

RUB basket had minor change	USD/RUB	30.72	▼
CBR try to prevent liquidity squeeze	EUR/RUB	41.51	▲
Rates will keep high	RUB basket	35.57	

Hot News

- First Deputy Chairman of the Bank of Russia Ulyukayev believes that the potential for increased rates on loans in Russia is limited. According to him, while the lending rates may increase in the short run, it will be a temporary phenomenon and in 2012 they will drop because of falling funding costs. /Interfax
- According to CBR's Ulyukayev the capital outflow in October has declined "a little" in October relative to September (outflow was USD 13bn in September). He added that situation improved further in November. /Interfax
- Russia's Prime Minister Putin said that Russia is ready to provide "practical" assistance to Europe in need of financial help, primarily through the mechanisms of the IMF. /Interfax
- Industrial production growth slowed down from 3.9% to 3.6% y/y in October. While the growth of manufacturing output accelerated to 5.7% y/y, the output in extracting and utilities sectors fell thereby dragging the overall index. Looking to m/m growth rate - in October it was highest since March (4% m/m), even in seasonal adjusted terms (0.8% m/m). /Rosstat
- Consumer prices rose 0.1% over November 8-14. Thus, since the start of November CPI already rose 0.3%. /Rosstat

Money Market

Central Bank continues to support money market providing liquidity via repo auctions. Thanks to the constant REPO operations banks have more than 1 trillion rubles on deposit and in correspondent accounts with the Central Bank. However yesterday CBR decreased daily repo limit from 500 bn. rubles to 500 bn. which is quite strange. Budget spendings won't come in the coming few weeks and money market will probably face some difficulties during tax paying period. Thus we expect CBR will widen repo limit up to 1 trillion rubles in the end of the month. Overnight rates will stay near CBR repo rate 5.3%, 3-month rates will stay elevated above 7%. Problem will be solved as soon as budget money will reach the market, but due to inflation concern government tries to hold this money till the last moment (approximately till the middle of December).

Currency Market

The RUB again was relatively stable versus basket. However rub decline slightly versus USD and increased versus EUR. The movement was around 5 kopecks. Today this tendency can come to an end due to some technical reasons and EUR willingness to rise against US dollar. German bond yields increased yesterday, as the debt crisis speculations took a small break. Today EUR dynamics depends on Spain debt auction (EUR 3-4bn.). Concerning ruble currency basket, we continue to expect relative flat dynamics today as long as oil market gives no signal. Brent trades near USD 112/bbl which still supports Russian currency. Central bank do not intervene into currency market. We expect that in the coming few weeks rub can show marginal growth as exporters' will start to buy ruble to cover tax payments.

Debt and Equity Markets

The Russian stock market declined yesterday due to European debt problems. MISEX Index decreased by 0.3%. However commodity market do not give any negative signals and we expect Micex index will leave 1450 supporting line untouched on this week. Moreover keeping other factors constant, Micex index could reach 1550 during next few weeks.

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Forwards	1m.	3m.	6m.		
USD/RUB	30,918	31,225	31,671		
EUR/RUB	41,698	42,138	42,775		
Money Market	Close	Change	Max 12m	Min 12m	
MosPrime 1M (%)	6,29	0	6,39	3,23	
MIBOR 1m (%)	6,34	0,01	6,34	3,87	
RUONIA 1d (%)	5,09	0,06			
Implied NDF yield 6m%	6,56	-0,06	8,48	3,42	
Debt	Close	Change	Max 12m	Min 12m	
Russia CDS 5yr	234,88	9,88	306,75	119	
Eurobond Russia 30Y	4,332	-0,098	5,48	4,039	
EMBI +	598,64	0	603,86	542,64	
Stock Indexes	Close	Change	Max 12m	Min 12m	
RTSI	1520,75	-0,41	2123,56	1217,21	
Micex	1483,24	-0,31	1859,99	1265,67	
S&P 500	1236,91	-1,66	1363,61	1099,23	
DJIA	11905,59	-1,58	12810,54	10655,30	
Brent	111,39	-0,22	129,43	67,20	

