

Nordea

Russian Markets - Daily

September 13, 2011

RUB retreated, tries to resist	USD/RUB	30.20	▼
Liquidity is awful	EUR/RUB	41.18	▲
O/N rates increased slightly	RUB basket	35.14	

Hot News

- Russia will delay planned annual gas and power price increases until next summer, Prime Minister Vladimir Putin said on Monday, a move that could spare voters any significant household bill hikes until after a March presidential election. Putin, who was president between 2000 and 2008 and has hinted he may run again in the 2012 vote, said the price hikes would be permanently put back to July 1, 2012, from Jan. 1.
- The privatization of the 25% share of the fully government owned "Sovkomflot" will happen no earlier than Q2 of 2012, commented Chairman of the Board of Directors Naryshkin. /Interfax
- Over the next 10 years "LUKOIL" intends to invest in refining and petrochemicals about USD 25 billion, said company president Alekperov. According to him, a contract with the French Tecnip will be signed at the "Lukoil" in Burgas (Bulgaria) in late September to build the largest hydrocracking in Eastern Europe. /Interfax
- The budget surplus was recorded at 0.1% of GDP in August. The surplus of the federal budget for the first 8 months of this year summed up to 2.3% of GDP. /Interfax
- Russian oil exports will jump and production rise as a result of changes to energy taxes that will help the world's largest oil producer keep its lead over OPEC heavyweight Saudi Arabia, executives told the Reuters Russia Investment Summit.

Money Market

Liquidity is relative low for this period of the month. Banks have 891 billion rubles on deposit and in correspondent accounts with the Central Bank.

Overnight interest rate started to increase in anticipation of problems during tax payments in the end of the month. Coming tax payments can deteriorate liquidity and lead to significantly higher interbank rates. The first tax of the month is due on Thursday. Markets wait Central bank to increase its activity on the Money Market, otherwise liquidity squeeze will be severe.

Tomorrow on the meeting CBR will likely leave refinance and depo rates unchanged, but in order to support liquidity may announce some measures (like narrowing depo-repo corridor).

Currency Market

The RUB basket increased on Monday's due to external market's instability. But today's opening was slightly lower and during morning hours basket is trading at RUB35.18. Oil price restore slightly, Brent trades near \$113. The high dollar (RUB30.20) could force exporters to sell revenues in advance of monthly tax payments, which may support the ruble. Moreover low ruble liquidity also put a downside pressure on the basket, which closely approached Central Banks' intervention levels. Basket will probably stay within 35.00-35.25 band during coming few days.

Debt and Equity Markets

The Russian stock market started the week with drawdown following poor global markets' risk appetite. European equities fell below their August bottom. Today Russian market opened slightly higher but markets are still trading in risk-averse mode.

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

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

Forwards	1m.	3m.	6m.	
USD/RUB	30,305	30,537	30,878	
EUR/RUB	41,56	41,7649	42,35	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,52	0,05	4,61	3,23
MIBOR 1m (%)	4,67	-0,02	4,8	3,81
RUONIA 1d (%)	3,61	-0,01		
Implied NDF yield 6m%	5,1	0,27	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	221,5	16,5	221,5	119
Eurobond Russia 30Y	4,189	0,069	5,083	3,914
EMBI +	592,96	-2,68	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1566,64	-3,61	2123,56	1463,88
Micex	1493,19	-1,65	1859,99	1410,11
S&P 500	1162,27	0,70	1363,61	1119,46
DJIA	11061,12	0,63	12810,54	10526,49
Brent	112,91	1,02	129,43	67,20

