

Nordea

Russian Markets - Daily

July 18, 2011

RUB gained	USD/RUB	28.16	▲
Taxes are on the way	EUR/RUB	39.59	▼
Rates are flat	RUB basket	33.31	▼

Hot News

- Growth in industrial production in Russia in June accelerated from 4.1% y/y in April to 5.7% y/y in June, which was significantly above consensus estimates (Rosstat).
- Russia's largest bank state bank Sberbank agreed on the basic conditions of acquisition of the Eastern European division of Austrian banking group Oesterreichische Volksbanken AG - Volksbanken International (one of the 9 banks that failed the Friday's stress tests). It will acquire 100% of VBI - legally binding agreement will be signed before the end of July. /Vedomosti
- The Russian government intends to increase revenues from the privatization of federal property to RUB 1 trillion a year instead of the current RUB 300 billion a year, said Minister of Economic Development E. Nabiullina. Thus, the income will be increased by more than 3 times. The list of companies included in the new extended privatization plan will be submitted by August 1. /Vedomosti

Money Market

Liquidity levels decreased by 50 bn., but remained relative high - just slightly below RUB 1.3 trillion. Tax payments will be the main factor for the money market during coming few weeks. Interbank rates can feel upward pressure as long as exporters will by RUB in order to pay their taxes. Total amount of payments will approximately total RUB 300-400 bn.

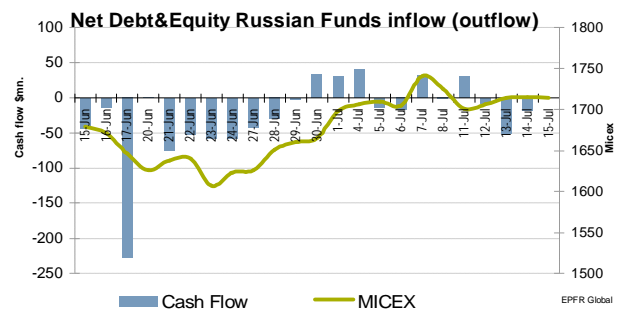
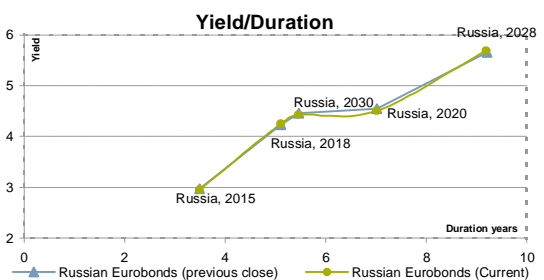
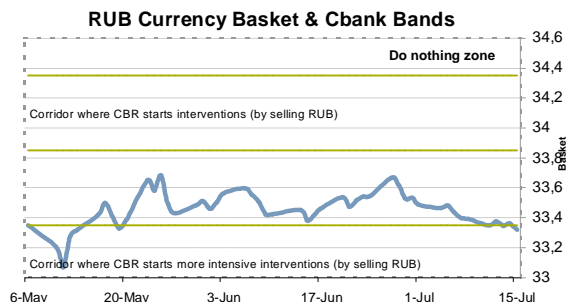
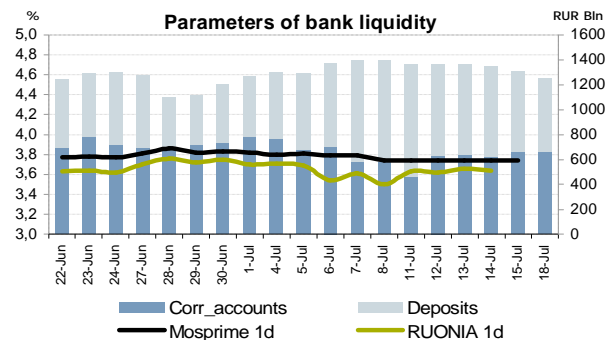
Currency Market

The RUB strengthened on Friday, finishing the daily session at 33.32, thus nearing the minimum levels of the past 2 months. RUB gained especially against the EUR (11.8 kopeck) on its ongoing weakness ahead of the stress tests. The stress tests came and went, leaving the markets unimpressed - despite relatively good results (9 failures out of 91) the Asian stock markets struggled over the night with small losses. The Brent oil prices rose late Friday and remain at similar levels of just above USD 117/bbl here in the morning. Friday's huge positive surprise on industrial production in Russia shows underlying strength in the economy - investment demand picking up domestically will drain excess RUB liquidity and will benefit RUB. In the meantime the markets remain jittery awaiting the final solution to the Greek debt drama, as well as the US' debt ceiling. RUB opened around Friday's close.

Debt and Equity Markets

The Russian equity markets were flat during Friday's session, finishing with only minor losses 0.05%. Instability of external factors may cause flat dynamics on the local market. RUB is strong, which keeps foreign investors relative confident. Today the stocks opened roughly on the same levels. Debt market was stable.

Forwards	1m.	3m.	6m.	
USD/RUB	28,095	28,273	28,568	
EUR/RUB	39,823	39,998	40,2905	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,02	0	4,26	3,23
MIBOR 1m (%)	4,41	0,01	4,49	3,81
RUONIA 1d (%)	3,66	0,04		
Implied NDF yield 6m%	4,215	0,035	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	145	-2,13	218	119
Eurobond Russia 30Y	4,436	0	5,119	3,914
EMBI +	580,15	-0,21	582,02	529,35
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1938,54	-0,06	2123,56	1385,81
Micex	1714,60	-0,05	1859,99	1327,55
S&P 500	1316,14	0,56	1363,61	1047,22
DJIA	12479,73	0,34	12810,54	9985,81
Brent	116,90	0,79	129,43	67,20



Dmitry Savchenko +7 495 7773477 Dmitry.Savchenko@nordea.ru
 Aurelija Augulyte +45 3333 6437 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.