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Russian Ruble Strengthens as Oil Prices Surge

By The Moscow Times

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A vendor (L) takes a Russian ruble banknote from a customer buying a handmade woolen rug in the village of Shoshino in Krasnoyarsk region, Siberia.

Russia's ruble gained on Thursday, helped by a surge in oil prices and a weaker dollar.

At 1105 GMT, the ruble was around 1.7 percent stronger against the dollar at 56.73 and gained 0.8 percent to trade at 62.49 versus the euro.

Brent crude oil rose over 3 percent on Thursday after Saudi Arabia and its Gulf Arab allies launched air strikes against Yemen. The operation could stoke concerns about the security of Middle East oil shipments.

Oil is key driver for all Russian assets since it is the country's chief export.

The dollar, meanwhile, was soft in the wake of disappointing U.S. data that suggested its recent rally was on hold for now.

Dmitry Polevoy at ING Bank in Moscow said a sharp ruble rally early in the session on Thursday could have forced traders to close long positions in foreign currency, driving further ruble gains.

Analysts said, however, that pressure on the ruble could build in the coming days as the end of month tax period draws to a close, removing an important pillar of support for the Russian currency.

The bulk of the large monthly taxes fell due on March 25, with profit tax remaining on March 30. The tax period typically helps the ruble as Russian companies with foreign-currency earnings must convert a portion of those earnings into rubles to pay the taxes.

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