

Nordea

Russian Markets - Daily

November 15, 2011

RUB is relatively stable	USD/RUB	30.64	▲
CBR pumps in liquidity	EUR/RUB	41.7	▲
Demand for ruble liquidity will increase	RUB basket	35.62	▲

Hot News

- The Russian bank loan portfolio (excluding interbank loans) grew by 1.4% in October. Loans to non-financial institutions increased by 1.2% to individuals - by 2.2%. /CBR
- Russia's largest state bank Sberbank is no longer interested in buying Turkish DenizBank, owned by troubled financial group Dexia, according to Reuters.
- Sberbank is still "digesting" the previous acquisitions - Troika Dialog investment company, and Austrian VBI. /Reuters
- Q3 GDP grew 4.8%, up from 3.4% in Q2. /Rosstat
- Russia's financial sector should become more multinational once the country joins the World Trade Organization, with the insurance sector, in particular, likely to attract an influx of global players, a leading authority on Russia's WTO bid said.

Money Market

There is an illusion of ample liquidity level on the money market right now. In reality it was reached by huge Central Bank REPO operations and almost one-third of current 1 trillion rubles on deposit and in correspondent accounts with the Central Bank is pumped in by Central Bank itself. This is unusual situation for the current decade. Tax payments are only on their way. Thus we expect relative severe liquidity squeeze in the end of the month. Overnight rates will stay near CBR repo rate, and longer interest rates will have no chance to decrease during coming few weeks.

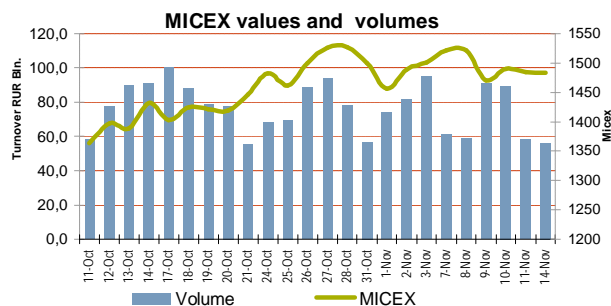
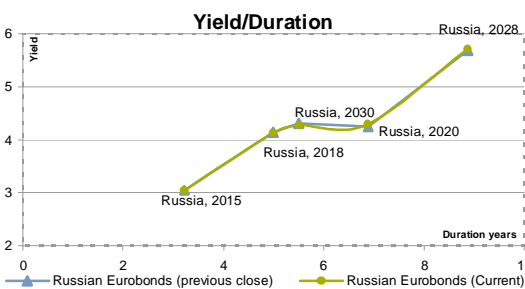
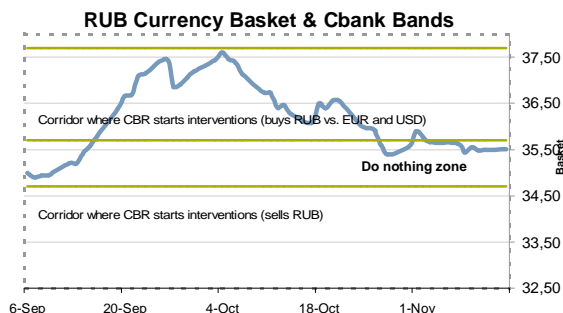
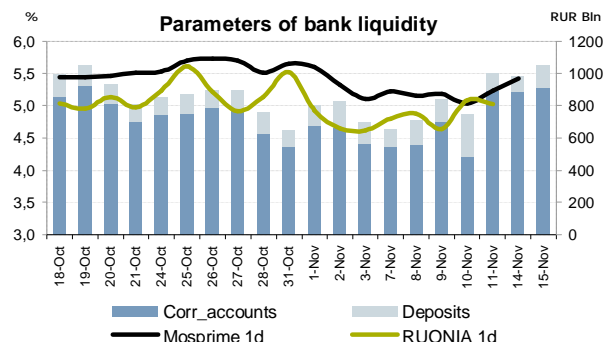
Currency Market

The RUB was relatively stable on Monday closing at 35.50. Today the market sentiment is roughly unchanged in spite of Italian bond auction disappointments. Big uncertainties in Europe, anticipation of US macro statistics will probably lead to flat dynamics today. Problems with ruble liquidity along with relative high oil prices will continue to support Russian currency. Brent retreated slightly to USD 112/bbl which is still quite supportive for the ruble. Till the end of the month ruble will meet support from exporters who will start to sell foreign currency revenues. We expect the trading range for the basket will be 35.3-36 during the week.

Debt and Equity Markets

MICEX Index decreased insignificantly by 0.04% yesterday. Market fall as risk aversion increased on European debt crisis contagion concern. Today Russian stock market opened with moderate positive dynamics. Relative stable oil prices support Stock market. The current weekly target is 1500 for the Micex index.

Forwards	1m.	3m.	6m.	
USD/RUB	30,712	31,026	31,471	
EUR/RUB	41,771	42,212	42,846	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,28	0,03	6,39	3,23
MIBOR 1m (%)	6,2	0,01	6,29	3,87
RUONIA 1d (%)	5,09	0,45		
Implied NDF yield 6m%	6,58	0,07	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	225	0	306,75	119
Eurobond Russia 30Y	4,395	0,171	5,48	4,039
EMBI +	600,4	0	603,86	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1527,16	-0,23	2123,56	1217,21
Micex	1484,38	-0,04	1859,99	1265,67
S&P 500	1251,78	-0,96	1363,61	1099,23
DJIA	12078,98	-0,61	12810,54	10655,30
Brent	112,17	-2,12	129,43	67,20



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