

# Daily Insight

## Liquidity recovers above UAH110bn

### Key messages of the today's comments

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

##### Liquidity recovers above UAH110bn ..... 2

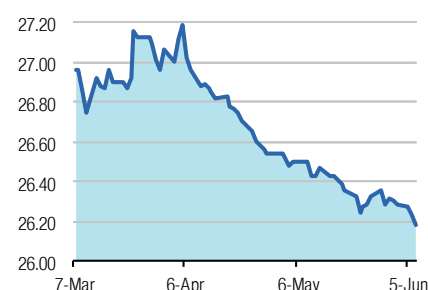
On Tuesday, liquidity recovered to above UAH110bn, for the first time this month, mostly due to UAH1.11bn in inflows from the NBU via an FX auction and secondarily to UAH0.89bn in autonomous non-monetary operations, as the Treasury continued to keep positive balance and cash rose after declining over two consecutive days.

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

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

THURSDAY, 8 JUNE 2017

#### Ukraine's hryvnia exchange rate per US dollar (three months through 7 June 2017)



Source: Bloomberg.

#### Selected indicators of the financial markets (three months through 7 June 2017)

	Last	Daily chg (%)	YTD chg (%)
<b>DOMESTIC LIQUIDITY</b>			
NBU key policy rate (%)	N/A		
Overnight rate (interbank)	N/A		
Banks reserves (UAHm)	43,700	-3.22	-14.96
Deposit certificates* (UAHm)	67,127	-27.63	-21.95
<b>FOREIGN EXCHANGE MARKET</b>			
UAH per US dollar	26.1800	-0.21	-3.39
Total trade volume (US\$m)	164.14	+12.22	-3.23
UAH index PCI-based	108.591	+0.56	+0.55
UAH index PPI-based	167.364	+0.56	-0.60
<b>UKRAINE SOVEREIGN EUROBOND MARKET</b>			
CDS 5yr	550bp	-45bp	+0bp
<b>GLOBAL FINANCIAL MARKET INDICATORS</b>			
S&P 500	2,433.14	+0.16	+8.68
MSCI EM	1,015.75	-0.01	+17.80
US dollar index (DXY)	96.748	+0.12	-5.34
EUR / USD	1.1257	-0.18	+7.04
Crude oil WTI (US\$/bbl)	45.72	-5.13	-14.89
Crude oil BRENT (US\$/bbl)	48.06	-4.11	-15.42
CRB, commodities index	175.61	-1.38	-8.78
Gold (US\$/ounce)	1,287.10	-0.55	+11.70

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

Source: Bloomberg, ICU.

# Domestic liquidity

## Liquidity recovers above UAH110bn

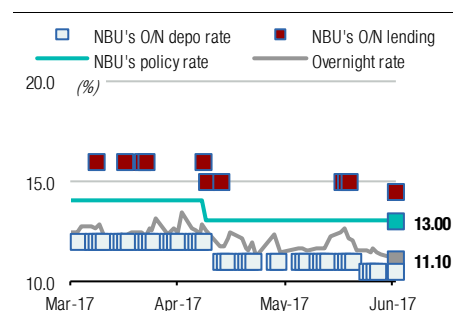
On Tuesday, liquidity recovered to above UAH110bn, for the first time this month, mostly due to UAH1.11bn in inflows from the NBU via an FX auction and secondarily to UAH0.89bn in autonomous non-monetary operations, as the Treasury continued to keep positive balance and cash rose after declining over two consecutive days.

Banks' correspondent accounts with the NBU slid a mere UAH0.01bn to UAH43.70bn while total CDs outstanding rose UAH2.08bn to UAH67.13bn. Banks decreased ON CDs by UAH2.14bn while purchased UAH4.22bn in 14-day CDs in excess of redemptions.

**Investment implications:** *Liquidity should continue to recover and today indicators should also reflect yesterday's inflow via the FX auction. Outflows via new government bond purchased should be insufficient compared with the inflow from the NBU.*

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

## Interest rates in the banks' reserves market (three months through 7 June 2017)



Source: Bloomberg, ICU.

## Key indicators (as of 7 June 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	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
<b>DOMESTIC LIQUIDITY (UAH MILLION)</b>					
Reserves <sup>2</sup>	43,700	-3.22	-9.31	-2.84	-14.96
DepCerts <sup>3</sup>	67,127	-27.63	-19.44	-28.53	-21.95
<b>Total</b>	<b>110,827</b>	<b>-18.01</b>	<b>-15.02</b>	<b>-18.50</b>	<b>-18.85</b>
<b>BREAKDOWN OF GOVT BOND HOLDERS (UAH MILLION)</b>					
NBU	375,131	+0.00	-0.27	-0.74	+5.33
Banks	281,144	-0.02	-0.10	-0.68	+63.14
Residents	22,568	-0.18	+0.04	+1.69	+43.94
Non-res <sup>4</sup>	5,259	-0.13	-0.40	-0.92	-17.21
<b>Total</b>	<b>684,102</b>	<b>-0.02</b>	<b>-0.19</b>	<b>-0.64</b>	<b>+24.27</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	550	-45bp	-45bp	-48bp	+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.

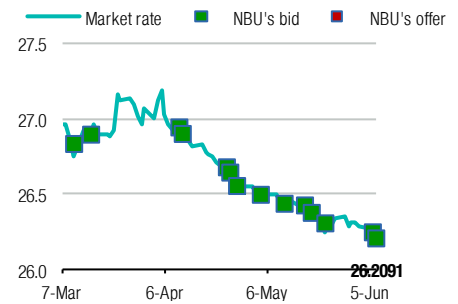
# Foreign exchange markets

## Key indicators (as of 7 червня 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>EXCHANGE RATES (PER US DOLLAR, EXCEPT EURO, POUND)</b>					
UAH	26.1800	-0.21	-0.51	-1.21	-3.39
USD <sup>1</sup>	96.748	+0.12	-0.18	-1.93	-5.34
EUR	1.1257	-0.18	+0.12	+2.35	+7.04
JPY	109.8200	+0.37	-0.87	-2.56	-6.10
GBP <sup>2</sup>	1.2960	+0.38	+0.54	-0.17	+5.02
CNY	6.7957	+0.01	-0.33	-1.56	-2.15
RUB	57.0925	+1.05	+0.84	-1.46	-7.22

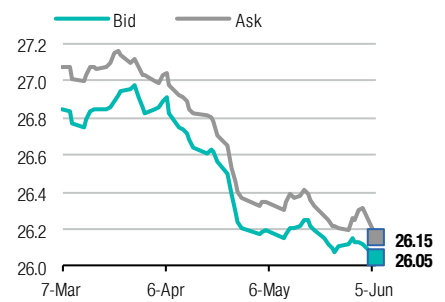
Notes: [1] DXY, US dollar index; [2] British pound.  
Source: Bloomberg, ICU.

## Ukraine hryvnia UAH exchange rate per US dollar at the interbank market (three months through 7 June 2017)



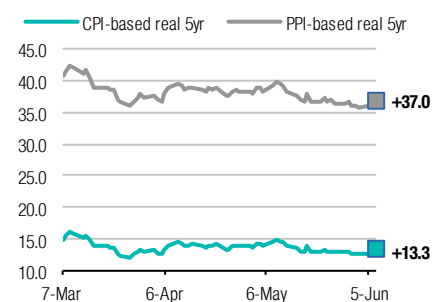
Notes: the chart provides labels for the average exchange rate at last two NBU auctions (one on buying FX from the market and one on selling it). Source: NBU, Bloomberg, ICU.

## Ukraine hryvnia UAH exchange rate per US dollar at the cash market (three months through 7 June 2017)



Source: NBU.

## UAH exchange rate misalignment<sup>1</sup> from fundamental level<sup>2</sup> (%) (three months through 7 June 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)

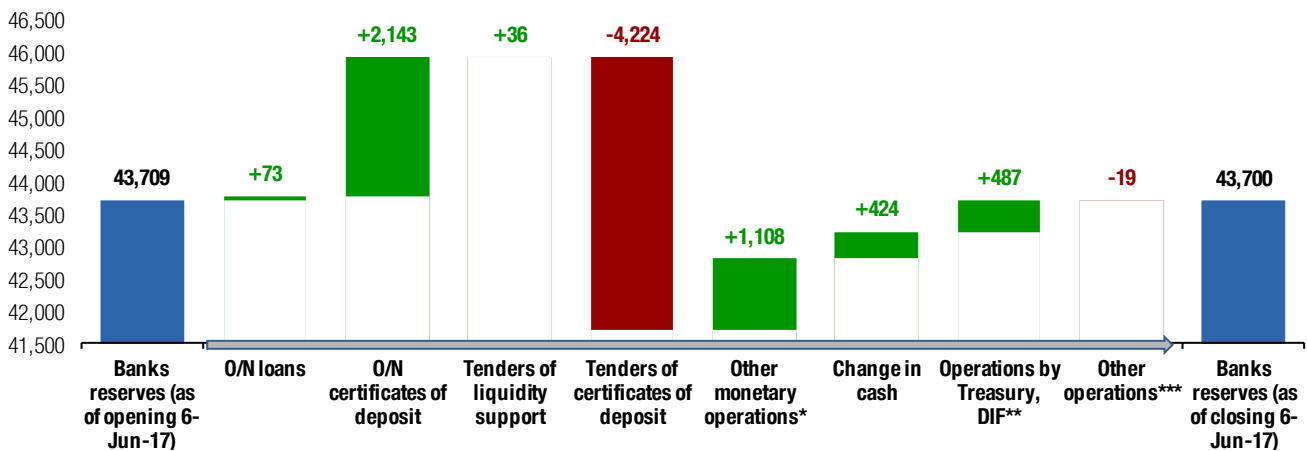
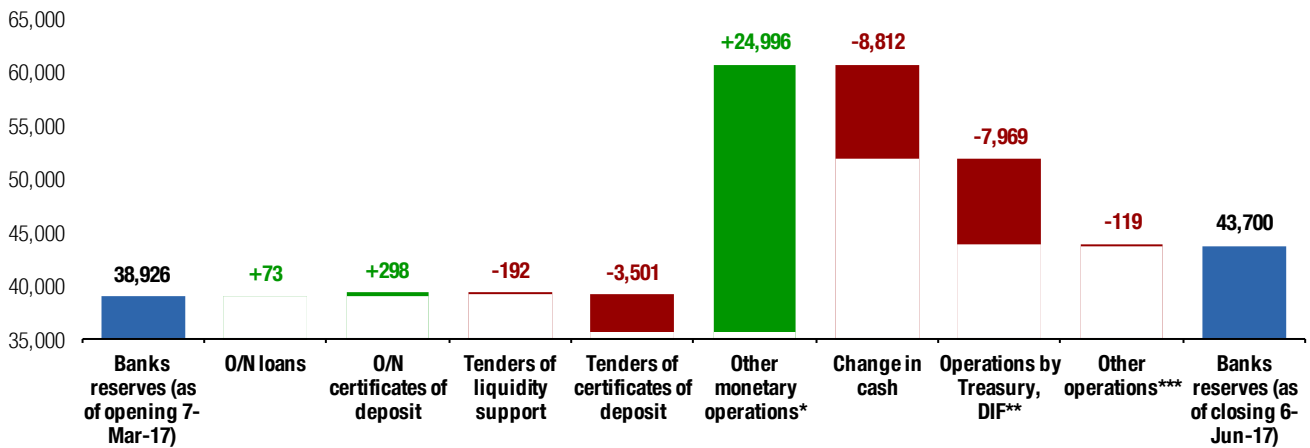
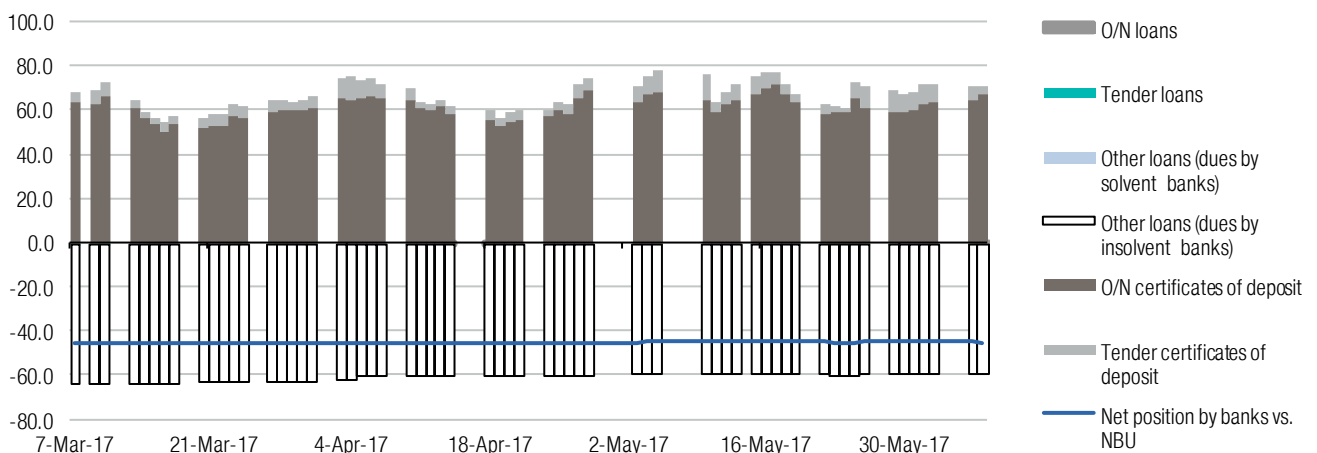


Chart 2. Banks reserves usages over last 90-day period (UAHm)



Notes: [1] data from the NBU's daily reporting [https://bank.gov.ua/control/uk/publish/article?art\\_id=38643651&cat\\_id=40807142](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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