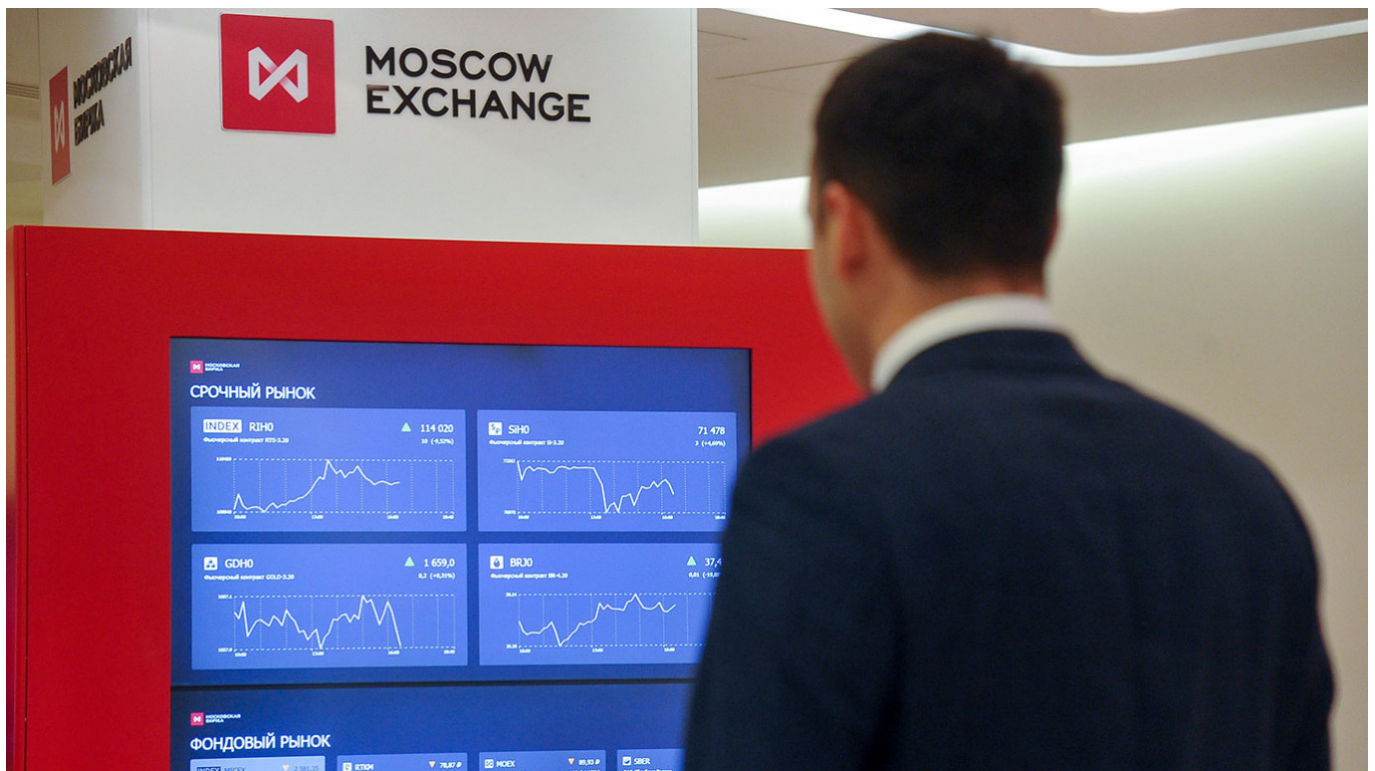


Russian Markets Slide on Ukraine War Fears

Ruble and stocks in the red as talk of military confrontation spooks investors.

November 22, 2021



Traders have sold Russian assets as talk of a military confrontation in eastern Ukraine spooks markets.
Alexander Avilov / Moskva News Agency

Russia's financial markets sank in trading Monday as fears of a possible military confrontation between Russia and Ukraine weighed on investors' minds.

Talk of a possible military confrontation between Russia and Ukraine has escalated in recent days, with Bloomberg reporting that U.S. intelligence has [warned](#) European allies a Russian invasion "on a scale far greater than seven years ago" could be "imminent."

The RTS Index — Russia's main stock market, denominated in U.S. dollars — was down 4% by Monday afternoon, wiping billions off the valuations of Russia's top companies.

Banks were among the biggest fallers — seen as vulnerable to a devaluation in the ruble or introduction of new sanctions against Russia's financial markets — along with energy giant Gazprom.

The Russian ruble lost 1.1% against the U.S. dollar, trading at 74.4 — its lowest since August. The currency was down by a similar amount against the euro.

Traders are also mulling the potential for a new round of sanctions against Russia. Over the weekend, the chair of the powerful U.S. Senate Foreign Relations Committee proposed a legislative amendment that could see strict new financial sanctions levied against Moscow.

The declines wiped out three months of gains that had seen Russian stocks trading at all-time highs.

Until recently Russian stock markets had been among investors' top picks in emerging markets, as traders pointed to record-high valuations in the U.S. as signs of a possible bubble and a period of relative [calm](#) in Russia's relations with the West following the Geneva summit between Presidents Vladimir Putin and Joe Biden.

Russian assets “had been the most popular, laziest [buy recommendation] this year,” said BlueBay Asset Management's Timothy Ash. “Not working out too well now — Russia risks getting hit by the double whammy of inflation and geopolitical risk.”

Russian firms have long been seen as high-risk investments, and tensions between Russia and the West regularly result in Russian companies seeing their stock prices fall.

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