

Daily Insight

Liquidity reallocated to banks accounts

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Liquidity reallocated to banks accounts 2

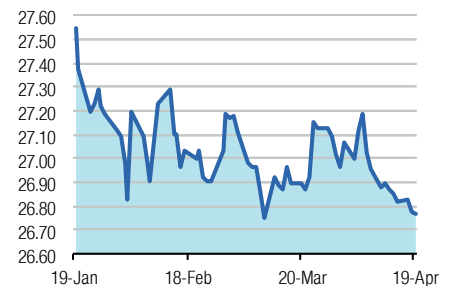
This Tuesday, banks' correspondent accounts balance with the NBU rose an additional UAH2.87bn to UAH50.51bn as they decreased funds invested in CDs by UAH2.62bn to UAH52.78bn. Total banking sector liquidity rose a mere UAH0.25bn to UAH103.29bn following the positive impact of non-monetary and additional operations from NBU.

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THURSDAY, 20 APRIL 2017

Ukraine's hryvnia exchange rate per US dollar (three months through 19 April 2017)



Source: Bloomberg.

Selected indicators of the financial markets (three months through 19 April 2017)

	Last	Daily chg (%)	YTD chg (%)
DOMESTIC LIQUIDITY			
NBU key policy rate (%)	14.00	+0bp	+0bp
Overnight rate (interbank)	11.70	+0bp	+110bp
Banks reserves (UAHm)	50,509	+2.65	+4.25
Deposit certificates* (UAHm)	62,036	-15.85	-16.13
FOREIGN EXCHANGE MARKET			
UAH per US dollar	26.7650	-0.06	-1.24
Total trade volume (US\$m)	246.03	+128.07	+45.05
UAH index PCI-based	102.082	+0.31	-1.70
UAH index PPI-based	161.458	+0.31	-1.70
UKRAINE SOVEREIGN EUROBOND MARKET			
CDS 5yr	619bp	-1bp	+0bp
GLOBAL FINANCIAL MARKET INDICATORS			
S&P 500	2,338.17	-0.17	+4.44
MSCI EM	952.92	-0.50	+10.51
US dollar index (DXY)	99.738	+0.24	-2.42
EUR / USD	1.0711	-0.18	+1.84
Crude oil WTI (US\$/bbl)	50.44	-3.76	-6.11
Crude oil BRENT (US\$/bbl)	52.93	-3.57	-6.85
CRB, commodities index	183.92	-1.41	-4.46
Gold (US\$/ounce)	1,280.27	-0.72	+11.11

Notes: * NBU's short-term bonds.

Source: Bloomberg, ICU.

Domestic liquidity

Liquidity reallocated to banks accounts

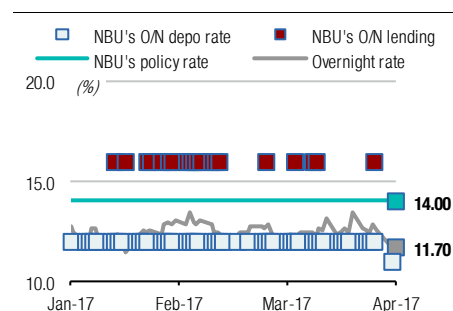
This Tuesday, banks' correspondent accounts balance with the NBU rose an additional UAH2.87bn to UAH50.51bn as they decreased funds invested in CDs by UAH2.62bn to UAH52.78bn. Total banking sector liquidity rose a mere UAH0.25bn to UAH103.29bn following the positive impact of non-monetary and additional operations from NBU.

The total impact of autonomous non-monetary operations was UAH0.09bn, due to a significant increase in cash after a long period of decline, while the Treasury caused a similar amount of outflows after these cash flows offset each other. UAH0.16bn of NBU inflows came from non-classified monetary operations, probably REPOs. The Treasury had no VAT refunds.

Investment implications: Liquidity remains steady with a slight increase, but banks continued to accumulate funds ahead of month-end tax payments. Although tax payments should rise starting from this Friday, NBU statistics will show an impact beginning next week.

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Interest rates in the banks' reserves market (three months through 19 April 2017)



Source: Bloomberg, ICU.

Key indicators (as of 19 April 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
BANKS' RESERVES MARKET (%)					
NBU rate ¹	14.00	+0bp	+0bp	+0bp	+0bp
Overnight	11.70	+0bp	-60bp	-50bp	+110bp
KYIV PRIME RATES (%)					
Overnight	N/A	N/A	N/A	N/A	N/A
1 week	N/A	N/A	N/A	N/A	N/A
1 month	N/A	N/A	N/A	N/A	N/A
2 months	N/A	N/A	N/A	N/A	N/A
3 months	N/A	N/A	N/A	N/A	N/A
DOMESTIC LIQUIDITY (UAH MILLION)					
Reserves ²	50,509	+2.65	+19.89	+4.46	+4.25
DepCerts ³	62,036	-15.85	-24.81	-17.26	-16.13
Total	112,545	-7.55	-7.65	-7.70	-7.07
BREAKDOWN OF GOVT BOND HOLDERS (UAH MILLION)					
NBU	379,889	+0.00	-0.31	-1.09	+6.67
Banks	284,992	+0.05	-0.09	-0.15	+65.37
Residents	23,148	+0.04	+0.54	+2.17	+47.64
Non-res ⁴	5,381	+0.12	-0.18	-4.21	-15.28
Total	693,410	+0.02	-0.19	-0.63	+25.96
IMPLIED YIELDS OF THE UAH NDF MARKET (%)					
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
UKRAINE SOVEREIGN EUROBOND MARKET					
CDS 5yr	619	-1bp	-1bp	+4bp	+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.

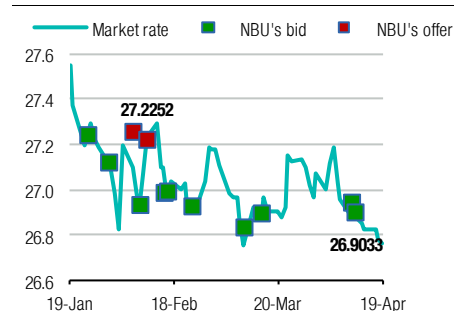
Foreign exchange markets

Key indicators (as of 19 квітня 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
EXCHANGE RATES (PER US DOLLAR, EXCEPT EURO, POUND)					
UAH	26.7650	-0.06	-0.39	-0.50	-1.24
USD ¹	99.738	+0.24	-1.03	-0.56	-2.42
EUR	1.0711	-0.18	+0.43	-0.25	+1.84
JPY	108.8600	+0.40	-0.16	-3.41	-6.93
GBP ²	1.2777	-0.50	+1.89	+3.07	+3.54
CNY	6.8880	+0.09	-0.05	-0.22	-0.82
RUB	56.5536	+0.52	-0.09	-1.10	-8.10

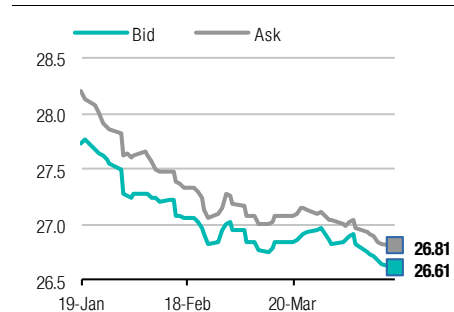
Notes: [1] DXY, US dollar index; [2] British pound.
Source: Bloomberg, ICU.

Ukraine hryvnia UAH exchange rate per US dollar at the interbank market (three months through 19 April 2017)



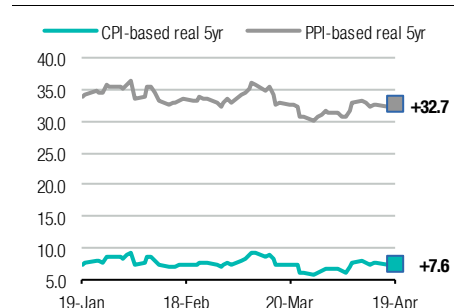
Notes: the chart provides labels for the average exchange rate at last two NBU auctions (one on buying FX from the market and one on selling it). Source: NBU, Bloomberg, ICU.

Ukraine hryvnia UAH exchange rate per US dollar at the cash market (three months through 19 April 2017)



Source: NBU.

UAH exchange rate misalignment¹ from fundamental level² (%) (three months through 19 April 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)

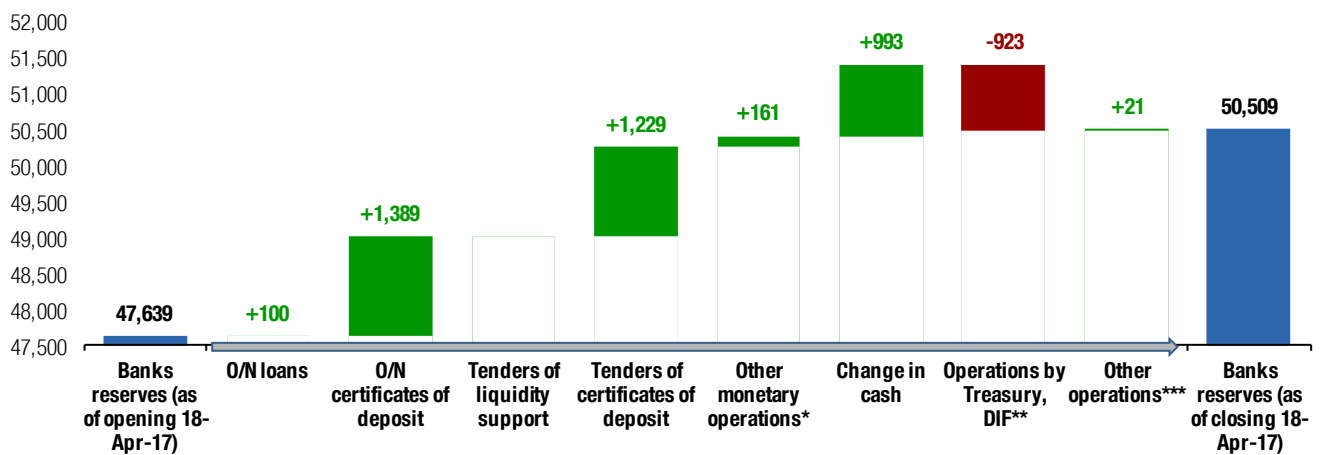
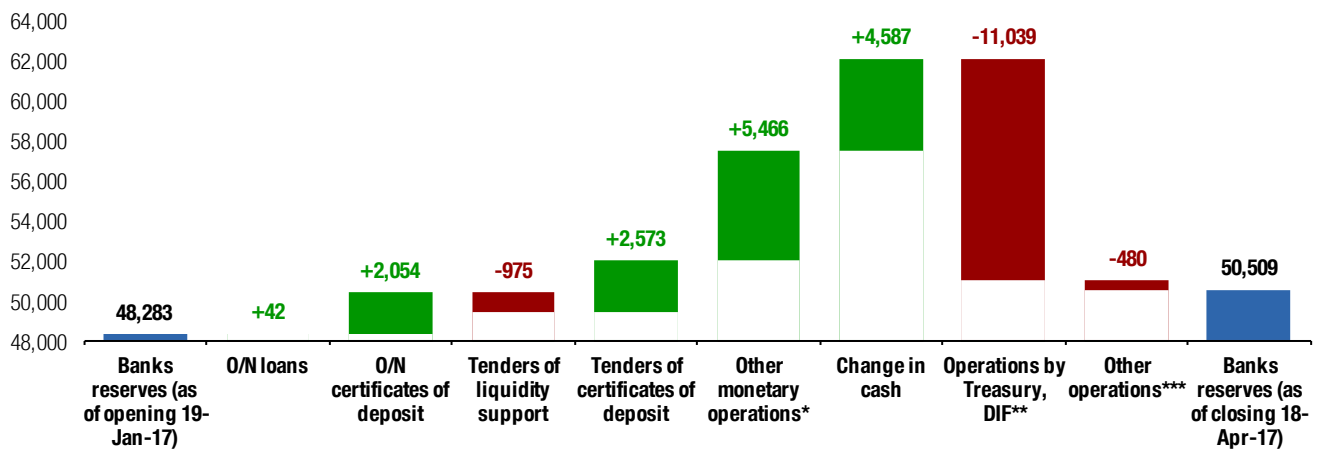
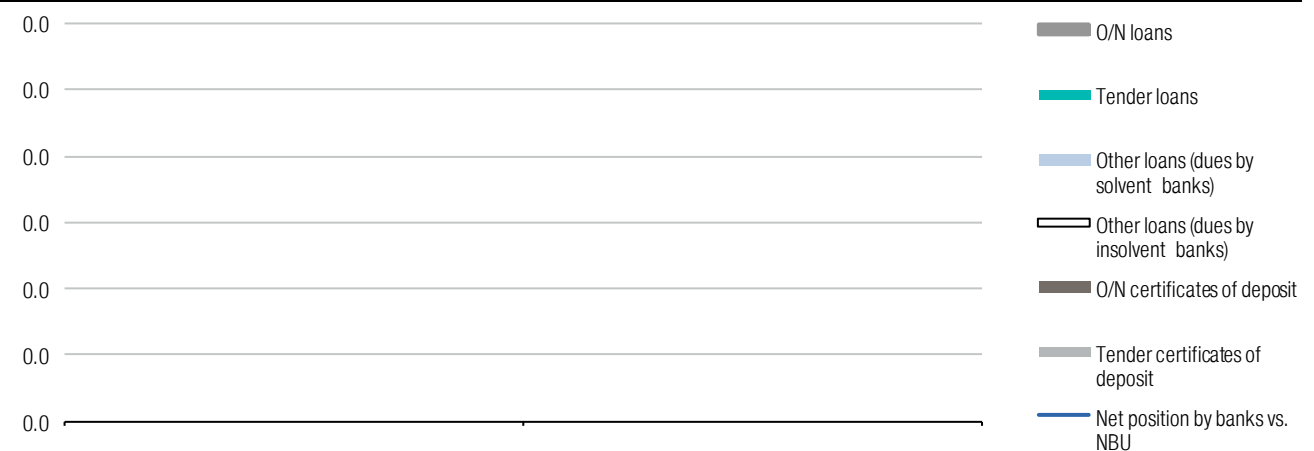


Chart 2. Banks reserves usages over last 90-day period (UAHm)



Notes: [1] data from the NBU's daily reporting https://bank.gov.ua/control/uk/publish/article?art_id=38643651&cat_id=40807142 ;
 * 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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