

<b>RUB retreated on Italy concern</b>	USD/RUB	30.85	▲
<b>Liquidity is low</b>	EUR/RUB	41.72	▲
<b>Demand for RUB liquidity is scant during 1<sup>st</sup> decade</b>	RUB basket	35.74	▲

### Hot News

- Presidential aide Arkady Dvorkovich said that Russia is not planning to meaningfully increase its stake in the IMF's in the near future. Dvorkovich said that Russia's share in the Fund is 3%, and confirmed that the assistance that our country can give Europe is unlikely to exceed this percentage. /Interfax
- During the period from 1 to November 7 inflation in Russia was 0.2%, which is the same weekly rate as the week before. Thus, since the beginning of the year the consumer prices already rose by 5.4%. /Rosstat

### Money Market

Liquidity level decreased again and today banks have 748 billion rubles (-78 bn.) on deposit and in correspondent accounts with the Central Bank. Demand on CBR one-day REPO auctions totaled RUB157 bn. yesterday but in general demand for ruble liquidity is relatively low during current decade of the month. Overnight rates stay calm near 5%. Negative external background can interfere in money market. If currency basket enters intervention zone and CBR starts to buy ruble then liquidity will continue to deteriorate. However CBR do not intervene right now and this factor remains hypothetical threat.

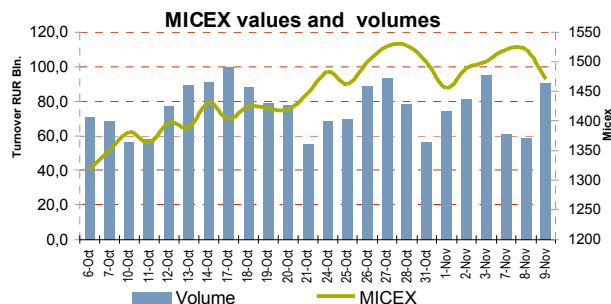
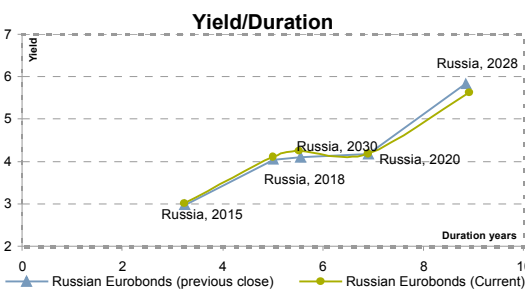
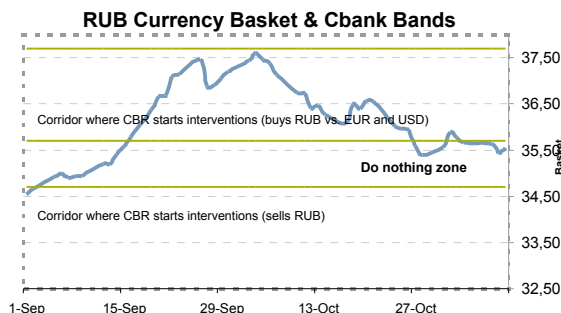
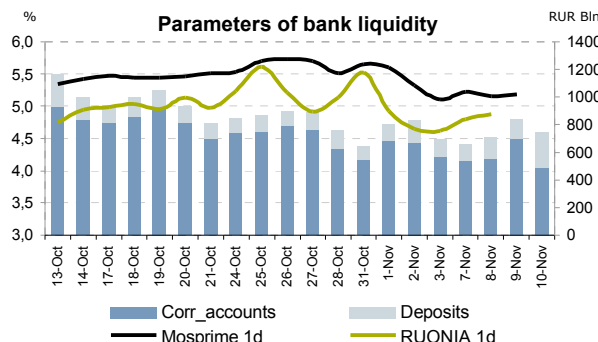
### Currency Market

The RUB slid 13,5 kopeck against the EUR and USD basket yesterday, closing at 35.56. The panic mode took over yesterday as the political crisis in Italy and Greece escalated, sending now also Italian 2Y yields to beyond 7% mark. All the EM currencies depreciated meaningfully yesterday, and, in fact, RUB was a relative outperformer – the 2.1% losses vs USD compare well with e.g. 3.5-3.6% losses for PLN, CZK, HUF, but also with over 2.5% losses for BRL and ZAR. The European leaders' talks of the potential split of the euro zone and the needed changes to the treaty of the union spark the fear that the big changes are imminent in the region, with potentially some countries even leaving the union. The equity markets were bleeding during the night – the US S&P lost 3.7%, the Asian markets also dropped around 3%. The USD index went broadly higher, sending the Asian currencies to over 1% losses. Thus, no wonder the RUB basket opened also higher, trading at just above 35.70 in the first hour of the session. With a key vote in Italy still only tomorrow the markets will likely remain shaky. The Brent oil prices, while off the recent days' peaks, still trade decently for RUB at above USD 113/bbl. RUB is helped by still tight domestic liquidity, which the CBR is apparently is satisfied with – given the inflationary risks unlikely they will want to see RUB weaker.

### Debt and Equity Markets

MICEX Index slumped yesterday, losing 3%. The fears concerning Italy crisis turned market sentiment into negative zone. Commodity market also reacted quite negatively given external background. Micex index has support at 1440 which should keep market from falling today.

Forwards	1m.	3m.	6m.	
USD/RUB	30,802	31,119	31,562	
EUR/RUB	41,625	41,907	42,408	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,22	-0,01	6,39	3,23
MIBOR 1m (%)	6,13	-0,04	6,29	3,87
RUONIA 1d (%)	4,8	0,18		
Implied NDF yield 6m%	6,52	0,16	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	222	12	306,75	119
Eurobond Russia 30Y	4,302	0,169	5,48	4,039
EMBI +	600,45	-3,41	600,45	0
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1512,85	-4,24	2123,56	1217,21
Micex	1470,80	-3,29	1859,99	1265,67
S&P 500	1229,10	-3,67	1363,61	1099,23
DJIA	11780,94	-3,20	12810,54	10655,30
Brent	112,15	-2,82	129,43	67,20



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