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Saudi Spending Helps Russia

By The Moscow Times

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Saudi Arabian social spending aimed at preventing the kind of political unrest that has gripped the Middle East will help support oil prices and Russia's economy, Sberbank said Wednesday.

The country's higher spending commitments require crude prices of about $100 a barrel, a level that would support Russian budget revenues "for a long time to come," said Ksenia Yudayeva, chief economist at Sberbank.

"The overall social tension in Saudi Arabia will definitely help keep Russia afloat, even if there's a slowdown in global growth," Yudayeva said. "In that sense, the Russian economy may be partially isolated."

Saudi Arabia has raised social expenditures after popular revolutions toppled governments in Tunisia and Egypt. Russia needs oil prices to average $125 a barrel over the next three years to balance its budget, according to the Finance Ministry. Urals crude, Russia's main export blend, fell Wednesday to $114.37, the lowest since July 6.

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