

Russian oil and gas revenues set to rise by 50% y/y in June, Reuters calculations show

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A view shows oil pump jacks outside Almet'yevsk in the Republic of Tatarstan, Russia June 4, 2023. REUTERS/Alexander Manzyuk//File Photo [Purchase Licensing Rights](#)

MOSCOW, June 25 (Reuters) - Russia's oil and gas revenue in June is set to rise by more than 50% year on year to \$9.4 billion, Reuters calculations showed, after a decrease in subsidies to refineries and reflecting the Russian economy's ability to limit the impact of sanctions.

These revenues have been the most important single source of cash for the Kremlin, accounting for around a third to a half of total federal budget proceedings for the last decade.

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The military conflict in Ukraine has prompted the West to impose [multiple sanctions](#) aimed at curbing Russian oil and gas income that accounts for about a third of the country's federal budget.

Russia was able to divert oil exports away from Europe to India and China, securing the much-needed financial flows for its budget, which is in deficit as Moscow spends heavily on defence and security.

Reuters calculations show Russia's projected June oil and gas revenue at 814 billion roubles (\$9.4 billion), up from 794 billion roubles in May and 529 billion roubles in June 2023.

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It is expected that the subsidies to refineries from the budget will decline by 60 billion roubles from May. The subsidies include a payment known as [a damper](#) that encourages refineries to sell their product on the domestic market instead of exporting it for a higher price.

The Finance Ministry will publish June's budget data on July 3.

For 2024 as a whole, the government budgeted for federal revenue of 10.7 trillion roubles from oil and gas sales, up 21% from 2023, when weaker oil prices and a fall in gas exports reduced the revenue by 24%.

Russia has heavily increased defence and security spending since launching what it calls a special military operation in Ukraine in February 2022, leading to two consecutive annual deficits exceeding 3 trillion roubles, about 2% of GDP.

It financed these with internal borrowing and by drawing on the rainy day National Wealth Fund (NWF).

Russian President Vladimir Putin has hailed high rates of economic growth, saying they outstrip that of Western economies.

The economy grew 3.6% in 2023 after a revised 1.2% contraction in 2022. Russia-based economists have highlighted the poor quality of economic growth, saying that production of missiles and shells may contribute to higher GDP but offer limited benefit to the population.

(\$1 = 87.0000 roubles)

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