

## Russia shares have best week ever after Oct rout

Reuters , Saturday November 1 2008

MOSCOW, Nov 1 (Reuters) - Russian stock indexes posted a 50 percent weekly gain on Saturday after state rescue money added fuel to a recovery, though October was the most loss-making month ever for Russian shares.

In a special Saturday trade session, key share indexes rose nearly 4-5 percent as blue chips drew continued support from a state rescue that helped lift them off their lowest level for nearly 4 years, with help from a bounce in oil prices and U.S. stocks.

"There is a global warming in the investment climate. I think it won't last, but we could do another 10-15 percent on the indexes," UralSib head of trading Andrei Kukk said.

But despite the strong gains at the very end of October, the RTS lost 36 percent for the month as investors dumped Russian assets.

Saturday was designated a working day due to public holidays the following Monday and Tuesday. The RTS exchange operated under normal trading hours, while MICEX closed early.

Dealers said thin volumes accentuated market moves and trade in Russian shares could be volatile in the coming days.

Russia's benchmark RTS <.IRTS> added 3.75 percent to 802.39 points after touching fresh two week highs.

The MICEX, an indicator of more liquid rouble denominated trade, closed 4.78 percent higher to 766.92 points <.MCX>.

Moscow has allocated 175 billion roubles (\$6.59 billion) of state funds to buy stocks on the Russian market to support prices this year as part of a \$200 billion bailout for the Russian financial sector and economy.

Trade in Russian shares will shift to London-listed Global Depositary Receipts on Monday and Tuesday during the public holiday in Russia.

While traders suspect the state may have deployed some of its rescue funds on the London Stock Exchange during one of the many limit-down suspensions of local exchanges in recent weeks, London prices may lack support while Moscow is closed.

"While the local exchanges will be closed Monday and Tuesday, trading of Russian shares in London will of course continue, and that is where most of the volume has traded recently anyway," Pharos Financial Group said in a market comment.

"Those sessions could be weak due to the absence of the Russian government on the bid supporting prices. In short, it may not be until late next week that trading returns to "normal"." (Reporting by Polina Vorobieva; editing by Chris Pizzey) (\$1=26.54 Rouble)

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