



Focus
Ukraine

Scope
Economics, bonds, equity & FX markets

Research team
**Alexander Valchyshen
Taras Kotovych**

Daily Insight

Global FX markets mixed

Contents

Bonds: News & Comments	2
Liquidity significantly recovers	2
Eurobond YTMs diverge	2
Primary auction results	2
Chart page: Local bond market & Eurobond markets	3
FX: News & Comments	6
Hryvnia inches up, while global FX markets mixed	6
Chart page #1: Foreign-exchange market	7
Chart page #2: ICU's UAH trade-weighted indices	8

WEDNESDAY, 26 NOVEMBER 2014

UX Index (3 months to 26 Nov 2014)



Source: UX.

Key market indicators (as of 25 Nov 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	15.1000	+0.00	+83.25
USD/UAH (1Y NDF)	18.2000	+0.00	+93.21
EUR/USD	1.2474	+0.26	-9.23
USD/RUB	46.0441	+2.69	+40.08
KievPRIME O/N (%)	11.00	+0bp	+320bp
KievPRIME 1M (%)	17.00	+0bp	+75bp
SOVEREIGN EUROBONDS: yields and spreads			
Ukraine 15, Eurobond (%)	25.25	+28bp	+1,689bp
Ukraine 17, Eurobond (%)	17.77	+24bp	+822bp
Ukraine 22, Eurobond (%)	11.95	-18bp	+260bp
Ukraine 23, Eurobond (%)	11.95	-14bp	+290bp
Ukraine 5Y CDS	1,536bp	+10bp	+720bp
EQUITIES			
Stock market indices			
UX (Ukraine)	988.34	-0.02	+8.60
MSCI World	426.75	+0.12	+4.45
MSCI EM	1,009.10	-0.21	+0.64
RTS (Russia)	1,054.38	-2.02	-26.92
WIG-20 (Poland)	2,410.27	-0.02	+0.39
S&P 500 (USA)	2,067.03	-0.12	+11.83

Notes: Chg – percentage change, if not otherwise indicated; [1] – total traded volume for stocks listed in green- or red-shaded box means gain or loss, respectively, of the index or security.

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

Bonds: News & Comments

Liquidity significantly recovers

After declining over the previous two day, the broader banking sector liquidity rose UAH2.14bn to UAH52.42bn after receiving significant MoF and NBU injections yesterday, including increases in banks' correspondent accounts with the NBU (up UAH1.49bn to UAH28.78bn), in total CDs outstanding (up UAH0.31bn to UAH18.22bn) and in total debt repayments scheduled for the next 30 days (up UAH0.34bn to UAH5.42bn).

KyivPrime interest rates remained unchanged since last Wednesday, with the KyivPrime ON rate at 11.00% and the KyivPrime 1M rate at 17.00%.

Investment implications: The NBU increased volume its ON loans on Monday by UAH0.61bn to UAH1.42bn while its bond portfolio remained steady since last week. Total bonds outstanding significantly declined on Monday due to the UAH2.24bn decline in the banks' portfolio. As no bonds were scheduled for redemption last Friday that would cause such a decline, and the UAH/USD exchange rate also could not cause these changes, most likely the MoF repurchased bonds to raise additional liquidity. As liquidity rose less than the received inflows, we could see slight decline in liquidity later this week if the NBU provides no new injections.

Eurobond YTM's diverge

Most Ukrainian Eurobond spreads to the benchmark continued to widen yesterday, while two bonds tightened their spreads to benchmark, causing their yields to decline. As a result, the sovereign yield curve adjusted to 11.95-25.26%, as the YTM's of UKRAIN 6.875% '15, UKRAIN 6.25% '16, UKRAIN 9.25% '17, UKRAIN 7.95% '21 rose, while those of UKRAIN 7.80% '22 and UKRAIN 7.50% '23 declined slightly below 12%.

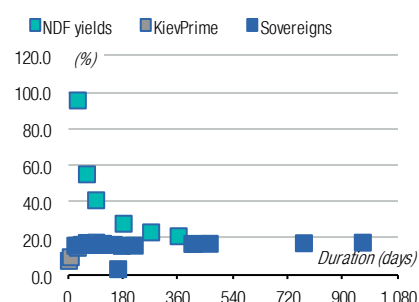
Primary auction results

The MoF replaced the originally scheduled bonds with only one 2-year local currency denominated bond, only to be met with minimal demand. The MoF received only one bid that provided state budget proceeds of UAH8.60m. As today's debt repayments are mostly denominated in US dollars, we could see a USD-denominated bond offering at the end of this week when funds received by investors will be available to buy new bonds.

Taras Kotovych, Kiev, +38044 2200120 ext.724

Yield curve of the local bond market

(as of market close on 25 Nov 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 25 Nov 2014)

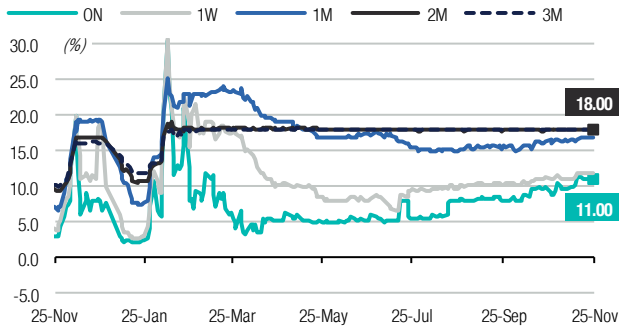
	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	11.00	+0bp	-13bp	+120bp	+320bp
1wk	12.00	+0bp	+0bp	+80bp	+220bp
1m	17.00	+0bp	+0bp	+65bp	+75bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	28,781	+5.47	-2.31	+8.21	-11.99
CDs ²	18,216	+1.73	+9.44	+40.91	+2,483.8
Sovgns ³	5,014	+0.00	-4.17	-1.51	+235.4
Total	52,011	+3.59	+1.31	+16.58	+49.02
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	283,451	+0.00	+0.86	+3.21	+95.68
Banks	86,013	-0.20	-5.39	+2.63	+7.29
Resid's ⁴	21,386	-0.15	-3.07	+49.14	+72.51
Non-res ⁵	21,156	+0.18	-2.58	+9.76	+80.84
Total	412,005	-0.04	-0.89	+5.09	+65.39
NDF IMPLIED YIELDS (%)					
3m	N/A	N/A	N/A	N/A	N/A
6m	N/A	N/A	N/A	N/A	N/A
9m	N/A	N/A	N/A	N/A	N/A
1yr	N/A	N/A	N/A	N/A	N/A
LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)					
Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+320bp	+0bp	+0bp	-676bp
Aug '15 ⁶	N/A	+87bp	+0bp	+87bp	-77ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	1,536	+10bp	-34bp	+311bp	+720bp
Jun '16	19.20	+39bp	-45bp	+499bp	+10bp
Jul '17	17.77	+24bp	-49bp	+432bp	+822bp
Sep '20	12.43	+12bp	-56bp	+167bp	+324bp
Sep '21	12.53	+33bp	-18bp	+180bp	+331bp
Sep '22	11.95	-18bp	-36bp	+142bp	+260bp
Feb '23	11.95	-14bp	-21bp	+163bp	+290bp

Notes: [1] banks' account balance at NBU; [2] certificates of deposits issued by NBU; [3] UAH sovereign bonds due next 30 days; [4] residents; [5] non-residents; [6] VAT bond.

Sources: Bloomberg, Investment Capital Ukraine LLC.

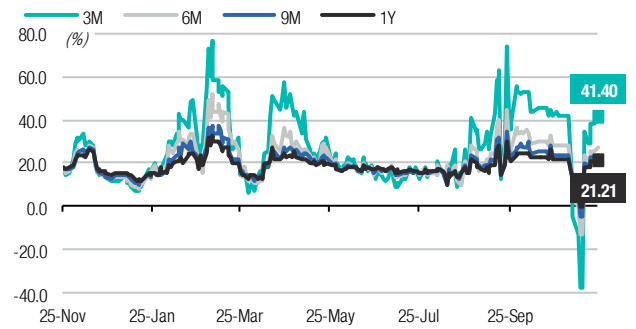
Chart page: Local bond market & Eurobond markets

Chart 1. Kiev Prime rates (%), last 12-month period



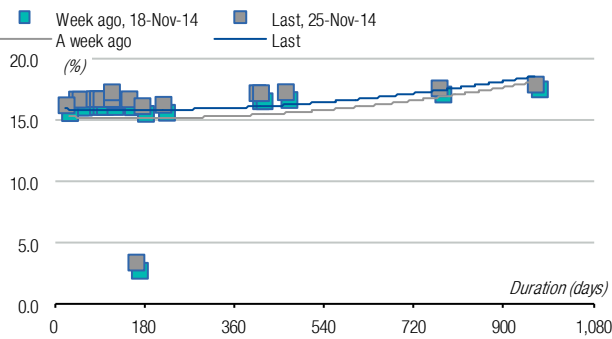
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 2. UAH NDF implied yields (%), last 12-month period



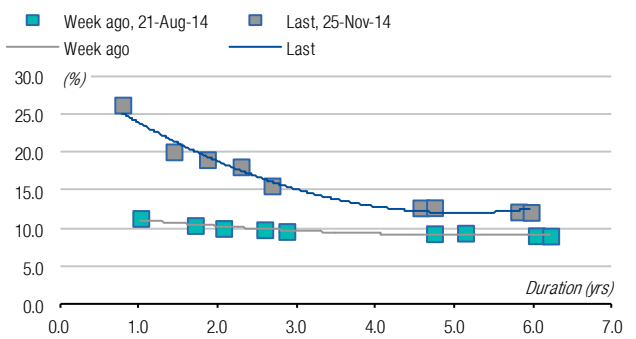
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 25 Nov 2014



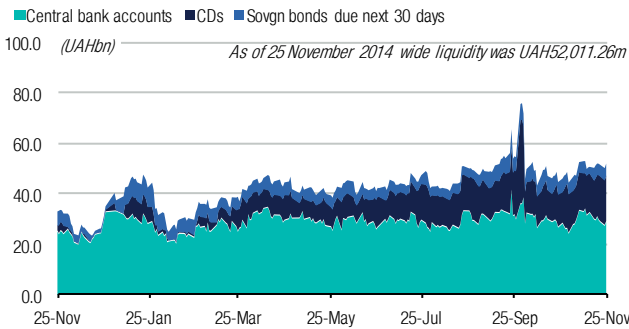
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 25 Nov 2014



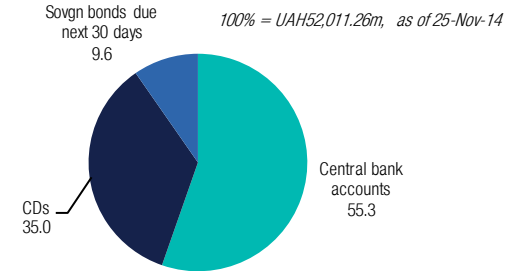
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 5. Banking sector liquidity (UAHbn), last 12-month period



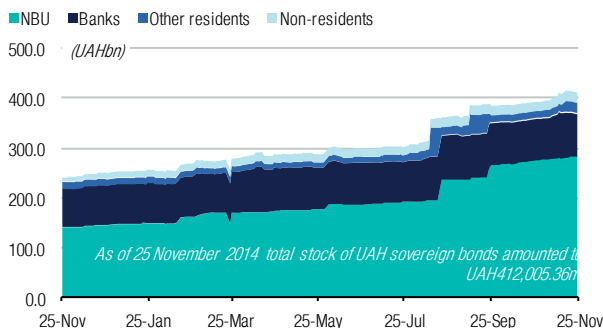
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 25 Nov 2014



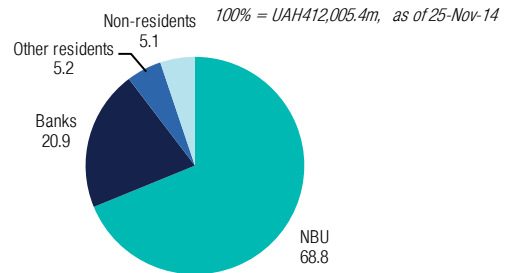
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 7. Holders of sovereign bonds (UAHbn), last 12 months



Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 8. Domestic sovereign debt (%) as of 25 Nov 2014



Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Table 1. Ukrainian stocks (closing prices as of 25-Nov-2014)

Company	Bloomberg Ticker	Listing	Share price performance (% change)					Valuation (US\$)			Free float (FF) & Liquidity					P/E			EV/EBITDA			EV/Sales			Ratios			
			Last price	Daily	MoM	YTD	YoY	Last price	Market cap (m)	EV (m)	FF (%)	FF mkt cap (US\$m)	Last day turnover (US\$ 000)	3M avg. turnover (US\$ 000)	FF share traded (%)	FF turnover (days)	2013	2014E	2014E	2013	2014E	2014E	2013	2014E	2014E	P/B (x)	Debt/Assets (%)	
ENERGY																												
Cadogan Petrol...	CAD LN	London	10.63 GBp	-1.2	+9.0	+2.4	-15.0	0.17	38.6	-9.0	40.2	15.5	0.2	22.3	0.13	799	Neg.	N/A	N/A	1.3	N/A	N/A	Neg.	N/A	N/A	0.3	0.0	
Centrenerg	CEEN UK	Kiev, UX	7.55 UAH	+0.0	-0.2	+58.3	+47.6	0.50	184.7	231.6	21.7	40.1	67.4	42.3	0.10	970	5.7	5.0	7.5	0.3	3.9	4.1	0.5	0.3	0.3	1.1	16.3	
Coal Energy	CLE PW	Warsaw	0.65 PLN	-3.0	-18.8	-38.1	-66.8	0.19	8.7	134.7	25.0	2.2	6.6	38.3	0.95	105	Neg.	N/A	N/A	6.0	N/A	N/A	1.1	N/A	N/A	0.1	39.8	
Donbasenergo	DOEN UK	Kiev, UX	31.79 UAH	+0.0	-4.3	+15.2	+13.5	2.11	49.8	102.4	14.2	7.1	7.1	8.5	0.07	1,450	1.4	1.4	1.5	0.1	2.0	1.5	0.3	0.2	0.3	1.1	25.1	
JXK Oil & Gas	JXK LN	London	29.00 GBp	+3.6	-23.7	-59.4	-60.5	0.46	78.2	83.3	47.2	36.9	13.1	23.4	0.10	974	12.0	13.0	2.4	1.3	1.7	1.3	0.5	0.5	0.4	0.2	5.5	
Regal Petroleum	RPT LN	London	5.63 GBp	+0.0	-13.5	-56.7	-63.7	0.09	28.3	-1.8	80.9	22.9	0.0	5.3	0.01	10,714	Neg.	14.2	N/A	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	0.2	0.0	
Zakhidenergo	ZAEN UK	Kiev, PFTS	148.00 UAH	+0.0	-8.6	+63.7	+61.7	9.80	125.4	202.5	5.0	6.3	0.0	1.8	0.02	5,296	3.3	N/A	N/A	1.3	N/A	N/A	0.3	N/A	N/A	1.3	0.0	
METALLURGY																												
Alchevsky Meta...	ALMK UK	Kiev, UX	0.02 UAH	+0.0	-29.4	-52.3	-55.6	0.00	31.6	1,928.5	3.9	1.2	1.3	2.1	0.20	495	Neg.	Neg.	N/A	Neg.	Neg.	N/A	2.0	1.2	N/A	N/A	85.7	
Avdiyivsky Cok...	AVDK UK	Kiev, UX	1.92 UAH	+0.0	-27.7	-35.0	-40.8	0.13	24.8	21.6	4.0	1.0	3.6	3.5	0.26	387	Neg.	187.6	0.5	0.1	0.8	N/A	0.0	0.0	0.0	0.1	0.1	
Azovstal	AZST UK	Kiev, UX	0.70 UAH	+0.0	-6.0	+5.1	-1.1	0.05	196.0	N/A	4.1	8.0	11.0	11.0	0.10	1,052	Neg.	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.2	0.0	
Ferrexpo PLC	FXPO LN	London	71.80 GBp	+0.9	-17.6	-61.4	-57.1	1.13	663.8	866.3	22.4	148.7	473.8	942.0	0.70	143	2.5	2.5	5.5	1.7	1.8	2.8	0.5	0.6	0.6	0.6	35.1	
Yasynivsky Cok...	YASK UK	Kiev, UX	0.28 UAH	+0.0	-40.4	-47.2	-49.1	0.02	5.1	5.8	9.0	0.5	0.3	1.8	0.07	1,367	Neg.	0.5	0.3	0.1	0.3	N/A	0.0	0.0	0.0	0.1	0.0	
Yenakievo Steel	ENMZ UK	Kiev, UX	19.46 UAH	+0.0	-34.0	-39.2	-43.3	1.29	13.6	4.9	9.4	1.3	4.7	3.5	0.47	214	Neg.	Neg.	N/A	0.8	0.2	N/A	0.0	0.0	N/A	0.9	0.0	
FOOD AND AGRIBUSINESS																												
AgroGeneration	ALAGR FP	EN Paris	0.47 EUR	+0.0	-4.1	-62.1	-62.4	0.59	54.1	108.0	34.0	18.4	5.4	11.4	0.06	1,580	Neg.	N/A	N/A	Neg.	N/A	N/A	1.6	N/A	N/A	1.0	35.9	
Agroliga	AGL PW	Warsaw	9.35 PLN	+11.3	-23.6	-63.9	-67.5	2.79	4.3	5.1	16.7	0.7	3.0	2.5	0.40	249	1.1	N/A	N/A	1.5	N/A	N/A	0.3	N/A	N/A	0.4	5.7	
Agroton	AGT PW	Warsaw	1.19 PLN	-3.3	-38.0	-39.0	-45.4	0.36	7.7	53.0	26.2	2.0	67.7	43.2	2.97	34	Neg.	1.1	1.0	19.8	17.7	N/A	0.7	0.6	0.7	0.1	28.4	
Astarta Holdin...	AST PW	Warsaw	15.56 PLN	-8.0	-52.8	-76.7	-76.5	4.65	116.2	359.0	31.0	36.0	71.3	59.0	0.30	331	3.6	Neg.	2.1	4.7	3.0	3.3	0.8	0.8	0.8	0.3	38.2	
Avangard	AVGR LI	London Intl	4.90 USD	+0.0	-24.2	-58.3	-60.2	4.90	313.0	446.7	21.7	67.9	0.0	59.2	0.04	2,773	1.3	2.8	2.5	1.5	2.5	2.5	0.7	0.8	0.8	0.8	0.3	17.8
IMC	IMC PW	Warsaw	6.68 PLN	-1.0	-3.2	-45.0	-52.5	1.99	62.4	203.6	23.9	14.9	1.6	14.6	0.02	4,848	2.4	Neg.	2.4	3.8	3.9	4.0	1.8	1.2	1.1	0.4	38.7	
Kernel Holding...	KER PW	Warsaw	24.07 PLN	-1.3	+2.5	-36.8	-44.7	7.19	572.8	1,257.8	58.8	336.7	677.2	811.7	0.19	528	Neg.	3.6	3.5	5.6	3.7	4.0	0.5	0.5	0.5	0.6	39.1	
KSG Agro	KSG PW	Warsaw	1.21 PLN	+0.8	+12.0	-88.8	-89.5	0.36	5.4	116.5	34.4	1.9	29.1	224.1	4.38	23	Neg.	0.5	0.3	13.4	N/A	N/A	1.6	1.2	1.0	0.3	44.5	
MHP	MHPC LI	London Intl	10.70 USD	-4.9	-3.8	-37.2	-37.6	10.70	1,130.6	2,261.1	22.3	252.4	164.4	780.1	0.10	957	7.3	20.0	4.0	5.8	4.7	4.5	1.5	1.6	1.5	2.2	47.0	
Milkiland	MLK PW	Warsaw	1.90 PLN	-4.5	-45.6	-84.8	-84.9	0.57	17.7	143.1	20.0	3.5	17.3	6.2	0.25	400	1.3	Neg.	44.0	4.3	4.8	4.3	0.3	0.4	0.4	0.1	30.8	
Mriya Agrohold...	MAYA GF	Frankfurt	0.80 EUR	+0.0	+39.1	-85.2	-83.4	1.00	106.0	833.8	20.0	21.2	0.0	1.5	0.00	29,535	1.2	1.2	0.5	5.1	3.1	2.8	1.7	2.0	1.9	0.2	45.3	
Ovostar Union	OVO PW	Warsaw	72.00 PLN	+2.9	+5.1	-28.0	-24.2	21.50	129.0	138.7	25.0	32.3	43.4	25.7	0.15	651	4.2	6.8	5.9	3.8	5.1	4.6	1.5	1.8	1.5	1.0	8.5	
TRANSPORTATION																												
KDM Shipping	KDM PW	Warsaw	6.70 PLN	-1.5	-2.9	-78.7	-78.8	2.00	18.6	2.1	10.9	2.0	0.5	0.2	0.01	13,172	2.7	N/A	N/A	0.2	N/A	N/A	0.1	N/A	N/A	0.3	5.6	
CONSTRUCTION																												
TMM	TR61 GF	Xetra	0.15 EUR	-11.8	-7.4	-52.7	-49.5	0.19	9.7	185.3	13.1	1.3	0.0	0.2	0.01	7,016	Neg.	N/A	N/A	Neg.	N/A	N/A	5.5	N/A	N/A	0.1	45.5	
FINANCIAL SERVICES																												
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.10 UAH	+0.0	-16.8	-10.2	-19.7	0.01	202.3	N/A	3.8	7.7	50.7	16.8	0.32	314	3.0	Neg.	16.0	N/A	N/A	N/A	N/A	N/A	N/A	0.5	22.4	

Table 1. Ukrainian stocks (closing prices as of 25-Nov-2014)

Company	Bloomberg Ticker	Listing	Share price performance (% change)				Valuation (US\$)			Free float (FF) & Liquidity					P/E			EV/EBITDA			EV/Sales			Ratios				
			Last price	Daily	MoM	YTD	YoY	Last price	Market cap (m)	EV (m)	FF (%)	FF mkt cap (US\$m)	Last day turnover (US\$ 000)	3M avg. turnover (US\$ 000)	FF share traded (%)	FF turnover (days)	2013	2014E	2014E	2013	2014E	2014E	2013	2014E	2014E	P/B	Debt/(x) Assets	
Ukrsotsbank	USCB UK	Kiev, UX	0.14 UAH	+0.0	-9.1	-27.7	-30.1	0.01	162.8	N/A	4.5	7.3	0.2	1.0	0.03	3,915	Neg.	10.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	28.2

Notes: mln - millions; FF - free float; n/a - not available; neg. - negative; a company name (the left column of the table) is shortened to fit the column and hence in some cases is not displayed in full; *** - P/E is above 10,000x. Sources: Bloomberg, ICU.

FX: News & Comments

Hryvnia inches up, while global FX markets mixed

The UAH increased a marginal 0.35% (in weighted average terms) on US\$238m in trading yesterday. Compared with the wild daily swings seen in September-October, the small changes exemplify the unwritten agreement between the NBU and the top 40 banks which stipulates a low volatility environment to maintain the FX rate below 16/USD.

The Russian ruble's 2.69% loss yesterday was caused by a failed attempt of the non-OPEC nations to agree on crude oil price action. As OPEC nations will gather tomorrow, yesterday's market behavior suggests that they will fail to establish a crude oil price floor, i.e. by setting production cuts. Brent crude fell 1.45% yesterday. The development of oil and rubles has been negative over the short-term for the hryvnia, but could be positive over the mid- and long-term.

On the other hand, yesterday's developments with the US dollar were positive short-term but negative mid- and long-term. While adjusted 3Q real GDP was better than previously thought, US consumer sentiment came in below expectations. As consumer sentiment is seen as a bellwether and GDP data is historical, the dollar sold off yesterday. The USD trade weighted index (Bloomberg: DXY) was down 0.26%, which bolstered other global currencies.

The hryvnia 's real trade weighted index rose 0.70% because of the weak ruble.

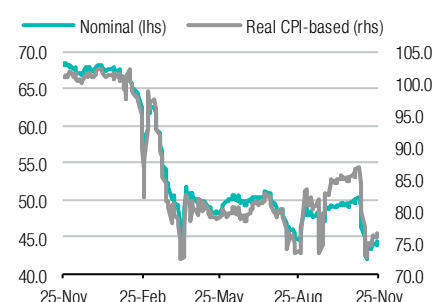
Alexander Valchyshen, Kiev, +38044 2200120 ext.242

Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU [website](#) and Bloomberg (type: ALLX UTWI <GO>).

Section on FX market is continued on next page.

ICU's UAH trade-weighted indices

(Last 12-month history to 26 Nov 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 25 Nov 2014)

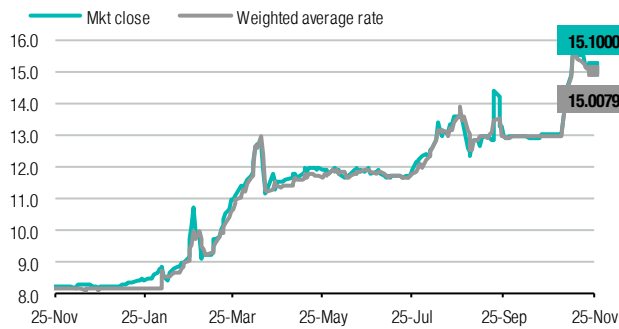
	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	15.1000	+0.00	-2.76	+16.15	+83.25
NBU avg	15.0079	-0.35	-1.65	+15.89	+84.13
Ttl vlm ¹	320.56	+4.90	-26.07	+44.13	-88.56
\$ volume ²	238.41	-3.47	-37.14	+51.14	-89.22
NDF 3M	16.6500	+0.00	+0.00	+16.03	+96.23
NDF 6M	17.1000	+0.00	+0.00	+15.54	+94.76
NDF 1Y	18.2000	+0.00	+0.00	+15.56	+93.21
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	44.255	+0.70	+2.43	-10.61	-34.48
UAH real CPI	76.224	+0.70	+2.43	-10.61	-24.58
UAH real PPI	108.819	+0.70	+2.43	-10.61	-21.59
USD nom'l	87.920	-0.26	+0.39	+2.55	+9.85
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	46.0441	+2.69	-1.73	+10.13	+40.08
EUR/USD	1.2474	+0.26	-0.49	-1.55	-9.23
USD/CNY	6.1373	-0.08	+0.26	+0.34	+1.37
USD/PLN	3.3475	-0.76	-0.48	+0.66	+10.73
USD/TRY	2.2191	-0.49	-0.09	-0.56	+3.30
USD/BYR	10,900.00	+0.37	+0.46	+1.49	+14.26
USD/KZT	180.8800	-0.25	-0.04	-0.04	+17.25
OTHER MAJOR CURRENCIES					
USD/JPY	117.9700	-0.25	+0.95	+9.07	+12.02
GBP/USD	1.5708	+0.01	+0.48	-2.37	-5.13
USD/CHF	0.9640	-0.26	+0.59	+1.27	+7.96
AUD/USD	0.8530	-1.02	-2.18	-2.99	-4.34
USD/CAD	1.1258	-0.19	-0.34	+0.24	+5.98
USD/BRL	2.5301	-0.63	-2.04	+2.27	+7.11
USD/KRW	1,109.24	-0.30	+0.91	+4.89	+5.66
COMMODITIES					
Gold(\$/oz)	1,200.95	+0.32	+0.33	-2.43	-0.39
WTI crude ³	74.14	-2.16	-0.63	-8.76	-24.67
Brent crd ³	76.96	-1.45	+0.14	-9.77	-30.55
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	266.85	-0.13	+0.38	-1.25	-4.75

Notes: [1] trading volume in all foreign currencies (US\$m); [2] trading volume in the pair USD/UAH (US\$m); [3] crude oil price (USD per barrel); [4] the Thomson Reuters/Jefferies CRB Index. A green/-red-shaded box means gain or loss, respectively, of the investment into the asset. Currencies are gaining when their exchange rates strengthen versus USD.

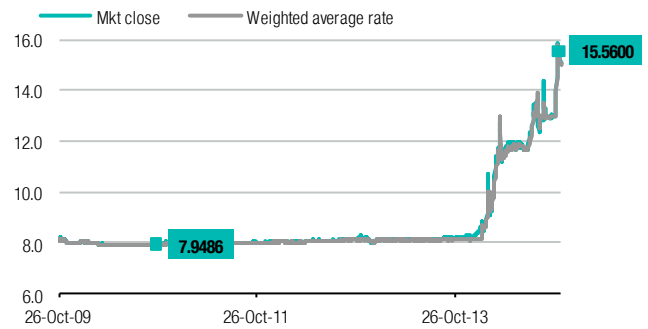
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart page #1: Foreign-exchange market

Chart 9. Spot market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

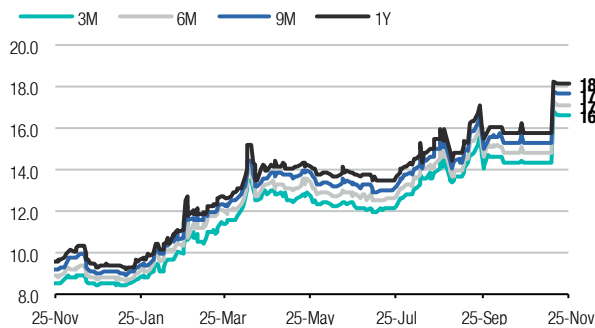


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

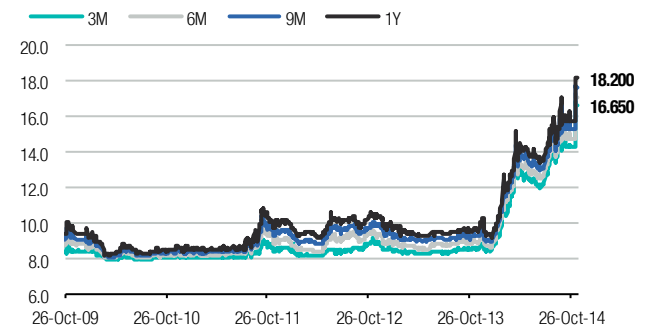


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 10. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

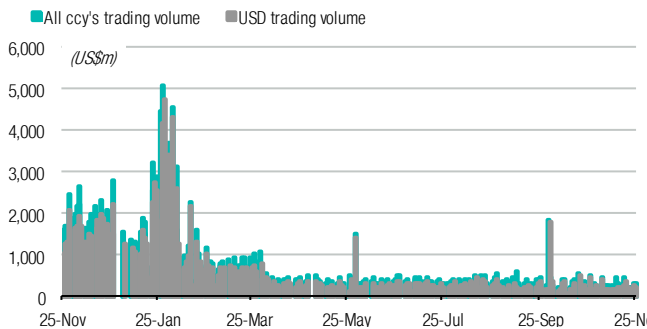


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

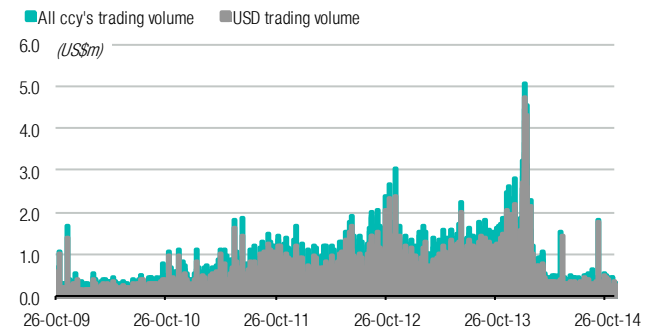


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 11. Trading volume: last 12-month and 5-year periods (US\$m, left and right respectively)

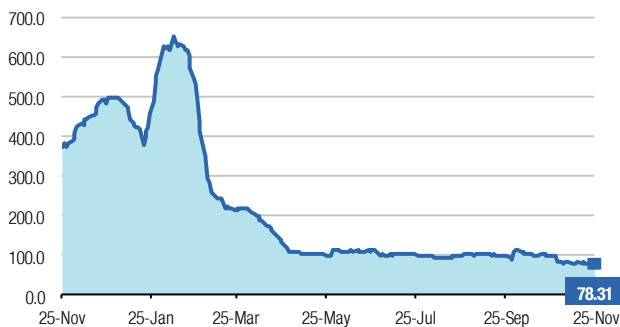


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 12. 30D MA* ratio of FX market turnover to merchandise trade: last 12m and 5yr periods (% , left and right respectively)

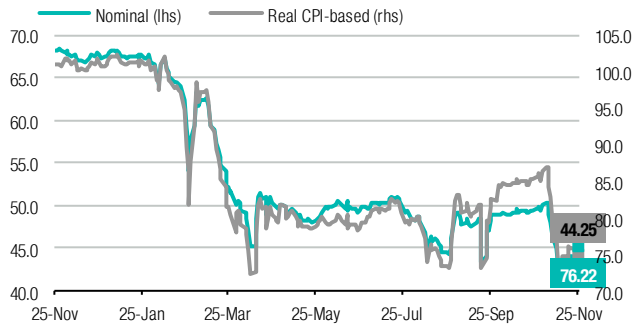


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

Chart page #2: ICU's UAH trade-weighted indices

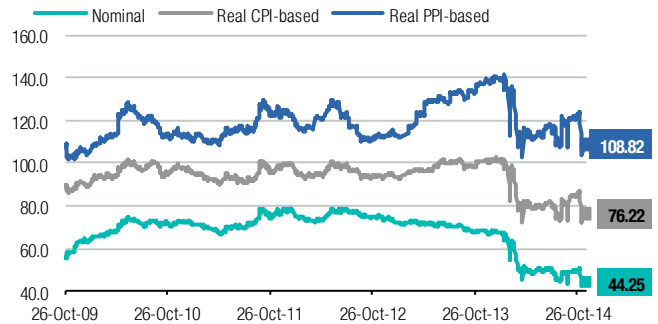
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August 2013.

Chart 13. Nominal and CPI-based real TWIs of UAH, history of last 12-month period



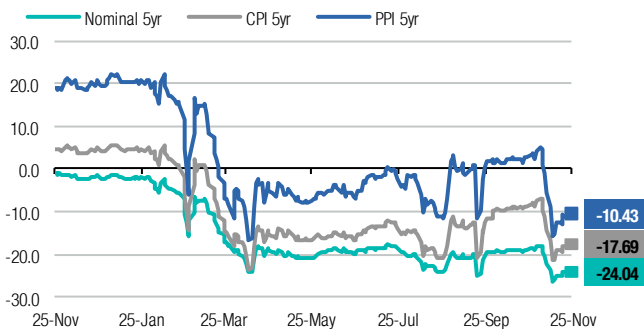
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

Chart 14. Nominal, CPI- and PPI-based TWIs of UAH, history of last 5-year period

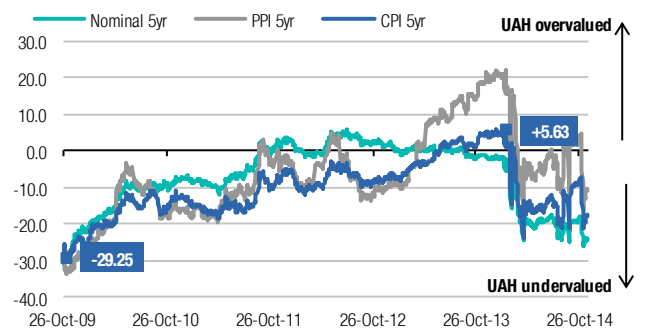


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

Chart 15. Deviation of UAH trade-weighted indices from their 5-year moving averages: last 12-month and 5-year periods (% , left and right respectively)

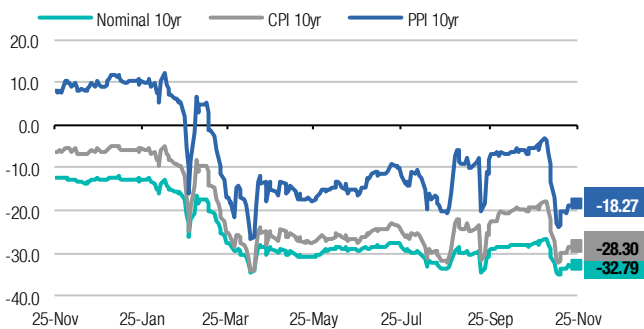


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

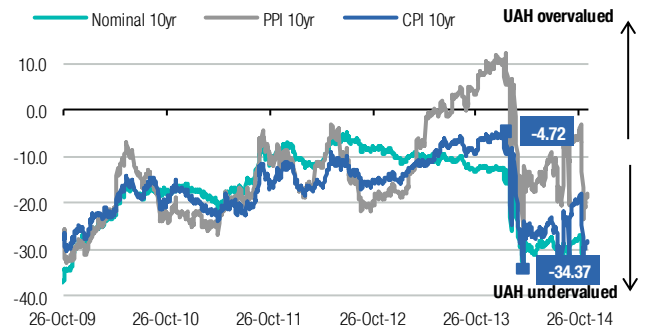


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

Chart 16. Deviation of UAH trade-weighted indices from their 10-year moving averages: last 12-month and 5-year periods (% , left and right respectively)



Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.



Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

This page is intentionally left blank

Disclosures

ANALYST CERTIFICATION

This research publication has been prepared by the analyst(s), whose name(s) appear on the front page of this publication. The analyst(s) hereby certifies that the views expressed within this publication accurately reflect her/his own views about the subject financial instruments or issuers and no part of her/his compensation was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views within this research publication.

EQUITY RATING DEFINITIONS

Buy: Forecasted 12-month total return greater than 20%

Hold: Forecasted 12-month total return 0% to 20%

Sell: Forecasted 12-month total return less than 0%

Note: total return is share price appreciation to a target price in relative terms plus forecasted dividend yield.

DEBT RATING DEFINITIONS

Buy: Forecasted 12-month total return significantly greater than that of relevant benchmark

Hold: Forecasted 12-month total return is in line with or modestly deviates from relevant benchmark

Sell: Forecasted 12-month total return significantly less than that of relevant benchmark



11th floor, LEONARDO Business Centre
19-21 Bogdan Khmelnytsky Street
Kiev, 01030 Ukraine
Phone/Fax +38 044 2200120

CORPORATE FINANCE TEL. +38 044 2200120

Makar Paseniuk, Managing Director
makar.paseniuk@icu.ua

Ruslan Kilmukhametov, Director
ruslan.kilmukhametov@icu.ua

SALES AND TRADING TEL. +38 044 2201621

Konstantin Stetsenko, Managing Director
konstantin.stetsenko@icu.ua

Sergiy Byelyayev, Fixed-Income Trading
sergiy.byelyayev@icu.ua

Vitaliy Sivach, Fixed-Income & FX Trading
vitaliy.sivach@icu.ua

Vlad Sinani, Director,
Strategy and Corporate Development
vlad.sinani@icu.ua

Julia Pecheritsa,
Ukraine and CIS International Sales
julia.pecheritsa@icu.ua

Yevgeniya Gryshchenko,
Fixed-Income Sales
yevgeniya.gryshchenko@icu.ua

RESEARCH DEPARTMENT TEL. +38 044 2200120

Alexander Valchyshen
Head of Research
alexander.valchyshen@icu.ua

Alexander Martynenko
Head of corporate research
alexander.martynenko@icu.ua

Bogdan Vorotilin
Financial analyst (Food & Agribusiness)
bogdan.vorotilin@icu.ua

Taras Kotovych
Senior financial analyst (Sovereign debt)
taras.kotovych@icu.ua

Mykhaylo Demkiv
Financial analyst (Banks)
mykhaylo.demkiv@icu.ua

Lee Daniels, Rolfe Haas
Editors

Investment Capital Ukraine LLC is regulated by Securities and Stock Market State Commission of Ukraine (license numbers: dealer activity AE 263019, broker activity AE 263018, underwriting activity AE 263020 dated 11 April 2013).

DISCLAIMER

This research publication has been prepared by Investment Capital Ukraine LLC solely for information purposes for its clients. It does not constitute an investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, Investment Capital Ukraine makes no representation that it is accurate or complete. The information contained herein is subject to change without notice. Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of Investment Capital Ukraine LLC. All rights are reserved. Any investments referred to herein may involve significant risk, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any investments referred to herein may fluctuate and/or be affected by changes in exchange rates. Past performance is not indicative of future results. Investors should make their own investigations and investment decisions without relying on this report. Only investors with sufficient knowledge and experience in financial matters to evaluate the merits and risks should consider an investment in any issuer or market discussed herein and other persons should not take any action on the basis of this report.



Additional information is available upon request.