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Pandemic Pushes Russia's Gold Reserves Above U.S. Dollars For First Ever Time

Moscow has shifted its international reserves away from the U.S. currency over recent years.

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Russia held $128.5 billion of gold reserves at the end of June 2020. **Donat Sorokin / TASS**

The value of Russia's gold reserves passed its U.S. dollar holdings for the first time in history last year, Central Bank data published Monday showed.

At the end of June 2020, Russia held $128.5 billion in gold, representing 22.9% of Moscow's total international reserves — and almost $4 billion more than the value of U.S. dollars in its reserves.

Over the last three years Russia has aggressively shifted its foreign reserves out of U.S. dollars and into gold and other currencies, such as the Chinese yuan.

“This is atypical behavior for a country of Russia’s size and such a large economy,” Timur Nigmatullin, investment manager at Otkritie Broker told the Business FM news site, who said countries would typically prefer a mix of hard currencies, rather than metals in their reserve portfolio.

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The data, published with a six month delay, shows Russia’s total international reserves stood at $561 billion at the end of June 2020. After the 2014-16 economic crisis, Moscow started buying up foreign currencies with profits on its oil exports, building up a substantial rainy day fund.

While the dollar is the world’s preeminent reserve currency, making up more than 60% of all foreign currency reserves globally according to International Monetary Fund (IMF) data, the euro is Russia’s top reserve holding, with more than $165 billion on account.

The surge in the value of Russia’s gold holdings in 2020 came as prices soared for the precious metal in the first months of the coronavirus pandemic. The share of gold in Russia’s reserves likely increased further throughout the summer, as prices hit a record high in early August.

After being the world’s largest gold buyer for a number of years, Russia wound down its purchases at the start of the last year and completely suspended gold buying in March 2020 at the height of the pandemic. Central Bank chief Elvira Nabiullina said in July that after the extensive purchases of recent years, she is satisfied with Russia’s level of gold reserves.

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