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Russia's Ruble Edges Higher as Exporters Sell Off Foreign Currency

By The Moscow Times

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A picture illustration shows Russian ruble and U.S. dollar banknotes.

Russia's ruble edged higher early on Wednesday, as exporters selling foreign currency in preparation for tax payments to the state budget narrowly outweighed the drag from lower oil prices.

At 08:10 GMT, the ruble was about 0.2 percent higher against the dollar at 61.32 and gained 0.2 percent to trade at 65.03 versus the euro.

Trading was cautious before a monetary policy statement from the U.S. Federal Reserve at 18:00 GMT, which will set the tone for trading in the dollar and therefore currency trading worldwide.

Brent crude oil was trading at about $53.15 a barrel, 0.7 percent lower than its previous close. Oil is a key driver for all Russian assets because it is the country's chief export.

Analysts said the ruble had gained in recent days because exporters were selling forex before the bulk of the monthly taxes fall due next week and as demand for foreign currency to meet debt repayments was falling.

"Speculative flows, in our assessment, are still biased towards buying (of foreign currency), although not that aggressively," analysts at ING Bank said in a note.

Russian firms had to repay more than $30 billion in foreign currency-denominated debt in February and March, according to Central Bank data, at a time when access to Western capital is restricted because of sanctions over the Ukraine crisis.

The debt repayment schedule is considerably less onerous in April and May, which will take some of the strain off the ruble.

Russian shares traded higher on Wednesday, building on gains made in the previous session.

The dollar-denominated RTS index was up 0.9 percent to 830 points, while its ruble-based peer MICEX traded 0.2 percent higher at 1,615 points.

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