

# Nordea

## Russian Markets - Daily

June 09, 2011

<b>RUB stayed flat</b>	USD/RUB	27.69	▼
<b>Liquidity increased slightly</b>	EUR/RUB	40.54	▼
<b>O/N rates are near CBR depo</b>	RUB basket	33.47	▼

### Hot News

- The CPI rose by 0.1% over the week of May 31-June 6, which was the fifth week in a row of such rate of growth in consumer prices. Food price inflation decelerated further, as prices of seasonal vegetables decreased 1.6% over the week. However, fuel prices continued to climb with a 0.7% increase over the week. /Rosstat
- The CBR does not intend to increase the FX interventions in order to keep RUB from strengthening, said the CBR chief Ignatyev. /RIA
- In the second quarter of 2011 we may see capital inflow to Russia, said Economy Minister A. Klepach. /Interfax
- The tariffs and service prices of the natural monopolies in 2012-2014 may be indexed according to the formula "inflation+", said Economy Minister A. Klepach. That is, the tariffs and prices will rise at an inflation rate plus a few percentage points. /Interfax
- The sales of new light vehicles in Russia rose 48% y/y in May. /Vedomosti

### Money Market

Central Bank's correspondent accounts and deposits increased by RUB 18 bn. and totaled RUB 966 bn. Overnight rates are near Central Bank's depo rate (at 3.5%). Recent CBR announcements signaled that key rates may stay unchanged during coming few months. However reserve requirements can be increased. CBR will wait for summer inflation statistics, anticipating slight seasonal deflation, but if that fail to happen CBR will continue monetary tightening cycle.

### Currency market

The RUB basket strengthened further against the RUB basket on Wednesday, finishing the day 4 kopeck lower - at 33.51. The RUB responded positively to CBR chief's Ignatyev's comments about no intention to increase presence in the FX market. Today all eyes are on the ECB meeting, which will likely make the EUR/USD more volatile. If Trichet says "strong vigilance", we may see further EUR gains/USD losses, thus RUB will continue strengthening against the USD. After yesterday's surprise "no raise in oil production quotas" from OPEC made the oil prices shoot nearly USD 3 up. The front month Brent traded around USD 118/bbl here in the morning. OPEC will not meet in the next three months, OPEC commented, so the oil prices may remain higher - end rise even higher - especially if USD remains broadly weak. The only risk for the oil prices is the breakdown of the OPEC cartel - i.e. if all members start to increase the production (Prisoner's dilemma). We believe RUB kept strong in the recent period of panic in equity markets, hence it's about time for the gains to resume - especially as the comments from the CBR have been RUB-supportive.

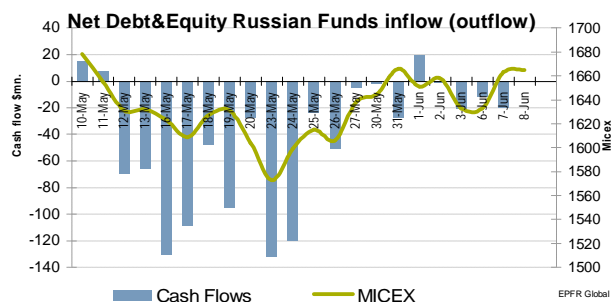
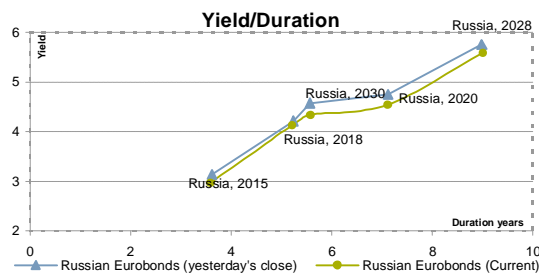
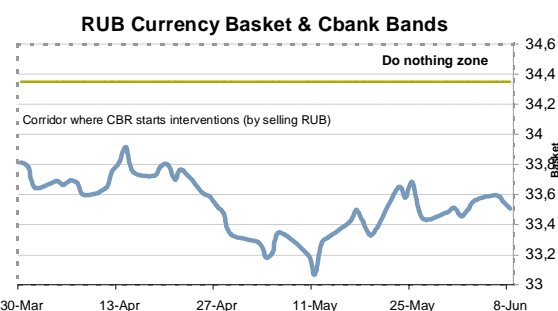
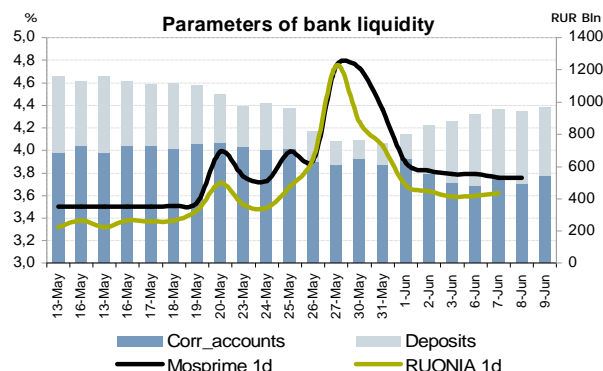
### Debt and Equity Markets

Russian stock market tried to stand against US market decrease. Brent traded higher at USD 118/bbl after OPEC decision not to rise output which finally supported Russian stock market. Bond market is stable due to CBR signaled no interest rate hike is expected during coming several months. Liquidity is rebounding, which supports RUB bond market.

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Forwards	1m.	3m.	6m.	
USD/RUB	27,781	27,952	28,224	
EUR/RUB	40,599	40,772	41,044	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,03	-0,01	4,26	3,23
MIBOR 1m (%)	4,41	0,02	4,49	3,81
RUONIA 1d (%)	3,62	0,02		
Implied NDF yield 6m%	4,065	-0,005	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	134,25	3,25	218	119
Eurobond Russia 30Y	4,339	-0,012	5,698	3,914
EMBI +	574,51	0,35	582,02	507,28
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1911,41	0,38	2123,56	1288,72
Micex	1664,83	0,13	1859,99	1254,65
S&P 500	1279,56	-0,42	1363,61	1022,58
DJIA	12048,94	-0,18	12810,54	9686,48
Brent	117,96	1,53	129,43	67,20



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