

# Financial markets survey

08 February 2021

## UPWARD

## TREND

**Strong corporate financial statements inspired investors**  
**Wages are growing at the pre-pandemic pace**  
**The Ministry of Finance establishes limits on placements of bonds**

### GLOBAL MARKET

During the previous week, key stock indices were demonstrating an upward trend and setting new historical record-highs. Investors focused their attention on better-than-expected corporate financial statements, the progress in vaccinating against the coronavirus and the prospects of adopting new incentives in the US.

The American labor market resumed its growth after an unexpected fall at the end of the previous year. In January, the number of jobs in the US economy grew 49,000, while the rate of unemployment shrank to 6.3% from 6.7% registered in December 2020 (the forecast was 6.7%).

On Friday, the US Senate approved a budget resolution that will simplify the procedure for adopting the COVID-19 relief package for the total of USD 1.9 trillion and will make it possible to pass it without the Republican support.

In January, the Services Purchasing Managers Index (PMI) in the US grew to a record-high for the last two years and landed at 58.7 points against 57.7 points registered a month earlier, which turned out to be better than the forecast (57.5 points).

In the fourth quarter of 2020, the euro-area and the EU economies shrank against the fourth quarter of 2019 - 5.1% and 4.8% respectively. By the end of 2020, the euro-area GDP fell 6.8%, while the EU GDP dropped 4.2%.

In January 2021, the Consumer Price Index in the euro-area rose 0.9% (the forecast was 0.5%) in annual terms. This is a record-high indicator since February 2020. In January, consumer prices grew the most in Germany (+1.6%) and in the Netherlands (+1.7%) in annual terms.

Following the results of its February meeting, the Bank of England kept its base interest rate at 0.1% per annum and approved the decision to leave the size of its asset purchase program at GBP 895.0 billion. The regulator also excluded the use of negative interest rates at least for six months, since financial companies are not prepared to implement them.

During the previous week, prices for benchmark crudes were growing and reached record-high values since February of the previous year thanks to economic growth in the US, the inclination of producers to hold in crude oil supply and Saudi Arabia's decision to raise its petroleum prices for clients from the US and Europe.

During the previous week, trading in the "EUR/USD" pair ranged within the limits of USD 1.1950-1.2144/EUR.

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

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

### WEEKLY ISSUE

#### EXCHANGE RATES

Foreign currency	last	week ch.. %	mon. ch.. %	YTD. %
EUR/USD	1.1983	-1.3	-2.3	-2.3
GBP/USD	1.3735	0.2	0.8	0.5
USD/RUB	75.7293	-0.6	2.5	2.5
USD/UAH	27.7711	-1.3	-2.2	-1.7

Index	last	week ch.. %	mon. ch.. %	YTD. %
S&P 500 (US)	3886.8	4.6	4.3	3.5
FTSE 100 (UK)	6489.3	1.3	-1.9	0.4
MXME (East. Eur.)	165.5	3.8	-0.6	1.6
PFTS (Ukraine)	520.8	1.4	4.3	4.2
RTS (Russia)	1431.8	4.7	0.4	3.2

#### KEY RATES

Rate	last	week ch.. %	mon. ch.. %	YTD. %
Libor 1Y. % p.a.	0.304	-2.2	-7.8	-11.0
FRS. % p.a.	0.00-0.25	0.0	0.0	0.0
ECB. % p.a.	0.000	0.0	0.0	0.0
NBU. % p.a.	6.000	0.0	0.0	0.0
CB RF. % p.a.	4.250	0.0	0.0	0.0

#### COMMODITY MARKETS

Commodity	last	week ch.. %	mon. ch.. %	YTD. %
Wheat. USD/ton	287.5	0.0	10.2	12.5
Brent. USD/barrel	59.3	7.8	10.8	14.5
WTI. USD/barrel	56.9	8.9	13.7	16.9
Gold. USD/ounce	1803.0	-3.3	-7.1	-4.5

Source: Bloomberg

## MACROECONOMY

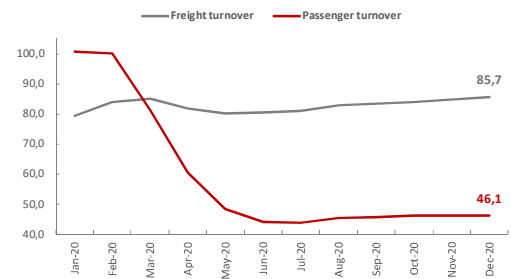
### Transportation

In 2020, freight turnover of transportation companies totaled 290.3 billion ton-km, which constitutes 85.7% compared to 2019. In 2020, transportation companies carried 600.0 million tons of freight, which stands at 88.8% of the similar indicator registered in 2019.

In 2020, freight transportation by railway transport dropped 2.4%, by road transport – 21.7%, by water transport – 8.3%, by pipeline transport – 13.5%, and by air transport – 6.7% as compared to 2019.

In 2020, passenger turnover of transportation companies reached 49.4 billion passenger-km, which stands at 46.1% compared to 2019. 2,568.7 million passengers used services of passenger transport over January-December 2020, which accounted for 60.3% of the indicator registered in 2019.

### TRANSPORTATION SERVICES (% year-on-year, progressive total)



Source: the State Statistics Service

### Construction

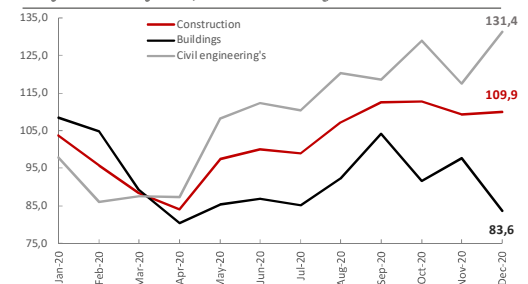
In December 2020, the Index of Construction Products reached 98.8% seasonally adjusted compared to November 2020 (149.6% seasonally not adjusted). Compared to December 2019, the Index of Construction Products landed at 108.2% adjusted to the calendar days' effect and at 109.9% without the above-mentioned adjustment.

In 2020, the Index of Construction Products stood at 104.0% compared to 2019.

Ukrainian companies carried out construction works (construction products output) for the total of UAH 199.0 billion in 2020.

Construction of new objects made up 36.1% of total construction works, overhaul and maintenance works accounted for 36.9%, while reconstruction and technical re-equipment came to 27.0% of total construction works.

### THE INDEX OF CONSTRUCTION PRODUCTS (% year-on-year, without adjustments)



Source: the State Statistics Service

### Wages

The average nominal monthly wage of full-time staff members employed at companies, institutions and organizations totaled UAH 14,179.00 in December 2020, which constitutes approximately 280.0% of the minimum wage (UAH 5,000.00). Compared to November 2020, the average nominal wage grew 18.3% in December 2020. Over the last twelve months (compared to December 2019), the average nominal wage went up 15.6%.

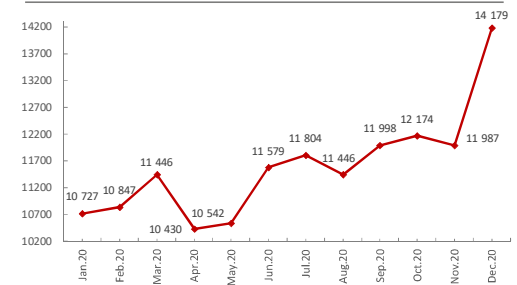
In December 2020, the Index of Real Wages reached 117.2% compared to November 2020 and 110.1% compared to December 2019.

In December 2020, the highest average wages were observed in the city of Kyiv (UAH 21,812.00), Donetsk oblast (UAH 14,720.00) and Mykolayiv oblast (UAH 14,605.00). The lowest wages were registered in Chernihiv oblast (UAH 10,921.00), Kirovohrad oblast (UAH 11,392.00) and Kherson oblast (UAH 11,586.00).

In December 2020, the highest average wages were registered among those employed in finance and insurance (UAH 22,843.00), in public administration and defense (UAH 22,637.00) as well as in information and telecommunications (UAH 22,606.00).

As of 01 January 2021, total wage arrears were registered at UAH 3,136.9 million or at 78.2% compared to 01 December 2020.

### AVERAGE NOMINAL WAGES (UAH)



Source: the State Statistics Service

## BOND MARKET AND PUBLIC FINANCE

At a scheduled auction for placing domestic government bonds, which took place on 02 February, the Ministry of Finance (MoF) offered investors four issues of bonds denominated in the national currency only. Two issues were subject to limits established on the total sum of placements.

Instruments maturing in three months scored twenty-five bids for the total of UAH 0.3 billion. The requested yields ranged within the limits of 8.75-10.39% p.a. MoF set a limit for the above-mentioned placement totaling UAH 0.5 billion and lowered the accepted yield to 9.50% p.a.

Bonds maturing in twelve months enjoyed the highest demand in terms of the number of bids - sixty bids for the total of UAH 3.3 billion. The requested yields ranged within the limits of 11.20-11.75% p.a. MoF set a limit for the above-mentioned placement totaling UAH 1.0 billion, which made it possible to lower the accepted yield down to 11.49% p.a., and rejected a significant part of demand.

Bids for purchasing instruments maturing in April 2023 scored thirty-three bids for the total of UAH 2.0 billion. The requested yields ranged within the limits of 11.80-12.00% p.a. The accepted yield was set at 11.90% p.a. MoF rejected only two bids.

Demand for bonds maturing in three years consisted of fourteen bids for the total of UAH 2.1 billion. The requested yields ranged within the limits of 12.10-12.15% p.a. The accepted yield was established at 12.15% p.a. MoF satisfied the entire demand in full.

Funds raised to the State Budget from the sale of instruments on 02 February 2021 – UAH 5.3 billion.

Over the previous week, the volume of outstanding domestic government bonds went up UAH 3.3 billion and, as of 05 February 2021, totaled UAH 1,015.7 billion (according to the total principal).

During the current week, MoF will have to pay out one issue of domestic bonds for the total of UAH 2.5 billion (due on 10 February) and two issues of domestic bonds for the total of UAH 0.5 billion (both due on 11 February).

## NBU TRANSACTIONS

Over the previous week, market participants purchased NBU deposit certificates for the total of UAH 259.3 billion, including overnight certificates of deposit for the total of UAH 144.7 billion (the interest rate for overnight certificates of deposit stood at 5.00% p.a.).

As a result of the NBU quantitative liquidity-providing tender to refinance banks, which was held on Friday, 05 February, bids of four banks for the total of UAH 0.4 billion were satisfied. The interest rate reached 6.00% p.a. The loans were provided for the period of up to eighty-four days.

On Friday, 05 February, the National Bank placed deposit certificates maturing in seven days for the total of UAH 114.6 billion and satisfied bids of fifty banks. The interest rate stood at 6.00% p.a.

Banks used the standing NBU refinancing line (overnight loans) for the total of UAH 0.8 billion over the previous week (the interest rate was 7.00% p.a.).

A negative balance of the State Treasury transactions landed at UAH 3.6 billion over 01-05 February.

The banking system liquidity is staying at a high level and is concentrated in NBU deposit certificates and on correspondent accounts of banks with the National Bank.

## THE RESULTS OF PLACING DOMESTIC BONDS

Date of placement	Type of Domestic Bonds	Weight-average yield	Submit./satisfied bids	Funds raised, UAH millions
02 Feb.	105 days	9.29%	25/17	250.38
02 Feb.	364 days	11.40%	60/31	897.93
02 Feb.	805 days	11.88%	33/31	2138.77
02 Feb.	1204 days	12.15%	14/14	1998.41

Source: the Ministry of Finance of Ukraine

## HOLDERS OF DOMESTIC BONDS

Owner	last value, UAH billion	week ch.. %	mon. ch.. %	YTD. %
NBU	324.6	0.0	0.0	0.0
Banks	520.9	0.1	0.2	0.3
Legal entities	60.3	1.6	3.7	3.8
Territorial communities	0.2	0.0	0.0	0.0
Private individ.	12.7	2.3	13.1	14.4
Non-residents	97.0	1.7	13.8	13.8

Source: the National Bank of Ukraine

## MARKET INDICATORS

Indicator	last	week ch.. %	mon. ch.. %	YTD. %
The balance on c/a. UAH billions	44.0	-23.1	1.3	17.5
NBU refinancing. UAH billions	101.9	0.3	4.7	4.9
NBU deposit certificates	O/N. UAH billions	32.6	25.5	-38.0
	Total. UAH billions	147.2	9.0	-10.0

Source: the National Bank of Ukraine

## TRADING VOLUMES (USD MILLIONS)



Source: NBU

## INTERBANK LENDING MARKET

Rates for overnight loans in the national currency were ranging within the limits of 4.50-5.50% p.a. on the interbank lending market, while the Ukrainian OverNight Index Average (UONIA) stood at: 5.1143% p.a. on 01 February, 5.1267% p.a. on 02 February, 5.1208% p.a. on 03 February, 5.1572% p.a. on 04 February, and 5.1250% p.a. on 05 February.

## FOREIGN EXCHANGE MARKET

Favorable FX market conditions create prerequisites for the gradual liberalization of currency regulation. The increase in the e-limit comes as another step in the currency liberalization. The NBU has doubled to EUR 200,000 the e-limit on some FX transactions by individuals to transfer funds abroad or into accounts nonresident legal entities have opened in Ukraine. These transactions include: investing abroad, depositing funds into own accounts abroad, transferring funds under life insurance agreements, making loans to nonresidents.

The first trading week in February was rather positive for the national currency on the Ukrainian interbank foreign exchange market. Foreign currency supply that exceeded demand, in particular, on the part of non-resident investors that increased their portfolio of domestic government bonds, contributed to appreciation of the hryvnia. As a result, on Friday, 05 February, the weighted average exchange rate on the interbank foreign exchange market was registered at UAH 27.7711/USD.

In the course of the previous week, trading on the interbank foreign exchange market ranged within the following limits: UAH 28.02-28.12/USD on Monday, 01 February, UAH 28.00-28.10/USD on Tuesday, 02 February, UAH 27.95-28.05/USD on Wednesday, 03 February, UAH 27.85-27.95/USD on Thursday, 04 February, and UAH 27.74-27.84/USD on Friday, 05 February.

Over 01-05 February, the National Bank purchased USD 90.0 million from banks: USD 20.0 million by way of the best exchange rate interventions and USD 70.0 million by way of the single exchange rate interventions.

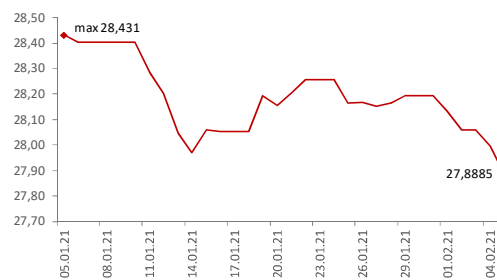
The overall foreign currency sales on the interbank foreign exchange market reached USD 2.1 billion over the previous week.

## BONDS AND SHARES OF UKRAINIAN ISSUERS

Fitch Ratings, an international rating agency, has affirmed JSC Alfa-Bank's ratings: international long-term and short-term ratings at B- / B / Stable, national long-term rating at BBB+ (ukr) / Stable, as well as support rating and viability rating.

Fitch Ratings has affirmed international Long-Term Issuer Default Ratings (IDRs) at "B" for the following issuers: JSC Pravex Bank, JSC ProCredit Bank and JSC Credit Agricole Bank (Ukraine). The outlook on their long-term IDRs is "stable".

## NBU EXCHANGE RATE (UAH/USD)



Source: NBU

## QUOTATIONS ON GLOBAL MARKETS

Name	Cou pon	Maturity	Bid Price	Ask Price	Ask YTM	Cur
Ukraine-2021	7,75	01.09.2021	102,66	103,17	2,01	USD
Ukraine-2022	7,75	01.09.2022	106,55	107,17	3,01	USD
Ukraine-2023	7,75	01.09.2023	109,85	110,46	3,44	USD
Ukraine-2024	8,99	01.02.2024	113,90	114,70	3,73	USD
Ukraine-2024	7,75	01.09.2024	112,05	112,82	3,86	USD
Ukraine-2025	7,75	01.09.2025	113,42	114,24	4,28	USD
Ukraine-2026	6,75	20.06.2026	111,40	112,17	4,16	EUR
Ukraine-2026	7,75	01.09.2026	114,54	115,25	4,61	USD
Ukraine-2027	7,75	01.09.2027	114,28	115,03	5,03	USD
Ukraine- 2028	9,75	01.11.2028	124,43	125,18	5,68	USD
Ukraine- 2030	4,38	27.01.2030	97,54	98,51	4,72	EUR
Ukraine-2032	7,38	25.09.2032	110,01	110,83	6,06	USD
Ukraine-2033	7,253	15.03.2033	108,93	109,69	6,11	USD
Ukreximbank	16,50	02.03.2021	98,62	100,49	7,84	UAH
Ukreximbank	9,63	27.04.2022	104,36	105,42	4,95	USD
Ukreximbank	7,29	09.02.2023	99,10	100,34	7,02	USD
Ukreximbank	9,75	22.01.2025	109,23	111,14	6,50	USD
Oschadbank	9,38	10.03.2023	105,34	105,47	6,52	USD
Oschadbank	7,22	19.01.2024	94,66	97,92	7,89	USD
Oschadbank	9,63	20.03.2025	107,29	107,99	7,33	USD
Metinvest BV	7,75	23.04.2023	106,91	107,12	4,33	USD
Metinvest BV	5,63	17.06.2025	103,95	105,09	4,33	EUR
Metinvest BV	8,50	23.04.2026	112,62	113,33	5,52	USD
Metinvest BV	7,65	01.10.2027	109,28	109,66	5,87	USD
Metinvest BV	7,75	17.10.2029	108,51	109,78	6,27	USD
DTEK Finance	10,75	31.12.2024	70,90	72,55	20,63	USD
MHP SE	7,75	10.05.2024	109,55	109,89	4,44	USD
MHP Lux SA	6,95	03.04.2026	108,55	109,16	4,91	USD
MHP Lux SA	6,25	19.09.2029	101,33	104,06	5,65	USD
Kernel Holding	8,75	31.01.2022	105,42	105,54	2,93	USD
Kernel Holding	6,50	17.10.2024	106,94	107,95	4,15	USD
Ukraine Railways	9,88	15.09.2021	101,90	102,13	6,16	USD
Ukraine Railways	8,25	09.07.2024	105,70	106,06	6,25	USD
NAK Naftogaz	7,38	19.07.2022	103,29	103,45	4,87	USD
NAK Naftogaz	7,13	19.07.2024	103,13	104,11	5,76	EUR
NAK Naftogaz	7,625	08.11.2026	102,32	103,16	6,95	USD

Source: Bloomberg

## UKRAINE'S MACROECONOMIC INDICATORS

Indicator	2017	2018	2019	2020	2021
GDP. %	2.5	3.3	3.2	-3.5 (third quarter, preliminary data)	-
Industrial output. %	-0.1	1.1	-1.8	4.8 (December)	-
Consumer price growth. % year-on-year	13.7	9.8	4.1	5.0 (December)	-
Producer price growth. % year-on-year	16.5	14.2	-7.4	14.5 (December)	-
Balance of payments (consolidated). USD billions	2.6	2.9	6.0	2.8 (December, preliminary estimate)	-
Current account balance. USD billions	-2.4	-4.4	-4.1	0.1 (December, preliminary estimate)	-
Balance of trade (goods and services). USD billions	-8.6	-12.7	-12.5	-0.3 (December, preliminary estimate)	-
<b>International reserves, USD billions, by the end of the period</b>	18.8	20.8	25.3	29.1 (December, preliminary estimate)	<b>28.8 (January)</b>
External debt. USD billions	116.6	114.7	121,7	122,8 (third quarter)	-
Banking system assets, % of annual growth	6.4	2.0	9.9	17.5 (January-November)	-
Exchange rate. by year end. UAH/USD	28.07	27.69	23.69	28.27	28.13 (January)
<b>Exchange rate. annual average. UAH/USD</b>	26.60	27.20	25.85	26.96	<b>28.22 (January)</b>

Source: the State Statistics Service, NBU

Index/ commodity	Description
S&P 500	Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks
FTSE 100	The FTSE 100 Index is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange
MSCI	The MSCI EM Eastern Europe Index is a free-float weighted equity index
PFTS	PFTS is a Ukrainian stock index, which is calculated daily based on the results of trading at the PFT stock exchange.
RTS	Index RTS Index is cap-weighted composite index calculated based on prices of the 50 most liquid Russian stocks of the largest and dynamically developing Russian issuers presented on the Moscow Exchange
Brent crude	COA Comdty Crude Oil, Brent Active Contract
WTI crude	CLA Comdty Crude Oil, WTI Brent Active Contract
Wheat	Ukraine Feed Wheat Feed Grain Market FOB Black Sea Ports Price



## 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

Nataliya Khimich  
Research  
+38 044 231 7380  
nataliya.khimich@fuib.com

Olena Lysyanska  
Research  
+38 044 231 7380  
olena.lysyanska@fuib.com

## PUBLIC RELATIONS

pr@fuib.com