

RUB consolidated	USD/RUB	30.79	▼
Liquidity decreased	EUR/RUB	41.51	▼
Overnight rates slid down	RUB basket	35.61	▼

Hot News

- The volume of international reserves of the Russian Federation as of November 25, 2011 was at USD 510.2 bn versus USD 515.1 billion on November 18, 2011. Thus for the week of international reserves decreased by USD 4.9 billion. The previous week international reserves fell by USD 0.9 billion. /CBR
- The Russian manufacturing sector revived in November, with the manufacturing PMIs rising from 50.4 up to 52.6, led by increasing new orders. /Reuters
- According to PM Putin, if United Russia wins elections this weekend and Mr Putin wins the presidential post, Mr Medvedev will become the next Prime Minister. /Interfax
- Fitch reported that liquidity in the Russian banking sector remains manageable, and that the recent increase in borrowing is due to mostly state banks borrowing to finance growth. /Bloomberg

Money Market

Liquidity decreased slightly but demand for ruble liquidity has passed its peak. Liquidity on deposit and correspondent accounts with the Central Bank totaled 826 bn. rubles. Tax payments are over and we expect liquidity to restore and interest rates to decrease.

As it widely expected budget money will be pumped into the market in the middle of December, which will help money market to avoid further liquidity problems. Inflation threat has retreated as CPI statistics showed moderate inflation during November. Thus the inflation target of 7% is quite realistic and Central Bank and Ministry of Finance can relax and let money flow into the economy.

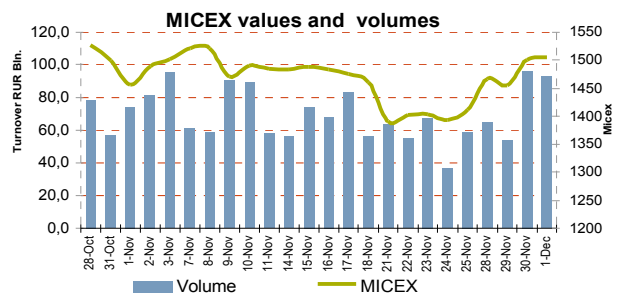
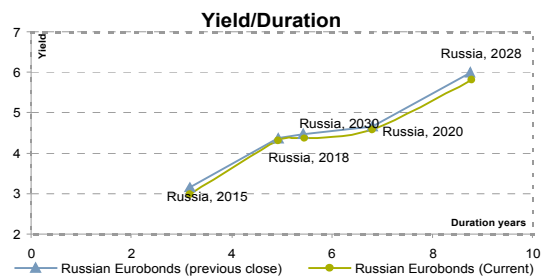
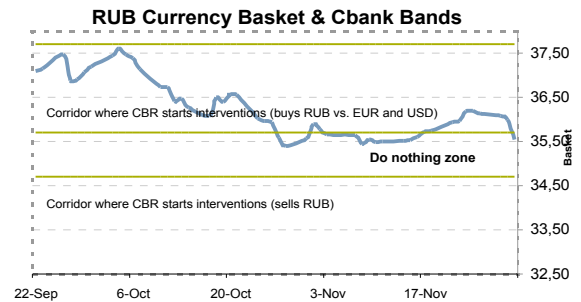
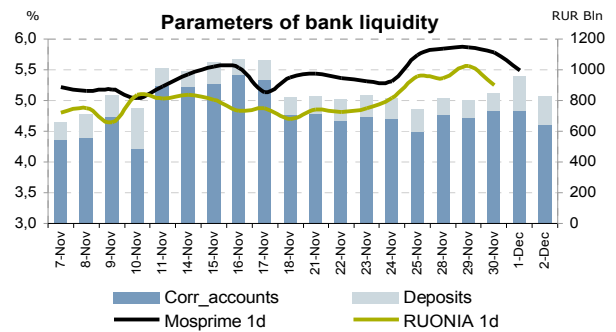
Currency Market

The RUB consolidated against the EUR and USD basket yesterday, following the sharp gains the day before and in line with the dynamics in the rest of the Emerging Markets. The RUB basket closed at 35.63, which was 10 kopeck higher than the previous day's close. Consolidation trends continued into the night, with both Asian equities and FX trading in the range – they trend will likely persist in the first part of the day with no significant news scheduled. All eyes on the US payrolls in the weekend. The US data has been positive this week, and another positive print today could boost the risk sentiment at least temporarily. The Russian economy is doing well – while the CEE PMIs retreated, the Russian manufacturing sector activity increased significantly in November, and the leading new orders suggest the dynamics will persist. Moreover, yesterday's Fitch report on the Russian banking system increases the optimism on the liquidity situation, which we also expect to slightly improve toward the end of the year as government scales up outlays. RUB opens just around yesterday's close levels. The Brent oil trading comfortably at USD 109.55/bbl here in the morning, thus comfortably for RUB and in line with our forecast for 2012.

Debt and Equity Markets

Russian stock market increased by less than half percent on Wednesday. As other markets Russian chose the way of consolidation after robust gains. Today session opened at previous levels. Today market will focus at the US unemployment statistics. Our year-end target is at 1560-1600 for Micex index.

Forwards	1m.	3m.	6m.	
USD/RUB	30,922	31,166	31,587	
EUR/RUB	41,63	41,824	42,324	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,26	-0,07	6,39	
MIBOR 1m (%)	6,33	-0,06	6,39	3,87
RUONIA 1d (%)	5,56	0,2		
Implied NDF yield 6m%	5,88	-0,18	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	235	-7,5	306,75	119
Eurobond Russia 30Y	4,318	-0,067	5,48	4,039
EMBI +	596,06	1,51	603,86	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1546,70	0,38	2123,56	1217,21
Micex	1505,27	0,38	1859,99	1265,67
S&P 500	1244,58	-0,19	1363,61	1099,23
DJIA	12020,03	-0,21	12810,54	10655,30
Brent	109,40	-1,28	129,43	67,20



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