

# Daily Insight

## New majority in parliament, Yatsenyuk confirmed

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FRIDAY, 28 NOVEMBER 2014

### UX Index (3 months to 28 Nov 2014)



Source: UX.

### Key market indicators (as of 27 Nov 2014)

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	15.0230	-0.51	+82.32
USD/UAH (1Y NDF)	18.2000	+0.00	+93.21
EUR/USD	1.2467	-0.31	-9.28
USD/RUB	48.5826	+3.24	+47.80
KievPRIME O/N (%)	11.13	+13bp	+333bp
KievPRIME 1M (%)	17.00	+0bp	+75bp
<b>SOVEREIGN EUROBONDS: yields and spreads</b>			
Ukraine 15, Eurobond (%)	28.08	+42bp	+1,973bp
Ukraine 17, Eurobond (%)	18.87	+110bp	+932bp
Ukraine 22, Eurobond (%)	12.74	+79bp	+339bp
Ukraine 23, Eurobond (%)	12.63	+68bp	+359bp
Ukraine 5Y CDS	1,496bp	-58bp	+679bp
<b>EQUITIES</b>			
<b>Stock market indices</b>			
UX (Ukraine)	973.65	-1.36	+6.99
MSCI World	427.32	-0.16	+4.59
MSCI EM	1,012.62	+0.06	+0.99
RTS (Russia)	1,006.43	-2.06	-30.24
WIG-20 (Poland)	2,428.35	+0.32	+1.14
S&P 500 (USA)	2,072.83	+0.28	+12.14

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.

## Economics: News & Comments

### Politics: New majority in parliament, Yatsenyuk confirmed as PM

The newly elected parliament convened for the first time since the election date: it formed constitutional majority of EU-minded MPs and Arseniy Yatsenyuk was confirmed as the head of the Cabinet of Ministers. On December 2, Parliament is expected to approve the Yatsenyuk-led government. The minister appointments are not yet known.

Later in the day, the Russian news service reported that the Russian head of government held a phone conversation with his Ukrainian counterpart on Ukraine's economic and financial issues. While Ukraine's government did not confirm this conversation, this move by the Russian government is a dramatic reversal from 10 months ago when members of Ukraine's newly elected government led by Yatsenyuk were ignored when they tried to reach their Russian counterparts to begin negotiations. PM Medvedev is now more willing to talk. He could be mounting pressure on Yatsenyuk, whose election campaign had a highly patriotic agenda which annoyed Putin. Russian president Putin reportedly called Poroshenko the day before yesterday and talked for about an hour and a half. Local media alleged that Putin threatened Poroshenko with more military advances if Ukraine maintains its coalition with the EU and NATO as a top priority. This claim was rejected by the Ukraine president's press service.

Instead, Poroshenko indeed allowed the ruling majority to include EU and NATO membership as future targets for the coalition. He stated yesterday too that Ukraine rejects federalisation and Russian as another official language. These issues--no EU, Nato membership, federalisation and Russian as official language--were key demands for Putin to agree to peace with Ukraine. Yesterday, although Ukraine officially rejected Putin's peace conditions, Poroshenko confirmed his position to uphold the Minsk ceasefire agreement, a move that the West hopes will provide a chance for a peace settlement.

Although Putin is expected to continue maintain his rigid stance on Ukraine, peace talks in Minsk are expected to resume.

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# Bonds: News & Comments

## Liquidity declines significantly

Broader banking sector liquidity continued its decline yesterday, falling UAH2.11bn to UAH49.05bn, the lowest level in the last ten days. Banks' correspondent accounts with the NBU slid only UAH0.22bn to UAH26.12bn yesterday, after receiving significant injections from the NBU and the MoF. Total CDs outstanding were down UAH1.28bn to UAH18.11bn and total debt repayments scheduled for the next 30 days decreased UAH0.61bn to UAH4.82bn.

KyivPrime interest slightly diverged: the KyivPrime ON interest rate rose 13bp to 11.13% and the KyivPrime 1M interest rate remained steady at 17.00%.

**Investment implications: Banks received UAH1.28bn of CD redemptions and UAH0.61bn in debt repayments, but the NBU significantly decreased its loans to banks by a net of UAH0.73bn with ON loans down by UAH0.95bn as it issued UAH0.22bn in 13-day loans. As a result, liquidity declined due to the NBU's absorption, but liquidity also could have declined due to month-end tax payments.**

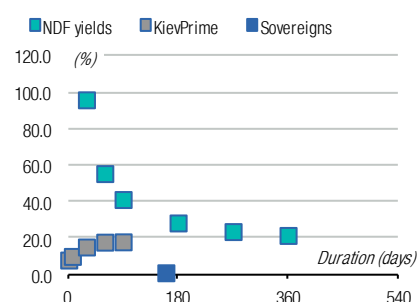
## Eurobond market's negative reaction

Spreads of Ukrainian Eurobonds to the benchmark continued to widen yesterday, causing the sovereign yield curve to adjust to 12.67-28.09%. The 5-year CDS declined to 1,496bp. The market reacted quite negatively to recent news that the Ukrainian Parliament did not approve the newly elected government, only the prime minister. The national holiday in the US also had an impact, as US markets were closed.

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## Yield curve of the local bond market

(as of market close on 27 Nov 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

## Bond market indicators (as of 27 Nov 2014)

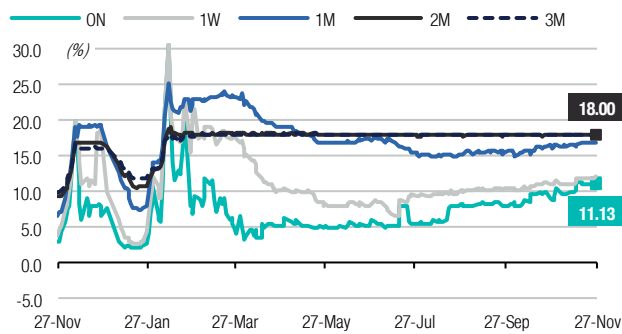
	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
O/n	11.13	+13bp	+13bp	+213bp	+333bp
1wk	12.13	+13bp	+13bp	+113bp	+233bp
1m	17.00	+0bp	+0bp	+50bp	+75bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	26,121	-0.84	-11.46	-7.31	-20.12
CDs <sup>2</sup>	5,776	-32.48	-67.50	-52.98	+719.3
Sovgns <sup>3</sup>	4,504	+0.00	-3.67	-19.58	+201.3
<b>Total</b>	<b>36,401</b>	<b>-7.61</b>	<b>-29.93</b>	<b>-20.98</b>	<b>+4.29</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	283,450	+0.00	+0.00	+2.72	+95.68
Banks	84,295	-1.83	-4.87	+0.45	+5.15
Resid's <sup>4</sup>	21,330	+0.03	-0.67	+48.79	+72.06
Non-res <sup>5</sup>	21,042	-0.37	-0.69	+9.82	+79.86
<b>Total</b>	<b>410,117</b>	<b>-0.40</b>	<b>-1.11</b>	<b>+4.26</b>	<b>+64.63</b>
<b>NDF IMPLIED YIELDS (%)</b>					
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
<b>LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)</b>					
Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+320bp	+0bp	+0bp	-676bp
Aug '15 <sup>6</sup>	N/A	+87bp	+0bp	+87bp	-77ppt
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	1,496	-58bp	+3bp	+311bp	+679bp
Jun '16	21.18	+197bp	+249bp	+835bp	+12bp
Jul '17	18.87	+110bp	+158bp	+580bp	+932bp
Sep '20	13.37	+17bp	+81bp	+306bp	+417bp
Sep '21	13.35	+22bp	+122bp	+316bp	+413bp
Sep '22	12.74	+79bp	+76bp	+250bp	+339bp
Feb '23	12.63	+68bp	+76bp	+270bp	+359bp

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.

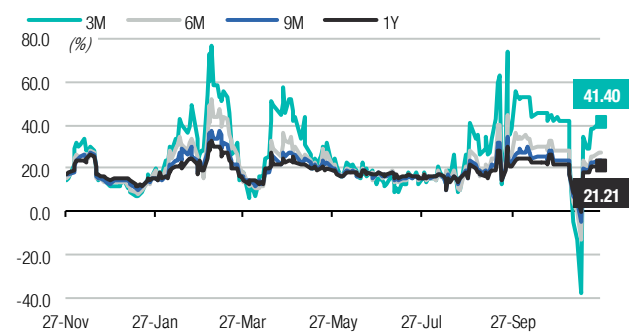
Chart page: Local bond market & Eurobond markets

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



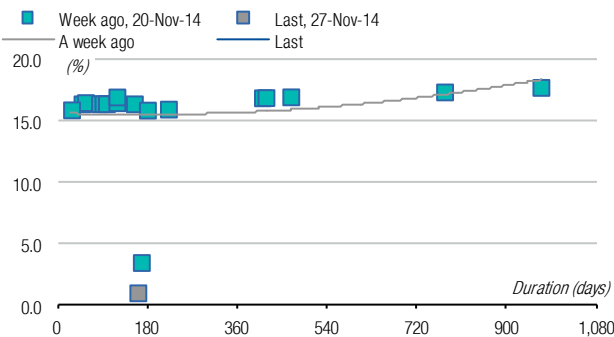
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



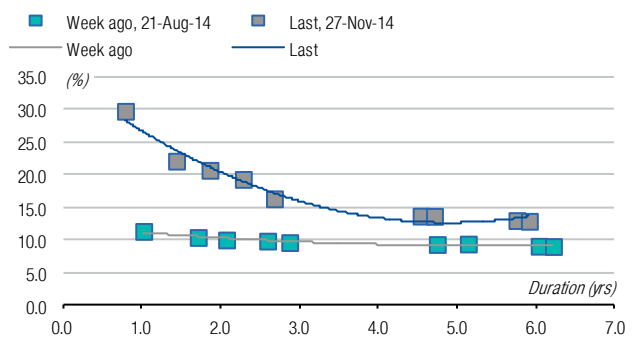
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 27 Nov 2014



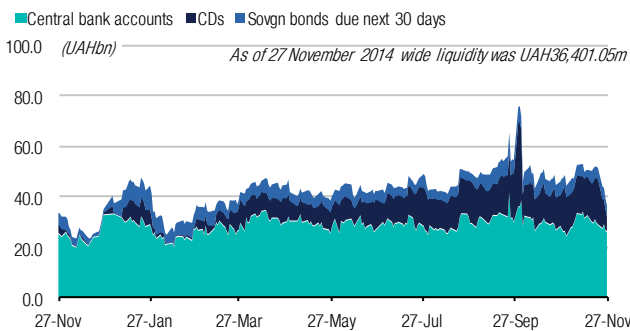
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 27 Nov 2014



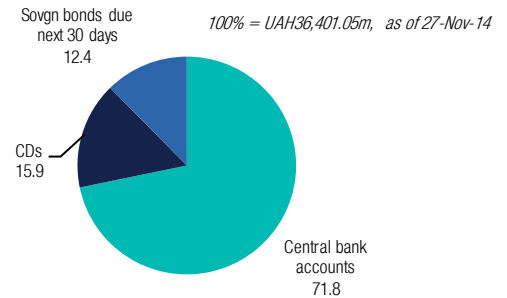
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



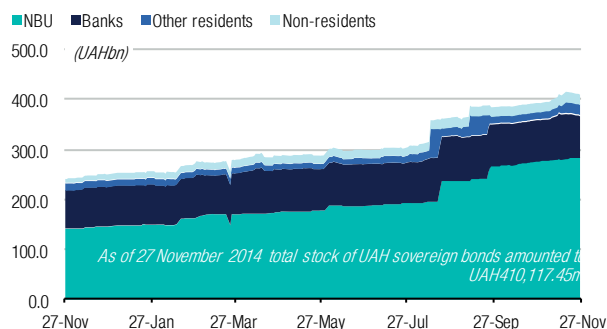
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 27 Nov 2014



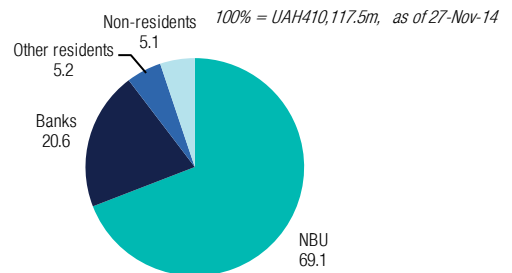
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 27 Nov 2014



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

Table 1. Ukrainian stocks (closing prices as of 27-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 (%)
<b>ENERGY</b>																											
Cadogan Petrol...	CAD LN	London	10.75 GBp	+0.0	+7.5	+3.6	-14.0	0.17	39.0	-8.5	40.2	15.7	3.2	22.5	0.12	806	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	7.43 UAH	-1.3	-4.8	+55.8	+45.7	0.49	182.7	230.0	21.7	39.7	16.7	41.3	0.10	972	5.6	4.9	7.4	0.3	3.9	4.0	0.5	0.3	0.3	1.1	16.3
Coal Energy	CLE PW	Warsaw	0.65 PLN	-1.5	-23.5	-38.1	-66.1	0.19	8.7	134.6	25.0	2.2	12.5	38.5	0.91	110	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	31.19 UAH	-1.9	-9.6	+13.0	+11.5	2.08	49.1	102.0	14.2	7.0	2.8	8.3	0.07	1,513	1.4	1.4	1.4	0.1	2.0	1.5	0.3	0.2	0.3	1.1	25.1
JXK Oil & Gas	JXK LN	London	28.00 GBp	+0.9	-27.7	-60.8	-62.3	0.44	75.6	80.7	47.2	35.7	3.6	23.3	0.10	1,049	11.6	12.6	2.3	1.2	1.6	1.3	0.4	0.5	0.4	0.2	5.5
Regal Petroleum	RPT LN	London	5.63 GBp	+2.3	-10.0	-56.7	-63.7	0.09	28.4	-1.8	80.9	22.9	0.0	5.2	0.01	10,823	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	-15.4	+63.7	+61.6	9.85	126.0	203.5	5.0	6.3	0.0	1.8	0.02	5,420	3.3	N/A	N/A	1.3	N/A	N/A	0.3	N/A	N/A	1.3	0.0
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.02 UAH	+0.0	-31.3	-53.6	-56.8	0.00	30.9	1,937.9	3.9	1.2	0.4	2.0	0.21	472	Neg.	Neg.	N/A	Neg.	Neg.	N/A	2.0	1.2	N/A	N/A	85.7
Avdiyivsky Cok...	AVDK UK	Kiev, UX	1.88 UAH	+0.1	-27.8	-36.6	-41.4	0.13	24.4	21.1	4.0	1.0	0.1	3.4	0.26	385	Neg.	183.2	0.5	0.1	0.8	N/A	0.0	0.0	0.0	0.1	0.1
Azovstal	AZST UK	Kiev, UX	0.69 UAH	-2.7	-16.0	+3.0	-0.7	0.05	193.1	N/A	4.1	7.9	4.4	10.7	0.09	1,092	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	70.40 GBp	-0.1	-18.7	-62.1	-60.2	1.11	651.4	853.7	22.4	145.9	542.0	919.2	0.69	145	2.5	2.5	5.4	1.7	1.8	2.7	0.5	0.6	0.6	0.6	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.32 UAH	+6.3	-30.7	-39.8	-43.5	0.02	5.8	6.5	9.0	0.5	0.1	2.1	0.07	1,442	Neg.	0.6	0.3	0.1	0.4	N/A	0.0	0.0	0.0	0.1	0.0
Yenakievo Steel	ENMZ UK	Kiev, UX	19.67 UAH	-3.7	-32.4	-38.6	-41.4	1.31	13.8	5.0	9.4	1.3	0.6	3.5	0.46	217	Neg.	Neg.	N/A	0.9	0.2	N/A	0.0	0.0	N/A	0.9	0.0
<b>FOOD AND AGRIBUSINESS</b>																											
AgroGeneration	ALAGR FP	EN Paris	0.47 EUR	+0.0	-6.0	-62.1	-60.8	0.59	54.1	107.9	34.0	18.4	0.6	11.4	0.06	1,567	Neg.	N/A	N/A	Neg.	N/A	N/A	1.6	N/A	N/A	1.0	35.9
Agroliga	AGL PW	Warsaw	10.95 PLN	+5.3	-14.5	-57.8	-57.0	3.26	5.0	5.9	16.7	0.8	2.1	3.0	0.33	303	1.3	N/A	N/A	1.7	N/A	N/A	0.3	N/A	N/A	0.4	5.7
Agroton	AGT PW	Warsaw	1.24 PLN	-1.6	-40.7	-36.4	-41.0	0.37	8.0	53.3	26.2	2.1	18.2	45.9	2.84	35	Neg.	1.1	1.0	19.9	17.8	N/A	0.7	0.6	0.7	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	15.36 PLN	+5.9	-52.4	-77.0	-76.9	4.58	114.5	357.2	31.0	35.5	1,025.2	72.4	0.46	219	3.6	Neg.	2.0	4.7	3.0	3.3	0.8	0.8	0.8	0.3	38.2
Avangard	AVGR LI	London Intl	4.65 USD	-5.1	-26.2	-60.4	-62.2	4.65	297.0	430.8	21.7	64.4	24.9	54.6	0.03	3,489	1.3	2.6	2.3	1.4	2.4	2.4	0.7	0.8	0.7	0.3	17.8
IMC	IMC PW	Warsaw	6.74 PLN	-1.5	-6.1	-44.5	-51.6	2.01	62.9	204.0	23.9	15.0	2.8	14.8	0.02	4,884	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	27.61 PLN	+5.2	+6.3	-27.5	-33.5	8.23	656.0	1,300.2	58.8	385.5	2,338.2	990.4	0.18	565	Neg.	4.1	4.0	5.8	3.8	4.1	0.5	0.5	0.5	0.6	39.1
KSG Agro	KSG PW	Warsaw	1.22 PLN	-3.2	-14.7	-88.8	-89.4	0.36	5.5	116.6	34.4	1.9	9.0	226.6	3.11	32	Neg.	0.5	0.3	13.4	N/A	N/A	1.6	1.2	1.1	0.3	44.5
MHP	MHPC LI	London Intl	10.90 USD	+1.9	+0.0	-36.1	-35.9	10.90	1,151.8	2,282.2	22.3	257.1	1,035.8	794.3	0.12	856	7.4	20.3	4.1	5.8	4.7	4.6	1.5	1.6	1.5	2.3	47.0
Milkiland	MLK PW	Warsaw	1.89 PLN	-4.1	-45.8	-84.9	-85.3	0.56	17.6	142.9	20.0	3.5	6.7	6.3	0.23	432	1.3	Neg.	43.8	4.3	4.8	4.3	0.3	0.4	0.4	0.1	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	0.94 EUR	+0.0	+44.8	-82.6	-80.5	1.17	124.4	852.2	20.0	24.9	4.1	1.8	0.00	26,956	1.4	1.4	0.6	5.2	3.1	2.9	1.7	2.0	2.0	0.3	45.3
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Xetra	0.15 EUR	+0.0	-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
<b>FINANCIAL SERVICES</b>																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.10 UAH	+0.5	-20.3	-10.5	-17.5	0.01	202.8	N/A	3.8	7.7	8.3	16.8	0.29	343	3.0	Neg.	15.9	N/A	N/A	N/A	N/A	N/A	N/A	0.5	22.4
Ukrsotsbank	USCB UK	Kiev, UX	0.14 UAH	+3.3	-6.0	-25.3	-19.9	0.01	169.1	N/A	4.5	7.6	0.1	1.0	0.02	4,057	Neg.	10.4	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 stays put, external markets unsupportive

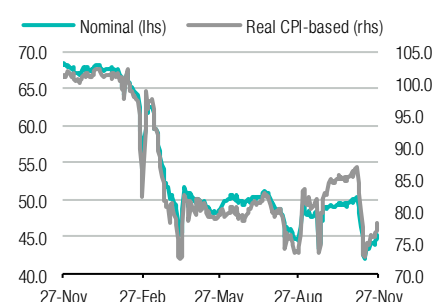
Yesterday, the hryvnia's trading environment was quite unsupportive as the Russian ruble fell by 3.2% in response to the failed attempt by OPEC meeting to support the price of oil. Over the past four days, the ruble lost more than 10%, closing at near 49/USD. Meanwhile, Brent crude oil dropped 9% over the same period.

The weak sentiment incurred by the Russian ruble may increase risk aversion toward domestic currency assets and increases demand for FX in the CIS countries, ultimately resulting in managed currency devaluation to regain competitiveness. As an example this week, Armenia chose to devalue its currency. A prolonged ruble weakness will put pressure on the hryvnia, which yesterday closed up 0.5% in nominal terms and 1.6% in real weighted terms.

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### ICU's UAH trade-weighted indices

(Last 12-month history to 28 Nov 2014)



Source: Investment Capital Ukraine LLC.

### FX market indicators (as of 27 Nov 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	15.0230	-0.51	-1.16	+15.56	+82.32
NBU avg	14.9669	-0.04	-1.18	+15.57	+83.62
Ttl vlm <sup>1</sup>	212.33	-24.19	-4.06	-58.78	-92.42
\$ volume <sup>2</sup>	138.43	-33.23	-13.11	-68.83	-93.74
NDF 3M	16.6500	+0.00	+0.00	+15.63	+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
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	45.238	+1.62	+2.86	-8.89	-33.02
UAH real CPI	77.918	+1.62	+2.86	-8.89	-22.91
UAH real PPI	111.237	+1.62	+2.86	-8.89	-19.85
USD nom'l	87.607	+0.00	+0.02	+2.47	+9.46
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	48.5826	+3.24	+4.96	+14.93	+47.80
EUR/USD	1.2467	-0.31	-0.57	-1.82	-9.28
USD/CNY	6.1386	+0.00	+0.20	+0.37	+1.39
USD/PLN	3.3520	+0.31	-0.25	+0.73	+10.88
USD/TRY	2.2073	-0.13	-0.55	-0.98	+2.75
USD/BYR	10,900.00	+0.00	+0.28	+1.87	+14.26
USD/KZT	180.9000	-0.03	+0.01	+0.02	+17.26
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	117.7100	-0.02	-0.42	+9.17	+11.77
GBP/USD	1.5736	-0.35	+0.28	-2.38	-4.96
USD/CHF	0.9641	+0.30	+0.59	+1.53	+7.97
AUD/USD	0.8545	-0.04	-0.87	-2.92	-4.17
USD/CAD	1.1331	+0.75	+0.23	+0.75	+6.66
USD/BRL	2.5311	+1.18	-1.63	+0.40	+7.15
USD/KRW	1,098.36	-0.75	-1.50	+4.38	+4.63
<b>COMMODITIES</b>					
Gold(\$/oz)	1,191.07	-0.57	-0.24	-2.89	-1.21
WTI crude <sup>3</sup>	N/A	N/A	N/A	N/A	N/A
Brent crd <sup>3</sup>	71.72	-6.06	-8.67	-15.22	-35.28
Urals crd <sup>3</sup>	N/A	N/A	N/A	N/A	N/A
TR/J CRB <sup>4</sup>	N/A	N/A	N/A	N/A	N/A

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>).

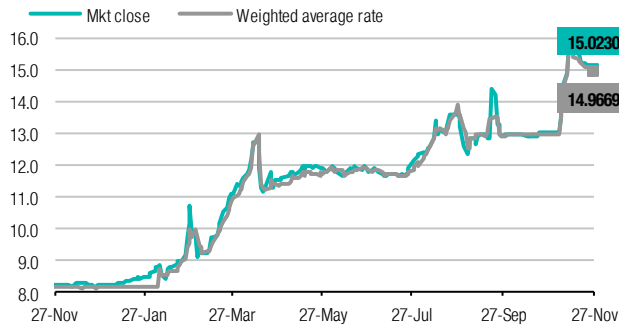
Section on FX market is continued on next page.

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.

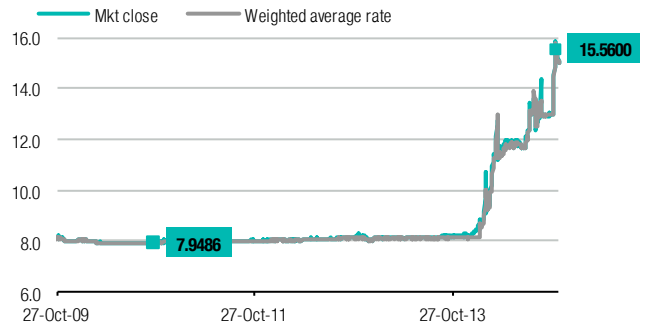
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

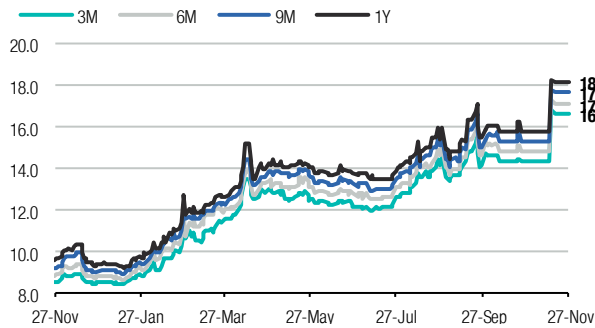


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

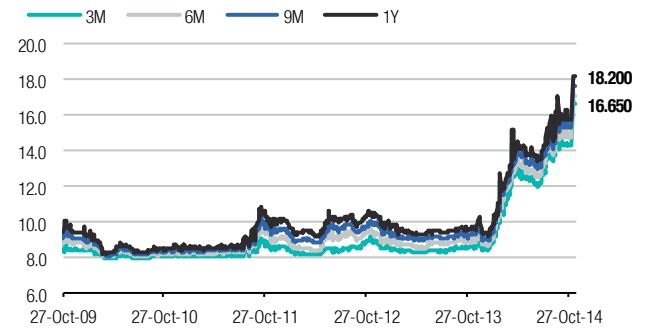


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

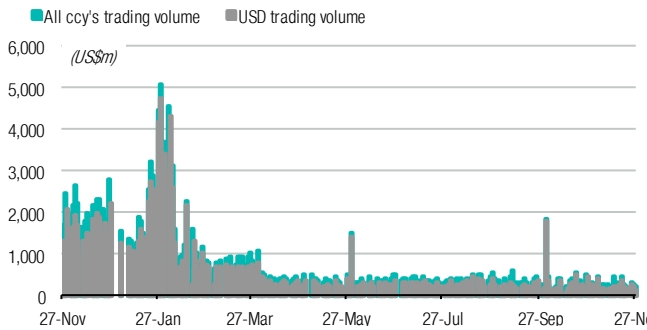


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

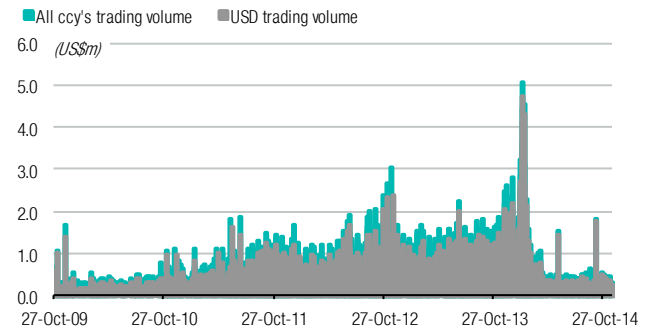


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

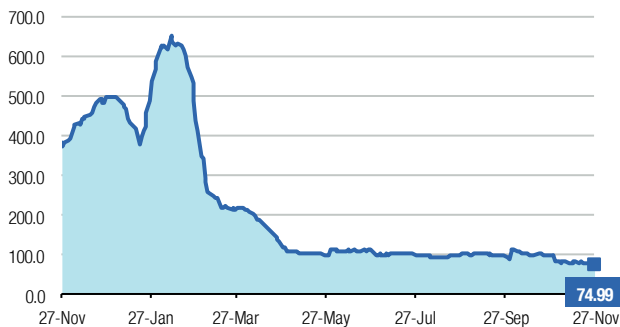


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)



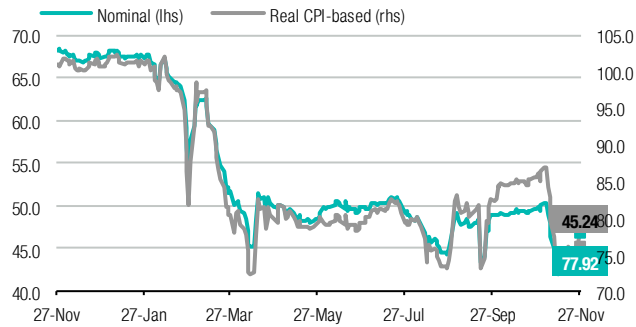
Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

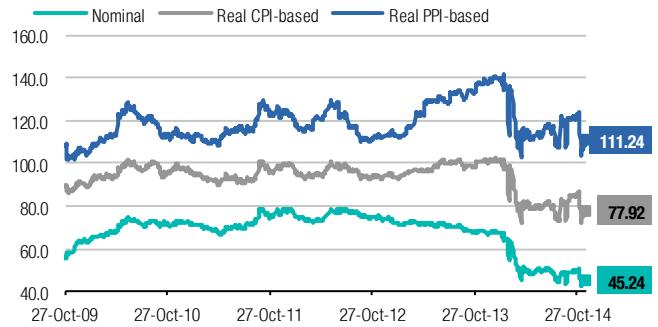
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



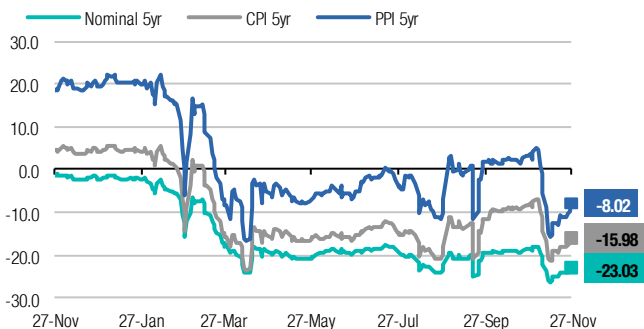
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

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

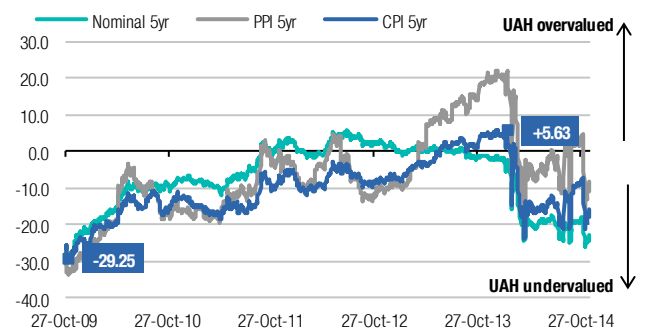


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**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)**

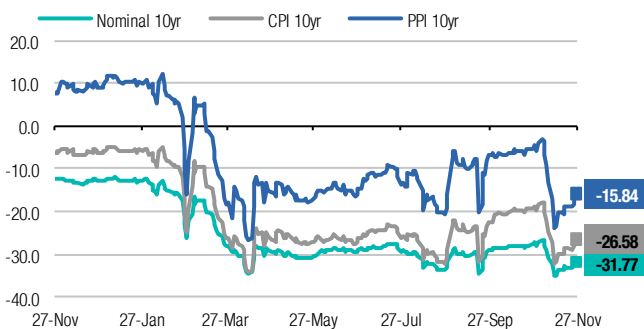


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

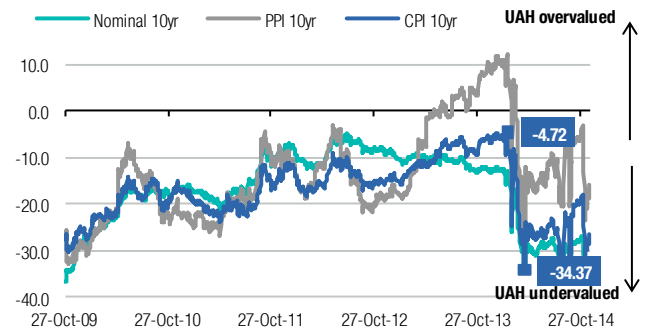


Note: the boxes indicate the high and low values of CPI-based TWI.  
Source: Investment Capital Ukraine LLC.

**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.



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**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

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

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