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Ruble Stable Ahead of Rates Decisions by Central Bank, U.S. Federal Reserve

By The Moscow Times

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Russian ruble banknotes are seen on a table at a bank in Moscow.

The Russian ruble was little changed early Wednesday as the market awaited monetary policy decisions by the U.S. Federal Reserve on Wednesday and the Russian central bank on Thursday.

At 07:50 GMT, the ruble was 0.1 percent weaker against the dollar at 51.60 and 0.1 percent weaker at 56.74 versus the euro. Trading volumes were thin, with small bids moving the market.

Brent crude oil, a key driver for all Russian assets, was 0.4 percent lower on the day at around $64.4 a barrel, while the dollar index fell almost 0.2 percent.

Russia's end-of-month tax period ended on Tuesday, removing a key pillar of support for the ruble as exporters scaled back sales of foreign currency.

The ruble could take its cue later on Wednesday from the U.S. Fed's post-meeting policy statement at 18:00 GMT.

The dollar fell sharply on Tuesday as the market hedged the risk the Fed could adopt a more dovish tone, boosting riskier emerging-market assets.

On Thursday, the ruble's tone will be set by the Russian Central Bank, which is expected to cut its key interest rate by at least 100 basis points.

A steeper rate cut could drive the ruble sharply lower as it would make Russian assets less attractive for carry trade. Russian policymakers have recently warned that a ruble rally has gone too far.

Russian share indexes were mixed on Wednesday.

The dollar-denominated RTS index was down 0.1 percent to 1,028 points, while its ruble-based peer MICEX traded 0.4 percent higher at 1,685 points.

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