

Russian Markets - Daily

March 30, 2011

RUB is stable	USD/RUB	28.46	▲
Liquidity tries to restore	EUR/RUB	40.03	▲
Interest rates are flat	RUB basket	33.69	▲

Hot News

- The Bank of Russia expects that this year inflation will fall to 6-7%, in 2012 - to 6.5% and in 4-5-6 years - to 3-5%, said the Central Bank chairman S. Ignatiev on Tuesday at a meeting on the preparation of the strategy for socio-economic development of Russia until 2020. /Interfax
- Vnesheconombank Chairman V. Dmitriev believes that Russia's sovereign equity fund will be launched as early as in June this year. "In the near future will provide you with a work plan...We believe that the plan is aggressive, but very real" - said Dmitriev at a meeting with Russian President Dmitry Medvedev. According to Dmitriev, a very positive feedback was received from major private equity funds and sovereign funds, particularly from the Fund in Abu Dhabi, Investment Corporation of China, as well as from several private foundations. /RIA
- Money supply (M2) in Russia rose by 28.2% y/y in February, which was a little lower than in January (29.5% y/y). /CBR
- The conflict over BP deal with Rosneft, which the legality of which was questioned by consortium AAR, would not affect the investment climate in Russia - it is bad already, said presidential aide A. Dvorkovich. Chairman of the Board of Directors of Rosneft, I. Sechin, said that the court decision on the claim of AAR to BP will be fully formulated on April 7. /Interfax
- The mayor of Moscow, S. Sobyanin instructed to allocate RUB 207 million from the city budget to hold the world championship in figure skating in 2011 in the Russian capital. /Interfax

Money Market

Liquidity started to restore as major tax payments are over. Yesterday MinFin offered RUB 40bn to commercial banks for deposits and it helped to improve the liquidity. RUB liquidity at Central Bank's correspondent accounts increased by 129bn to RUB 1146bn. Mosprime is flat, RUONIA is slightly above Central Bank depo rate. It seems that Money Market will be stable during next several weeks. Raised reserve requirements can have only insignificant impact on the liquidity in the system.

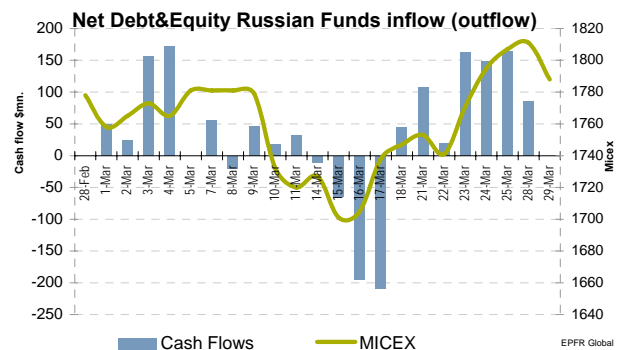
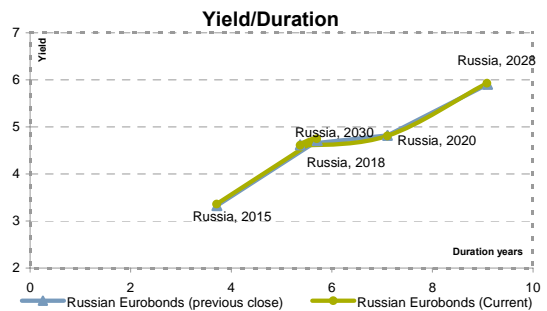
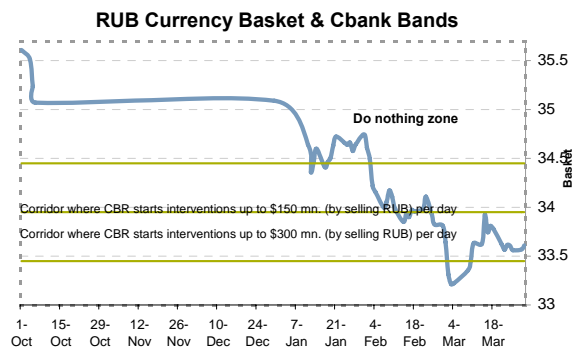
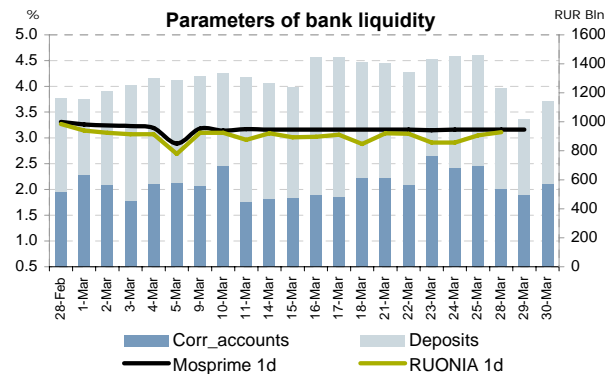
Currency market

Another day of stability for RUB basket: it remained nearly unchanged, closing yesterday at 33.61, which was just 4 kopeck higher than the day before. RUB lost 1.8 kopeck against USD, closing at 28.40 and 7 kopeck to EUR, finishing the daily session at 39.97. Oil still remains the key factors - and its stability is reflected in the relatively unchanged RUB basket. The levels of oil price, however, are still comfortably high for Russia - the front month Brent has traded at around 114.90 in the morning. The pressure on oil prices is a bit lower due to expectations that the tensions in Libya will be reduced in the near term. The equity markets have advanced nicely tonight, with major Asian stock indices growing by more than 1%. The Russian equities gapped up on the opening. But RUB failed to get some traction from that, as minor gains against USD have been neutralized by losses against broadly stronger EUR here in the morning - the RUB basket opened at just yesterday's close levels. Some nervousness and directionless in the market might persist in the coming days due to uncertainty over situation in Japan, euro area debt problems (Ireland's bank stress tests due tomorrow) and Friday's all-important US non-farm payrolls report.

Debt and Equity Markets

Equity indices decreased yesterday, stock market indices lost 2%. Some blue chips were overbought. As for today, blue chips opened higher as commodity market restored and Asia showed good gains. Foreign funds cash inflows continue to support market. The main threat is possible dollar strengthening and corresponding weakness of commodity market.

Forwards	1m.	2m.	3m.	1Y.
USD/RUB	28.457	28.597	28.85	29.45
EUR/RUB	40.043	40.188	40.448	41.058
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	3.48	0	4.26	3.23
MIBOR 1m (%)	4.04	-0.01	5.16	3.81
RUONIA 1d (%)	3.11	0.06		
Implied NDF yield 6m%	3.595	0.005	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	129	4	218	123
Eurobond Russia 30Y	4.729	0.005	5.953	3.914
EMBI +	554.99	-0.32	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2 018.74	-1.29	2 045.06	1 226.57
Micex	1 788.14	-1.26	1 810.90	1 197.39
S&P 500	1 319.44	0.71	1 343.01	1 022.58
DJIA	12279.01	0.67	12391.25	9686.48
Brent	115.05	0.45	116.48	67.20



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