The Moscow Times
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Ruble Panic Recedes as Russians Start Selling Dollars

By The Moscow Times

March 25, 2015



Despite the cooling of demand for hard currency, the ruble fell almost 20 percent in January against the dollar after falling 40 percent in 2014.

Russians sold more foreign currency than they bought in January for the first time in two years, the Central Bank said Wednesday, in a sign that last year's panic over the ruble has subsided.

The Russian currency went into meltdown in December as a months-long devaluation prompted by Western sanctions and oil price falls turned into a rout. Massive demand for dollars and euros among Russians exacerbated the ruble's plunge, which peaked on Dec. 17, when the ruble fell 20 percent against the U.S. dollar within a few hours of trading.

But the rout appears to have run its course for now, with demand for foreign cash falling sharply in January, according to data published by the Central Bank.

Individuals sold $6.7 billion in dollars and euros at banks and licensed exchange points in January, $300 million more than they bought over the same period, the data shows.

Both numbers fell steeply from December, when Russians bought the equivalent of $21 billion in dollars and euros and sold $12.5 billion. January was the first month that Russians' sales of hard currency had exceeded purchases since February 2013.

Total foreign exchange transactions both by individuals and between banks declined by more than 60 percent in January, spurring banks to sharply reduce imports of foreign cash, the Central Bank said.

Despite the cooling of demand for hard currency, the ruble fell almost 20 percent in January against the dollar after falling 40 percent in 2014. The Russian currency has since regained its January losses as oil prices stabilized and fears of new Western sanctions over Ukraine eased.

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