

Financial markets survey

15 June 2015

Almost no change

WEEKLY ISSUE

GLOBAL MARKET

The previous week was rather boring for financial markets. The news stream connected with economic indicators of the leading countries was weak. Markets are entering the period of summertime slackness, which results in lower volatility.

Last week, indices of the leading stock platforms across the world did not sustain any noticeable changes. On the whole, American investors were more confident than European ones. Good news for the American market included growing petroleum prices, retail sales in the US rising 1.2% in May and a 2% growth of household wealth in the US in the first quarter of 2015.

European investors cannot confidently build their strategy as long as the Greece's debt issue is not resolved. Last week, a new deadline was voiced for Greece to reach an agreement with creditors – the end of June. The European Central Bank expanded financing for Greek banks for EUR 2.3 billion, which is a record-high sum since February 2015. At the same time, on 11 June, the International Monetary Fund (IMF) discontinued negotiations with Greece with respect to the program of financial assistance to the country, since the parties did not manage to make any progress in the discussion of the problem.

If the Greek issue gets some solutions in the nearest weeks, the European market will receive a new growth impulse. More and more experts are sharing an opinion that the euro-area is already done with the risks of deflation and economic recession.

STOCK MARKETS

Index	last	week ch.	mon. ch.	YTD
S&P 500 (US)	2,094.1	0.1%	-0.2%	1.7%
FTSE 100 (UK)	6,784.9	-0.3%	-2.4%	3.3%
MXME (East. Eur.)	140.4	2.2%	-11.3%	16.8%
UX (Ukraine)	1,009.9	1.8%	-5.3%	-2.3%
RTS (Russia)	950.4	3.0%	-12.2%	20.2%

COMMODITIES

Commodity	last	week ch.	mon. ch.	YTD
Wheat, USD/ton	182.0	1.1 %	3.4%	-22.6%
Steel, USD/ton	375.0	0.0%	1.4%	-6.9%
Oil, USD/barrel	63.9	0.9%	-4.4%	11.4%
Gold, USD/ounce	1,180.3	0.8%	-2.9%	-0.3%

Source: Thomson Reuters

www.pumb.ua

Department of Investment Business
Andriivska St., 4, Kiev, Ukraine 04070
tel. +38 044 231 7380

MACROECONOMICS

Sown areas

As of 1 June 2015, areas under spring crops shrank 6.4% compared to the situation as of the same date in 2014. There was a drop in sown areas under all crops, except for soy and perished winter crops, as well as perennial grasses and herbs.

Sown areas in Donetsk and Luhansk oblasts shrank 38.0% and 28.6% respectively. At the same time, an increase in sown areas was registered in Chernihiv, Rivne, Mykolayiv, Volyn, and Zakarpattya oblasts.

BOND MARKET

Last week, the Ministry of Finance did not hold any tenders to place internal government bonds. There is no schedule of tenders for the current month. Perhaps, the Ministry of Finance gave up the idea of raising financial resources at the domestic market owing to the high cost of resources. At the current stage, the Budget deficit will be financed with the help of the IMF loan. The last placement of internal government bonds took place on 2 April 2015.

NBU OPERATIONS

In the course of the previous week, the total sum of overnight loans which the NBU disbursed to banks reached UAH 250.8 million against UAH 63.7 million granted a week earlier. Last week, the National Bank did not provide long-term refinancing resources to banks.

Last week, the National Bank of Ukraine managed to raise UAH 38.3 billion against UAH 40.1 billion raised a week earlier by way of placing certificates of deposit. At that, the NBU placed overnight certificates of deposit for the total of UAH 23.8 billion over the previous week.

By the end of the previous week, the overall level of the banking system liquidity went up thanks to an increase in the balance on correspondent accounts. The volume of deposit certificates in circulation continues to stay relatively high.

STOCK MARKET

Last week, the Ukrainian stock market slightly restored its positions. In the course of the previous week, the Ukrainian Exchange (UX) Index went up above 1,000 points again. By the end of the previous week, the Ukrainian Exchange Index grew 1.8% and closed at 1,009.89 points on Friday, 12 June.

In the nearest future, the situation on the Ukrainian stock market will be determined by moods prevailing on external markets and the development of the military conflict in the eastern part of the country.

FOREIGN EXCHANGE MARKET

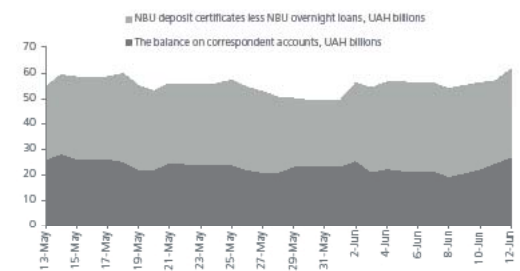
During the previous week, trading on the interbank foreign exchange market ranged within the limits of UAH 21.05-21.15/USD on Monday, 8 June. Tuesday registered a slight depreciation to UAH 21.15-21.25/USD. Trading ranged within the limits of UAH 21.12-21.22/USD on Wednesday. The market appreciated abruptly to UAH 21.00-21.05/USD on Thursday and depreciated again to 21.03-21.18/USD on Friday.

LATEST MACROECONOMIC DATA

Indicator	Value
Change in sown areas under spring crops as of 1 June 2015, % year-on-year	-6.4

Source: the State Statistics Service

BANKING SYSTEM LIQUIDITY



Source: NBU

THE UX INDEX



Source: Thomson Reuters

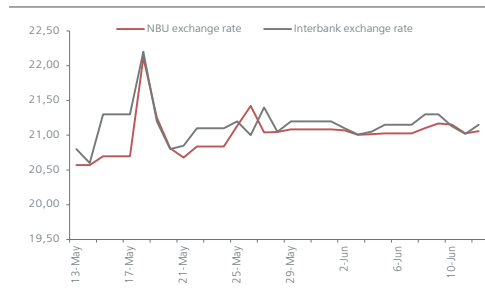
The maximum foreign exchange sales volumes were registered on Thursday, 11 June: above USD 0.273 billion (all currencies), including sales of the American currency alone for the total of more than USD 0.201 billion.

INTERBANK LENDING MARKET

Last week, the cost of resources on the interbank lending market stood at 20-23% regardless of the due date of loans. The cost of weekly and monthly resources reached 20-22% per annum.

On Monday, 8 June, the balance on correspondent accounts fell to UAH 19.4 billion. However, in the course of the previous week, the balance on correspondent accounts went up and, as of Friday morning, 12 June, the balance on correspondent accounts totaled UAH 27.0 billion.

EXCHANGE RATE (UAH/USD)



Source: NBU, kurs.com.ua

UKRAINE'S MACROECONOMIC INDICATORS

Indicator	2014	2015
GDP, %	-6.8	-
Industrial output, %	-10.7	-21.7 (April)
Consumer price growth, % year-on-year	24.9	58.4 (May)
Producer price growth, % year-on-year	31.8	42.0 (May)
Balance of trade, USD billions	-5.4	-0.5 (January-April)
Official exchange rate, annual average, UAH/ USD	11.89	
Weighted average interbank exchange rate, annual average, UAH/USD	11.97	21.31 (January-May)
Weighted average interbank exchange rate, by year end, UAH/USD	15.79	21.09 (end of May)
Banking system assets, % of gr owth	3.0	2.4 (January-April)

Source: the State Statistics Service, NBU



DEPARTMENT OF INVESTMENT BUSINESS

Anton Stadnik
Head of department
+38 044 231 7046
anton.stadnik@fuib.com

Marina Timbay
Trading and brokerage
+38 044 231 7053
marina.timbay@fuib.com

Yevhenia Akhtyrko
Research
+38 044 231 7380
evgeniya.ahtirko@fuib.com

**INTERNATIONAL FINANCING
AND TRANSACTION STRUCTURING**

Serhiy Zubro
+38 044 231 7055
serhiy.zubro@fuib.com

TRANSACTION SERVICES

Anton Gurban
+38 044 231 7530
anton.gurban@fuib.com

PUBLIC RELATIONS

Anna Kokoba
+38 044 231 7252
anna.kokoba@fuib.com

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