

Ukraine gross foreign reserves drop 1% in July **Ukraine**

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Analyst: "Ukraine's reserves will resume growth after the next IMF tranche is approved. We expect USD 1.0 bln to arrive this fall, another USD 0.5 bln from a sovereign international Eurobond placement, and USD 0.5-0.8 bln to be raised from local Eurobonds. This should underpin gross reserves rising to USD 18.5 bln by end-2017."

KYIV, Aug 8, 2017 - Ukraine's gross international reserves decreased 1.0%, or USD 176 mln, in July to USD 17.8 bln owing to USD 510 mln in repayments on local Eurobonds, the National Bank of Ukraine reported on August 7. Inflow from USD 158 mln in local Eurobond placements and USD 30 mln in NBU interventions at the ForEx prevented a deeper drop. As of August 1, gross reserves covered 3.6 months of future imports. Concorde analyst Alexander Paraschiy added: "July gross reserves are in line with our projections. Debt repayments are due monthly as the trade deficit widens and the IMF loan remains in the pipeline. In August, gross reserves will keep shrinking on the back of an IMF debt repayment. In particular, on August 4 Ukraine already wired USD 0.45 bln to the IMF (principal and interest). "In September-December, Ukraine will have to repay USD 1.86 bln on its foreign currency debt, including USD 0.75 bln in coupons and principal on local Eurobonds, USD 0.50 bln in coupons on international Eurobonds (September), and USD 0.61 bln to the IMF (November and December). "Ukraine's reserves will resume growth after the next IMF tranche is approved. We expect USD 1.0 bln to arrive this fall, another USD 0.5 bln from a sovereign international Eurobond placement, and USD 0.5-0.8 bln to be raised from local Eurobonds. This should underpin gross reserves rising to USD 18.5 bln by end-2017."

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