The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russian Ruble Slips on Weak Oil Prices

By The Moscow Times

March 11, 2015



Russian ruble and U.S. dollar banknotes are seen on a table at a bank in Moscow.

The Russian ruble slipped on Wednesday, hurt by weak oil prices and a strong dollar, which is pressuring emerging market currencies worldwide.

At 0855 GMT the ruble was down around 0.7 percent against the dollar at 62.94 and down 0.2 percent at 67.08 against the euro.

The U.S. currency has been hitting multiyear highs in recent days, while the euro has sunk, reflecting divergent economic outlooks and expectations that the U.S. Federal Reserve will raise interest rates later in the year.

Brent crude futures, a key driver for all Russian assets, were trading at around $56.1, 0.4 percent lower on the day and near their lowest in a month. Oil is one of Russia's chief exports.

Analysts say the ruble is likely to take its cue this week from oil prices and a monetary policy meeting by Russia's central bank on Friday.

Expectations are increasingly shifting toward another cut in the key rate, following a 200 basis point cut in late January.

"A further slide in oil and weakening of the ruble exchange rate, in our view, lessens the chances for 'extreme' scenarios at the Central Bank meeting (an aggressive rate cut like in January)," Dmitry Polevoy, an economist at ING Bank in Moscow, said in a note.

Polevoy added that his bank's forecast was for a 100 basis point cut in the one-week minimum auction repo rate to 14 percent.

Russian shares were mixed on Wednesday, reflecting moves in the Russian currency.

The dollar-denominated RTS index was down 0.4 percent to 841 points, while its ruble-based peer MICEX traded 1 percent higher at 1,681 points.

Original url:
https://www.themoscowtimes.com/2015/03/11/russian-ruble-slips-on-weak-oil-prices-a44633