

GLOBAL UPDATE & WEEK AHEAD

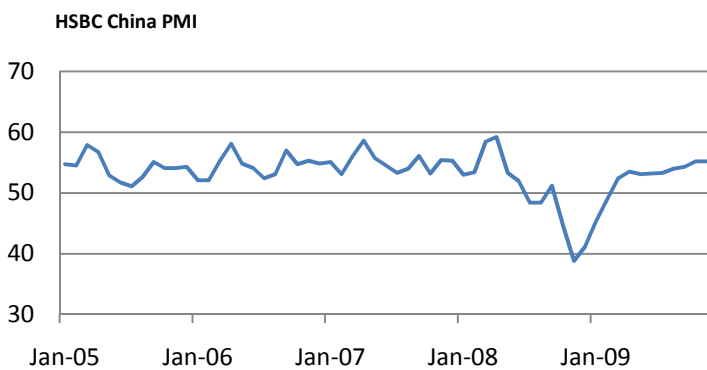
- **China Manufacturing data strong**
- **US labour market is getting better**
- **UK economic and monetary policy in focus this week**

Market Data*		
CDS HY 5Y	623.00	-9.86%
ITX Crossover	485.25	-8.83%
CDS Japan 5Y	137.78	-14.85%
CDS EM 5Y	109.59	-0.26%
CDS Russia 5Y	187.91	-12.58%
US Tsys 10Y	3.81%	+3.7746
US Tsys 5Y	2.53%	+2.5075
Brazil 10Y	4.83%	+4.7809
UK 10Y	3.70%	+3.6668
Germany 10Y	3.16%	+3.1294
LIBOR-OIS	0.1066	-0.0135
EUR/USD	1.4791	-1.66%
USD/JPY	89.84	+4.31%
EUR/GBP	0.9041	-0.81%
Oil Brent	77.03	-0.88%
Gold	1141.1	-2.61%
Copper	7040	+2.70%
Nickel	15926	-0.57%
S&P 500	1105.98	+1.33%
Topix	894	+7.19%
Shanghai Comp	3,331.90	+4.27%
DJ EURO Stoxx	2883.21	+2.50%
VIX	21.25	-14.11%

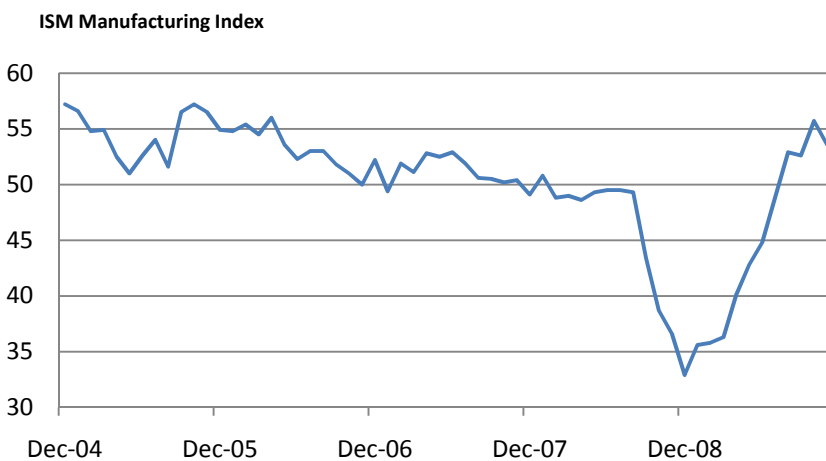
*Weekly change, as of 14:00 GMT, Bloomberg

Data confirm: economy is getting better but W-shaped scenario can't be excluded

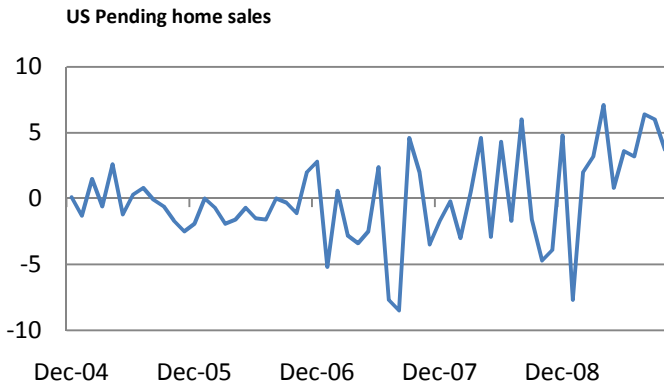
Economic Data were again strong last week. On Monday, good news came from China, where HSBC purchasing managers Index rose to a seasonally adjusted 55.7 from 55.4 in November, confirming strong pace of China economy.



In the US, the ISM manufacturing index slipped to 53.6 in November from 55.7 in October, below consensus (55.0) estimates. The new orders component increased to 60.3 from 58.5 and production decreased to 59.9 from 63.3. The employment index fell to 50.8.

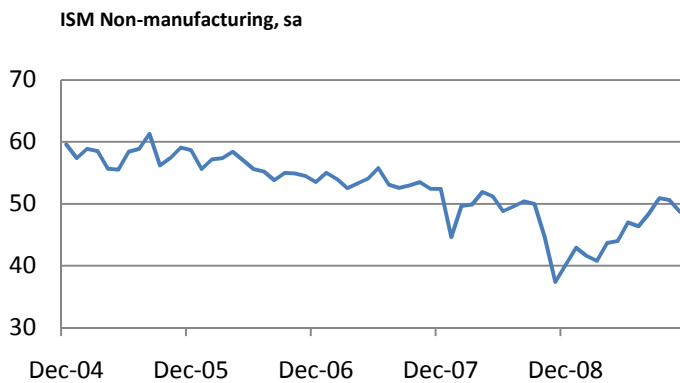


Pending home sales jumped 3.7% m/m in October, considerably above consensus expectations for a 1% decline. This was the ninth consecutive monthly gain.



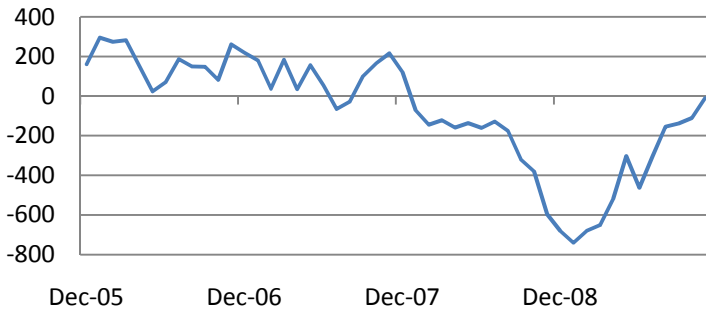
Construction spending was unchanged in October (consensus - 0.5%), but the data were revised considerably lower in September to a 1.6% decline

Chain stores sales disappointed, stressing the weak dynamics of retailers on Black Friday (-0.3% in November). The ISM non-manufacturing index was another issue of concern – it fell to 48.5 in November from 50.6 in October, below consensus estimates of 51.5 due to a decline in business activity component, which fell to 49.6 from 55.2. New orders component index slipped to 55.1 from 55.6.



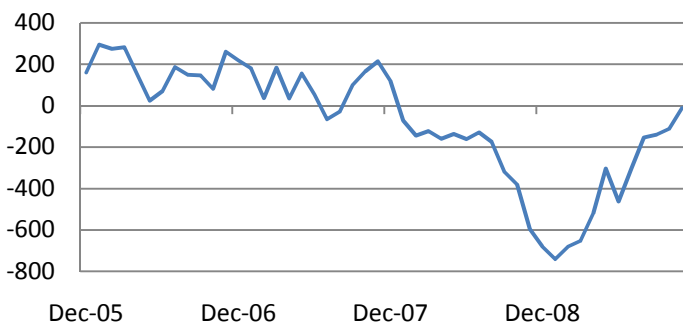
US labour data were rather contradictory. ADP private payrolls went down 169,000 in November, weaker than market consensus of -150,000. This was the eighth monthly deceleration of job cuts. October figures were revised to a smaller decline of 195,000 (previous reading: -203,000). Small businesses lost 68,000 jobs, medium-sized business - 57,000 jobs and large businesses - cut 44,000 jobs.

ADP payrolls (m/m, chg, sa, thous)



On the other hand, nonfarm payrolls fell by 11,000 in November (consensus – -125,000). The prior two months were revised higher by a total of 159,000. Main contributing sectors to the improvement in November were service sector jobs (58,000 rise) and government payrolls and smaller declines in manufacturing (-41,000), construction (-27,000) and retail (-15,000) payrolls. The average workweek rose by 0.2 hours to 33.2 and average hourly earnings rose by 0.1%. Finally, the unemployment rate fell to 10.0% from 10.2% (consensus – 10.2%).

US Non-farm Payrolls



Non-farm payrolls strong reading supported US Dollar and struck Gold, which fell more than 6% just a day.

The Week Ahead

This week will be rather calm in terms of statistics. UK pre-budget Report will be released on Wednesday and Bank of England will announce its key rates and QE policy highlights on Thursday.

Chinese manufacturing and trade data will be in focus on Friday. On the same day, US Uof Michigan consumer confidence and retail sales statistics will be released.

Global Markets Weekly

Economic Calendar*					
Time, GMT	Country	Data	Period	Consensus	Prior
12/07/2009 11:00	GE	Factory Orders MoM (sa)	OCT	0.80%	0.90%
12/07/2009 16:01	CH	China Manpower Survey	1Q	--	11%
12/07/2009 20:00	US	Consumer Credit	OCT	-\$9.3B	-\$14.8B
12/07/2009 23:50	JN	Adjusted Current Account Total	OCT	¥1564.9B	¥1338.0B
12/07/2009 23:50	JN	Trade Balance - BOP Basis	OCT	¥862.3B	¥599.2B
12/07/2009 23:50	JN	Bank Lending (YoY)	OCT	--	1.50%
12/08/2009 05:00	JN	Leading Index CI	OCT P	88.7	86.4
12/08/2009 11:00	GE	Industrial Prod. YoY (nsa wda)	OCT	-10.20%	-12.90%
12/08/2009 11:00	GE	Industrial Production MoM (sa)	OCT	1.00%	2.70%
12/08/2009 22:00	US	ABC Consumer Confidence	6-Dec	--	-45
12/08/2009 23:50	JN	Gross Domestic Product (QoQ)	3Q F	0.70%	1.20%
12/09/2009 07:00	GE	Trade Balance	OCT	10.7B	10.6B
12/09/2009 07:00	GE	Consumer Price Index (MoM)	NOV F	-0.20%	-0.20%
12/09/2009 07:00	GE	Current Account (EURO)	OCT	9.3B	9.4B
12/09/2009 07:00	GE	Consumer Price Index (YoY)	NOV F	0.30%	0.30%
12/09/2009 07:00	GE	CPI - EU Harmonised (MoM)	NOV F	-0.10%	-0.10%
12/09/2009 12:00	US	MBA Mortgage Applications	4-Dec	--	2.10%
12/09/2009 15:00	US	Wholesale Inventories	OCT	-0.60%	-0.90%
12/09/2009 15:30	US	DOE U.S. Crude Oil Inventories	4-Dec	--	2091K
12/09/2009 15:30	US	DOE U.S. Gasoline Inventories	4-Dec	--	3996K
12/09/2009 15:30	US	DOE U.S. Distillate Inventory	4-Dec	--	-1170K
12/09/2009 23:50	JN	Machine Orders (MoM)	OCT	-4.50%	10.50%
12/10/2009 13:30	US	Trade Balance	OCT	-\$37.0B	-\$36.5B
12/10/2009 13:30	US	Initial Jobless Claims	5-Dec	465K	457K
12/10/2009 13:30	US	Continuing Claims	28-	--	5465K
12/11/2009 02:00	CH	Producer Price Index (YoY)	NOV	-2.50%	-5.80%
12/11/2009 02:00	CH	Retail Sales (YoY)	NOV	16.50%	16.20%
12/11/2009 02:00	CH	Industrial Production (YoY)	NOV	18.00%	16.10%
12/11/2009 02:00	CH	Industrial Production YTD YoY	NOV	10.10%	9.40%
12/11/2009	CH	Trade Balance (USD)	NOV	\$24.00B	\$23.99B
12/11/2009 05:00	JN	Consumer Confidence	NOV	--	40.8
12/11/2009 13:30	US	Advance Retail Sales	NOV	0.60%	1.40%
12/11/2009 13:30	US	Retail Sales Less Autos	NOV	0.50%	0.20%
12/11/2009 13:30	US	Retail Sales Ex Auto & Gas	NOV	0.30%	0.30%
12/11/2009 15:00	US	U. of Michigan Confidence	DEC P	68.5	67.4
12/11/2009 15:00	US	Business Inventories	OCT	-0.20%	-0.40%

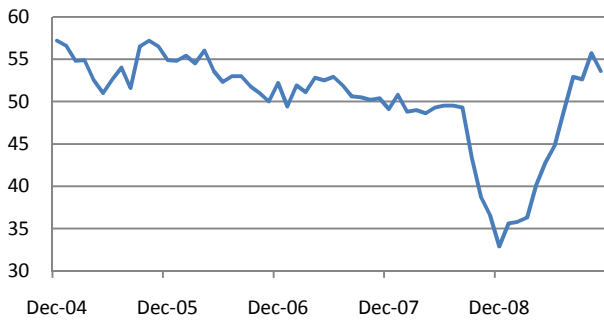
Central Bank Speakers		
Time	Ct	Event
12/07/2009 08:00	EC	ECB's Trichet speaks in Paris
12/07/2009 08:30	EC	ECB's Honohan Holds Speech in Dublin
12/07/2009 10:45	EC	ECB's Quaden Speaks at Belgian Finance Forum Conference
12/07/2009 13:00	EC	ECB's Trichet speaks in Brussels
12/07/2009 17:00	US	Bernanke Speaks to Economic Club of Washington Lunch
12/07/2009 22:45	US	New York Fed President Dudley Speaks at Columbia University
12/08/2009 16:00	EC	ECB's Stark Speaks in Bonn
12/09/2009 11:00	EC	ECB's Weber Speaks in Frankfurt
12/10/2009	EC	ECB's Mersch Presents Luxembourg Bank's Third Bulletin
12/10/2009 09:00	EC	ECB Publishes Dec. Monthly Report (Text)
12/10/2009 09:00	FI	ECB Council Member Liikanen Speaks in Helsinki
12/10/2009	EC	ECB's Nowotny Presents Austrian Central Bank Eco Forecast
12/10/2009 18:45	US	Fed Governor Duke Speaks at Chicago Fed Conference
12/11/2009 12:00	EC	ECB's Tumpel-Gugerell Speaks in Stockholm
12/11/2009 12:15	EC	ECB's Trichet Speaks in London

US Treasuries Auctions		
Time	Ct	Event
12/07/2009 16:30	US	U.S. to Sell USD31 Bln 3-Month Bills
12/07/2009 16:30	US	U.S. to Sell USD31 Bln 6-Month Bills
12/08/2009 16:30	US	U.S. to Sell 4-Week Bills
12/08/2009 18:00	US	U.S. to Sell USD40 Bln 3-Year Notes
12/09/2009 18:00	US	U.S. to Sell USD21 Bln 10-Year Notes Reopening
12/10/2009 18:00	US	U.S. to Sell USD13 Bln 30-Year Bonds Reopening

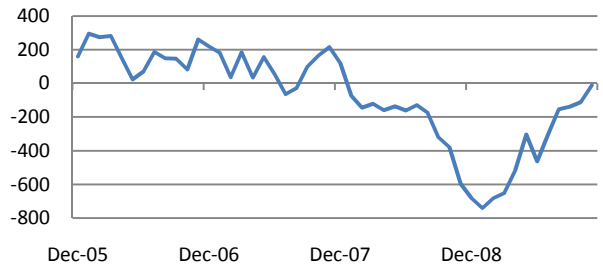
*Data provided by Bloomberg

Economic monitor

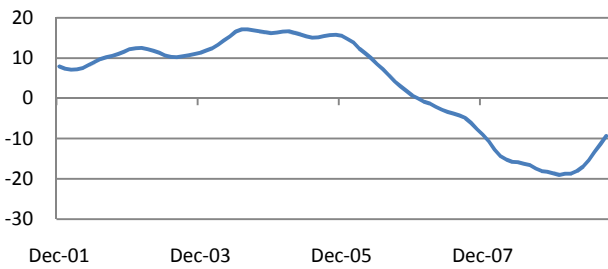
ISM Manufacturing Index



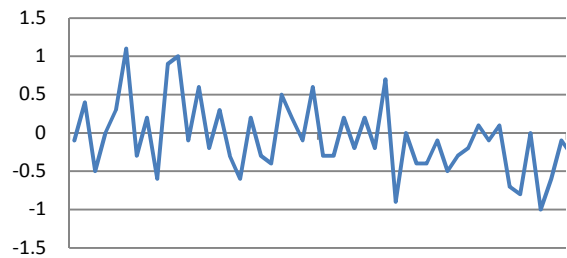
ADP Payrolls



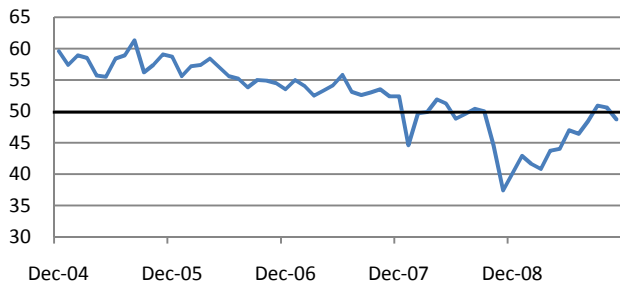
S&P Case/Shiller Index



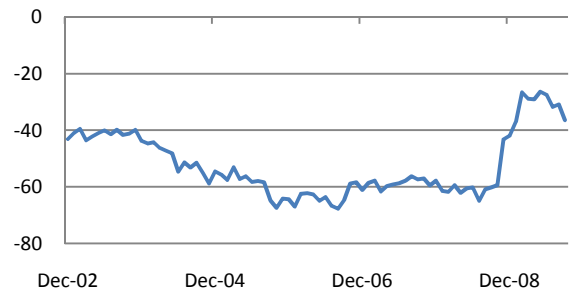
US leading indicators index



ISM Non-Manufacturing



US Trade Deficit



Technical View

S&P 500 Index, Daily



S&P 500 index approached the recent highs around 1115. If the Index succeeds to break the highs, 1150-1170 will be the next resistance level, which may be seen by the end of the year. The only issue for concern is the expanding triangle which may transform into ending triangle – reversal figure. In this case testing 1070-1080 seems very likely. However, to confirm downward reversal, price should break under the trend-line around 1075 and expanding triangle bottom line at 1050 points.

Dow Eurostoxx Utilities Index



Dow Jones Eurostoxx Utilities Index found support around 200 SMA and may be forming flat a-b-c correction with possible upward (b) target around 340 points and downward (c) target around 310 point. Buying from these (c) levels may be a low-risk deal. Yet, price consolidation may last until the end of this year.

EURUSD, daily



EURUSD seems to be forming “ending diagonal” pattern. Although alternate count (with current leg as the 3th wave) is possible, price is highly likely to test 200 MA levels as well as 4th wave support in the forthcoming months.

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