

Stocks

Market today. The Russian exchange market did not manage to stay above 1,470 points at MICEX and lost the entire potential of growth gained in the morning. The news of release and introduction of a new portfolio of sanctions on behalf of EU against Russia from Friday was the major reason for reduction. The stocks of companies that are to suffer most from the new sanctions were the top losers: Rosneft (-1.7%), Sberbank (-3%), VTB (-2%). Despite the fact that this week we have already witnessed rescheduling of the sanctions introduction, participants took another statement on sanctions negatively and speeded up selling the Russian stocks.

AA share of negative has been introduced to the market by Gazprom's 1Q 2014 report, which indicated reduction of the net profit by more than 40%. Profit drop was mainly related to re-estimation of the currency debt. At that, drop of ruble rate allowed building up the sales in ruble terms.

Stock of Aeroflot (-3.5%) was significantly underperforming the market as the company experienced the pressure of probable introduction of sanctions against the European airlines. The European air carriers might be prohibited to use the Russian air space, resulting from which Aeroflot might lose a significant share of sales at the expense of cutting the collected royalty from the European airlines.

Market tomorrow. We assume that the trade tomorrow shows high volatility at the Russian exchange market not depending on sanctions getting adopted or now. Market participants will be sensitive to any type of news on the subject. Release of the portfolio of sanctions itself would be the final driver for the market's dynamics for the next week.

Bonds

Market today. EU did expand the list of sanctions against Russia, which caused another run from the Russian debt. Ruble loans lost 10-30 bps during the day. The BFL curve grew 2-7 bps. In the corporate sector selling went on the loans Metalloinvest-1, -5, VEB-9 and MKB MB-10. Eurobonds started the day with growth but returned to the previous day's level as the decision on sanctions has been announced. Russia-43 added 30 bps up to 101.45% of the nominal, Russia-23 15 bps to 98.75% of the nominal.

Market tomorrow. Friday we expect selling to go on at the Russian market under pressure of news on sanctions introduced and while waiting for the response of Russia to actions of EU.

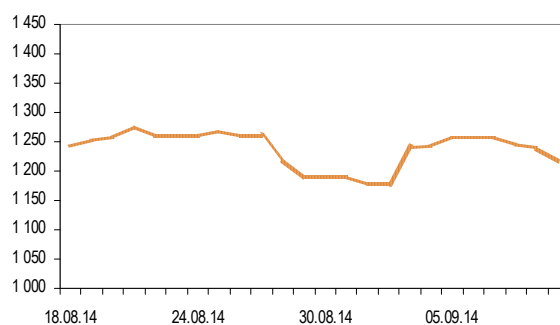
Market results

Main indicators and indices

	Close	Change, pt.	Change, %			
			day	week	month	year
RTS Index	▼ 1,217.88	-21.21	-1.71	-1.90	7.60	-12.64
MICEX Index	▼ 1,449.63	-18.92	-1.29	-0.53	5.49	-0.31
USD / RUR	▲ 37.5240	0.19	0.51	1.42	3.76	14.39
EUR / RUR	▲ 48.5336	0.38	0.78	1.32	0.46	11.23
EUR / USD	▲ 1.2933	0.00	0.24	-0.11	-3.20	-2.77
Dow Jones Index	▼ 17,029.89	-38.82	-0.23	-0.23	2.83	11.11
NASDAQ	▼ 4,576.67	-9.85	-0.21	0.32	4.27	22.86
FTSE 100	▼ 6,789.60	-40.51	-0.59	-1.28	2.37	3.05
Nikkei 225	▲ 15,909.20	120.42	0.76	1.49	4.93	10.29
MSCI EM	- 1,075.22	-	-	-2.34	1.30	8.46

Source: market data, estimation: Veles Capital

RTS index



Debt market

	Close	Change, pt.	Change, %			
			day	week	month	year
UST 10	▲ 98.68	0.14	0.14	-0.66	-1.74	2.30
UST 30	▲ 97.37	0.17	0.18	-1.03	-4.40	1.49
German 10	- 108.77	-	-	-0.07	-0.21	-1.67
Russia 30	▼ 111.89	-0.44	-0.39	-0.89	-0.88	-2.95
Spread Russia 30	▲ 233.80	6.80	3.00	5.36	3.91	-
Turkey 34	▲ 133.88	0.02	0.01	-1.20	2.44	15.87
Brazil 40	▲ 109.61	0.06	0.06	-0.28	-0.81	-6.52
Colombia 37	▲ 135.90	0.01	0.01	-1.65	0.86	11.87
Venezuela 34	▲ 70.66	1.56	2.26	-2.82	-9.80	-11.35

Source: market data, estimation: Veles Capital

Resource markets

	Close, USD	Change, USD	Change, %			
			day	week	month	year
Brent, USD / bbl	▼ 96.77	-0.43	-0.44	-3.96	-5.17	-13.09
Gold, USD / ounce	▼ 1,239.46	-12.58	-1.00	-1.93	-5.48	-9.30
Palladium, USD / ounce	▼ 843.05	-10.07	-1.18	-5.31	-4.17	20.92
Copper, USD / ton	- 6,870	-	-	-0.49	-1.79	-4.18
Nickel, USD / ton	- 18,740	-	-	-1.76	0.46	36.39

Source: market data, estimation: Veles Capital



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