

Outflow from Russia Funds Hits 6-Month High After Plane Crash

By [The Moscow Times](#)

July 25, 2014



Russia-dedicated funds lost \$172 million in the week.

The outflow of capital from Russia-dedicated funds reached a six-month high in the wake of the downing of Malaysia Airlines flight MH17 in rebel-held eastern Ukraine last week, a report by UralSib Capital said.

As investor sentiment plummeted, Russia-dedicated funds lost \$172 million in the week ending July 23, the investment bank reported Friday, citing data from Emerging Portfolio Fund Research.

The outflow was split evenly between traditional funds and exchange-traded funds, which lost \$87 million and \$86 million, respectively.

This was the fifth consecutive week of losses for Russia-dedicated funds and the largest weekly outflow since the final week of January.

“Sentiment towards Russia took a huge blow after the downing of the MH17 airliner, which occurred during the reported week,” the report quoted analyst Slava Smolyaninov as saying. It will be “several weeks” before the full collateral damage of the crash can be assessed, he added.

The deaths of the 298 people on board flight MH17, which is thought to have been shot down by a surface-to-air missile, has goaded the United States and European Union into upping the pressure on Russia to de-escalate the situation in eastern Ukraine.

The threat of sector-wide economic sanctions from the U.S. and EU has further crushed market sentiment, Smolyaninov said, but not all the news is bad.

“We believe dividend inflows over the next couple of weeks should help stabilize the market in the short term. The case for Russian equities remains highly dependent on an economic turnaround and a stabilization of corporate margins, both of which we expect,” he said.

See also:

[EU Reaches Initial Deal on Broad Economic Sanctions on Russia](#)

[EU Sanctions on Russian Banks Would Stifle Investment, Lending](#)

Original url:

<https://www.themoscowtimes.com/2014/07/25/outflow-from-russia-funds-hits-6-month-high-after-plane-crash-a37689>