expectations regarding the US Fed funds rate path. At the end of July, the US Fed funds rate reduction by 75 bp by the end of the year was factored into the prices for US interest rate derivatives, while a month earlier this reduction was expected to be no more than 50 bp. Although European price growth statistics show no decline in price growth rates over recent months, the yield curve of German Bunds also dropped markedly.

UST YIELD CURVE

Table 4

| Maturity              | 2Y   | 5Y   | 10Y  |
|-----------------------|------|------|------|
| 31.07.2024            | 4.28 | 3.94 | 4.06 |
| 30.06.2024            | 4.76 | 4.38 | 4.41 |
| Change, bp            | -48  | -44  | -35  |
| Average for July 2024 | 4.52 | 4.17 | 4.25 |
| Average for June 2024 | 4.76 | 4.32 | 4.30 |
| Change, bp            | -24  | -15  | -5   |

Source: Cbonds.

The expectations regarding the US Fed funds rate path contributed to the depreciation of the US dollar: the US Dollar Index (DXY) went down by 1.7% to 104.1. Nevertheless, most of the EMEs' currencies slightly weakened against the US dollar in July (BRLUSD: -1.0%; CNYUSD: +0.7%; TRYUSD: -1.3%; MXNUSD: -1.6%).

Global stock markets were mostly on the rise (S&P 500: +1.1%; Stoxx 600: +1.3%; Nikkei 225: -1.2%). The shift of demand from IT companies to a broader range of sectors was a predominant trend in the US stock market (Nasdaq 100: -1.6%; S&P Equal Weight: +4.4%). This was due to the expectations of the US Fed funds rate cut and disappointing reporting of certain IT companies. EMEs' stock indices dynamics were heterogeneous in July (MSCI EM: -0.1%; Bovespa: +3.0%; IPC Mexico: +1.3%; SSE Composite: -1.0%).

## Charts and tables

THE LIQUIDITY SURPLUS IS EXPECTED TO RANGE FROM ₱0.2 TRILLION TO ₱1.0 TRILLION BY THE END OF 2024  
(₱ TRILLIONS)

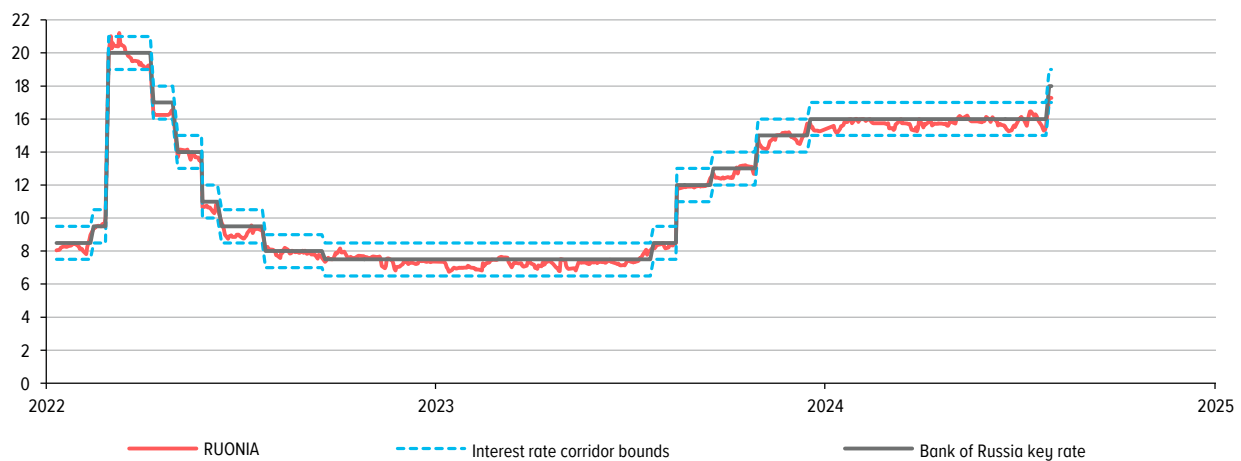
Table 5

|  | 2023        | January–July 2024 | July 2024   | 2024 (forecast)     |
|--|-------------|-------------------|-------------|---------------------|
| <b>Liquidity deficit (+)/surplus (-) (as of the beginning of the period)</b>                                   | <b>-3.5</b> | <b>0.0</b>        | <b>-1.0</b> | <b>0.0</b>          |
| Liquidity inflow (+)/outflow (-):  | -3.4        | 0.7               | -0.3        | [0.2; 1.0]          |
| – change in the balances of funds in general government accounts with the Bank of Russia and other operations* | 1.0         | 0.7               | -0.1        | [1.1; 1.3]          |
| – change in the amount of cash in circulation  | -2.0        | 0.4               | -0.1        | [-0.2; 0.2]         |
| – change in required reserves  | -2.4        | -0.4              | 0.0         | [-0.8; -0.6]        |
| <b>Liquidity deficit (+)/surplus (-) (as of the end of the period)</b>   | <b>0.0</b>  | <b>-0.7</b>       |             | <b>[-1.0; -0.2]</b> |

\* 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 (%)

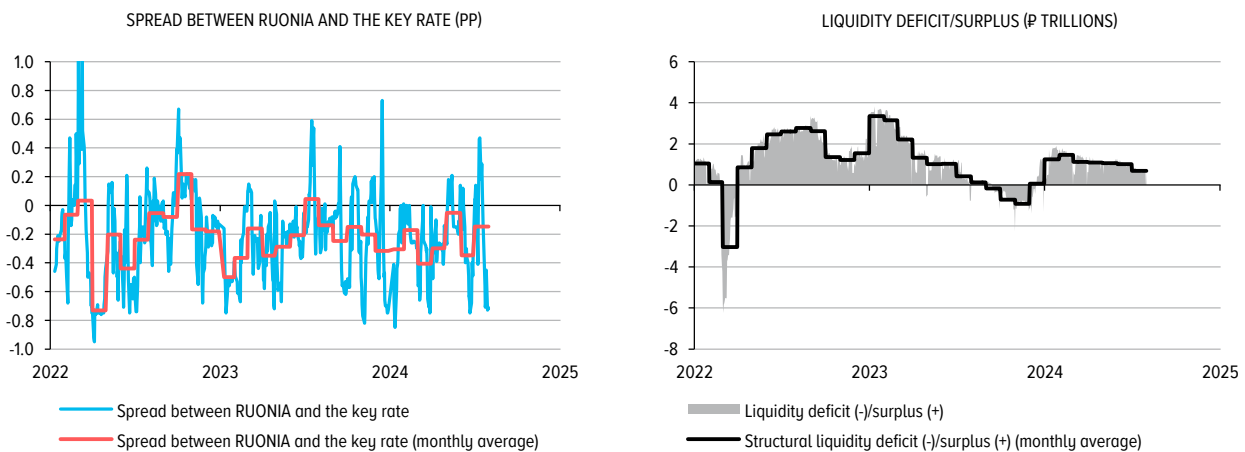
Chart 3



Source: Bank of Russia calculations.

### THE AVERAGE SPREAD BETWEEN RUONIA AND THE BANK OF RUSSIA KEY RATE NARROWED IN JULY

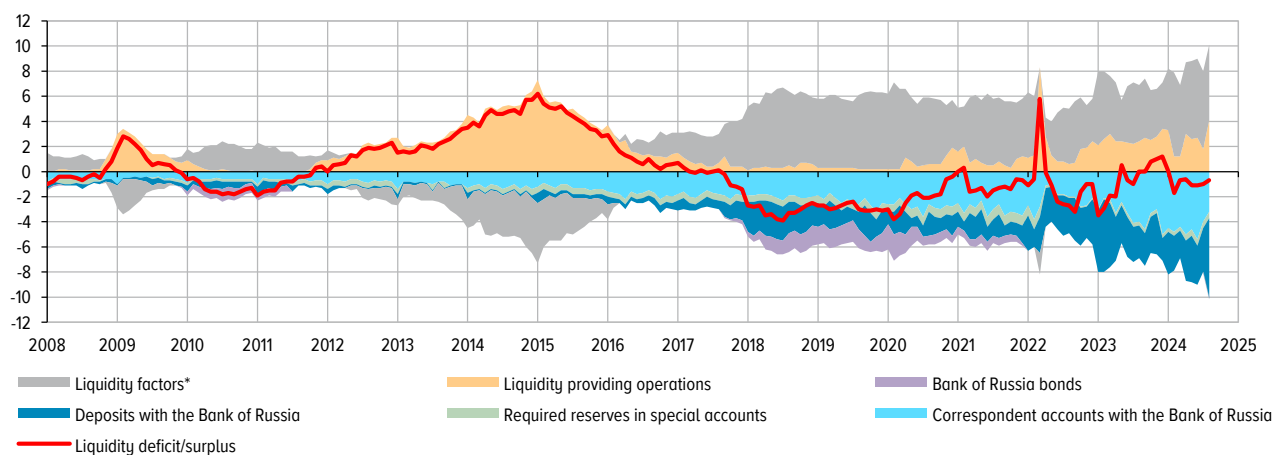
Chart 4



Source: Bank of Russia calculations.

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

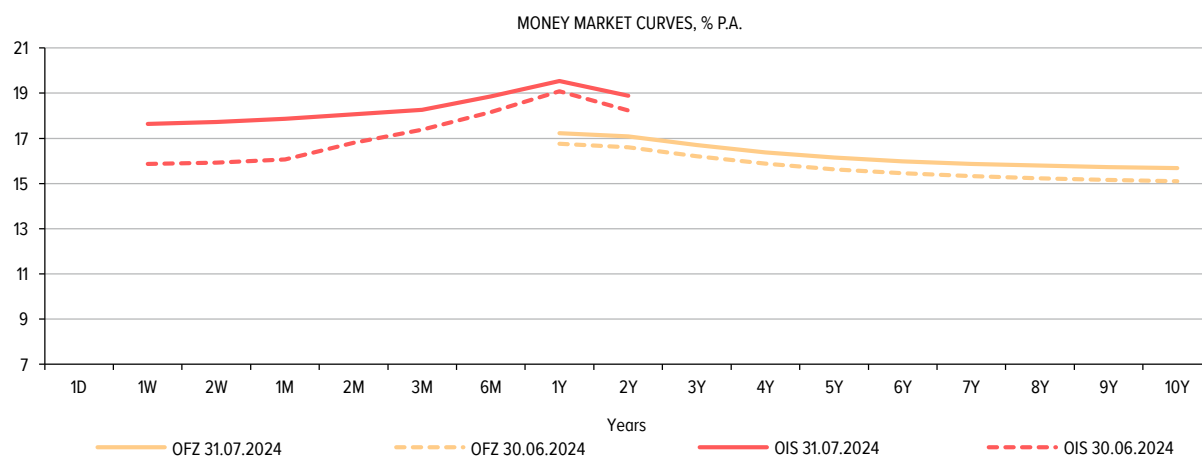
Chart 5



\* This item is balancing and comprises changes in all other, not differentiated, items of the Bank of Russia's balance sheet.  
Source: Bank of Russia calculations.

## MONEY MARKET CURVES SHIFTED UPWARDS FOR ALL MATURITIES IN JULY

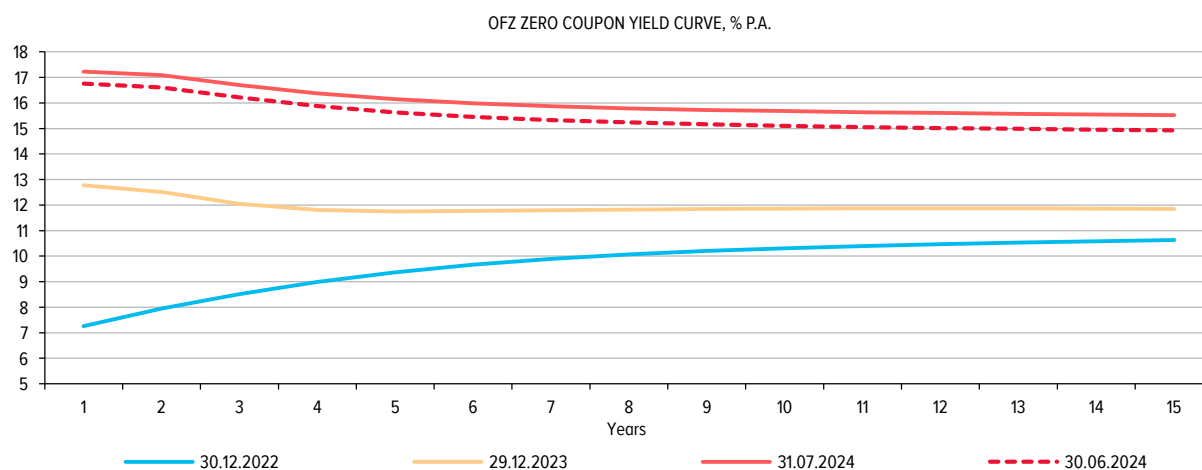
Chart 6



Sources: Moscow Exchange, National Finance Association.

## MEDIUM-TERM OFZ YIELDS SURGED

Chart 7

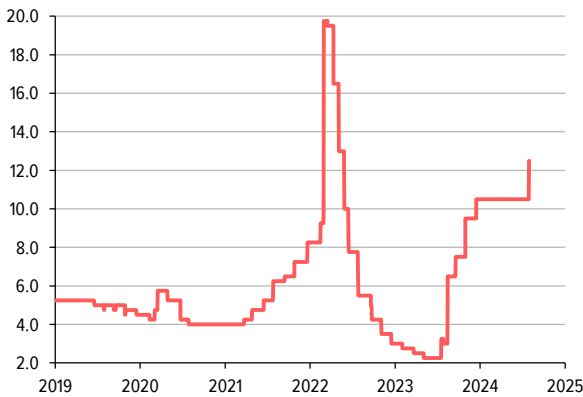


Sources: Moscow Exchange, Cbonds, Bank of Russia calculations.

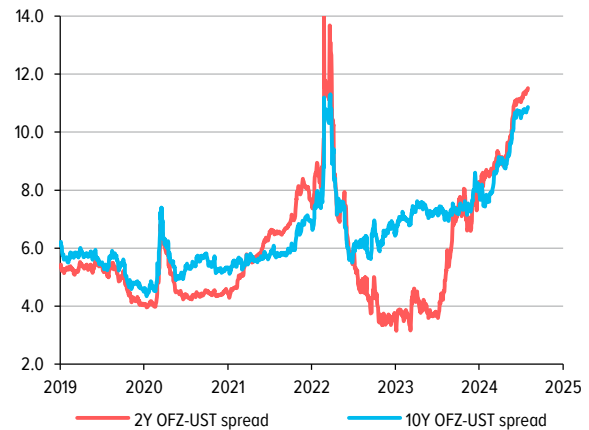
## THE SPREAD BETWEEN OFZ AND UST YIELDS EXPANDED

Chart 8

SPREAD BETWEEN THE BANK OF RUSSIA KEY RATE AND THE US FED FUNDS RATE, PP



SPREAD BETWEEN OFZ AND UST YIELDS, PP

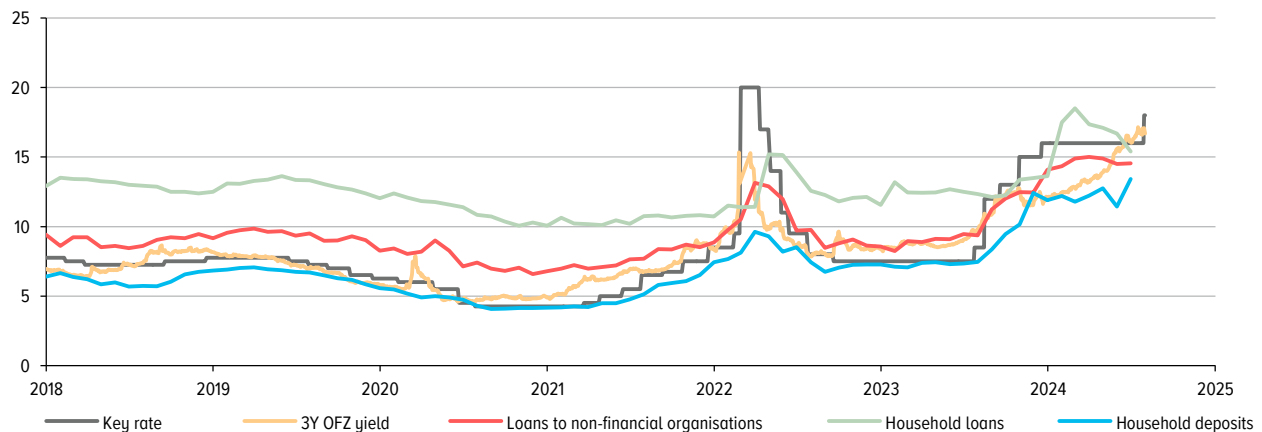


Sources: Moscow Exchange, Cbonds, Bank of Russia calculations.

## LOAN AND DEPOSIT RATES REMAINED HIGH IN JUNE

Chart 9

INTEREST RATES ON BANKS' LONG-TERM RUBLE TRANSACTIONS, % P.A.

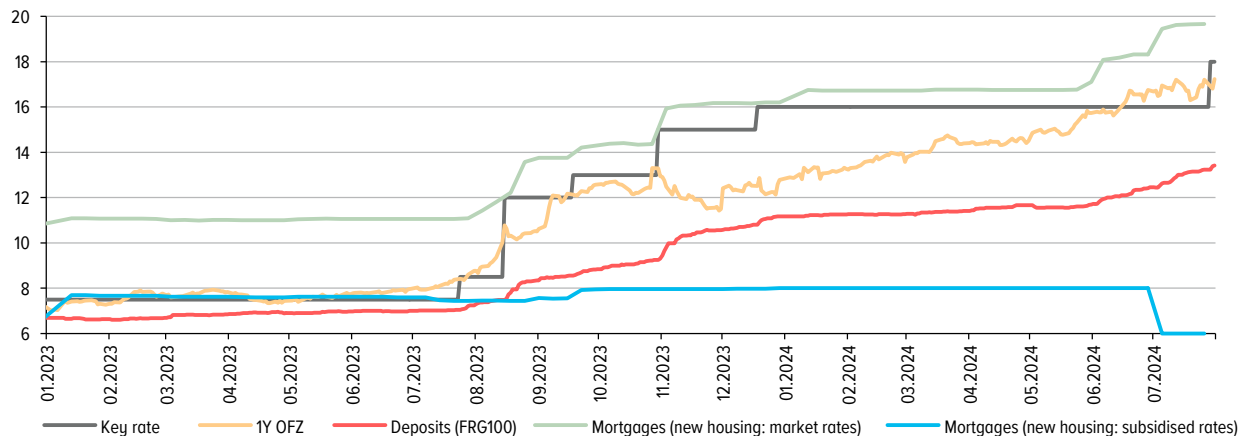


Source: Bank of Russia.

## INTEREST RATES CONTINUED TO RISE IN JULY, ACCORDING TO HIGH-FREQUENCY INDICATORS

Chart 10

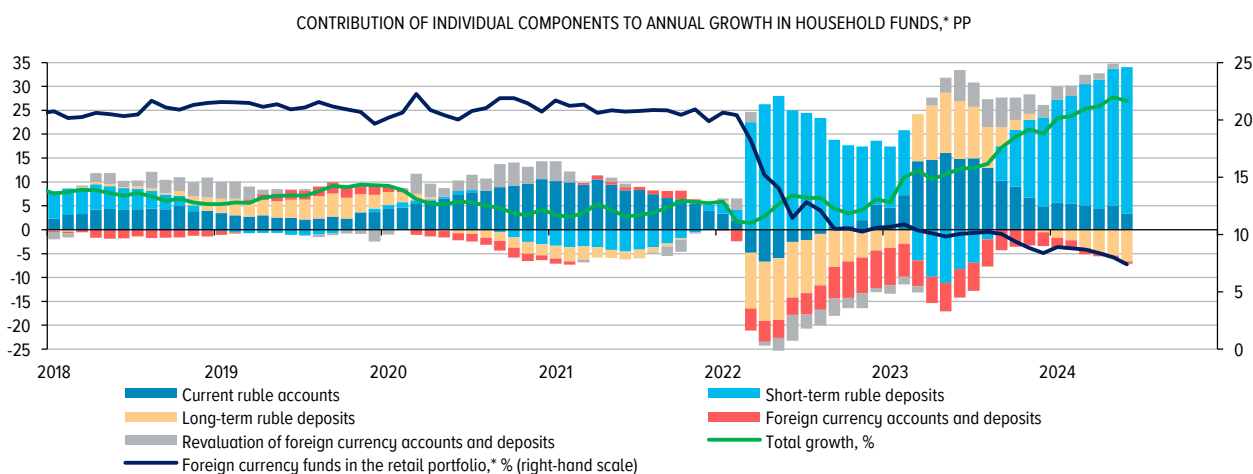
HIGH-FREQUENCY INTEREST RATE INDICATORS, % P.A.



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

## SHORT-TERM RUBLE DEPOSITS WERE THE MAJOR CONTRIBUTOR TO THE ANNUAL GROWTH OF THE DEPOSIT PORTFOLIO IN JUNE

Chart 11

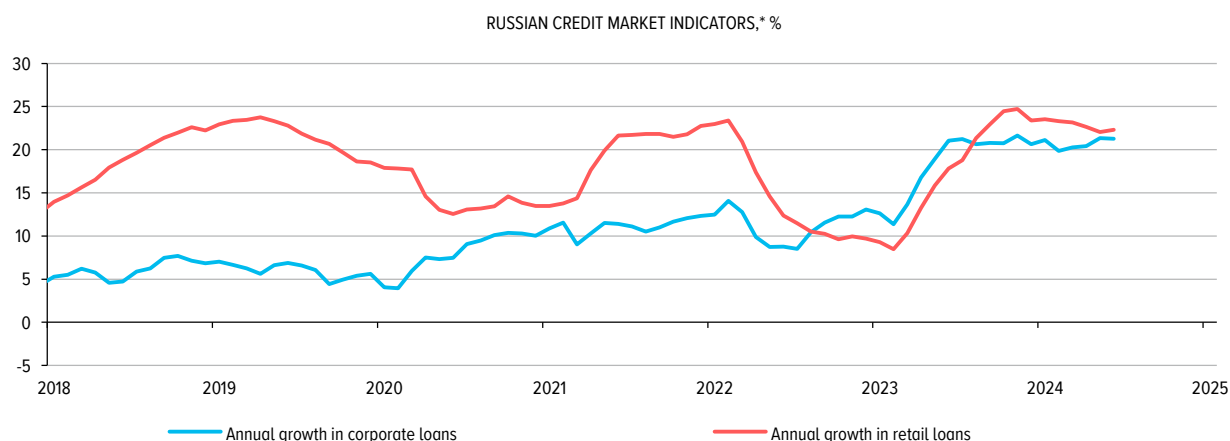


\* Excluding escrow accounts.

Source: Bank of Russia calculations.

## CREDIT ACTIVITY IN JUNE WAS COMPARABLE TO THAT IN MAY

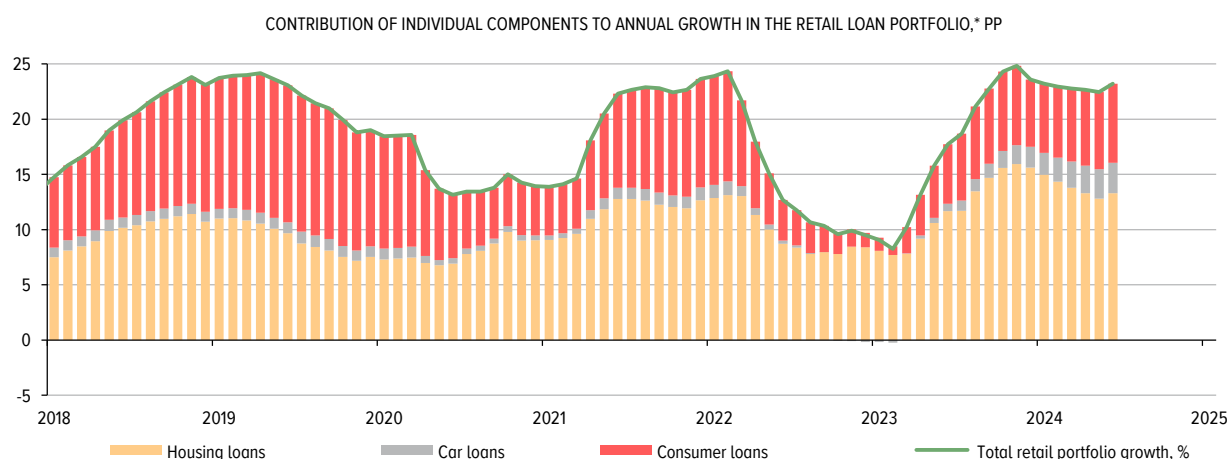
Chart 12



\* Since 1 February 2021, the portfolios of corporate and retail loans include acquired claims. The portfolio growth was calculated net of acquired claims.  
Source: Bank of Russia calculations.

## MORTGAGE LENDING HAD A STRONGER EFFECT ON THE GROWTH OF THE HOUSEHOLD LOAN PORTFOLIO IN JUNE

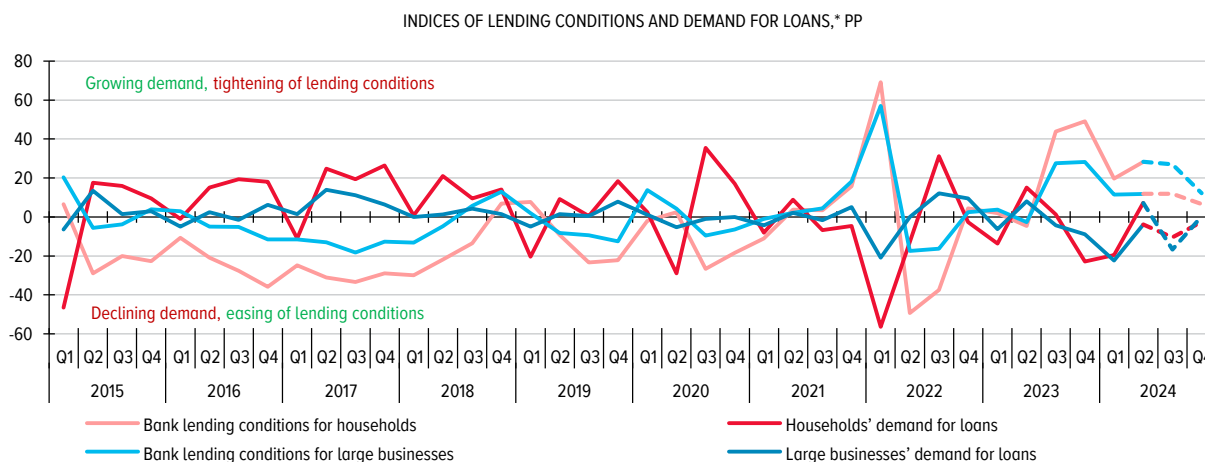
Chart 13



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

## BANKS TIGHTENED LENDING CONDITIONS IN 2024 Q2

Chart 14



\* The dotted lines signify respondent banks' expectations regarding changes in lending conditions and demand for loans in 2024 Q1.  
Source: Bank of Russia.

## CREDIT AND DEPOSIT MARKET INDICATORS

Table 6

|  |                    | March 2024  | April 2024  | May 2024    | June 2024   |
|--|--------------------|-------------|-------------|-------------|-------------|
| <b>Interest rates on banks' long-term ruble transactions</b> |                    |             |             |             |             |
| household deposits   | % p.a.             | 12.2        | 12.8        | 11.4        | 13.4        |
| household loans  | % p.a.             | 17.4        | 17.1        | 16.7        | 15.4        |
| corporate loans  | % p.a.             | 15.0        | 14.9        | 14.5        | 14.5        |
| <b>Household funds*</b>                                      | <b>% YoY, AFCR</b> | <b>25.3</b> | <b>25.9</b> | <b>27.7</b> | <b>26.9</b> |
| in rubles*   | % YoY              | 29.6        | 29.7        | 31.3        | 30.5        |
| in foreign currency  | % YoY              | -11.2       | -7.7        | -5.4        | -5.0        |
| share of foreign currency*                                   | %                  | 8.7         | 8.4         | 8.0         | 7.4         |
| <b>Corporate loans**</b>                                     | <b>% YoY, AFCR</b> | <b>20.3</b> | <b>20.4</b> | <b>21.4</b> | <b>21.3</b> |
| short-term (up to one year)                                  | % YoY, AFCR        | 23.2        | 26.6        | 29.5        | 28.8        |
| long-term (over one year)                                    | % YoY, AFCR        | 21.4        | 20.8        | 21.3        | 21.2        |
| <b>Household loans**</b>                                     | <b>% YoY, AFCR</b> | <b>23.2</b> | <b>22.6</b> | <b>22.0</b> | <b>22.3</b> |
| mortgages  | % YoY, AFCR        | 27.7        | 26.1        | 24.4        | 24.8        |
| unsecured consumer loans                                     | % YoY              | 15.0        | 15.6        | 16.0        | 16.5        |
| <b>Claims of the banking system on the economy</b>           | <b>% YoY, AFCR</b> | <b>23.2</b> | <b>23.1</b> | <b>23.2</b> | <b>22.8</b> |
| on businesses  | % YoY, AFCR        | 23.3        | 23.3        | 23.5        | 22.6        |
| on households  | % YoY, AFCR        | 23.0        | 22.8        | 22.6        | 23.3        |
| <b>Money supply (M2)</b>                                     | <b>% YoY</b>       | <b>17.4</b> | <b>21.8</b> | <b>18.9</b> | <b>18.7</b> |
| <b>Broad money (M2X)</b>                                     | <b>% YoY, AFCR</b> | <b>14.2</b> | <b>18.3</b> | <b>16.4</b> | <b>15.9</b> |

\* Excluding escrow accounts.

\*\* Since 1 February 2021, the portfolios of corporate and retail loans include acquired claims. The portfolio growth was calculated net of acquired claims.

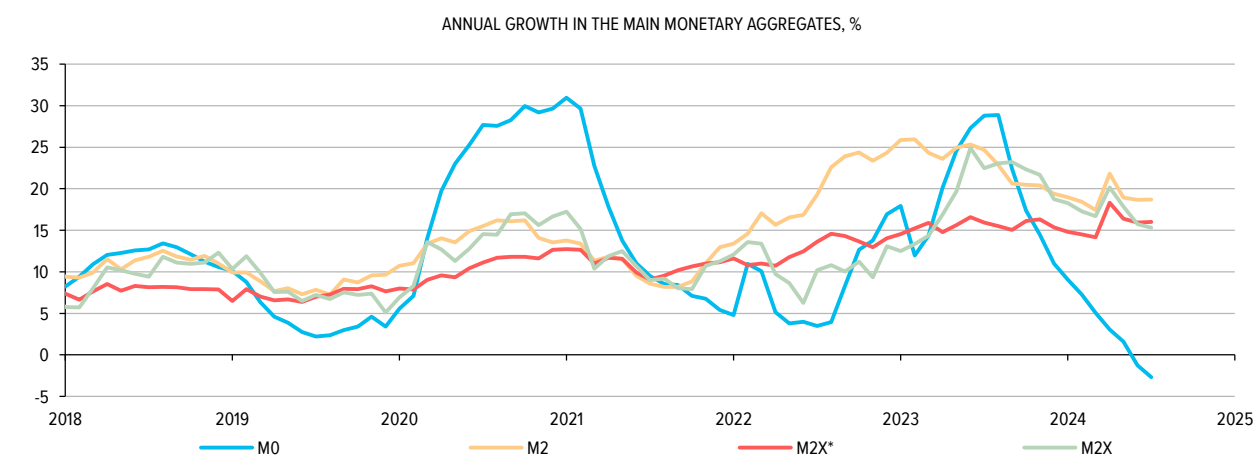
Note. YoY – year-on-year, AFCR – adjusted for foreign currency revaluation. The Marshall-Edgeworth decomposition is used to make the adjustment for foreign currency revaluation.

Source: Bank of Russia calculations.



## MONETARY AGGREGATES GROWTH DECELERATED IN JUNE–JULY

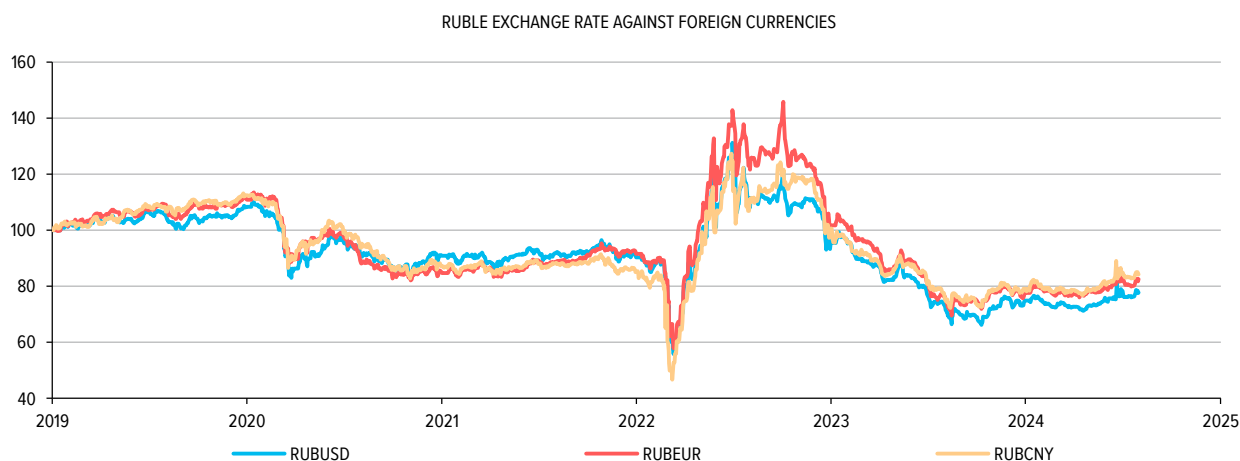
Chart 15



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

THE RUBLE WEAKENED SLIGHTLY IN JULY  
(02.01.2019 = 100)

Chart 16



Sources: Cbonds, Bank of Russia calculations.

## THE RUSSIAN FINANCIAL MARKET DEMONSTRATED NEGATIVE TRENDS

Table 7

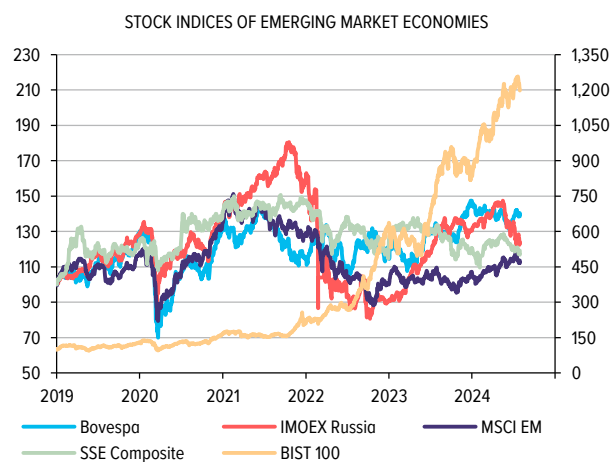
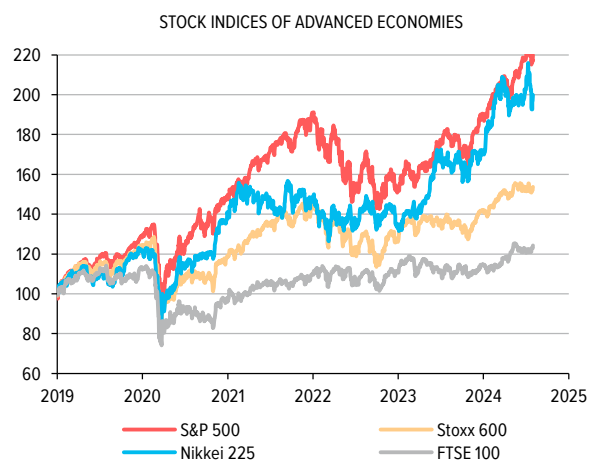
| Indicator   |                    | 31.07.2024 | 1M    | 3M    | 6M    | YTD   | 1Y    |
|---|--------------------|------------|-------|-------|-------|-------|-------|
| <b>Russian financial market ('+' – positive trends, '-' – negative trends)</b>          |                    |            |       |       |       |       |       |
| RUB/USD exchange rate (Bank of Russia)  |                    | 86.33      | -1.6  | 5.9   | 3.3   | 4.4   | 5.1   |
| MOEX Russia Index   |                    | 2,943      | -6.7  | -15.2 | -8.4  | -5.0  | -4.3  |
| RTS Index   |                    | 1,077      | -7.1  | -8.4  | -4.4  | -0.6  | 1.8   |
| Government bond yields  |                    | 16.14      | 73    | 246   | 413   | 416   | 551   |
| Corporate bond yields   |                    | 18.21      | 28    | 242   | 352   | 403   | 817   |
| Regional bond yields  |                    | 17.22      | 61    | 293   | 418   | 460   | 742   |
| RVI   |                    | 24         | 0     | 4     | 2     | -3    | 2     |
| <b>Exchange rates (per US dollar, % change; '+' – appreciation, '-' – depreciation)</b> |                    |            |       |       |       |       |       |
| AEs*  | US Dollar Index    | 104.05     | -1.7  | -2.1  | 0.8   | 2.7   | 2.2   |
|   | Euro               | 1.08       | 1.1   | 1.5   | 0.2   | -1.9  | -1.6  |
|   | Japanese yen       | 149.99     | -6.8  | -5.0  | 1.9   | 6.4   | 5.4   |
|   | Pound sterling     | 1.29       | 1.7   | 2.9   | 1.5   | 0.9   | 0.2   |
| EMEs  | Ruble              | 85.00      | 0.9   | 9.0   | 6.0   | 4.6   | 7.0   |
|   | Brazilian real     | 5.65       | -1.0  | -8.8  | -14.1 | -16.5 | -19.5 |
|   | Mexican peso       | 18.62      | -1.6  | -8.7  | -8.2  | -9.7  | -11.2 |
|   | Chinese yuan       | 7.22       | 0.7   | 0.3   | -1.7  | -2.0  | -1.1  |
|   | Turkish lira       | 33.15      | -1.3  | -2.3  | -9.3  | -12.4 | -23.1 |
|   | South African rand | 18.21      | 0.0   | 3.1   | 2.7   | 0.5   | -1.9  |
| <b>10Y bond yields (% p.a., change in bp, '+' – increase, '-' – decrease)</b>           |                    |            |       |       |       |       |       |
| AEs   | USA                | 4.09       | -27   | -60   | 10    | 21    | 12    |
|   | Germany            | 2.30       | -20   | -28   | 14    | 28    | -19   |
|   | Japan              | 1.06       | 1     | 19    | 32    | 45    | 45    |
|   | UK                 | 3.97       | -20   | -38   | 18    | 44    | -34   |
| EMEs  | Russia             | 15.68      | 57    | 209   | 404   | 381   | 451   |
|   | Brazil             | 11.94      | -26   | 19    | 134   | 158   | 105   |
|   | Mexico             | 10.21      | -2    | -13   | 67    | 95    | 107   |
|   | China              | 2.16       | -6    | -15   | -29   | -44   | -55   |
|   | Turkey             | 28.57      | 21    | 23    | 186   | 344   | 959   |
|   | South Africa       | 9.41       | -81   | -154  | -35   | -37   | -81   |
| <b>5Y CDS spreads (bp, change in bp, '+' – increase, '-' – decrease)</b>                |                    |            |       |       |       |       |       |
| AEs   | USA                | 32         | -3    | -4    | -6    | -10   | 12    |
|   | Germany            | 9          | -2    | -2    | -4    | -8    | -5    |
|   | Japan              | 20         | -1    | 1     | -2    | -5    | 4     |
|   | UK                 | 23         | -2    | -4    | -10   | -13   | -5    |
| EMEs  | Brazil             | 151        | -11   | 10    | 20    | 25    | -6    |
|   | Mexico             | 105        | -1    | 11    | 19    | 20    | 9     |
|   | China              | 64         | -3    | -5    | -2    | 3     | 10    |
|   | Turkey             | 256        | -20   | -27   | -61   | -12   | -105  |
|   | South Africa       | 194        | -13   | -43   | -33   | -4    | -33   |
| <b>Stock indices (p, % change, '+' – increase, '-' – decrease)</b>                      |                    |            |       |       |       |       |       |
| AEs   | S&P 500            | 5,522      | 1.13  | 9.7   | 14.0  | 15.8  | 20.3  |
|   | Stoxx 600          | 518        | 1.32  | 2.6   | 6.7   | 8.2   | 9.9   |
|   | Nikkei 225         | 39,102     | -1.22 | 1.8   | 7.8   | 16.8  | 17.9  |
|   | FTSE 100           | 8,368      | 2.50  | 2.7   | 9.7   | 8.2   | 8.7   |
| EMEs  | MSCI EM            | 1,085      | -0.14 | 3.7   | 11.2  | 6.0   | 3.6   |
|   | Bovespa            | 127,652    | 3.02  | 1.4   | -0.1  | -4.9  | 4.7   |
|   | IPC Mexico         | 53,137     | 1.33  | -6.3  | -7.4  | -7.4  | -3.1  |
|   | SSE Composite      | 2,939      | -0.97 | -5.3  | 5.4   | -1.2  | -10.7 |
|   | BIST 100           | 10,639     | -0.09 | 5.9   | 25.2  | 42.4  | 47.4  |
|   | FTSE/JSE           | 82,765     | 3.84  | 8.8   | 11.0  | 7.6   | 4.8   |

\* Advanced economies.

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

**STOCK INDICES WERE MOSTLY RISING IN JULY**  
(02.01.2019 = 100)

Chart 17



Note. The stock indices are specified in national currencies.  
Sources: Cbonds, Bank of Russia calculations.

## Data cut-off dates:

- Interest rates – 31 July 2024.
- Banks' interest rates on ruble loans and deposits – 1 July 2024, high-frequency data – 31 July 2024.
- Growth rates of credit and deposit aggregates – 1 July 2024.
- Growth rates of monetary aggregates – 1 July 2024, high-frequency data – 1 August 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](mailto:svc_analysis@cbr.ru).

This commentary was prepared by the Monetary Policy Department.

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