

Russia Says Will Fulfill Domestic Borrowing Plans Despite Market Freeze Over Ukraine

By [The Moscow Times](#)

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The Russian Finance Ministry hopes that plans for sovereign domestic borrowing will remain unchanged for the rest of the year, the ministry's head, Anton Siluanov, said Thursday.

The ministry has been forced to cancel its weekly auction for its so-called OFZ bonds for eight weeks straight as Moscow's involvement in the Ukraine crisis has triggered Western sanctions and scared investors off local assets.

The ministry has raised some 194 billion rubles (\$5.18 billion) so far this year, or just under half of its already lowered plan of 435 billion rubles.

In May, the ministry reduced its domestic target by almost half from an initial 809 billion rubles.

The yield on 10-year OFZ bonds is currently around 9.8 percent, rising some 200 basis points since the start of the year and near highest in five years since Russia was dealing with the aftermath of the 2008 global financial crisis.

"We have not been tapping the markets so as not to raise funds at high rates and not to push rates up on the credit market," Siluanov told journalists.

But the weakening ruble and relatively high oil prices are keeping state finances in surplus this year, easing pressure on the ministry to meet the borrowing target. The ministry has cancelled its foreign borrowing plans for the year.

"We have replaced [borrowings] with oil and gas revenues which have been coming in above expectations," Siluanov said.

He added there was interest from local banks in government domestic bonds, but he would not name any banks.

"We hope to fulfill the borrowing plan this year," he said.

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