

# Nordea

## Russian Markets - Daily

August 25, 2011

<b>RUB is within narrow range</b>	USD/RUB	28.89	▼
<b>Liquidity is stable, taxes are on the way</b>	EUR/RUB	41.77	▲
<b>Rates were unchanged</b>	RUB basket	34.67	

### Hot News

- Russia's gold and foreign exchange reserves rose to \$544.0 billion in the week to Aug. 19 from \$540.2 billion a week earlier, central bank data showed on Thursday.
- Russia's consumer prices stayed unchanged in the third week of August, after declining 0.1 percent the previous period, bringing further stability to inflationary trends. The most recent reading points to consumer prices declining 0.1 percent since the beginning of the month. Inflation since the start of the year runs now at 4.9 percent, compared to 5.6 percent a year ago.
- The traditional summer decline in fruit and vegetable prices have been aiding the central bank in keeping inflation in reign after the first half of the year showed unruly trends that had seriously threatened the 7 percent or less price rise target for this year. Prices for fruit and vegetables have declined 5.6 percent on average in the week to Aug. 22, Rosstat reported, with the much favored by Russians potatoes and cabbage sold 11.6 percent and 6.6 percent cheaper, respectively.

### Money Market

On Thursday liquidity level increased, banks have ~1.1 trillion rubles on deposit and in correspondent accounts with the Central Bank. Rates were stable. Liquidity increased due to CBR DEPO auction. However situation can change as long as tax payments are not over. Interbank interest rates can increase and liquidity on deposits and in correspondent accounts can cross down 1 trillion rubles. Today ~RUB60 bn. mineral extraction tax payments are expected. In worst case scenario overnight interbank rates can approach 5% during the end of the month.

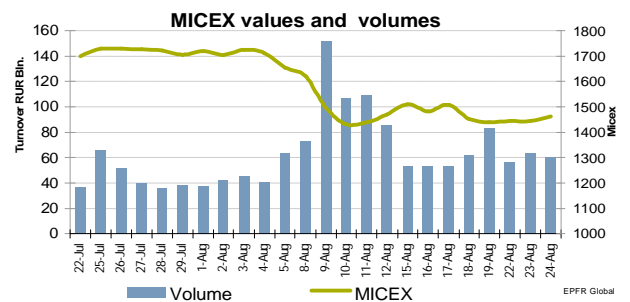
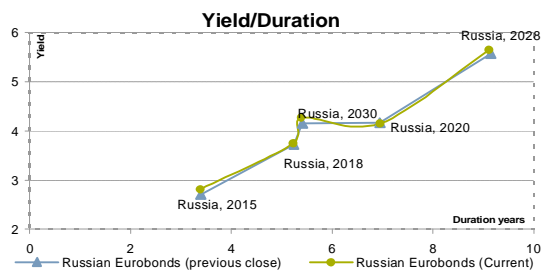
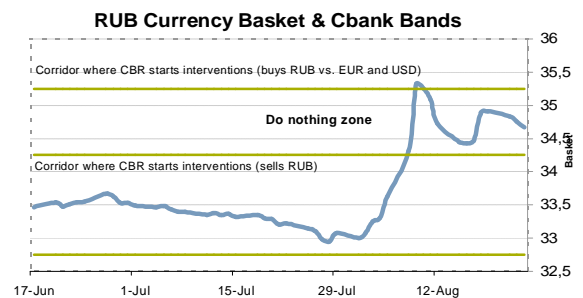
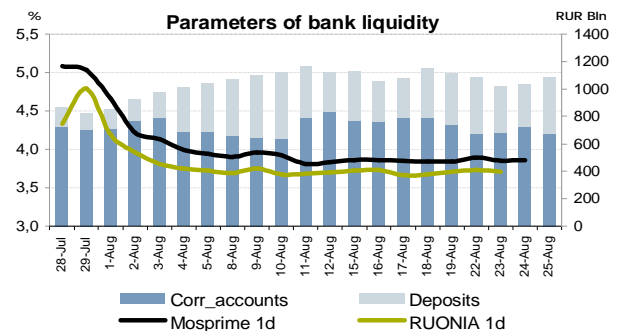
### Currency Market

The RUB was relatively stable, trading within quite narrow range versus basket. Exporters are selling foreign currency in anticipation of tax payments, supporting RUB. RUB remains strong as market is waiting for QE3 announcement on Friday. Commodity market is also positive, Brent trades near \$110 which makes RUB attractive. Tax payments and corresponding exporters' demand for RUB will continue to support Russian currency in the end of the month. Central Bank currently does not intervene but is ready to buy RUB higher 35.25 per basket. The fact that basket is trading near this resistance makes participants reluctant to play aggressively against RUB even during turmoil.

### Debt and Equity Markets

Russian stock market started higher yesterday and finished on positive territory. US durable goods statistics supported market in the end of the session. Today Russian stock market opened higher on positive external background. Commodity market also supports Russian energy companies' prices. However market can face some speculative pressure right before the Jackson Hole symposium.

Forwards	1m.	3m.	6m.	
USD/RUB	29,028	29,244	29,571	
EUR/RUB	41,796	42,078	42,579	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,51	0	4,55	3,23
MIBOR 1m (%)	4,68	0	4,68	3,81
RUONIA 1d (%)	3,73	0,02		
Implied NDF yield 6m%	4,85	-0,01	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	210,25	5,92	218	119
Eurobond Russia 30Y	4,282	0,036	5,083	3,914
EMBI +	589,04	-1,53	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1601,03	1,40	2123,56	1385,81
Micex	1461,62	1,21	1859,99	1334,66
S&P 500	1177,60	1,31	1363,61	1047,22
DJIA	11320,71	1,29	12810,54	9985,81
Brent	110,24	0,90	129,43	67,20



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

[Dmitry.Savchenko@nordea.ru](mailto:Dmitry.Savchenko@nordea.ru)  
[Aurelija.Augulyte@nordea.com](mailto:Aurelija.Augulyte@nordea.com)

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.