

Nordea

Russian Markets - Daily

September 26, 2011

RUB basket opened higher	USD/RUB	32.45	▲
Depo&repo operations helped Money Market	EUR/RUB	43.49	▲
Rates stay high	RUB basket	37.42	▲

Hot News

- CBR does not plan to change its exchange rate policy despite the recent RUB weakening to the upper floating band, said Deputy CBR Governor Shvetsov on Friday. He confirmed that the RUB corridor would remain 5-RUB in width and that the corridor boundaries will continue to be moved by 5 kopeck after accumulated interventions of RUB 600mn. /Reuters
- The long awaited decision was made - Medvedev blessed Putin as a candidate for President in 20112 and Putin expressed support for Medvedev as the ruling United Russia party's leader and the potential new Prime Minister. /Interfax
- Vice-Premier and Finance Minister Alexei Kudrin believes that the Russian market does not need any support emergency or extraordinary measures at the moment. According to him Finance Ministry began more actively to place temporarily free budget funds on bank deposits since August, noting that during this month alone they provided RUB 400 billion to banks. /Interfax

Money Market

Liquidity rebounded due to CBRs' and MinFins' auctions. Today banks have 1032 billion rubles (+108 bn.) on deposit and in correspondent accounts with the Central Bank. This is quite comfortable for the system. However new 120 bn. tax payments will put some pressure on the liquidity today. Overnight rates will probably stay around 5%. Some relief is expected in the beginning of October.

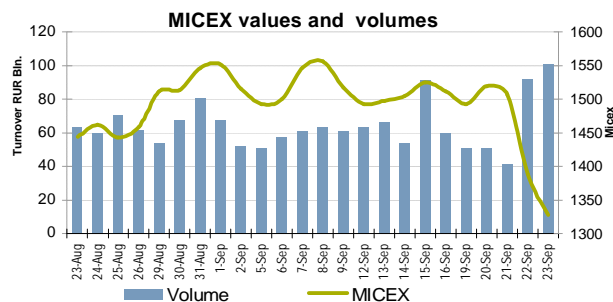
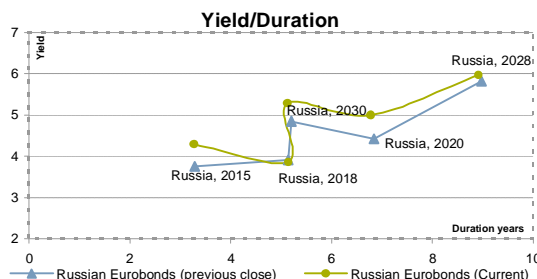
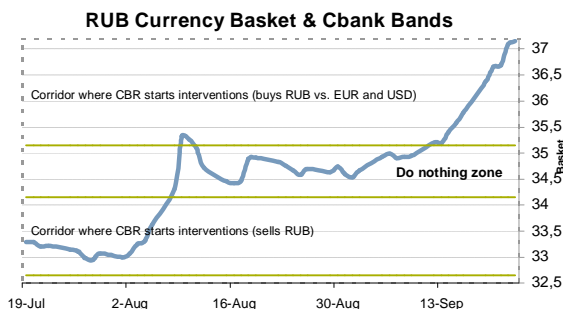
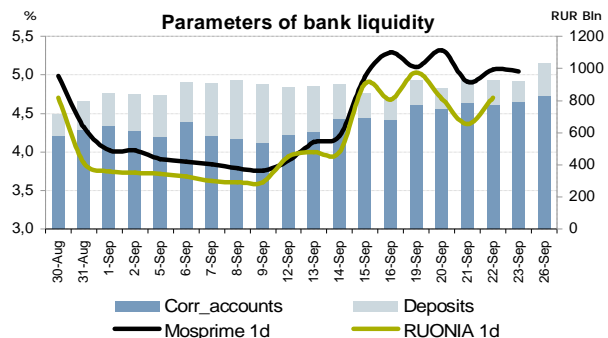
Currency Market

The RUB continued to depreciate against the EUR and USD on Friday, closing at 37.13, ie 9 kopeck higher than the day before. During the daily session the basket rose to as high as 37.36, but corrected toward the end of the session. The market participants tested the CBR's patience, speculating that they may widen the floating RUB corridor (now likely at 32.30 - 37.30) and thus effectively devalue the RUB. But CBR's Shvetsov denied the speculations, going out and saying the CBR is not to change anything. Thus the CBR do not break their word on allowing RUB more flexibility, keeping the same system operating and not increasing interventions beyond that. They also secure RUB from sharp weakening. After Shvetsov's words the RUB basket corrected over 20 kopeck down. The global market situation didn't improve during the weekend, with multiple negative comments from the financial leaders' meeting in Washington - and no action. The front month Brent oil decreased to just above USD 102/bbl, ie close to Russia's budgeted oil price for the coming few years. Today the RUB basket opens higher, above 37.40.

Debt and Equity Markets

Russian stock markets slumped during Friday's session (-5%) and today's opening was 2% lower. Risk aversion continues to stay the major factor. 1200 can become a new Micex index target.

Forwards	1m.	3m.	6m.	
USD/RUB	32,371	32,736	33,236	
EUR/RUB	43,351	43,8303	44,5275	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	5,6	0,01	5,62	3,23
MIBOR 1m (%)	5,68	0,1	5,68	3,81
RUONIA 1d (%)	4,36	-0,33		
Implied NDF yield 6m%	7,01	0,67	7,01	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	220	-67,83	287,83	119
Eurobond Russia 30Y	5,092	0,163	5,092	3,914
EMBI +	570,51	-4,81	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1315,95	-5,18	2123,56	1315,95
Micex	1327,19	-4,48	1859,99	1327,19
S&P 500	1136,43	0,61	1363,61	1119,46
DJIA	10771,48	0,35	12810,54	10719,94
Brent	103,50	-2,42	129,43	67,20



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