

Rouble deposits confirm their banking profitability at present

In 2012, Belarusian depositors were anxious, ready to react promptly to any fall in the exchange rate by withdrawing their money from bank accounts, having been frightened by such situations in the past. Of course, those trusting in the domestic banking system won out, with rates remaining quite steady. What does 2013 hold in store?

By Boris Alexeichenko

It's natural to feel panic at the idea of devaluation, since Belarus has a history of implementing this strategy. People have come to fear the unexpected, regardless of official announcement and are sceptical regarding promises of currency stability. Sadly, such feelings negatively influence the market, notes the Dean of the Belarusian State University's Economics Department, Mikhail Kovalev.

He tells us, "The foreign currency exchange rate depends not only on objective factors, sadly. Public panic can influence it, as in 2011, when the necessary 20 percent devaluation was postponed in response to public feeling. Delaying the decision resulted in the devaluation having to be almost three times as great." He believes that it's essential for the authorities to explain their monetary-credit policy ahead of time, to promote a feeling of trust and see off speculation. "There was a recent SMS campaign, with messages warning of a 'planned' devaluation by the National Bank. Its prompt reaction and clear explanation was helpful. We'd benefit from legislation preventing Internet

sites groundlessly generating panic however."

Not long ago, the National Bank of Belarus made an official announcement that, in 2013, it would continue to use a market-based exchange rate policy. This year, the Belarusian Rouble exchange rate is being guided by 2012 principles, proceeding from demand and supply, with minimum

there is excess supply of foreign currency. Flexibility reflects the market situation but does not provide reasons for sustainable movement of the exchange rate in either side," the National Bank explains.

Recent reform has moved Belarus from an 'anchor' rate fixed to a basket of currencies (within a corridor of limits applied domestically before

the World Bank. However, the National Bank continues to reflect the foreign currency basket in its calculations for the Belarusian Rouble rate.

"The appointment of a new chairman of the board has given the National Bank's foreign currency policy firmer definition — especially regarding emission, which must be tightly controlled. Mr. Kova-

However, it's better to enjoy a stable rate than the vague promise of GDP growth."

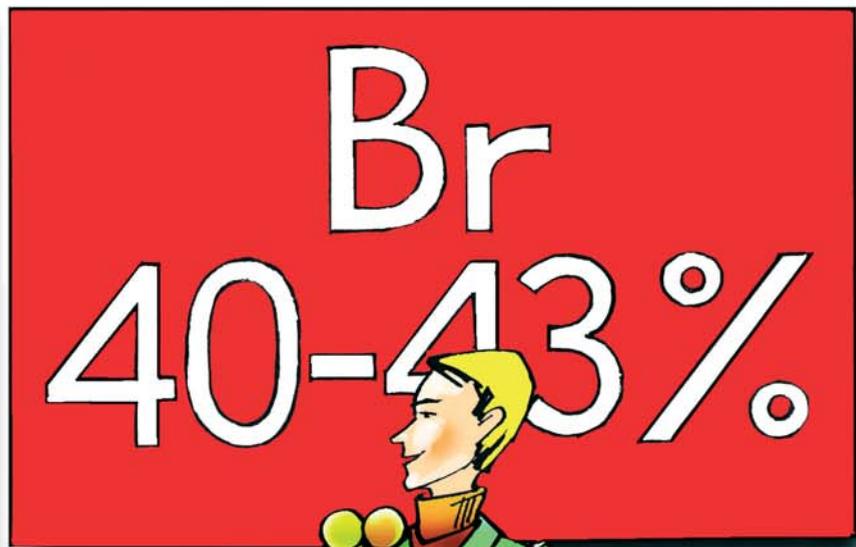
Depositors will be wondering how best to keep their money in 2013, since the difference between rates on Rouble and foreign currency deposits is significant: 40-43 percent per annum compared to just 5-6 percent. Of course, some people have bought for-

foreign currency deposits. "In coming months, no drastic changes are expected regarding Rouble and foreign currency rates: the dollar won't seriously fluctuate against the Euro or the national currency. The refinancing rate stands at 30 percent, so Rouble deposits are bringing a good return. Even with the planned stage-by-stage devaluation of

5-10 percent by the end of the year, Rouble deposit rates will remain profitable with little risk," explains Mr. Kovalev. "Meanwhile, the profitability of foreign currency deposits — and that of much-spoken-of currency bonds — is much lower. I'm convinced that it's more profitable to hold

Belarusian Rouble savings at present."

Impressively, a deposit of Br20m would generate a profit of Br8m (around \$940) in a single year, assuming a rate of 40 percent per annum. The same sum saved in foreign currency (at 5 percent) would generate a mere \$117 in profit. In fact, those saving in Dollars would make no profit until the exchange rate reached Br11,900, which is not expected in the near or distant future.



Today, the difference between the Belarusian Rouble and foreign currency deposits of the population is significant

the foreign currency crisis emerged) towards a more flexible and manageable rate. The move has been praised by such institutions as the International Monetary Fund and

lev notes. "Of course, a tough monetary policy has a down-side, as it can hamper economic growth.

own currency state bonds (issued by the Finance Ministry), which guarantee a return of 7 percent per year. However, banks don't view these as a serious rival to currency deposits, since their emission is smaller than the market of

Region eager to use our technology

By Igor Semiletov

BEAZ to supply 190-tonne heavy-duty dump trucks to India

A contract has been signed to supply the enterprise's dealer, Enrika Trades and Services Private Limited, with ten BelAZ-75302 heavy-duty dump trucks over this coming year. Moreover, BelAZ is taking part in a tender organised by India's largest coal mining company, Coal India (state owned), to supply 77 pieces of quarry machinery.

The BelAZ-75302 is designed to transport rocks from open pits, under various climatic conditions. It is also suitable for use at large industrial and hydraulic development facilities and for road construction works. Depend-

ing on the specific weight of its cargo, greatest efficiency is reached during use with excavators or auto-loaders with buckets. The truck can then be used for long-haul transportation.

In November 2012, a BelAZ-75135 (110 tonne capacity) was presented at the IITF-2012 exhibition in New Delhi, resulting in much interest from Indian extraction companies. Enrika Trades and Services Private Limited has been working on BelAZ's behalf to promote the vehicle to potential clients on the Indian market.

In addition, a joint Belarusian-Indian enterprise — named Belaz Enrika Mining Equipment Services Private Limited — is to begin operations, via a contract running between 2012 and 2018.

Correctly harnessing water power

New hydro-electric power station, constructed in Zhabinka District, generates first kilowatts of electricity

The new Novosady hydroelectric power station is identical to

the other three already operational along the Dnieper-Bug water way: in Kobrin, in the Zhabinka District's Zaluzie and in the Pinsk District's Duboi. They boast a total capacity of 930kW. A new design is planned for

a fifth, smaller, hydroelectric power station in the Stolin District's Stakhovo hydro system while the next stage will be the construction of a small hydroelectric power station in the Pinsk District's Kachanovichi.

To become landmark

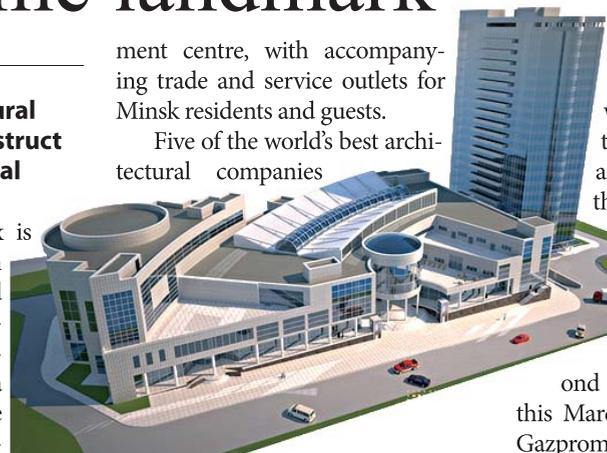
By Mikhail Svetlov

World leading architectural companies eager to construct Gazprom multi-functional complex in Minsk

A 140,000sq.m complex is planned for the intersection of Nezavisimosti Avenue and Filimonov Street, comprising Gazprom offices, a congress hall, a medical centre, a sports and recreation centre and a children's develop-

ment centre, with accompanying trade and service outlets for Minsk residents and guests.

Five of the world's best architectural companies



have been shortlisted for the second phase of the tender, with applicants encouraged to reflect Minsk's history and current architecture in their designs. They recently met representatives from Gazprom and Beltransgas in Minsk, to discuss the requirements of the project.

The winner of the second phase will be announced this March, going on to design the Gazprom complex.