

Daily results

October 7, 2008

Stocks

Market today. Today trades at Russian stock market started at 1 P.M. and were very volatile on the back of low level of interactions. The stocks of banking sector demonstrated positive dynamics, boosted by expectations, concerning government's support. Before noon a growth of oil prices has a sound effect on Russian stock market. However, due to unstable situation at the grounds, RTS did not manage to exceed 900 points. During the afternoon almost all blue chips fell down.

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

Bonds

Market yesterday. Today's situation is similar to yesterday one. A difficult liquidity situation can be observed. State banks (Sberbank, VTB) conduct repo deal under 11-12% per annum (from overnight to a week). Traders are trying to sell their bonds (in order to gain liquidity). Those people, who have money buy short-term 1-tier bonds (LUKOIL, Russian Railways)

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

No comment

Four large oil companies of Russia appealed in government for financial support. (Interfax)

Libya asked OPEC to decrease oil extraction rate, in order to increase oil prices (Interfax)

TMK could decrease dividends 2 times in accordance with 9 months results. (Interfax)

MMK decreases production rate and optimizes staff number. (Interfax)

Major banks will receive subordinated loan worth 950 bn RUR. (Interfax)

Central Bank of RF is ready to give unsecured credit to approximately 100 banks. (Interfax)

FRS establishes a special fund to buyback commercial papers. (Interfax)

Tomorrow

Moscow Time	Country	Event	Period	Survey	Prior
0:00	RU	Weekly CPI Year-to-Date	OCT 6	--	10,50%
0:00	RU	Weekly CPI (WoW)	OCT 6	--	0,30%
1:00	US	ABC Consumer Confidence	OCT 6	--	-41
3:01	UK	Nationwide Consumer Confidence	SEP	49	52
9:00	JN	BOJ Monthly Report	OCT 7		
9:00	JN	Eco Watchers Survey: Current	SEP	27,8	28,3
9:00	JN	Eco Watchers Survey: Outlook	SEP	--	32
13:00	EC	Euro-Zone GDP s.a. (QoQ)	2Q F	-0,20%	-0,20%
13:00	EC	Euro-Zone Household Cons (QoQ)	2Q F	-0,20%	-0,20%
14:00	GE	Industrial Production MoM (sa)	AUG	-0,30%	-1,80%
15:00	US	MBA Mortgage Applications	OCT 4	--	-23,00%
18:00	US	Pending Home Sales MoM	AUG	-1,10%	-3,20%

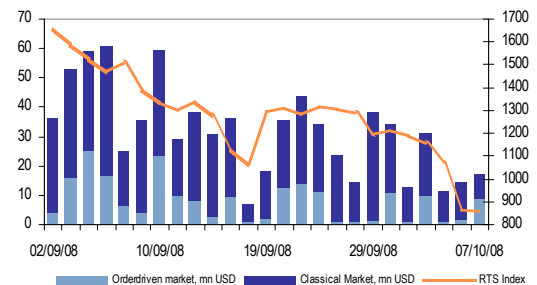
Market data

Main indicators and indices

	Close	Change, pt.	Change, %			
			day	week	month	year
RTS Index	859.50	-6.89	-0.80	-29.07	-41.50	-59.65
MICEX Index	746.49	-5.51	-0.73	-27.36	-39.54	-58.72
USD / RUR	26.0910	-0.14	-0.55	1.62	2.37	4.18
EUR / RUR	35.6740	0.16	0.45	-1.23	-1.84	1.37
EUR / USD	1.3672	0.01	1.04	-2.79	-4.12	-2.72
Dow Jones Index	9,918.15	-37.35	-0.38	-8.59	-11.61	-29.38
NASDAQ	1,847.45	-15.51	-0.83	-11.68	-18.11	-33.72
FTSE 100	4,714.75	125.56	2.74	-3.83	-10.04	-27.92
Nikkei 225	10,155.90	-317.19	-3.03	-9.80	-16.84	-40.49
MSCI EM	671.18	-	-	-14.71	-23.18	-46.31

Source: Bloomberg, Estimation: Veles Capital

RTS index vs. trade volume

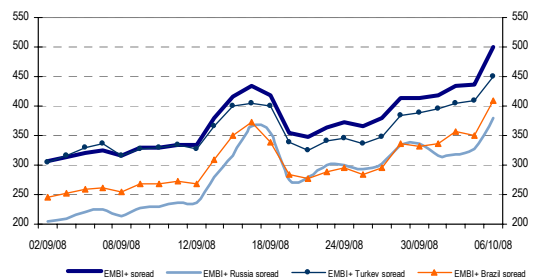


Debt market

	Close	Change, pt.	Change, %			
			day	week	month	year
UST 10	104.11	-0.41	-0.39	2.65	1.60	3.21
UST 30	108.59	-0.53	-0.49	5.30	5.14	6.38
German 10	100.09	-0.10	-0.10	1.71	1.63	4.60
Russia 30	100.31	0.36	0.36	-1.56	-9.34	-10.58
Spread Russia 30	393.30	-11.90	-2.94	16.98	82.25	248.36
Turkey 34	95.87	0.39	0.41	-3.76	-8.32	-13.67
Brazil 40	122.66	0.17	0.14	-2.25	-7.02	-8.55
Colombia 37	92.50	-0.63	-0.68	-7.98	-15.34	-16.23
Venezuela 34	56.95	-0.52	-0.91	-18.33	-32.98	-45.88

Source: Bloomberg, Estimation: Veles Capital

Emerging markets spread dynamics



Resource markets

	Close, USD	Change, USD	Change, %			
			day	week	month	year
Brent, USD / bbl	84.42	1.03	1.24	-13.36	-17.87	9.66
Urals, USD / bbl	83.20	1.12	1.36	-13.19	-17.33	12.97
Gold, USD / ounce	892.57	8.31	0.94	-0.80	8.52	20.26
Palladium, USD / ounce	208.33	5.14	2.53	1.63	-26.47	-45.28
Copper, USD / ton	5,560	-	-	-12.58	-19.42	-30.15
Nickel, USD / ton	14,300	-	-	-9.78	-23.12	-52.57

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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