

Russian Shares Rise as Fears of Russia Invading Ukraine Ebb

By [The Moscow Times](#)

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A Russian convoy of trucks carrying humanitarian aid for Ukraine, behind a police escort, stops along a road near the city of Yelets.

Russian shares rose strongly on Wednesday, reflecting a recovery in global risk appetite and investors' hopes that international tensions over Ukraine would ease despite confusion about a Russian aid convoy.

The dollar-denominated RTS index closed up 1.8 percent at 1,220 points. Its ruble-based peer MICEX was also 1.8 percent higher at 1,398 points.

"The local market is rising stronger than could be expected given the external backdrop," Nord Capital analyst Vitaly Manzhos commented in a note. "Probably the reason for the rise is the current weakening influence of the geopolitical factor [Ukraine]."

Fears that Russian military intervention in Ukraine may be imminent have receded, although

there was confusion over the future of a Russian aid convoy that is bound for eastern Ukraine. Ukraine says the move is designed to fan a pro-Russian rebellion.

Kiev declared that the convoy would not be allowed to pass, but a presidential spokesman later suggested a compromise might be found, bringing it under the control of the International Committee of the Red Cross, or ICRC.

Heavy fighting in eastern Ukraine between government forces and pro-Russian separatists is also continuing, with a rapidly rising death toll as fighting escalates.

Russian stocks were helped by a general rally in global risk appetite, with the MSCI emerging markets index up 0.8 percent and Germany's DAX stock index up 1 percent.

Many analysts were surprised by the strength of positive sentiment toward Russian stocks. BCS Express analyst Ivan Kopeikin said that external negative factors, such as weak euro zone economic data and falling oil prices, pointed to the market falling in the short term.

On Thursday the Brent oil price hit a 13-month low, trading in the region of \$103 a barrel.

The market also shrugged off poor first half results published by gas giant Gazprom under Russian accounting standards, or RAS, which showed a 38 percent fall in net income, were analysts said was negative for investors as it reduced the likelihood of 2014 dividends.

Gazprom explained the fall in profits in part with reference to provisions against "doubtful debts" — believed by analysts to refer to debts owed by Ukraine's Naftogaz.

Despite its disappointing RAS results — seen as a guide to more reliable results under International Financial Accounting standards — Gazprom was up 2.3 percent, reflecting the demand for liquid shares against the backdrop of the general improvement in sentiment.

"Today we had not bad volumes of purchases for Gazprom. True, there was just as much for Sberbank," said Andrei Yarnikh, equity salesman at UBS.

The ruble also rallied, rising 0.35 percent against the dollar to 36.05, and 0.18 percent to 48.26 versus the euro. It was 0.31 percent stronger at 41.53 against the dollar-euro basket.

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