

# Russian Markets - Daily

March 04, 2011

<b>RUB touched local peaks</b>	USD/RUB	28.20	▼
<b>Overnight rates near depo rate</b>	EUR/RUB	39.37	▲
<b>Liquidity is increasing</b>	RUB basket	33.24	▼

### Hot News

- Foreign exchange and gold reserves increased USD 4.8bn to USD 492.2bn last week (ending Feb. 25), which was a larger increase than the week before (USD 1.3bn)./Reuters
- Russia's Finance Minister Kudrin said that the reason for the recent capital flight from the country is uncertainty over the 2012 presidential elections. "There are always risks in a country like ours, especially ahead of a possible change in leadership" - he said. Kudrin noted that the capital outflow could net to zero or be positive this year./Reuters
- VTB, Russia's second largest state bank, is seeking up to USD 2bn in a syndicated loan to finance the acquisition of Bank of Moscow. VTB aims to acquire 100% of the bank's stock./Reuters
- Russia's budget deficit estimate for 2010 has been revised up to 4.1 percent of gross domestic product to reflect the latest GDP estimate, Finance Minister Alexei Kudrin said on Thursday. The Finance Ministry had originally said the deficit came in at 1.8 trillion roubles (\$63.47 billion) or 3.9 percent of GDP

### Money Market

RUB liquidity at Central Bank's correspondent accounts and deposits slightly improved (by RUB 43 bn). It is usual dynamics in the beginning of the month. After tax payments in the end of February banking system liquidity is constantly increasing. Interest rates also stabilized after Central Bank has increased DEPO rate to 3.00 percent. Increasing liquidity will help to keep interbank overnight interest rates near CBR depo level.

### Currency market

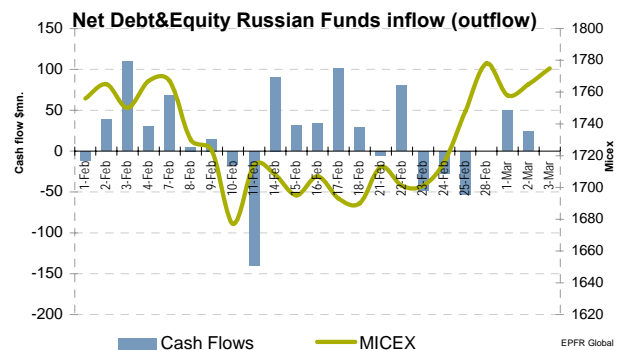
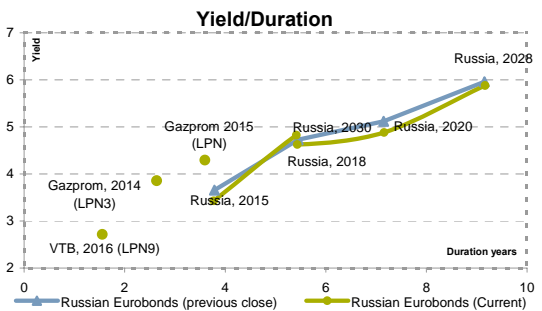
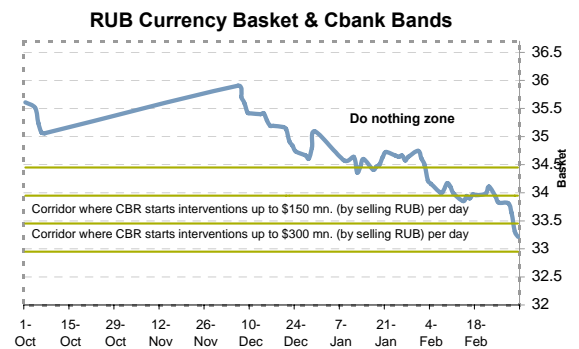
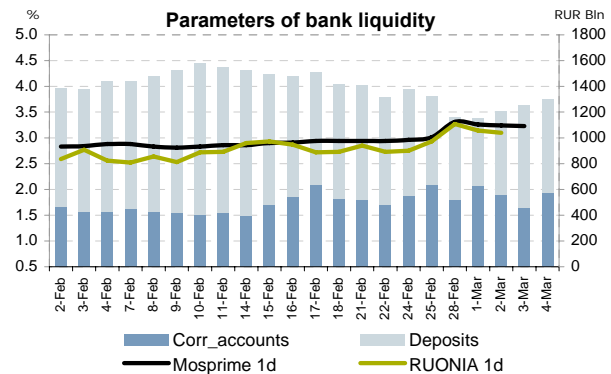
Yet another day of gains RUB basket. As expected, we targeted 33.00 yesterday, touching 33.04 in the last hours of it - we would probably have reached the level, if it were not for Trichet who sent EUR/USD through the roof with his hawkish comments. The basket closed at 33.20, which was 10.5 kopeck below the previous session. USD lost 21.5 kopeck, while EUR lost 2 kopeck to previous day's close. Today the basket is opening at just yesterday's close. The market sentiment is positive, as Asian equity markets recorded gains in excess of 1% over night, bolstered by good and the front Brent oil is trading above USD 115/bbl. The market participants might try to play with CBR's patience, reaching out to 32.95, where they would double up interventions. But they might also consider taking profits, as Monday and Tuesday are holidays in Russia. 33.40 is now strong resistance.

### Equity and Debt Markets

Stock market indexes increased yesterday on high oil prices and some positive corporate events. Banking sector returned to the leading positions. Energy shares traded slightly above zero. Today blue chips started higher and have opportunity to renew local peaks.

Bonds: Demand for the paper is boosted by the strong ruble, which is partially offset by expectations of more strict monetary policy.

Forwards	1m.	2m.	3m.	6m.
USD/RUB	28.241	28.373	28.627	29.253
EUR/RUB	39.404	39.549	39.809	40.446
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	3.5	0	4.64	3.23
MIBOR 1m (%)	4.08	-0.05	5.53	3.81
RUONIA 1d (%)	3.1	-0.04		
Implied NDF yield 6m%	3.59	0.01	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	128	-8	218	123
Eurobond Russia 30Y	4.617	-0.02	5.953	3.914
EMBI +	551.07	0.37	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2017.82	1.33	2017.82	1226.57
Micex	1772.83	0.42	1777.84	1197.39
S&P 500	1330.97	1.72	1343.01	1022.58
DJIA	12258.20	1.59	12391.25	9686.48
Brent	114.92	-0.71	115.87	67.20



Nordea Markets is the name of the Markets departments of Nordea Bank Norge ASA, Nordea Bank AB (publ), Nordea Bank Finland Plc and Nordea Bank Danmark A/S. The information provided herein is intended for background information only and for the sole use of the intended recipient. The views and other information provided herein are the current views of Nordea Markets as of the date of this document and are subject to change without notice. This notice is not an exhaustive description of the described product or the risks related to it, and it should not be relied on as such, nor is it a substitute for the judgement of the recipient.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision. It is important to note that past performance is not indicative of future results. Nordea Markets is not and does not purport to be an adviser as to legal, taxation, accounting or regulatory matters in any jurisdiction.

This document may not be reproduced, distributed or published for any purpose without the prior written consent from Nordea Markets.