

Russian Markets - Daily

April 08, 2011

RUB Déjà vu	USD/RUB	28.23	▲
CBR may have shifted corridor	EUR/RUB	40.33	▲
Liquidity is stable	RUB basket	33.68	▲

Hot News

- Russia's central bank said on Thursday it bought \$4.49 billion and 0.6 billion euros (\$0.85 billion) in March to ease upside pressure on the ruble. /Reuters
- Foreign exchange reserves increased by USD 0.5bn to USD 504.5bn over Mar 26-Apr 1/ CBR
- Additional budget expenditures in 2011 amount to RUB 300bn. According to Finance Minister Kudrin, the amendments to the federal budget will be completed in April. /RIA
- According to preliminary estimates, merchandise imports from foreign countries in Q1 of 2011 increased by 46%. /Federal Customs Service (FCS)
- In the Q1 of 2011 imports of new cars, according to preliminary data, increased by 2,2 times and amounted to 186,89 thousand. /Ministry of Economic Development
- Chairman of Gazprom Alexei Miller and Minister of Foreign Affairs of the People's Republic of Bangladesh Moni discussed prospects for bilateral cooperation in the energy sector, as well as topical issues of global energy markets. The sides discussed possibilities of cooperation in such areas as development of oil and gas fields, establishment of gas infrastructure in Bangladesh. /Interfax
- Russia aims to increase its presence on the global space market and increase its share of launches from 40% to 50%, according to Prime Minister Putin. /RIA

Money Market

Liquidity has stabilized. RUB liquidity at Central Bank's correspondent accounts decreased by insignificant 14bn to RUB 1468 bn. We expect Money Market to stay relative stable till the end of the month, when tax paying period will have negative impact on liquidity. We also expect that fears of interest rate hike can revive before next Central Bank's meeting.

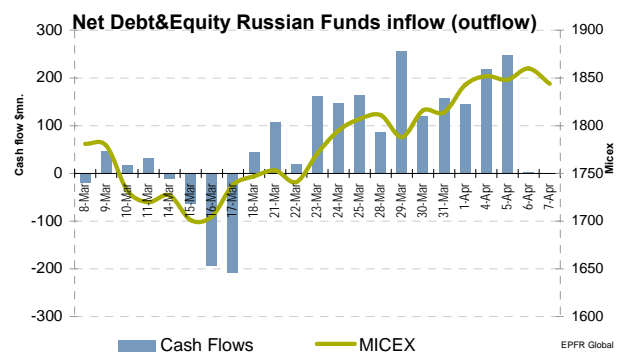
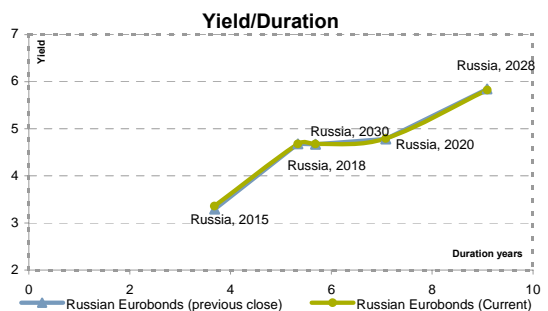
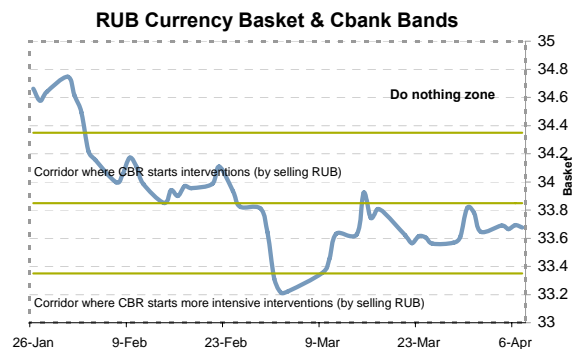
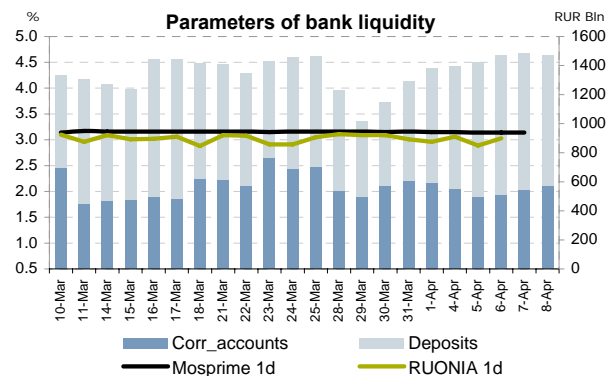
Currency market

Déjà vu. RUB basket stuck in the tight range, traded yesterday within 33.68-33.74 and closed at 33.69, exactly at the same level as the previous close. RUB rose 1 kopeck against USD, closing at 28.25, and fell 1.7 kopeck against EUR, closing at 40.33. RUB got some relief from slightly weaker EUR on profit taking after ECB interest rate hike yesterday. Yet today it looks like EUR is back again, hitting 1.44, which means RUB will have harder time strengthening against EUR today, unless the trend changes. It may get some ground against USD, though, as oil was trading off the charts here in the morning - front month Dated Brent traded at the new highs of 123.50 here in the morning. IMF issued a new chapter from World Economic Outlook, the conclusion of which is that oil scarcity is the new normal, implying oil prices may continue to trend upwards, or at least remain at high levels in the coming years. Russia's central bank said on Thursday it bought \$4.49 billion and 0.6 billion euros (\$0.85 billion) in March. According to CBR comments \$1.2 billion and 0.2 billion euro were 'accumulated' interventions, which implies that basket floating corridor may have been shifted down by 10 kopecks to 32.35-37.35 ruble. Today RUB basket opened at around yesterday's levels, yet due to the oil effect RUB managed to gain against USD, falling to 28.13 in the first minutes of the trading session. Unlikely will the speculators wish to open long RUB basket positions before the weekend, especially amid global uncertainties such as Ecofin discussions in euro area, Japanese nuclear disaster and the new earthquake, US government shutdown risks...

Debt and Equity Markets

Micex index slightly decreased yesterday, but new local oil price's peaks will help Russian market to rebound. Today's opening was slightly higher. This week was flat. Bond market still attracts investors. Treasury bonds yield curve continue to shift down.

Forwards	1m.	3m.	6m.	
USD/RUB	28.188	28.324	28.577	
EUR/RUB	40.529	40.667	40.917	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	3.48	0	4.26	3.23
MIBOR 1m (%)	3.88	0	5.07	3.81
RUONIA 1d (%)	3.03	0.14		
Implied NDF yield 6m%	3.505	0.035	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	120	0	218	119
Eurobond Russia 30Y	4.688	0.03	5.953	3.914
EMBI +	557.46	-0.35	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2089.52	-1.01	2110.90	1226.57
Micex	1844.33	-0.84	1859.99	1197.39
S&P 500	1333.51	-0.15	1343.01	1022.58
DJIA	12409.49	-0.14	12426.75	9686.48
Brent	123.43	1.35	123.43	67.20



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