

Russian Markets - Daily

April 19, 2011

RUB in under new pressure	USD/RUB	28.36	▲
Liquidity decreased on taxes	EUR/RUB	40.43	▼
Rates are stable, wait for CBR	RUB basket	33.80	▲

Hot News

- Russia's Nomos Bank said on Monday it would raise at least \$718 million from its IPO in London and Moscow, making it the biggest by a Russian private issuer in the year to date. The \$35-a-share pricing was just above the middle of an original \$32-37 range, which was subsequently narrowed during the book building process. Global Depository Receipts (GDRs) were priced at \$17.5 each. The Nomos IPO is the biggest of 2011 by a Russian private company, trumping the \$575 million raised by real estate developer Etalon last week.
- The combined total raised by Russian IPOs in 2011 is now just over \$2 billion, compared to around \$5.5 billion for the whole of last year.
- Russia's central bank does not expect the ruble to be affected by Standard & Poor's decision to change its outlook on the U.S. sovereign rating to 'negative', board member Sergei Shvetsov said on Monday. "It has nothing to do with Russia," Shvetsov told reporters.
- Shvetsov said the S&P announcement will be among the many events taken into consideration by the central bank's board when it meets to decide on interest rates on April 29.

Money Market

Liquidity is decreasing given tax payment period is in full swing. RUB liquidity at Central Bank's correspondent accounts decreased by 45bn to RUB 1289 bn. yesterday. Interbank rates were stable. Today we have CBR depo auctions which will help liquidity to restore and partially offset tax outflows. Tomorrow value added tax will be paid (~RUB100 bn.)

Also tomorrow market expects inflation statistics publication, which can determine next Central Bank's step. Market is uncertain about interest rates hike and waits for next Central Bank's meeting on April 29. Depo rate (the floor rate for MM overnight rates) can be raised by 25 bp.

Currency market

Basket hadn't time to price «S&P news» yesterday and closed without significant changes. USD increased by 26 kopecks versus RUB, euro decreased by 12 kopecks. S&P outlook change came after the end of currency trade on Moscow's MICEX exchange on Monday. Today currency basket opened higher at 33.81. Risk aversion factor stands against exporter's RUB purchases. Exporters have a lot of dollar liquidity on their accounts and tax paying period forces exporters to sell revenue, supporting RUB. Valued-added tax payments will be paid on April 20, mineral extraction tax - on April 25. These tax payments could total more than \$10 billions.

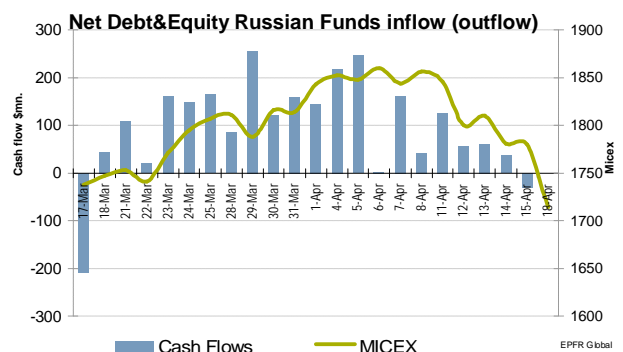
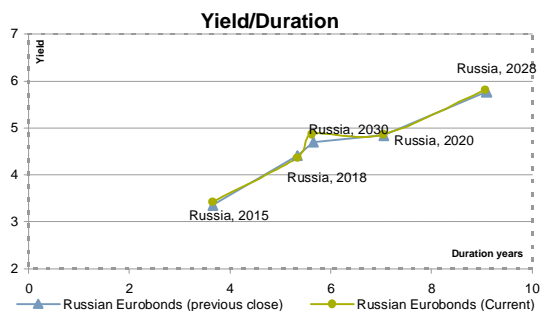
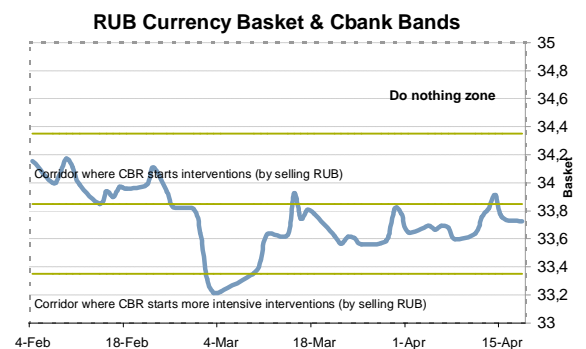
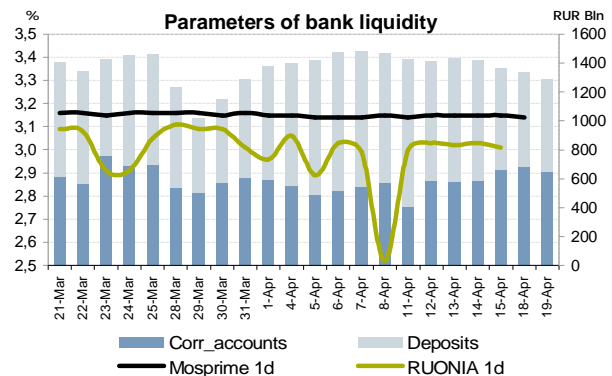
So finally market has several offsetting factors for RUB currency basket and we do not expect significant dynamics.

Debt and Equity Markets

Russian Eurobonds slumped on Monday's session after S&P changed US rating outlook to negative, sovereign spreads widened significantly. Russia-30 yield increased by 0.14%.

Russian stock market started week with sharp negative dynamics and reached monthly bottoms. MICEX Index lost 3.72%. Today market opened slightly higher, global upward trend and long-term technical supporting lines help Russian stocks to rebound.

Forwards	1m.	3m.	6m.	1Y.
USD/RUB	28,494	28,639	28,897	
EUR/RUB	40,5025	40,645	40,8925	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	3,44	0	4,26	3,23
MIBOR 1m (%)	3,89	0,02	5,07	3,81
RUONIA 1d (%)	3,01	-0,02		
Implied NDF yield 6m%	3,69	0,045	4,76	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	135	8	218	119
Eurobond Russia 30Y	4,854	0,151	5,953	3,914
EMBI +	556,05	-1,75	582,02	500,33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1950,15	-3,95	2123,56	1226,57
Micex	1714,07	-3,72	1859,99	1197,39
S&P 500	1305,14	-1,10	1343,01	1022,58
DJIA	12201,59	-1,14	12426,75	9686,48
Brent	121,25	-1,02	123,43	67,20



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