

# Nordea

## Russian Markets - Daily

August 16, 2011

<b>RUB gained</b>	USD/RUB	28.71	▼
<b>MM rates can increase</b>	EUR/RUB	41.30	
<b>Liquidity is under the pressure</b>	RUB basket	34.40	▼

### Hot News

- The Russian central bank injected 536.2 mln rubles (\$18.91 million) of one-day funds into the banking system at a rate of 5.57 percent in its first repo auction of the day on Monday. The minimum interest rate was set at 5.50 percent. A maximum of 10 billion rubles had been on offer at the day's auctions. In times of strained liquidity the central bank holds up to three auctions a day to aid markets, but the auctions have taken place only sporadically this year, which for the most part has seen abundance of rubles in the market.
- SovEcon has trimmed its 2011 grain crop forecast to 87-90 million from previous 87-92 million tonnes, but it has raised its 2011/12 export forecast by 2 million tonnes to 20 million tonnes, due to record volumes at the start of the season. SovEcon said this year's harvesting progress reports should be compared with those of 2009 rather than with those of 2010, when the country was hit by a severe drought and farmers managed to reap a meagre 61 million tonnes of grain.

### Money Market

Situation is stable yet. Interest rates have been increasing insignificantly during last few days, but overall amount of liquidity is enough to keep rates near local minimums. Central Bank Repo auctions are not very popular which reflects relative healthy situation with liquidity. Moreover Central Bank has shown its readiness to help market via DEPO auctions. However in the end of the month we expect that interbank interest rate will begin to rise due to higher RUB demand during tax paying period. Overnight interbank rates can move towards Central Bank Repo rate (5.5%).

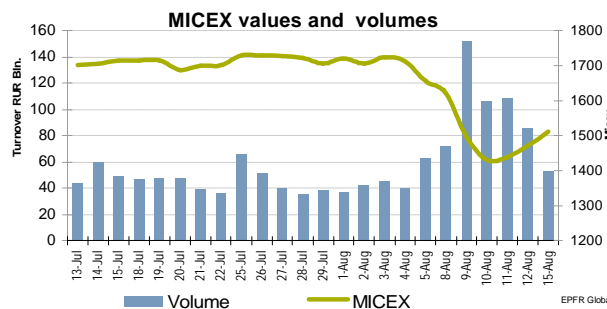
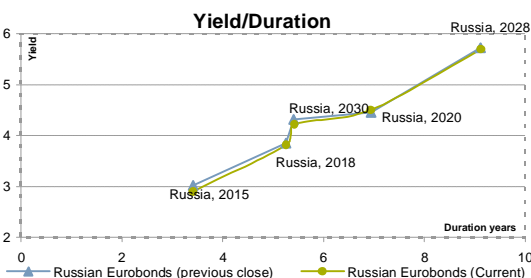
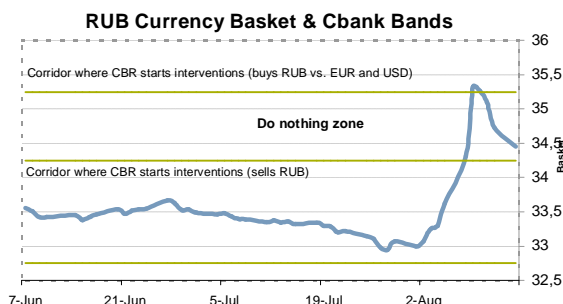
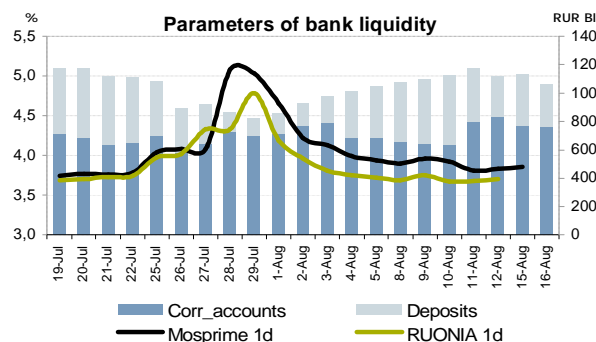
### Currency Market

The RUB basket decreased yesterday as risk tolerance continued to improve. Positive sentiment on financial markets revived interest to the ruble. Russian equities rose on Monday, following global appetite for risk after last week's sharp sell-off. RUB gained almost 30 kopecks versus EUR (closed 34.43) and 55 kopecks versus USD (closed at 28.64). Today's opening was also positive but intraday USD growth can put a pressure on oil market and finally support RUB basket. Currently ruble trades at adequate levels, which corresponds to the current oil prices. Central Bank does not intervene within RUB 34.25-35.25 for currency basket. Till the end of the month we expect exporters will accelerate its RUB purchases in anticipation of tax payments, which will support Russian currency.

### Debt and Equity Markets

Russian market opened this morning slightly lower after yesterday's growth as US futures are negative. MSCI is going to publish the new version of its index, which could raise some speculation concerning some shares that could join the index (Rosteletkom). Technical factors do not support Russian market and we expect current flat dynamics to continue.

Forwards	1m.	3m.	6m.	
USD/RUB	28,771	28,969	29,278	
EUR/RUB	41,3775	41,6375	42,0125	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,5	0,02	4,55	3,23
MIBOR 1m (%)	4,6	0	4,64	3,81
RUONIA 1d (%)	3,68	0,01		
Implied NDF yield 6m%	4,56	0,01	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	215	0	218	119
Eurobond Russia 30Y	4,236	-0,091	5,083	3,914
EMBI +	588,13	3,67	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1655,03	3,79	2123,56	1385,81
Micex	1510,69	2,73	1859,99	1334,66
S&P 500	1204,49	2,18	1363,61	1047,22
DJIA	11482,90	1,90	12810,54	9985,81
Brent	109,42	1,21	129,43	67,20



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