

Nordea

Russian Markets - Daily

August 15, 2011

RUB continues to rise	USD/RUB	28.85	▼
MM rates are at local bottom	EUR/RUB	41.29	▼
Liquidity can decline	RUB basket	34.45	▼

Hot News

- Russia pledged on Friday to stick to its plan to raise \$21 billion in foreign borrowing in the next three years, despite rising volatility on international markets. On Thursday, the government approved Russia's three-year borrowing policy, which calls for Moscow to seek around \$7 billion on foreign markets each year from 2012.
- On the domestic market, the finance ministry is aiming to increase borrowing from 1.978 trillion rubles (\$69.77 billion) next year to 2.274 trillion rubles in 2014.
- Russia's July industrial output rose 5.2 percent compared with a year ago, and was up 0.4 percent in month-on-month terms, the Federal Statistics Service said on Friday.

Money Market

Situation on money market is relatively stable. Interest rates increased insignificantly, total amount of liquidity is enough to keep rates near local minimums. Besides Central Bank has showed its readiness to help market by conducting DEPO auctions.

However in the end of the month interbank interest rate will probably begin to rise due to tax payments and we expect the reiteration of July liquidity squeeze. Overnight interbank rates can approach Central Bank Repo rate and show peaks higher 5%.

Currency Market

The RUB basket continue to rebound from recent lows during Friday's session. Today's opening was also positive and currency basket started day lower RUB34.5. Oil market finally stabilized and Brent trades higher than \$108 per barrel. Last week ruble slump was emotional and currency basket returns to the adequate levels, which corresponds to the current oil prices.

Central Bank started interventions last week, buying RUB and selling USD and EUR, which helped ruble to find local bottom. As for today, RUB trades in the range where CBR does not intervene.

Till the end of the month we expect exporter's purchases in anticipation of tax payments, which will definitely become one of the supporting factors for Russian currency.

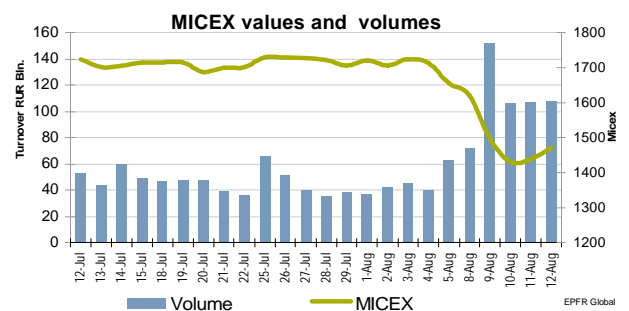
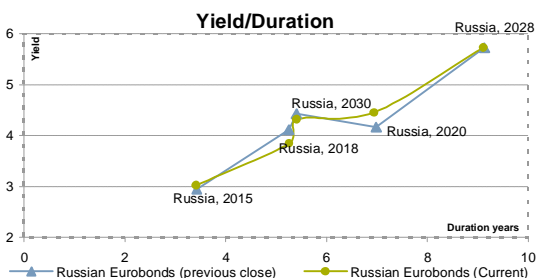
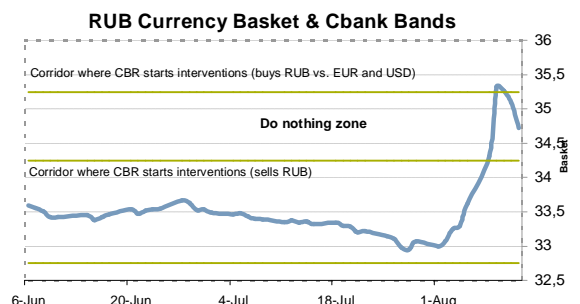
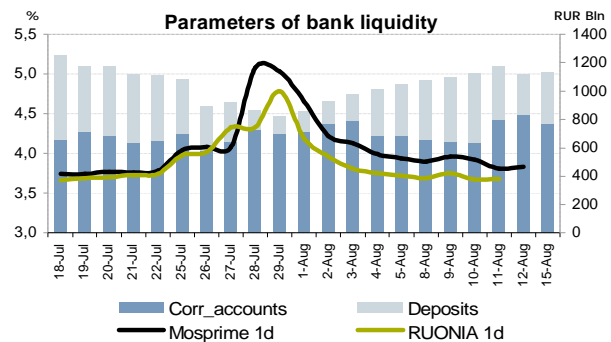
Debt and Equity Markets

Russian stock market MICEX index reached 1470 (+2.2%). RTS index climbed to 1595 (+3.2%) on positive external background, following positive technical factors. During last week MICEX Index fell by 7.3%, RTS index - 11.4%. Today markets opened with growth given foreign stock and commodities market's stabilization. Technical growth factors are coming to the end and we expect flat dynamics in the beginning of the week.

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

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

Forwards	1m.	3m.	6m.	
USD/RUB	29,311	29,787	28,57	
EUR/RUB	41,93	42,25	42,69	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,48	0	4,55	3,23
MIBOR 1m (%)	4,6	-0,01	4,64	3,81
RUONIA 1d (%)	3,67	-0,08		
Implied NDF yield 6m%	4,55	-0,29	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	215	0	218	119
Eurobond Russia 30Y	4,327	-0,082	5,083	3,914
EMBI +	584,46	3,43	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1594,64	3,22	2123,56	1385,81
Micex	1470,56	2,20	1859,99	1334,66
S&P 500	1178,81	0,53	1363,61	1047,22
DJIA	11269,02	1,13	12810,54	9985,81
Brent	108,11	0,68	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.