



# **Risk and Return at the Russian Stock Market**

**Academy of National Economy**

**„Transition Economies in the Post-Industrial World“**

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- ① **Russian Stock Market Indices**
- ② **Performance at the Russian Capital Market**
- ③ **Risk-Return-Tradeoff at the Russian Stock Market**
- ④ **Brownian Motion or Mean Reversion?**
- ⑤ **~~Summary~~ "Sell in May and Go Away"?**

# 1 Russian Stock Market Indices



## Important Russian Stock Exchanges

<b>Index</b>	<b>RTS</b>	<b>MICEX</b>	<b>CDAX</b>
<b>Listed Companies</b>	<b>249</b>	<b>148</b>	<b>678</b>
<b>Trading Volume</b> (2005)	<b>8 bn USD</b>	<b>136 bn USD</b>	<b>1,350 bn USD</b>
<b>Index Stocks</b> (Dec 05)	<b>50</b> (10 preferred stocks)	<b>18</b> (6 preferred stocks)	<b>678</b> (DAX: 30)

# 1 Russian Stock Market Indices



## Materials Dominate

<b>Index Weights (Dec 05)</b>		
<b>Industry Sector</b>	<b>RTS</b>	<b>MICEX</b>
<b>Oil &amp; Gas</b>	<b>49 %</b>	<b>43 %</b>
<b>Banks</b>	<b>16 %</b>	<b>23 %</b>
<b>Metals</b>	<b>16 %</b>	<b>14 %</b>
<b>Utilities</b>	<b>7 %</b>	<b>16 %</b>
<b>Telecommunication</b>	<b>7 %</b>	<b>3 %</b>

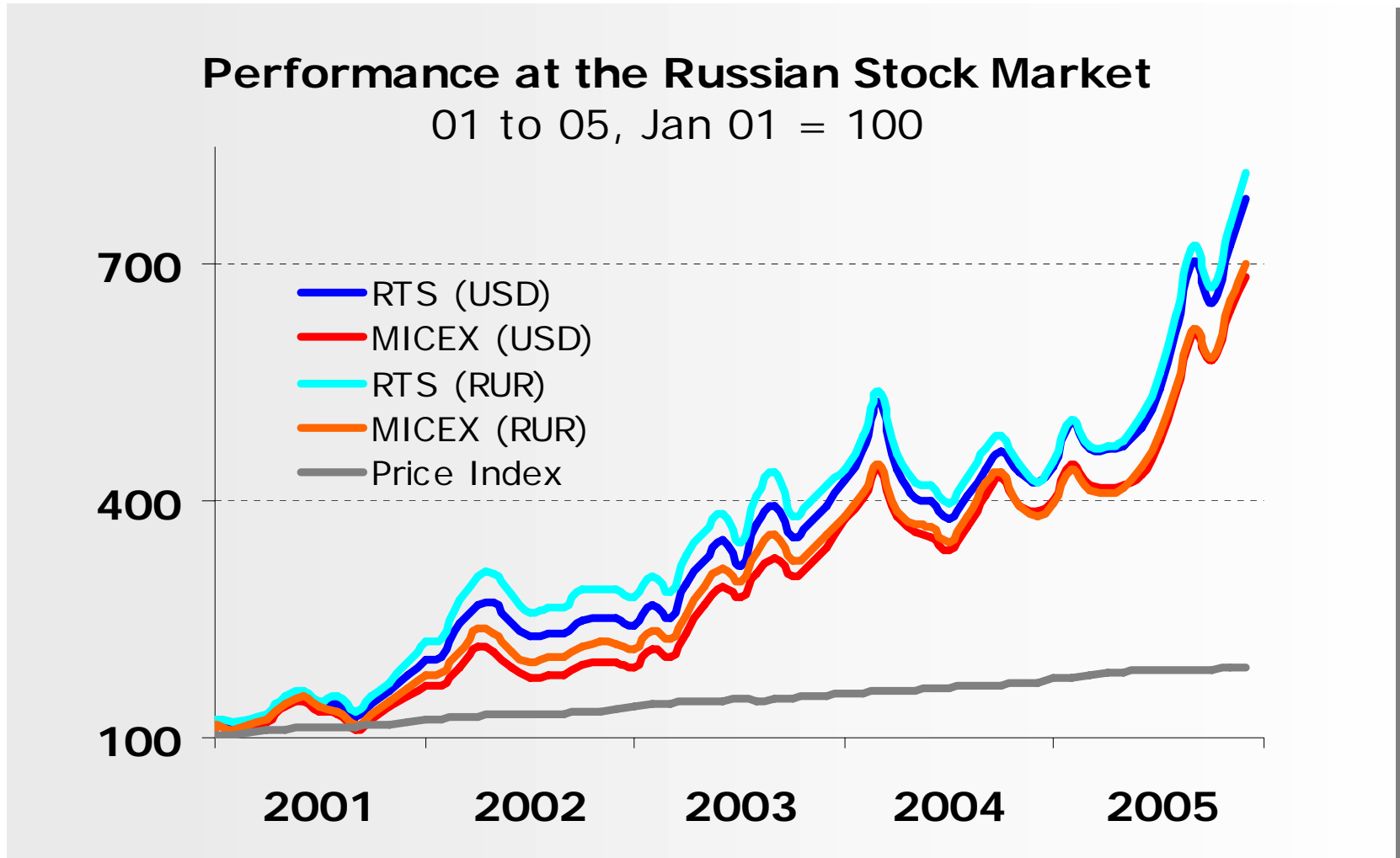


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## 2 Performance at the Russian Capital Market



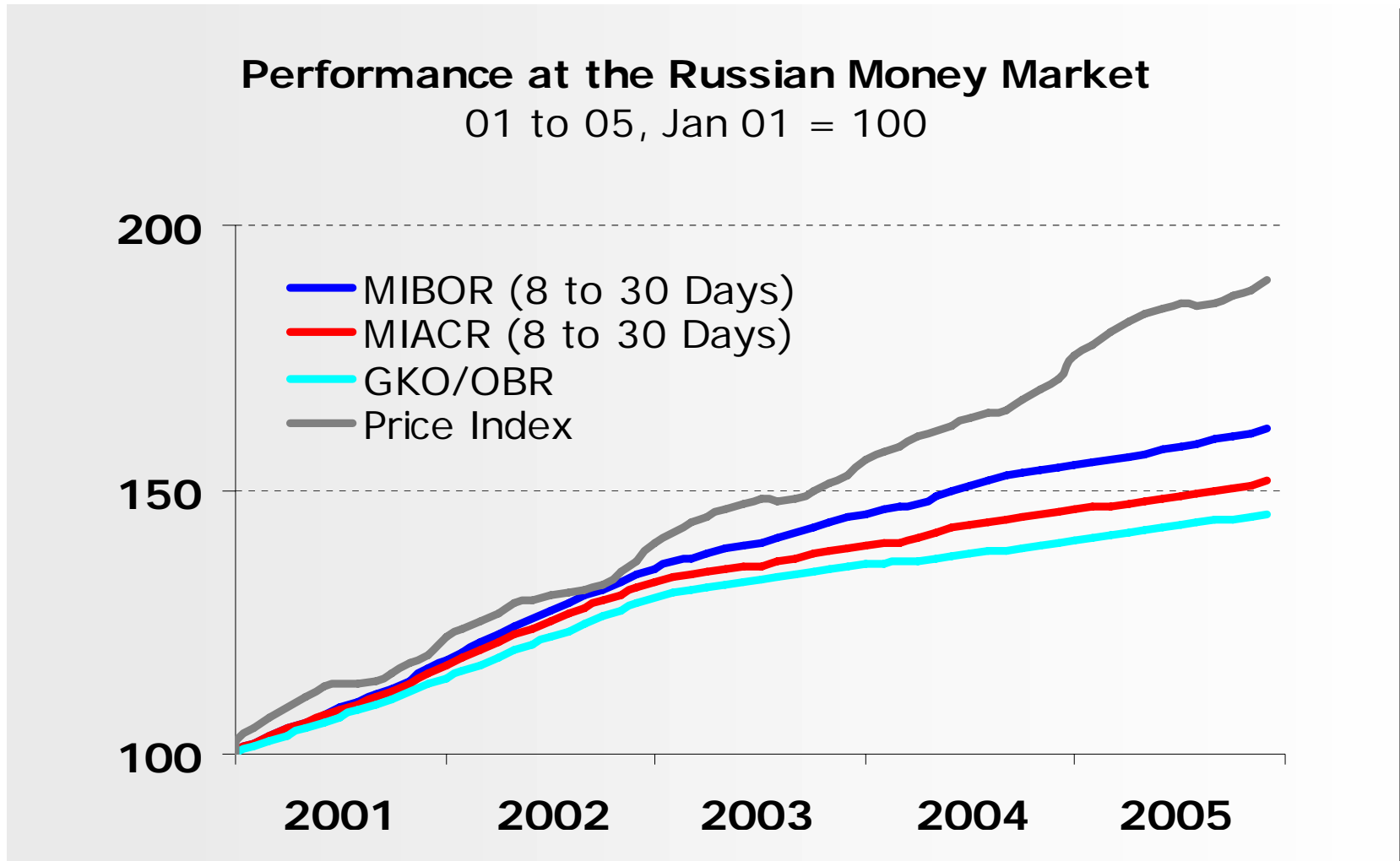
### Bull Market



## 2 Performance at the Russian Capital Market



### Money Market Below Inflation Rate





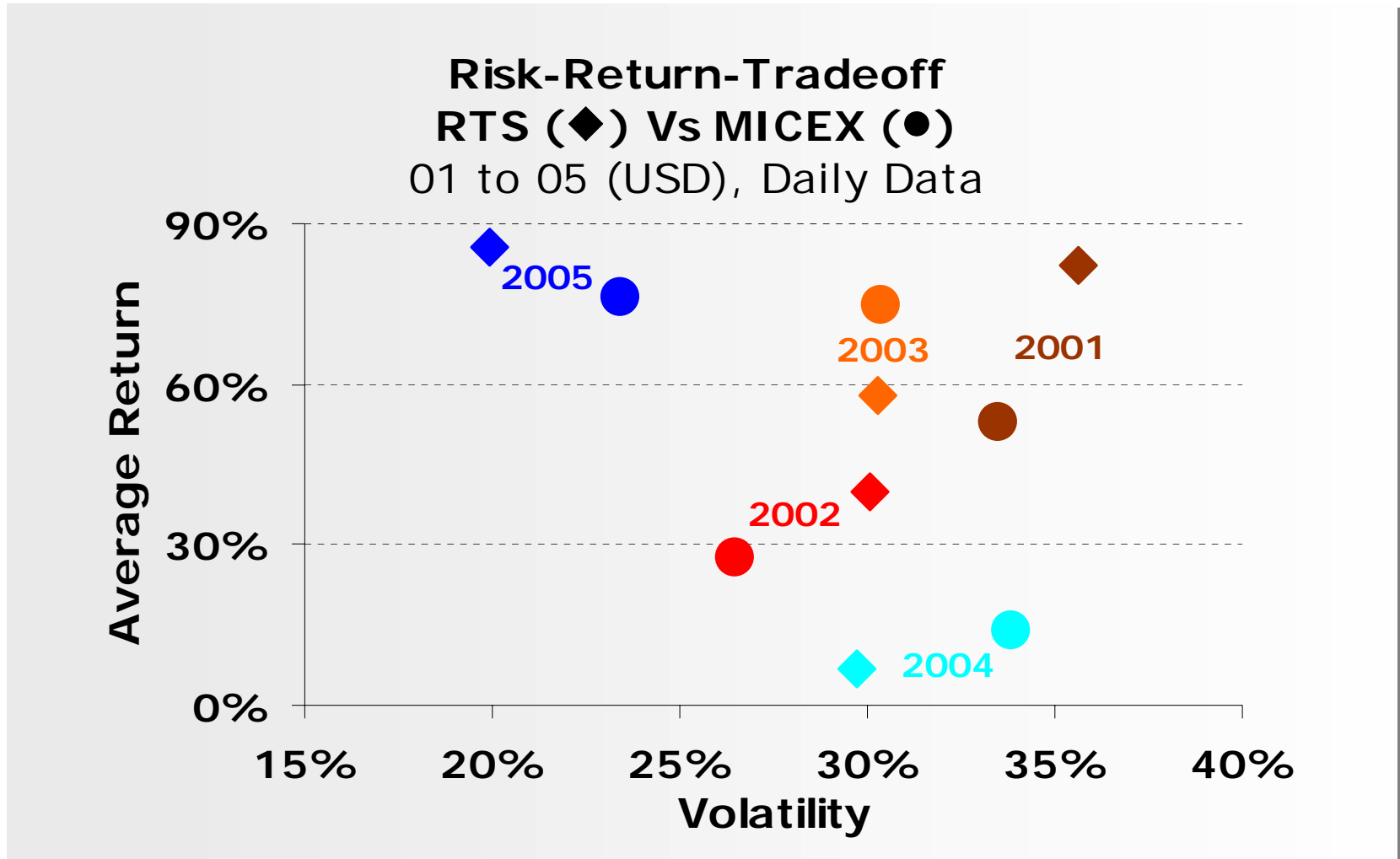
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### 3 Risk-Return-Tradeoff



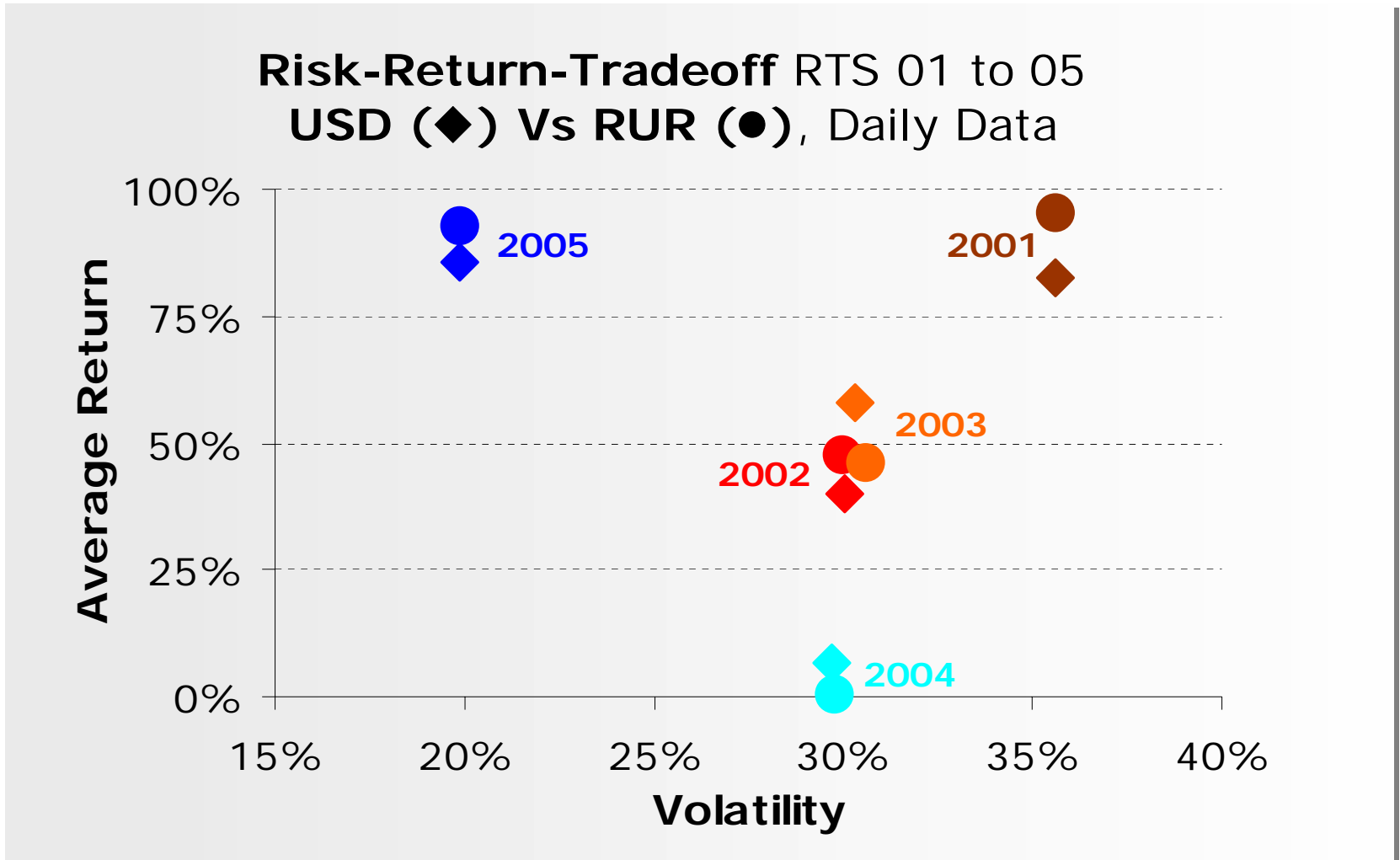
#### Volatility at International Level



### 3 Risk-Return-Tradeoff



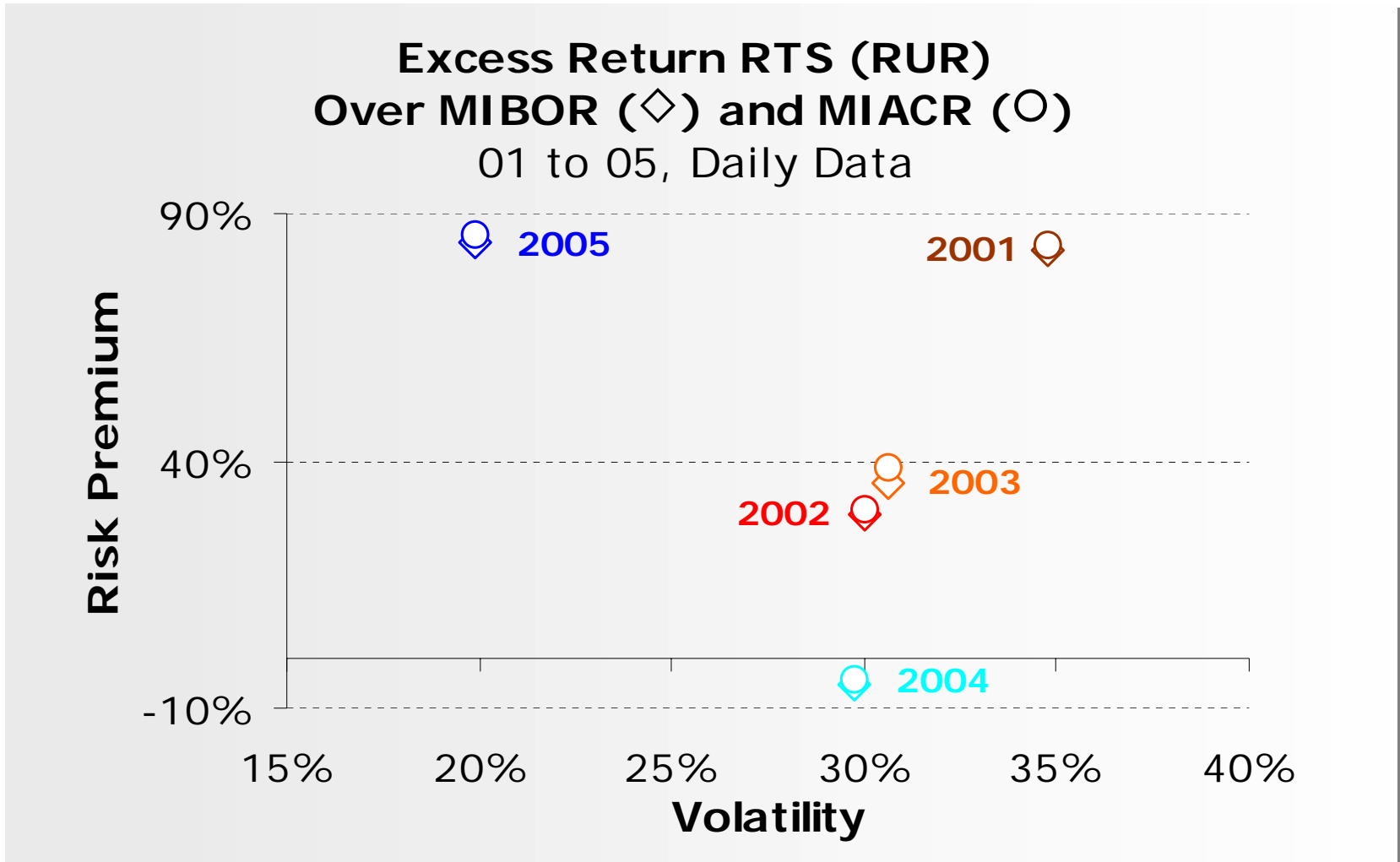
#### Steady Dollar Exchange Rate



### 3 Risk-Return-Tradeoff



#### High Risk Premium



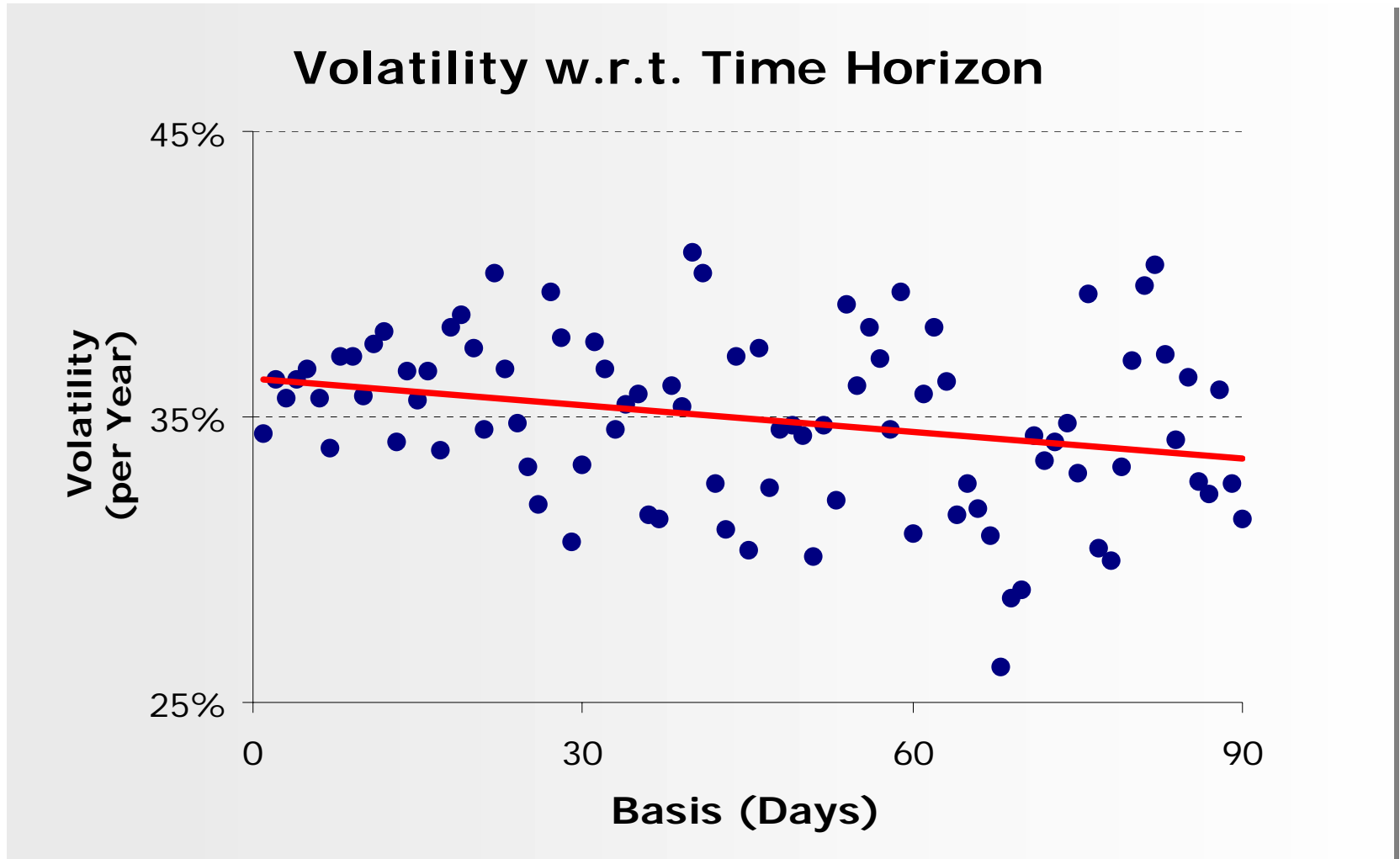


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# 4 Brownian Motion or Mean Reversion?



## Constant Volatility



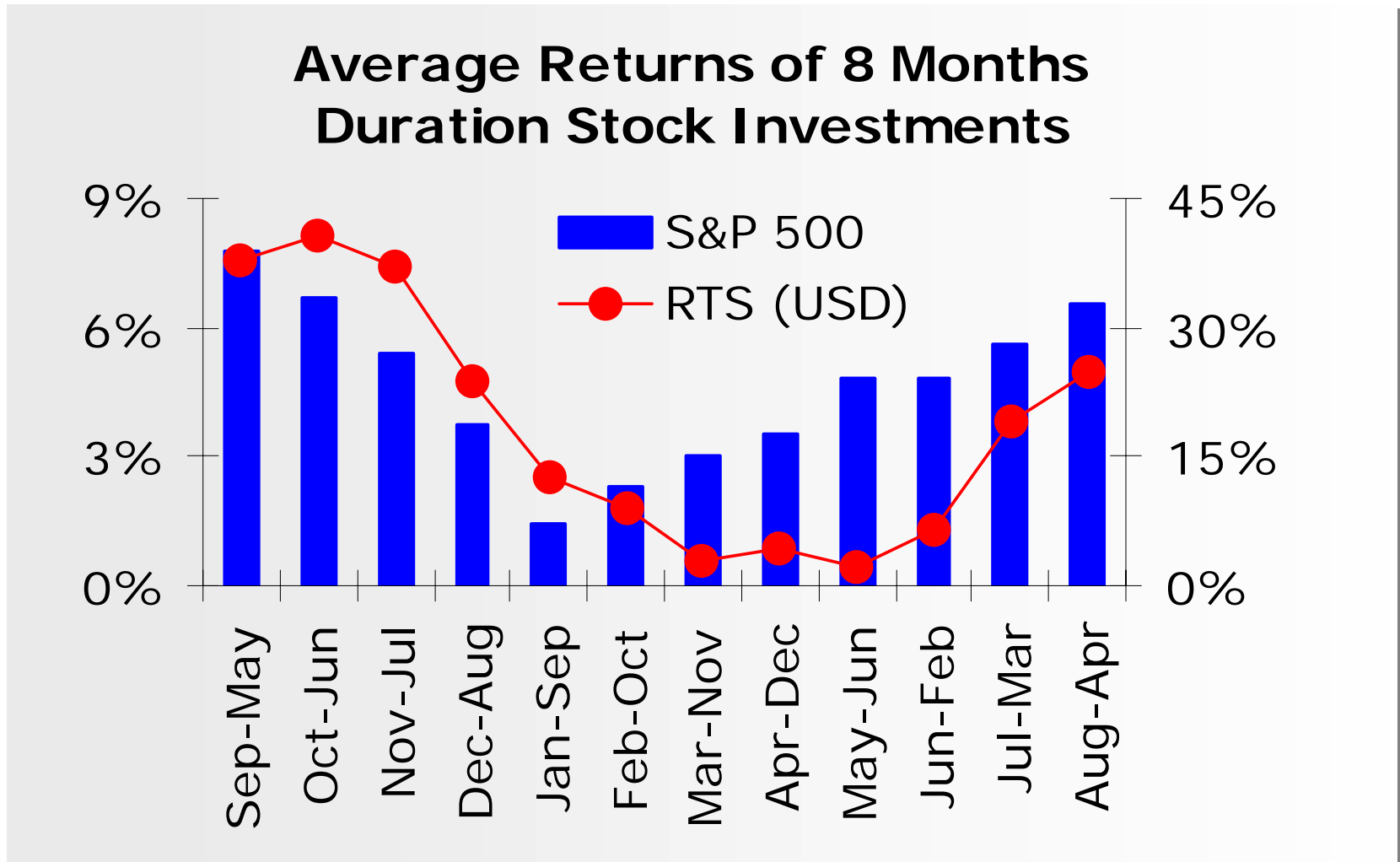


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# 5 "Sell in May and Go Away"?



## Sep-May Best of 8 Months Duration Investments?



# 5 "Sell in May and Go Away"?



## Optimal Stock Market Entry in Sep?

