

Russia's Ruble Falls as Oil Price Tumbles

By [The Moscow Times](#)

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The ruble weakened sharply on Monday morning as the price of oil fell to new lows, worsening the outlook for Russia's recession-hit economy.

The Russian currency tumbled 1.3 percent to almost 78.6 rubles to the U.S. dollar in morning trading, close to record lows and less than half its value two years ago.

The decline echoed the oil price, which dipped to 13-year lows of below \$28 after the lifting of sanctions from Iran worsened fears of oversupply on global oil markets.

The ruble's rapid devaluation reflects the importance of oil exports to the Russian economy. Half of Russia's budget revenues come from the energy industry and the current government spending plan assumes an average price of \$50 per barrel in 2016.

A series of crisis meetings in recent weeks have seen the government commit to slash spending by 10 percent in many areas, though defense and social spending are likely to be protected.

Russia's economy contracted by 3.7 percent last year, and officials have warned that it will likely shrink again this year if the oil price does not recover.

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