

Nordea

Russian Markets - Daily

November 09, 2011

RUB gained	USD/RUB	30.08	▼
Liquidity is low	EUR/RUB	41.56	▼
Ministry of Finance and CBR pump in liquidity	RUB basket	35.25	▼

Hot News

- Russia should aim for inflation in range of 3-5%, said the IMF head Ch. Lagarde. /Interfax
- President Medvedev said that visa-free regime between the European Union and Russia is a key goal now. European Union supports the overall goal to Russia visa-free regime, said spokesman of the European Commission M. Cherkone. According to the European Commission representative, "the recent course of events is to promote dialogue." It's still premature to call a specific date for visa-free regime between the EU and Russia, he noted. Russian Foreign Minister Sergei Lavrov said that Russia hopes that the list of joint steps to move towards a visa-free regime between Russia and the EU will be approved in December on the Russia-EU summit in Brussels. /Interfax
- Russian President Dmitry Medvedev said that Russia's accession to the WTO is inevitable. He assured that Russia is actively working towards "so that private capital was comfortable working conditions." According to Medvedev, the new legislative initiatives were introduced and will be made, including initiatives related to combating corruption and administrative barriers. /Interfax

Money Market

Liquidity level increased and today banks have 836 billion rubles (+128 bn.) on deposit and in correspondent accounts with the Central Bank. Demand on CBR one-day REPO auctions totaled RUB150 bn. today and CBR decreased REPO limit to RUB 500 bn. from 600 bn. Overnight rates stay near 5% and there is no reason for change here. Longer 3-month rates stay high at 6.8%. Today Ministry of Finance will pay off its RUB30 bn. bonds which will help liquidity to restore.

Currency Market

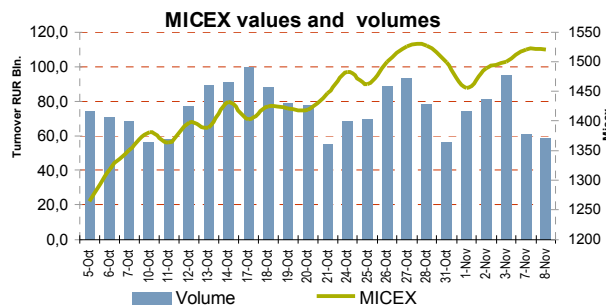
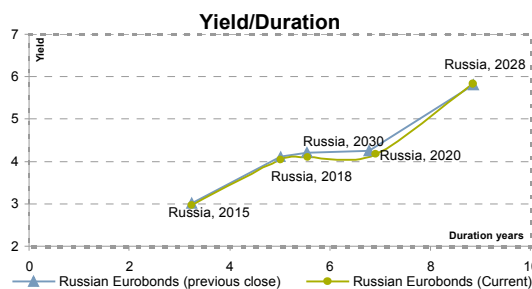
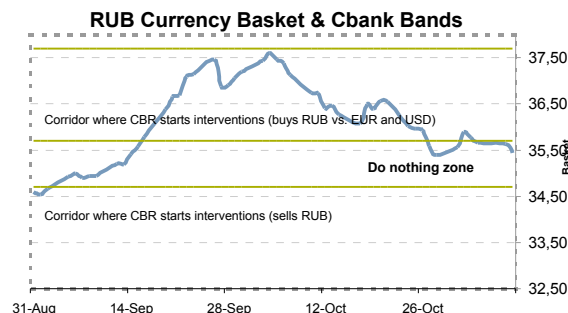
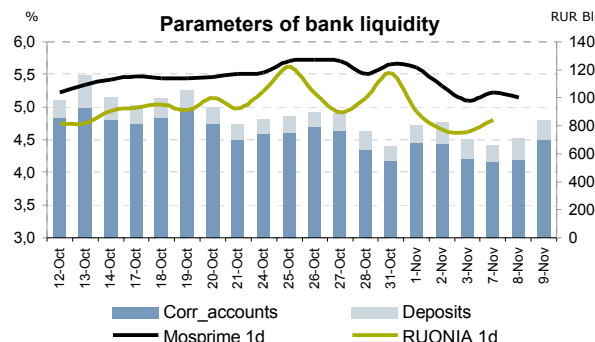
The RUB kept strengthening against the EUR and USD for the second day in a row yesterday, gaining 18.5 kopeck and closing at 35.425. RUB is supported by the oil prices –the front month Brent is trading shy of USD 116/bbl here in the morning. The markets got yet another wave of optimism after Berlusconi's resignation announcement, sending MSCIXJapan to nearly 2% gains. Chinese inflation came out lower than expected, thus also boosting expectation that China can actually afford more easing if needed at this stage. RUB opened significantly stronger against the EUR nad USD basket, renewing the October lows and trading at around 35.25 in the first hour of the session. The basket is aimed at 35.00 for now, with 35.70 acting as key short term resistance.

Debt and Equity Markets

MICEX Index was unchanged yesterday. Russian stock markets capitalizes on high oil prices, but some technical factors can interfere in the coming few days. Micex index has 1550 resistance line which will partially offset external positive sentiment. However in the long run we look positive on the Russian stock market.

Dmitry Savchenko +7 495 7773477 Dmitry.Savchenko@nordea.ru
Aurelija Augulyte +45 3333 6437 Aurelija.Augulyte@nordea.com

Forwards	1m.	3m.	6m.	
USD/RUB	30,376	30,683	31,115	
EUR/RUB	41,935	42,409	43,007	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,23	-0,01	6,39	3,23
MIBOR 1m (%)	6,17	-0,01	6,29	3,87
RUONIA 1d (%)	4,62	-0,03		
Implied NDF yield 6m%	6,36	0	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	210	0	306,75	119
Eurobond Russia 30Y	4,133	-0,022	5,48	4,02
EMBI +	603,86	1,01	603,86	0
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1579,82	1,06	2123,56	1217,21
Micex	1520,88	-0,01	1859,99	1265,67
S&P 500	1275,92	1,17	1363,61	1099,23
DJIA	12170,18	0,84	12810,54	10655,30
Brent	115,41	0,99	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.