

RUB declined	USD/RUB	30.90	▲
CBR offered MM 2 trillion RUB	EUR/RUB	41.74	▲
Rates temporarily decreased	RUB basket	35.77	▲

Hot News

- With the repo tool the CBR can provide 2 trillion rubles per day, said the CBR's First Deputy Chairman Ulykayev. Formerly an amount of 1 trillion was said to be the maximum limit, but Ulykayev noted that CBR has the opportunity to change the parameters - the requirements of ratings, discounts on securities, etc - so that the collateral base can be increased. The CBR can also restore the repos with equities if needed, Ulykayev said. /Interfax
- CBR's Deputy Chairman S. Shvetsov said that in the near future he does not see any deterioration of the Russian economy from external shocks. But he noted that the crisis will be prolonged, and that one should not rely on the model of growth Russia experienced before the crisis. Shvetsov said growth will be modest and Russia will need to adjust to low inflation. /Interfax
- The volume of CBR's international reserves as of November 11, 2011 was USD 516.0bn, compared with the USD 517.8 billion on November 4, 2011. Thus in a week the international reserves decreased by USD 1.8bn. /CBR
- The law "On the central depository" (CSD) has adopted the State Duma in the third reading. /Interfax

Money Market

Liquidity decreases and banks have ~800 bn. rubles on deposit and in correspondent accounts with the Central Bank. However overnight interest rates decreased on low demand for ruble yesterday. Demand will increase sharply on the next week due to tax payments. Central Bank continues to support money and yesterday offered 2 trillion rubles per day via REPO. This lump sum will help to mitigate coming problems during tax payments. Overnight rates will stay near CBR repo rate 5.3%, 3-month rates will stay elevated above 7%. We expect stabilization on the money market in the middle of December when budget money will reach the market.

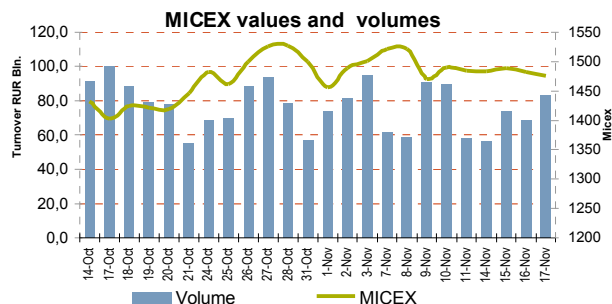
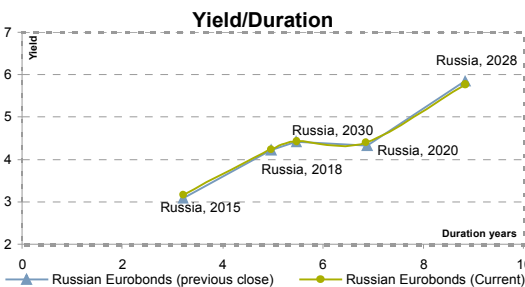
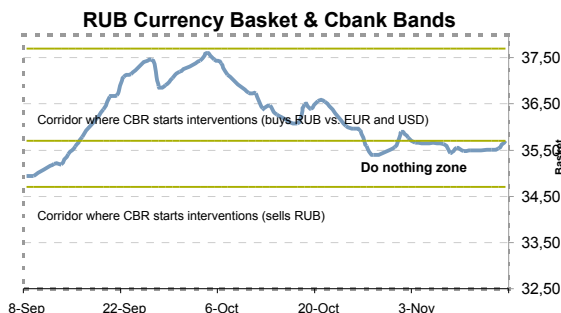
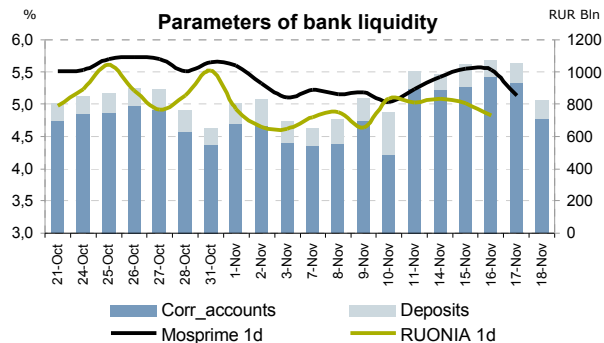
Currency Market

The RUB retreated versus basket. Increased risk aversion due to Europe debt crisis put a pressure on the EM currencies. If the tendency persists, market can face a new wave of capital outflow. However there is a hope that ECB will manage to calm markets and risk appetite will restore. Spanish auction disappointed yesterday but ECB's purchases push Spanish yields down. All these worries and instabilities influenced commodity market and oil prices showed sizable decline yesterday. Brent trades near USD 109/bbl. RUB opened lower today, retreating versus EUR about 27 kopecks while showing only moderate decline versus USD. Central bank does not intervene into currency market but can start insignificant purchases of ruble if basket approaches RUB36. Also we expect some support due to exporters' purchases in anticipation of tax payments during next week.

Debt and Equity Markets

Russian stock market decreased on global concern about Europe debt problems. MICEX Index decreased by 0.53% yesterday. Today session started in the red zone as oil slumped more than \$3. Micex index has supporting line at 1450-1440.

Forwards	1m.	3m.	6m.	
USD/RUB	31,028	31,346	31,782	
EUR/RUB	41,8128	42,2793	42,8993	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,28	-0,01	6,39	3,23
MIBOR 1m (%)	6,33	-0,01	6,34	3,87
RUONIA 1d (%)	5,01	-0,08		
Implied NDF yield 6m%	6,51	-0,05	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	246,75	11,87	306,75	119
Eurobond Russia 30Y	4,467	0,135	5,48	4,039
EMBI +	596,69	-1,95	603,86	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1512,67	-0,53	2123,56	1217,21
Micex	1475,32	-0,53	1859,99	1265,67
S&P 500	1216,13	-1,68	1363,61	1099,23
DJIA	11770,73	-1,13	12810,54	10655,30
Brent	108,31	-2,77	129,43	67,20



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