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Russian Ruble Weakens on Threat of New Sanctions

By The Moscow Times

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Russia's ruble edged lower against the U.S. dollar and euro in the opening minutes of trading on Wednesday.

The Russian ruble weakened on Wednesday, with a retreat in oil prices and a threat of new sanctions on Moscow for its role in the Ukraine crisis promising to weigh on the currency in the near future.

At 07:38 GMT, the ruble was about 0.5 percent weaker against both the dollar and the euro, trading at 67.15 76.32, respectively. Oil, Russia's chief export, fell towards $49 per barrel.

Russian stocks rose, with the dollar-based RTS index trading 2.2 percent higher at 800.4 points and the ruble-based MICEX up 1.7 percent to 1,703.2 points.

Analysts said a meeting of EU foreign ministers on Thursday to discuss more punitive measures against Russia was the key factor for Russian markets.

"Speaking of upcoming events that may have an impact on the Russian stock market in the near future, I could not help catch myself thinking that the meeting of EU foreign ministers [tomorrow] has become much more important for us than the U.S. Federal Reserve meeting [today]," Stanislav Kleshchev, an analyst at VTB 24 bank in Moscow, wrote in a note.

The U.S. Federal Reserve's two-day meeting starts Wednesday, with markets wondering whether it will stand by plans to raise interest rates this year.

"The risk of tightening economic sanctions, whether by the extension of restrictions on the supply of equipment for power stations, or disconnecting Russia from SWIFT, or a ban on EU investors acquiring Russian sovereign debt, seems more acute than the intrigue of the terms of the Fed's monetary tightening."

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