

Head of Russian Central Bank Defends Ruble Float

By [The Moscow Times](#)

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Russian central bank governor Elvira Nabiullina.

The head of Russia's Central Bank defended on Tuesday its decision to float the ruble, saying it had restricted speculative attacks on the currency and the country's financial markets were resilient to a slump in oil prices.

The Central Bank has been under intense pressure to stem a slide in the ruble, which has fallen almost 30 percent against the dollar this year as oil prices have plummeted and sanctions over the Ukraine crisis have locked Russian firms out of international capital markets.

Since floating the ruble earlier this month, the bank has emphasized it reserves the right to carry out large, ad hoc interventions to defend the currency — a warning that Governor Elvira Nabiullina reiterated.

"A floating exchange rate allows to reduce speculative pressure on the ruble, which has played a far from minor role in the currency's recent slide," she told the lower house of parliament.

"We have warned market players that we are ready to come out with unexpected interventions if events develop negatively. In these conditions, speculative strategies become far more risky."

The Central Bank has spent over \$70 billion of its reserves defending the ruble this year, but still has a \$420 billion cash pile at its disposal.

The ruble's slide has prompted criticism of the bank's policies from some prominent officials, including one of President Vladimir Putin's economic advisers, Sergei Glazyev, who called last month for a fixed exchange rate.

Nabiullina said there was no effective alternative to a floating exchange rate.

She said that continuing to manage the ruble rate would have led to larger losses of Russia's gold and foreign exchange reserves and that she saw no need for legislative restrictions on speculation on financial markets.

"The financial markets are stable, the banking sector continues to function normally, and this reflects the fact that our financial system is now far more resilient than in previous years and much better prepared for serious volatility in oil prices," Nabiullina said.

The ruble has recovered about 4 percent from an all-time low of 48.65 against the dollar that it touched on Oct. 7.

The currency was around 0.5 percent stronger by 7:30 p.m. Moscow time on Tuesday at 46.8, boosted by Russian exporters buying rubles to meet tax commitments. It showed little reaction to Nabiullina's comments.

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