

Russian Markets - Daily

April 21, 2011

RUB is at maximum vs. USD	USD/RUB	27.88	▼
Liquidity decreased sharply	EUR/RUB	40.80	▲
Stats comply with forecast	RUB basket	33.71	▼

Hot News

- Russia's central bank has increased its gold holdings to 26.1 million troy ounces as of April 1 from 25.5 million a month earlier, it said on Wednesday. In monetary terms, the gold part of Russia's \$502 billion reserves was worth \$37 billion, the central bank said.
- Russia's central bank chief on Wednesday blamed the weak investment climate for capital outflows that have plagued the economy in recent months even as high oil prices attract extra revenues and fund inflows. "The fundamental reason ... is well known to everyone -- it is the not very good investment climate in Russia," central bank Chairman Sergei Ignatyev told the Duma lower house of parliament. His comments chime with recent data showing that capital investment unexpectedly fell for a third month in March, and the Economy Ministry's downward revision of its full-year forecast for capital investment growth.
- Prime Minister Vladimir Putin on Wednesday reiterated Russia's aim to boost investment, calling for foreign inflows to rise to an annual \$60-70 billion from \$40.5 billion in 2010, but offering no new steps to achieve this.
- Putin told the State Duma lower house in his more than two-hour annual report that inflation would not exceed 6.5 to 7.5 percent in 2011 and gross domestic product grew by 4.4 percent in the first quarter of the year.
- "Based on GDP, Russia should enter the ranks of the five leading countries (by 2020)," he told deputies, adding GDP per capita should more than double to \$35,000 by then.
- April inflation statistics showed 0.1% CPI growth during the week ended on March 15.

Money Market

Liquidity declined yesterday due to value added tax payments. RUB liquidity at Central Bank's correspondent accounts decreased by 51bn to RUB 1173 bn. yesterday. Interbank rates were slightly up. Tax paying period is not over. Yesterday's inflation statistics showed moderate weekly numbers. This stats can prevent Central Bank from interest rate hike on the next meeting. However there is still some threat of interest rates hike. Next Central Bank's meeting will take place on April 29.

Currency market

Basket continued to trade in the flat mode yesterday. However USD (against RUB) approached its lowest levels since 2008. Sharp dollar decline on forex spur speculations on the Russian market. USD lost almost 30 kopecks against RUB and closed near psychological level at RUB28 per USD. Valued-added tax payments made exporters to sell foreign currency yesterday, worsening dollar drawdown. Today basket opened lower, RUB continues to appreciate and follows commodity market. USD trades at 27.91 - the lowest levels since 2008. Regarding the currency basket we expect it will stay at the current trading range in the upcoming weeks (33-34).

Debt and Equity Markets

Russian stock market has won back the recent drawdown, MICEX Index increased by 1.6% and reached 1783.38 yesterday. Today market continued with positive dynamics on growing commodity markets. Russian Eurobonds continued to recover. Sovereign spreads narrowed insignificantly and Russia-30 yield decreased by 0.05%.

Forwards	1m.	3m.	6m.	
USD/RUB	28,091	28,236	28,49	
EUR/RUB	40,901	41,0375	41,2825	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	3,45	0,01	4,26	3,23
MIBOR 1m (%)	3,89	0,02	5,07	3,81
RUONIA 1d (%)	3,08	0		
Implied NDF yield 6m%	3,725	0,01	4,76	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	129	-4	218	119
Eurobond Russia 30Y	4,72	-0,087	5,953	3,914
EMBI +	558,43	1,34	582,02	500,33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2030,97	2,16	2123,56	1226,57
Micex	1783,38	1,58	1859,99	1197,39
S&P 500	1330,36	1,35	1343,01	1022,58
DJIA	12453,54	1,52	12453,54	9686,48
Brent	124,64	1,75	129,43	67,20



