

# Nordea

## Russian Markets - Daily

June 20, 2011

|                                 |            |       |   |
|---------------------------------|------------|-------|---|
| <b>RUB decreased vs. basket</b> | USD/RUB    | 28.18 | ▲ |
| <b>Liquidity has restored</b>   | EUR/RUB    | 40.09 | ▲ |
| <b>Rates are stable yet</b>     | RUB basket | 33.54 | ▲ |

### Hot News

- Central Bank of Russia First Deputy Chairman A. Ulyukayev said that presidential election early next year will help attract capital inflows to the country due to the "confidence that rules will be obeyed". In addition, he sees improving capital inflows on other factors such as success in reducing inflation and more balanced budget. /Reuters
- The floating RUB band is now at 32.25 - 37.25, Ulyukayev disclosed, as the CBR last moved the band by 5 kopeck down on Friday. /Reuters
- The next CBR monetary policy meeting will be held on June 30, according to Ulyukayev. /Reuters
- Russia's President D. Medvedev said he will soon reveal his intentions about whether to participate in the presidential elections. "Little waiting time remains" - he said. /Interfax
- President Dmitry Medvedev delivered a clear message in a speech at a showcase economic forum on Friday: My vision for Russia is the right one, regardless of who is in the Kremlin next year.
- Russia will ramp up privatisation and will not let next year's presidential election divert it from the task, top Kremlin economic adviser Arkady Dvorkovich said on Friday.
- State-controlled Russian oil major Rosneft is talking to Chevron
- about possible cooperation in the search for Arctic oil, CEO Eduard Khudainatov said on Friday. The discussions follow the collapse of a deal between Rosneft and British oil major BP to launch an Arctic offshore exploration venture and conduct a \$16 billion share swap.

### Money Market

Central Bank's correspondent accounts and deposits significantly increased by RUB 426 bn. and totaled RUB 1262 bn. Bank of Russia has repaid its debt on Friday (~ RUB350 bn.) and this money helped banking system liquidity to restore. However tax payments (~500 bn.) will pump out this extra liquidity till the end of the month. Today companies will pay VAT which totals ~RUB150 bn.

Interbank overnight rates are stable and stay slightly higher than Central Bank's depo rate at 3.5%. However till the end of the month we expect rates will begin to rise.

### Currency market

The RUB basket rose 6 kopeck on Friday's session, closing at 33.48. Today RUB continues to decrease and basket opened 5 kopeks higher. RUB remains relative stable and trades near 33.5 vs. basket. Risk aversion, capital outflows, weak commodity market are the main negative factors. The front month Brent oil prices decreased and now trades lower USD 112/bbl. From the other side we have RUB purchases in anticipation of big tax payments.

The latest news about changing in floating RUB band (which is now at 32.25 - 37.25) didn't surprise the market and won't have any sizable impact.

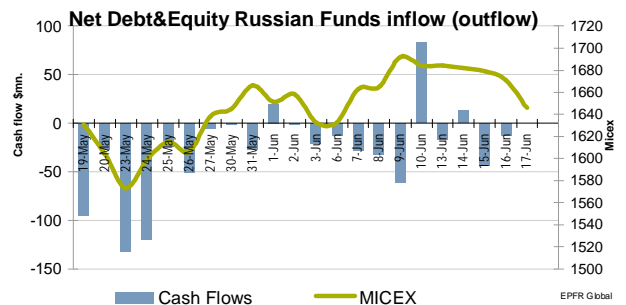
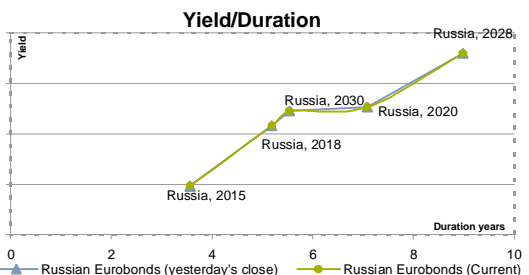
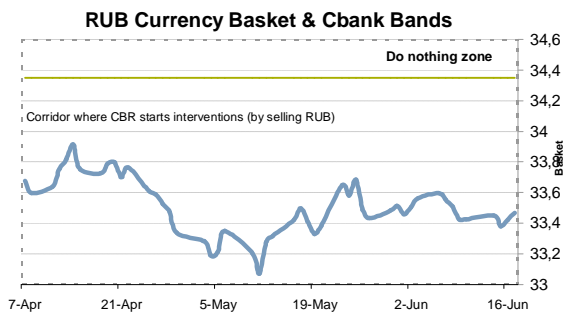
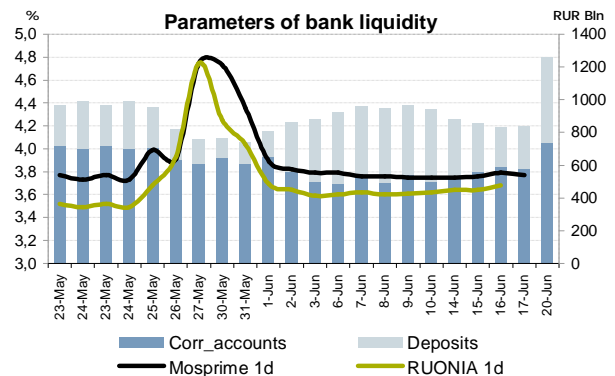
### Debt and Equity Markets

Russian stock market declined last week but traded better than the other markets. Current commodity market weakness will put a pressure on Russian equity market and energy chips will be at the head of the fall.

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| Forwards              | 1m.      | 3m.     | 6m.      |         |
|-----------------------|----------|---------|----------|---------|
| USD/RUB               | 28,18    | 28,355  | 28,63    |         |
| EUR/RUB               | 40,065   | 40,2425 | 40,5225  |         |
| Money Market          | Close    | Change  | Max 12m  | Min 12m |
| MosPrime 1M (%)       | 4,04     | 0       | 4,26     | 3,23    |
| MIBOR 1m (%)          | 4,4      | 0,01    | 4,49     | 3,81    |
| RUONIA 1d (%)         | 3,68     | 0,04    |          |         |
| Implied NDF yield 6m% | 4,18     | -0,04   | 4,39     | 3,17    |
| Debt                  | Close    | Change  | Max 12m  | Min 12m |
| Russia CDS 5yr        | 140      | -3,63   | 218      | 119     |
| Eurobond Russia 30Y   | 4,459    | -0,022  | 5,45     | 3,914   |
| EMBI +                | 572,78   | -0,37   | 582,02   | 513,9   |
| Stock Indexes         | Close    | Change  | Max 12m  | Min 12m |
| RTSI                  | 1878,55  | -0,96   | 2123,56  | 1288,72 |
| Micex                 | 1645,82  | -1,51   | 1859,99  | 1254,65 |
| S&P 500               | 1271,50  | 0,30    | 1363,61  | 1022,58 |
| DJIA                  | 12004,36 | 0,36    | 12810,54 | 9686,48 |
| Brent                 | 112,03   | -1,30   | 129,43   | 67,20   |



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