

Nordea

Russian Markets - Daily

December 05, 2011

RUB remained unchanged	USD/RUB	30.87	▲
Liquidity decreased	EUR/RUB	41.45	▼
Interest rates declined slightly	RUB basket	35.64	

Hot News

- President of Russia's largest state bank Sberbank, German Gref, believes that the lack of liquidity has led to a reduction in lending by banks, and that with a lag of 4-6 months, this may be reflected in GDP growth. He noted that the lending rates recently increased by 1.5-2% points.
- In December, he said, the expected seasonal surge in liquidity will allow banks to quietly survive the end of this - the beginning of the next year. /Interfax
- According to preliminary results of parliamentary (Duma) elections held yesterday the ruling United Russia party won the elections, but lost the constitutional majority (2/3). The composition of the Duma will remain broadly unchanged. As expected communists will increase their seats by most, to over 20%, with Just Russia and the liberal democrats also to gain over 10% each of the 450 seats in Duma. United Russia retains the simple majority (1/2) and will still be able to approve all bills except for the constitutional.

Money Market

Liquidity decreased slightly. Liquidity on deposit and correspondent accounts with the Central Bank totaled 770 bn. rubles. Absolute liquidity level in not comfortable but taking into account the end of tax payments situation can remain relative stable. Overnight interest rates can decrease slightly. Market expects that budget money will reach the market in couple of weeks. If it happens, the we won't see usual liquidity squeeze during the end of December.

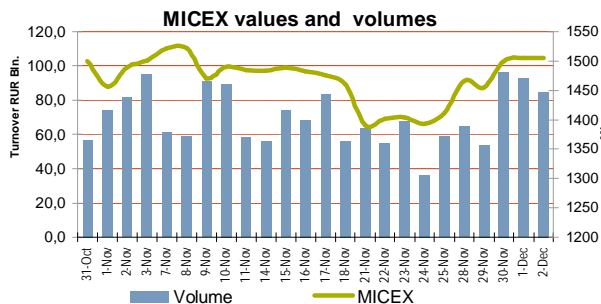
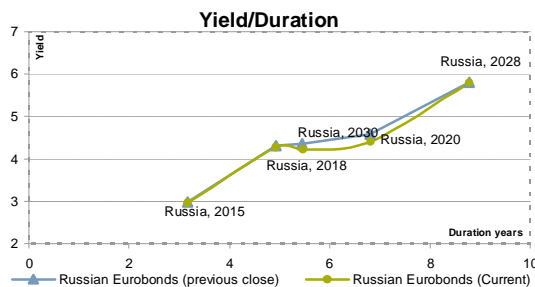
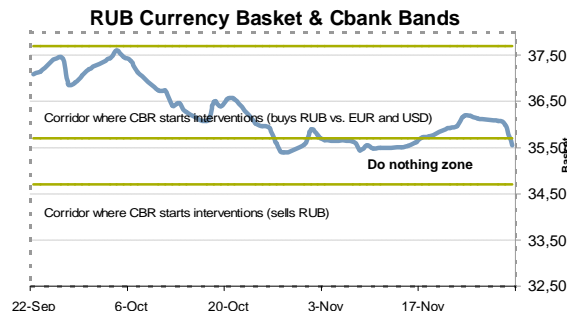
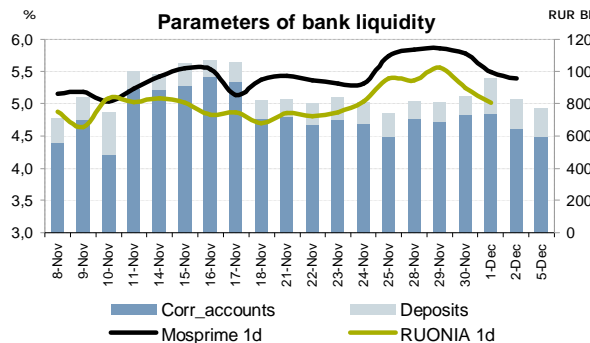
Currency Market

The RUB basket remained almost unchanged on Friday, closing at 35.59, which was just 1 kopeck higher than the previous close. The overall positive US non-farm payrolls report improved the risk sentiment somewhat. But the Asian markets got range bound again. The good news for Russia is that the positive news from the US macro front help keep oil prices at decent levels – the front month Brent traded at above USD 110/bbl here in the morning. The Russian parliamentary elections finished as expected, with United Russia retaining power, but with opposition parties gaining more seats now which is good for the overall political system (if democracy is something one is after). In line with the Asian currencies which were in small minuses toward USD tonight the RUB basket opened a few kopeck higher, trading at around 35.65 in the first hour of the session. The markets will likely remain in the hesitation mode up until the all-important ECB meeting on Thursday and yet another European leaders' meeting starting on Thursday. The RUB basket remains supported at 35.50 for now and should resist 35.85, then 36.00. If the basket falls below 35.50 we may get a big downward move.

Debt and Equity Markets

Russian stock market closed without significant changes on Friday. Consolidation continues. Today session also opened on the same levels. Commodity market stays on the same level without noticeable signal. However our year-end target is still optimistic, at 1560-1600 for Micex index. Budget money flow can accelerate purchases on the stock market.

Forwards	1m.	3m.	6m.	
USD/RUB	31,094	31,341	31,757	
EUR/RUB	41,689	42,034	42,609	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,25	-0,01	6,39	3,43
MIBOR 1m (%)	6,32	-0,01	6,39	3,87
RUONIA 1d (%)	5,25	-0,31		
Implied NDF yield 6m%	5,91	0,03	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	235	0	306,75	119
Eurobond Russia 30Y	4,228	-0,09	5,48	4,039
EMBI +	597,38	1,32	603,86	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1545,57	-0,07	2123,56	1217,21
Micex	1505,77	0,03	1859,99	1265,67
S&P 500	1244,28	-0,02	1363,61	1099,23
DJIA	12019,42	-0,01	12810,54	10655,30
Brent	110,45	0,96	129,43	67,20



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