

Russian Markets - Daily

March 31, 2011

RUB dropped slightly	USD/RUB	28.42	▲
Liquidity restored	EUR/RUB	40.30	▲
Interest rates are stable	RUB basket	33.78	▲

Hot News

- Russian international reserves at \$504bln in week to march 25, up from \$500bln on march 18
- Gazprom's shareholders may get the highest dividends in the history of the Russian gas export monopoly which may pay between 3.82 roubles and 7.64 roubles per share, compared with 2.39 roubles for 2009.
- The World Bank cut its forecast for 2011 gross domestic product growth to 4.4 percent from 4.5 percent in November's report, and forecast a slowdown to 4.0 percent in 2012.
- "The pace of economic growth (in Russia) in 2011 and 2012 could be constrained, and growth will depend on sustained gains in consumption and the rate of recovery with respect to longer-term credit to the private sector," the World Bank said. Downside risks are associated with the economy's dependence on highly volatile oil prices, which could at any time retreat from current lofty levels above \$100 a barrel.
- Russia's Energy Minister Sergei Shmatko said on Wednesday his ministry had drafted a law that would allow the government to retain at least 75 percent in the state oil pipeline monopoly Transneft.
- The current level of oil prices also poses upside risks to 2011 inflation, which the World Bank sees at 8-9 percent compared with the government's forecast of 6-7 percent.

Money Market

Liquidity continued to restore as major tax payments are over. RUB liquidity at Central Bank's correspondent accounts increased by 149bn to RUB 1292bn. Rates are more than stable. Mosprime is flat, RUONIA is slightly above Central Bank depo rate. Money Market apparently will be stable during next several weeks. Raised reserve requirements can have only insignificant impact on the liquidity in the system. The major factor remains the same – anticipation of monetary policy tightening, which is highly expected on the next Central Bank meeting in the end of April.

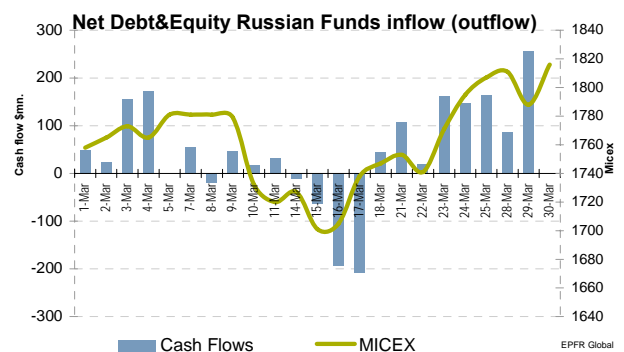
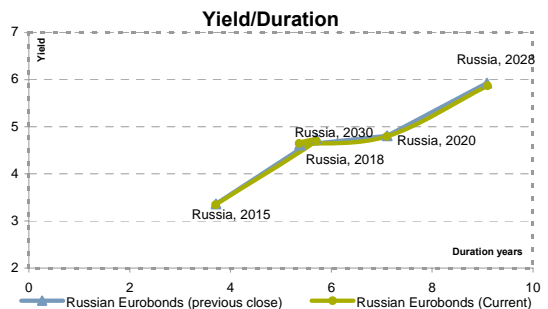
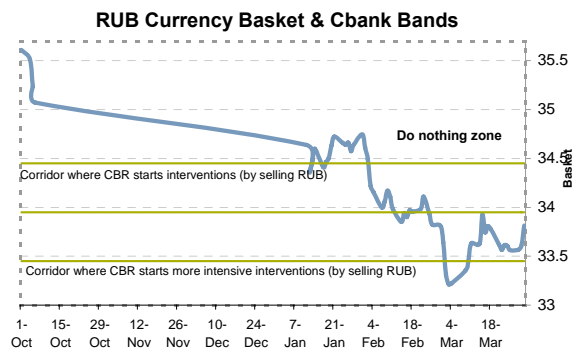
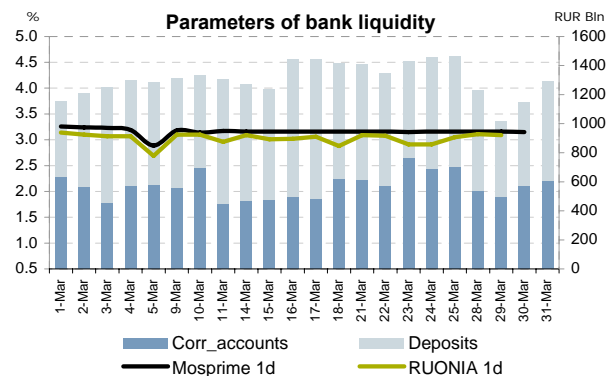
Currency market

Period of stability was left in past. Yesterday RUB showed the weakest levels in two weeks. Basket gained as big corporate purchase for M&A deal moved balance towards USD and EUR. Besides there is no more extra demand for RUB due to the end of tax paying period. Basket closed yesterday at 33.76, which was 18 kopecks higher than the day before. RUB lost 18 kopeck against USD and 28 kopeck to EUR. However oil still remains at high level and the levels are still comfortably high for Russia. Today we do not see continuation of corporate purchases and currency basket started session lower. RUB can show fast rebounding from the current levels. A lot of market participants consider current levels for short currency basket against RUB.

Debt and Equity Markets

Equity indices increased yesterday, Micex index trades higher 1800, which is strong technical level. Some blue chips slightly overbought and in spite of positive external background market can stay flat. The main threat is possible dollar strengthening and corresponding weakness of commodity market. Moreover expectations that the tensions in Libya will be reduced can put a pressure on oil prices and Russian market.

Forwards	1m.	3m.	6m.	1Y.
USD/RUB	28.559	28.699	28.95	29.55
EUR/RUB	40.6475	40.8	41.065	41.39
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4.04	0	5.16	3.81
MIBOR 1m (%)	0.2438	-0.0024	0.35406	0.2438
RUONIA 1d (%)	3.09	-0.02		
Implied NDF yield 6m%	3.595	0	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	127	-2	218	123
Eurobond Russia 30Y	4.693	-0.036	5.953	3.914
EMBI +	555.33	0.34	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2035.92	0.85	2045.06	1226.57
Micex	1815.60	1.54	1815.60	1197.39
S&P 500	1328.26	0.67	1343.01	1022.58
DJIA	12350.61	0.58	12391.25	9686.48
Brent	115.47	0.37	116.48	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.