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Russian Savings Jump During Coronavirus Crisis

As wages fell and unemployment rose, Russians saved almost one in every four rubles throughout the pandemic.

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The household savings rate ballooned to a record high in the second quarter of 2020. **Sergei Kiselyov / Moskva News Agency**

Russian households saved almost a quarter of their disposable income during the height of the coronavirus pandemic, the Central Bank has said in a new report.

Despite a rise in unemployment and a fall in wages, Russia's household savings rate rose to a record 23% in the second quarter of 2020 — more than double the typical level of 8-11%, Central Bank analysts said.

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The report noted that the jump in savings is unlikely to be sustained as it "largely reflects consumption restrictions during the period of self-isolation and the suspension of travel." In other words, with businesses, shops and restaurants closed for much of the quarter and Russians forced to stay home in a strict nationwide lockdown, there were fewer opportunities to spend.

But the increase in savings could also reflect apprehension about economic prospects and the desire to save for future hardship. A survey by the Higher School of Economics (HSE) found that more than four in 10 Russians said their personal financial situation has deteriorated during the pandemic. Only 10% predicted their financial wellbeing would improve in the foreseeable future.

Overall, disposable incomes fell by 8% in the second quarter compared to 2019 levels, the Central Bank reported. That decline was cushioned by 800 billion rubles ($11 billion) in government handouts — largely to medical professionals and families with children — which accounted for 6% of all household income across the quarter.

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