

Nordea

Russian Markets - Daily

June 29, 2011

RUB gained vs. basket	USD/RUB	28.09	▼
Liquidity was stable	EUR/RUB	40.42	▲
Money Market rates rose	RUB basket	33.64	▼

Hot News

- The government plans to sell 7% of Rushydro by the end of the year, said deputy Prime Minister I. Sechin. He also pointed out that stakes in two power companies will be sold this year, likely alluding to the sale of 4.11% stake in FSK as the second on the privatization list. /Interfax Sechin said he doesn't expect the IEA decision to sell crude oil reserves to have a long-lasting effect on oil prices. /Interfax
- Russia has lifted a ban on imports of fresh vegetables from the Netherlands and Belgium, the head of Russia's state consumer protection watchdog said on Tuesday.
- Russian potash miner Uralkali sees rival producer Belaruskali as an attractive acquisition target, although a deal is unlikely soon, Uralkali CEO Vladislav Baumgartner said on Tuesday.
- Russia's anti-monopoly service has threatened oil companies with an investigation unless they cut petrol prices swiftly after recent falls in the price of crude, the head of the service Igor Artemyev said on Tuesday.
- Favourable weather helped Russia's crops to become well established in critical spring and early summer months, and moisture has been adequate despite May and June heat, Russia's top agricultural forecaster said.

Money Market

Central Bank's correspondent accounts and deposits increased by RUB 12.4 bn. and totaled RUB 1116 bn. Interbank rates have begun to increase due to lifted exporters' demand in anticipation of tax payments. However liquidity is quite comfortable and overnight rates rose but still traded slightly above Central Bank's DEPO rate. Tomorrow Central Bank's meeting will take place. We don't expect key rates hike.

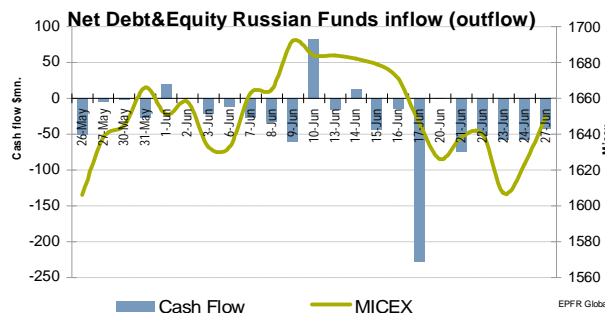
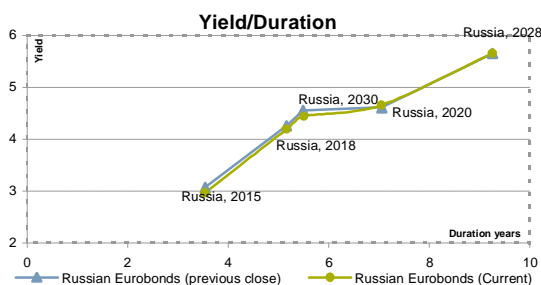
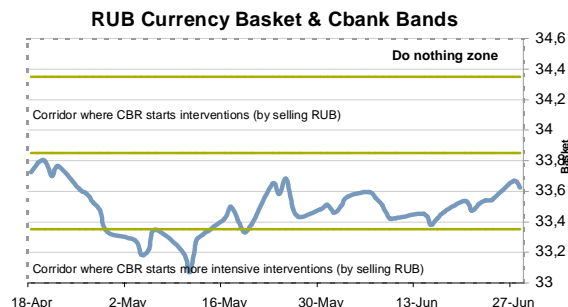
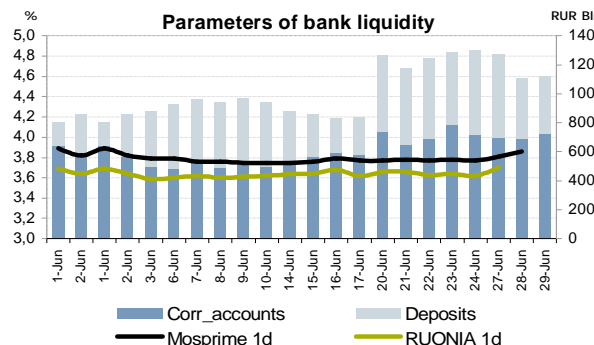
Currency market

The RUB gained against the EUR and USD basket yesterday, closing at 33.63, which is 4 kopeck lower than the previous day's close. RUB gained especially against the USD (18.5 kopeck), yet lost 12 kopeck to EUR on the back of recovering EUR in the international forex market. The latter was due to the improving sentiment and expectation that the Greek debt parliament vote today will come through smoothly, thus reducing euro crisis risks. RUB was also helped by the overall positive risk sentiment and increasing oil prices - the front month Brent managed to pick up close to USD 109/bbl, up from the USD 102/bbl lows seen on Monday. The positive mood have persisted over the night, as the equities rose. Yet the market participants will likely be cautious in taking risks ahead of the Greek vote on tightening measures. Liquidity in the local RUB market has been decreasing due to the tax payments, yet it still remains comfortably high compared to end of May-early June lows. Further tightening of fiscal balances and monetary stance will help absorb liquidity further, which will help RUB in the coming few months. Today the RUB basket opened stronger, reaching 33.58 during the first minutes of the daily session.

Debt and Equity Markets

Russian stock market increased by 1.5% yesterday due to external positive factors. Internal news concerning M&A deals and privatization program will also support Russian stock market. Today's opening was higher.

Forwards	1m.	3m.	6m.	
USD/RUB	28,057	28,24	28,519	
EUR/RUB	40,275	40,67	40,76	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,07	0	4,26	3,23
MIBOR 1m (%)	4,36	-0,01	4,49	3,81
RUONIA 1d (%)	3,7	0,08		
Implied NDF yield 6m%	4,29	0	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	150,75	-7,17	218	119
Eurobond Russia 30Y	4,444	4,444	5,45	3,914
EMBI +	576,22	576,22	582,02	517,45
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1876,00	1,83	2123,56	1288,72
Micex	1651,00	1,48	1859,99	1254,65
S&P 500	1296,67	1,29	1363,61	1022,58
DJIA	12188,69	1,21	12810,54	9686,48
Brent	108,80	2,69	129,43	67,20



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

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

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.