

Ruble Strengthens as Exporters Pay Taxes

By [The Moscow Times](#)

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The ruble-based MICEX index was down 1.46 percent to 1,746 points while the dollar-based RTS fell 0.54 percent to 883 points.

The Russian ruble strengthened on Wednesday, helped by stronger global risk appetite and the monthly tax period when Russian companies convert forex, but Russian stock indexes fell as oil failed to hold above \$60 per barrel.

At 7:36 p.m., the ruble was around 1 percent stronger against the dollar at 62.18 and also up 1 percent to 70.62 versus the euro.

Global risk appetite was stronger on Wednesday following dovish comments by U.S. Federal Reserve head Janet Yellen and better than expected manufacturing data from China.

Demand for rubles is also being fueled by monthly tax payments, requiring exporters to convert foreign currency earnings into local currency.

"Despite a large number of factors that are putting pressure on the Russian currency, in the form of negative dynamics on the energy markets and uncertainty over the further implementation of the 'Minsk agreements' [in Ukraine], interest in the currency is being fed by the activity of exporters in connection with the tax period," Alena Afanasieva, senior analyst at Forex Club, said in a note.

The progress of the Minsk peace deal to end the war in eastern Ukraine remains uncertain.

Pro-Russian separatists have been pulling heavy weapons from the frontline and the Ukrainian army reported no combat fatalities for the first time in weeks on Wednesday, but investors remain cautious as a previous cease-fire failed to hold.

The oil price, another key driver of Russian assets, was stronger on Wednesday, with Brent up almost 1 percent to around \$59.2 per barrel.

The oil price has fallen, however, compared with the previous day's peak above \$60 per barrel — a factor that weighed on Russian stock indexes on Wednesday. The Moscow stock exchange was closed on Tuesday evening when the oil price declined.

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"The upward move of the stock indexes will be prevented, most of all, by the negative pressure on Brent, which is still flopping around below \$60 a barrel," Rossiysky Capital analyst Anastasia Sosnova said in a note.

Long-dated Russian eurobonds recovered on Wednesday, after two days of losses prompted by Moody's cutting Russia's sovereign credit rating to 'junk' status.

The yield on the benchmark 2030 dollar bond fell by 11 basis points to 5.87 percent.

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