

# Nordea

## Russian Markets - Daily

June 22, 2011

<b>RUB increased vs. basket</b>	USD/RUB	27.89	▼
<b>Liquidity is comfortable</b>	EUR/RUB	40.18	▼
<b>Rates are stable</b>	RUB basket	33.42	▼

### Hot News

- Real fixed capital investments grew 7.4% y/y in May, up from 2.2% in April and more than expected (4%). Retail sales grew 5.5% y/y, more than expected (5.4%) and unemployment fell from 7.2% to 6.4% - also more than expected (7%). /Rosstat
- The budget deficit will constitute 0.5%/GDP this year if oil prices remain at USD 115/bbl, said Finance Minister Kudrin. /Reuters
- Prime Minister Putin said that regardless of who will be the next president in Russia the policy will remain unchanged - neither Putin nor Medvedev will seek to build state capitalism. "This is our common programme" - he said. /Interfax

### Money Market

Central Bank's correspondent accounts and deposits increased by RUB 72 bn. and totaled RUB 1247 bn. Relative comfortable level of liquidity helps market to keep interbank interest rates near the lowest possible levels. Overnight rates lie on CBR DEPO rate. However tax payments which total ~RUB500 bn. will deteriorate liquidity till the end of the month. We expect rates will begin to rise. Liquidity squeeze won't be so severe this month but still it can influence MM rates. Moreover Central Bank can consider reserve requirements tightening in case of stable situation (keeping key rates unchanged).

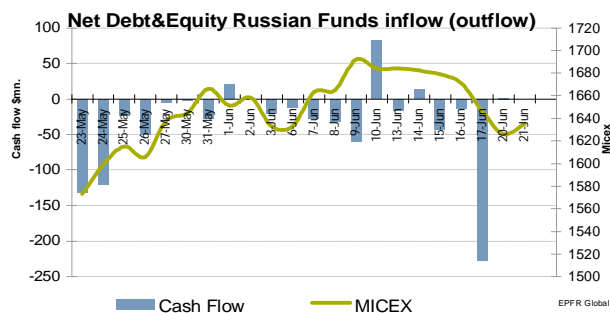
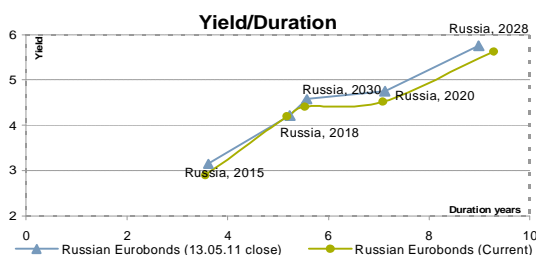
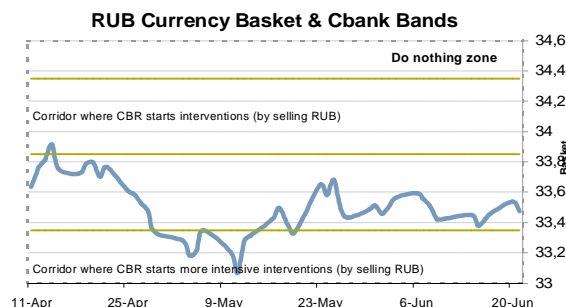
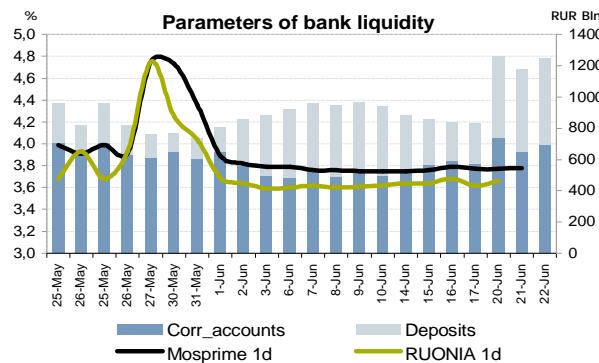
### Currency market

The RUB strengthened against the EUR and USD basket yesterday, finishing the day at 33.48, ie 6 kopeck below the previous close. During the daily session the basket touched 33.44. The RUB was positively affected by the optimism in the global markets, which also spilled over to domestic equity markets. In addition, RUB got support from the bout of positive domestic economic data, with positive surprises both on the investment and consumption side. The Greek confidence vote was a relief at night and optimism continued during the night. The Brent oil prices were also lifter marginally, trading at USD 111/bbl here in the morning session. RUB remains in demand domestically as the tax period is ongoing, which will keep a lid on any RUB losses against the basket. The RUB opened stronger, reaching for 33.40 in the first minutes of the daily session.

### Debt and Equity Markets

Russian stock market increased yesterday by more than 1% mostly because of stabilization on European and commodity markets. However the trading volume was modest in anticipation of FOMC. Bond market is stable. RUB yield curve has become steeper during last several weeks due to government offers premium on the long end of the curve.

Forwards	1m.	3m.	6m.	
USD/RUB	28,051	28,223	28,498	
EUR/RUB	40,304	40,474	40,751	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,05	0	4,26	3,23
MIBOR 1m (%)	4,39	0	4,49	3,81
RUONIA 1d (%)	3,66	0,04		
Implied NDF yield 6m%	4,19	-0,04	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	141	-6	218	119
Eurobond Russia 30Y	4,479	-0,002	5,45	3,914
EMBI +	573,41	0,63	582,02	516,81
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1872,45	0,76	2123,56	1288,72
Micex	1635,38	0,57	1859,99	1254,65
S&P 500	1295,52	1,34	1363,61	1022,58
DJIA	12190,01	0,91	12810,54	9686,48
Brent	110,85	-0,89	129,43	67,20



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