



Financial markets survey

13 July 2015

Greece + China

WEEKLY ISSUE

GLOBAL MARKET

Stock markets across the world were rather volatile during the previous week. Last week started with a collapse with news from Greece in the background, when the majority of Greek nationals turned down proposals of creditors to restructure the country's debt obligations at a referendum scheduled on 5 July.

On Tuesday, 7 July, there was a meeting of leaders of the euro-area countries, where the parties made a decision to give Greece five days for the final agreement. The EU leaders were decisive, and Greece's refusal to reach an agreement within the established deadlines would mean the country's withdrawal from the euro-area. The same day saw a downfall of the Chinese stock market, which resulted in panicking moods on markets across the world.

However, during the second half of the previous week, the situation began to improve at a rapid pace. The Chinese Government undertook radical measures to restore confidence in the stock market. In addition, on Friday, 10 July, the Greek Government submitted a plan of reforms to top officials of the Eurogroup, coming close to requirements of creditors.

On Sunday night, leaders of the euro-area countries reached an agreement regarding the third assistance program for Greece at a summit in Brussels. The European Stability Mechanism (ESM) program provides for financial assistance on condition of implementing serious reforms in the country.

Now, when the mechanisms for tackling the problem of Greece's government debts have been outlined, markets can enjoy the traditional summer slackness, whereas a new active stage will begin in September.

STOCK MARKETS

Index	last	week ch.	mon. ch.	YTD
S&P 500 (US)	2,076.6	0.0%	-1.4%	0.9%
FTSE 100 (UK)	6,673.4	1.3%	-2.3%	1.6%
MXME (East. Eur.)	135.0	-1.1%	-5.7%	12.4%
UX (Ukraine)	998.5	-1.7%	-2.3%	-3.4%
RTS (Russia)	905.2	-1.6%	-5.6%	14.5%

COMMODITIES

Commodity	last	week ch.	mon. ch.	YTD
Wheat, USD/ton	191.0	4.4%	4.9%	-18.7%
Steel, USD/ton	353.0	-1.4%	-5.9%	-12.4%
Oil, USD/barrel	58.7	-2.6%	-10.6%	2.4%
Gold, USD/ounce	1,163.6	-0.3%	-1.9%	-1.7%

Source: Thomson Reuters

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MACROECONOMICS

Inflation

Consumer inflation continued to slow down in June 2015. According to information of the State Statistics Service, consumer prices went up 0.4% in June compared to the previous month, whereas annual inflation went down to 57.5%.

Prices for food products remained the same as a month before, whereas prices for clothes and footwear slipped 1.8% compared to the previous month. Prices for alcoholic beverages and tobacco products went up 2.5% as a result of higher excise duties. Growing residential services rates led to a 1.2% increase in housing prices.

In June 2015, producer prices accelerated and inched up 0.6%. However, producer prices slowed down in annual terms: from 42.0% in May 2015 to 37.9% in June. Prices in mining industry slipped 0.1%, whereas prices in processing industry inched up 0.6%. As a result of higher rates for electric and thermal energy, prices for delivery of electricity, gas and vapor went up 0.8% in June.

BOND MARKET

Last week, the Ministry of Finance did not hold any primary tenders to place internal government bonds. The last placement of internal government bonds took place on 23 June 2015.

NBU OPERATIONS

Last week, the National Bank provided overnight loans to support liquidity of banks for the total of UAH 84 million with a 33% interest rate.

During the previous week, the National Bank of Ukraine managed to raise UAH 54.3 billion against UAH 46.3 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 38.4 billion over the previous week.

By the end of the previous week, the overall level of the banking system liquidity remained flat compared to the level registered a week earlier. At that, the volume of deposit certificates in circulation went up, whereas the balance on correspondent accounts went down slightly.

STOCK MARKET

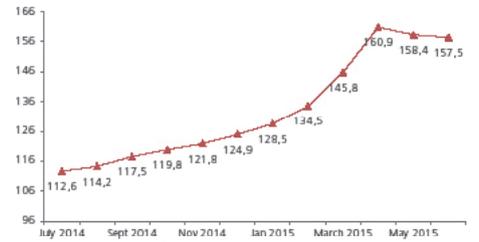
At the beginning of the previous week, the Ukrainian stock market collapsed along with global stock platforms because of the news from Greece and China. However, later on, the Ukrainian stock market did not manage to restore its positions, since the negative external background was supplemented with news about corruption scandals in the highest echelons of the country's law enforcement bodies.

By the end of the previous week, the Ukrainian Exchange (UX) Index lost 1.7% and closed at 998.49 points on Friday, 10 July.

FOREIGN EXCHANGE MARKET

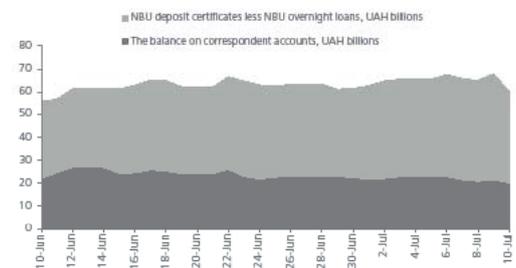
Last week, trading on the interbank foreign exchange market ranged within the limits of UAH 21.25-21.50/USD on Monday, 6 July, UAH 21.60-21.90/USD on Tuesday, 7 July, UAH 21.80-22.30/USD on Wednesday, 8

CONSUMER PRICE INDEX (year-on-year)



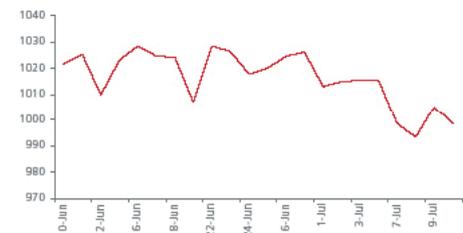
Source: the State Statistics Service

BANKING SYSTEM LIQUIDITY



Source: NBU

THE UX INDEX



Source: Thomson Reuters



July, UAH 21.80-22.20/USD on Thursday, 9 July, and UAH 21.70-21.95/USD on Friday, 10 July.

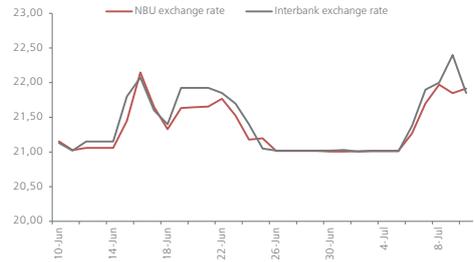
The maximum foreign exchange sales volumes were registered on Friday, 10 July: above USD 0.325 billion (all currencies), including sales of the American currency alone for the total of more than USD 0.240 billion.

INTERBANK LENDING MARKET

Last week, the cost of loans on the interbank lending market stood at 20-23% per annum regardless of their due date.

The balance on correspondent accounts went down and, for the most part of the previous week, stood around UAH 21 billion. As of Friday morning, 10 July, the balance on correspondent accounts totaled UAH 20.3 billion.

EXCHANGE RATE (UAH/USD)



Source: NBU, kurs.com.ua

UKRAINE'S MACROECONOMIC INDICATORS

Indicator	2014	2015
GDP, %	-6.8	-
Industrial output, %	-10.7	-20.7 (May)
Consumer price growth, % year-on-year	24.9	57.5 (June)
Producer price growth, % year-on-year	31.8	37.9 (June)
Balance of trade, USD billions	-5.4	-0.4 (January-May)
Official exchange rate, annual average, UAH/ USD	11.89	
Weighted average interbank exchange rate, annual average, UAH/USD	11.97	21.48 (January-June)
Weighted average interbank exchange rate, by year end, UAH/USD	15.79	21.01 (end of June)
Banking system assets, % of gr owth	3.0	-4.2 (January-May)

Source: the State Statistics Service, NBU



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