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Russia's Ruble Rallies From Heavy Falls as Oil Price Firms

By The Moscow Times

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A cashier displays Russian ruble banknotes taken from a cash register at a local grocery store in Stavropol, southern Russia, on Jan. 7, 2015.

The ruble and Moscow stocks rose strongly on Thursday after gains in the price of oil, whose sharp decline in recent months has pummeled Russian assets.

At 4 p.m. the ruble was 2.7 percent stronger against the dollar at 61.49, and up 2.8 percent at 72.77 against the euro. The Russian currency fell over 10 percent on Monday as crude, Russia's main export, tumbled.

Russian stocks firmed strongly on Thursday, with the ruble-based MICEX index up 5.3 percent at 1,559 points and the dollar-based RTS up 7.1 percent at 799.

The Moscow Exchange was closed on Wednesday when international oil benchmark Brent firmed above $50 a barrel, helped by an unexpected fall in U.S. oil stocks.

Brent continued to rally on Thursday, rising 0.8 percent to around $51.6 per barrel, still less than half of its June 2014 peak.

"USD/RUS can't find the strength to go below the 60-level, and it is all the fault of the Brent price," Forex Club analyst Alyona Afanasyeva said in a note.

“However ... if the level of $50 a barrel turns out to be a sufficiently strong support and can lead to a strengthening of the Brent price, it's entirely possible to expect the return of the (dollar/ruble) pair below 60,” Afanasyeva said.

The Russian currency fell around 40 percent against the dollar last year, hurt by the falling oil price and by Western sanctions over Ukraine. It has swung wildly in recent weeks after being floated by the Central Bank.

Shares in Russia's largest bank Sberbank rose around 10 percent on Thursday, outperforming the market, which analysts linked to the stock's inclusion in a "watch list" of East European shares produced by Goldman Sachs.

Sberbank's shares have been highly volatile in recent weeks, with several moves of over 10 percent a day. Thursday's rise follows a cumulative fall of 24 percent in December.

Trading is thin in Moscow this week when Russia is mostly closed for business because of the New Year public holidays. The Moscow Exchange is open for trading except on Wednesday and at the weekend.

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