

# Nordea

## Russian Markets - Daily

October 13, 2011

<b>RUB gained</b>	USD/RUB	31.22	▼
<b>CBR helped Money Market</b>	EUR/RUB	43.05	▲
<b>Rates stay high</b>	RUB basket	36.55	▼

### Hot News

- During the period from 4 to October 10 consumer prices in Russia have not changed. Thus inflation has been at zero since the beginning of the month. Consumer prices unchanged for the fourth consecutive week. The prices were again driven down by food – e.g. buckwheat prices fell 3.4% in a week. /Rosstat
- U.S. authorities support Russia's entry into the World Trade Organization, said the director of Russia in the U.S. National Security Council Michael McFaul. According to his estimates, Russia's accession to the WTO will bring many opportunities for American business, will create a mechanism for dispute resolution. Earlier Russia's Prime Minister Putin said he expects negotiations to be finalized by the end of the year. /Interfax

### Money Market

Liquidity increased due to increased CBR intervention via REPO auctions. Today banks have 1160 billion rubles (+179 bn.) on deposit and in correspondent accounts with the Central Bank. Yesterday demand for the RUB was relatively high. Central Bank conducted Repo auctions and pumped in ~RUB400 bn. Overnight rates stabilized around 5%. In the end of the month overnight rates will likely stay at local peaks due to tax payments, but Central Bank can widen REPO auctions to RUB 1 tr. in order to mitigate the problems.

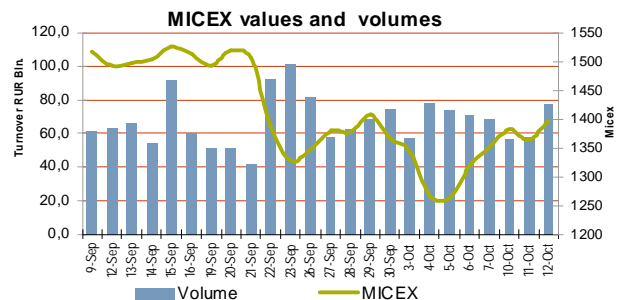
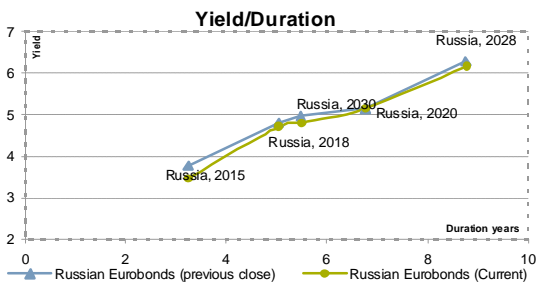
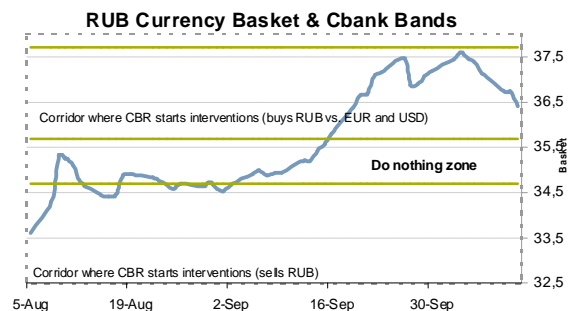
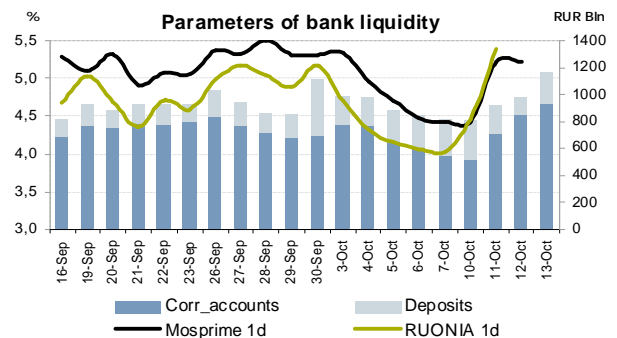
### Currency Market

The RUB appreciated further against the EUR and USD basket yesterday, falling to as low as 36,30 during the session and closing at 36,40 which was 28,5 kopeck below the previous close. Thus the RUB has been strengthening 5 days in a row now, gaining around 3% during the period. In the environment where the global risk sentiment is neutral to positive the lack of short domestic RUB liquidity is actually RUB positive – the corporates are forced to use some of their FX to get hold of RUB. The "risk on" continued tonight with the hopes that the solution to the European debt problem is just days away and after Slovakia agreeing to ratify the expansion of EFSF. Brent oil prices retreated from yesterday's peaks of above USD 112/bbl but still remain comfortably high at USD 111.20/bbl. RUB opened a few kopeck above yesterday's close, but we expect the strengthening to continue after a breather which is not surprising after such a quick rally.

### Debt and Equity Markets

MICEX Index increased yesterday by 2.4%. Oil gained and today trades near \$111 per brent barrel. As for today Micex index can face some technical difficulties but in the foreseeable future we expect the continuation of upward trend. Trade volume remains high on growth which indicates a positive sentiment.

Forwards	1m.	3m.	6m.	
USD/RUB	31,251	31,559	32,009	
EUR/RUB	43,1251	43,5362	44,149	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	5,99	0,05	6,33	3,23
MIBOR 1m (%)	5,92	0,16	6,09	3,81
RUONIA 1d (%)	4,46	0,43		
Implied NDF yield 6m%	6,48	0,05	8,48	3,3
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	240	-45	306,75	119
Eurobond Russia 30Y	4,773	-0,201	5,48	3,914
EMBI +	585,49	4,87	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1407,77	3,88	2123,56	1217,21
Micex	1396,51	2,38	1859,99	1265,67
S&P 500	1207,25	0,98	1363,61	1099,23
DJIA	11518,85	0,90	12810,54	10655,30
Brent	111,26	0,51	129,43	67,20



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