GoldSquawk

SPECIAL REPORT · NOVEMBER 2026

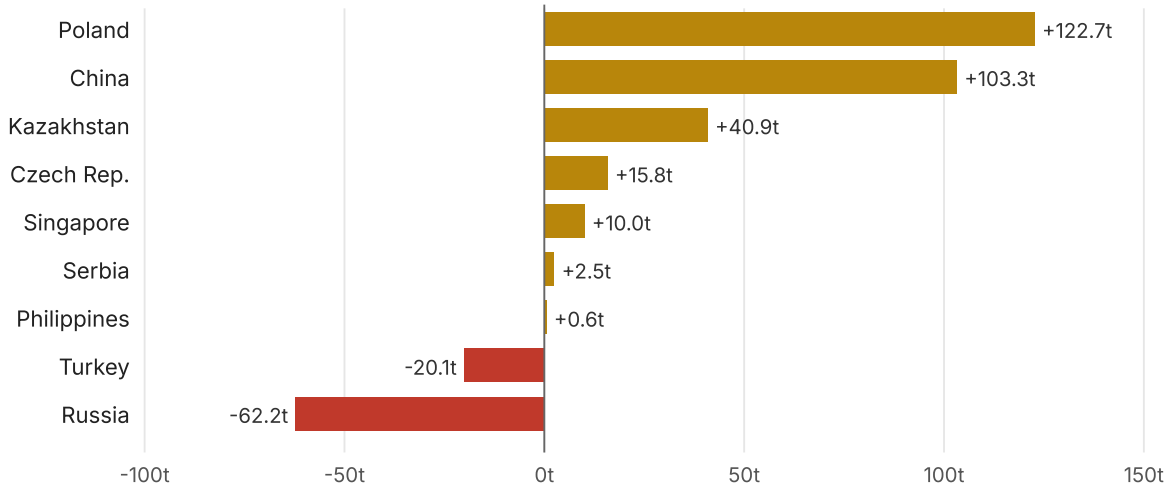
Russia’s gold shifts from reserve asset to fiscal shock absorber

GoldSquawk Research

Key takeaways

- Russia’s documented 2026 gold reduction appears limited in tonnage rather than a broad liquidation programme: Governor Nabiullina described a “slight decrease” in holdings, saying it was mostly linked to Ministry of Finance transactions involving National Wealth Fund assets, while WGC-linked remarks cited a 22t Q2 reduction.[1]
- The value of Russia’s monetary gold fell sharply during 2026, from $402,706mn on 1 February to $301,607mn on 1 October, but the notes indicate this reflects both gold-price valuation swings and only a modest decline in tonnage rather than large-scale selling.[1,2]
- Russia’s fiscal backdrop has worsened materially. Reported budget data showed a deficit of 2.5% of GDP in H1 2026, a possible full-year deficit of 3% of GDP versus an official 1.6% plan, and a Jan-Sep deficit of RUB 5.186tn, or 2.2% of GDP.[3,4,5]
- The Bank of Russia has explicitly linked reserve contraction to NWF-related operations, saying reserves are expected to fall by $5bn in 2026 and by a further $11bn in 2027 and $9bn in 2028 under its baseline assumptions.[6]
- Russia remains an outlier within a strong official-sector buying cycle: WGC reported global central-bank net purchases of 288.9t in Q2 and 321.2t in Q3, while publicly reported September purchases reached 61t, the highest monthly total of 2026 so far.[7,8,9]

Figure 1: Russia stands out against broader official buying



Source: IMF International Reserves and Foreign Currency Liquidity data; GoldSquawk calculations, as of 04 November 2026.

Russia’s 2026 gold drawdown looks operational, not strategic

- The clearest primary-source message is that Russia’s 2026 reduction in official gold has been modest and operationally driven. Nabiullina said the Bank of Russia’s “slight decrease” in gold was

mostly associated with Ministry of Finance transactions involving NWF assets, and also noted gold is used in coin manufacture.[1]

- WGC data referenced in Nabiullina's September remarks said the Bank of Russia was the largest seller in Q2 2026, reducing holdings by 22t, even as global central banks bought 289t in the quarter.[1] The charted year-to-date reported change shows Russia at -62.2t to September, versus large additions elsewhere including Poland and China.[7]
- Russia still retains a very large strategic stock. Nabiullina said the country ranks sixth globally by gold reserves and holds more than 2,200t, suggesting the current move is better read as tactical reallocation than reserve abandonment.[1]
- The value series alone can overstate the scale of physical selling. Bank of Russia data show monetary gold value at $402.7bn on 31 January, falling to $299.0bn on 30 June and $301.6bn on 30 September, a move the notes say was driven by both valuation changes and only a modest tonnage decline.[10,2]

Fiscal stress is increasingly shaping reserve use

- Russia's budget strain has deepened through 2026. Reuters-reported figures showed an H1 federal budget deficit of RUB 5.73tn, or 2.5% of GDP, while Siluanov later said the full-year deficit could reach 3% of GDP against the official 1.6% target.[3,4] Interfax then reported the Jan-Sep deficit at RUB 5.186tn, or 2.2% of GDP.[5]
- The Bank of Russia has directly tied reserve contraction to fiscal-rule and NWF mechanics. In its 5 August medium-term forecast commentary, it cut its 2026 current-account surplus forecast to $48bn and said reserves were expected to decrease by $5bn in 2026, then by $11bn in 2027 and $9bn in 2028, due to operations with NWF resources.[6]
- Operationally, this framework is not entirely new. The Bank of Russia's summary of its 2025 work said it purchased and sold Chinese yuan and gold in the domestic market within the fiscal rule framework and in connection with other MoF operations involving NWF resources.[11]
- What appears different in 2026 is intensity. Bank of Russia commentary on 2026 H2 NWF-related transactions says it adjusts domestic market operations according to MoF fiscal-rule purchases and sales and NWF investment flows; together with Nabiullina's later remarks, that points to gold becoming a more visible part of fiscal-liquidity management.[1,12]

Figure 2: Gold remains below major moving averages



Source: COMEX gold futures daily closes via Yahoo Finance; GoldSquawk calculations, as of 04 November 2026.

Sanctions make gold strategically valuable but harder to mobilise

- Sanctions help explain why Russia's official gold management is changing form. The U.S. prohibited imports of Russian-origin gold effective 28 June 2022, and Treasury described gold as Russia's largest non-energy export at the time.[13,14]
- OFAC also said transactions involving gold related to the Central Bank of the Russian Federation are covered by existing sanctions, as part of efforts to blunt the Bank's ability to deploy international reserves.[15] That leaves gold relatively resistant to foreign seizure in principle, but more difficult to monetise internationally through mainstream trading, refining, transport and settlement channels.[15]
- EU pressure remains active. The European Commission said the 21st sanctions package adopted on 23 July 2026 continued targeting Russia's oil, gold and diamond sectors, while EU sanctions material confirms restrictions across gold import, transfer and purchase channels.[16]
- For the wider market, Russia's sales or reallocations remain small relative to the broader official bid. WGC reported 321.2t of official-sector net purchases in Q3, lifting year-to-date demand to 675t, while publicly reported September purchases alone were 61t.[7,9] On price context, COMEX front-month gold closed at $4,071.9/oz on 4 November, below both its 50-day and 200-day moving averages, with the 52-week low set on 30 October.[chart]

Scenarios

- **Supportive case:** Russia's gold outflows remain limited and largely internal, tied to MoF/NWF operations rather than broad external liquidation, while the wider official sector continues to absorb metal through strong central-bank buying. In that setting, Russia remains a special case within a still-supportive official-demand backdrop.[7,1,9]
- **Pressure case:** Fiscal stress intensifies further, reserve contraction continues under NWF-related operations, and sanctions enforcement keeps monetisation channels narrow. That could encourage additional Russian official reallocation or tactical selling, even if the strategic reserve stock remains large.[6,15,16]
- **Fragmentation case:** Official gold flows become more differentiated across countries: some central banks keep accumulating for diversification, while sanctioned or fiscally stressed states use gold more actively for liquidity, balance-sheet management or domestic-market operations. That would make headline official-sector data more mixed without implying a broad reversal of central-bank demand.[7,12,11]

Levels to watch

- $4,071.9/oz: latest COMEX front-month close on 4 November 2026.
- $4,253.0/oz: 50-day moving average.
- $4,509.3/oz: 200-day moving average.
- $3,898.9/oz: 52-week low set on 30 October 2026.
- $5,318.4/oz: 52-week high set on 29 January 2026.

References

1. Statement by Bank of Russia Governor Elvira Nabiullina in follow-up to Board of Directors meeting on 11 September 2026 | Bank of Russia. https://cbr.ru/eng/press/event/?id=32833
2. Международные резервы Российской Федерации:Ежемесячные значения на начало отчетной даты | Банк России. https://www.cbr.ru/hd_base/mrrf/mrrf_m/
3. Russia will have budget deficit not exceeding 3% of GDP in 2026, Finance Minister says | MarketScreener UK. https://uk.marketscreener.com/news/russia-will-have-budget-deficit-not-exceeding-3-of-gdp-in-2026-finance-minister-says-ce785adbdf80f525

4. Russia’s 2026 budget deficit may exceed plans by $12.85 billion due to higher spending By Reuters. https://www.investing.com/news/economy-news/russias-2026-budget-deficit-may-exceed-plans-by-1285-billion-due-to-higher-spending-4794773
5. Russia's budget deficit at 5.186 trln rubles or 2.2% of GDP in 9M 2026. https://www.interfax.com/newsroom/top-stories/119478/
6. Commentary on the Bank of Russia’s Medium-term Forecast | Bank of Russia. https://www.cbr.ru/eng/dkp/mp_dec/decision_key_rate/comment_05082026/?trk=article-ssr-frontend-pulse_little-text-block
7. Central Bank Gold Statistics: September 2026 | Post by Marissa Salim | Insights | World Gold Council. https://www.gold.org/goldhub/gold-focus/2026/11/central-bank-gold-statistics-september-2026
8. Gold Demand Trends: Q2 2026 | World Gold Council. https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q2-2026?trk=public_post_comment-text
9. Gold Demand Trends: Q3 2026 | World Gold Council. https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q3-2026
10. International Reserves of the Russian Federation:Monthly values at the end of the reporting date | Bank of Russia. https://cbr.ru/eng/hd_base/mrrf/mrrf_m/?unidbquery.posted=true
11. The Bank of Russia’s Work in 2025: Results in Brief 15. https://www.cbr.ru/Collection/Collection/File/59815/rb_2025.pdf
12. Bank of Russia’s commentary on 2026 H2 transactions with NWF resources in domestic FX market | Банк России. https://cbr.ru/press/event/?id=32671
13. U.S. Treasury Sanctions Nearly 100 Targets in Putin’s War Machine, Prohibits Russian Gold Imports | U.S. Department of the Treasury. https://home.treasury.gov/news/press-releases/jy0838
14. Department of the Treasury. https://ofac.treasury.gov/system/files/126/determination_06282022_eo14068.pdf
15. U.S. Treasury Sanctions Russia’s Defense-Industrial Base, the Russian Duma and Its Members, and Sberbank CEO | U.S. Department of the Treasury. https://home.treasury.gov/news/press-releases/jy0677
16. EU adopts 21st package of sanctions against Russia - Finance. https://finance.ec.europa.eu/news/eu-adopts-21st-package-sanctions-against-russia-2026-07-23_en

Glossary

National Wealth Fund (NWF): Russia’s sovereign wealth fund, referenced by the Bank of Russia and Ministry of Finance in reserve and fiscal-rule operations.[2][5]

Fiscal rule: The framework used by Russia’s authorities to guide budget-related market operations and use of reserve assets, including NWF-linked transactions.[4][5]

Monetary gold: Gold held as part of official reserves by a central bank or monetary authority.[7][9]

Official-sector demand: Gold purchases or sales by central banks and other official institutions.[13][14]

Valuation effect: A change in the reported value of reserves caused by price moves, rather than by buying or selling physical metal.[7][9]

This report is for information only and is not investment advice or a recommendation to buy or sell any asset. It was researched and written with the help of AI from the sources cited and reviewed before publication. Prices and data can change quickly; past performance is not a guide to future results.