

Nordea

Russian Markets - Daily

August 23, 2011

RUB gained	USD/RUB	28.91	▼
Pressure on liquidity	EUR/RUB	41.62	▼
Rates started to increase	RUB basket	34.66	▼

Hot News

- Russia's gross domestic product (GDP) rose 4.2 percent year-on-year in July, year-on-year after expanding by 3.9 percent the previous month, the Economy Ministry said on Monday. In the second quarter Russia's economy grew less quickly than forecast, undermining the government's efforts to achieve growth of 4.2 percent of gross domestic product this year as elections loom.
- Russia's foreign trade surplus rose to \$120.7 billion in January-July 2011 from \$96.4 billion in the same period a year ago, the Economy Ministry said on Monday.
- Russian grain prices kept rising last week, with milling wheat in the lead as its supply is currently estimated lower than initially expected, analysts said on Monday. The offer price of third-grade milling wheat EXW rose 325 rubles (\$11.46) to 5,540 rubles per tone in the European part of Russia, while fourth-grade milling wheat rose by 225 rubles to 5,350 rubles per tone, SovEcon agricultural analysts said.

Money Market

On Tuesday liquidity level decreased and banks had ~1 trillion rubles on deposit and in correspondent accounts with the Central Bank. Situation becomes tighter as tax payments interfere in Money Market. Interest rates were slightly up. We expect further interbank interest rates increase due to higher RUB demand during tax paying period. First big tax payment was yesterday, next will be on Aug 25. Overnight interbank rates can approach 5% during this week, repeating July pattern.

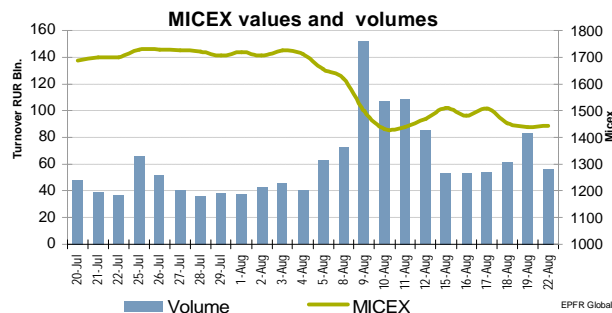
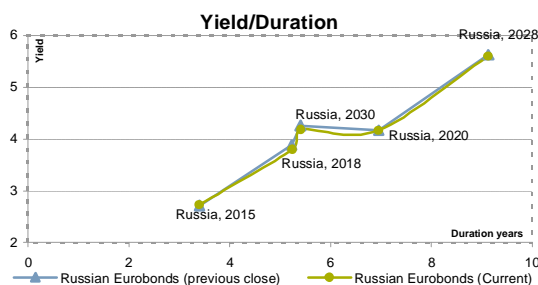
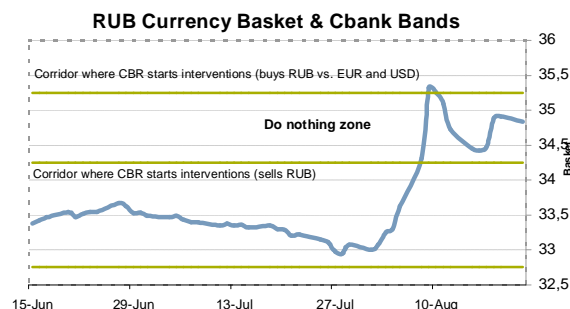
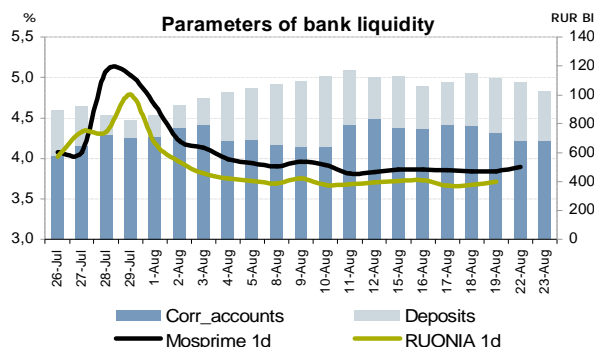
Currency Market

The RUB gained yesterday and continued to trade higher on today's opening at 34.66 for the basket. The main positive factor is the expectation that the U.S. Federal Reserve may announce a new stimulus program to boost the economy on Friday. As a result world financial markets revived, risk tolerance turned capital flow back to the risky currencies and RUB appreciated. Tax payments and exporters' extra demand for RUB will give additional support for the Russian currency during this week. Central Bank start interventions higher RUB35.25 for the basket. Currently RUB trades within «do nothing zone».

Debt and Equity Markets

Russian stock market opened 2% lower on Monday but MICEX Index managed to finish the day with 0.36% gain on approved external background. Today Russian market opened higher, MICEX Index trades at 1466 (+0.9%). We expect Russian stock market will have a support as long as Brent prices are approaching \$110 and Russian stocks are still relative cheaper their EM peers

Forwards	1m.	3m.	6m.	
USD/RUB	29,151	29,366	29,696	
EUR/RUB	41,9572	42,2446	42,6912	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,52	0,04	4,55	3,23
MIBOR 1m (%)	4,66	0,01	4,67	3,81
RUONIA 1d (%)	3,67	0,01		
Implied NDF yield 6m%	4,92	0,03	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	194	2	218	119
Eurobond Russia 30Y	4,181	-0,02	5,083	3,914
EMBI +	593	-0,51	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1578,45	0,20	2123,56	1385,81
Micex	1443,93	0,36	1859,99	1334,66
S&P 500	1123,82	0,03	1363,61	1047,22
DJIA	10854,65	0,34	12810,54	9985,81
Brent	108,78	2,41	129,43	67,20



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