

Ruble Hits Three-Month High

By [The Moscow Times](#)

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The ruble rose to its strongest level in almost three months against the dollar as oil, also at a three-month high, lured investors to the world's largest energy exporter.

The currency gained 1.2 percent to 29.73 per dollar, the highest since May 4, according to Bloomberg data. The yield on Russia's dollar bonds due in 2020 slid 5 basis points to 4.677 percent.

Crude jumped as much as 1.4 percent to \$82.47 a barrel in New York, as the U.S. dollar weakened against the euro, heightening the appeal of dollar-priced assets for protecting against inflation. The ruble has strengthened 1.9 percent against the dollar so far this year as the recovery in global markets following the financial crisis boosts demand for energy, spurring a 3 percent advance in oil prices in 2010.

"The high oil price ensures there's no downward pressure on the ruble," said Elina Ribakova, chief economist in Moscow at Citigroup. "We're bullish ruble at the moment."

The ruble strengthened for a second day against the Central Bank's target dollar-euro basket, gaining 0.7 percent to 34.06 by the close of trading.

By buying and selling dollars and euros on the currency market, the Central Bank confines the ruble to a so-called floating corridor versus the basket in a bid to limit swings that hurt Russian exporters.

The corridor is at 33.40 to 36.40 to the basket and hasn't changed since April, First Deputy Central Bank Chairman Alexei Ulyukayev said June 29.

High oil prices will see the ruble reach 33 versus the basket by the end of this year, Ribakova said, referring to Citigroup's forecast. That would put the currency outside the floating corridor set in April, though within the 26 to 41 band the Central Bank vowed to defend in January last year.

The Central Bank is not intervening in the foreign exchange market when the currency is more than one ruble from either end of the corridor, Sergei Shvetsov, the Central Bank's head of financial operations said May 28. The Central Bank doesn't appear to be intervening on a daily basis, Citigroup's Ribakova said. When it does it buys between around \$100 million to \$200 million each day, she said.

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