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Russian Stocks Rise After Putin Cools Ukraine Fears

By The Moscow Times

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Russian stocks were likely to ease back in the afternoon before Friday's Victory Day public holiday.

Russian stock indexes made further gains on Thursday, as investors remained hopeful that tensions in Ukraine will ease after President Vladimir Putin's call on pro-Russian separatists in eastern Ukraine to delay a planned referendum.

Two and a half hours into trading on Thursday morning the dollar-denominated RTS stock index was up 1.2 percent at 1,243 points, while the ruble-denominated MICEX index was up 0.8 percent at 1,375 points.

The RTS rose 4.7 percent and MICEX 3.4 percent on Wednesday, when Putin called on pro-Russian separatists in the Donetsk and Luhansk regions to delay a referendum planned for May 11. The rebels are due to make a decision about the vote on Thursday.

Analysts anticipated a continuation of Wednesday's positive momentum on Thursday,

reflecting investor optimism that the Ukraine crisis will be resolved through diplomacy.

"Investors will continue to buy against the background of de-escalation of the geopolitical conflict," Alexei Bystrov, deputy general director at Rossiysky Capital, said in a morning note. "Enthusiasm is also strengthened by positive trade data from China, where exports and imports unexpectedly rose."

Strong economic data from China supports the price of Russia's export commodities such as oil. Brent was steady at around $108 on Thursday.

Analysts said Russian stocks were likely to ease back in the afternoon before Friday's Victory Day public holiday, as investors are averse to holding risky long positions over a long weekend.

The ruble weakened slightly on Thursday, after soaring some 1.5 percent on Wednesday following Putin's comments about Ukraine.

At 12.30pm in Moscow the ruble was almost unchanged at 34.9 against the dollar and 48.6 against the euro.

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