

Russians Shrug Off New U.S. Sanctions

By [AFP](#)

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Currency rates in Moscow exchange offices on June 13. **Vasily Kuzmichenok / Moskva News Agency**

Russians on the streets of Moscow are shrugging off a fresh round of U.S. sanctions that forced the country's largest exchange to halt dollar and euro trade on Thursday, with some arguing that they have no need for Western currencies.

"Given that we [already] have sanctions and there are basically no trips abroad, we don't need dollars or euros," Yegor Danilov, a 36-year-old engineer, told AFP on Thursday, dismissing the impact the new sanctions would have on Russia.

Although the Moscow Exchange suspended dollar and euro trade, companies and individuals in Russia will still be able to buy and sell the currencies through lenders, and the Russian Central Bank has assured that all deposits in dollars and euros will be safe.

But the move does stop deals from going through a centralized exchange, pushing transactions into less liquid markets, such as direct bank-to-bank agreements or through specialized brokers and market makers.

That is likely to result in higher volatility, commissions and margins, analysts say.

'Need to get stronger'

Measures that target Russians' ability to buy and trade foreign currency have historically provoked a strong reaction from the public. The exchange rate is seen as a key indicator of the health of the Russian economy.

When the West first hit Moscow with sweeping financial sanctions over its full-scale invasion of Ukraine in February 2022, long lines formed outside banks, and ATMs ran out of dollars and euros as Russians scrambled to convert their savings into hard currency.

Related article: [Moscow Exchange Halts Dollar, Euro Trade After New U.S. Sanctions](#)

But after more than two years of war and sanctions, Russia's economy has proven to be more resilient than some initially expected. Trade in the Chinese yuan already accounted for a majority of Moscow Exchange's foreign exchange dealings, for example.

President Vladimir Putin has repeatedly touted Russia's strength and economic resilience in the face of Western sanctions — a message that some in Moscow echoed on Thursday.

"Sanctions are getting stronger, but we also need to get stronger to come through this as a winner," said Valery Strakhov, a 53-year-old tour guide.

'Slower, more expensive'

A few banks immediately jacked up their exchange rates to as high as 200 rubles to the dollar after Washington revealed the latest raft of sanctions on Wednesday, spreading fear of a fresh currency crisis across social media.

But rates settled down quickly.

On Thursday, several banks had spreads — the difference between the price at which they offer to buy and sell currency — of between three and 10 rubles on Thursday, a typical rate.

The ruble had closed around 89 to the U.S. dollar on Tuesday, the last trading day before the sanctions were announced.

"Everybody has been well-prepared for this, so the immediate effects are moderate," said Anton Tabakh, chief economist at Expert RA, a Moscow-based credit ratings agency.

"The exchange rate itself is unlikely to be affected much, except for the fact that in general, it increases the costs in the economy. All operations with foreign currencies become slower, more expensive and more complicated," he added.

Those extra costs incurred by businesses would eventually be passed on to shoppers through price rises, he said, feeding already high inflation.

Embed:

As far as I can tell from walking around central Moscow, the spread offered by bureaux de change has increased a little but it is nothing like the crazy rates I've seen online pic.twitter.com/1giq7bG9g6

— Jonny Tickle (@jonnytickle) [June 13, 2024](#)

'Opportunity'

Both Russia's Central Bank and the Kremlin have also sought to calm nerves.

"Companies and individuals may continue to buy and sell U.S. dollars and euros through Russian banks. All funds held in U.S. dollars in accounts remain safe," the regulator said Wednesday.

Putin's spokesman Dmitry Peskov said the Russian Central Bank was "ensuring stability in all markets," state media reported.

He also said Moscow was "thinking over" possible retaliatory measures to the United States over the latest sanctions.

Some Russians saw an opportunity in the volatility.

Student Ilya Mier said he "follows the political situation" for a chance to make a profit by trading dollars.

But for 18-year-old Yaroslav, also a student, it was those Western currencies — not the ruble — that carried the most risk.

"None of this really bothers me. It doesn't really affect prices, because I know that import substitution is a good thing," he told AFP, backing Moscow's drive to reduce its reliance on foreign goods.

"And I don't invest in foreign currency, because it's questionable at the moment," he added.

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