



# Financial markets survey

15 August 2016

## One more week of quiet growth

### WEEKLY ISSUE

#### GLOBAL MARKET

During the previous week, western markets continued following the upward trend. By the end of the previous week, the American S&P 500 Index did not demonstrate serious growth; however, it set a new historical record-high again. The British FTSE 100 Index has continued recovering rapidly and is approaching the historical record-high registered in the second quarter of the previous year.

Recovering petroleum prices contributed to further growth on the securities market. On the whole, updated statistical data coincided with expectations. The majority of analysts are now sharing the opinion that the US Federal Reserve System will postpone raising the rate until the end of the current year.

By the end of the previous week, more than 80% of companies whose shares are included into the S&P 500 Index have already submitted financial statements for the second quarter. 78% of them surpassed expectations of analysts in terms of profits and 55% – in terms of proceeds. It was mentioned that the dynamics of profits earned by American companies is lagging behind the dynamics of their proceeds according to the results of the fourth consecutive quarter.

In June 2016, industrial output in the UK went up 0.1% compared to the previous month and 1.6% compared to June 2015. Both indicators were in line with expectations of analysts and demonstrate that growth of the country's output has lost impetus because of the UK's decision to withdraw from the European Union.

At the beginning of the previous week, the exchange rate of the common European currency against the US dollar appreciated above USD 1.11/EUR and consolidated at the new level without significant fluctuations. On Friday, 12 August, trading in the "euro/US dollar" pair closed at USD 1.1158/EUR.

#### STOCK MARKETS

Index	last	week ch.	mon. ch.	YTD
S&P 500 (US)	2,184.1	0.1%	1.5%	6.9%
FTSE 100 (UK)	6,916.0	1.8%	3.7%	10.8%
MXME (East. Eur.)	128.9	2.2%	2.8%	16.8%
UX (Ukraine)	693.03	-1.1%	-3.1%	1.0%
RTS (Russia)	954.6	2.0%	0.2%	26.1%

#### COMMODITIES

Commodity	last	week ch.	mon. ch.	YTD
Wheat, USD/ton	161.0	2.5%	2.9%	-11.3%
Steel, USD/ton	323.0	0.0%	4.9%	27.7%
Oil, USD/barrel	47.0	6.1%	1.5%	26.0%
Gold, USD/ounce	1,335.7	0.0%	-0.5%	25.9%

Source: Thomson Reuters

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

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

**MACROECONOMICS**

**Inflation**

According to information of the State Statistics Service, consumer prices inched down 0.1% in July 2016 compared to the previous month. However, consumer inflation accelerated to 7.9% in annual terms. Since the beginning of the current year, consumer prices grew 4.8%.

Prices for food products went down 0.9% in July. In particular, prices for vegetables, butter and sugar shrank the most. Prices for clothes and footwear dropped 3.5%. At the same time, prices for housing and utility services went up 1.7% in July 2016, mainly because of growing rates for heating and hot water.

In July 2016, producer prices started rising again and grew 4.3% compared to the previous month. In annual terms, producer prices accelerated to 18.8%. In July, producer prices moved at a more rapid pace in connection with higher rates for thermal and electric energy.

**BOND MARKET**

Last week, the Ministry of Finance of Ukraine held a tender on 9 August to place internal government bonds. As a result of this tender, UAH 181.6 million was raised to the State Budget of Ukraine.

The Ministry of Finance of Ukraine satisfied six out of ten bids for purchasing internal government bonds maturing in two years. Compared to the previous placement of internal government bonds maturing in two years (12 July), the weighted average earning rates went down from 16.62% per annum to 16.33% per annum.

During the current week, the Ministry of Finance plants to hold a tender on Tuesday, 16 August. The Ministry of Finance will offer five types of internal government bonds denominated in hryvnia and maturing in five months to three years and internal government bonds denominated in US dollars maturing in two years.

**NBU OPERATIONS**

On 10 August, the National Bank satisfied two bids of banks for refinancing loans for the total of UAH 800.0 million for the period of twenty-eight days. The interest rate stood at 17.50% per annum.

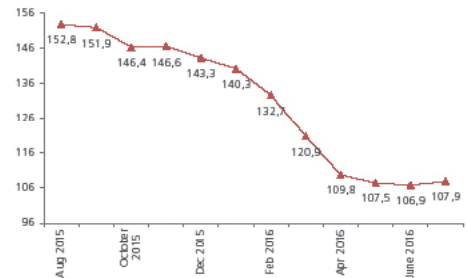
The total sum of NBU deposit certificates placed during the previous week reached UAH 58.2 billion against UAH 59.6 billion placed a week earlier, including overnight certificates of deposit totaling UAH 35.4 billion. The interest rate for deposit certificates maturing in 14 days stood at 15.50% per annum and for overnight certificates of deposit – at 13.50% per annum.

During the previous week, the overall level of the banking system liquidity remained practically unchanged.

**STOCK MARKET**

During the previous week, the Ukrainian stock market continued losing its positions. Attempts to keep the UX Index above 700 points made at the beginning of the previous week failed to be successful.

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



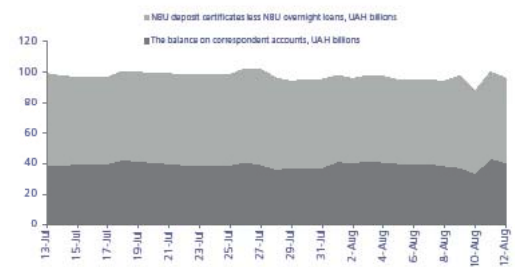
Source: the State Statistics Service

**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
9 August	168 days	15.70%	1/1	2.4
9 August	728 days	16.33%	10/6	179.2

Source: the Ministry of Finance of Ukraine

**BANKING SYSTEM LIQUIDITY**



Source: NBU

By the end of the previous week, the Ukrainian Exchange (UX) Index lost 1.1% and closed at 693.03 points on Friday, 12 August. In monthly term, the UX Index lost 3.1%.

**FOREIGN EXCHANGE MARKET**

By the end of the previous week, the Ukrainian national currency depreciated swiftly, and the exchange rate went above UAH 25.00/USD, returning to the level registered two months earlier.

Trading on the interbank foreign exchange market ranged within the following limits: UAH 24.82-24.83/USD on Monday, 8 August, UAH 24.81-24.82/USD on Tuesday, 9 August, UAH 24.81-24.82/USD on Wednesday, 10 August, UAH 24.91-24.94/USD on Thursday, 11 August, and UAH 25.01-25.10/USD on Friday, 12 August. The maximum foreign exchange sales volumes were registered on Friday, 12 August: USD 0.254 billion (all currencies), including sales of the American currency alone for the total of USD 0.146 billion.

During the previous week, the overall foreign exchange sales volumes on the interbank foreign exchange market totaled USD 1.2 billion against USD 1.3 billion registered a week earlier. Over the previous week, the National Bank held one tender to purchase foreign exchange on the interbank foreign exchange market. Market participants sold USD 16.6 million to the National Bank. The weighted average exchange rate for this purchase stood at UAH 24.81/USD.

**INTERBANK LENDING MARKET**

By the end of the previous week, the cost of resources on the interbank lending market went down. On Friday, 12 August, the cost of overnight loans stood at 14.00-15.00% per annum, rates for weekly resources were 15.00-16.00% per annum, while the cost of monthly resources landed at 15.00-16.50% per annum.

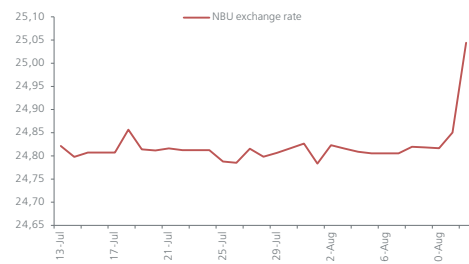
During the previous week, the balance on correspondent accounts went up and fluctuated within a rather wide range: from UAH 34.0 billion to UAH 43.7 billion. As of Friday morning, 12 August, the balance on correspondent accounts stood at UAH 40.8 billion.

**THE UX INDEX**



Source: Thomson Reuters

**EXCHANGE RATE (UAH/USD)**



Source: NBU

UKRAINE'S MACROECONOMIC INDICATORS

Indicator	2014	2015	2016
GDP, %	-6.8	-9.9	
Industrial output, %	-10.1	-13.4	-3.4 (June)
Consumer price growth, % year-on-year	24.9	43.3	7.9 (July)
Producer price growth, % year-on-year	31.8	25.4	18.8 (July)
Balance of trade, USD billions	-4.6	-1.7	-1.4 (January-June)
Official exchange rate, annual average, UAH/ USD	11.89		
Weighted average interbank exchange rate, annual average, UAH/USD	11.89	21.85	25.42 (January-July)
Weighted average interbank exchange rate, by year end, UAH/USD	15.77	24.00	24.81 (end of July)
Banking system assets, % of gr owth	3.0	-4.7	-0.5 (January-June)

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

---

This document is based on data we deem to be reliable, though we do not guarantee its accuracy or completeness and make no warranties regarding results from its usage. Forecasts are estimates by specialists working for us, and actual events may turn out to be fundamentally different due to unforeseen circumstances. This document is provided for information purposes only.