

Daily results

October 6, 2008

Stocks

Market today. Today the market experienced another serious crumble. The fall hit the blue chips at average of 20%. Another wave of world's financial panic came up after US economy bailout plan got accepted. Amongst the "steady" stocks of the day was Seventh Continent, thanks to company's publishing of a sound financial report.

Market tomorrow. The future developments at the market cannot be forecasted under given circumstances.

Bonds

Market yesterday. The stock market crumbles. Bonds market is experiencing the similar influence. Cornered by the absence of liquidity, the investors attempt to get the cash through sale of bills and bonds alike. Do note though, the cash was gained quite easily through REPO today, by using the most liquid stocks (about 11-12% Over). At the same time some moderate interest hit the first tier (Luk, FSK, RZHD).

Market tomorrow. The future developments at the market cannot be forecasted under given circumstances.

No comment

According to IAS 1H 2008 financial report, WGC-3's net income increased 1.8 times and formed 3.2 bn RUR (Interfax)

TMK forecasts a growth of EBITDA of 1.15-1.2 bn USD over 2008, due to purchase of Ipsco (Interfax)

TMK's pipe sales up by 5.3% over 9 months 2008 (Interfax)

KAMAZ's sales added 10% over 9 months (Interfax)

Seventh Continent's net income decreased by -19% over 1H 2008, versus expected -31% (Interfax)

Tomorrow

Moscow Time	Country	Event	Period	Survey	Prior
0:00	JN	BOJ Target Rate	OCT 7	0,50%	0,50%
3:01	UK	NIESR GDP Estimate	SEP	--	-0,20%
3:50	JN	Official Reserve Assets	SEP	--	\$996.7B
12:30	UK	Industrial Production (MoM)	AUG	-0,20%	-0,40%
12:30	UK	Manufacturing Production (MoM)	AUG	-0,20%	-0,20%
14:00	GE	Factory Orders MoM (sa)	AUG	0,50%	-1,70%
17:30	GE	ECB's Trichet Speaks in Evian, France	OCT 7		
21:15	US	Bernanke Speaks on Economy, Markets in Washington	OCT 7		
22:00	US	Minutes of Sept. 16 FOMC Meeting	OCT 7		
23:00	US	Consumer Credit	AUG	\$5.5B	\$4.6B

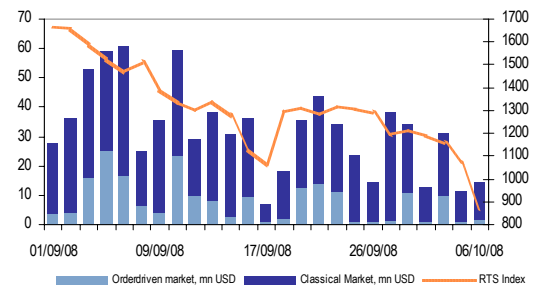
Market data

Main indicators and indices

	Close	Change, pt.	Change, %			
			day	week	month	year
RTS Index	866.39	-204.59	-19.10	-27.44	-41.03	-59.04
MICEX Index	752.00	-172.55	-18.66	-26.25	-39.10	-58.28
USD / RUR	26.1933	0.25	0.95	3.33	2.77	4.92
EUR / RUR	35.5564	-0.26	-0.73	-2.49	-2.16	0.73
EUR / USD	1.3716	-0.01	-0.62	-4.73	-3.81	-2.98
Dow Jones Index	10,004.88	-320.50	-3.10	-3.48	-10.84	-28.87
NASDAQ	1,871.30	-76.09	-3.91	-5.67	-17.05	-32.69
FTSE 100	4,685.67	-294.58	-5.91	-2.76	-10.59	-28.96
Nikkei 225	10,473.09	-465.05	-4.25	-10.82	-14.24	-38.63
MSCI EM	741.73	-	-	-4.30	-15.10	-40.47

Source: Bloomberg, Estimation: Veles Capital

RTS index vs. trade volume

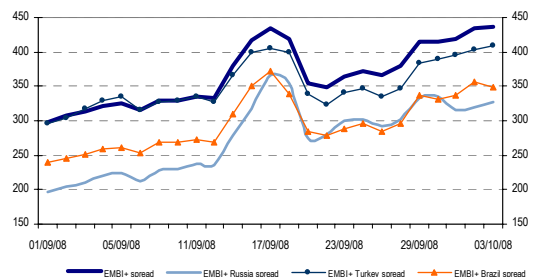


Debt market

	Close	Change, pt.	Change, %			
			day	week	month	year
UST 10	103.98	0.73	0.71	0.50	1.48	3.08
UST 30	108.66	1.62	1.52	1.95	5.20	6.44
German 10	99.98	0.95	0.96	1.26	1.52	4.45
Russia 30	100.93	-1.16	-1.13	-1.30	-8.78	-10.06
Spread Russia 30	381.50	26.40	7.43	7.46	76.78	239.11
Turkey 34	95.95	-2.24	-2.28	-4.14	-8.24	-13.53
Brazil 40	122.73	-1.60	-1.29	-2.37	-6.97	-8.55
Colombia 37	95.88	-1.99	-2.03	-4.32	-12.24	-13.17
Venezuela 34	63.25	-1.11	-1.72	-15.02	-25.56	-39.88

Source: Bloomberg, Estimation: Veles Capital

Emerging markets spread dynamics



Resource markets

	Close, USD	Change, USD	Change, %			
			day	week	month	year
Brent, USD / bbl	85.71	-2.66	-3.01	-5.99	-16.62	8.06
Urals, USD / bbl	83.89	-2.68	-3.10	-7.96	-16.64	10.35
Gold, USD / ounce	893.45	36.81	4.30	-4.75	8.63	14.58
Palladium, USD / ounce	204.73	0.26	0.13	-6.67	-27.74	-46.77
Copper, USD / ton	6,010	-	-	-6.68	-12.90	-26.80
Nickel, USD / ton	15,150	-	-	-7.62	-18.55	-51.75

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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