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INDEPENDENT NEWS FROM RUSSIA

Ruble Falls on News Ukraine Attacked Russian Armored Column

By The Moscow Times

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The ruble weakened on Friday after Ukraine said its artillery had attacked and destroyed a "significant" part of a Russian armored column that crossed into Ukrainian territory overnight.

By 7:40 p.m., the ruble was 0.41 percent weaker against the dollar at 36.18 since Friday's market opening and had lost 1.02 percent to trade at 48.55 versus the euro.

The Russian currency had strengthened against the dollar earlier in the session but dropped sharply after reports of the incident were published, leaving it 0.51 percent weaker at 41.70 against the dollar-euro basket the Central Bank uses to gauge the ruble's nominal exchange rate.

Ukraine's President Petro Poroshenko said in a statement on his website that Ukrainian forces had attacked the Russian column overnight.

A Ukrainian military spokesman separately told journalists that Ukrainian forces had tracked the column as soon as it crossed onto Ukrainian soil. Russia denies sending troops into Ukraine.

The Ukrainian comments hit Russian shares in late trading.

Russia's dollar-denominated RTS index ended 0.03 percent higher from Friday's opening at 1,232 points, while the ruble-based MICEX index traded 0.7 percent higher on the day at 1,417 points.

Both indexes had risen more than 4 percent over the week on an apparent easing of tensions between Moscow and the West, but investors had remained wary after repeated false dawns.

"Geopolitics is still the main driver for the Russian stock market," said Mikhail Kuzmin of Moscow-based analytical firm Investcafe.

The United States and European Union have threatened tougher sanctions if Russia intervenes directly in eastern Ukraine, where government troops are closing in on rebel-held areas.

Further sanctions, which have so far targeted Russian businessmen and companies as well as the banking, energy and defense sectors, would hurt Russian asset prices by scaring away investors and dampening the outlook for Russia's economy.

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