

Russian Finance Ministry Announces More Than a Billion Dollars in Bonds

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The  Moscow Times

The Russian finance ministry will issue an additional \$1.25 billion in dollar bonds, The Financial Times reported Thursday.

The move follows a \$1.75-billion bond issued by the Russian state in May last year, which was sold with a fixed coupon of 4.75 percent.

The bonds, which marked Russia's first dollar issue following international sanctions against the Kremlin in 2014, are currently trading at 107.6 cents on the dollar.

Many foreign investors were initially wary of the bonds due to financial sanctions placed on Russian banks in relation to the Ukrainian crisis.

The bonds saw a large jump in price when financial company Euroclear ruled in June 2015 that the bonds could be settled through their systems.

State-bank VTB has claimed that three-quarters of the bonds issued in May were bought by investors outside Russia.

Russia's economy is facing continuing uncertainty faced with falling oil prices.

The Kremlin spent 18.4 percent of its reserve fund in August 2016 to plug deficits in the federal budget, while a report published last month by Moscow's Higher School of Economics predicted that the country's reserve fund could be exhausted before the end of 2016, if energy prices failed to rise.

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