



Focus
Ukraine

Scope
**Economics, bonds, equity &
FX markets**

Research team
**Alexander Valchyshen
Alexander Martynenko
Taras Kotovych**

Daily Insight

US\$15bn shortfall in 2015

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WEDNESDAY, 10 DECEMBER 2014

UX Index (3 months to 10 Dec 2014)



Source: UX.

Key market indicators (as of 9 Dec 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	15.6300	+0.35	+89.68
USD/UAH (1Y NDF)	18.8681	+3.39	+100.30
EUR/USD	1.2374	+0.46	-9.96
USD/RUB	54.2413	+0.83	+65.02
KievPRIME O/N (%)	14.00	+75bp	+620bp
KievPRIME 1M (%)	18.63	+63bp	+238bp

SOVEREIGN EUROBONDS: yields and spreads

Ukraine 15, Eurobond (%)	34.17	+41bp	+2,581bp
Ukraine 17, Eurobond (%)	22.89	-54bp	+1,334bp
Ukraine 22, Eurobond (%)	13.76	-16bp	+441bp
Ukraine 23, Eurobond (%)	13.29	-8bp	+425bp
Ukraine 5Y CDS	1,800bp	+4bp	+984bp

EQUITIES

Stock market indices			
UX (Ukraine)	958.97	-2.03	+5.38
MSCI World	420.22	-0.36	+2.86
MSCI EM	965.41	-1.17	-3.72
RTS (Russia)	857.51	-1.48	-40.56
WIG-20 (Poland)	2,398.03	-1.39	-0.12
S&P 500 (USA)	2,059.82	-0.02	+11.44

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

FT article on additional financial gap of US\$15bn

On top of its US\$17bn program approved last May, the IMF mission in Kiev projects that Ukraine's government could require an additional US\$15bn in 2015, as reported in a Financial Times article yesterday evening. As the EU has scarce additional financial support available, the IMF may also be unable to provide funds to Ukraine under certain conditions, particularly if Ukraine's war-torn recession becomes a depression because of the additional debt.

Alexander Valchyshen, Kiev, +38044 2200120 ext.721

Bonds: News & Comments

Liquidity recovers due to inflows

Banks' correspondent accounts with the NBU recovered UAH3.82bn to UAH29.76bn yesterday, having received a significant injection from the NBU via bond purchases and minor CD redemptions. Total CDs outstanding declined UAH0.31bn to UAH13.58bn while total debt repayments scheduled for the next 30 days rose UAH0.97bn to UAH5.74bn. As a result, broader banking sector liquidity increased UAH4.48bn to this month's record high of 49.07bn.

KyivPrime interest rates rose once more yesterday, as the liquidity increase was unavailable to the money market: the KyivPrime ON interest rate rose 74bp to 14.00% while KyivPrime 1M interest rate rose 63bp to 18.63%.

Investment implications: The NBU purchased UAH3.31bn on Monday and repaid UAH0.31bn of CDs, while it decreased ON loans by UAH1.79bn. As a result, the NBU only injected UAH1.83bn, or only half of the increase in banks' correspondent accounts.

Taras Kotovych, Kiev, +38044 2200120 ext.724

Non-market bond issuance significantly changes bondholders' structure

The MoF issued about UAH15.0bn of new government bonds last Friday, most likely in off-market share capital increases to Oschadbank and Naftogaz. As these issues were approved by the government earlier this year, the NBU monetized these bonds, purchasing UAH2.16bn last Friday and UAH3.31bn this Monday. As a result, the NBU's share declined to 67.98% while the banks' share slid to 21.27% yesterday, after having increased significantly to 21.98% on Monday.

Investment implications: As the NBU should continue to purchase recently issued bonds, its portfolio could soon rise above UAH300.0bn, increasing its share again to about 70%

Taras Kotovych, Kiev, +38044 2200120 ext.724

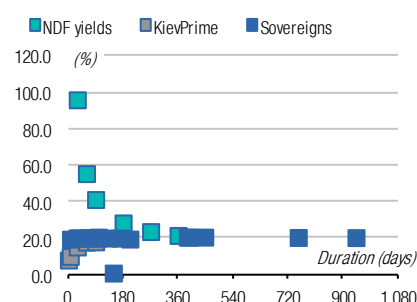
Primary auction results

The MoF sold UAH1.50bn of a 2-year bond at the routine 17.60% rate at yesterday's primary auction, accepting a single bid most likely supported by the NBU under domestic QE (see comment above). Although proceeds should provide banks with extra liquidity and all local currency repayments scheduled for today, most of today's US dollar denominated debt repayments was not refinanced.

Taras Kotovych, Kiev, +38044 2200120 ext.724

Yield curve of the local bond market

(as of market close on 9 Dec 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 9 Dec 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	14.00	+75bp	+260bp	+437bp	+620bp
1wk	15.75	+100bp	+355bp	+475bp	+595bp
1m	18.63	+63bp	+163bp	+238bp	+238bp
2m	19.25	+75bp	+125bp	+125bp	+285bp
3m	19.25	+75bp	+125bp	+125bp	+325bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	29,756	+14.73	+15.65	-10.69	-9.01
CDs ²	13,575	-2.21	-4.86	-10.08	+1,825.5
Sovgns ³	4,472	+0.00	-10.89	+6.28	+199.1
Total	47,803	+7.93	+6.19	-9.16	+36.96
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	290,783	+1.15	+2.33	+4.37	+100.7
Banks	90,994	-3.11	+7.95	+5.66	+13.50
Resid's ⁴	24,364	-0.19	+12.84	+58.86	+96.54
Non-res ⁵	21,600	+0.71	+2.59	+7.55	+84.63
Total	427,740	+0.12	+4.05	+6.89	+71.70
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	+0bp	-77ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	1,800	+4bp	+73bp	+507bp	+984bp
Jun '16	27.20	-50bp	+154bp	+11bp	+18bp
Jul '17	22.89	-54bp	+64bp	+736bp	+13bp
Sep '20	14.62	-23bp	+29bp	+306bp	+542bp
Sep '21	14.49	-23bp	+33bp	+291bp	+527bp
Sep '22	13.76	-16bp	-18bp	+253bp	+441bp
Feb '23	13.29	-8bp	-25bp	+212bp	+425bp

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.

DTEK's 9M14 production declines amidst military conflict in Eastern Ukraine

In its operational update released yesterday, DTEK reported that the company's production of coal declined 4.9% YoY to 28.8mt, electricity output dropped 7.1% YoY to 35.4bn kWh, and electricity transmission volumes fell 5.9% YoY to 40bn kWh in 9M14. The company's exports of electricity declined 6.7% YoY to 6.9bn kWh, while exports of coal grew 12% YoY to 3.6mt. DTEK's production of natural gas was 557.2MMcm for the same period.

Therefore, in 3Q14, DTEK's production of coal declined 21% YoY and 20% QoQ to 8.1mt, production of electricity declined 20% YoY and 3% QoQ to 11.1bn kWh, electricity exports declined 8% YoY and 9% QoQ to 2.3bn kWh and coal exports declined 19% YoY and 39% QoQ to 0.9mt.

Investment implications: DTEK's cash position remains highly vulnerable to the military conflict in Eastern Ukraine and the hryvnia's devaluation. One of the coal production assets of DTEK, Komsomolets Donbassa (11% of DTEK's 1H14 coal output), remains idle since end-July due to the shelling threat, while DTEK's key producers of anthracite, Rovenkyanthracite and Sverdlovanthracite (34% of DTEK's 1H14 coal output), are located in the rebel-occupied territory and have to work mostly for their inventories. Deficit of anthracite threatens to undermine electricity production of Ukrainian TPPs, including those of DTEK.

However, we think that the operational risks have not increased for DTEK significantly since September. On the contrary, DTEK's coal and electricity production started to grow in October. Any progress for stabilization in the region resulting from the Minsk talks which are scheduled for this week may increase DTEK's chances to further recover its operations.

Table 1. DTEK Eurobond quotation as of market close, 09 December 2014

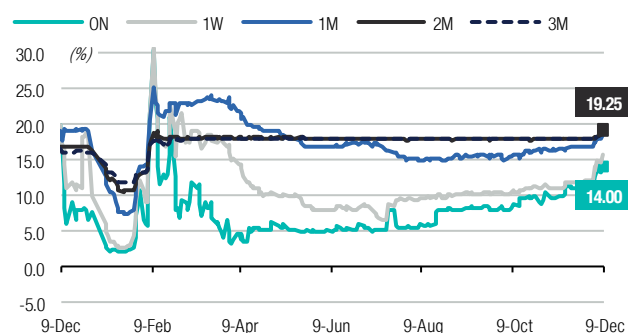
Issuer	Moody's/S&P/Fitch	Ccy	Volume	Coupon rate (%)	Maturity	Price (%)	YTW (%)	Spread (bp)
DTEK	Caa2/CCC/CCC	USD	500m	9.50	28-Apr-15	79.875	76.896	7,665
DTEK	Caa2/CCC/CCC	USD	750m	7.875	04-Apr-18	50	34.212	3,259

Source: Bloomberg

Alexander Martynenko, Kiev, +38044 2200120 ext.726

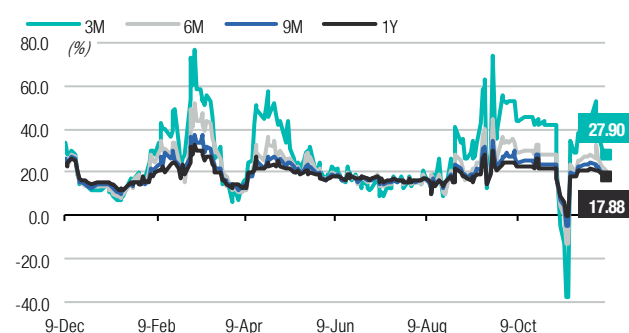
Chart page: Local bond market & Eurobond markets

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



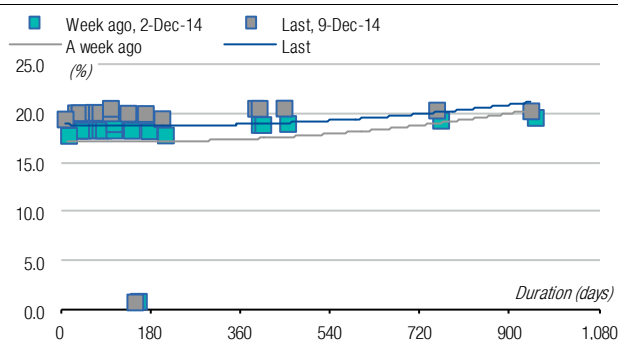
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



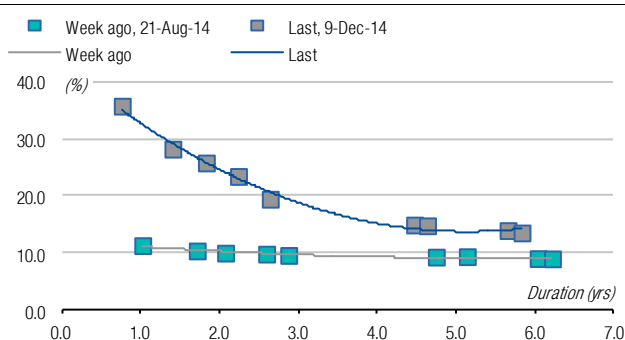
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 9 Dec 2014



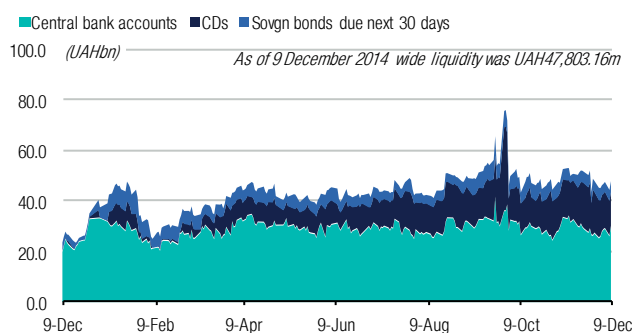
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 9 Dec 2014



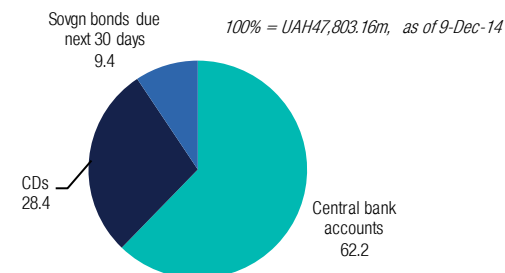
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



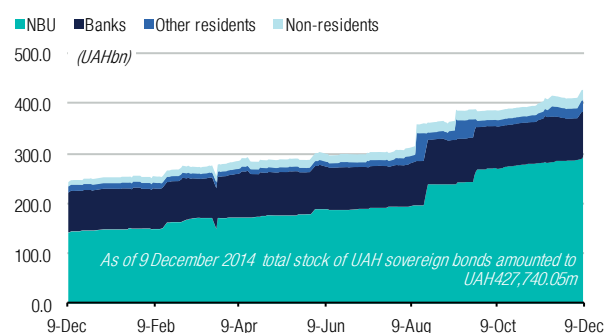
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 9 Dec 2014



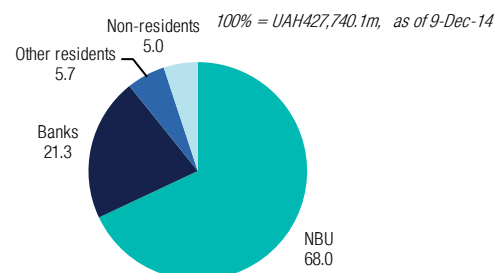
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 9 Dec 2014



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

Table 2. Ukrainian stocks (closing prices as of 9-Dec-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)	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	P/B (x)	Debt/ Assets (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	10.75 GBp	-3.4	+1.2	+3.6	-14.0	0.17	39.0	-8.6	40.2	15.7	23.9	18.7	0.17	578	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	7.39 UAH	-0.2	-1.2	+55.0	+51.7	0.48	175.8	221.5	21.7	38.2	39.0	44.4	0.13	779	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	0.73 PLN	+5.8	+1.4	-30.5	-54.4	0.22	9.8	135.7	25.0	2.4	32.5	23.1	0.79	127	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	29.81 UAH	-1.6	-6.8	+8.0	+10.2	1.92	45.4	96.5	14.2	6.5	3.8	6.7	0.07	1,385	1.3	1.3	1.4	0.1	1.9	1.5	0.3	0.2	0.3	1.1	25.1
JKX Oil & Gas	JKX LN	London	12.25 GBp	+11.4	-68.6	-82.9	-83.0	0.19	33.0	38.1	47.2	15.6	118.6	22.1	0.50	199	5.1	5.5	1.0	0.6	0.8	0.6	0.2	0.2	0.2	0.1	5.5
Regal Petroleum	RPT LN	London	4.78 GBp	+6.1	-23.6	-63.3	-68.2	0.07	24.0	-6.1	80.9	19.4	0.0	3.2	0.01	7,062	Neg.	12.0	N/A	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	0.2	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	152.70 UAH	+0.0	-0.7	+68.9	+75.5	9.83	125.8	138.1	5.0	6.3	0.0	1.9	0.01	15,522	3.4	N/A	N/A	0.9	N/A	N/A	0.2	N/A	N/A	1.3	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.02 UAH	-5.9	-26.9	-58.8	-59.9	0.00	26.6	1,871.0	3.9	1.0	2.1	1.7	0.17	597	Neg.	Neg.	N/A	Neg.	Neg.	N/A	2.0	1.2	N/A	N/A	85.7
Avdiivivsky Cok...	AVDK UK	Kiev, UX	1.80 UAH	-4.9	-23.0	-39.4	-41.2	0.12	22.5	19.4	4.0	0.9	0.6	3.0	0.26	391	Neg.	175.1	0.5	0.1	0.8	N/A	0.0	0.0	0.0	0.1	0.1
Azovstal	AZST UK	Kiev, UX	0.67 UAH	-4.1	-10.1	+0.0	-2.8	0.04	181.4	N/A	4.1	7.4	3.3	10.3	0.08	1,290	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	66.20 GBp	+2.9	-15.0	-64.4	-61.1	1.04	611.2	813.6	22.4	136.9	780.1	920.5	0.65	153	2.3	2.3	5.1	1.6	1.7	2.6	0.5	0.6	0.6	0.6	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.30 UAH	+0.0	-25.3	-43.6	-44.7	0.02	5.3	6.0	9.0	0.5	0.0	1.2	0.13	768	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	20.97 UAH	-2.3	-15.4	-34.5	-36.1	1.35	14.2	5.8	9.4	1.3	0.3	3.9	0.29	347	Neg.	Neg.	N/A	1.0	0.2	N/A	0.0	0.0	N/A	1.0	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.47 EUR	-6.0	-4.1	-62.1	-61.8	0.58	53.8	107.3	34.0	18.3	58.2	14.1	0.11	947	Neg.	N/A	N/A	Neg.	N/A	N/A	1.6	N/A	N/A	1.0	35.9
Agroliga	AGL PW	Warsaw	10.99 PLN	-4.4	-4.0	-57.6	-56.3	3.28	5.0	5.9	16.7	0.8	3.6	3.5	0.48	208	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	1.41 PLN	+7.6	-7.2	-27.7	-29.9	0.42	9.1	54.4	26.2	2.4	78.0	37.9	1.92	52	Neg.	1.3	1.1	20.3	18.1	N/A	0.7	0.6	0.7	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	18.49 PLN	-0.3	-4.7	-72.4	-71.9	5.51	137.8	379.1	31.0	42.7	8.9	102.3	0.38	264	4.3	Neg.	2.4	5.0	3.2	3.5	0.8	0.8	0.8	0.4	38.2
Avangard	AVGR LI	London Intl	4.50 USD	+15.7	-26.8	-61.7	-61.5	4.50	287.4	498.7	21.7	62.4	36.2	39.1	0.03	3,345	1.2	2.6	2.4	1.7	2.8	2.9	0.8	0.9	0.9	0.3	17.8
IMC	IMC PW	Warsaw	5.85 PLN	-2.5	-13.8	-51.9	-54.5	1.74	54.6	193.8	23.9	13.0	2.8	11.6	0.05	1,832	2.1	Neg.	2.1	3.6	3.7	3.8	1.7	1.1	1.1	0.4	38.7
Kernel Holding...	KER PW	Warsaw	29.50 PLN	-1.7	+27.6	-22.5	-25.3	8.79	700.5	1,344.8	58.8	411.7	676.3	986.6	0.32	309	Neg.	4.4	4.3	6.0	3.9	4.2	0.6	0.5	0.5	0.7	39.1
KSG Agro	KSG PW	Warsaw	1.20 PLN	+0.8	+0.8	-88.9	-88.0	0.36	5.4	116.5	34.4	1.8	36.5	121.7	2.38	42	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	10.15 USD	-3.8	-5.1	-40.5	-35.8	10.15	1,072.5	2,202.9	22.3	239.4	917.4	406.6	0.09	1,105	6.9	18.9	3.8	5.6	4.5	4.4	1.5	1.6	1.4	2.1	47.0
Milkiland	MLK PW	Warsaw	1.92 PLN	-6.3	-26.7	-84.6	-84.3	0.57	17.9	142.4	20.0	3.6	31.1	8.5	0.41	244	1.3	Neg.	44.7	4.3	4.8	4.3	0.3	0.4	0.4	0.1	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	1.01 EUR	+10.0	-29.7	-81.4	-80.8	1.25	132.3	860.1	20.0	26.5	0.0	0.9	0.00	38,219	1.5	1.5	0.6	5.2	3.2	2.9	1.7	2.0	2.0	0.3	45.3
Ovostar Union	OVO PW	Warsaw	72.00 PLN	+0.0	-0.7	-28.0	-13.0	21.46	128.7	138.4	25.0	32.2	42.9	25.6	0.06	1,554	4.2	6.7	5.8	3.8	5.1	4.5	1.5	1.8	1.5	1.0	8.5
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.12 EUR	-14.9	-29.4	-62.1	-59.6	0.15	7.7	134.8	13.1	1.0	0.0	0.1	0.02	4,499	Neg.	N/A	N/A	Neg.	N/A	N/A	4.0	N/A	N/A	0.1	45.5
FINANCIAL SERVICES																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.10 UAH	-0.3	-17.8	-12.5	-14.4	0.01	191.7	N/A	3.8	7.3	37.0	14.7	0.28	360	2.9	Neg.	15.6	N/A	N/A	N/A	N/A	N/A	N/A	0.5	22.4
Ukrasotsbank	USCB UK	Kiev, UX	0.14 UAH	+0.0	-5.3	-25.3	-17.6	0.01	163.5	N/A	4.5	7.3	0.0	0.9	0.02	5,187	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

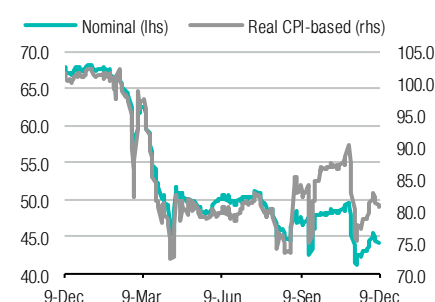
Hryvnia slides further

The hryvnia fell 0.35% yesterday on US\$26.44m in turnover, further extending its gradual decline over the past week. This shift in the FX market management is welcome as the US dollar gradually recovers versus major global currencies. Globally, markets were down because of losses in the Asian markets.

Alexander Valchyshen, Kiev, +38044 2200120 ext.242

ICU's UAH trade-weighted indices

(Last 12-month history to 10 Dec 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 9 Dec 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	15.6300	+0.35	+3.13	+7.64	+89.68
NBU avg	15.5775	+0.33	+3.12	+7.65	+91.12
Ttl vlm ¹	286.72	+17.45	-2.51	+18.99	-89.77
\$ volume ²	216.44	+16.30	+0.46	+27.19	-90.21
NDF 3M	17.0798	+2.58	+1.00	+19.02	+101.3
NDF 6M	17.6194	+2.44	-0.03	+19.05	+100.7
NDF 1Y	18.8681	+3.39	+3.39	+19.80	+100.3
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	44.143	-0.21	-2.69	-2.46	-34.64
UAH real CPI	80.569	-0.21	-2.69	-2.46	-20.28
UAH real PPI	117.793	-0.21	-2.69	-2.46	-15.13
USD nom'l	88.690	-0.39	+0.05	+1.20	+10.81
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	54.2413	+0.83	+0.50	+16.09	+65.02
EUR/USD	1.2374	+0.46	-0.07	-0.65	-9.96
USD/CNY	6.1879	+0.27	+0.62	+1.07	+2.21
USD/PLN	3.3597	-0.56	-0.03	-1.03	+11.14
USD/TRY	2.2669	-0.07	+1.61	+0.39	+5.53
USD/BYR	10,950.00	+0.97	+0.64	+1.91	+14.78
USD/KZT	181.8700	-0.09	+0.10	+0.51	+17.89
OTHER MAJOR CURRENCIES					
USD/JPY	119.6900	-0.83	+0.40	+4.44	+13.65
GBP/USD	1.5668	+0.10	+0.20	-1.27	-5.37
USD/CHF	0.9714	-0.48	-0.07	+0.54	+8.79
AUD/USD	0.8293	-0.01	-1.80	-3.98	-7.00
USD/CAD	1.1446	-0.30	+0.34	+1.03	+7.75
USD/BRL	2.5960	-0.17	+1.04	+1.46	+9.90
USD/KRW	1,107.75	-0.88	+0.09	+1.31	+5.52
COMMODITIES					
Gold(\$/oz)	1,230.92	+2.28	+2.72	+4.49	+2.10
WTI crude ³	63.82	+1.22	-4.58	-18.86	-35.16
Brent crd ³	65.95	+0.43	-6.64	-19.94	-40.49
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	251.06	+1.18	-0.90	-7.24	-10.39

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>).

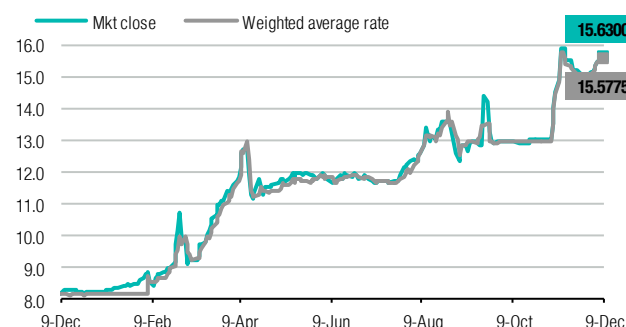
Section on FX market is continued on next page.

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.

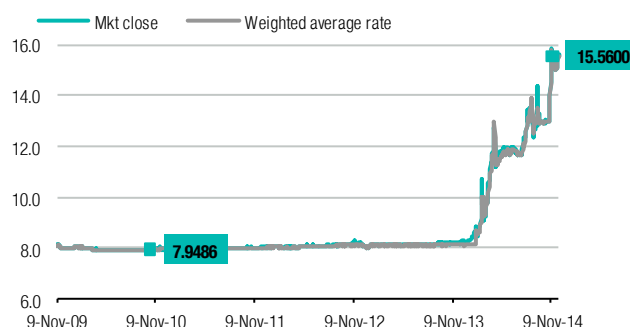
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

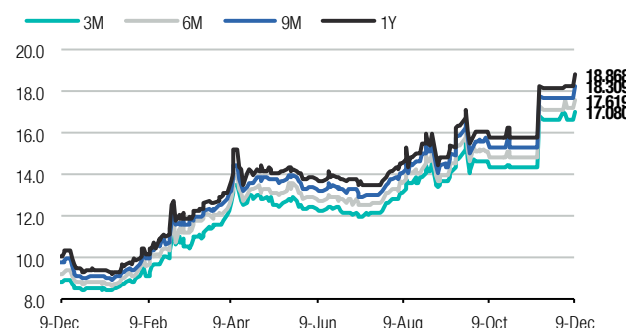


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

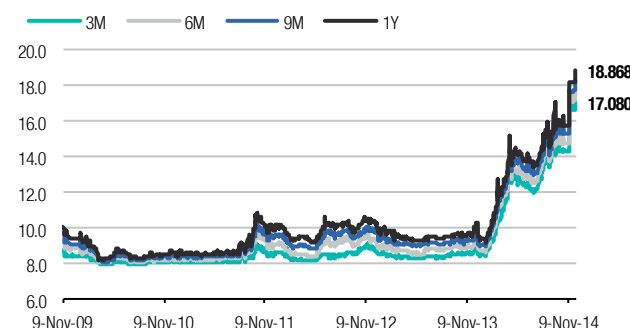


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

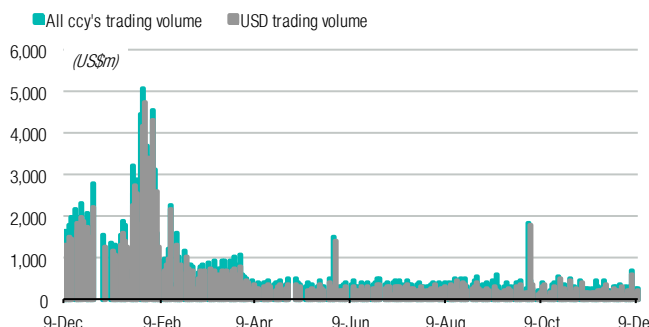


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

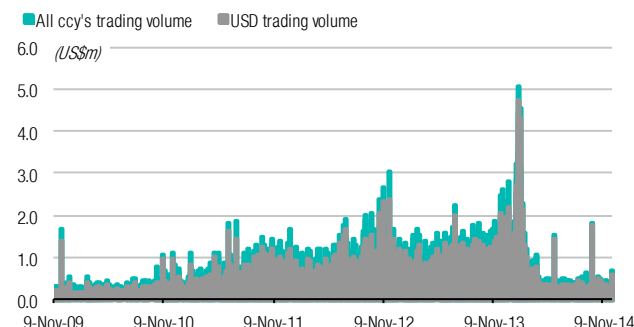


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

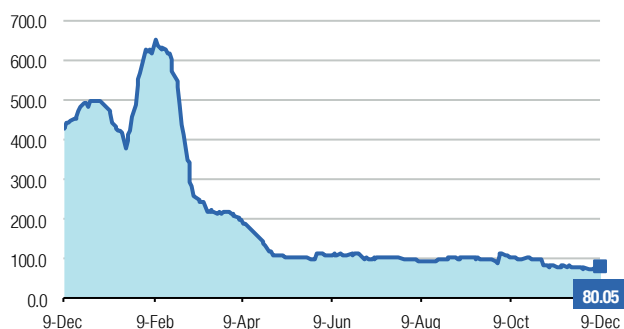


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

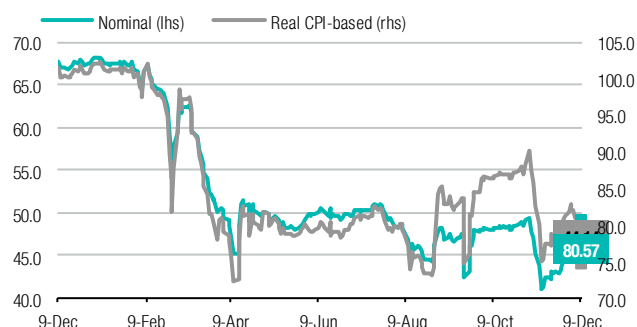


Chart 14. Nominal, CPI- and PPI-based TWIs of UAH, history of last 5-year period

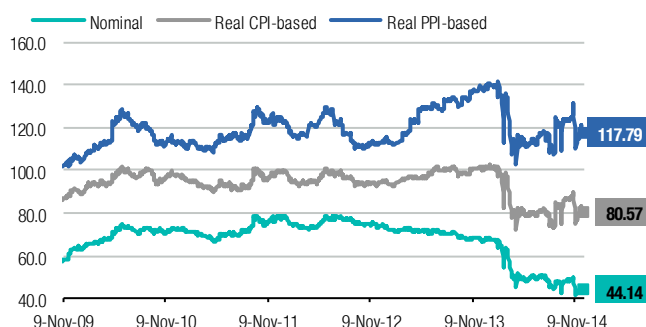


Chart 15. Deviation of UAH trade-weighted indices from their 5-year moving averages: last 12-month and 5-year periods (% , left and right respectively)

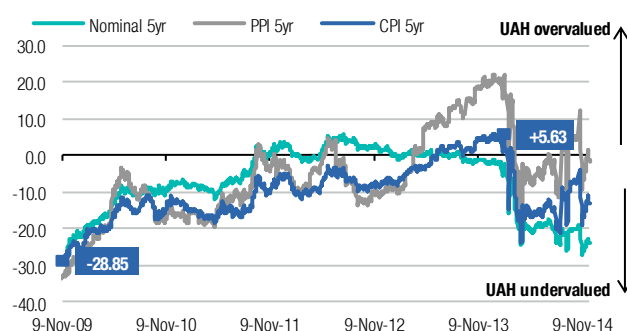
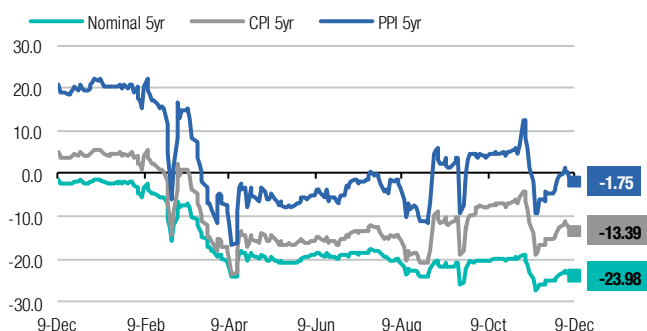
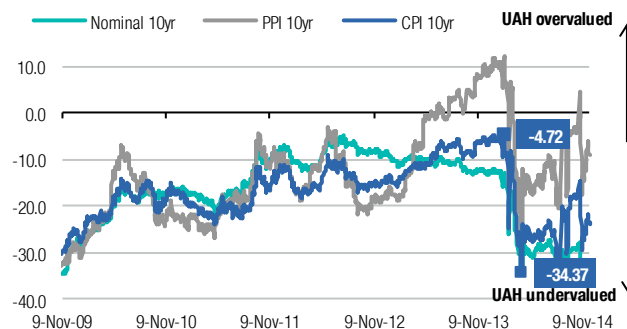
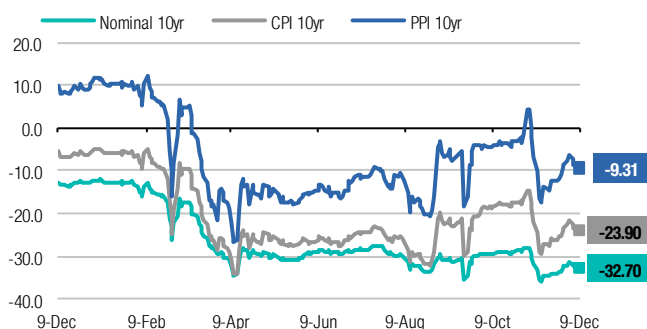


Chart 16. Deviation of UAH trade-weighted indices from their 10-year moving averages: last 12-month and 5-year periods (% , left and right respectively)



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Disclosures

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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.

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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

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

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