

Russian Markets - Daily

April 05, 2011

RUB is on the same levels	USD/RUB	28.29	▲
Liquidity increased slightly	EUR/RUB	40.15	▼
Bond yields are lower	RUB basket	33.63	

Hot News

- In March 2011 inflation in Russia amounted to 0.6% since the beginning of the year - 3.8%. In annual terms the inflation rate was 9.5%, just as in February.
- Food prices rose by 0.9% in March, non-food prices increased 0.5%, rates for services - 0.3%. /Rosstat
- In January-February of 2011 the 200 largest banks have earned RUB 131.9bn, which is 2.1 times more than in January-February 2010. /CBR
- Russia's Prime Minister Putin asked government to study the possibility of extending a car scrappage scheme to further support domestic auto sales. /Interfax
- Putin has stressed that the reduction of the insurance burden on business should not affect the government social goals, in line with the strategy for development until 2020 guideline of "improving the quality and standard of living of citizens." /Interfax

Money Market

Liquidity rose. RUB liquidity at Central Bank's correspondent accounts increased by 25bn to RUB 1422n. Overnight rates are stable around Central Bank's depo rate. The only thing that can disturb current equilibrium is start of tax paying period. First taxes will be on April 14th. We expect that Money Market will be relative stable till that time.

At the end of the month interest rate hike risks will arise, which can slightly lift interbank rates.

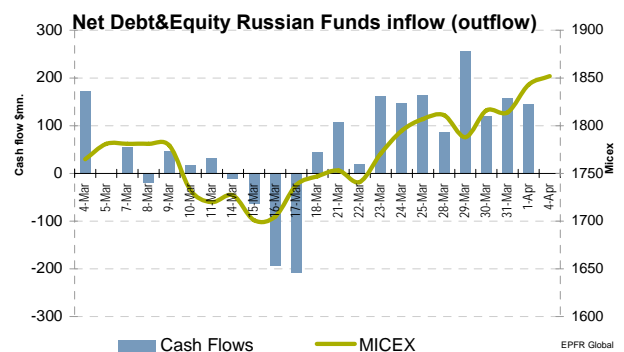
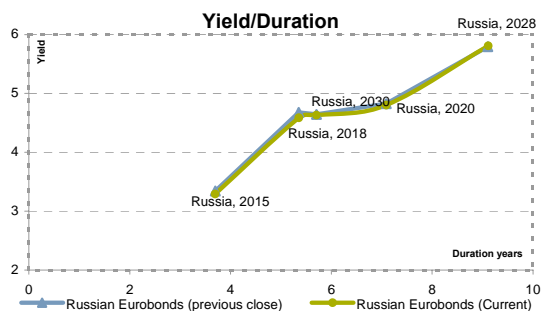
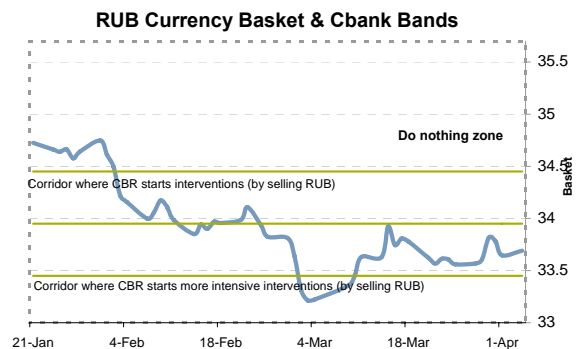
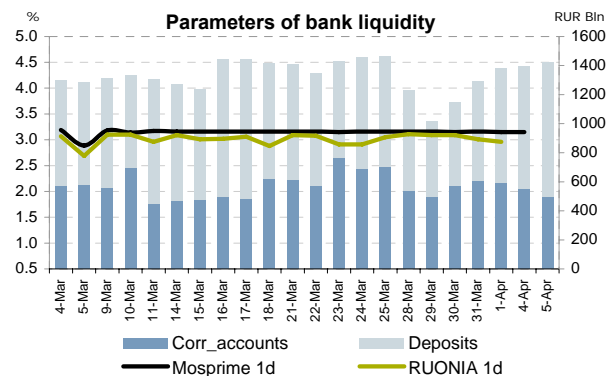
Currency market

RUB basket didn't manage to keep the gains earned early in the morning yesterday, when the basket fell to 33.55. The basket finished the session at 33.68, which was by 3 kopeck higher than the day before. RUB gained 11 kopeck against the USD, but dropped nearly 20 kopeck against the EUR. The basket failed to get much support from oil prices, despite the fact that they rose further yesterday - the front month Brent topped USD 120/bbl, record highs of the past 2.5 years. Tonight Russian equities gapped up. Oil prices remained above USD 120/bbl here in the morning. Disappointingly, however, RUB does not show willingness to respond positively - the basket was trading just about the yesterday's close levels in the first minutes of the morning session. Apparently the demand for foreign currency from locals weighs, as the tax payments are still weeks away. We remain on the sidelines for now.

Debt and Equity Markets

Micex index increased by 0.5% on Monday's session, renewed after-crisis peaks during the session. Oil prices are at local a peak, supporting Russian energy shares. Today's opening was higher, but technical factors won't let Russian market to continue current rally. Bond market continued to grow and showed good volume of trade. Russian government bond yield curve shifted downward. It seems that market does not afraid interest rate hike anymore. And this can be misleading.

Forwards	1m.	3m.	6m.	
USD/RUB	28.388	28.525	28.774	
EUR/RUB	40.301	40.444	40.686	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	3.88	-0.12	5.07	3.81
MIBOR 1m (%)	0.2399	-0.0031	0.35406	0.2399
RUONIA 1d (%)	2.96	-0.05		
Implied NDF yield 6m%	3.535	0.045	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	119	-4	218	119
Eurobond Russia 30Y	4.611	-0.031	5.953	3.914
EMBI +	558.61	3.28	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2092.32	0.75	2092.32	1226.57
Micex	1852.02	0.47	1852.02	1197.39
S&P 500	1332.87	0.03	1343.01	1022.58
DJIA	12400.03	0.19	12400.03	9686.48
Brent	120.75	1.62	116.48	67.20



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