

Russian ruble hits all-time low as support reduced

November 6, 2014

MOSCOW (AP) — Russia's ruble hit an all-time low on Wednesday after the country's central bank said it would dial back its support for the struggling currency in international markets.

The announcement is a step toward freely floating the currency, which the central bank currently tries to support in foreign exchange markets.

As confidence in the Russian economy wanes, supporting the ruble is proving increasingly difficult — and expensive. The ruble has lost more than 25 percent this year amid concern over economic sanctions from the United States and the European Union as well as a fall in the price of oil and gas exports.

The Russian Central Bank said Wednesday it would limit its intervention in markets to \$350 million a day. The bank spent as much as \$3 billion a day in October trying to support the ruble.

The announcement saw the ruble drop 3 percent in the day to 44.9 to the dollar in late trading on the MICEX exchange in Moscow.

"This appears to be tantamount to a move towards a freely floating ruble," said Neil Shearing, the chief emerging markets economist for Capital Economics in London. "To all intents and purposes the old framework has been torn up and replaced with one in which the ruble floats more freely."

Shearing said further drops in the ruble were likely, but his research company was "reasonably comfortable" with forecasting it will stabilize at about 45 to the dollar over the next six months.

Russian Ruble to US Dollar Exchange Rate [\(Invert\)](#)

Range [1m](#) [3m](#) [6m](#) [1y](#) [5y](#) [10y](#)

Aug 7, 2014 - Nov 5, 2014: 8.150 (22.48 %)

