

Local Equity Markets Continue to Dive

By [The Moscow Times](#)

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The ruble continued to slide against foreign currencies, closing down 2 kopeks Wednesday at 29.75 to the dollar. **Sergei Karpukhin**

Russian stocks fell for a seventh day, their worst losing streak in three years, as investors pulled funds from riskier emerging markets on concern that the European debt crisis is worsening.

The 30-stock MICEX Index sank 4.4 percent to 1,431.41 by the 6:45 p.m. close in Moscow, erasing an earlier advance of as much as 2.2 percent, and taking its decline since Aug. 1 to 17 percent.

Lenders Sberbank and VTB Group tumbled 6.7 percent and 9.2 percent, respectively. Rosneft slid 5.3 percent. The dollar-denominated RTS Index decreased 4.5 percent to 1,537.57.

Local stocks had rebounded earlier after the U.S. Federal Reserve on Tuesday pledged to keep interest rates at a record low for two more years and oil advanced as much as \$3.60 to \$82.90 a barrel. The Stoxx Europe 600 Index plunged to a two-year low as Paris-based lender Societe

Generale retreated 16 percent.

"There's a herd mentality driving the market, and it's not acting very logically," Ivan Mazalov, director of Prosperity Capital Management, which manages more than \$5 billion of assets in Russia and former Soviet states, said by phone Wednesday.

The benchmark MICEX has retreated more than 20 percent from this year's high, the threshold that marks a bear market.

The measure's 14-day relative strength index, or RSI, sank to 21.40 Tuesday, below the level of 30 that indicates a rally, according to technical analysts. The last time the RSI fell that low was on Jan. 23, 2008, when the MICEX advanced 25 percent in four months before tumbling as much as 75 percent.

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