

Key Updates on Russian Economy - July 8 - July 14

Prepared by KSE Institute

Balance of payments

Russia continues to lose export revenues, but is still making progress in restoring imports. In Q2 2023, the current account balance fell by 93% YoY to \$5.4 bn. Exports continued to fall, dropping by 33% to \$101 bn. Nevertheless, the aggressor continues to restore imports, which grew by 35% (to \$76.9 bn) YoY. Both the trade balance and current account in Q2 were at the lowest level since Q3 2020.

Cumulatively, in the first half of the year, the current account balance declined by 86% YoY (to \$20.2 bn). Exports amounted to \$205.6 bn (-33% YoY), while imports amounted to \$151.3 bn (+20% YoY).

Energy sector

After losing the EU market, Gazprom seeks to squeeze revenues out of the Russian internal market. As reported, tariffs for gas both for business and individual consumers will be increased by 8% from 1 Jul 24, and by another 8% in 2025. In Dec 22, tariffs were already lifted by 8.5%. [Source](#)

Losing the EU market is costly. According to assessments by Vygon Consulting (russian firm), losing the EU market will cost the Russian budget \$28 bn unreceived tax revenues. Gazprom itself is expected to lose about \$90 bn in revenue compared to 2022. [Source](#)

In June Russian oil exports noticeably fell. According to IEA, average daily Russian exports of oil and oil exports in June fell by 600,000 barrels to 7.3 mln barrels, the lowest level since March 2021. Revenue from barrels sold abroad fell by \$1.5 bn to \$11.8 bn - nearly half of what it was a year ago. [Source](#)

India and China started to cut imports of Russian oil in June. S&P Global reported that in June flows to India fell the most, by 300,000 b/d on the month, while crude exports to China slipped by 150,000 b/d. [Source](#)

Discount for Russian oil is narrowing. According to the Times of India, discounts on Russian crude for India's refineries have fallen to \$4 a barrel from peak levels of \$25-30. [Source](#)

Urals' price "officially" exceeded the price cap for the first time. According to price reporting agency Argus Media, Urals crude reached \$60.78 a barrel on Wednesday, climbing above the G7 price cap. [Source](#)

Russians

Number of bankruptcies among Russians is constantly growing – a new record was set. In Jan-Jun 2023, the courts recognized 163 thousand citizens as bankrupt, which is 34% more than in the same period of 2022. [Source](#)

Prigozhin's coup led to money withdrawals from banks – additional evidences. Reportedly, in June a sharp decline in foreign currency deposits in banks took place in June – their amount dropped from \$161.6 bn to \$152.4 bn (decreased by \$9.1 bn). [Source](#)

Polls

Putin's rating dropped to the lowest since the beginning of the war after Prigozhin's coup. According to VTsIOM, Russians' level of trust in Putin has fallen to 77.2% of citizens trust Putin – lowest value since February 27, 2022. Compared to the highs shown in mid-May, Putin's rating has lost 3.7 percentage points - more than after the announcement of mass mobilization last fall (then it dropped from 81.5% to 78%).