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FEATURES OF UKRAINE FOREIGN EXCHANGE MARKET

Annotation. Currency market plays an important role for Ukraine financial market because it connects the national and world financial systems. International payments, insurance currency risks, foreign-exchange interventions, making a profit, economic growth, inflation rate, and national competitiveness depend on efficiency of currency market. Besides, the currency market and the mechanism of its regulation influence the state of individual sectors of economy, enterprises, and a place of state in the world market. So, today the problem of foreign-exchange market, its issues of development and finding the solutions is actual enough, and it needs special attention.

Key words. Currency market, foreign-exchange interventions, inflation rate, economic growth, currency operations, currency adjusting, currency policies, national bank.

Main scientific results. The currency market is important thing in the system of currency adjusting. The state carries out a significant part of activities for foreign exchange market. It is here that the sellers and the buyers of currency values reconcile their interests. The participants of the currency market are the different groups of economic entities, and each of them has a goal to maximize its profit.

The foreign exchange market is the system of economic relationship that relate to external payments, tourism, movement of capital, labor migration, sale of payment document in foreign currency and placement of funds operations.

The main operations that are on the currency market: exchange operations (conversion), credit and deposit operations, investments in securities, etc.

It is needed the National Bank of Ukraine to pursue an effective currency policy because it helps maintain financial and macroeconomic stability and promote an economic growth [1].

In Ukraine the foreign exchange restrictions exist as one of the forms of currency adjusting. And this is popular enough. The currency restrictions are used to prevent capital outflow and to regulate the supply and demand in the domestic currency market. They also can be installed and removed very fast when it is needed. The National Bank of Ukraine applied administrative restrictions on operations with foreign currency to reduce and minimize a negative influence of the financial crisis [2].

For example, it happened in 2013-2014. The strict restrictions were established on the selling rate of the US dollar in the cash market. The restrictions on operations with this currency were applied to the banks.

Besides, the National Bank of Ukraine use the currency interventions to improve the situation in the currency market. The currency intervention is a significant one-off impact of the National Bank on the foreign exchange market and exchange rate. It is carried out by selling or buying a large amount of currency. The currency intervention is used to regulate the rate of foreign currencies.



Рис. 1. An amount of the NBU currency interventions

On the diagram we see that the National Bank of Ukraine mainly purchased foreign currency during this period. Only in March 2020 the NBU sold most currency, and then it purchased \$100 million. The reason for this is a need to stabilize the situation in the currency market due to the coronavirus epidemic [3].

The rate of hryvnia to dollar and euro is instable till now. There are both internal and external factors that have impact on the exchange rate. In this situation the government has to come up with a strategic program of development of the national economy.

The disadvantages also include the increase of currency risks that is provoked by the dependence of Ukraine economy on the dollar. It is high level of dollarization of the domestic economy [1].

To improve the functioning of the Ukraine currency market there are some solutions:

- to reduce the level of dollarization;
- to improve the rules for participants of the market;
- to improve a monitoring of the currency risks;
- to stimulate export and ensure balance of payments;
- to optimize the procedure of currency interventions of the National Bank of Ukraine.

Conclusion. So, we can say that today the currency market of Ukraine is not stable enough. It has some disadvantages, and for this Ukraine government should come up with the strategy of the effective development of the currency market. There are some solutions that we propose as well.

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