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**FOREIGN EXCHANGE MARKET: THEORETICAL
FOUNDATIONS OF FUNCTIONING AND DEVELOPMENT
PROBLEMS IN UKRAINE**

The foreign exchange market is a system of stable economic and organizational relations connected with foreign currency, buying and selling operations and payment documents in foreign currencies [3].

The foreign exchange market has all the signs of the ordinary market: communications, demand and supply, objects and subjects, infrastructure. The foreign exchange market can be classified by the nature of operations: the market for conversion operations, the market of deposit and credit operations. The price of currency is formed as a percentage [5]. The main functions of the currency market are as follows:

- facilitating the development of foreign trade;
- ensuring the implementation of the currency policy of the state;
- diversification of foreign exchange reserves;
- exchange rate regulation;
- definition and formation of supply and demand for foreign currencies [2].

In the currency market, there are four groups of entities:

- government agencies, the main place of which is central banks and treasuries of individual countries;
- individuals and legal entities that are involved in various fields of foreign economic activity;
- commercial banking institutions that provide currency services;
- currency exchanges and currency departments of commodity and stock exchanges.

The foreign exchange market in Ukraine has developed in three stages:

1. 1991 - October 1994 is the period of the search for the concept of developing the economy of the new state, when the foundation of the ideology of the NBU was laid, the main guidelines and priorities were defined and formed.

2. October 1994 - August 1996 is a period declared macroeconomic stabilization program.

3. Since September 1996, when the UAH was put into circulation, as a full-fledged national currency of Ukraine [3].

The modern currency market of Ukraine functions in the conditions of extremely unfavorable external environment and exacerbation of socio-political tension in the society, which negatively affects the national economy and does not contribute to innovative development. In recent years, the rate of UAH substantially decreased. So, at the end of 2013 the rate of UAH to the dollar on the interbank market was at the level of UAH 8.11 per dollar USA 2014 marked a significant devaluation of UAH. relative to most foreign currencies. This was caused by a decrease in exports, a rise in prices for imported goods, a decrease in foreign direct investment inflows and significant public debt servicing costs (Fig.1). For the period January, 2014 - February 2015, the exchange rate fluctuated between 8.37 and 32.98 UAH. per US dollar (established by the NBU) [5].

In 2015, most of the crisis trends have survived. Continued reduction in production, in the first quarter of 2015, compared with 2014, industry production decreased by 21.4%. The statistics at the beginning of 2015 indicate a consolidated balance of payments deficit of \$ 743 million, which is \$ 1.4 billion less than in February, 2014, due to a reduction in the reimbursement of funds in the financial account. This reduction should lead to stabilization of the course, and a slight decrease in the deficit should not lead to the revival of economic activity of the subjects of the currency market. The strengthening of devaluation expectations and the outflow of deposits from the banking system have led to an outflow of cash outside the bank to 1.7 billion dollars [1; 4].

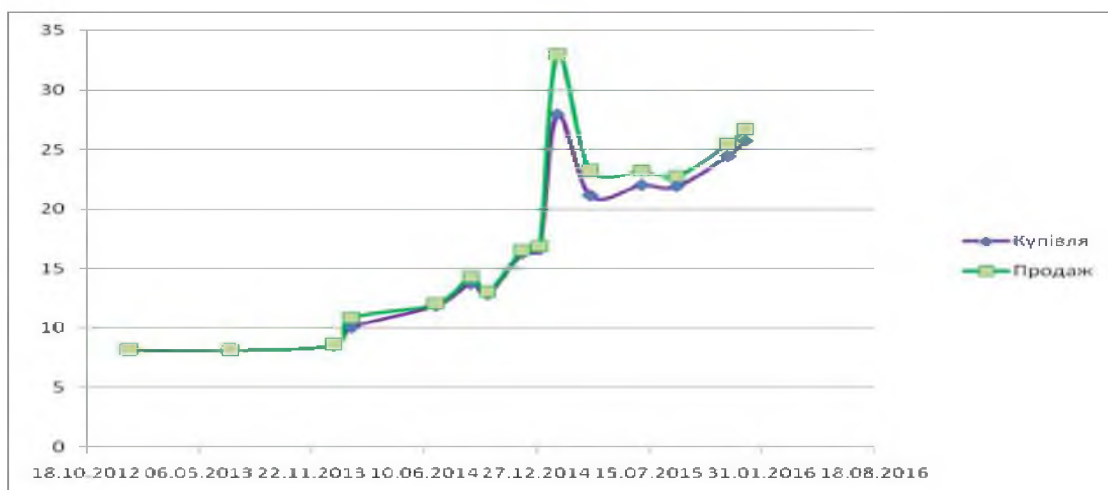


Fig.1 Dynamics of the NBU rate USD / UAH for 2013-2016 [1]

It is also necessary to consider changes in the gold and foreign exchange reserves of Ukraine (Figure 2). This is stated in the quarterly forecast of the Ukrainian Economic Trends Forecast by the Da Vinci AG analytical group. «In 2014, Ukraine's gold and currency reserves showed a steady downward trend. In fact, during the year, they decreased by 7.83 billion dollars. The decline in reserves was set in 2011 and related to military actions in the Donbass only indirectly. Events in eastern Ukraine have only accelerated the trends that would otherwise have appeared in 2017-2018», – the report says. [4].

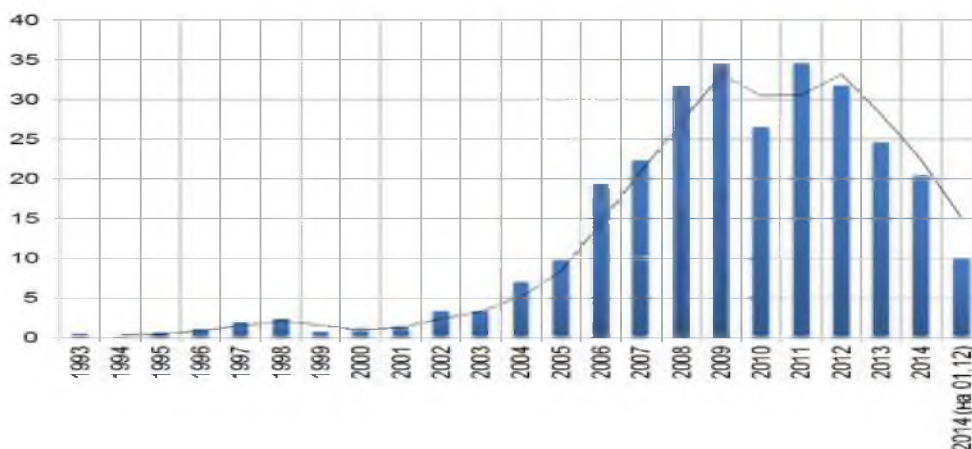


Fig. 2. Dynamics of the volume of gold and foreign exchange reserves according to the National Bank [4]

Therefore, to improve the development of the foreign exchange market of Ukraine, it is necessary that: 1) the state and structure of Ukraine's balance of payments have been improved; 2) Ukraine's international credit indebtedness has to be reduced and subsequently eliminated; 3) market rate UAH should be closer to purchasing power parity; 4) government loans must be regulated and used for investment purposes.

In conclusion, the prospects of Ukraine on the international monetary market from a financial point of view are negative. The proposed measures would help to avoid a default of the national currency and, consequently, the Ukrainian economy.

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THE IMPORTANCE OF NETWORK ACCOUNTING DATA FOR THE CREATION OF AGRICULTURAL POLICY

Accounting is one of the oldest professions in history, and one of the 21st century's most innovative growth industries. Accounting is the systematic and comprehensive recording of financial transactions pertaining to a business. Accounting also refers to the process of summarizing, analyzing and reporting these transactions to oversight agencies, regulators and tax collection entities. The financial statements that summarize a large company's operations, financial position and cash flows over a particular period are a concise summary of hundreds of thousands of financial transactions it may have entered into over this period [1,2].

Financial accounting is concerned with external reporting to parties outside the firm. In contrast, managerial accounting is primarily concerned with providing information for internal management. Accounting provides a basis for managerial decisions. Examples of such decisions include investment appraisal; make or buy decisions; pricing decisions; limiting factors analysis [3].

The accounting equation is made of three elements: assets, liabilities and equity. Assets are things the business owns and can use. Liabilities are amounts that the business owes to other entities. Equity is a combination of