

GLOBAL UPDATE & WEEK AHEAD

- **US: Empire State index rises in October**
- **Financial companies present good earnings**
- **Eyes on China data due on Thursday**

Market Data*		
CDS HY 5Y	643.59	-4.84%
ITX Crossover	482.52	-9.70%
CDS Japan 5Y	125.08	+8.35%
CDS EM 5Y	111.17	-0.24%
CDS Russia 5Y	165.51	-3.97%
US Tsys 10Y	3.82%	+3.7781
US Tsys 5Y	2.59%	+2.5668
Brazil 10Y	4.87%	+4.8203
UK 10Y	3.61%	+3.5783
Germany 10Y	3.30%	+3.2656
LIBOR-OIS	0.1134	-0.0110
EUR/USD	1.4904	+1.43%
USD/JPY	90.84	+0.64%
EUR/GBP	0.9138	-1.89%
Oil Brent	76.78	+8.68%
Gold	1051.5	+0.23%
Copper	6230	-0.08%
Nickel	18636	-0.22%
S&P 500	1087.11	+1.46%
Topix	911	+1.84%
Shanghai Comp	3,038.27	+4.97%
DJ EURO Stoxx	2928.76	+1.30%
VIX	22.37	-3.24%

*Weekly change, as of 14:00 GMT, Bloomberg

US: Data confirm economy to rebound

US stock market held its positions last week despite growing bearish sentiment. The Fed Kohn speech on Tuesday seemed to be quite dovish. He expected the economy recovery to be moderate and “a not V-shaped growth path”

The retail sales report was quite optimistic. Total retail sales declined 1.5% m/m, reversing the 2.2% gain in August (Consensus: -2.1%) due to auto sales, which fell 10.4% after the expiry of the cash-for-clunkers program.

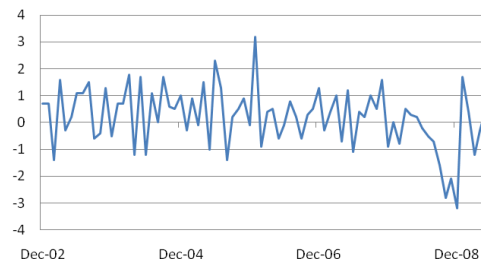
Business inventories declined 1.5% m/m in August, below consensus (-1.0%) expectations due to a 7.9% plunge in retail auto inventories. FOMC minutes showed wide disagreements among the committee members. Although most of them paid attention to the recovery there were some calls to expanding mortgage assets repurchase programs. It may point, that tightening prospects are not going to happen anytime soon. Finally real GDP growth forecasts for 2009H2 and 2010 were increased (above potential growth rate). In the view of the committee, main risks to the outlook are commercial construction weakness and further deterioration in labor markets.

The consumer price index rose a seasonally adjusted 0.2% in September while the core CPI rose 0.2%, slightly above estimates. The overall index was lifted by a 1.0% rise in gasoline prices, a 1.5% increase in fuel oil prices, , but held back by a 1.7% drop in natural gas prices and a 0.1% decline in food prices.

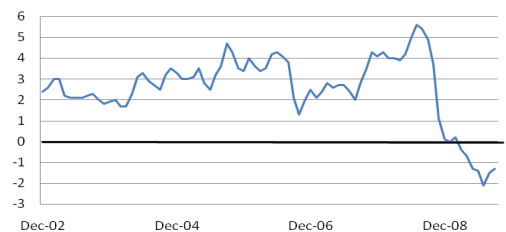
Initial jobless claims unexpectedly fell 10,000 to 514,000, hinting again that the state of the labor market is improving.

The Empire State manufacturing index shot higher to 34.57 in October from 18.88 in September, well above consensus (17.25) estimates. This is the highest

Advanced retail sales, m/m



CPI index, y/y



Investment Research

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The week Ahead

This week macroeconomic data from China on Thursday - Q3 GDP, inflation and industrial production for September, will be of greatest concern. Focus on Europe will return at the end of the week, on Friday. The UK will release the first estimate of the Q3 GDP. The release is expected to reflect the end of the recession. The same day, we will get the flash estimate of the euro area October PMIs and the German IFO.

In the US, this week's data include housing starts and existing home sales for September (on Tuesday and Friday respectively), which will show the state of the real estate market.

The Q3 earnings reporting season continues. This week Morgan Stanley, Coca-Cola, Credit Suisse, Boeing and other companies will present their earnings.

Global Markets Weekly

Economic Calendar*				
Time, GMT	Country	Data	Per	Consensus
10/19/2009 05:30	JN	Nationwide Dept. Sales (YoY)	SEP	--
10/19/2009 17:00	US	NAHB Housing Market Index	OCT	20
20-22 OCT	CH	Wholesale Prices (YoY)	SEP	--
10/20/2009 05:00	JN	Leading Index CI	AUG F	--
10/20/2009 06:00	GE	Producer Prices (MoM)	SEP	-0.10%
10/20/2009 07:00	JN	Convenience Store Sales YoY	SEP	--
10/20/2009 09:00	EC	Construction Output SA MoM	AUG	--
10/20/2009 12:30	US	Producer Price Index (MoM)	SEP	0.00%
10/20/2009 12:30	US	PPI Ex Food & Energy (MoM)	SEP	0.10%
10/20/2009 12:30	US	Housing Starts	SEP	610K
10/20/2009 12:30	US	Building Permits	SEP	595K
10/20/2009 21:00	US	ABC Consumer Confidence	18-Oct	--
10/21/2009 08:30	UK	Bank of England Minutes	21-Oct	
10/21/2009 11:00	US	MBA Mortgage Applications	16-Oct	--
10/21/2009 14:30	US	DOE U.S. Crude Oil Inventories	16-Oct	--
10/21/2009 14:30	US	DOE U.S. Gasoline Inventories	16-Oct	--
10/21/2009 14:30	US	DOE U.S. Distillate Inventory	16-Oct	--
10/21/2009 18:00	US	Fed's Beige Book	15-Oct	
10/21/2009 23:50	JN	Merchnds Trade Exports YoY	SEP	-29.7
10/22/2009 02:00	CH	Real GDP YoY	3Q	9.00%
10/22/2009 02:00	CH	Producer Price Index (YoY)	SEP	-7.40%
10/22/2009 02:00	CH	Purchasing Price Index (YoY)	SEP	-10.70%
10/22/2009 02:00	CH	Consumer Price Index (YoY)	SEP	-0.80%
10/22/2009 02:00	CH	Retail Sales (YoY)	SEP	15.50%
10/22/2009 02:00	CH	Industrial Production (YoY)	SEP	13.20%
10/22/2009 05:00	JN	Supermarket Sales (YoY)	SEP	--
10/22/2009 08:00	EC	ECB Euro-Zone Current Account SA	AUG	--
10/22/2009 08:00	EC	Euro-Zone Current Account nsa	AUG	--
10/22/2009 08:30	UK	Retail Sales (MoM)	SEP	0.50%
10/22/2009 12:30	US	Initial Jobless Claims	17-Oct	515K
10/22/2009 12:30	US	Continuing Claims	10-Oct	5960K
10/22/2009 14:00	US	Leading Indicators	SEP	0.80%
10/22/2009 14:00	US	House Price Index MoM	AUG	0.30%
10/23/2009 06:45	FR	Consumer Spending (MoM)	SEP	0.50%

Global Markets Weekly

10/23/2009 06:45	FR	Consumer Spending (YoY)	SEP	-0.40%
10/23/2009 07:00	FR	PMI Manufacturing	OCT P	53.3
10/23/2009 08:00	GE	IFO - Business Climate	OCT	92
10/23/2009 08:00	EC	PMI Manufacturing	OCT A	50
10/23/2009 08:00	EC	PMI Services	OCT A	51.3
10/23/2009 08:00	EC	PMI Composite	OCT A	51.6
10/23/2009 08:30	UK	GDP (QoQ)	3Q A	0.20%
10/23/2009 08:30	UK	GDP (YoY)	3Q A	-4.60%
10/23/2009 09:00	EC	Industrial New Orders SA (MoM)	AUG	1.20%
10/23/2009 14:00	US	Existing Home Sales	SEP	5.35M
10/23/2009 14:00	US	Existing Home Sales MoM	SEP	4.90%

Earnings calendar, Europe*					
Company Name	Ticker	Date	Time	Period	Cons.
Weatherford International Ltd	WFT	10/19/2009	6:00	Q3	0.125
Swedbank AB	SWEDA	10/20/2009	5:00	Q3	-2.15
Millicom International Cellular SA	MICC	10/20/2009	11:00	Q3	1.301
STMicroelectronics NV	STM FP	10/20/2009	21:00	Q3	-0.13
Kuehne + Nagel International AG	KNIN	10/20/2009		Q3	1.073
Iberdrola Renovables SA	IBR SM	10/20/2009	21:45	Q3	0.01
Valeo SA	FR FP	10/21/2009	Bef-mkt	Q3	-0.3
Home Retail Group PLC	HOME	10/21/2009	6:00	S1	0.095
Iberdrola SA	IBE SM	10/21/2009		Q3	0.105
Fiat SpA	F IM	10/21/2009		Q3	0
Logitech International SA	LOGN	10/22/2009	2:00	Q2	0.059
Credit Suisse Group AG	CSGN	10/22/2009	4:45	Q3	1.404
Fortum Oyj	FUM1V	10/22/2009	6:00	Q3	0.244
Novartis AG	NOVN	10/22/2009		Q3	0.978
Norwegian Energy Co AS	NOR	10/22/2009		Q3	-0.55
Software AG	SOW	10/22/2009		Q3	0.983
Praktiker Bau- und	PRA GR	10/22/2009		Q3	0.203
Luminar Group Holdings PLC	LMR LN	10/22/2009		S1	
Mobistar SA	MOBB	10/23/2009	5:00	Q3	
Oriflame Cosmetics SA	ORI SS	10/23/2009	5:15	Q3	0.222
Elisa OYJ	ELI1V	10/23/2009	5:30	Q3	0.3
Volvo AB	VOLVB	10/23/2009	5:30	Q3	-1.76
Outotec Oyj	OTE1V	10/23/2009	6:00	Q3	0.262
British Sky Broadcasting Group PLC	BSY LN	10/23/2009	6:00	Q1	0.064
Ingersoll-Rand Plc	IR US	10/23/2009	11:00	Q3	0.607
Husqvarna AB	HUSQB	10/23/2009		Q3	0.361
Tetragon Financial Group Ltd	TFG NA	10/23/2009		Q3	-0.62
SES SA	SESG	10/23/2009		Q3	

Earnings Calendar – US*					
Company Name	Ticker	Date	Time	Period	Estimate
Hasbro Inc	HAS US	10/19/2009	10:30	Q3 2009	0.921
Eaton Corp	ETN US	10/19/2009	10:53	Q3 2009	0.946
Texas Instruments Inc	TXN US	10/19/2009	20:30	Q3 2009	0.4
Apple Inc	AAPL US	10/19/2009	20:30	Q4 2009	1.424
Coca-Cola Co/The	KO US	10/20/2009	Bef-	Q3 2009	0.811
Lexmark International Inc	LXK US	10/20/2009	Bef-	Q3 2009	0.451
M&T Bank Corp	MTB US	10/20/2009	Bef-	Q3 2009	0.751
UnitedHealth Group Inc	UNH US	10/20/2009	Bef-	Q3 2009	0.761
BlackRock Inc	BLK US	10/20/2009	Bef-	Q3 2009	1.901
Lockheed Martin Corp	LMT US	10/20/2009	Bef-	Q3 2009	1.829
Parker Hannifin Corp	PH US	10/20/2009	Bef-	Q1 2010	0.171
United Technologies Corp	UTX US	10/20/2009	Bef-	Q3 2009	1.121
El Du Pont de Nemours & Co	DD US	10/20/2009	10:00	Q3 2009	0.331
Bank of New York Mellon Corp/The	BK US	10/20/2009	10:30	Q3 2009	0.455
Western Union Co/The	WU US	10/20/2009	11:30	Q3 2009	0.318
Caterpillar Inc	CAT US	10/20/2009	11:30	Q3 2009	0.046
SanDisk Corp	SNDK US	10/20/2009	Aft-	Q3 2009	0.258
Yahoo! Inc	YHOO US	10/20/2009		Q3 2009	0.123
Boeing Co/The	BA US	10/21/2009	11:30	Q3 2009	-2.096
Morgan Stanley	MS US	10/21/2009	12:00	Q3 2009	0.3
Wells Fargo & Co	WFC US	10/21/2009	12:00	Q3 2009	0.391
VMware Inc	VMW US	10/21/2009	Aft-	Q3 2009	0.196
AmeriCredit Corp	ACF US	10/21/2009	Aft-	Q1 2010	0.061
Ameriprise Financial Inc	AMP US	10/21/2009	Aft-	Q3 2009	0.631
Citrix Systems Inc	CTXS US	10/21/2009	Aft-	Q3 2009	0.408
Intersil Corp	ISIL US	10/21/2009	Aft-	Q3 2009	0.11
LaSalle Hotel Properties	LHO US	10/21/2009	Aft-	Q3 2009	0.438
OSI Pharmaceuticals Inc	OSIP US	10/21/2009	Aft-	Q3 2009	0.496
Amgen Inc	AMGN	10/21/2009	Aft-	Q3 2009	1.261
Omnicom Group Inc	OMC US	10/21/2009		Q3 2009	0.523
Allegheny Technologies Inc	ATI US	10/21/2009		Q3 2009	0.029
eBay Inc	EBAY US	10/21/2009		Q3 2009	0.365
McDonald's Corp	MCD US	10/22/2009	Bef-	Q3 2009	1.107
Dow Chemical Co/The	DOW US	10/22/2009	10:30	Q3 2009	0.087
Xerox Corp	XRX US	10/22/2009	11:00	Q3 2009	0.12
Fifth Third Bancorp	FITB US	10/22/2009	11:00	Q3 2009	-0.209
Raytheon Co	RTN US	10/22/2009	11:00	Q3 2009	1.156
Legg Mason Inc	LM US	10/22/2009	11:00	Q2 2010	0.216

Global Markets Weekly

Zimmer Holdings Inc	ZMH US	10/22/2009	11:00	Q3 2009	0.855
United Parcel Service Inc	UPS US	10/22/2009	11:45	Q3 2009	0.517
AT&T Inc	T US	10/22/2009	12:00	Q3 2009	0.502
Merck & Co Inc/NJ	MRK US	10/22/2009		Q3 2009	0.822
Amazon.com Inc	AMZN US	10/22/2009		Q3 2009	0.331
JetBlue Airways Corp	JBLU US	10/22/2009		Q3 2009	0.051
3M Co	MMM US	10/22/2009		Q3 2009	1.179
Synovus Financial Corp	SNV US	10/22/2009		Q3 2009	-0.646
Black & Decker Corp	BDK US	10/22/2009		Q3 2009	0.91
Nucor Corp	NUE US	10/22/2009		Q3 2009	-0.152
Microsoft Corp	MSFT US	10/23/2009	Bef-	Q1 2010	0.323
United Community Banks Inc/GA	UCBI US	10/23/2009	Bef-	Q3 2009	-0.91
Schlumberger Ltd	SLB US	10/23/2009	10:00	Q3 2009	0.621
Whirlpool Corp	WHR US	10/23/2009	10:00	Q3 2009	0.775

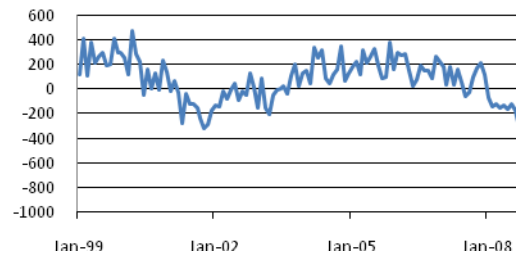
*Data provided by Bloomberg

Economic monitor

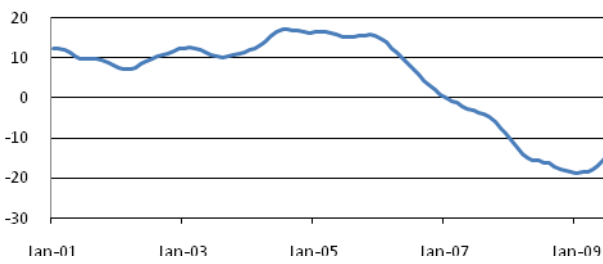
ISM Manufacturing survey



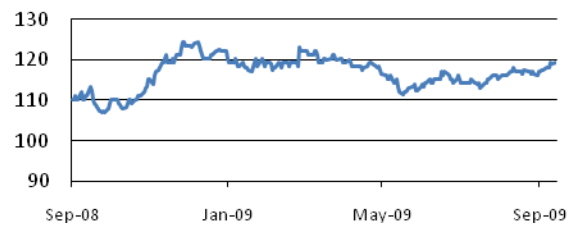
Non-farm payrolls, month



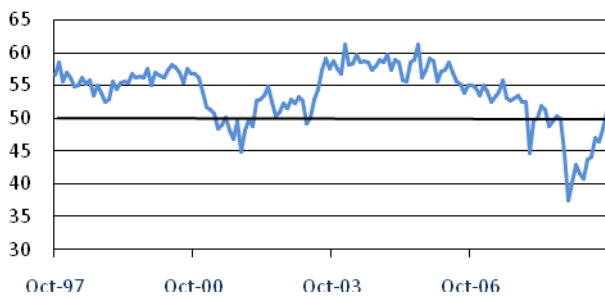
S&P/Case-Shiller Composite Index



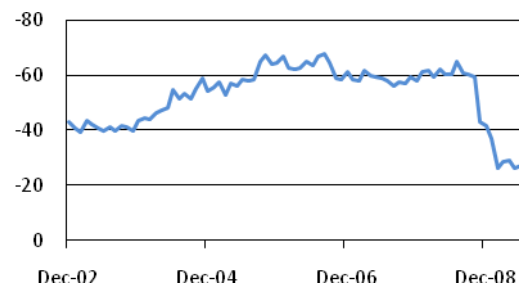
10-y Treasuries Futures



ISM Non-Manufacturing Index



US Trade Deficit



Technical Analyst View

S&P 500 Index, 60 min



Technically the S&P 500 Index is likely to continue forming the corrective formation up by wave (v), targeting to 1100-1120. After that, downward move is likely to occur later in November.

US Dollar Index, daily



In the long-term view, US dollar Index is forming ending wave in the 5-wave formation, started in February. To confirm a reversal up, the price should cross 77.5 resistance. Breakout under the channel line may become the technical bottom. In a short-term prospective, Confirmed “inverted hammer” reversal may unwind into short-term upward move to 76.5 later this week.

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