

Russian Markets - Daily

April 13, 2011

RUB is lower	USD/RUB	28.12	
Rates are at previous levels	EUR/RUB	40.80	▲
Liquidity waits for tax payment	RUB basket	33.82	▲

Hot News

- Russian President Dmitry Medvedev has said he will soon decide whether to seek re-election in March 2012.
- High oil prices have sent foreign investors piling into Russia, yet the country is still hemorrhaging billions of dollars in net capital outflows each month - because, it seems, more Russians are exporting cash. Uncertainty over who will be in favor after the 2012 presidential election seems to be prompting some businessmen to shift cash out, companies are looking to expand abroad, while households prefer to keep savings in euros.
- BP's planned \$18 billion tie-up with Russia's Rosneft looks even more uncertain after chief backer Igor Sechin stood down as Rosneft chairman, and sources said BP faced a new legal challenge. Deputy Prime Minister Sechin resigned his position after President Dmitry Medvedev ordered the removal of ministers from the boards of state companies as part of his campaign to separate politics and business.
- Russia's oil export duty may rise around 7 percent in May to reach \$454-\$456 per tonne, the highest level in over 2-1/2 years on surging crude prices. The crude oil duty - a major factor in the economics of Russian oil exports and the financial results of Russian oil companies -- stands at \$423.7 per tonne in April.
- Finance Ministry official, Alexander Sakovich, told Reuters on Tuesday the average price so far has been \$113.90 per barrel, up from \$107.81 in the previous timeframe.
- IMF expects Russian's budget deficit in 2011 at 1,6% of GDP. The federal budget in January-February 2011 was in 121,3bln rubles (€3bn) surplus (1.1% of GDP). IMF has recommended CBR to continue monetary policy tightening in order to achieve inflation target (6%-7%).

Money Market

RUB liquidity at Central Bank's correspondent accounts increased by insignificant 18bn to RUB 1431 bn. during yesterday's session. Still liquidity situation in banking system is comfortable, RUONIA dropped the day before. First tax payments will be tomorrow, which can have slight negative effect on liquidity. However it is not enough to lift interbank interest rates. Interest rate volatility can rise right before Central Bank's meeting in the end of the month. There is no clear signal from CBR and interest rate hike is possible. Interbank overnight rate is dependent on depo rate, which can be raised by CBR in foreseeable future.

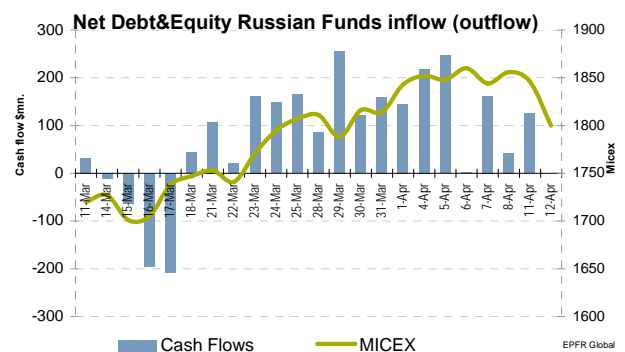
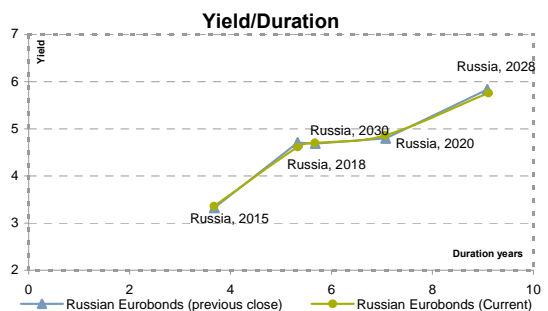
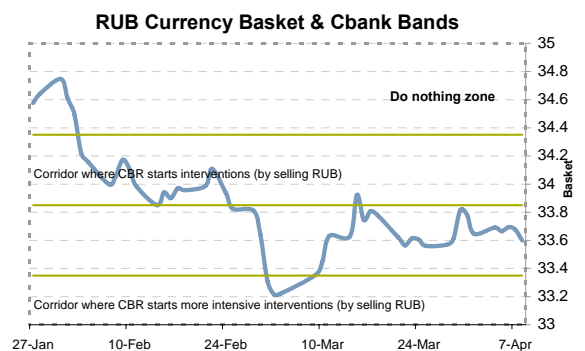
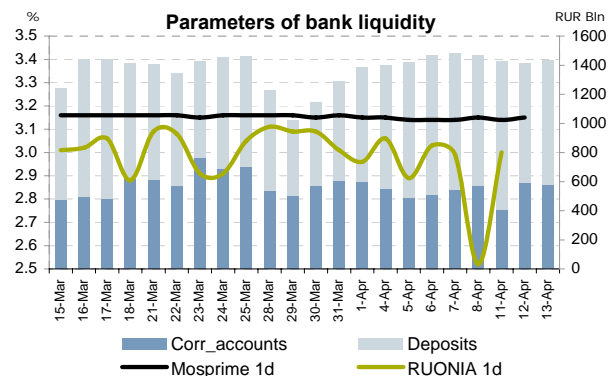
Currency market

RUB basket increased by more than 20 kopecks yesterday on weak oil price dynamics. Brent retreated from recent peaks and lost almost 6% during two trading sessions. Euro approached its highest levels against RUB in 3 months and gained 26 kopecks. Dollar also rebounded from its bottom vs RUB. Today currency basket opened even higher, but considering stabilization on commodity market, RUB may stay relative stable. In general big exporters have a lot of dollar liquidity on their accounts and if US currency move a bit higher, exporters will begin to sell basket. Many companies just wait for the right moment to sell foreign currency, taking into account coming tax payments. From the other side Central Bank has increased plan interventions. So RUB can slow down its growth and stay flat but with relative high volatility. Local support line for currency basket is 33.5, resistance - 34.

Debt and Equity Markets

Micex index sharply decreased yesterday and lost 2%. Oil price's weakness and global risk averse were the main drivers of this downtrend. Micex has met support at 1800 and today blue chips opened higher. However long-term technical support is at 1750. Russian domestic bond market was flat yesterday. Yield curve was without significant changes.

Forwards	1m.	3m.	6m.	
USD/RUB	28.209	28.346	28.594	
EUR/RUB	40.825	40.963	41.198	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	3.48	0	4.26	3.23
MIBOR 1m (%)	3.9	0.02	5.07	3.81
RUONIA 1d (%)	3	0.48		
Implied NDF yield 6m%	3.62	0.2	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	125	5	218	119
Eurobond Russia 30Y	4.74	0.037	5.953	3.914
EMBI +	556.5	-0.68	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2062.52	-2.41	2123.56	1226.57
Micex	1799.94	-2.48	1859.99	1197.39
S&P 500	1314.16	-0.78	1343.01	1022.58
DJIA	12263.58	-0.95	12426.75	9686.48
Brent	121.70	-0.66	123.43	67.20



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