

Russian Ruble Surges Following Victory Day Holiday

By [The Moscow Times](#)

May 12, 2015

The  **Moscow Times**

A cashier poses with Russian ruble banknotes taken from a cash register at a local grocery store in Stavropol.

The Russian ruble rose strongly on Tuesday after a three-day holiday weekend passed without negative news, and with a firming oil price lending support.

At 7:40 p.m Moscow time, the ruble was 1.9 percent stronger against the dollar at 50.16 and up 1.3 percent to 56.43 versus the euro.

The ruble fell 1.2 percent against the dollar on Friday as investors typically fix profits before extended holidays.

Brent crude oil, an important driver for all Russian assets, was trading 2.2 percent higher on the day at just over \$66.3 a barrel.

Veles Capital analyst Alexander Kostyukov said in a note that the external backdrop for Russian assets was moderately positive on Tuesday as the main event during the holiday period was the Chinese central bank's decision to cut interest rates.

China is a major market for Russian commodities and the state of its economy helps drive the global oil price.

"Participants had already priced in various risks in the Russian currency's exchange rate before the holidays, and because nothing negative happened during the long weekend the purchase of rubles has resumed," BCS Express analyst Ivan Kopeikin said in a note. "An additional positive factor is the resumption of the rise in oil prices."

He added that Russian companies will need to repay less than \$5 billion in foreign debts in May — well below the repayments in March and April — which would keep demand for foreign currency modest.

Teletrade analyst Alexander Yegorov said in a note it was entirely possible that the dollar would stabilize just above the level of 50 rubles per dollar for the time being, but he doubted that it would fall below this level as this would provoke actions from the Russian Central Bank, which has signaled concerns about excessive ruble strengthening.

"Any attempts to approach the level of 50 or fall below it should be seen as a good opportunity to buy foreign currency," he said.

Russian stock indexes were mixed on Tuesday, reflecting the impact of the stronger ruble, with the ruble-based MICEX index down 0.23 percent at 1,704.62 points and the dollar-based RTS up 1.01 percent at 1,070.19 points.

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