

# Ruble Strengthens as Oil Price Steadies

By [The Moscow Times](#)

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An employee counts Russian ruble banknotes at a bank in Moscow.

The ruble strengthened slightly against the U.S. dollar on Monday as oil prices steadied, two large Central Bank foreign-currency repo auctions eased demand for dollars and exporters were seen selling foreign currency to meet upcoming tax payments.

At 8 p.m., the ruble was around 0.5 percent stronger against the dollar at 64.8 and fell 0.2 percent to 75.4 versus the euro. Trading volumes were low, in part due to a public holiday in the United States.

Brent crude futures, a major driver for Russian assets since oil is Russia's chief export, traded around \$50 a barrel, with some support coming from falling U.S. output growth, although concerns about global growth weighed on the price of Brent.

Russia's Central Bank on Monday offered up to \$17 billion in foreign currency repos, with \$7 billion offered in one-month repos and \$10 billion in one-year repos.

The repos were intended to address a shortage of foreign currency linked to Western sanctions over the Ukraine crisis. The bank saw reasonable demand of \$3.3 billion for the one-month auction but just \$230 million for the one-year auction.

The Russian currency received additional support from the end-of-month tax period, when exporters convert foreign currency into rubles to meet their tax obligations.

The bulk of the taxes are due next week, but the government has pressured exporters not to hoard foreign currency and to sell it more regularly throughout each month.

On the negative side, ratings agency Moody's cut Russia's sovereign credit rating to "Baa3" on Friday, leaving the country at risk of being downgraded to "junk" status.

Moody's is the last of the three major ratings agencies to cut Russia's debt to one notch above junk. A further downgrade from any of the ratings agencies could prompt an exodus from Russian assets by mainstream investment and pension funds.

Investors shrugged off reports of an escalation of violence in east Ukraine, where government troops recaptured almost all the territory of Donetsk airport they had lost to separatists in recent weeks.

Russian shares moved down slightly on Monday, reversing gains made earlier in the day on the back of bullish sentiment elsewhere on European stock markets.

The dollar-denominated RTS index closed down 0.4 percent at 766.6 points, while its ruble-based peer MICEX was 1 percent lower at 1,576 points, after earlier hitting a three-year high.

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