

EUROBONDS AS INSTRUMENTS OF THE CAPITAL MARKET

Lyvdar M.V.

Candidate of Economic Sciences,
Senior Lecturer at Department of Finance,
Lviv Polytechnic National University

Paniush L.F.

Master,
Lviv Polytechnic National University

The modern stage of development of the world financial market is characterized by globalization processes that, in turn, open wide opportunities for access to external sources of funds attraction. This issue is relevant both at the macrolevel (state) and microlevel (economic entities). The attraction of financial resources from external sources at the macrolevel is determined by a necessity of public debt management, budget deficit financing, and cash execution of the state budget. International borrowings at the microlevel allow domestic enterprises to expand into new markets of activities as well as standardize economic process according to international standards. Eurobonds are an effective instrument of funds attraction in the international capital market as they are characterized by more favourable terms in comparison with other international financial instruments, and their variety allows economic entities to choose the most efficient ways of attraction and investment of financial resources. A concept of Eurobonds as the instrument of the national capital market is considered. The article highlights features of Eurobonds, advantages of this type of debt securities over others, and also determines threats and obstacles that can arise when using Eurobonds. A classification of Eurobonds is considered in accordance with three classification features: coupon yield payment, a method of repayment, means

of securing. In the world practice, ordinary Eurobonds obtained a wide circulation; they amount to about 60% of the total market. A history of this international financial instrument at the world level as well as at the national level is considered. The main institution that performs regulation and control over the circulation of Eurobonds at an international scale is noted. Conducted an analysis of the international market of debt securities as a whole and Eurobond market in particular, determined the main players and their shares in the first quarter of 2017. Characterized trends of the use of Eurobonds in the domestic capital market, starting from their statutory definition and up to this day, given a graphical interpretation of a dynamics of change in volumes of the Eurobond market.

A focus is made on the importance of modernization of the national methodology of using Eurobonds, first of all at the microlevel, as legislative restrictions concerning the prohibition on issuing foreign exchange-denominated securities create for Ukrainian enterprises additional expenses for floating of Eurobonds, which in turn restrains a considerable part of economic entities from using this type of debt securities. A solution of this issue will contribute to the improvement of investment climate in Ukraine in general since foreign investors are oriented to capital markets with a developed variety of financial instruments.