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# Russian Central Bank Says Willing to Spend Unlimited Amounts on Ruble's Defense

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A woman walks along a street past a board showing currency exchange rates in Moscow on Dec. 3, 2014.

The Central Bank said Thursday that it was prepared to spend an unlimited amount of money on defending the Russian currency as the struggling ruble strengthened in morning trading.

The ruble climbed about 2 percent to 52.02 against the U.S. dollar as trading opened two hours before President Vladimir Putin is due to begin his annual state of the union address.

The Russian currency later reversed some of its gains and at 11:50 a.m. was trading at about 52.75 versus the dollar, according to data from the Moscow Exchange.

The Central Bank, which intervened this week for the first time in almost a month, said in a statement that it was prepared to sell unlimited amounts of foreign currency to steady

the ruble. The bank added that it will do so without issuing any prior warnings.

The regulator abandoned its previous intervention policy, which attempted to keep the ruble within a set trading corridor, on Nov. 10 after burning through about $70 billion of dollars since January in an effort to prop up the currency.

As Russia's ruble dives lower and lower the threat to the Russian economy has become so great that interventions may be necessary to avoid financial instability.

"We are currently witnessing a ruble exchange rate, including loss-making volatility, that is creating the premise for risks to financial stability," the Central Bank said.

The regulator also announced that it was shifting the foreign currency repo rate to LIBOR plus 0.5 percentage points, down from LIBOR plus 1.5 percentage points, in an effort to stabilize the currency market.

The ruble, which has shed almost 40 percent of its value against the dollar this year, has suffered from lower oil prices, Western sanctions on Moscow and a Russian economy that is tipping into recession.

The currency, which has come under renewed pressure this week, recorded its biggest one-day fall for sixteen years on Monday.

The Central Bank sold $700 million of its foreign currency reserves Monday to defend the ruble and traders and analysts said that a similar intervention was likely to have taken place Wednesday.

The regulator releases information about currency market interventions with a two-day time lag.

Putin's keynote speech to Russian lawmakers, due to begin at noon today, is expected to focus on the trouble facing the Russian economy, including the problems created by the ruble's sustained devaluation.

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