

Russian Ruble Falls After Tensions Flare Over Ukraine

By [The Moscow Times](#)

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A customer holds 100-ruble banknotes while visiting a local grocery store in the village of Verkhnyaya Biryusa outside the Russian Siberian city of Krasnoyarsk. Jan. 23, 2015.

The ruble and Russian stocks fell sharply on Monday, following a return to full-scale warfare in eastern Ukraine and threats of further Western sanctions against Russia.

At 7:25 p.m. in Moscow, the ruble was down 3 percent against the dollar to 66.23 and 3.5 percent weaker against the euro at 74.71.

Russian stocks were also down, with the ruble-based MICEX 2 percent lower at 1,639 points and the dollar-based RTS down 5 percent at 780 points.

Ukraine said on Monday that Russian-backed rebels were pushing forward with a new offensive, underscoring the final collapse of a flimsy cease-fire agreed last September.

This follows the killing of 30 civilians in Mariupol on Saturday, in what Kiev says was a rebel

rocket attack.

Washington and Brussels are both considering new sanctions against Russia after accusing it of openly supporting the latest rebel advance in Ukraine.

On Monday Russia's President Vladimir Putin was defiant, blaming Ukraine for provoking the fighting by rejecting peace talks and accusing a "foreign NATO legion" of trying to contain Russia. NATO dismissed the charge as "nonsense."

"The risk of new sanctions against Russia, because of the worsening situation in Ukraine, is exerting strong pressure on the Russian currency," BKS Express analyst Ivan Kopeikin said in a note. "The artillery shelling of Mariupol on Saturday hasn't escaped the attention of the West."

He added that in the short term the ruble was likely to fall to a level of 69 to the dollar.

The ruble was relatively stable week last week, trading between 63 and 64 to the dollar.

Adding to the pressure on Russian assets on Monday, the oil price was also weaker, with benchmark Brent shedding around 0.5 percent to \$48.55 per barrel.

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