

2011 Trading Abroad Bodes Well for Market

By [The Moscow Times](#)

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Russian shares are poised to gain when trading resumes after an 11-day break on Monday, based on increases in global depositary receipts helped by oil prices near an eight-month high.

The Russian Depositary Index, a gauge of securities traded in Britain, climbed 0.7 percent in dollar terms since Dec. 30, as of Monday morning in London. Tatneft surged 8.7 percent in the same period in London trading and shares of Surgutneftegas, Russia's fourth-largest oil producer, jumped 4.7 percent.

"When Russia opens, it will be about 2 percent up, with the liquid blue-chip names and oil and gas the star performers," said Luis Saenz, London-based director of international sales at brokerage Otkritie Securities.

Russia outperformed other emerging markets last year, with the ruble-based MICEX Index of

stocks soaring 23 percent in the fourth quarter, spurred by higher commodity prices. The same gain for the full year for MICEX and the dollar-denominated RTS Index beat a 16 percent advance in the MSCI Emerging Markets Index.

Oil reached an eight-month high of \$92.58 a barrel in New York on Jan. 3 and was 0.8 percent higher at \$88.69 Monday.

Mechel, the country's biggest producer of coal for steelmaking, has jumped 10 percent in trading in the United States. World coal prices have surged as floods in the Australian state of Queensland interrupted shipments from local mines.

LUKoil has climbed by 2.7 percent in London since trading in Moscow closed, and Gazprom added 0.4 percent.

"Unless we can carry on getting positive news flow and keeping some momentum behind the market, I think people will look at that three-month rally that MICEX had at the end of last year and think, it's a little bit overbought," said Tim Brenton, an equity salesman at UralSib Securities in London.

MICEX is set to open about 1.5 percent higher, Brenton said. VTB Group, which has gained 3.1 percent in London trading since Dec. 30, should perform strongly, he said.

The Market Vectors Russia ETF, which holds 43 Russia-related securities and trades in the United States, was 0.05 percent higher for the period.

Rising commodity prices and global economic recovery spurred investors to seek out Russian assets at the end of 2010.

Novolipetsk Steel, Uralkali and Gazprom led the MICEX Index up 0.3 percent to close the year at 1,687.99. MICEX was up 23 percent over 2010.

Novolipetsk Steel, Russian billionaire Vladimir Lisin's steelmaker, added 2.8 percent, closing the year at 144.67 rubles.

Gazprom rose 0.6 percent to 193.62 rubles. The company will increase the tariff it charges for shipping gas through the pipeline system by 9.3 percent from Jan. 1.

Wimm-Bill-Dann Foods, the country's largest dairy producer, had the highest close on record at \$124 per share in final Moscow trading, after the Russian government gave its approval for PepsiCo to buy a controlling stake in the company.

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