

Nordea

Russian Markets - Daily

July 19, 2011

RUB gained	USD/RUB	28.14	▼
Taxes are on the way	EUR/RUB	39.71	▲
Rates are flat	RUB basket	33.35	▲

Hot News

- VTB plans to increase its stake in Bank of Moscow to more than 75% by the end of the quarter, said VTB deputy chairman H. Moos. /Interfax
- Foreign investors have been granted the right not to pay taxes on revenue from the sale of local blue chips in Russia. The change the taxation of foreign operations on Russian exchanges was offered by the Ministry of Finance in the main directions of tax policy for 2012-2014, published on July 5, and came in force from June 8 with hindsight - i.e. the beginning of 2011. The aim, according to Ministry of Finance, is to facilitate the establishment of the international financial center in Moscow. /Vedomosti
- Russian President Dmitry Medvedev signed a federal law "On Amendments to the Town Planning Code and certain legislative acts of the Russian Federation", which was passed by the Parliament on July 7 and approved by the Federation Council on July 13. This federal law simplifies the procedure for the repair of capital construction projects by stating that no building permits are required for such projects. /Interfax

Money Market

Liquidity levels decreased by 77 bn. and totaled RUB 1.78 trillion. Interbank rate are stable yet. However coming tax paying period can sizably decrease the liquidity level. Total amount of payments will approximately total RUB 300-400 bn. The closest payment will be on July 20.

Central Bank is taking a pause in its monetary tightening cycle, waiting for low inflationary pressure during summer months. Food CPI is expected to decrease, pushing total CPI down. But planned big budget spending will demand high attention. Till the end of the year CBR can continue to use its instruments, raising reserve requirements and interest rates.

Currency Market

The RUB basket rose 4 kopeck, closing at 33.36. Thus, RUB has kept in the tight range of 33.3-33.4 for over a week now. The global markets remain in the "risk off" mode, with equities trading mixed over the night. The Brent oil is marginally lower from yesterday's highs, trading at just above USD 116/bbl here in the morning session. USD is broadly stronger over the night, reflecting the prevailing risk aversion in the markets. No significant macro news today, but Greek and Spanish treasury auctions on short term bills will attract attention, and hence may move the EUR/USD, which will ultimately be reflected in the movements of RUB against the currencies. The US earnings releases later in the day (BoA, Goldman Sachs, Wells Fargo, Coca-Cola, Apple, Johnson & Johnson) will also affect the risk appetite - better results may convince the markets that the US economy is not falling off the cliff. And vice versa. Overall we will likely to see range-bound RUB - only resolution to the euro periphery debt and US debt ceiling may move the market more markedly in one or another direction. RUB opened at around yesterday's close.

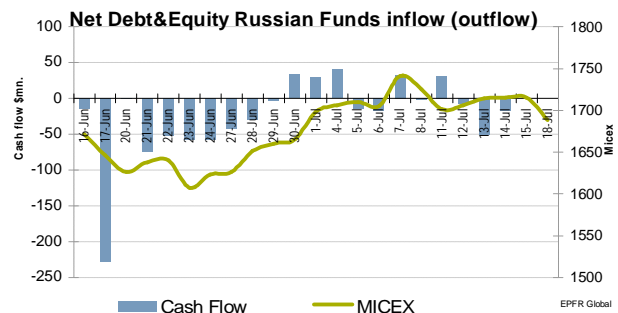
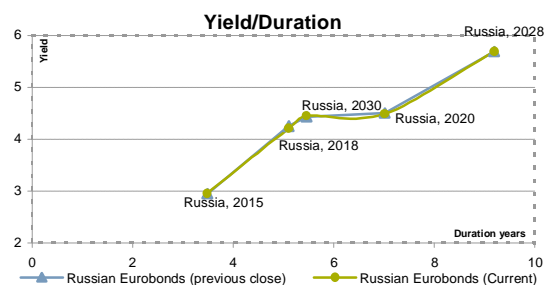
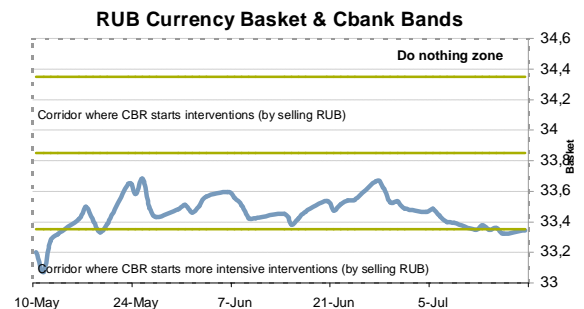
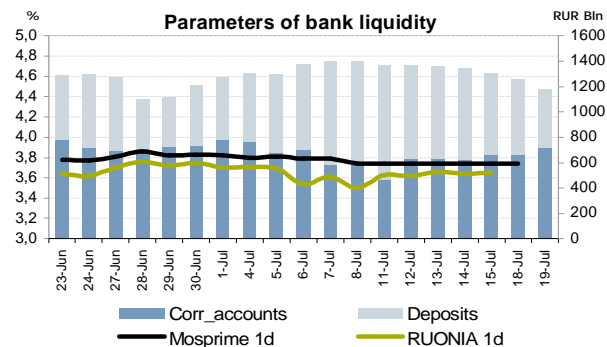
Debt and Equity Markets

The Russian equity markets decreased sharply yesterday, risk aversion was the major factor. US debt ceiling problem, new yield highs in Europe (Portuguese, Italy, Greece government bonds) - all these factors do not support equity markets. However RUB continue to resist negative sentiment, making Russian market quite attractive. Today the stocks opened slightly higher. Debt market is stable due to relative comfortable liquidity levels.

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

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

Forwards	1m.	3m.	6m.	
USD/RUB	28,339	28,518	28,795	
EUR/RUB	40,41	40,58	40,87	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,03	0,01	4,26	3,23
MIBOR 1m (%)	4,37	-0,04	4,49	3,81
RUONIA 1d (%)	3,64	-0,02		
Implied NDF yield 6m%	4,25	0,035	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	154	9	218	119
Eurobond Russia 30Y	4,433	-0,003	5,119	3,914
EMBI +	580,02	-0,13	582,02	530,1
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1904,29	-1,77	2123,56	1385,81
Micex	1687,63	-1,57	1859,99	1328,71
S&P 500	1305,44	-0,81	1363,61	1047,22
DJIA	12385,16	-0,76	12810,54	9985,81
Brent	116,30	-0,51	129,43	67,20



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.