

# Currency Reserves Reach 2-Year High

By [The Moscow Times](#)

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Russia's international reserves rose to the highest in two years last week, the Central Bank said Thursday, as the strengthening euro bolstered the world's third-largest foreign currency stockpile.

Reserves jumped \$6.7 billion to \$501.1 billion, the bank said. It's the first time the reserves have broken \$500 billion since mid-October 2008, a month after the collapse of U.S. brokerage Lehman Brothers triggered the global credit crisis.

"This is only because the euro moved so much," Alexei Moiseyev, chief economist and head of research at VTB Capital, the investment banking arm of the country's second-largest bank, said Thursday. "Russia will give up the 500 level as soon as the euro starts to pare back its gains."

The euro climbed 1.1 percent against the dollar last week, its fourth straight week of gains, as investors shunned U.S. assets amid concern that the economic recovery will slow and the Federal Reserve may ease monetary policy further. Euros account for 41 percent of Russia's

reserves, while dollars constitute 47 percent, British pounds — 10 percent, Japanese yen — 2 percent, along with a small amount of Swiss francs, First Deputy Chairman Alexei Ulyukayev said in June.

Russia reduced its reserves from a record \$598.1 billion at the beginning of August 2008 to \$376.1 billion in March 2009, the lowest since at least January 2008. The Central Bank buys and sells foreign currency to manage the ruble and prevent swings that hurt exporters and used the reserves to engineer a “gradual devaluation” of the currency between November 2008 and the end of January 2009, as the global economic crisis and credit crunch hit.

The Central Bank hasn’t intervened to steer the ruble since mid-September so currency management is not a factor currently influencing reserves, Moiseyev said.

Given the weakening dollar, Russia is “considering many options” for diversifying the stockpile, Ulyukayev said Wednesday. There are many currencies “with good potential” that are not fully convertible, which takes them out of consideration for reserves, Ulyukayev said. Russia wants a varied reserves makeup of liquid currencies because it decreases risk, he added.

Only China and Japan have larger reserves than Russia, according to data compiled by Bloomberg.

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