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INDEPENDENT NEWS FROM RUSSIA

Foreigners Ditch Russian Government Bonds in Record Numbers

Monthly outflow from government bonds in March was more intense than after Western sanctions were introduced.

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The crash in the value of the ruble prompted an outflow from Russian assets. **Stanislav Krasilnikov / TASS**

Foreign investors sold more than $3.5 billion worth of Russian government bonds in March, as the coronavirus caused unprecedented panic on the global markets and the ruble crashed following a collapse in world old prices.

Data from the Moscow Exchange shows non-residents reduced their holdings of Russian federal bonds, referred to as OFZs, by a record 284 billion rubles ($3.63 billion at Thursday's exchange rate) over the month, Russian daily Vedomosti reported.

The sell-off was the largest ever recorded in a single month, Promsvyazbank analyst Dmitry Gritskevich said, more than doubling the previous high of 141 billion rubles in June 2018,

when the U.S. leveled fresh sanctions against Russia.

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In total, non-residents sold more than 10% of all OFZs which were on their books, reducing their share of total holdings from a previous all-time high of almost 35% to 31.2%.

Analysts say the main trigger for the mass exit was the collapse in the value of the ruble, which dropped 20% over the month after Russia walked away from an oil production cut with Saudi Arabia, triggering a price war and sending oil prices tumbling to their lowest level in almost two decades.

Prices for Russian government debt collapsed over the month as the sell-off intensified. Yields — the annual interest rate which moves in the opposite direction to prices and is a marker of how safe or risky investors believe an asset is — on Russia's 10-year bonds climbed from a low of 6.03% in mid-February to a peak of 8.57% in March.

Analysts surveyed by the paper said the sell-off could continue in April as volatility on global financial markets and in Russian assets continues.

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