The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Dollar, Euro Hit Historic Lows Ahead of Key Central Bank Meeting

By The Moscow Times

December 11, 2014



A man walking past a sign showing currency exchange rates Wednesday.

The ruble fell to record lows against the U.S. dollar and the euro Thursday ahead of a key Central Bank meeting where policymakers are expected to hike interests rates for the fifth time this year.

The Russian currency dropped past 55 against the dollar shortly after midday and reached 68.48 versus the euro in morning, the ruble's lowest level since the 1998 financial crisis.

The Central Bank is expected to announce whether or not it will raise interest rates at 1:30 p.m. in Moscow. The bank is likely to increase its main lending rate by one point to 10.5 percent to try to support the ruble, according to analysts polled by news agency Reuters.

The ruble has lost almost 40 percent of its value against the dollar this year in the face of a falling oil price, Western sanctions on Moscow for its role in the Ukraine crisis and a

stuttering economy.

The price of Brent crude fell to its lowest level since the global financial crisis in 2009 on Wednesday, and was trading at below $65 a barrel Thursday.

Russia's Central Bank began interventions on the currency market last week after a three week absence following its move to a free-floating currency on Nov.10. The regulator spent $5 billion defending the ruble last week, bringing the total spent on interventions this year to over $70 billion.

Despite an economy forecast to slip into recession next year, the Central Bank has raised interest rates four times since January as it looks to aid the ruble and reduce inflation.

The ruble's fall has intensified in recent weeks with the currency losing 13.4 percent against the greenback in the last two weeks alone.

"The pressure to deliver bold policy action has increased significantly over the last two weeks," Maxim Korovin, currency analyst at VTB Capital bank, said in a note, Reuters reported.

Original url:
https://www.themoscowtimes.com/2014/12/11/dollar-euro-hit-historic-lows-ahead-of-key-central-bank-meeting-a42181