

# Russian Markets - Daily

April 12, 2011

<b>RUB is under oil pressure</b>	USD/RUB	28.15	▲
<b>Rates are calm</b>	EUR/RUB	40.56	▲
<b>Liquidity waits for tax payment</b>	RUB basket	33.74	▲

## Hot News

- The IMF boosted its gross domestic product forecast for Russia to 4.8 percent for 2011 from 4.5 percent from its last forecast in January. It raised its 2012 Russia forecast by a tenth of a percentage point to 4.5 percent. The IMF, in its World Economic Outlook, said Russia's rebound was aiding neighboring economies, and trade and capital flows to the region were gradually normalizing.
- Russia has turned more optimistic about oil prices in coming years but believes resulting gains in the rouble currency may crimp economic growth, according to economy ministry projections. The ministry raised its average oil price forecast for this year by \$24 a barrel to \$105.
- Ministry of Economic Development forecasts 2014 GDP growth at 4.6%, industrial production growth 4.2%, average oil price at \$ 97 per barrel. The Ministry has also adjusted the forecast for GDP growth: 2012 annual growth was set at 3.5% (previous forecast 3.9%), 2013 - 4.2% (previous forecast - 4.5%).
- Russia's federal budget deficit could reach 1% of the country's GDP in 2012, Deputy Economic Development Minister said.
- Alfa Bank, Russia's largest privately-owned lender, may place Eurobonds worth up to \$1 billion in 2011, the bank's chief financial officer said on Monday.

## Money Market

RUB liquidity at Central Bank's correspondent accounts stabilized, decreased by insignificant 13bn to RUB 1413 bn. during yesterday's session. Decline in deposits was offset by growth in correspondent accounts. Liquidity situation in banking system is comfortable, RUONIA dropped the day before. We expect Money Market will stay relative stable until tax paying period (first payments will be on Apr. 14<sup>th</sup>). Concerning Central Bank's meeting in the end of the month, - interest rate volatility can rise because of ambiguous opinion regarding Central Bank's interest rate hike. Interbank overnight rate is dependent on depo rate, which can be raised by CBR.

## Currency market

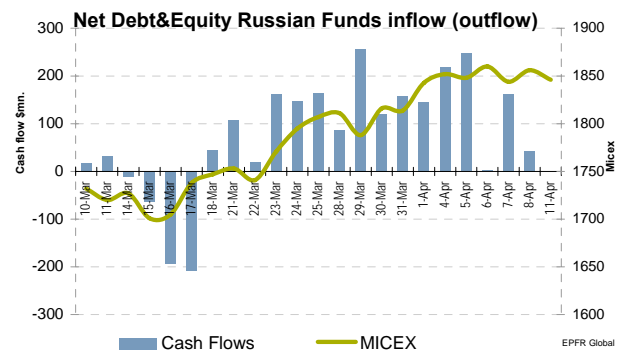
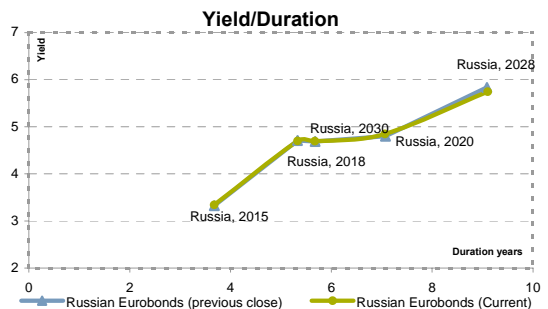
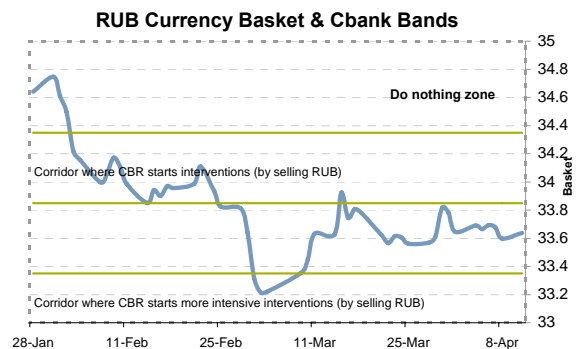
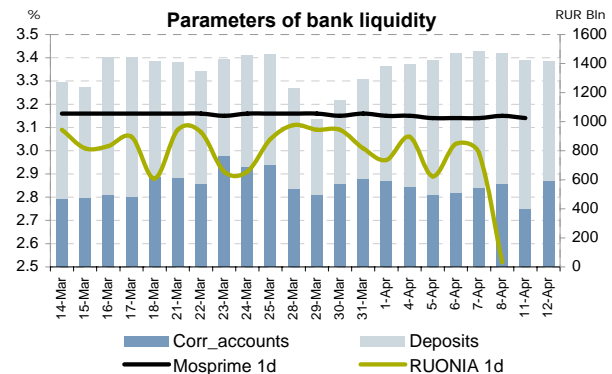
RUB basket didn't show sizable dynamics yesterday. However RUB touched new peaks (since 2008) against dollar yesterday. This rally was offset by weakness against euro. But today's currency basket opening was lower as oil prices slumped on hope of stabilization in Libya. RUB is under the pressure today given global risk tolerance is under the question. Local equity market opened sharply lower, European markets shows decline. Besides Central Bank's increased plan interventions shows regulator's reluctance to see currency basket much lower. CBR purchases several hundred millions dollars a day and its daily plan interventions have been increased recently from \$150 mn. to \$200 mn. (plan interventions seem to be a function of oil prices).

Taking into account all mentioned above, RUB can slow down its growth, which will still persist given high absolute oil price levels. Local support line for currency basket is 33.5, resistance - 34.

## Debt and Equity Markets

Micex index slightly decreased yesterday and continued this negative dynamics on today's opening. Local oil price's weakness is the main reason. The closest support line for Micex index is 1800. Russian domestic bond market had relatively calm trading session yesterday. T-bond yield curve stayed at previous level. Russian Eurobond market had mixed dynamics but small price changes. The most interesting situation took place for "AAA" European Investment Bank and World Bank Eurobonds. This yield curve decline by 20 b.p. during the day. This could be a positive sign for the Russian bond market. But may be not today.

Forwards	1m.	3m.	6m.	
USD/RUB	28.14	28.276	28.515	
EUR/RUB	40.501	40.638	40.858	
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 (%)	2.52	-0.47		
Implied NDF yield 6m%	3.42	-0.09	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	120	0	218	119
Eurobond Russia 30Y	4.703	-0.012	5.953	3.914
EMBI +	557.18	-0.43	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2113.55	-0.47	2123.56	1226.57
Micex	1845.78	-0.55	1859.99	1197.39
S&P 500	1324.46	-0.28	1343.01	1022.58
DJIA	12381.11	0.01	12426.75	9686.48
Brent	122.51	-2.57	123.43	67.20



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