

# Russian Markets - Daily

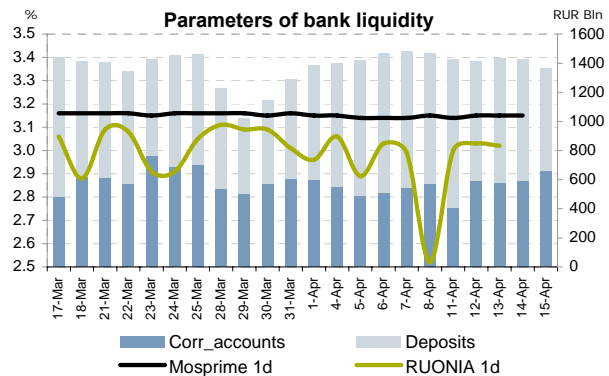
April 15, 2011

<b>RUB basket is near resistance</b>	USD/RUB	28.21	▲
<b>Liquidity decreased slightly</b>	EUR/RUB	40.88	▲
<b>Rates are stable</b>	RUB basket	33.91	▲

## Hot News

- The money supply in Russia increased last week by €1.8bn to €141.8bn
- A senior figure in Russia's ruling party said on Thursday it wants Prime Minister Vladimir Putin to return to the Kremlin next year, countering President Dmitry Medvedev who is showing stronger signs he wants a second term.
- Euroset Holding NV, the parent company of Russia's largest cell phone retailer Euroset, has decided to postpone the IPO indefinitely due to unfavorable market conditions. /RIA
- BP has sent an appeal to Rosneft, with a request to extend the agreement for the exchange of shares in connection with the expectation of a final decision of the Arbitration Institute of Stockholm Chamber of Commerce and to implement the deal on the exchange of shares between BP and the NK Rosneft. Rosneft accepted the request. "We hope for a speedy resolution of disputes in international courts between Russian and British shareholders of TNK-BP for projects related to the Russian Arctic shelf," - Rosneft's president Edward Hudaynatov noted. /Interfax
- Russia's President Dmitry Medvedev said that natural disasters shouldn't prevent nuclear energy sector development, and added that Russia aims for the "maximum development" of its eastern region. /Reuters

Forwards	1m.	3m.	6m.	.
USD/RUB	28.222	28.36	28.612	
EUR/RUB	40.8	40.94	41.19	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	3.48	0	4.26	3.23
MIBOR 1m (%)	3.88	-0.02	5.07	3.81
RUONIA 1d (%)	3.03	0.03		
Implied NDF yield 6m%	3.57	-0.05	4.76	3.17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	122	-3	218	119
Eurobond Russia 30Y	4.718	-0.022	5.953	3.914
EMBI +	556.72	0.22	582.02	500.33
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	2062.47	0.00	2123.56	1226.57
Micex	1809.83	0.55	1859.99	1197.39
S&P 500	1314.41	0.02	1343.01	1022.58
DJIA	12270.99	0.06	12426.75	9686.48
Brent	122.50	0.66	123.43	67.20



## Money Market

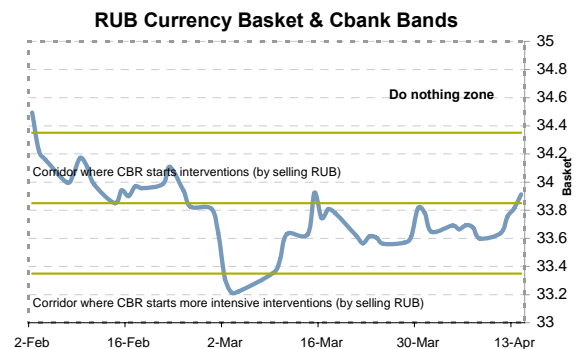
Liquidity decreased slightly on tax payments. RUB liquidity at Central Bank's correspondent accounts decreased by insignificant 57bn to RUB 1366 bn. during yesterday's session but without influence on interbank rates. Liquidity situation is more than comfortable.

Market is uncertain regarding interest rates hike and further Central Bank's policy. Interest rate volatility can rise before Central Bank's meeting in the end of the month. Depo rate can be raised. However low weekly inflation (lower than 0.1%) can postpone CBR interest rate hike decision.

## Currency market

RUB was relative flat against currency basket yesterday. Basket increased by 3 kopecks. However RUB hit its lowest level against the euro (40.96) since the beginning of 2011 year. The main factors were risk aversion, capital outflows. Net capital outflows totaled \$21 bn. in first quarter – the main reason is uncertainty ahead of elections. The weakening expectation of CBR interest rate hike also plays against RUB.

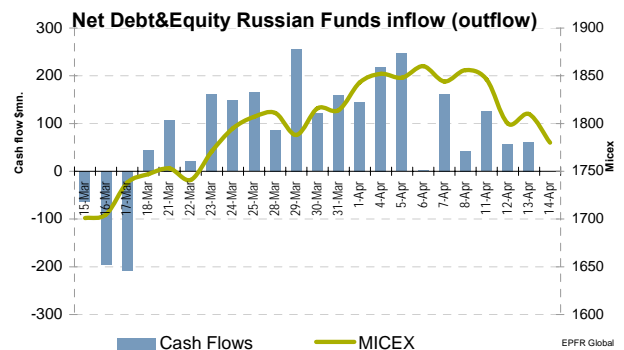
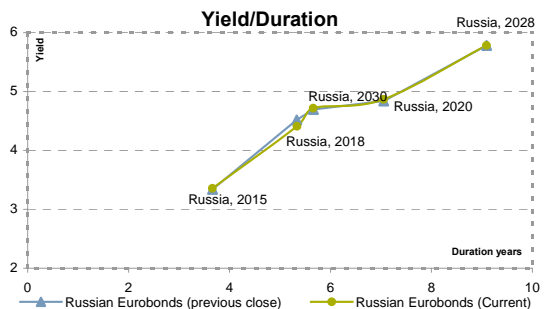
However upcoming tax payments can lure back the demand for RUB. High oil prices will also offset downside pressure on RUB. Exporters have a lot of dollar liquidity on their accounts and tax payments will force them to sell it on the market at the end of the month. Local resistance for currency basket is at 34.



## Debt and Equity Markets

Market slumped yesterday, Micex index decreased by 1.5% as global risk aversion provoked sale on EM markets. But oil prices has stabilized, and negative dynamics can slow down. The closest supporting line is 1750 for Micex index.

Russia's central bank sold 17.5 billion rubles (\$618.8 million) of OBR bills maturing in mid-June at an average yield of 3.40%. High liquidity continued to spur investor's demand.



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