

Russian Stocks Drop After Plane Crash in East Ukraine

By [The Moscow Times](#)

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Russian shares fell 1.3 percent on Friday, as the downing of a passenger airliner in eastern Ukraine looked likely to increase tensions with the West, contributing to the biggest weekly drop since late April.

The ruble-traded MICEX closed down at 1,422.53 points, dropping 5 percent this week, the biggest loss in 12 weeks. The dollar-denominated RTS fell 1.8 percent to 1,276.80 points on Friday.

News that a Malaysia Airlines plane was brought down in a part of Ukraine under the control of pro-Russian separatists came after the market closed on Thursday. The downward pressure on shares reflected concerns over new sanctions on Russia over the Ukraine crisis.

Both Russia and Ukraine have denied involvement in the incident.

"The origin of the crash will only be revealed after the official investigation is finished, but in any case it has massively increased global attention on what is occurring in the conflict zone," Sberbank CIB said in a note.

"The vast majority of casualties are Europeans, which may turn EU public opinion towards introducing additional sanctions against Russia," it added.

Germany's Angela Merkel challenged Moscow's attempt to pin the downing of the airliner on Ukraine, pointing to Russia as a source of separatists' weapons. But she said it was too soon to talk about retaliatory measures.

The incident happened a day after the United States imposed new sanctions on Moscow, hitting Russian assets and the ruble.

Shares in state-controlled Aeroflot fell 5.1 percent on Friday. It will no longer fly over Ukraine, an official at the airline said.

Mid-sized oil producer Bashneft shed 6 percent as its owner, Sistema, said it faced restrictions on its share transactions, putting Bashneft's prospects to list shares in London this year in doubt.

The MSCI global emerging equities index was flat.

The ruble was 0.2 percent higher against the dollar at 35.11. It touched a two-month low early on Friday, but then was helped by companies buying it for forthcoming tax and dividend payments.

The currency was up 0.4 percent against the euro at 47.42.

This left the ruble up 0.3 percent at 40.66 against the dollar-euro basket that the Central Bank uses to guide the nominal exchange rate.

"If geopolitical tensions increase, there is plenty of room for the ruble to underperform further," VTB Capital said in a note.

See also:

[Russian Shares Take a Hit After Poroshenko Ends Ukraine Cease-Fire](https://www.themoscowtimes.com/2014/07/18/russian-stocks-drop-after-plane-crash-in-east-ukraine-a-37463)

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