

# Daily Insight

## Public debt in December and 2014

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THURSDAY, 29 JANUARY 2015

### UX Index (3 months to 29 Jan 2015)



Source: UX.

### Key market indicators (as of 28 Jan 2015)

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	15.9192	-0.19	+0.63
USD/UAH (1Y NDF)	18.4500	+0.00	+0.00
EUR/USD	1.1287	-0.83	-6.70
USD/RUB	67.7642	+0.36	+11.57
KievPRIME O/N (%)	11.63	+38bp	-727bp
KievPRIME 1M (%)	18.50	+25bp	-140bp
<b>SOVEREIGN EUROBONDS: yields and spreads</b>			
Ukraine 15, Eurobond (%)	100.28	+462bp	+3,852bp
Ukraine 17, Eurobond (%)	40.87	-4bp	+1,312bp
Ukraine 22, Eurobond (%)	19.67	-8bp	+342bp
Ukraine 23, Eurobond (%)	18.50	-8bp	+294bp
Ukraine 5Y CDS	2,568bp	+26bp	+369bp
<b>EQUITIES</b>			
<b>Stock market indices</b>			
UX (Ukraine)	996.94	+0.02	-3.52
MSCI World	413.92	-0.91	-0.77
MSCI EM	984.65	-0.52	+2.96
RTS (Russia)	765.37	-2.32	-2.76
WIG-20 (Poland)	2,319.18	+0.40	+0.14
S&P 500 (USA)	2,002.16	-1.35	-2.76

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

### Sovereign debt in December and full-year 2014

For the month of December 2014, total government debt (direct and guaranteed) rose only US\$0.46bn to US\$69.74bn in US dollar equivalent while its local currency equivalent added UAH62.67bn to UAH1,100.56bn as of end-2014, according to MoF data published yesterday.

The main reason for this difference is that Ukraine's debt is denominated in different currencies, with 44.89% in USD and 38.32% in UAH. In US dollar terms, a US\$0.68bn increase in government debt resulted from a US\$1.57bn rise in domestic debt, while external debt declined US\$0.89bn, the same as the US\$0.22bn decline in guaranteed debt (including declines in domestic and external debt). At the same time, in UAH terms, only external guaranteed debt decreased, down UAH0.82bn, while all other indicators rose significantly.

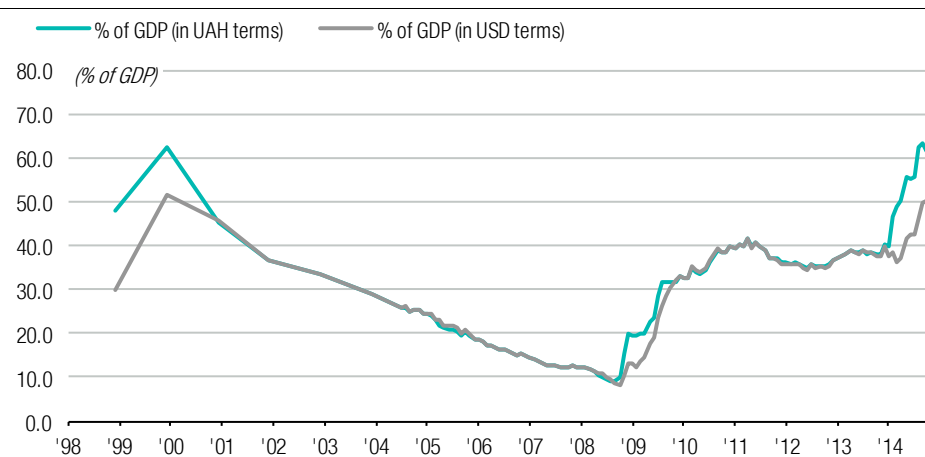
The USD/UAH exchange rate was the key factor in the debt dynamics assessment last month. Despite a significant increase in domestic local currency debt, its USD increase was insignificant. At the same time, changes in FX-denominated debt had a much higher impact on debt outstanding in local currency terms. The NBU's official exchange rate increased from UAH14.9693/USD at the end of November to UAH15.7686/USD at the end of December.

Over the course of 2014, total government debt fell US\$3.32bn in USD terms but increased nearly double that amount in UAH terms. External government debt full-year 2014 rose a significant US\$2.88bn, but guaranteed debt fell US\$3.28bn, including the US\$1.63bn redemption of Naftogaz's Eurobonds. Meanwhile, domestic debt, denominated mostly in local currency, rose UAH204.04bn, much due to new bonds issued for Naftogaz's and banks' share capital increase.

The UAH-based ratio of public debt to nominal GDP was 70.8% as of year-end, based on our assumptions on the size of the economy in 4Q still to be reported. However, calculated in a US dollar based equivalent, this ratio was 53.2% (see chart below). The difference between these two figures is due to the massive UAH devaluation that occurred in 2014.

**Chart 1. Public debt-to-GDP ratios: UAH-based and USD-based (% of GDP)**

History from December 1998 through December 2014



Source: Ministry of Finance of Ukraine, ICU.

**Table 1. Ukraine sovereign debt dynamics in 2014**

	Volume (US\$bn)					Volume (UAHbn)				
	Dec-2013	Nov-2014	Dec-2014	yearly change	monthly change	Dec-2013	Nov-2014	Dec-2014	yearly change	monthly change
<b>Sovereign debt, total</b>	<b>73.11</b>	<b>69.34</b>	<b>69.79</b>	<b>-3.32</b>	<b>0.46</b>	<b>584.37</b>	<b>1,037.90</b>	<b>1,100.56</b>	<b>516.19</b>	<b>62.67</b>
<b>Direct debt</b>	60.08	59.36	60.04	-0.04	0.68	480.22	888.64	946.82	466.60	58.17
Domestic debt	32.15	27.66	29.24	-2.91	1.57	256.96	414.10	461.00	204.04	46.91
External debt	27.93	31.70	30.81	2.88	-0.89	223.26	474.55	485.82	262.56	11.27
<b>Guaranteed debt</b>	13.03	9.97	9.75	-3.28	-0.22	104.15	149.25	153.74	49.59	4.49
Domestic debt	3.39	1.92	1.77	-1.63	-0.15	27.13	28.69	27.86	0.73	-0.82
External debt	9.64	8.05	7.98	-1.65	-0.07	77.02	120.57	125.88	48.86	5.31

Sources: Ministry of Finance of Ukraine, Investment Capital Ukraine LLC.

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# Bonds: News & Comments

## Liquidity down further

Broader banking sector liquidity fell UAH1.66bn to UAH61.10bn yesterday despite the NBU compensating banks for funds spent at Tuesday's primary bond auction. Banks' correspondent accounts with the NBU declined UAH1.46bn to UAH29.05bn yesterday and the NBU decreased total CDs outstanding UAH0.19bn to UAH23.87bn. At the same time, total local currency debt repayments scheduled for the next 30 days remained steady at UAH8.17bn yesterday.

KyivPrime interest rates slightly rose: the KyivPrime ON interest rate rose 38bp to 11.63% while the KyivPrime 1M interest rate rose 25bp to 18.50%, the same level seen on Monday.

**Investment implications: The NBU purchased UAH3.32bn of bonds on Tuesday, which is UAH0.37bn more than the MoF sold at the primary auction (bonds outstanding), compensating banks for funds spent at the primary auction. However, this inflow did not cover other outflows, namely month-end tax payments and FX purchasing, causing liquidity to decline.**

## Eurobonds mostly stable

Ukrainian Eurobonds were mostly stable yesterday with insufficient movements, mostly trailing the volatility of US Treasury YTMs. The Ukrainian Eurobond yield curve adjusted to 18.49-97.95% yesterday, mostly unchanged from Tuesday. The 5-year CDS rose yesterday to 2,568bp.

## Domestic bondholders' structure

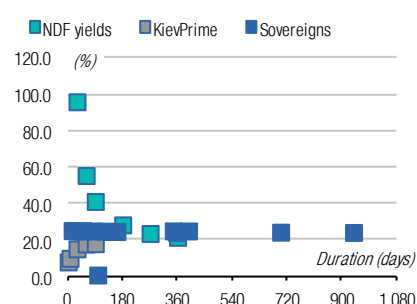
The MoF continued to sell domestic bonds with significant support from the NBU under the domestic QE program, as UAH9.94bn of bonds were sold, of which the NBU purchased UAH8.48bn since the beginning of the year. After Tuesday's auction, the NBU's portfolio rose to UAH326.59bn, increasing its share to 70.26%. The banks' portfolio rose just UAH0.06bn since the beginning of the year, while the other residents' and non-residents' portfolios declined UAH0.81bn and UAH0.51bn, respectively, decreasing their shares to 20.11%, 5.11%, and 4.53%, respectively.

**Investment implications: The NBU continued to purchase domestic bonds this year, most likely the same bonds which were sold by the MoF with 3-month maturities. As these bonds are scheduled to be redeemed in April, the MoF and the NBU are likely to agree that the NBU's portfolio should be restructured through the end of March. As the state budget approved this deal, it could include all bonds in the NBU's portfolio should this happen.**

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## Yield curve of the local bond market

(as of market close on 28 Jan 2015)



Sources: Bloomberg, Investment Capital Ukraine LLC.

## Bond market indicators (as of 28 Jan 2015)

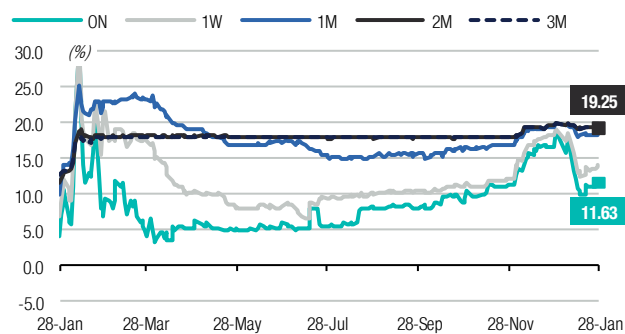
	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
O/n	11.63	+38bp	+50bp	-497bp	-727bp
1wk	14.00	+25bp	+50bp	-440bp	-500bp
1m	18.50	+25bp	+25bp	-90bp	-140bp
2m	19.25	+25bp	+0bp	-35bp	-75bp
3m	19.25	+25bp	+0bp	-35bp	-75bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	N/A	N/A	N/A	N/A	N/A
CDs <sup>2</sup>	N/A	N/A	N/A	N/A	N/A
Sovgns <sup>3</sup>	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	326,589	+1.00	+1.00	+10.15	+2.66
Banks	93,492	-0.13	+1.68	+5.61	+0.06
Resid's <sup>4</sup>	23,739	+0.35	+0.02	-2.92	-3.30
Non-res <sup>5</sup>	21,039	+0.52	-0.58	-2.16	-2.34
<b>Total</b>	<b>464,858</b>	<b>+0.72</b>	<b>+1.01</b>	<b>+7.86</b>	<b>+1.57</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	+0bp
Aug '15 <sup>6</sup>	N/A	+8bp	+0bp	+0bp	+0bp
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	2,568	+26bp	-190bp	+598bp	+369bp
Jun '16	72.88	+1bp	+21bp	+39bp	+36bp
Jul '17	40.87	-4bp	+282bp	+14bp	+13bp
Sep '20	22.51	-7bp	+108bp	+482bp	+366bp
Sep '21	21.86	-8bp	+83bp	+505bp	+333bp
Sep '22	19.67	-8bp	+77bp	+455bp	+342bp
Feb '23	18.50	-8bp	-18bp	+383bp	+294bp

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.

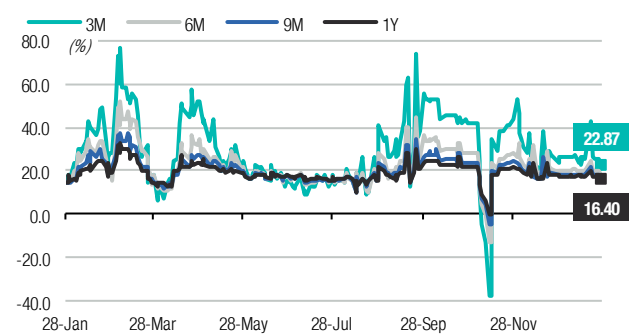
Chart page: Local bond market & Eurobond markets

Chart 2. Kiev Prime rates (%), last 12-month period



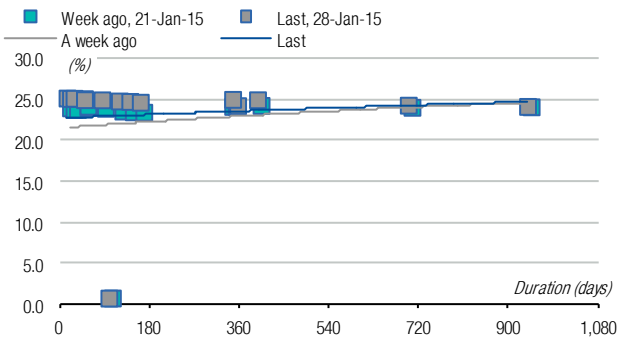
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH NDF implied yields (%), last 12-month period



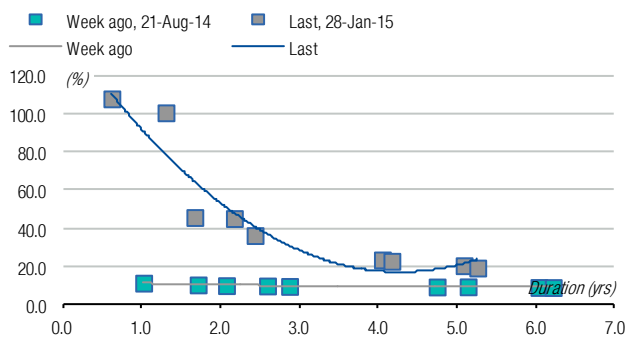
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. UAH sovereign yield curve (%) as of 28 Jan 2015



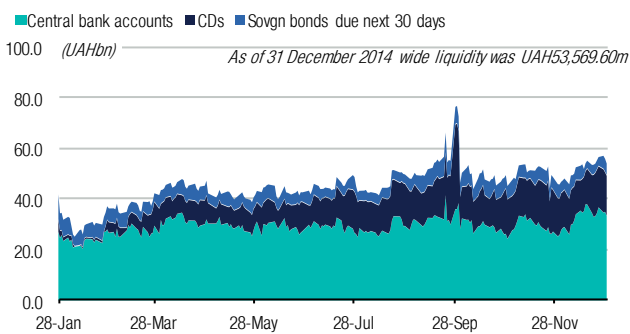
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 5. USD sovereign yield curve (%) as of 28 Jan 2015



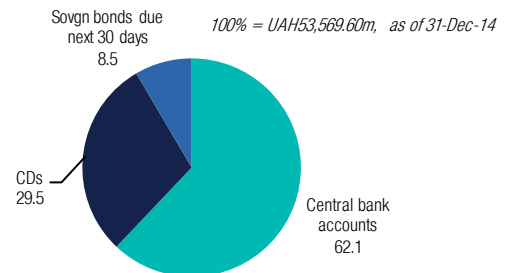
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 6. Banking sector liquidity (UAHbn), last 12-month period



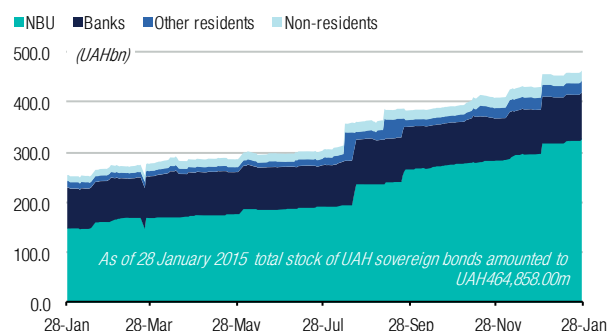
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 7. Breakdown of liquidity pool (%) as of 28 Jan 2015



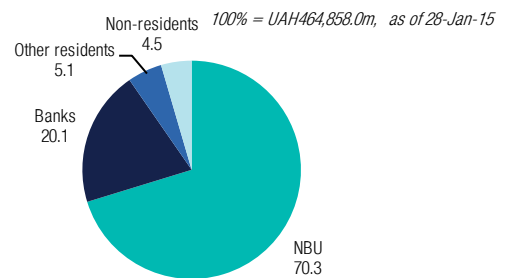
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 8. Holders of sovereign bonds (UAHbn), last 12 months



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

Chart 9. Domestic sovereign debt (%) as of 28 Jan 2015



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

Table 2. Ukrainian stocks (closing prices as of 28-Jan-2015)

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 (%)
<b>ENERGY</b>																											
Cadogan Petrol...	CAD LN	London	10.25 GBp	+5.1	+3.8	+2.5	-12.8	0.16	35.9	-11.7	40.2	14.4	30.4	16.0	0.09	1,080	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	7.25 UAH	-0.2	-1.2	-3.9	+64.2	0.45	167.8	156.0	21.7	36.4	15.3	44.5	0.09	1,063	5.5	4.4	7.2	0.2	2.6	2.9	0.3	0.2	0.2	1.0	16.3
Coal Energy	CLE PW	Warsaw	0.66 PLN	+1.5	+3.1	+6.5	-43.1	0.18	7.9	108.3	25.0	2.0	0.9	10.4	0.25	398	Neg.	N/A	N/A	4.8	N/A	N/A	0.9	N/A	N/A	0.1	39.8
Donbasenergo	DOEN UK	Kiev, UX	31.30 UAH	-1.1	-2.2	-5.2	+2.6	1.96	46.4	96.2	14.2	6.6	10.2	7.6	0.14	693	1.4	1.1	1.2	0.1	1.6	1.2	0.3	0.2	0.2	1.1	25.1
JKX Oil & Gas	JKX LN	London	12.75 GBp	+6.3	+6.3	+6.3	-81.9	0.19	33.2	38.3	47.2	15.7	71.0	83.0	0.44	226	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	4.07 GBp	+18.2	+25.1	+30.1	-68.7	0.06	19.7	-10.4	80.9	16.0	0.0	3.0	0.02	6,137	Neg.	9.9	N/A	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	0.2	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	135.00 UAH	+0.0	+7.2	-8.8	+12.5	8.46	108.2	120.2	5.0	5.4	0.0	1.0	0.02	5,129	3.0	N/A	N/A	0.8	N/A	N/A	0.2	N/A	N/A	1.2	0.0
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.01 UAH	-2.3	-13.9	-11.7	-64.3	0.00	20.7	1,815.7	3.9	0.8	0.2	1.5	0.18	554	Neg.	Neg.	N/A	Neg.	Neg.	N/A	2.0	1.1	N/A	N/A	85.7
Avdiyivsky Cok...	AVDK UK	Kiev, UX	1.21 UAH	+0.6	-31.0	-30.2	-55.8	0.08	14.8	-24.4	4.0	0.6	3.4	2.6	0.77	130	Neg.	Neg.	N/A	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.0	0.1
Azovstal	AZST UK	Kiev, UX	0.71 UAH	+2.8	-0.3	-5.1	+15.9	0.04	186.3	151.3	4.1	7.6	11.6	7.9	0.10	977	Neg.	Neg.	N/A	Neg.	4.4	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	56.00 GBp	+1.8	+5.7	+5.7	-63.9	0.85	499.3	1,150.8	22.4	111.8	470.5	812.3	0.75	133	1.9	2.1	6.4	2.3	2.6	4.3	0.7	0.8	1.0	0.5	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.25 UAH	+0.0	-10.7	-10.7	-54.5	0.02	4.3	5.0	9.0	0.4	0.2	0.7	0.14	698	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	18.98 UAH	-1.0	-8.6	-9.4	-39.2	1.19	12.5	4.3	9.4	1.2	0.1	4.4	0.40	247	Neg.	Neg.	N/A	0.7	0.1	N/A	0.0	0.0	N/A	0.9	0.0
<b>FOOD AND AGRIBUSINESS</b>																											
AgroGeneration	ALAGR FP	EN Paris	0.33 EUR	-8.3	-25.0	-23.3	-73.4	0.37	34.4	83.2	34.0	11.7	65.1	12.1	0.20	499	Neg.	N/A	N/A	Neg.	N/A	N/A	1.4	N/A	N/A	0.7	35.9
Agroliga	AGL PW	Warsaw	9.55 PLN	-0.1	+11.0	+6.1	-64.6	2.53	3.9	4.7	16.7	0.6	2.6	3.1	0.44	228	1.1	N/A	N/A	1.3	N/A	N/A	0.3	N/A	N/A	0.4	5.7
Agroton	AGT PW	Warsaw	1.30 PLN	+3.2	+4.8	+5.7	-48.6	0.35	7.5	52.8	26.2	2.0	7.6	34.6	1.61	62	Neg.	N/A	N/A	19.7	17.6	N/A	0.6	0.6	N/A	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	24.38 PLN	-3.6	+33.9	+21.9	-63.3	6.47	161.8	403.2	31.0	50.2	1.9	114.0	0.12	825	5.6	Neg.	4.1	5.3	3.6	4.4	1.0	1.0	1.0	0.6	38.2
Avangard	AVGR LI	London Intl	1.83 USD	-3.7	-16.1	-10.7	-84.1	1.83	116.9	328.1	21.7	25.4	9.9	27.0	0.21	476	0.5	1.3	1.0	1.1	1.9	1.9	0.5	0.6	0.6	0.1	17.8
IMC	IMC PW	Warsaw	5.80 PLN	-3.3	+0.0	+2.3	-48.7	1.54	48.2	187.4	23.9	11.5	0.5	4.8	0.03	2,882	1.8	Neg.	2.0	3.5	3.6	3.6	1.6	1.2	1.1	0.3	38.7
Kernel Holding...	KER PW	Warsaw	30.71 PLN	-2.4	+5.2	+7.9	-23.8	8.15	649.5	1,293.7	58.8	381.7	763.7	1,004.5	0.21	471	Neg.	4.1	4.1	5.8	3.7	3.8	0.5	0.5	0.5	0.6	39.1
KSG Agro	KSG PW	Warsaw	1.05 PLN	+1.0	-4.5	-6.3	-88.1	0.28	4.2	115.3	34.4	1.4	7.2	27.6	1.01	99	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	9.23 USD	+1.4	-10.4	+0.3	-43.4	9.23	975.3	2,105.7	22.3	217.7	160.7	327.9	0.12	805	6.3	32.7	3.5	5.4	4.1	4.2	1.4	1.5	1.4	1.9	47.0
Milkiland	MLK PW	Warsaw	2.25 PLN	+9.2	+50.0	+52.0	-77.5	0.60	18.7	132.2	20.0	3.7	47.5	16.9	0.59	169	1.5	Neg.	Neg.	4.0	4.7	4.7	0.3	0.4	0.5	0.1	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	0.57 EUR	+0.0	-3.2	+1.6	-89.0	0.64	68.5	796.3	20.0	13.7	0.0	0.7	0.01	18,279	0.8	0.8	0.3	4.8	2.9	2.7	1.6	1.9	1.8	0.2	45.3
Ovostar Union	OVO PW	Warsaw	73.00 PLN	-1.4	+3.2	+1.4	-9.2	19.38	116.3	125.9	25.0	29.1	2.1	30.7	0.09	1,098	3.8	4.7	5.8	3.4	4.0	4.4	1.4	1.6	1.4	0.9	8.5
<b>TRANSPORTATION</b>																											
KDM Shipping	KDM PW	Warsaw	5.20 PLN	-21.9	+28.4	+28.4	-83.2	1.38	12.8	0.4	10.9	1.4	0.9	0.2	0.02	5,276	1.9	N/A	N/A	0.0	N/A	N/A	0.0	N/A	N/A	0.2	5.6
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Frankfurt	0.09 EUR	+0.0	+12.5	+12.5	-71.6	0.10	5.3	132.4	13.1	0.7	0.0	0.1	0.00	120,917	Neg.	N/A	N/A	Neg.	N/A	N/A	3.9	N/A	N/A	0.1	45.5
<b>FINANCIAL SERVICES</b>																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.09 UAH	-2.5	-6.1	-7.7	-22.3	0.01	166.4	N/A	3.8	6.4	29.6	16.0	0.14	707	2.6	Neg.	11.3	N/A	N/A	N/A	N/A	N/A	N/A	0.5	22.4

Table 2. Ukrainian stocks (closing prices as of 28-Jan-2015)

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	0.11 UAH	-8.3	-14.3	-15.5	-38.4	0.01	170.1	N/A	4.5	7.6	1.2	0.8	0.01	7,418	Neg.	9.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.2	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

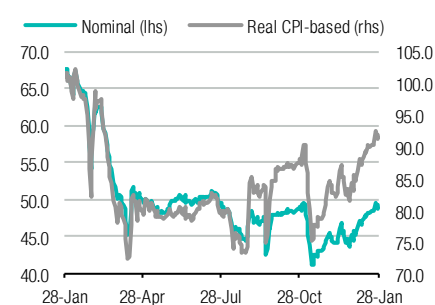
### UAH steady, Fed signals rate increase

The UAH appears to be holding a 16/USD as the interbank FX market remains squeezed by regulation out of fear of further devaluation. Meanwhile, the US Fed yesterday indicated that the Fed funds rate increase will occur no later than this June at the conclusion of an announcement of the next scheduled rate-setting meeting. While the market widely expected this timing for a key rate increase, the US dollar value rose following the Fed statement, allowing for a 0.47% full day increase. The hryvnia was up 0.73% in trade-weighted terms yesterday.

**Alexander Valchyshen, Kiev, +38044 2200120 ext.242**

### ICU's UAH trade-weighted indices

(Last 12-month history to 29 Jan 2015)



Source: Investment Capital Ukraine LLC.

### FX market indicators (as of 28 Jan 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	15.9192	-0.19	+0.61	+0.63	+0.63
NBU avg	15.8694	-0.19	+0.54	+0.64	+0.64
Ttl vlm <sup>1</sup>	345.50	-17.98	-16.60	-21.93	-19.81
\$ volume <sup>2</sup>	294.37	-20.30	-19.13	-23.30	-16.91
NDF 3M	16.8500	+0.00	+0.00	+0.00	+0.00
NDF 6M	17.4000	+0.00	+0.00	+0.00	+0.00
NDF 1Y	18.4500	+0.00	+0.00	+0.00	+0.00
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	49.154	+0.73	+1.77	+11.72	+7.48
UAH real CPI	91.760	+0.73	+1.77	+11.72	+7.48
UAH real PPI	131.725	+0.73	+1.77	+11.72	+7.48
USD nom'l	94.467	+0.47	+1.68	+4.93	+4.65
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	67.7642	+0.36	+3.93	+26.66	+11.57
EUR/USD	1.1287	-0.83	-2.78	-7.35	-6.70
USD/CNY	6.2473	+0.07	+0.56	+0.55	+0.67
USD/PLN	3.7609	+0.95	+1.54	+4.73	+6.13
USD/TRY	2.3850	+0.87	+1.48	+2.86	+2.14
USD/BYR	15,578.00	+1.42	+3.23	+41.62	+41.62
USD/KZT	184.4700	-0.11	+0.14	+1.07	+1.16
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	117.5400	-0.28	-0.36	-2.30	-1.87
GBP/USD	1.5139	-0.38	-0.02	-2.69	-2.81
USD/CHF	0.9050	+0.23	+5.21	-8.35	-8.98
AUD/USD	0.7889	-0.60	-2.42	-2.86	-3.50
USD/CAD	1.2536	+1.10	+1.59	+7.82	+7.87
USD/BRL	2.5766	+0.12	-0.94	-3.47	-3.05
USD/KRW	1,084.44	+0.43	+0.11	-1.30	-0.60
<b>COMMODITIES</b>					
Gold(\$/oz)	1,284.49	-0.60	-0.67	+7.40	+8.41
WTI crude <sup>3</sup>	44.45	-3.85	-5.99	-18.78	-16.56
Brent crd <sup>3</sup>	46.26	-0.60	+0.13	-20.01	-17.04
Urals crd <sup>3</sup>	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB <sup>4</sup>	214.99	-1.34	-2.82	-8.38	-6.51

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.

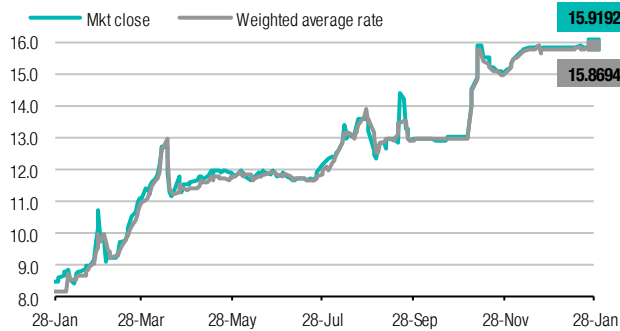
Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU [website](#) and Bloomberg (type: ALLX UTWI <GO>).

Section on FX market is continued on next page.

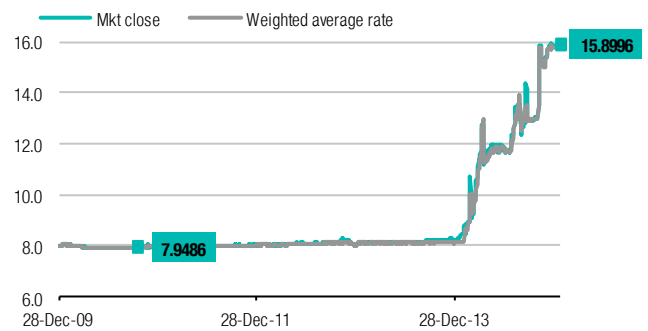


Chart page #1: Foreign-exchange market

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

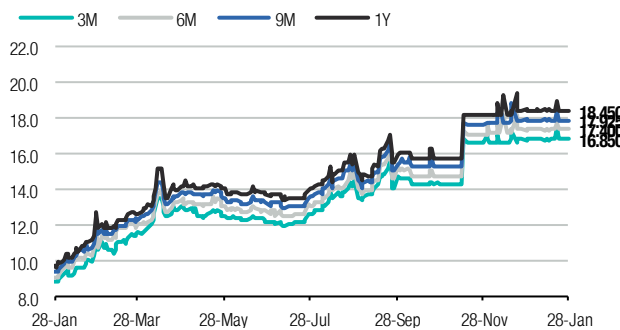


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

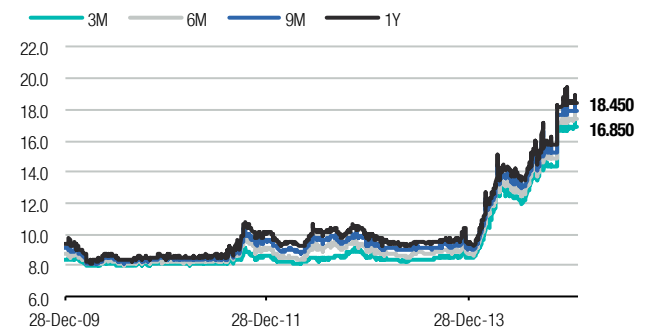


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 11. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

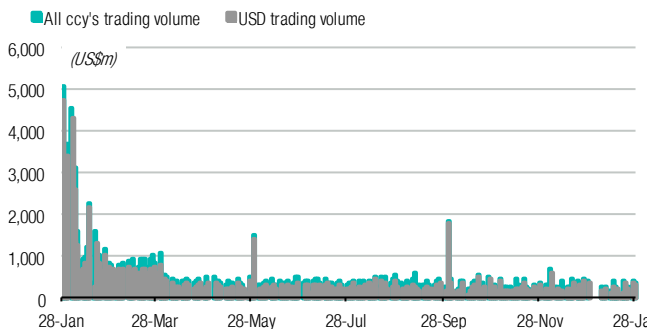


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

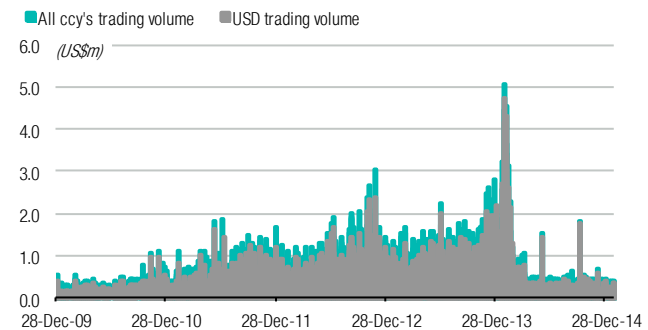


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

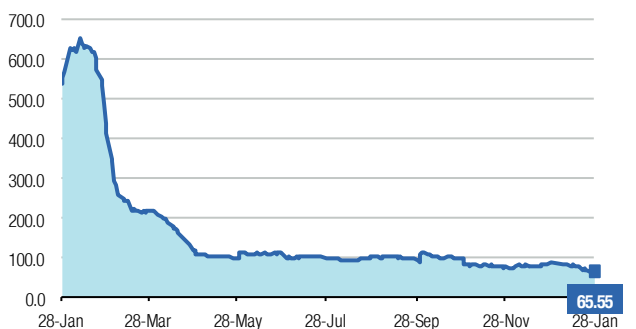


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

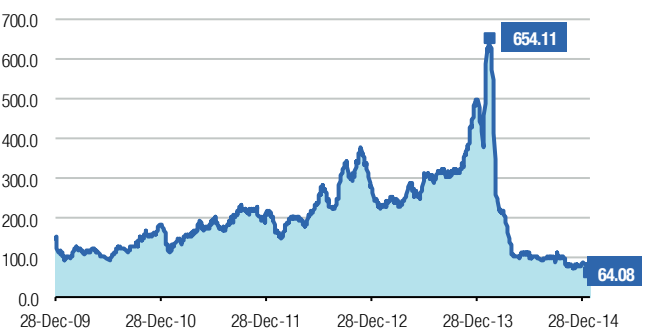


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 13. 30D MA\* ratio of FX market turnover to merchandise trade: last 12m and 5yr periods (% , left and right respectively)



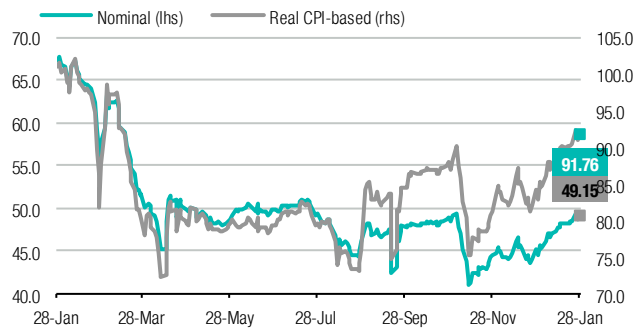
Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

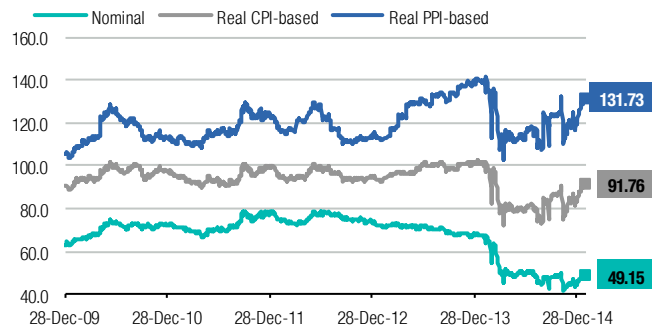
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

**Chart 14. Nominal and CPI-based real TWIs of UAH, history of last 12-month period**



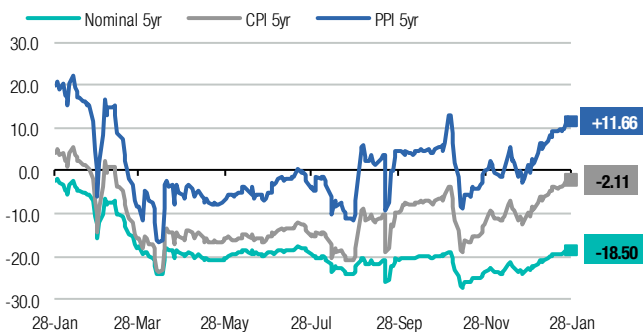
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**Chart 15. Nominal, CPI- and PPI-based TWIs of UAH, history of last 5-year period**

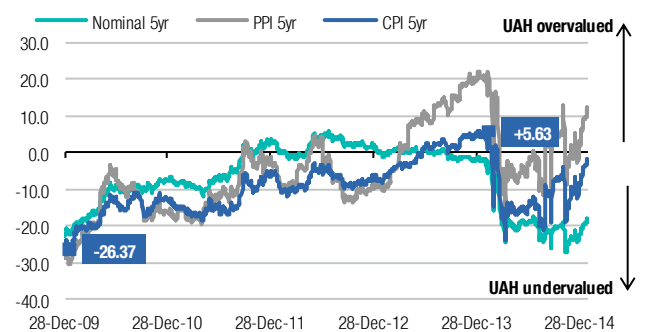


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

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

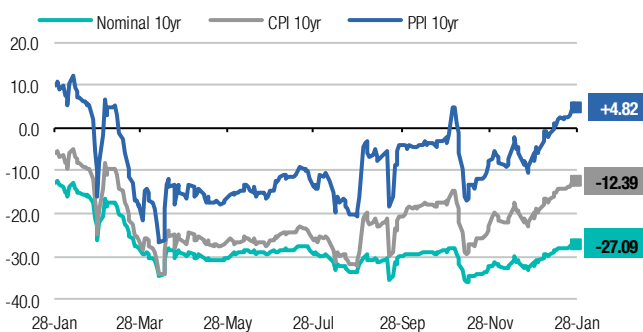


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

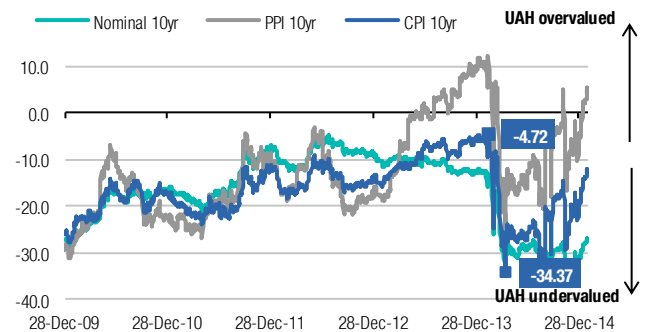


Note: the boxes indicate the high and low values of CPI-based TWI.  
Source: Investment Capital Ukraine LLC.

**Chart 17. 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.

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