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Panic Over Ruble Subsides as Oil Prices Grow

By The Moscow Times

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An employee of a local company counts Russian ruble banknotes in Stavropol.

The Russian ruble opened broadly firmer on Monday, supported by higher oil prices and a pause in the panic-selling on the domestic currency market after officials rushed to issue strong verbal support and announce measures to ease the situation.

At 0725 GMT, the ruble was up 3.6 percent against the dollar at 56.33 and 4.5 percent firmer at 69.06 versus the euro.

Oil, Russia's chief export, was up, with Brent futures trading above $62 per barrel.

"The easing of the situation on the oil market ... can help improve the situation on the Russian (currency) market in early trade as well as provide the basis for further firming of the ruble," Anton Startsev, head analyst at Olma investment house wrote in a note.

The ruble had been firming in recent sessions, but early last week had seen intense selling

pressure. At one stage, it was down about 20 percent against the dollar.

Late last week, Finance Ministry and other government officials issued strong verbal support of the ruble as well as introduced a series of measures, including additional sales of forex, supporting banks' capital, aiding ruble liquidity and improving regulation to curb speculative moves.

Government pressure on exporters not to hoard their foreign exchange revenues has been seen as another positive for the ruble, which is now down some 45 percent against the dollar this year.

Russian stocks also traded higher, with dollar-traded RTS up 5.7 percent to 812 points and the ruble-based MICEX up 0.2 percent to 1,450 points.

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