

Daily Insight

Bondholders agree EXIMUK15 extension

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TUESDAY, 28 APRIL 2015

UX Index (3 months to 28 Apr 2015)



Source: UX.

Key market indicators (as of 27 Apr 2015)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	22.6850	-1.15	+43.39
USD/UAH (1Y NDF)	27.6000	+0.00	+49.59
EUR/USD	1.0885	+0.11	-10.03
USD/RUB	50.6504	-0.44	-16.61
KievPRIME O/N (%)	22.19	+52bp	+329bp
KievPRIME 1M (%)	27.75	-8bp	+785bp
SOVEREIGN EUROBONDS: yields and spreads			
Ukraine 15, Eurobond (%)	238.82	+148bp	+17,705bp
Ukraine 17, Eurobond (%)	51.75	+5bp	+2,399bp
Ukraine 22, Eurobond (%)	22.80	+0bp	+655bp
Ukraine 23, Eurobond (%)	21.30	+0bp	+574bp
Ukraine 5Y CDS	3,442bp	+63bp	+1,243bp
EQUITIES			
Stock market indices			
UX (Ukraine)	1,068.25	+0.27	+3.38
MSCI World	442.17	+0.14	+6.01
MSCI EM	1,065.62	+0.48	+11.43
RTS (Russia)	1,022.78	-1.42	+29.94
WIG-20 (Poland)	2,549.40	+1.20	+10.08
S&P 500 (USA)	2,108.92	-0.41	+2.43

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

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

Bonds: News & Comments

Broader liquidity declines

Broader banking sector liquidity fell UAH4.98bn to UAH56.39bn yesterday mostly due to debt repayments to the NBU. After having repaid UAH4.57bn in local currency debt repayments last Friday, the MoF also decreased total local currency debt repayments for the next 30 days to UAH4.92bn yesterday. These repayments were received by the NBU, as the NBU portfolio of government bonds yesterday declined UAH4.40bn, similar to the volume of principal repayments, while UAH0.18bn in interest payments were also received by the NBU.

The two other liquidity indicators showed fund relocations as total CDs outstanding declined UAH1.79bn to UAH25.03bn and banks' correspondent accounts with the NBU rose UAH1.38bn to UAH26.45bn. Month-end tax payments could have a slight impact.

KyivPrime interest rates slightly diverged last Friday: the KyivPrime ON interest rate rose 52bp to 22.19% while the KyivPrime 1M interest rate slid 8bp to 27.75%.

Investment implications: The NBU provided UAH1.79bn, mostly reallocations to banks' correspondent accounts with the NBU, while some funds were used for month-end tax payments or FX purchases last Friday. These funds came from CD redemptions, as the NBU repaid UAH11.64bn in CDs and sold only UAH9.80bn of new CDs, including UAH7.65bn of CD redemptions yesterday. The NBU will likely continue to decrease CDs outstanding to support banks with funds for fulfilling month-end tax payments, causing the broader indicator to decline.

Taras Kotovych, Kiev, +38044 2200120 ext.244

Bondholders agree to extend the maturity of EXIMUK15 by three months

After having failed to reach a quorum two weeks ago, Ukreximbank bondholders, after approving a new level of quorum last week, reconvened yesterday and passed the resolution to extend its US\$750m Eurobond by three months.

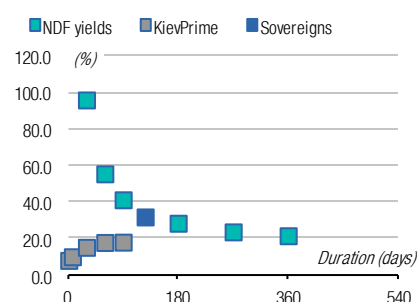
The bank announced that it will seek a seven-year extension for this issue, with half of the principal (US\$375m) to be due in three years on 27 April 2019 and the remainder to be paid in six equal installments beginning on 27 October 2019. The bank also proposed to increase the coupon rate from the current 8.375% to 9.625%, effective 27 April 2015.

This proposal could appeal to investors, particularly as haircuts to sovereign debt have been proposed to occur later this year. We expect no further material amendments in regard to Ukrexim'15 as the bank aims to negotiate all of its Eurobonds (namely, Ukrexim'16 and Ukrexim'18) over the next three months to meet the IMF EFF Target 1.

Mykhaylo Demkiv, Kyiv, +38044 2200120 ext.723

Yield curve of the local bond market

(as of market close on 27 Apr 2015)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 27 Apr 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	22.19	+52bp	-31bp	-66bp	+329bp
1wk	24.25	+25bp	-95bp	-130bp	+525bp
1m	27.75	-8bp	-25bp	-35bp	+785bp
2m	25.75	-25bp	-45bp	-25bp	+575bp
3m	25.75	-25bp	-45bp	-25bp	+575bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	26,446	+5.52	-4.07	-2.14	-20.47
CDs ²	25,028	-6.69	+13.79	+36.19	+58.55
Sovgns ³	5,729	+15.18	-48.23	-64.02	+26.42
Total	57,203	+0.60	-5.65	-6.72	+6.78
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	338,157	-1.28	-0.66	-1.52	+6.30
Banks	95,392	-0.11	-2.34	-6.76	+2.10
Resid's ⁴	27,864	-0.09	-8.66	+22.05	+13.50
Non-res ⁵	25,570	-0.45	+2.93	-6.13	+18.69
Total	486,984	-0.95	-1.31	-1.77	+6.41
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	N/A	N/A	N/A	N/A
Jan '14	N/A	N/A	N/A	N/A	N/A
Aug '15 ⁶	N/A	N/A	N/A	N/A	N/A
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	3,442	+63bp	-788bp	-14ppt	+12bp
Jun '16	89.30	+23bp	-843bp	-18ppt	+52bp
Jul '17	51.75	+5bp	-510bp	-590bp	+24bp
Sep '20	26.75	+1bp	-264bp	-297bp	+791bp
Sep '21	26.16	+1bp	-239bp	-443bp	+763bp
Sep '22	22.80	+0bp	-188bp	-408bp	+655bp
Feb '23	21.30	+0bp	-119bp	-349bp	+574bp

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.

March sovereign debt statistics

The MoF's end of March data shows a significant increase in debt in US dollar terms, but a slight decline in local currency terms (see table below). Local currency weakened significantly at the end of February, causing sovereign debt in February to increase UAH500.10bn but decrease US\$10.79bn. In March, the opposite occurred. Strengthening local currency caused outstanding debt to decline in local currency terms but to increase significantly in US dollars, mostly due to new borrowings.

The official exchange rate was UAH27.8/USD at the end of February. However, the rate's decline to UAH23.4/USD at the end of March caused government domestic debt to increase by more than US\$2.0bn (in US dollar terms). However, external debt rose in government borrowings and the guaranteed portion of sovereign debt. IMF loans increased in March when Ukraine received the debut tranche of the EFF program, and were accounted for partially as government debt (to the state budget) and guaranteed debt (to the NBU reserves and guaranteed by the government). Other types of debt did not change significantly.

Table 1. Sovereign debt statistics, 31 March, 2015

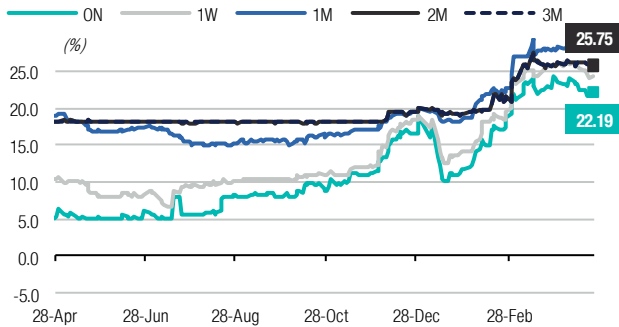
	US\$bn			UAHbn		
	28/02/2015	31/03/2015	monthly change	28/02/2015	31/03/2015	monthly change
Sovereign debt, total	58.12	65.02	6.91	1,613.56	1,524.35	-89.21
Government debt	49.43	54.06	4.63	1,372.23	1,267.24	-104.98
domestic debt	19.09	21.28	2.19	529.98	498.75	-31.23
external debt	30.34	32.78	2.45	842.24	768.49	-73.75
Guaranteed debt	8.69	10.97	2.27	241.33	257.10	15.77
domestic debt	0.99	1.16	0.17	27.55	27.19	-0.37
external debt	7.70	9.81	2.11	213.78	229.91	16.13

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

Taras Kotovych, Kiev, +38044 2200120 ext.244

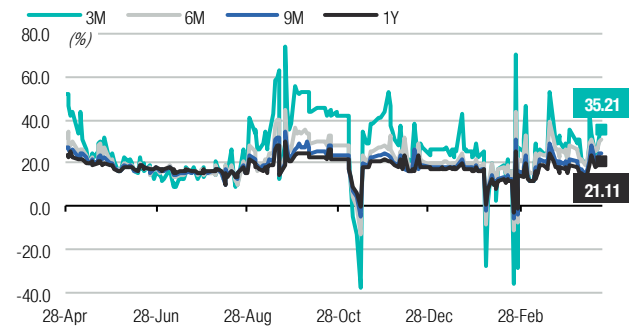
Chart page: Local bond market & Eurobond markets

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



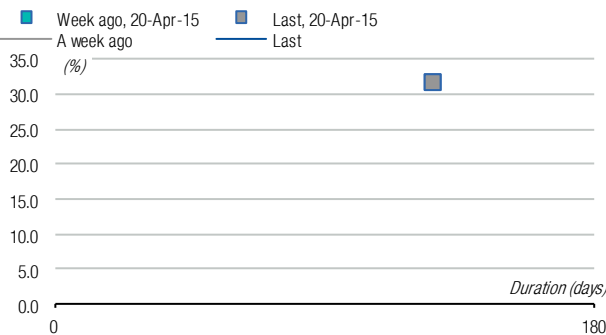
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



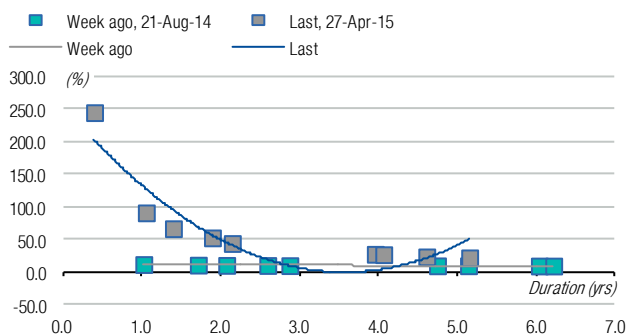
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 27 Apr 2015



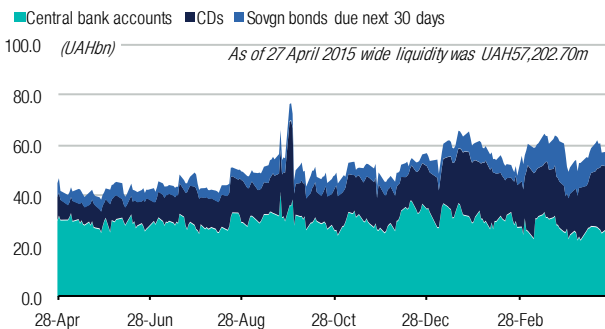
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 27 Apr 2015



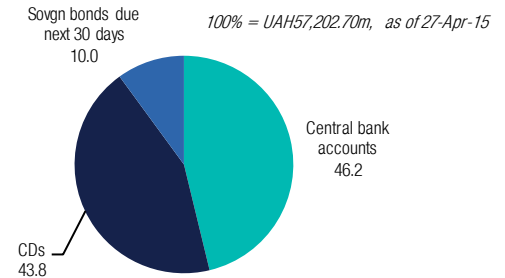
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



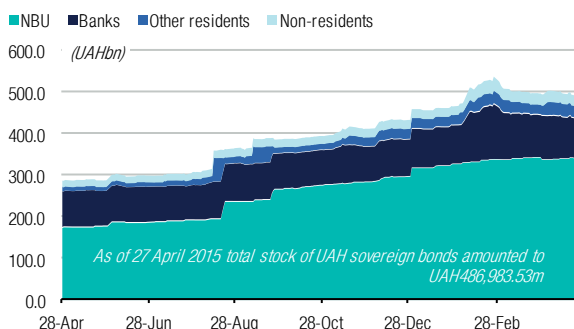
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 27 Apr 2015



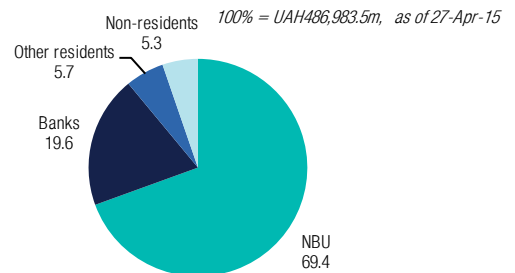
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 Apr 2015



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

Table 2. Ukrainian stocks (closing prices as of 27-Apr-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 (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	8.51 GBp	-1.4	-1.4	-15.0	-6.8	0.13	29.9	-17.7	40.2	12.0	0.0	8.5	0.09	1,081	Neg.	N/A	N/A	2.6	N/A	N/A	Neg.	N/A	N/A	0.2	0.0
Centrenergo	CEEN UK	Kiev, UX	8.22 UAH	+0.0	+5.4	+9.0	+38.3	0.36	132.3	124.1	21.7	28.7	25.5	33.3	0.07	1,472	6.2	62.5	Neg.	0.2	6.8	Neg.	0.4	0.2	0.3	1.2	16.3
Coal Energy	CLE PW	Warsaw	0.63 PLN	+0.0	+0.0	+1.6	-51.5	0.17	7.7	84.7	25.0	1.9	0.3	5.0	0.08	1,268	Neg.	N/A	N/A	11.6	N/A	N/A	0.8	N/A	N/A	0.3	56.9
Donbasenergo	DOEN UK	Kiev, UX	23.33 UAH	+0.0	+3.4	-29.3	-51.0	1.02	24.0	58.6	14.2	3.4	14.2	6.2	0.20	512	N/A	Neg.	N/A	0.1	17.7	N/A	N/A	0.3	N/A	0.8	25.1
JXK Oil & Gas	JXK LN	London	29.50 GBp	+0.0	-8.5	+145.8	-45.9	0.45	77.3	88.1	47.2	36.5	0.0	377.0	0.10	960	Neg.	Neg.	Neg.	Neg.	1.5	N/A	0.7	0.6	1.1	0.3	9.9
Regal Petroleum	RPT LN	London	4.75 GBp	+0.0	+11.6	+51.8	-47.3	0.07	23.2	-6.9	80.9	18.7	0.0	1.9	0.00	22,673	Neg.	11.6	7.7	Neg.	Neg.	Neg.	Neg.	Neg.	0.2	0.0	
Sadova Group	SGR PW	Warsaw	0.30 PLN	+0.0	+76.5	-62.0	-63.0	0.08	3.5	43.4	25.0	0.9	0.6	4.9	1.16	86	Neg.	N/A	N/A	Neg.	N/A	N/A	21.2	N/A	N/A	0.2	54.9
Zakhidenergo	ZAEN UK	Kiev, PFTS	150.00 UAH	+0.0	-9.1	+1.3	+9.9	6.53	83.6	91.9	5.0	4.2	0.0	1.0	0.02	6,321	Neg.	N/A	N/A	0.6	N/A	N/A	0.2	N/A	N/A	1.3	9.7
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.02 UAH	+0.0	+27.2	+6.9	-51.8	0.00	17.4	1,265.2	3.9	0.7	0.8	0.7	0.14	690	Neg.	Neg.	N/A	Neg.	Neg.	N/A	1.9	4.4	N/A	N/A	85.7
Avdiyivsky Cok...	AVDK UK	Kiev, UX	1.44 UAH	+0.0	+7.5	-16.8	-52.8	0.06	12.2	-15.0	4.0	0.5	0.1	1.4	0.32	309	Neg.	Neg.	Neg.	Neg.	0.3	0.3	Neg.	Neg.	Neg.	0.1	0.1
Azovstal	AZST UK	Kiev, UX	0.84 UAH	+0.0	+12.5	+12.3	+22.0	0.04	153.3	129.0	4.1	6.3	6.5	7.3	0.09	1,089	3.8	3.0	N/A	Neg.	1.2	N/A	0.1	0.1	N/A	0.3	0.0
Ferrexpo PLC	FXPO LN	London	74.50 GBp	+0.0	+20.6	+52.3	-45.5	1.13	668.0	1,354.2	22.4	149.6	1,126.0	1,247.5	0.61	164	3.7	10.3	10.7	3.3	5.6	5.9	1.0	1.3	1.2	1.0	61.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.30 UAH	+0.0	-20.4	+7.1	-60.0	0.01	3.6	4.1	9.0	0.3	0.0	0.1	0.01	16,148	Neg.	Neg.	9.1	0.0	Neg.	Neg.	0.0	0.0	0.0	0.1	0.0
Yenakievo Steel	ENMZ UK	Kiev, UX	17.97 UAH	+0.0	-0.2	-14.2	-48.2	0.78	8.3	-6.6	9.4	0.8	0.5	1.8	0.12	825	Neg.	Neg.	N/A	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.8	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.47 EUR	+0.0	+2.2	+9.3	-56.9	0.51	47.2	94.2	34.0	16.1	1.9	51.9	0.09	1,121	Neg.	N/A	N/A	Neg.	N/A	N/A	1.6	N/A	N/A	1.0	35.9
Agroliga	AGL PW	Warsaw	8.50 PLN	+0.0	-5.6	-5.6	-51.2	2.32	3.6	4.3	16.7	0.6	0.0	1.7	0.21	477	1.0	N/A	N/A	1.2	N/A	N/A	0.2	N/A	N/A	0.4	5.7
Agroton	AGT PW	Warsaw	1.13 PLN	+0.0	-2.6	-8.1	-52.5	0.31	6.7	52.0	26.2	1.7	4.4	22.9	0.90	111	Neg.	N/A	N/A	19.4	17.3	N/A	0.6	0.6	N/A	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	24.00 PLN	+0.0	+6.7	+20.0	-40.0	6.54	163.5	396.1	31.0	50.7	10.5	119.7	0.49	204	Neg.	Neg.	3.5	5.2	4.0	4.4	1.0	1.0	1.0	0.6	38.2
Avangard	AVGR LI	London Intl	2.10 USD	+0.0	-36.3	+2.4	-76.1	2.10	134.1	387.5	21.7	29.1	0.6	39.4	0.18	558	Neg.	2.1	1.2	3.0	3.2	2.8	0.9	0.9	0.8	0.2	33.1
IMC	IMC PW	Warsaw	5.70 PLN	+0.0	+4.6	+0.5	-38.0	1.55	48.6	187.8	23.9	11.6	0.1	3.1	0.01	11,299	Neg.	6.0	1.5	3.5	3.7	3.2	1.4	1.1	0.9	0.3	38.7
Kernel Holding...	KER PW	Warsaw	35.86 PLN	+0.0	+2.5	+26.0	+24.3	9.77	778.6	1,506.0	58.8	457.6	334.1	1,517.4	0.15	655	Neg.	5.6	5.2	6.8	4.6	4.5	0.6	0.6	0.6	0.8	39.1
KSG Agro	KSG PW	Warsaw	0.80 PLN	+0.0	-14.0	-28.6	-83.8	0.22	3.3	85.0	34.4	1.1	7.5	8.4	0.49	206	Neg.	N/A	0.2	9.8	N/A	N/A	1.1	0.9	0.8	0.3	44.5
MHP	MHPC LI	London Intl	11.20 USD	+0.0	+20.4	+21.7	-6.3	11.20	1,183.5	2,313.9	22.3	264.2	2.5	795.1	0.19	517	7.6	169.8	4.8	5.9	4.4	4.5	1.5	1.6	1.7	2.3	47.0
Milkiland	MLK PW	Warsaw	2.66 PLN	+0.0	+16.2	+79.7	-61.8	0.72	22.6	132.1	20.0	4.5	15.6	52.9	0.75	133	1.9	Neg.	Neg.	4.0	4.1	4.4	0.4	0.4	0.5	0.1	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	0.18 EUR	-5.3	-58.0	-68.0	-96.2	0.20	20.8	748.6	20.0	4.2	0.0	0.3	0.02	4,810	0.2	0.2	0.1	4.5	N/A	N/A	1.5	1.8	1.7	0.0	45.3
Ovostar Union	OVO PW	Warsaw	75.50 PLN	+0.0	+8.6	+4.9	+9.4	20.57	123.4	132.8	25.0	30.9	1.4	98.6	0.74	135	4.9	6.0	6.5	4.5	5.1	4.3	1.7	1.6	1.3	1.5	9.4
CONSTRUCTION																											
TMM	TR61 GF	Frankfurt	0.02 EUR	-6.3	-80.0	-81.3	-91.7	0.02	0.8	128.0	13.1	0.1	0.0	0.2	1.11	90	Neg.	N/A	N/A	Neg.	N/A	N/A	3.8	N/A	N/A	0.0	45.5
FINANCIAL SERVICES																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.10 UAH	+0.0	+5.0	+3.1	-45.0	0.00	129.3	N/A	3.8	4.9	12.3	12.0	0.26	382	2.9	Neg.	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	0.5	22.4
Ukrsotsbank	USCB UK	Kiev, UX	0.11 UAH	+0.0	+4.1	-13.2	-23.7	0.00	121.5	N/A	4.5	5.4	0.0	0.4	0.01	18,285	Neg.	6.2	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	0.2	28.2

Table 2. Ukrainian stocks (closing prices as of 27-Apr-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

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

Markets calm ahead of Fed rate decision

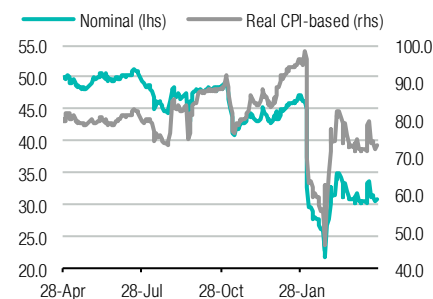
The markets were quiet yesterday in anticipation of the announcements from this week's FOMC meeting scheduled on 27-28 April. The euro rose just 0.11% yesterday from the previous session's close. While the consensus opinion is that the Fed will not raise the rate until June or September, the key question is whether the Fed will indicate precisely when the rate hike will occur.

In Russia, however, market anxiety is high regarding its central bank's rate decision. While the consensus expects an imminent rate cut, the market is uncertain of whether it will be equal to or below 100bp or much more aggressive. In this environment, the ruble managed to increase 0.44% from the previous session to close at 50.6504/USD.

Alexander Valchysen, Kiev, +38044 2200120 ext.242

ICU's UAH trade-weighted indices

(Last 12-month history to 28 Apr 2015)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 27 Apr 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	22.6850	-1.15	-0.72	-3.20	+43.39
NBU avg	22.8986	+1.99	+2.89	-2.61	+45.22
Ttl vlm ¹	197.21	-18.10	+4.22	-7.23	-54.23
\$ volume ²	144.14	-22.24	+9.99	-11.87	-59.31
NDF 3M	24.9500	+0.00	+2.89	-0.80	+48.07
NDF 6M	26.4000	+0.00	+2.72	-0.38	+51.72
NDF 1Y	27.6000	+0.00	+2.60	+0.36	+49.59
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	30.862	+1.00	-0.90	-0.13	-30.59
UAH real CPI	72.905	+1.00	-0.90	-0.13	-15.89
UAH real PPI	90.427	+1.00	-0.90	-0.13	-23.21
USD nom'l	96.909	-0.01	-1.05	-0.39	+7.36
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	50.6504	-0.44	-5.12	-12.44	-16.61
EUR/USD	1.0885	+0.11	+1.37	-0.04	-10.03
USD/CNY	6.2018	+0.11	+0.00	-0.22	-0.06
USD/PLN	3.7088	-0.15	-0.20	-1.48	+4.66
USD/TRY	2.7219	+0.28	+0.84	+4.27	+16.57
USD/BYR	14,250.00	-0.21	+0.00	-2.40	+29.55
USD/KZT	185.8800	-0.10	-0.04	+0.02	+1.94
OTHER MAJOR CURRENCIES					
USD/JPY	118.9800	-0.01	-0.17	-0.13	-0.67
GBP/USD	1.5185	-0.02	+1.86	+2.06	-2.52
USD/CHF	0.9531	-0.08	-0.32	-0.90	-4.14
AUD/USD	0.7828	+0.05	+1.33	+0.98	-4.24
USD/CAD	1.2155	-0.16	-0.57	-3.60	+4.60
USD/BRL	2.9170	-1.16	-3.81	-10.24	+9.76
USD/KRW	1,073.01	-0.60	-0.57	-2.75	-1.65
COMMODITIES					
Gold(\$/oz)	1,182.92	+0.30	-1.08	-1.32	-0.16
WTI crude ³	N/A	-100.0	-100.0	-100.0	-100.0
Brent crd ³	63.51	-0.19	+3.81	+16.83	+13.90
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	223.97	-0.04	+0.56	+4.09	-2.61

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.

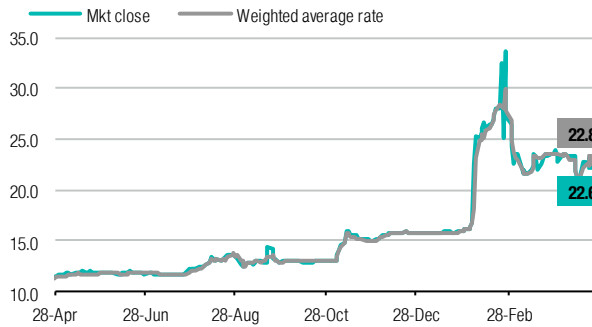
Sources: Bloomberg, Investment Capital Ukraine LLC.

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>).

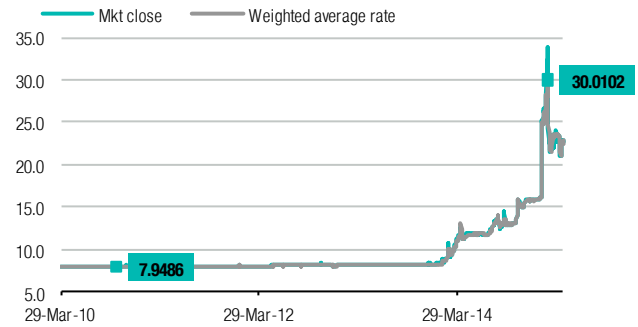
Section on FX market is continued on next page.

Chart page #1: Foreign-exchange market

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

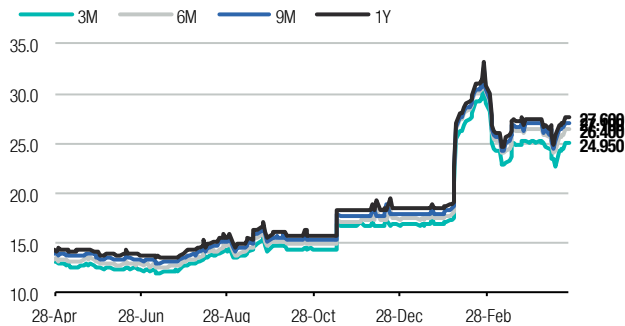


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

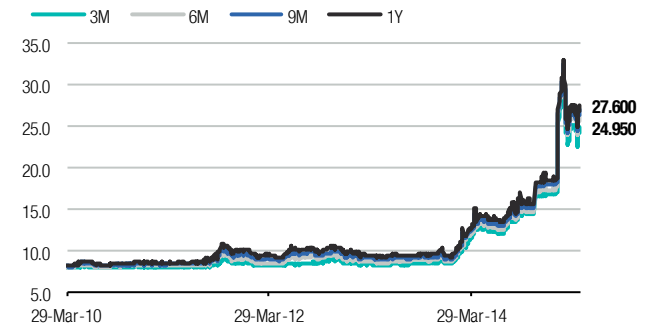


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

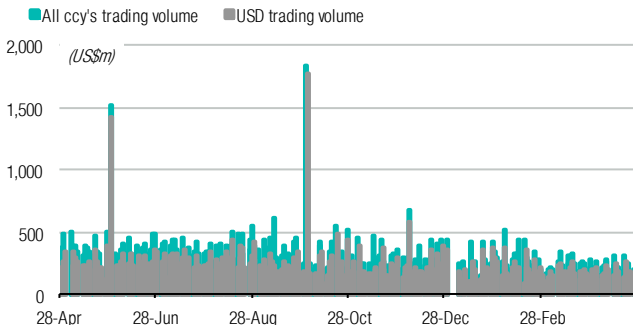


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

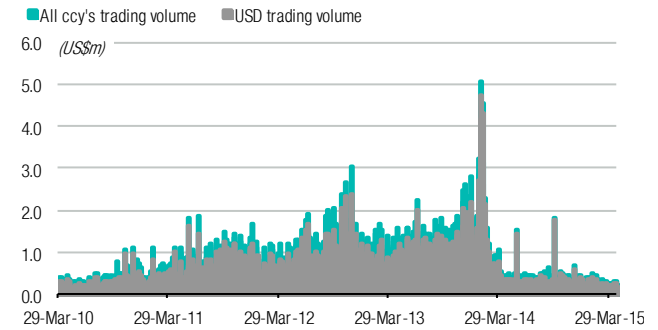


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

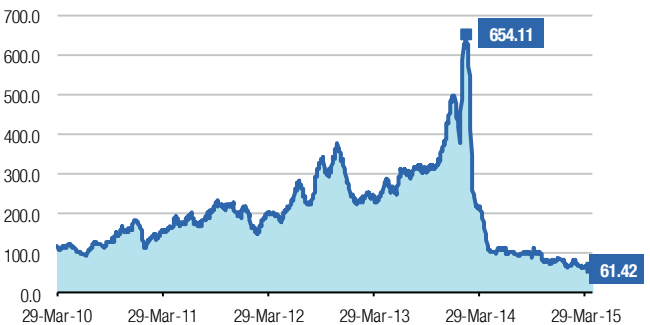


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

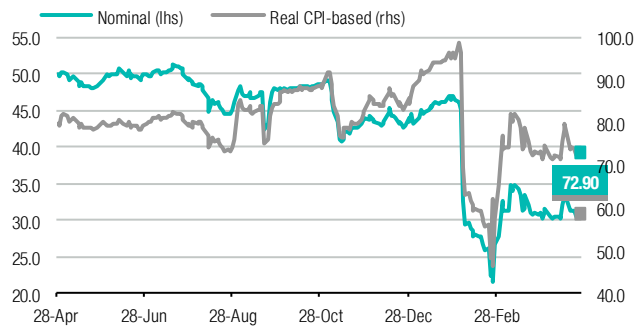


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

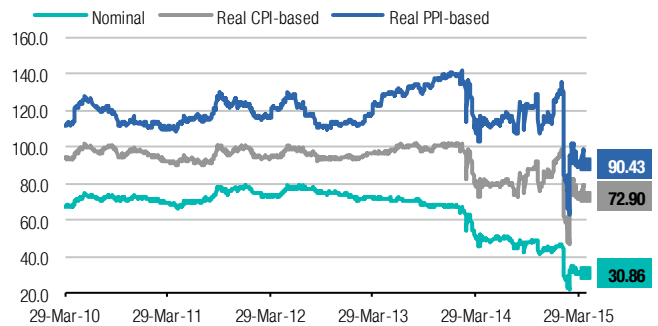
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



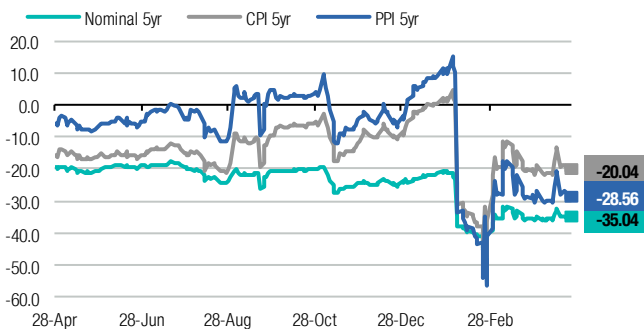
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

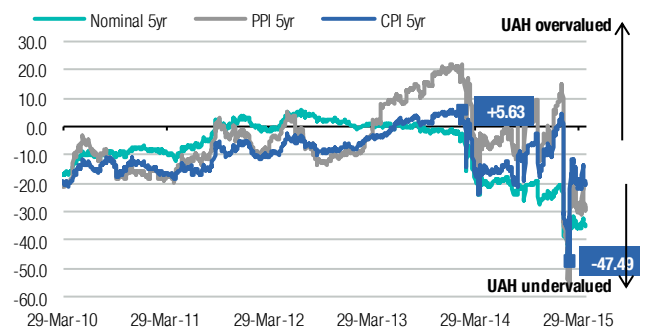


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

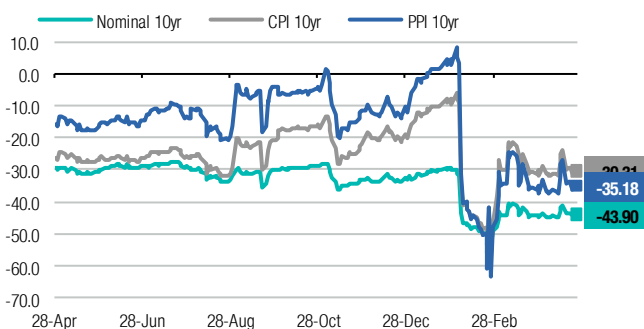


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

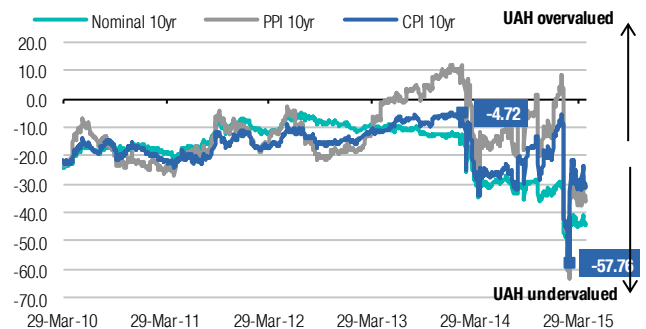


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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

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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