

Основные этапы развития рынка ценных бумаг в России и его особенности

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Аннотация

В данной статье рассмотрены основные характеристики и современное состояние рынка ценных бумаг в Российской Федерации. Проанализированы исторические обстоятельства развития российского финансового рынка. На основе результатов анализа выделены основные тенденции развития и предложены рекомендации по дальнейшему совершенствованию рынка акций в Российской Федерации.

Ключевые слова: рынок ценных бумаг, акции, биржа, московская биржа.

The historic development of the stock market in Russia and its characteristics

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Annotation

In this article, the modern condition and main characteristics of Russian stock market is observed. The historic consequences of the development of Russian financial market are analyzed. Based on the results of the research the development trend is highlighted and some recommendations are suggested on the further development of the stock market in Russian Federation

Keywords: stock market, stock exchange, moex, indices, shares.

Russian Federation is a relatively new country with an economy in transition period that has suffered several shocks for the past three decades. After the Soviet Union collapsed in 1991, Russia had to build a market economy on the basis of Soviet planned economy with neither market relations nor financial literacy of the population. This transition was stressful and led to the crisis and the default in 1998, when the government tried to use shock therapy for the market stabilization [6]. Russian economy, market and financial systems are unique; therefore, it is crucial to understand the whole process of their development.

Today Russian financial market is growing and developing fast reaching a strong and stable international position. For example, in accordance with the Financial Development Index created by the IMF, Russian financial market has reached the level of other BRICS countries: Brazil, India, China and South Africa. This index, which is a combination of six separate values, measuring depth,

efficiency, and availability for both financial markets and financial institutions, also showed that while the effectiveness and accessibility of financial markets are relatively high, the depth of markets and the level of development of financial institutions experience rather poor condition [4].

Prior to year 1991, the private property was illegal in the Soviet Union and therefore in the Russian Soviet Federative Socialist Republic, thus the very existence of a stock market was impossible in those circumstances. However, a year later the well-known process of privatization of state property started. We may say that 1992 was the year of the rapid growth and development of the securities market in Russia because of privatization [9].

The terminal values of all firms except most of oil and gas companies was taken and divided by the number of people in Russia. Every citizen got a special check which could be used to purchase the shares of the company. Although this process seems fair, the prices were different for different companies and varied significantly in all the regions because of the speculators. Moreover, executives and employees got privileges during privatization compared to poorly economically educated citizens. This led to the increase of the gap between rich and poor people in Russia and the appearance of billionaires.

Furthermore, those checks were of so-called “bearer” type, so they could be and were bought and sold freely all over Russia. For most of the citizens it looked more attractive to get money there and now than to get the shares of some company. Therefore, anyone could collect any number of bonds and spend them on a significant part of the shares of one enterprise or on portfolio diversification, which was also extremely popular.

After the privatization, Russian stock market experienced some shocks in 1997-1998 because of the Asian crisis and government policy. In 1998, the share prices dropped almost by 13 times compared to the year maximum of 1997, causing the government bond to collapse and the key interest rate to increase up to 150% [7]. However, the following crisis of 2008-2009 was much milder than 1997-1998 crisis. To prove this we will compare two main stock exchange indices: the RTS Index declined by 91,3% and the MICEX decreased by 73% in the late 1990s, while in the 2008-2009 crisis they dropped by 78,2% and 68% respectively [2]. However, while the MICEX index shows the market return in domestic currency, Russian roubles, the RTS index reflects the return rate of the market in US dollars, so while the former index is important on the domestic market, the latter strongly depends on the unstable exchange rate and is more relevant for foreign investors.

According to the research, the securities market was negatively correlated and deeply dependent on Russian government bonds [7]. The correlation coefficients between the daily prices of Russian shares and government bonds were fluctuating between -0,78 and -0,90, therefore the determination coefficient R^2 reached the level of 0,81, meaning that the changes in the bond prices

were explained by the changes in the share prices in 81% of cases. The highest absolute values of the coefficients and therefore the strongest correlation was when the share price timeline was one day in advance of the government bond price. This means that the stock market was more sensitive to the changes in the oil prices and other external factors influencing Russian securities market.

Russian stock market has been known for its high volatility and riskiness, however, it is developing rapidly becoming one of the leading markets in emerging countries. Market capitalization in Russia was about 1,5 trillion before the crisis of 2008 and then in the year 2010 peaked up to 951,296 billion in current USD, dropping in USD after the rouble depreciation in 2014 and finally reaching the number of 622,52 billion in current USD in 2016, which is 1.6 times bigger than the previous year [1].

Moreover, Moscow Stock Exchange which was created 25 years ago is a large and significant stock exchange in Eastern Europe and CIS countries. However, the first IPO on the domestic market was only made in the year of 2002 by RBC (RosBusinessConsulting). Today, in 2017, the market capitalization of MOEX, which is the product of the merger of RTS and MICEX in 2011, is about \$35 trillion.

One of the widely-known peculiarities of Russian exchange market is the dependence of the market for the shares issued by Russian companies on oil prices. According to the research [3], the coefficient of determination R^2 between the monthly values of the price of a barrel of Brent the RTS Index in the years 1995-2003 is equal to 0,86, which means that the changes in RTS Index is explained by the changes in oil price in 86% of cases. This interdependence is considered to be really strong. The price of one barrel of Brent oil was USD 111,71 in June 2014, when it slumped to USD 50 per barrel by January 2015 and decreased even more reaching the decade minimum of 32,13 by January 2016 [5].

The main feature of modern Russian stock market is that although there are public companies traded on the stock exchange, the majority of shares and thus the voting power is normally owned by the government or one or few people, sometimes connected to the top management. For instance, only less than 5% shares of Aeroflot Russian Airlines are traded on stock exchange, while 61% are owned by Federal Agency for State Property Management, which also controls 78% of Transneft share capital. The same situation is with the most well-known Russian bank – Sberbank, 50%+1 voting share of which are owned by the Central Bank of Russia. 57,68 % of MVideo are owned by the “Safmar” group, which is closely connected to the former CEO of MVideo.

The other concern of modern Russian stock exchange market is that the payout ratio, which shows what percent of the profit is paid as dividends, is comparatively low. We have taken top-10 companies traded on MOEX [5] for the period 2012 – 2016 and calculated the average dividend

payout ratio [8], which is equal to 23,75%. It is much better than the same result calculated in the year 2009, which was equal to 19% only, but still considerably lower than NYSE total average dividend payout ratio, which is equal to 103,4%¹ for the same period.

Another feature of Russian stock market is that there is no investment banking in Russia. Investment bankers are a vital part of any stock market as they help companies to create and attract capital, to finance mergers and acquisitions, to issue and trade stocks or bonds. Under Russian legislation, there are no separate investment banks, they only exist as parts of ordinary banks.

According to the Central Bank of Russia Guidelines for the Development of the Market, financial consumer protection, including the information disclosure, is of the utmost importance on the financial market. The second guideline is the increasing of financial literacy of Russian population as the unawareness of the consumers about their specific rights and responsibilities often cause conflicts. The Bank of Russia is going to create an online resource with information about different aspect of trading. The author would also suggest placing necessary information on the stock exchange webpage so that the customers may read it before closing any deals.

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¹ gurufocus.com Available at <https://www.gurufocus.com/term/payout/NYSE:TOT/Dividend-Payout-Ratio/Total-SA>, calculated by the author

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