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Russia May Be in Default, Moody's Says

By Lizeth Beltran

Moody's Corp. said Russia may be in default after it tried to service two sovereign bonds in rubles rather than U.S. dollars.

Russia made payments in rubles April 4 on two bonds that mature in 2022 and 2024, but it may not have [met its contractual promise](#), according to Moody's. **Russia "therefore may be considered a default" because making payments in rubles rather than dollars changes the payment terms in the original bond contracts, Moody's said in a statement Thursday.**

Russia could avoid default if it switches its payments to dollars by May 4, the end of the grace period, though it may not be easy as [sanctions from the U.S. and Europe](#) on its central bank and finance ministry have hemmed in what it can do with its funds.

The U.S. Treasury last week blocked Russia from paying off a bond it had due by denying a sanctions waiver to JPMorgan Chase & Co. to process the transfer. The Treasury said U.S. banks [would no longer be allowed to facilitate payments](#).

Moody's said that while eurobonds issued after 2018 sometimes allow for repayments to be made in rubles under

special circumstances, those issued before 2018 either don't have that clause or only allow for payments to be made in hard currencies including dollars, euros and Swiss francs.

Russia's bond contracts have no provision for repayment in any currency other than dollars, the credit-rating agency said.

The last time Russia defaulted on foreign debt was in the aftermath of the Bolshevik Revolution of 1917.

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