

Nordea

Russian Markets - Daily

September 01, 2011

RUB strengthened	USD/RUB	28.91	
Liquidity is rebounding	EUR/RUB	41.45	▼
Overnight rates decreased	RUB basket	34.55	▼

Hot News

- Sberbank, Russia's biggest lender, will take a decision in the next few weeks on whether to sell a further 7.6 percent stake in September or October, chief executive German Gref said on Wednesday. The stake sale is part of the Russian government's planned 1 trillion ruble privatization program scheduled to occur over the next three years.
- Gross domestic product is expected to grow 4.1 percent this year, a Reuters poll of 16 economists showed. This is less than the 4.3 percent GDP growth seen last month and a significant revision of the 4.5 percent seen only two months ago.
- Russia's consumer prices declined 0.1 percent in the week to August 29 after staying flat in the previous period, bringing the decline in prices this month to 0.2 percent, the Federal Statistics Service said on Wednesday.
- Russia may balance its budget already this year, the RIA news agency quoted Finance Minister Alexei Kudrin as saying on Wednesday. The government had earlier forecast a budget deficit of around 1 percent of the gross domestic product (GDP) in 2011, saying that it could only balance the budget by 2015.
- Chevron Corp, the second-largest U.S. oil company, is still talking with Rosneft about potential deals, despite the pact signed between larger rival Exxon Mobil Corp and the Russian state-owned oil company.
- Russian manufacturing stagnated again in August, with new orders declining slightly for the third time in four months, prompting manufacturers to cut staff, the HSBC purchasing managers' index (PMI) showed on Thursday. The index's headline reading rose to 49.88 from 49.84 in the previous month, remaining below the 50.0 mark that separates expansion from contraction.

Money Market

According to the latest data, banks have 845 billion rubles on deposit and in correspondent accounts with the Central Bank. Last week Russian central bank mitigated liquidity squeeze via DEPO and REPO auctions and overnight rates were kept within 5% bound. As for today, liquidity is rebounding after it has touched extremely uncomfortable levels lower RUB800 bn. Overnight interest rates decreased yesterday and we do not expect any turbulence here till the end of September. In the beginning of the month we expect stabilization on the money market. Moreover coming budget spending will improve liquidity.

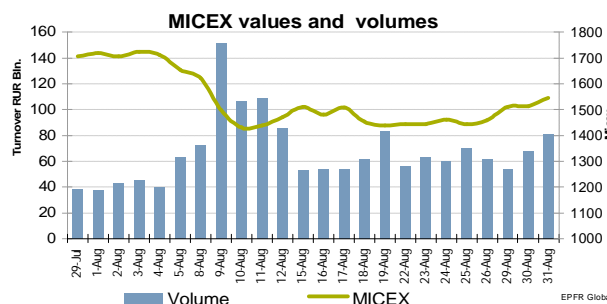
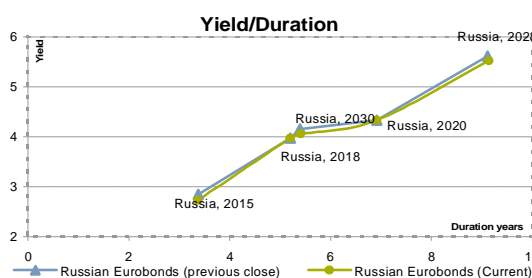
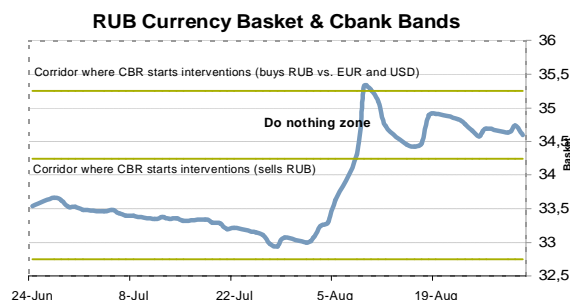
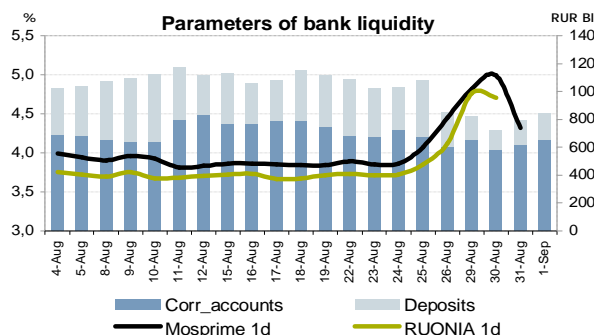
Currency Market

The RUB basket lost 13 kopeck yesterday, finishing at 34.59. RUB gained 6 kopeck to the USD, closing at 28.82 and gained 26 versus EUR, closing 41.51. Ruble increased on higher oil prices along. Also Standard and Poor's decision to affirm Russia's rating BBB/A-3 with a stable outlook supported Russian currency. S&P noted that strong dependence on commodities, weak business environment and political uncertainty are the major constraints for the rating upgrade. Today basket opened higher, capitalizing on rating factor and high oil prices. Global risk appetite leaves the space for growth.

Debt and Equity Markets

The Russian stock market added significantly yesterday following favorable situation on global stock and commodity markets. MICEX Index increased by 2.3%. Today's opening was slightly lower, but now dynamics more or less flat. High oil prices will continue to support Russian stock market but technical factors can play against the market during coming few days.

Forwards	1m.	3m.	6m.	
USD/RUB	28,988	29,192	29,509	
EUR/RUB	41,598	41,881	42,381	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,58	-0,03	4,58	3,23
MIBOR 1m (%)	4,8	0	4,8	3,81
RUONIA 1d (%)	4,76	0,64		
Implied NDF yield 6m%	4,79	-0,175	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	188	-10	218	119
Eurobond Russia 30Y	4,074	-0,09	5,083	3,914
EMBI +	596,52	3,93	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1702,28	2,40	2123,56	1449,99
Micex	1546,05	2,11	1859,99	1394,57
S&P 500	1218,89	0,49	1363,61	1080,29
DJIA	11613,53	0,46	12810,54	10269,47
Brent	115,00	0,83	129,43	67,20



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