

Nordea

Russian Markets - Daily

September 12, 2011

RUB retreated	USD/RUB	30.29	▲
Liquidity stayed the same	EUR/RUB	41.09	▼
O/N rates decreased slightly	RUB basket	35.15	

Hot News

- Russia's foreign trade surplus fell to \$15.16 billion in July from \$17.4 billion in the previous month, the central bank said on Friday.
- Russia is banking on strong oil prices, a more flexible rouble and a rise in imports to enable a substantial budget deficit cut during the next presidential term, new fiscal policy revisions proposed by the Finance Ministry showed. The new plan, to hit Prime Minister Vladimir Putin's government agenda in the next two weeks, preserves the original forecast of keeping a budget hole until 2015, opting to channel some of the higher revenues in raising fiscal spending.
- British Prime Minister David Cameron holds landmark talks with Russian leaders on Monday, aiming to strengthen business and political ties with Moscow despite a long-running dispute over the murder of a Kremlin critic in London five years ago. The visit fits squarely into Cameron's strategy of trying to bolster Britain's weak recovery by boosting exports to fast-growing emerging markets such as Russia, India and China.
- Russia's biggest lender Sberbank has decided not to place a 7.6 percent stake on stock markets right now but is ready to jump at a good opportunity, Chief Executive German Gref said on Friday. "We have taken an agreed decision (with the Central bank): we will try to enter the market at the first possibility. We see big volatility at the moment," Gref told journalists.

Money Market

Liquidity is surprisingly stable while it should have been restoring during the beginning of the month. Banks have 886 billion rubles on deposit and in correspondent accounts with the Central Bank. Overnight interest rate are at comfortable levels (lower 4%), but coming tax payments in the end of the month can crucially deteriorate liquidity. Central bank should increase its activity on the Money Market, otherwise liquidity squeeze will be severe. The other thing that mitigate current worries acceleration of budget spending.

Currency Market

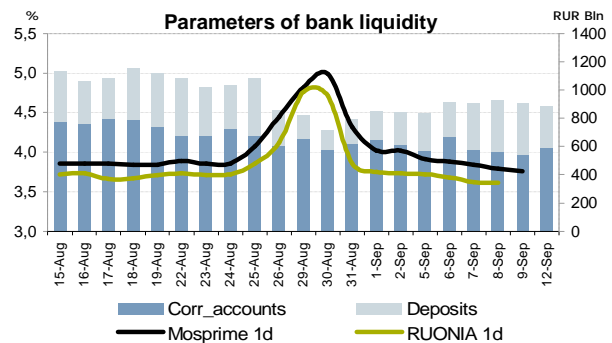
The RUB basket increased on Friday and today's opening was significantly higher. Basket is trading at RUB35.15 in the beginning of the session due to oil price pressure and negative global market sentiment. Risk aversion increased due to euro debt crisis escalation. Euro dropped severely against dollar which even led to RUB growth against euro. Oil prices are under the pressure of strong dollar and global demand concern. Brent trades near \$110 per barrel. However oil is surprisingly resilient given high USD growth. RUB basket closely approached levels (35.15) where Central Bank starts interventions on currency market. This fact can support ruble, but this support is more psychological due to insignificant intervention's size.

Debt and Equity Markets

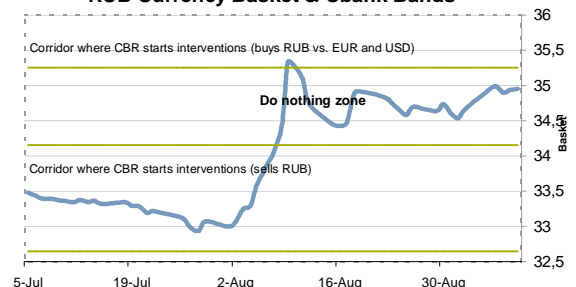
The Russian stock market decreased by more than 2% on Friday. Today Russian market opened slightly 1% lower on global macroeconomic growth concern.

Debt: Russia will cut its 2011 domestic borrowing program by 300 billion rubles (\$10.15 bn) this year to 1.4 trillion rubles, Finance Minister Alexei Kudrin said on Saturday. Higher than-expected crude prices so far this year have made the government less dependent on borrowing to finance the budget.

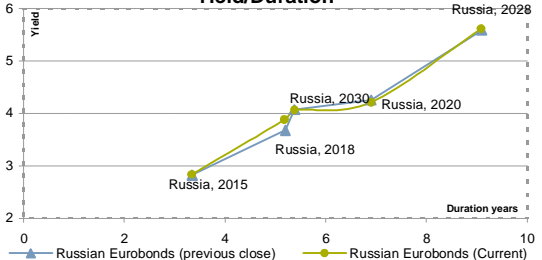
Forwards	1m.	3m.	6m.	
USD/RUB	30,338	30,56	30,888	
EUR/RUB	41,03	41,2232	41,6933	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,47	-0,03	4,61	3,23
MIBOR 1m (%)	4,69	0	4,8	3,81
RUONIA 1d (%)	3,62	-0,06		
Implied NDF yield 6m%	4,83	-0,105	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	205	9,67	218	119
Eurobond Russia 30Y	4,12	0,072	5,083	3,914
EMBI +	595,64	-2,35	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1625,29	-2,98	2123,56	1463,88
Micex	1518,22	-2,46	1859,99	1410,11
S&P 500	1154,23	-2,67	1363,61	1109,55
DJIA	10992,13	-2,69	12810,54	10462,77
Brent	4136,00	-2,21	129,43	67,20



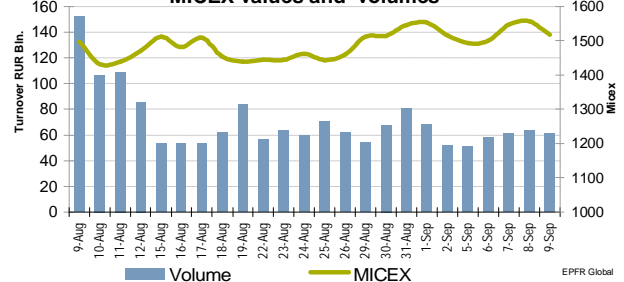
RUB Currency Basket & Cbank Bands



Yield/Duration



MICEX values and volumes



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