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Russian Rainy-Day Reserves Fall as Economic Crisis Squeezes Budget

By The Moscow Times

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The Russian government's rainy-day fund has shrunk by almost 10 percent in dollar terms in February after the state sought to fill a hole in its budget, where revenues have suffered due to low oil prices.

The Reserve Fund is used to support public finances in time of low oil and gas prices and is held in dollars, euros and British pounds. It fell to $77.05 billion from $85.09 billion in January, the Finance Ministry said Tuesday. The fall in ruble terms was sharper, almost 20 percent, since the ruble gained ground against the dollar and other currencies last month.

The Finance Ministry said the government had used 500 billion rubles ($8 billion) from the fund to supplement a drop in budget revenue. That followed a separate withdrawal of 50.48 billion rubles in January.

Russia's other main sovereign fund, the National Welfare Fund, rose by $900 million

in February to $74.92 billion, the ministry said Tuesday, although its value in ruble terms fell.

Cuts of 10 percent are planned to most areas of government spending this year, with defense and infrastructure spending largely exempt, in response to a fall in the price of oil and gas. Around half of Russian government revenues typically come from taxes on the oil and gas industries.

As of Feb. 20, the last date for which data has been published, the Central Bank said it had $364.6 billion in foreign currency reserves of its own.

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