



# Financial markets survey

11 April 2016

## Seeking a line

### WEEKLY ISSUE

#### GLOBAL MARKET

Markets finished the previous week with totally different results. It seems that stock traders are ceasing to consider the dynamics of petroleum prices as the main factor for decision-making. More attention is paid to policies of central banks and economic indicators, which serve as decision-making factors for central banks.

By the end of the previous week, petroleum prices leapt again. Back at the beginning of the previous week, few could forecast such a rapid upward trend. Analysts expected crude oil inventories in the US to grow 2.85 million barrels and to set another record-high for the last 80 years. However, it turned out that crude oil inventories in the country dropped 4.937 million barrels. Petroleum prices began to grow rapidly and swiftly passed the reference mark of USD 40 per barrel.

The American stock market was rather volatile during the entire previous week. However, rapid growth of petroleum prices during the second half of the previous week did not result in the relevant growth of stock indices. By the end of the previous week, the S&P 500 Index lost 1.2% and returned to the values registered at the beginning of 2016.

The common European currency remained stable against the US dollar in the course of the previous week. During the previous week, there were both downgrading and upgrading factors, which balanced each other. On Friday, 8 April, trading in the "euro/US dollar" pair closed at USD 1.1399/EUR.

#### STOCK MARKETS

Index	last	week ch.	mon. ch.	YTD
S&P 500 (US)	2,047.6	-1.2%	2.9%	0.2%
FTSE 100 (UK)	6,204.4	0.9%	0.9%	-0.6%
MXME (East. Eur.)	125.6	1.0%	5.9%	13.8%
UX (Ukraine)	580.96	4.4%	-7.6%	-15.3%
RTS (Russia)	879.1	2.0%	5.2%	16.1%

#### COMMODITIES

Commodity	last	week ch.	mon. ch.	YTD
Wheat. USD/ton	166.5	1.2%	3.4%	-8.3%
Steel. USD/ton	323.0	3.2%	30.2%	27.7%
Oil. USD/barrel	41.9	8.5%	2.1%	12.5%
Gold. USD/ounce	1,240.0	1.5%	-1.0%	16.9%

Source: Thomson Reuters

[www.pumb.ua](http://www.pumb.ua)

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**MACROECONOMICS**

**Inflation**

According to information of the State Statistics Service, consumer prices went up 1.0% in March 2016 compared to the previous month. In annual terms, consumer inflation slowed down to 20.9%.

In March, prices for clothes and footwear jumped 10.7%, which is likely connected with the change of the season and the relevant renewal of clothes collections offered by sellers. Prices for housing and utility services went up 2.9% mainly as a result of electricity rates growing 25%.

Same as in February 2016, prices for food products inched down 0.7%. In particular, the country registered lower prices for eggs, meat, vegetables, and sugar.

In March 2016, producer prices grew 4.0%. However, producer prices slowed down to 16.1% in annual terms. Prices in mining industry grew the most – 7.7%. Growing global prices spurred prices to move upwards in the extraction of crude oil and gas, as well as iron ores. Prices in delivery of electricity, gas and vapor went up 5.7% in connection with growing electricity rates.

**BOND MARKET**

During the previous week, participants in the primary market of internal government bonds grew significantly much more active. Last week, the Ministry of Finance of Ukraine managed to raise UAH 18.2 billion to the State Budget of Ukraine against UAH 87.4 million raised a week earlier by way of placing internal government bonds. Internal government bonds denominated in US dollars and maturing in two years enjoyed high demand. 15 bids were submitted for purchasing the above-mentioned bonds. Market participants paid USD 651.1 million for the above-mentioned bonds. The weighted average rate stood at 7.85%.

**NBU OPERATIONS**

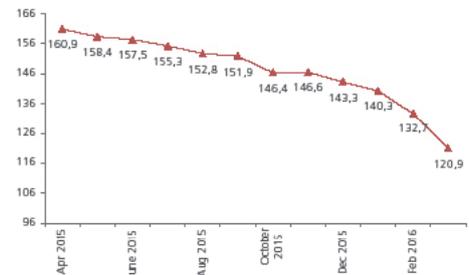
On 6 April, the NBU allocated a refinancing loan totaling UAH 194.5 million to one bank to support liquidity. The loan was provided for 21 days under 22.01% per annum. The refinancing rate remained unchanged.

In the course of the previous week, the National Bank of Ukraine managed to raise UAH 64.5 billion against UAH 66.4 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 36.8 billion over the above-mentioned period.

During the previous week, the weighted average interest rate for the longest-term deposit certificates (maturing in 30 days) stood at 20.31% per annum against 20.32% per annum registered a week earlier.

Last week, the overall level of the banking system liquidity did not register any serious changes.

**CONSUMER PRICE INDEX  
(month-on-month of the previous year)**



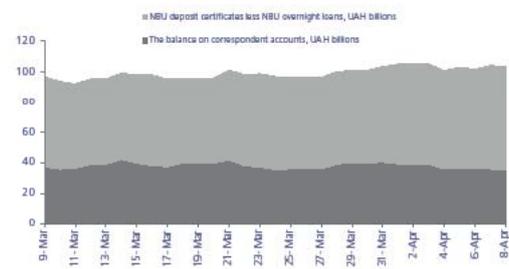
Source: the State Statistics Service

**THE RESULTS OF PLACING INTERNAL GOVERNMENT BONDS**

Date of placement	Type of internal government bonds	Weighted average rate	Submit./satisfied bids	Funds raised, UAH millions
5 April	84 days	16.20%	4/3	578.4
5 April	154 days	17.90%	2/1	371.9
5 April	614 days	19.70%	3/3	360.0
5 April	721 days	7.85%	15/15	651.1*

Source: the Ministry of Finance of Ukraine

**BANKING SYSTEM LIQUIDITY**



Source: NBU

## STOCK MARKET

The Ukrainian stock market has been recovering for the second consecutive week. The external background remained mainly favorable. In addition, the situation on the country's foreign exchange market improved: foreign exchange supply went up, which resulted in a slight revaluation of the exchange rate.

By the end of the previous week, the Ukrainian Exchange (UX) Index grew 4.4% and closed at 580.96 points on Friday, 8 April.

## FOREIGN EXCHANGE MARKET

During the previous week, the Ukrainian national currency revaluated, and the exchange rate consolidated below the UAH 26/USD mark. Trading on the interbank foreign exchange market ranged within the following limits: UAH 25.85-26.255/USD on Monday, 4 April, UAH 25.90-26.15/USD on Tuesday, 5 April, UAH 25.85-26.00/USD on Wednesday, 6 April, UAH 25.78-25.82/USD on Thursday, 7 April, and UAH 25.55-25.75/USD on Friday, 8 April. The maximum foreign exchange sales volumes were registered on Thursday, 7 April: above USD 0.345 billion (all currencies), including sales of the American currency alone for the total of more than USD 0.266 billion.

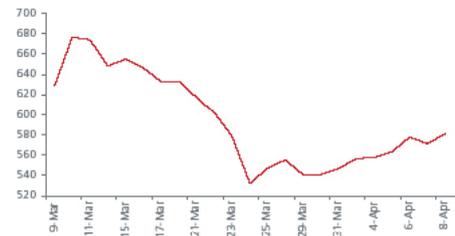
Last week, the overall foreign exchange sales volumes on the interbank foreign exchange market totaled USD 1.4 billion against USD 1.2 billion registered a week earlier. On 4, 5 and 6 April, the National Bank held tenders to buy foreign exchange. Market participants sold USD 65.9 million to the National Bank. The weighted average exchange rate stood at UAH 26.04/USD on 4 April, UAH 26.10/USD on 5 April and UAH 25.96/USD on 6 April. In addition, the National Bank made the intervention on Thursday, 7 April by buying the currency in the market at UAH 28.50/USD.

## INTERBANK LENDING MARKET

During the previous week, the cost of resources on the interbank lending market did not change. The cost of overnight loans stood below 20.00-20.50% per annum, rates for weekly resources reached 20.50-21.50% per annum, while monthly resources cost 20.00-22.00% per annum.

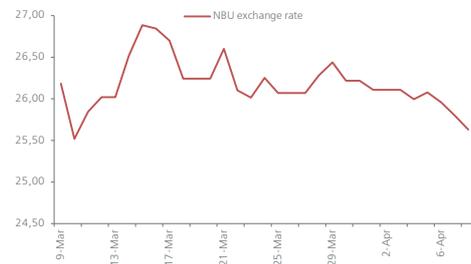
In the course of the previous week, the balance on correspondent accounts went down and totaled UAH 36 billion on the average. As of Friday morning, 8 April, the balance on correspondent accounts stood at UAH 35.4 billion.

## THE UX INDEX



Source: Thomson Reuters

## EXCHANGE RATE (UAH/USD)



Source: NBU, kurs.com.ua

UKRAINE'S MACROECONOMIC INDICATORS

Indicator	2014	2015	2016
GDP, %	-6.8	-9.9	
Industrial output, %	-10.1	-13.4	7.6 (February)
Consumer price growth, % year-on-year	24.9	43.3	20.9 (March)
Producer price growth, % year-on-year	31.8	25.4	16.1 (March)
Balance of trade, USD billions	-4.6	-1.2	-0.9 (January-February)
Official exchange rate, annual average, UAH/ USD	11.89		
Weighted average interbank exchange rate, annual average, UAH/USD	11.89	21.85	25.81 (January-March)
Weighted average interbank exchange rate, by year end, UAH/USD	15.77	24.00	26.22 (end of March)
Banking system assets, % of gr owth	3.0	-4.7	3.1 (January)

Source: the State Statistics Service, NBU



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