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Russia Sees Net Capital Outflow Drop to $20 Billion in Q2

By The Moscow Times

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Net capital outflow from Russia fell in the second quarter to $20 billion, according to estimated balance of payments data published by the Central Bank on Thursday, pointing to a stabilization in financial conditions.

The outflow figure was only slightly lower than the $21.9 billion outflow recorded in the same period a year earlier but 38 percent less than in the previous quarter, when the outflow was $32.5 billion.

Russia saw record outflows of $154.1 billion in 2014 as Western sanctions over the Ukraine conflict exacerbated a slump in investment and a collapse in oil prices hurt Russia's export earnings.

While EU sanctions on Russia were extended by 6 months in June, Russia has seen no

additional Western sanctions and has benefitted from a slight strengthening of the price of oil.

The Central Bank expects this year's capital outflow to be around $90 billion. Capital outflow in 2013 stood at $61 billion.

Russia's current account surplus amounted to $19.2 billion in the second quarter, the Central Bank estimates showed, also lower than the $28.9 billion recorded in the first quarter.

Russia's overall economic position is still rocky, however, with many analysts expecting the economy to shrink by 3 percent this year as low oil prices and Western sanctions squeeze investment. Industrial output fell sharply in May, contracting 5.5 percent year-on-year according to data from state statistics service Rosstat.

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