



# Financial markets survey

27 November 2017

## A new breakthrough

### WEEKLY ISSUE

#### GLOBAL MARKET

During the previous week, the US stock market began growing again. The Standard & Poor's 500 Index rose 0.9% over the previous week and set a new historical record-high, rising above 2,600 points. This index is confidently finishing the ninth consecutive quarter in the green, which will be the longest growth period for almost two decades.

During the Thanksgiving Day week, investors of the US stock market were good-humored. The market demonstrated a calm reaction to the news that incumbent Federal Reserve System (FRS) Chair Janet Yellen will leave the FRS Board of Governors. She could continue serving on the Board of Governors until 2024. However, in her letter to US President Donald Trump, Janet Yellen announced that she would leave the Federal Reserve Board of Governors at the end of her term as FRS Chair in February 2018.

After a steep fall, the British FTSE 100 Index partially won back the losses. By the end of the previous week, the index rose 0.4%. However, the index keeps registering a negative dynamics in monthly terms.

In the course of the previous week, the US dollar was depreciating against the common European currency on a daily basis. Minutes of the US Federal Open Market Committee meeting that took place over 31 October – 1 November revealed debates regarding the next timeline for the base interest rate, since there is no clear picture of the inflationary dynamics. On Friday, 24 November, trading in the "EUR/USD" pair closed at USD 1.1933/EUR.

#### STOCK MARKETS

Index	last	week ch., %	mon. ch., %	YTD, %
S&P 500 (US)	2,602.4	0.9	1.8	16.2
FTSE 100 (UK)	7,409.6	0.4	-0.5	3.7
MXME (East. Eur.)	166.0	3.2	4.8	13.1
UX (Ukraine)	1,279.3	-0.3	2.4	60.7
RTS (Russia)	1,166.1	3.0	4.3	1.2

#### COMMODITIES

Commodity	last	week ch., %	mon. ch., %	YTD, %
Wheat, USD/ton	180.0	0.0	-0.8	4.0
Steel, USD/ton	465.0	0.0	-4.6	10.7
Oil, USD/barrel	63.9	1.8	9.7	8.8
Gold, USD/ounce	1,290.5	0.5	1.2	12.6

Source: Bloomberg

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

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## MACROECONOMICS

### Industrial output

According to information of the State Statistics Service, industrial output shrank 0.5% in October 2017 compared to October 2016 (with due consideration for an adjustment to the calendar days effect). Over January-October 2017, industrial output inched down 0.2% year-on-year.

Output in mining industry dropped 8.1% year-on-year in October 2017. In particular, coal production fell 25.1%.

In October 2017, output in processing industry grew 5.7% year-on-year. In particular, output jumped 38.9% year-on-year in chemicals and chemical products, 3.3% in steel industry and 3.8% in machine-building. Output in coke production and oil refining declined 10.3% year-on-year.

The country registered growing output in all groups of goods, except for energy (-10.2%), in October 2017. Output of investment goods and durable consumer goods grew the most.

### NBU OPERATIONS

On 20 and 21 November, the National Bank provided an overnight refinancing loan for the total of UAH 3.0 million each. Also, on Wednesday, 22 November, the regulator satisfied one bid for a refinancing loan totaling UAH 10.0 million for the period of fourteen days. The interest rate for the above-mentioned refinancing loans stood at 15.50% per annum.

In the course of the previous week, market participants purchased deposit certificates for the total of UAH 30.7 billion, including overnight certificates of deposit for the total of UAH 20.8 billion. A week earlier, market players purchased certificates of deposit for the total of UAH 17.7 billion. The interest rate for overnight certificates of deposit stood at 11.50% per annum. The earning rate for deposit certificates maturing in fourteen days totaled 13.50% per annum.

On Wednesday, 22 November, the National Bank held a scheduled tender to place deposit certificates maturing in three months for the total of UAH 300.0 million. The NBU set a single marginal rate at 15.10% per annum. The regulator satisfied six out of eleven bids submitted by market players. A week earlier, the interest rate for deposit certificates maturing in three months stood at 15.25% per annum.

During the previous week, the overall level of the banking system liquidity remained practically unchanged. A drop in the volume of deposit certificates in circulation was compensated by an increase in the balance on correspondent accounts.

### STOCK MARKET

During the first half of the previous week, the Ukrainian Exchange (UX) Index was going down. However, on Wednesday, 22 November, the market made a U-turn, and started growing for the subsequent three days of the previous week. On Friday, 24 November, the UX Index closed at 1,279.28 points. By the end of the previous week, the UX Index slipped 0.3%.

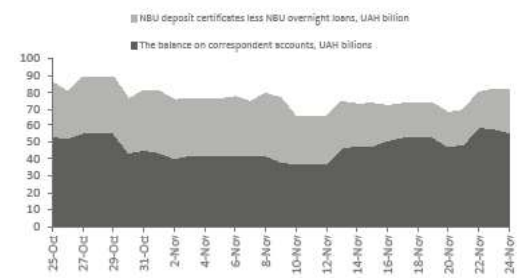
The UX Index grew 2.4% in monthly terms and 60.75% since the beginning of the current year.

### LATEST MACROECONOMIC DATA

Indicator	Value
Industrial output change in October 2017, % year-on-year	-0.5

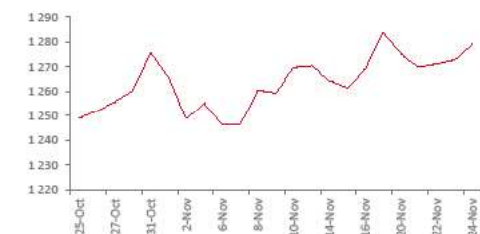
Source: the State Statistics Service

### BANKING SYSTEM LIQUIDITY



Source: NBU

### THE UX INDEX



Source: Ukrainian Exchange

**FOREIGN EXCHANGE MARKET**

The Ukrainian national currency was depreciating at a rapid pace in the course of the previous week – the exchange rate rose from UAH 26.49/USD to UAH 26.91/USD in a matter of three days. On Friday, 24 November, the weighted average interbank exchange rate landed at UAH 26.9136/USD.

In the course of the previous week, trading on the interbank foreign exchange market ranged within the following limits: UAH 26.45-26.52/USD on Monday, 20 November, UAH 26.47-26.54/USD on Tuesday, 21 November, UAH 26.65-26.74/USD on Wednesday, 22 November, UAH 26.82-26.90/USD on Thursday, 23 November, and UAH 26.88-26.96/USD on Friday, 24 November. The maximum foreign exchange sales volumes were registered on Wednesday, 22 November: USD 346 million (all currencies), including sales of the American currency alone for the total of USD 297 million.

The overall weekly foreign exchange sales volumes on the interbank foreign exchange market totaled USD 1.20 billion against USD 0.96 billion registered a week earlier.

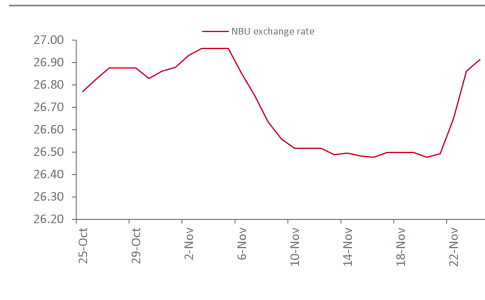
During the previous week, the National Bank did not hold any tenders to purchase or sell foreign exchange with banks.

**INTERBANK LENDING MARKET**

Over the previous week, the cost of interbank resources remained unchanged. Rates for overnight loans ranged within the limits of 11.00-13.50% per annum. The cost of weekly and monthly resources was registered at 11.00-14.00% per annum.

The balance on correspondent accounts went up over the previous week. As of Friday morning, 24 November, the balance on correspondent accounts was registered at UAH 55.4 billion.

**EXCHANGE RATE (UAH/USD)**



Source: NBU

UKRAINE'S MACROECONOMIC INDICATORS

Indicator	2015	2016	2017
GDP, %	-9.8	2.3	2.3 (second quarter)
Industrial output, %	-13.4	2.4	-0.5 (October)
Consumer price growth, % year-on-year	43.3	12.4	14.6 (October)
Producer price growth, % year-on-year	25.4	35.7	18.8 (October)
Balance of trade, USD billions	-1.7	-5.8	-4.3 (January-September)
Weighted average interbank exchange rate, annual average, UAH/USD	21.85	25.55	26.66 (January-October)
Weighted average interbank exchange rate, by year end, UAH/USD	24.00	27.19	26.86 (October)
Banking system assets, % of growth	-4.7	0.2	1.9 (January-September)

Source: the State Statistics Service, NBU

PRICES FOR PRIMARY COMMODITIES, USD/T

Commodity	By the end of the period											
	Last value	Oct 2017	Sept 2017	Aug 2017	Jul 2017	Jun 2017	May 2017	Apr 2017	Mar 2017	Feb 2017	Jan 20 17	Dec 2016
Steel, slab, CIS Export Black Sea	465.0	487.5	505.0	465.0	422.5	382.5	407.5	415.0	425.0	422.5	405.0	420.0
Steel, hot-rolled coil, CIS Export Black Sea/Baltic Sea	547.5	547.5	592.5	560.0	497.5	440.0	435.0	445.0	487.5	485.0	485.0	495.0
Wheat, Ukraine, FOB Black Sea	180.0	180.5	179.0	163.5	171.0	168.5	176.0	176.0	180.0	179.0	175.0	173.0

Source: Bloomberg



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