

Daily Insight

Liquidity up with NBU inflow

Key messages of the today's comments

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Liquidity up with NBU inflow 2

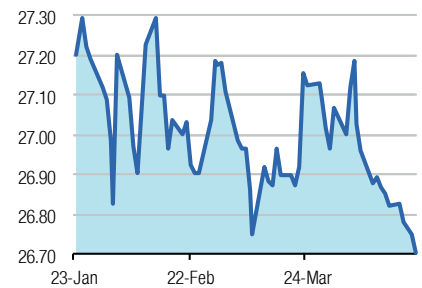
Last Thursday, only the NBU supported liquidity via additional monetary operations that amounted to UAH0.64bn. This inflow was reduced by autonomous non-monetary operations which caused an outflow of UAH0.38bn, resulting in a banking sector liquidity increase of UAH0.26bn. There was a slight fund reallocation from banks' accounts to CDs, as banks' correspondent accounts with the NBU slid UAH0.97bn while total CDs outstanding rose UAH1.24bn.

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MONDAY, 24 APRIL 2017

Ukraine's hryvnia exchange rate per US dollar (three months through 21 April 2017)



Source: Bloomberg.

Selected indicators of the financial markets (three months through 21 April 2017)

	Last	Daily chg (%)	YTD chg (%)
DOMESTIC LIQUIDITY			
NBU key policy rate (%)	14.00	+0bp	+0bp
Overnight rate (interbank)	12.40	+30bp	+180bp
Banks reserves (UAHm)	50,873	-1.88	+2.29
Deposit certificates* (UAHm)	45,672	-9.74	-33.77
FOREIGN EXCHANGE MARKET			
UAH per US dollar	26.7050	-0.17	-1.46
Total trade volume (US\$m)	N/A		
UAH index PCI-based	102.237	+0.26	-1.55
UAH index PPI-based	161.703	+0.26	-1.55
UKRAINE SOVEREIGN EUROBOND MARKET			
CDS 5yr	620bp	+0bp	+0bp
GLOBAL FINANCIAL MARKET INDICATORS			
S&P 500	2,348.69	-0.30	+4.91
MSCI EM	961.78	+0.35	+11.54
US dollar index (DXY)	99.977	+0.20	-2.18
EUR / USD	1.0728	+0.10	+2.01
Crude oil WTI (US\$/bbl)	49.62	-2.15	-7.63
Crude oil BRENT (US\$/bbl)	51.96	-1.94	-8.55
CRB, commodities index	181.87	-0.64	-5.53
Gold (US\$/ounce)	1,284.10	+0.17	+11.44

Notes: * NBU's short-term bonds.

Source: Bloomberg, ICU.

Domestic liquidity

Liquidity up with NBU inflow

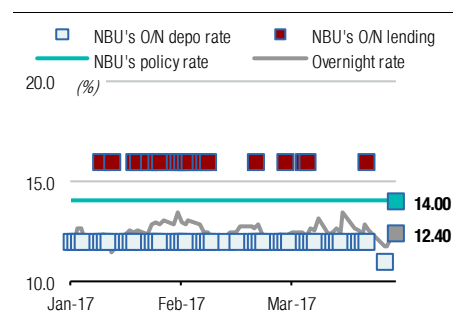
Last Thursday, only the NBU supported liquidity via additional monetary operations that amounted to UAH0.64bn. This inflow was reduced by autonomous non-monetary operations which caused an outflow of UAH0.38bn, resulting in a banking sector liquidity increase of UAH0.26bn. There was a slight fund reallocation from banks' accounts to CDs, as banks' correspondent accounts with the NBU slid UAH0.97bn while total CDs outstanding rose UAH1.24bn.

Treasury operations caused fund outflows of UAH0.77bn, which were partially offset by an increase in cash. With no increase in routine budget revenues was usual, there were also no VAT refunds.

Investment implications: Prior to month-end tax payments, liquidity remained steady at a high level with fund inflows. In today's published NBU and Treasury data, fund outflows could increase and continue throughout this week.

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Interest rates in the banks' reserves market (three months through 21 April 2017)



Source: Bloomberg, ICU.

Key indicators (as of 21 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	12.40	+30bp	-10bp	+10bp	+180bp
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	50,873	-1.88	+13.89	+1.35	+2.29
DepCerts ³	45,672	-9.74	-38.76	-34.18	-33.77
Total	96,545	-6.04	-18.98	-19.59	-18.98
BREAKDOWN OF GOVT BOND HOLDERS (UAH MILLION)					
NBU	377,915	+0.00	-0.52	-1.60	+6.11
Banks	284,163	-0.13	-0.31	-0.36	+64.89
Residents	22,066	+1.27	-4.62	-3.08	+40.74
Non-res ⁴	5,363	-0.11	-0.40	-0.43	-15.56
Total	689,507	-0.02	-0.57	-1.14	+25.25
IMPLIED YIELDS OF THE UAH NDF MARKET (%)					
3 months	13.57	+121bp	+23bp	+152bp	-883bp
6 months	15.51	-314bp	-312bp	-310bp	-296bp
9 months	16.58	-171bp	-168bp	-170bp	-143bp
1 year	17.37	+5bp	+5bp	+2bp	+37bp
UKRAINE SOVEREIGN EUROBOND MARKET					
CDS 5yr	620	+0bp	+0bp	+5bp	+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.

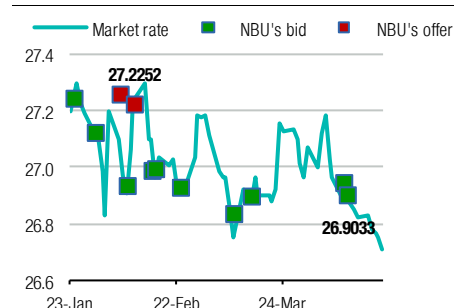
Foreign exchange markets

Key indicators (as of 21 квітня 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
EXCHANGE RATES (PER US DOLLAR, EXCEPT EURO, POUND)					
UAH	26.7050	-0.17	-0.43	-0.63	-1.46
USD ¹	99.977	+0.20	-0.53	+0.16	-2.18
EUR	1.0728	+0.10	+1.04	-0.77	+2.01
JPY	109.0900	-0.21	+0.41	-2.35	-6.73
GBP ²	1.2817	+0.03	+2.35	+2.72	+3.87
CNY	6.8859	+0.05	+0.01	-0.02	-0.85
RUB	56.6677	+0.92	+0.86	-1.77	-7.91

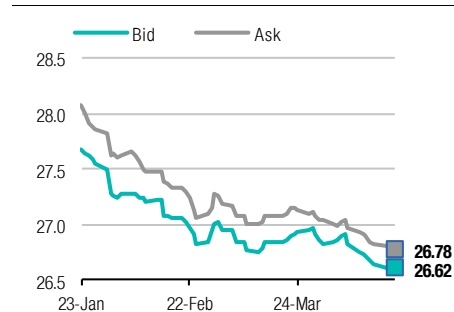
Notes: [1] DXY, US dollar index; [2] British pound.
Source: Bloomberg, ICU.

Ukraine hryvnia UAH exchange rate per US dollar at the interbank market (three months through 21 April 2017)



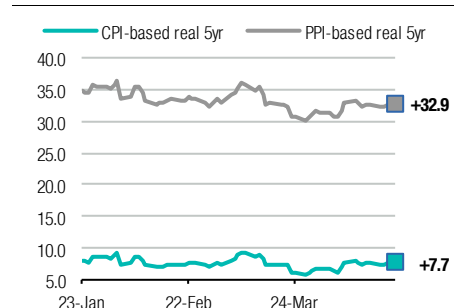
Notes: the chart provides labels for the average exchange rate at last two NBU auctions (one on buying FX from the market and one on selling it). Source: NBU, Bloomberg, ICU.

Ukraine hryvnia UAH exchange rate per US dollar at the cash market (three months through 21 April 2017)



Source: NBU.

UAH exchange rate misalignment¹ from fundamental level² (%) (three months through 21 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)

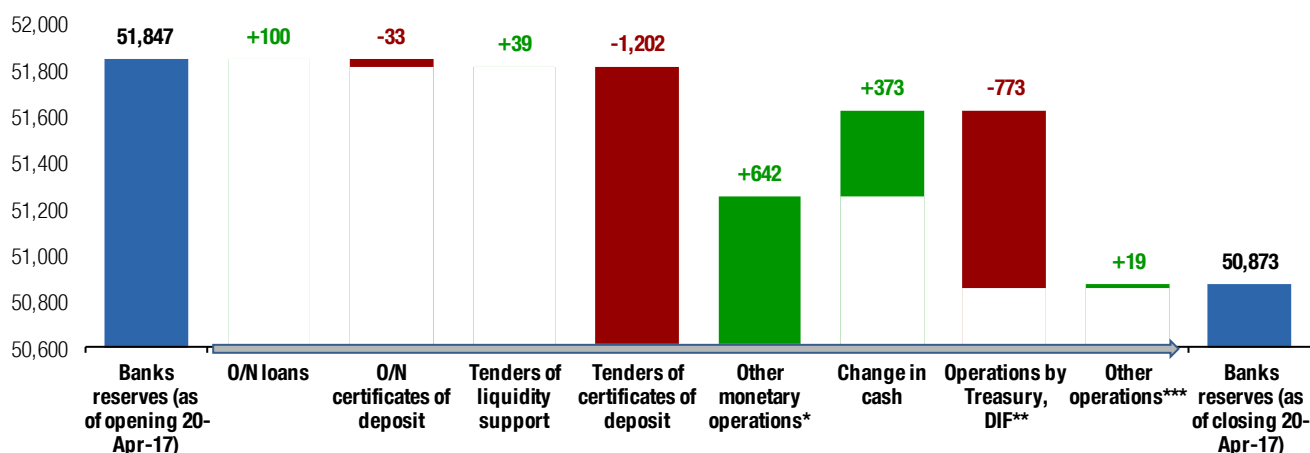
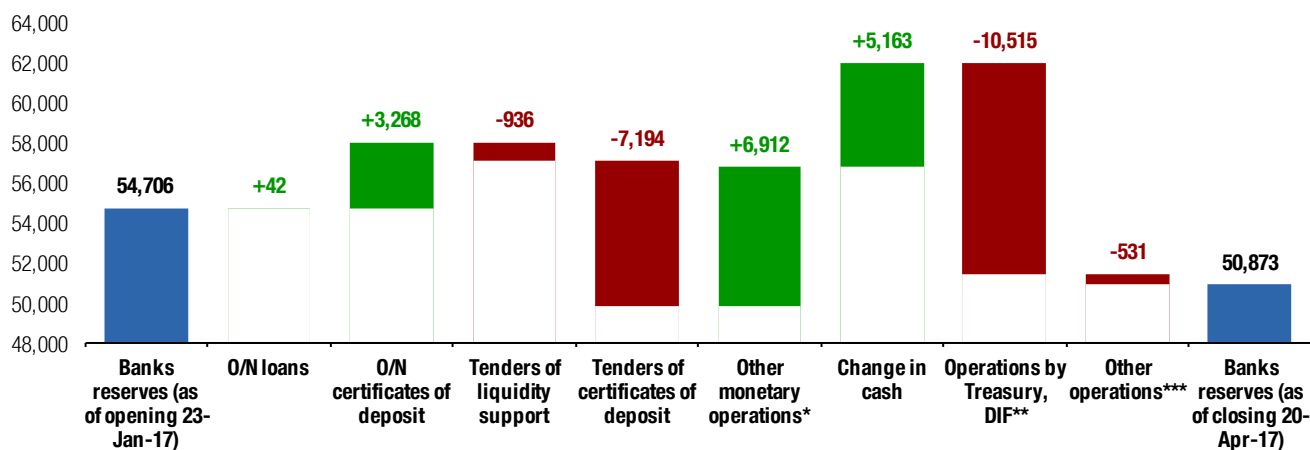
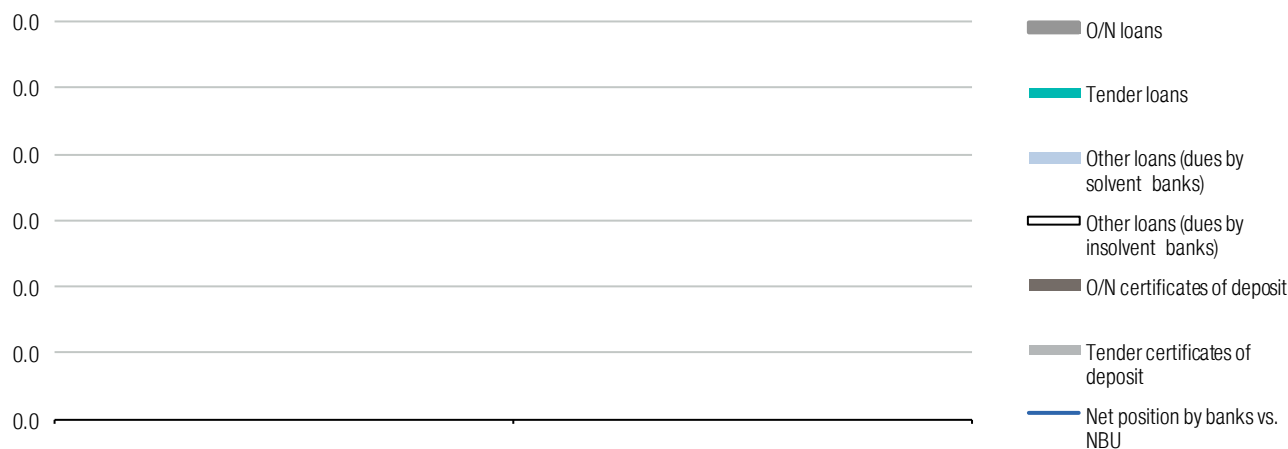


Chart 2. Banks reserves usages over last 90-day period (UAHm)



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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