

Pregled ruskega trga, 01. april 2022

I. Banking sector

Inflation prospects

The Rosstat's latest data on inflation, as well as the strengthening of the ruble, may indicate a temporary stabilisation of the situation in the economy after an unprecedented sanctions shock. Nevertheless, most experts believe that the peak of inflation has not been passed, and the risks of additional sanctions do not yet allow to expect a reduction in the key rate by the Central Bank of Russia.

According to the Chief Economist of Alfa-Bank Natalia Orlova, the strengthening of the ruble is temporary. The market continues to operate under capital controls, and the current strengthening of the rate is taking place amid low liquidity and a complete absence of investors in the market.

The next meeting of the Central Bank will be held on April 29, 2022. In this regard, economists expect the key rate to remain at 20%. According to them, inflation will continue to grow for another 9-11 months. By the end of December 2022, it may reach 25%, so there is a possibility that the Central Bank of Russia will have to maintain the current level of the key rate until the end of the year.

Source: <https://www.vedomosti.ru/economics/articles/2022/03/31/916142-zamedlenie-inflyatsii>

Central Bank of Russia eased the restrictions on transfers of funds abroad for individuals

The Central Bank of Russia eased the restrictions on transfers of funds abroad for individuals. Now a citizen has the right to transfer up to US\$ 10,000, or an equivalent amount in another currency, from his account in a Russian bank to his account abroad, or to another individual in one calendar month. When using the services of money transfer companies without opening an account, the limit is five thousand dollars. The new limits will be in effect for six months. The amounts are calculated at the official exchange rate of the Central Bank of Russia on the date of transfer.

The rules apply to residents and non-residents from countries that do not support sanctions. The same opportunity was given to non-residents from all other states working in Russia under labor or civil law contracts. At the same time, the regulator stopped for six months transfers abroad from bank accounts of non-residents - individuals from countries that support sanctions and not working in Russia, as well as legal entities from these states.

Sources: <https://www.cbr.ru>
<https://www.vedomosti.ru/finance/news/2022/04/01/916156-tsb-ogranicheniya-denezhnie-perevodi>

II. Foreign trade and commodity market

<https://interfax.com/newsroom/top-stories/77689/>

<https://www.vedomosti.ru/business/articles/2022/03/31/916141-putin-zapretil-evro>

German expert opinion: Russia will get record revenues from gas exports

Russia could get record revenues from gas sales due to a significant rise in prices in the spot markets, Janis Kluge, German expert from the German Institute for Foreign Affairs and Security, said on March 31, 2022. In his opinion, thanks to earnings from the sale of energy resources, Moscow will be able to compensate for the growth of inflation, the reduction in income tax and VAT.

"The price of gas on the spot markets has risen five times over the past year. Until now, gas has not played such a big role in the budget, with a ratio of about one to four compared to oil. However, this year gas can provide a similar income, since many the contracts are aligned with the spot price, which means that Gazprom will receive record revenues," Kluge suggested.

In his opinion, this year the Russian budget will be in surplus. The expert noted that now the market price of Russian oil is US\$ 82 per barrel. At the same time, the Kremlin used the price of US\$ 62 per barrel as the basis for budget planning.

Sources: <https://www.n-tv.de/politik/Russland-wird-dieses-Jahr-Rekordeinnahmen-haben-article23235488.html>

<https://ria.ru/20220401/gaz-1781199140.html>

Gas prices in Europe exceeded US\$ 1,500 per thousand cubic meters

Russia imposed a ban on the exports of sunflower and rapeseed from April 1, 2022

Russia imposed a ban on the export of sunflower and rapeseed from April 1, 2022. Soybean exports will continue, but the number of checkpoints will be reduced. According to the Russian Government press service, relevant decrees were signed by Prime Minister Mikhail Mishustin. Restrictions on the export of sunflower and rapeseed will be in effect until August 31, 2022. Against the backdrop of a sharp increase in world prices for sunflower oil and oilseeds, there is an increased demand for Russian products. The decision was made to meet the needs of processing enterprises in raw materials, as well as animal husbandry with products of processing of these oilseeds.

The restrictions will not apply to the export of rapeseed and sunflower seeds to the EAEU countries, as well as to the export of these products under international intergovernmental agreements.

Source: <https://www.interfax.ru/russia/832544>

Russian fish processors ask to limit the exports of bio-resources from Russia

Russian fish processors appealed to the Russian Government with a request to limit the exports of bio-resources from Russia, in order to secure the domestic market. In this regard, the most popular and affordable types of fish are considered - herring, mackerel, pollock, pink salmon, cod, according to Alexander Panin, Russian Fish Union Chairman. Mr Panin added that the regulator will have to establish a specific control mechanism (quotas or duties), but the main task is to prevent a decrease in the supply of fish on the domestic market and a sharp rise in prices.

The Fish Union estimated the volume of fish consumption in Russia in 2021 at 2.9 million tons with a catch of 5 million tons. According to the Federal Agency for Fishery, in January-February 2022, the total catch of aquatic biological resources in Russia amounted to 768,500 tons, which is 2.2% more

than in 2021. Exports in January 2022 increased by 19.5% yoy, to 96,300 tons, in monetary terms, exports amounted to US\$ 295.2 million (65.1% more than the same period last year).

Source: <https://www.vedomosti.ru/economics/news/2022/04/01/916155-pererabotchiki-eksport-ribi>

Deputy Chairman of the Russian Security Council Dmitry Medvedev: Russia will supply food and agricultural products only to 'friendly' countries

"Russia will export food and agricultural products only to 'friendly' countries". Russia will not trade food products with 'unfriendly' countries, and the established in 2014 list of products prohibited for imports, may expand, Security Council Deputy Chairman Dmitry Medvedev wrote on April 1, 2022 in his Telegram channel.

In this regard, he stressed that the domestic market remains a priority, and the Russian Government will continue to control prices and systematically help farmers. Speaking about deliveries abroad, Mr. Medvedev noted the readiness to trade for national currencies. In this connection, he also noted that the volume of exports of agricultural products by Russia exceeds the exports of weapons, and amounted in 2021 over US\$ 37 billion.

Source: <https://ria.ru/20220401/eksport-1781201731.html>

III. Russian economy related developments

President Putin obliges airlines to pay for aircraft leasing in rubles

Russian President Vladimir Putin issued a decree according to which airlines will temporarily be able to pay for the purchase, lease and lease of aircraft to companies from 'unfriendly' states in rubles. According to the decree, obligations to pay rent and other payments will be considered fulfilled, if the airline transfers money in rubles in an amount equivalent to the value of the contract in another currency. The amount will be calculated at the official exchange rate of the Central Bank of Russia on the day the obligations are fulfilled. The money must be transferred to the account of the lessor company in a Russian bank.

Source: <https://www.vedomosti.ru/business/news/2022/04/01/916230-putin-aviakompanii-lizing-rublyah>

President Putin: Share of domestic aircraft in fleet of Russian companies must grow substantially in next 10 years

The share of domestically manufactured aircraft in the fleet of Russian airlines must grow dramatically in the next 10 years, Russian President Vladimir Putin said at a meeting on developing domestic aviation that was broadcast on the Rossiya 24 TV channel on March 31, 2022. "It is necessary to adjust the strategy for developing the aviation industry based on its own resources and taking into account the new conditions, where there is space for opportunities for Russian aircraft manufacturers, design bureaus, and the suppliers of materials, units and components," he said.

In this regard, a number of measures to support the Russian aviation industry were announced by President Putin. For instance, the Russian Government will launch a massive program to compensate a part of transportation costs worth 100-110 billion rubles. The airports in the southern part of Russia will be eligible to receive a compensation for the period of temporary closure. The government will also prepare some measures to minimise the payments to the leasing companies who demanded the return of their planes. By June 2022, the government will draft a comprehensive program for the development of aviation industry until 2030.

On March 31, 2022, Deputy Prime Minister Yuri Borisov said that the majority of Boeing and Airbus planes used by Russian air carriers would remain in Russia. These planes are included in the Russia's registry and re-insured by the Russian insurance companies. These planes could be safely used inside Russia, he said.

Sources: <https://interfax.com/newsroom/top-stories/77688/>
https://tass.ru/ekonomika/14246417?utm_source=bfm.ru&utm_medium=referral&utm_campaign=bfm.ru&utm_referrer=bfm.ruTASS
<https://rg.ru/2022/03/31/putin-opredelil-novyj-poriadok-postavok-gaza-nedruzhestvennym-stranam.html>

Gazprom Group terminated its participation in the German subsidiary

<https://www.vedomosti.ru/business/news/2022/04/01/916231-gruppa-gazprom-prekratila-uchastie>

Moratorium on bankruptcies at request of creditors in Russia to come into effect from April 1, 2022, for six months

The Russian Government introduced a moratorium on initiating bankruptcy cases against companies and individual entrepreneurs at the request of creditors for a period of six months starting from April 1, 2022. Only the developers with delayed residential construction projects, which are already included in the register of problem facilities, are exempt from the moratorium.

Source: <https://interfax.com/newsroom/top-stories/77683/>

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