

<b>RUB opened higher</b>	USD/RUB	32.03	▲
<b>O/N rates increased slightly</b>	EUR/RUB	41.65	▲
<b>Liquidity is stable</b>	RUB basket	36.36	▲

### Hot News

- Russian retail sales expanded 8.6% in November (consensus: 8.3 y/y), real wages grew 7.1% y/y in November (consensus: 5% y/y), unemployment fell to 6.3% (consensus 6.5%), fixed capital investments rose 7.7% y/y (consensus 8.9% y/y). /Rosstat
- Yesterday the head of the board of OAO "Gazprom" Alexei Miller and chairman of Siemens AG Peter Loescher signed a strategic partnership agreement. The companies agreed on further development and strengthening of strategic partnership and cooperation in domestic and international market, development of joint projects in such areas as transportation, underground storage and use of gas, gas, gas condensate, crude oil, liquefied natural gas, electricity, innovative development, ecology and energy saving medical technology. /Interfax

### Money Market

Liquidity is stable. Total liquidity on the deposits and correspondent accounts with the Central Bank is above 1 trillion rubles which is quite comfortable level. Yesterday ~600 bn. rubles were pumped into the money market via Central Bank REPO auction and ~150 bn. was pumped out via VAT payments. Today banks have to return lump sum of weekly money to the CBR and interest rates can increase marginally. Tax payment will continue. Budget injections will partially mitigate current problems.

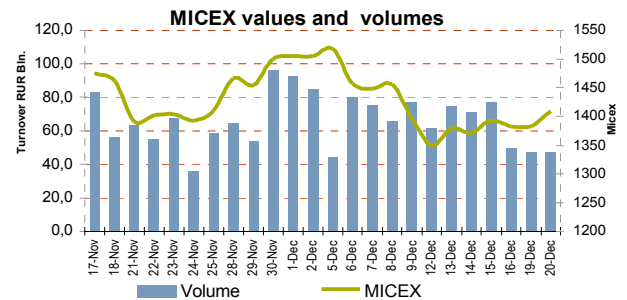
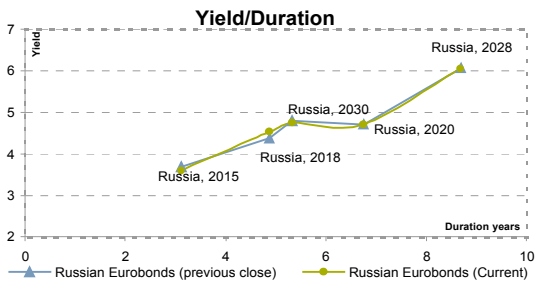
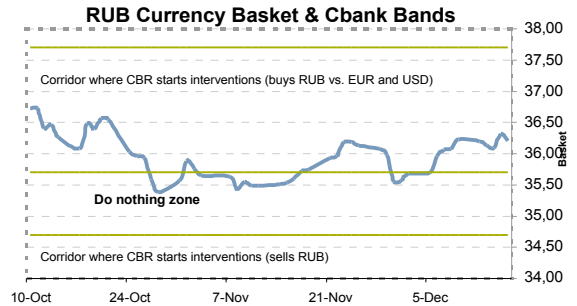
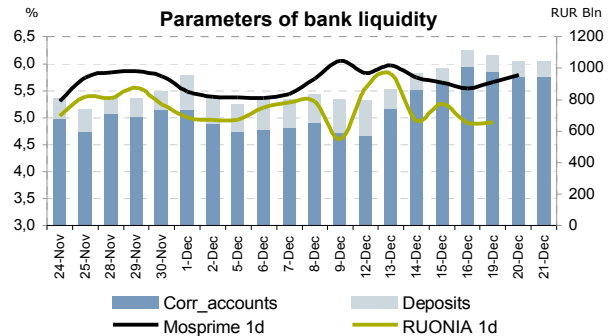
### Currency Market

A very volatile few days for RUB – yesterday the basket rose as high as to 36.57, but then as many good news hit the market (the German Ifo, the US housing market data, successful Spanish auction) the global risk sentiment improved and RUB managed to reverse the losses and finish the day almost unchanged at 36.43. And look at the basket today – it was a false spike and the RUB is trading at below 36.20 here in the morning. There are several explanations to that. For one thing, yesterday's data showed the Russian economy is still resilient to the global slowdown (they may thank the underdeveloped credit market for that). Secondly, the oil prices jumped to now USD 107/bbl again, thus more comfortably trading above the 100 mark now. Thirdly, as the holiday approaches and foreigners are off, the domestic players become dominant, and, remember, the Russian corporates are natural net USD sellers. The markets are dominated by the "risk on" mode today, with the Asian equities gaining close to 2% over the night following the US's nearly 3% surge. Today's big event is the ECB's 3Y refinancing operation at 10.15 GMT – come there an over consensus EUR 350bn demand the EUR/USD may be lifted further, thus RUB may have continue gain especially vs USD. Technically we reversed back to 36.00 – 35.35, so it was a false break after all. I expect RUB has more chance to come closer to 36.00 in the coming days.

### Debt and Equity Markets

Russian stock market gained yesterday on positive Germany Ifo index statistics, Spain government bonds decrease and optimistic US housing market data. Today Asia continued to increase after US market surge. Russian market opened slightly above yesterday's close. Russian energy stocks capitalize on oil prices increase. Temporary Risk-on mode help markets to restore. However trading activity can begin to decrease and we do not expect rally.

Forwards	1m.	3m.	6m.	
USD/RUB	32,121	32,308	32,848	
EUR/RUB	41,991	42,273	42,773	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	6,79	0,05	6,74	3,43
MIBOR 1m (%)	6,49	0,06	6,49	3,87
RUONIA 1d (%)	4,91	-0,35		
Implied NDF yield 6m%	6,29	0,08	8,48	3,42
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	273	8	338	119
Eurobond Russia 30Y	4,733	-0,062	5,48	4,039
EMBI +	599,1	0,99	603,86	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1395,79	1,87	2123,56	1217,21
Micex	1409,84	1,95	1859,99	1265,67
S&P 500	1241,30	2,98	1363,61	1099,23
DJIA	12103,58	2,87	12810,54	10655,30
Brent	107,27	2,87	129,43	67,20



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