

## News in Review

2 March 2022

*"The UK is announcing the largest and most severe package of economic sanctions that Russia has ever seen"*



**'Freedom Day' in England was overshadowed last Thursday as Russian President Vladimir Putin ordered the invasion of Ukraine, with troops attacking the country from the north, south and east. The European Union hailed the invasion as one of the darkest hours for Europe since World War II, warning Russia will be hit with 'massive sanctions.' Major Western nations have reacted with outrage, with many world leaders condemning Russian actions.**

Ukrainian forces and civilians continue to vehemently defend their country. Defiant Ukrainian President Volodymyr Zelensky has vowed to stay in Kyiv as his troops battle Russian military, citing, *"We are all here. We are defending our independence, our country."* According to the United Nations, more than 600,000 civilians have now fled Ukraine.

As the tragic humanitarian cost unfolds, the invasion will clearly have significant global economic, geopolitical and investment implications. On 24 February, Boris Johnson gave a statement to the House of Commons, declaring, *"Now we have a clear mission: diplomatically, politically, economically – and eventually, militarily – this hideous and barbaric venture of Vladimir Putin must end in failure. At the G7 meeting this afternoon, we agreed to work in unity to maximise the economic price that Putin will pay for his aggression, and this must include ending Europe's collective dependence on Russian oil and gas that has served to empower Putin for too long... For our part, today the UK is announcing the largest and most severe package of economic sanctions that Russia has ever seen."*

### UK sanctions announced by the Prime Minister include:

- All major Russian banks will have their assets frozen and be excluded from the UK financial system, inhibiting them from accessing sterling and clearing payments through the UK
- Russian companies and the state will be prevented from borrowing money or raising finance on UK markets
- A suspension of dual-use export licences to cover components which can be used for military purposes and ceasing exports of high-tech items and oil refinery equipment.

In a move designed to cut off Moscow's major financial institutions from Western markets, the UK government has joined with the US and the EU to announce sanctions against Russia's central bank, banning British people and businesses from making transactions with the Russian central bank, its finance ministry and its wealth fund. Rishi Sunak said the sanctions *"demonstrate our steadfast resolve in imposing the highest costs on Russia and to cut her off from the international financial system so long as this conflict persists."*

### Unprecedented measures

In addition to sanctions imposed by other nations, the EU intends to purchase and ship arms to Ukraine, the first time it has taken such a step. European Commission President Ursula von der Leyen announced a raft of sanctions on Sunday, including banning all Russian aircraft from using European airspace, including the private jets of Russian oligarchs.

In a significant step, selected Russian banks have been removed from the Swift messaging system, to cut them off from the international financial system and harm their ability to operate globally.

### Other developments

On Sunday, Vladimir Putin moved Russia's nuclear deterrent to special alert, a move the US have condemned as *"unacceptable."* A Ukrainian delegation met with Russians on the Belarus border for ceasefire talks on Monday; although no breakthrough was reached, further negotiations are expected.

Speaking during a visit to Poland on Tuesday, Boris Johnson said he was *"increasingly confident"* that Russia's invasion would not succeed, adding that Mr Putin *"must fail"* in Ukraine. Later in the day, Foreign Secretary Liz Truss launched a first tranche of sanctions on Belarus for its role in the invasion.

### Markets

Global markets have reacted predictably with many stocks moving into the red and the oil price pushing beyond the \$100 milestone. Investors are pensively monitoring Russian attacks on Ukraine and the impact of sanctions imposed by the West.

### Here to help

It is essential that investors focus on longer-term timescales instead of focusing too intently on short-term volatility. Rest assured we will continue to monitor events and their impacts closely. Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

***The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.***