

Ruble Volatility to Increase as Central Bank Ends Targeted Interventions

By [The Moscow Times](#)

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The Central Bank is ending targeted currency interventions, reducing their size from up to \$60 million a day to zero, in a further step towards the implementation of a floating ruble exchange rate by 2015, Vedomosti reported Tuesday.

The move continues a policy pursued over the past three years of increasing the boundaries of the floating corridor and reducing the volume of all types of intervention, as Russia moves toward an unregulated ruble exchange rate.

Targeted interventions are aimed at neutralizing stable market expectations, with interventions outside of the established target volume intended to smooth out speculative fluctuation, the regulator said.

The Central Bank will intervene when the exchange rate goes beyond a floating corridor of 3.1 rubles (about 9 cents)— which currently stands at 35.1 to 38.2 rubles for the currency

basket — at which point the bank will buy or sell up to \$200 million of currency a day, rising to \$400 million in some instances.

Alexander Morozov, the chief economist of HSBC in Russia and Ukraine, said the new policy will see the corridor boundaries shift about four more times per month than before. In the past, the Central Bank shifted the corridor boundaries about 10 to 11 times a month.

The ruble will become more volatile as a result of the change, said BCS Forex head Pavel Andreyev.

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