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Oil Prices Near Seven-Year Low Add to Ruble's Woes

By The Moscow Times

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The Russian ruble reacted to troubled oil prices by extending its losing streak.

Global oil prices are nearing a seven-year low, with the benchmark Brent crude and the American WTI mix sliding 4 percent to $41.23 a barrel and 5 percent to $38.08 a barrel respectively on Monday, the Vedomosti newspaper reported.

Both prices were drifting toward the historically low levels recorded in late 2008 and early 2009, causing a surge in hedge funds' oil shorts, the report added.

Analysts attributed the downward slide to persistent excess supply, partly explained by the failure by the oil cartel OPEC to agree on lowering extraction levels, the lifting of trade sanctions against major producer Iran, and continuously high U.S. exports — with a potential oil boom brewing in the Gulf of Mexico set to add to the results of the country's "shale revolution," Vedomosti wrote in a separate article published on Tuesday.

The Russian ruble reacted to troubled oil prices by extending its losing streak, with Raffeisenbank analyst Maria Pomelnikova quoting the need to pay off a portion of the country's foreign-currency loans in December as likely to increase downward pressure on the currency, the newspaper reported Monday.

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