

# Daily Insight

## Liquidity stabilizing

### Key messages of the today's comments

#### Domestic liquidity ..... 2

[Comment Title. \*\*\* Keep it short, to fit onto 1 line \*\*\*] Ошибка!

Закладка не определена.

[Comment's key meassages in short, para No.1 ] Ошибка! Закладка не опреде

[Comment Title. \*\*\* Keep it short, to fit onto 1 line \*\*\*] Ошибка!

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[Comment's key meassages in short, paragraph No.1 ] Ошибка! Закладка не ои

#### Foreign exchange markets ..... 3

[Comment Title. \*\*\* Keep it short, to fit onto 1 line \*\*\*] Ошибка!

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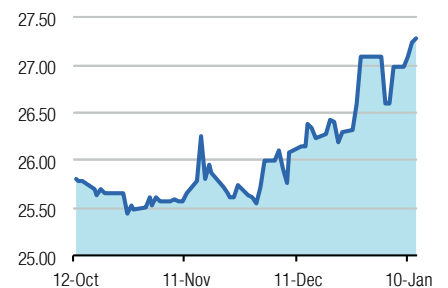
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#### Appendix #1: Domestic liquidity ..... 4

FRIDAY, 13 JANUARY 2017

Ukraine's hryvnia exchange rate per US dollar  
(three months through 12 January 2017)



Source: Bloomberg.

Selected indicators of the financial markets  
(three months through 12 January 2017)

	Last	Daily chg (%)	YTD chg (%)
<b>DOMESTIC LIQUIDITY</b>			
NBU key policy rate (%)	N/A		
Overnight rate (interbank)	N/A		
Banks reserves (UAHm)	51,923	+4.79	+4.40
Deposit certificates* (UAHm)	56,177	-4.25	-9.74
<b>FOREIGN EXCHANGE MARKET</b>			
UAH per US dollar	27.2950	+0.17	+0.72
Total trade volume (US\$m)	N/A		
UAH index PCI-based	95.236	-0.71	-1.46
UAH index PPI-based	125.754	-0.71	-1.46
<b>UKRAINE SOVEREIGN EUROBOND MARKET</b>			
CDS 5yr	653bp	+0bp	+0bp
<b>GLOBAL FINANCIAL MARKET INDICATORS</b>			
S&P 500	2,270.44	-0.21	+1.41
MSCI EM	896.64	+1.12	+3.99
US dollar index (DXY)	101.350	-0.42	-0.84
EUR / USD	1.0613	+0.29	+0.91
Crude oil WTI (US\$/bbl)	53.01	+1.45	-1.32
Crude oil BRENT (US\$/bbl)	56.01	+1.65	-1.43
CRB, commodities index	194.97	+1.39	+1.28
Gold (US\$/ounce)	1,195.40	+0.32	+3.74

Notes: \* NBU's short-term bonds.

Source: Bloomberg, ICU.

# Domestic liquidity

## Liquidity stabilizing

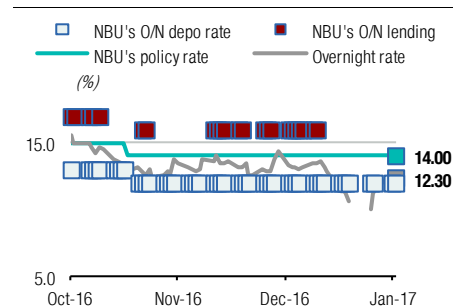
Through yesterday morning, banking sector liquidity stabilized as it declined a slight UAH0.12bn to UAH108.10bn while funds reallocated from CDs to banks' accounts at a less significant volume than on Tuesday.

Following Wednesday's cashflows, banks' correspondent accounts with the NBU increased UAH2.38bn to UAH41.92bn while total CDs outstanding fell by a nearly equal amount of UAH2.50bn to UAH56.18bn yesterday. Fund outflows to the NBU was similar to the decline in liquidity as the NBU issued UAH0.50bn of 14-day loans, mostly refinancing UAH0.59bn of mature loans UAH0.59bn that were due that day.

**Investment implications: The negative impact of Treasury operations has declined twice since the beginning of this week. If this continues, liquidity should stabilize, but just till the end of next week when month-end tax payments begin.**

**Taras Kotovych, Kyiv, (044) 220-0120 ext.724**

## Interest rates in the banks' reserves market (three months through 12 January 2017)



Source: Bloomberg, ICU.

## Key indicators (as of 12 January 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>BANKS' RESERVES MARKET (%)</b>					
NBU rate <sup>1</sup>	N/A	N/A	N/A	N/A	N/A
Overnight	N/A	N/A	N/A	N/A	N/A
<b>KYIV PRIME RATES (%)</b>					
Overnight	13.00	+0bp	+0bp	-50bp	+0bp
1 week	14.50	+0bp	+0bp	+0bp	+0bp
1 month	16.00	+0bp	-25bp	-33bp	-50bp
2 months	18.00	+0bp	+0bp	+0bp	+0bp
3 months	18.00	+0bp	+0bp	-17bp	+0bp
<b>DOMESTIC LIQUIDITY (UAH MILLION)</b>					
Reserves <sup>2</sup>	51,923	+4.79	+23.05	+16.06	+4.40
DepCerts <sup>3</sup>	56,177	-4.25	-18.04	+54.15	-9.74
<b>Total</b>	<b>108,100</b>	<b>-0.11</b>	<b>-2.38</b>	<b>+33.16</b>	<b>-3.46</b>
<b>BREAKDOWN OF GOVT BOND HOLDERS (UAH MILLION)</b>					
NBU	381,946	+0.00	+0.00	+7.24	+7.24
Banks	254,896	-0.09	+0.57	+62.78	+47.90
Residents	23,676	-0.06	+0.75	+69.65	+51.01
Non-res <sup>4</sup>	6,444	-0.23	+1.32	-27.78	+1.45
<b>Total</b>	<b>666,962</b>	<b>-0.04</b>	<b>+0.26</b>	<b>+24.52</b>	<b>+21.15</b>
<b>IMPLIED YIELDS OF THE UAH NDF MARKET (%)</b>					
3 months	N/A	N/A	N/A	N/A	N/A
6 months	N/A	N/A	N/A	N/A	N/A
9 months	N/A	N/A	N/A	N/A	N/A
1 year	N/A	N/A	N/A	N/A	N/A
<b>UKRAINE SOVEREIGN EUROBOND MARKET</b>					
CDS 5yr	653	+0bp	-72bp	-67bp	+0bp

Notes: [1] NBU's key policy rate; [2] stock of banks' reserves held at NBU; [3] stock of NBU's short-term bonds; [4] non-residents.

Source: Bloomberg, ICU.

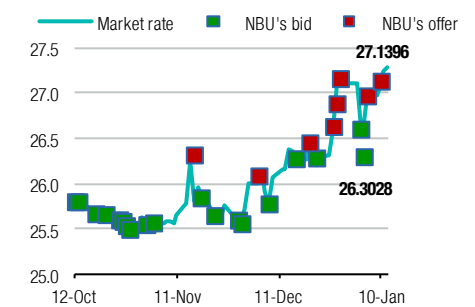
# Foreign exchange markets

## Key indicators (as of 12 січня 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>EXCHANGE RATES (PER US DOLLAR, EXCEPT EURO, POUND)</b>					
UAH	27.2950	+0.17	+2.61	+4.36	+0.72
USD <sup>1</sup>	101.350	-0.42	-0.46	+0.32	-0.84
EUR	1.0613	+0.29	+0.49	-0.21	+0.91
JPY	114.7200	-0.60	-0.96	-0.26	-1.92
GBP <sup>2</sup>	1.2162	-0.42	-1.54	-4.08	-1.44
CNY	6.8941	-0.63	+0.26	-0.19	-0.73
RUB	59.3902	-0.64	-1.50	-2.66	-3.49

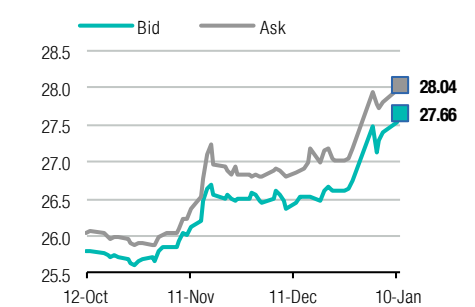
Notes: [1] DXY, US dollar index; [2] British pound.  
Source: Bloomberg, ICU.

## Ukraine hryvnia UAH exchange rate per US dollar at the interbank market (three months through 12 January 2017)



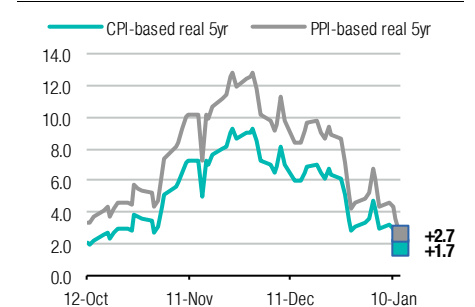
Notes: the chart provides labels for the average exchange rate at last two NBU auctions (one on buying FX from the market and one on selling it). Source: NBU, Bloomberg, ICU.

## Ukraine hryvnia UAH exchange rate per US dollar at the cash market (three months through 12 January 2017)



Source: NBU.

## UAH exchange rate misalignment<sup>1</sup> from fundamental level<sup>2</sup> (%) (three months through 12 January 2017)

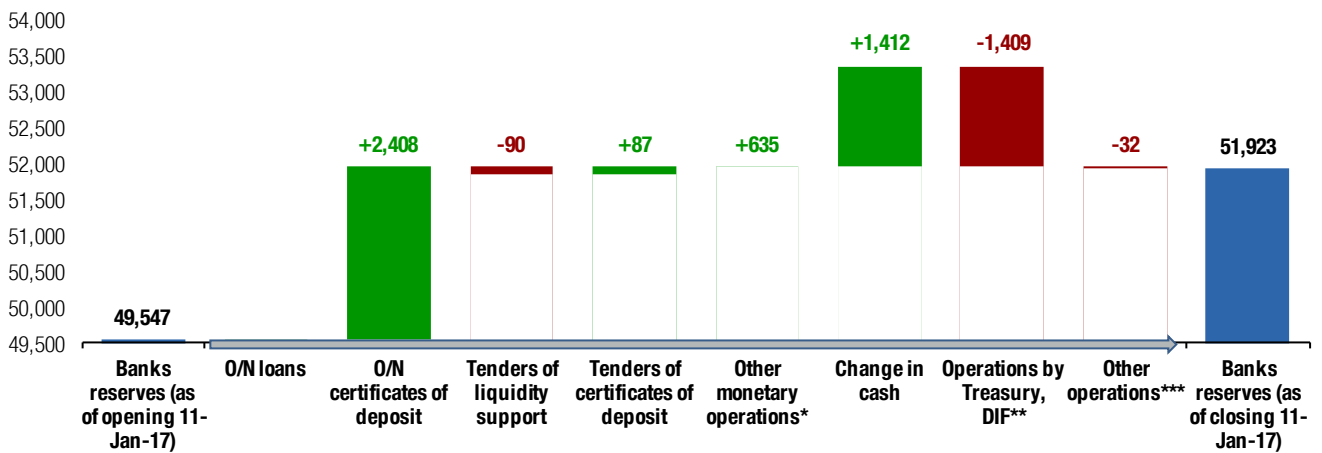


Notes: [1] "+" overvalued, "-" undervalued; [2] based on the UAH's CPI- and PPI-based real TWIs. Source: ICU.

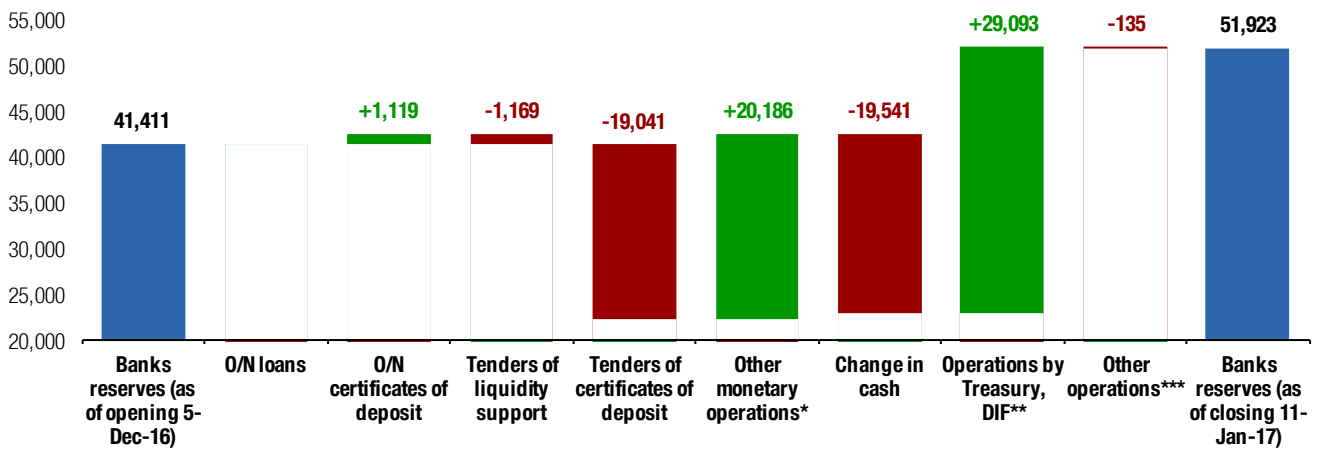
Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU [website](#).

# Appendix #1: Domestic liquidity

**Chart 1. Banks reserves usages over last reporting date (UAHm)**

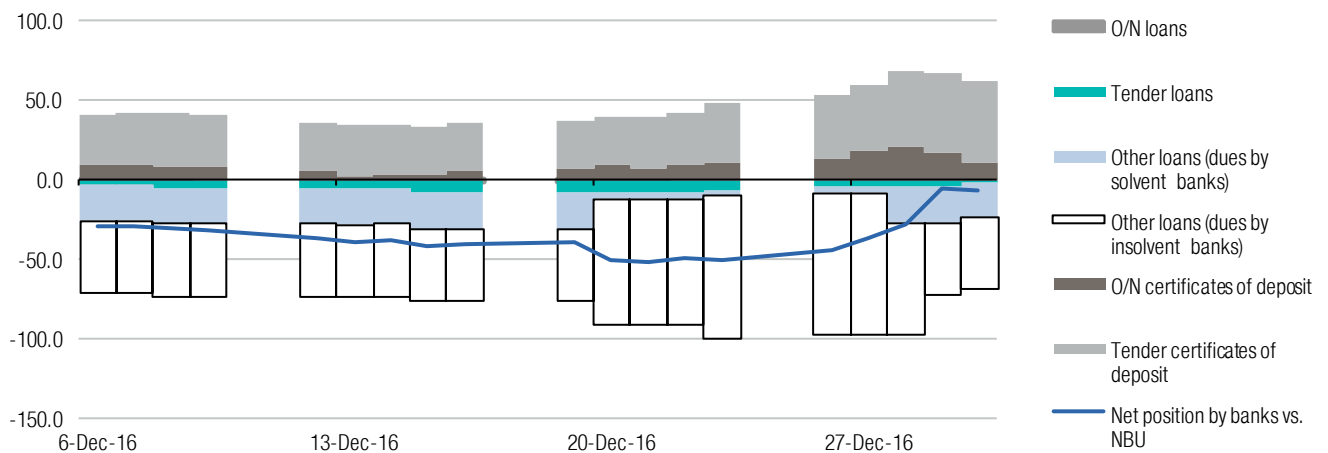


**Chart 2. Banks reserves usages over last 30-day period (UAHm)**



Notes: [1] data from the NBU's daily reporting [https://bank.gov.ua/control/uk/publish/article?art\\_id=38643651&cat\\_id=40807142](https://bank.gov.ua/control/uk/publish/article?art_id=38643651&cat_id=40807142) ;  
 \* operations repo, purchase and sale of government bonds, FX market interventions, stabilisation loans, FX swap agreements; \*\* DIF – deposit insurance fund;  
 \*\*\* interest payments on NBU's loans and on NBU's certificates of deposit, other operations. Source: NBU, ICU.

**Chart 3. Stocks of NBU's monetary instruments and net position by banks versus NBU (UAHbn)**



Source: NBU, ICU.

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