

## Current forecasts

End of period	9-Dec	1Q21	2Q21	3Q21	4Q21	2019	2020*	2021	2022	2023
USD/RUB	73.9	72.0	69.5	68.5	68.0	62.1	76.0	68.0	68.5	68.5
EUR/RUB	89.2	86.4	85.5	85.6	86.4	69.5	89.7	86.4	91.1	92.5
EUR/USD	1.21	1.20	1.23	1.25	1.27	1.12	1.18	1.27	1.33	1.35
Brent, \$/bbl	48.9	45.0	50.0	52.5	55.0	65.8	42.5	55.0	60.0	60.0
CPI Headline, % yoy	4.4	4.3	4.1	4.0	3.8	3.0	4.3	3.8	3.9	4.0
CBR Key rate, %	4.25	4.25	4.25	4.25	4.50	6.25	4.25	4.50	4.50	4.50

\* according to the forecasts on 5 October 2020

<b>USD/RUB</b>	<b>December:</b>	72.0-74.0 range	<b>January:</b>	72.0-73.0
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**The US elections ceased to influence the USD/RUB.** The tumult ahead of the US presidential elections switched into positive mode despite their outcome: the RUB gained +3.7% against the dollar along with other EM currencies (+1.7-6.7%). The foreign policy direction of the Biden's team remains intriguing though a signal of potential coordination of sanction policy with other countries overshadowed individual risks of the ruble, making the menace to Russia less evident. Against this backdrop, FX sales according to the fiscal rule (\$80-85 mln/day) and potentially higher inflows of commodity revenues will come to the forefront in December.

<b>EUR/RUB</b>	<b>December:</b>	87.8-89.5 range	<b>January:</b>	88.5-89.8 range
<b>EUR/USD (Rosbank)</b>		1.21-1.22 interval		stable at 1.23

**The EUR/RUB is expected to depreciate despite the triumphant EUR/USD growth.** The EUR/USD has reached the March 2018 level: 1.20-1.22. However, it is still difficult to separate individual factors of the euro and the dollar: the US and Europe are in the pandemic expecting fiscal incentives, vaccination of the population, and political integration. At the moment, the EU has the initiative: In the nearest future, the Brexit and the EU budget (taking into account the European Financial Stability Facility) questions are to be resolved, while the ECB has prolonged the anticrisis policy to 2021. In turn, the US is occupied by the president's office transit and the Donald Trump's legacy full of unsolved domestic issues.

<b>Key rate, %</b>	<b>December, 18:</b> unchanged at 4.25%	<b>February, 12:</b> unchanged at 4.25%
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**The inflation growth in 4Q20 raised a question mark above the CBR guidance.** At the end of November, inflation spiked above the CBR (3.9-4.2% at the end of 2020) and Rosbank forecasts (4.3% in 4Q20), attaining 4.4% yoy. The inflation expectations for the upcoming year have demonstrated the same dynamics (10.1 pp). Such a rise is connected with some one-off factors, whilst inflationary processes may slow down drastically in 2021 amid the pandemic. The latter point enabled the CBR to reiterate dovish guidance until now, though we start seeing some contradictions between the desired duration of implemented monetary stimulus and plans on its reduction at the end of the forecasting period (i.e. at the end of 2023). Therefore, the nearest 1-2 meetings should be dedicated to the discussion of risks and the key rate left intact.

<b>Brent, \$/bbl</b>	<b>December:</b>	\$45-49/bbl range	<b>January:</b>	return to \$45/bbl
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**OPEC+ supported the market but with reservations.** Despite the news on successful COVID-19 vaccine trials, the planned production quotas increase for the OPEC+ countries has been distributed over 4 months (since January 2021 for 2 mln bbl/day). The reason is pragmatic rather than medical (though those are still actual due to expected delays of vaccine supplies in the early 2021): The majority of non-OPEC+ countries (more than a half of the market) refused to coordinate production volumes (e.g. the US, Canada, Norway, Libya). Iran also expressed hopes for an export increase after Joe Biden enters the White House. SG commodity strategists are optimistic about 2021 (Brent to grow to \$50-55/bbl), but the futures curve suggested a potential excess of supply in the next 3-4 years (the price range is \$48-49/bbl).

**Key events (expected days of volatility in grey):**

## DECEMBER

33 week 50 week 51 week 52 week 53 week		<b>1 World</b> Manufacturing PMI/ISM, October	<b>2</b>	<b>3 World</b> Services PMI/ISM, October	<b>4 US</b> Labor market data, November
	<b>7</b>	<b>8 Germany</b> ZEW Survey, December	<b>9</b>	<b>10 Europe</b> The ECB to decide on the key rate	<b>11</b>
	<b>14</b>	<b>15 US</b> Industrial production, November	<b>16 US</b> The Fed to decide on the key rate	<b>17 US</b> Initial jobless claims	<b>18 Russia</b> The CBR to decide on the key rate
	<b>21 Europe</b> Consumer Confidence, December	<b>22</b>	<b>23 US</b> The PCE deflator, November	<b>23 US</b> Durable goods orders, November	<b>25 World Christmas</b>
	<b>28</b>	<b>29</b>	<b>30</b>	<b>31 Russia</b> Inflation, December	



## Current forecasts

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