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Ruble Strengthens With Central Bank's Emergencies-Only Intervention Policy

By The Moscow Times

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Russian 50 and 10 kopeck coins are seen on a table.

The Russian Central Bank said Monday that it had abandoned the ruble's trading corridor, allowing the currency to float freely.

The ruble has slumped nearly 30 percent against the dollar this year as plunging oil prices and Western sanctions over the Ukraine crisis reduced Russia's exports and investment inflows.

By 8 p.m. in Moscow, the ruble was 2 percent stronger versus the dollar at 45.6 and 2.2 percent firmer against the euro at 56.7.

The Central Bank says it will allow the ruble to trade freely as of next year. It had kept the ruble in a nine-ruble trading band against a dollar-euro basket, gradually limiting its foreign markets interventions.

The Central Bank said in a statement it would intervene in the foreign currency market if it

saw a threat to financial stability.

"As a result of the decision, the ruble's rate will be formed by market factors that should strengthen the effectiveness of the Central Bank's monetary policy," it said in the statement.

The bank's governor, Elvira Nabiullina, said Monday that it would temporarily limit the amount of ruble liquidity it provides to Russian banks because of what it called speculative operations against the ruble.

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