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Russian Stocks and Ruble Rally As War Fears Lessen

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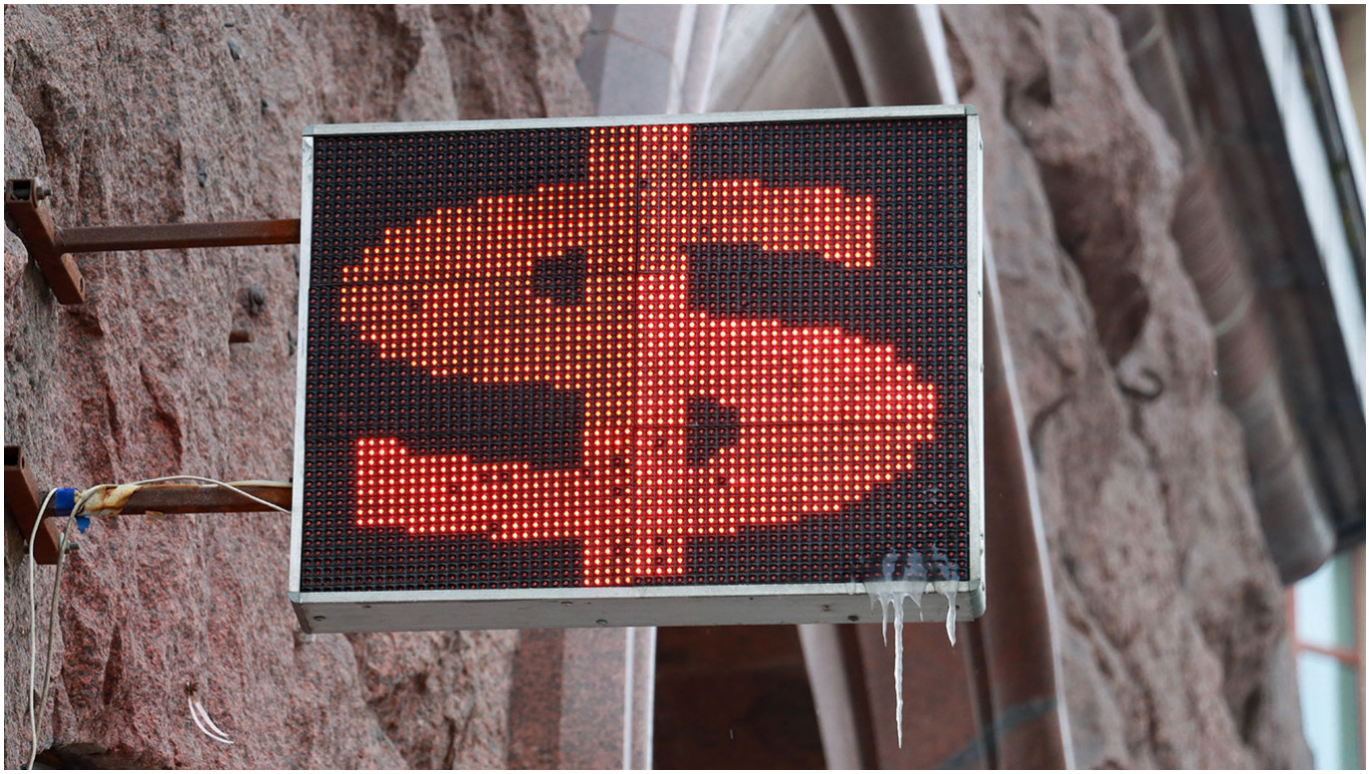

The ruble strengthened 1.4% against the dollar. **Moskva News Agency**

Russia's main stock market gained ground on Tuesday after the country's Defense Ministry announced that some of the more than 100,000 troops it has deployed near the Ukrainian border are returning to base.

Moscow released few details and there was no immediate outside confirmation of the withdrawal, which the Kremlin said had always been planned despite Western "hysteria" over a feared invasion of Ukraine.

Slava Smolyaninov, executive director and chief strategist at BCS Global Markets, told The Moscow Times that the news had "definitely" reassured markets that the prospect of war between Russia and Ukraine was becoming less likely.

"The markets started to bounce back immediately after the Interfax headlines about the troops returning to their bases," he said.

Related article: Russia Says Pulling Back Some Forces from Ukraine Border

Months-long fears in Washington of Russian invasion of Ukraine reached fever pitch at the end of last week after U.S. National Security Advisor Jake Sullivan warned that an attack could occur "any day now."

Secretary of State Antony Blinken on Monday said the U.S. was "temporarily relocating" the U.S. diplomatic mission from Kyiv to western Ukraine, citing an imminent risk of a Russian attack against its neighbor.

The RTS Index — Russia's main stock market, denominated in U.S. dollars — was up 5.5% on Tuesday afternoon, its largest daily gain yet this month. It remains down 7.5% from the start of the year.

The ruble, meanwhile, strengthened 1.4% against the dollar, trading at 75.1 rubles against the U.S. currency in the afternoon. The Russian currency had traded at 80 to the dollar last month, its highest since November 2020. The ruble reached 85.5 to the euro in afternoon trade, strengthening by 1.2%.

Igor Rapokhin, an analyst at Sberbank, said the improved geopolitical outlook was good news for Russia's currency.

"Given the signs that diplomatic discussions on the current crisis will likely continue and also amid the absence of forex purchases by the Central Bank of Russia, we think the ruble could slowly extend its recovery," he said.

"Still, market sentiment remains highly fragile, so volatility is bound to stay high," he added.

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