

Nordea

Russian Markets - Daily

September 08, 2011

RUB is stable	USD/RUB	29.51	▲
Liquidity is increasing with low pace	EUR/RUB	41.52	▲
O/N rates are comfortable	RUB basket	34.91	▲

Hot News

- The CBR FX interventions decreased to USD 262mn in net USD purchases and EUR 160m in net EUR purchases in August. The USD and EUR net FX purchases constituted only 7% and 16% of the FX purchases the CBR made in July. It was the first month when the CBR sold FX to defend RUB. /CBR
- The next CBR meeting on monetary policy will be held on the 14th of September. /RIA
- Consumer prices remained unchanged in the first week of September. Food and vegetable prices continue to fall (-4% w/w). /Rosstat
- Russia's competitiveness rank deteriorated by three splaces to 66th among 142 countries, according to the latest Global Competitiveness Report 2011-2012. Russia was ranked worst on efficiency of governing institutions, good markets efficiency and financial markets development. Among the positives - the large size of the Russian market, higher education and a focus on innovations. /Reuters

Money Market

Liquidity increased slightly yesterday, the pace is surprisingly low. Banks have 928 billion rubles on deposit and in correspondent accounts with the Central Bank. This level is still not comfortable and it is expected at least 1.2 trillion ruble by the end of the month before next tax payments. Otherwise liquidity squeeze will be severe. As for today, overnight rates stabilized lower 4% at quite comfortable level for the banking system.

Currency Market

The RUB basket strengthened 10 kopeck yesterday, dropping to 34.90 by the end of the daily session. RUB was helped by a global relief rally which, unfortunately, sizzled out here over the night, with the Asian equities slightly in the red again. Yestersay released CBR' data on FX intervention suggests that the CBR didn't deviate from their FX intervention parameters even in times of crisis (August 8-9 when RUB weakened sharply), letting the market to determine the price moves. This means they stick to their "more freedom to RUB" policy. While it's good in times when RUB strengthens, it is not when RUB is affected by negative risk sentiment in the markets. There were no changes in the floating corridor in August, we estimate, with the RUB floating bands at 32.15 - 37.15 at the moment. RUB is currently trading in the interval (34.15 - 35.15) where the CBR does not intervene in the market. Today RUB opened stronger around 34.85. The markets will be nervous ahead of the important day - ECB meeting, Bernanke's and Obama's speeches will introduce some volatility in the EURUSD cross, affecting the Emerging Market currencies as well. RUB should be helped by oil prices - the Brent came back to the USD 116/bbl levels.

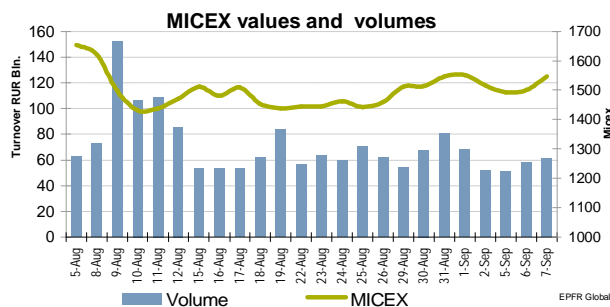
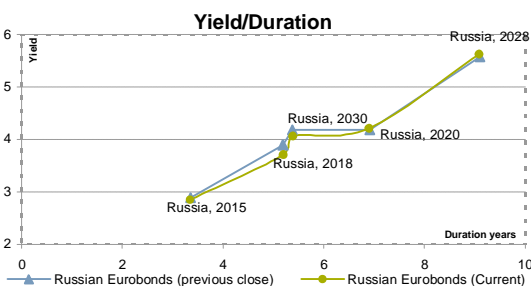
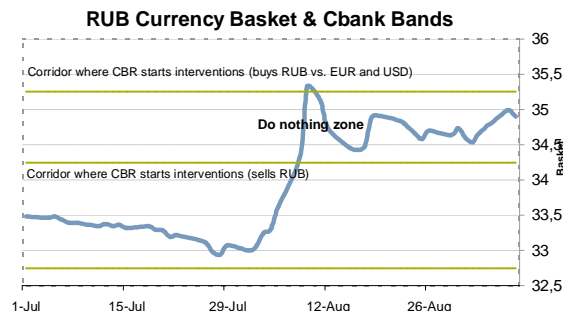
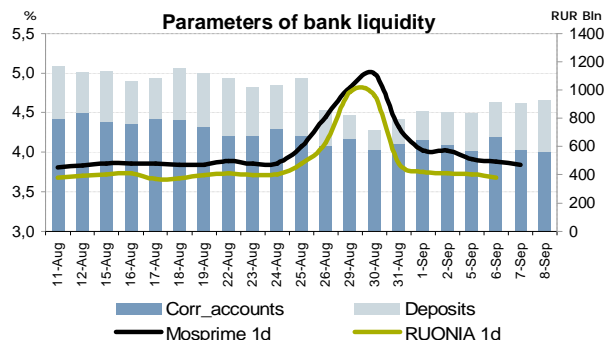
Debt and Equity Markets

The Russian stock market rocketed yesterday as global sentiment improved and commodity market increased. MICEX Index increased by 3.12%. Commodity markets' positive dynamics supported local energy companies, Brent trades near \$116. Today Russian market opened flat. Technically market can face some resistance, but if Bernanke and Obama announce fiscal and monetary stimulus then revived global risk appetite will support Russian market.

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

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

Forwards	1m.	3m.	6m.	
USD/RUB	29,597	29,807	30,145	
EUR/RUB	41,616	41,898	42,363	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,51	-0,01	4,61	3,23
MIBOR 1m (%)	4,7	0	4,8	3,81
RUONIA 1d (%)	3,72	-0,01		
Implied NDF yield 6m%	4,86	-0,1	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	195,33	-9,5	218	119
Eurobond Russia 30Y	4,098	-0,059	5,083	3,914
EMBI +	597,81	1,85	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1669,75	3,16	2123,56	1463,88
Micex	1546,52	3,12	1859,99	1410,11
S&P 500	1198,62	2,86	1363,61	1098,87
DJIA	11414,86	2,47	12810,54	10387,01
Brent	4159,00	0,04	129,43	67,20



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.