

# Nordea

## Russian Markets - Daily

July 28, 2011

<b>RUB basket strengthening</b>	<b>continued</b>	<b>USD/RUB</b>	<b>27.54</b>	<b>▲</b>
<b>Interbank rates demonstrated growth</b>	<b>demonstrated</b>	<b>EUR/RUB</b>	<b>39.65</b>	<b>▲</b>
		<b>RUB basket</b>	<b>32.97</b>	<b>▼</b>

### Hot News

- The consumer prices remained unchanged for a third week a row over July 19-25. Thus, the consumer price growth is just 0.1% since the beginning of the month. Inflation is being contained by continued deflation in a number of food prices including fruit and vegetables. /Rosstat The money supply growth picked up to 22.7% y/y in June, up from 22.57% y/y in May, after ten straight months of deceleration. /CBR
- Russia's largest bank Sberbank will begin selling "bad" debt to collection agencies, said vice president and director of the department on work with troubled assets of the Savings Bank S. Sagaydak. Until the end of 2011 the bank plans to sell up to RUB 450m in loans to SMEs. According to her, the first tender for the sale of up to RUB150m in SME loans will be held in August. Delinquency for these loans exceed 180 days. /Interfax
- From 2012 the maximum rate of social insurance premiums in Russia will be reduced during the transition period from the current 34 to 30%, and for small businesses in the industrial sector - up to 20%, according to Deputy Finance Minister S. Shatalov. /"Echo Moskv"

### Money Market

There is still not easy situation on the money market – rates demonstrated growth. Liquidity demand was strong all day long – rates were reaching 4.5%. Taxes are mostly paid – we expect interest rates to be restored in a couple of days. Meanwhile export turnover sales can be held because of low currencies prices.

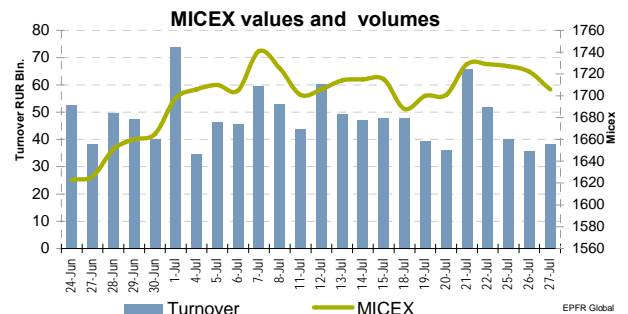
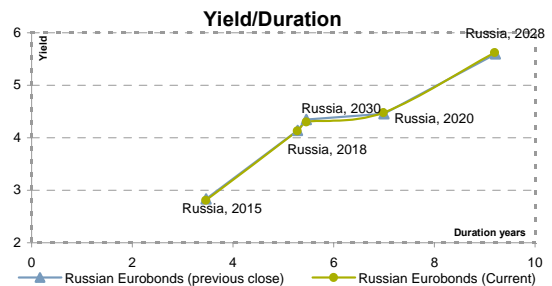
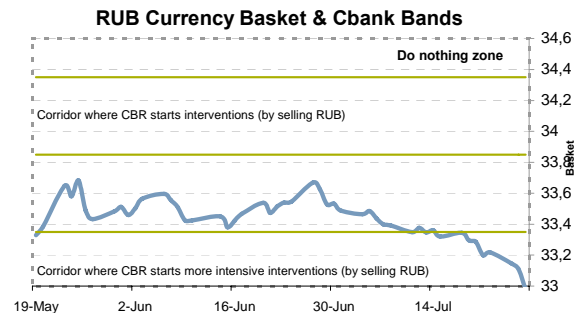
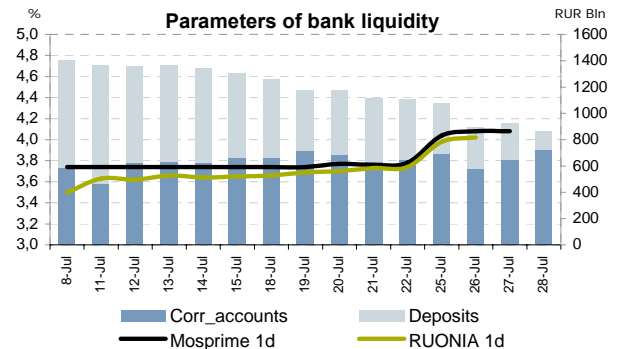
### Currency Market

The RUB basket continued strengthening yesterday - the very important 33.00 mark was breached, as the RUB basket traded below for the most of the day, closing at 33.96, which is 10 kopeck below the previous day's close. Thus, the RUB basket has now renewed the levels last seen only in December 2008. In contrast to the day before, however, RUB gained most against the EUR (24.8 kopeck). Yesterday's Central Bank of Russia's data on money supply underscore our arguments - credit growth is accelerating, as the money supply (M2) growth has begun to accelerate again, while the monetary base (M0) has fallen sharply, meaning the banks are fuelling excess liquidity to the real economy. This will raise Central Bank's concerns and make think about tightening the monetary policy again, which will support RUB. The global market sentiment remains negative on US debt stallmate, as the US equities fell and Asia traded heavy over the night. The Brent oil prices retreated from highs on negative sentiment, weak US data and rise in inventories in the US, but remained comfortably high at USD 117.60/bbl here in the morning. RUB opened at around 33.00 today - this level will remain a struggle in the coming days.

### Debt and Equity Markets

Stock market couldn't resist global storm and MICEX Index lost 0.92%, finished on 1706.28. Dollar failure can provide some support for the market. Low volume sales are expected in a short term period, while the US debt problems solution is no clear. Local debt market is under the liquidity squeeze pressure.

Forwards	1m.	3m.	6m.	
USD/RUB	27,685	28,256	28,537	
EUR/RUB	39,7125	39,9	40,2025	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,07	0	4,26	3,23
MIBOR 1m (%)	4,52	0,06	4,49	3,81
RUONIA 1d (%)	3,98	0,24		
Implied NDF yield 6m%	4,37	0,045	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	143	0,83	218	119
Eurobond Russia 30Y	4,329	-0,002	5,083	3,914
EMBI +	586,16	0,98	586,16	539,43
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1976,18	-0,58	2123,56	1385,81
Micex	1706,28	-0,92	1859,99	1334,66
S&P 500	1304,89	-2,03	1363,61	1047,22
DJIA	12302,55	-1,59	12810,54	9985,81
Brent	117,75	-0,57	129,43	67,20



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

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

