

Nordea

Russian Markets - Daily

September 06, 2011

RUB retreated further	USD/RUB	29.63	▲
Liquidity is rebounding	EUR/RUB	41.68	▲
Rates decreased	RUB basket	35.06	▲

Hot News

- There is no deficiency of liquidity in the banking sector of Russia said Deputy Director of the Financial Stability Bank of Russia S. Moiseyev. "Our estimates show that in the event of a crisis with liquidity shocks the banking sector is well able to cope with them - not just on their own but also due to the fact that CBR tools to maintain liquidity are well worked out" - he stressed. The Bank of Russia, he said, in a moment of crisis can provide via repo market more than RUB 3 trillion. Moreover, if CBR can give banks credits against non-market assets and even unsecured loans if needed. Moiseyev noted that liquidity will decrease going forward. /Interfax
- Consumer price index dropped 0.2% m/m in August after the index was unchanged at 0% in July. The decrease was driven by food prices which dropped 1.4% on the month. Since the start of the year the CPI rose 4.7%. In y/y terms the headline CPI was recorded at 8.2% in August. /Rosstat
- The average private lending rate with maturity below 1 year in rubles decreased to the absolute minimum of 7.9% in August, down from 8.6% in June. /CBR

Money Market

Liquidity is improving but it is still quite low. Banks have 916 billion rubles on deposit and in correspondent accounts with the Central Bank. This level is not very comfortable but we do not expect any further decline and liquidity will likely restore till the end of the month. Market expects accelerating of budget spending which can help to avoid liquidity problems. Overnight rates stabilized lower 4%. However 1-month and 3-month rates are increasing. NDF are higher due to current turmoil on external financial markets.

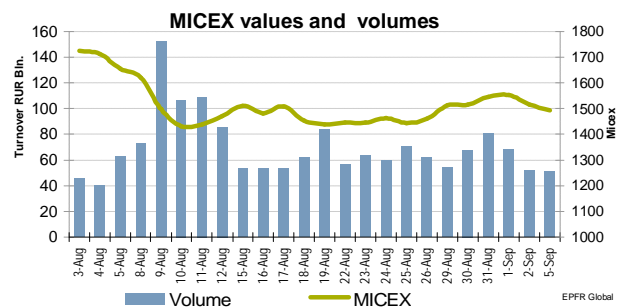
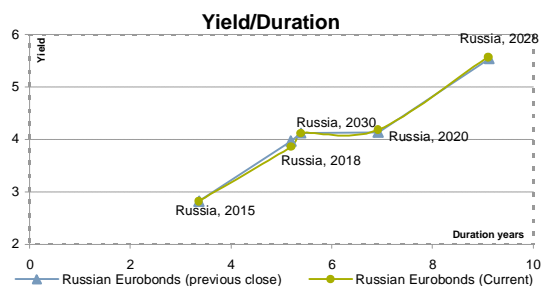
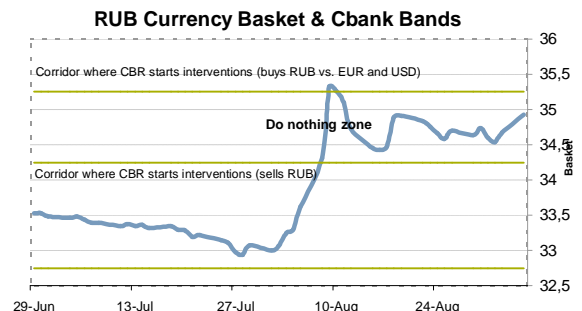
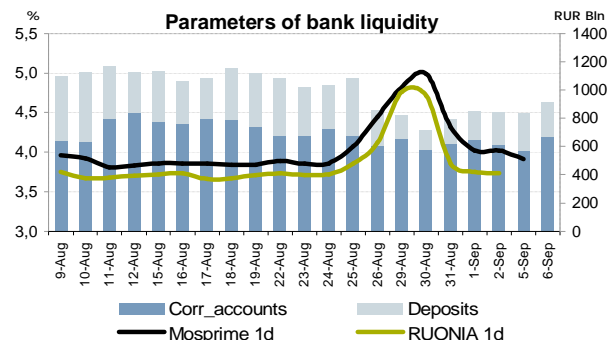
Currency Market

The RUB weakened further against the EUR and USD basket yesterday, losing 27 for the day and closing at 34.92. RUB weakened 35.75 kopeck against USD and 19.5 kopeck against the EUR. The losses were primarily driven by the panic in the global markets, as the European equities were in deep losses - even German stocks lost 5% for the day. Russian equities lost 2% yesterday. Today the markets are still sour, with the US futures trading negative after the US market closed yesterday. As the global growth expectations get downgraded the oil prices retreat further - Brent fell 2 USD yesterday, recovered somewhat and traded around USD 110/bbl here in the morning. The RUB opened weaker today, trading at around 35.00 in the first minutes of the session.

Debt and Equity Markets

The Russian stock market declined during yesterday's session but the result was not so fatal like in Europe, where indices decreased by almost 5%. MICEX Index decreased by only 1.5%. The main support came from oil prices, which remained remarkably strong despite the low risk appetite. Today Russian market opened surprisingly positively. If oil keeps higher \$110 per barrel Brent, Russian market will have a good chance to be the leader.

Forwards	1m.	3m.	6m.	
USD/RUB	29,634	29,856	30,185	
EUR/RUB	41,65	41,936	42,436	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,51	0	4,61	3,23
MIBOR 1m (%)	4,7	-0,02	4,8	3,81
RUONIA 1d (%)	3,75	-0,11		
Implied NDF yield 6m%	4,96	0,12	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	187,5	7,5	218	119
Eurobond Russia 30Y	4,145	0,043	5,083	3,914
EMBI +	597,04	0	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1617,01	-2,43	2123,56	1453,47
Micex	1492,83	-1,52	1859,99	1398,70
S&P 500	1173,97	-2,53	1363,61	1091,84
DJIA	11240,26	-2,20	12810,54	10340,69
Brent	4317,00	0,19	129,43	67,20



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

Dmitry.Savchenko@nordea.ru
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.