

Daily results

October 2, 2008

Stocks

Market today. Today the market has been dropped, on the back of low turnover. The worst damage has been suffered by the metallurgy sector securities, by Severstal and Norilsk Nickel in particular; do remember that Norilsk Nickel is to publish its 1H report tomorrow. The banking sector had Sberbank looking just slightly better, thanks to changes in the natural persons credit terms. Some more of the bad mood was carried in by the failing statistics on initial claims and industrial orders in the US.

Market tomorrow. Everything seems as if the market would continue to fall tomorrow. The market such as this is unlikely to find any buyers this Friday.

Bonds

Market yesterday. The market rates were still at high 12-20%. The money offer is still around, mostly from large state-run banks. Do note the weak demand in 1st and 2nd tier securities, featured in the Lombard list of less than 2 years duration (CTK4, YTK5, YTK4, Mosobl6, Samarskaya Obl5).

Market tomorrow. Tomorrow we expect the market to demonstrate similar or lesser dynamics; the cash offer is likely to drop due to the upcoming weekend.

No comment

ECB keeps the rate at 7-year highest of 4.25% per annum (Interfax)

The number of Americans to file initial jobless claims has expanded by 1 thousand, to 497 thousands total (Bloomberg)

TNK-BP's managers lawsuit to company's CEOs has been revoked (Interfax)

FNC IAS-compliant sales of 2007 up +12%, to 63.8 bn RUR (Interfax)

Polyus Gold got 132.4 mn USD of net income in 1H under IAS, recovering from the losses suffered during the prior year (Interfax)

Tomorrow

Moscow Time	Country	Event	Period	Survey	Prior
0:00	RU	Money Supply Narrow Def.RUB	SEP 29	--	4.5B
12:00	EC	PMI Services	SEP F	48,2	48,2
12:00	EC	PMI Composite	SEP F	47	47
12:30	UK	PMI Services	SEP	48	49,2
12:30	UK	Official Reserves (Changes)	SEP	--	-\$1135M
13:00	EC	Euro-Zone Retail Sales (MoM)	AUG	0,10%	-0,40%
16:30	US	Change in Nonfarm Payrolls	SEP	-105k	-84k
16:30	US	Unemployment Rate	SEP	6,10%	6,10%
16:30	US	Change in Manufact. Payrolls	SEP	-50K	-61K
16:30	US	Average Hourly Earnings MoM	SEP	0,30%	0,40%
18:00	US	ISM Non-Manf. Composite	SEP	50	50,6

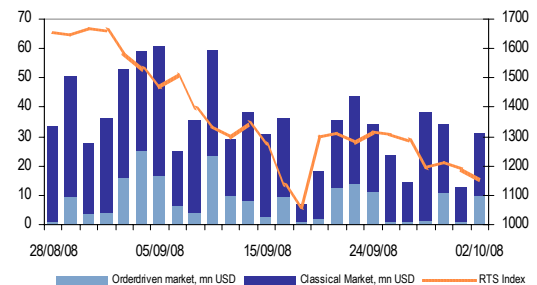
Market data

Main indicators and indices

	Close	Change, pt.	Change, %			
			day	week	month	year
RTS Index	1,152.70	-36.36	-3.06	-11.67	-30.55	-44.93
MICEX Index	990.05	-27.12	-2.67	-9.63	-27.68	-44.34
USD / RUR	25.9396	0.24	0.93	3.50	4.69	3.83
EUR / RUR	35.8413	-0.25	-0.69	-1.99	-0.43	1.61
EUR / USD	1.3811	-0.02	-1.65	-5.25	-4.94	-2.17
Dow Jones Index	10,614.75	-216.32	-2.00	-3.70	-7.83	-24.01
NASDAQ	2,020.50	-48.90	-2.36	-7.60	-13.99	-25.97
FTSE 100	4,955.55	-4.04	-0.08	-4.65	-11.83	-24.17
Nikkei 225	11,154.76	-213.50	-1.88	-7.09	-11.54	-35.15
MSCI EM	786.17	-	-	-6.22	-15.34	-36.26

Source: Bloomberg, Estimation: Veles Capital

RTS index vs. trade volume

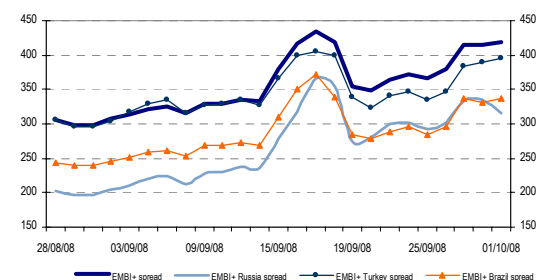


Debt market

	Close	Change, pt.	Change, %			
			day	week	month	year
UST 10	102.58	0.45	0.44	1.39	0.38	1.08
UST 30	105.75	0.97	0.92	4.22	3.30	2.48
German 10	98.85	0.29	0.29	1.99	1.44	3.15
Russia 30	102.97	0.01	0.01	-0.70	-7.53	-8.31
Spread Russia 30	331.70	4.00	1.22	8.97	63.88	178.51
Turkey 34	99.50	-0.69	-0.69	-2.48	-6.84	-9.35
Brazil 40	125.06	-0.72	-0.57	-2.15	-5.40	-6.95
Colombia 37	99.73	-0.75	-0.74	-3.83	-9.11	-9.66
Venezuela 34	67.54	-0.25	-0.37	-10.31	-22.52	-35.80

Source: Bloomberg, Estimation: Veles Capital

Emerging markets spread dynamics



Resource markets

	Close, USD	Change, USD	Change, %			
			day	week	month	year
Brent, USD / bbl	91.57	-3.30	-3.48	-10.97	-14.12	17.53
Urals, USD / bbl	90.28	-2.11	-2.28	-11.10	-14.44	22.21
Gold, USD / ounce	876.26	-23.45	-2.61	-3.55	6.12	14.61
Palladium, USD / ounce	210.89	-1.28	-0.61	-15.00	-29.10	-43.94
Copper, USD / ton	6,160	-	-	-11.11	-15.15	-25.78
Nickel, USD / ton	15,950	-	-	-6.59	-17.91	-49.41

Source: Bloomberg, Estimation: Veles Capital

Information disclosure

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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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