

# Russian Markets - Daily

April 04, 2011

<b>RUB rebounded</b>	USD/RUB	28.25	▼
<b>Liquidity stabilized</b>	EUR/RUB	40.19	▼
<b>Interest rates are stable</b>	RUB basket	33.62	▼

## Hot News

- Russia's GDP for the Q4 of 2010 increased by 4,5% compared to the Q4 of 2009. This is the first estimate of quarterly GDP data over the past year. Rosstat also revised the dynamics of the GDP for the first three quarters of 2010: in the Q1 economic growth was 3.5% (previous estimate was 3.1%) in the Q2 - by 5% (5.2%) in the Q3 - by 3,1% (2,7%). /Rosstat
- In the nearest plans of privatization are packages of Sberbank and Sovcomflot, said Head of Ministry of Economic Development E. Nabiullina. However, she noted that "deviation from this schedule are possible, it is based on the specific situation the market." /Interfax
- Sberbank has no plans to go to foreign markets in the next 2-3 months, according to Deputy Chairman of Sberbank B. Zlatkis. According to her, the bank has sufficient liquidity now. /Interfax
- President Dmitry Medvedev on the withdrawal of government officials from boards of directors of state companies to avoid conflicts of interest can be extended to the Bank of Russia participation in the supervisory board of the Sberbank, announced the Director of Department of Banking Regulation and Supervision of the Central Bank of Russia A. Simanovsky. /Interfax
- Putin did not support the idea of raising excise taxes on alcohol. "The sharp increase not reduce us to alcoholism, will only lead to the use of surrogates ..." - he said. /RIA Novosti
- The number of employees of the Russian government in 2012 will be reduced by 5% in 2013 - 10%. This is in accordance with the decree of the Russian government for further optimization of the number of government employees. /Interfax

## Money Market

Liquidity stabilized. RUB liquidity at Central Bank's correspondent accounts increased by 13.9bn to RUB 1397n. Overnight rates are near Central Bank depo rate. Today Ministry of Finance place RUB40 bn. liquidity on deposit accounts. We expect that Money Market will be relative stable during next several weeks.

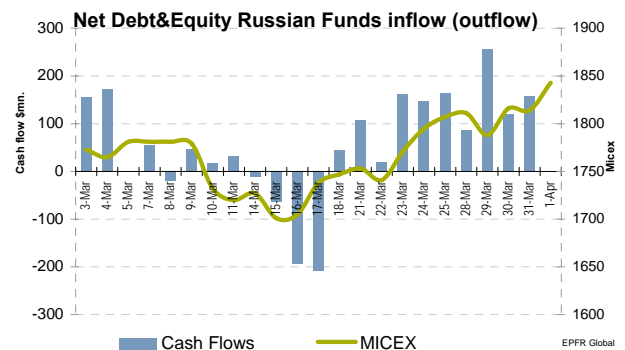
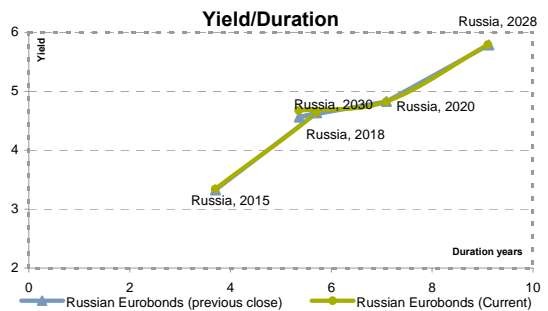
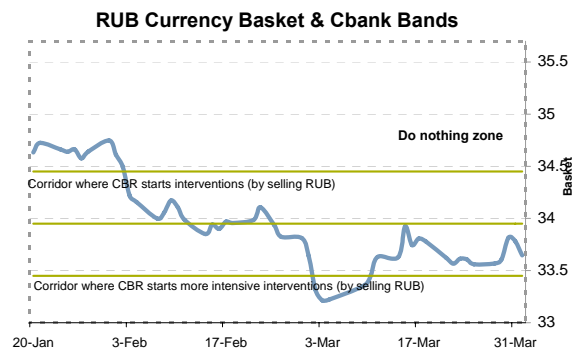
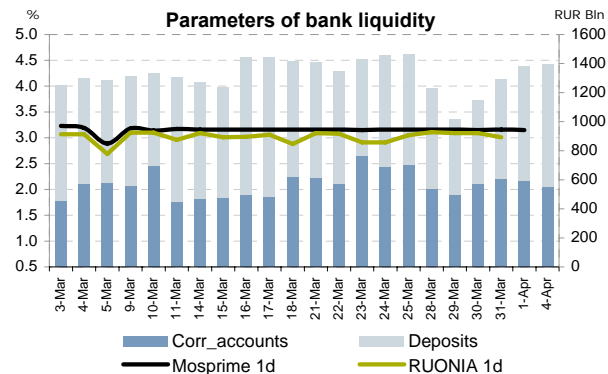
## Currency market

RUB basket strengthened on Friday, closing at 33.65, which was 13 kopeck lower than the day before. RUB rose especially against the EUR, gaining 24.5 kopeck during the daily session and closing at 40.06. Meanwhile, RUB strengthened by nearly 3 kopeck against the USD, finishing the session at 28.40. During the session, though, USD/RUB was trending down to below 28.35, and lost positions only toward the end of the session. RUB is supported by oil prices, which rose to 30-month highs, and not only due to the fear that turmoil in Libya might persist, but also due to the better economic data - Friday's all-important US payrolls data was better than expected, marking recovery in the US economy. The front month Brent topped USD 119/bbl., and was trading just below here in the morning session. Also, the equities have opened up in Russia. Thus, no surprise - the RUB basket gapped down today, reaching 33.50 during the first minutes of the session. Most action on the USD leg, but, surprisingly, RUB held strong against EUR despite its strengthening by over 150 pips from Friday lows. We might get some more RUB strength. 33.40 is the next major support.

## Debt and Equity Markets

Emerging market equity funds had sizable weekly inflows in the end of March. Inflows into the category totaled \$2.6 billion in the seven-day period ending March 30 (EPFR, which tracks funds with some \$14 trillion in total assets). Russian funds were leaders among other EM. Micex index increased by 1,5% on Friday's session, renewed after-crisis peaks. Today's opening was even higher. Bond market continued to grow and showed high volumes of trade. Russian government bond yield curve shifted downward.

Forwards	1m.	3m.	6m.	1Y.
USD/RUB	28.338	28.474	28.719	
EUR/RUB	40.29	40.43	40.68	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4	-0.06	5.07	3.81
MIBOR 1m (%)	0.243	-0.0005	0.35406	0.24295
RUONIA 1d (%)	3.01	-0.08		
Implied NDF yield 6m%	3.49	-0.09	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	123	-3	218	123
Eurobond Russia 30Y	4.642	-0.021	5.953	3.914
EMBI +	555.33	-0.17	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2076.78	1.59	2076.78	1226.57
Micex	1843.43	1.65	1843.43	1197.39
S&P 500	1332.41	0.50	1343.01	1022.58
DJIA	12376.72	0.46	12391.25	9686.48
Brent	118.83	1.37	116.48	67.20



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