

Yuan-Ruble Starts Trading With \$738,000 Volume

By [The Moscow Times](#)

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MICEX started trading the yuan against the ruble for the first time Wednesday, as Russia and China seek to reduce the use of dollars in trade.

The ruble closed at 46.34 per 10 Chinese yuan by 11 a.m., after opening at 46.35 per 10 yuan shortly after 10 a.m. By the end of trading the volume of transactions amounted to 4.92 million yuan (\$738,850), or 22.78 million rubles, according to the index's data.

Both China and Russia have called for the dollar's role in global trade to be diminished since the global financial crisis, and Russia is promoting the ruble as a reserve and trading currency within the former Soviet Union.

China is allowing greater use of the yuan, which is not yet fully convertible, in international transactions as it seeks to reduce its reliance on the greenback. Asian exchanges that trade palm oil derivatives and gold are starting to accept yuan as payment and collateral.

“This event will become part of history in Russia–China relations, in the history of our financial markets,” Viktor Melnikov, a deputy chairman of Russia’s Central Bank, said at a ceremony to launch the trade at MICEX headquarters, attended by China’s Ambassador to Moscow Li Hui. “No doubt this will become a serious catalyst for economics and trade.”

“It’s an exotic cross that may develop in importance in the coming years,” Piotr Matys, an emerging markets currency analyst at 4Cast said by phone from London on Wednesday. “The dollar will continue to be the most important trading currency, but obviously given these two countries’ trading relations, this step makes sense.”

Chinese companies buying Russian products including timber, seafood and coking coal and Russian companies importing Chinese goods will be the main clients of the yuan–ruble trade, the Central Bank’s Melnikov said Dec. 6. Clients of Russian banks doing business in China will be able to save as much as 5 percent on transaction costs by buying yuan through MICEX, according to Melnikov.

Chinese Premier Wen Jiabao said in March that he was “worried” about holding assets denominated in the greenback. The Bursa Derivatives Berhad, which sets the global benchmark for crude palm oil, started in November to accept Chinese yuan as margin collateral for trading on the Malaysian derivatives market. The Chinese Gold & Silver Exchange will start the first international gold contract in yuan early next year, the Financial Times reported yesterday, citing exchange president Haywood Cheung.

“The launch of this trade is a big deal,” said Ruben Aganbegyan, president of MICEX. “It won’t become the leading currency pair on our market, but it’s the first step in a very interesting direction.”

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