

<b>RUB retreated on Italy concern</b>	USD/RUB	30.54	▼
<b>Liquidity is low</b>	EUR/RUB	41.65	▼
<b>Demand for RUB liquidity is scant during 1<sup>st</sup> decade</b>	RUB basket	35.55	▼

### Hot News

- CBR's international reserves dropped to 517.8bn from USD 522bn the week ago. /CBR
- On the entry to WTO Russia will immediately reduce only the so-called "crisis" duties, said the head of the Russian delegation at the negotiations of the WTO Maxim Medvedkov. In particular, he said, we are talking about lowering the import duties on new cars from 30% to 25% upon WTO entry. In addition, he said, since joining the WTO will drop some duties in the field of metallurgy and chemistry. /Interfax
- Russia's WTO accession will accelerate significantly the process of entry of Kazakhstan and Belarus to the organization, said M. Medvedkov. He noted that Kazakhstan may complete negotiations and enter the WTO already next year. /Interfax

### Money Market

Liquidity level increased due to huge Central Bank REPO operations. Today banks have 1005 billion rubles (+257 bn.) on deposit and in correspondent accounts with the Central Bank. Demand on CBR one-day REPO auctions totaled enormous RUB400 bn. yesterday which is quite unusual in the middle of the month. It coincided with Micex stock exchange REPO volume increase. It seems that relative high demand for ruble liquidity will persist and rates will be higher during coming few weeks. Moreover market is still waiting for budget spending but they are not coming.

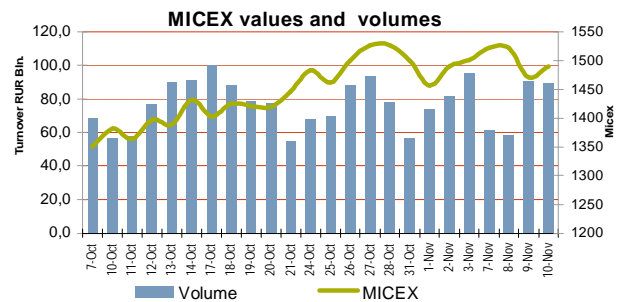
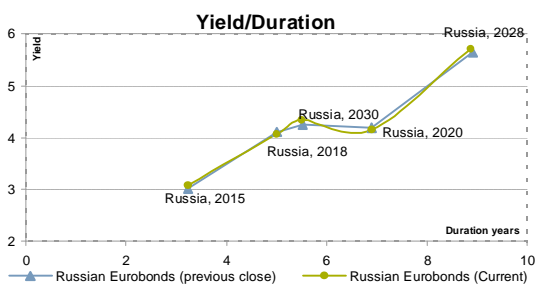
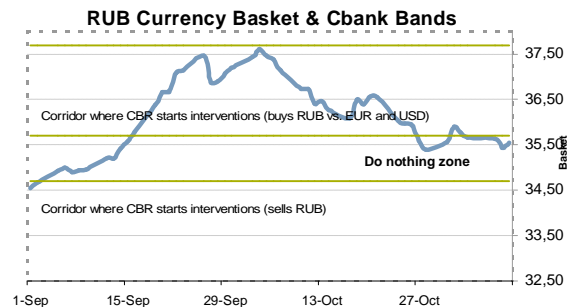
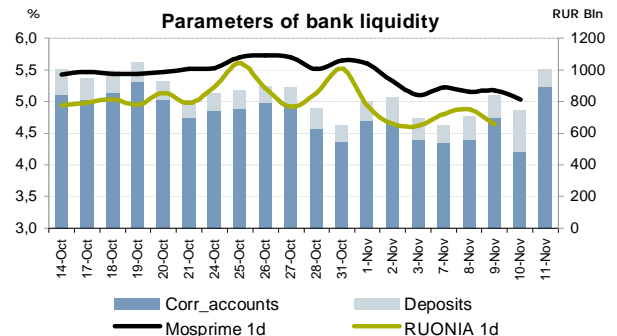
### Currency Market

The RUB recovered after relative low opening yesterday, closing at 35.48. The panic disappeared as political eased. Italian bond yields decreased. The sentiment improved given successful T-bill sale despite many fears. Moreover Lucas Papademos was confirmed to become the Greek Prime Minister. As a result risk tolerance increased on the external markets which supported ruble. The RUB basket opened at the same levels, trading at 35.5 in the first hours of the session. Central Bank does not intervene in trading on the currency market. The Brent prices stay above USD 113/bbl which is supportive for the ruble. Russia's WTO accession will also indirectly help Russian currency.

### Debt and Equity Markets

The Russian stock market increased by 1.3% on Thursday. Global markets are trying to find positive moments and Italian government bond auction gave them a ground. Strong oil prices support Russian stock market. Today Russian market opened slightly higher but then MICEX Index crossed zero line and right now is trading 1% below. However Micex index has support at 1440 which should support shares during coming sessions.

Forwards	1m.	3m.	6m.	
USD/RUB	30,653	30,546	30,989	
EUR/RUB	41,196	41,639	42,261	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,23	0,01	6,39	3,23
MIBOR 1m (%)	6,22	0,09	6,29	3,87
RUONIA 1d (%)	4,88	0,08		
Implied NDF yield 6m%	6,49	-0,03	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	224	2	306,75	119
Eurobond Russia 30Y	4,327	0,025	5,48	4,039
EMBI +	600,4	-0,05	600,4	0
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1529,71	1,11	2123,56	1217,21
Micex	1489,58	1,28	1859,99	1265,67
S&P 500	1239,69	0,86	1363,61	1099,23
DJIA	11893,79	0,96	12810,54	10655,30
Brent	113,58	1,28	129,43	67,20



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