

# Nordea

## Russian Markets - Daily

August 30, 2011

<b>RUB weakened slightly</b>	USD/RUB	28.85	▲
<b>Liquidity was deteriorated</b>	EUR/RUB	41.82	▲
<b>Overnight rates are high</b>	RUB basket	34.70	▲

### Hot News

- Russian President Dmitry Medvedev signed a decree setting the date of elections to the State Duma - the election of deputies of the State Duma will be held on December 4, 2011. /Vedomosti
- Medvedev said that ethnic tensions may rise after his announcement for a December parliamentary elections. "What we definitely need to eliminate during the campaign are the attempts to incite ethnic hatred. This is categorically unacceptable...Such attempts and calls will be decisively suppressed." - he said. /Reuters
- Deputy Prime Minister A. Zhukov announced today that the federal budget is executed well, and if this trend continues, the Russian government will consider additional wage increases for public employees. One indexation round was already carried out earlier this year. /Interfax
- Grain prices in European Russia continued to rise last week, narrowing the gap to \$10-\$15 per tonne with nearest competitor France, from recent levels of \$30-\$40. Prices in the eastern part of the country were stagnating and even declined in some regions, but analysts expect the trend to reverse shortly.

### Money Market

Liquidity level decreased significantly, interest rates started to increase and overnight rates have already approached 5%. According to the latest data banks have 718 trillion rubles on deposit and in correspondent accounts with the Central Bank, which is not sufficient to keep interest rates stable.

In order to support Money Market Russian central bank injected 2.72 billion rubles (\$94.48 million) of one-day funds into the banking system at a rate of 5.51 percent in its second repo auction of the day on Monday, but this is not enough. The minimum interest rate was set at 5.50 percent.

Situation worsened because of tax payments. Yesterday income tax payments hit the liquidity. We expect Money Market interest rates will continue to increase during coming few days and overnight interbank rates can reach 5%.

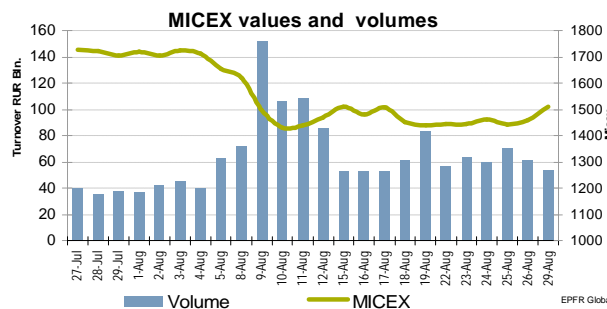
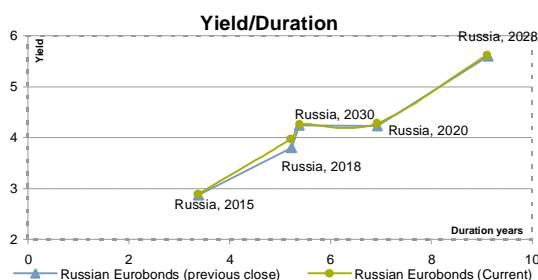
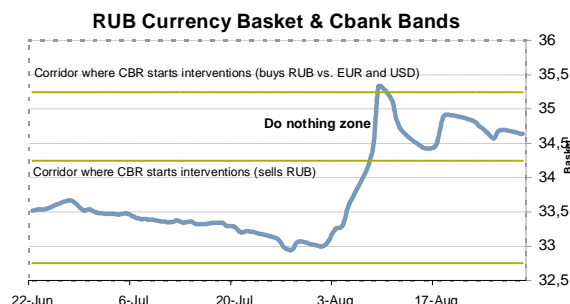
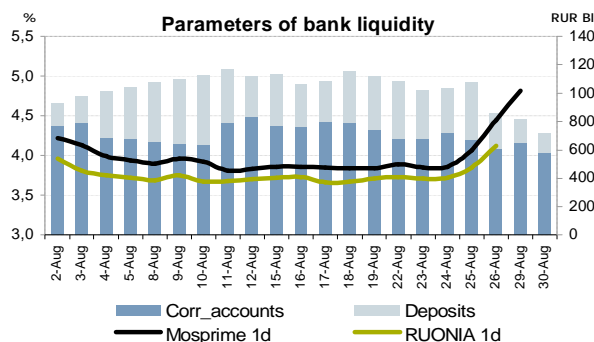
### Currency Market

The RUB basket remained nearly unchanged yesterday, finishing at 34.64 - i.e. 1 kopeck above the previous day's close. The RUB traded within 34.56-34.68 throughout the daily session, thus remaining in the zone where the Central Bank of Russia, according to our estimates, does not intervene in the FX market (34.15 - 35.15). The markets traded with the "risk on" mode yesterday, so weakening of the USD allowed RUB gain 17.6 kopeck during the daily session. Yesterday's relatively good news from the US macro front - better than expected personal spending - boosted risk appetite further, benefiting the US and Asian equity markets which rose above 2% over the night and oil - it also picked up to above USD 112/bbl. Today the RUB opened at around yesterday's close levels. Improving sentiment on the global markets should help RUB gain mostly against the USD.

### Debt and Equity Markets

The Russian stock market opened higher on Monday and continued aggressive growth. Micex index increased by 3,67%. Today's opening was positive but technical factors will resist current upward trend. We expect volatility will increase, but speculative drawdown can be used to take long positions on the equity market.

Forwards	1m.	3m.	6m.	
USD/RUB	28,887	29,108	29,431	
EUR/RUB	41,922	42,205	42,705	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,58	0,01	4,58	3,23
MIBOR 1m (%)	4,77	0,05	4,77	3,81
RUONIA 1d (%)	3,85	0,13		
Implied NDF yield 6m%	4,99	0,035	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	205	0	218	119
Eurobond Russia 30Y	4,241	0,007	5,083	3,914
EMBI +	590,62	0,48	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1667,66	4,48	2123,56	1421,21
Micex	1512,36	3,67	1859,99	1368,90
S&P 500	1210,08	2,83	1363,61	1048,92
DJIA	11539,25	2,26	12810,54	10009,73
Brent	112,01	0,91	129,43	67,20



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

[Dmitry.Savchenko@nordea.eu](mailto:Dmitry.Savchenko@nordea.eu)  
[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.