

# Nordea

## Russian Markets - Daily

July 07, 2011

<b>RUB was unchanged</b>	USD/RUB	28.02	▲
<b>Rates are stable</b>	EUR/RUB	40.06	▼
<b>Liquidity is under the threat</b>	RUB basket	33.43	

### Hot News

- Russia's largest state bank "Sberbank" plans privatization of the 7.6% state stake for the mid of September. According to the head of the bank G. Gref meetings with investors, the road show, will be held in August-September. /Reuters
- "Sberbank" does not intend to reduce the credit interest rates, said the head of the bank G. Gref. /Interfax
- Consumer prices rose 0.1% in the week from 28 June to 4 July, thus accelerating to previous week's rate of 0%. Thus, the YTD inflation stands now at 5.1%. /Rosstat
- Russia's government said on Wednesday it will not be able to balance the budget as expected in 2015 due to increased spending plans and tax cuts announced in the run-up to the presidential election next year. Russia sees the deficit rising from 1.3 percent of GDP in 2011 to 2.7 percent in 2012-13 but wants to reduce it to 2.3 percent in 2014, according to draft fiscal guidelines which the government will review on Thursday.
- The assets of Russia's largest oil producer Rosneft are too strategic for the state to give up its ownership in the company, Rosneft's new chairman Alexander Nekipelov told Reuters in an interview.

### Money Market

Central Bank's correspondent accounts and deposits increased by RUB 26 and totaled RUB 1401 bn. Interbank rates were stable and overnight rates as usual stayed near 3.5% (CBR DEPO rate). Liquidity is quite comfortable but in the coming few weeks money market can face some difficulties.

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. The part of banking system liquidity can be sterilized and the end of July can appear to be tougher in terms of liquidity squeeze. Interbank rates can start to increase slightly.

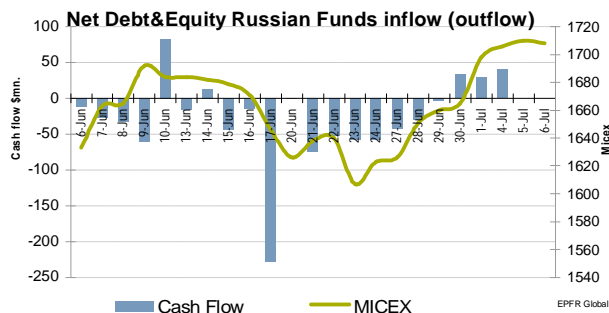
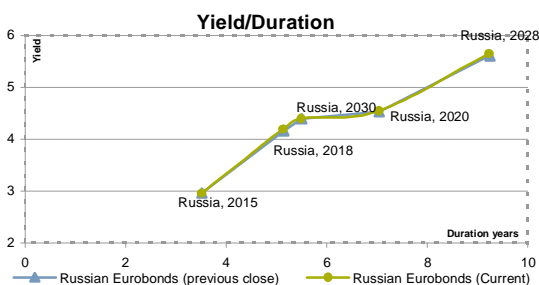
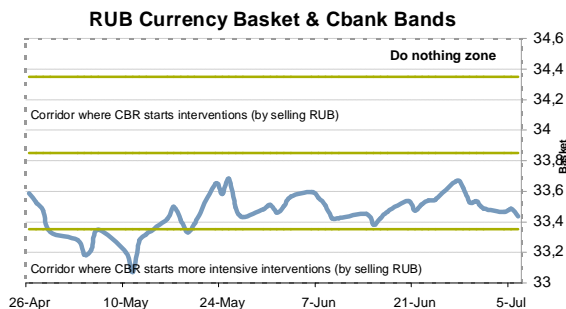
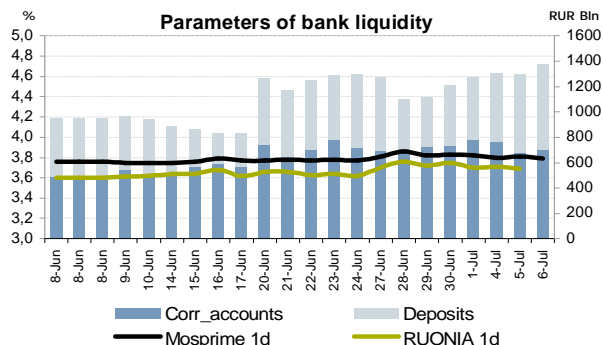
### Currency market

The RUB gained 2 kopeck against the EUR and USD basket yesterday, finishing the session at 33.44. Thus, the RUB continues to gradually regain positions, having strengthened now about 1% since the peaks of 33.75 hit on the 27 of June. The risk appetite remained subdued yesterday after the Portugal's downgrade, with another cold shower from the unexpected China's interest rate hike, which sent commodities and stock markets lower around the world. Yet the Brent oil prices, having reached USD 112/bbl during the day, recovered over the night and traded above USD 114/bbl here in the morning, supported by the more than projected drop in US crude oil stocks. The Asian equity markets also bounced during the night, as following the yesterday's move the chances and scope of further tightening remains limited. The RUB basket opened stronger, reaching 33.40 during the first minutes of the daily session, and will likely resume gradual strengthening from here.

### Debt and Equity Markets

Russian stock market decreased slightly during Wednesday's session. Commodity market supported Russian market to restore and helped to offset negative factors such as China interest rate hike. Today's opening was slightly higher, however technical factor can start to play against the market. Bond market is stable. Rub yield curve is unchanged.

Forwards	1m.	3m.	6m.	
USD/RUB	28,077	28,26	28,538	
EUR/RUB	40,157	40,349	40,629	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,07	0	4,26	3,23
MIBOR 1m (%)	4,41	0	4,49	3,81
RUONIA 1d (%)	3,71	0,01		
Implied NDF yield 6m%	4,265	0,025	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	141,5	2,5	218	119
Eurobond Russia 30Y	4,415	0,004	5,272	3,914
EMBI +	579,04	0,22	582,02	519,45
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1939,01	-0,72	2123,56	1352,71
Micex	1705,41	-0,27	1859,99	1320,64
S&P 500	1339,22	0,10	1363,61	1047,22
DJIA	12626,02	0,45	12810,54	9985,81
Brent	114,06	0,18	129,43	67,20



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