

# Nordea

## Russian Markets - Daily

August 31, 2011

<b>RUB retreated</b>	USD/RUB	28.94	▲
<b>Liquidity began to restore</b>	EUR/RUB	41.78	▲
<b>Overnight rates are high</b>	RUB basket	34.72	▲

### Hot News

- Russia's largest oil company Rosneft signed a strategic agreement with ExxonMobil for the development of oil deposits in the Arctic shelf. ExxonMobil replaces BP as a strategic partner to Rosneft in the Arctic shelf exploration after the share swap deal with BP failed earlier this year. Meanwhile, Rosneft will be involved in ExxonMobil's oil exploration fields in the Gulf of Mexico and Texas. According to Prime Minister Putin, the FDI to Russia from the project could reach RUB 500bn. /Vedomosti
- CFO of "Gazprom" A. Kruglov in a conference call for analysts informed that the investment program of "Gazprom" in 2011 could grow to RUB 1.2 trillion from the originally approved RUB 816 billion. /Interfax
- Sberbank, Russia's top lender, posted quarterly earnings at the top end of expectations, helped by a higher net interest margin and writebacks as its loan book improved. Sberbank, in which the state has been preparing to sell a 7.6 percent stake, posted a second-quarter net profit of 89.3 billion roubles (\$3.1 billion), compared with a forecast for 85.8 billion.
- Russian gas export monopoly Gazprom's quarterly profits beat analysts' expectations on Tuesday as European buyers rushed to secure contracts at prices 21 percent higher than a year ago. The country's largest company by market capitalization boosted gas sales to Europe, its key market, as customers bought the fuel in anticipation of a price increase following a jump in oil prices.

### Money Market

Liquidity level began to restore after it has touched local bottom. However interest rates are still jacked up above normal levels and overnight rates are at 5%. According to the latest data banks have 798 billion roubles on deposit and in correspondent accounts with the Central Bank. Russian central bank injected liquidity through DEPO and Lombard auctions yesterday, helping MM to restore during liquidity squeeze.

In the end of the month situation worsened because of tax payments. In the beginning of September we expect stabilization on the money market. Coming budget spending will improve liquidity.

### Currency Market

The RUB basket rose 6 kopeck yesterday, finishing at 34.705. RUB lost 15 kopeck to the USD, closing at 28.96. The weakening of RUB was not consistent with a relatively positive sentiment in the equity markets and rising oil. This may be due to some foreign speculators still closing their short basket positions after having been hurt by the recent spike. On the contrary, domestic players should be seeking RUB - the liquidity in the interbank market has tightened to lowest levels this year, and this lack of supply may spur demand for RUB from corporates hoarding FX on foreign accounts. Yesterday's news over Rosneft's deal was overall good news for Russia and should improve sentiment toward Russia in general. Disastrous US consumer confidence data and Fed minutes hinted another QE round may be in the pipeline - unless the world economy slows down sharply the QE3 announcement should benefit the risky assets. Today the Asian equity markets were in small plusses, the oil price remained shy of USD 114/bbl in the morning, which is a level comfortable for Russian economy. Stay neutral to RUB.

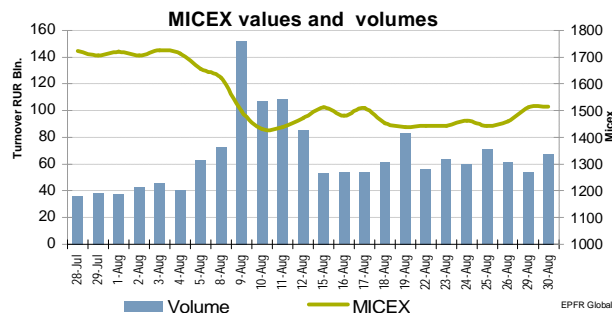
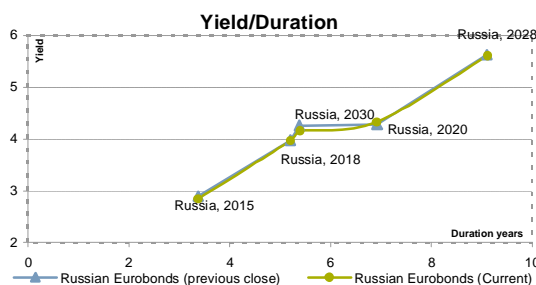
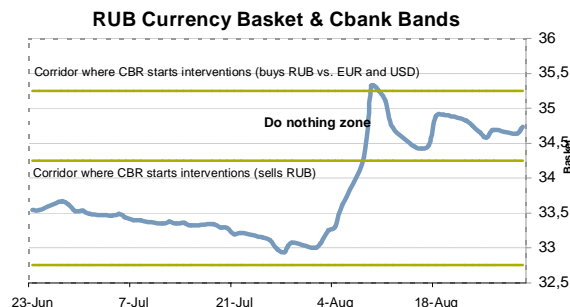
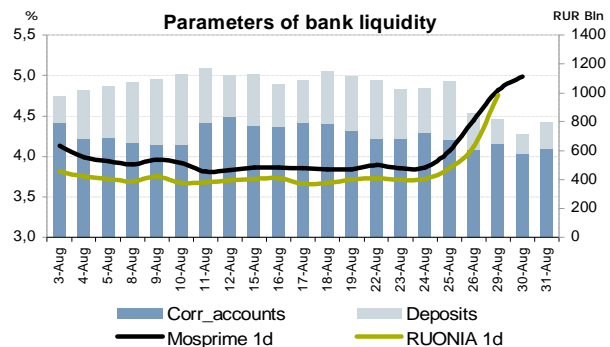
### Debt and Equity Markets

The Russian stock market was flat yesterday. Today's opening was neutral, technical factors will offset positive external background. Oil market increased yesterday, market participants continue to play in QE3 game in spite of poor macro statistics.

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Forwards	1m.	3m.	6m.	
USD/RUB	29,007	29,228	29,558	
EUR/RUB	41,854	42,142	42,574	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,61	0,03	4,61	3,23
MIBOR 1m (%)	4,8	0,03	4,8	3,81
RUONIA 1d (%)	4,12	0,27		
Implied NDF yield 6m%	4,965	-0,025	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	198	-7	218	119
Eurobond Russia 30Y	4,164	-0,077	5,083	3,914
EMBI +	592,59	1,97	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1662,35	-0,32	2123,56	1421,21
Micex	1514,10	0,12	1859,99	1368,90
S&P 500	1212,92	0,23	1363,61	1049,33
DJIA	11559,95	0,18	12810,54	10014,72
Brent	114,05	1,82	129,43	67,20



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