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Foreign Fund Buys Up to $1 Billion Worth of Russian Government Bonds

By The Moscow Times

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The bond purchases suggest high-yielding Russian assets remain attractive to certain overseas investors.

A foreign investment fund bought around $800 million to $1 billion worth of Russian OFZ government bonds in the second quarter, three sources familiar with the situation said, without disclosing the name of the fund.

The deals took place outside the Finance Ministry's weekly OFZ auctions and at different times, one of the sources told Reuters, saying the fund had bought about 45 billion rubles ($810 million) worth of OFZs.

Another source said the fund had bought around $1 billion of the government bonds.

The bond purchases suggest high-yielding Russian assets remain attractive to certain overseas investors, despite Western sanctions over the Ukraine conflict and volatility in the

Russian ruble, in which OFZs are denominated.

The ruble fell 40 percent to the U.S. dollar in 2014, and currently stands at 36 percent to the dollar since the start of last year.

The Finance Ministry declined to comment.

The ministry plans to borrow around 800 billion rubles ($14.4 billion) on the domestic market in 2015. It has so far this year sold around 355 billion rubles ($6.4 billion) via its weekly OFZ auctions.

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