

Ruble Drops, Russian Shares Bounce Before EU Sanctions

By [The Moscow Times](#)

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The ruble hit its lowest level in more than two months on Tuesday as investors awaited a new round of economic sanctions from the European Union over the Ukraine crisis, but Russian shares rose after steep falls in the previous session.

EU diplomats are holding talks on imposing broad economic sanctions on Russia, targeting capital markets, defense and sensitive technology, while the U.S. has promised to ratchet up its own penalties.

The ruble was 0.27 percent weaker at 35.64 against the dollar and 0.31 percent lower at 47.86 against the euro at 3:20 p.m. after earlier touching lows last seen in early May.

It was 0.23 percent weaker at 41.12 versus the dollar-euro basket the Central Bank uses to guide the ruble's nominal exchange rate.

"Market participants are preferring to avoid risk in anticipation of the new EU sanctions on Russia," Ivan Kopeikin, an analyst at BCS brokerage, said in a note.

Russian equities were firmer, however, with the dollar-denominated RTS share index 0.5 percent higher at 1,215.2 points after falling 3 percent on Monday. The ruble-traded MICEX rose 0.9 percent to 1,374.7 points.

"Yesterday our market fell on rumors, and foreign media wrote about the EU's plans to introduce sanctions on specific sectors ... but today, as usually happens, the previous day's fears have no effect," said an equities salesman at a large Russian investment company.

Geldy Soyunov, a senior analyst at Alfa Bank in Moscow, said equities were moving sharply due to thin volumes over the summer holiday period and that a new wave of Western sanctions could prompt a short, sharp sell-off in Russian assets.

"At the moment we do not know what the sanctions will be and which companies they will affect. If they are real sectoral sanctions as promised, then we will see a completely different valuation for all companies in those sectors. They will not look cheap at current levels," he said.

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