



Russian government bond yield Sentiment Index

On 21 October, 2011, IFC Metropol launched a weekly survey of professional market participants on their sentiments regarding the Russian government 4-year bond yield at the end of the following week.

The survey is taken every Friday. Participants are asked the following question: “In your opinion, how will the government 4-year bond YTM have changed by the end of next week?” The three possible answers are: “YTM will rise”, “YTM will fall”, “YTM will be basically unchanged”.

The results are shown in the chart “Russian government bond yield Sentiment Index”.

Example: a 33% share of “bulls” («доля быков») and a 46% share of “bears” («доля медведей») on 3 November, means that according to the survey taken on 3 November, 46% of the participants expected government 4-year bond YTM to rise (its price will fall) by 11 November (the end of next week), and 33% of the participants expected its YTM to fall.

The price line (the prices are taken from FORTS – futures and options on RTS) of futures on government 4-year bonds is included in the chart “Russian government bond yield Sentiment Index”. We use data on futures that have the largest open interest. Therefore, the price of the OFZ4-12.11 futures contract was used for the period before 21 November and the price of OFZ4-3.12 futures contract is used for the period after 21 November. When a new contract price starts to be used, the prices of previous contracts are adjusted by multiplying the previous prices by the ratio of the average of new contract prices and the average of previous contract prices (these prices are for the period since the first trading day of the new contract).

