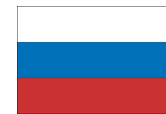


# Responding to the Coronavirus Crisis

## Update on Russia (13/11/20)



European Bank  
for Reconstruction and Development

### EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
*	*		*	*	*	*	*	*			*	*		*	*		*	*		*	

### Economic channels of disruption

#### Private consumption, commodity prices

- Restrictions include a month and a half-long paid holiday for workers, lockdowns in major cities, travel restrictions, closure of schools and ban on social gatherings, all affecting the retail (22% of GDP) and other services sectors.
- Lower oil and gas prices and reduced external demand are a major hit to extractive industries (net oil and gas balance is 13% of GDP).
- Easing of lockdown measures has started as of May depending on local government implementation, however as COVID-19 cases have started to increase again, some restrictions are back on the agenda, particularly for Moscow.

#### Selected crisis impact indicators

**EBRD GDP growth outlook (September 2020)** 2020: -4.5%  
2021: 3%

**Economic sentiment** Business SI -5% points  
(October 2020): (no change m/m)

**Purchasing Managers Index** Combined PMI 47.1  
(September 2020) (down 6.6 points m/m)

**MOEX Russia Index** 3,004  
(November 11 2020) (up 6.0% m/m)

### Crisis response measures to date

#### Support for vulnerable households, workers and businesses

- A fiscal package totalling 7% of GDP aiming to:
  - support individuals to stabilise income trends through social transfers, unemployment payments and debt repayment holidays;
  - help severely affected industries (airlines, tourism), and support hard-hit SMEs;
  - promote recovery in the post-COVID period by supporting fixed capital investments, import substitution and digitalization of the economy.
- Central Bank has undertaken 175bps policy rate cut since March 2020, foreign exchange sales, introducing a financing line to banks.

#### Selected crisis response indicators

**Support to employee salaries** 12,130 rubles (\$160) per month per employee for SMEs (conditional), interest-free salary loans

**Payment holidays for loans** 6 months for affected firms and individuals (months)

**VAT reduction** None

**Reserve adequacy** IMF ARA metric: 3.09  
Reserves/Short-term Debt: 4.35

### Key short-term priorities

Provide liquidity to the economy and revenue support to vulnerable individuals