

Nordea

Russian Markets - Daily

June 10, 2011

RUB gained vs. basket	USD/RUB	27.77	▲
Liquidity stabilized	EUR/RUB	40.25	▼
O/N rates were flat near 3.5%	RUB basket	33.38	▼

Hot News

- Russia's largest state bank Sberbank issued a USD 1bn 10Y eurobond. Sberbank intends to borrow USD 2-4bn in foreign markets - there are no plans to borrow in the domestic market. /RIA
- The international reserves of the Central Bank of Russia rose USD 4.5bn last week, up from USD 1.5bn growth the week before. Thus, the foreign reserves stood at USD 522.8bn as of June 3. /CBR
- In the negotiations on Russia's acceptance to WTO all difficult issues have been solved, said the Prime Minister Putin. Now comes the final stage of approval of documents within the framework of multilateral negotiations on accession. /Interfax The Ministry of Economic Development and Agriculture proposed to introduce export duties on grain. The suggestion is to set a price band for grains above which export tariffs would be introduced, while at lower prices the state would guarantee a minimum purchase price. /Lenta

Money Market

Situation was more than stable yesterday. Central Bank's correspondent accounts and deposits decreased by RUB 24 bn. and totaled RUB 924 bn. Overnight rates are near Central Bank's depo rate (at 3.5%).

However visible stability may be spoiled by tax payments at the end of the month. The first payment will be on the next week. Interbank rates have reached its new bottom and will be higher till the end of June. On the next meeting Central Bank will probably keep key rates unchanged, but this won't mean the end of monetary tightening cycle. CBR will just wait for summer inflation statistics.

Currency market

The RUB basket gained further yesterday, finishing the day at 33.42, i.e. 9 kopeck below the previous day's close. The gains were driven by the EUR leg, as RUB gained 21 against it, as the markets took profits on long EUR positions after the expected "strong vigilance" from EBC's Trichet. The oil prices, which increased after OPEC decided not to increase production quotas the day before, has remained at the high levels. Today the front month Brent prices are trading shy of USD 120/bbl. The US equity markets rose, but Asia dropped further during the night and Russian equities opened lower, thus the risk sentiment remains mixed. The RUB may gain further still, as it's more sensitive to oil price developments rather than equities. Liquidity in the domestic market has slightly increased in the first weeks of the month, yet still remains at just around RUB 1 trl, which is much lower than the RUB 1.7 trl seen early this year. This pattern will resume - another liquidity drawdown is expected to start soon, as the end-of-month tax period approaches. Scarcer RUB liquidity will prompt exporters to convert the export revenue, thus supporting RUB.

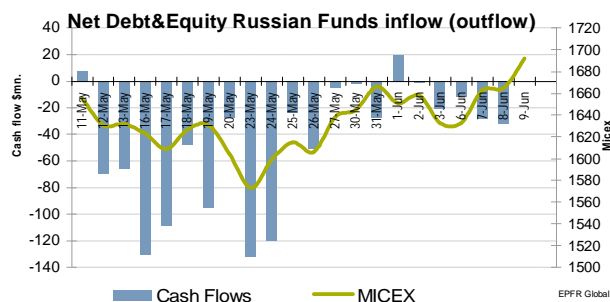
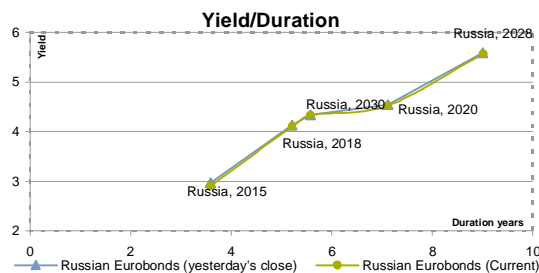
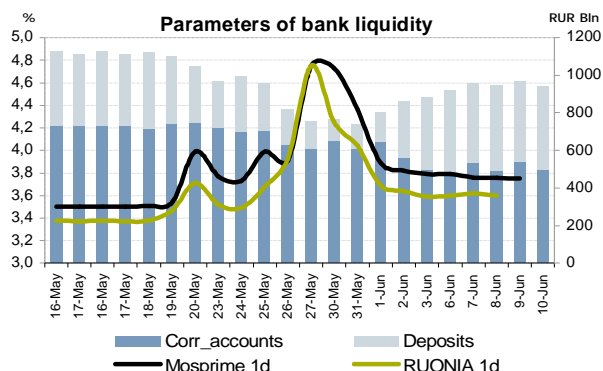
Debt and Equity Markets

Russian stock market showed good growth and Micex index rose by 1.65% in spite of quite poor external background. Local market was driven by internal factors and followed trading ideas in blue chips like Gazprom and Sberbank. Commodity market also supported Russian stock market.

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

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

Forwards	1m.	3m.	6m.	
USD/RUB	27,85	28,022	28,286	
EUR/RUB	40,325	40,498	40,758	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,01	-0,02	4,26	3,23
MIBOR 1m (%)	4,38	-0,03	4,49	3,81
RUONIA 1d (%)	3,6	-0,02		
Implied NDF yield 6m%	3,97	-0,095	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	136,13	1,88	218	119
Eurobond Russia 30Y	4,338	-0,001	5,552	3,914
EMBI +	574,95	0,44	582,02	509,02
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1940,98	1,55	2123,56	1288,72
Micex	1692,34	1,65	1859,99	1254,65
S&P 500	1289,00	0,74	1363,61	1022,58
DJIA	12124,36	0,63	12810,54	9686,48
Brent	119,69	1,47	129,43	67,20



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.