

# Finance Ministry Limits Foreign Currency Purchases

By [The Moscow Times](#)

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The Finance Ministry will limit its on-market purchases of foreign currency to \$40 million to \$50 million per day in a change to the way it channels money into its Reserve Fund, Deputy Finance Minister Alexei Moiseyev said Monday.

Moiseyev told a briefing that initial daily currency purchases would be lower, and might start later, than originally planned — towards the end of August rather than at the beginning of the month.

The shift seeks to limit the asymmetric impact on the ruble's exchange rate of the previous mechanism for managing the Reserve Fund. The announcement of a switch last month triggered a market sell-off in the ruble.

Officials have rebutted suggestions that the change in the way the Reserve Fund is managed would push the ruble exchange rate lower, helping Finance Minister Anton Siluanov reach

budget targets made increasingly challenging by an economic slowdown.

Under a so-called fiscal rule adopted last year, new borrowing by the federal government is capped at 1 percent of gross domestic product.

The books are then balanced by either drawing from, or topping up, the Reserve Fund, which held \$84.7 billion in windfall oil savings as of July 1. The transfers should be done at the end of the year, and the currency purchases are intended to avoid a one-off impact on the market.

"Based on the current volumes that will need to be transferred to the Reserve Fund, we will need to buy \$40-\$50 million per day — that is a maximum and in the test phase it will be less," Moiseyev told reporters.

In other comments, Moiseyev said the state treasury would auction off greater sums of cash on hand to deposit with banks for shorter terms than previously.

This is part of a broader effort by policy makers to supply affordable liquidity to the banking sector, thus ensuring the flow of more affordable credit to the real economy.

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