



# Russian economy: triple crisis



Established in 1841

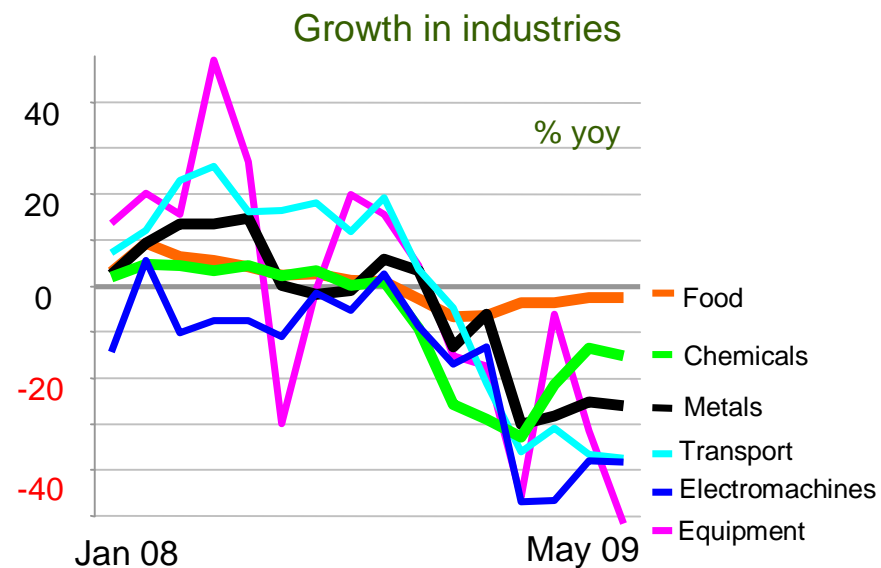
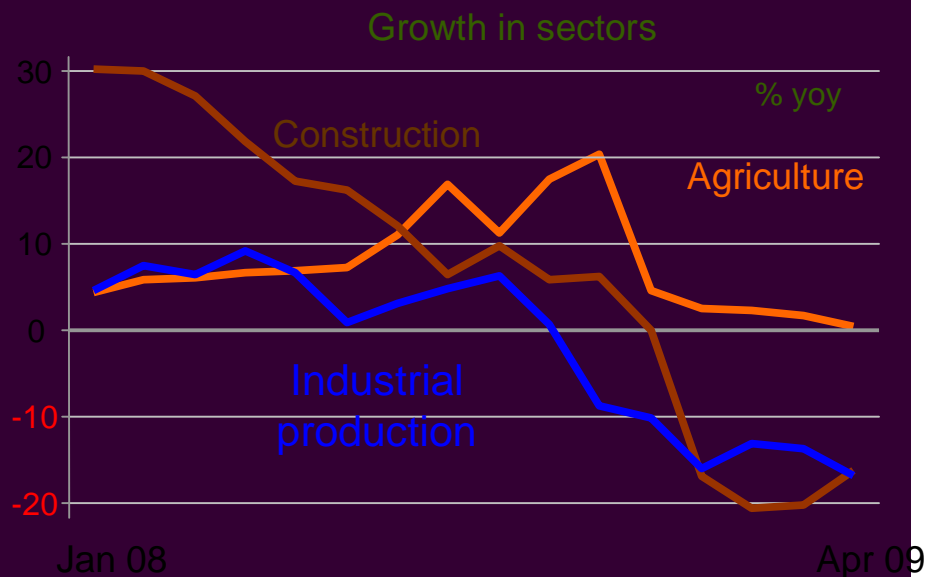
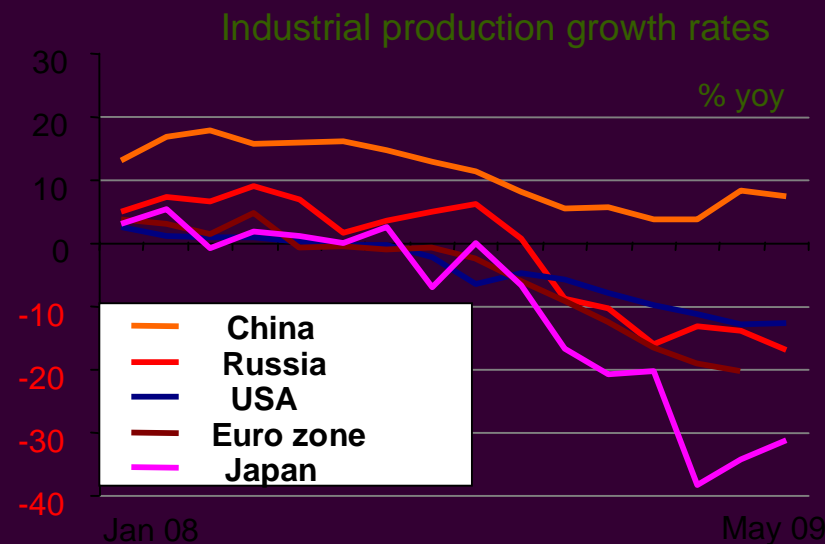
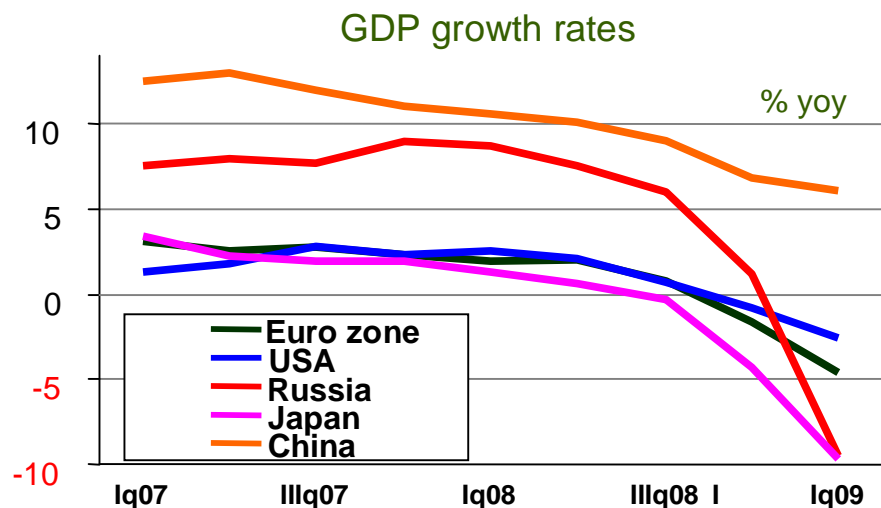
**SBERBANK**

Ksenia Yudaeva

June 23, 2009

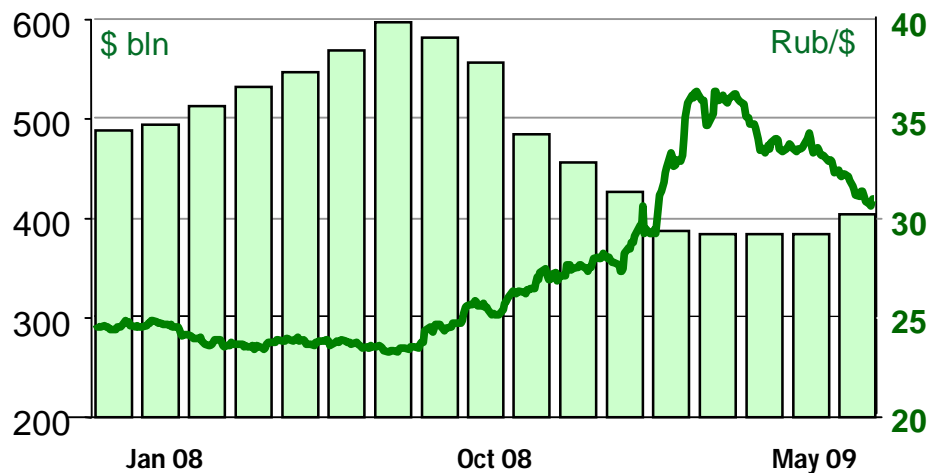


# Real economy: reversal of fortune

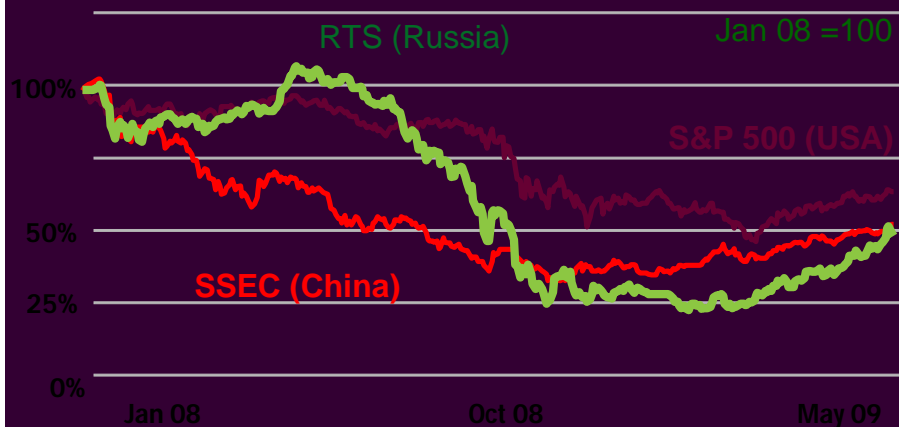


# External Transmission Channels

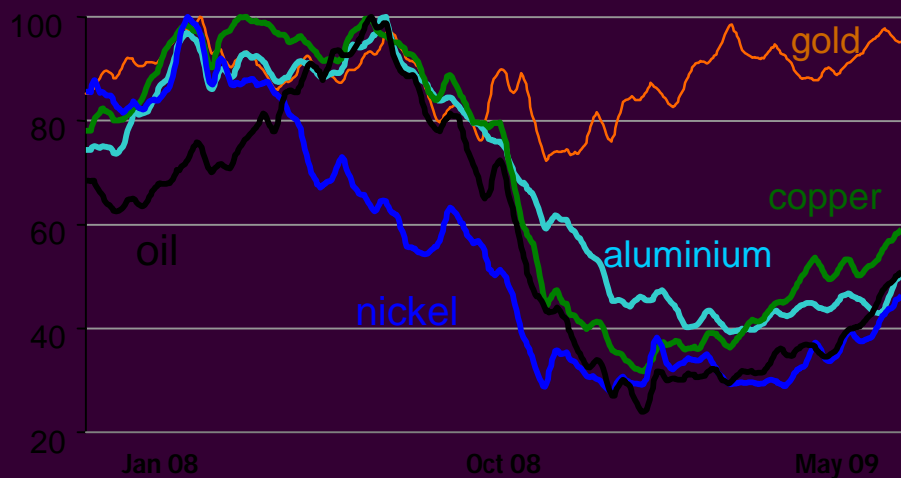
Foreign currency reserves and exchange rate



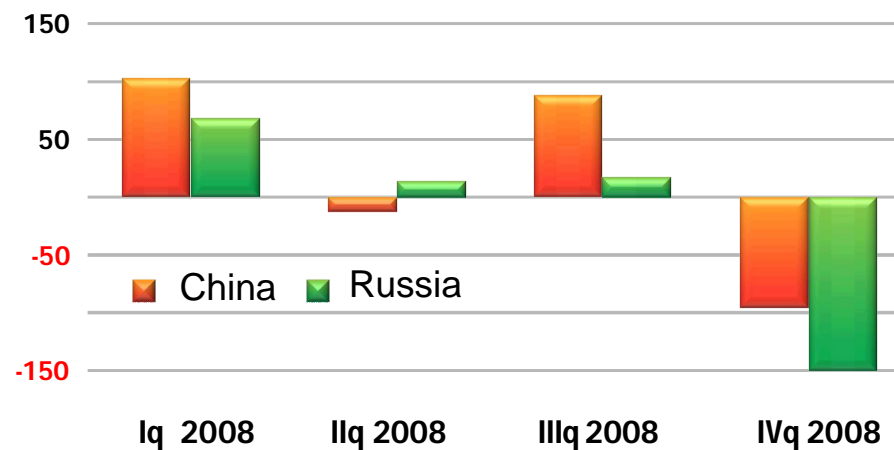
Stock markets



Oil and metal prices, US\$, (peak = 100)

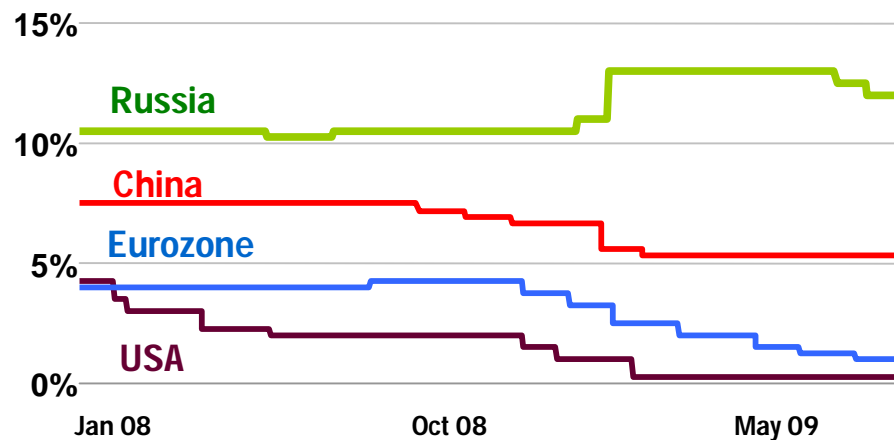


Capital Flows, \$bln

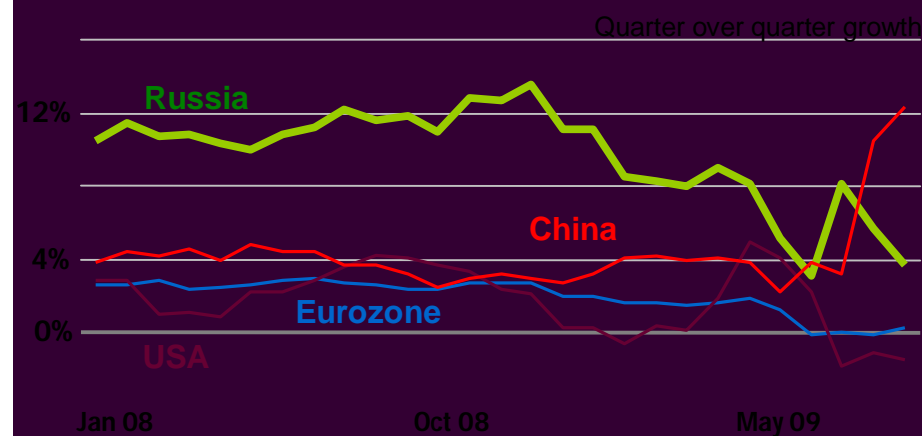


# Money and currency market: domestic problems vs. global

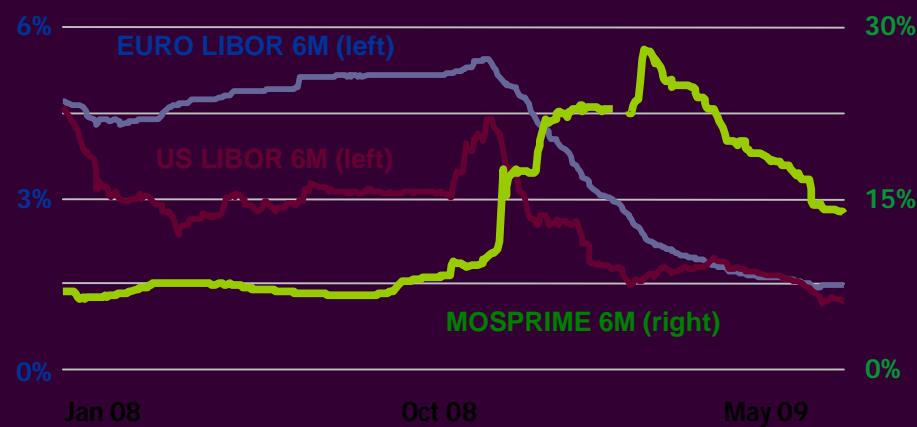
Central banks policy rates



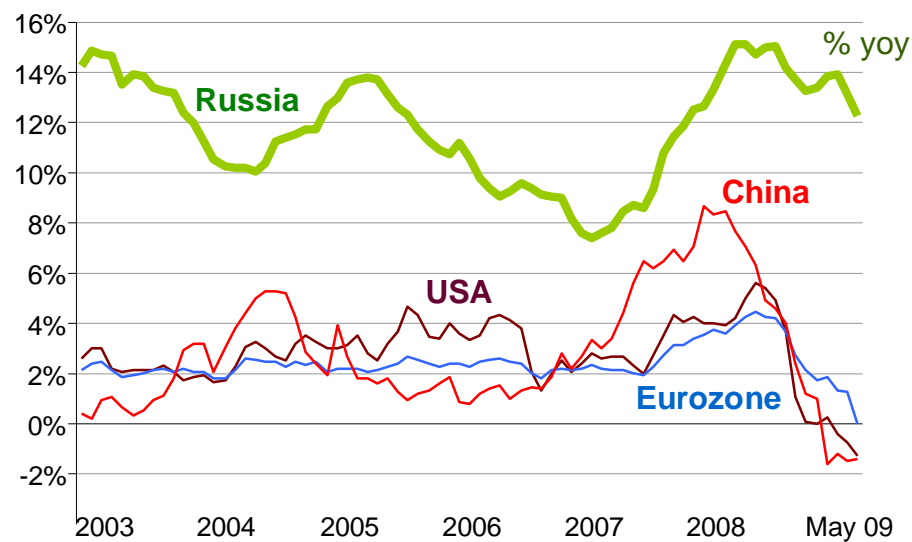
Domestic credit



Money market rates



Inflation



# Summary: Causes of crisis in Russia

## External:

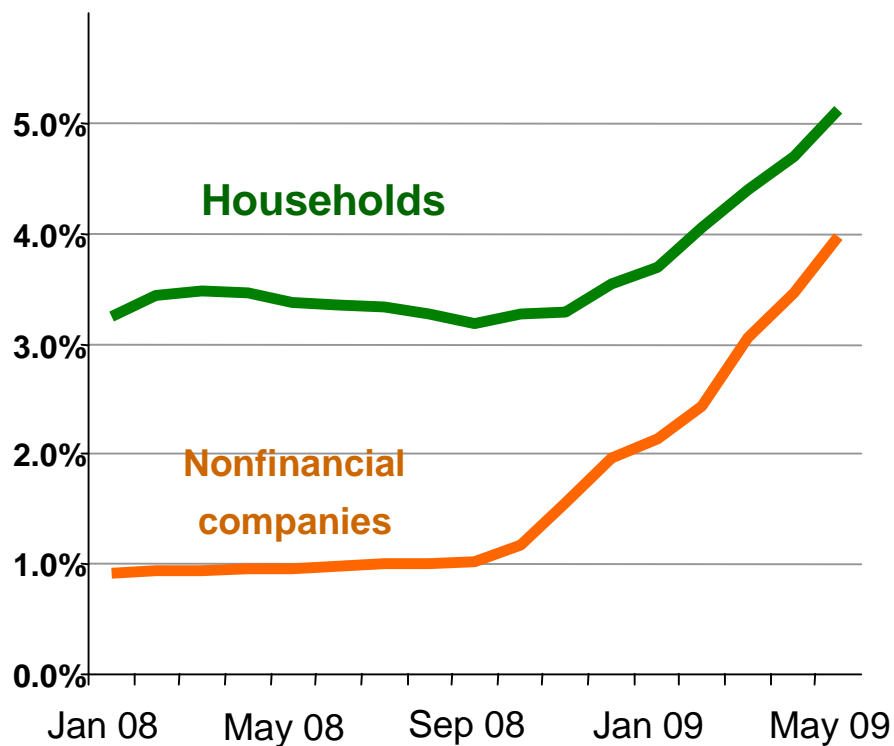
- Capital outflow
  - Stock market crash
  - Short-term debt refinancing problem
- Foreign trade collapse:
  - Oil price decline
  - Commodities and fertilizers price decline

## Domestic:

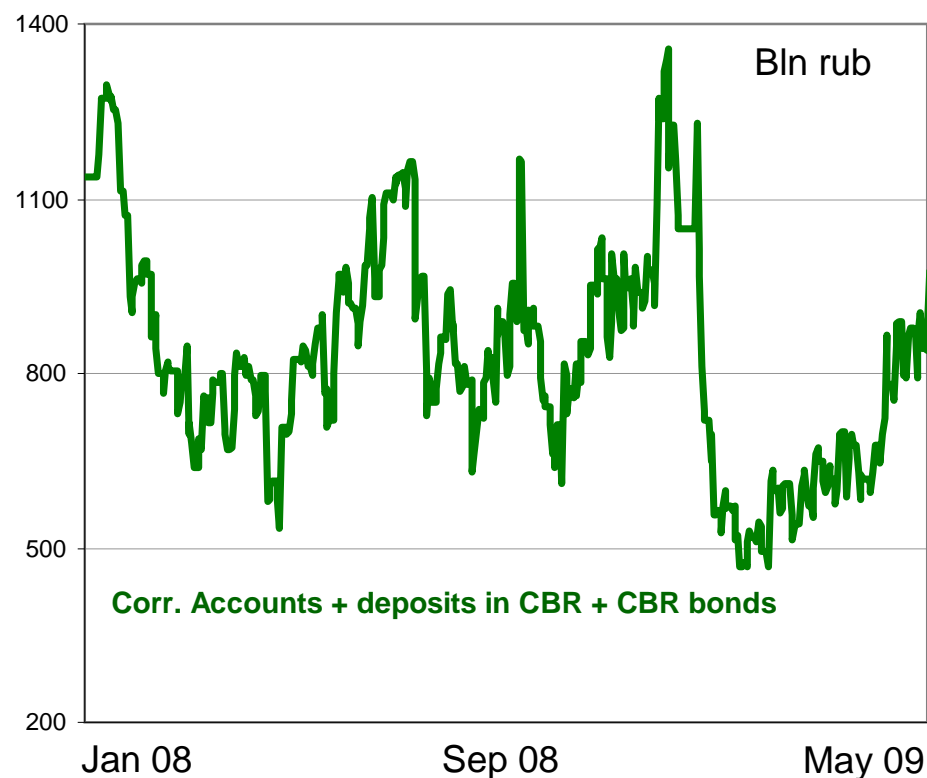
- Overheating
  - non-sterilized capital flows
  - government spending rise
- Banking sector instability
  - Credit boom
  - Fragmentation of the sector since 1990s
- High inflation and devaluation expectations

# Where we are now: banking sector still a problem

Overdue payments % of total,  
As of the 1<sup>st</sup> of the month



Bank sector liquidity

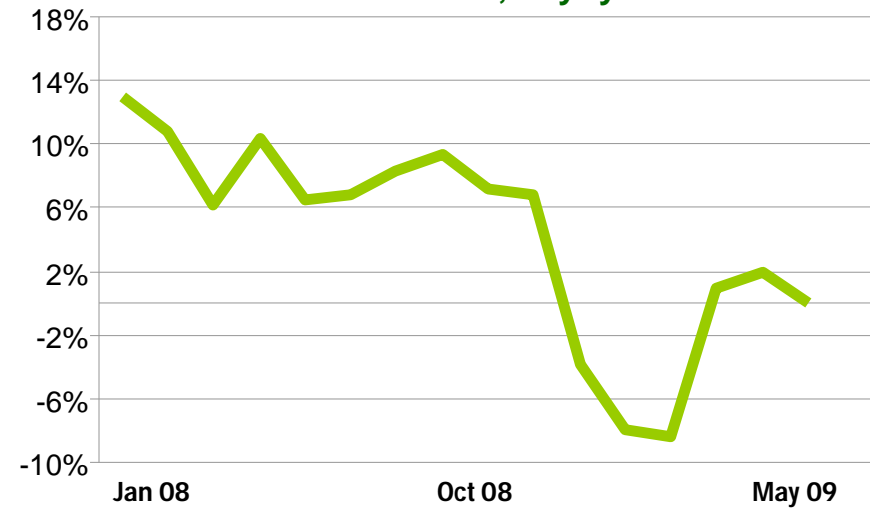


# Russia: Labor market and incomes

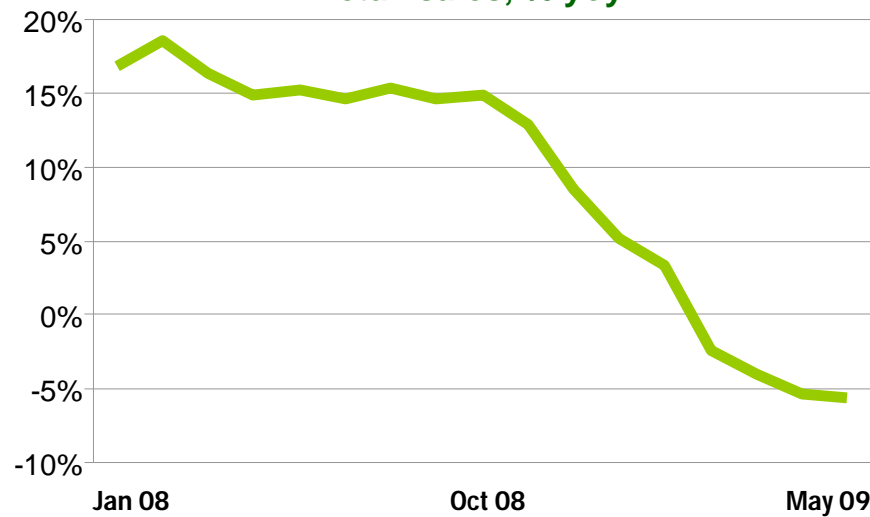
### Unemployment rate, %



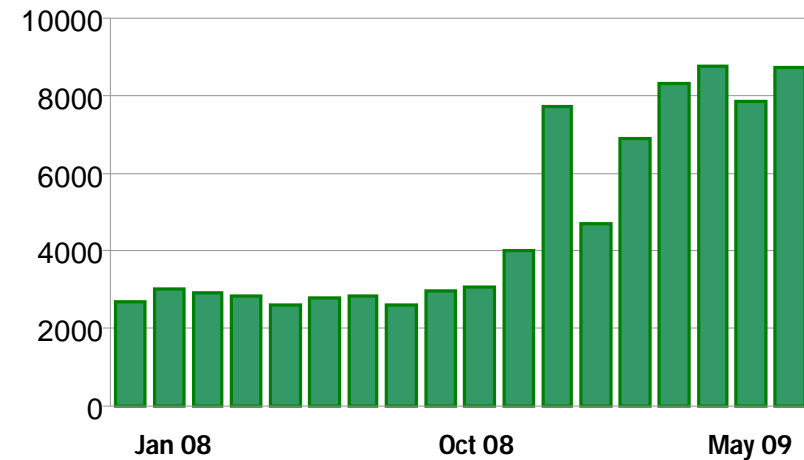
### Real income, % yoy



### Retail sales, % yoy



### Wage overdue, mln rub



# Conclusions: Lessons from the crisis for the government policy

## Major priorities (to prevent crisis):

- Banking sector clean-up and capitalization; consolidation
- Financial sector reform; government bond market development
- Inflation stabilization

## Major anti-crisis policies

- Unemployment assistance, internal migration
- Infrastructure investment
- FDI