The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Ruble Hits 10-Month High as Economy Strengthens

The Russian currency is booking gains ahead of an expected interest rate hike and closely watched presidential summit in Geneva next week.

June 09, 2021



The ruble has advanced ahead of next week's crucial meeting between Russian President Vladimir Putin and U.S. President Joe Biden. **Andrey Nikerichev / Moskva News Agency**

The Russian ruble has climbed to its highest level since last summer as the economy continues to recover from the coronavirus pandemic and markets predict the Central Bank will hike interest rates to tame surging inflation.

The ruble was trading below 72 against the U.S. dollar for the first time since July 2020 in Moscow on Wednesday morning. The Russian currency was also at its strongest level against the euro — 87.7 — since March.

The rally for the currency comes as a host of economic indicators suggest the Russian

economy could be on the brink of hitting its pre-coronavirus size. Consumer spending was 5% higher in April than during the same month in 2019, industrial production was also stronger, unemployment has fallen back and business confidence has remained high.

"The Russian economy could reach pre-coronavirus levels as soon as this month or the next," said Sova Capital Chief Economist Artem Zaigrin.

Related article: Russia's Inflation Surge Is Not Temporary, Will Hurt Economy, Central Bank Warns

Surging inflation and expectations of more interest rate hikes from the country's Central Bank have also pushed the ruble higher. Russia's inflation rate hit 6% in May — the highest since 2016 and well ahead of market expectations. That overshoot leaves the regulator poised to hike interest rates from 5% to 5.5% when it meets on Friday, analysts say.

Traders also have eyes on next week's Geneva summit between Russian President Vladimir Putin and his U.S. counterpart Joe Biden. The meeting, scheduled for June 16, will be the first time the two leaders meet head-to-head since then-Vice President Biden visited Moscow in 2011.

Original url:
https://www.themoscowtimes.com/2021/06/09/ruble-hits-10-month-high-as-economy-strengthens-a74158