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Investor Confidence in Russia Plummets — Poll

By The Moscow Times

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The poll found that less than a third of investors believe Russia's economy will grow anytime before 2017.

Investors' average confidence in Russia has more than halved since last year, according a poll released Tuesday by Detail Communications, a Moscow-based financial communications firm.

Detail Communications saw investor confidence falling from 56 percent last year to 25 percent in January.

The top concern over investing in Russia was "political risk", with 38 percent of investors highlighting it as a concern. Factors such as "geopolitical tension" (35 percent) and "rule of law" (27 percent) were also major concerns for investors.

The low level of investor confidence follows numerous gloomy data regarding Russia's

economy. The ruble has lost almost half its value against the U.S. dollar since July, while many analysts expect Russia's economy to contract by 4-5 percent in 2015.

The poll also found that less than a third of investors believe Russia's economy will grow anytime before 2017, with 19 percent believing Russia's economic stagnation will continue until at least 2019.

Despite the oil price plunging in 2014, 38 percent of respondents cited oil and gas as the most attractive industry for investors. The poll noted that, as these companies have mostly ruble expenses but make their profit in dollars, they are "least likely to default and offer good dividends."

Poll respondents said the best way to make Russia more attractive to investors was through "economic reforms/diversification" (46 percent) and "establishing the rule of law" (38 percent), with "peace in Ukraine" and "tackling corruption" in equal third at 27 percent. "Sanctions lift" was sixth, with 15 percent.

Detail Communications reached it conclusions by surveying 26 managers and analysts from prominent investment banks, hedge funds and asset management firms with past or present experience investing in Russia.

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