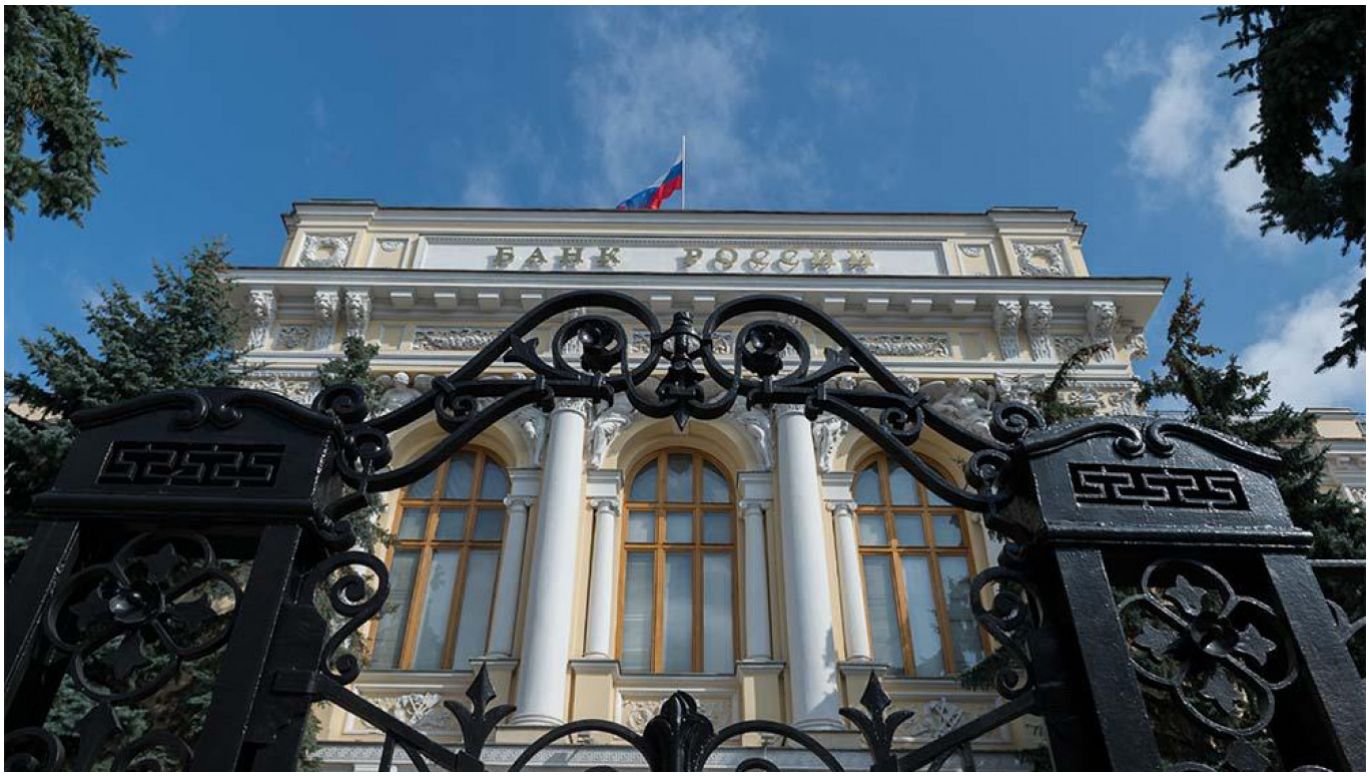
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INDEPENDENT NEWS FROM RUSSIA

Russia's Current Account Sees Bumper Surplus in First Half

A large trade surplus and an increase in foreign direct investment account for the surplus.

By bne IntelliNews

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The Central Bank of Russia released the latest figures this week. **Anton Belitsky / TASS**

Russia's current account posted a $45.6 billion surplus in the first half of this year, the Central Bank of Russia (CBR) reported on July 10.

The surplus, according to preliminary estimates, was mainly the result of a large trade surplus ($86.5 billion). The other data shows a significant increase in foreign direct investment ($11.6 billion in the first half of 2019, up by x1.4 year-on-year) and a reversal of capital flows to an inflow of $7.9 billion in June compared with an outflow of $35.2 billion in the first five months of 2019.

Softer crude oil prices offset by weak domestic demand and lower imports all contributed to the surplus. In the first half of 2019, the Urals crude price fell 4.5% year-on-year, which led to a 3.4% year-on-year fall in the trade balance and a 4% year-on-year decline in the current account surplus. However, lower oil prices were offset by weak domestic demand, which drove volumes of imports down by 3% year-on-year.

“Overall, CBR data shows that Russia’s external accounts remain in a solid state,” BSC Global Markets chief economist Vladimir Tikhomirov said in a note. “Russia’s external accounts remain solid, albeit in part a function of weaker demand. The continued current account surplus underscores two key positives – a fiscal surplus and a strong external position.”

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