

Russia's Ruble Weakens Ahead of Rate Cut Fears

By [The Moscow Times](#)

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A customer holds 100-ruble banknotes while visiting a local grocery store in Krasnoyarsk.

The Russian ruble weakened on Monday after opening stronger against the dollar and the euro, and analysts said there was little to drive it higher amid broad expectations of a key rate cut later in the week.

At 8:31 p.m. Moscow time, the ruble was 1.9 percent weaker against the dollar at 51.88 after opening 0.2 percent stronger. It was 2.38 percent lower at 56.6 versus the euro.

"Most likely ... the national currency will move toward weakening at the start of the week," Pavel Shchipanov, head analyst at Romanov Capital investment house in Moscow, said in a note.

According to a Reuters poll, Russian exporters are still to pay some 900 billion rubles (\$17.40 billion) in monthly taxes this week, but Shchipanov said he believed that most had converted

their revenues already last week.

Oil, which on Monday held near a 4-1/2 month high, is unlikely to rise much further and lend support to the Russian currency, he added. Crude is Russia's chief export.

"Thirdly, there are expectations in the financial community for the Central Bank to cut its key rate," Shchipanov said.

The Central Bank will hold its next monetary policy meeting on Thursday. The one-week repo rate is currently at 14 percent.

Russian shares were mixed, tracking the ruble's trade. The dollar-denominated RTS index was down 1.42 percent to hit 1022.78 points, while its ruble-based peer MICEX traded 0.33 percent higher at 1677.22 points.

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