

# Nordea

## Russian Markets - Daily

August 10, 2011

<b>RUB basket renewed peaks</b>	USD/RUB	29.28	▲
<b>Interbank rates rose slightly</b>	EUR/RUB	42.05	▲
<b>Stocks rebounded from new bottom</b>	RUB basket	35.02	▲

### Hot News

- Kommersant writes that Russia's biggest lender Sberbank plans to buy BNP Paribas' BNPP.PA Russian subsidiary BNP Paribas Vostok as part of the banks' joint express lending project.
- Prime Minister Vladimir Putin said on Tuesday the government and central bank would inject cash into Russia's financial markets if it proved necessary. He also praised the European Central Bank's decision to purchase Spanish and Italian bonds to try to ease the euro zone sovereign debt crisis and hailed the United States' decision to increase its debt ceiling.
- Russia's central bank bought \$3.7 billion and 1.0 billion euros in currency interventions on the domestic market in July, the regulator said on Wednesday. The Russian central bank intervenes in the currency markets when it deems necessary to prevent excessive volatility in the ruble's rate.
- Russia's VTB, which received around \$13 billion in state aid during the 2008-09 financial crisis, can sail through renewed market turbulence with no extra support, its CEO said on Tuesday. "We are ready to withstand it (volatility on markets) much better than two years ago. I don't see any problems either for VTB, nor for the overall banking sector, even if the situation turns worse than we expect," Andrei Kostin said.

### Money Market

Situation on money market changed insignificantly. Interest rates increased slightly, reflecting turmoil on external markets. However total amount of liquidity is ample. Besides Central Bank provided market with extra liquidity by conducting DEPO auction. Moreover Prime Minister Vladimir Putin said on Tuesday the government and central bank would inject cash into Russia's financial markets if it proved necessary.

In the end of the month interbank interest rate will probably rise due to tax payments and we can see the reiteration of July liquidity squeeze.

### Currency Market

The RUB basket rocketed yesterday and ruble reached its lowest level since December 2010. Local minimums were set at RUB 35.94 versus currency basket. However today basket trades at 35.06. Oil market stabilized above \$100 per barrel, and Brent contracts trades at \$105.6.

Yesterday's ruble slump was emotional. Current oil levels are not critical for the economy, trade balance still remains positive, exporters will sell foreign revenues, which will offset speculative pressure (particularly in the last decade of the month). Central Bank started interventions yesterday, buying RUB and selling USD and EUR. CBR buys RUB above 35.25 for currency basket, supporting Russian currency. RUB can rebound during coming few weeks, volatility will stay high.

### Debt and Equity Markets

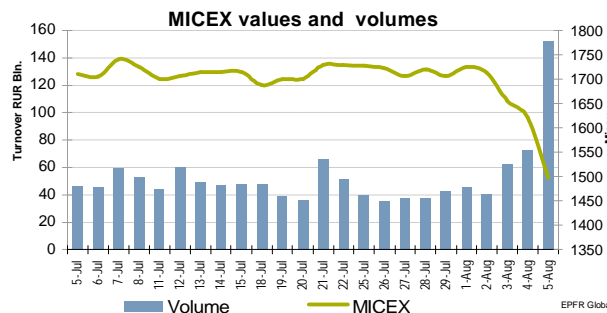
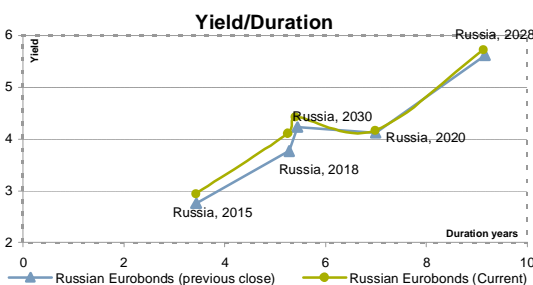
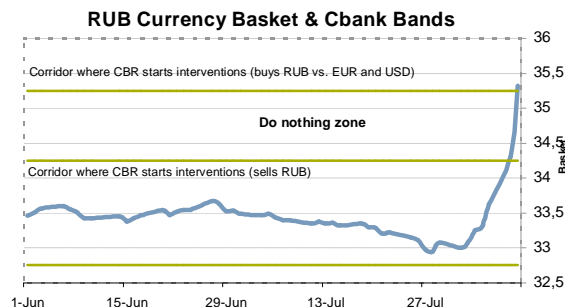
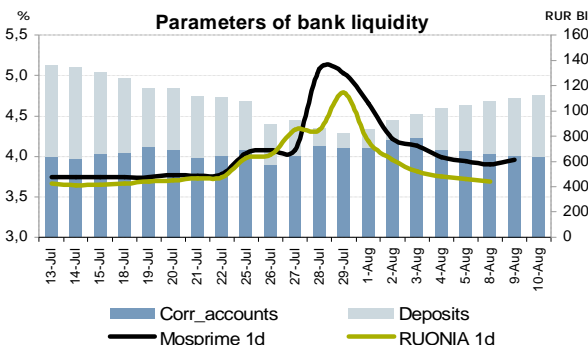
Russian stock market demonstrated high volatility on large volumes following global markets reaction on Fed declarations. Today market opened higher given positive reaction on external markets. Commodity market also slightly rebounded. Highly volatility will continue on the markets.

The Russian Finance Ministry plans to offer no premium on 10-year OFZ treasury bonds at Wednesday's auction. The already weak demand for long-term Russian debt has been dying out further this week, pulling most OFZ treasury bond prices down. However today we will probably see local stabilization.

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Forwards	1m.	3m.	6m.	
USD/RUB	29,564	28,343	28,698	
EUR/RUB	42,89	40,58	41,04	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,54	0,33	4,26	3,23
MIBOR 1m (%)	4,54	0,03	4,58	3,81
RUONIA 1d (%)	3,72	-0,03		
Implied NDF yield 6m%	5,06	0,41	4,39	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	196,88	16,88	218	119
Eurobond Russia 30Y	4,452	4,452	5,083	3,914
EMBI +	584,2	584,2	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1610,00	-2,84	2123,56	1385,81
Micex	1497,00	-0,13	1859,99	1334,66
S&P 500	1172,53	4,74	1363,61	1047,22
DJIA	11239,77	3,98	12810,54	9985,81
Brent	105,22	3,29	129,43	67,20



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