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# Oil Price Jitters Snap Ruble's Five-Day Winning Streak

By The Moscow Times

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The Russian ruble reversed earlier gains on Tuesday, breaking a five-day winning streak as Russia failed to agree oil production cuts with other oil exporters to shore up prices ahead of a key OPEC meeting on Thursday.

At 8 p.m., the ruble was over 2 percent weaker against the dollar at 46 and 2.5 percent weaker at 57.4 versus the euro.

The ruble had risen on opening, helped by monthly tax payments. Russian companies pay the monthly mineral extraction tax on Tuesday, requiring major exporters to convert foreign currency earnings into rubles. Profit tax, another major payment, falls due on Nov. 28.

However, the ruble later swung into negative territory, illustrating market volatility in

conditions of thin liquidity. Traders said a single large bid for foreign currency had contributed to the reversal.

"The cause of the present dynamic could be a large bid knocking prices even with offer of foreign currency present," said Otkritie trader Pyotr Neimyshev. "'Large' in current conditions, because now such a move can be caused, for example, by a purchase of $200 million."

The ruble had risen for each of the preceding five sessions, against the backdrop of a stabilization of the oil price before Thursday's OPEC meeting where the oil producers' club may decide to cut production to support prices. But talks between Saudi Arabia, fellow OPEC member Venezuela and oil powers Russia and Mexico failed to find an agreement to address a growing oil glut in a meeting on Tuesday, sending the price of Brent crude, the international benchmark, down more than $1 a barrel to near $78.

Analysts warned that a failure to deliver on cuts at Thursday's key OPEC meeting in Vienna could cause significant falls in the oil price with negative consequences for the ruble.

"Looking forward, we think Russian FX trading is to remain volatile, especially if the outcome of OPEC's meeting disappoints," VTB Capital analyst Maxim Korovin said in a note.

Russian stock indexes fell back on Tuesday, as uncertainty over the OPEC meeting encouraged caution after recent gains.

The dollar-based RTS index was down 2.2 percent to 1,054 points, while the ruble-based MICEX was flat at 1,529 points.

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