

# Nordea

## Russian Markets - Daily

September 22, 2011

<b>Basket approached CBR edge</b>	USD/RUB	31.92
<b>CBR and MinFin helped Money Market</b>	EUR/RUB	43.29
<b>Overnight rates stabilized</b>	RUB basket	37.03

### Hot News

- Russian Deputy Economy Minister said that the recent depreciation of RUB is of short term nature. According to him, it's mostly due to external factors rather than macroeconomic factors. Klepach said that there are no signs for substantial RUB weakening in the near term and noted that such volatility should not come as a surprise - people should be prepared for that. /Interfax
- According to preliminary guidelines for the monetary policy discussed in the government meeting on Wednesday the reversal of capital flight from Russia is expected in early 2012. In subsequent years the CBR expects the capital inflows of USD 10-15bn per year. In 2011 the outflows are expected at USD 35bn. /Interfax
- Russian GDP accelerated to 5.2% in August, up from 4.2% in July. /Interfax
- Russian consumer prices remained unchanged in the week from 13 to 19 of September. /Rosstat
- The non-oil&gas deficit will increase to 11%/GDP in 2012, according to Ministry of Finance. This year it will be 10.2%/GDP, their estimates show. /Interfax

### Money Market

Liquidity was stable yesterday. CBR and MinFin auctions helped to avoid severe squeeze. Banks have 927 billion rubles on deposit and in correspondent accounts with the Central Bank. However story is not over yet.

Coming tax payments are still a threat. CBR will try to offset the lack of ruble liquidity via repo auctions. Today Ministry of Finance will offer market extra liquidity via depo auctions. This will damp down the liquidity-fire. However overnight rates will probably stay elevated near 5% till the end of the month.

### Currency Market

The RUB basket rose further, closing 12 kopeck higher to the previous session, that is at 36.69. The basket remained stable within the 33.63 - 33.75 range. The markets were nervous yesterday awaiting the Fed's meeting outcome. Since it ended as expected - with a restructuring of portfolio maturities - the markets were disappointed, as no extra liquidity was promised to be provided. On top of that Fed sounded very pessimistic on growth, saying the risks for further slowdown are high and dropping the phrase that the factors causing slowdown are "of temporary nature". Tonight worse than expected China's PMIs worsened the picture. The equity markets dropped sharply and the futures are trading 1-2% in the red - so another gloomy day is in sight. The positive comments from Russian Deputy Economy Minister Klepach should help to prevent RUB collapse - he is right, after all, economic growth is accelerating in Russia as yesterday's and Monday's numbers showed. RUB depreciation is largely due to the global "risk off". So, whenever the global risk appetite is back, RUB will be back big time. But for now RUB is part of the global panic. The CBR is intervening with around 300-450/day now and the upper limit of the floating band is just 20 kopeck away - RUB traded around 37.00 in the first minutes of the session.

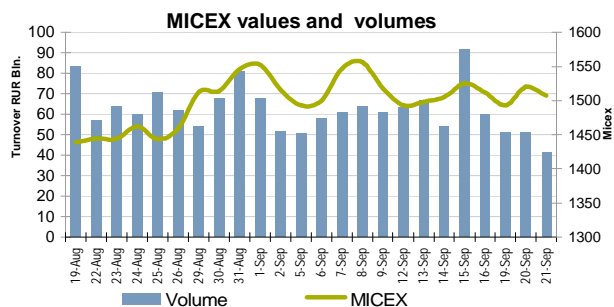
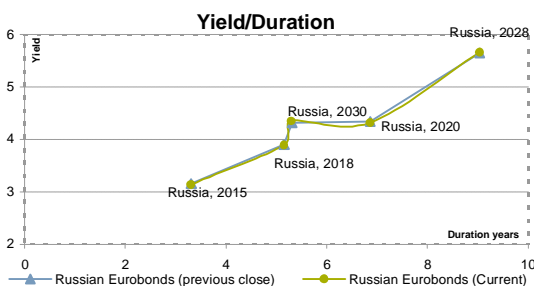
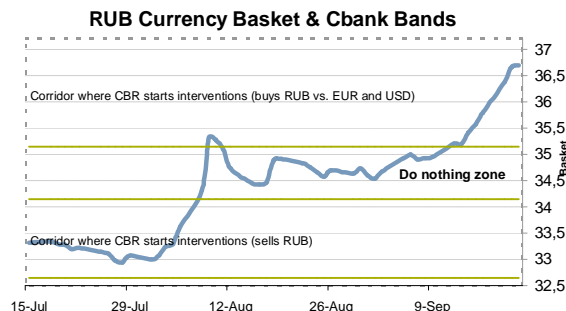
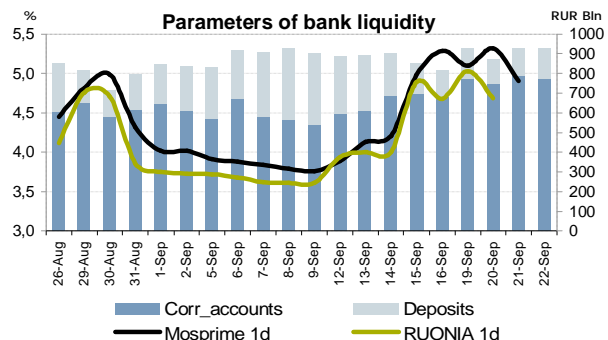
### Debt and Equity Markets

Russian stock markets retreated by 0.8% yesterday and today's opening was 2% lower. FED sounded very pessimistic yesterday and widely anticipated «twist» didn't keep market from risk aversion. New local target can be at August lows.

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Forwards	1m.	3m.	6m.		
USD/RUB	31,81	32,094	32,519		
EUR/RUB	42,704	42,986	43,486		
Money Market	Close	Change	Max 12m	Min 12m	
MosPrime 1M (%)	5,52	-0,1	5,62	3,23	
MIBOR 1m (%)	5,6	0,14	5,6	3,81	
RUONIA 1d (%)	5,03	0,35			
Implied NDF yield 6m%	5,88	-0,14	6,01	3,17	
Debt	Close	Change	Max 12m	Min 12m	
Russia CDS 5yr	234,33	5,58	234,33	119	
Eurobond Russia 30Y	4,374	0,096	5,083	3,914	
EMBI +	584,92	-2,69	598,99	542,64	
Stock Indexes	Close	Change	Max 12m	Min 12m	
RTSI	1518,64	-1,11	2123,56	1477,01	
Micex	1507,25	-0,84	1859,99	1410,11	
S&P 500	1166,76	-2,94	1363,61	1119,46	
DJIA	11124,84	-2,49	12810,54	10662,42	
Brent	108,67	-1,74	129,43	67,20	



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