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Russia to Tap National Wealth Fund at Record Pace as Oil and Gas Revenues Slump

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Russia's Finance Minister Anton Siluanov and Prime Minister Mikhail Mishustin. **Dmitry Astakhov / POOL / TASS**

Russia will sharply increase sales of foreign currency and gold from its National Wealth Fund (NWF) to offset a steep fall in oil and gas revenues, which sank last year to their lowest level since the pandemic and halved in December year-on-year.

From Jan. 16 to Feb. 5, the Finance Ministry will sell Chinese yuan and gold from the fund worth 12.8 billion rubles ($165 million) per day, or a total of 192.1 billion rubles ($2.48 billion), under the budget rule.

This will be the largest daily volume of such operations on record, exceeding even the peak pace during the Covid-19 crisis, when assets were sold at roughly 11.4 billion rubles ($147 million) a day, Interfax said.

The pace of disposals will rise more than twofold compared with December, when daily sales amounted to 5.6 billion rubles ($72 million).

The increase is linked to a widening discount on Russian crude, said Natalia Orlova, chief economist at Alfa Bank.

The average price of Urals oil fell to about $39 per barrel in December, well below the $59 assumed when the 2026 budget was drafted.

“Given current oil price dynamics, oil and gas revenues are likely to remain under pressure this year,” Orlova said.

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The Finance Ministry has budgeted 8.9 trillion rubles ($114.8 billion) in oil and gas tax revenues for 2026.

However, collections are likely to fall short by 1.1-1.4 trillion rubles ($14.2-18.1 billion), economist Dmitry Polevoy said.

Analysts at MMI estimated that the gap could be even larger, at 2.5-3 trillion rubles ($32.3-38.7 billion), which would effectively drain the NWF’s liquid reserves.

The fund held 4.1 trillion rubles ($52.9 billion) in liquid assets — unspent funds in the form of foreign currency and gold held at the Central Bank — at the start of the year.

Before Russia's full-scale invasion of Ukraine, the NWF held $113.5 billion in liquid assets accumulated from years of oil windfalls, including 405.7 metric tons of gold.

The government has sold around 60% of the fund’s gold in the nearly four years since, reducing holdings to 173 metric tons as of Dec. 1, 2025.

Total liquid assets have fallen to $52.3 billion, while foreign currency reserves have dropped to 209.15 billion yuan, the lowest level since the fund was created in 2008.

Oil and gas revenues totaled 8.4 trillion rubles ($108.4 billion) last year, the weakest result since 2020 and about 2.5 trillion rubles ($32.3 billion) below the Finance Ministry’s original projections.

Budget deficit estimates from Gazprombank suggest the shortfall may have reached 6 trillion rubles ($77.4 billion), though the ministry has yet to publish final figures.

For this year, the government has targeted a reduction in the deficit to 3.8 trillion rubles ($49.0 billion), or 1.6% of gross domestic product.

Polevoy estimates the gap could again be larger, at around 2.6-2.7% of GDP.

Lower prices for Russian oil are expected to cut export revenues by about $35 billion, weighing on economic growth and potentially forcing further spending cuts, Polevoy said.

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