



Focus  
**Ukraine**

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

Research team  
**Alexander Valchyshen  
Taras Kotovych  
Mykhaylo Demkiv**

# Daily Insight

## Privatbank requires an UAH8.0bn capital

### Contents

<b>Economics: News &amp; Comments</b>	<b>2</b>
Privatbank requires an UAH8.0bn capital injection per early estimates.....	2
A new chance for retail FX loans.....	2
<b>Bonds: News &amp; Comments</b>	<b>3</b>
Banks increase investments in 14-day CDs.....	3
Chart page: Local bond market & Eurobond markets.....	4
<b>FX: News &amp; Comments</b>	<b>7</b>
Inflation in September: Disinflation diverges in consumer and producer price indices.....	7
Chart page #1: Foreign-exchange market.....	8
Chart page #2: ICU's UAH trade-weighted indices.....	9

WEDNESDAY, 7 OCTOBER 2015

### UX Index (3 months to 7 Oct 2015)



Source: UX.

### Key market indicators (as of 6 Oct 2015)

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	21.2650	+0.24	+34.42
USD/UAH (1Y NDF)	25.1474	-1.25	+36.30
EUR/USD	1.1272	+0.75	-6.83
USD/RUB	63.4311	-1.73	+4.44
KievPRIME O/N (%)	18.56	-2bp	-34bp
KievPRIME 1M (%)	22.50	+0bp	+260bp
<b>SOVEREIGN EUROBONDS: yields and spreads</b>			
Ukraine 15, Eurobond (%)	N/A	+0bp	-5,346bp
Ukraine 17, Eurobond (%)	25.58	+5bp	-218bp
Ukraine 22, Eurobond (%)	12.83	+1bp	-342bp
Ukraine 23, Eurobond (%)	12.29	+1bp	-328bp
Ukraine 5Y CDS	0bp	+0bp	-2,199bp
<b>EQUITIES</b>			
<b>Stock market indices</b>			
UX (Ukraine)	849.91	-3.62	-17.75
MSCI World	396.23	+0.28	-5.01
MSCI EM	828.68	+0.90	-13.35
RTS (Russia)	826.65	+2.67	+5.02
WIG-20 (Poland)	2,102.87	+0.70	-9.20
S&P 500 (USA)	1,979.92	-0.36	-3.84

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

### Privatbank requires an UAH8.0bn capital injection per early estimates

In his response to the results of its 2015 stress test, Privatbank's CEO Mr. Dubilet contests the increase to UAH8.0bn (+35.2% compared to 2Q15 UAS report) in regulatory capital required, claiming that there was a material overstatement of this amount. He stated that the NBU insists on an additional provisioning of UAH7.1bn to cover corporate loans (+4.5% according to according to the 2Q15 IFRS report) and UAH0.9bn for retail loans (+3.5 %).

Ukraine's largest bank was also the latest of the solvent banks to complete the previous year's recapitalization plan. The bank's shareholders have committed to replace US\$150m of Tier 2 capital (subordinated bonds) due in January 2016 with their own funds. As of today, however, only US\$70m of subordinated debt has been issued.

In our opinion, Privatbank might exercise its market power and bargain for a lower amount. In our opinion, the bank's loan portfolio, at least 40% of which is related third party loans, is significantly under-provided. As of 2Q15, the bank has formed reserves for corporate borrowers of only 10.3% of the gross portfolio and 19.0% for retail loans.

### A new chance for retail FX loans

Parliament has passed a populist and highly criticized bill in July 2015 making every FX retail loan eligible for forced conversion into hryvnias at the exchange rate effective at the origination date. While the bill was never signed into law, banks were required to submit an offer that would increase the performance of their FX retail loan portfolios.

The new proposal clearly resembles the first version of the bill that was introduced back in 2014 that never made it to the floor. Under the most recent offer, only mortgages up to US\$150,000 for primary residences are eligible for a 25% reduction of the outstanding debt. All fines and penalties incurred during the 2014-2015 crisis will be waived upon the restructuring.

The bill has the support of NBU, the IMF, and the self-regulatory organization NABU. The upcoming election on October 25 gives the bill a promising chances of being ratified by Parliament. It includes clauses for a 100% reduction of the outstanding debts to those wounded or killed in the Donbas war. Although this will benefit MPs running for re-election, we do not expect it to have a material impact on banks. However, with only three more meetings in October during which a vote could be held, we doubt it will occur this month.

***Mykhaylo Demkiv, Kiev, +38044 2200120 ext.723***

# Bonds: News & Comments

## Banks increase investments in 14-day CDs

Following negative market anticipations that the NBU would decrease CD interest rates after it lowered the key rate to 22% on September 25, the NBU kept them at the 18-20% band for CDs up to 14-days maturity. Longer maturity CDs have been sold only once since the key rate was reduced, namely 30-day and 89-day CDs at between 20% and 22%, while banks significantly increased their purchasing of 14-day CDs in anticipation of lower rates. As a result, they increased their current total CDs outstanding to UAH30.10bn as of the beginning of yesterday.

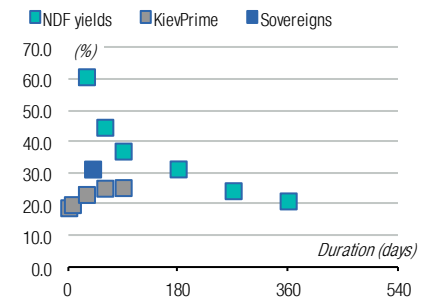
With the results of Monday's tender, total CDs outstanding rose UAH1.54bn to UAH57.11bn yesterday while banks' correspondent accounts with the NBU slid UAH0.93bn to UAH22.50bn. Banking sector liquidity increased UAH0.61bn to UAH79.61bn.

**Investment implications: Fear of lower interest rates forced banks to prefer longer CDs over ON CDs, increasing total CDs outstanding to an historic record high of UAH57.11bn. However, nearly half of these CDs are scheduled to be repaid this week. We expect a decline in banks' correspondent accounts, usually seen during the first week of each month.**

**Taras Kotovych, Kiev, +38044 2200120 ext.724**

## Yield curve of the local bond market

(as of market close on 6 Oct 2015)



Sources: Bloomberg, Investment Capital Ukraine LLC.

## Bond market indicators (as of 6 Oct 2015)

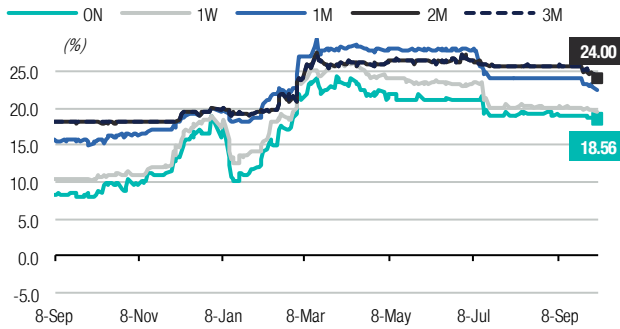
	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
O/n	18.56	-2bp	-19bp	-44bp	-34bp
1wk	19.56	-2bp	-32bp	-44bp	+56bp
1m	22.50	+0bp	-63bp	-150bp	+260bp
2m	24.00	+0bp	-75bp	-150bp	+400bp
3m	24.00	+0bp	-100bp	-167bp	+400bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	22,495	-3.99	-8.71	-4.54	-32.35
CDs <sup>2</sup>	43,857	-21.08	-19.92	-8.18	+177.8
Sovgns <sup>3</sup>	5,877	+0.00	+6.90	+29.83	+29.70
<b>Total</b>	<b>72,229</b>	<b>-14.90</b>	<b>-14.93</b>	<b>-4.78</b>	<b>+34.83</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
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 <sup>4</sup>	N/A	N/A	N/A	N/A	N/A
Non-res <sup>5</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>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	0	+0bp	-10ppt	-11ppt	-22ppt
Jun '16	49.59	+23bp	-281bp	-130bp	+13bp
Jul '17	25.58	+5bp	-87bp	-238bp	-218bp
Sep '20	13.11	+1bp	-100bp	-188bp	-574bp
Sep '21	13.89	+1bp	-29bp	-89bp	-464bp
Sep '22	12.83	+1bp	-37bp	-72bp	-342bp
Feb '23	12.29	+1bp	-71bp	-69bp	-328bp

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.

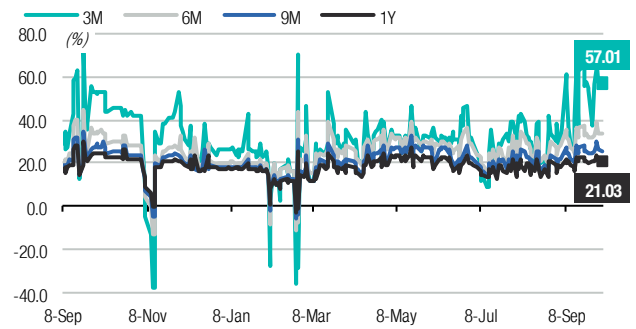
Chart page: Local bond market & Eurobond markets

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



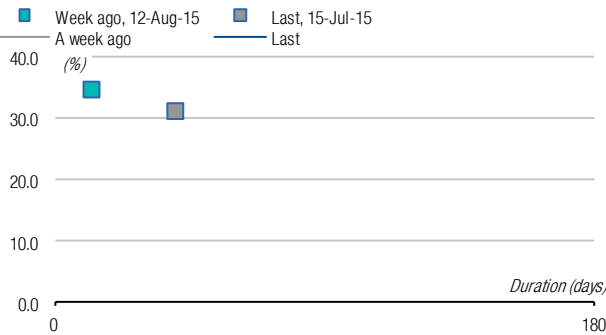
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



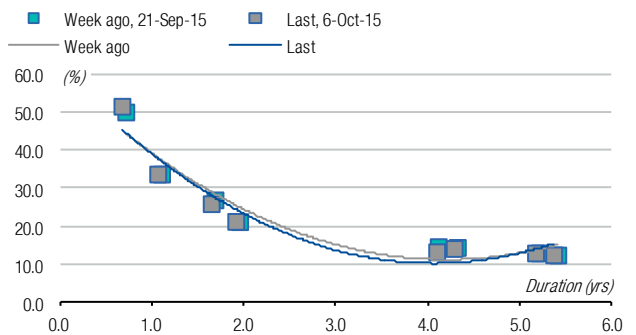
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 6 Oct 2015



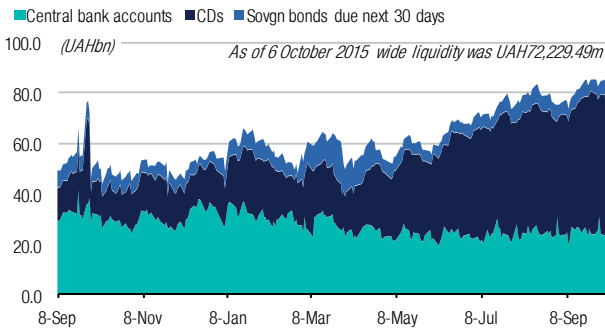
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 6 Oct 2015



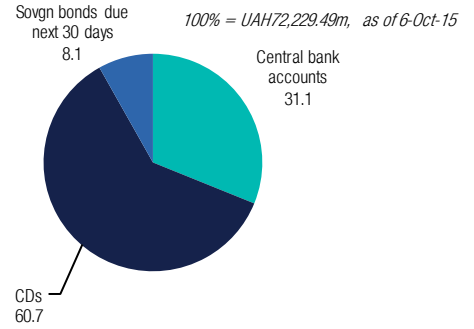
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



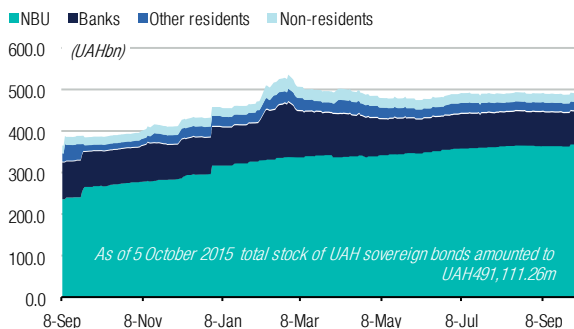
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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



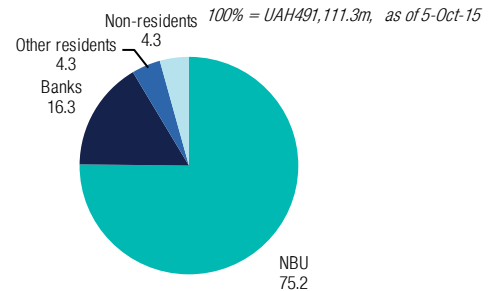
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 6 Oct 2015



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

Table 1. Ukrainian stocks (closing prices as of 6-Oct-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	11.88 GBp	+0.0	+6.7	+18.8	+10.5	0.18	41.8	-7.3	40.2	16.8	0.1	11.0	0.08	1,289	Neg.	N/A	N/A	1.0	N/A	N/A	Neg.	N/A	N/A	0.5	15.3	
Centrenerg	CEEN UK	Kiev, UX	5.48 UAH	-1.6	-25.6	-27.4	-24.4	0.26	95.5	105.0	21.7	20.7	6.4	10.6	0.10	1,014	28.7	Neg.	4.6	0.3	Neg.	N/A	0.3	0.2	0.2	0.9	4.2	
Coal Energy	CLE PW	Warsaw	0.70 PLN	+1.4	+9.4	+12.9	-23.1	0.19	8.4	80.9	25.0	2.1	1.8	1.5	0.09	1,137	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	19.15 UAH	-1.5	-4.0	-42.0	-34.9	0.90	21.4	31.9	14.2	3.0	0.2	3.6	0.08	1,196	4.5	Neg.	N/A	0.0	Neg.	N/A	0.1	0.2	N/A	0.3	13.6	
JKX Oil & Gas	JKX LN	London	20.50 GBp	+3.8	+30.2	+70.8	-59.6	0.31	53.7	64.4	47.2	25.3	128.0	114.5	0.47	212	Neg.	Neg.	Neg.	Neg.	1.3	N/A	0.4	0.5	1.0	0.2	9.9	
Regal Petroleum	RPT LN	London	3.85 GBp	+2.7	-14.4	+23.2	-46.9	0.06	18.8	-14.6	80.9	15.2	0.0	2.1	0.01	7,254	3.3	6.3	N/A	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.3	0.0	
Zakhidenergo	ZAEN UK	Kiev, PFTS	130.00 UAH	+0.0	+0.0	-12.2	-7.1	6.14	78.5	114.0	5.0	3.9	1.2	0.0	0.00	63,953	Neg.	N/A	N/A	0.1	N/A	N/A	0.2	N/A	N/A	0.6	11.6	
<b>METALLURGY</b>																												
Alchevsky Meta...	ALMK UK	Kiev, UX	0.01 UAH	-7.2	-4.4	-11.0	-46.5	0.00	15.7	1,953.7	3.9	0.6	0.2	0.2	0.04	2,235	Neg.	Neg.	N/A	0.7	Neg.	N/A	2.8	6.8	N/A	N/A	145.5	
Avdiyivsky Cok...	AVDK UK	Kiev, UX	1.19 UAH	+0.3	+7.1	-31.2	-48.6	0.06	11.0	10.3	4.0	0.4	0.8	1.0	0.30	337	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.0	0.0	N/A	0.0	0.0	
Azovstal	AZST UK	Kiev, UX	0.73 UAH	-4.5	-7.6	-2.0	+13.7	0.03	144.8	91.9	4.1	5.9	1.3	1.6	0.05	1,901	3.4	2.6	N/A	0.0	0.8	N/A	0.1	0.1	N/A	0.2	0.0	
Ferrexpo PLC	FXPO LN	London	38.00 GBp	+2.0	-34.5	-22.3	-59.9	0.58	341.0	997.6	22.4	76.4	288.6	462.0	1.07	93	1.9	3.2	8.1	3.1	3.9	5.6	0.7	1.0	1.0	0.7	61.1	
Yasynivsky Cok...	YASK UK	Kiev, UX	0.25 UAH	+8.7	-7.4	-10.7	-39.8	0.01	3.2	3.9	9.0	0.3	0.7	1.0	0.95	106	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.0	0.0	N/A	0.1	0.0	
Yenakievo Steel	ENMZ UK	Kiev, UX	17.20 UAH	+0.2	+5.4	-17.9	-29.5	0.81	8.6	0.7	9.4	0.8	0.2	2.6	0.37	269	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>																												
AgroGeneration	ALAGR FP	EN Paris	0.41 EUR	+0.0	-8.9	-4.7	-26.8	0.46	42.7	138.8	34.0	14.5	41.5	43.0	0.39	257	Neg.	Neg.	2.4	Neg.	5.9	4.5	1.9	1.9	1.6	N/A	35.9	
Agroliga	AGL PW	Warsaw	13.10 PLN	-0.1	+18.0	+45.6	-6.3	3.48	5.4	6.1	16.7	0.9	0.1	1.5	0.12	831	1.5	N/A	N/A	1.8	N/A	N/A	0.3	N/A	N/A	0.5	5.7	
Agroton	AGT PW	Warsaw	1.03 PLN	-1.0	-2.8	-16.3	-47.7	0.27	5.9	32.7	26.2	1.6	2.6	12.7	0.21	477	Neg.	N/A	N/A	1.4	N/A	N/A	0.6	N/A	N/A	0.2	33.4	
Astarta Holdin...	AST PW	Warsaw	28.15 PLN	+0.1	-2.6	+40.8	-20.6	7.48	187.0	419.0	31.0	58.0	21.6	64.9	0.10	955	Neg.	6.0	3.1	3.5	3.6	3.7	1.1	1.1	1.0	0.8	49.6	
Avangard	AVGR LI	London Intl	0.56 USD	-29.9	+65.0	-72.6	-92.9	0.56	35.8	336.0	21.7	7.8	0.1	22.8	0.49	206	Neg.	Neg.	Neg.	2.6	5.9	4.0	0.8	1.1	1.0	1.0	0.1	33.1
IMC	IMC PW	Warsaw	5.43 PLN	+2.5	+2.8	-4.2	-19.0	1.44	45.2	145.6	23.9	10.8	1.4	5.2	0.01	13,522	Neg.	2.0	1.5	2.5	2.8	2.7	1.1	0.9	0.8	1.7	69.8	
Kernel Holding...	KER PW	Warsaw	46.42 PLN	+5.2	+7.2	+63.1	+87.9	12.33	982.8	1,457.1	58.8	577.6	3,969.9	1,757.0	0.30	333	Neg.	6.6	4.8	6.5	3.7	4.0	0.6	0.6	0.6	1.1	39.1	
KSG Agro	KSG PW	Warsaw	0.99 PLN	+1.0	-5.7	-11.6	-16.8	0.26	4.0	74.0	34.4	1.4	1.6	11.4	0.20	492	Neg.	N/A	N/A	7.4	N/A	N/A	2.3	N/A	N/A	N/A	67.4	
MHP	MHPC LI	London Intl	9.31 USD	+0.6	+3.8	+1.2	-19.0	9.31	983.8	2,209.6	22.3	219.6	279.0	407.4	0.17	600	Neg.	4.6	3.6	4.0	4.4	4.4	1.6	1.7	1.6	1.5	53.0	
Milkiland	MLK PW	Warsaw	1.02 PLN	+0.0	+0.0	-31.1	-72.5	0.27	8.5	117.8	20.0	1.7	2.1	15.7	0.47	211	Neg.	Neg.	Neg.	8.6	5.0	6.1	0.4	0.5	0.5	0.1	42.5	
Ovostar Union	OVO PW	Warsaw	87.00 PLN	+0.0	+6.1	+20.8	+29.9	23.12	138.7	147.1	25.0	34.7	0.8	17.8	0.09	1,104	5.5	5.8	6.4	5.0	5.4	5.0	1.9	1.8	1.4	1.7	9.4	
<b>TRANSPORTATION</b>																												
KDM Shipping	KDM PW	Warsaw	2.49 PLN	-0.4	-0.4	-38.5	-59.2	0.66	6.2	-8.5	10.9	0.7	0.1	0.3	0.00	91,523	Neg.	N/A	N/A	16.4	N/A	N/A	Neg.	N/A	N/A	0.1	7.9	
<b>CONSTRUCTION</b>																												
TMM	TR61 GF	Frankfurt	0.01 EUR	+0.0	+0.0	-85.0	-94.7	0.01	0.7	93.6	13.1	0.1	0.0	0.0	0.00	848,097	Neg.	N/A	N/A	Neg.	N/A	N/A	3.6	N/A	N/A	0.0	41.9	
<b>FINANCIAL SERVICES</b>																												
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.07 UAH	-5.0	-21.8	-24.8	-41.5	0.00	102.2	N/A	3.8	3.9	16.9	4.6	0.21	478	N/A	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.5	N/A
Ukrsotsbank	USCB UK	Kiev, UX	0.10 UAH	+0.0	-19.1	-27.0	-34.2	0.00	110.6	N/A	4.5	5.0	0.0	0.9	0.03	3,536	Neg.	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.4	38.2

Table 1. Ukrainian stocks (closing prices as of 6-Oct-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

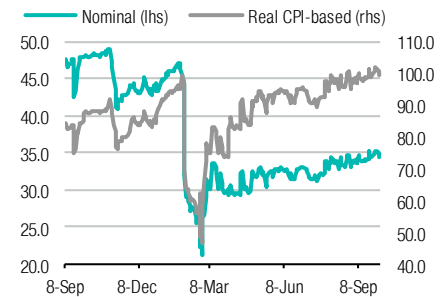
### Inflation in September: Disinflation diverges in consumer and producer price indices

While last month showed prices appeared to be following a general trend since mid-summer with year-on-year inflation subsiding, this month's statistics show that consumer and industrial inflation were subsiding at different paces with monthly CPI and PPI rates were rather high at 2.3% and 2.0%, respectively. However, when monthly rates are annualized, CPI slowed down from this year peak of 60.9% to 51.9% while PPI was subsiding more aggressively from 51.6% to 32.5%, most likely because of the impact of the global economic slowdown and associated decline in commodities. CPI has remained resiliently above the 50% threshold through September. Overall, inflation is still high and erodes households' capacity to save in local currency. It also has quickly erased most of the economic competitiveness when measured by the hryvnia's trade-weighted indices. With inflation at this level, it will be difficult for authorities to retain their FX policy stance (the *de facto* unofficial band) through the end of the year.

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

#### ICU's UAH trade-weighted indices

(Last 12-month history to 7 Oct 2015)



Source: Investment Capital Ukraine LLC.

#### FX market indicators (as of 6 Oct 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	21.2650	+0.24	-0.98	-3.56	+34.42
NBU avg	21.2641	+0.23	-1.22	-3.09	+34.85
Ttl vlm <sup>1</sup>	315.74	+22.97	-1.37	+0.49	-26.72
\$ volume <sup>2</sup>	226.44	+26.12	-5.82	-7.99	-36.09
NDF 3M	22.7974	-5.85	-6.82	-3.56	+35.30
NDF 6M	24.1474	-2.30	-3.28	-3.77	+38.78
NDF 1Y	25.1474	-1.25	-2.21	-2.88	+36.30
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	34.410	-1.05	-0.32	+1.45	-22.62
UAH real CPI	99.323	-1.05	-0.32	+1.45	+14.77
UAH real PPI	119.447	-1.05	-0.32	+1.45	+1.43
USD nom'l	95.455	-0.68	-0.42	-0.80	+5.75
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	63.4311	-1.73	-3.78	-7.39	+4.44
EUR/USD	1.1272	+0.75	+0.20	+1.10	-6.83
USD/CNY	N/A	N/A	N/A	N/A	N/A
USD/PLN	3.7615	-0.88	-0.14	-0.84	+6.15
USD/TRY	2.9580	-0.86	-2.60	-1.68	+26.68
USD/BYR	17,610.00	-0.79	-0.54	-0.47	+60.09
USD/KZT	272.9600	+0.48	+0.36	+13.23	+49.69
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	120.2300	-0.19	+0.41	+1.04	+0.38
GBP/USD	1.5227	+0.53	+0.50	+0.38	-2.25
USD/CHF	0.9668	-0.90	-0.51	-0.47	-2.77
AUD/USD	0.7166	+1.17	+2.59	+3.73	-12.34
USD/CAD	1.3034	-0.40	-2.89	-1.87	+12.16
USD/BRL	3.8526	-1.50	-5.16	+3.00	+44.97
USD/KRW	1,166.23	-0.51	-2.98	-2.26	+6.90
<b>COMMODITIES</b>					
Gold(\$/oz)	1,147.24	+1.02	+1.76	+2.12	-3.18
WTI crude <sup>3</sup>	48.53	+4.91	+7.30	+5.39	-8.90
Brent crd <sup>3</sup>	51.47	+6.15	+10.78	+5.73	-7.69
Urals crd <sup>3</sup>	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB <sup>4</sup>	200.13	+1.91	+3.39	+0.82	-12.97

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.

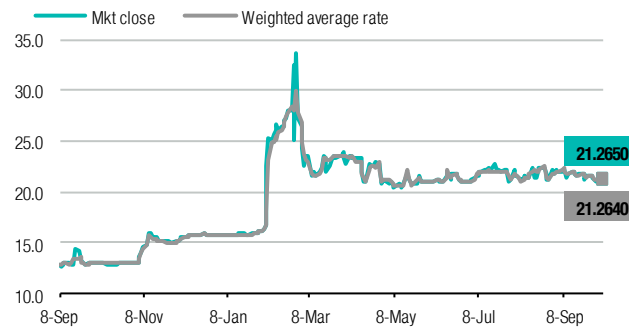
Sources: Bloomberg, Investment Capital Ukraine LLC.

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>).

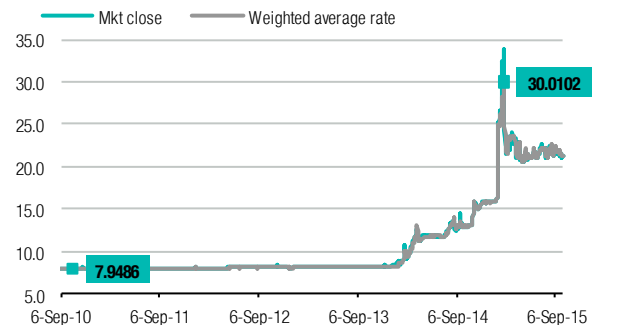
Section on FX market is continued on next page.

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)

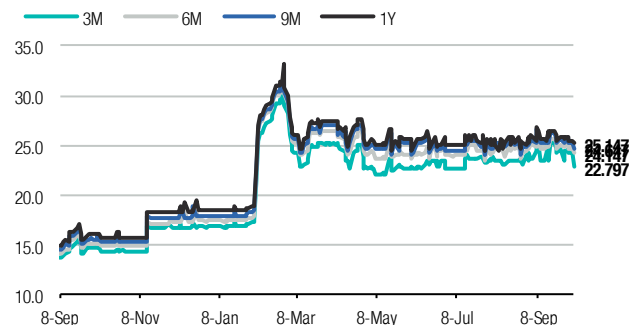


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

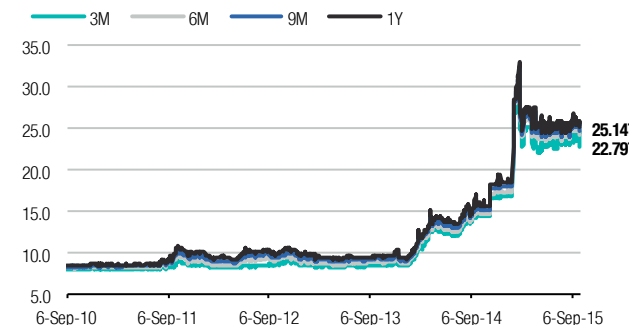


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

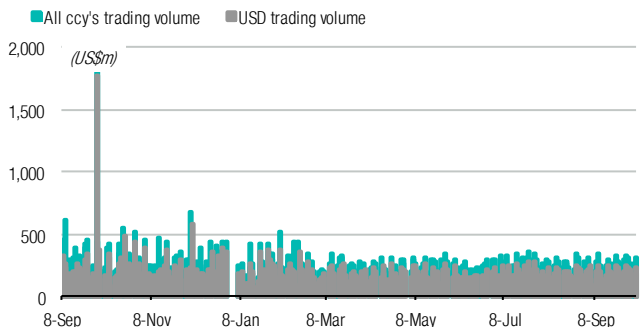


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

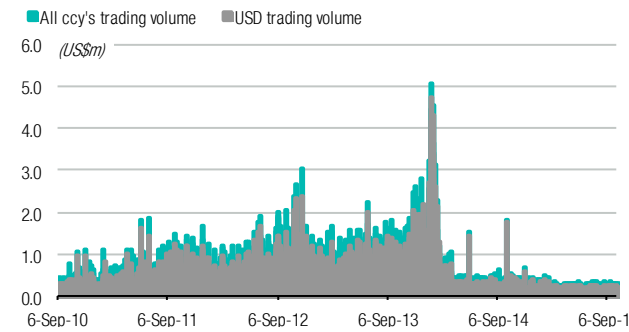


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

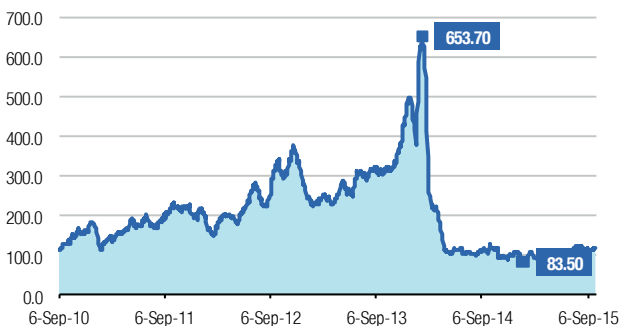
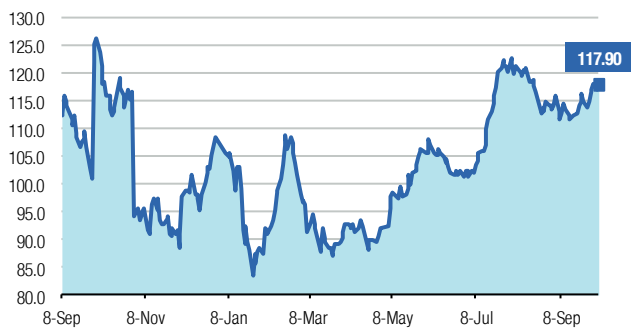


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)



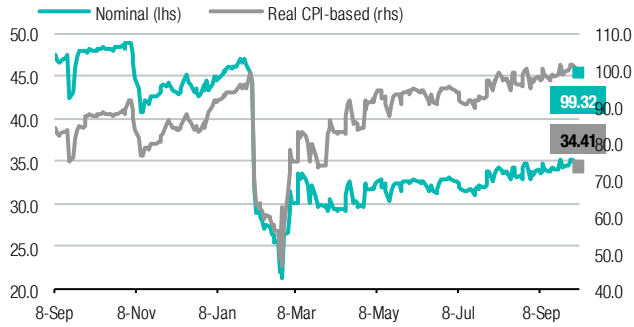
Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

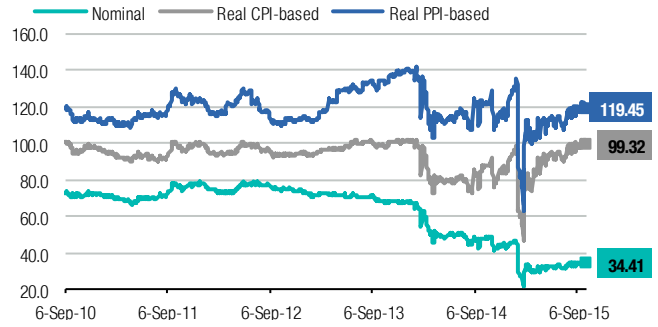
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology (for more details visit <http://www.icu.ua/en/research/currency-indices>).

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



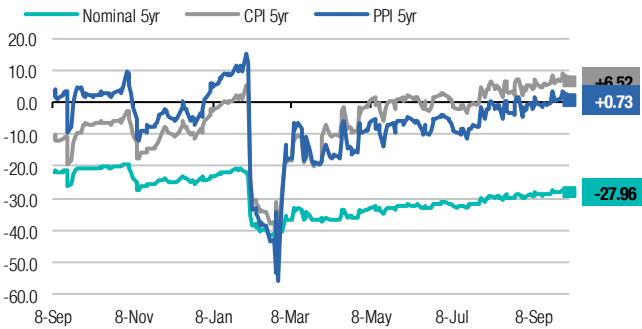
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

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

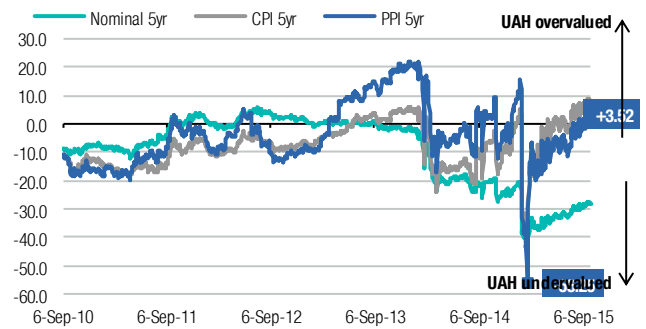


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**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)**

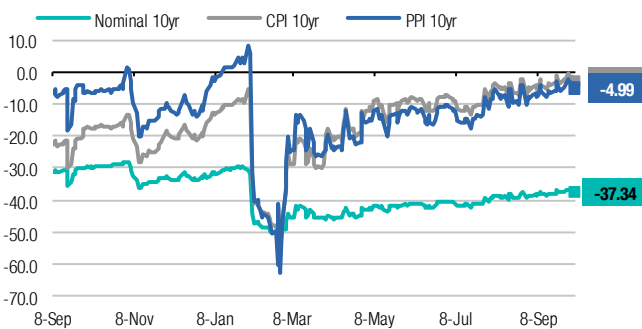


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

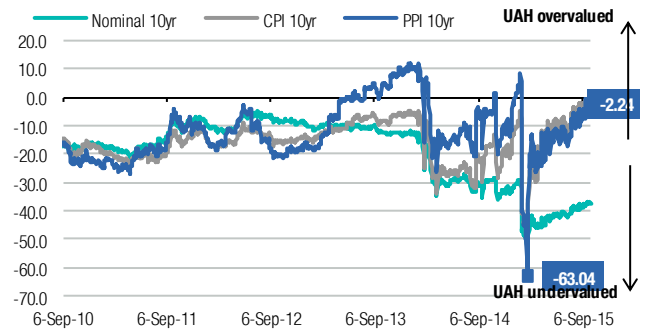


Note: the boxes indicate the high and low values of CPI-based TWI.  
Source: Investment Capital Ukraine LLC.

**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.

This page is intentionally left blank

## Disclosures

### ANALYST CERTIFICATION

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.

### 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



11th floor, LEONARDO Business Centre  
19-21 Bogdan Khmelnytsky Street  
Kiev, 01030 Ukraine  
Phone/Fax +38 044 2200120

WEB [www.icu.ua](http://www.icu.ua)



@ICU\_UA

## CORPORATE FINANCE

**Makar Paseniuk, CFA**, Managing Director  
[makar.paseniuk@icu.ua](mailto:makar.paseniuk@icu.ua)

**Ivan Shvydanenko**, Vice President  
[ivan.shvydanenko@icu.ua](mailto:ivan.shvydanenko@icu.ua)

**Roman Nikitov, ACCA** Director  
[roman.nikitov@icu.ua](mailto:roman.nikitov@icu.ua)

**Yuriy Kamarytskyi**, Vice President  
[yuriy.kamarytskyi@icu.ua](mailto:yuriy.kamarytskyi@icu.ua)

**Ruslan Kilmukhametov**, Director  
[ruslan.kilmukhametov@icu.ua](mailto:ruslan.kilmukhametov@icu.ua)

**Ruslan Patlavsky**, Vice President  
[ruslan.patlavsky@icu.ua](mailto:ruslan.patlavsky@icu.ua)

## STRATEGY AND CORPORATE DEVELOPMENT

**Vlad Sinani**, Director  
[vlad.sinani@icu.ua](mailto:vlad.sinani@icu.ua)

## SALES AND TRADING

**Konstantin Stetsenko**   
Managing Director  
[konstantin.stetsenko@icu.ua](mailto:konstantin.stetsenko@icu.ua)

**Liliya Kubytovych**   
Asset Management Product Sales  
[liliya.kubytovych@icu.ua](mailto:liliya.kubytovych@icu.ua)

**Sergiy Byelyayev**  
Fixed-Income Trading  
[sergiy.byelyayev@icu.ua](mailto:sergiy.byelyayev@icu.ua)

**Julia Pecheritsa**  
Ukraine and CIS International Sales  
[julia.pecheritsa@icu.ua](mailto:julia.pecheritsa@icu.ua)

**Vitaliy Sivach**   
Fixed-Income & FX Trading  
[vitaliy.sivach@icu.ua](mailto:vitaliy.sivach@icu.ua)

**Yevgeniya Gryshchenko**  
Fixed-Income Sales  
[yevgeniya.gryshchenko@icu.ua](mailto:yevgeniya.gryshchenko@icu.ua)

## RESEARCH DEPARTMENT

**Alexander Valchyshen**   
Head of Research  
[alexander.valchyshen@icu.ua](mailto:alexander.valchyshen@icu.ua)

**Taras Kotovych**   
Senior financial analyst (Sovereign debt)  
[taras.kotovych@icu.ua](mailto:taras.kotovych@icu.ua)

**Alexander Martynenko**   
Head of corporate research  
[alexander.martynenko@icu.ua](mailto:alexander.martynenko@icu.ua)

**Mykhaylo Demkiv**   
Financial analyst (Banks)  
[mykhaylo.demkiv@icu.ua](mailto:mykhaylo.demkiv@icu.ua)

**Bogdan Vorotilin**   
Financial analyst (Food & Agribusiness)  
[bogdan.vorotilin@icu.ua](mailto:bogdan.vorotilin@icu.ua)

**Lee Daniels, Rolfe Haas**  
Editors

Investment Capital Ukraine LLC is regulated by Securities and Stock Market State Commission of Ukraine (license numbers: dealer activity AE 263019, broker activity AE 263018, underwriting activity AE 263020 dated 11 April 2013).

## DISCLAIMER

This research publication has been prepared by Investment Capital Ukraine LLC solely for information purposes for its clients. It does not constitute an investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, Investment Capital Ukraine makes no representation that it is accurate or complete. The information contained herein is subject to change without notice. Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of Investment Capital Ukraine LLC. All rights are reserved. Any investments referred to herein may involve significant risk, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any investments referred to herein may fluctuate and/or be affected by changes in exchange rates. Past performance is not indicative of future results. Investors should make their own investigations and investment decisions without relying on this report. Only investors with sufficient knowledge and experience in financial matters to evaluate the merits and risks should consider an investment in any issuer or market discussed herein and other persons should not take any action on the basis of this report.



Additional information is available upon request.