

# Ruble Sinks Further Amid Mutiny Fallout

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A currency exchange in St. Petersburg. **Alexander Demianchuk / TASS**

The Russian ruble tumbled past 102 against the euro and 93 against the dollar on Thursday, hitting a new 15-month low as part of a monthslong depreciation that was exacerbated even further last month as Yevgeny Prigzhohin's armed revolt set markets on edge.

Russia's Central Bank said Thursday that the ruble's weakening was brought on by falling export proceeds.

"We see that when our exchange rate weakens, various conspiracies arise about how [the ruble] is deliberately weakened to increase budget revenues... But we must look, first of all, at the dynamics of foreign trade," Central Bank Governor Elvira Nabiullina [said](#).

Nabiullina explained that the ruble — which had initially plummeted beyond 100 against the dollar as war broke out in Ukraine — managed to restrengthen last year thanks to a surge in export proceeds and a fall in imports. However, now the situation has reversed, as a sharp fall in exports means far less foreign currency is entering Russia.

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“If we compare the positive current account in the first quarter [of 2023], then compared to last year's peak, it fell five times, so the floating rate is changing under the influence of foreign trade,” Nabiullina added.

The ruble has traded with extreme volatility in the 16 months since Russia invaded Ukraine as the West has targeted Moscow's foreign currency reserves and crucial energy exports through sanctions designed to cripple Russia's economy.

Nabiullina highlighted the potential inflationary risks stemming from the continued depreciation of the ruble, emphasizing that such factors would be taken into account during the Central Bank's upcoming meeting where it will decide whether to adjust its key rate, which has remained steady at 7.5% since September.

Meanwhile, Bloomberg economist Alex Isakov said months of capital outflows from Russia were the primary driver of a weakening ruble, but also pointed out that Russian companies were bringing less foreign currency into the country.

“Some of this is due to increased settlement in local currencies that results in revenue getting stuck in import countries' banks. But increasingly exporters also prefer just to keep their export proceeds offshore,” he [wrote](#) on Twitter.

Economist and professor at Moscow's Higher School of Economics Evgeny Kogan said the ruble remained under pressure due to ongoing market concerns amid Wagner's failed mutiny in June, but agreed with the Central Bank by noting that the trend was caused by falling exports.

“Yes, part of the devaluation is now due to domestic shocks. But there is also a fundamental reason — low exports,” he [said](#) on Twitter.

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