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Russians Are 17% Poorer Than in 2007 Due to Collapsing Value of Ruble

By The Moscow Times

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The rapid plunge in the value of the ruble over the past 18 months has sent the spending power of Russian households tumbling, according to a report this week by investment bank Credit Suisse.

Russian household wealth multiplied eightfold between 2000 and 2007 as commodity prices boomed, but stalled when the financial crisis swept through the global economy the next year, the bank's 2014 Global Wealth Report said.

Now Russian households have 15 percent more rubles than in 2007, but while in that year one U.S. dollar cost 25 rubles, the same dollar now costs 34 rubles, the bank said in its report. The result: Russian household wealth has fallen 17 percent since 2007 and is now at $19,590 per adult, the report said.

The bank puts average household wealth in the U.S. this year at $347,845.

The situation may in fact be even worse. Credit Suisse's calculations rest on a 34 ruble exchange rate for this year. This was true in July, but an economic slowdown, tightening Western sanctions over Ukraine and sharp falls in the price of oil since then have driven down the value of the ruble far further. On Wednesday, the ruble hit the 41-to-the-dollar mark — 20 percent weaker than Credit Suisse's chosen rate.

The report also found that the richest 10 percent of Russians own 85 percent of the country's wealth — far above the U.S., where the top decile owns 75 percent of wealth, and China, where the richest 10 percent take 64 percent of the pie.

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