

Russia's Ruble Speeds Past 58 to U.S. Dollar as Devaluation Accelerates

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The Russian currency passed 58 against the U.S. dollar on Friday for the first time since the country's 1998 crisis as global oil prices declined, extending this week's plunge against the greenback to around 10 percent.

The ruble fell sharply in late trading, touching an all-time record low against the euro in the early evening and finishing at 58.13 against the dollar and 72.3 against the European currency, according to data from the Moscow Exchange.

Amid volatile trading earlier in the day market participants said that the Central Bank was selling foreign currency in a bid to halt the collapse.

Pressure on the ruble has intensified in recent weeks despite the Central Bank announcing a one-percentage-point interest rate rise on Thursday and President Vladimir Putin's declaration of war against currency "speculators."

The Central Bank, which has burned through about \$75 billion defending the ruble since January, spent about \$700 million Friday morning, according to Reuters news agency citing currency traders.

The Brent oil global benchmark slid to \$62 a barrel on Friday, its lowest level for five and a half years, bringing its fall this week to 8 percent.

The drops in oil and the ruble were reflected by Russia's stock exchanges.

The dollar-denominated RTS Index, which is down over 40 percent this year, tumbled almost 4 percent on opening Friday, closing below the 800 mark for the first time since the 2009 global financial crisis.

The ruble-traded MICEX Index, which is buoyed by Russian currency weakness, closed up 0.3 percent.

The Central Bank last week re-started market interventions to defend the ruble for the first time since letting the currency free-float on Nov. 10. But the interventions have been relatively small and they have not prevented the ruble from weakening rapidly.

“Don't expect the Central Bank to ride to the ruble's defense,” Standard Bank analyst Timothy Ash said in a note to investors Friday, adding that Russia's priority now appeared to be conserving its foreign currency reserves rather than making a serious attempt to stop devaluation.

The ruble has fallen almost 45 percent against the dollar this year.

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