

Daily Insight

2015 state budget law under discussion

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WEDNESDAY, 24 DECEMBER 2014

UX Index (3 months to 24 Dec 2014)



Source: UX.

Key market indicators (as of 23 Dec 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	15.7117	-1.22	+90.68
USD/UAH (1Y NDF)	18.4500	-5.26	+95.86
EUR/USD	1.2172	-0.47	-11.43
USD/RUB	54.7113	-1.68	+66.45
KievPRIME O/N (%)	16.88	-12bp	+908bp
KievPRIME 1M (%)	19.25	+25bp	+300bp
SOVEREIGN EUROBONDS: yields and spreads			
Ukraine 15, Eurobond (%)	52.94	-7bp	+4,458bp
Ukraine 17, Eurobond (%)	26.56	+3bp	+1,701bp
Ukraine 22, Eurobond (%)	15.12	+8bp	+577bp
Ukraine 23, Eurobond (%)	14.67	+8bp	+563bp
Ukraine 5Y CDS	1,968bp	+1bp	+1,151bp
EQUITIES			
Stock market indices			
UX (Ukraine)	994.98	-1.64	+9.33
MSCI World	420.08	-0.02	+2.82
MSCI EM	951.95	-0.59	-5.06
RTS (Russia)	794.99	-1.98	-44.90
WIG-20 (Poland)	2,323.04	+0.05	-3.25
S&P 500 (USA)	2,082.17	+0.17	+12.65

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

2015 state budget law under discussion

PM Yatsenyuk's draft of the 2015 state budget bill has caused controversy among the ruling majority PMs, and, despite support from the pro-president faction, critics expect broad changes to the draft. While the central government's budget is proposed to have a UAH63.7bn deficit, down just 7.1% from this year's expected deficit, the budget deficit is expected to run at 3.7% of GDP in relative terms, with the primary balance expected to be 0.6% of GDP. Total public debt outstanding is forecast at UAH1,176bn or 69% of GDP at the end of 2015 (up by UAH220bn from a year ago). More controversy arose from the planned volume of government bond issues, for which there are clauses allowing flexibility to issue more debt if needed (for Naftogaz, banks, state deposit insurance, etc). The most striking proposal, in our view, was the government's plan to restructure domestic debt held by NBU into a 20-year 5%-coupon bond issue which would save the government UAH9.9bn in debt servicing alone. While the administration has rebuffed rumours of debt restructuring over the last few months, this could be the first official indication that the government is considering such a move.

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Bonds: News & Comments

Liquidity reallocated

Broader banking sector liquidity rose UAH0.95bn to UAH53.29bn yesterday, mostly due to a UAH0.84bn increase in total local currency debt repayments scheduled for the next 30 days to UAH3.87bn. Banks' correspondent accounts with the NBU fell UAH1.51bn to UAH32.82bn while total CDs outstanding rose UAH1.62bn to UAH16.57bn.

KyivPrime interest rates slightly diverged: the KyivPrime ON interest rate slid 12bp to 16.88% while the KyivPrime 1M interest rate rose 25bp to 19.25%.

Investment implications: The NBU's further decrease of ON loans had no impact on liquidity. As a result, liquidity was reallocated from banks' correspondent accounts with the NBU to CDs.

Moody's 2015 bond restructuring forecast is dubious

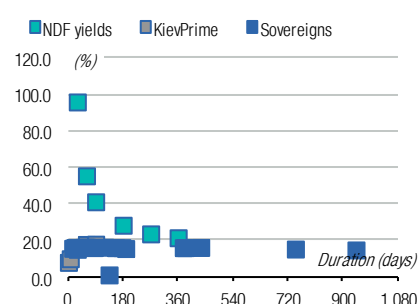
In its research report on Ukraine's economy, Moody's forecasts a sovereign bond restructuring next year as it stated "the risk of default is rising as the government faces roughly \$28 billion in external debt maturities next year". Total debt repayments scheduled for 2015 are as follows: sovereign debt (US\$6.5bn), bonds issued by quasi-sovereigns including Eximbank and the City of Kyiv (US\$1.0bn), IMF debt repayments (US\$0.58bn) and corporate debt (US\$17.55bn). However, according to our assumptions, the majority of corporate debt repayments will be loan repayments rather than bond redemptions. Excluding quasi-sovereign debt, there is only US\$1.13bn of corporate Eurobond redemptions scheduled.

Investment implications: Although the volume of FX needed for debt repayments is very large, but these needs are not from the government. New loans from the IMF, the EU and other official lenders should cover the government's needs in FX and NBU repayments, as well as for quasi-sovereign bond redemptions. As corporate loans or bonds issues can be restructured or refinanced, particularly if they were loans received by banks from their parent companies, a sovereign debt restructuring is not necessary.

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Yield curve of the local bond market

(as of market close on 23 Dec 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 23 Dec 2014)

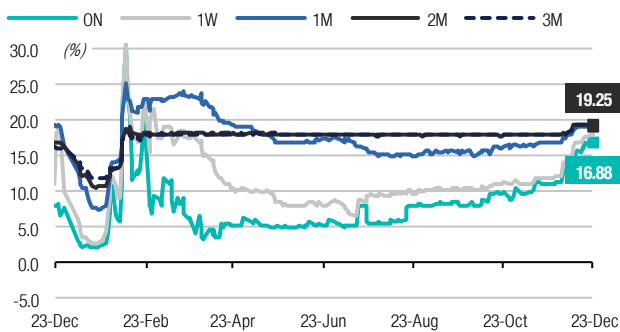
	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	16.88	-12bp	+63bp	+588bp	+908bp
1wk	17.88	-12bp	+50bp	+588bp	+808bp
1m	19.25	+25bp	+0bp	+225bp	+300bp
2m	19.25	+25bp	-25bp	+125bp	+285bp
3m	19.25	+25bp	-25bp	+125bp	+325bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	32,818	-4.40	-4.96	+14.08	+0.35
CDs ²	16,574	+10.84	+25.48	-8.30	+2,250.9
Sovgns ³	2,433	+0.00	-43.36	-47.95	+62.78
Total	51,825	+0.21	-0.40	+0.60	+48.49
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	296,515	+0.00	+0.07	+4.61	+104.7
Banks	90,051	+0.29	+0.10	+1.83	+12.33
Resid's ⁴	24,633	-0.01	-0.49	+14.84	+98.70
Non-res ⁵	21,724	+0.47	+0.56	+2.75	+85.69
Total	432,923	+0.09	+0.07	+4.45	+73.78
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	+8bp	+8bp	+8bp	-77ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	1,968	+1bp	-457bp	+465bp	+12bp
Jun '16	33.48	+1bp	-672bp	+16bp	+25bp
Jul '17	26.56	+3bp	-595bp	+997bp	+17bp
Sep '20	17.69	+7bp	-196bp	+571bp	+850bp
Sep '21	16.81	+7bp	-271bp	+499bp	+759bp
Sep '22	15.12	+8bp	-238bp	+362bp	+577bp
Feb '23	14.67	+8bp	-238bp	+318bp	+563bp

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.

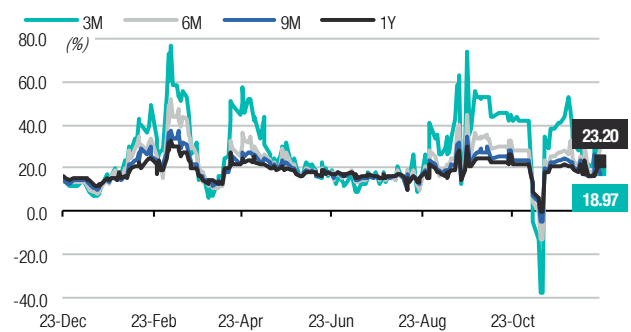
Chart page: Local bond market & Eurobond markets

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



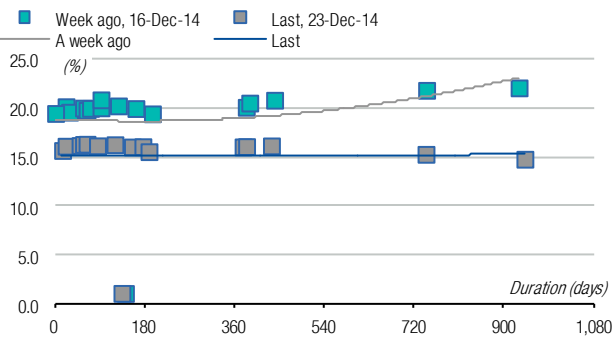
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



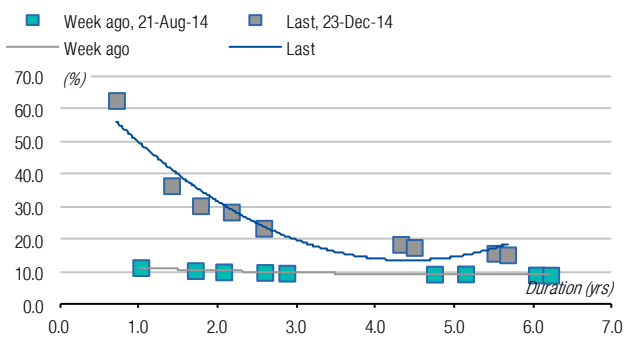
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 23 Dec 2014



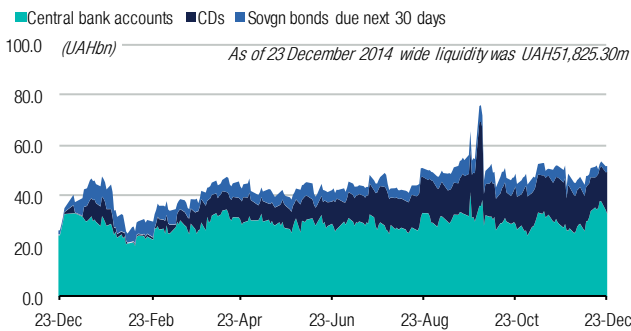
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 23 Dec 2014



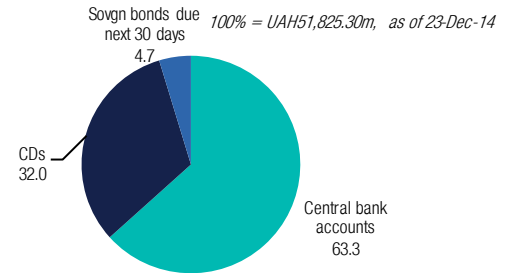
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



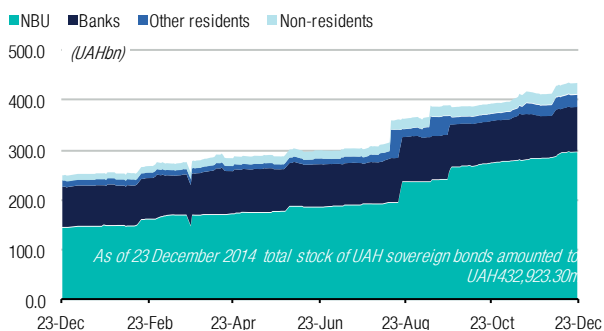
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 23 Dec 2014



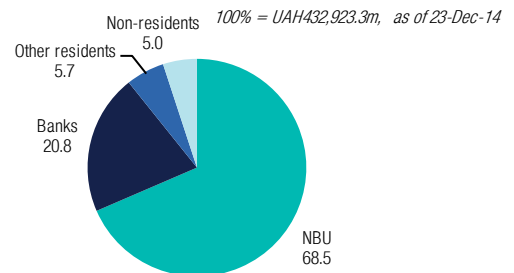
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 23 Dec 2014



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

Table 1. Ukrainian stocks (closing prices as of 23-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	10.00 GBP	-1.2	-7.0	-3.6	-3.6	0.16	35.9	-11.7	40.2	14.4	1.7	15.5	0.14	740	Neg.	N/A	N/A	1.7	N/A	N/A	Neg.	N/A	N/A	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.30 UAH	-2.7	-1.7	+53.1	+56.0	0.46	169.0	213.4	21.7	36.7	62.2	42.4	0.17	592	5.5	4.8	7.3	0.3	3.8	4.0	0.5	0.3	0.3	1.1	16.3
Coal Energy	CLE PW	Warsaw	0.64 PLN	-4.5	-4.5	-39.0	-33.3	0.18	8.2	134.1	25.0	2.0	14.8	12.1	0.57	174	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	32.57 UAH	-0.5	+1.3	+18.1	+18.5	2.04	48.3	98.0	14.2	6.9	13.5	7.3	0.14	738	1.4	1.3	1.2	0.1	1.8	1.3	0.3	0.2	0.2	1.2	25.1
JXK Oil & Gas	JXK LN	London	12.00 GBP	+2.1	-57.1	-83.2	-83.3	0.19	32.0	37.1	47.2	15.1	39.9	58.2	1.23	81	4.9	5.3	1.0	0.6	0.7	0.6	0.2	0.2	0.2	0.1	5.5
Regal Petroleum	RPT LN	London	3.13 GBP	-12.0	-44.4	-76.0	-75.0	0.05	15.6	-14.6	80.9	12.6	21.1	2.4	0.03	3,443	Neg.	7.8	N/A	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	0.1	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	140.00 UAH	-8.3	-5.4	+54.9	+56.4	8.77	112.2	124.2	5.0	5.6	5.7	1.8	0.02	4,954	3.1	N/A	N/A	0.8	N/A	N/A	0.2	N/A	N/A	1.2	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.01 UAH	-3.3	-26.1	-62.6	-62.6	0.00	23.4	1,818.4	3.9	0.9	0.3	1.3	0.15	648	Neg.	Neg.	N/A	Neg.	Neg.	N/A	2.0	1.2	N/A	N/A	85.7
Avdiyivsky Cok...	AVDK UK	Kiev, UX	1.74 UAH	-5.1	-9.3	-41.2	-42.8	0.11	21.3	18.2	4.0	0.9	3.4	2.7	0.45	220	Neg.	Neg.	N/A	0.0	0.7	N/A	0.0	0.0	N/A	0.1	0.1
Azovstal	AZST UK	Kiev, UX	0.70 UAH	-3.7	-1.1	+3.9	+5.9	0.04	183.4	N/A	4.1	7.5	2.6	10.5	0.11	924	Neg.	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	0.2	0.0	
Ferrexpo PLC	FXPO LN	London	52.50 GBP	+4.0	-26.2	-71.8	-70.7	0.81	479.7	682.2	22.4	107.4	510.9	822.6	0.96	104	1.8	1.9	4.4	1.4	1.5	2.3	0.4	0.5	0.5	0.4	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.27 UAH	+0.0	-13.2	-49.1	-48.6	0.02	4.6	5.3	9.0	0.4	6.2	0.7	0.25	394	Neg.	0.5	0.3	0.1	0.3	N/A	0.0	0.0	0.0	0.0	0.0
Yenakievo Steel	ENMZ UK	Kiev, UX	22.96 UAH	+0.7	+19.5	-28.3	-29.6	1.44	15.2	6.9	9.4	1.4	0.3	3.8	0.20	494	Neg.	Neg.	N/A	1.2	0.2	N/A	0.0	0.0	N/A	1.1	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.43 EUR	-6.5	-8.5	-65.3	-65.6	0.52	48.4	101.0	34.0	16.4	4.4	13.2	0.09	1,166	Neg.	N/A	N/A	Neg.	N/A	N/A	1.5	N/A	N/A	0.9	35.9
Agroliga	AGL PW	Warsaw	9.30 PLN	-2.8	+10.7	-64.1	-63.1	2.64	4.1	4.9	16.7	0.7	14.8	3.0	0.70	143	1.1	N/A	N/A	1.4	N/A	N/A	0.2	N/A	N/A	0.4	5.7
Agroton	AGT PW	Warsaw	1.19 PLN	-4.8	-3.3	-39.0	-39.0	0.34	7.3	52.6	26.2	1.9	17.6	28.4	1.75	57	Neg.	1.0	0.9	19.7	17.5	N/A	0.6	0.6	0.6	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	17.57 PLN	+1.2	+3.8	-73.7	-72.1	4.98	124.5	361.7	31.0	38.6	10.3	85.8	0.34	293	4.0	Neg.	3.0	4.8	3.2	3.8	0.8	0.9	0.9	0.4	38.2
Avangard	AVGR LI	London Intl	2.30 USD	-2.1	-53.1	-80.4	-80.3	2.30	146.9	358.1	21.7	31.9	29.5	19.1	0.09	1,102	0.6	1.3	1.3	1.2	2.0	2.1	0.5	0.6	0.7	0.2	17.8
IMC	IMC PW	Warsaw	5.99 PLN	-1.0	-11.3	-50.7	-50.0	1.70	53.1	192.3	23.9	12.7	9.5	7.9	0.07	1,385	2.0	Neg.	2.2	3.6	3.7	3.7	1.7	1.2	1.1	0.3	38.7
Kernel Holding...	KER PW	Warsaw	29.62 PLN	-2.6	+21.5	-22.2	-24.7	8.39	668.8	1,313.1	58.8	393.1	605.6	958.4	0.39	256	Neg.	4.1	4.1	5.9	3.7	4.0	0.5	0.5	0.5	0.7	39.1
KSG Agro	KSG PW	Warsaw	1.07 PLN	-0.9	-10.8	-90.1	-90.0	0.30	4.6	115.7	34.4	1.6	4.1	43.7	0.96	104	Neg.	N/A	0.2	13.3	N/A	N/A	1.6	1.2	1.0	0.3	44.5
MHP	MHPC LI	London Intl	9.15 USD	-2.7	-18.7	-46.3	-46.2	9.15	966.9	2,097.3	22.3	215.8	967.6	341.8	0.21	472	6.2	15.3	3.4	5.4	4.2	4.2	1.4	1.5	1.4	1.9	47.0
Milkiland	MLK PW	Warsaw	1.60 PLN	-10.1	-19.6	-87.2	-87.4	0.45	14.2	136.6	20.0	2.8	11.9	7.3	0.54	186	1.1	Neg.	36.2	4.1	4.7	4.2	0.3	0.4	0.4	0.1	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	0.70 EUR	-4.8	-13.1	-87.1	-87.8	0.85	89.9	817.7	20.0	18.0	0.0	0.5	0.00	27,565	1.0	1.0	0.4	5.0	3.0	2.7	1.6	1.9	1.9	0.2	45.3
Ovostar Union	OVO PW	Warsaw	71.90 PLN	+0.0	+2.7	-28.1	-22.7	20.37	122.2	131.9	25.0	30.6	10.2	26.5	0.07	1,432	4.0	6.4	5.5	3.6	4.8	4.3	1.5	1.7	1.4	0.9	8.5
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	4.05 PLN	+0.0	-40.4	-87.1	-87.1	1.15	10.7	-5.9	10.9	1.2	1.7	0.1	0.01	8,306	1.6	N/A	N/A	Neg.	N/A	N/A	Neg.	N/A	N/A	0.2	5.6
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.08 EUR	+0.0	-51.5	-74.8	-73.1	0.10	5.0	132.2	13.1	0.7	0.0	0.1	0.02	4,637	Neg.	N/A	N/A	Neg.	N/A	N/A	3.9	N/A	N/A	0.1	45.5
FINANCIAL SERVICES																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.09 UAH	-0.9	-8.7	-17.0	-16.5	0.01	177.0	N/A	3.8	6.8	16.5	15.9	0.31	320	2.8	Neg.	12.0	N/A	N/A	N/A	N/A	N/A	N/A	0.4	22.4

Table 1. Ukrainian stocks (closing prices as of 23-Dec-2014)

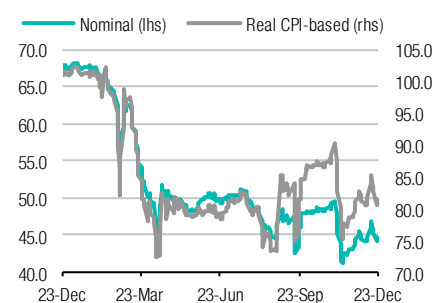
Company	Bloomberg Ticker	Listing	Share price performance (% change)				Valuation (US\$)			Free float (FF) & Liquidity					P/E			EV/EBITDA			EV/Sales			Ratios					
			Last price	Daily	MoM	YTD	YoY	Last price	Market cap (m)	EV (m)	FF (%)	FF mkt cap (US\$m)	Last day turnover (US\$ 000)	3M avg. turnover (US\$ 000)	FF share traded (%)	FF turnover (days)	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	P/B	Debt/(x) Assets		
Ukrsotsbank	USCB UK	Kiev, UX	0.13 UAH	-11.7	-14.5	-31.6	-30.6	0.01	198.4	N/A	4.5	8.9	0.2	0.7	0.00	36,229	Neg.	12.9	N/A	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

ICU's UAH trade-weighted indices

(Last 12-month history to 24 Dec 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 23 Dec 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	15.7117	-1.22	-0.71	+3.37	+90.68
NBU avg	15.6617	-1.22	-0.71	+3.75	+92.15
Ttl vlm ¹	410.81	+49.56	+47.64	+72.50	-85.34
\$ volume ²	319.01	+55.97	+53.73	+106.5	-85.57
NDF 3M	16.8500	+1.20	+1.20	+1.20	+98.59
NDF 6M	17.4000	-4.53	+1.16	+1.75	+98.18
NDF 1Y	18.4500	-5.26	+1.10	+1.37	+95.86
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	44.561	+1.01	-4.55	+3.55	-34.02
UAH real CPI	81.333	+1.01	-4.55	+3.55	-19.53
UAH real PPI	118.910	+1.01	-4.55	+3.55	-14.32
USD nom'l	90.064	+0.33	+2.20	+1.99	+12.53
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	54.7113	-1.68	-19.44	+19.37	+66.45
EUR/USD	1.2172	-0.47	-2.71	-1.77	-11.43
USD/CNY	6.2257	+0.05	+0.57	+1.65	+2.83
USD/PLN	3.5329	+1.37	+4.82	+4.23	+16.87
USD/TRY	2.3207	+0.26	-1.87	+4.45	+8.03
USD/BYR	11,000.00	+0.00	+0.50	+1.15	+15.30
USD/KZT	182.3200	+0.05	-0.68	+0.77	+18.18
OTHER MAJOR CURRENCIES					
USD/JPY	120.6900	+0.53	+3.68	+2.46	+14.60
GBP/USD	1.5522	-0.44	-1.45	-0.86	-6.25
USD/CHF	0.9878	+0.41	+2.91	+1.87	+10.63
AUD/USD	0.8105	-0.37	-1.38	-6.52	-9.11
USD/CAD	1.1617	-0.09	-0.09	+3.42	+9.36
USD/BRL	2.6948	+1.11	-1.60	+7.12	+14.08
USD/KRW	1,102.75	+0.59	+1.50	-0.99	+5.04
COMMODITIES					
Gold(\$/oz)	1,176.65	+0.02	-1.69	-2.07	-2.41
WTI crude ³	56.90	+3.53	+1.73	-25.53	-42.19
Brent crd ³	59.67	+1.05	+0.85	-24.66	-46.16
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	238.61	+0.85	-0.06	-11.33	-14.83

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>).

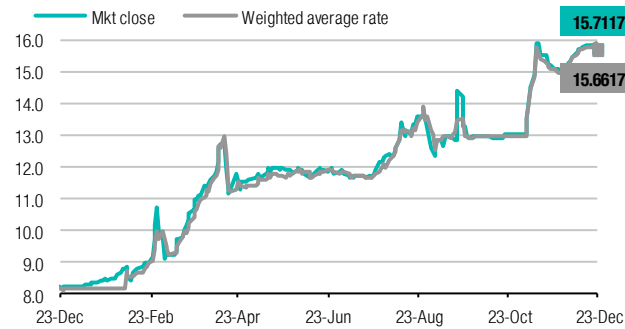
Section on FX market is continued on next page.

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.

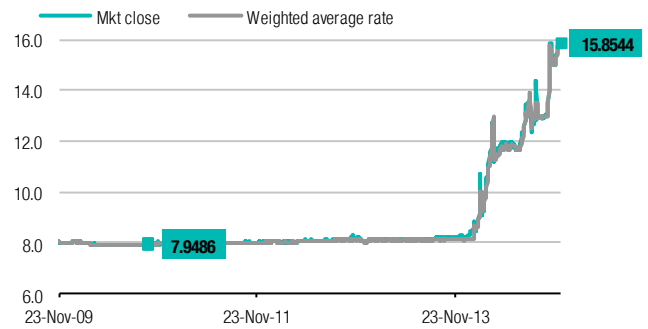
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

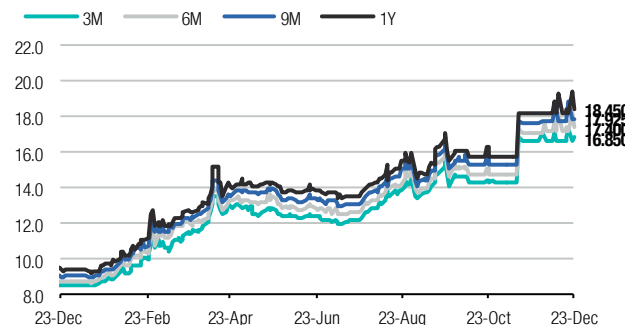


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

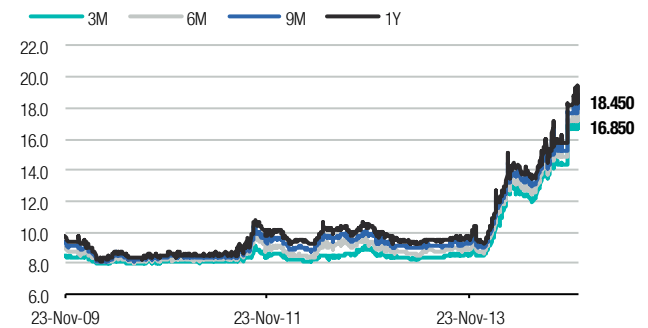


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

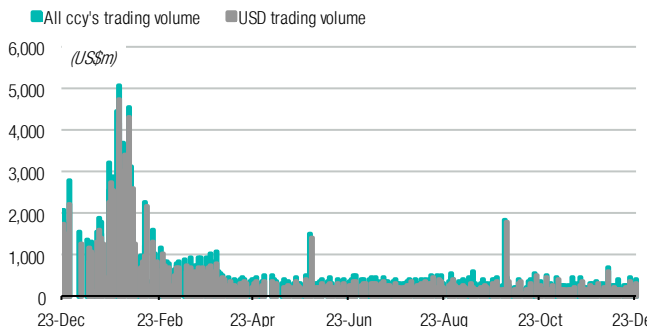


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

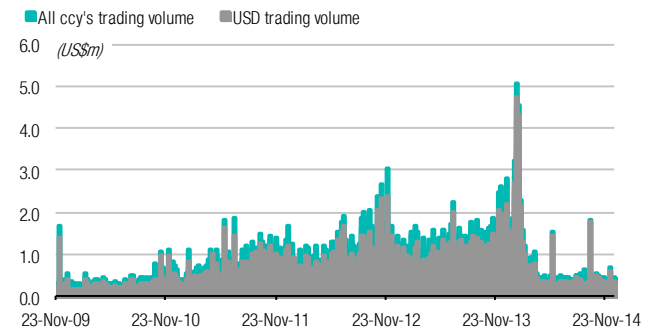


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

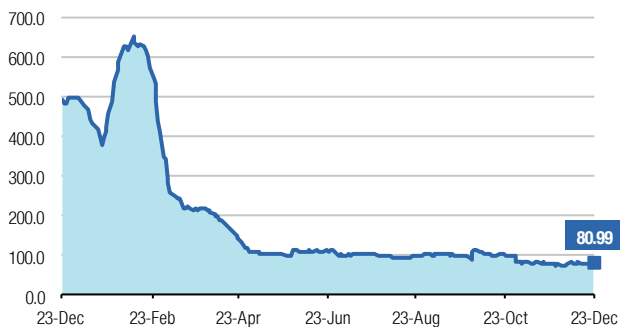


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

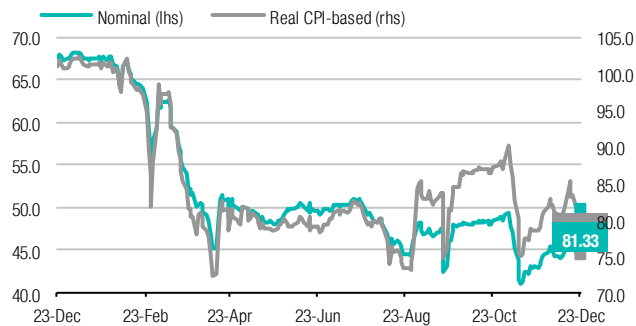


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

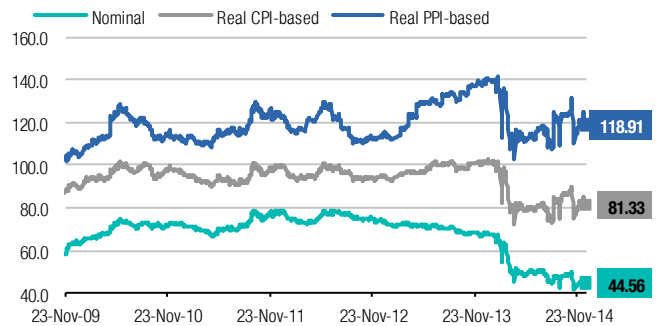
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



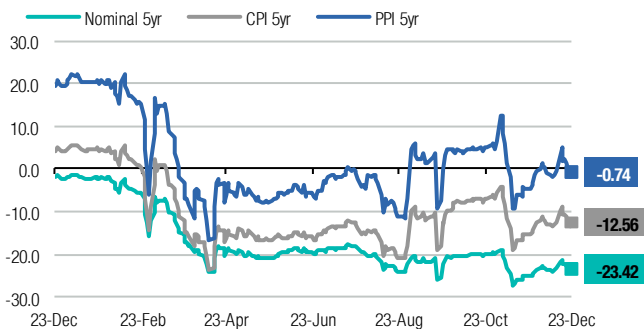
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

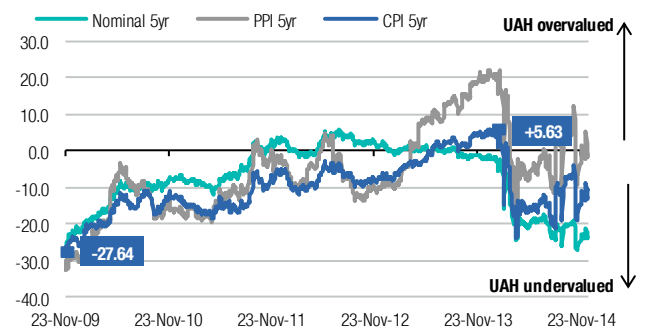


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

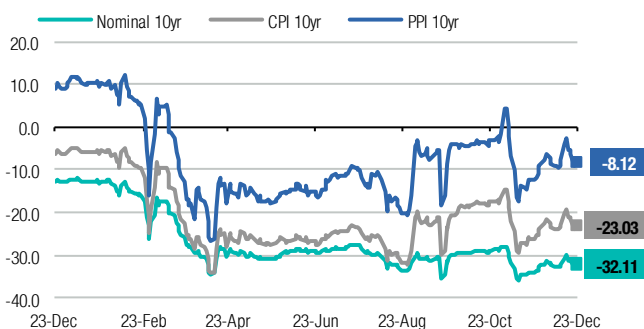


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

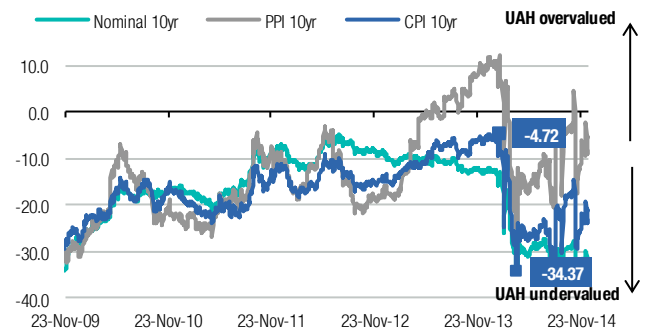


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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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Disclosures

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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



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