

Russia Bans Foreign Currency Sales

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Sergei Vedyashkin / Moskva News Agency

Russia has banned foreign currency sales for six months, its latest measure to attempt to avert a deep economic crisis and run on the Russian ruble.

The Central Bank [said](#) Tuesday night that banks and brokers would be prohibited from selling dollars, euros and other foreign currency in exchange for rubles until at least Sept. 9, 2022.

The regulator added that Russians who have existing foreign currency accounts would be allowed to withdraw up to \$10,000 — in U.S. dollars only — over the next six months, with the rest of their holdings only accessible in rubles.

Related article: [Russia to Limit Foreign Investment Being Pulled From Country](#)

The Russian currency dropped to new historic lows on the news, trading above 120 to the U.S. dollar on the Moscow Exchange. Rates offered by banks and high street brokers are significantly worse, and a gap has also emerged between so-called “onshore” and “offshore” exchange rates — the ruble’s value in the Russian market and rates being offered abroad.

The tough currency control measures triggered warnings of a foreign currency black market and echoed the draconian money restrictions that characterized the Soviet Union.

“If this helps soften the panic among the Russian population, then the Central Bank will finally have taken control of the situation in the banking sector,” said Loko Invest analyst Dmitry Polevoy.

“But there is also a risk that the population will negatively react to these measures and the outflow of funds will continue.”

Russians have withdrawn record amounts of cash — both rubles and hard currency — since Russia invaded Ukraine and the West slapped tough financial restrictions on Moscow in response.

President Vladimir Putin previously signed orders forcing companies to sell at least 80% of any foreign currency earnings they make and blocked companies and individuals from sending foreign currency abroad.

Trading remained closed on Russia’s stock market for an eighth consecutive day Wednesday, as the Central Bank feared a dramatic sell-off when markets eventually reopen.

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