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Russia's Central Bank Sees No Need for Capital Controls

By The Moscow Times

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The Central Bank headquarters in Moscow.

Russia is not experiencing the same pace of capital outflows as it did at the end of 2008 and sees no need to introduce capital controls, Central Bank First Deputy Governor Ksenia Yudayeva said Tuesday.

"We do not see the objective need of capital control measures," she said in an interview on the sidelines of the Asian Financial Forum in Hong Kong.

Net outflows by companies and banks reached a record $151.5 billion last year, nearly three times the 2013 level and exceeding the $133.6 billion of outflows in 2008 during the global financial crisis, illustrating the impact of Western sanctions and the blow to investor confidence from slumping oil prices.

But Yudayeva said the 2008 outflows were concentrated in the second half of that year, when the pace was much faster than in the last six months of 2014.

Asked about the threat of a downgrade of Russia's sovereign rating downgrade to "junk" after international rating agencies placed the country on negative outlook, Yudayeva said Russia was going to honor its debt payments

She said Russia's foreign currency debt represented only about 5 percent of the country's gross domestic product (GDP) and that overall debt was at about 15 percent of GDP.

"Whatever the rating agencies said, we believe the probability of any negative event on these debt payments is actually zero," Yudayeva said.

Yudayeva said that in the light of oil prices now hovering at about $50 a barrel, the Central Bank was likely to lower the oil price range it uses in its base line macro scenario, now at $60 to $80 a barrel.

The central banker also said bad loans at Russian banks were on the rise and that ensuring the adequate capitalization of banks was currently a "big concern."

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