

Higher Oil Prices Boost Ruble Weakened by Ukraine Cease-Fire Doubts

By [The Moscow Times](#)

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A woman gestures with her purse under a board displaying currency exchange rates in Moscow.

The Russian ruble rose on Tuesday, supported by a rally in crude prices and political efforts to make a cease-fire hold in eastern Ukraine, but gains were capped by uncertainty about the cease-fire's fate.

At 0800 GMT, the ruble was up 0.4 percent against the dollar to 62.92 and 0.5 percent to 71.45 versus the euro.

Prices for oil, Russia's chief export, extended their rally, with Brent crude climbing beyond \$62 a barrel before falling back, still up 0.3 percent on the day to \$61.6.

Some investors were also encouraged by more talks between the leaders of Russia, Ukraine, Germany and France to ensure the cease-fire deal agreed last week holds.

"The rise in the oil price and negotiations about the cease-fire are negating the 'Greek

factor', " BCS analyst Mark Bradford said in a morning note, referring to the lack of agreement on Greece's debts on Monday, which is weighing on global markets.

Russian stock indexes were mixed on Tuesday, however, and little changed overall. The dollar-based RTS index was up 0.4 percent to 901 while the ruble-based MICEX was down 0.2 percent to 1,796.

Veles Capital analyst Alexander Kostyukov said in a note that "the geopolitical factor remains the most significant indicator for the Russian stock market on Tuesday."

Despite the continuation of high-level peace talks, the fate of the latest cease-fire in Ukraine is uncertain, with pro-Russian rebels publicly disavowing it around the town of Debaltseve, the focus of recent fighting.

Neither side has begun withdrawing heavy artillery as envisaged in the peace deal, with the Ukrainian military saying the rebels must first respect the cease-fire.

"Investors are much more worried about the situation around Debaltseve (than Greece), threatening the fragile truce in the Donbass," VTB24 analyst Oleg Dushin said in a note.

"Recalling how events developed after the first version of the 'Minsk peace' (in September), one can with high certainty note that in future things will only get worse," said Andrei Dirgin, head analyst at Alfa-Forex, in a note.

The progress of peace efforts in Ukraine is a crucial driver for Russia's financial markets because the future of Western sanctions against Russia hinges on these efforts.

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