

Investors Continue to Ditch Russian Assets Amid War Fears

Russia's largest companies have lost more than \$100 billion in value over the last week.

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The Russian stock market has fallen by more than a quarter in the last three months. **Alexander Avilov / Moskva News Agency**

Russian markets came under more pressure on Tuesday, as fears of a possible military escalation over Ukraine continued to hit the ruble and share prices.

The Russian stock market was down 8% in dollar terms in afternoon trading in Moscow in the sharpest one-day fall for the market since March 2020. The slide compounds last week's steep [losses](#) following the failure of high-stakes talks between Moscow and the West to de-escalate the situation on Russia's border with Ukraine.

Moscow has amassed more than 100,000 troops in the area and both Russia and NATO have warned there is a serious risk of military conflict breaking out. Russian officials said last week

talks were at a “dead end,” and that they were awaiting counter-proposals from the U.S. and NATO over Russian demands for a new European security pact that the West has called a “non-starter.”

The geopolitical turmoil has left Russian markets reeling as investors and traders ditch risky assets that could be exposed to new rounds of sanctions should Russia escalate military action against Ukraine.

The benchmark RTS index of leading Russian shares has slumped 15% over the last week, wiping more than \$105 billion from the value of its constituents.

Related article: [A Week of Russia-West Diplomacy Ends in Deadlock](#)

State-controlled lender Sberbank — which was named as a possible sanctions target last week in draft U.S. legislation — was the biggest faller Tuesday, down more than 11% to its lowest price in more than a year.

The Russian ruble also continued its slide Tuesday, falling 0.5% against the U.S. dollar to trade at 76.5. The currency had secured a brief respite Monday evening as reports emerged that Washington would not seek to kick Russian banks out of the crucial SWIFT financial messaging service — but the optimism proved short-lived.

The losses come even as oil prices hit their highest levels in eight years — a factor that would usually boost the value of Russia’s commodity-heavy stock market and provide some support for the ruble, analysts said.

“Despite the positives from the commodities market, ruble-denominated assets continue to fall due to the serious geopolitical risks. The situation is scaring many investors away from the Russian market — primarily foreign investors — not even allowing the market to stabilize at these new lows,” said Dmitry Babin, a stock market analyst at the BCS brokerage in Moscow.

The U.S. and other Western countries have [promised](#) “severe consequences” if Russia takes military action against Ukraine, including [sanctions](#) against the country’s leading banks, a ban on trading government debt and implications for the controversial Nord Stream 2 pipeline.

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