

# Nordea

## Russian Markets - Daily

July 25, 2011

<b>RUB basket stays strong</b>	USD/RUB	27.72	▼
<b>Liquidity is under tax pressure</b>	EUR/RUB	39.86	▼
<b>Interbank rates can go up</b>	RUB basket	33.19	▼

### Hot News

- Rosstat's survey of 4,500 Russian companies showed that business confidence improved in all sectors in July. In the extraction industry confidence rose from -3% in December to 6% in July, in manufacturing - up from -6% to 0%, utilities - up from -1% to 6%. Expectations for production expansion over the next three months exceed expectations for output contraction by 27% in the manufacturing sector and by 28% in the extraction sector.
- "VTB Capital", NOOH Investments Cooperatief and Marathon Outdoor Cooperatief announced the closing of the transaction to acquire 79% stake in one of the largest operators of outdoor advertising - News Outdoor Russia. The shares were acquired from News Corporation. The parties did not disclose the numbers, but according to Kommersant newspaper said the business was worth about USD 350m (excluding debt). /Reuters
- Rosstat began to consider the statistics of incomes of Russians of their expenditure on purchases abroad with credit cards. Until now Rosstat only considered costs of Russians in the country. Ministry of Economic Development are prepared to raise its forecast for growth in real incomes of Russian citizens in the current year from 1.5% to almost 2%. /Vedomosti

### Money Market

Liquidity level decreased insignificantly and totaled slightly less than RUB 1.1 trillion. Interbank rate grew slightly on Friday, staying at a moderately low level. Tax payments put a pressure on the money market. We do not expect liquidity squeeze as absolute level of liquidity is sufficient. Nevertheless overnight interbank rates can approach 4%.

### Currency Market

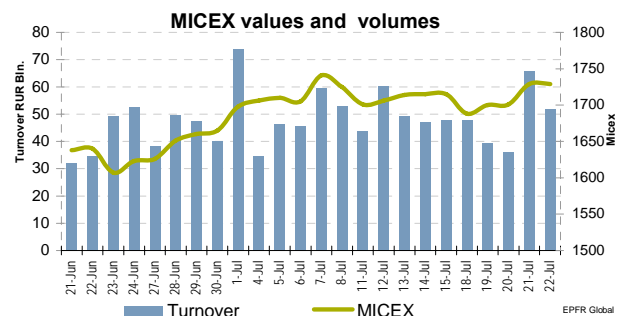
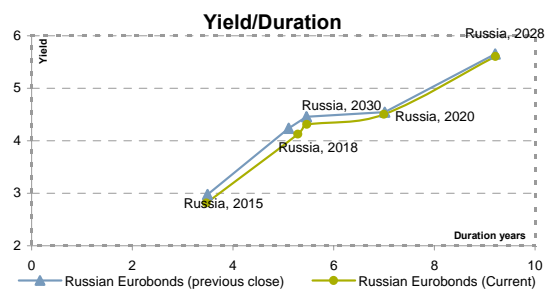
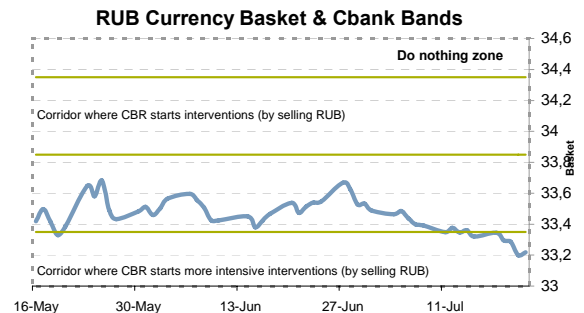
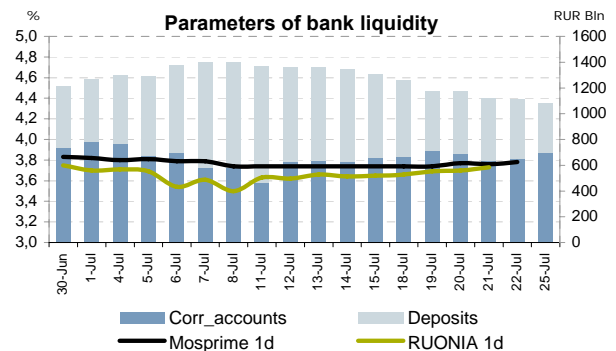
The RUB basket remained unchanged at 33.23 on Friday, yet during the session the basket fell to the new 2-month lows of 33.16-33.18. RUB gains were reflecting the positive risk sentiment after the EU summit. Unfortunately the optimism did not last - Moody's out today downgrading Greece and saying that restructurings/defaults set a negative precedent. On top of that the awaited US debt ceiling discussions ended in vain, sending the gold prices up, CHF stronger, Asian equities down from 0.8% to 2.3% and. The US equity futures also fell over -1% at the time of writing. And even though the Russian equities opened lower as well, the RUB basket opened strong, falling below 33.20 in the first minutes. The Brent oil prices, while off the Friday peaks of USD 118.50/bbl, still remain comfortably high for RUB at just above USD 118/bbl here in the morning. We expect a positive outcome from the US (deadline August 3), and such an outcome will boost risk sentiment, allowing the RUB basket to get to the 33.00 shortly.

### Debt and Equity Markets

The Russian equity markets went forward in the first half of Friday. Positive news from Euro zone pushed indexes and quotations up. To the end of the day investors fixed their profit, MICEX Index decreased 0,01% - to the level of 1728.4. Russian Eurobonds prices slightly increased on Friday. Equity markets opened with 0.8-1.3% drop today, investors will follow up global markets situation.

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Forwards	1m.	3m.	6m.	
USD/RUB	27,856	28,453	28,315	
EUR/RUB	40,57	40,75	41,04	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,05	0,02	4,26	3,23
MIBOR 1m (%)	4,41	-0,02	4,49	3,81
RUONIA 1d (%)	3,7	0,01		
Implied NDF yield 6m%	4,295	-0,025	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	143	-2,25	218	119
Eurobond Russia 30Y	4,35	-0,022	5,083	3,914
EMBI +	584,6	1,01	584,6	537,13
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1976,82	0,22	2123,56	1385,81
Micex	1728,84	-0,01	1859,99	1334,66
S&P 500	1345,02	0,09	1363,61	1047,22
DJIA	12681,16	-0,34	12810,54	9985,81
Brent	117,84	-0,07	129,43	67,20



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