

Nordea

Russian Markets - Daily

September 15, 2011

RUB retreated	USD/RUB	30.55	▲
Liquidity decreased	EUR/RUB	41.89	▲
O/N rates increased	RUB basket	35.64	▲

Hot News

- Deflation of 0.1% was recorded in the week from 6 to 12 September. This was the fourth time a weekly deflation of 0.1% was recorded this year so far. /Rosstat
- The CBR cut the repo rates by 25bp, raised the depo rates by 25bp and left the refinancing rates unchanged. The stated goal with narrowing the interest rate corridor was less volatility in the interbank market. /CBR
- Russia's central bank has no plans to widen the rouble's trading corridor in September, a source at the bank told Reuters on Thursday. "We will not (widen the band) in September," the high-ranked central bank source said.
- 131 bank does not meet the new capital adequacy requirements that will enter into force next January at the moment - said director of the department of licensing and financial rehabilitation of credit institutions the Central Bank M. Sukhov. Asked about the capital adequacy of major banks he said that on average it is 16%, and "only some of them have a need to raise funds." /Interfax

Money Market

Liquidity is low, rates are slightly higher. Banks have 849 billion rubles (-53 bn.) on deposit and in correspondent accounts with the Central Bank. The first tax of the month was paid yesterday. Overnight interest rate increased slightly. The CBR cut the repo rates by 25bp, raised the depo rates by 25bp and left the refinancing rates unchanged. Narrowed interest rate corridor will decrease volatility in the interbank market. Anyway market is waiting for problems during tax payments with significantly higher interbank rates in the end of the month.

Currency Market

The RUB basket rocketed yesterday due to low risk appetite. However current rouble slump can be considered speculative to some extent. Today's opening was even higher and now basket is trading at RUB35.67. Oil prices stay higher 110 per barrel Brent which fundamentally supports RUB. New eight-month USD/RUB peak will support rouble during tax payments in the end of the month when exporters will begin to sell revenues.

Low rouble liquidity also should help RUB in coming weeks. But as for today speculators play against commodity currencies. Central Bank started interventions higher RUB35.15 per basket and today will probably increase RUB purchases. Russia's central bank has no plans to widen the rouble's trading corridor in September.

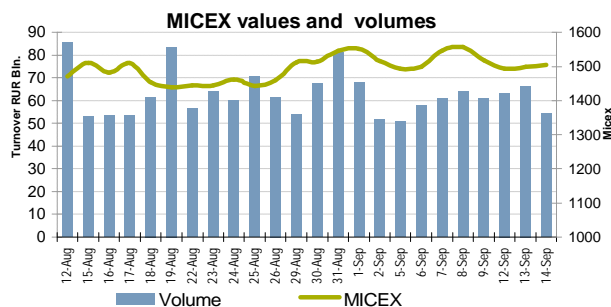
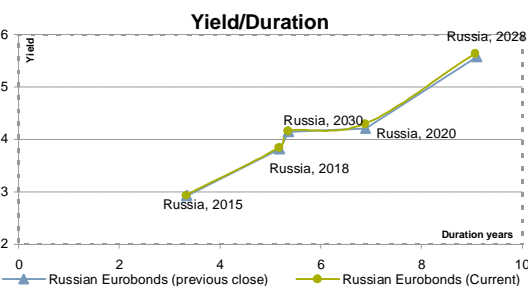
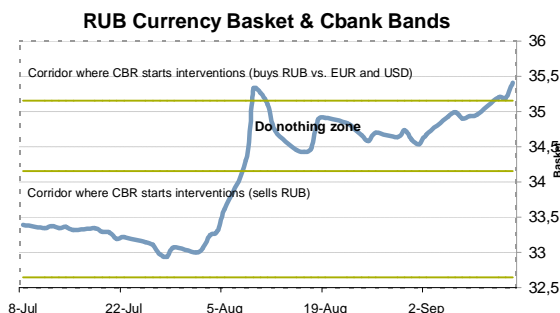
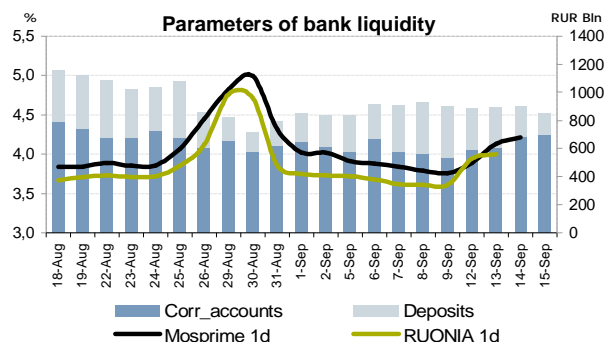
Debt and Equity Markets

Russian stock markets climbed yesterday on technical optimism, MICEX Index increased by 0.45%. Today trading session started higher (+1%) after French President and German Chancellor expressed confidence that Greece will remain in the euro area. Longer-dated Russian bonds firmed on Wednesday after the central bank's decision to raise the deposit rate, and steady oil prices supported stocks. After the central bank's decision, yields of 10-year OFZ bonds approached to 8.09% from 8.10% a day before while three-year OFZ yields rose to 6.84% from 6.78%.

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Forwards	1m.	3m.	6m.	
USD/RUB	30,541	30,876	31,171	
EUR/RUB	41,941	42,224	42,724	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,9	0,27	4,63	3,23
MIBOR 1m (%)	4,73	0,02	4,8	3,81
RUONIA 1d (%)	3,94	0,33		
Implied NDF yield 6m%	5,56	0,3	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	225,25	3,58	225,25	119
Eurobond Russia 30Y	4,166	-0,003	5,083	3,914
EMBI +	589,62	-2,59	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1570,38	-0,10	2123,56	1463,88
Micex	1504,92	0,45	1859,99	1410,11
S&P 500	1188,68	1,35	1363,61	1119,46
DJIA	11246,73	1,27	12810,54	10572,73
Brent	112,01	0,67	129,43	67,20



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