

# Weekly Treasury Bulletin

EUR/USD	1,3899	USD/RUB Official	30,3996	RTS	1459,38	CAC 40	3732,72
USD/JPY	90,23	EUR/RUB Official	42,2190	Dow Jones Ind.	10067,33	Nikkei	10205
GBP/USD	1,5877	OFZ RU 25060 (May 05, '10)	5,92	NASDAQ	2147,35	Oil Brent	71,83

## Russia: Politics/Economics

- Inflation in Russia for 1-25 January 2010 amounted to 1.7 per cent, exceeding the forecasts of the monetary authorities, the message from the Federal State Statistics Service said. According to Central Bank first deputy chairman Alexei Ulyukayev, inflation in Russia in February 2010 could slow compared to the January surge to less than 1 percent.
- Russia's retail industry is likely to face a slow recovery in 2010 after sales fell by 5.5 percent last year when recession forced consumers to tighten their belts, Russia's Industries and Trade minister said.
- Russia's gold and foreign exchange reserves fell to \$435.6 billion on Jan. 22, from \$441.4 billion on Jan. 15, central bank data showed on Thursday.
- Average wages earned by Russians rose 9.4 percent in nominal terms year-on-year in December to stand at 23,827 roubles (\$786.1) a month, the Federal Statistics Service said on Wednesday. The number of people unemployed in Russia was 6.2 million, or 8.2 percent of the workforce, at the end of December, after a rate of 8.1 percent in the previous month, the Federal Statistics Service said on Wednesday.

## Russia: FX market

Last week Russian currency was under pressure of EURUSD quotations on international market and downside oil movements. During these dynamics USDRUB was quoted in the range of 29.9502 - 30.4855 with closing price 30.3612. EURRUB was in bearish side in the range of 42.1027 - 42.8727, where closing price was 42.1320. The volatility on market remained high due to global planning of banking restrictions in USA (Obama's reform) and China. The dual currency basket moved from 35.5951 to 36.0240 due to drop in EURUSD from 1.4197 to 1.3860 with closing price 1.3862. Oil price was quoted in lower levels: \$70.07-\$72.38 per barrel.

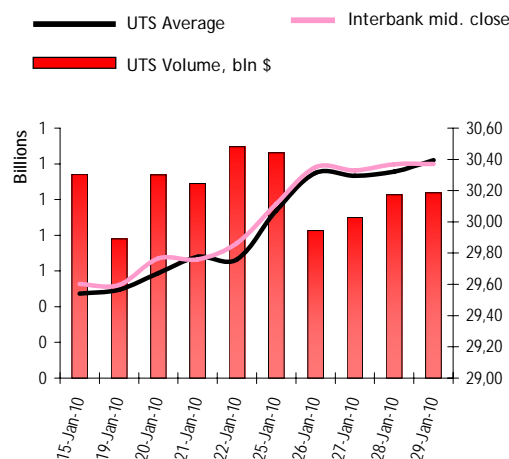
## Russia: Money Market

Last week overnight returned to low levels: 1.00-4.50% due to local slump of RUB liquidity and unpredictable CBR politics. Long terms were quoted: 1W 3.50-4.50%, 1M 4.75-5.25%, 3M 5.25-6.00%. CBR plans to pass an auction for unsecured loans in amount of 5 billion RUB for 5 weeks at 11.25% also CBR is going to pass some restrictions for unsecured loans, while it was a temporary measure for crisis period. Today Russian central Bank injected 14.93 billion RUB into the banking system at 6.77 percent via repo. The correspondent account balances of credit institutions with the Bank of Russia increased from 412.8 to 524.1 billion RUB. The deposits with CBR also decreased from 546.9 to 347.4 billion RUB.

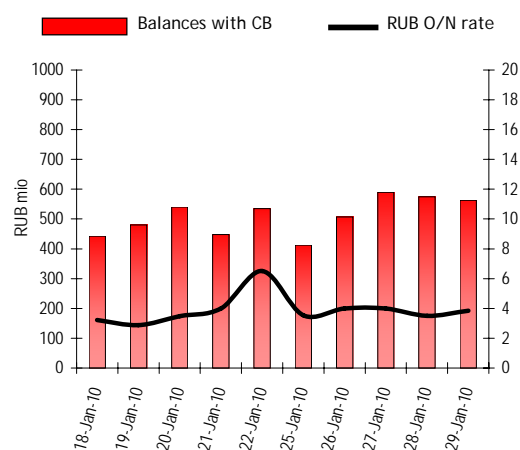
## Russia: Equity Market

Last week bidding on the equity markets was in volatile dynamics of blue chips. So, on Friday bidding opened with a gap down on the negative US stock market background and the negative dynamics of Asian sites. During trading session the MICEX index trying to keep the market at current levels, despite the external negative. The situation changed dramatically with the release of U.S. statistics. Against the background of very positive figures of GDP market pulled up and in a few minutes left in the green zone. The shares of Lukoil and Tatneft closed in the green zone. By weekly results of trading the RTS index rose to 1473.81 points, MICEX stopped on the value of 1419.42 points.

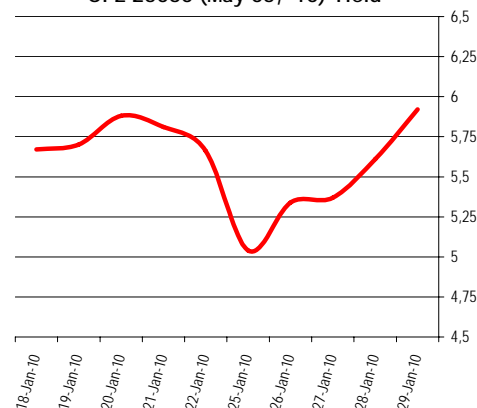
USD/RUB, Unified Trading Session



RUB O/N



OFZ 25060 (May 05, '10) Yield



## International: FX market

The USD continued December's rally but this time it was not linked to USD yields, just to risks of shifting global dynamics and in particular Chinese tightening, financial regulation projects and sovereign risk. SG's core scenario remains one of a return of risk appetite which should push the USD lower again, but January was surely a warning shot from FX for what will happen later in the year. Heightened risk of a Greek debt "tragedy" remains a major impediment to EUR strength. Given other risk-averse negative factors, led by early Chinese policy tightening and new US bank regulations, our Q1 EUR/USD forecast is pared back to 1.40. But, we still view the market response as being an over-reaction and think key ECB and EU meetings in February can provide EUR relief if a debt compromise on Greece is secured. We still see spot bouncing back to 1.50 by Q2 along with improving euro area and global macro data. EUR/USD is likely to extend the downtrend initiated at 1.5145 in late November to the 1.3735/1.3800 support area before reversing upwards. It would then take a break above the former support line, now pullback line and coming at 1.4375 in February, to confirm EUR/USD is on its way back to the 1.5145/1.5305 resistance area (November high).

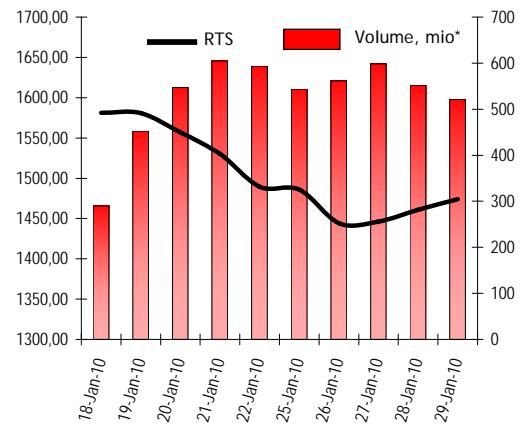
## International oil

Quotes of the oil market last week showed negative dynamics under the influence of the strengthening US dollar on the FOREX market against the backdrop of economic output and news (GDP growth in the U.S. for the 4th quarter was 5.7% while the forecast 4.6%), as well as negative dynamics of the stock sites, where the major U.S. stock indices closed in the "red" zone. Thus, opened on Monday at the New York Stock Exchange at 74.06 NYMEX oil closed at the end of the week at 72.89. On the ICE exchange in London, Brent crude futures price fell to 71.46 dollars per barrel.

## International equity market

The dollar rose to a 6-1/2-month high against the euro on Friday and U.S. stocks fell as concerns about the fiscal health of some smaller euro zone countries curbed investors' appetite for risk. New that the U.S. economy grew at the fastest pace in more than six years in the fourth quarter also lifted the dollar, boosting views the United States was recovering faster than other developed countries. Investors remained concerned about the fiscal health of certain euro zone countries, such as Greece, Spain and Portugal, helping push the euro below \$1.39 for the first time since early July. The Dow Jones industrial average closed the week at 10,067.33 points. The Nasdaq Composite Index posted 2,147.35.

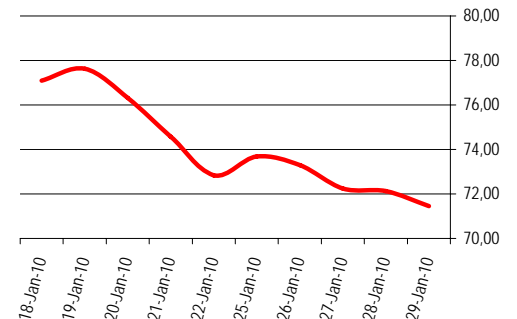
RTS Index



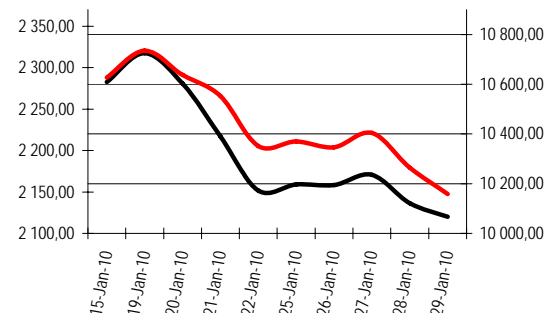
EUR/USD Interbank, mid



BRENT IPE delivery spot



NASDAQ Dow Jones



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