

GLOBAL UPDATE & WEEK AHEAD

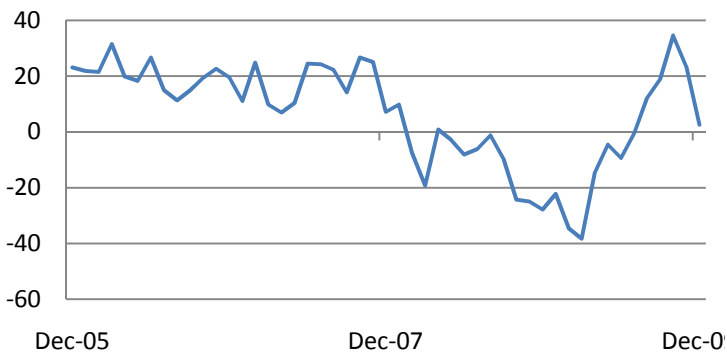
- Fed statement brought no surprise, but US Dollar seem to be reversing
- Euro-zone recovery pace is slowing down
- When will the equity-FX correlation come back?

Market Data*		
CDS HY 5Y	542.99	-7.07%
ITX Crossover	470.44	-2.35%
CDS Japan 5Y	140.25	-2.46%
CDS EM 5Y	110.16	+0.50%
CDS Russia 5Y	190.83	-1.19%
US Tsys 10Y	3.89%	+3.8548
US Tsys 5Y	2.61%	+2.5888
Brazil 10Y	4.98%	+4.9342
UK 10Y	3.81%	+3.7673
Germany 10Y	3.11%	+3.0774
LIBOR-OIS	0.0913	+0.0050
EUR/USD	1.4292	-2.43%
USD/JPY	90.57	+2.30%
EUR/GBP	0.8877	-1.56%
Oil Brent	73.93	+2.87%
Gold	1112.4	-1.05%
Copper	6845	+0.15%
Nickel	17030	+3.05%
S&P 500	1102.47	-0.36%
Topix	889.5	+0.51%
Shanghai Comp	3,122.97	-5.45%
DJ EURO Stoxx	2884.85	-0.00%
VIX	21.68	+0.42%

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

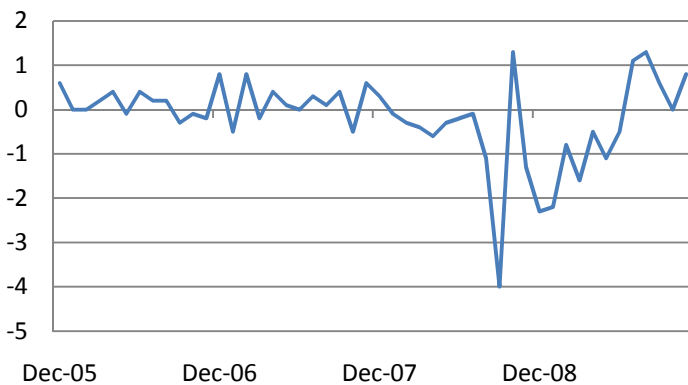
Low activity remained at the markets in the recent week. US statistics was mixed. Slow-down in the pace of the recovery can be often observed at the early stages of the economic cycle, but in any case, if it is to come, it will be met with concern. US Dollar upward reversal can also be an alert for risky investors. Empire State Manufacturing index was the main negative piece of data this week. The Index unexpectedly fell to 2.55 points in December (consensus – 24 points) and indicates that rebound in manufacturing might have softened.

Empire State Manufacturing Index



Industrial production rose 0.8%, ahead of expectations of 0.5% and October reading was revised to 0.0% from 0.1%. Capacity utilization rose to 71.3%.

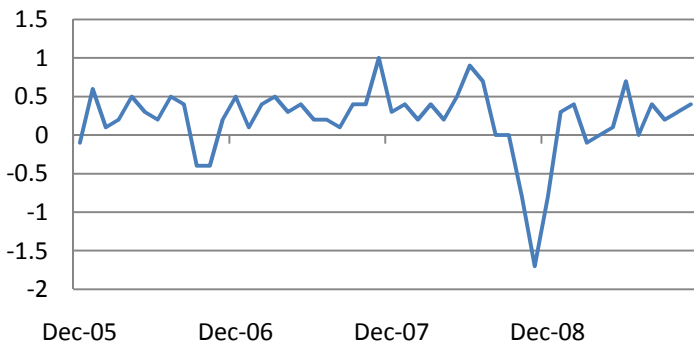
Industrial Production, %chg,



The CPI rose 0.4% in November while the core CPI was unchanged. The overall measure was boosted by rise in gasoline (6.4%) and fuel oil (7.3%)

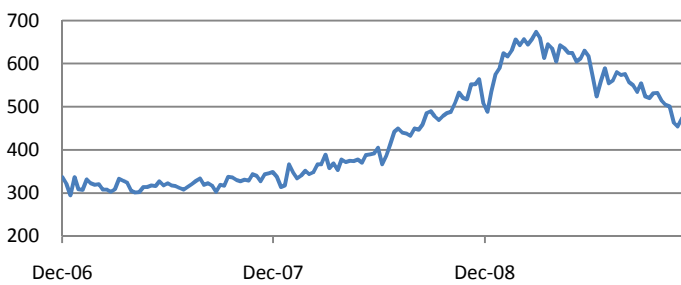
CPI Index, MoM

Global Markets Weekly



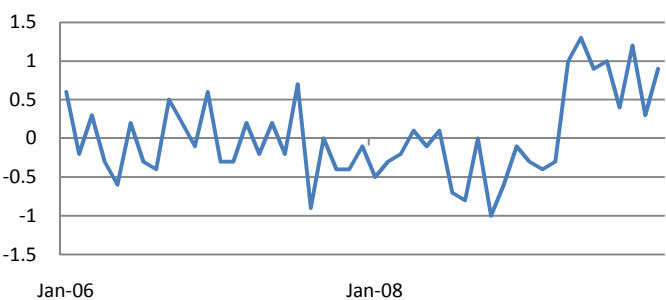
Initial jobless claims inched up by 7,000 to 480,000, above consensus of 465,000. Continuing jobless claims went up by 5,000 to 5.186mn.

Initial jobless claims, weekly



The index of leading indicators jumped 0.9% in November after rising 0.3% in October, above consensus expectations (0.7%). This index has reached its March 2006 peak, pointing to a recovery.

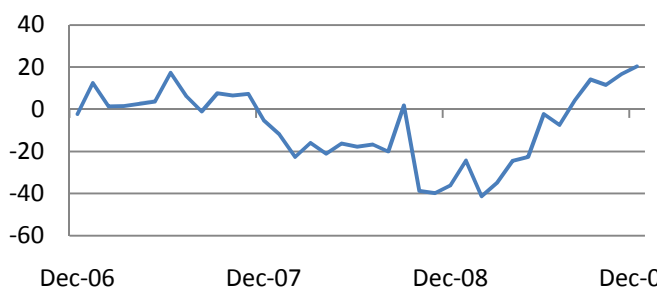
Leading indicators Index, US



The Philadelphia Fed manufacturing index continued to improve in December, rising to 20.4 from 16.7 in November, above consensus of 16.0. But the

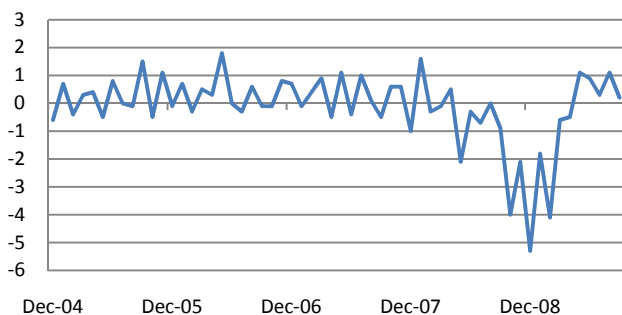
components of the survey were mixed, with new orders falling back to 6.5 from 14.8 and shipments down to 15.3 from 15.7.

Philly Fed Manufacturing Index

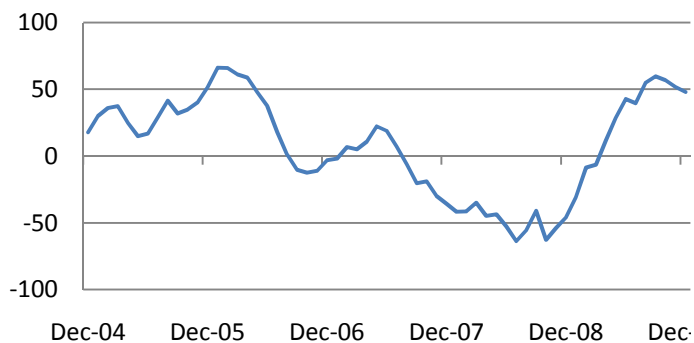


In the Eurozone, the main issue for concern is the slow-down in manufacturing activity and pace of IFO indices growth. Industrial Production data, released on Monday, were rather weak, but above consensus estimates. Industrial production slid 0.6% in October MoM.

Industrial Production, Euro-zone

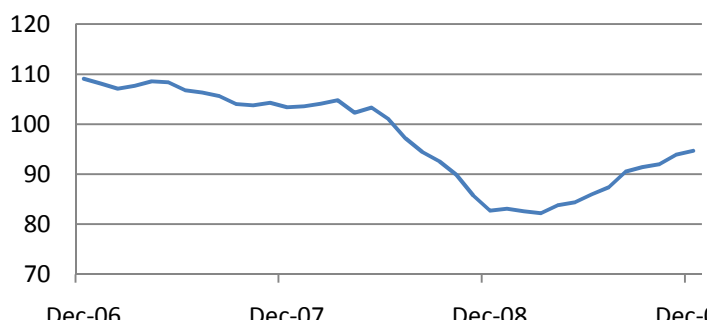


ZEW Survey for December showed the worsening of the economic sentiment (48 points vs consensus of 50 p.)



IFO Business Survey rose slightly more than expected, but the pace of recovery seems to slow down.

IFO Business Expectations Index



The Week Ahead

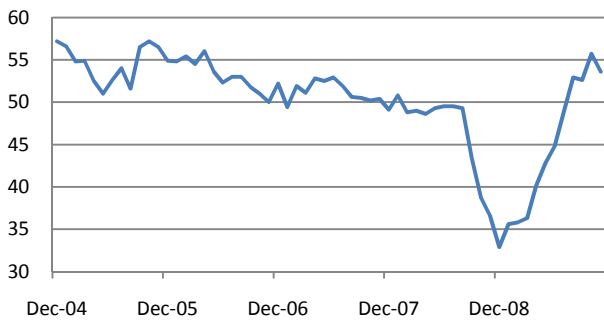
This week few data will be released as holidays are approaching, In the UK, Q3 GDP final reading will be released and BOE minutes are due on Wednesday.

In the US, GDP Data and Existing home sales will be released on Tuesday, University of Michigan Confidence Index and New Home Sales are due on Wednesday, Durable Orders data and Jobless claims data will be released on Thursday.

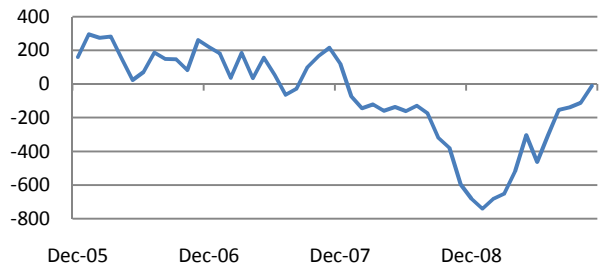
Economic Calendar*					
Time, GMT	Country	Data	Period	Consensus	Prior
12/21/2009 13:30	US	Chicago Fed Nat Activity Index	NOV	--	-1.08
12/21/2009	GE	ECB's Stark Gives Speech on Global	21-		
12/22/2009 07:00	GE	GfK Consumer Confidence Survey	JAN	3.5	3.7
12/22/2009 13:30	US	GDP QoQ (Annualized)	3Q T	2.80%	2.80%
12/22/2009 13:30	US	Personal Consumption	3Q T	2.90%	2.90%
12/22/2009 13:30	US	GDP Price Index	3Q T	0.50%	0.50%
12/22/2009 15:00	US	Richmond Fed Manufact. Index	DEC	4	1
12/22/2009 15:00	US	House Price Index MoM	OCT	0.20%	0.00%
12/22/2009 15:00	US	Existing Home Sales	NOV	6.25M	6.10M
12/22/2009 15:00	US	Existing Home Sales MoM	NOV	2.50%	10.10%
12/22/2009 22:00	US	ABC Consumer Confidence	20-	--	-45
12/23/2009 07:00	GE	Import Price Index (MoM)	NOV	0.30%	0.50%
12/23/2009 12:00	US	MBA Mortgage Applications	18-	--	0.30%
12/23/2009 13:00	GE	IFO Dec. Business Climate Survey by	30-		
12/23/2009 13:30	US	Personal Income	NOV	0.50%	0.20%
12/23/2009 13:30	US	Personal Spending	NOV	0.70%	0.70%
12/23/2009 13:30	US	PCE Deflator (YoY)	NOV	1.60%	0.20%
12/23/2009 13:30	US	PCE Core (MoM)	NOV	0.10%	0.20%
12/23/2009 15:00	US	U. of Michigan Confidence	DEC F	73.7	73.4
12/23/2009 15:00	US	New Home Sales	NOV	438K	430K
12/23/2009 15:00	US	New Home Sales MoM	NOV	1.90%	6.20%
12/23/2009 15:30	US	DOE U.S. Crude Oil Inventories	18-	--	-3689K
12/23/2009 15:30	US	DOE U.S. Gasoline Inventories	18-	--	879K
12/23/2009 15:30	US	DOE U.S. Distillate Inventory	18-	--	-2954K
12/23/2009 23:50	JN	BoJ Monetary Policy Meeting Minutes for	23-		
12/24/2009 13:30	US	Durable Goods Orders	NOV	0.50%	-0.60%
12/24/2009 13:30	US	Durables Ex Transportation	NOV	1.00%	-1.30%
12/24/2009 13:30	US	Initial Jobless Claims	19-	470K	480K
12/24/2009 13:30	US	Continuing Claims	12-	5175K	5186K
12/24/2009 23:30	JN	Jobless Rate	NOV	5.20%	5.10%
12/24/2009 23:30	JN	Job-To-Applciant Ratio	NOV	0.45	0.44
12/24/2009 23:30	JN	Natl CPI YoY	NOV	-2.00%	-2.50%
12/24/2009 23:50	JN	Corp Service Price (YoY)	NOV	-2.00%	-2.20%
12/25/2009 04:00	JN	Vehicle Production (YoY)	NOV	--	-19.10%
12/25/2009 05:00	JN	Housing Starts (YoY)	NOV	-23.00%	-27.10%
12/25/2009 05:00	JN	Annualized Housing Starts	NOV	0.756M	0.762M
12/25/2009 05:00	JN	Construction Orders (YoY)	NOV	--	-40.10%

Economic monitor

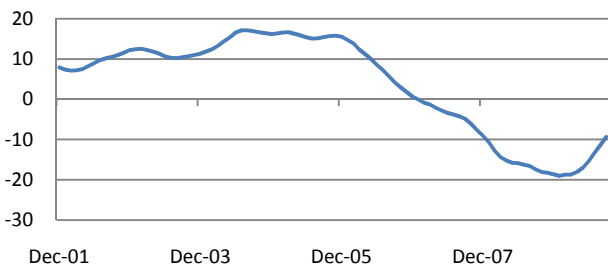
ISM Manufacturing Index



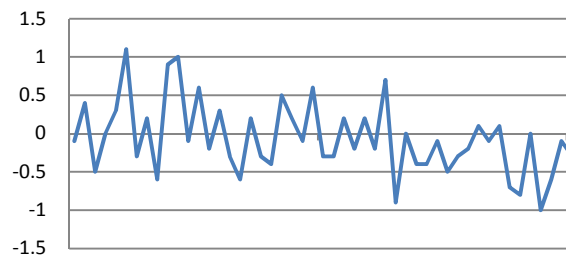
ADP Payrolls



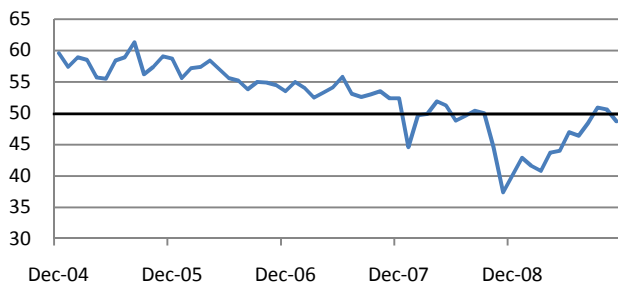
S&P Case/Shiller Index



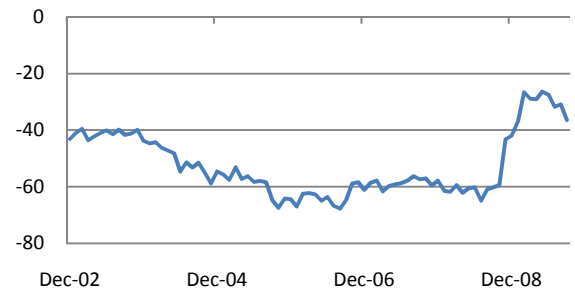
US leading indicators index



ISM Non-Manufacturing



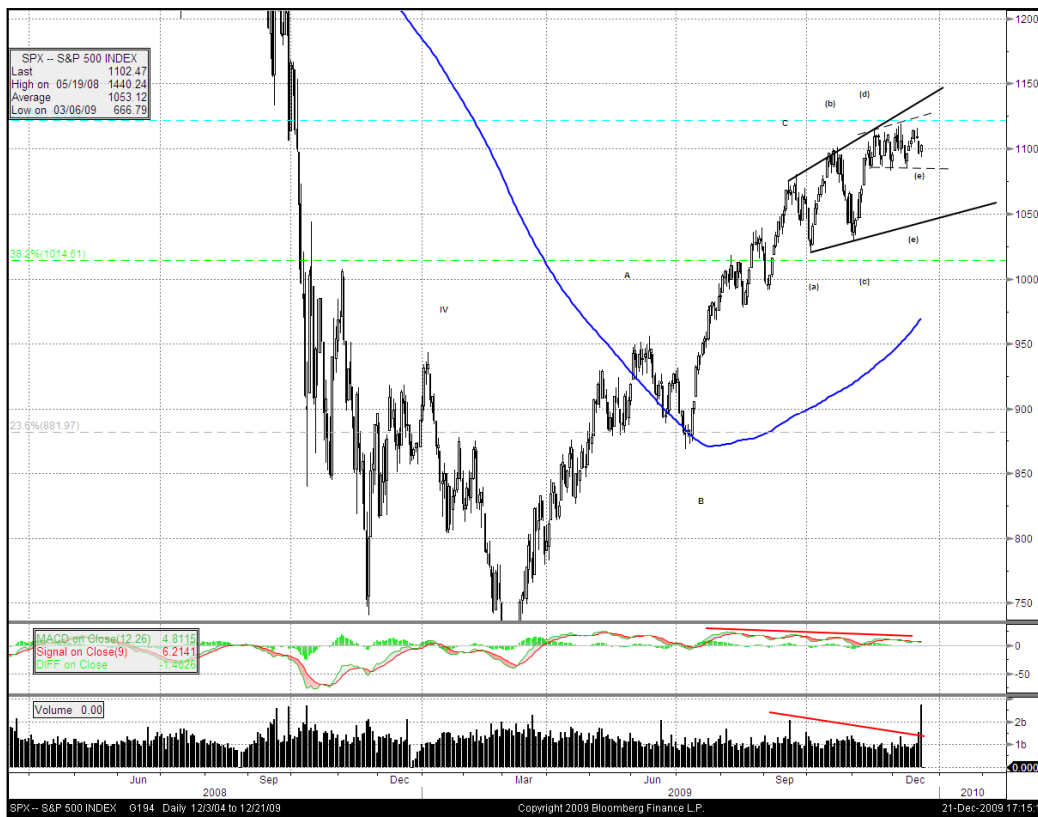
US Trade Deficit



*Data provided by Bloomberg

Technical View

S&P 500 Index, Daily



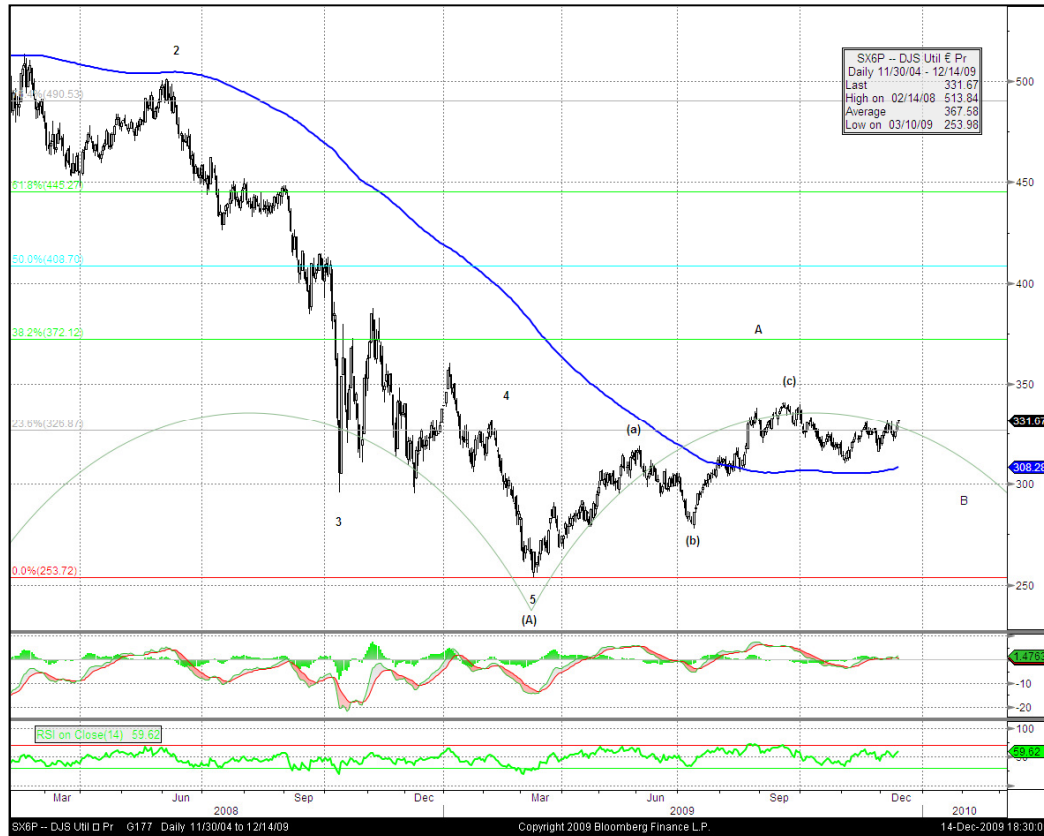
S&P 500 index formed a tight range 1090-1110. If the Index succeeds to break the highs after consolidation, 1150-1170 will be next resistance level. The expanding triangle is a hardly predictable pattern. On one hand, it may end up as an ending triangle – reversal figure. In this case breaking 1070-1080 will lead to testing support around 1000. In the near-term, sticking in the triangle with testing its lower bound at 1060 is likely.

DJ EuroStoxx 600, daily



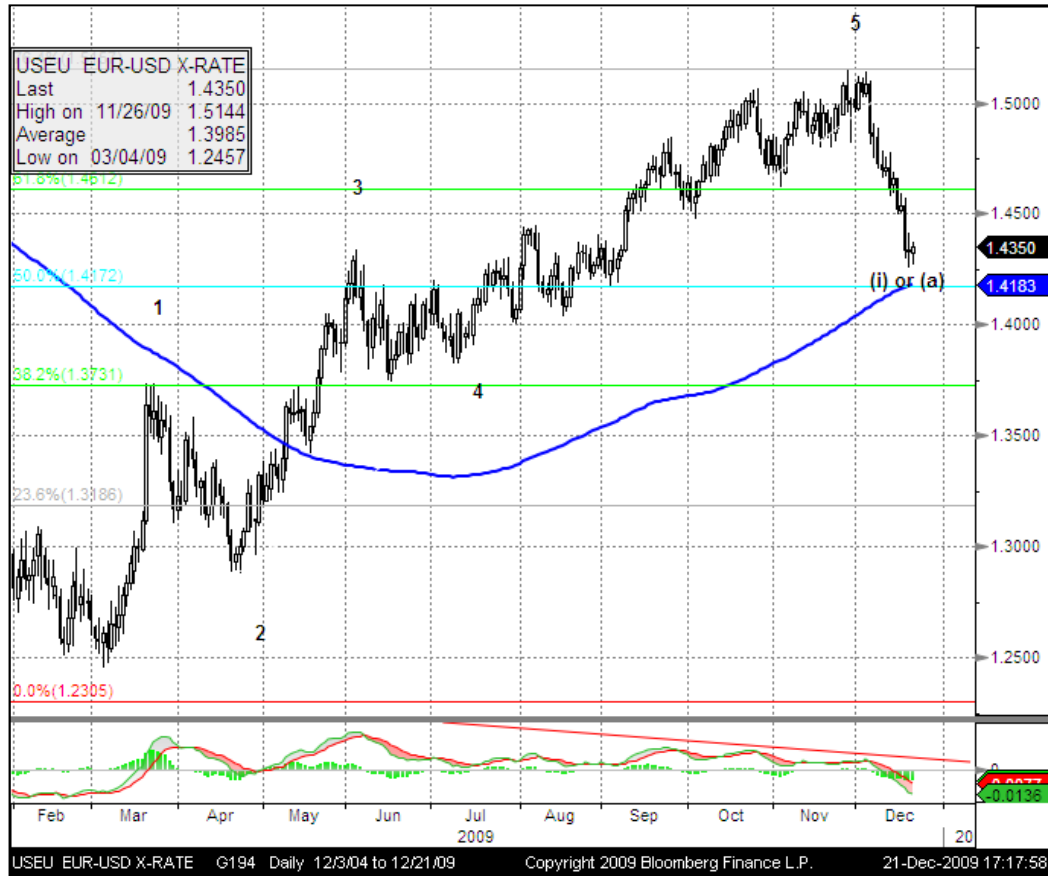
DJ Stoxx 600 looks similar to the US stocks index. Forming expanding triangle may result in breaking recent highs with final target around 278 points. If the price breaks support 239 points, next support may be found around 236 points. However if the triangle turns out to be unlimited, the price can consolidate in the range 235-255 for 1-2 months.

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.

EURUSD, daily



EURUSD seems to form long term down-headed reversal pattern. In this case 5th wave of the C (B)-wave is over and A(C) has started. Alternate count (with current leg as the 4th wave) is possible, but even in this count the price is highly likely to test 200 MA levels as 4th wave support (1.38 – 1.39) in the near future. In the coming days rebound to 1.45 – 1.46 is possible.

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