The imposition of sanctions against Russia since 2014 by foreign countries as well as their extension over the next few years, has led to significant changes in the Russian economy. The sanctions were aimed mostly at weakening companies by prohibiting exports and imports of certain goods, quitting joint projects, limit an access to financing. However, one can assume different impact of sanctions on Russian companies’ performance.

Most previous research on sanctions provided theoretical discussions or case studies of particular countries such as Iran [Amuzegar, 1997], Libya [Collins, 2004], or Haiti [Gibbons and Garfield, 1999]. The issue of sanctions against Russia and their consequences was analyzed from different prospects: description of conflict and economic changes [Veebel, Markus, 2015], using it as a factor of economic situation [Gurvich, Prilepskiy, 2015; Акиндинова, Ясин, 2015], impact on customers [Нуреев, Петраков, 2015], identification of sanction’s consequences [Портанский, 2014; Golikova, Kuznetsov, 2017]. Empirical papers on the impact of sanctions against Russia on Russian companies based on statistical analysis is not widespread because of the complexity of the phenomenon. Moreover, to estimate long-term impact of the sanctions on Russian economy require more time since the events. Interesting findings were provided by questionnaire survey: Golikova and Kuznetsov [2017] conduct the survey on the perceptions of risks related to sanctions and suppose that sanctions impact should be more harmful to large companies operating on the global market. However, there is still lack of statistical analysis of the consequences of sanctions on a firm level.

This study analyses the reaction of share prices of Russian public companies included in the MICEX index to sanctions against Russia in 2014-2016. Final dataset includes 40 announcements related to sanctions for 42 public Russian companies. Additionally, we collected data on companies’ main characteristics such as size and industry, stock returns, and sanctions content to figure out their influence on share prices reaction.

The research methodology is based on the event study, which allows to estimate the short-term reaction of stock prices to the announcements. We plan to take into account specific conditions of sanctions imposition and features of Russian stock market to elaborate appropriate normal returns model.

Preliminary results confirm that the imposition and extension of sanctions led to the significant drop in share prices of Russian companies. Whereas average daily return of companies’ shares of the Russian stock market was 0.1%, the introduction of sanctions led to a drop in returns by 0.97%
points per day. At the same time, the sanctions had a greater impact on financially dependent companies. In addition, contrary to theoretical assumptions about the stronger impact of sanctions applied by countries with closer economic cooperation, it was found that the imposition of sanctions by the European Union led to a lower decrease in the share price compared to US sanctions. Another important result of the study is that the introduction of targeted sanctions against individual companies did not lead to a stronger impact of sanctions on these companies. This indicates the inefficiency of the mechanism of targeted sanctions applied to Russia. The impact of state ownership and the difference in the stock prices’ reaction by industry were not significant.