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# Ruble Falls After Latest Russia-Ukraine Talks Make Little Progress

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The Russian ruble weakened significantly on both the Moscow Exchange and over-the-counter forex markets Thursday after the latest round of peace talks between Moscow and Kyiv ended without significant progress toward ending the war.

The yuan rose nearly 2% in the first three hours of trading, hitting 11.1485 rubles, its highest level since late May, before pulling back to 11.04 rubles by 4:39 p.m. Moscow time.

On the OTC market, the dollar climbed above 79 rubles for the first time in three weeks, peaking at 79.55 rubles, while the euro surged to 93.5 rubles, the highest in 11 weeks.

“The market was disappointed by the largely symbolic nature of Wednesday’s round of Russian-Ukrainian negotiations in Istanbul,” said Natalia Milchakova, lead analyst at Freedom Finance Global.

The third meeting between the delegations was the shortest so far, lasting just under 40 minutes. Talks yielded only minor agreements, such as continuing prisoner and body exchanges and forming working groups to meet online.

Ukraine also pushed for an in-person meeting between President Volodymyr Zelensky and Russian counterpart Vladimir Putin during the meeting, but the Kremlin dismissed the idea as premature.

“Such a meeting can only happen after substantial groundwork has been done,” Kremlin spokesman Dmitry Peskov said Thursday.

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The MOEX index, which tracks shares in 40 major Russian companies, fell by 1%, shedding 60 billion rubles in market capitalization. Gazprom shares slipped 1.2%, and Sberbank dropped 0.94%.

Milchakova said the stock market is under pressure from weak corporate earnings, as high interest rates and slowing growth weigh on the economy.

Meanwhile, the ruble is suffering from a decline in export revenues, noted investment banker Yevgeny Kogan.

In May, prices for Russian exports reached a low point, with Urals crude trading below $50 per barrel.

“Export earnings arrive with a delay, and we’re seeing the effects of that now,” Kogan said.

Some investors are dumping rubles in anticipation of a sharp interest rate cut by the Russian Central Bank, potentially from 20% to 18% as early as Friday, analysts at PSB Bank wrote.

They forecast that the ruble could weaken by nearly 10% by year’s end, dropping to 12 rubles against the yuan.

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