

Nordea

Russian Markets - Daily

July 04, 2011

RUB gained vs. USD	USD/RUB	27.80	▼
Liquidity is growing	EUR/RUB	40.42	▼
Rates were unchanged	RUB basket	33.48	▼

Hot News

- Russian President D. Medvedev instructed the government to repeal restrictions on the placement and organization of treatment of the Russian securities abroad before September 1. Simultaneously, the government should implement measures aimed at improving the competitiveness of trading, accounting and settlement infrastructure of the Russian stock market and encourage foreign investment, including the ability for open foreign depositories to open accounts in Russian depositories. /Interfax
- It will be difficult meet in the value of the federal budget deficit 3% of GDP in 2012, according Finance Minister A. Kudrin. "We try to stay within 3% of GDP next year, it's becoming harder and harder..." - he said. He explained that the planned introduction of regressive social insurance tax (basic rate of insurance premiums of 30%, for small business non-trade sector - 20%) would slash around RUB 400bn in revenues. /Interfax
- The Deposit Insurance Agency (DIA) will provide the troubled Bank of Moscow with a secured 10-year loan of RUB 295bn at a rate of 0.51% pa. In addition, the authorized capital of the Bank of Moscow expected to be raised by RUB 100bn at the expense of investors - institutions of VTB Group. /Vedomosti

Money Market

Central Bank's correspondent accounts and deposits increased by RUB 30 and totaled RUB 1301 bn. Interbank rates are stable. Liquidity is comfortable in spite of the recent taxes. Overnight rates are near Central Bank's DEPO rate.

Last week the Central Bank of Russia decided to leave the parameters of monetary policy unchanged. CBR is targeting the inflation and anticipation of deflation (August-September) prevent regulator from interest rate hike. However we expect the continuation of monetary tightening after inflation acceleration due to pre-election budget spending.

Currency market

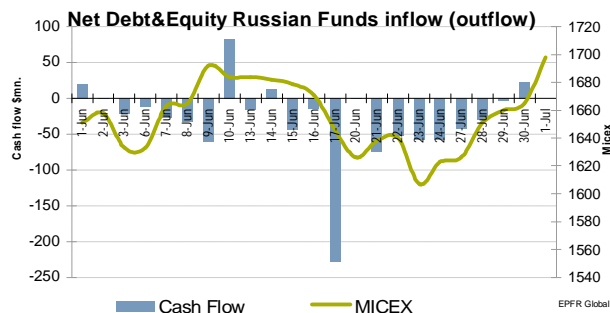
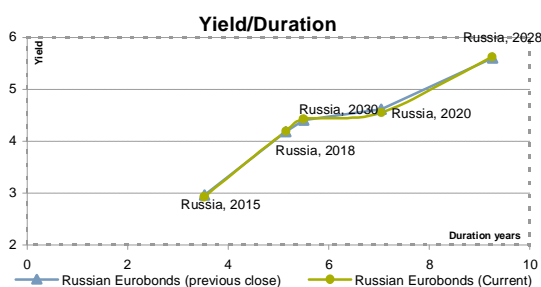
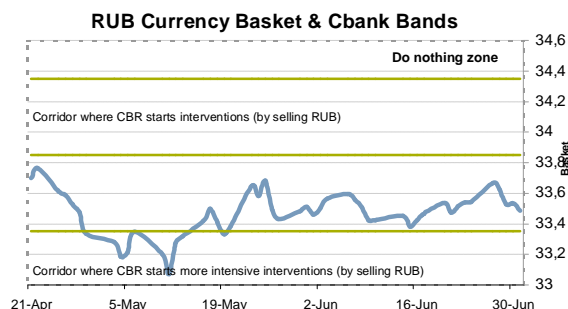
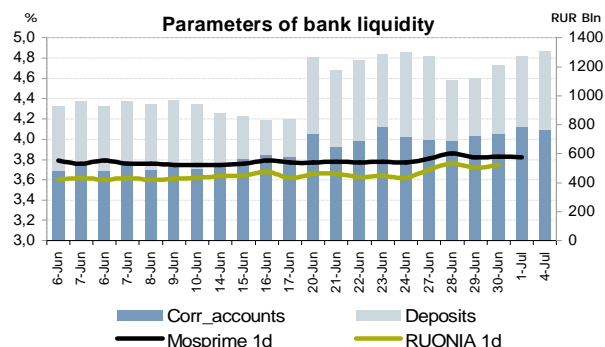
The RUB was unchanged during Friday's session, closing near its favorite level at 33.5 against currency basket. Commodity market was supported by weak dollar, but oil prices were flat. The RUB correspondingly will probably stay flat against the basket. High Ruble liquidity plays against Russian currency, CBR interventions are insignificant (USD 150-200 mn./day).

Today the RUB basket opened at around Friday's levels. External markets are positive, risk appetite remains at moderate levels. Trading volume is expected to be low due to US holidays.

Debt and Equity Markets

Russian stock market increased during Friday's session. Government is going to repeal restrictions on the placement and organization of treatment of the Russian securities abroad, which revealed some trading ideas on the local market. Russian market. Today's opening was slightly higher.

Forwards	1m.	3m.	6m.	
USD/RUB	27,897	28,077	28,375	
EUR/RUB	40,525	40,715	41,03	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,09	-0,02	4,26	3,23
MIBOR 1m (%)	4,36	-0,02	4,49	3,81
RUONIA 1d (%)	3,75	0,03		
Implied NDF yield 6m%	4,23	-0,04	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	142	-2	218	119
Eurobond Russia 30Y	4,449	4,45	5,45	3,914
EMBI +	579,14	0	582,02	517,45
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1907,00	1,62	2123,56	1288,72
Micex	1666,00	1,89	1859,99	1254,65
S&P 500	1320,64	1,01	1363,61	1022,58
DJIA	12414,34	1,25	12810,54	9686,48
Brent	111,69	0,00	129,43	67,20



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

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

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