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Russia's Ruble Opens Weak as Oil Price Drops

By The Moscow Times

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Russian rubles and kopecks coins are pictured in a handmade casket made from birch bark in Krasnoyarsk, Siberia.

The Russian ruble opened 1.8 percent weaker against the dollar on Tuesday pressured by a continuing decline in the oil price and fears that agency Standard & Poor's could downgrade the country's rating in coming days.

The Russian currency tracked international oil benchmark Brent, which was down 4 percent on Tuesday morning to a nearly six-year low of $45.50 per barrel.

At 0708 GMT, the ruble was 1.8 percent down against the dollar at 64.34 rubles and 2 percent weaker against the euro at 76.25.

S&P said last month it expected to complete a review of Russia, which it already rates at just one notch above junk with a negative outlook, by mid-January.

ING analyst Dmitry Polevoy said in a note that the ruble could expect support later in the month from revenue sales by exporters which should start to pay taxes after Jan. 15.

But he added that without a rise in oil price it was likely to continue weakening in the short term to 65 rubles a dollar.

The ruble could also be supported by lower foreign-currency debt payments, estimated at less than $7.5 billion in January, down from $33 billion in December.

Russian stock indexes also fell: the ruble-based MICEX index was down 0.4 percent at 1,507 points, while the dollar-based RTS was down 2.55 percent at 737 points.

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