

Nordea

Russian Markets - Daily

June 06, 2011

RUB retreated slightly	USD/RUB	27.75	▼
Liquidity is rebounding	EUR/RUB	40.65	▲
Rates are finally comfortable	RUB basket	33.56	▲

Hot News

- Russia's PMI for the service sector rose from 55.8 to 57.6 in May. /Reuters
- Sberbank will announce the banks-organizers planned for the autumn deals on partial privatization package (7.6% share). According to Sberbank's head G. Gref privatization will be carried out through public offerings on the market. It is expected that the base platform is the MICEX. The shares will be also sold through the placement of ADR on the foreign exchanges. /Interfax According to Finance Minister Kudrin, the rouble today is "safe and secure", and that reducing inflation to 3-4% in the coming years will increase the credibility of the Russian currency. /RIA
- Gazprom does not exclude an alliance with France's Total for cooperation on global markets, said the head of Gazprom A. Miller. According to him, France during the last two years has the highest dynamics in the development of energy cooperation with Russia. /Interfax
- President Dmitry Medvedev's administration is proposing to increase income tax by 4 percent to offset the impact of the cut in social taxes Medvedev proposed in March, Vedomosti reports, adding that the government does not support the idea of hiking levies on earnings.

Money Market

Liquidity is rebounding from the recent bottom, interbank rates are stabilizing. Central Bank's correspondent accounts and deposits reached RUB 922 bn. (+41 bn.). As we expected liquidity have began to improve in the beginning of June. Central bank also helped money market via depo auctions, providing market with additional liquidity. Finally situation has stabilized and overnight rates are approaching Central Bank depo rate which is now set at 3.5%. Concerning Central Bank monetary policy, recent statements give market a signal, that key rates will be unchanged in the coming several months. However inflation threat will be the major focus for the Central Bank and it may continue to use other monetary instruments (for example reserve requirements).

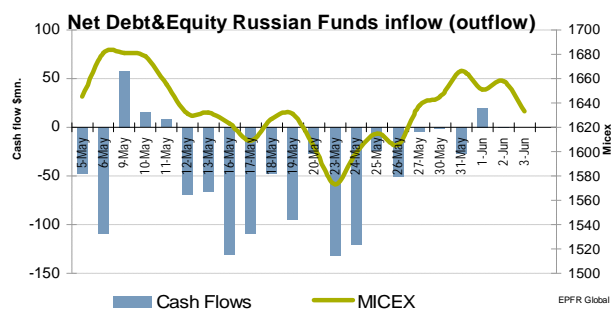
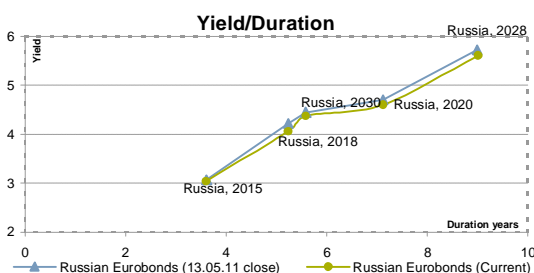
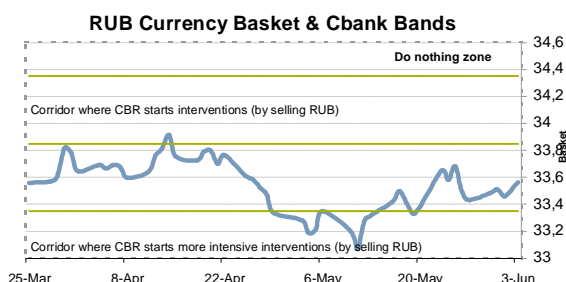
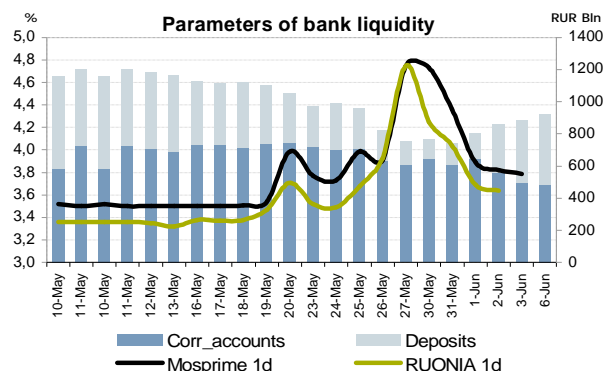
Currency market

The RUB basket rose 6 kopeck on Friday, finishing the session at 33.57. RUB lost especially to EUR (10.7 kopeck). The barrage of negative macro data from the US increased nervousness in the financial markets with the fear that the recovery process will not be as fast as expected. The US markets closed in the red on Friday, and the Asian stocks dropped during the night. The front month Brent oil prices held steady at above USD 115/bbl in the morning - slightly lower from last week's peaks, reflecting the worsening outlook for global growth. The EUR/USD shot up by nearly 200 pips from Friday's levels, thus RUB opened weaker against the EUR. However RUB gained against the USD, dropping to 27.76 in the opening today. The RUB basket opened at around Friday's close levels. All in all, the market sentiment is not in RUB favour now - yet it has a chance to gain further against the USD, provided the negative news continue from the US and Trichet this weak (Thursday meeting) sounds hawkish ("strong vigilance").

Debt and Equity Markets

Russian stock market decreased on global concern about US economy after weak may statistics. However equity fund cash outflow have stopped, which inspire local market participants.

Forwards	1m.	3m.	6m.	
USD/RUB	27,91	28,083	28,358	
EUR/RUB	40,74	40,91	41,19	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,08	-0,03	4,26	3,23
MIBOR 1m (%)	4,44	0,01	4,51	3,81
RUONIA 1d (%)	3,64	-0,05		
Implied NDF yield 6m%	4,13	-0,04	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	136	-1	218	119
Eurobond Russia 30Y	4,381	-0,019	5,739	3,914
EMBI +	573,48	0,92	582,02	505,62
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1858,08	-1,33	2123,56	1288,72
Micex	1633,02	-1,53	1859,99	1254,65
S&P 500	1300,16	-0,97	1363,61	1022,58
DJIA	12151,26	-0,79	12810,54	9686,48
Brent	115,54	0,11	129,43	67,20



Dmitry Savchenko +7 495 7773477
Aurelija Augulyte +45 3333 6437

Dmitry.Savchenko@nordea.ru
Aurelija.Augulyte@nordea.com

Nordea Markets is the name of the Markets departments of Nordea Bank Norge ASA, Nordea Bank AB (publ), Nordea Bank Finland Plc and Nordea Bank Danmark A/S. The information provided herein is intended for background information only and for the sole use of the intended recipient. The views and other information provided herein are the current views of Nordea Markets as of the date of this document and are subject to change without notice. This notice is not an exhaustive description of the described product or the risks related to it, and it should not be relied on as such, nor is it a substitute for the judgement of the recipient. The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision. It is important to note that past performance is not indicative of future results. Nordea Markets is not and does not purport to be an adviser as to legal, taxation, accounting or regulatory matters in any jurisdiction. This document may not be reproduced, distributed or published for any purpose without the prior written consent from Nordea Markets.