

Third Wave of Sanctions Slams Russian Stocks

By [The Moscow Times](#)

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Russian shares fell 2.3 percent on Thursday after Washington imposed its toughest economic sanctions yet on Russian energy, financial and defense firms, also hitting the ruble and the country's sovereign dollar bonds.

The U.S. government imposed sanctions on Wednesday on some major players in the Russian economy over what Washington says is Moscow's reluctance to curb violence in Ukraine.

Sanctions, which in effect close medium- and long-term dollar funding, were imposed on Russia's No. 1 oil producer Rosneft, its No. 2 gas producer Novatek, its No. 3 bank Gazprombank and state-owned Vneshekonombank, or VEB.

News that nearly 300 were killed when a Malaysian Airlines plane crashed in eastern Ukraine

came after the market close.

The ruble-traded MICEX pared early losses of 3.1 percent to close 2.3 percent down at 1,440.63 points; the dollar-traded RTS index was down 3.8 percent at 1,299.03 points.

Shares in Rosneft pared losses to 4.3 percent after falling 6 percent. Oil-trading operations at Rosneft will not, however, be hurt by the sanctions, traders said.

Novatek was down 5.5 percent compared with an earlier decline of 9 percent. The company said its major projects would go ahead despite the sanctions.

"Despite the eye-catching headlines, the steps stop short of the much discussed, but yet not pursued, 'sectoral sanctions'," VTB Capital said in a note. "That said, for the first time they touch — even if only lightly — major Russian corporations."

The threat to Rosneft and Novatek from the sanctions is that Europe may follow suit and impose the same limitations on borrowing from European banks, Alfa Bank said in a note.

The ruble hit a six-week low against the dollar as stop-losses were triggered on short positions and was down 1.6 percent against it at 34.94.

It also lost 1.6 percent against the euro to trade at 47.24.

This left the ruble 1.6 percent weaker at 40.46 against the dollar-euro basket that the Central Bank uses to guide the currency's nominal exchange rate.

See also:

[Russian Stocks Hit 5-Week Lows as Europe Mulls New Sanctions](https://www.themoscowtimes.com/2014/07/17/third-wave-of-sanctions-slams-russian-stocks-a37409)

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