

The Russian Stock Market is the Best Performer in the World in 2019

Investors in the MSCI Russia Index have booked a 44% profit since the start of the year.

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Even a small inflow of cash into the MSCI Russia Index can push up share prices significantly, given low liquidity on the Russian stock market. **Dmitry Serebryakov / TASS**

The Russian stock market has delivered the biggest returns to investors anywhere in the world in 2019.

Since the start of the year, the MSCI Russia [Index](#), a tracker which follows the 23 largest Russian publicly-listed companies has soared by 44%, Sberbank analyst Cole Akeson told Russian news site [RBC](#).

Over the same period, the MSCI Emerging Markets Index, which includes Russian stocks and companies listed in 23 other developing economies such as China, Brazil, Mexico and India has delivered returns of 12%.

Russia's stock market [boom](#) has been driven by higher global risk appetite and a search for higher-paying assets amid interest rate cuts, Mikhail Ganelin, a senior analyst at Aton, told RBC. That has benefited Russian stocks, which are seen as riskier, and have lower levels of liquidity — meaning even a modest increase in demand can lead to big increases in share prices.

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Russian companies have also increased their dividend payouts this year — especially firms in which the Russian government is the majority shareholder, such as Sberbank and Gazprom. The dividend yield on the Russian market is among the highest in the world at 6.7%, Akesson said, compared to just 2% on the S&P 500 — a collection of U.S.-listed stocks.

The 44% year-to-date return on the MSCI Russia includes income from dividend payments. The MOEX Russia Index, a different tracker compiled by the Moscow Exchange, last week [passed](#) 3,000 points for the first time in history.

The growth comes after a miserly 2018, which saw the MSCI Russia Index grow by just 0.51% over the entire year amid fears of a U.S.-China trade war and general poor performance globally for equities.

In addition to higher dividend payments, Russian stocks also benefited from a pause in the implementation of new U.S. or EU [sanctions](#), with the risk of new sanctions being levelled against Russian firms at its lowest since 2014, said Alfa Bank's Sergey Karakhanyan.

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