

# Nordea

## Russian Markets - Daily

November 30, 2011

<b>RUB was flat</b>	USD/RUB	31.41	▲
<b>CBR pumps in liquidity</b>	EUR/RUB	41.7	▼
<b>Overnight rates are high</b>	RUB basket	36.04	

### Hot News

- OAO Sberbank, Russia's largest bank, is in talks with OAO Lukoil to buy the Russian oil producer's Swiss bank, SLB Commercial Bank AG, Kommersant said, citing unidentified bankers.
- A transport unit of Russian tycoon Vladimir Lisin is in talks with Russia's Sberbank and foreign counterparts about a \$2 billion loan to buy control of Russian Railways unit Freight One, sources close to the deal told Reuters on Tuesday. Lisin, Russia's richest man with a \$24 billion fortune, won an auction to buy 75 percent minus two shares in \$4 billion valued Freight One via his transport unit Universal Cargo Logistics Holding (UCLH) in October.
- As the first of two elections draws near, Russia is going all out to shield the economy against a possible global slump by increasing spending, lending freely to cash-strapped banks and aiding its closest neighbors. Prime Minister Vladimir Putin has ordered a hefty fiscal stimulus to tide him over from Sunday's parliamentary election, which his United Russia party is expected to win, until his expected victory in a presidential election next March.

### Money Market

Liquidity increased slightly but only due to Central Bank efforts. Liquidity on deposit and correspondent accounts with the Central Bank is roughly around 800 bn. rubles. Currently almost all these liquidity consists of the Central Bank money. Inflation targeting made regulator very strict which has led to permanent problems with liquidity. Tax payments also played its role and finally overnight rates reached new local peaks, approaching 6%. Banks increased activity on the REPO auctions and yesterday Central Bank lent 1 trillion rubles.

Interest rates will stay at high levels and we expect situation can stabilize only in the middle of December. Market is hungry for the budget money.

### Currency Market

The RUB basket decreased slightly yesterday, closed at 36. EUR and USD retreated marginally versus RUB. Low ruble liquidity, tax payments, exporters purchases and relative stable external background – these factors supported ruble yesterday. Moreover oil market showed robust growth during past few sessions. However today ruble basket opened higher on several negative news which can change market sentiment. Yesterday's Italian bond auctions showed quite high investor's demand but yields were also high. EFSF fund decision didn't bring expected relief. Finally S&P cut credit ratings for the top lenders. Thus market sentiment is not so bright in the morning and risk appetite is under threat. We expect ruble continue to trade near 36 ruble.

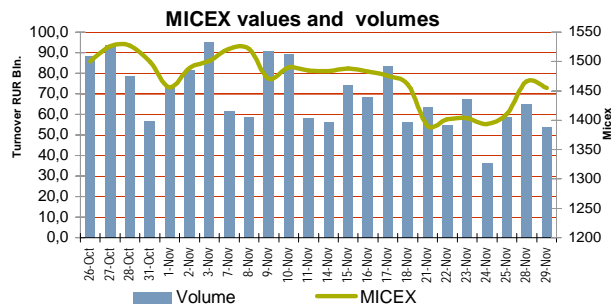
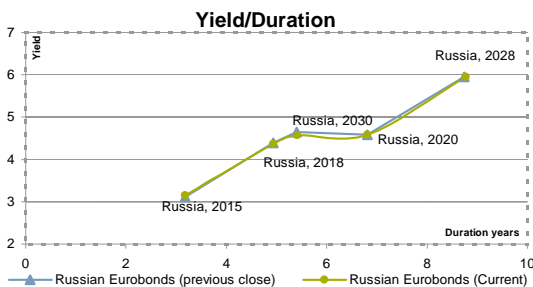
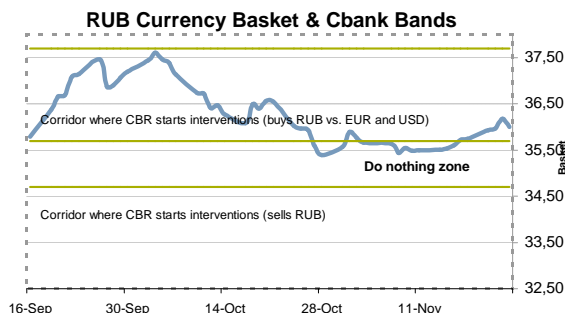
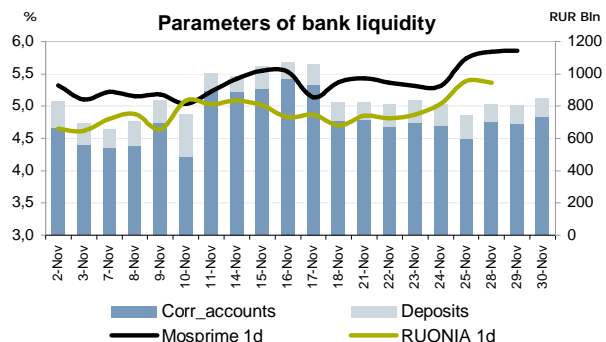
### Debt and Equity Markets

Russian stock market retreated slightly on Tuesday given the uncertainty over Europe debt crisis issue. MICEX Index decreased by 0.8%. Today's opening was positive but then market returned to zero. Today market will be focused on Euro-zone November inflation statistics, US ADP employment report and Chicago PMI.

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Forwards	1m.	3m.	6m.	
USD/RUB	31,485	31,773	32,19	
EUR/RUB	41,958	42,241	42,741	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,34	0	6,39	3,23
MIBOR 1m (%)	6,39	0,04	6,39	3,87
RUONIA 1d (%)	5,39	0,35		
Implied NDF yield 6m%	6,18	-0,15	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	268	-5	306,75	119
Eurobond Russia 30Y	4,575	-0,039	5,48	4,039
EMBI +	590,1	1,19	603,86	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1466,36	-0,60	2123,56	1217,21
Micex	1454,67	-0,79	1859,99	1265,67
S&P 500	1195,19	0,22	1363,61	1099,23
DJIA	11555,63	0,28	12810,54	10655,30
Brent	110,52	1,53	129,43	67,20



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