

# Emerging Shares Plummet as Russia Hit by Falling Oil Prices

By [The Moscow Times](#)

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An employee stands in front of lines of oil barrels at a lubricants blending plant.

Emerging stocks were on track for their biggest weekly fall in 18 months, dragged down by dropping oil prices that continue to inflict heavy losses on Russian assets.

Oil prices tumbled to \$63 per barrel, sending Russia's ruble down 1.6 percent to a new historic low against the dollar. Moscow dollar-denominated stocks fell as much as 4.8 percent, gearing up for their steepest weekly fall in over two years and down 42 percent since January.

"In Russia, it's a one-for-one correlation with the oil price," said Commerzbank Senior Emerging Markets Economist Tatha Ghose. "Only a turnaround in the oil price can turn it around."

Russian bonds also sold off, with dollar debt spreads over U.S. Treasuries as well as local 10-year yields surging to levels last seen in 2009.

The MSCI emerging stocks index traded 0.2 percent lower, having lost almost 6 percent since the start of the year. And there was little prospect of respite ahead for the weeks to come, according to Commerzbank's Ghose.

"There is some slackening of growth momentum all around," said Ghose. "Right now the fundamentals aren't there — there is only a liquidity stimulus-related argument, but that's a very fragile thing."

Elsewhere, South Africa's rand traded sideways against the dollar and shares were down 0.6 percent ahead of sovereign credit rating reviews by agencies Standard & Poor's and Fitch to be published later in the day. Earlier in the week, the rand hit six year lows as markets braced for a possible downgrade.

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