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Russia's Ruble Resumes Fall as Rebound Quickly Fizzles

By The Moscow Times

October 27, 2014

People walking along a street past a currency-exchange bureau in Moscow.

The ruble weakened on Monday after a slight rebound at the opening prompted by a decision of Standard & Poor's to keep Russia's sovereign rating unchanged.

At 1 p.m. In Moscow the ruble was down 0.25 percent at 42.02 against the dollar and 0.5 percent weaker at 53.3 versus the euro.

Standard & Poor's ratings agency affirmed Russia's sovereign rating on Friday at a notch above junk status, but said a downgrade may follow if the West imposes more sanctions on Moscow over its role in the Ukrainian conflict.

However, oil, Russia's chief export, remained volatile, with Brent crude futures falling below $86 a barrel on Monday and putting renewed pressure on the ruble.

The Russian Central Bank, which keeps supporting the ruble, said on Monday it had spent $2.7

billion in just one session on Thursday in defense of the currency.

Analysts say interest in the ruble may return soon, especially in the wake of Ukraine's parliamentary election, which took place peacefully on Sunday, and the resumption of gas talks between Moscow and Kiev.

"Positive expectations about the results of the [Russia-Ukraine] gas talks that are to resume on Oct. 29 may also fuel interest in the ruble," Natalia Samoilova, head analyst at Golden-Hills Kapital in Moscow, wrote in a note.

President Vladimir Putin said last Friday he hoped that a deal in the long-running price dispute between the two neighbors could be reached this week.

Russian shares opened higher on Monday, mainly on the S&P news, with the ruble-based MICEX and the dollar-denominated RTS trading 1 percent and 0.7 percent higher, respectively, at 1,395 points and 1,044 points.

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