

Russia's Central Bank Warns of Budget Risks as Oil Prices Look Set to Fall

By [The Moscow Times](#)

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Russia's Central Bank has warned that increasing oil supply is likely to depress oil prices further, and may mean that the country's 2016 budget will need to be amended, the Vedomosti newspaper reported on Thursday.

According to the Bank, the widening price difference between Urals crude and the benchmark Brent blend could spell trouble for the ruble and the country's economic growth.

The current draft budget, set to be reviewed by the State Duma in the first reading on Friday, bases Russia's projected spending on a Urals price of \$50 per barrel.

“There is a risk that sweet crude oil [containing low levels of the impurity sulfur] like Brent ... will do better due to lower production levels in the United States, while sour [high-sulfur]

blends like Urals will find themselves under pressure from rising supplies from Saudi Arabia, Iraq and Iran,” Russia's Deputy Finance Minister Maxim Oreshkin told Vedomosti.

It is likely that falling oil prices would be partially offset by a weaker ruble, and could lead to balance of payments difficulties, Interfax reported Thursday.

According to the TASS news agency, Russian lawmakers have repeatedly said that many of the draft budget's provisions will need to be debated on Friday.

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