The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russian Ruble, Stocks Surge on Vaccine Optimism

Airlines and oil companies top performers as Pfizer announcement on vaccine effectiveness buoys markets.

November 09, 2020



The ruble is up 6% over the last week. **Kirill Zhukov / Moskva News Agency**

The Russian ruble and stock market soared Monday, hitting their strongest levels in months as global markets cheered positive news from one of the frontrunners in the coronavirus vaccine race.

American pharma giant Pfizer and German BioNTech said their vaccine, currently in Phase 3 medical trials, was 90% effective in preventing Covid-19 infections. It is the most detailed and promising public update yet published on vaccine effectiveness from one of the handful of vaccines which have undergone widespread testing among volunteers.

The ruble soared by more than 2% against the dollar — a huge movement in the foreign currency markets — to stand at 75.9. That was the currency's best reading since mid-

September. The ruble has now gained almost 6% from where it stood on the eve of the U.S. presidential election.

Global enthusiasm also helped push the Russian stock market higher. The dollar-denominated RTS index was up 4.3% during Monday afternoon trading in Moscow, while the ruble-based MOEX Index climbed 2.3%.

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Russia's biggest winners were stocks which have suffered heavily this year amid unprecedented shutdowns of the global economy — airlines and oil companies. Best performer Aeroflot had added almost 8% by 4pm Moscow-time, while energy companies Lukoil, Tatneft and Novatek claimed the next three spots on the leaderboard.

"Pandemic-proof stocks are likely to underperform as those that have been battered over the last eight months come back into favor," said Craig Erlam, senior market analyst at OANDA Europe.

"With Covid wreaking havoc across Europe and the U.S. once again, the Pfizer announcement has provided the lift we've all craved," he added.

Still, Russian gains lagged the market increases across Europe, where the London benchmark FTSE 100 was up by more than 5% and the Eurostoxx 50, which tracks the 50 largest companies based in the Eurozone, added more than 6%.

Before the U.S. presidential elections, investors feared a Joe Biden victory could mean a stricter policy against Russia and potentially harsher sanctions.

The gains came despite coronavirus infections reaching a new peak globally and in Russia in recent days. Russia is now reporting more than 20,000 new infections a day, but authorities have pushed back on any notion that the country will introduce a second lockdown.

Original url:
https://www.themoscowtimes.com/2020/11/09/russian-ruble-stocks-surge-on-vaccine-optimism-a71995