

Finance Ministry Plans Domestic Borrowing of \$6.2Bln

By [The Moscow Times](#)

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The Finance Ministry may borrow 200 billion rubles (\$6.19 billion) less than initially planned from domestic debt markets this year, broadly in line with current market expectations, the ministry said Friday.

Demand for local-currency emerging market debt has been subdued recently due to expectations of tighter monetary policy from the U.S. Federal Reserve.

Russia missed its third-quarter funding target for treasury bonds, placing about 177 billion rubles (\$5.52 billion) out of the 270 billion rubles planned between July to September. It has placed 529 billion rubles in treasury bonds so far this year out of the 753 billion rubles on offer.

But with one of the lowest debt burdens among major world economies it is under little pressure to ensure it meets its initial target for domestic borrowing this year of 1.2 trillion

rubles.

"There is a risk of not borrowing [200 billion rubles]. We have a chance to borrow, but at a high yield. That is why we would prefer to use oil revenues, rather than raising rates on the market," Finance Minister Anton Siluanov told journalists.

The country ran a budget surplus during the first eight months of the year thanks to high commodity prices and sovereign debt at around 11 percent of gross domestic product, compared to more than 160 percent in Greece or Japan's 200 percent.

Siluanov said this week that the ratio would edge up to 13 percent in 2014.

"The debt policy will not change significantly. We are not blowing up the budget deficit, and we are not going to tap more resources from the market, thus affecting rates in the economy," Siluanov said.

The market had already priced in that the Finance Ministry would not seek to meet the borrowing plan for this year, said Dmitry Polevoi, an economist at ING bank.

"Oil and gas revenues exceeded the plan and the ministry will transfer only a few dozens of billions to the Reserve Fund, so the budget will not suffer from lesser borrowing".

The Finance Ministry is expected to announce its fourth quarter domestic borrowing plan at the end of September.

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