The first wave of COVID-19 seems to waning

Source: Official COVID internet resource for Russia.
The spread of pandemic differs across regions

Source: BBC.
The pace of reopening is differentiated
Russia also hit by a decline in oil prices and financial market volatility

Sources: JHU Coronavirus Resource Center, Haver Analytics, EPFR Global.
The credibility of the macro economic framework and sound economic fundamentals helped stabilize the economy

- Floating exchange rate
- High international reserves
- Balanced budget
- Fiscal rule and NWF
- Low government debt
- Resilient banking sector
Russia fared better than other EMs

**Ruble vs. EM Exchange Rate Index**
*(Jan 2, 2017 = 100)*

**10-year Government Bond Yields**
*(Percent)*

Source: Haver Analytics.
Equities and Eurobonds rebounded

Moscow Exchange Stock Index

EMBI+ Spread to U.S. Government Debt

(Basis points)

Source: Moscow Exchange.

Source: JP Morgan.
Lockdown has eased and mobility indicators are showing a return to some semblance of normal.

Citymapper Mobility Index
(trips planned vs. typical period)

Russia Yandex Self-Isolation Index
(for cities with population over 1 million)

Source: Citymapper.
Source: Yandex.
Worst seems behind us—activity reached rock bottom and is recovering

Economic Activity: Incoming Payment Flows

(Deviation from normal level, percent)

Sources: Bank of Russia and IMF staff calculations.
Despite improved sentiment recovery will be gradual

Russia: PMI

($>50 = \text{improvement}$)

Source: IHS Markit.

Russia: Quarterly Real GDP

(time $0 = 100$)

Source: IMF staff calculations.
The 2020 downturn is projected to be more severe than previously expected

<table>
<thead>
<tr>
<th></th>
<th>Real GDP Growth Projections</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>2019</td>
<td>2020 Apr</td>
<td>2020 June</td>
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<tr>
<td><strong>Europe</strong></td>
<td></td>
<td>1.6</td>
<td>-6.6</td>
<td>-8.5</td>
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<tr>
<td><strong>Advanced Europe</strong></td>
<td></td>
<td>1.4</td>
<td>-7.3</td>
<td>-9.8</td>
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<tr>
<td><strong>Euro area</strong></td>
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<td>-7.5</td>
<td>-10.2</td>
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<tr>
<td><strong>Emerging Europe</strong></td>
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<td>2.1</td>
<td>-5.2</td>
<td>-5.8</td>
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<tr>
<td><strong>Emerging Europe ex. Russia &amp; Turkey</strong></td>
<td></td>
<td>3.8</td>
<td>-5.0</td>
<td>-5.2</td>
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<tr>
<td><strong>Russia</strong></td>
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<td>1.3</td>
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<td><strong>Turkey</strong></td>
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<td>0.9</td>
<td>-5.0</td>
<td>-5.0</td>
</tr>
</tbody>
</table>

Sources: Haver Analytics; IMF, *World Economic Outlook*; and IMF staff calculations.
Risks more balanced

• **Upside**—quicker reopening and more policy support
• **Downside**—epidemiology of COVID-19 and sanctions
Policy support has been ramped up

Policy goals
- Protecting households
- Protecting companies
- Ensuring credit flow

Targeted policy measures
- Minimum wage ↑
- Unemployment benefit ↑
- Child allowance
- Tax deferrals / direct support
- State guarantees
- Wage loans
- Support to systemic enterprises
- Regulatory forbearance
- Refinancing of SME loans
- Loan restructuring programs
- Lower capital buffers

Macro policies

Fiscal policy
- Social spending
- Infrastructure spending
- Sectoral support
- Support to regional budgets

Monetary policy
- Liquidity support to banks
- Monetary easing
- FX sales

Impact
Outlook
Policies