



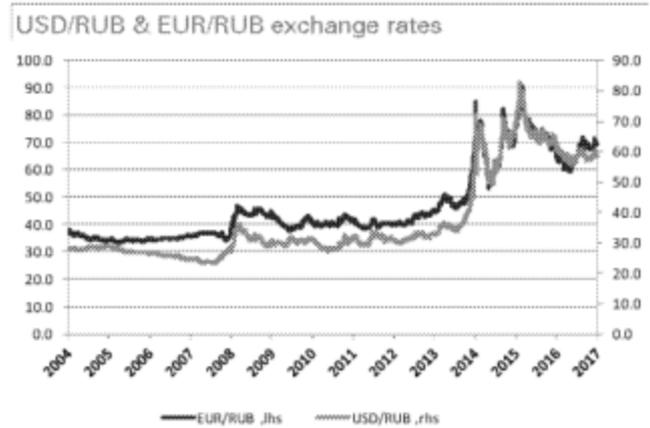
# Russia

Russia formally abandoned the ruble trading corridor on 10-Nov-14 and switched to a managed floating exchange rate regime. The CBR formally targets a reduction of CPI to 4% by 2017 and to maintain that target in the medium run.

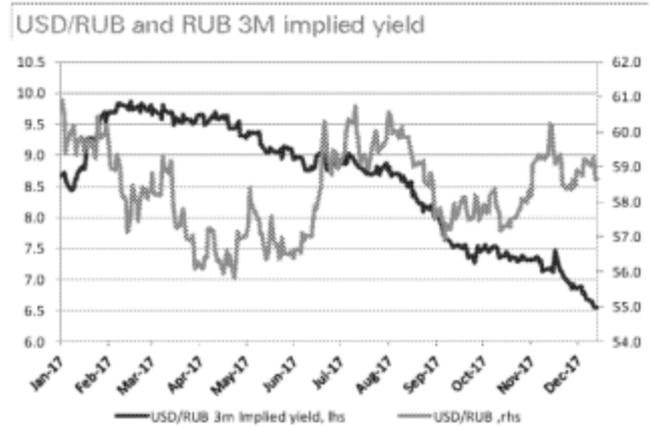
The CBR declares their intention to allow fundamentals to set the exchange rate and they claim to have no fixed constraints or targets for the level of the ruble. However, they reserve the right to intervene to prevent financial instability. In 2015 they purchased just over \$10bn during May-July as USD/RUB rebounded from 50 to 60 according to data available on the CBR website ([http://www.cbr.ru/eng/hd\\_base/?Prtd=valint](http://www.cbr.ru/eng/hd_base/?Prtd=valint)).

Monetary policy decisions are taken by the CBR board of directors, consisting of twelve directors and Governor Elvira Nabiullina. The members of the board will meet at least eight times in 2016, typically issuing a statement every 6th or 7th Friday at 13:30 Moscow time. These statements announce the key rate. In the past the refinancing rate was also set at these meetings, but as of 11-Dec-15, it will be equated with the key rate, and independent refinancing rate values will not be set. In their words, interest rates are set "on the economic outlook and assessment of risks to achieve the inflation target over the mid-term horizon, and also on possible threats to sustainable economic growth and financial stability."

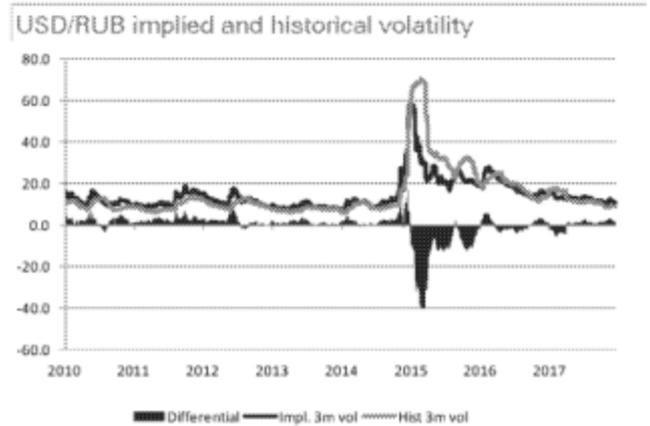
The ruble is fully deliverable and convertible. Prior to the 1998 crisis, NDFs were actively traded both onshore and offshore but the NDF market is now mostly offshore. NDFs are usually quoted outright and in USD/RUB. An EMTA fixing rate is used as a reference to cash-settle contracts. Interest-bearing deposit accounts may also be opened, as was the case before the liberalisation of the capital account (July 2006), effectively allowing for the participation of non-residents in the deliverable FX market.



Source: Deutsche Bank, Bloomberg Finance LP



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