

MONITORING OF RUSSIA'S ECONOMIC OUTLOOK

trends and challenges of socio-economic development

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BALANCE OF PAYMENTS IN Q2 2025

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At the end of Q2 2025, the Russian Federation's current account surplus decreased by 58% compared to Q2 of 2024. The financial account deficit in tQ2 2025 was mainly due to an increase in foreign assets. In Q2 2025, the ruble strengthened by 6.2% against the dollar.

According to the Bank of Russia's preliminary balance of payments estimate, the current account balance in Q2 2025 amounted to \$7.3 bn, which is 58% less than in Q2 2024 (\$17.3 bn) and very close to the corresponding figure for 2023 (\$7.7 bn). Given the current breakdown of the Russian Federation's balance of payments published by the Central Bank of the Russian Federation, the structure of the current account can be described in terms of three main balances: trade in goods, trade in services, and the balance of primary and secondary income.

The balance of trade in goods amounted to 27.2 bn in Q2, which is 24% less (by \$8.5 bn in absolute terms) than in Q2 2024 (\$35.7 bn). The decisive factor in this decline was the reduction in the value of exports (by 6%) from 106.4 bn in Q2 2024 to 100 bn in Q2 2025, along with an increase in the value of imports of goods from 70.7 bn in Q2 2024 to 72.8 bn in Q2 2025 (by 3%).

This export trend is due to lower prices for basic Russian export goods (oil, gas, petroleum products, grain, coal, ferrous and non-ferrous metals), the established redirection of limited export flows from EU countries and other unfriendly economies, and stable physical volumes of supplies abroad.

The observed dynamics of imports of goods is due to the stabilization of physical volumes of supplies with a moderate increase in dollar prices of imported products. It should be noted that the growth in imports of goods was accompanied by a strengthening of the national currency: according to the Bank of Russia, the growth of the real ruble-dollar exchange rate index in H1 2025 relative to H1 2024 was +12.1% (in Q1 2025 compared to Q1 2025, this growth was +4.5%) – a significant strengthening, meaning a relative cheapening of imports.¹

1 On the impact of exchange rate dynamics on trade, see: Knobel, A.Yu. Assessment of the import demand function in Russia // *Applied Econometrics*. 2011. No. 4 (24). Pp. 3–26; Knobel, A., Firanchuk, A. Russia in global exports in 2017 // *Economic Development of Russia*. 2018. No. 9. P. 17–21.

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The balance of trade in services in Q2 2025 amounted to -\$12.9 bn, which is 40% more than the negative balance of trade in services for Q2 2024 (-\$9.3 bn) in absolute terms. In contrast to trade in goods, there has been moderate growth in exports of services (mainly due to transport services) from \$10.0 bn in Q2 2024 to \$11.3 bn in Q2 2025 (by 13%) and a significant increase in imports of services (by 25%) from \$19.3 bn in Q2 2024 to \$24.2 bn in Q2 2025 (mainly due to travel).

The balance of primary and secondary income continues (since 2022) to decline steadily in absolute terms, while remaining negative. In the second quarter of 2025, it amounted to -7.0 bn, which is 23% less in absolute terms than the same indicator in Q2 2024 (-9.1 bn).¹ At the same time, in Q2 2025, income receivable (income from capital abroad) stabilized and income payable decreased (a reduction in the withdrawal of income and repatriation of profits abroad, including due to restrictions on cross-border capital movements).

Receivables increased symbolically (at the level of statistical error) in Q2 2025 compared to Q2 2024 by \$0.2 bn (from \$8.6 bn to \$8.8 bn), while payables decreased by \$2 bn (from \$17.8 bn to \$15.8 bn).

In the coming quarters, due to moderate prices for Russian export commodities, difficulties with repatriating profits from Russia by foreign investors, and restrictions imposed by the EU and the US on counterparties in their jurisdictions and in neutral countries (secondary sanctions), the current account balance will remain low, below 2024 levels, and range between 35 bn and 45 bn.

In Q2 2025, the financial account deficit, excluding reserve assets, decreased to 7.5 bn, compared to 11.1 bn in Q2 2024. The net capital outflow was mainly due to the growth of foreign assets and a slight decrease in foreign liabilities.

Foreign assets (excluding reserve assets) increased by 6.1 bn in Q2 2025, which is 2.2-fold lower than in Q2 2024, when their growth reached 13.7 bn. Liabilities of all sectors of the Russian economy to non-residents decreased by 1.4 bn in Q2 2025, while in Q2 2024, they increased by 2.7 bn.

The Russian Federation's external debt for Q2 2025 increased by 1.7% to 323 bn. The increase in liabilities to the outside world occurred in all sectors of the economy. Thus, the external debt of the public sector grew by 6.6% to \$23 bn, the external liabilities of the banking sector increased by 1.7% to \$102.8 bn, and the external debt of other sectors grew by 1.2% to \$197 bn. The growth in external debt was mainly due to the positive revaluation of liabilities amid the strengthening of the ruble.

Russia's reserve assets decreased by 3.4 bn in Q2 2025 (-1.3 bn in Q2 2024) due to foreign currency sales as part of transactions with the National Wealth Fund. At the same time, Russia's international reserves grew by 6% to 689 bn in Q2 2025, mainly due to positive revaluation.

It should be noted that in Q2 2025, the Russian Ministry of Finance's net foreign currency sales on the domestic currency market amounted to Rb480.9 bn (Rb316.2 bn in Q1 2025). Of this amount, the volume of foreign currency purchases under regular budget rule operations (in the amount of additional oil and gas

1 For reference:

- in Q2 2024 compared to Q2 2023, the absolute value of the negative balance of primary and secondary income also decreased by approximately 30%;
- in Q2 2023 compared to Q2 2022, the absolute value of the negative balance of primary and secondary income also decreased by approximately 30%;
- in Q2 2022 compared to Q2 2021, the absolute value of the negative balance of primary and secondary income decreased by approximately 40%.

Balance of Payments in Q2 2025

revenues) in Q2 2025 decreased to Rb34.0 bn amid a decline in the average oil price (Rb196.8 bn in Q1 2025), while the volume of adjustments¹ to the volume of operations under the budget rule in the form of currency sales from the National Welfare Fund announced by the Russian Ministry of Finance amounted to approximately Rb514.9 bn (Rb513.0 bn).

In Q2 2025, the ruble strengthened against the US dollar by 6.2% to 78.5 rubles/dollar due to positive investor expectations regarding the lifting of sanctions and restrictions against Russia, while the Bank of Russia maintained a tight monetary policy, making ruble-denominated assets attractive.

According to our estimates, if Brent crude oil prices remain at \$65–75 per barrel, and taking into account the monetary, fiscal, and tax policies pursued in 2025, the average annual exchange rate of the ruble will be in the range of 80–90 rubles per dollar. ▲

¹ Regular budget rule operations are adjusted for the net value of the following operations: the difference between the volume of currency purchases deferred from August 10 to December 31, 2023 under the budget rule and the volume of NWF funds spent to finance the 2023 budget deficit outside the budget rule, as well as currency sales in the amount of net NWF fund investments.