<u>Ukraine gross reserves decline 1% in June</u> Ukraine

Posted by:

Posted on: 2018/7/6 23:15:09

Analyst: &Idquo;The NBU's currency purchase on the ForEx is likely to be scarce again as the seasonal revaluation of the national currency seems to be over. That said, we expect gross international reserves to increase USD 200-300 mln in July."

KYIV, July 6, 2018 - Ukraine's gross international reserves declined 1.1% m/m, or USD 192 mln, to USD 18.0 bln in June, Concorde Capital informed its clients today based on a National Bank of Ukraine (NBU) report on July 5. The losses were due to FCY-denominated debt repayments that exceeded receipts from a local Eurobond placement and net currency purchases by the central bank on the ForEx. In May, debt repayments in foreign currency totaled USD 724.4 mln (in the equivalent). In particular, repayments of FCY-denominated state debt and debt servicing totaled USD 562.4 mln, including repayments on local Eurobonds of USD 552.5 mln. June payment on debt to the IMF was USD 162 mln (in the equivalent). The placement of local Eurobonds for USD 539.4 mln (in the equivalent) was the major source of reserves replenishment in June. Meanwhile, NBU net currency purchases on the ForEx was only USD 24 mln (vs. USD 181 mln in May). The central bank emphasized that higher volumes of currency purchases in June could result in increasing pressure on the exchange rate amid some deterioration of prices on the external markets and reduced interest of international investors in emerging markets. That said, the NBU even renewed the purchase of currency on the ForEx for the first time since January. The NBU also reported on a securities revaluation of USD 38.2 mln (adjusted to market value and the currency exchange rate), which apparently also had a negative effect on reserves. As of July 1, Ukraine's gross international reserves cover 3.2 months of imports, which is sufficient to stay current on the external payments of the government and the NBU. Evgeniya Akhtyrko: We anticipated the difficulties with maintaining Ukraine's gross international reserves in June. However, we expected higher currency purchases by the NBU on the ForEx during June. So far, the NBU is refraining from sacrificing the stability of the national currency for the sake of maintaining gross international reserves. There is a chance that the NBU might replenish its gross international reserves in July as only repayments on local Eurobonds of USD 230 mln are scheduled for this month. Currency receipts from MinFin's local Eurobond placements should be the major source of a reserves build-up in July. The NBU's currency purchase on the ForEx is likely to be scarce again as the seasonal revaluation of the national currency seems to be over. That said, we expect gross international reserves to increase USD 200-300 mln in July. :

###

For more information, link here: www.concorde.ua