

Daily Insight

Hryvnia starts this week under pressure

Contents

Bonds: News & Comments	2
Chart page: Local bond market & Eurobond markets.....	3
FX: News & Comments	5
Hryvnia starts this week under pressure.....	5
Chart page #1: Foreign-exchange market.....	6
Chart page #2: ICU's UAH trade-weighted indices.....	7

TUESDAY, 25 AUGUST 2015

UX Index (3 months to 25 Aug 2015)



Source: UX.

Key market indicators (as of 24 Aug 2015)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	22.2250	-0.33	+40.49
USD/UAH (1Y NDF)	25.7576	+2.21	+39.61
EUR/USD	1.1619	+2.05	-3.96
USD/RUB	70.8867	+2.47	+16.71
KievPRIME O/N (%)	N/A		
KievPRIME 1M (%)	N/A		

SOVEREIGN EUROBONDS: yields and spreads

Ukraine 15, Eurobond (%)	846.56	+5,923bp	+78,479bp
Ukraine 17, Eurobond (%)	44.67	+10bp	+1,691bp
Ukraine 22, Eurobond (%)	19.02	+1bp	+277bp
Ukraine 23, Eurobond (%)	18.01	+1bp	+244bp
Ukraine 5Y CDS	2,359bp	+90bp	+160bp

EQUITIES

Stock market indices

UX (Ukraine)	976.80	+0.00	-5.47
MSCI World	382.36	-3.84	-8.33
MSCI EM	771.77	-5.00	-19.30
RTS (Russia)	724.73	-4.94	-7.93
WIG-20 (Poland)	2,056.38	-5.66	-11.21
S&P 500 (USA)	1,893.21	-3.94	-8.05

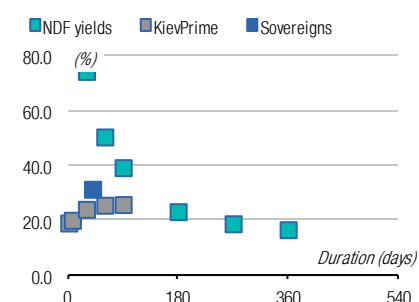
Notes: Chg – percentage change, if not otherwise indicated; [1] – total traded volume for stocks listed in green- or red-shaded box means gain or loss, respectively, of the index or security.

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

Bonds: News & Comments

Yield curve of the local bond market

(as of market close on 24 Aug 2015)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 24 Aug 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)

MONEY MARKET KIEV PRIME RATES (%)

O/n	N/A	N/A	N/A	N/A	N/A
1wk	N/A	N/A	N/A	N/A	N/A
1m	N/A	N/A	N/A	N/A	N/A
2m	N/A	N/A	N/A	N/A	N/A
3m	N/A	N/A	N/A	N/A	N/A

LIQUIDITY WIDE MEASUREMENT (UAHm)

CB acc's ¹	N/A	N/A	N/A	N/A	N/A
CDS ²	N/A	N/A	N/A	N/A	N/A
Sovgns ³	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A

HOLDERS OF UAH SOVEREIGN BONDS (UAHm)

C.bank	N/A	N/A	N/A	N/A	N/A
Banks	N/A	N/A	N/A	N/A	N/A
Resid's ⁴	N/A	N/A	N/A	N/A	N/A
Non-res ⁵	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A

NDF IMPLIED YIELDS (%)

3m	21.62	+140bp	+142bp	-911bp	-472bp
6m	23.22	+217bp	+75bp	+11bp	+291bp
9m	18.84	+223bp	+51bp	-311bp	+64bp
1yr	16.86	+289bp	+37bp	+47bp	-50bp

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 (%)

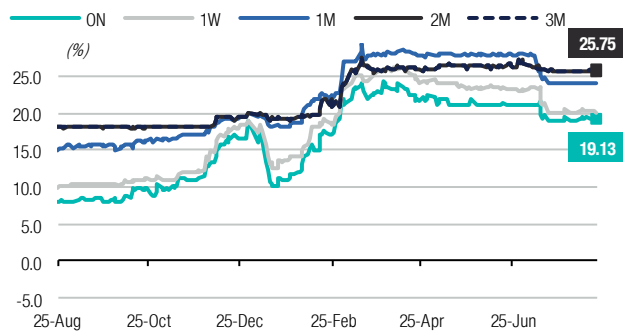
CDS 5yr	2,359	+90bp	+284bp	+242bp	+160bp
Jun '16	91.41	+66bp	-84bp	+375bp	+54bp
Jul '17	44.67	+10bp	-27bp	-215bp	+17bp
Sep '20	22.51	+1bp	-39bp	-80bp	+367bp
Sep '21	20.94	+1bp	-64bp	-110bp	+241bp
Sep '22	19.02	+1bp	-7bp	-35bp	+277bp
Feb '23	18.01	+1bp	+2bp	-65bp	+244bp

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.

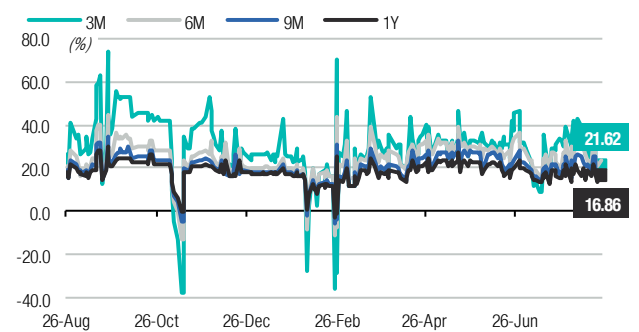
Chart page: Local bond market & Eurobond markets

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



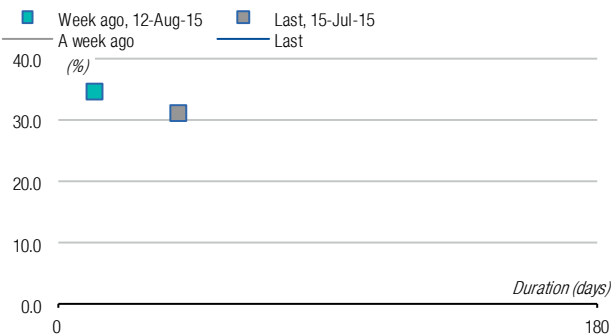
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



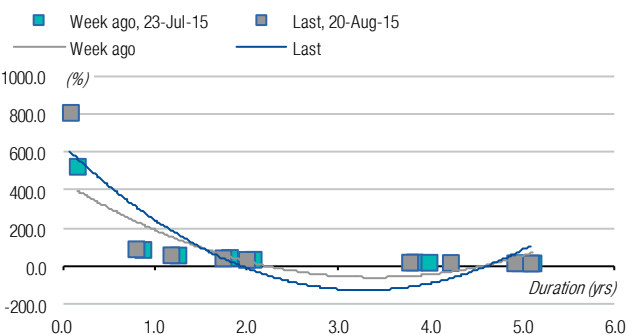
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 24 Aug 2015



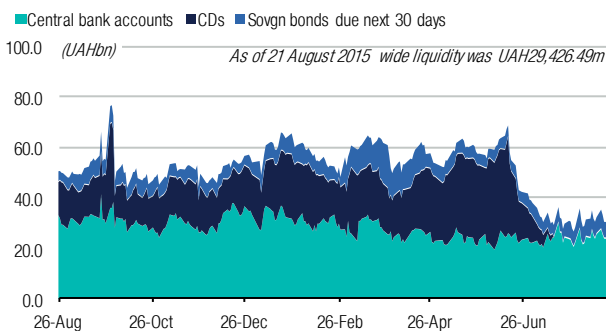
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 24 Aug 2015



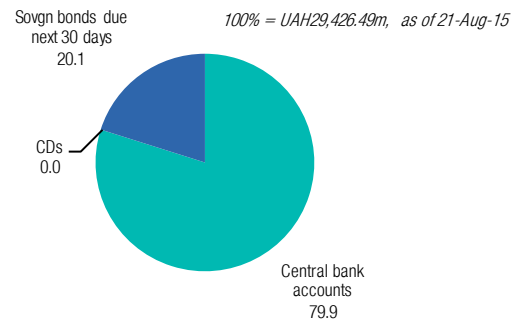
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



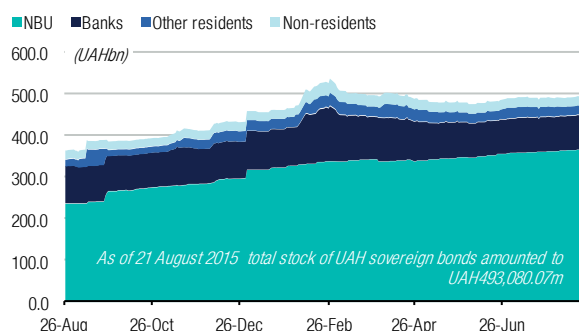
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 24 Aug 2015



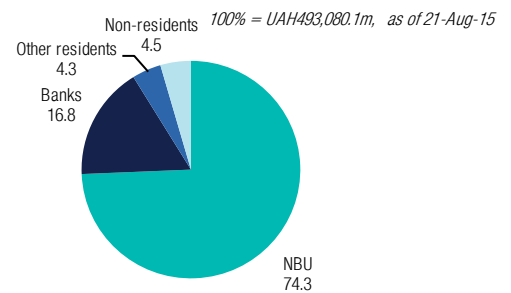
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 24 Aug 2015



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

Table 1. Ukrainian stocks (closing prices as of 24-Aug-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	10.13 GBp	+0.0	-6.9	+1.3	-12.9	0.16	36.9	5.6	40.2	14.8	50.0	26.9	0.03	2,901	Neg.	N/A	N/A	Neg.	N/A	N/A	0.2	N/A	N/A	0.4	15.3
Coal Energy	CLE PW	Warsaw	0.70 PLN	+2.9	+4.5	+12.9	-25.5	0.19	8.6	81.1	25.0	2.1	0.0	2.0	0.09	1,085	Neg.	N/A	N/A	11.1	N/A	N/A	0.7	N/A	N/A	0.3	56.9
JKX Oil & Gas	JKX LN	London	16.00 GBp	-5.9	-19.0	+33.3	-64.7	0.25	43.4	54.1	47.2	20.5	24.7	61.4	0.80	125	Neg.	Neg.	Neg.	Neg.	1.1	N/A	0.4	0.4	0.7	0.2	9.9
Regal Petroleum	RPT LN	London	3.88 GBp	+0.1	-22.7	+24.2	-42.5	0.06	19.6	-12.2	80.9	15.9	3.9	2.2	0.01	6,725	3.4	6.5	N/A	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.2	0.0
METALLURGY																											
Ferrexpo PLC	FXPO LN	London	64.50 GBp	-10.2	+3.1	+17.6	-54.8	1.02	533.5	1,190.2	22.4	119.5	823.7	629.2	0.48	210	3.0	5.4	10.1	3.7	4.6	6.0	0.9	1.2	1.2	1.2	61.1
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.47 EUR	-4.1	-17.5	+9.3	-47.2	0.54	50.2	100.2	34.0	17.1	49.1	36.6	0.37	272	Neg.	N/A	N/A	Neg.	N/A	N/A	1.3	N/A	N/A	1.0	35.9
Agroliga	AGL PW	Warsaw	9.70 PLN	-17.1	-15.7	+7.8	-46.1	2.64	4.1	4.8	16.7	0.7	6.0	1.5	0.18	550	1.1	N/A	N/A	1.4	N/A	N/A	0.3	N/A	N/A	0.4	5.7
Agroton	AGT PW	Warsaw	1.00 PLN	-12.3	-28.6	-18.7	-53.3	0.27	5.9	33.3	26.2	1.5	23.0	14.4	1.47	68	Neg.	N/A	N/A	1.4	N/A	N/A	0.6	N/A	N/A	0.0	33.4
Astarta Holdin...	AST PW	Warsaw	28.88 PLN	-5.3	-17.5	+44.4	-23.1	7.86	196.6	435.0	31.0	61.0	83.3	84.7	0.12	809	Neg.	1,231.3	3.2	3.6	3.8	3.8	1.1	1.1	1.0	0.8	49.6
Avangard	AVGR LI	London Intl	0.70 USD	-20.5	-35.2	-65.9	-92.2	0.70	44.7	306.9	21.7	9.7	5.4	6.5	0.07	1,388	Neg.	Neg.	Neg.	2.4	4.5	3.8	0.7	0.9	1.0	0.1	33.1
IMC	IMC PW	Warsaw	5.00 PLN	-4.2	-17.8	-15.5	-43.2	1.36	40.8	149.3	23.9	9.7	10.6	12.0	0.05	1,987	Neg.	3.2	1.3	2.6	2.6	2.7	1.1	0.9	0.8	1.5	69.8
Kernel Holding...	KER PW	Warsaw	42.91 PLN	-7.5	-11.0	+38.8	+43.9	11.68	857.3	1,331.9	58.8	503.9	1,555.2	1,512.3	0.29	340	Neg.	6.2	4.3	5.9	3.4	3.7	0.6	0.6	0.6	1.0	39.1
KSG Agro	KSG PW	Warsaw	0.85 PLN	-17.5	-16.7	-24.1	-81.2	0.23	3.5	68.5	34.4	1.2	32.1	10.0	2.04	49	Neg.	0.2	N/A	6.8	N/A	N/A	2.1	0.6	N/A	N/A	67.4
MHP	MHPC LI	London Intl	9.20 USD	-2.1	-10.7	+0.0	-23.5	9.20	972.1	2,132.1	22.3	217.0	2,328.1	480.0	0.17	596	Neg.	5.3	3.6	3.8	4.2	4.2	1.5	1.6	1.6	2.3	53.0
Milkiland	MLK PW	Warsaw	0.89 PLN	-11.0	-46.1	-39.9	-81.3	0.24	7.6	125.7	20.0	1.5	20.8	13.2	1.93	52	Neg.	Neg.	Neg.	9.1	5.1	6.3	0.4	0.5	0.5	0.1	42.5
Ovostar Union	OVO PW	Warsaw	76.99 PLN	-3.8	-7.2	+6.9	+10.9	20.96	125.8	136.0	25.0	31.4	6.6	19.8	0.00	23,487	5.0	5.4	8.4	4.6	5.1	6.4	1.8	1.8	2.2	1.5	9.4
CONSTRUCTION																											
TMM	TR61 GF	Frankfurt	0.03 EUR	-6.7	-60.0	-65.0	-87.3	0.03	1.7	94.6	13.1	0.2	0.0	0.1	0.04	2,734	Neg.	N/A	N/A	Neg.	N/A	N/A	3.6	N/A	N/A	0.0	41.9

Notes: mln - millions; FF - free float; n/a - not available; neg. - negative; a company name (the left column of the table) is shortened to fit the column and hence in some cases is not displayed in full; *** - P/E is above 10,000x. Sources: Bloomberg, ICU.

FX: News & Comments

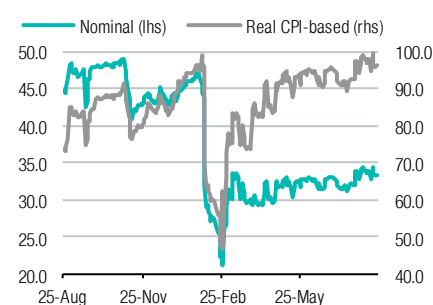
Hryvnia starts this week under pressure

On yesterday's opening to what is now deemed Black Monday, last week's market selloff in Asia launched a global ripple effect into many other equity, commodities, and FX markets. The Russian ruble was severely hit by negative sentiment and tumbled 2.5% to close at 70.89/USD, while the Turkish lira fell 0.8%, the Chinese yuan declined 0.24% and the euro was up by 2.05%. The US dollar index was down 1.76%. As a result, the hryvnia's trade-weighted value rose 0.23%.

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ICU's UAH trade-weighted indices

(Last 12-month history to 25 Aug 2015)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 24 Aug 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	22.2250	-0.33	-0.34	+1.02	+40.49
NBU avg	N/A	N/A	N/A	N/A	N/A
Ttl vlm ¹	N/A	N/A	N/A	N/A	N/A
\$ volume ²	N/A	N/A	N/A	N/A	N/A
NDF 3M	23.4076	+0.00	+0.00	-1.11	+38.92
NDF 6M	24.7576	+0.64	+0.00	+1.05	+42.29
NDF 1Y	25.7576	+2.21	+0.00	+1.41	+39.61
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	33.263	+0.23	+1.51	+3.62	-25.19
UAH real CPI	96.013	+0.23	+1.51	+3.62	+10.94
UAH real PPI	115.466	+0.23	+1.51	+3.62	-1.95
USD nom'l	93.332	-1.76	-3.59	-4.02	+3.39
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	70.8867	+2.47	+8.23	+20.98	+16.71
EUR/USD	1.1619	+2.05	+4.88	+5.78	-3.96
USD/CNY	6.4041	+0.24	+0.14	+3.13	+3.20
USD/PLN	3.6644	-1.34	-2.56	-2.86	+3.41
USD/TRY	2.9424	+0.80	+2.58	+7.47	+26.01
USD/BYR	16,760.00	-0.09	+4.50	+10.79	+52.36
USD/KZT	227.3500	-3.25	+20.69	+21.55	+24.68
OTHER MAJOR CURRENCIES					
USD/JPY	118.4100	-2.97	-4.81	-4.36	-1.14
GBP/USD	1.5776	+0.52	+1.22	+1.73	+1.28
USD/CHF	0.9303	-1.72	-4.96	-3.39	-6.44
AUD/USD	0.7156	-2.19	-2.93	-1.73	-12.46
USD/CAD	1.3287	+0.74	+1.59	+1.82	+14.34
USD/BRL	3.5528	+1.51	+2.07	+5.89	+33.68
USD/KRW	1,198.93	+0.34	+1.36	+2.66	+9.89
COMMODITIES					
Gold(\$/oz)	1,155.10	-0.50	+3.35	+5.10	-2.51
WTI crude ³	38.09	-5.34	-9.03	-20.63	-28.50
Brent crd ³	40.74	-8.08	-14.27	-24.29	-26.94
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	186.22	-2.68	-5.25	-9.18	-19.02

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.

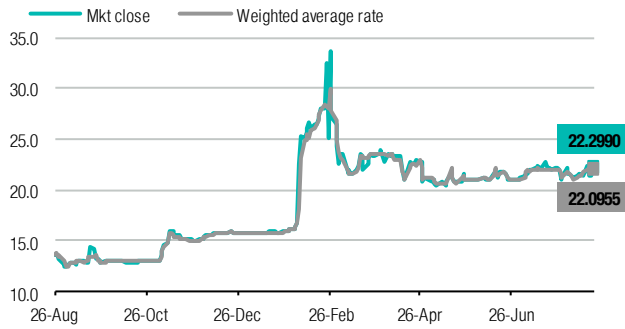
Sources: Bloomberg, Investment Capital Ukraine LLC.

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>).

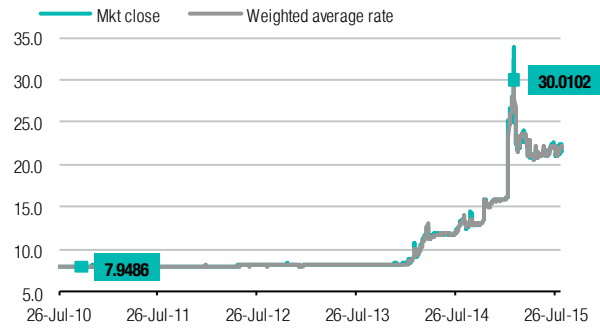
Section on FX market is continued on next page.

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)

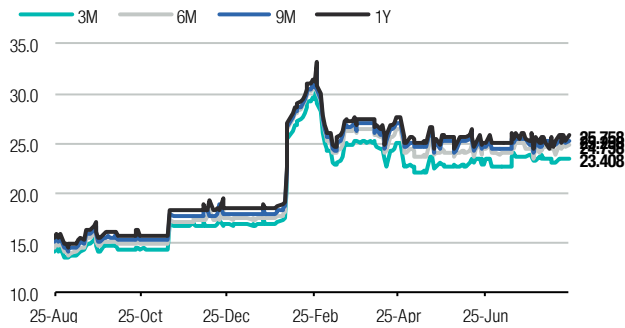


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

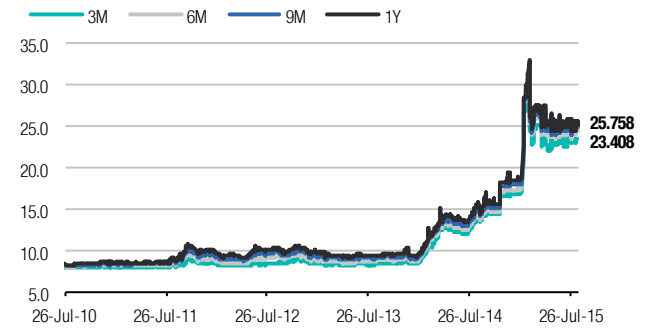


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

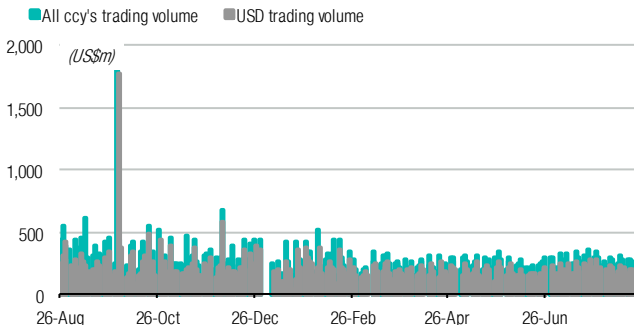


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

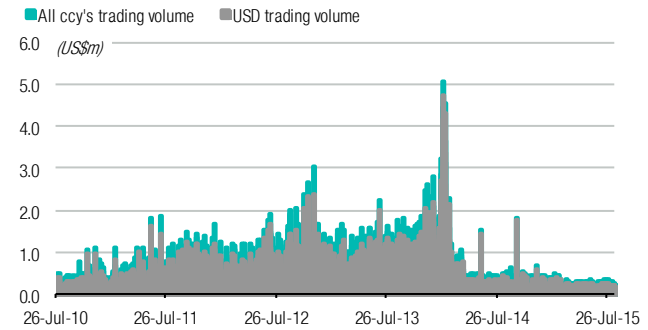


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

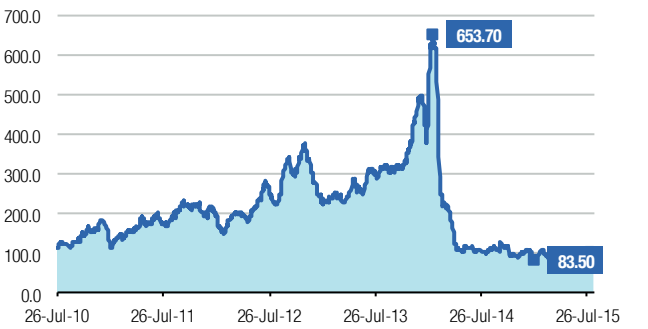
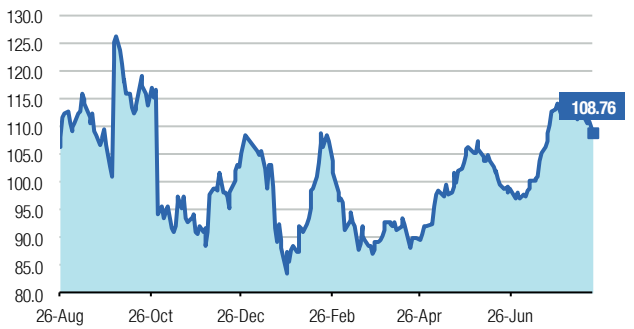


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

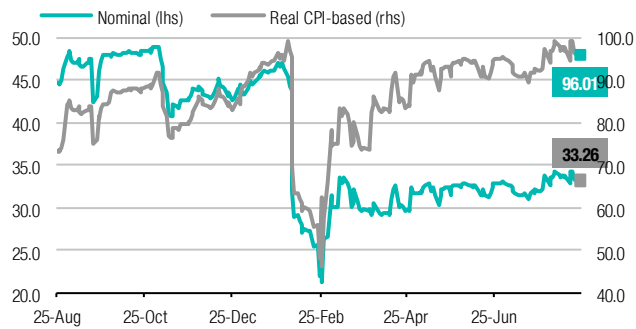


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

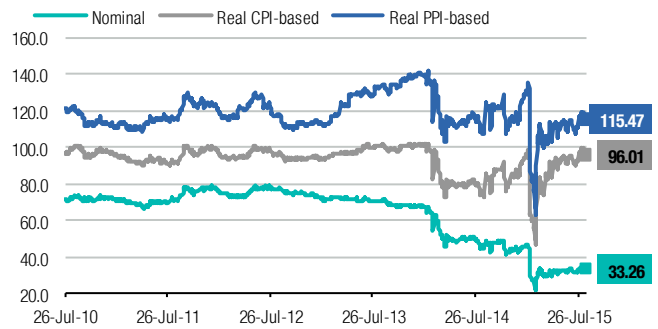
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology (for more details visit <http://www.icu.ua/en/research/currency-indices>).

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



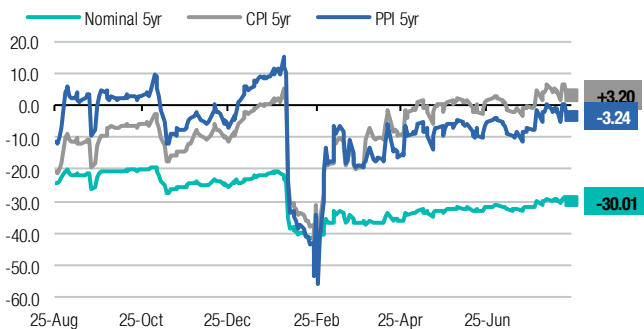
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

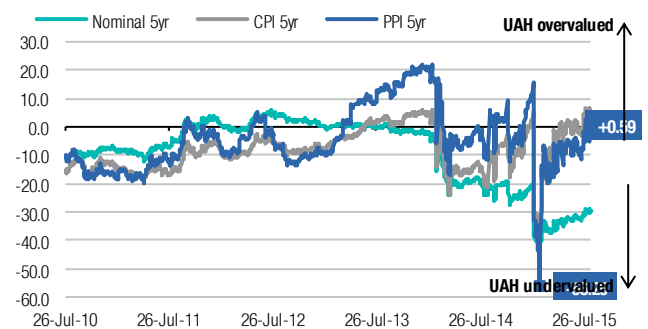


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

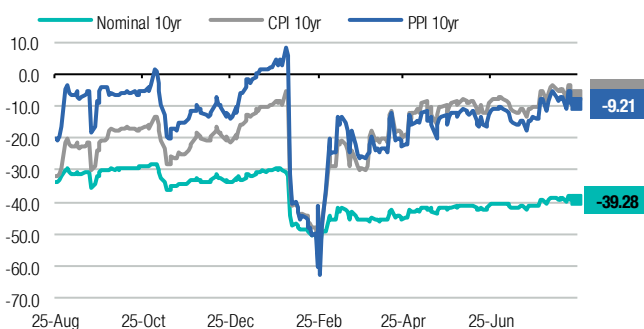


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

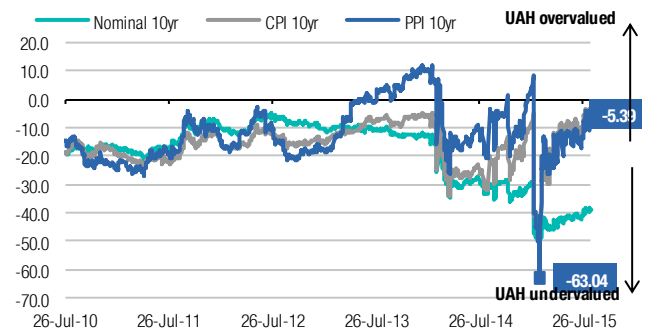


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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

ANALYST CERTIFICATION

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EQUITY RATING DEFINITIONS

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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