

Russian Household Savings Doubled During Pandemic

Economists say that mirrors a global trend, but could be a point of concern for the Russian economy.

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Russians' living standards are at their lowest level for a decade. **Alexander Demianchuk / TASS**

Russians' household savings more than doubled last year, despite a fall in disposable incomes and rise in unemployment, official statistics have shown.

Mirroring the [global trend](#) of people spending less and saving more throughout the pandemic, Russians' total savings jumped more than 2.2 times to stand at 5.2 trillion rubles (\$70 billion) at the end of 2020, the federal statistics service Rosstat found.

Economists say the increase in savings is a feature of pandemic-induced lockdown, when it was physically difficult to spend money, and an overall decrease in discretionary spending as people self-isolated, worked from home and shunned leisure activities such as a traditional summer holiday, or going to cinemas, bars and restaurants.

Household consumption was down 8.6% last year — a faster decline than the 3% slump in real disposable incomes.

Related article: [Russia's Economy Shrunk by 3.1% in 2020](#)

But experts cautioned that a higher savings rate should not be seen as a sign of economic strength. An increased proportion of savings being held as cash — up to 29% last year — suggests nervous expectations for the future, Natalia Safina, head of macroeconomic analysis at the Center for Strategic Research think tank [told](#) the Vedomosti news site.

“This supports the idea that the reason for the increase in savings is not a growth in prosperity, but rather an uncertainty in the future, which has forced people to tighten their belts and build up a financial safety net,” she said.

Record low [interest rates](#) have also played a factor in the increasing attractiveness of cash as an option for stashing short-term savings, rather than bank deposits — even as inflation has jumped above 5% on the back of surging food prices across Russia and the fall in the value of the ruble.

Commentators have cited widespread economic discontent as an aggravating factor in the [protests](#) that swept Russia last month demanding the release of imprisoned Kremlin critic Alexei Navalny. Disposable incomes have [fallen](#) more than 10% since 2013 and consumer confidence is at its lowest level for five years.

Russia’s anti-coronavirus support package was modest last year, and official budget plans show the government will [cut spending](#) rapidly in a bid to move back toward a policy of minimal budget deficits. However, according to a Reuters report, the government is considering an additional \$7 billion [spending spree](#) — equivalent to 0.5% of GDP — in the run-up to parliamentary elections scheduled for September.

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