



Financial markets survey

06 April 2015

A relatively quiet week

WEEKLY ISSUE

GLOBAL MARKETS

Last week, global stock platforms reported that a swift drop was stopped. Indices of the leading western trading platforms did not register any significant changes. Western markets worked a shortened week in connection with Easter holidays.

Last week, the majority of economic news items were either positive or neutral. The tension related to the Greek issue has eased up a little. However, the problem of the country's financial standing is still far from being resolved.

On Wednesday, 1 April, the Government of Greece presented a new plan of economic measures to international creditors that should become the basis for providing Athens with the delayed credit tranche needed to prevent the country's default regarding its debts. Creditors were left unsatisfied with the new document, since the Government of the debtor country is trying to refrain from a policy of strict economy again. Creditors think it is necessary to liberalize the labor market and to lower subsidies to the pension system.

The latest values of consumer confidence indices demonstrate good results both in Europe and in the US. In March, the Consolidated Consumer Confidence Index in the euro-area grew record-high since July 2011. The Consumer Confidence Index in the UK grew record-high for almost 13 years in March 2015. The Consumer Confidence Index in the US jumped to 101.3 points in March 2015 from 98.8 points in the previous month. Such indicators can be the sign of growing consumer activities in the near future, which, in its turn, will foster economic growth.

STOCK MARKETS

Index	last	week ch.	mon. ch.	YTD
S&P 500 (US)	2067.0	0.3%	-1.5%	0.4%
FTSE 100 (UK)	6833.5	-0.3%	-1.2%	4.1%
MXME (East. Eur.)	139.9	6.6%	4.8%	16.5%
UX (Ukraine)	1045.3	3.7%	-5.2%	1.2%
RTS (Russia)	930.1	8.6%	4.5%	17.6%

COMMODITIES

Commodity	last	week ch.	mon. ch.	YTD
Wheat, USD/ton	187.5	-2.6%	-9.4%	-20.2%
Steel, USD/ton	358.0	0.0%	2.3%	-11.2%
Oil, USD/barrel	55.0	-2.6%	-9.2%	-4.2%
Gold, USD/ounce	1210.2	0.9%	0.9%	2.2%

Source: Thomson Reuters

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MACROECONOMICS

Unemployment

In 2014, the rate of unemployment in Ukraine grew 2 percentage points. According to information of the State Statistics Service, the rate of unemployment (in accordance with the International Labor Organization methodology) totaled 9.3% in 2014, whereas 7.3% was registered in 2013.

The reasons behind seriously growing unemployment were a swift recession of the Ukrainian economy, destruction and close-down of a number of enterprises in the eastern part of the country as a result of active hostilities, and the breach of economic relations between companies.

In 2014, the rate of unemployment among female population grew from 6.3% to 7.5% and among male population – from 8.1% to 10.8%. Unemployment rates among urban population and among rural residents differ very little: the rate of unemployment among urban population totaled 9.2% and among rural population – 9.5%.

The highest rate of unemployment was registered in Luhansk, Zhytomyr and Poltava oblasts, while the lowest – in Odesa oblast, the city of Kyiv and Kharkiv oblasts.

BOND MARKET

Last week, the Ministry of Finance managed to raise UAH 164,000 to the State Budget of Ukraine by way of selling internal government bonds called “Military Bonds” on 2 April. The earning rate for the above-mentioned bonds reached 7% per annum, while the bonds will mature in July 2016.

The Ministry of Finance does not provide information regarding its plans to hold tenders for primary placement of internal government bonds during the current month.

NBU OPERATIONS

Last week, the sum allocated by the National Bank at a tender to support liquidity of banks reached UAH 1 billion against UAH 800 million disbursed a week earlier. The above-mentioned refinancing resources were granted on 25 February to nine banks for 13 days. The refinancing rate did not change and equaled 19.50% per annum.

The total sum of overnight loans which the NBU issued to banks over the previous week reached UAH 3.2 billion against UAH 10.8 billion granted a week earlier. The rate for overnight loans did not change and stood at 23% per annum.

Last week, the National Bank of Ukraine managed to raise UAH 52.6 billion against UAH 38.5 billion raised a week earlier by way of placing certificates of deposit. The NBU placed overnight certificates of deposit for the total of UAH 46.6 billion. Rates for deposit certificates did not change over the previous week.

The previous week saw a trend towards growing volumes of deposit certificates and shrinking overnight loans take shape. Thanks to this trend, the overall level of the banking system liquidity improved. The next several weeks should demonstrate whether this trend is sustainable.

LATEST MACROECONOMIC DATA

Indicator	Value
Unemployment rate (ILO methodology) in 2014, %	9.3

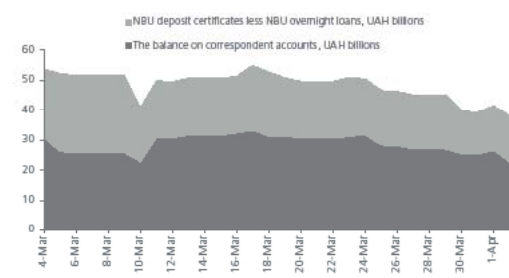
Source: the State Statistics Service

THE RESULTS OF PLACING INTERNAL GOVERNMENT BONDS

Date of placement	Type of bonds	Weight. av. rate	Submit./satisfied bids	Funds raised. UAH mln
2 April	481 days, “Military Bonds”	7.00%	1/1	0.164

Source: the Ministry of Finance of Ukraine

BANKING SYSTEM LIQUIDITY



Source: NBU

EQUITY MARKET

Last week, the Ukrainian stock market partially won back the losses sustained over several consecutive previous weeks. During the previous week, the Ukrainian Exchange (UX) Index grew 3.7% and closed at 1,045.25 points on Friday, 3 April.

During the previous week, the government of Ukraine implemented a number of measures to fight corruption in the highest government bodies.

FOREIGN EXCHANGE MARKET

Last week, trading on the interbank foreign exchange market ranged within the limits of UAH 23.40-23.60/USD. In the instance of interventions, the National Bank sets the exchange rate for selling foreign exchange at UAH 23.50/USD. This is the trend of the last three weeks. Even in the instance when there are no interventions, the market continues to trade around UAH 23.50/USD.

The maximum foreign exchange sales volumes were registered on Tuesday, 31 March: above USD 0.27 billion (all currencies), including sales of the American currency alone for the total of more than USD 0.20 billion.

INTERBANK LENDING MARKET

Last week, the cost of resources on the interbank lending market did not change and remained high. During the previous week, the cost of overnight loans was 21-25% per annum, while rates for weekly resources stood at 22-26% per annum. The cost of monthly resources was 22-27% per annum.

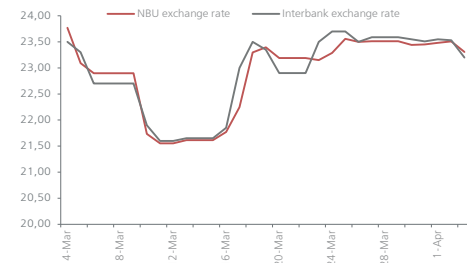
The balance on correspondent accounts continued to drop in the course of the previous week. As of Thursday morning, 2 April, the balance on correspondent accounts went down to UAH 22.8 billion, which is a record-low indicator since February 2014. As of Friday morning, 3 April, the balance on correspondent accounts totaled UAH 24.3 billion

THE UX INDEX



Source: Thomson Reuters

EXCHANGE RATE (UAH/USD)



Source: NBU, kurs.com.ua

UKRAINE'S MACROECONOMIC INDICATORS

Indicator	2014	2015
GDP, %	-6.8	-
Industrial output, %	-10.7	-22.5 (February)
Consumer price growth, %	24.9	34.5 (February)
Producer price growth, %	31.8	41.0 (February)
Balance of trade, USD billions	-5.4	-0.8 (January-February)
Official exchange rate, annual average, UAH/USD	11.89	
Weighted average interbank exchange rate, annual average, UAH/USD	11.97	21.43 (January-March)
Weighted average interbank exchange rate, by year end, UAH/USD	15.79	23.44 (end of March)
Banking system assets, % of growth	3.0	26.8 (January-February)

Source: the State Statistics Service, NBU



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