

Russian Shares Shed Early Gains, Await EU Sanctions

By [The Moscow Times](#)

July 31, 2014

The  **Moscow Times**

Russian stock indexes erased early gains on Thursday, falling into the red by evening, as global markets declined and Russia waited to see details of further European Union sanctions over the conflict in Ukraine.

At 5:20 p.m., the dollar-denominated RTS index was down 0.2 percent to 1,220 points. The ruble-based MICEX fell 0.2 percent to 1,379 points.

In the morning the RTS rose 1.5 percent and MICEX 1 percent, after the European Commission published a new list of individuals and companies subject to sanctions over Ukraine which spared major listed companies.

Analysts warned, however, that further EU sanctions expected to be announced later on Thursday could deflate the market mood.

Russian shares were also dragged down during the day by declines on European and U.S. markets following disappointing corporate results.

A sanctions list published by the European Commission late on Wednesday included some associates of President Vladimir Putin as well as three companies, none of which are listed on the stock exchange.

Analysts said relief over the limited scope of EU sanctions so far may be misplaced as further measures targeting key sectors of the Russian economy are expected late on Thursday.

"Today's release of the texts of the EU Regulation on sectoral sanctions is the key item to watch in order to assess their scope," VTB Capital analysts said in a morning note.

Analysts said one of the major issues for the stock market is whether the EU sanctions will include Sberbank, Russia's largest bank and one of its major listed companies.

"The key question for the market is whether Sberbank is on the list as investors are certain about the inclusion of VTB after the U.S. declared sanctions on it," analysts at Uralsib said in a morning note.

On Tuesday, the EU reached agreement on sanctions that will shut major Russian banks out of European capital markets, but it has yet to say which banks will be affected.

Sberbank shares were up 0.4 percent on Thursday, outperforming the MICEX index. Shares in VTB, Russia's other major listed bank, also rose 0.4 percent, having fallen on Wednesday after the U.S. sanctions.

In a further blow to Russia, the European Court of Human Rights in Strasbourg awarded shareholders in the defunct oil company Yukos 1.9 billion euros (\$2.5 billion) in damages, following a \$50 billion damages ruling by a court in the Hague on Monday.

Shares in leading Russian oil company Rosneft, which had taken over the bulk of Yukos's assets, fell 0.6 percent on Thursday, slightly underperforming the market.

However, shares in Russian steel producer Severstal rose 4 percent, boosted by a promise on Wednesday to increase dividends by \$1 billion it raised from the sale of its assets in North America.

As with stocks, the ruble also erased morning gains to end the day weaker.

It was down 0.14 percent against the dollar at 35.64 and had shed one kopeck to 47.67 against the euro, leaving the ruble 0.08 percent weaker at 41.05 against the dollar-euro basket.

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