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New EU Sanctions Loom Over Russia's Struggling Ruble

By The Moscow Times

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At 0735 GMT, the ruble was around 0.8 percent weaker against the dollar at 68.58 and 0.6 percent lower at 77.38 against the euro.

Russia's ruble slid in early trade on Thursday, extending losses from earlier in the week as falling oil prices and the threat of new European Union sanctions over the Ukraine crisis soured sentiment.

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Stocks were mixed, with the dollar-based RTS index down 1 percent to 758 points and the ruble-denominated MICEX up 0.1 percent to 1,648 points, mainly reflecting the ruble's weakening.

European Union foreign ministers were on Thursday expected to extend until the end of 2015

asset freezes and travel bans imposed on dozens of Russians and Russian firms following Moscow's annexation of Crimea. New punitive measures were also expected.

"Based on the latest reports, new economic sanctions will not be introduced, although there has been discussion over a ban on the supply of equipment for power stations and a ban on the purchase of government bonds of the Russian Federation," Stanislav Kleshchov, an analyst at VTB 24 bank, said in a note.

"If so, then the likely nervousness of market players during today's trading will manifest itself more in the foreign exchange market, rather than lead to a sell-off of Russian stocks."

The ruble has weakened around 6 percent this week, with its slide starting after the Standard & Poor's rating agency cut Russia's sovereign credit rating late on Monday to below investment grade for the first time in a decade.

Oil, one of Russia's main exports, has also put pressure on the ruble, with Brent crude futures trading near six-year lows at around $48.50 per barrel on Thursday.

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