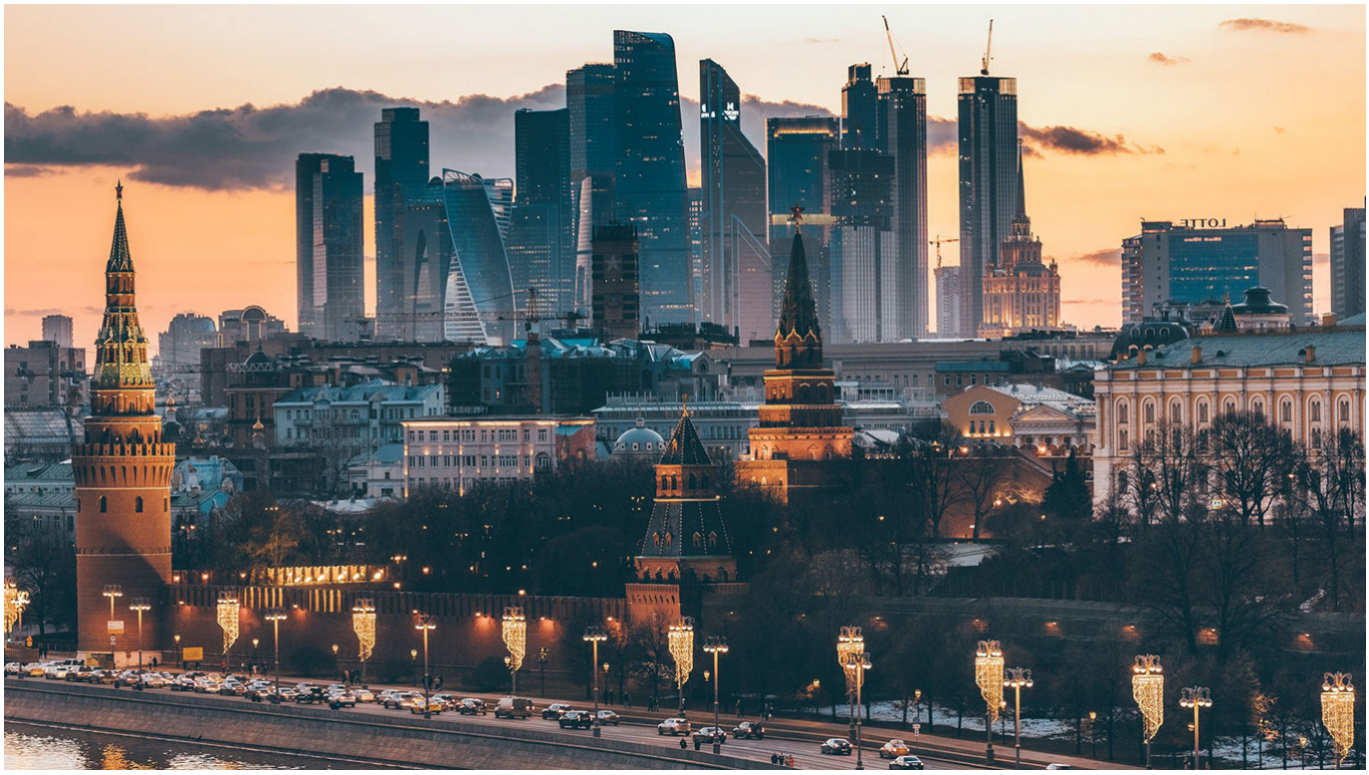
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Moody's Says Russia May Be Considered in Default

By AFP

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Dmitry Trepolsky / pexels

Moody's Investors Service said Thursday that Russia "may be considered in default" if it does not pay two bonds in US dollars by end of a grace period on May 4.

Moscow paid in rubles to service its debt after it was blocked from using foreign currency due to sanctions cutting the country off from the global financial system following Moscow's invasion of Ukraine.

But the April 4 payment in rubles on two foreign currency bonds maturing in 2022 and 2042 "represents a change in payment terms... and therefore may be considered a default under Moody's definition if not cured by 4 May," the rating agency said in a statement.

"The bond contracts have no provision for repayment in any other currency other than dollars," Moody's said.

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The decision came days after S&P Global Ratings declared Russia in "selective default" due to the failure to pay the bondholders in US currency.

For several weeks, Russia avoided the danger of a default, as the US Treasury allowed the use of foreign currency held abroad to settle foreign debt.

Last week, Washington barred Moscow from making debt payments using dollars held by American banks.

The Russian finance ministry said it was forced to make some $650 million in repayments to foreign debt-holders in rubles as they fell due on April 4.

Finance Minister Anton Siluanov earlier this week said the government will "go to court" if it defaults since it made every effort to service the debt.

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