

# Daily Insight

## Liquidity up above UAH113bn

### Key messages of the today's comments

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##### Liquidity up above UAH113bn 2

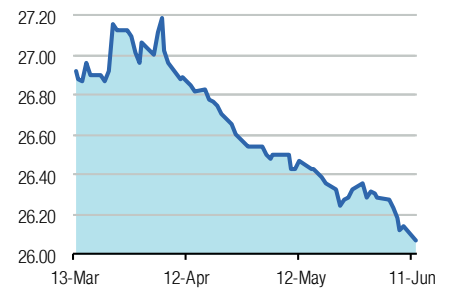
Total banking sector liquidity rose UAH0.84bn to UAH113.04bn yesterday, reflecting last Friday's cash flows. Banks' correspondent accounts with the NBU increased UAH0.34bn to UAH39.91bn while total CDs outstanding was up UAH0.50bn to UAH73.13bn. Banks increased purchases of ON and 14-day CDs.

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TUESDAY, 13 JUNE 2017

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



Source: Bloomberg.

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

	Last	Daily chg (%)	YTD chg (%)
<b>DOMESTIC LIQUIDITY</b>			
NBU key policy rate (%)	12.50	+0bp	-150bp
Overnight rate (interbank)	11.30	+30bp	+70bp
Banks reserves (UAHm)	39,911	+12.77	-9.50
Deposit certificates* (UAHm)	73,126	-16.07	-1.39
<b>FOREIGN EXCHANGE MARKET</b>			
UAH per US dollar	26.0700	-0.29	-3.80
Total trade volume (US\$m)	143.17	-25.32	-15.59
UAH index PCI-based	109.157	+0.23	+1.07
UAH index PPI-based	168.237	+0.23	-0.08
<b>UKRAINE SOVEREIGN EUROBOND MARKET</b>			
CDS 5yr	550bp	+0bp	+0bp
<b>GLOBAL FINANCIAL MARKET INDICATORS</b>			
S&P 500	2,429.39	-0.10	+8.51
MSCI EM	1,008.92	-0.91	+17.01
US dollar index (DXY)	97.138	-0.14	-4.96
EUR / USD	1.1203	+0.07	+6.52
Crude oil WTI (US\$/bbl)	46.08	+0.55	-14.22
Crude oil BRENT (US\$/bbl)	48.29	+0.29	-15.01
CRB, commodities index	175.93	-0.47	-8.61
Gold (US\$/ounce)	1,265.90	-0.06	+9.86

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

Source: Bloomberg, ICU.

# Domestic liquidity

## Liquidity up above UAH113bn

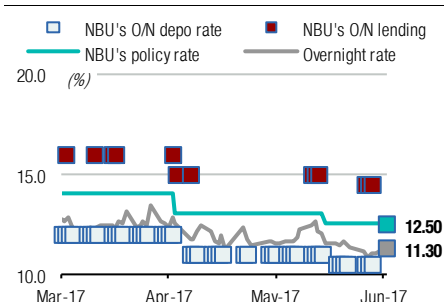
Total banking sector liquidity rose UAH0.84bn to UAH113.04bn yesterday, reflecting last Friday's cash flows. Banks' correspondent accounts with the NBU increased UAH0.34bn to UAH39.91bn while total CDs outstanding was up UAH0.50bn to UAH73.13bn. Banks increased purchases of ON and 14-day CDs.

The increase in liquidity was supported by the NBU's monetary operations and autonomous non-monetary operations. The NBU injected UAH0.26bn while autonomous operations resulted in UAH0.58bn last Friday, including a UAH2.20bn decline in cash and inflows of UAH2.69bn from the Treasury and UAH0.08bn from other operations.

**Investment implications: This week started with CDs outstanding only UAH0.48bn lower than this year's record high, while banks' correspondent accounts are quite low for liquidity to meet the record large amount. Today, liquidity could rise more as the NBU injected about UAH1.3bn yesterday via an FX auction.**

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

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



Source: Bloomberg, ICU.

## Key indicators (as of 12 June 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>BANKS' RESERVES MARKET (%)</b>					
NBU rate <sup>1</sup>	12.50	+0bp	+0bp	-50bp	-150bp
Overnight	11.30	+30bp	+0bp	-20bp	+70bp
<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>	39,911	+12.77	-0.49	-14.52	-9.50
DepCerts <sup>3</sup>	73,126	-16.07	-4.23	-2.40	-1.39
<b>Total</b>	<b>113,037</b>	<b>-5.89</b>	<b>-2.68</b>	<b>-7.92</b>	<b>-4.99</b>
<b>BREAKDOWN OF GOVT BOND HOLDERS (UAH MILLION)</b>					
NBU	373,943	+0.00	-0.32	-1.05	+5.00
Banks	280,992	-0.01	-0.06	-0.71	+63.05
Residents	22,519	-0.30	-0.44	+2.25	+43.63
Non-res <sup>4</sup>	63	-0.09	-98.79	-98.80	-99.00
<b>Total</b>	<b>677,517</b>	<b>-0.02</b>	<b>-0.97</b>	<b>-1.56</b>	<b>+23.07</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	+0bp	-45bp	-41bp	+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.

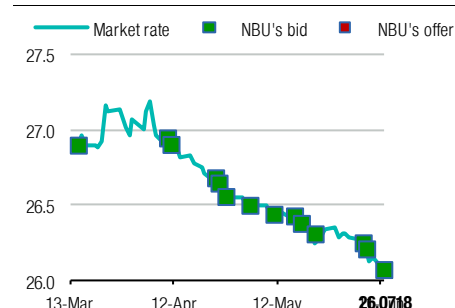
# Foreign exchange markets

## Key indicators (as of 12 червня 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>EXCHANGE RATES (PER US DOLLAR, EXCEPT EURO, POUND)</b>					
UAH	26.0700	-0.29	-0.77	-1.51	-3.80
USD <sup>1</sup>	97.138	-0.14	+0.35	-2.13	-4.96
EUR	1.1203	+0.07	-0.45	+2.49	+6.52
JPY	109.9500	-0.34	-0.45	-3.03	-5.99
GBP <sup>2</sup>	1.2659	-0.68	-1.90	-1.79	+2.59
CNY	6.7982	+0.00	-0.09	-1.47	-2.11
RUB	57.0665	+0.05	+0.79	-0.04	-7.27

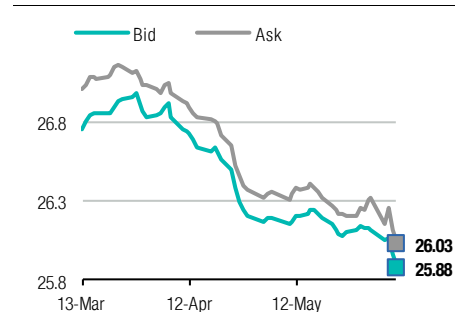
Notes: [1] DXY, US dollar index; [2] British pound.  
Source: Bloomberg, ICU.

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



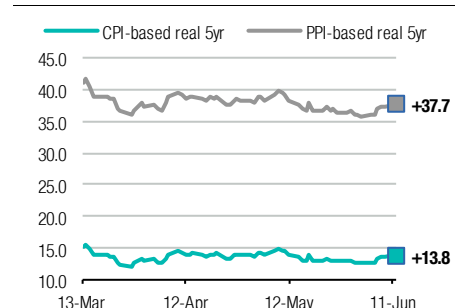
Notes: the chart provides labels for the average exchange rate at last two NBU auctions (one on buying FX from the market and one on selling it). Source: NBU, Bloomberg, ICU.

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



Source: NBU.

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

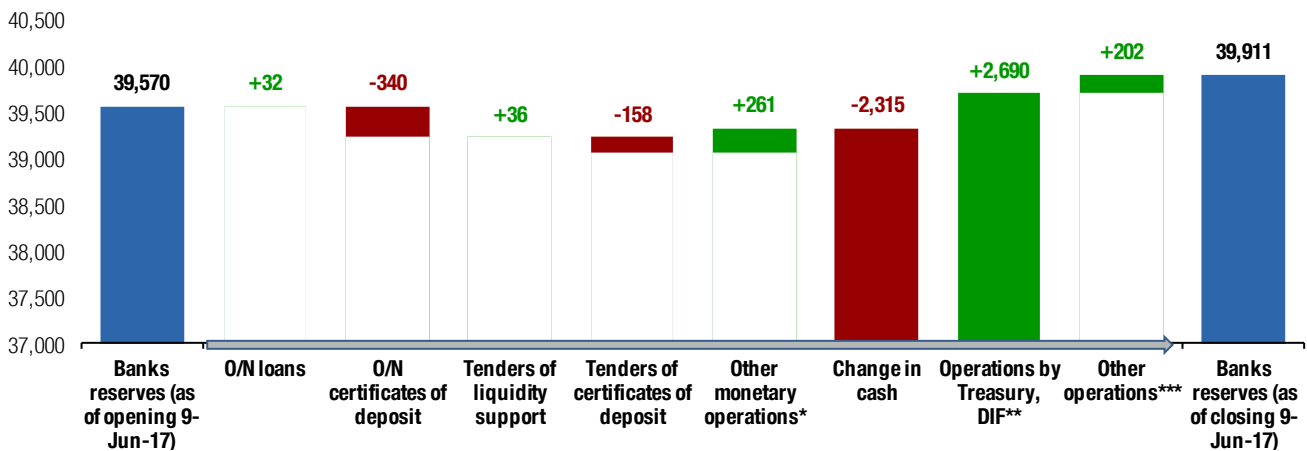


Notes: [1] "+" overvalued, "-" undervalued; [2] based on the UAH's CPI- and PPI-based real TWIs. Source: ICU.

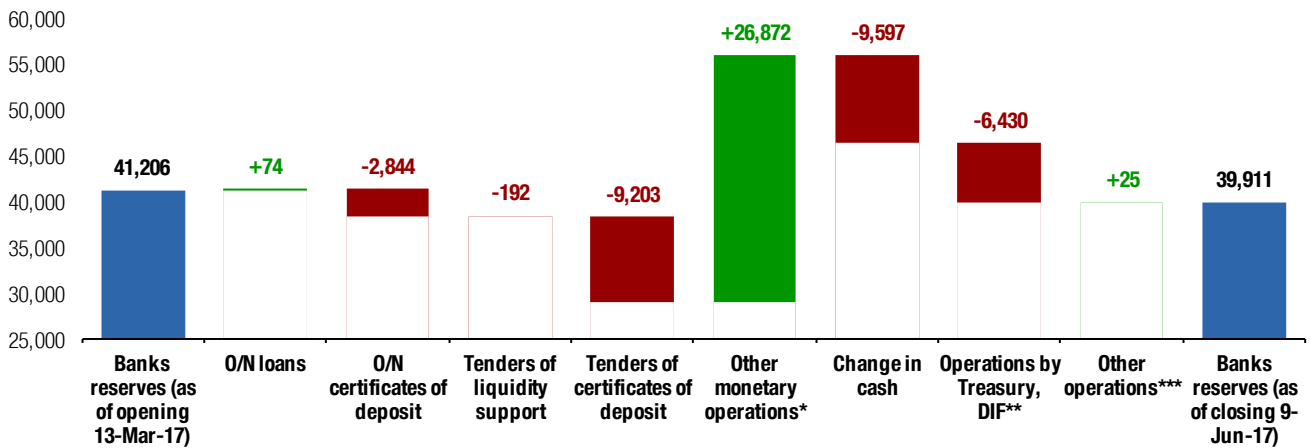
Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU [website](#).

# Appendix #1: Domestic liquidity

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

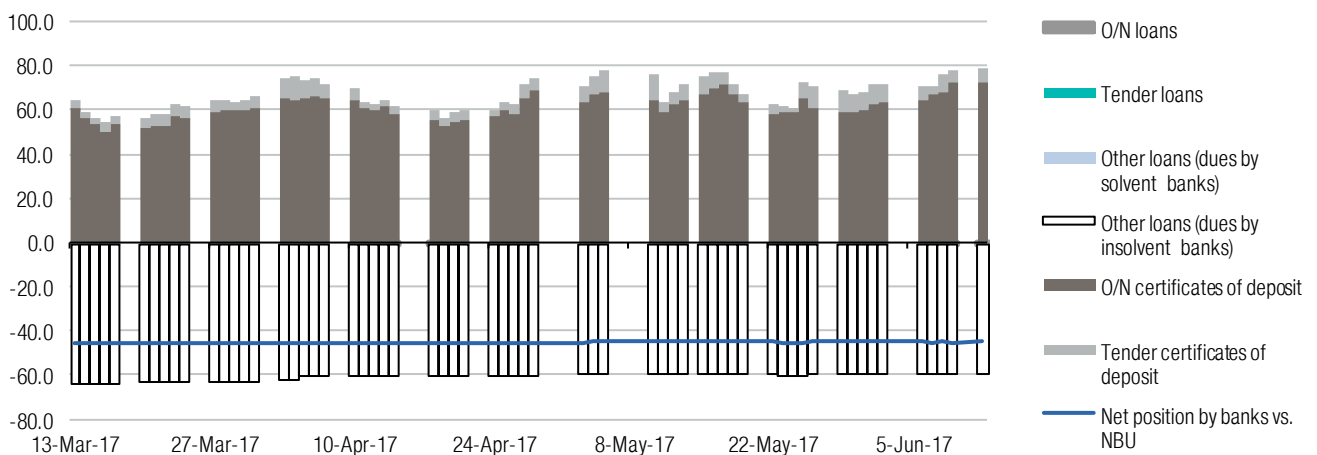


**Chart 2. Banks reserves usages over last 90-day period (UAHm)**



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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