

Nordea

Russian Markets - Daily

July 27, 2011

RUB basket trends down	USD/RUB	27.44	▼
Liquidity restoring is expected	EUR/RUB	39.74	▼
Interbank rates is stable	RUB basket	32.96	▼

Hot News

- The overall volume of bank credit rose 1.7% m/m in June. The amount of overdue loans did not change since last month and was at 4.5% as of July 1. Loans to household sector increased 2.5% m/m in June. /CBR The Russian authorities would strive not to raise taxes in the near future, said Deputy Finance Minister S. Shatalov. "We will make every effort to ensure that taxes do not increase, even though I do not rule out that such decisions may be taken" - he said. / "Echo Moskvyy"
- United Russia which will determine the list of candidates for the Duma elections in a conferecen on Sept 23-24, announced Prime Minister Putin. According to early polls United Russia is expected to get a majority of 58%. /MarketWatch The Credit Bank of Moscow, one of the top-30 largest banks in Russia, is going to place a three-year Eurobonds denominated in USD this week. The local media reported that bank intends to place USD 200mn with a yield of 8%. /RIA

Money Market

Liquidity volume squeezed slightly, caused overnight rates hike, in general situation can be described as stable. Main taxes volume is paid, we expect liquidity and as a result the rates restoring to the previous level.

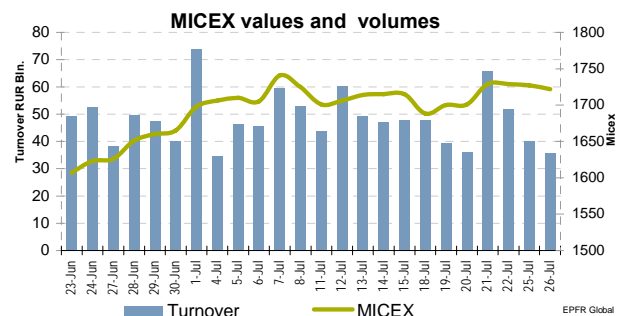
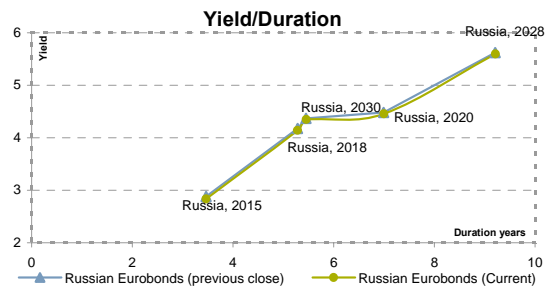
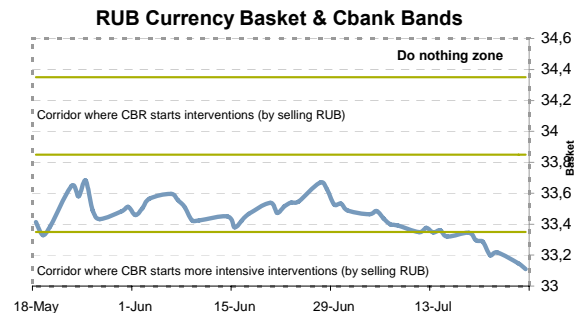
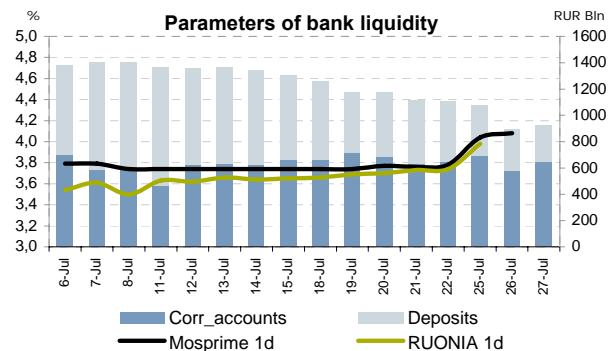
Currency Market

The RUB continued to strengthen against the basket yesterday, gaining 10 kopeck during the day and closing at 33.07, getting closer to the levels last seen in 2008. The RUB gained nearly 25 kopeck against the USD, as the USD weakened broadly in the markets. The US debt ceiling negotiations remain in the center of attention - with the key vote postponed to Thursday it is unlikely that the situation will change in the markets today. The markets seem relatively confident, though, that the decision will be to raise the debt ceiling - so we are. The Asian stocks traded flat over the night, the USD index hit the 3-month lows, the front month Brent was trading at above USD 118/bbl here in the morning. As expected, the RUB basket came close to 33.00, hitting the 33.02 in the first minutes of the morning session. We expect to see levels below very soon. Note the domestic credit statistics - rapid credit growth underpins the story that RUB demand is increasing, thus we see RUB much stronger in the coming months.

Debt and Equity Markets

Stock market was weak yesterday, under pressure of global markets' events. MICEX index finished the day at 1722.1, decreased on 0.28%. Privatization plans announcement provided some support to the market. It was an active day for the bond market yesterday, thanks to the OFZ purchase. We can see the market a bit depressed this morning, issues aren't demonstrating one-way movement.

Forwards	1m.	3m.	6m.	
USD/RUB	27,58	27,755	28,028	
EUR/RUB	40,08	40,34	40,73	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,07	0,01	4,26	3,23
MIBOR 1m (%)	4,46	0,04	4,49	3,81
RUONIA 1d (%)	3,74	0,01		
Implied NDF yield 6m%	4,325	-0,045	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	142,17	-1,96	218	119
Eurobond Russia 30Y	4,331	-0,039	5,083	3,914
EMBI +	585,18	1,55	585,18	539,43
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1987,79	0,42	2123,56	1385,81
Micex	1722,11	-0,28	1859,99	1334,66
S&P 500	1331,94	-0,41	1363,61	1047,22
DJIA	12501,30	-0,73	12810,54	9985,81
Brent	118,42	0,40	129,43	67,20



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