

Russia's Gold Reserves Will Cushion Oil Price Fall, Says Finance Minister

Russia's \$100 billion mountain of gold reserves will protect it even if oil prices plummet.

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Moscow believes its gold reserves are enough to cushion the economy even if oil prices fall to a 20-year low. **Sergei Fadeichev / TASS**

Russia's mountain of gold reserves will help it deal with any future crash in oil prices, finance minister Anton Siluanov has said.

Speaking to U.S. TV station CNBC, Siluanov [said](#) that even if the price of oil fell to “\$30 or \$20 per barrel,” Russia would not suffer an economic shock and would be able to fulfil its budgetary obligations for three years, thanks to its vast gold reserves.

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“Regardless of how things work out with the oil price, we will be able to finance our obligations, because we have accumulated sufficient gold reserves of more than 7% of GDP,” he said. “Therefore, even if the oil price goes to \$30 per barrel, or \$20, we will be able to honor our obligations for three years, without any shocks of difficulties.”

Over the last five years, Russia has doubled its holdings of gold while the cost of the precious metal has risen by 20%. At current prices, Russia’s 2,219 tonnes of gold are [worth](#) more than \$116 billion.

The price of benchmark Brent crude is currently \$59 a barrel. The last time oil was at \$30 was for a brief period in 2016, while barrels haven’t been traded at \$20 since 2001.

Since the 2014-16 economic crisis, President Vladimir Putin’s administration has made a concerted effort to reduce the economy’s vulnerability to oil price swings. Analysts highlight that the government’s budget has its lowest break-even oil price in a decade, and a new [fiscal rule](#) — which channels profits on oil sold above \$40 a barrel into the National Wealth Fund — has reduced the [correlation](#) between oil prices, the value of the ruble and the health of the Russian economy.

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