

Ruble, Forex, Arms Sales: Business in Brief

By [The Moscow Times](#)

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Falling Ruble Hits Rosneft, Novatek

The weaker ruble has hit profits hard at Russia's biggest oil producer and its largest non-state gas company, as Western sanctions and lower oil prices also took their toll.

State oil company Rosneft posted a steep fall in third-quarter earnings on Wednesday and Novatek also reported a sharp fall in earnings as, like Rosneft, it felt the impact of soaring foreign currency debt repayments in ruble terms.

Rosneft said its July-September net profit fell to 1 billion rubles (\$23.3 million) from 172 billion rubles in the previous quarter, and its net debt reached 1.77 trillion rubles in the third quarter.

Novatek said its July-September net profit decreased to 7.6 billion rubles, just below

an average forecast for 7.7 billion rubles in a Reuters poll. *(Reuters)*

Forex Auction Sees Weak Demand

A debut auction of forex repos by Russia's Central Bank on Wednesday met with lackluster demand, with analysts saying banks were deterred from taking up the offer by a relatively high interest rate and short-term nature of the instrument.

The \$50 billion repo program is seen as one of the steps to shore up the ruble. But there was little to suggest any thirst for dollars at Wednesday's auction, with banks bidding for only \$201.2 million — a fraction of the \$1.5 billion that was an offer.

The average yield was 2.4039 percent. The Central Bank had earlier set a minimum yield of 2.4035, determined as a spread of 2.25 percentage points above the dollar London Interbank Rate (LIBOR). *(Reuters)*

Russia Expects \$13Bln in Arms Sales

Russia's 2014 arms exports are expected to reach a total value of \$13 billion, Sergei Ladigin, deputy chief of Rosoboronexport, was quoted as saying by RIA Novosti on Wednesday.

Russia is the world's second-largest arms exporter, behind the U.S., having sold \$15.7 billion worth of arms last year. However, EU sanctions preventing Russia from selling arms to European nations in July threatened to make a dent in Russia's sales. EU nations typically buy around \$3 billion annually.

"To say that sanctions will not impact the sales of Russian weapons is to bend the truth," Ladigin said. "It has become more difficult, but the output will not change," he added, saying that Russia has been able to sell \$13.2 billion this year.

On Tuesday, Ladigin said that Russia has already sold almost \$10 billion worth of arms this year. In July. *(MT)*

No Deal for Opal Talks

Gazprom said Wednesday that it had failed to reach a deal at talks with the European Commission on the Opal gas pipeline and wants new negotiations.

The European Union executive had delayed until at least the end of this month a decision on whether to allow Russia greater access to the pipeline in northeastern Germany.

Gazprom has only limited access to the pipeline under a European Union law that seeks to prevent energy suppliers from dominating infrastructure.

"Gazprom is initiating new talks with the newly elected line-up of the European Commission when it is ready," spokesman Sergei Kupriyanov said.

The new Commission takes office on Nov. 1.

Access to the pipeline is important for increasing Russian gas supplies via Nord Stream as

Opal runs through Germany to the Czech Republic and connects to Nord Stream. (*Reuters*)

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