

Ruble Strengthens to 3-Month Records Against Dollar, Euro in Defiance of Ukraine Crisis

By [The Moscow Times](#)

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The ruble strengthened sharply on Tuesday, defying the ongoing political chaos in eastern Ukraine and escalating Western sanctions on Russia to reach its highest level against the dollar and the euro since mid-February.

At 6 p.m. Tuesday, the ruble was trading 0.7 percent stronger against the dollar at 34.8 and was 1 percent up at 47.75 against the euro, the first time the ruble has been below 48 rubles to the euro since Feb. 14 — more than a week before the ousting of Ukrainian President Victor Yanukovich precipitated an international political crisis over Ukraine.

Despite the violence wracking eastern Ukraine, analysts said the markets were increasingly unruffled by the situation. The Central Bank's interest rate policy is behind the ruble's appreciation, said Vasily Yakimkin, associate professor at the Russian Presidential Academy

of National Economy and Public Administration. The Central Bank hiked the interest rate to 7.5 percent from 5.5 percent last month, making it more expensive for banks to speculate on currency fluctuations.

"The ruble will continue growing until the Central Bank decreases the base interest rate," Yakimkin said, adding that the political situation in Ukraine had calmed since March, when Russia annexed Crimea.

The ruble reached historic lows in mid-March, hitting 36.6 rubles to the dollar and almost 51 to the euro. But even with its recent gains, the ruble is still 6.5 percent weaker against the dollar and 6 percent down on the euro since the beginning of year.

Alexander Abramov, professor at the Higher School of Economics, agreed that currency traders have developed a thicker skin over Ukraine, saying that the upcoming Ukrainian presidential elections on May 25 were unlikely knock the ruble.

As for Western economic sanctions, Abramov said they were so far more bark than bite: "The sanctions have affected only a limited number of people rather than whole sectors of the economy," he said, adding that "if the U.S. and EU do not switch to a different level of sanctions, the ruble will continue to strengthen."

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