

Russian Ruble Sell-Off Continues After Biden's 'Killer' Comment

The currency fell another 2% in trading Tuesday as sanctions fears remain.

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The Russian ruble fell 2% at one point in trading Tuesday. **Kirill Zykov / Moskva News Agency**

The Russian ruble [continued](#) to slide Tuesday, falling to its lowest level against the U.S. dollar since the beginning of February amid the ongoing war of words between the Kremlin and western governments.

The currency dropped by more than 2% during trading Tuesday morning at one point to hit a session low of 76.3 against the dollar — its weakest level since Feb. 1. It also slid to a four-week low against the euro of 90.6 before recovering slightly.

The ruble is down almost 5% in the space of a week following U.S. President Joe Biden's controversial comments that he [agrees](#) Russian President Vladimir Putin is a "killer."

Falling oil prices also put pressure on the ruble Tuesday, although as they have now recovered to pre-coronavirus levels while the ruble is down more than 20%, analysts say the Russian currency is moving in line with geopolitical developments and heightened fears of fresh western sanctions, rather than underlying fundamentals.

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“Much like the proverbial Potemkin village, the ruble appears robust on the outside but has been surprisingly easy to knock over,” Oliver Harvey, macro strategist at Deutsche Bank wrote in a recent research note on the currency.

Speaking Monday, Putin’s spokesman Dmitry Peskov said Russia could not rule out being blocked from the Swift international payments systems.

Analysts at both Sberbank and Sova Capital estimate the currency’s “geopolitical risk premium” at above 10% — implying were Russia not at risks of sanctions, the currency would be trading at around 70 against the U.S. dollar.

Despite Biden’s comments, sanctions watchers still do not expect the U.S. to introduce particularly tough measures against Russia, such as a ban on U.S. entities trading Russia’s government bonds.

Investment bank BNP Paribas, for instance, puts the likelihood of “market-moving sanctions” being introduced at under 15%.

Western governments have so far responded to the poison attack and imprisonment of Alexei Navalny by levelling fresh [personal sanctions](#) — travel bans and asset freezes on Russian officials deemed to be involved in the case — rather than harder-hitting [measures](#) against the Russian economy.

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