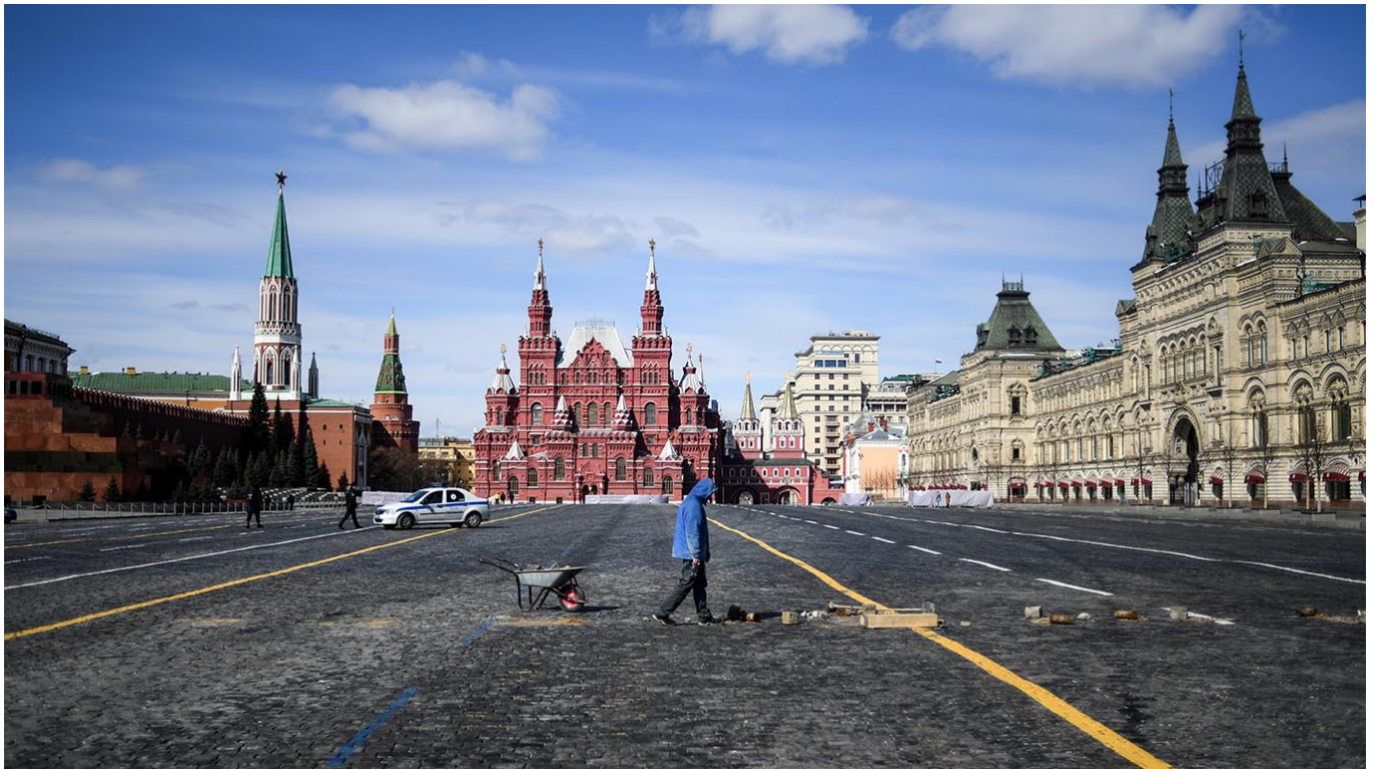


Russian Economy Shrank 10% in Second Quarter – Central Bank

Oil production cuts outweighed recent recovery in other parts of economy.

July 15, 2020



Russia faces a lengthy recovery from the economic fallout of the coronavirus. **RBC / TASS**

The Russian economy contracted by 9.5-10% in the second quarter, the Central Bank estimated in a new [report](#) Wednesday.

The country's economic recovery will be "gradual, lengthy and uneven," with the spillover effects of disruptions to production and supply chains still expanding, the bank added.

Many sectors of the economy reached their nadir in April and started to recover in May, with the easing of restrictions following Russia's six-week lockdown imposed at the end of March. However, the Bank said drastic cuts to oil production as part of the OPEC+ deal designed to prop up global oil prices "outweighed" growth in other parts of the economy.

Russia slashed its oil output by around 2.5 million barrels a day, or more than a fifth, under the terms of the April agreement with Saudi Arabia and a host of other oil-producing countries.

The International Monetary Fund (IMF) expects Russia's economy to shrink by 6.6% this year — less than some of the worst-hit countries in western Europe which are facing double-digit contractions.

Russia's Central Bank will decide next week on what to do with interest rates, which it slashed to a record low of 4.5% in June in a bid to stoke Russia's economic recovery. Inflation is set to stay well below the Bank's 4% target, with governor Elvira Nabiullina having signalled to the market that interest rates are likely to be cut again in 2020.

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