

Standard & Poor's Downgrades Russia's Credit Rating to BBB-

By [The Moscow Times](#)

April 25, 2014

The  Moscow Times

Standard & Poor's on Friday downgraded Russia's rating from BBB to BBB- over rising tensions in Ukraine.

Credit agency Standard & Poor's has cut Russia's foreign currency sovereign ratings, in a move that underscores the economic risks of President Vladimir Putin's policy in Ukraine.

The agency cut both long- and short-term foreign currency ratings, to BBB-/A-3 from BBB/A-2, a decision that pushed Russia's already battered assets further down early on Friday.

"The downgrade reflects the risk we perceive of a continuation of the large financial outflows observed in the first quarter of 2014, during which the size of Russia's financial account deficit was almost twice that of the current account surplus," the agency said in a press release.

Central bank data released earlier this month showed an estimated \$63.7 billion in net capital outflows in the first three months of 2014, the same as for the whole of 2013. The World Bank has said this year's total could reach \$150 billion.

Russia's seizure of Ukraine's Crimea and Moscow's continued involvement in its neighbors' affairs have resulted in sanctions and threats of harsher measures from the U.S. and Europe.

Russian shares, which have been on a downward trajectory this week, fell further on Friday, with the dollar-denominated RTS index down 1.6 percent and the ruble-traded MICEX losing 1.3 percent to 1,283.4 points.

The ruble, which had lost nearly 8 percent against the dollar this year, was trading 0.3 percent lower against the greenback at 35.88.

The currency was 0.4 percent down against the euro at 49.65 , which left it 0.3 percent down at 42.07 against the euro-dollar basket the Central Bank uses to guide the ruble's nominal exchange rate.

Putin acknowledged on Thursday that sanctions have an impact on the economy but said Moscow was ready to take further move against Ukraine if Kiev uses military force in the eastern part of the country.

Also see:

[Russia's Credit Outlook Downgraded Over Ukraine Sanctions](#)

[Obama Expected to Call EU Leaders Over Russia Sanctions](#)

Original url:

<https://www.themoscowtimes.com/2014/04/25/standard-poors-downgrades-russias-credit-rating-to-bbb-a34647>