

Министерство образования и науки РФ
Федеральное государственное бюджетное образовательное учреждение высшего
профессионального образования
«Южно-Уральский государственный университет»
(национальный исследовательский университет)
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РАБОТА ПРОВЕРЕНА

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КАФЕДРОЙ «ЭКОНОМИКА ТОРГОВЛИ»
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« 08 » 06 2016 г.

ДОПУСТИТЬ К ЗАЩИТЕ

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« 08 » июль 2016 г.

Исследование влияния денежно-валютной политики России на экономическое
взаимоотношение КНР и РФ

ПОЯСНИТЕЛЬНАЯ ЗАПИСКА
К ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЕ
ЮУрГУ–38.04.01.2016.318 ПЗ ВКР

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« 08 » июль 2016 г.

Челябинск 2016

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УТВЕРЖДАЮ:

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«26» 09 2016 г.

**ЗАДАНИЕ
НА ВЫПУСКНУЮ КВАЛИФИКАЦИОННУЮ РАБОТУ СТУДЕНТА**

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Группа ЭТТ-284

1. Тема работы Исследование влияния демографической политики России на экономическое развитие КНР и РФ

утверждена приказом по университету от «15» 04 2016 г. № 661

Срок сдачи студентом законченной работы «30» 05 2016 г.

2. Исходные данные к работе экономические показатели

3. Перечень вопросов, подлежащих разработке Исследование влияния демографической политики России. Проанализировать современную демографическую ситуацию Китая национальной экономики.

4. Перечень приложений, схем, плакатов презентацию

5. Календарный график:

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Аннотация

Мо Цзиньди. Исследование влияния денежно-валютной политики России на экономическое взаимоотношение КНР и РФ – Челябинск: ЮУрГУ, 2016. – 101 стр., библиографический список – 75 наименований.

Данное исследование посвящено причинам обесценивания рубля и экономическому эффекту от девальвации. Исследование предполагает применение индуктивных и дедуктивных методов, а также методов эмпирического и сравнительного анализа. Информационной базой послужили Российские и Китайские источники, посвященные принципам внешнеэкономической политики России. Данная работа охватывает такие макроэкономические явления как российский рынок иностранной валюты и политику регулирования валютных курсов, а также описывает планируемые и фактические показатели, определяя тенденцию развития рубля и оценку внешнеэкономического влияния России.

Цель диссертации заключается в определении тенденции развития рубля и оценке внешнеэкономического влияния России с целью предотвращения девальвации в Китае и воздействия на возможное влияние девальвации рубля на китайскую экономику.

Предметом является девальвация рубля под влиянием санкций со стороны Европы и США, а также падением нефтяных цен.

Результатом диссертации является анализ российского рынка иностранной валюты в разрезе текущей ситуации и предоставление рекомендаций по его развитию с целью избегания девальвации в Китае и снижению влияния девальвации рубля на китайскую экономику.

RESEARCH AND ANALYSIS OF THE RUBLE DEVELUATION

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Abstract

Ruble crash is shaking the world economy. International oil prices fall, combined with European and American economic sanctions, against the ruble short speculative reasons take turns hitting the ruble and the Russian economy. Not yet fully recovered from the 2008 global economic crisis, faced with menacing ruble market slump, Russia has taken a series of economic measures and administrative intervention. But the result was not what the decision-makers envisioned. Currently, the Russian economy suffered heavy losses, inflationary pressures exacerbating, domestic political and economic situation is grim. Crisis erupts at any time. In this case, China should actively prepare to deal with possible adverse effects.

Key Words: Russia; Ruble Devaluation; International Oil Prices Fall; Economic Sanctions; RMB Internationalization

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Introduction

In 2014, Ukraine's Crimean joining Russia, western countries launched economic sanctions against Russia. This article discussed the reasons of the Russian ruble devaluation since 2014, and the cause of the ruble in 1998 and 1998, analyzed the Russian to stabilize the ruble and response measures taken by the effects of a devaluation; On this basis, discussed the ruble devaluation enlightenment to China, think that in the process of comprehensively deepen reform in our country, should open financial market step by step, avoid excessive open; We will deepen reform of the economic system, promoting diversified economic structure; Out of the excessive dependence on external energy, and guide the economy to change to go offshore.

In Ukraine crisis geopolitical situation in tension, Europe and the United States and other western countries to sanctions, international oil prices sharply lower. Fall under the background, Russia sharply outflow of funds, sovereign credit rating, the ruble collapse, great difficulties for lack of the economy of endogenous power is. According to the article, the current economic situation is the result of superposition of many factors, because of the structural contradiction is increasing and the double impact of reduced external demand, policy adjustment space is limited. Over the next three years, the influence of the Russian economy most unfavorable factors will continue to exist, its economy will still hovering at the bottom. In the face of outside trapped at home and abroad, Russia to seek diplomatic breakthrough, and cooperation between China and Russia is faced with new opportunities, China's future need to grasp the rhythm, risk control, steady progress.

Ruble crash is shaking the world economy. International oil prices fall, combined

with European and American economic sanctions, against the ruble short speculative reasons take turns hitting the ruble and the Russian economy. Not yet fully recovered from the 2008 global economic crisis, faced with menacing ruble market slump, Russia has taken a series of economic measures and administrative intervention. But the result was not what the decision-makers envisioned. Currently, the Russian economy suffered heavy losses, inflationary pressures exacerbating, domestic political and economic situation is grim. Crisis erupts at any time. In this case, China should actively prepare to deal with possible adverse effects.

Since 2014, under the influence of Europe and the United States sanctions and the slump in oil prices, the ruble a sharp depreciation. However, analyze the deep reason of the ruble value but also from the Russian economy internal rules, deformity of the economic structure is caused by Russia's present important internal cause of the economic downturn, the ruble devaluation. Therefore, the transformation and upgrading of industrial structure is not only a strong power to promote the growth of the economy, is also to withstand external risks, keep the economy stable. In addition, in times of crisis, the most direct and effective way to prevent devaluation is capital controls, as the last line of the valve block capital flight. The currency crisis not only affect Russia's financial industry, energy export industry, real estate industry entities such as industry, in Russia's residents daily life also has a great influence, and the currency crisis under the background of economic globalization may also spread to a larger scope.

At the end of November 2013 Ukrainian crisis, are still continued fermentation, Russia and the European and American countries staged a sanctions and the "fight" against sanctions, affected by the sanctions, Russian economy downward pressure.

Since 2014, the Russian ruble against the dollar has been falling, the substantial depreciation of the ruble, the ruble why depreciation? We will deepen reform of the financial system in our country and what is the revelation? This series of hot problems are worth further research and thinking, to promoting the sustainable and healthy development of financial market in China at the same time also has an important significance.

1 THE INTRODUCTION OF THE FOREIGN EXCHANGE

MARKET IN RUSSIA

1.1 The formation and development of the foreign exchange market in Russia

1.1.1 Foreign exchange markets in the Soviet period

The foreign exchange market is the market to buy or sell currencies. It plays an important role on economic development in the world. The foreign exchange market is a reflection of the relative price, supply and demand situation and the flow rate of capital among countries [1].

In the period of foreign exchange, the formation of Russia's foreign exchange market is a complicated process. State monopoly the foreign trade activities and unified allocation of foreign exchange resources. Export enterprises must pay all of its foreign exchange earnings to the country according to the foreign exchange rate. In this case there is no foreign exchange market.

This is a major task for the establishment of the foreign exchange market in Russia's transition period. It can achieve the convertibility of its currency. Out of the need for reform of exchange rate system, Russia's foreign exchange market is the market which first to set up in the financial markets. There are three stages of the development of foreign exchange market.

The first phase is the new economic policy period. Under the monetary gold standard at that time, Soviet monetary price of free flow in the international money market by the gold market and the market supply and demand to determine. New economic policy period, gold is prohibited for circulation and the country recovered a

large number of gold coins. These actions led to the Soviet gold coins can't be exchanged freely.

The second stage is the state of foreign exchange and foreign trade monopoly period. Before 1935, the Soviet government controls more stringent on the price of foreign exchange. The price of foreign currency is based on the volume of gold that include in ruble in the past. This standard caused the difference price between domestic and international with the national import and export commodities [2]. Ruble on the foreign exchange parity foreign trade balance distorted, some export enterprises losses due to the low price of foreign exchange, and imported corporate profits more easily. In the state monopoly on foreign trade exchange, the impact of foreign price difference in domestic and foreign trade on the foreign exchange market and the resulting situation is not great. Because in the import and export department of the National Bank settlement of foreign exchange with the Soviet Union to play a role in price [3].

The third phase began in November 3, 1989, Soviet Foreign Economic Bank carried out its first auction about the foreign exchange and this behavior marks the emergence of the foreign exchange market. Starting from this period, the Soviet government allows citizens, enterprises and other social organizations and institutions to carry out foreign trade activities. In March 1991, released the Soviet socialist republic foreign exchange regulation law, all enterprises, organizations and citizens have the right to buy and sell foreign exchange through designated banks. After the enactment of the law, each commercial bank has the right to carry out foreign exchange settlement business and this broke the monopoly of foreign exchange settlement in the Soviet period. The initial stage of monetary liberalization, in order

to improve the competitiveness of export commodities, the Soviet government adopted different policies in different systems of commodity prices when the ruble for foreign exchange settlement.

This period of foreign exchange on the whole is centrally managed by the Soviet countries, and uniform distribution. In national strict instruction program in the foreign exchange receipts and payments, foreign exchange collection and payment plan is the only means to configure resource of foreign exchange. This way of foreign exchange resources on key economic projects and guarantee basic stability of the foreign exchange balance ruble has played a positive role. However, due to administrative planning and scheduling mandatory exchange, the exchange rate can't effectively leverage, low foreign exchange allocation efficiency, dampened the foreign exchange business units to expand foreign exchange earnings and improve enterprise management initiative, it can't reflect the foreign exchange market supply and demand, so that poor adaptability of enterprises. State overvalued ruble, and it is not conducive to adjust the import and export structure.

1.1.2 The formation of Russia's foreign exchange

According to the definition of the Russia's Central bank, foreign exchange market has some features that international settlement, foreign exchange and credit risk prevention, establish contact with the world's financial markets, the diversification of foreign exchange reserves, foreign exchange rate adjustment, the use of foreign currency exchange differences profit realized foreign exchange policy [4]. In March 1989, the foreign exchange auction of the former Soviet foreign economic bank

marking the formation of the foreign exchange market.

After the Soviet collapse, Russia broke the Soviet-era state monopoly on foreign exchange and accelerated the development of the foreign exchange market. According to relevant regulations, Russia's exporters must put half of foreign exchange earnings in the foreign exchange market converted into rubles. Initially, foreign exchange markets are mostly from the Russian export enterprises, accounting for 75% -80% of the total foreign exchange [5]. Some Russia's companies in the foreign exchange market to buy a lot of foreign exchange to meet the needs of the imports. To further speed up the development of domestic foreign exchange market, in June 1995, the central bank to abolish the obligation to sell a 50% export regulation, Banks and residents can get in between Banks to sell the rights of foreign exchange. The implementation of the measures, promote the unity of the ruble and reduce the commercial bank the possibility of arbitrage. On the whole, in the 1995, Russia's foreign exchange market development in a turning point [6].

Table 1 – Russia's main foreign exchange trading size (One million dollars per share)

exchange	1993	1995	1999
Moscow	12627/86%	23518/74%	56529/95%
St. Petersburg,	1071/7%	2470/8%	1857/3%
Ekaterinburg	362/3%	2481/8%	163/0.3%
Vladivostok	282/1%	882/3%	165/0.3%
Samara	————	853/3%	60/0.1%
Novosibirsk	357/3%	1060/3%	155/0.3%
Nizhny novgorod	————	234/1%	92/
Riverside rostov	————	156/	38/

Source: "Wind" information database, <http://www.wind.com.cn>

1992-1995 years, the Russia's foreign exchange market dominant position in the financial markets. But since 1996, the state issued short-term bonds to raise funds to make up for the fiscal deficit. Therefore, the state securities market has gained rapid development. After the 1998 financial crisis, the foreign exchange market to occupy the leading position of the financial market [7].

In the 1998, financial crisis dealt a serious blow to the foreign exchange market, the Moscow interbank foreign exchange market daily trading volume fell from 5-60 million to \$ 20 to \$ 3 billion. The amount of foreign exchange trading in the interbank market fell by more than 95% compared with the pre crisis [8]. In 1999, on foreign exchange markets recover quickly, average monthly volume of \$4 billion to \$5 billion. Before 1998 the foreign exchange market is spontaneous development path, the central bank intervention is weaker. On October 20, 1999, the state foreign exchange association was founded, it marks the Russian foreign exchange market development has entered a relatively mature stage. In 2000, the trade volume of the dollar against the U.S. dollar exchange rate of \$124 billion, in 2001, the Russian government will force the export exchange ratio decreased, exchange foreign exchange trading volume dropped to \$66 billion. At the end of 2001 12, exchange market trading volume of the euro amounted to \$900 million, it was 3 times more than that in 1999[9]. Currently in Russia's foreign exchange market, interbank market is still in a dominant position.

In foreign exchange sources, before 1998, the Russian economy has a strong foreign dependence and the proportion of foreign capital in the foreign exchange supply has increased year by year. In 1998, the financial crisis has greatly stimulated the export of goods, import substitution increased significantly. Net exports become the main

source of foreign exchange supply and the economy has eased the degree of external dependence. In the foreign exchange demand, due to the high inflation of the residents lose confidence in the ruble, high demand of individual [10].

Table 2: Average Russia's foreign exchange market

Year	1992	1993	1994	1995	1996
The foreign exchange market	0.28-0.3	0.75-0.78	1.98-2.48	3.32-3.82	1.90-2.40
Financial market proportion of foreign exchange market	100	99	80	59	27

Source: world bank website, <http://www.worldbank.org/en/country/russia>

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1.1.3 The classification of the foreign exchange market in Russia

The inter-bank foreign exchange market.

Interbank foreign exchange trading market is a commercial bank directly under the agreed exchange rate and individual, organization, and Bank of foreign exchange transactions. From 1992, the proportion of foreign exchange trading volume declined, from 70%-80%, down to 3%. With the implementation of the "corridor" of foreign exchange rate system, the inter-bank foreign exchange market dominant in the foreign exchange market, mainly engaged in the business are: the interbank foreign exchange business and Banks internal management of foreign exchange and between customers and Banks designated to handle foreign exchange business and retail market. During this period most of the foreign exchange transactions were carried out among the banks, but the exchange rate was very limited. The positive role of the foreign exchange market is reflected in the market. The trade volume of the dollar and the dollar rose sharply, exceeding the amount of transactions between the securities and the interbank market, almost equal to the amount of foreign currency deposits. From the trading currency, mainly the ruble and the dollar, the reason is mainly import and export settlement payment in dollars, the dollar preference of residents [12].

Exchange foreign exchange market.

Exchange is a major part of Russia's foreign exchange market, the Russia's foreign exchange market is only the intermediary function of the transaction, can't carry out foreign exchange transactions. Exchange market in 1998 before the transaction volume is far behind the inter-bank foreign exchange market, in 1997 as an example of interbank foreign exchange trading volume reached 1 trillion U.S. dollars, and the exchange market is less than \$10 billion contract [13]. In spite of this, it provides a reference for the exchange rate floating in the exchange market for the Russia's government to formulate the exchange rate. Trading Association was founded after the Russia's foreign exchange market more optimized information environment, each exchange business closer together, more unified structure of the transaction, all kinds of laws and regulations more standardized.

Foreign exchange trade dollars before 1992 only. As Russia's foreign exchange market of foreign exchange business gradually expanded, foreign exchange types also increased from 1992 to 1995 successively increase trading currencies have German mark into Gerry Ukraine, the French franc and the British pound st [14]. Petersburg exchange also deal with Finnish mark and yen trading business. The exchange traded currencies in dollar volume the biggest, followed by mark. To \$1996 in foreign exchange transactions the proportion fell to 100% from 100% in 1992.

Table 3: Foreign exchange transactions in Russia

Exchange\Year	1992	1993	1994	1995	1996	1997	1998
Exchange of Bank of Moscow	27.90	126.27	235.64	235.18	50.20	60.38	379.86

Exchange\Year	1992	1993	1994	1995	1996	1997	1998
St Petersburg foreign currency exchange	0.74	10.71	21.08	24.70	13.84	11.53	13.27
The urals exchange	—	3.62	15.46	24.81	12.49	0.75	1.34
Asia - Pacific exchange between Banks	—	2.82	8.15	8.82	4.86	3.51	3.38
Samara, foreign currency exchange	—	—	1.96	8.53	4.44	2.26	2.25
Siberian interbank foreign exchange	0.05	3.57	10.77	10.60	3.96	2.52	2.50
Nizhny novgorod foreign exchange and stock exchange	—	—	0.84	2.34	1.47	1.19	1.06
Lars, foreign exchange and stock exchange	x	0.34	1.57	1.56	0.64	0.48	0.94
A combined	28.69	147.33	295.48	316.55	91.91	82.61	404.60
The proportion of foreign exchange transactions of the Bank of Moscow	97	86	80	74	55	73	94

Exchange\Year	1992	1993	1994	1995	1996	1997	1998
(%)							

Source: <http://www.economy.gov.Ru>; [HTTP:// www.worldbank.org/en/country/russia](http://www.worldbank.org/en/country/russia)

In 1998, the US dollar became the Russian Central Bank's foreign exchange reserves of major currencies in trade settlement, in addition to outside the CIS and other countries settled in dollars, when the dollar in foreign exchange was the proportion rose to 99%. The reason is that foreign trade mainly in US dollars, the amount in the hands of residents holding dollars is increasing [15].

Table 4: Russia's foreign currency exchange foreign currency trading structure

Foreign currency\Year	1992	1993	1994	1995	1996	1997	1998
Dollar	28.69	147.34	295.48	316.55	91.91	82.61	404.60
Deutsche Mark	—	2.89	17.97	28.08	12.03	3.14	3.05
Yen	—	0.12	1.66	1.77	0.62	0.03	0.04
Finnmark	—	0.06	0.22	0.62	0.23	0.02	0.03
FRF	—	—	0.04	0.72	0.07	0.09	0.04
Pound	—	—	—	0.03	0.05	0.05	0.02
UHR	—	0.06	0.32	0.46	0.21	0.16	0.11
The Republic of Belarus	—	—	0.02	0.07	0.07	0.30	0.07
Tenge	—	—	0.11	0.06	0.02	0.05	0.03

Foreign currency\Year	1992	1993	1994	1995	1996	1997	1998
Total	28.69	150.47	315.82	348.36	105.21	86.45	407.99
The dollar accounted for	100	98	91	91	87	95	99

Source: CEIC global database, <http://www.ceicdata.com/zh-hans/products/global/>

Russia's foreign currency cash market, it is to point to in addition to the bank, shall have the right to operate foreign exchange business of other points. On November 15, 1991, the liberalization of foreign economic activities of the executive regulation, the citizens had the right to foreign currency cash transactions. Residents holding deposit can be the ruble is foreign exchange. In financial conditions stable, better economic development, provide the conditions for foreign exchange inflows [17].

1.2 Russia's exchange rate system reform

1.2.1 The convertibility of the ruble

After the promulgation of the "Russia's Federation of foreign exchange mediation law" and "the Russia's Federal Foreign Exchange Regulation and supervision law", Since July 1992, the Russia's Central Bank began to regulate the development of the foreign exchange market, the abolition of the Soviet period, Fixed exchange rate, the implementation of a unified floating exchange rate system, the exchange rate is determined by the exchange market supply and demand, the Under the ordinary items can be freely convertible. The exchange can be in the foreign exchange, the right to

engage in foreign exchange business of commercial banks and designated trading outlets. Internal convertibility of the ruble is reasonable through the discussion for a long time, some experts and scholars think was the lack of the country's foreign exchange reserves, processing industry competitiveness is weak, the implementation of rubles internal exchange may lead to the ruble The exchange rate fell, the inflation rate rose, so they advocated a gradual transition to the transition to the. The implementation of the "shock therapy" has made these comments ignored. The administration proposed to implement a unified floating exchange rate system under the current account, and the foreign exchange system of individual fixed exchange rate system under the capital account [18]. January 1992, in the case of the implementation of a variety of exchange rate system, In July 1st of the same year, Under the international monetary fund, Russia to implement the exchange market to determine the exchange rate of the RMB against the U.S. dollar under the current uniform floating exchange rate, 1 U.S. dollars to 125 rupees, later determined to 1 U.S. dollars to 80 rupees, the upper and lower floating range is 15%. After the implementation of the unified exchange rate, the RMB exchange rate is determined by the market supply and demand situation. According to the Russian Central Bank in accordance with the exchange rate of exchange of Foreign Exchange announced a unified exchange rate [19].

2.2 "Foreign exchange corridor" policy

After serious currency crisis, the Russia's federal government and the central bank to stabilize ruble currency and exchange rate expectations, to curb the outflow of foreign exchange, In January 6, 1995 the central bank rediscount rate will increase

from 170% to 200%. From February 1st to improve the commercial bank deposit reserve rate, foreign exchange deposit reserve rate of 2%.The Russia's Central Bank initiative to exchange rate, increase the supply of dollars in the foreign exchange market to play a positive role. The first quarter of 1995, the ruble dollar exchange rate increases below the rate of inflation. The second quarter of the ruble against the dollar rebound [20]. In July 6, 1995 Russia implemented "international exchange rate corridor system, The ruble exchange rate is no longer entirely determined by market supply and demand, but by the central bank for foreign exchange and interbank foreign exchange market and foreign currency ruble. Initially, the Russian central bank will limit dollar and ruble exchange rate between 1:4300 and 1:4900. Affected by the serious payment crisis in the banking system in August 24, 1995, Russia will "exchange corridor" period from the first 3 months to 12 months late. In order to further improve the exchange rate corridor system. In May 1995, according to the Russian Central Bank in the inter-bank foreign exchange market supply and demand, inflation, foreign exchange reserves and the international balance of payments and other factors, determine the core of the ruble exchange rate, the foreign exchange market for transaction exchange floating up and down shall not exceed the central bank announced the 1.5% core exchange rate. The central bank's exchange rate has become the middle price of daily foreign exchange trading. In fact, this is the "floating exchange rate system under management". The implementation of this policy, the supply of central bank to control foreign exchange market ruble, the ruble exchange rate with strong foresight. In 1996, the international market of Russia's traditional export product prices, revenues, rising national debt, budget deficits, a significant negative impact on the implementation of the foreign exchange system of

the corridor. In July 1, 1996, the Russian Central Bank clearly formulated with \$ruble floating exchange price in July 1996 was \$1 in exchange for 5000 a 5600 rubles, \$1 in 1997 5500 a 6100 ruble exchange [21]. The central bank also through the country's foreign exchange reserves for intervention in the foreign exchange market, the balance of market demand, curb large floating exchange rate volatility and foreign exchange speculation. "After the implementation of foreign exchange corridor" system, the ruble tends to be stable, reduce the investment behavior of the foreign exchange market, "dollarization" phenomenon has been suppressed, some of US dollar deposits gradually from the foreign exchange market to flow in the national debt market and stock market.

In 1998 before the financial crisis, The government will change "foreign policy by the corridor" to Mid short term, the provisions of the 1998 2000 dollar ruble price: 1:6.2 (after 1998 by new rubles, 1 new =1000 old rubles rubles), plus no more than 15% [22].

Table 5: The dynamic changes in the exchange rate

Date	1992.7.1	1993.7.2	1994.7.4	1995.7.5	1996.7.2	1997.7.1	1998.7.1
Dollar/Ruble	125.26	1059	1989	4553	5119	5782	6.20

Source: Russia's central bank, the HTTP; // www.cbr.ru/eng/

The foreign exchange system is a corridor in the early 70 century when the collapse of the Bretton Woods system [23]. The implementation of "foreign policy, Russia corridor" stable financial situation in a period of time, strengthen the supervision functions of the central bank, to some extent reduce the fiscal deficit.

Table 6: Russia's international balance of payments

Year	1996	1997	1998	1999	2000	2001	2002	2003
The current account	108.47	-0.80	2.16	246.11	468.4	337.45	291.16	358.45
The capital account	-4.63	-7.96	-3.82	-3.26	106.75	-93.78	-123.06	-9.85
The financial account	-198.90	31.64	-114.04	-174.34	-344.35	-38.02	13.46	3.42
Net errors and omissions	-77.12	-88.08	-98.08	-85.55	-91.58	-93.50	-65.02	-73.04
Reserves and related projects	-172.18	65.20	213.78	17.04	-139.22	-112.66	-115.63	-227.62

Source: Russia's central bank website, by the end of the 2014-12-24 s. The left axis for the ruble against the dollar.

Substitution effect of foreign exchange for the national currency of the Russian central bank is a issue in the foreign exchange regulation encountered. The end of 1997, total domestic value of the dollar and the Russian ruble is almost equal to the total amount. At that time Russia's import and export trade with the U.S. dollar clearing, In this case, the exclusion from the national economy out of the dollar is not possible. Russia was in the country, the role of the dollar and the ruble is not the same, in addition to the dollar means of circulation has ruble, also with the preservation. This is Russia's central bank increased the difficulty of adjusting the amount of money for capital flight convenient. "Foreign exchange corridor" policy in favor of imports, high inflation to domestic production has brought adverse effects.

1.2.3 Floating Exchange Rate System

Floating exchange rate system is more suitable for rapid implementation of the system of foreign trade and foreign exchange liberalization, it will into a managed floating exchange rate system and the free floating exchange rate system. A managed floating exchange rate system refers to countries based on the foreign exchange market to buy and sell foreign exchange transactions carried out intervention, the number of times more frequently. Free floating exchange rate system is the national central banks do not develop local currency and foreign currency exchange rate, an exchange rate system foreign exchange market foreign exchange rate determination by supply conditions. Exchange rate changes very free, only in the event of abnormal fluctuations dollar invested by the government or the local currency intervention and to ensure the stability of the national currency exchange rate. Currently, each country is mainly used in a managed floating exchange rate system.

Table7: Russia's foreign exchange reserves and exchange rate

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005.7
Foreign exchange reserves	112.71	127.71	78.00	84.55	242.63	325.38	440.51	731.72	1245	1515.7
exchange rate	5121	5785	9.705	24.620	28.129	29.196	31.348	30.692	27.748	28.628

Note: foreign exchange reserve unit is: \$, for the new rubles after 1998, 1 new rubles = 1000 old rubles.

In the market to determine the exchange rate means the case of failure, in August 1998, the Russian government announced a relaxation of exchange rate corridor". The exchange rate is determined by the supply and demand of foreign exchange

market, provisions of the dollar against the ruble exchange rate floating in between 1:6 9.5, in order to ensure the relative stability of the ruble exchange rate, to restore the confidence of the ruble micro economic subject, increase the foreign exchange reserves of the central bank by using the domestic foreign exchange market, and finally expand the purpose of the currency issue. After August 17, 1998, the economy is more serious economic, 90% of the residents are in the US. In September 1998 3 Russia central bank announced the cancellation of foreign exchange dollars for the ruble corridor ceiling, 1:12.8198 [24].

In order to ensure the balance of foreign exchange in the foreign exchange market, in the financial crisis, foreign exchange speculation and gold reserves. Under the condition of insufficient preparation, the Russia's central bank to the exporter as stipulated in the contract the deadline for registration of foreign exchange income, otherwise the fines and shorten the selling period; improve the obligation to sell the amount of foreign exchange to increase the commercial bank. In 1999 the rising oil price, macro economy improved, the central bank in the foreign exchange market regulated, the ruble exchange rate basically stable.

June 1999, the Russia's regional foreign exchange market to carry out a joint. Formed a unified national foreign exchange market, the central bank in the foreign exchange market intervention and enhance the ability, make the international balance of payments is greatly improved, the foreign exchange market supply, the increase in foreign exchange reserves, foreign exchange speculative reduced, the ruble exchange rate basic balance.

Table 8: During 1999-2005, rubles against the dollar (dollar rubles)

Date	1999.12.31	2000.12.31	2001.12.31	2002.12.13	2003.12.13	2004.12.13	2005.12.13
The exchange rate	1:27.00	1:28.16	1:30.14	1:31.7844	1:29.4545	1:27.7487	1:28.7825

Source: http://www.cbr.ru/currency_base/dynamics.aspx

1.2.4 Currency Convertibility on Capital Account

July 1, 2006 rubles freely convertible, this is the Russian ruble exchange rate policy since the 1998 financial crisis make the biggest change. The government of the number of citizens ruble convertibility, and increase the amount allowed to carry (Russian citizens can now carry \$10000 or equal to the number of rubles exit), allowing citizens to open accounts in foreign Banks. On June 29, 2006, the Russian government passed a draft regulation of foreign exchange and foreign exchange surveillance. According to the regulation of the draft has been canceled all restrictions on capital flows [25].

Russia's capital account liberalization began in 1997 on October 6, the central bank through the "about Russia's residents to absorb and to repay the non-residential foreign exchange loans (more than 180 days) program "According to the regulation, n., 1997, in addition to the acceptance of non-resident bank loans and interbank lending business, In the case of a government guarantee.

Summary

This chapter mainly studies the question is: the formation and development of the foreign exchange market to Russia; Exchange rate regime reform stage, taking. The achievements and the deficiencies and the present situation of the foreign exchange

market, the problems existing in the analysis. This chapter argues that the formation of the foreign exchange market in Russia economic transition is a complicated process. For more than twenty years, Russia's foreign exchange market after the reform, the exchange rate mechanism, market structure and organization mode has made some achievements, but there are currency structure of the single market, unreasonable resource allocation, and many other problems. On currency convertibility, affected by "shock therapy" economic policy, the government blindly relaxing capital projects, resulting in a large number of capital flight, the currency falls, and the huge impact to Russia's economy. Since entering the new century, the international energy prices, the Russian energy income increase, the macro economy gradually improved. Rubles are filled on the foreign exchange markets foreign exchange supply. Affected by the financial crisis in 2008, the international oil prices, a large amount of foreign exchange is fleeing, the ruble tumbled, caused heavy blow to the foreign exchange market. Finally, this paper analyzed the prospect of Russia's foreign exchange market.

2 THE PRESENT SITUATION OF THE RUBLE DEVALUATION

2.1 Introduction to the background of the devaluation of the ruble

2.1.1 Changes in the ruble exchange rates in recent years

Since 1998, Russia has experienced many ruble plummeted. In August 2008, after the outbreak of war between Russia and Georgia, foreign investment fled. After the global financial crisis directly led to the continued depreciation of the ruble and continued until the second half of 2009. In 2014, Moscow's military intervention in Ukraine once again lead the Russian ruble plummeted.

The relationship between Russia's economic growth and ruble exchange rates

Analysis of economic growth in Russia and the ruble exchange rate movements.

It can be drawn: in 1991, after the Soviet Union collapsed, the Russian ruble continued to depreciate showing obvious trend. Ruble currency stability is closely related to economic growth in Russia. During the recession in Russia, the ruble depreciation is large. During the rapid economic development of Russia, the ruble depreciation is small. Even the exchange rate rebound. According to the relationship between the two and combine different stages of external environmental factors affect the development of the Russian economy. Russia's Ruble exchange rate changes can be divided into three stages.

The first stage is 1991-1999. This stage, the Russian GDP is always in a state of negative growth. Stimulate the economy, Yeltsin's government implemented several ruble devaluation policy. Ruble exchange rate led to falling property residents seriously diminished. From 1991 to 1998, the ruble against the US dollar from 0.0023:

1 dropped to 9.72: 1 [26].

In 1997, the recovery in the Russia's economy, but the 1998 Asian financial crisis led to a slump in international oil prices, the Russia's economy devastated. In the External and internal situation, the Yeltsin government continues to pursue the ruble devaluation, the ruble crisis. In 1999, the ruble against the US dollar to 24.65: 1, a year Neilu Bu devaluation rate reached 153.68%.

The second stage is 1999-2008. From 1999 to 2000, ruble against the dollar from 24.65: Volatility 1 to 31.36: 1. Thereafter, the ruble experienced a slow appreciation process. By 2008, the ruble against the US dollar rose to 24.81: 1 [27]. This is mainly due to the improving global economic environment, the sharp rise in world energy prices give new vitality to the Russian economy and bring a lot of injecting foreign exchange earnings, to create a good environment for a stable ruble exchange rate.

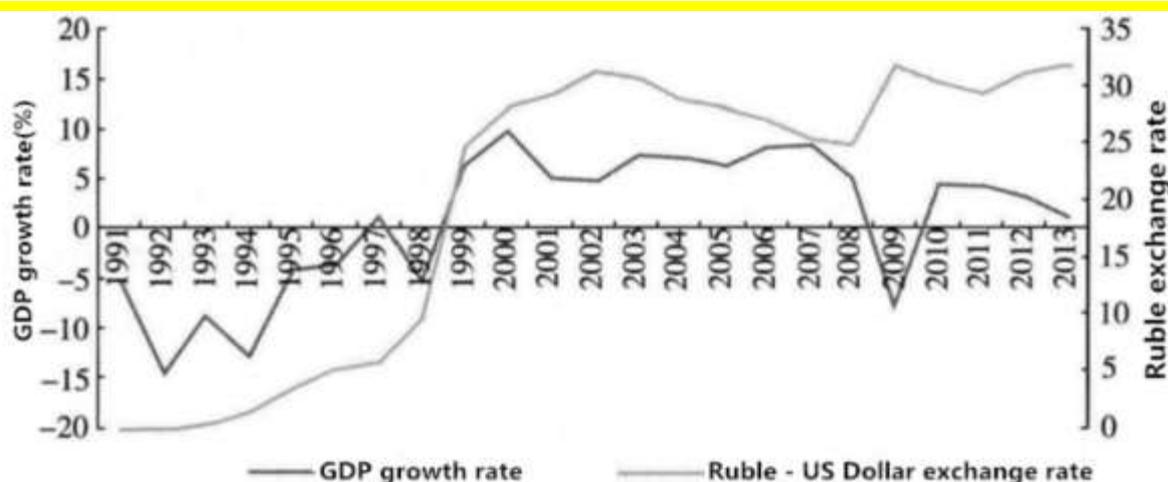


Fig. 1 – 1991-2013 Russia GDP growth and the ruble exchange rate movements¹

The third stage is 2008-2013. In this stage, the ruble against the U.S. dollar exchange rate fluctuations in the 29.39: 1 to 31.9: 1 range, relatively stable. In the fourth quarter of 2008, Russia's economy fell into recession. In 2009, Russia's economy of 7.8% negative growth. In 2010, the Russian economy will soon achieve a

¹ Source: significant emerging economies, currency depreciation, sina finance and economics, 2014-11-2.

resumption of growth after several years in a relatively stable period of growth. This stage, the ruble exchange rate remained basically stable long time.

2.2 The data analysis of the devaluation of the ruble

On the day of 15th, the ruble against the dollar more than 10% .Below 60 for the first time, hit a record low of 64.44.Data more than 10 years, the biggest drop. The currency fell 9.7% to 64.445, and this year has more than 50% decline [28].

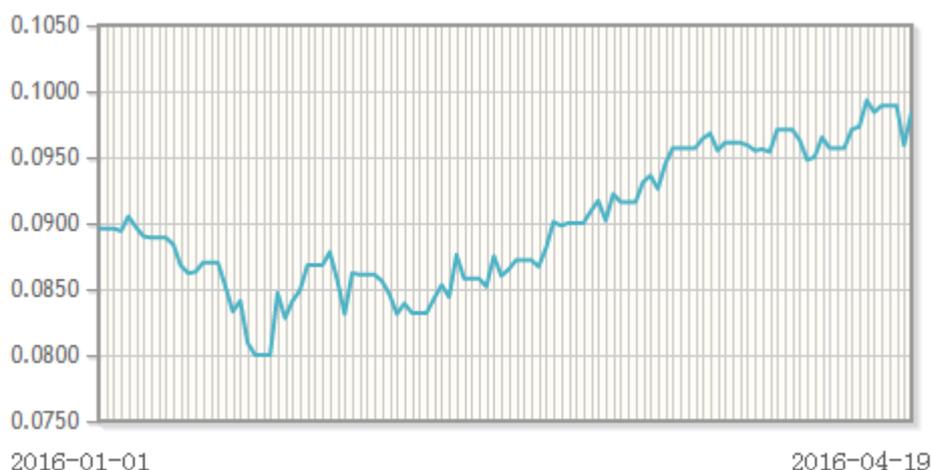
After 16 the central bank announced interest rate, the ruble a sharp rebound. Intraday rise as high as 10.8% for a time. Beijing time 16, 21, the ruble against the dollar at 72.0704.The dollar rose more than 12%.

This means that, Russia's central bank to quell currency crisis and make a big hike is still difficult to slow the speed of capital withdrawal. Foreign exchange trading center in Moscow, abruptly announced on the 16th, on the day of the dollar against the ruble spot price of more than 64.45 clinch a deal all invalid. The reason is that more than line set by the exchange risk management [29].

In 16 European trading session, New York and London oil prices both fell more than 3% .This is like a stuck the economic lifeline of Russia. Although the ruble devaluation helps to counteract the effects of government oil revenues, it also pushed the country's inflation rose above 9% for the first time since 2011 last month.

Russia's central bank said on the 16th, if the average price was \$ 60 a barrel of crude oil. It is Russia's economy will contract by up to 4.7% next year. Earlier this month, responsible for the official economic outlook of modified the forecast of economic development, says Russia's economy will shrink by 0.8% in 2015, rather than previously expected growth of 1.2% [30].

Chart 2: In the 2016, rubles for the renminbi exchange rate movements



Source: Russia's central bank

Russia's central bank said in its monetary policy outlook, in the first quarter of 2015 inflation rate could reach 11.5%. The key interest rates by more than 10.5% of the central bank set. Overseas media analysis said, this means that the central bank may raise interest rates again. Because of its hope that interest rates more than inflation levels [31]. However, these measures might push. They will face higher borrowing rates.

Table 9: 2013--2016 ruble against the dollar Chart (direct quotation)

	Jan.	Feb.	Mar.	Apr.	May.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2013	0.03	0.62	1.08	1.26	1.59	2.71	2.89	3.25	2.35	2.06	3.19	2.73
2014	5.24	6.05	5.69	5.70	4.74	3.63	5.73	6.93	9.39	3.39	9.32	6.26
2015	8.93	1.27	8.46	53.58	51.59	54.5	56.44	64.5	68.24	62.63	66.85	70.35
2016	6.03	8.2	9.99	6.08								

Source: "Wind" information database, and <http://www.wind.com.cn>

Chapter 4: The basic situation of the devaluation of the ruble

4.1 Factors of the devaluation of the ruble

To defend Russia's economic stability, currency stability, December 11, 2014 Russia's central bank announced that the benchmark interest rate from 9.5% to 10.5%, and invested 26.41 billion rubles intervene in currency markets, reduce gold reserves. However, the rate hike did not stop there as expected devaluation of the ruble. December 15 the US dollar exchange rate of the ruble to break 61, the ruble fell more than 55%. Then, the Russian central bank on December 16 announced that the benchmark interest rate from 10.5% to 17%. However, once again diving ruble, dollar-ruble ratio topped 80.1. Russia's central bank on December 17 again to sell \$ 1.96 billion of foreign exchange intervention in currency markets, the results are not effectively prevent the ruble plunged situation. Beijing on the evening of December 17, the international price of oil at \$ 54.3 per barrel, the ruble-dollar exchange rate is 65.4, during which also was dropping to 61.2. Prior to this, the Russian central bank has been in March 2014, April, July, October raised its benchmark interest rate four times to curb massive capital flight. Devaluation of the ruble in Russia's central bank adopted a series of monetary policy. At the same time, the Russia's government is trying to use all the means at its disposal to prevent the ruble continues to plunge. As of December 16, 2014, the Russia's government to defend the ruble almost invested over 80 billion US dollars. Although the Russian government announced a bailout countermeasures day, the ruble exchange rate rebound, but quickly return down market. Faced with a sharp decline in the exchange rate of the ruble, the Russian government has thrown administrative intervention rate

method, the ruble offer December 16 more than 64.45 [32]. But the ruble exchange rate has been unable to achieve effective stabilized.

Table 10: In December 2014 the Russian ruble against the US dollar exchange rate

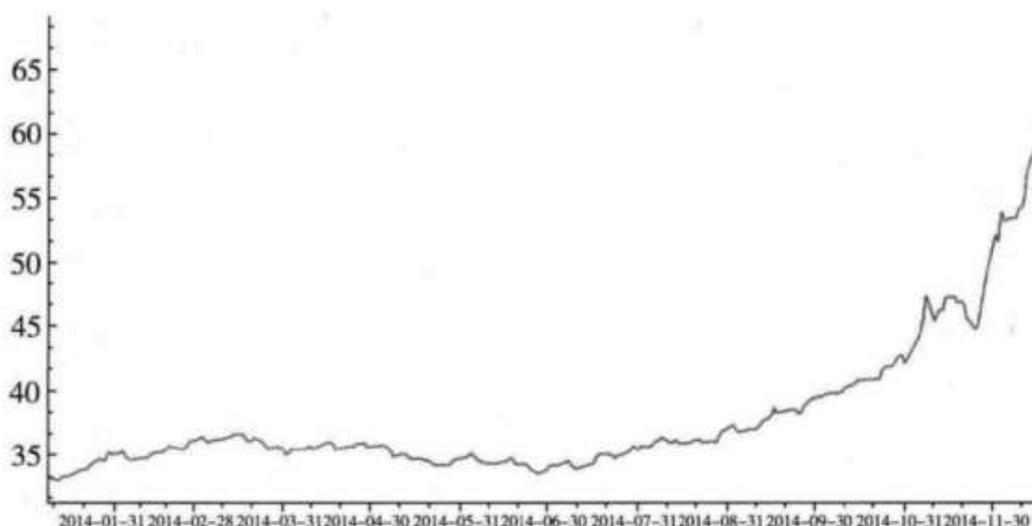
Date	The weighted average exchange rate
28.11.2014	49.401 0
1.12.2014	52.250 4
2.12.2014	51.666 5
3.12.2014	53.983 5
4.12.2014	53.163 2
5.12.2014	53.431 9
8.12.2014	53.480 6
9.12.2014	54.185 0
10.12.2014	54.304 8
11.12.2014	54.960 8
12.12.2014	57.202 8
15.12.2014	59.011 6
16.12.2014	65.187 5
17.12.2014	67.415 7
18.12.2014	60.677 9

Source: Russia's central bank

In 2014, the ruble exchange rate continued to show a downward trend. The fourth quarter of 2014, the ruble depreciation intensified. December 1, 2014, the ruble against the US dollar fell to 52.21: 1, above 50 this important juncture. December 16, 2014, ruble against the US dollar fell 65.1 9: 1, breaking the 60 mark. To this end, the Russian central bank has to raise interest rates six times in the year 2014, in a bid to raise interest rates measures to curb the devaluation of the ruble. Special December 16, 2014 morning, the Russian Central Bank announced that it will lift the benchmark

interest rate from 10.5 to 17 percent, adjusting interest rate reached 61.9%. However, due to the benchmark interest rate is too high due to the high cost of financing raised market concerns about the economic outlook entity, December 16, 2014, ruble against the US dollar from the previous day's 59.01: 1 fell to 65.19: 1, the day fell to 10.5 rubles %, a record low. In order to prevent further depreciation of the ruble and respond to domestic inflationary pressures, the Russian federal government took active measures [33]. December 17, 2014, the Russia's Federation Ministry of Finance to sell foreign exchange intervention in currency markets, selling about \$ 200 million to stabilize the ruble exchange rate, the ruble rebounded sharply, the ruble rose to 60.68 against the US dollar back: 1, a 10% appreciation.

Chart 3: In the 2014, ruble against the US dollar exchange rate



—The weighted average exchange rate □

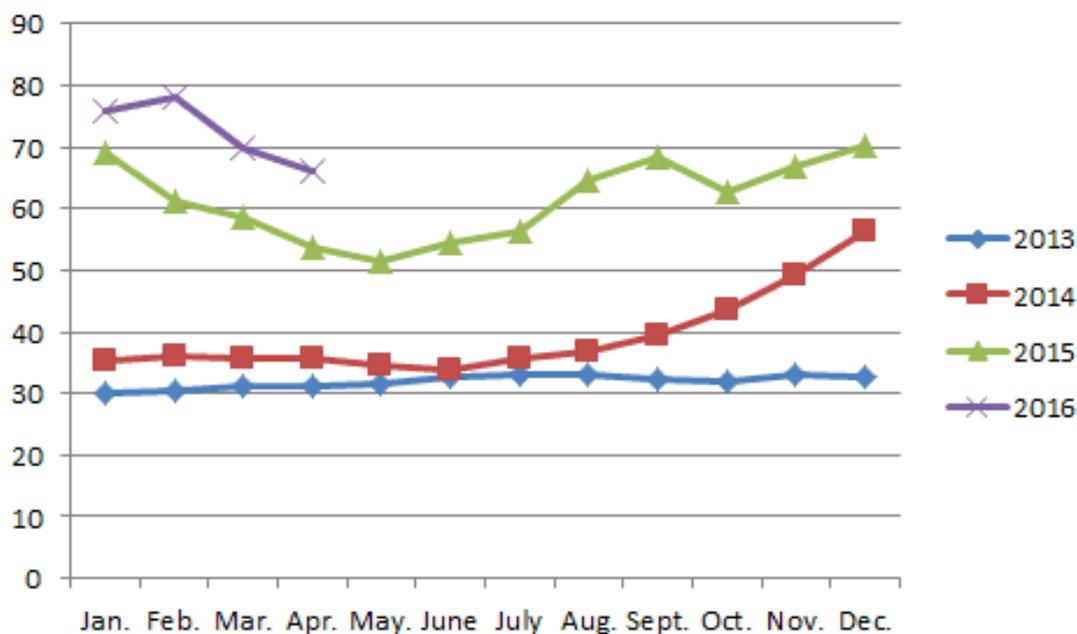
Source: <http://www.economy.gov.Ru>; <http://www.worldbank.org/en/country/russia>

4.2 Economic downturn is the starting point of the devaluation of the ruble

Ruble devaluation trend had already appeared as early as the end of 2013. In 2013, the structural shortcomings of Russia's energy export-oriented economy highlights,

the annual GDP growth was only 1.3%, investment in fixed assets fell 0.3%, the economy stagnated edge trend is clearly downward. From November 2013, the ruble began to depreciate against the US dollar trend, November 2013 - January 2014, the average ruble exchange rate against the US dollar decreased by 1.78%, 0.76% and 1.7%. February 2014, the average ruble exchange rate against the dollar accelerated last month, falling by up to 5% in March fell 2.73% [34]. US dollar against the ruble exchange rate from 1 January 2013: 3 0.2 6 March 2014 dropped to 1: 36.21.

Chart 4: During the 2013--2016 ruble against the dollar Chart (direct quotation)



Source: Russia's central bank

4.3 US and European sanctions on Russia

On the day of 15th, the ruble against the dollar more than 10% .Below 60 for the first time, hit a record low of 64.44.Data more than 10 years, the biggest drop. The currency fell 9.7% to 64.445, and this year has more than 50% decline.

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Russia's central bank said in its monetary policy outlook, in the first quarter of 015 inflation rate could reach 11.5% .The key interest rates by more than 10.5% of the central bank set. Overseas media analysis said, this means that the central bank may raise interest rates again. Because of its hope that interest rates more than inflation levels. However, these measures might pushed Russia to recession, and a blow to Russian customers. They will face higher borrowing rates.

Sanctions hit Russia's energy and military industry such as pillar industry of the medium and long-term development potential. Almost 100% of the software, 80% of

the continental shelf development technology, 50% ~ 60% of the compressor, 20% of the pipe are to be imported. In addition to the limited technical equipment export, in the near term, Europe also stops multiple large cooperation projects with Russia. The department of trade and industry admit that western sanctions not only oil and gas drilling, continental shelf. And influence to traditional fields.

Sanctions itself is negative energy. Because of the risk aversion to heat up, causing huge outflow of capital, the stock market. Russia's central bank is expected to reach \$ 128 billion in annual capital outflows, the stock market down 52% for the whole year [36]. Capital mass evacuation rubles by speculative selling in the foreign exchange market. To curb the ruble devaluation, the Russian central bank repeatedly into foreign exchange intervention.

On December 19, 2014, Russia's foreign exchange reserves for the first time since August 2009, fell below \$ 400 billion, \$ 509.5 billion less than at the start of the 509.5 billion dollars. With the rapid consumption of foreign exchange reserves, Russia's sovereign credit rating downgrade. The ruble weakness and huge fluctuations on Russia's fragile economy not only gives unprecedented blow. And threaten financial stability, let buyers, exacerbated by Russia's economic weakness. On November 24, 2014, the ministry of finance released the first official western sanctions on Russia directly caused by the loss of \$ 40 billion. Russia's first deputy prime minister and finance minister, citizen advocacy committee chairman believes that, the Europe have imposed sanctions affect the equivalent of 1% of GDP. Sanctions strengthen may exacerbate the recession, GDP will decline 3% ~ 4% .If Russia from global SWIFT bank financial telecommunications association) and settlement system, will make Russia's GDP fell by 5% in a year [37].

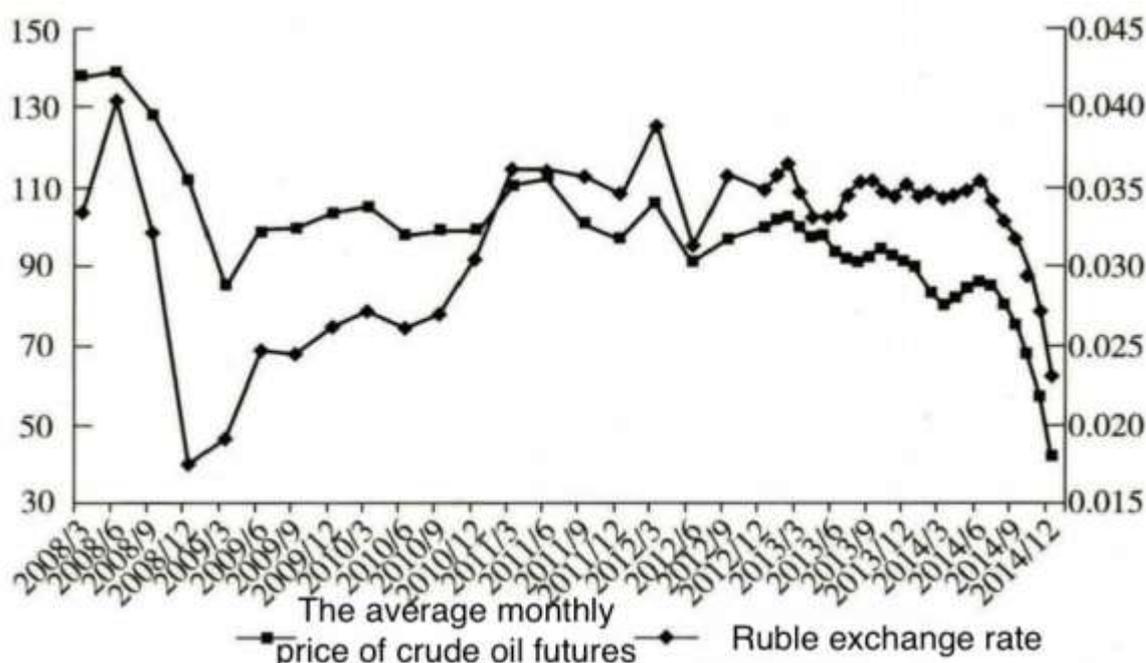
After the crisis in Ukraine, European and American sanctions against Russia escalated. From frozen personal assets, prohibit entry upgrading to employ financial means. To the energy, military, financial and other Russian sanctions in key areas. In August 2014, the ruble month average exchange rate against the dollar fell 4.07%. Fell by 4.65% in September. Europe and the United States for the Russian financial sanctions are mainly limited Russian Banks and companies in Europe and the United States capital market financing, at the same time of increase Russian enterprises financing difficulty, the international financing costs also rise greatly. Russian companies within the foreign debt are a typical phenomenon of currency mismatch. And this stage it is seized currency mismatch this feature. Because of limited dollar refinancing means debt dollar emergency at maturity. The corresponding surface is the ruble drop sharply. According to the statistics, Russian companies is about \$ 130 billion of debt will expire in 2015. It serves to show the severity of its currency mismatch. In addition, the European and American sanctions worsened the investment environment, resulting in a large number of capital flight. According to the Russian central bank data, in the first half of 2014 the Russian flight is \$ 75 billion [38]. Is 2.2 times that of the same period in 2013 and more than 2013 annual capital flight scale (\$ 62.7 billion). It is more than 120 billion \$ 2014 out of capital, and more importantly, Europe and the United States sanctions make market expectations of falling. Investors hold the ruble will reduce, push the ruble devaluation.

4.4 Decline in international oil prices

(1) The drop in international oil prices

The manufacturing industry and the oil sector, its price is determined by the international market exogenous. Three departments combined result of price changes, the non-tradable goods relative to tradable goods prices caused by currency appreciation. Similarly, when international oil prices fall, the devaluation occurs. That international oil prices, the appreciation of the ruble, the international oil prices the value of the ruble traders [39]. Pictured 2008--2014 Brent crude oil futures prices and the ruble exchange rate (indirect quotation) changes in trend.

Chart 5: 2008--2014 Brent crude oil futures prices and the ruble exchange rate



Source: <http://www.worldbank.org/en/country/russia>.

Note: Left axis is the average monthly price of Brent crude oil futures (Unit: USD / barrel), the right to indirect quotation of the ruble exchange rate (Unit: USD / ruble)

July 2008 Month - March 2009, international oil prices also fell sharply. Brent crude oil futures prices fell from \$ 145.41 to \$ 39.72 a barrel. US dollar against the ruble

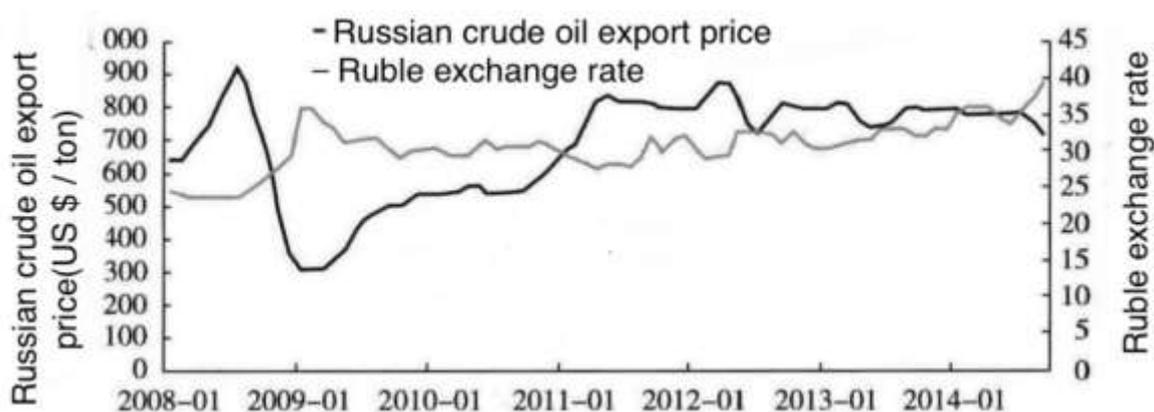
exchange rate from the corresponding 1: 23.35 dropped to 1: 51.42. Since then, with the rise in international oil prices, the ruble exchange rate gradually picked up. As can be seen from Figure 2, from September 2014, international oil prices fell sharply, pushing the ruble accelerated depreciation [40].

On October 2014, average exchange rate of the ruble against the US dollar decreased by 7.09%, down 11.12 percent in November. At the same time, domestic production can't meet all consumer needs. Especially food and light consumer goods, this requires imports to make up. While imports require a lot of foreign exchange, the dollar demand and supply gap increases. In the context of the devaluation of the ruble, export enterprises will be possible to maintain the dollar. This is exacerbated by the dollar shortage situation. In addition, some of the signals and external factors to accelerate the release of further devaluation of the ruble. October 18, 2014, the international credit rating agency Moody's sovereign credit rating from BAA1 Russia down to BAA2 [41]. And junk step. Sovereign credit rating lowered to bring the ruble more pessimistic expectations.

Russia's economic growth, over-reliance on oil resources, insufficient internal impetus driving. For a long time, Russia's economic development the biggest problem is the economy deformity, over a single industry. Whether economic growth, revenues are highly dependent on energy exports. This energy dominance of the economic structure in fact there are significant systemic risk. Since 2014, international crude oil prices continued to fall, making the Russian economy significantly damaged. Slow economic had a negative impact on the ruble exchange rate. It is also an important reason for the ruble's plunge. Fully demonstrates the vulnerability and risk of this economic structure. According to statistics Central Bank

of Russia January 30, 2015 released. Russia's gross domestic product in 2014 was the size of 70.9756 trillion rubles (about \$ 1.03 trillion). The actual growth rate is 0.6%. Compared with 2013, an increase of 0.7 percent. This is the country's first contraction since October 2009 since. From measure a country's economic and social development of the two important indicators - real income and fixed asset investment point of view. Its endogenous power is clearly insufficient. January to December 2014 the Russian real incomes fell by 0.3%. This was the first decline since 1999; investment in fixed assets fell 2.8%. Other economic indicators also lead to decline. For example, from January to October 2014 electricity consumption decreased by 0.1%, rail freight fell 5%, oil production increased by only 0.5 percent, natural gas fell 0.6%. From these indicators, the Russia's economy has been more evident stagnation.

Chart 6: During the 2008--2014 Russia's crude oil export prices and the fluctuation of the ruble exchange rate □



Source: <http://www.worldbank.org/en/country/kazakhstan>

(2) ARMA model based on international oil price trend analysis

Looking at the international crude oil prices since 1987 has shown growth. In 2000,

New York light sweet crude (WTI) of US \$ 30.4 / barrel in June 2008 amounted to \$ 133.9 / bbl. After that, oil prices plunged to \$ 41.7 in January 2009 of / barrel.2010-2014 until June to maintain upward growth. Whether in New York, light sweet crude WTI) or London Brent crude oil prices (Brent), have been above \$ 100 / barrel price running. But so far oil prices began to fall. As of January 12, 2015, WTI was \$ 46.06 / bbl [42].

We use monthly data from January 1987 to December 2014 WTI oil price forecast for. It should be noted that this sample data reject ADF test at a significant level of 5% of the type. There is no unit root, is a stationary time series. Performed AR (2), that is, after the second order autoregressive random white noise disturbance term. Construction of crude oil prices (WTI) the ARMA model (autoregressive moving average model) into autoregressive (AR) process and moving average (MA).In forecasting more reliable prediction made using traditional econometric modeling ratio. Use Eviews5.0 software estimation model results are as follows:

$$\begin{aligned}
 \text{WTI}_t &= 1.36\text{WTI}_{t-1} - 0.37\text{WTI}_{t-2} + \varepsilon_t + 0.18\varepsilon_{t-6} \\
 &\quad (26.69)^* \quad (-7.21)^* \quad \quad \quad (-3.32)^* \\
 \overline{R^2} &= 0.985 \quad \quad \text{D.W} = 2.03 \quad \quad \text{AIC} = 5.54
 \end{aligned}$$

The "*" indicates that the variables have passed inspection at the 5% significance bottle type. The performance of the model is the current price of oil by the former one, the first two, the current error term. Lag six error terms to explain, explain the extent of the observed value was 98.5%.Then the white noise disturbance term, stable throughout the ARMA model. It can predict oil prices late. However, because the model MA (moving average process) there is a lag 6, so we only use this model to predict the 2015 January to June the average monthly price of crude oil. Forecast

results show that in January 2015 to June WTI average price was \$ 51.85\47.74\45.57\42.99\40.64\37.15 / barrel. Of course A model is forecasting model, limited to the selection of the sample data. But what is certain is that if oil prices fall further, China (Xinjiang), the economy of Russia and Central Asian countries will inevitably be affected.

4.5 United States withdrew from the quantitative easing policy

October 29, 2014, announced the end of the Fed's asset purchase program. United States withdrew from the quantitative easing policy, the dollar reduced supply, interest rates rise. A large number of international's capital will flow back to emerging market countries, the United States. The dollar only strengthened the emerging markets devaluation expectations. Also inevitably led to decline in asset prices, tight liquidity and other negative effects in these countries. In addition, in the context of a stronger dollar, Dollar-denominated international commodity prices will decline appears. Ruble devaluation is inevitable [43].

From the monetary point of view, first, the United States in October 2014 formally announced its withdrawal from the six-year implementation of the quantitative easing policy. Long-term will depress commodity prices. This makes the Russian state resource export-oriented economy as the main pressure will continue to increase, currencies under pressure to increase. This and other factors led to capital outflows continued fermentation. Second, the ECB January 22, 2015 announced the 19-month total of more than one trillion euros of new quantitative easing policy.

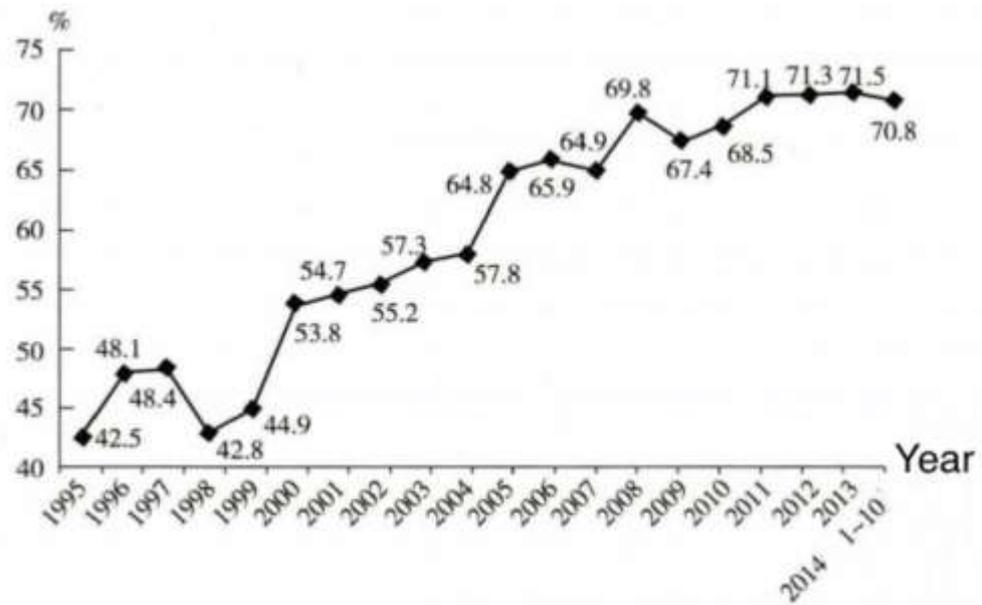
The developed economies internal "differentiation" will lead to changes in exchange

rates between the major currencies, and the threat to world economic recovery. In turn may exacerbate the risk of political tension and strengthening global policy of protectionism. This is Russia's fragile financial system is fueled combat. Making the global oil market is gradually transferred to the "buyer's market." Large-scale international speculators short rubles. Looting also exacerbate the depreciation of the ruble.

4.6 Energy industry structure is the deep reasons for the devaluation of the ruble

European and American sanctions, oil prices plunged, the dollar's strength, these are important external factors ruble devaluation. But the devaluation of the ruble led to deep reason lies inside the Russian economy. Energy and raw material industries account for about half of the share in the industry. Favorable macroeconomic environment for the development of the manufacturing sector has created favorable conditions, the rapid growth of manufacturing production, energy and industrial raw materials, accounting for slightly. After the international financial crisis, Shrinking demand, sharp decline in investment in fixed assets, bank credit crunch and other factors led to a substantial decline in manufacturing production. Far greater than the decline in energy and industrial raw materials fall under amplitude.2009 energy and raw materials industry in the industrial proportion rose to 51.97% .Since then, the proportion has remained above 50%, and an increasing trend in 2013 amounted to 53.56% (see table) [44]. Industrial structure of energy, raw materials of the problem is not only not improved. It is getting worse.

Chart 7: During the 2005--2013 Annual Changes in the structure of Russia's industry



Source: CEIC global database, <http://www.ceicdata.com/zh-hans/products/globa/>

NOTE: Energy and raw materials industries include: mining, wood processing and wood products, the production of coke and petroleum products, other non-metallic mineral products, water, electricity, gas production and deployment. □

Since 1998, in Russia's export structure. Mineral resources (mainly energy) accounted for export has been an upward trend. 2008 International Energy prices reached a record high. Russia's mineral resources exports accounted in total exports has reached 69.8% (see figure). Since then, the financial crisis. International energy prices had fallen. Russia's energy exports subject to a certain extent. Mineral resource exports accounted for slightly. With the gradual recovery in energy prices in 2009. Mineral resource exports accounted for increases. Again close to 70% level. After 2011, the Russian export commodity structure.

Resource exports for foreign exchange by the Russian external debt, increase reserves, economic development, an important way to maintain a stable currency and stable operation of the social security system. However, this resource export-oriented model of economic development has a strong unsustainability and vulnerability. On the other hand, since energy prices depend on the international export market. Therefore, the Russia's economy on external markets has a strong dependence. Energy prices fell

sharply on the Russian economy vulnerable to a heavy blow [45].

Table 11: 1995-- 2014 Change mineral resources exports to Russia accounted for total exports trend □

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Industrial Production (trillion rubles)	13.625	17.068	20.613	24.709	22.473	28.763	35.053	38.221	41.372
Energy and raw materials industrial production (trillion rubles)	6.763	8.619	9.986	12.083	11.680	14.497	18.114	19.843	22.158
Energy and raw material industries in the industrial proportion (trillion rubles)	49.63	50.50	48.45	48.91	51.97	50.4	51.68	51.92	53.56

Source: calculated according to the Russian national bureau of statistics data, <http://www.gks.ru>

From the correlation effects industry, the energy industry and raw materials industry chain is relatively short. Industrial linkage effects generated is also small and to

promote the common development of related industries pull is not strong.

Excessive resource industry development through transfer effect and lead to resource manufacturing sector expenditure effects of direct and indirect "deindustrialization."

Ruble exchange rate highly correlated with international oil prices. Oil prices rise, domestic non-tradable goods sector relative to prices rise, leading to exchange rate appreciation. On the one hand these effects lead to devaluation of the ruble. On the other hand foreign entity levels need to increase foreign exchange supply and demand gap. After the 2008 international financial crisis, the international oil prices led to the ruble devaluation (see Figure). It can be said that this round of devaluation of the ruble is history repeating itself. Thus history repeats itself the root cause is that the energy of a single industrial structure has not changed.

4.7 The government's passive response

After the devaluation of the ruble, Russia's central bank issued a series of policy responses. Russian central bank had in March 2014, April, July, October and December 6 rate hike. It will raise the benchmark interest rate from 5.5% to 10.5%, but with little success. Russia exchange rate corridor policy implemented since 2005 [46]. Dual foreign exchange basket corridor set upper and lower limits. When the exchange rate exceeds the upper and lower limits, the central bank to buy or sell foreign exchange intervention. After this round of devaluation of the ruble, the Russian central bank has sold \$ 80 billion currency intervention, but failed to stop the devaluation trend.

After September 2014, the Russian central bank's foreign exchange reserves give way

to reduce pressure on gold holdings. November 10, the central bank announced the abandonment of the ruble exchange rate intervention mechanism automatically. In fact allow the ruble to float freely. December 15, the ruble plunged 13 percent. The US dollar against the ruble exchange rate fell below 1:64. The central bank to raise interest rates 650 basis points in an emergency. The benchmark interest rate from 10.5% sharply raised to 17%. This sum by more than 5 times the previous rate hike, but the devaluation of the ruble continues [47]. December 16, the ruble exchange rate to new lows in intraday trading below 1:80. On that day, the central bank sold \$ 200 million purchase of rubles bailout. December 17, the Ministry of Finance decided to sell \$ 7 billion to the market. December 18, the US dollar against the ruble exchange rate to return within 1:60. However, compared with the beginning of 2014, the depreciation rate is close to 50%.

In the above process, the Russian government has been in a state of passive response. Some measures are often at a loss. First, the central bank to raise interest rates by raising interest rates aims to retain capital, reduce capital flight. But after the ruble plunged sharply higher interest rates but makes the collapse of market confidence. Ruble plummeted trend did not stop. US economist Paul Krugman in "Return of Depression Economics" - the book discusses the early investors in a double standard exchange rate depreciation and interest rate increases in the face. In 1992 sterling devaluation and the 1998 Asian financial crisis, the devaluation of the Thai baht example for comparison: Because investors generally believe that Britain is a political and economic stability of the country. Investors in the government to raise interest rates will lure funds choose to stay in the UK sterling gradual return to stability, and not lead to a crisis. But after the appreciation of the baht, Thailand was

also a substantial increase in interest rates. But it failed to make capital flight faster. Description investors do not believe the Thai government can restore the crisis [48]. Russia's central bank faces a dilemma in dealing with currency and banking crises. But the ruble injected too much will result in greater exchange rate depreciation. As for the market, it will use all measures to arbitrage rubles into dollars. The initial injection of liquidity will return to the hands of the central bank. Commercial Bank has become "zombie banks". The market really needs is dollar liquidity. The central bank only come up with \$, in order to establish a stable market confidence. President Vladimir Putin said at the press conference reporters December 18, 2014 of. Russia has \$ 419 billion of foreign exchange reserves sufficient to deal with any crisis, but you do not use. This hesitant attitude delayed the best time to deal with the crisis.

Chapter5: The effect of the devaluation of the ruble

5.1 The effect of devaluation on Russia

(1)Russia's domestic prices, inflationary pressures

According to the Russian Federal Statistics Office released data show. Russian inflation in 2014 was 11.4 percent, the highest level since 2008, the inflation rate of 13.3%. The year 2014, the Russian domestic market, food, tobacco and service charges are different degrees of increase. Which food prices rose: sugar product prices by 40%, rice crops rose 34.6%, 20.1% increase in meat products, aquatic products rose 19.1%, pasta products rose 8.4%, and so on. Tobacco and service charges rose: the price of tobacco products rose 27.1%, alcohol products rose 13.7%,

property service charges rose 9.4%. Sitting class service fees rose 19%. As the domestic commodity prices. Enterprise economic data in the doldrums. 2014 Russia's central bank to raise interest rates six times in a row. Interest will be increased to 17%. In order to improve the attractiveness of the ruble to curb inflation, but poor earnings. But on the state of exhaustion of the Russian economy resulted in greater pressure. It is likely to make the state of the economy into stagflation. In addition, in 2014 the ruble fell against the dollar by more than 40%. Coupled with the long-term financial resources are scarce, increasingly stringent loan conditions. Leading to a decrease in investment capital, currency devaluation, capital outflows. Prompting Russia's domestic inflation situation is grim [49]. Because the residents real income levels drop. So that investors do not see hope ruble appreciation. Residents surge in foreign exchange trading.

Ruble devaluation present on the Russian people is mainly reflected in inflation, price increases on. As of January 2015 inflation rate has reached 15%, a 7-year high. CPI rose from the index, the second half of 2014. Ostrava CPI index in July 2014 from 7.5 in December 2014 rose to 11.4 (much higher than the 5-6% target between the CPI index developed by the Bank of Russia). Marking the biggest increase since the 2008 financial crisis. Among them, the annual food price index rose 15.4% over the previous year.

Non-food price index rose 8.1%. As the Russian light industry developed. The lower part of agricultural self-sufficiency rate. Consumer goods market will be heavily dependent on imports. Russians needed meat, milk and eggs and other daily consumer goods is highly dependent on imports. Devaluation of the ruble, rising inflation. It means that Russia imported goods become more expensive. Further

increase the cost of people's lives. For example, major consumer food potatoes and onions increase low-income people in Russia were 7% and 10% since 2014. In addition, the real income of the population decline, lack of consumer confidence is expected. Also caused some panic among the population of the ruble devaluation. In Tomsk, Novosibirsk and other places of currency exchange points. Appeared run trend [50]. Many banks in the euro and the dollar shortage, or even be sold out phenomenon. In this way people eager to respond to the ruble continued to fall, further exacerbated by the devaluation of the ruble.

(2) Russia's export revenues decline, reduce foreign exchange reserves

Under normal circumstances, a country's currency devaluation will benefit the country's exports. But in fact, due to the lack of competitiveness of Russia's exports. The devaluation of the ruble did not effectively promote the export trade. According to the Russian Federal Customs Administration data show. 2014 Russia's import and export trade volume of 793.97 billion US dollars, down 5.7%. Among them, in 2014 the total amount of Russian gas export revenue of \$ 54.7 billion, down 18.6%. Total oil export earnings to \$ 153.9 billion, down 11.4%. At the same time, since 2014 to prevent the devaluation of the ruble. Russia's central bank to use international reserves to intervene in the foreign exchange market to stabilize the ruble exchange rate. Annual cumulative throw \$ 88 billion currency intervention. So that the value of foreign exchange reserves in Russia has fallen to its lowest level since 2009. In order to further curb the international financial speculators short the ruble market expectations and speculation. Russia's central bank also canceled a floating ruble

exchange rate control channel. Allow more exchange rate fluctuations. However, the fact that the Russian central bank to relax the foreign exchange market intervention and did not make the ruble speculators have converged. Market expectations are continuing to strengthen its devaluation. In addition, the Russian central bank statistics show [51]. 2014 Russia's net capital outflow amounted to \$ 151.5 billion. 2013 scale capital outflow (\$ 61 billion) of 2.5 times. Invested capital flight caused by external private capital decrease. Multiple forces to form the pressure on the Russian economy, and accelerate capital outflows. Resulting in devaluation of the ruble into a vicious circle, the situation is not optimistic.

(3) Russia's foreign debt surge, increased risk

According to the Russian Central Bank data showed. 2015 Russian banking industry is facing about \$ 50 billion of debt pressure. Even the Russian banking sector has sufficient dollar debt due 2015. 2016 still has \$ 85 billion of debt coming due. At present, the total external debt of the Russian banking sector up to \$ 192 billion. Compared with 1998 Russian financial crisis has risen 10-fold. In addition to the ruble devaluation increased the cost of the Russian banking sector external debt. It turns sanctions Western countries also severely limits the ability of the Russian banking access to foreign financing. In the long term, if the debt default risk in Russia. Bank failures and corporate defaults phenomenon may also occur. So that the Russian economy into recession. Crisis will spread to neighboring countries. Bear the brunt of Belarus and the Baltic States (these countries exports to Russia accounted for 5% of the country's GDP). Triggering a "domino effect." Increased uncertainty surrounding

regional environment.

5.2 Suggestions

Sanctions and low oil prices the Russian economy is the new normal in the medium term must face. It is noteworthy that with the 2008 cyclical decline in crude oil prices is different. The current round of international oil price slump would be structural. From the supply and demand fundamentals and economic fundamentals, shale oil and gas in recent years due to the technological revolution brought new supply. Including China, the global economic slowdown led to a slowdown in energy demand, energy market formation of oversupply. In the next period of time, the world oil market will usher in the era of relatively cheap. In a sense, the new normal for Russia is both a challenge and an opportunity. While the Russian economy will be a tremendous impact, to form a Forced mechanism. Prompting Russia to speed up the implementation of economic diversification and structural adjustment policies "to import substitution and export diversification-oriented new growth model." Putin's 2014 State of the Union noted that the so-called external pressure and sanctions are more effective and rapid completion of the stated objectives of power. Russia's goal is to develop the economy "to get rid of zero-growth trap." Use 3 to 4 years to make economic growth more than the world average. Labour productivity gains of at least 5%, ensuring macroeconomic stability. The inflation rate below 4%, to 2018 will total fixed capital investment of up to 25% GDP. From the Russian government recently introduced measures and practices to see, roughly sketched out a path to achieve these goals. Pay close attention to changes in the national situation in Russia. Guide

foreign trade enterprises make relevant preparations should be concerned about the foreign economic department and the introduction of the Russian master and adjustments related to economic and financial policies. Foreign trade enterprises to inform the relevant information, and guide enterprises to actively respond. Encourage enterprises to implement export diversification strategy, optimizing the export structure of regional distribution, to avoid dependence on a single market.

5.3 Adjust the industrial structure and realize the economic diversification

Adjust the industrial structure, reduce the impact of oil price fluctuations on the international economy and the ruble exchange rate. Increase high-tech industries, knowledge-intensive industries and producer services inputs. Industrial structure rationalization and Advancement, diversify the economy and exports. In fact, President Vladimir Putin in his first term in office has been recognized that structural imbalance harmful. And clearly put forward the strategic adjustment of economic development. Putin's second term proposed the "Strategy 2020", Medvedev period proposed a "comprehensive modernization." Over the years, the adjustment of industrial structure, diversify the economy of Russia has become the consensus of the community, but so far the restructuring is still no improvement. Russia's current industrial structure and growth mode is determined by its resource endowments. Reform is still the biggest obstacle in energy prices. When energy prices, Russia get all the energy dividend. Pressure and power domestic reforms are not strong. But as energy prices, the ruble devaluation and economic crisis. Funds needed reforms are not guaranteed [52]. Government struggling to cope with the crisis, reform is still

difficult to implement.

5.4 Gradually achieve "dollarization"

In the international market, trading oil, natural gas and other commodities denominated in dollars and the vast majority was settled. International energy prices rise and fall of the dollar is not without relevance. Russia, as a major exporter of energy, the economy, the currency exchange rates are highly correlated with international energy prices. Then, using local currency settlement during energy trading and master energy pricing for Russia is significant.

5.5 Positive response to western sanctions

Anti-approved sanctions bill. Since March announced the launch of sanctions from the West, Russia that is preparing the corresponding bill. At present the Russian Federation Council has completed law-making, and on October 8, 2014 in the State Duma to obtain a reading. The bill proposed by the confiscation and freezing of assets in the Russian sanctions against the country, and to establish the anti-sanctions fund. Once the bill is expected to resolve the implementation will be further shaken Western sanctions. The negative effects of the implementation of the bill would worsen the investment climate in Russia. Therefore, Russia will caution the bill. Western part of the ban on food imports [53]. August 7, 2014, Russia announced the implementation of a one-year import restrictions on beef, pork, fruits, poultry, cheese and dairy products from EU countries, the United States, Australia, Canada and

Norway. Limit orders included into the list of foods involved in nearly 40% of Russian food imports. Russia announced sanctions reserved the right to import Western car.

On the Western anti-Russian sanctions hurt its own. 2014 Russian inflation rate rebounded to 10%, far higher than the expected 4.5% target. According to the Russian Central Bank estimates, this year's high inflation of 2 percent by the implementation of the anti-Western sanctions caused. In response to the international payment systems Visa and MasterCard (Visa & MasterCard) cease to carry out bank card business in Russia. May 2014, Putin signed a law establishing the national payment system. Russia will build a fully paid by the state-controlled Russian central bank settlement and clearing center, reducing external financial risks. August 4, Russia began in the whole territory of the Russian independent payment system using "general 100" card. Means "pay Wars," has taken a substantial step forward.

5.6 The stability of "combination" in financial markets

Large state-owned enterprises export requirements mandatory sale of foreign exchange. Russian government asked Gazprom, other five large state-owned enterprises to sell export foreign exchange earnings, to help stabilize the ruble exchange rate. Sale of foreign exchange will guarantee the foreign exchange market from 20% to 25% of daily trading volume. These companies are required to report every day the amount of net foreign assets of the company to the central bank. Provisions to March 1, 2015, the net foreign assets of the company shall not exceed the level of October 1, 2014 of. It is estimated that the sale of foreign exchange the

equivalent of a large state-owned enterprises to provide 400 to \$ 50 billion of liquidity to the foreign exchange market. The central bank introduced support measures to stabilize the financial markets. Russian central bank also through the provision of foreign currency loans, relax capital requirements, various additional term foreign currency repo operations, to avoid write-down of loans to companies affected by the impact of Western sanctions issued. Delay of NPL made in foreign currencies, debt rights as collateral to obtain new loans to stabilize the foreign exchange market. Russia's parliament has passed a bill urgent, we decided to offer up to 1 trillion rubles (by 60 ruble / dollar basis, or about \$ 16.6 billion) in aid from the federal budget to the big systemic banks to increase liquidity. Russian Ministry of Finance estimated that the banking capital will therefore be increased by 13%, loans increased by 15% ~ 20%. Russia's central bank is expected and government aid 1 trillion rubles will bring 8 to 9 trillion rubles loan multiplier effect. The Russian government decided to boost the ruble and foreign currency deposit insurance payment amount [54]. The collapse of the bank and other special circumstances arise when resident deposits. The maximum payment amount from the previous 700,000 Lu Buti increased to 140 million rubles (about \$ 2 to \$ 23 000), in order to better protect the interests of the Russian population.

Summary

Russia's authorities for the economic outlook and policy thinking out of economic difficulties, mixed reviews at home and abroad. Recently, Standard & Poor's, Moody's and Fitch international rating agencies have reduced Russia's sovereign

credit rating. Foreign reserves continued to decline, the company can't get enough foreign currency to compensate for the risk of bond and deposit gap and so on. World Bank, IMF and other agencies also lowered Russia's economic growth is expected. Russian ruble devaluation impact on the lives of residents caused by increasingly evident. 2014 inflation has rebounded to 11%. Further depreciation of the real wages of workers also caused a 27% reduction in losses. According to statistics, the average Russian wage from 808 dollars in March 2014 / month dropped to \$ 588 / month, back to 2008 levels. Russia's social and economic development for the future, there is no lack of media "pessimism", "collapse theory" reported.

Russia's economy will not "collapse." Russia's socio-economic development towards a direct bearing on future cooperation between China and Russia, it is necessary to carry out an objective assessment. I believe that as the economy among the top ten of the world's great powers. Russia will not because the West's unilateral sanctions and the cyclical decline in oil prices collapsed. After the Soviet Union, Russia has experienced and overcome the recession in transition, in 1998 and 2008, twice the impact of the financial crisis, with a strong compression capabilities. The current political stability in Russia, Putin's domestic political and social economy still has enough ability to control the probability of occurrence of regime change is not high. According to the latest poll of the Russian independent pollster Levada Center December 24, 2014 announced, although Putin's support rate decline than the highest value in October was 88%, but 85% still living high. The survey concluded that "the people of the president and government support rate is still high in the past, has not been affected by the deteriorating economic situation."

Although oil prices remain relatively low, less likely when the Russian debt default in

1998. After 2000, Putin, Russia has always insisted on the implementation of low debt policies. 10 years from 2004 to 2014, in addition to external debt in GDP in 2005 accounted for 22.3%, the rest of the year has been controlled within 15%. From the Russian foreign debt structure, the current corporate bonds and bank debt of \$ 130 billion, due in September 2014 \$ 53.75 billion. \$ 64 billion due January 1, 2016, total external debt of the equivalent of 11% GDP. Russia has announced that no new increase in the external debt and insisted that it accounts for 15% GDP in the control level. Russia's current foreign exchange reserves actually available amount of \$ 360 billion. December 6, Moody's released the latest assessment report said. If international oil prices continue to fall sharply not, without the use of the National Welfare Fund and the Reserve Fund, Russia's foreign exchange reserves sufficient to repay debt due 2015. The positive projections indicate that Russia appears less likely similar to the 1998 debt default.

Russia's oil prices began to face the new normal. The experience of the ruble after the collapse, the Russian Ministry of Finance has revised 2015 budget. The per-barrel oil before 93 dollars, 37.5 rubles reference value revised to \$ 60 per barrel exchange rate against the US dollar exchange rate against the US dollar 51 rubles. Russia has begun to show the face of falling oil prices and the depreciation of the ruble sync the new situation. Russian Ministry of Finance is expected in 2014, in a systemic banking to inject 1 trillion rubles after. In 2016, Russia's federal budget appears only a 0.8% deficit. Russia will continue to implement the budget deficit. In 2017, a rebound in oil prices to \$ 70 a barrel, the budget surplus Russia will resume.

Government needs to properly handle the relationship between financial stability and economic development. The future of the Russian government will continue through

the "manual transmission" to stabilize and regulate the financial and economic. Ruble crisis, a number of Russian government and central bank emergency measures introduced to stabilize the currency and boost the confidence of the parties played a major role. December 25, the Russian Ministry of Finance announced that the exchange rate to stabilize the ruble crisis is over. The first quarter of 2015, with oil prices gradually stabilized and imports fell, the ruble against the dollar will strengthen. Russia's Ministry of Finance said the actual ruble is greatly undervalued, in 2015, if necessary, will come together to support the ruble exchange rate by selling foreign currency with the central bank. In the medium term, a stable ruble exchange rate depends on the changes in the underlying factors, oil prices will continue to play an important role, with the ruble does not rule out the possibility of fluctuating oil prices again. When the collapse of the ruble, the central bank introduced measures to raise interest rates is necessary, but continued high interest rates will stifle the real economy. Russia also needs to get rid of the plight of the development of the fundamental and long-term solutions. How to balance financial stability and economic development of the Russian government and monetary authorities must solve the problem. Achieve domestic goods import substitution will be a long process. According to Russian Ministry of Industry and Trade forecast, most of the domestic industry to complete import substitution takes 3 to 5 years, 2018 to 2020 in order to bear fruit, distant water puzzled thirst. As to whether to build a huge manufacturing clusters, but can't rely on a "jump" can be achieved. The last 20 years, Russia has been away from the global value chain, to restore the previous manufacturing base will require substantial funding and longer periods. Currently in the West after Russia cut off access to external financing, and Russia need to find new sources of

investment.

Russia's government is not only to stabilize the ruble and the greater challenge is how to find investment. Diplomatic Economic Development will develop new space. One of the advantages of the Russian diplomatic mobilization capacity is strong, tough yet flexible foreign policy. It is believed that despite Putin's regime is facing serious challenges, but the Russian economy will not easily collapse, there is a certain win turnaround space.

First, the transformation and upgrading of the industrial structure to promote economic growth is not only powerful, but also to withstand external risks and maintain economic stability an important guarantee. International energy prices are a decisive factor in economic growth, fiscal revenue, currency stability, foreign exchange reserves and other important economic indicators. Only the realization of economic diversification in order to avoid the Russian economic crisis when international energy prices fell sharply tragedy repeats itself. Second, completely open capital account should be cautious. A floating exchange rate, full liberalization of capital applicable to developed countries. Diversified economic structure, improve the mechanism of competition and legal systems is to support investor confidence in the strong backing, When these countries to devalue, but the economy can benefit from it. In the "confidence game", the painful experience in Russia, Mexico, Thailand, Indonesia, Brazil, these countries show that: the value of the exchange rate jump stains often evolved into a collapse of confidence, capital controls and capital flight is blocked, preventing the currency crisis led to the final a valve.

Third, in the modern monetary system, the role of international reserves had not limited to make up the balance of payments deficit. Also has a currency intervention

to improve the status of the currency, and enhance international liquidity and other functions. is the fear of depletion of international reserves and give up intervening in turn lead to a currency crisis. China has the world's largest international reserves. This provides a powerful guarantee against financial risks for the stability of RMB exchange rate, rising international status of the renminbi.

Fourth, appropriately control the scale of foreign debt, a reasonable period structure to prevent lead financial crisis. Financial Crisis and mostly related to currency mismatch, the 20th century Latin American debt crisis and the Asian financial crisis are to be so. Sources of foreign currency denominated funds, funds denominated in local currency. It occurs when the debt currency devaluation web, the risk of currency mismatch is magnified. Russia also has the same problem. Countermeasures by developing long-term foreign currency hedging and other tools to achieve but often borrowing countries are less developed or emerging markets, financial market development is lagging behind. Therefore, the use of foreign capital should be moderate scale control debt 'or borrow long-term funds, or preferably in the form of direct foreign investment to attract foreign investment.

3 THE EFFECT OF THE DEVALUATION OF THE RUBLE

3.1 The effect of the devaluation of the ruble for Russia

3.1.1 Russia's domestic prices, inflationary pressures

According to the Russian Federal Statistics Office released data show. Russian inflation in 2014 was 11.4 percent, the highest level since 2008, the inflation rate of 13.3%. The year 2014, the Russian domestic market, food, tobacco and service charges are different degrees of increase. Which food prices rose: sugar product prices by 40%, rice crops rose 34.6%, 20.1% increase in meat products, aquatic products rose 19.1%, pasta products rose 8.4%, and so on. Tobacco and service charges rose: the price of tobacco products rose 27.1%, alcohol products rose 13.7%, property service charges rose 9.4%. Sitting class service fees rose 19%. As the domestic commodity prices. Enterprise economic data in the doldrums. 2014 Russia's central bank to raise interest rates six times in a row. Interest will be increased to 17%[55]. In order to improve the attractiveness of the ruble to curb inflation, but poor earnings. But on the state of exhaustion of the Russian economy resulted in greater pressure. It is likely to make the state of the economy into stagflation. In addition, in 2014 the ruble fell against the dollar by more than 40%. Coupled with the long-term financial resources are scarce, increasingly stringent loan conditions. Leading to a decrease in investment capital, currency devaluation, capital outflows. Prompting Russia's domestic inflation situation is grim. Because the residents real income levels drop. So that investors do not see hope ruble appreciation. Residents surge in foreign exchange trading.

Ruble devaluation present on the Russian people is mainly reflected in inflation, price increases on. As of January 2015 inflation rate has reached 15%, a 7-year high. CPI rose from the index, the second half of 2014. Ostrava CPI index in July 2014 from 7.5 in December 2014 rose to 11.4 (much higher than the 5-6% target between the CPI index developed by the Bank of Russia). Marking the biggest increase since the 2008 financial crisis. Among them, the annual food price index rose 15.4% over the previous year.

Non-food price index rose 8.1%. As the Russian light industry developed. The lower part of agricultural self-sufficiency rate. Consumer goods market will be heavily dependent on imports. Russians needed meat, milk and eggs and other daily consumer goods is highly dependent on imports. Devaluation of the ruble, rising inflation. It means that Russia imported goods become more expensive. Further increase the cost of people's lives. For example, major consumer food potatoes and onions increase low-income people in Russia were 7% and 10% since 2014. In addition, the real income of the population decline, lack of consumer confidence is expected[56]. Also caused some panic among the population of the ruble devaluation. In Tomsk, Novosibirsk and other places of currency exchange points. Appeared run trend. Many banks in the euro and the dollar shortage, or even be sold out phenomenon. In this way people eager to respond to the ruble continued to fall, further exacerbated by the devaluation of the ruble.

3.2 The deterioration of the external environment, sovereign debt ratings downgrade

Since June 2014, international oil prices continue to decline. Crude oil futures prices in the past four months to around \$ 50 from more than 110 US dollars. Up to 4 years minimum. This is the already weak Russian economy a heavy blow. At the same time, since the escalation of the crisis in Ukraine. Relations between Russia, Europe and the United States after the Cold War reached unprecedented tension level. Europe and other countries launched several rounds of economic sanctions, import restrictions. Sanctions range has been expanded to the current relationship between the energy industry, national economy and finance. Europe and the United States to implement the sanctions led to the Russian capital flight, currency continued to depreciate, corporate financing difficulties increased. Strengthen the market economy in Russia pessimism. This is the depth of the Russian economy dependent on energy exports is even worse. Although Putin and Russian officials tried to play down some of the sanctions against the Russian financial and economic destruction. But needless to say, these pressures substantially around Russia's "strength bipolar" (living out of the oil and gas industry and the most vulnerable financial systems) step by step. And the drop in oil prices and the formation of "linkage." Ruble exchange rate of lethality can be imagined. Given the price of oil fell sharply. Since 1998, Russia suffered the most serious currency crisis. Moody's, Fitch and Standard & Poor's three major international agencies have downgraded Russia's sovereign debt rating. Wherein, in January 2015, Moody's credit rating from Baa2 Russia will further cut to Baa3. A stone's throw away from the junk. The Russia Fitch long-term foreign and local currency rating lowered from BBB to BBB-. The rating outlook is negative. While

Russia and foreign currency senior unsecured debt rating is also lowered from BBB to BBB-. Standard & Poor's sovereign credit rating from Russia will be reduced to BBB- BB +. And its rating outlook as negative. This is the first time in 10 years, the S & P Russia's sovereign rating to "junk." Once lost investment rating[57]. Russia will likely lead to solvency questioned. Increase the cost of repayment of existing debt.

3.3 Russia's export revenues, reduce foreign exchange reserves

Under normal circumstances, a country's currency devaluation will benefit the country's exports. But in fact, due to the lack of competitiveness of Russia's exports. The devaluation of the ruble did not effectively promote the export trade. According to the Russian Federal Customs Administration data show. 2014 Russia's import and export trade volume of 793.97 billion US dollars, down 5.7%. Among them, in 2014 the total amount of Russian gas export revenue of \$ 54.7 billion, down 18.6%. Total oil export earnings to \$ 153.9 billion, down 11.4%. At the same time, since 2014 to prevent the devaluation of the ruble. Russia's central bank to use international reserves to intervene in the foreign exchange market to stabilize the ruble exchange rate. Annual cumulative throw \$ 88 billion currency intervention. So that the value of foreign exchange reserves in Russia has fallen to its lowest level since 2009. In order to further curb the international financial speculators short the ruble market expectations and speculation. Russia's central bank also canceled a floating ruble exchange rate control channel. Allow more exchange rate fluctuations. However, the fact that the Russian central bank to relax the foreign exchange market intervention and did not make the ruble speculators have converged[58]. Market expectations are

continuing to strengthen its devaluation. In addition, the Russian central bank statistics show. 2014 Russia's net capital outflow amounted to \$ 151.5 billion. 2013 scale capital outflow (\$ 61 billion) of 2.5 times. Invested capital flight caused by external private capital decrease. Multiple forces to form the pressure on the Russian economy, and accelerate capital outflows. Resulting in devaluation of the ruble into a vicious circle, the situation is not optimistic.

3.4 Russia's foreign debt scale, the increased risk

According to the Russian Central Bank data showed. 2015 Russian banking industry is facing about \$ 50 billion of debt pressure. Even the Russian banking sector has sufficient dollar debt due 2015. 2016 still has \$ 85 billion of debt coming due. At present, the total external debt of the Russian banking sector up to \$ 192 billion. Compared with 1998 Russian financial crisis has risen 10-fold[59]. In addition to the ruble devaluation increased the cost of the Russian banking sector external debt. It turns sanctions Western countries also severely limits the ability of the Russian banking access to foreign financing. In the long term, if the debt default risk in Russia. Bank failures and corporate defaults phenomenon may also occur. So that the Russian economy into recession. Crisis will spread to neighboring countries. Bear the brunt of Belarus and the Baltic States (these countries exports to Russia accounted for 5% of the country's GDP). Triggering a "domino effect." Increased uncertainty surrounding regional environment.

Sanctions and low oil prices the Russian economy is the new normal in the medium term must face. It is noteworthy that with the 2008 cyclical decline in crude oil prices

is different. The current round of international oil price slump would be structural. From the supply and demand fundamentals and economic fundamentals, shale oil and gas in recent years due to the technological revolution brought new supply. Including China, the global economic slowdown led to a slowdown in energy demand, energy market formation of oversupply. In the next period of time, the world oil market will usher in the era of relatively cheap. In a sense, the new normal for Russia is both a challenge and an opportunity. While the Russian economy will be a tremendous impact, to form a Forced mechanism. Prompting Russia to speed up the implementation of economic diversification and structural adjustment policies "to import substitution and export diversification-oriented new growth model." Putin's 2014 State of the Union noted that the so-called external pressure and sanctions are more effective and rapid completion of the stated objectives of power. Russia's goal is to develop the economy "to get rid of zero-growth trap." Use 3 to 4 years to make economic growth more than the world average. Labour productivity gains of at least 5%, ensuring macroeconomic stability. The inflation rate below 4%, to 2018 will total fixed capital investment of up to 25% GDP. From the Russian government recently introduced measures and practices to see, roughly sketched out a path to achieve these goals. Pay close attention to changes in the national situation in Russia. Guide foreign trade enterprises make relevant preparations should be concerned about the foreign economic department and the introduction of the Russian master and adjustments related to economic and financial policies. Foreign trade enterprises to inform the relevant information, and guide enterprises to actively respond. Encourage enterprises to implement export diversification strategy, optimizing the export structure of regional distribution, to avoid dependence on a single market[60].

3.2 Adjusting the industrial structure, to realize the economic diversification

Adjust the industrial structure, reduce the impact of oil price fluctuations on the international economy and the ruble exchange rate. Increase high-tech industries, knowledge-intensive industries and producer services inputs. Industrial structure rationalization and Advancement, diversify the economy and exports. In fact, President Vladimir Putin in his first term in office has been recognized that structural imbalance harmful. And clearly put forward the strategic adjustment of economic development. Putin's second term proposed the "Strategy 2020", Medvedev period proposed a "comprehensive modernization." Over the years, the adjustment of industrial structure, diversify the economy of Russia has become the consensus of the community, but so far the restructuring is still no improvement. Russia's current industrial structure and growth mode is determined by its resource endowments[60]. Reform is still the biggest obstacle in energy prices. When energy prices, Russia get all the energy dividend. Pressure and power domestic reforms are not strong. But as energy prices, the ruble devaluation and economic crisis. Funds needed reforms are not guaranteed. Government struggling to cope with the crisis, reform is still difficult to implement.

Gradually achieve "dollarization".

In the international market, trading oil, natural gas and other commodities denominated in dollars and the vast majority was settled. International energy prices rise and fall of the dollar is not without relevance. Russia, as a major exporter of energy, the economy, the currency exchange rates are highly correlated with

international energy prices. Then, using local currency settlement during energy trading and master energy pricing for Russia is significant.

7.3 The positive response to western sanctions

Anti-approved sanctions bill. Since March announced the launch of sanctions from the West, Russia that is preparing the corresponding bill. At present the Russian Federation Council has completed law-making, and on October 8, 2014 in the State Duma to obtain a reading[61]. The bill proposed by the confiscation and freezing of assets in the Russian sanctions against the country, and to establish the anti-sanctions fund. Once the bill is expected to resolve the implementation will be further shaken Western sanctions. The negative effects of the implementation of the bill would worsen the investment climate in Russia. Therefore, Russia will caution the bill. Western part of the ban on food imports. August 7, 2014, Russia announced the implementation of a one-year import restrictions on beef, pork, fruits, poultry, cheese and dairy products from EU countries, the United States, Australia, Canada and Norway. Limit orders included into the list of foods involved in nearly 40% of Russian food imports. Russia announced sanctions reserved the right to import Western car.

On the Western anti-Russian sanctions hurt its own. 2014 Russian inflation rate rebounded to 10%, far higher than the expected 4.5% target. According to the Russian Central Bank estimates, this year's high inflation of 2 percent by the implementation of the anti-Western sanctions caused. In response to the international payment systems Visa and MasterCard (Visa & MasterCard) cease to carry out bank card business in Russia[62]. May 2014, Putin signed a law establishing the national

payment system. Russia will build a fully paid by the state-controlled Russian central bank settlement and clearing center, reducing external financial risks. August 4, Russia began in the whole territory of the Russian independent payment system using "general 100" card. Means "pay Wars," has taken a substantial step forward.

7.4 A "combination" stabilized financial markets

Large state-owned enterprises export requirements mandatory sale of foreign exchange. Russian government asked Gazprom, other five large state-owned enterprises to sell export foreign exchange earnings, to help stabilize the ruble exchange rate. Sale of foreign exchange will guarantee the foreign exchange market from 20% to 25% of daily trading volume. These companies are required to report every day the amount of net foreign assets of the company to the central bank. Provisions to March 1, 2015, the net foreign assets of the company shall not exceed the level of October 1, 2014 of. It is estimated that the sale of foreign exchange the equivalent of a large state-owned enterprises to provide 400 to \$ 50 billion of liquidity to the foreign exchange market. The central bank introduced support measures to stabilize the financial markets. Russian central bank also through the provision of foreign currency loans, relax capital requirements, various additional term foreign currency repo operations, to avoid write-down of loans to companies affected by the impact of Western sanctions issued. Delay of NPL made in foreign currencies, debt rights as collateral to obtain new loans to stabilize the foreign exchange market. Russia's parliament has passed a bill urgent, we decided to offer up to 1 trillion rubles (by 60 ruble / dollar basis, or about \$ 16.6 billion) in aid from the federal budget to the big systemic banks to increase liquidity. Russian Ministry of

Finance estimated that the banking capital will therefore be increased by 13%, loans increased by 15% ~ 20%. Russia's central bank is expected and government aid 1 trillion rubles will bring 8 to 9 trillion rubles loan multiplier effect[63]. The Russian government decided to boost the ruble and foreign currency deposit insurance payment amount. The collapse of the bank and other special circumstances arise when resident deposits. The maximum payment amount from the previous 700,000 Lu Buti increased to 140 million rubles (about \$ 2 to \$ 23 000), in order to better protect the interests of the Russian population.

7.5 A "combination" stabilized financial markets

Offshore amnesty capital. In the background of Western sanctions and falling oil prices, the return of capital to expand investment in Russia is particularly important. Offshore amnesty capital is intended to curb the outflow of capital in order to increase the total amount of Russia's economy and promote domestic investment. Recently, the Russian businessman will respond to the call back to domestic assets from offshore centers. In order to attract offshore capital return, the Russian government will not implement a strict "capital controls", but informal controls already in operation. This will exacerbate the holders of offshore capital transfer to the Russian domestic concerns capital [64]. Coupled with the Russian judicial system is not perfect. Some offshore capital holders would have been worried about the future of the Russian judicial liquidation afraid to offshore capital transfer home. This time "amnesty" can have the desired effect remains to be seen. Establish crisis response fund to support key enterprises. 2015 and 2017 from the Federal Reserve Fund Russia will spend about 1.5 trillion rubles. 2015 to stop funding 309 billion

rubles from the federal budget to the pension fund. And the creation of a crisis response fund on this basis. Rescue the sanctions affected an important Russian enterprises. Support SMEs. Just register for small businesses to provide tax-free period of two years. If SMEs within three years to fully legitimate business and get a good reputation in the market. Related departments can't be considered in the next three years these companies conduct annual routine inspection. Increase credit support for SMEs. Improve Credit Guarantee System for SMEs; government procurement to SMEs tilt indicators [65].

7.6 Develop a comprehensive import substitution roadmap development manufacturing clusters

In addition to the food industry, almost all the sectors are dependent on Western Availability: machine tool manufacturing industry more than 90%, heavy machinery manufacturing 60% to 80%, 70% to 90% of light industry, radio industry 80% to 90%, and pharmaceuticals medical industry 70% to 80%. Import substitution is an important step in Russia's re-industrialization and modernization. Putin in 2014 presidential State of the Union suggested that in order to strengthen the national infrastructure, Russia is ready to rely on their own efforts to promote domestic economic development. Its task is to complete orders for large projects with Russia. Russian Deputy Prime Minister Dmitry Kim pointed out that regardless of whether the West will weaken or cancel the sanctions. National defense industrial complex import substitution plan will not be altered. Russian technology to achieve the principle of the independence of the national production of weapons and military technology does not re-edit. Russia's oil company has said it will make the company's

domestic equipment in the next three to four years to improve the utilization rate of more than 75% [66]. Gazprom has signed an equipment supply agreement of intent with the Russian domestic manufacturers.

Actively expand foreign multi-dimensional of easing economic pain.

To get rid of containment isolation West, Russia actively multi-dimensional diplomacy. Putin can be seen from the recent series of diplomatic actions.

Russia does not give up at the same time in the development of relations with the West. Is seeking new breakthroughs, "Look East" is a prominent spot. State of the Union as Putin pointed out. Russia's future will be more emphasis on cooperation with Asia Pacific, South America and other countries in the region. And continue to promote regional economic integration process. Focus on the development of the Eurasian Economic Union. Russia welcomes and urged investors in Asia to participate in the development of the Far East. Wishing to trade with Asia-Pacific countries accounted for from the current 28% to 40% [67]. Putin twice visited China in 2014 and signed more than 60 cooperation agreements. In addition to China, Russia and Vietnam signed a joint development of oil and gas fields and crude oil exports to Vietnam agreement. Russia frequently "Look East" at the same time pay is close attention "to the south to see." To strengthen relations with Southern Europe, South Asia and Latin America as an important diplomatic focus. The energy cooperation is still south of Diplomatic main content. Russia and Brazil have been on defense use peaceful nuclear energy, power plants, aerospace manufacturers reached a number of cooperation agreements; the signing of the new expansion in Iran Bushehr nuclear power plant package deal with Iran; offshore gas pipeline construction agreement reached with Turkey and adopted by the "Blue stream

"pipeline to increase gas supplies to Turkey agreement; in India, and India signed 12 new nuclear reactors for power generation and 10-year oil supply agreement contract.

3.3 Increasing the uncertainty of international political environment

8.1 Increasing the uncertainty of international political environment

Russian ruble devaluation led to soaring prices. October 2014, the Russian CPI has reached 8%. Far higher than the government expected 6%. December 17, 2014, the Russian ruble crash caused some cities to buy up phenomenon. Stimulate domestic prices rise further [68]. Government forces took the opportunity to claim against President Vladimir Putin to step down. Once Russia's political situation there are significant changes, the world economy will have a negative impact.

8.2 The negative impact on emerging market countries

With the deepening of the world economic integration process. Ruble devaluation caused direct financial markets in emerging market countries devalue chain. December 15, 2014, the ruble depreciated 15%. Emerging market countries huge turmoil in financial markets appears: Mexican stock market composite index fell 3 percent. Turkish Lira exchange rate hit a record low. South African rand against the US dollar fell 1.4%. Rupiah exchange rate record low since 1998. Bloomberg Tracking 20 kinds of key emerging market currencies exchange rate index fell to its lowest point since April 2003. 2014 has fallen more than 10% [69].

8.3 Will result in the Eurasian economic union integration process is slow

(1) kazakhstan into depreciation pressure increased

Kazakhstan is the former Soviet republics. In the political, economic and other aspects closely with Russia. Russia is Kazakhstan's biggest trading partner. 2013 18.2% of Kazakhstan's total foreign trade. Kazakhstan Tenge exchange rate fluctuations and the Russian ruble exchange rate volatility has synchronization. In 2008 and 2013, Russia is to avoid financial crisis and promote national economic growth. Targeted to relax trade restrictions and allow the devaluation of the ruble. Kazakhstan reduces the ruble exchange rate is relatively lower export competitiveness. Kazakh central bank have taken down after the tenge exchange rate devaluation of the ruble in response to the two above-mentioned negative impact of ruble devaluation. The ruble depreciated, increasing the downward pressure on tenge. In order to promote their trade and enhance product competitiveness, Kazakh tenge exchange rate might be regulated.

The Eurasian economic union integration process will be slow.

Kyrgyzstan, Tajikistan and actively join the Eurasian Economic Union. Provided that Russia give some financial support. The ruble devaluation of the Russian economy worsened. Strained financial resources. Eurasian economic integration process inputs will be reduced [70].

Central Asian countries the rural income is drastically reduced.

Migrant income is the main foreign exchange earnings of Uzbekistan, Kyrgyzstan, Tajikistan, the three countries. Income workers accounted for 10% -30% of GDP in the three countries. And Uzbekistan, Kyrgyzstan, Tajikistan, the three most important target countries for the export of labor services in Russia. Russia's economic downturn, the devaluation of the ruble exchange rate. It will directly affect

the foreign exchange earnings of the three countries.

(4) Russia around the central Asian countries also appears significant currency depreciation

Changes in a country's exchange rate would lead to changes in interest rates, resulting in both linkage. The exchange and interest rates are linked through current variation mechanism, capital projects and changes in the mechanism of the conversion of foreign currency assets of these three mechanisms Mediation Mechanism. Formation of exchange rate pass linkage effects. Residents cause capital to go out or to enter.

Currently, oil prices continued to fall under Western sanctions and successive double pressure. Not only caused the ruble against the dollar all the way down. Resulting in Russia's economy suffered. But also on neighboring countries, emerging markets had a negative impact. Emerging markets, especially currency resources challenged imperative in the exchange market. Financial market chain devaluation phenomenon imminent. For example, in 2014 Kyrgyzstan Kyrgyz currency fell against the US dollar index more than 17% [71]. Tajikistan Somoni against the US currency fell nearly 14%. Kazakhstan currency tenge against the US dollar decreased by around 19%. 2015, Turkmenistan's central bank on January 1 the national currency from the US dollar to depreciate to 2.85 against 3.50 manat manat, depreciation of 18.6% (for the first time since 2009). In addition, the ruble crisis in the Central Asian countries is difficult immune to the economic slowdown. Since the devaluation of the ruble, Russia will result in manufactured goods prices fell. Further impact the fragile manufacturing countries in Central Asia, increasing its business

difficulties. In Kazakhstan, for example, Russia is now the second largest trading nation in Kazakhstan, 17% of its total trade. Since 2014, the ruble exchange rate to decline to make Kazakhstani current account surplus shrank 80 percent. EBRD is expected. Kazakhstan's economic growth rate in 2014 from 4.5 per cent in 2015 to 1.5%.

3.9 Impact on China

9.1 China's domestic situation

China in the investment of about \$27.92 billion, accounting for 7.7% of foreign investment in Russia, Russia for China's exports of goods mainly in dollars, so a devaluation would cause China's tourism, with Russia's car industry, mechanical and electrical products such as trade. Combined with the two sides signed a total of 150 billion yuan / 815 billion rubles bilateral currency swap agreement, valid for three years, can be extended by mutual consent. The swap is signed to prevent international financial risks, to avoid having to use dollars and settlement of exchange rate risk. Through currency swaps, will receive the money into the country's financial system, to make their businesses can borrow money to each other, for the payment of imported goods from each other. Such, in bilateral trade, to reduce the exchange cost. China-Russia currency swap between the two sides both parties don't happen relationship of creditor's rights debt, the amount calculated on a trading day daily exchange rate swaps, don't set a fixed exchange rate in advance, China's distribution and recovery are the yuan, not foreign exchange risks. And because of the Russian ruble and emerging economies in Asia after plunging currency generally declines in

the yuan against the dollar at the spot exchange rate on December 17, closed innovation is low, which is beneficial to relieve the negative influence of the appreciation of the renminbi in China. Though, the ruble's influence on China's economic and financial field, although has not yet been fully revealed, but Chinese companies should look to exchange rate changes, reduce foreign exchange risk. As China's oil consumption power, international oil price oil is beneficial to the resources reserves, reduce energy costs, enhance the competitiveness of enterprises. China, on the other hand, with Russia trade accounts for only 2.2% of the foreign trade. So, the ruble devaluation on China's economic impact is limited, but due to the ruble devaluation caused China's capital outflows, increases the pressure of RMB devaluation. And, the ruble devaluation is considered to be emerging market currencies have depreciated, the continuation of market turmoil. As a representative of the emerging economies of China, should from the ruble devaluation of the currency crisis, draw experience and lessons, to cope with the future of international oil prices and a stronger dollar exchange rate risk and political risk, and timely moderately promote RMB internationalization [72].

9.2 China's measures should be taken

(1) Actively promote bilateral free trade cooperation between China and Russia

In the us and Europe against the background of economic sanctions on Russia, Russia will seek more close cooperation with China, including economy, trade, finance, energy and investment, etc. The two countries should explore the new mode of regional economic cooperation, actively promoting the construction of free trade zone between China and Russia, in-depth development of economic and trade

cooperation between China and Russia. Give full consideration to industry and market development degree, the two countries by stages in areas such as trade in goods, services, trade and mutual investment consultation, a regional free trade agreement, mutual benefit and win-win results to both sides.

(2) Broadening the scope of renminbi settlement, to accelerate the process of RMB internationalization

As Russia's largest trading partner, China should take the ruble devaluation as a turning point, on the basis of china-Russia bilateral local currency settlement, broadening the renminbi to Russia economy and trade investment, promote the settlement currency extended to the investment currency, to lay a solid foundation for RMB internationalization. Therefore, China should speed up to establish and improve the mechanism of the cross-border RMB payment and settlement, and offshore RMB clearing system, open to non-resident trade financing business, strengthening the international into the real economy's ability to provide services.

(3) To promote the energy cooperation between the two countries, promote energy industry transformation

Upgrade the ruble, the Russian energy to take measures to encourage exports, China should grasp the opportunity, advancing with the Russian natural gas, oil and coal, and other fields of development and cooperation; Take measures to develop the new energy industry, we must deepen the reform of the energy system and introducing market competition mechanism, to strengthen the regulation of natural monopoly business, accelerate the process of the reform of state-owned energy

companies [73].

(4) To strengthen the construction of professional exhibition talent team

Dalian exhibition companies and universities should pay much attention to the cultivation of professional talents, because of the exhibition industry specialization degree is higher, realize information management of exhibition industry, not only to understand the exhibition professional knowledge, but also can be integrated use of computer technology to the enterprise management and the operation of exhibition, so as to improve the management level of enterprises and economic benefits. Should speed up the network and related technology talents, build a familiar with and master the professional exhibition team of Internet technology. Enterprises can to on-the-job training of staff, enhance the capacity of employees on the application of the Internet, still can establish cooperation relationship with Internet companies, to promote the exchanges of Internet companies and the traditional industry to build a batch of talent thought from the Internet. In addition, colleges and universities in cultivating talents, will the Internet knowledge into the education teaching, cultivate enterprise need of applied talents.

(5) To speed up the convention and exhibition industry chain integration

In addition to itself can create considerable economic benefits, convention and exhibition industry can also promote the development of relevant industries. Integration of exhibition resources, to enhance the overall competitiveness of Dalian exhibition industry is of great significance. Convention and exhibition industry chain optimization not only need to convention and exhibition industry internal structure

adjustment, also need to coordinate together to accomplish convention and exhibition industry supply chain integration [74]. In exhibition industry developed countries will have a special exhibition analysis of enterprise, through to the convention and exhibition economic benefits and social effects of investigation and feedback, in order to improve the level of the whole development of exhibition industry. Dalian exhibition industry is relatively backward, in this respect in the convention and exhibition industry chain in Dalian, also lack of exhibition service company, can provide high level still need to learn from it. In addition, the Internet has realized the cross-border integration of exhibition industry, to correctly understand and use the Internet technology, the realization of the Internet in the exhibition marketing, exhibition service, conference and exhibition management, and other links. In addition, the exhibition industry to strengthen with the financial, transportation, science and technology, tourism, insurance, and other cooperation between industry, with the integration of these industries will further widen the sphere of exhibition industry development, also will enrich the content of cross-border integration development of exhibition industry.

9.3 The future trend prediction of the ruble exchange rate

Although Russia's economy is suffering from the ordeal, ruble plunged more than. Perhaps this battle to defend the ruble will continue for a long time. But I think the possibility of future Russian economic collapse is unlikely.

First, the Russian central bank has adequate foreign exchange reserves, totaling more than 4200 billion US dollars, is the world's third largest foreign exchange reserves. Adequate foreign exchange reserves can cope with more extreme exchange

rate movements. Combined since 2005, Russia has constantly increased gold reserves. According to incomplete statistics, the Russian central bank holds about 1170 tons of gold. The gold can be used to intervene in currency markets to maintain the ruble stable. But we should also see if you spend a lot of Russian gold reserves, will cause the price of gold fell. This will give just Huanguo Lai from the subprime crisis in the various economies has brought great negative impact. Of course, Russia could also use more drastic measures to curb capital controls and other ruble collapse, deter market. Prevent panic from spreading further. It is worth mentioning that the devaluation of the ruble and currency crisis in 1998 compared to a lot of different points. Two summed up the causes of the devaluation of the ruble after difficult to find, the devaluation of the ruble is not due to a fundamental contradiction between Russia's domestic economic of the body. So it will not cause Russia's economic meltdown or the change occurs directly Council. Russia's economy is highly dependent on energy exports. But Russia has sufficient foreign exchange reserves, rich in natural resources. Although international crude oil prices, capital flight will affect the economic growth in Russia. But it will not lead to the collapse of the ruble thorough and comprehensive [75].

Second, the world economic slowdown in response to the 2008 financial crisis after crisis era and have adopted quantitative easing monetary policy. In particular, the Fed basic benchmark interest rate bottoming out, the possibility of a rate cut is unlikely. However, countries are also well aware that as the third largest foreign exchange reserves, as well as a major supplier of oil and gas in Russia's economic crisis or financial crisis words. Other countries are also not immune.

Third, the domestic consumption in the Russian market, although the

devaluation of ruble, rising inflationary pressures. However, some major Russian domestic prices of daily necessities limited. And Russia is the object of panic buying luxury goods. Its purpose is to preserve assets. Therefore, the ruble devaluation will not cause great panic to the residents of Russia. This system has undergone many changes in the social and economic crisis, countries will not be able to withstand economic turmoil and regime change occurs. As long as political stability, timely and effective response measures, the ruble will not collapse completely.

From another perspective, this time to the Russian ruble crisis is precisely the adjustment of industrial structure, optimize the economic structure to meet the challenges of globalization has brought opportunities. Russia can use the ruble survival of the fittest, eliminate backward industries. Focus on supporting core competitive industry or sector, to reduce excessive dependence on energy exports. At the same time, take effective measures to boost investor confidence and curb massive capital flight and promote the recovery of investment and consumption in the economy. Indeed take measures to deal with Europe and the United States economic sanctions. Lower domestic economies, especially in the financial sector, energy sector financing costs, can get a lot of foreign money. Avoid Russian response to lower international oil prices caused a decrease in foreign exchange earnings yield oil or untimely sale of energy, resulting in a further decline in the ruble exchange rate.

Summary

Although Russia's economy is suffering from a severe test, the ruble had tumbled more than its value. Perhaps the ruble battle to last for a long time, but the

author thinks that, the future of Russia's economic collapse is unlikely. As a former superpower, members of the group, results of Russia's economic development is obvious to all, its economic strength and the leadership of economic management, restore power determination is to be reckoned with. And the Russian people are a social cohesion is higher, strong national consciousness "battle". Such a country and nation will not easily fall.

First, the central bank of Russia have enough foreign exchange reserves, the amount of more than \$420 billion, is the world's third largest foreign exchange reserves, enough foreign exchange reserves can cope with more severe currency movements. And since 2005, Russia has been increase gold reserves. According to incomplete statistics, the Russian central bank holds about 1170 tons of gold, the gold can be used to intervene in currency markets, maintain the ruble's value stability. But if Russia the use of a large number of gold reserves, is bound to cause the price of gold fell, this will give has just recovered from the subprime mortgage crisis of it is worth mentioning that the ruble devaluation and there are a lot of differences compared to the 1998 currency crisis. Summarize the cause of the ruble devaluation is not hard to find, after twice the ruble devaluation is not due to Russia's domestic main economic fundamental contradiction, so will not result in Russia's economy to crash or direct political change. According to statistics, from 2006 to 2013, Russia's surplus as a proportion of GDP were 7.4%, 5.4%, 4.1%, 6.0%, 3.9%, 3.9%, 3.9%, 0.5%, Russia's current account balance of payments surplus continuously, current account surpluses of GDP were 9.3%, 5.5%, 6.3%, 5.5%, 4.4%, 5.1%, 3.5%, 5.1%. These data suggest that Russia's fiscal revenue is abundant, although its economy is highly dependent on energy exports, but Russia has enough foreign exchange

reserves, rich in natural resources, although the international crude oil prices, capital flight will affect Russia's economic growth, but will not cause the ruble collapsed completely.

Second, countries around the world in response to the financial crisis in 2008 the economic slowdown in the post-crisis era and have adopted the quantitative easing monetary policy, especially the fed basic cut its benchmark interest rate fell to the lowest point, the possibility of a rate cut is not big, can't provide more help for the Russian ruble currency stability.

Third, the domestic consumption market in Russia, although because the ruble devaluation, rising inflation pressure, but Russia's domestic the prices of some of the major necessities co., LTD. From countries such as China, South Korea, Japan, Argentina, the cheap and fine products into the Russian market, effectively alleviate the domestic inflationary pressures. And rush on Russia's domestic objects is a luxury, its purpose is to asset value. Therefore, the ruble will not cause the inhabitants of Russia's huge panic. This experience several social institutional change and economic crisis, will not happen because of can withstand economic turmoil and regime change. As long as political stability, measures timely and effective, the ruble would not collapse completely.

From another perspective, the ruble crisis to Russia for industrial structure adjustment and optimization of economic structure to the challenge of globalization has brought the opportunity. Russia can make use of the ruble devaluation selections, backward industries, key support the strong core competitiveness of industries or departments, less dependence on energy exports and the modernization of Russia all sectors and departments. At the same time, take effective measures to boost investor

confidence, contain large capital flight, promote recovery of investment and consumption economy; Do take measures to deal with Europe and the United States and other countries of economic sanctions, lower domestic economies, especially the financial industry, energy industry, the cost of financing, access to a large number of foreign capital. Avoid Russia to cope with the international oil prices falling foreign exchange earnings

To reduce the inappropriate oil production or sale of energy, causing the currency fell further.

Conclusion

The first part of the article introduces the Russian ruble exchange rate and exchange rate regime choice in the past, the formation and development of the foreign exchange market to Russia; Exchange rate regime reform stage, the achievements and the deficiencies; the present situation of the foreign exchange market, the problems existing in the analysis.

The second part introduces the background of the ruble and the analysis of the influencing factors. The third part introduces the impact of the ruble and future development trend.

According to international economics related theory, a country's level of economic development is the basic factors affect national currency stability; A country's balance of payments and foreign exchange reserves is directly influence factor in a country's monetary stability; These two factors and with the international economic environment stable condition and the national economic development level. This article focuses on from the two levels to analyze the influence factors of the currency.

Since 2014, under the influence of Europe and the United States sanctions and the slump in oil prices, the ruble a sharp step value. However, analyze the deep reason of the ruble value but also from the Russian economy internal rules, deformity of the economic structure is caused by Russia's present important internal cause of the economic downturn, the ruble devaluation. Therefore, the transformation and upgrading of industrial structure is not only a strong power to promote the growth of the economy, is also to withstand external risks, keep the economy stable. In addition,

in times of crisis, the most direct and effective way to prevent devaluation is capital controls, as the last line of the valve block capital flight.

For the ruble future trends, due to the Russian government has taken some temporary capital controls, the overall look, the ruble against the dollar will rebound. But as a result of the Russian government is in a difficult condition, at the decision-making level of the available weapons is running out, the ruble short-term unlikely to return to the highs against the dollar. Tumbling ruble to Russia is not only damage, negative than positive significance for China. In import ways, from Russia import prices lower, but the ruble tumbled will also cause global investors' confidence for emerging market countries is reduced, can also lead to emerging market countries, including China, is faced with capital outflows, the test of currency depreciation. However, under the background of the world economy is slowing, trade between China and Russia to keep the "inverse rose city". China should grasp the development opportunity, the initiative in the cooperation, seek progress steadily.

As China's oil consumption power, international oil price oil is beneficial to the resources reserves, reduce energy costs, enhance the competitiveness of enterprises. China, on the other hand, with Russia trade accounts for only 2.2% of the foreign trade. So, the ruble devaluation on China's economic impact is limited, but due to the ruble devaluation caused China's capital outflows, increases the pressure of RMB devaluation. And, the ruble devaluation is considered to be emerging market currencies have depreciated, the continuation of market turmoil. As a representative of the emerging economies of China, should from the ruble devaluation of the currency crisis, draw experience and lessons, to cope with the future of international oil prices and a stronger dollar exchange rate risk and political risk, and timely

moderately promote RMB internationalization.

The depreciation of the ruble is mainly caused by a stronger US dollar, the dropping oil price and Western sanctions. However, the fundamental reason lies in the bad economic situation, stagnant economic development and the public's lack of confidence towards prospects in Russia. The plunging ruble has exerted a severe impact upon Russian society, leaving us a host of inspirations: in today's world with deepening economic integration, there are many more fluctuations in the financial market and a noticeably higher occurrence of large-scale financial storms; a proper amount of foreign exchange reserves is necessary for protecting the financial order and coping with emergencies; the leverage of interest rates is a double-edge sword and should be used cautiously and scientifically according to the national situation and market conditions; financial perils should be handled by a series of measures which achieve better results than a single measure; the market should be regulated by a maximum use of technical measures, not excluding administrative intervention; and sensitive reform measures should be avoided in critical moments.

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