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Russian Central Bank Confirms Intervention to Prop Up Ruble

By The Moscow Times

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Two snow-covered cars are seen in front of the Central Bank headquarters in Moscow.

The Russian Central Bank said Wednesday that it spent $700 million to defend the ruble two days earlier amid the currency's sharpest fall for sixteen years.

The move on Dec. 1 marks the first time the Central Bank has intervened on currency markets since it announced it was switching to a free floating ruble on Nov. 10.

The ruble is currently trading at historic lows against the U.S. dollar and the euro. The Russian currency has fallen 40 percent against the greenback since January, and 20 percent over the last month.

Intervention by the Central Bank on Monday afternoon, which was widely noticed by traders and analysts, caused the ruble to strengthen after recording its biggest one-day fall since the 1998 crisis.

The Central Bank moved to a free floating currency last month after spending about $70 billion of Russia's foreign currency to slow the ruble's decline this year.

Russia's reserves are increasingly being eyed by state-owned companies and the government as predictions of a recession next year and intensifying economic hardship become more frequent.

The ruble's decline has been stoked by the oil price, which has fallen 40 percent from June highs, as well as Western sanctions on Moscow over its role in the Ukraine crisis and a tanking economy.

The Russian currency weakened Wednesday morning, and at 10:40 a.m. was down almost one percent and trading at 54.9 against the dollar, according to data from the Moscow Exchange. A euro was worth 67.7 rubles.

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