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Ruble Slides on Ukraine Conflict Fears

Currency hits new low for 2021 as stand-off over Ukraine intensifies.

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The ruble is trading at its lowest level since the U.S. election last November. **Sophia Sandurskaya / Moskva News Agency**

The Russian ruble has slid to its lowest level against the dollar in five months as fears of a possible escalation of conflict in eastern Ukraine grow.

The ruble has lost 2% against the U.S. dollar since the start of the week and is now trading at 77.7 against the currency — its lowest level since the U.S. election last November.

Concerns over Russia's apparent military buildup near the conflict zone in eastern Ukraine and on the Crimean peninsula have led to a sharp increase in the possibility of the simmering conflict escalating, analysts say.

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Western governments have warned Russia against intimidating Ukraine and pledged their full

backing for Kiev. Ukrainian President Volodymyr Zelenskiy has urged the NATO military alliance to advance talks about possible membership — a move which triggered anger and rebukes from Moscow, which is vehemently opposed to NATO enlargement.

“The ruble is losing control,” Dmitry Babin, analyst at BCS Investment said, pointing to the currency’s slide despite stability in both oil prices and other emerging market currencies.

Even if the stand-off does not result in a fresh round of hostilities in the Donbass, BCS analysts said the crisis could trigger the U.S. to take a tougher line on sanctions against Russia — still under consideration in response to the poisoning and jailing of Kremlin critic Alexei Navalny — than the Biden administration might have opted for without the confrontation.

The Russian stock market has also fallen 2% this week in dollar terms, missing out on a mini-rally on global markets that has taken U.S. indices to fresh record highs.

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