

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



BACHELOR THESIS

Summary

Economic Evaluation of Russian Ruble

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1. Summary

In my bachelor thesis I analyzed the rate of Russian ruble as it has great impact on import, export and the amount of international investments. As well rate of ruble represents economic health of the Russia. As all currencies are traded in the foreign exchange market against each other, Russian ruble should be compared to foreign currency as well. In my thesis I mostly compared ruble to American dollar as in the practical part I am defining the dependency of price of oil to the rate of ruble, and oil also is mostly traded in American dollars.

There are different factors influencing the rate of ruble and in my thesis I define the weight of influence of each factor on the rate of ruble. Furthermore, factors are divided into significant and slightly significant groups.

2. Keywords

Exchange market, rate of currency, ruble, dollar, technical analysis, fundamental analysis, central bank, interest rate, inflation

3. Objectives of Thesis

The objective of thesis is to define main factors which influence rate of ruble using fundamental and technical analyses. Analyzing the result from these analyses it is possible to give weight of influence to each factor of influence.

4. Methodology

Initially, in the theoretical part, all relevant and necessary information was gathered in order to explain all terms and definitions as specific of foreign exchange market, participants of foreign exchange market, and role of Central banks in regulating of local currency, main parameters of economics. Literature review was conducted using methods of synthesis, induction, deduction and extraction.

After numerical data had been collected, they were consequently evaluated by the comparative method and statistically analyzed by techniques to explain a particular phenomenon. Figure and tables are used for visualization of the results. Trading platform and Microsoft Excel were used for generating information and evaluation of acquired data.

5. Main findings

The aim of the thesis is to define most significant factors which influence the rate of Russian ruble. After gained information and result I can divide evaluated period into two parts. First part is from 1st of January 2014 to 10th of November 2014 when the main regulator of rate of ruble was Russian Central bank as rate was totally regulated by its interventions. Central bank was selling foreign currency to stabilize rate of ruble and due to these actions international reserves decreased for this period in the approximate amount of 100 billion dollars. Geopolitical situation had the impact as well but mostly it influenced the amount of spending of Central bank which was spent on the currency regulation.

Milestone of the evaluation period is 10th of November when Central bank implemented floating exchange rate of ruble and since that moment rate of ruble is regulated by supply and demand in the foreign exchange market. As Russian economics strongly dependent on the revenues from export of crude oil, price of oil became factor which determines the rate of ruble as correlation coefficient of price of oil and rate of ruble reached -0.81 in the 2015 year.

6. Conclusion

Summarizing results which were caused by different factors at this moment price of oil and actions of Central bank have the greatest impact on the rate of ruble. As well political decisions could change the situation as the behavior of most traders and investors are based on the future expectations. In this case diversification of economics would decrease the addiction of Russia from export of hydrocarbons such as natural

gas and crude oil. This diversification in long term run would stabilize the rate of ruble as ruble would not be dependent so strong on the price of oil and other factors would increase their weight in terms of influence on rate of Russian ruble. One of examples of this influence is represented in September 2015 when ruble strengthened in unfavorable conditions of devaluating interventions of Central bank and decreasing the price of oil. Diversifying of economics would increase the weight of other factors as price of oil would not have strong affect as it has now.

7. References

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