

Nordea

Russian Markets - Daily

August 26, 2011

RUB touched weekly bottom	USD/RUB	28.88	▼
Pressure on liquidity increases	EUR/RUB	41.70	▲
Rates started to increase	RUB basket	34.65	▲

Hot News

- Public approval of Russian President Dmitry Medvedev fell in August to its lowest level since he took office, an independent polling agency said on Thursday. The gap between Medvedev and the more popular Prime Minister Vladimir Putin widened seven months before a March 2012 presidential election, in which one of the two is expected to run for a six-year term. Medvedev's approval rating fell to 63 percent in August from 66 percent in July, the Levada Center poll showed, its lowest since Putin, facing a constitutional bar on a third straight term as president, steered him into the Kremlin in 2008. Putin's approval rating held at 68 percent. "Putin continues to be seen as a more authoritative figure," said Lyudmila Sergejeva, a sociologist at Levada.
- Prime Minister Vladimir Putin signed an order putting Russia's new oil product export duty regime into effect from Oct. 1, to improve quality of refined products, a government source said on Thursday. The changes in the scheme are seen as a temporary measure before moving to the full-scale revamp of the Russian oil industry taxation regime needed to sustain crude output at over 10 million barrels per day and modernize out-of-date refineries.
- Russia's Transport Ministry could levy a 20-30 percent tariff on coal shipped to export markets in order to fund the expansion of the railway grid, sources at the ministry and the RZhd state rail monopoly told Kommersant daily.

Money Market

Liquidity level decreased significantly yesterday and according to the latest data banks had ~850 trillion rubles on deposit and in correspondent accounts with the Central Bank. Situation is aggravating as tax payments are deteriorating liquidity. Around 200 billion rubles in mineral extraction tax was paid yesterday. Next week income tax payments could pump out another lump sum. Interest rates can continue to increase due to high RUB demand during tax paying period. Overnight interbank rates can approach 5%, repeating end-of-July pattern.

Currency Market

The RUB gained yesterday and currency basket decreased by 6 kopecks. Tax payments and exporters' extra demand for RUB gave the determinative support for the Russian currency. Today basket opened higher as external markets showed some nervousness. Markets are expecting that the U.S. Federal Reserve may announce a new stimulus program to boost the economy. The main focus today is the speech by the Fed Chairman Bernanke at the Kansas City economic conference at 16:00 CET. We expect extremely high volatility on the currency market.

Central Bank starts interventions higher than RUB35.25 for the basket, which along with high oil prices will support RUB in case of new turmoil. Currently RUB trades within CBR «do nothing zone».

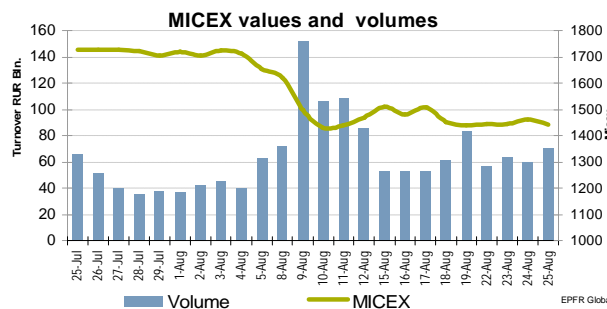
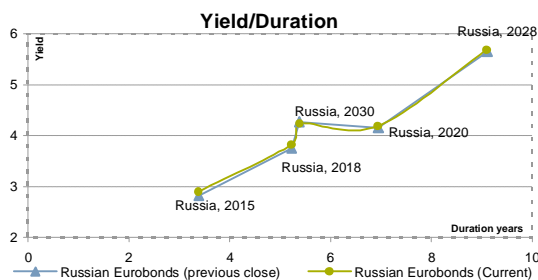
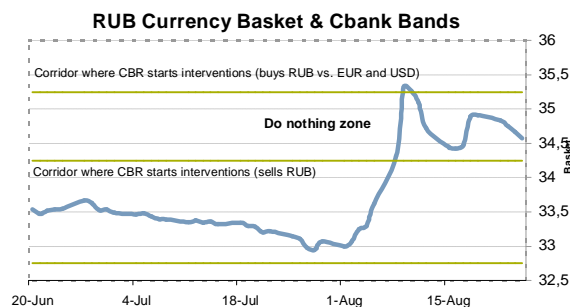
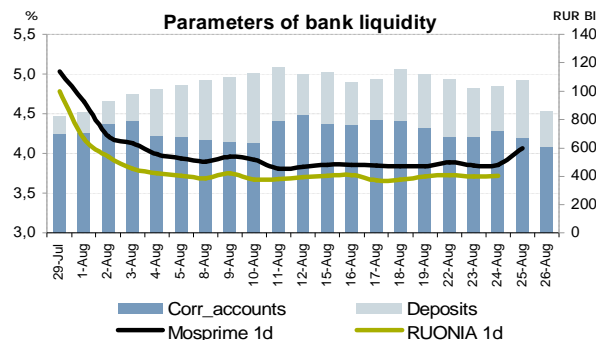
Debt and Equity Markets

Russian stock market fell on Thursday following the European markets. MICEX Index decreased by 1,3%. Today Russian stock market opened higher, but then began to decline like a day before following negative opening on the European stock exchanges. The main focus is the Fed Chairman Bernanke speech at 16:00 CET in Kansas.

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

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

Forwards	1m.	3m.	6m.	
USD/RUB	28,978	28,695	29,024	
EUR/RUB	42,055	41,314	41,749	
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 (%)	3,71	-0,02		
Implied NDF yield 6m%	5	0,15	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	205,67	-4,58	218	119
Eurobond Russia 30Y	4,243	-0,039	5,083	3,914
EMBI +	589,75	0,71	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1583,97	-1,07	2123,56	1409,51
Micex	1442,51	-1,31	1859,99	1356,43
S&P 500	1159,27	-1,56	1363,61	1047,22
DJIA	11149,82	-1,51	12810,54	9985,81
Brent	110,57	0,30	129,43	67,20



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