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Russian Shares Continue Upward Run as Ukraine Risks Recede

By The Moscow Times

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Russian shares rose on Tuesday, touching one-month highs and drawing support from increased global risk appetite linked to hopes there will be no further escalation of the conflict in Ukraine.

At 2 p.m. in Moscow, the dollar-denominated RTS index was up 0.6 percent to 1,251 points, while its ruble-based peer MICEX traded 0.9 percent higher at 1,438 points.

"Declining geopolitical risks around Ukraine and Iraq, as well as a steady recovery in the American economy, are creating a positive external backdrop for the Russian stock market," said Mark Bradford, an analyst at BCS brokerage in Moscow.

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eighth straight session.

Among the top performers on MICEX were Russia's top gas producer Gazprom and oil company LUKoil, both of which rose 1 percent.

Both companies shrugged off a recent decline in oil prices that has seen global benchmark Brent languish near a 14-month low.

Analysts at EnergoKapital investment group said the strong gains seen over the past week could be followed by a short, sharp correction. "But we aren't seeing an acute deterioration in the news backdrop, and therefore we expect the buying mood will remain from the start of trading," they said in a note.

Russian markets have been battered since early March by the fallout from the Ukraine crisis, which caused a massive sell-off in Russian assets that dented confidence in the country's overall financial stability.

Although fierce fighting continues between pro-Russian rebels and government forces in eastern Ukraine, some investors have started to cautiously return to Russian markets in the hope that Moscow will avoid further Western sanctions that could hurt Russia's already weak economic growth.

The ruble was 0.3 percent weaker against the dollar at 36.17 and lost 0.25 percent to trade at 48.29 versus the euro.

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