

# Nordea

## Russian Markets - Daily

July 05, 2011

<b>RUB remained unchanged</b>	USD/RUB	27.86
<b>Liquidity is growing</b>	EUR/RUB	40.32 ▼
<b>Rates are stable</b>	RUB basket	33.47

### Hot News

- Russia's MICEX exchange today launches the futures for one-month RUONIA overnight interbank rate. "New instruments will allow derivative market participants and their clients to hedge risks of changes in interest rates," MICEX said in a statement. /Reuters
- Bank of Russia announced an auction on placement of RUB 500bn in short-term zero-coupon 3-month bond issue of Bank of Russia on July 14, 2011. /CBR
- Russia's Transport Ministry proposes to include the state shares of all transport companies in the privatization list for 2011-2013, said transport minister I. Levitin. /Interfax

### Money Market

Central Bank's correspondent accounts and deposits increased by RUB 20 and totaled RUB 1321 bn. Interbank rates are relative stable. Liquidity is comfortable. However yesterday Bank of Russia announced an auction on placement of RUB 500bn in short-term zero-coupon 3-month bond issue of Bank of Russia on July 14, 2011. This is potential threat for the Money Market and liquidity but CBR unwillingness to offer premiums can lead to weak demand and liquidity can stay unchanged.

### Currency market

The RUB remained nearly unchanged - strengthened just 1 kopeck against the basket yesterday - closing at 33.47, trading in a rather thin market yesterday due to the US holiday. After a decent relief rally following positive Greek news the global markets have remained steady over the night. The RUB opened lower, reaching 33.45 during the first minutes of the daily session, as the EUR leg corrected in RUB favour after the EUR/USD came off peaks. Brent month oil is trading comfortably just below USD 112/bbl, remaining around this area for a few days now, thus showing consolidation. Yesterday's announcement that the CBR will auction RUB 500bn in own bills (OBRs) on July 14th shows that the CBR will not take holiday after all - this is a substantial liquidity absorption (the issue constitutes 40% of all current liquidity in interbank market!), if at least part of it gets through the interbank market. Any liquidity squeeze will be RUB positive, as it will force the domestic USD-rich companies to convert their export proceeds to RUB.

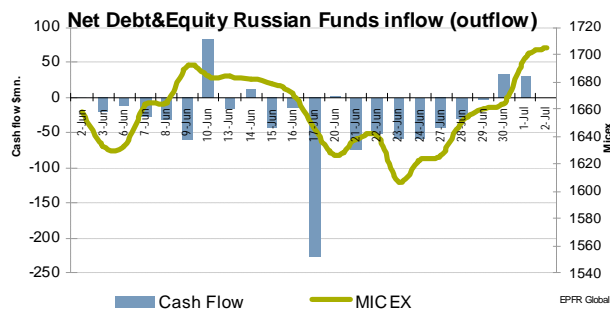
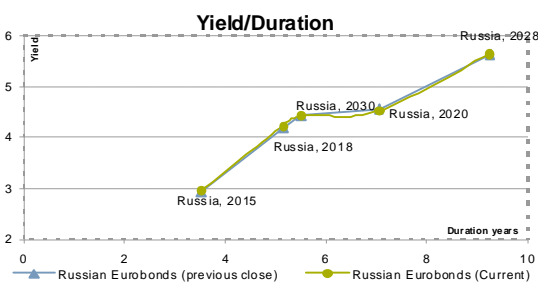
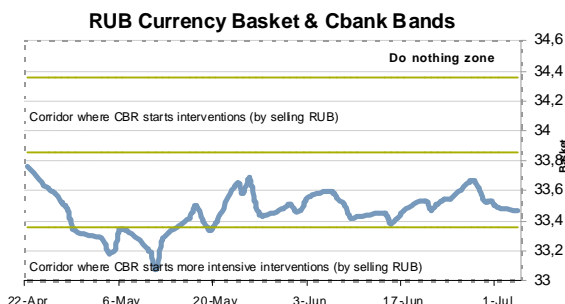
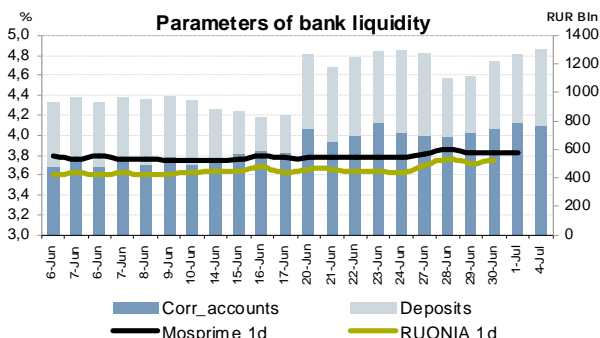
### Debt and Equity Markets

Russian stock market increased during Monday's session. Trading volume was extremely low due to US holidays. Commodity market is flat. Today we do not expect any strong dynamics on the Russian market. Today's opening was slightly lower. Technical factor can play against the market.

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Forwards	1m.	3m.	6m.	
USD/RUB	27,947	28,119	28,413	
EUR/RUB	40,412	40,59	40,887	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,07	-0,02	4,26	3,23
MIBOR 1m (%)	4,42	0,06	4,49	3,81
RUONIA 1d (%)	3,75	0,03		
Implied NDF yield 6m%	4,235	0,005	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	139,5	-2,5	218	119
Eurobond Russia 30Y	4,433	-0,016	5,386	3,914
EMBI +	579,55	0,41	582,02	518,17
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1948,48	0,56	2123,56	1318,01
Micex	1706,12	0,47	1859,99	1292,19
S&P 500	1339,67	1,44	1363,61	1022,58
DJIA	12582,77	0,00	12810,54	9686,48
Brent	111,22	-0,42	129,43	67,20



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