

Daily results

September 19, 2008

Stocks

Market today. Today market had expanded quite nicely, following the world markets, MICEX and RTS have added +29% and +22% respectively. If for past couple of days emergency closings of long positions tanked the market, then today the similar situation engulfed "short"-specialized players. Among the leaders were stocks of VTB, as they +60%.

Market tomorrow. The message on downgrade of Russia's sovereign credit rating by S&P and proved no influence upon the quotes. The growth of market was mostly technical and after a several days of a never ending fall it was just compensating backwards, hence we can expect a high volatility of quotes.

Bonds

Market yesterday. Market players continue to conduct REPO deals, but there is REPO market as it was earlier and more or less sound deals were made by players, who prepare the deals in advance. The range of quotes was very broad: from 10% to 25% per annum. There where not spot market as well, but a sort of demand of some securities was demonstrated. However, the prices formed about 60% and it was concern the players with the current short positions.

Market tomorrow. Government's decree to support market was concern first of all the shares and partially aimed at bonds through REPO with VTB and Sberbank and highly limited. Gazprombank did put bonds, as it was reported earlier, because the major part of its assets spent on KIT Finance.

No comment

MSCI Emerging Markets achieved record results since year 1987 – 9.7% (Interfax)

S&P changed Russia's rating from positive to stable forecast (Interfax).

GDP growth over year 2008 formed 7.8-8% (Kudrin)

Department of the Treasury of USA will appropriate 50 bn USD to support money market fund (Interfax).

LUKOIL plans to increase oil extraction rate by 1-1.5% over year 2009 (Alekperov).

Raspadskaya could increase interim dividends 5 times (Interfax)

Tomorrow

Moscow Time	Country	Event	Period	Survey	Prior
18:00	0	ECB's Trichet Speaks in Bratislava	21-Sep		
3:01	UK	Rightmove House Prices (MoM)	SEP	--	-2.30%
3:01	UK	Rightmove House Prices (YoY)	SEP	--	-4.80%
3:50	JN	oJ Monetary Policy Meeting Minutes for Aug	22-Sep		
3:50	JN	All Industry Activity Index (MoM)	JUL	0.50%	-0.90%
3:50	JN	o Publish Minutes of August 18-19 Board M	22-Sep		
11:00	EC	ECB's Trichet Speaks in Bratislava	22-Sep		

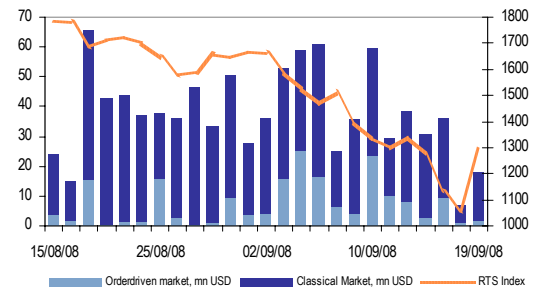
Market data

Main indicators and indices

	Close	Change, pt.	Change, %			
			day	week	month	year
RTS Index	▲ 1,295.91	237.07	22.39	-3.42	-24.37	-35.69
MICEX Index	▲ 1,098.95	245.02	28.69	-3.41	-20.74	-35.98
USD / RUR	▲ 25.3759	0.05	0.18	-0.73	3.83	1.24
EUR / RUR	▼ 36.5157	-0.05	-0.14	0.68	1.71	3.50
EUR / USD	▼ 1.4390	-0.00	-0.30	1.42	-2.04	2.22
Dow Jones Index	▲ 11,348.87	329.18	2.99	-0.64	-0.60	-17.56
NASDAQ	▲ 2,250.74	51.64	2.35	-0.47	-5.79	-15.20
FTSE 100	▲ 5,281.30	401.30	8.22	-2.50	-1.68	-17.85
Nikkei 225	▲ 11,920.86	431.56	3.76	-2.41	-7.24	-27.37
MSCI EM	- 767.84	-	-	-10.24	-20.14	-33.44

Source: Bloomberg, Estimation: Veles Capital

RTS index vs. trade volume

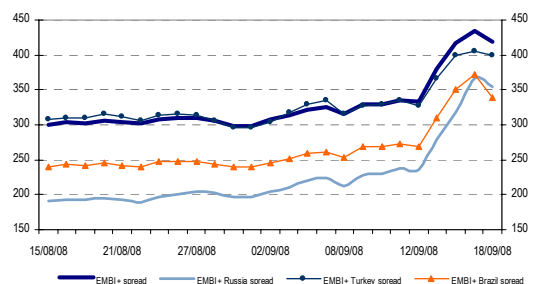


Debt market

	Close	Change, pt.	Change, %			
			day	week	month	year
UST 10	▼ 102.33	-1.44	-1.39	0.03	0.68	1.91
UST 30	▼ 103.02	-2.22	-2.11	-0.05	2.12	2.47
German 10	▼ 97.31	-1.07	-1.09	-0.03	-0.36	1.62
Russia 30	▲ 105.37	3.04	2.97	-3.96	-5.95	-5.92
Spread Russia 30	▼ 291.00	-66.00	-18.49	28.31	55.87	166.73
Turkey 34	▲ 102.71	3.32	3.34	-1.30	-2.54	-6.04
Brazil 40	▲ 128.37	1.06	0.83	-1.83	-2.69	-3.56
Colombia 37	▲ 106.60	3.44	3.34	-1.61	-2.17	-3.56
Venezuela 34	▲ 72.75	4.41	6.46	-7.59	-15.79	-30.05

Source: Bloomberg, Estimation: Veles Capital

Emerging markets spread dynamics



Resource markets

	Close, USD	Change, USD	Change, %			
			day	week	month	year
Brent, USD / bbl	▲ 95.43	2.13	2.28	0.40	-14.72	20.83
Urals, USD / bbl	▲ 92.68	0.58	0.63	-1.83	-16.68	22.69
Gold, USD / ounce	▲ 885.80	9.35	1.07	13.11	6.16	14.96
Palladium, USD / ounce	- 242.49	-	-	-4.26	-17.34	-31.92
Copper, USD / ton	- 6.749	-	-	-5.24	-10.19	-14.46
Nickel, USD / ton	- 16.750	-	-	-12.99	-15.93	-48.62

Source: Bloomberg, Estimation: Veles Capital

Information disclosure

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The principle of recommendation assignment

The investment recommendations are given based on the evaluation of the company's share yield. The basis for the calculation of the expected company's cost is the evaluation by the discounted cash flows method (DCF). In some estimations the method of comparable coefficients, and also the mixed estimation (by DCF method and by comparable coefficients method) are applied. All recommendations are assigned based on the determined by us the fair cost of the shares within the nearest 12 months.

At the present moment the investment scale of the Investment Company Veles Capital is the following:

BUY – corresponds to the growth potential of the shares within the nearest 12 months by 15% or more.

ACCUMULATE – corresponds to the growth potential of the shares within the nearest 12 months for 5-15%.

HOLD – corresponds to the growth (reduction) potential of the shares within the nearest 12 months from -5% to 5%.

REDUCE – corresponds to the reduction potential of the shares within the nearest 12 months from 15% to 5%.

SELL – corresponds to the reduction potential of the shares within the nearest 12 months by 15% or more.

In some cases the deviations from the evaluation scale given above, based on which the recommendations are assigned, are possible. That fact relates to the high volatility of some securities in particular, and market in the whole, and also to the individual characteristics of one or another issuer.

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