



Current forecasts

End of period	30-Jul	3Q21	4Q21	1Q22	2Q22	2020	2021	2022
USD/RUB	73.2	73.0	74.5	73.5	75.5	74.1	74.5	76.0
EUR/RUB	87.0	86.1	87.9	85.3	86.1	90.7	87.9	85.1
EUR/USD	1.19	1.18	1.18	1.16	1.14	1.22	1.18	1.12
Brent, \$/bbl	75.6	65.0	62.5	60.0	60.0	51.3	62.5	60.0
GDP, % yoy	-0.7 *	2.7	2.2	4.0	0.5	-3.0	3.1	2.3
CPI Headline, % yoy	6.5	6.7	5.5	4.5	3.7	4.9	5.5	4.0
CBR Key rate, %	6.50	6.50	6.50	6.50	6.50	4.25	6.50	6.00

*1Q21 GDP; 2Q21E: 8.9% yoy

USD/RUB	August:	73.0-74.0 range	September:	73.0-74.0 interval
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Revision of outlook for the USD/RUB pair. The fizzled 'flight to the dollar' in recent weeks allowed the Russian ruble to strengthen in early August. However SG strategists have revised the forecast of the US dollar index (DXY) upwards to 94.0-95.3 at the turn of 2021-2022 from the current 92 level, which forced us to scrutinize our forecasts for the ruble. The fair range should increase to 73.0-75.5 (against 72.0-73.0) due to risk of faster capital outflows from the EM. At the same time, the renewed equilibrium should not contradict appreciation of the ruble real effective exchange rate at a rate of 1-2% per quarter, which in its turn should be stimulated by a strong balance of payments (we have raised the forecast of the current account surplus to \$70-75bn in 2021).

EUR/RUB	August:	87.0-88.0 range	September:	86.1-87.3 interval
EUR/USD (Rosbank)		1.1750-1.1900 interval		stabilization around 1.18

Strategic reversal of the outlook for the EUR/USD. The euro has been losing momentum following contrasting central bank meetings in July: the 'evergreen dovishness' of the ECB (may keep rates near zero until 2024) was opposed to a potentially more 'hawkish' stance of the Fed amid booming recovery and inflation in the US economy. If the labor market reaches healthy state in upcoming months, the Fed will have to proceed with tapering of the liquidity provision program — all this could do a favor to the US dollar through long-term interest rate parity and pull the EUR/USD exchange rate to 1.14-1.16 in 1H22 (according to updated trajectory of SG strategists).

Key rate, %	September, 10:	unchanged at 6.50%	October, 22:	unchanged at 6.50%
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A slowdown in inflation could put tightening cycle on hold. The recent key rate hike by 100 bp (6.5%) in July was put on par with the current inflation trend and aligned with an increase of the CBR forecast for inflation to 5.7-6.2% yoy at the end of 2021 (Rosbank: 5.5% yoy). So far, only 'surprises' may challenge the key rate going forward even despite our suggestion that it has reached a 'peak'. We look forward to inflation deceleration from September and suppose inflation expectations to follow. Owing to this, our baseline suggestion is flat key rate through the year-end.

Brent, \$/bbl	August:	\$73-77/bbl interval	September:	\$70-75/bbl range
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The OPEC+ renewed the agreement amidst of outlook for good seasonal demand. After several weeks of negotiations, the OPEC+ members decided to increase monthly output quotas by 400k bbl/d from August to December. The next meeting of the OPEC+ board is scheduled for the end of August, but it is too early to predict an outcome. The UAE, Iraq, Kuwait, Saudi Arabia and Russia have already agreed on a mutual partial increase in target quotas in 2022. According to SG analysts, this may withhold oil price growth in the near future. Meanwhile, oil traders kept watching for the traveling season in the US — an unexpected drop in stockpiles may keep Brent prices near recent peak levels of \$75-76 / bbl.

Key events (expected days of volatility in grey):					
AUGUST					
31 week 32 week 33 week 34 week 35 week	2 World Manufacturing PMI/ISM, July	3	4 Europe Services PMI, July	5 Germany Industrial orders, June	6 US Labor market data, July
	9	10 Germany ZEW Business survey, July	11 Germany Inflation, July	12 Russia GDP in 2Q21	13
	16 China Industrial production, July	17	18 US FOMC minutes of the meeting in July	19	20
	23 World Manufacturing PMI/ISM, August	24	25	26	27 US Jackson Hole symposium
	30	31 World OPEC+ technical committee meeting			



Current forecasts

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