

# Daily Insight

## Liquidity down slightly

### Key messages of the today's comments

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

##### Liquidity down slightly ..... 2

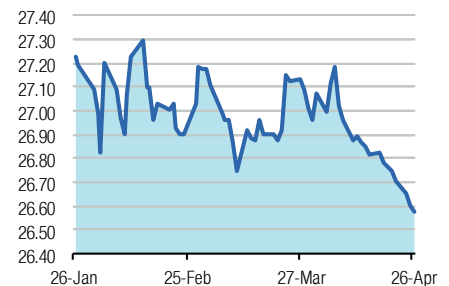
This Tuesday, despite the Treasury's receiving about UAH11bn, the final impact of Treasury and DGF operations amounted to minus UAH1.91bn. Partially offset by a UAH0.37bn increase in cash, the final impact of non-monetary operations amounted to minus UAH1.54bn. At the same time, as a result of Tuesday's FX auction, the NBU injected UAH1.20bn to compensate for the majority of these outflows.

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THURSDAY, 27 APRIL 2017

#### Ukraine's hryvnia exchange rate per US dollar (three months through 26 April 2017)



Source: Bloomberg.

#### Selected indicators of the financial markets (three months through 26 April 2017)

	Last	Daily chg (%)	YTD chg (%)
<b>DOMESTIC LIQUIDITY</b>			
NBU key policy rate (%)	14.00	+0bp	+0bp
Overnight rate (interbank)	11.50	-10bp	+90bp
Banks reserves (UAHm)	49,692	+1.93	-0.08
Deposit certificates* (UAHm)	67,861	-16.29	-8.73
<b>FOREIGN EXCHANGE MARKET</b>			
UAH per US dollar	26.5800	-0.08	-1.92
Total trade volume (US\$m)	N/A		
UAH index PCI-based	108.855	+0.47	+0.79
UAH index PPI-based	167.771	+0.47	-0.36
<b>UKRAINE SOVEREIGN EUROBOND MARKET</b>			
CDS 5yr	620bp	+0bp	+0bp
<b>GLOBAL FINANCIAL MARKET INDICATORS</b>			
S&P 500	2,387.45	-0.05	+6.64
MSCI EM	982.53	-0.01	+13.95
US dollar index (DXY)	99.045	+0.26	-3.10
EUR / USD	1.0904	-0.20	+3.68
Crude oil WTI (US\$/bbl)	49.62	+0.12	-7.63
Crude oil BRENT (US\$/bbl)	51.82	-0.54	-8.80
CRB, commodities index	181.71	-0.11	-5.61
Gold (US\$/ounce)	1,269.24	+0.40	+10.15

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

Source: Bloomberg, ICU.

# Domestic liquidity

## Liquidity down slightly

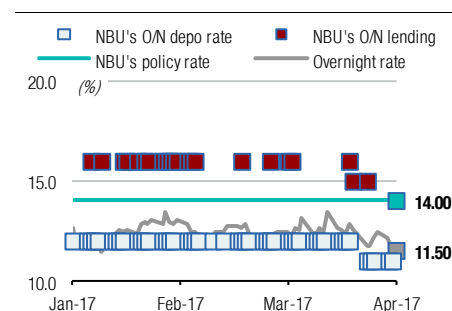
This Tuesday, despite the Treasury's receiving about UAH11bn, the final impact of Treasury and DGF operations amounted to minus UAH1.91bn. Partially offset by a UAH0.37bn increase in cash, the final impact of non-monetary operations amounted to minus UAH1.54bn. At the same time, as a result of Tuesday's FX auction, the NBU injected UAH1.20bn to compensate for the majority of these outflows.

Total liquidity slid UAH0.66bn to UAH108.30bn, including slight fund reallocations. Banks' correspondent accounts with the NBU rose UAH0.94bn to UAH49.69bn while total CDs outstanding fell UAH1.61bn to UAH58.61bn.

**Investment implications: The Treasury caused a significant amount of fund turnover through its accounts, significantly decreasing the impact of taxes collected. With no VAT refunds decoared on Tuesday, UAH10bn could have been paid yesterday. As Treasury inflows should have been large yesterday, liquidity could increase and should be dynamic through the end of the week.**

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

## Interest rates in the banks' reserves market (three months through 26 April 2017)



Source: Bloomberg, ICU.

## Key indicators (as of 26 April 2017)

	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>BANKS' RESERVES MARKET (%)</b>					
NBU rate <sup>1</sup>	14.00	+0bp	+0bp	+0bp	+0bp
Overnight	11.50	-10bp	-20bp	-90bp	+90bp
<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>	49,692	+1.93	-1.62	+7.48	-0.08
DepCerts <sup>3</sup>	67,861	-16.29	-8.43	-13.73	-8.73
<b>Total</b>	<b>117,553</b>	<b>-7.62</b>	<b>-3.51</b>	<b>-3.10</b>	<b>-3.01</b>
<b>BREAKDOWN OF GOVT BOND HOLDERS (UAH MILLION)</b>					
NBU	N/A	N/A	N/A	N/A	N/A
Banks	N/A	N/A	N/A	N/A	N/A
Residents	N/A	N/A	N/A	N/A	N/A
Non-res <sup>4</sup>	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>N/A</b>	N/A	N/A	N/A	N/A
<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	620	+0bp	+1bp	+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.

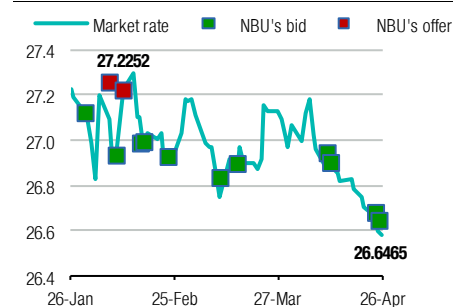
# Foreign exchange markets

**Key indicators (as of 26 квітня 2017)**

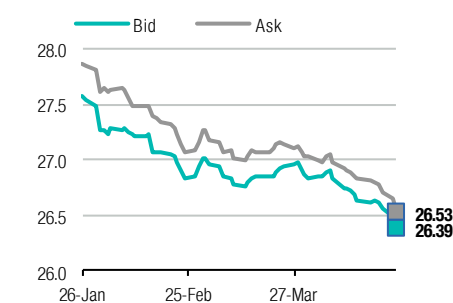
	Last	Daily	Weekly	Monthly	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>EXCHANGE RATES (PER US DOLLAR, EXCEPT EURO, POUND)</b>					
UAH	26.5800	-0.08	-0.69	-2.01	-1.92
USD <sup>1</sup>	99.045	+0.26	-0.69	-0.58	-3.10
EUR	1.0904	-0.20	+1.80	+0.98	+3.68
JPY	111.0600	-0.03	+2.02	-0.25	-5.04
GBP <sup>2</sup>	1.2848	+0.05	+0.56	+3.01	+4.12
CNY	6.8926	+0.11	+0.07	+0.13	-0.75
RUB	57.1284	+1.76	+1.02	+0.34	-7.16

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

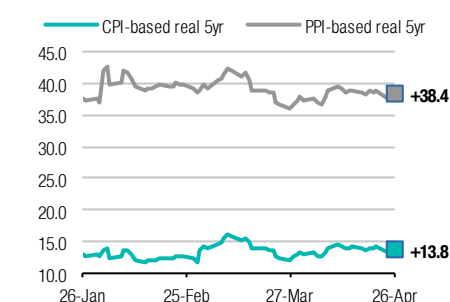
Source: Bloomberg, ICU.

**Ukraine hryvnia UAH exchange rate per US dollar at the interbank market (three months through 26 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 26 April 2017)**


Source: NBU.

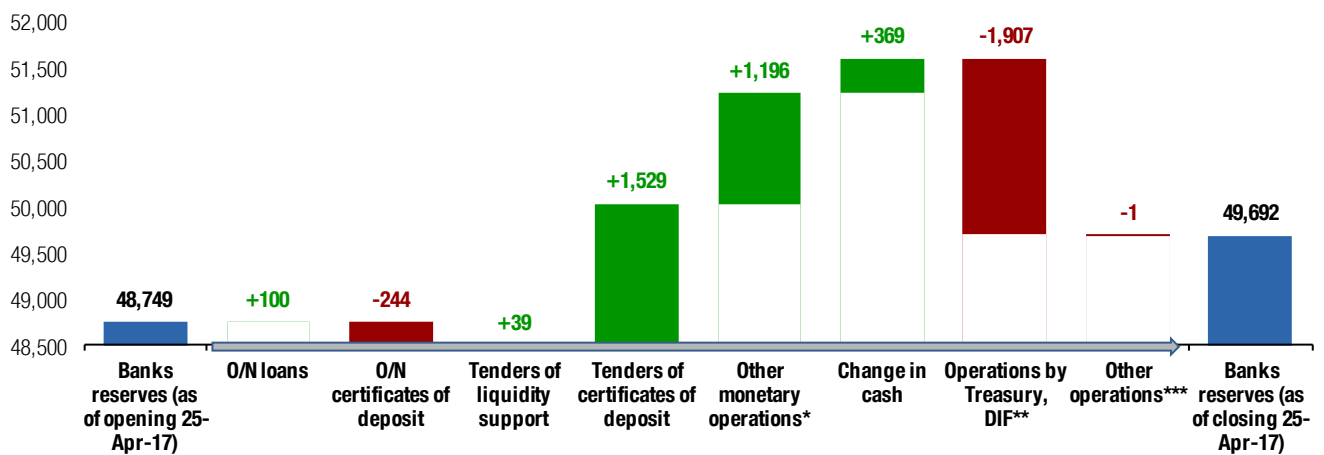
**UAH exchange rate misalignment<sup>1</sup> from fundamental level<sup>2</sup> (%) (three months through 26 April 2017)**


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

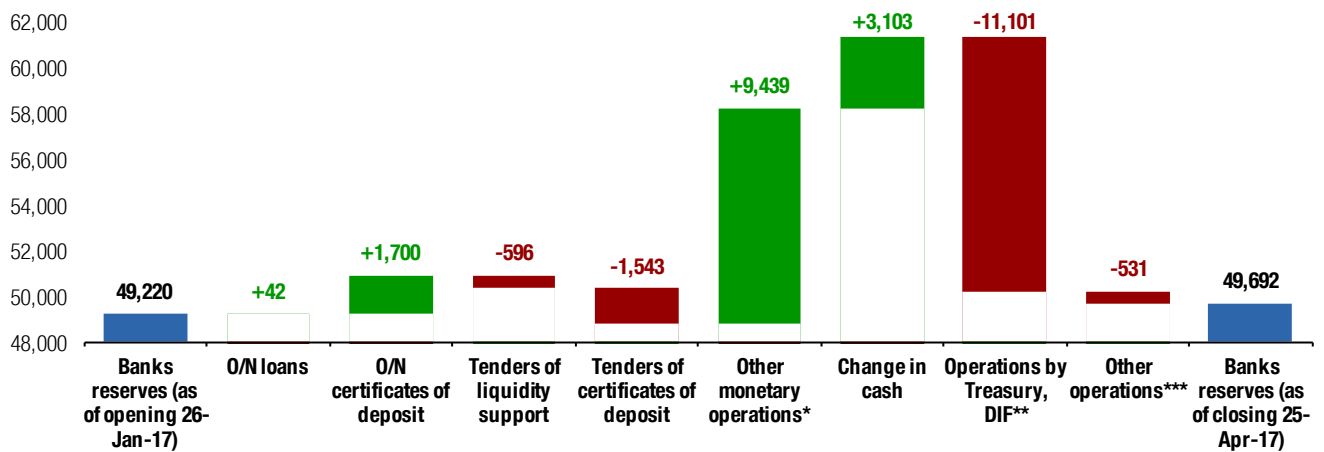
Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU [website](#).

# Appendix #1: Domestic liquidity

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

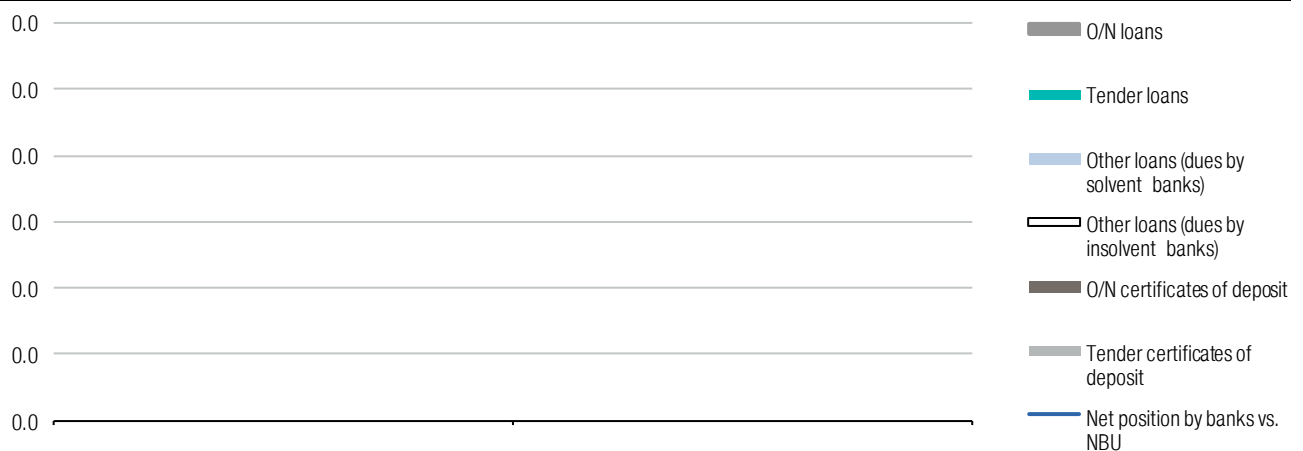


**Chart 2. Banks reserves usages over last 90-day period (UAHm)**



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