

RUB can face interventions	USD/RUB	29.23	▲
Taxes will increase pressure on liquidity	EUR/RUB	42.03	▲
Rates can increase sharply	RUB basket	34.99	▲

Hot News

- Pumping emergency liquidity into Russian markets where cash levels remain comfortable would be premature and reckless, a senior central banker was quoted on Friday as saying. "Demand for money remains low," First Deputy Chairman Alexei Ulyukayev told the Kommersant daily in an interview. "It would be premature to inject extra liquidity."
- Although Russian markets have tracked the volatility and declines in global stocks seen this month, Ulyukayev said the Russian banking sector and the country's commodity-driven economy did not facing funding strains.
- Russia's third-largest crude producer TNK-BP said on Friday it signed a \$1.5 billion loan facility with a group of 10 international banks for general corporate purposes.
- Russian metals giant Norilsk Nickel said on Friday it had prepared an offer to top aluminum producer UC RUSAL 0486.HK to buy back 15 percent of its shares for around \$8.75 billion. The offer to buy back the shares at \$306 apiece, a 20 percent premium to the average market price over the last 6 months, is subject to approval by Norilsk's board at its Aug. 24 meeting and will be valid until Sept. 5, Norilsk said.
- Bank of America Merrill Lynch is ramping up in Russia and Poland to tap into their growth prospects and privatization deals, one of its top investment bankers said. "Right now, Russia will be our main growth engine as it has a similar potential to Brazil, but we have started to seriously invest at a later stage. We are determined to bridge that gap," Orcel told Reuters in a telephone interview.

Money Market

On Monday, banks had almost 1.1 trillion rubles on deposit and in correspondent accounts with the Central Bank. Situation is relatively stable but coming tax payments will interfere Money Market. Interest rates are stable. However we expect interbank interest rates will increase due to higher RUB demand during tax paying period. First big tax payment will be today (VAT ~RUB 150 bn.). Overnight interbank rates can approach 5% during this week with the same pattern that we saw in July.

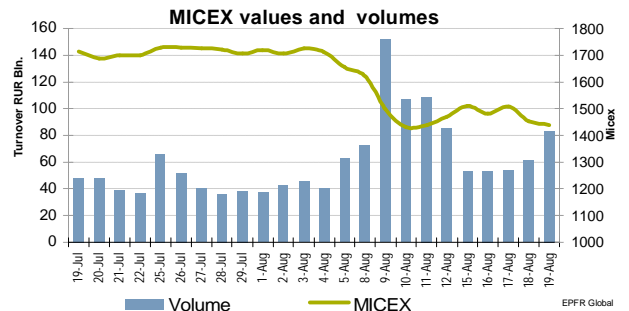
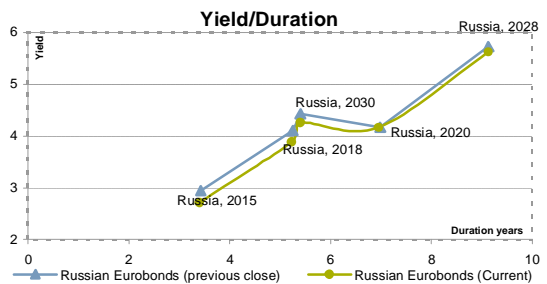
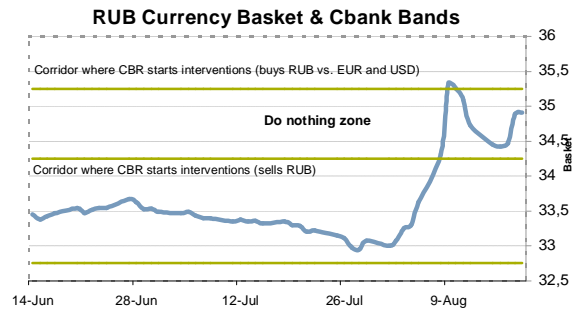
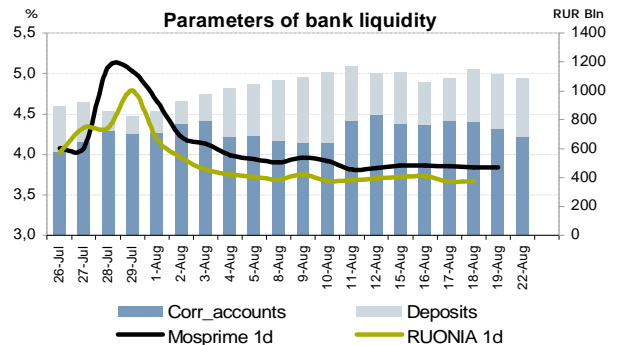
Currency Market

The RUB basket was volatile last week and finished higher at 34.91. Today's opening was slightly negative for the ruble and basket gained 6 kopecks. Considering current weak commodity market's dynamics, RUB will be under the pressure. From the other side massive exporter's RUB purchases in anticipation of tax payments will offset external negative factors during current week. Moreover Central Bank start interventions higher RUB35.25 for the basket, which also supports RUB. Currently RUB trades within «do nothing zone». WE expect high volatility near 35 for the basket during coming few days.

Debt and Equity Markets

MICEX Index lost more than 15% during last 4 weeks which corresponds external market's dynamics. Today's trading session started with negative sentiment. Global equity markets are under the pressure, trading sessions will continue to be volatile on global economic growth concern and escalating sovereign-debt problems. However we don't see strong correction, brent trades higher \$100 which continue to support Russian export-oriented economy.

Forwards	1m.	3m.	6m.	
USD/RUB	29,196	29,413	29,74	
EUR/RUB	42,0025	42,295	42,6614	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,48	0,01	4,55	3,23
MIBOR 1m (%)	4,65	-0,02	4,67	3,81
RUONIA 1d (%)	3,66	-0,07		
Implied NDF yield 6m%	4,89	-0,04	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	192	-0,5	218	119
Eurobond Russia 30Y	4,201	-0,017	5,083	3,914
EMBI +	593,51	0,74	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1575,33	-0,56	2123,56	1385,81
Micex	1438,74	-0,97	1859,99	1334,66
S&P 500	1123,53	-1,50	1363,61	1047,22
DJIA	10817,65	-1,57	12810,54	9985,81
Brent	106,22	-0,04	129,43	67,20



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