



Focus  
**Ukraine**

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

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# Daily Insight

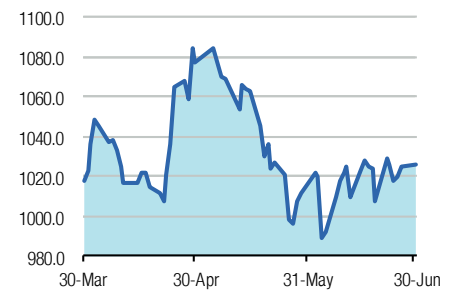
## State budget: Primary balance improves

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WEDNESDAY, 1 JULY 2015

### UX Index (3 months to 1 Jul 2015)



Source: UX.

### Key market indicators (as of 30 Jun 2015)

	Last	Daily chg (%)	YTD chg (%)
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#### FX & MONEY RATES

USD/UAH	21.0100	+0.07	+32.81
USD/UAH (1Y NDF)	25.0153	-2.92	+35.58
EUR/USD	1.1147	-0.79	-7.86
USD/RUB	55.3415	-0.73	-8.88
KievPRIME O/N (%)	21.00	-13bp	+210bp
KievPRIME 1M (%)	28.00	+25bp	+810bp

#### SOVEREIGN EUROBONDS: yields and spreads

Ukraine 15, Eurobond (%)	404.34	+2,441bp	+34,258bp
Ukraine 17, Eurobond (%)	51.13	+90bp	+2,337bp
Ukraine 22, Eurobond (%)	20.35	+32bp	+410bp
Ukraine 23, Eurobond (%)	19.46	+21bp	+389bp
Ukraine 5Y CDS	2,800bp	+42bp	+601bp

#### EQUITIES

##### Stock market indices

UX (Ukraine)	1,026.16	+0.15	-0.69
MSCI World	423.51	+0.04	+1.53
MSCI EM	972.25	+1.34	+1.67
RTS (Russia)	939.93	+1.28	+19.41
WIG-20 (Poland)	2,317.84	+1.16	+0.08
S&P 500 (USA)	2,063.11	+0.27	+0.20

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

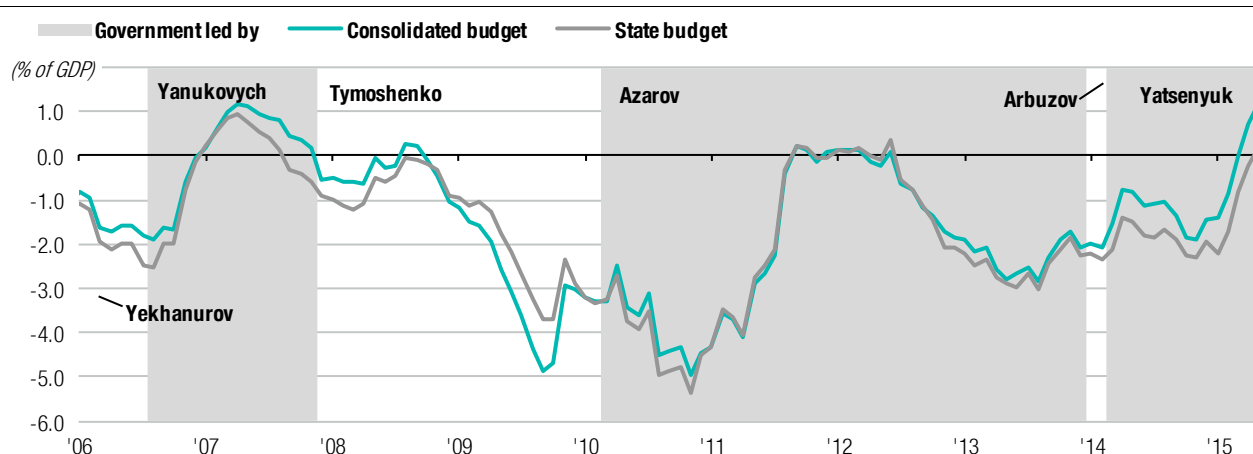
### State budget in May: Primary balance improves

The latest state budget for January-May showed indicates that there could be a primary surplus for most of this year. The trailing 12-month data shows that the consolidated budget balance was a negative UAH44.7bn. Interest expenditures amounted to UAH66.6bn, up 76.5% year-on-year. Effectively, the primary surplus was at UAH21.9bn, or 1.3% of GDP, up sharply from the previous month's 0.7% of GDP. The last time a primary surplus at this level was observed from historical data was in January 2006 (see chart below). The main question is whether PM Yatsenyuk's government will be able to preserve the surplus amidst political pressure over this year, particularly as populist parties are already lobbying to spend it. With regional elections scheduled this October, incumbents will probably ask the government for increased social benefits to appeal to voters. This being said, we reiterate our view that this year will end at a flat primary balance (in terms of the consolidated budget).

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**Chart 1. Last 12-month rolling primary balance of the state budget (% of GDP)**

Monthly history from January 2006 through May 2015



Source: Ministry of Finance of Ukraine, ICU.

# Bonds: News & Comments

## F&C increases share capital by 57.7% in June

Finance and Credit (F&C) Bank, a top-10 largest bank in Ukraine, announced the completion of UAH1,972m share capital injection. The bank's share capital has increased to UAH5.4bn as the result of this private placement. Apart from existing shareholders, two new companies, both allegedly controlled by Mr. Zhevago, were eligible for this operation, including Bloomshine Limited, which converted part of the outstanding subordinated debt to bank shares (US\$108.5m). While interest payments will be decreased by up to US\$8m per year as a result, there is no net liquidity inflow.

In our opinion, F&C Bank currently faces two major challenges:

- Very low liquidity significantly limits the bank's ability to fulfill its obligations. Despite a moderate cash-to-liabilities ratio of 7.0%, most of its cash balance seems to have restricted use. Around US\$115m-US\$125m of its liquidity (95%) is stored in western banks with a speculative or no rating, according to the 2014 IFRS report.
- Insufficient earnings. The bank's 1Q15 net interest margin was negative (-UAH284m) while the net commission income was UAH145m. While delinquent loans are relatively low at around 10%, we believe that F&C has an excessive amount of related party loans with the interest rates that do not match the bank's cost of funding

The NBU provided F&C with a two-year UAH750m stabilization loan to refinance a matured loan facility issued in 2014. The new loan's collateral included real estate and shareholders' personal sureties instead of part of the loan portfolio. This, along with the share capital increase, reinforces the shareholders' commitment to support the bank further.

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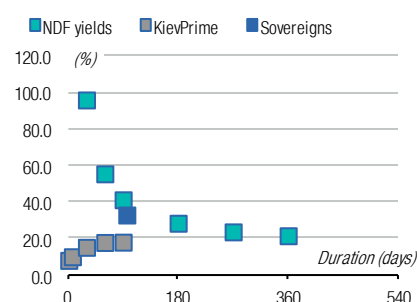
## The NBU will increase its presence at the market

In an effort to stimulate the money market, secondary government bond trading, and new bond issues to banks, the Monetary Policy Committee last week recommended that the NBU sell CDs with maturities of up to three months as well as government bonds from its portfolio. If the NBU implements these recommendations, the yield curve could be extended from its current length of 30 days to at least three months, just using CDs. While longer maturities will depend on which bonds the NBU offers, the NBU will have to assess its ability to buy the new bonds back when banks need extra liquidity. This is a very positive attempt to rebuild the yield curve, especially since the MoF has not sold local currency bonds at primary auctions since the end of February 2015 and has only issued bonds under non-market conditions. The NBU should become more active in the secondary bond market, favoring bonds over CDs, to bolster market demand and liquidity in bond trading for banks.

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## Yield curve of the local bond market

(as of market close on 30 Jun 2015)



Sources: Bloomberg, Investment Capital Ukraine LLC.

## Bond market indicators (as of 30 Jun 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
0/n	21.00	-13bp	+0bp	-100bp	+210bp
1wk	23.00	-25bp	-17bp	-25bp	+400bp
1m	28.00	+25bp	+0bp	+0bp	+810bp
2m	27.33	+108bp	+66bp	+83bp	+733bp
3m	27.33	+108bp	+66bp	+83bp	+733bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	24,032	+3.05	+4.32	+2.93	-27.73
CDs <sup>2</sup>	11,580	-19.51	-39.21	-60.67	-26.64
Sovgns <sup>3</sup>	5,620	+35.41	+14.03	+31.91	+24.01
<b>Total</b>	<b>41,232</b>	<b>-1.50</b>	<b>-12.30</b>	<b>-27.73</b>	<b>-23.03</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	356,321	+0.00	+0.95	+2.31	+12.01
Banks	82,229	-0.49	-0.89	-2.09	-11.99
Resid's <sup>4</sup>	25,523	+16.80	+17.52	+15.46	+3.96
Non-res <sup>5</sup>	22,960	-0.70	-2.86	-3.29	+6.57
<b>Total</b>	<b>487,033</b>	<b>+0.64</b>	<b>+1.19</b>	<b>+1.87</b>	<b>+6.42</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	N/A	N/A	N/A	N/A
Jan '14	N/A	N/A	N/A	N/A	N/A
Aug '15 <sup>6</sup>	N/A	N/A	N/A	N/A	N/A
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	2,800	+42bp	-47bp	-323bp	+601bp
Jun '16	98.97	+470bp	-181bp	-97bp	+62bp
Jul '17	51.13	+90bp	-216bp	-330bp	+23bp
Sep '20	24.81	+30bp	-155bp	-272bp	+596bp
Sep '21	23.55	+28bp	-13bp	-297bp	+501bp
Sep '22	20.35	+32bp	-33bp	-313bp	+410bp
Feb '23	19.46	+21bp	-17bp	-172bp	+389bp

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.

### Liquidity up slightly

Broader banking sector liquidity slightly rose yesterday due to an increase in future debt repayments in the next 30 days. The broader indicator was up UAH0.57bn to UAH68.23bn as total local currency debt repayments scheduled for the next 30 days rose UAH1.84bn to UAH6.32bn. Banks' correspondent accounts with the NBU rose UAH0.71bn after the NBU made significant CD redemption payments. Total CDs outstanding fell UAH1.98bn to UAH37.89bn.

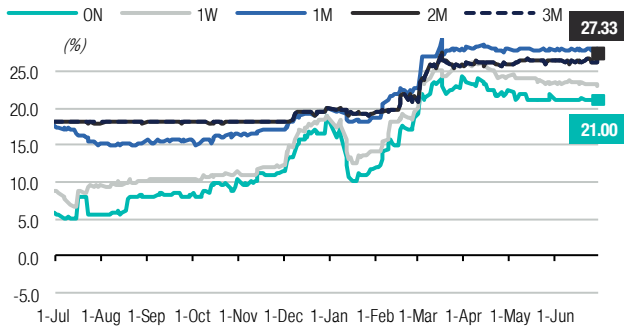
KyivPrime interest rates slightly diverged: the KyivPrime ON interest rate slid 13bp to 21.00% while the KyivPrime 1M interest rate rose 25bp to 28.00%.

***Investment Implication: Liquidity routinely declines at the end of the month due to month-end tax payments. The increase in the broader indicator shows future inflows which could support liquidity at the end of July. The NBU did not support liquidity via loans; instead, CD redemptions provided the only funds.***

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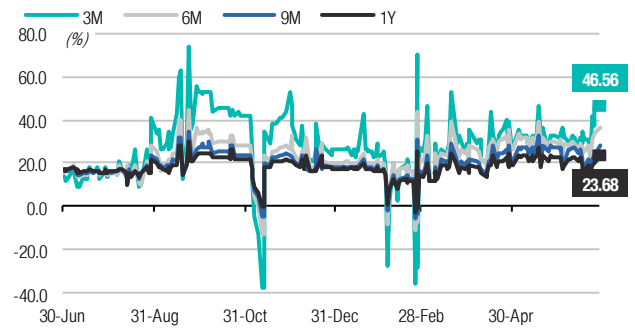
Chart page: Local bond market & Eurobond markets

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



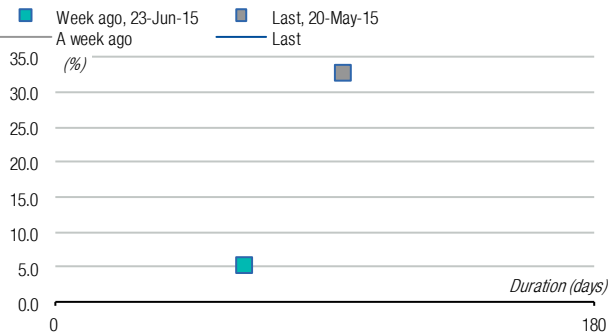
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



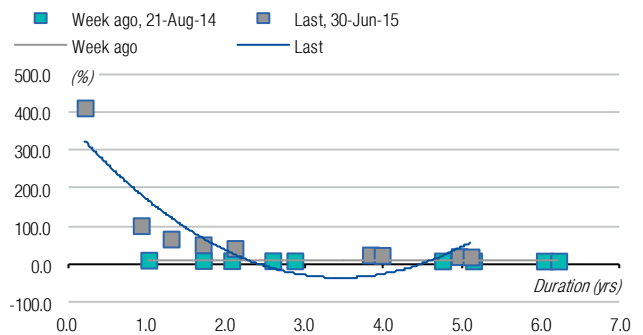
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. UAH sovereign yield curve (%) as of 30 Jun 2015



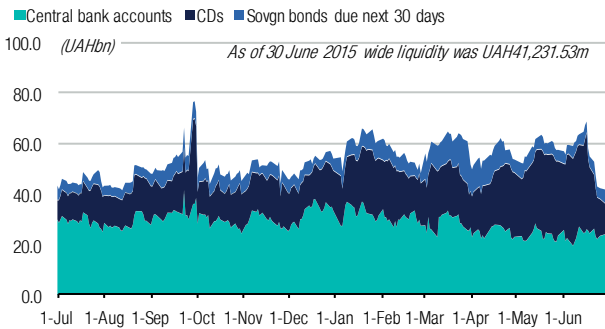
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 5. USD sovereign yield curve (%) as of 30 Jun 2015



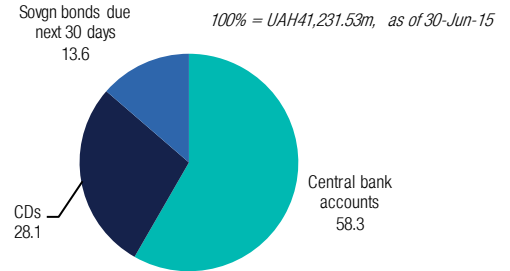
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



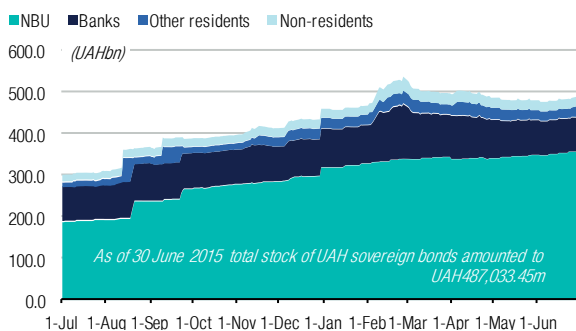
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 7. Breakdown of liquidity pool (%) as of 30 Jun 2015



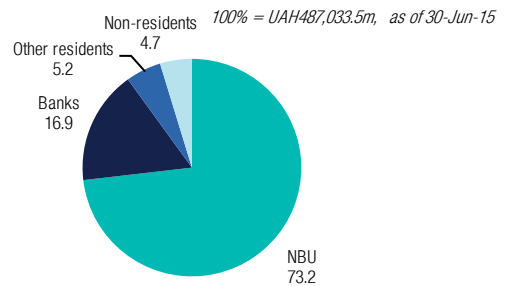
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 30 Jun 2015



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

Table 1. Ukrainian stocks (closing prices as of 30-Jun-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	11.63 GBp	-5.1	+20.8	+16.3	+19.2	0.18	42.2	10.9	40.2	17.0	30.4	36.3	0.53	190	Neg.	N/A	N/A	Neg.	N/A	N/A	0.3	N/A	N/A	0.5	15.3
Centrenerg	CEEN UK	Kiev, UX	7.75 UAH	+0.0	-0.2	+2.7	+5.5	0.37	135.6	140.8	21.7	29.4	12.4	20.1	0.09	1,109	40.5	Neg.	6.5	0.4	Neg.	2.9	0.4	0.3	0.2	1.3	4.2
Coal Energy	CLE PW	Warsaw	0.72 PLN	+7.5	+26.3	+16.1	-43.3	0.19	8.6	81.1	25.0	2.1	16.0	2.1	0.12	814	Neg.	N/A	N/A	11.1	N/A	N/A	0.7	N/A	N/A	0.3	56.9
Donbasenergo	DOEN UK	Kiev, UX	22.10 UAH	-0.4	-3.1	-33.0	-43.8	1.05	24.8	38.7	14.2	3.5	0.6	5.9	0.17	586	5.2	Neg.	N/A	0.0	10.7	N/A	0.2	0.2	N/A	0.3	13.6
JXK Oil & Gas	JXK LN	London	27.50 GBp	+0.0	-10.6	+129.2	-52.8	0.43	74.3	85.4	47.2	35.1	16.7	187.1	0.04	2,437	Neg.	Neg.	Neg.	Neg.	1.6	N/A	0.6	0.6	1.1	0.3	9.9
Regal Petroleum	RPT LN	London	4.77 GBp	+6.0	+3.1	+52.6	-45.5	0.07	24.0	-7.8	80.9	19.4	8.2	4.0	0.02	6,448	4.2	8.0	N/A	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.3	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	167.00 UAH	+0.0	+0.6	+12.8	+17.6	7.91	101.2	152.6	5.0	5.1	0.0	0.5	0.00	35,845	Neg.	N/A	N/A	0.1	N/A	N/A	0.3	N/A	N/A	0.7	11.6
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.01 UAH	+0.8	-4.3	-7.6	-63.8	0.00	16.4	1,962.4	3.9	0.6	0.1	0.9	0.13	746	Neg.	Neg.	N/A	0.7	Neg.	N/A	2.8	6.3	N/A	N/A	145.5
Avdiyivsky Cok...	AVDK UK	Kiev, UX	1.15 UAH	+0.0	-1.2	-33.5	-64.5	0.05	10.6	8.2	4.0	0.4	0.0	1.5	0.47	212	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.0	0.0	N/A	0.0	0.0
Azovstal	AZST UK	Kiev, UX	0.80 UAH	-0.7	+0.9	+7.0	+1.9	0.04	158.8	116.2	4.1	6.5	0.9	6.2	0.12	801	3.7	2.8	N/A	0.1	1.0	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	66.50 GBp	-2.2	-11.6	+36.0	-45.0	1.04	614.6	1,311.4	22.4	137.7	199.9	829.0	0.56	179	3.4	8.4	12.8	3.2	5.8	7.1	0.9	1.3	1.3	0.9	61.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.25 UAH	+0.0	-3.5	-10.4	-65.1	0.01	3.3	4.0	9.0	0.3	0.3	0.2	0.22	465	Neg.	7.6	N/A	Neg.	Neg.	N/A	0.0	0.0	N/A	0.1	0.0
Yenakievo Steel	ENMZ UK	Kiev, UX	17.25 UAH	-1.1	+9.7	-17.7	-58.9	0.82	8.6	0.7	9.4	0.8	0.0	3.0	0.63	160	Neg.	Neg.	N/A	0.0	0.0	N/A	0.0	0.0	N/A	0.2	0.0
<b>FOOD AND AGRIBUSINESS</b>																											
Agroliga	AGL PW	Warsaw	10.71 PLN	-2.2	+4.1	+19.0	-46.0	2.84	4.4	5.1	16.7	0.7	0.5	1.9	0.23	442	1.2	N/A	N/A	1.5	N/A	N/A	0.3	N/A	N/A	0.4	5.7
Agroton	AGT PW	Warsaw	1.13 PLN	+2.7	+14.1	-8.1	-61.0	0.30	6.5	33.9	26.2	1.7	2.0	10.6	0.48	208	Neg.	N/A	N/A	1.5	N/A	N/A	0.6	N/A	N/A	0.1	33.4
Astarta Holdin...	AST PW	Warsaw	31.00 PLN	+15.2	+9.9	+55.0	-27.9	8.22	205.6	440.0	31.0	63.8	117.9	235.7	0.09	1,163	Neg.	Neg.	3.9	3.7	3.7	4.3	1.1	1.1	1.0	1.3	49.6
Avangard	AVGR LI	London Intl	1.10 USD	-0.9	-31.3	-46.3	-88.9	1.10	70.3	332.4	21.7	15.2	2.7	22.3	0.12	859	Neg.	Neg.	1.9	2.6	4.8	4.1	0.8	0.9	0.8	0.2	33.1
IMC	IMC PW	Warsaw	4.64 PLN	+1.1	+5.9	-18.2	-55.2	1.23	38.5	147.0	23.9	9.2	1.7	6.7	0.19	520	Neg.	4.8	1.2	2.6	2.9	2.5	1.1	0.9	0.7	1.4	69.8
Kernel Holding...	KER PW	Warsaw	37.77 PLN	-1.7	-2.1	+32.7	+15.9	10.02	798.4	1,272.7	58.8	469.2	398.4	1,268.5	0.16	634	Neg.	6.2	4.9	5.7	3.7	3.7	0.5	0.5	0.5	0.9	39.1
KSG Agro	KSG PW	Warsaw	0.64 PLN	+0.0	-1.5	-42.9	-85.9	0.17	2.6	67.6	34.4	0.9	0.9	3.5	0.13	752	Neg.	N/A	0.1	7.8	N/A	N/A	0.9	0.7	0.6	N/A	44.5
MHP	MHPC LI	London Intl	10.10 USD	+1.0	-7.8	+9.8	-32.7	10.10	1,067.2	2,227.2	22.3	238.2	3.0	651.2	0.34	292	Neg.	5.7	4.3	4.0	4.4	4.4	1.6	1.8	1.7	2.5	53.0
Milkiland	MLK PW	Warsaw	1.55 PLN	-1.9	-27.9	+4.7	-77.9	0.41	12.8	126.4	20.0	2.6	8.5	11.0	0.30	338	Neg.	Neg.	1.7	9.2	4.3	3.9	0.4	0.5	0.5	0.1	42.5
Ovostar Union	OVO PW	Warsaw	78.50 PLN	+0.0	-1.9	+9.0	+10.6	20.82	124.9	135.2	25.0	31.2	0.0	126.3	0.14	731	4.9	5.4	6.2	4.6	5.2	4.5	1.7	1.8	1.6	1.5	9.4
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Frankfurt	0.02 EUR	+0.0	-50.0	-81.3	-93.3	0.02	0.9	128.0	13.1	0.1	0.0	0.2	0.14	703	Neg.	N/A	N/A	Neg.	N/A	N/A	3.9	N/A	N/A	0.0	45.5
<b>FINANCIAL SERVICES</b>																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.09 UAH	+1.1	+1.1	-4.3	-38.7	0.00	130.6	N/A	3.8	5.0	4.1	10.0	0.16	619	N/A	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.7	N/A
Ukrsofsbank	USCB UK	Kiev, UX	0.08 UAH	+0.0	-22.1	-36.2	-51.1	0.00	97.1	N/A	4.5	4.3	0.0	0.5	0.02	4,210	Neg.	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	38.2

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

### NBU guides hryvnia inside stability corridor, UAH's TWI down

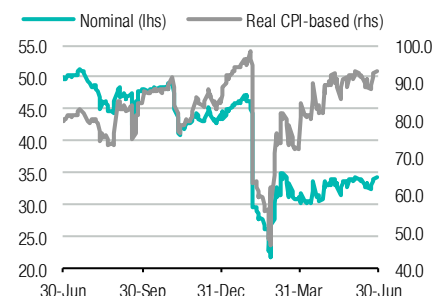
The NBU intervened yesterday, quoting the UAH at 21/23 per dollar, closing at 21.01, down 0.07% from the previous day, according to Interfax Ukraine. With total trading volume of US\$204.99m, the NBU did not disclose how much FX it bought or sold yesterday.

The Greek crisis sent mixed signals to FX markets: the Euro slid 0.79% to the dollar, while the dollar index (DXY) rose 0.73% and the ruble increased 0.73%, causing the hryvnia's trade weighted value to decline 0.10%, slightly reversing the past week's appreciation. With the June CPI report due early next week, the hryvnia's real appreciation (+7.2% YTD) could add some impetus, making the hryvnia's current market rate less sustainable over the rest of this year. Our year-end forecast published in the recent macro report is 25/USD.

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### ICU's UAH trade-weighted indices

(Last 12-month history to 1 Jul 2015)



Source: Investment Capital Ukraine LLC.

### FX market indicators (as of 30 Jun 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	21.0100	+0.07	-2.84	+0.05	+32.81
NBU avg	21.0052	-0.05	-2.42	-0.38	+33.21
Ttl vlm <sup>1</sup>	293.11	-1.21	+22.20	+2.81	-31.98
\$ volume <sup>2</sup>	204.99	-3.32	+19.27	-4.39	-42.14
NDF 3M	22.6653	-3.22	-1.21	-0.15	+34.51
NDF 6M	24.0153	-3.04	+0.38	-0.35	+38.02
NDF 1Y	25.0153	-2.92	+0.79	-2.28	+35.58
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	34.124	-0.10	+3.85	+1.02	-23.26
UAH real CPI	92.769	-0.10	+3.85	+1.02	+7.20
UAH real PPI	110.951	-0.10	+3.85	+1.02	-5.79
USD nom'l	95.485	+0.73	+0.06	-1.51	+5.78
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	55.3415	-0.73	+2.77	+4.98	-8.88
EUR/USD	1.1147	-0.79	-0.18	+1.81	-7.86
USD/CNY	6.2010	-0.12	-0.09	+0.01	-0.07
USD/PLN	3.7603	+0.68	+0.91	-0.37	+6.12
USD/TRY	2.6816	-0.82	+0.08	+0.76	+14.84
USD/BYR	15,310.00	-0.52	-0.05	+2.99	+39.18
USD/KZT	186.2100	+0.00	+0.07	+0.11	+2.12
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	122.5000	-0.03	-1.16	-1.15	+2.27
GBP/USD	1.5712	-0.17	-0.11	+2.52	+0.87
USD/CHF	0.9355	+1.15	+0.15	-0.93	-5.91
AUD/USD	0.7707	+0.36	-0.37	+0.59	-5.72
USD/CAD	1.2494	+0.73	+1.35	+0.54	+7.51
USD/BRL	3.1030	-0.47	+0.90	-2.38	+16.76
USD/KRW	1,115.49	-0.86	+0.98	+0.66	+2.25
<b>COMMODITIES</b>					
Gold(\$/oz)	1,172.42	-0.63	-0.52	-1.37	-1.05
WTI crude <sup>3</sup>	59.47	+1.95	-2.16	+0.00	+11.64
Brent crd <sup>3</sup>	61.36	+1.40	-1.65	-0.26	+10.04
Urals crd <sup>3</sup>	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB <sup>4</sup>	227.17	+1.60	+1.25	+1.79	-1.21

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.

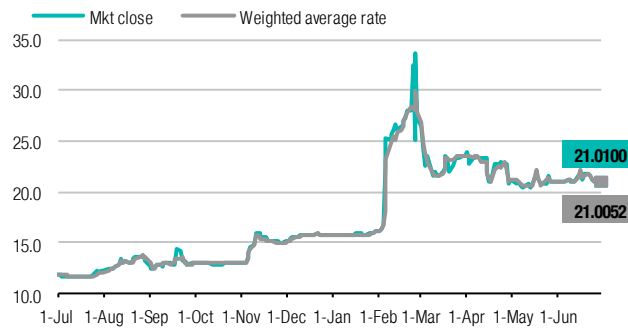
Sources: Bloomberg, Investment Capital Ukraine LLC.

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>).

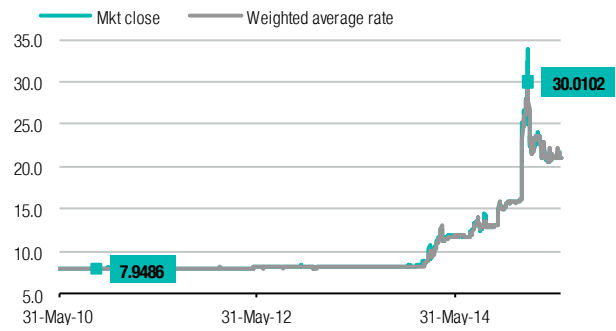
Section on FX market is continued on next page.

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)

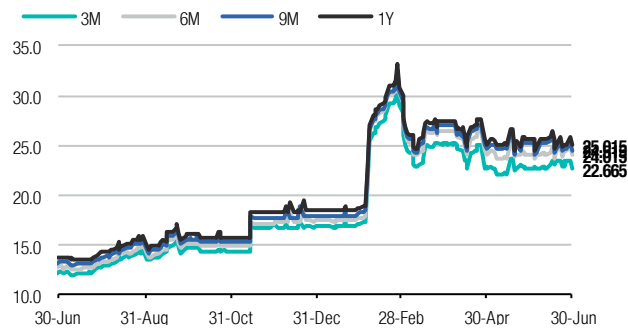


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

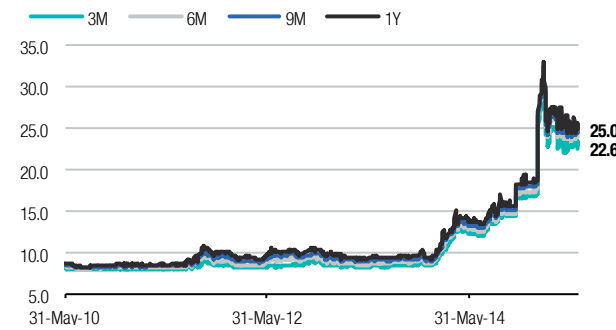


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

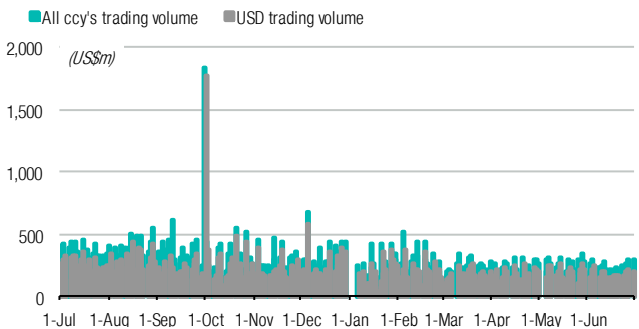


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

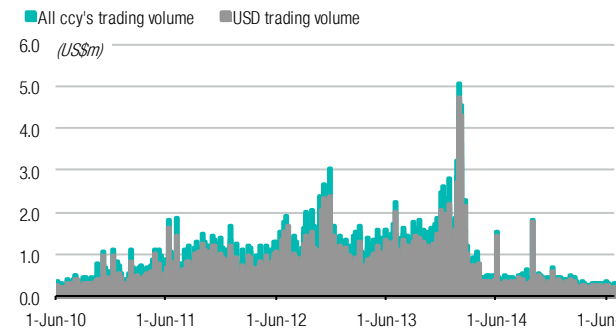


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

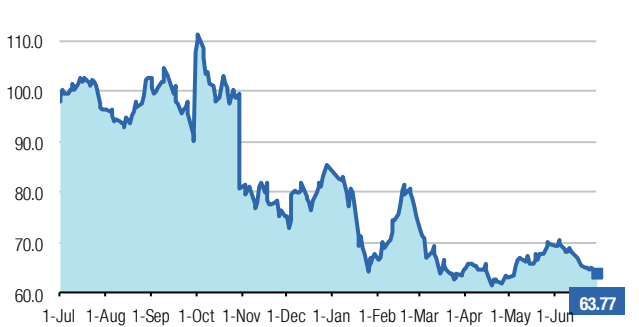


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

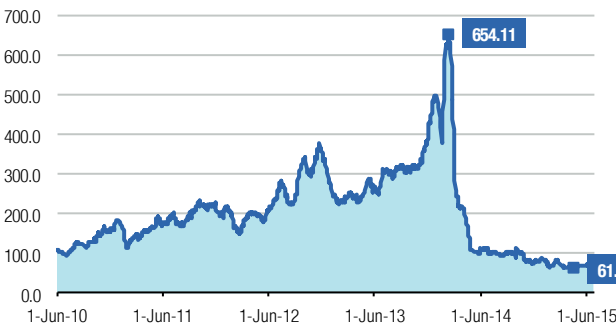


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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.

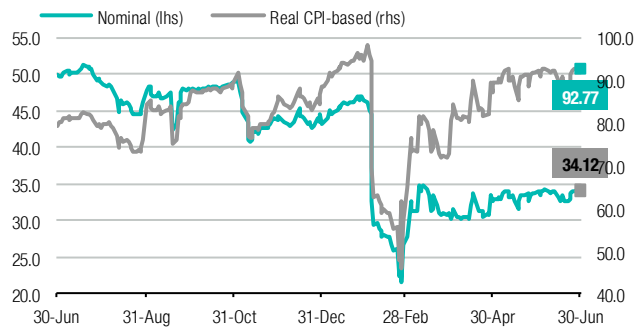




## Chart page #2: ICU's UAH trade-weighted indices

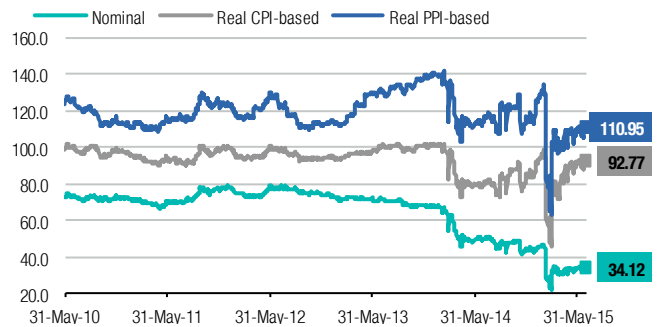
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology (for more details visit <http://www.icu.ua/en/research/currency-indices>).

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



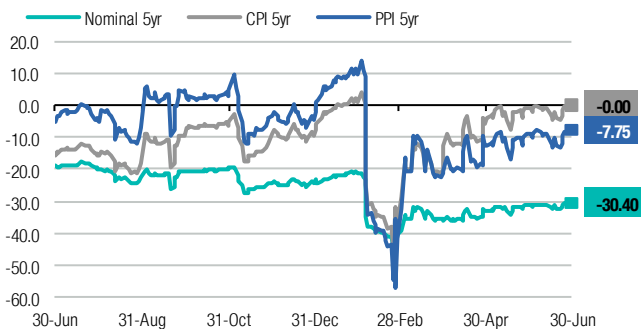
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

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

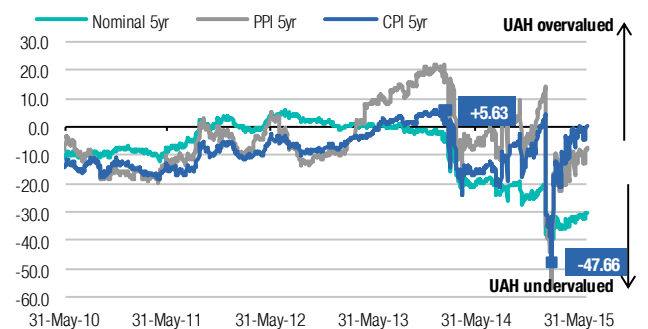


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**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)**

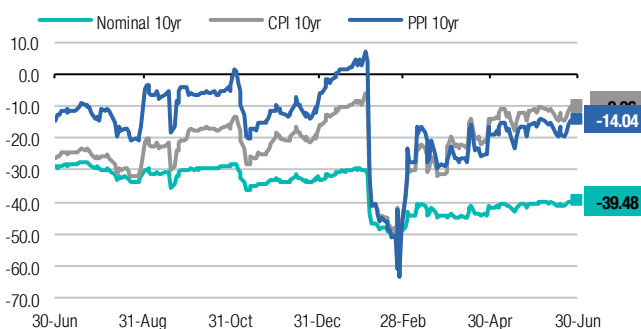


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

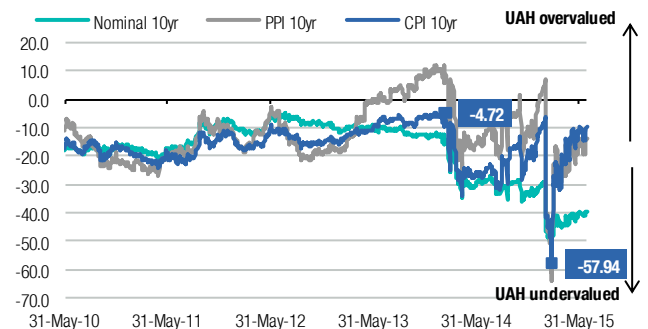


Note: the boxes indicate the high and low values of CPI-based TWI.  
Source: Investment Capital Ukraine LLC.

**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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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



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