

Russian Assets Reverse Losses

By [The Moscow Times](#)

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Russian assets reversed their early session losses on Thursday, with market players betting that German and French leaders' visits to Kiev and Moscow would take the edge off the Ukraine crisis.

At 7:32 p.m., the ruble was around 1.5 percent stronger at 66.90 ruble per dollar and traded some 1.5 percent up versus the euro at 76.3.

The dollar-denominated RTS index was 4.4 percent higher at 804.5 points and the ruble-based MICEX traded 2.4 percent up at 1,696 points.

German Chancellor Angela Merkel and French President Francois Hollande plan to fly together to Kiev and Moscow with a proposal to resolve the conflict.

"The decision of the German chancellor and the French president ... has found a positive response from investors who saw this as hints of de-escalation," Sofia Kirsanova, an analyst at Raiffeisen Capital in Moscow, wrote in a note.

"Nevertheless, we should not forget that the European Union is still discussing the possibility of tightening sanctions against Russia ... However, market participants prefer not to take that under consideration."

On Wednesday, Standard & Poor's rating agency cut the credit ratings of several state-controlled Russian companies and leading banks, with energy companies Rosneft and Gazprom being downgraded to non-investment grade.

The downgrade came after S&P cut Russia's sovereign rating to junk last month, bringing it below investment grade for the first time in a decade on worsening monetary policy and economic growth following Western sanctions on Moscow.

"This decision had been expected but we cannot rule out a higher sell-off of shares of corresponding companies," Alexander Kostyukov, analyst at Veles Capital in Moscow, said in a note.

Oil prices, Russia's main export, also reversed their early session losses, with Brent rising towards \$56 per barrel, helping the ruble and energy assets.

Shares in Magnit, Russia's biggest food retailer underperformed the market after the company said its shareholder Lavreno Limited had placed 1 million shares at around \$143 each.

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