

Russian Markets - Daily

March 10, 2011

RUB slightly retreated	USD/RUB	28.29	▲
Rates are comfortable	EUR/RUB	39.33	▼
Growing liquidity	RUB basket	33.27	▲

Hot News

- Central Bank of Russia bought USD 3,481bn and EUR 796m in foreign exchange interventions in February. The amount of USD and EUR purchased last month was, respectively, 5.3 and 6.4 times larger than in January. The total intervention amount is consistent with the figure revealed by the CBR chief Ulyukayev a week ago. /RIA US
- Vice President Joe Biden said that Russia's accession to WTO is in the US' best interests. Russia in WTO is "the most important item on our agenda" - he said at a meeting with Russia's President Medvedev in Moscow. In order to support Russia's accession US is working with other countries, admitted Biden. /RIA
- The sales of new lighth vehicles in Russia increased by 77% in January-February this year compared to the same period in 2010. /Reuters
- Russia's air carrier Aeroflot signed an agreement to buy the eight long-distance Boeing-777 aircraft. Considering the present market value of the aircraft the total amount of the deal could be around USD 2.2bn. /Marketwatch

Money Market

Situation is more than stable. RUB liquidity at Central Bank's correspondent accounts and deposits continue to improve (+ RUB 23 bn) day by day. Banking system liquidity has been constantly increasing during last couple of weeks. Interbank interest rates also try to keep near Central Bank's depo rate level that was set at 3.00 percent. Next CBR meeting will take place at the end of the month. Market is still hesitating weather to expect or not further monetary tightening. The major part of market participants do not expect depo rate to be changed on the next meeting. The anticipation of next CBR monetary policy step is the main issue for the money market.

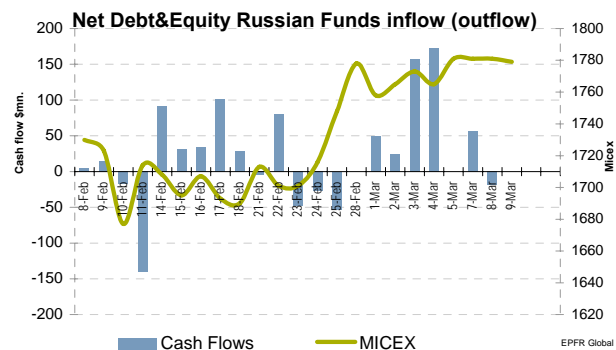
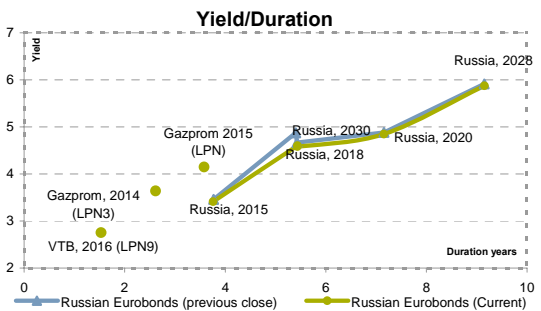
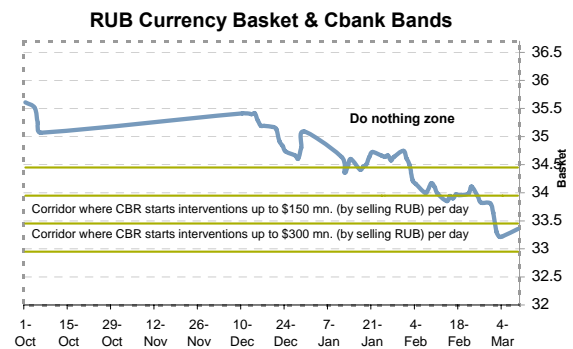
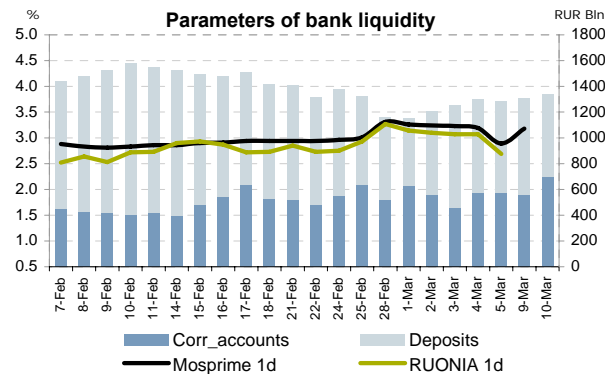
Currency market

As expected, the RUB basket has added a bit more yesterday, finishing the day 7 kopeck higher than the day before, at 33.35. It has been the third day of gains now, with some market players apparently taking the profits from the huge rally last week. USD/RUB increased by 15.5 kopeck, while EUR/RUB rose by 3.5 kopeck. During the session EUR was losing against RUB, in range of 20 kopeck, but regained the position toward the end of the session. The local stock markets were also in the red yesterday, providing no sentiment support. Today the stock markets are losing again, yet the oil prices have picked up, with the front month Brent trading above USD 116/bbl, which should help RUB. Today RUB basket opened at yesterday's close levels. The pressure is on the USD leg, as USD has added almost around 50 pips against EUR since yesterday. We do not see any sign of trend reversal in RUB yet and expect the RUB strengthening trend to continue as the market players reposition at more attractive levels.

Equity and Debt Markets

Stock market indexes renewed local maximums yesterday, but then began to fall. Inflation concerns, local RUB weakness and undefined commodity market dynamics are the main factors for investors. Today blue chips started lower on concern about geopolitical risks, weak Asia.
 Bonds: Demand for the bonds was also boosted by the ruble which despite a slight weakening, still has good potential. Yield curves are stable. Growing liquidity in the banking sector encouraging investors to place funds in paper.

Forwards	1m.	2m.	3m.	6m.
USD/RUB	28.472	28.61	28.87	29.51
EUR/RUB	39.3875	39.5375	39.8	40.86
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	3.49	0	4.51	3.23
MIBOR 1m (%)	4.01	-0.07	5.47	3.81
RUONIA 1d (%)	2.69	-0.38		
Implied NDF yield 6m%	3.625	-0.02	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	124	-1	218	123
Eurobond Russia 30Y	4.602	-0.013	5.953	3.914
EMBI +	554.64	0.51	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2012.22	-0.64	2017.82	1226.57
Micex	1779.24	-0.08	1779.24	1197.39
S&P 500	1320.02	-0.14	1343.01	1022.58
DJIA	12213.09	-0.01	12391.25	9686.48
Brent	116.20	3.70	116.20	67.20



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