

Russians Rush to Ditch Ruble As Economy hit by Ukraine Backlash

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Purchases of foreign currency rose, with total volume of purchases increasing 27 percent from February to a total of \$7.4 billion.

Consumers' desire for dollars and euros soared in March this year amid Russia's annexation of Crimea and escalating political and economic tensions with the West.

Demand for foreign cash grew almost 1.5 times from February to March, reaching \$14.3 billion, the highest level since January 2009, according to a report published by the Central Bank. This number incorporates purchases of foreign currency in authorized banks, currency conversions and cash taken out of foreign currency accounts.

The report associates this spike in demand with "the continuing depreciation of the ruble against the primary global currencies and uncertain expectations as to its further movement."

The majority — 66 percent — of this growth was driven by a wave in cash withdrawals

from foreign currency bank accounts. Altogether, individuals withdrew \$6.9 billion in dollars and euros in March, an 82 percent increase from February and the highest volume ever recorded by the Central Bank.

Purchases of foreign currency also rose, if less rapidly, with total volume of purchases increasing 27 percent from February to a total of \$7.4 billion.

Demand for dollars rose 48 percent from February to \$8.8 billion while demand for euros rose 50 percent to \$5.3 billion.

Net demand for dollars and euros, or total demand minus the sum of euros and dollars consumers put back into the banking system, grew 2.3 times from February to March, reaching \$6.8 billion.

Russian banks responded to escalating demand by hiking up imports of foreign cash from \$3.2 billion in February to \$15 billion in March.

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