

# Daily Insight

## Liquidity steady

### Key messages of the today's comments

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##### Liquidity steady ..... 2

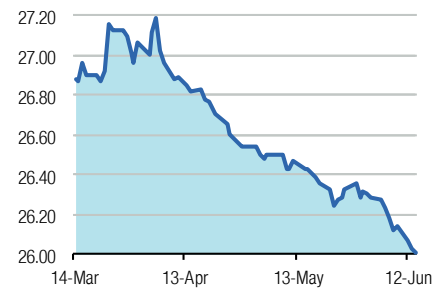
Total banking sector liquidity rose just UAH0.34bn to UAH115.28bn, setting a new record high this month, and just UAH2.2bn below this year's high. fund outflows via cash continues, at UAH0.41bn on Tuesday. Outflows were offset by Treasury and other operations, resulting in UAH0.22bn. With funds from the NBU via an FX auction, liquidity received the needed funds for outflows and supported the increase.

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THURSDAY, 15 JUNE 2017

#### Ukraine's hryvnia exchange rate per US dollar (three months through 14 June 2017)



Source: Bloomberg.

#### Selected indicators of the financial markets (three months through 14 June 2017)

	Last	Daily chg (%)	YTD chg (%)
<b>DOMESTIC LIQUIDITY</b>			
NBU key policy rate (%)	12.50	+0bp	-150bp
Overnight rate (interbank)	11.10	-20bp	+50bp
Banks reserves (UAHm)	46,025	+2.26	-7.45
Deposit certificates* (UAHm)	69,250	-16.23	-6.80
<b>FOREIGN EXCHANGE MARKET</b>			
UAH per US dollar	26.0100	-0.08	-4.02
Total trade volume (US\$m)	207.56	+25.68	+22.37
UAH index PCI-based	109.425	+0.14	+1.32
UAH index PPI-based	168.650	+0.14	+0.16
<b>UKRAINE SOVEREIGN EUROBOND MARKET</b>			
CDS 5yr	560bp	+10bp	+0bp
<b>GLOBAL FINANCIAL MARKET INDICATORS</b>			
S&P 500	2,437.92	-0.10	+8.89
MSCI EM	1,013.69	+0.39	+17.56
US dollar index (DXY)	96.939	-0.04	-5.16
EUR / USD	1.1218	+0.06	+6.67
Crude oil WTI (US\$/bbl)	44.73	-3.72	-16.73
Crude oil BRENT (US\$/bbl)	47.00	-3.53	-17.28
CRB, commodities index	173.02	-1.60	-10.12
Gold (US\$/ounce)	1,260.77	-0.46	+9.42

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

Source: Bloomberg, ICU.

# Domestic liquidity

## Liquidity steady

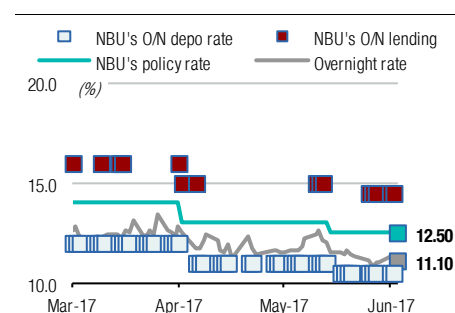
Total banking sector liquidity rose just UAH0.34bn to UAH115.28bn, setting a new record high this month, and just UAH2.2bn below this year's high. fund outflows via cash continues, at UAH0.41bn on Tuesday. Outflows were offset by Treasury and other operations, resulting in UAH0.22bn. With funds from the NBU via an FX auction, liquidity received the needed funds for outflows and supported the increase.

Banks continued to accumulate funds at accounts with the NBU for the third consecutive day as banks' correspondent accounts at the NBU rose UAH1.02bn to UAH46.03bn. Funds for this increase were from the increase in liquidity and CD redemptions. Banks decreased total CDs outstanding by UAH0.67bn to UAH69.25 as ON CDs outstanding declined UAH0.46bn and 14-day CDs increased.

**Investment implications: Liquidity became steady with a low impact from outflows and injections. As the main outflows should be seen next week, liquidity could rise further if there are sufficient new inflows. The main source should be FX auctions and a low amount of VAT refund paid this month.**

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

## Interest rates in the banks' reserves market (three months through 14 June 2017)



Source: Bloomberg, ICU.

## Key indicators (as of 14 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	11.10	-20bp	+30bp	-40bp	+50bp
<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>	46,025	+2.26	+5.32	-7.41	-7.45
DepCerts <sup>3</sup>	69,250	-16.23	-13.58	-10.53	-6.80
<b>Total</b>	<b>115,275</b>	<b>-7.32</b>	<b>-3.60</b>	<b>-6.72</b>	<b>-4.58</b>
<b>BREAKDOWN OF GOVT BOND HOLDERS (UAH MILLION)</b>					
NBU	373,943	+0.00	-0.32	-1.05	+5.00
Banks	280,545	-0.05	-0.21	-0.88	+62.79
Residents	22,518	-0.57	-0.22	+1.52	+43.63
Non-res <sup>4</sup>	63	-0.27	-98.80	-98.81	-99.00
<b>Total</b>	<b>677,069</b>	<b>-0.04</b>	<b>-1.03</b>	<b>-1.65</b>	<b>+22.99</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	560	+10bp	+10bp	-32bp	+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.

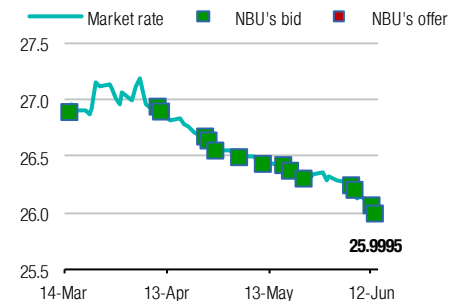
# Foreign exchange markets

## Key indicators (as of 14 червня 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>EXCHANGE RATES (PER US DOLLAR, EXCEPT EURO, POUND)</b>					
UAH	26.0100	-0.08	-0.65	-1.74	-4.02
USD <sup>1</sup>	96.939	-0.04	+0.20	-2.33	-5.16
EUR	1.1218	+0.06	-0.35	+2.63	+6.67
JPY	109.5800	-0.45	-0.22	-3.35	-6.31
GBP <sup>2</sup>	1.2751	-0.02	-1.61	-1.08	+3.33
CNY	6.7917	-0.11	-0.06	-1.56	-2.21
RUB	57.3947	+0.70	+0.53	+0.54	-6.73

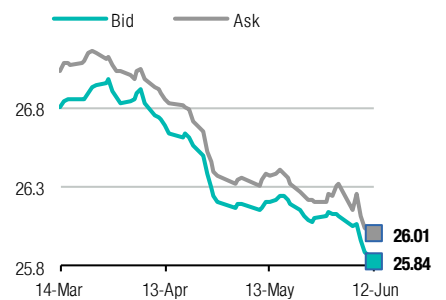
Notes: [1] DXY, US dollar index; [2] British pound.  
Source: Bloomberg, ICU.

## Ukraine hryvnia UAH exchange rate per US dollar at the interbank market (three months through 14 June 2017)



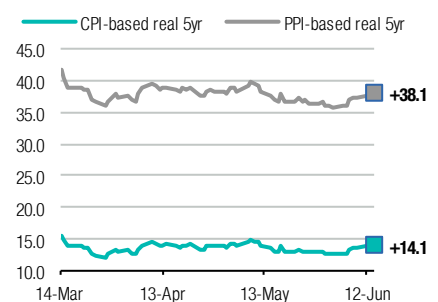
Notes: the chart provides labels for the average exchange rate at last two NBU auctions (one on buying FX from the market and one on selling it). Source: NBU, Bloomberg, ICU.

## Ukraine hryvnia UAH exchange rate per US dollar at the cash market (three months through 14 June 2017)



Source: NBU.

## UAH exchange rate misalignment<sup>1</sup> from fundamental level<sup>2</sup> (%) (three months through 14 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)

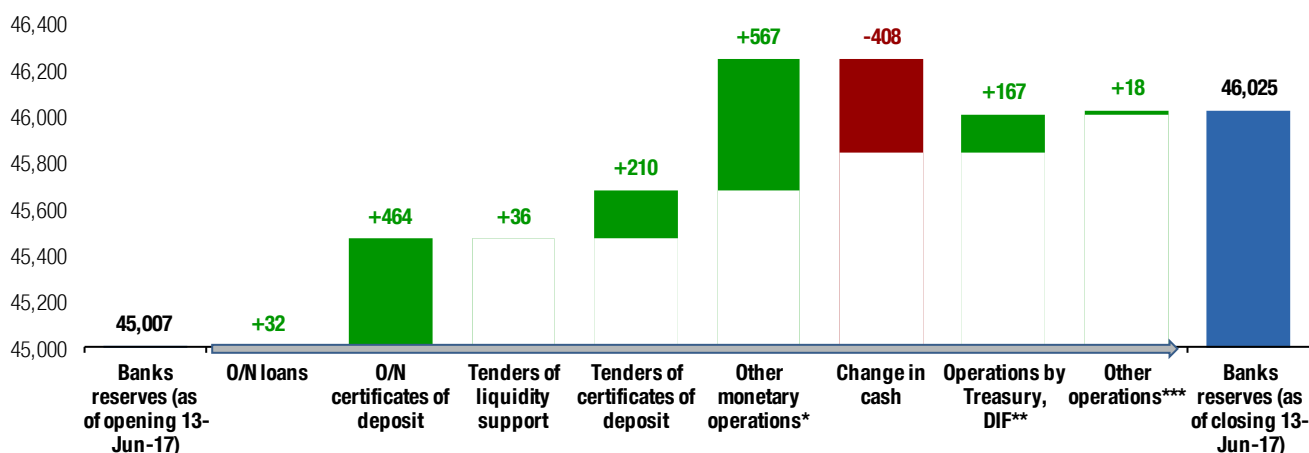
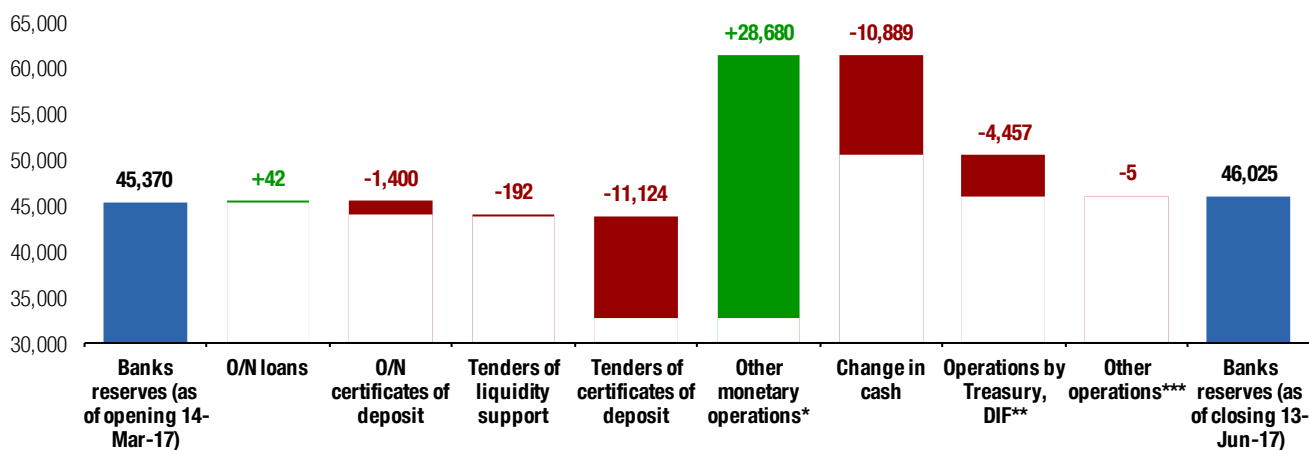
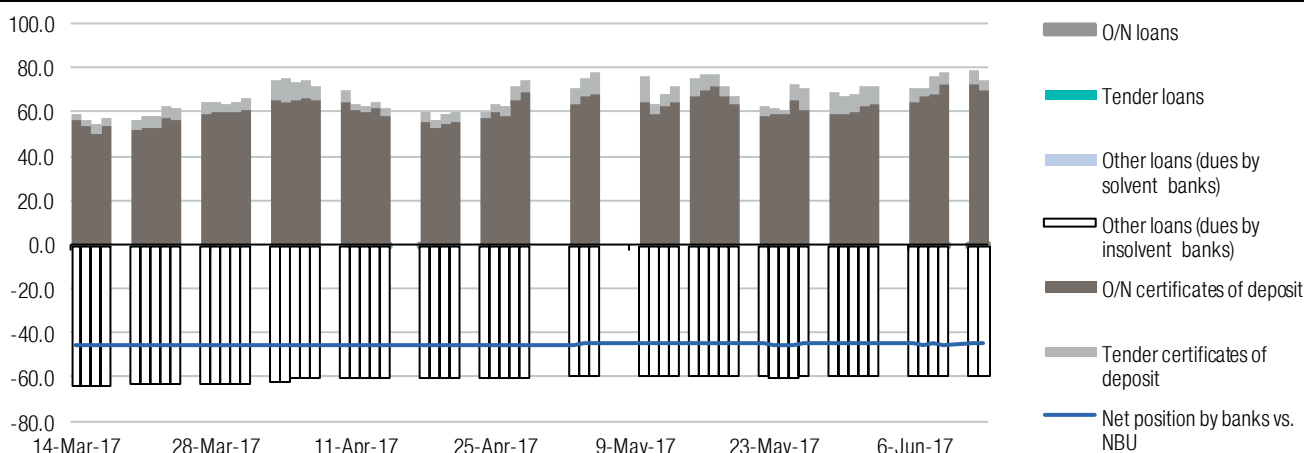


Chart 2. Banks reserves usages over last 90-day period (UAHm)



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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