

# Daily Insight

## Funds reallocated to CDs

### Key messages of the today's comments

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<b>Funds reallocated to CDs</b> .....	<b>2</b>
After last Thursday, total outstanding CDs rose significantly as banks increased the CDs portfolio to UAH59.96bn, with ON CDs outstanding equaling longer-term CDs.	
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MONDAY, 16 JANUARY 2017

### Ukraine's hryvnia exchange rate per US dollar (three months through 13 January 2017)



Source: Bloomberg.

### Selected indicators of the financial markets (three months through 13 January 2017)

	Last	Daily chg (%)	YTD chg (%)
<b>DOMESTIC LIQUIDITY</b>			
NBU key policy rate (%)	14.00	+0bp	+0bp
Overnight rate (interbank)	12.50	-10bp	+190bp
Banks reserves (UAHm)	47,818	-7.90	-3.85
Deposit certificates* (UAHm)	59,964	-26.95	-29.62
<b>FOREIGN EXCHANGE MARKET</b>			
UAH per US dollar	27.6850	+1.43	+2.16
Total trade volume (US\$m)	N/A		
UAH index PCI-based	93.817	-1.49	-2.93
UAH index PPI-based	123.881	-1.49	-2.93
<b>UKRAINE SOVEREIGN EUROBOND MARKET</b>			
CDS 5yr	597bp	-56bp	-56bp
<b>GLOBAL FINANCIAL MARKET INDICATORS</b>			
S&P 500	2,274.64	+0.18	+1.60
MSCI EM	895.98	-0.07	+3.91
US dollar index (DXY)	101.180	-0.17	-1.01
EUR / USD	1.0643	+0.28	+1.20
Crude oil WTI (US\$/bbl)	52.37	-1.21	-2.51
Crude oil BRENT (US\$/bbl)	55.45	-1.00	-2.41
CRB, commodities index	194.54	-0.22	+1.05
Gold (US\$/ounce)	1,197.58	+0.18	+3.93

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

Source: Bloomberg, ICU.

# Domestic liquidity

## Funds reallocated to CDs

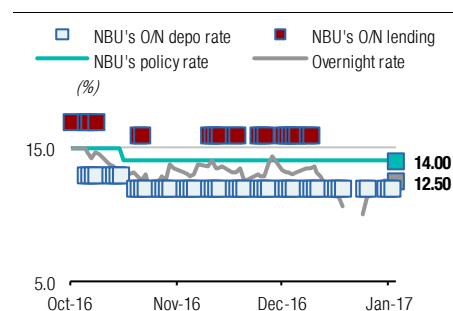
After last Thursday, total outstanding CDs rose significantly as banks increased the CDs portfolio to UAH59.96bn, with ON CDs outstanding equaling longer-term CDs.

Total banking sector liquidity fell UAH0.32bn to UAH107.78bn, following an anticipated reallocation of funds from banks' accounts to CDs. Banks' correspondent accounts with the NBU fell UAH4.10bn while total CDs outstanding rose UAH2.79bn. Notably, non-monetary transactions had a negative impact on liquidity of UAH1.72bn, but a without similar decline in liquidity.

**Investment implications: Considering the impact of different factors on liquidity, the decline was inconsequential as banks increased their portfolio of CDs, signaling that liquidity should stabilize more this week prior to month-end tax payments.**

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

## Interest rates in the banks' reserves market (three months through 13 January 2017)



Source: Bloomberg, ICU.

## Key indicators (as of 13 January 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>BANKS' RESERVES MARKET (%)</b>					
NBU rate <sup>1</sup>	14.00	+0bp	+0bp	+0bp	+0bp
Overnight	12.50	-10bp	+90bp	-70bp	+190bp
<b>KYIV PRIME RATES (%)</b>					
Overnight	13.00	+0bp	+8bp	-50bp	+0bp
1 week	14.50	+0bp	+0bp	+0bp	+0bp
1 month	16.08	+8bp	-25bp	-25bp	-42bp
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>	47,818	-7.90	+21.92	+0.38	-3.85
DepCerts <sup>3</sup>	59,964	-26.95	-40.49	+27.18	-29.62
<b>Total</b>	<b>107,782</b>	<b>-15.51</b>	<b>-19.29</b>	<b>+10.94</b>	<b>-18.67</b>
<b>BREAKDOWN OF GOVT BOND HOLDERS (UAH MILLION)</b>					
NBU	383,346	+0.37	+0.37	+7.64	+7.64
Banks	254,020	-0.34	+0.80	+61.34	+47.40
Residents	23,730	+0.23	+1.12	+69.05	+51.35
Non-res <sup>4</sup>	6,471	+0.43	+3.07	-28.17	+1.88
<b>Total</b>	<b>667,568</b>	<b>+0.09</b>	<b>+0.58</b>	<b>+24.40</b>	<b>+21.26</b>
<b>IMPLIED YIELDS OF THE UAH NDF MARKET (%)</b>					
3 months	17.02	-126bp	-131bp	-182bp	-538bp
6 months	17.33	-75bp	-103bp	-111bp	-114bp
9 months	17.26	-58bp	-84bp	-134bp	-75bp
1 year	16.45	-47bp	-63bp	-87bp	-55bp
<b>UKRAINE SOVEREIGN EUROBOND MARKET</b>					
CDS 5yr	597	-56bp	-128bp	-123bp	-56bp

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.

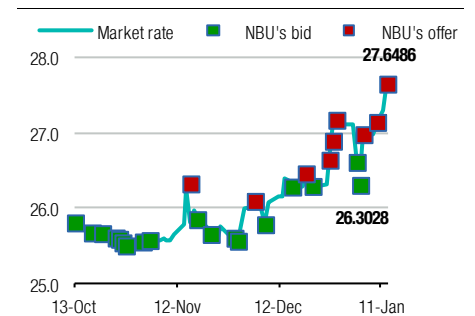
# Foreign exchange markets

## Key indicators (as of 13 січня 2017)

	Last	Daily chg (%)	Weekly chg (%)	Monthly chg (%)	YTD chg (%)
<b>EXCHANGE RATES (PER US DOLLAR, EXCEPT EURO, POUND)</b>					
UAH	27.6850	+1.43	+2.63	+5.86	+2.16
USD <sup>1</sup>	101.180	-0.17	-1.02	+0.11	-1.01
EUR	1.0643	+0.28	+1.05	+0.16	+1.20
JPY	114.4900	-0.20	-2.16	-0.61	-2.11
GBP <sup>2</sup>	1.2182	+0.16	-0.85	-3.76	-1.28
CNY	6.9005	+0.09	-0.34	-0.03	-0.64
RUB	59.5782	+0.32	-0.08	-1.78	-3.18

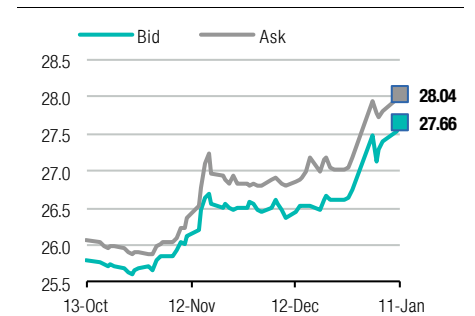
Notes: [1] DXY, US dollar index; [2] British pound.  
Source: Bloomberg, ICU.

## Ukraine hryvnia UAH exchange rate per US dollar at the interbank market (three months through 13 January 2017)



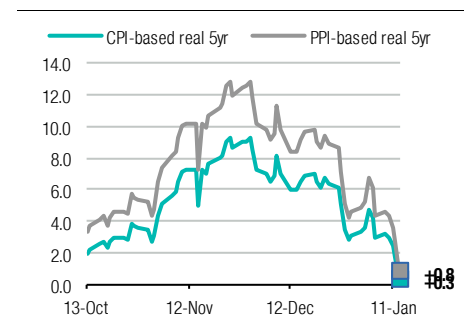
Notes: the chart provides labels for the average exchange rate at last two NBU auctions (one on buying FX from the market and one on selling it). Source: NBU, Bloomberg, ICU.

## Ukraine hryvnia UAH exchange rate per US dollar at the cash market (three months through 13 January 2017)



Source: NBU.

## UAH exchange rate misalignment<sup>1</sup> from fundamental level<sup>2</sup> (%) (three months through 13 January 2017)

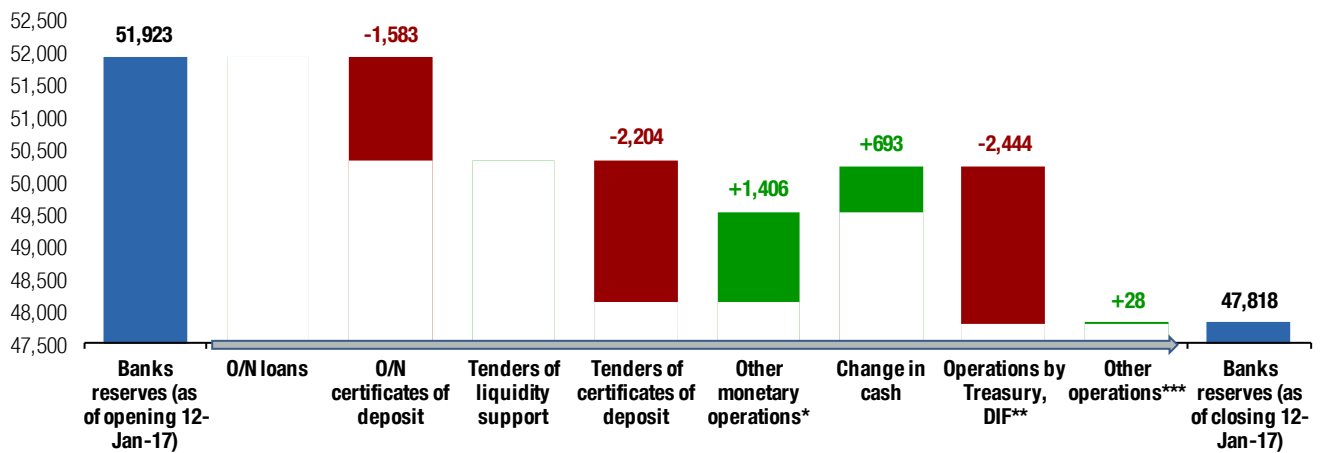


Notes: [1] "+" overvalued, "-" undervalued; [2] based on the UAH's CPI- and PPI-based real TWIs. Source: ICU.

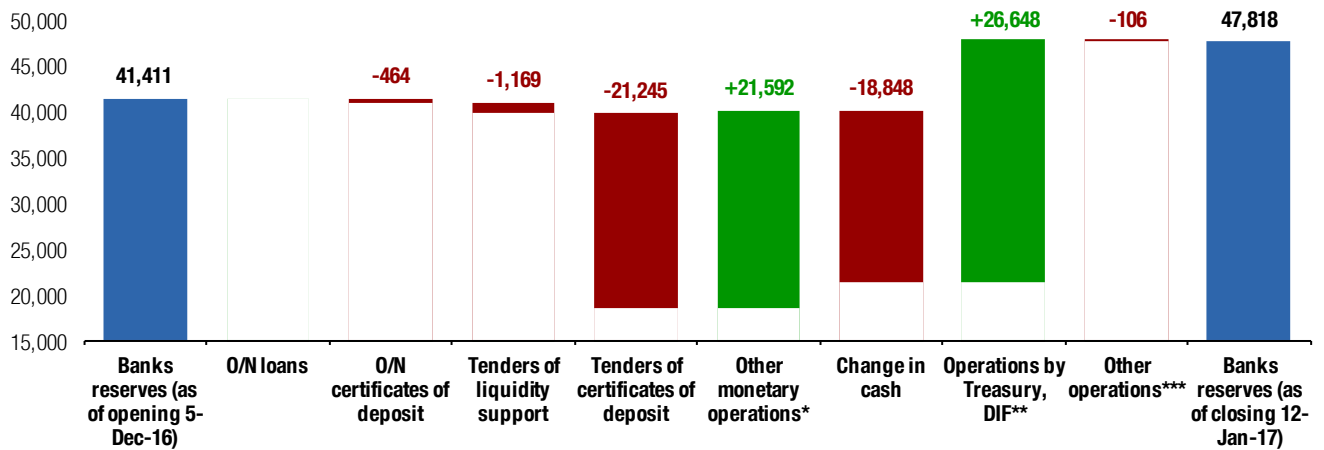
Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU [website](#).

# Appendix #1: Domestic liquidity

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

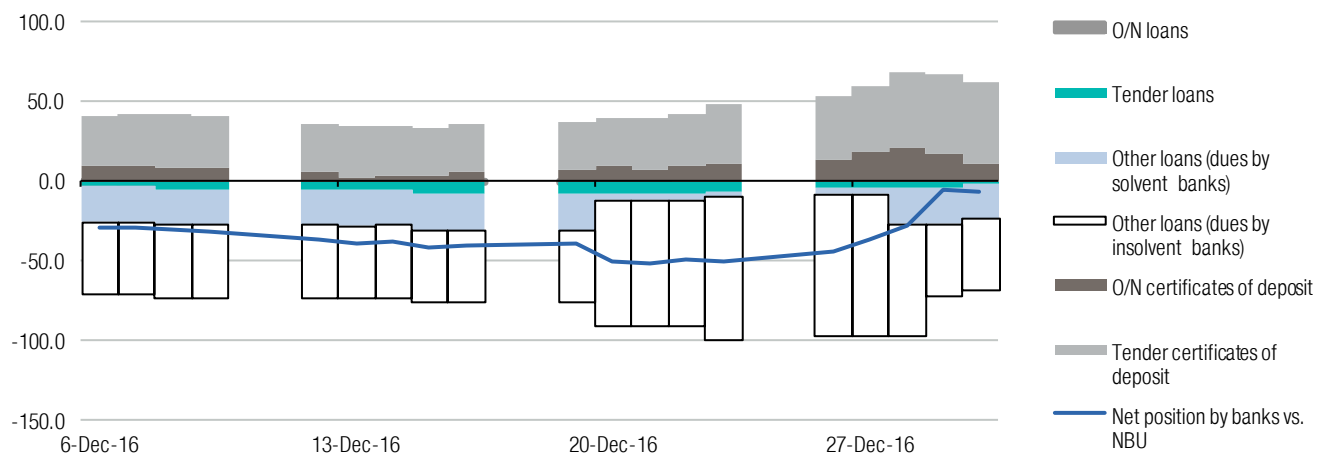


**Chart 2. Banks reserves usages over last 30-day period (UAHm)**



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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