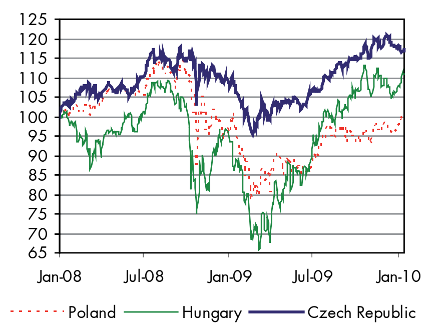
CEE Weekly
Bond Markets Outlook

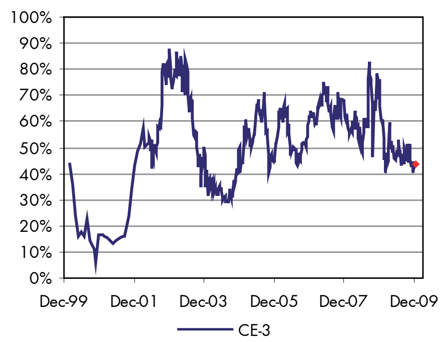
Issue 2/2010 *15 January 2010*

Performance of 7-10y bond indices



Source: EFFAS, Bloomberg, Raiffeisen RESEARCH

RZB Convergence Index



Composite (GDP-weighted) index for PL, HU, CZ & SK
Source: Thomson Reuters, Raiffeisen RESEARCH

Forecast

	current	Mar-10	Jun-10	Sep-10
Poland				
PLN	4.03	4.20	3.80	3.75
1m-rate	3.4	3.6	3.6	3.8
5y bond	5.6	5.7	5.7	5.9
10y bond	6.1	6.5	6.2	6.3
Hungary				
HUF	267.1	285.0	275.0	275.0
1m-rate	6.3	5.9	5.8	5.7
5y bond	7.1	6.8	6.6	6.4
10y bond	7.3	7.1	6.9	6.6
Czech Rep.				
CZK	26.0	25.8	25.4	24.8
1m-rate	1.0	1.2	1.1	1.3
5y bond	3.2	3.3	3.3	3.7
10y bond	4.3	4.2	4.1	4.4
Romania				
RON	4.1	4.3	4.3	4.2
1m-rate	7.7	9.8	8.0	7.3
5y bond	8.6	9.4	9.1	8.4
10y bond	8.0	8.3	8.1	7.8
USD	1.44	1.45	1.50	1.45

Currencies per 1 EUR
Source: Thomson Reuters. Raiffeisen RESEARCH

Recommendations (1-month horizon)

Neutral PLN bonds; Sell HUF bonds; Neutral CZK bonds; Buy RON bonds

Highlights

- ***Poland*** – The strong demand for Polish local currency bonds comes most likely from the Polish banking sector, which has a high level of excess liquidity. Especially the short end of the yield curve could benefit further from this fact. Moreover, foreign investors are also in the game, as Polish yields seem to be still attractive and the risk assessment of Polish bonds is currently benign.
- ***Hungary*** – Hungary is about to tap the international financial markets with a eurobond issue – its roadshow will start next week. This may fuel further market optimism, but we believe that a sell-off wave is gathering momentum.
- ***Czech Republic*** – The yield of the Czech Republic's 10-year government bond crossed the level of 4.4% after a not very successful bond auction. We change our recommendation for CZK bonds with maturities of 10 years or more from neutral to buy.
- ***Romania*** – We expect Parliament to approve the state budget, in line with the agreements reached with the IMF in December. There are great chances for Romania to receive the next installment from the IMF in February. We think that the current low interest rate and yield levels will be sustainable under these circumstances.
- ***Croatia*** – Although the market expected mild improvements in retail sales towards the end of the year, the negative trend continued in November, with double-digit negative figures (-15.8% yoy in real terms, -14.9% yoy in nominal terms). This indicates that household disposable income is decreasing as a result of higher unemployment and growing pessimism with regard to the future.

Key upcoming events and data releases

Country	Indicator	Period	Forecast		Range	Last
15-Jan						
PL	Current account balance	Nov	-975.0	EUR mn	n.a.	-991.0
CZ	PPI, yoy	Dec	-0.8	%	-1.0/-0.9/-0.7	-2.4
CZ	Current account balance	Nov	-1.6	CZK bn	-7.2/-1.5/13.0	12.4
19-Jan						
PL	Gross wages, yoy	Dec	2.9	%	2.1/3.2/6.6	2.3
HU	Gross wages, yoy	Nov	-1.0	%	n.a.	-1.6
21-Jan						
PL	PPI, yoy	Dec	2.2	%	n.a.	2.0
PL	Industrial output, yoy	Dec	12.1	%	5.2/11.0/14.8	9.8
HR	Industrial output, yoy	Dec	-6.8	%	n.a.	-8.6

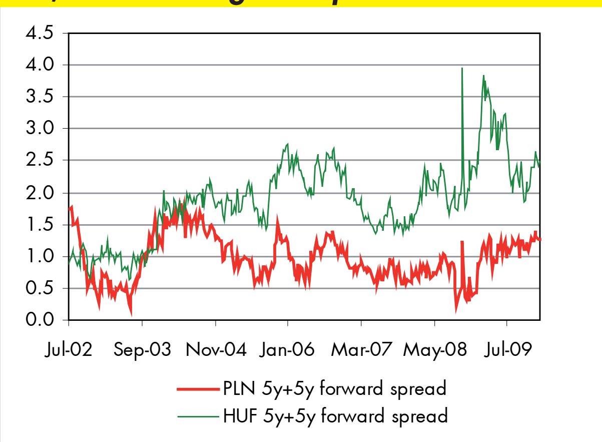
Local currency bonds
Market overview

CEE local currency bond market snapshot

15/01/2009	Maturity	Coupon %	Ask price	YTM %	Spread to bunds (bp)	MDuration
			Poland			
PLN 2y Gov. Bond	25/ Jul 12	0.00	88.40	5.03	388	2.5
PLN 5y Gov. Bond	25/ Apr 15	5.50	99.28	5.66	326	4.5
PLN 10y Gov. Bond	25/ Oct 19	5.50	95.52	6.12	284	7.7
PLN 20y Gov. Bond	25/ Apr 29	5.75	96.01	6.11	200	11.5
			Hungary			
HUF 3y Gov. Bond	24/ Oct 13	7.50	102.35	6.76	512	3.4
HUF 5y Gov. Bond	12/ Feb 15	8.00	103.79	7.08	468	4.1
HUF 10y Gov. Bond	24/ Jun 19	6.50	94.88	7.26	398	7.0
HUF 15y Gov. Bond	24/ Nov 23	6.00	89.27	7.25	333	9.4
			Czech Republic			
CZK 2y Gov. Bond	5/ Oct 11	6.55	108.44	1.50	35	1.7
CZK 5y Gov. Bond	11/ Apr 15	3.80	102.53	3.26	90	4.7
CZK 10y Gov. Bond	11/ Apr 19	5.00	105.00	4.33	105	7.4
CZK 15y Gov. Bond	25/ May 24	5.70	108.20	4.89	97	10.0
			Slovakia			
SKK 2y Gov. Bond	4/ May 12	0.00	94.89	2.32	117	2.3
SKK 5y Gov. Bond	11/ Feb 14	4.90	106.40	3.19	83	3.6
SKK 10y Gov. Bond	12/ May 19	5.30	111.14	3.85	57	7.5
			Croatia			
HRK 5y Gov. Bond	11/ Jul 13	4.50	96.51	5.62	302	3.2
HRK 10y Gov. Bond	8/ Feb 17	4.75	93.03	5.98	270	5.9
			Romania			
RON 3y Gov. Bond	25/ Oct 10	6.00	97.91	8.89	725	0.8
RON 5y Gov. Bond	5/ Mar 12	6.50	95.87	8.70	633	1.9
			Turkey			
TRY 2y Gov. Bond	3/ Aug 11	0.00	88.14	8.49	734	1.5
TRY 5y Gov. Bond	6/ Aug 14	11.00	105.00	9.85	748	3.7

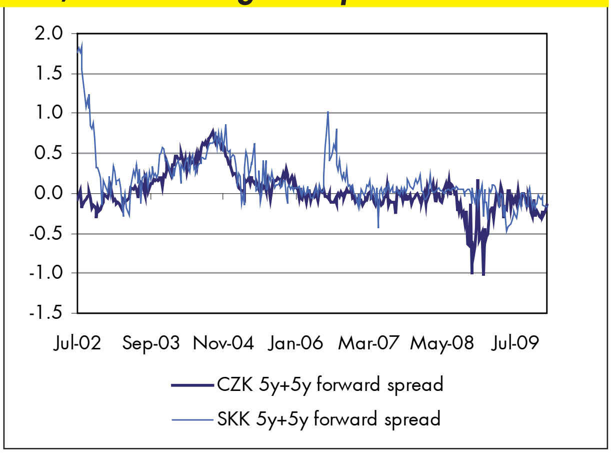
Source: Thomson Thomson Reuters, Raiffeisen RESEARCH

PLN, HUF convergence spread



Source: Thomson Thomson Reuters, Raiffeisen RESEARCH

CZK, SKK convergence spread



Source: Thomson Thomson Reuters, Raiffeisen RESEARCH

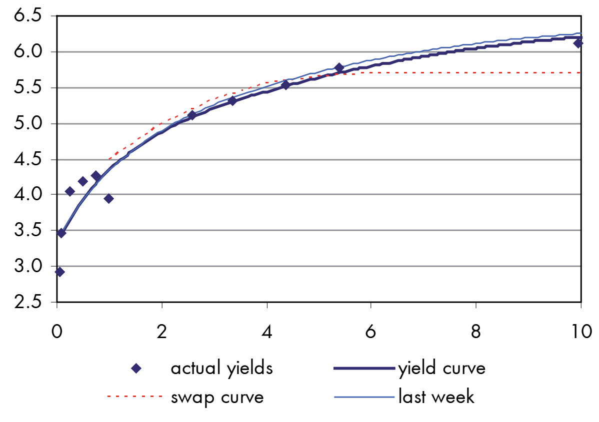
Poland

Eurobond tender pushes yields further down

(P)review of key economic figures/events

15 Jan 10	Current account balance, EUR mn	Nov -1635 (Oct -991)
19 Jan 10	Gross wages, % yoy	Dec 2.9 (Nov 2.3)
21 Jan 10	Industrial output, % yoy	Dec 12.1 (Nov 9.8)

PLN yield curve



Source: Thomson Reuters, Raiffeisen RESEARCH

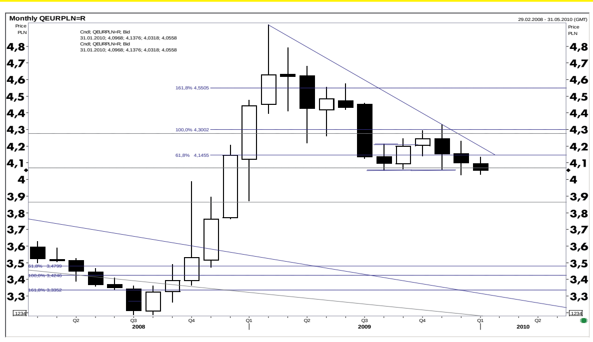
Money market focus

MM rates	***1m***	***3m***	***6m***	***12m***
Actual	***3.44***	***4.06***	***4.20***	***4.33***
Change from last week	-0.02	0.01	0.02	0.00
Forecast Mar-10	3.60	4.15	4.22	4.50
Forward rates	***3x6***	***6x9***	***9x12***	
	4.37	4.42	4.41	
Change from last week	0.03	-0.01	-0.03	

Bond market focus

	2y	***5y***	***10y***	***20y***
Actual	***5.03***	***5.66***	***6.12***	***6.11***
Change from last week	-0.02	-0.13	-0.01	-0.02
Forecast Mar-10	5.20	5.70	6.50	6.40
Spread to bunds	***388.1***	***325.7***	***284.2***	***199.5***
Change from last week	4.9	-11.9	-0.9	-4.1
Spread to swaps	***-5.5***	***-4.8***	***-44.1***	

EUR/PLN



Last: 4,05 sell 4.00 target;: 3.95 - 3.89
Rectangle and downward-trend, the latter to prevail and 4.00 -> 3.93 - 3.85 to follow.

Source: Thomson Reuters, Raiffeisen RESEARCH

Market strategy

Neutral PLN T-bonds

Market comment

Polish bond yields headed south this week thanks to a successful placement of a 15 year Eurobond denominated in Euros. The demand was more than twice as high as the sold amount of EUR 3 bn. Moreover, in the subsequent local currency bond tender on Wednesday the MoF sold PLN 5.5 bn of a two year zero-coupon bond where demand reached a record of PLN 16.2 bn. In a top-up tender another PLN 1.1 bn of the two-year bond was sold. The economic data did not surprise much this time: Inflation rose to 3.5% yoy in December which was more or less what the market consensus was looking for. Today the national bank will publish current account figures for November.

Market outlook

The strong demand for Polish local currency bonds comes most likely from the Polish banking sector, which has a high level of excess liquidity. Especially the short end of the yield curve could benefit further from this fact. Moreover, foreign investors are also in the game, as Polish yields seem to be still attractive and the risk assessment of Polish bonds is currently benign. The announcement of the government to issue more Eurobonds could relieve the local currency market further and lead to yield decreases. However, we are still cautious for the upcoming months as economic environment improves and this will pose pressures on yields. Additionally, as we expect the global stock markets to retreat in Q1, our recommendation remains "neutral" in the short-run.

Analysts: Marcin Grotek (+48 22 585 29 44)
Marcin Kopazynski (+43 1 71707 1423)

Exchange rate focus

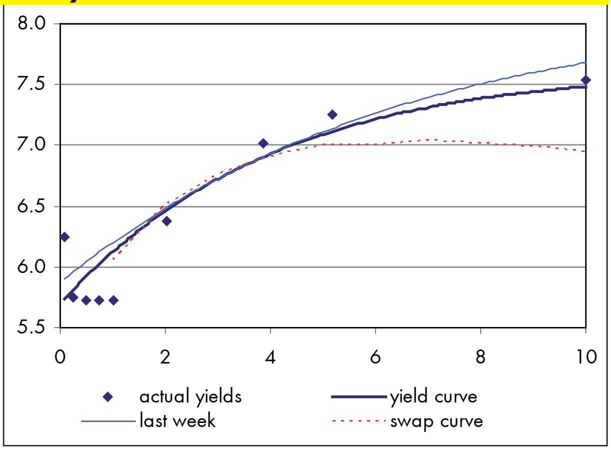
	actual	***Mar-10***	***Jun-10***	***Sep-10***
EUR/PLN	***4.05***	***4.20***	***3.80***	***3.75***
Change from last week	1.4%			
USD/PLN	***2.79***	***2.90***	***2.53***	***2.59***
Change from last week	2.5%			

Hungary
Sell the HUF

(P)review of key economic figures/events

11 Jan 10	Trade balance, EUR mn	Nov 411.3 (Oct 471)
14 Jan 10	CPI, % yoy	Dec 5.6 (Nov 5.2)
19 Jan 10	Gross wages, % yoy	Nov -1.0 (Oct -1.6)

HUF yield curve



Source: Thomson Reuters, Raiffeisen RESEARCH

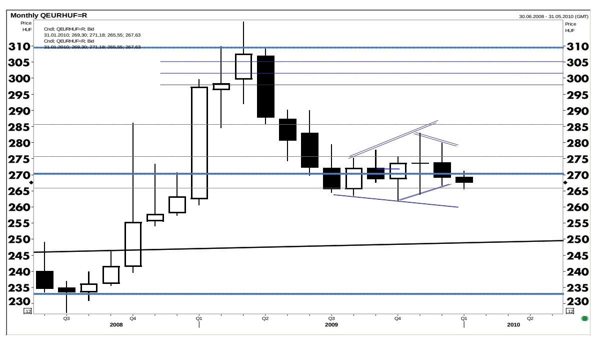
Money market focus

MM rates	***1m***	***3m***	***6m***	***12m***
Actual	***6.25***	***6.15***	***6.08***	***5.99***
Change from last week	0.00	-0.01	-0.02	-0.02
Forecast Mar-10	***5.9***	***5.8***	***5.7***	***5.8***

Bond market focus

	3y	***5y***	***10y***	***15y***
Actual	***6.76***	***7.08***	***7.26***	***7.25***
Change from last week	-0.26	-0.17	-0.28	-0.20
Forecast Mar-10	6.6	6.8	7.1	7.0
Spread to bunds	***512.1***	***468.2***	***398.3***	***333.0***
Change from last week	-12.7	-15.9	-17.8	-14.3

EUR/HUF



Last: 267.63 sell 264 target: 260
Diamond-pattern, sell-signal at 260 -> not yet off odds, but neither is 271 -> 275.50 yet.

Source: Thomson Reuters, Raiffeisen RESEARCH

Market strategy

Sell HUF T-bonds

Market comment

Emerging market sentiment received a further boost of optimism. As a result, demand remained strong on the local markets, leading to further strengthening of HUF (EUR/HUF is at a 2-month high of around 266) and decreasing Hungarian government bond yields. Inflation was in line with expectations, at 5.6% yoy in December (up from 5.2% in November). Average inflation was 4.2% in 2009. Despite the deep recession, this is one of the highest inflation levels in the EU, mostly due to the massive VAT hike in the middle of the year (VAT was increased from 20% to 25%). Inflation is likely to rise further to around 6% at the beginning of 2010, given the excise duty hike and administered price hikes – nevertheless, inflation is likely to retreat to around 3% in the second half of the year.

Market outlook

For the time being, we cannot identify any upcoming events that could cause a turnaround in market optimism – although we can make a long list of risk factors that will creep into the picture over the course of Q1 (e.g. local elections with a decent dose of uncertainty; serious budget deficit overshoot in 2010; difficulties likely to erupt in Greece and/or Ukraine, etc.). Market players are currently listening to the good news. Hungary is about to tap the international financial markets with a eurobond issue – its roadshow will start next week. This may fuel further market optimism, but we believe that a sell-off wave is gathering momentum. We expect HUF to weaken in the next 1–2 months, so we suggest buying EUR/HUF.

Analyst: Zoltán Török (+36 148 44 843)

Exchange rate focus

	actual	***Mar-10***	***Jun-10***	***Sep-10***
EUR/HUF	***267.05***	***285.0***	***275.0***	***275.0***
Change from last week	0.9%			
USD/HUF	***184.10***	***196.6***	***183.3***	***189.7***
Change from last week	1.9%			

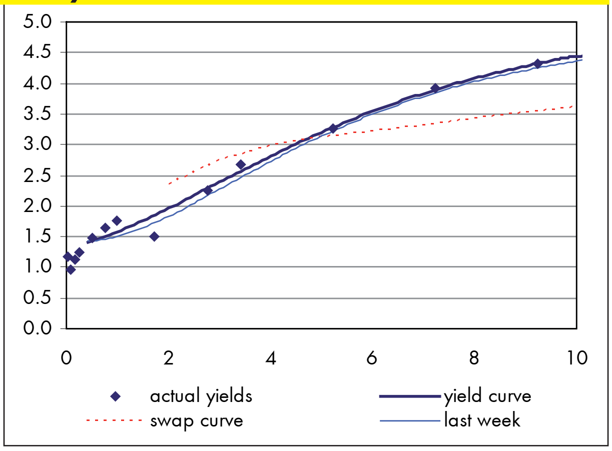
Czech Republic

Latest economic data disappoints

(P)review of key economic figures/events

11 Jan 10	CPI, % yoy	Dec 1.0 (Nov 0.2)	In line with expectations, 2009 average also stood at 1%
13 Jan 10	Retail sales, % yoy	Nov -4.9 (Oct -4.7)	Much worse than expectations
14 Jan 10	Industrial output, % yoy	Nov -0.1 (Oct -7.2)	Dissapointing month-on-month decline

CZK yield curve



Source: Thomson Reuters, Raiffeisen RESEARCH

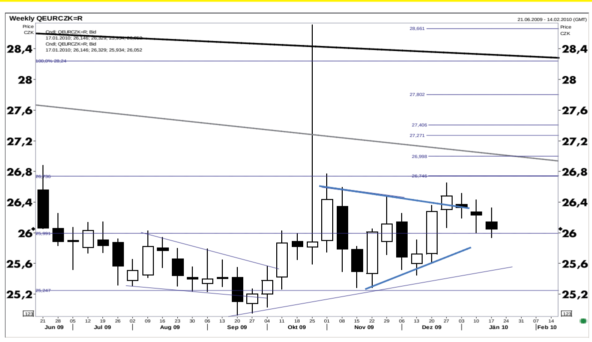
Money market focus

MM rates	***1m***	***3m***	***6m***	***12m***
Actual	***0.97***	***1.25***	***1.47***	***1.77***
Change from last week	-0.01	0.00	-0.03	-0.02
Forecast Mar-10	1.2	1.3	1.4	1.8
Forward rates	***1x2***	***3x6***	***6x9***	***9x12***
	1.28	1.70	1.98	2.15
Change from last week	0.01	-0.06	-0.03	0.01

Bond market focus

	2y	***5y***	***10y***	***15y***
Actual	***1.50***	***3.26***	***4.33***	***4.89***
Change from last week	0.22	0.04	0.15	0.10
Forecast Mar-10	1.8	3.3	4.2	4.7
Spread to bunds	***35.4***	***89.7***	***105.1***	***96.8***
Change from last week	34.7	8.6	24.8	15.3
Spread to swaps	***89.5***	***-4.5***	***-55.1***	***n.a.***

EUR/CZK



Last: 26.05 sell target: 25.60
Triangle, bullish confirmation would be: 26.40 -> 27 - 27.50, but it's increasingly recommendable to expect a sell-signal at 25.80.

Source: Thomson Reuters, Raiffeisen RESEARCH

Market strategy

Neutral CZK T-bonds

Market comment

Czech consumer price inflation reached 1% yoy in December, the same as the average for the full year 2009. While the deterioration of labor market conditions was a little slower than what we expected – the unemployment rate reached 9.2% by the end of the year (according to national calculation) – there was a strong disappointment about the latest economic data. Retail sales declined sharply by 4.9% yoy in November, far beyond all expectations. Also the decline in the industrial output for November (-0.1% yoy) was worse than expected, and it came after two months of month-on-month growth. Moreover, the problem is in the structure of industrial output: while car production was increasing, there was a decline in many other areas of engineering.

Market outlook

CPI data was in line with expectations and we forecast a modest and gradual increase of the inflation rate in the course of 2010. While inflation should temporarily dip back below 1% in the beginning of the year, it should rise above the 2% mid-point of the Czech National Bank (CNB) target range by the end of Q3. Both CNB vice-governors, Mr. Singer and Mr. Hampl, stated that the CNB will be "among the first" central banks in Europe to start the rate hiking cycle. We actually expect the CNB to deliver a 25bp hike in Q3, and another 50bp by the end of 2010. Meanwhile the yield of the Czech Republic's 10-year government bond crossed the level of 4.4% after a not very successful bond auction. We change our recommendation for CZK T-bonds with maturities of 10 years or more from neutral to buy.

Analysts: Pavel Mertlik (+420 221 141 800)
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Exchange rate focus

	actual	*Mar-10*	*Jun-10*	*Sep-10*
EUR/CZK	***26.05***	***25.8***	***25.4***	***24.8***
Change from last week	1.2%			
USD/CZK	***17.98***	***17.8***	***16.9***	***17.1***
Change from last week	2.1%			

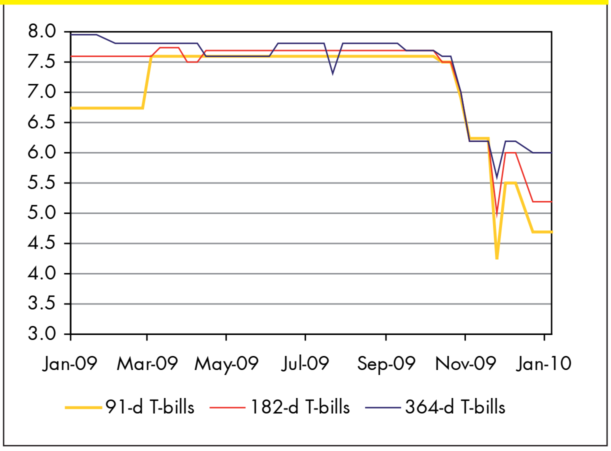
Croatia

Strong decline in retail trade continues

(P)review of key economic figures/events

11 Jan 10	PPI, % yoy	Dec 1.6 (Nov 0.2)
14 Jan 10	CPI, % yoy	Dec 1.9 (Nov 1.8)
21 Jan 10	Industrial output, % yoy	Dec -6.8 (Nov -8.6)

Interest rates on T-bills



Source: Thomson Reuters, Raiffeisen RESEARCH

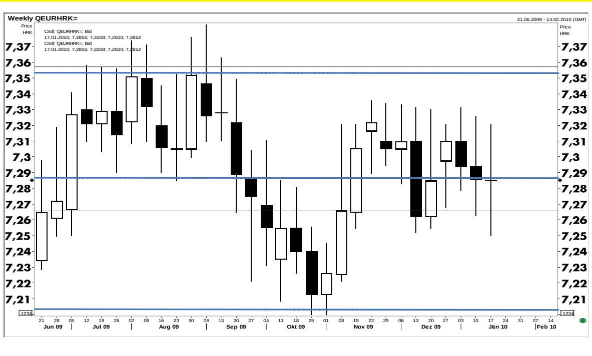
Money market focus

	1m	3m	6m	12m
ZIBOR actual	***1.73***	***3.50***	***5.00***	***6.17***
Change from last week	-0.10	-0.17	-0.67	-0.08
T-bills actual	***n.a.***	***4.70***	***5.20***	***5.99***

Exchange rate focus

	actual	Mar-10	Jun-10	Sep-10
EUR/HRK	***7.277***	***7.50***	***7.40***	***7.40***
Change from last week	-0.2%			
USD/HRK	***5.01***	***5.17***	***4.93***	***5.10***
Change from last week	-0.8%			

EUR/HRK



Last: 7.28 position: neutral
Bearish confirmation 7.2490 -> 7.2340 - 7.20 is likely to follow as 7.34 (-> 7.3550) withstands up until now.

Source: Thomson Reuters, Raiffeisen RESEARCH

Market strategy

Neutral EUR/HRK

Market comment

Although the market expected mild improvements in retail sales towards the end of the year, the negative trend continued in November, with double-digit negative figures (-15.8% yoy in real terms, -14.9% yoy in nominal terms). This indicates that household disposable income is decreasing as a result of higher unemployment and growing pessimism with regard to the future. The decline in retail sales could even exceed 15% in 2009, thus contributing to the strong fall in household consumption, which was the leading factor in GDP growth last year. Negative trends will continue on the labour market in H1 2010, as will be the case for the retail trade. In addition, household income will be influenced by higher inflationary pressures (due to higher energy prices).
Croatia's gross foreign debt at the end of September amounted to EUR 42.8 bn, reaching 93.6% of GDP. The increase in foreign debt from January to September was mainly generated by FDI (up 8.2%), which increased by EUR 786 mn in Q3, and the corporate sector (up 3.2%). The government's foreign debt totalled EUR 4.1 bn at the end of September, down by almost EUR 60 mn ytd.

Market outlook

At the beginning of the week, there was a higher supply of euros on the domestic FX market coming from the banking sector and backed by the supply from the corporate sector, bringing the EUR/HRK FX rate down to 7.27. The middle of the week brought a more pronounced demand for euros, which pushed the rate towards 7.30. This proved to be the breaking point, and the rate stabilised at 7.295. In the week ahead, we do not expect to see major changes on the domestic FX market since neither supply nor demand are significant enough to have a major influence on the FX rate. On the monthly level, EUR/HRK will probably increase slightly due to the relatively high level of corporate sector external debt maturing in January.

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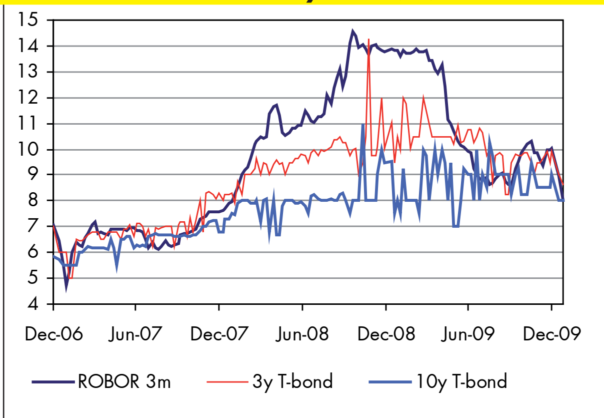
Romania

Sharp fall in market interest rates

(P)review of key economic figures/events

11 Jan 10	Foreign trade balance, EUR mn	Nov 302 (Oct 476)
12 Jan 10	CPI, % yoy	Dec 4.8 (Nov 4.7)
13 Jan 10	Industrial output, % yoy	Nov 3.0 (Oct -0.8)

ROBOR 3m & T-bond yields (%)



Source: Thomson Reuters, Raiffeisen RESEARCH

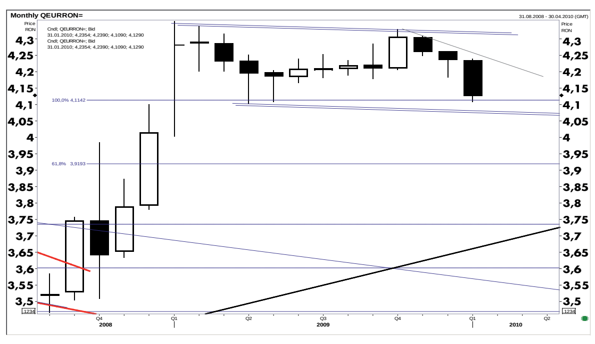
Money market focus

MM rates	1m	3m	6m	12m
Actual	***7.68***	***8.02***	***8.28***	***8.27***
Change from last week	-0.81	-0.95	-0.77	-0.77
Forecast Mar-10	9.8	9.9	10.0	9.8
Implicit forward rates	***3x6***	***6x9***	***9x12***	
	8.64	8.16	8.02	
Change from last week	-0.59	-0.78	-0.69	

Bond market focus

	2y	3y	5y	10y
Actual	***8.65***	***8.65***	***8.50***	***8.00***
Change from last week	-0.35	-0.35	-0.50	0.00
Forecast Mar-10	9.50	9.50	9.40	8.30
Spread to bunds	***750.1***	***701.1***	***610.2***	***472.3***
Change from last week	-22.5	-49.1	0.1	10.3

EUR/RON



Last: 4.13 buy 4.15 target: 4.22 - 4.32
Three patterns possible, so either: sell 4.05 -> 3.91 or buy 4.15 -> 4.22 - 4.32.

Source: Thomson Reuters, Raiffeisen RESEARCH

Market strategy

Buy RON T-bonds

Market comment

The easing of political tensions at the end of 2009 has reduced economic uncertainty. As a result, both money market interest rates and bond yields have fallen over the last two weeks, as the risk premium they had incorporated before the end of 2009 decreased. The plunge in market interest rates and bond yields has also been boosted by the central bank's unexpected decision to cut the key interest rate by 50bp on 5 January. In addition, more key interest rate cuts are expected in the coming period. Foreign investor sentiment toward the leu improved accordingly, and attempts were made to benefit from the still-high interest rates on RON. In this context, the leu has appreciated by around 2.5% since the beginning of the year. During the same period, the 1-month ROBOR fell by 220bp, the 12-month ROBOR by 150bp, 3-year yields by around 100bp and 10-year yields by around 50bp.

Market outlook

We are optimistic regarding the development of Romania's Stand-By Arrangement with the IMF. Accordingly, we expect Parliament to approve the state budget this Friday, in line with the agreements reached with the IMF in December. Also, we see great chances for Romania to receive the next instalment from the IMF in February. We think that the current low interest rate and yield levels will be sustainable under these circumstances. Moreover, we expect them to fall further in the coming quarters. This means that the forecast for rates and yields set when political turmoil was high at the beginning of November is now too pessimistic, and we will be adjusting it downward.

Analyst: Ionut Dumitru (+40 37 2211269)

Exchange rate focus

	actual	Mar-10	Jun-10	Sep-10
EUR/RON	***4.13***	***4.30***	***4.25***	***4.20***
Change from last week	1.1%			
USD/RON	***2.85***	***2.97***	***2.83***	***2.90***
Change from last week	2.2%			

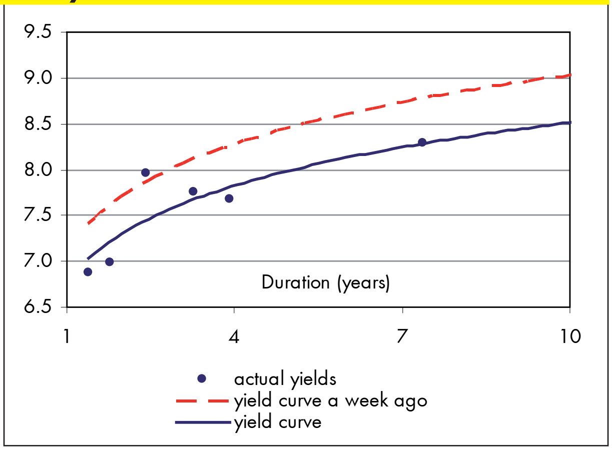
Russia

2009 inflation at record low

(P)review of key economic figures/events

No important data or market releases next week

RUB yield curve



Source: Thomson Reuters, Raiffeisen RESEARCH

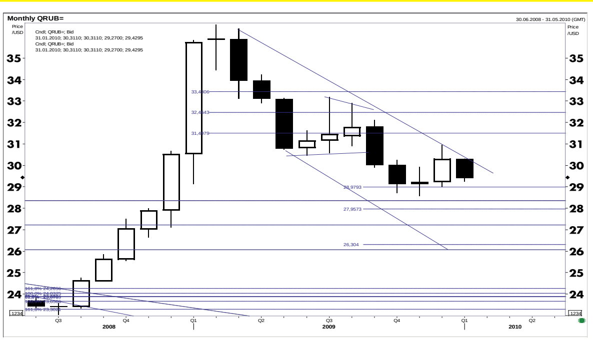
Money market focus

MM rates	1m	3m	6m	12m
Actual	***7.49***	***9.79***	***11.15***	***11.51***
Change from last week	-0.01	-0.38	-0.75	-0.04
Forecast Dec-09	***5.32***	***5.80***	***6.21***	***n.a.***
Forward rates	***1x2***	***3x6***	***6x9***	***9x12***
	10.18	12.78	n.a.	n.a.
Change from last week	-0.82	0.74	n.a.	n.a.

Bond market focus

	1y	2y	5y	15y
Actual	***6.88***	***6.98***	***7.68***	***8.29***
Change from last week	-0.46	-0.73	-0.59	-0.40
Forecast Dec-09	***6.84***	***7.21***	***7.86***	***n.a.***

USD/RUB



Last: 29.42 sell 28.50 target: 27.20
- 26The downward-trend is being tested, a sell-signal at 28.50 -> 26 is likely to follow and not so much another 30.40 -> 31 - 31.50.

Source: Thomson Reuters, Raiffeisen RESEARCH

Market strategy

The rouble market remains stronger than the market closing levels at the end of 2009. Higher oil prices and rallying stock markets continue to exert upward pressure on the rouble. We expect the rouble to remain below 35.50 against the dual currency basket, while appreciation to 35.20 seems likely if oil prices remain elevated.

Market comment

In December, consumer prices rose by 0.4%, bringing annual inflation in 2009 to just 8.8% – the lowest level in Russia's modern history. Overall, the prices of non-food items increased in December by just 0.2%. Deflation was observed here on a number of goods. We believe there are two major reasons for such low inflation in the non-food segment: a 2% drop in the price of petrol and a far smaller increase in the prices of clothing and footwear including price reductions due to winter sales. The only exception was medicines, where a moderate acceleration in inflation occurred. In the food products segment, however, the picture was mixed. It is necessary to note that the prices of meat fell for the second month in a row, and this category comprises 25% of the entire food basket in the consumer price index. At the same time, the prices of milk products rose sharply and the prices of fruits and vegetables increased as well. Nevertheless, on the whole, inflation in the food segment fell to its lowest level in many months. Meanwhile, signs of accelerated inflation of the prices of market services were seen in December. Thus far, however, this movement has been too weak to break the trend. In January 2010, a traditional increase in utilities tariffs will naturally lead to a seasonal spike in inflation, which, according to our estimates, will reach 1.7–1.9% month-on-month. Nevertheless, the seasonal increase will wane in February, meaning it will be unable to buck the disinflation trend.

Analyst: Gintaras Shlizhyus (+43 1 71707 1343)

Exchange rate focus

	actual	Mar-10	Jun-10	Sep-10
EUR/RUB	***42.63***	***42.93***	***42.12***	***41.72***
Change from last week	0.4%			
USD/RUB	***29.43***	***29.60***	***28.08***	***28.77***
Change from last week	1.5%			

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