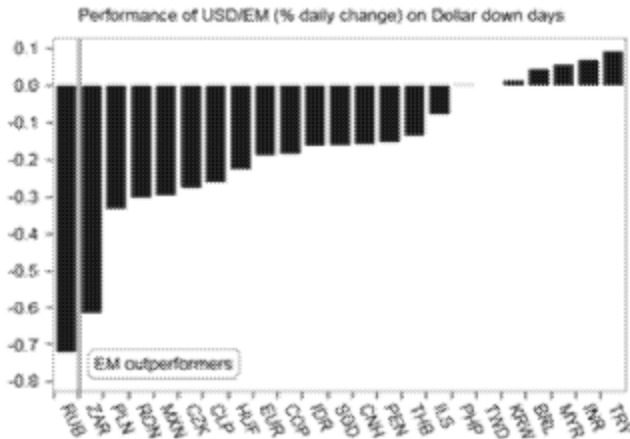
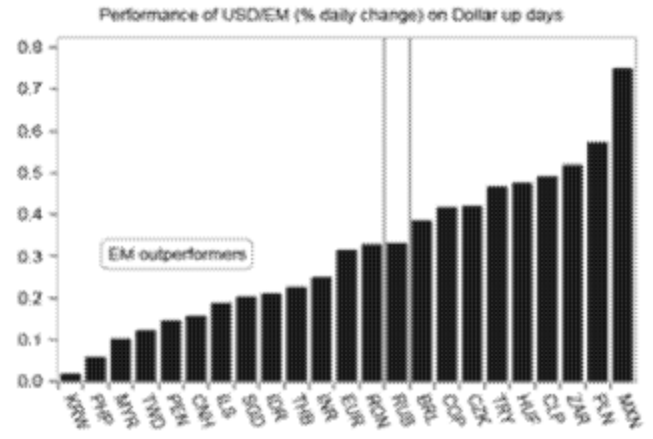


broad dollar (chart 3). On a more simplistic level, RUB has been the best performer in EM over the past month, and the only currency to remain unchanged versus the dollar in this period of broad dollar strength (Figure 4).

Figure 1: RUB has been the best performer in EM on days when the broad dollar (DXY) has weakened... Figure 2: ... while only performing in the middle of the pack on dollar strong days

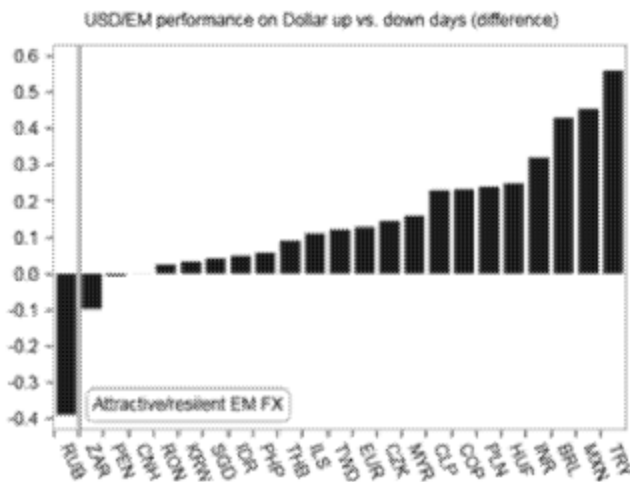


Source: Deutsche Bank, Macrobond



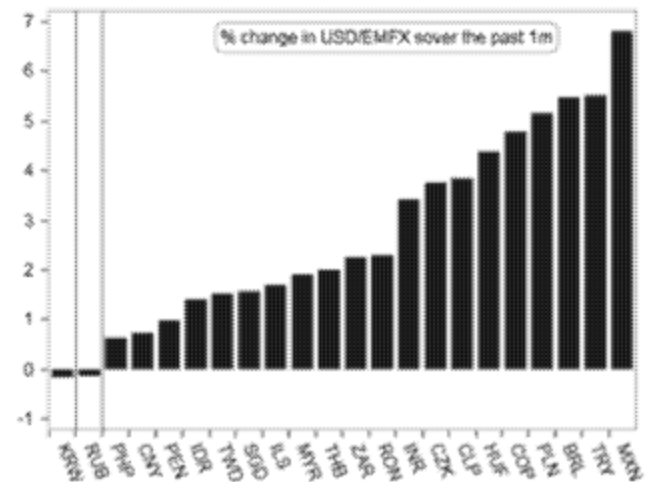
Source: Deutsche Bank, Macrobond

Figure 3: As a result, RUB has had an 'asymmetrically positive beta' to DXY, highlighting resilience



Source: Deutsche Bank, Macrobond

Figure 4: In more simplistic terms, RUB has been the best performer in EM over the past month



Source: Deutsche Bank, Macrobond

2) RUB is very cheap

After the bout of sanctions-related weakness, RUB now stands out as very cheap on fundamental valuation metrics. On our preferred DBBeer model – which captures inflation, terms of trade and productivity – RUB is now 10% undervalued, the cheapest it has been since 2016 (Figures 5 and 6).