

Nordea

Russian Markets - Daily

September 28, 2011

RUB basket under pressure	USD/RUB	31.85	▼
CBR supports Money Market	EUR/RUB	43.33	▲
Rates stay high	RUB basket	37.01	▲

Hot News

- The CBR does not intend to change the upper limit of the exchange rate band for the currency basket exchange rate now, said the CBR chief Ignatiev. "My colleagues and me we will unlikely be willing to change anything in the coming weeks" - he said. /Interfax
- Since early September the CBR sold just over USD 6bn to defend RUB. The largest volume of USD sales was on Monday where the CBR sold USD 2.4bn, said Ignatiev. /Interfax
- At the current level of oil prices the likelihood of RUB strengthening in the coming weeks is significantly higher than that of weakening, said Ignatiev. /Interfax
- A lack of RUB liquidity in the banking system now is not a serious problem, said Ignatiev, adding that the CBR has the necessary tools for refinancing and ready to provide liquidity to banks in any desired amount. /Interfax
- The Board of Directors of OAO "Gazprom" approved the investment program where the total volume of investments in the current year will be increased and amount to RUB 1.2765 trillion, which is RUB 460.11 bn more than in the investment program approved in November 2010. /Interfax

Money Market

Rub interbank lending is still of high interest rates as a result of liquidity deficit. CBR Repo auction of 150 bln RUB was fully utilized yesterday. Tax payment period is almost over – we expect money market easing in the nearest days.

Currency Market

The RUB gained against the EUR and USD basket yesterday, dropping 49 kopeck and finishing the day below the 37 mark. This is the first strengthening of RUB since three weeks ago. RUB was helped by the overall positive risk sentiment yesterday alongside other Emerging Market currencies. The front month Brent prices also managed to regain some of the losses, coming up to USD 106/bbl here in the morning. Today the risks sentiment is getting somewhat more subdued - the US markets turned slightly negative and Asia traded flat. Commodity currencies also turned negative vs USD. Thus no surprise - RUB opens slightly higher against the basket. The risks are now skewed toward RUB strengthening rather than the other way around. Liquidity dropped and local corporates are still in the tax payment period. Yesterday's CBR chief's Ignatiev's comments were RUB supportive - the amount of interventions in Monday alone (USD 2.4bn) reveals that the CBR is ready to support RUB aggressively above the floating band limit. Their unwillingness to widen the RUB corridor means they don't want further RUB depreciation. Last but not the least - Ignatiev mentioned risks of weaker RUB to inflation, so they are clearly concerned.

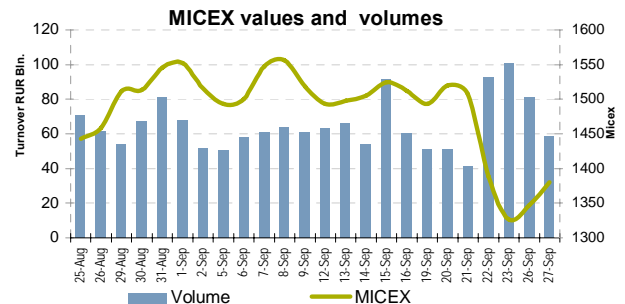
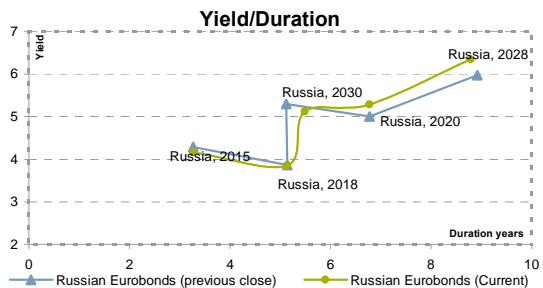
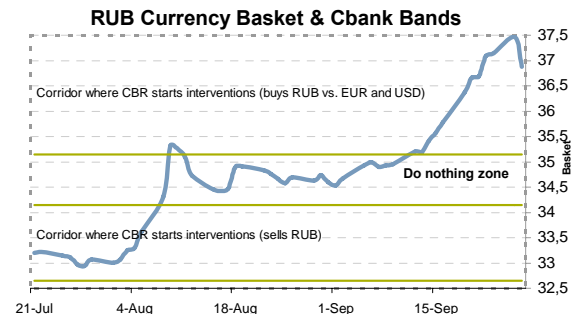
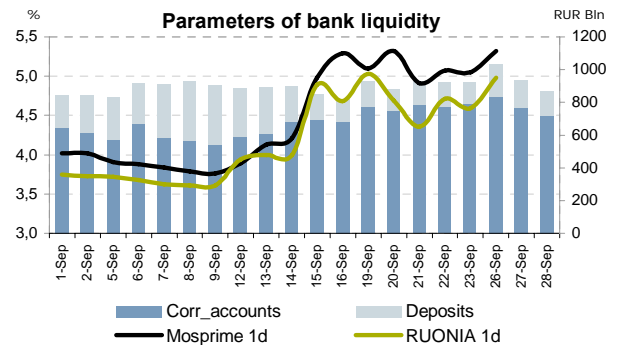
Debt and Equity Markets

Russian stock market was on speculative growth. MICEX index demonstrated 2.49% growth. Market was supported by positive global news, based on ECB and EFSF actions. We expect the market under some pressure today, EUR is depressed by USD as a result of Asian sell-out and EU indexes decrease.

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

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

Forwards	1m.	3m.	6m.	
USD/RUB	31,945	32,269	32,776	
EUR/RUB	43,319	43,744	44,429	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,33	0,2	6,33	3,23
MIBOR 1m (%)	5,95	0,23	5,95	3,81
RUONIA 1d (%)	4,59	-0,12		
Implied NDF yield 6m%	6,82	-1,71	8,48	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	275	0	287,83	119
Eurobond Russia 30Y	5,127	-0,171	5,298	3,914
EMBI +	571,31	6,86	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1369,93	4,16	2123,56	1315,25
Micex	1380,42	2,49	1859,99	1327,19
S&P 500	1175,38	1,07	1363,61	1119,46
DJIA	11190,69	1,33	12810,54	10719,94
Brent	106,16	1,08	129,43	67,20



Nordea Markets is the name of the Markets departments of Nordea Bank Norge ASA, Nordea Bank AB (publ), Nordea Bank Finland Plc and Nordea Bank Danmark A/S. The information provided herein is intended for background information only and for the sole use of the intended recipient. The views and other information provided herein are the current views of Nordea Markets as of the date of this document and are subject to change without notice. This notice is not an exhaustive description of the described product or the risks related to it, and it should not be relied on as such, nor is it a substitute for the judgement of the recipient. The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision. It is important to note that past performance is not indicative of future results. Nordea Markets is not and does not purport to be an adviser as to legal, taxation, accounting or regulatory matters in any jurisdiction. This document may not be reproduced, distributed or published for any purpose without the prior written consent from Nordea Markets.

