

RUB tries to resist	USD/RUB	31.24	▲
Liquidity increased slightly	EUR/RUB	41.89	▲
Rates increased as CBR decreased repo auction limit	RUB basket	36.03	▲

Hot News

- Russia may sell some state-controlled companies' shares as a part of a wider privatization programme below their price set at previous initial public offering, despite objections from Deputy Prime Minister Igor Sechin, business daily Vedomosti reports.
- Russian state development bank VEB has postponed a Eurobond offering due to poor market conditions fueled by fears that Russia may face political instability after parliamentary elections, two financial market sources said on Wednesday.
- VEB had planned to tap the international debt market for a five-year dollar Eurobond, offering yield guidance at around 5.625 percent, IFR markets, a Thomson Reuters news and market analysis service had reported.
- BP has discussed the outline of a possible settlement with its Russian billionaire joint venture partners in TNK-BP, the Financial Times reported on Thursday. The newspaper cited people familiar with the situation as saying the discussion is aimed at trying to resolve an acrimonious dispute between the two sides.
- Russia's largest oil producer Rosneft is signing a \$2 billion, five-year unsecured syndicated loan with twelve banks, banking sources close to the deal said.
- Russia is expected to export no less than 25 million tonnes of grain in the current 2011/12 season, deputy agriculture minister Alexander Soloviyov said on Wednesday. Exports this year are expected to be no less than 25 million tonnes, which will be a record volume," he told an international grain forum.

Money Market

Liquidity increased slightly and stayed higher 800 bn. rubles on the deposits and correspondent accounts with the Central Bank. Situation is far from comfortable, but as long as demand for ruble liquidity is low during first decade of the month we don't see any problems for the interbank market. However Central Bank decreased REPO limits to 110 bn. which is quite low even taking into account low demand. Apparently CBR also expects budget money injections during coming week. The effect from budget spending will be noticeable but the fact that Ministry of Finance has already placed more than 900 bn. rubles on the commercial banks' accounts will offset this liquidity factor. Overnight rates will likely stay within 5%-5,5% range.

Currency Market

The RUB basket increased slightly yesterday given unstable external background and internal speculations concerning protests in Moscow. Basket finished higher 36 ruble due to EUR/RUB leg growth. USD retreated slightly and today trades at 31.24. The news that Russian state development bank VEB has postponed a Eurobond offering increased nervousness on the market. Fears that Russia may face political instability after parliamentary elections induce some capital outflow from ruble-nominated assets. Plans for new protests on Sunday can put additional pressure on ruble in the end of the week. However we see that current situation is temporary and as protests will be finished ruble will regain recent losses. This morning basket is trading at 36.04. Ruble is still under the pressure in spite of relative stability on the external markets.

Debt and Equity Markets

The Russian equity markets decreased slightly yesterday on continuation of speculations about politic stability in Russia. Protests in the centre of Moscow can continue on Saturday and this can frighten some investors, particularly foreign ones. However we think that market overreacted on Tuesday's session and finally Russian stock market will win back all these «political» losses. Globally the markets hope that a powerful deal could be reached at this week's EU summit. Today attention will also be focused on ECB meeting.

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Forwards	1m.	3m.	6m.	
USD/RUB	31,416	31,696	32,126	
EUR/RUB	42,1275	41,295	41,853	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,26	-0,01	6,39	3,43
MIBOR 1m (%)	6,24	-0,05	6,39	3,87
RUONIA 1d (%)	4,97	0,01		
Implied NDF yield 6m%	6,165	0,305	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	338	105,5	338	119
Eurobond Russia 30Y	4,408	0,076	5,48	4,039
EMBI +	599,22	-0,17	603,86	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1467,69	-1,21	2123,56	1217,21
Micex	1448,39	-0,65	1859,99	1265,67
S&P 500	1261,01	0,20	1363,61	1099,23
DJIA	12196,37	0,38	12810,54	10655,30
Brent	109,75	-0,91	129,43	67,20

