

Russian Markets - Daily

April 25, 2011

RUB is stable	USD/RUB	27.95	▼
Liquidity decreased on taxes	EUR/RUB	40.76	▲
Overnight rates rose slightly	RUB basket	33.72	

Hot News

- Russia is considering tax breaks on the planned hikes in the gas extraction duty for independent producers, with Novatek set to be the main beneficiary if the plans are approved.
- The mineral extraction tax (MET) for gas is seen as a key source of extra cash as Russia prepares for a likely increase in budget spending ahead of elections and seeks to make up for revenue losses from a planned cut in social taxes, the newspaper said.
- Russia's Finance Ministry has cut back its proposals for hikes in excise duties on tobacco and alcohol, citing producers' concerns and beneficial oil prices, a ministry source said on Friday. The ministry is now suggesting raising excise duties on tobacco by 40-42 percent in 2012, down from its initial call for a 60 percent increase, a source told Reuters.
- Russian farmers sowed 1.03 million hectares with spring grains as of April 21. The ministry data showed that the country aims to sow 30.2 million hectares with spring grains, but the target may not be reached. Spring sowing campaign was delayed for about two weeks due to the late onset of spring weather.
- A senior Russian official said on Friday the government would keep a strong voice on state-controlled company boards, a blow to President Dmitry Medvedev's drive to curb state influence in the economy. The remarks quashed hopes among minority shareholders that independent directors may replace officials and underscored the challenge Medvedev faces in putting his stamp on corporate governance and emerging from the shadow of his powerful mentor, Prime Minister Vladimir Putin. Asserting his authority, Medvedev said in late March that top members of Putin's government must leave the boards of firms such as gas giant Gazprom and oil major Rosneft

Money Market

Tax paying period is not over and next payments will be today and on Thursday. Liquidity continued to decline due to tax payments. RUB liquidity at Central Bank's correspondent accounts and deposits decreased by 17bn to RUB 1160 bn. yesterday. Interbank interest rates increased slightly because of contracted liquidity and in anticipation of Central Bank's meeting which will be on Friday. April inflation seems to meet Central Bank target which can prevent Central Bank from interest rate hike on Friday. However there is still some probability of interest rates hike.

Currency market

Basket continued to trade in the previous range. Oil prices are stable, giving no signals for the ruble. Friday's session closed at 33.73 RUB for the currency basket. Dollar approached the lowest level against RUB since 2008 and today trades near RUB28. Tax payments and corresponding RUB purchases put a pressure on USD. Tax payments will continue on this week, supporting RUB. We expect the basket will stay inside the current trading range (33-34) during the next couple of weeks.

Debt and Equity Markets

Trading volume was low on Friday due to holidays in Europe and US. Russian stock market rose insignificant and MICEX Index increased by 0.75% and reached 1793. Today market opened higher on stable oil prices and good equity funds cash inflows in the end of last week.

Yield curve was stable, debt market closed without significant changes.

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	123,43	67,20



