

Russian Markets - Daily

April 14, 2011

RUB is under the pressure	USD/RUB	28.20	▲
Rates are stable	EUR/RUB	40.90	▲
CPI stats doesn't give signals	RUB basket	33.92	▲

Hot News

- Russia's gold and foreign exchange reserves rose to \$508.4 billion in the week to April 8 from \$504.5 billion a week earlier, central bank data showed on Thursday.
- The five BRICS nations discussed reform of the international monetary system at a meeting in southern China on Thursday, but steered clear of the contentious topic of the Chinese exchange rate.
- Russian Prime Minister Vladimir Putin said on Wednesday it was too early to name a favored candidate for the 2012 presidential election. President Dmitry Medvedev had earlier promised a decision soon. But Putin said speculation over who would run in next March's election was disruptive. "There is still one year before the election. And this fuss over the election does not help to organize routine work".
- Russia's Sberbank is in talks with Austrian banks on possible acquisitions, the bank said on Wednesday. "Sberbank is interested in entering Western and Eastern European markets. The negotiations with Austrian banks have begun and now continue," Russia's top lender said in an e-mailed statement.
- Russia's consumer prices rose 0.1 percent in April 5-11, maintaining the same relatively modest pace of inflation for a fourth week in a row, the Federal Statistics Service said on Wednesday. This brings inflation since the start of the year to 4.0 percent compared to 3.3 percent in the same period of 2010.
- OPEC raised forecast for global oil demand for 2011. Global oil consumption will rise this year to 1.39mln barrels per day (or 1,61%).

Money Market

Liquidity continues its usual middle-month calm fluctuations. RUB liquidity at Central Bank's correspondent accounts increased by insignificant 7.4bn to RUB 1424 bn. during yesterday's session. Today we expect tax payments (~RUB100 bn.) but that won't have significant influence on interbank rates. Liquidity situation is comfortable.

Interest rate volatility can rise before Central Bank's meeting in the end of the month. CBR has moved towards inflation targeting and CPI statistics is the major focus for the market. Russia's consumer prices rose 0.1 percent in April 5-11. This numbers coincide with CBR forecast and from this point of view inflation stats gave no signal regarding interest rate hike probability.

Currency market

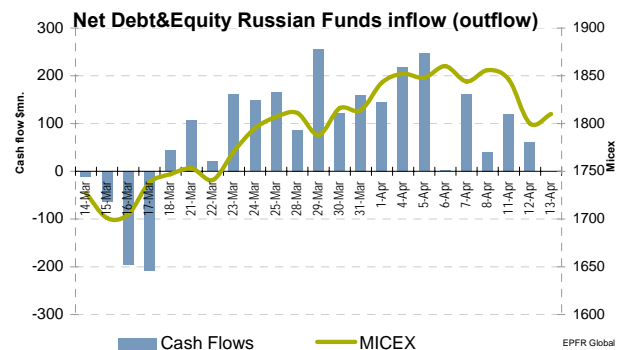
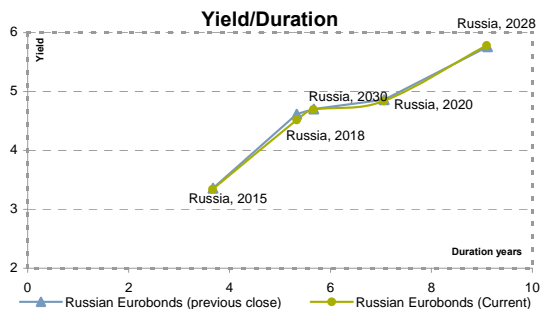
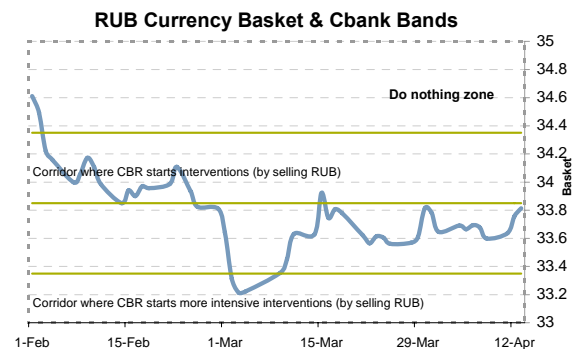
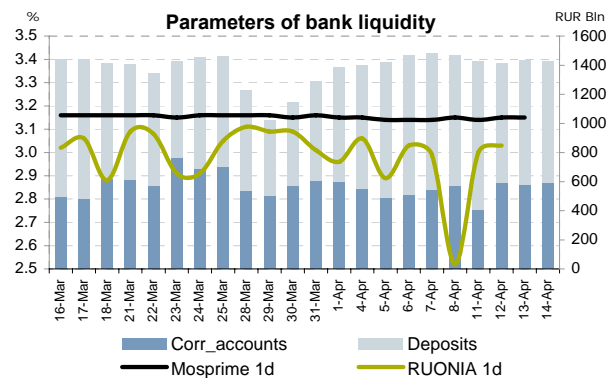
RUB basket increased by more than 10 kopecks yesterday on market uncertainty and risk aversion. CBR continues to sell RUB on the current levels, exporters took passive side. Commodity market does not show any notable signals. As a result both EUR and USD gained against RUB yesterday. Today's currency basket opened even higher and trades at 33.94 – the lowest level since march. However upcoming tax payments and still high oil prices will offset downside pressure on RUB. Exporters have a lot of dollar liquidity on their accounts and tax payments will force them to sell it on the market at the end of the month. Local support line for currency basket is 33.5, resistance – 34.

Debt and Equity Markets

Micex index increased by 0.5% yesterday, won back small part of the recent drawdown. Oil prices stabilized, however market opened slightly lower today. Risk aversion has become a popular excuse for such a weak dynamics. The closest supporting line is 1800 for Micex index.

Bond market: Russia sold 17.2 billion rubles (\$612.1 million) of new-issue 10-year OFZ treasury bonds at an auction yesterday, offering a premium. The finance ministry had offered 20 billion rubles, the yield was near announced 7.9-8.0 percent. Demand topped 26.5 billion rubles.

Forwards	1m.	3m.	6m.	.
USD/RUB	28.222	28.36	28.612	
EUR/RUB	40.8	40.94	41.19	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	3.48	0	4.26	3.23
MIBOR 1m (%)	3.88	-0.02	5.07	3.81
RUONIA 1d (%)	3.03	0.03		
Implied NDF yield 6m%	3.57	-0.05	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	122	-3	218	119
Eurobond Russia 30Y	4.718	-0.022	5.953	3.914
EMBI +	556.72	0.22	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2062.47	0.00	2123.56	1226.57
Micex	1809.83	0.55	1859.99	1197.39
S&P 500	1314.41	0.02	1343.01	1022.58
DJIA	12270.99	0.06	12426.75	9686.48
Brent	122.50	0.66	123.43	67.20



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