

# Nordea

## Russian Markets - Daily

June 17, 2011

<b>RUB is stable vs. basket</b>	USD/RUB	28.16	▲
<b>Liquidity is relative low</b>	EUR/RUB	39.86	▼
<b>Rates are expected to increase</b>	RUB basket	33.43	▲

### Hot News

- International reserves of the CBR rose USD 5.2bn to USD 528bn in the week to June 10. /CBR
- Inflation in the week from 7 to 14 June was recorded at 0%, down from 0.1% the week before. From the beginning of the year the consumer prices rose 4.8% y/y. /Rosstat
- Industrial production rose 4.1% y/y in May. In January - May this year industrial production grew 5.2% compared to the same period last year. /Rosstat
- Privatization of "Sovkomflot" can be postponed to 2012, First Deputy Prime Minister Igor Shuvalov on the sidelines of the St. Petersburg International Economic Forum. He pointed out that, according to the consultants, now is not the best time to sell, as the current state of affairs "does not confirm the long-term value" of the company. Yet he reminded that the Sberbank share will be privatized in autumn. /Vedomosti
- CBR's First Deputy Chairman Ulyukayev noted that a strong currency is not a threat to the country's economy. "I'm not worried about appreciation", he said on the sidelines of the St. Petersburg International Economic Forum. /Reuters

### Money Market

Central Bank's correspondent accounts and deposits insignificantly increased by RUB 2 bn. and totaled RUB 836 bn. Interbank overnight rates rose slightly but stayed near Central Bank's depo rate at 3.5%. However till the end of the month liquidity will deteriorate due to tax payments and we expect rates will begin to rise during next few weeks. Overnight rates can temporary approach Central Bank's REPO rate of 5.5%.

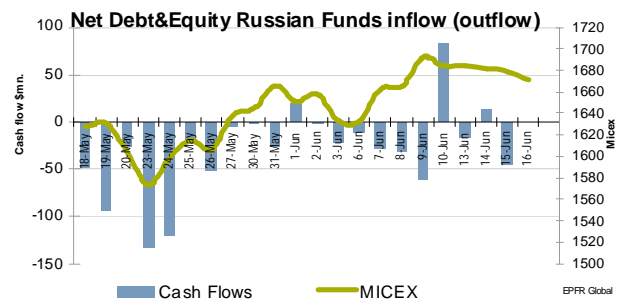
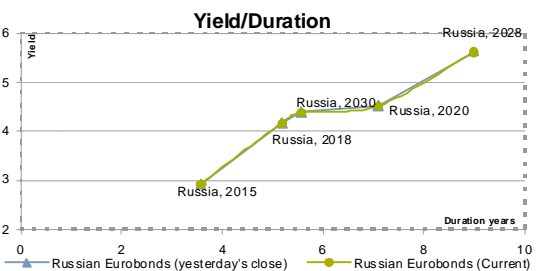
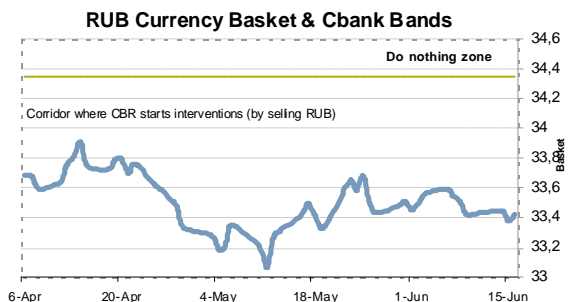
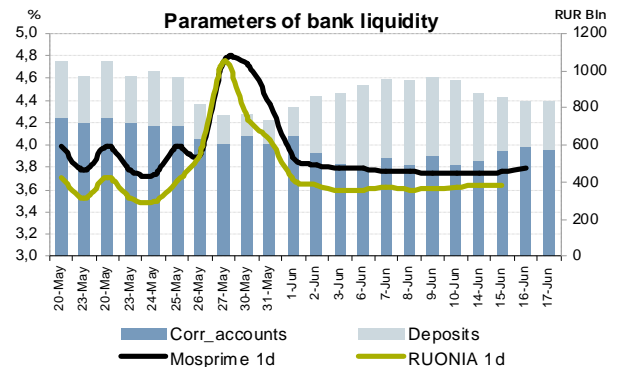
### Currency market

The RUB basket rose 5 kopeck yesterday, closing at 33.43. RUB lost 19.71 kopeck against the USD and rose 13.73 kopeck against the EUR. RUB remains vulnerable due to the global risk aversion, as there are more signs of the slowdown in the world's economy - the US macro data keeps surprising on the downside and the procrastination of Greek debt problems increase nervousness. RUB remains stable and the movements of separate legs reflect movements in the EURUSD, as EUR weakened sharply in the recent few weeks and risk aversion lifted the USD. Continuation of this pattern will keep RUB stronger against EUR. Today the RUB basket opened just a few kopecks above yesterday's close. The front month Brent oil prices remain stable at around USD 114/bbl. The global and Russian stocks stabilized, yet the risk appetite remains subdued. Unlikely, however, this persistence in risk aversion will lift the RUB basket higher - RUB kept really strong in the recent months despite the turbulence on the global markets. Looking back RUB stability makes it at least a good carry currency for now.

### Debt and Equity Markets

Russian stock market almost filled the gap yesterday, but closed on the negative territory. Local market continues to behave itself better than its peers. However low liquidity can become a problem next week, first of all for the bond market, which now is relative stable.

Forwards	1m.	3m.	6m.	
USD/RUB	28,287	28,467	28,743	
EUR/RUB	39,94	40,12	40,41	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,04	0,03	4,26	3,23
MIBOR 1m (%)	4,39	0	4,49	3,81
RUONIA 1d (%)	3,64	0		
Implied NDF yield 6m%	4,22	0,03	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	143,63	4,13	218	119
Eurobond Russia 30Y	4,481	0,018	5,45	3,914
EMBI +	573,15	-0,77	582,02	513,9
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1896,72	-1,16	2123,56	1288,72
Micex	1671,10	-0,46	1859,99	1254,65
S&P 500	1267,64	0,18	1363,61	1022,58
DJIA	11961,52	0,54	12810,54	9686,48
Brent	113,51	-0,74	129,43	67,20



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