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INDEPENDENT NEWS FROM RUSSIA

Russian Assets Steady After Earlier Rally on Oil Price

By The Moscow Times

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A board displaying currency exchange rates is on display near a church in Moscow, Feb. 24, 2015.

The ruble and Russian shares were little changed on Friday, as markets took a breather after a strong rally the previous day and as oil markets remained volatile.

At 08:55 GMT the ruble was up less than 0.1 percent at 61.19 against the dollar and by a similar amount against the euro at 68.67.

The dollar-based RTS index of Russian shares was down 0.3 percent to 909 points while the ruble-based MICEX was up 0.2 percent to 1,765.

Russian markets are closely linked to the oil price, which rose this week, underpinning Thursday's rally in Russian assets. However, the oil price has been highly volatile, leading to a mood of caution after recent gains.

Although oil benchmark Brent was up about 2 percent on Friday to $61.2 per barrel, this

follows a similar fall on Thursday evening.

"Today we expect a certain caution, especially following the rise of the markets yesterday," BCS analyst Mark Bradford said in a note.

He said in addition to the volatile oil price, investors were also confused by reports about the implementation of a cease-fire in eastern Ukraine. "Both sides are continuing to report the withdrawal of heavy weapons, and also the absence of such actions," he said.

However, analysts at Sberbank Investment Research said "the news flow regarding Minsk 2 implementation is as positive as it has been for some time".

"Both sides are withdrawing heavy weapons and have been commended by the OSCE for their 'mutual actions' ... While progress is fragile, for now we view the risk of further sanctions as very low."

Implementation of the so-called Minsk 2 peace agreement to end the conflict in eastern Ukraine is a key driver for Russian markets because it is likely to determine the future of Western sanctions against Russia.

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