


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

 Liquidity up; YTM's up; Primary auction results;
 UAH weakens further

WEDNESDAY, 22 JANUARY, 2014

RESEARCH INSIGHT

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UX Index (3 months to 22 Jan 2014)



Key market indicators (as of 21 Jan 2014)

| | Last | Daily chg (%) | YTD chg (%) |
|--|------------|-----------------------------|-------------|
| FX & MONEY RATES | | | |
| USD/UAH | 8.4050 | +0.33 | +2.00 |
| USD/UAH (1Y NDF) | 9.5908 | +2.74 | +1.81 |
| EUR/USD | 1.3561 | +0.07 | -1.32 |
| USD/RUB | 33.9399 | +0.52 | +3.26 |
| KievPRIME O/N (%) | 2.22 | -3bp | -558bp |
| KievPRIME 1M (%) | 7.50 | -13bp | -875bp |
| BONDS: yields and spreads | | | |
| Ukraine VAT bond (%) | N/A | +74bp | +0bp |
| Ukraine 17, Eurobond (%) | 7.97 | +15bp | -159bp |
| Ukraine 22, Eurobond (%) | 8.88 | +14bp | -47bp |
| Ukraine 23, Eurobond (%) | 8.54 | +8bp | -51bp |
| Ukraine 5Y CDS | 745bp | +27bp | -72bp |
| EQUITIES | | | |
| Stock market indices | | | |
| UX (Ukraine) | 886.89 | -0.91 | -2.54 |
| MSCI World | 406.82 | +0.13 | -0.42 |
| MSCI EM | 970.75 | -0.01 | -3.19 |
| RTS (Russia) | 1,395.87 | +0.10 | -3.25 |
| WIG-20 (Poland) | 2,411.26 | +1.35 | +0.43 |
| S&P 500 (USA) | 1,843.80 | +0.28 | -0.25 |
| MOST ACTIVE: Top 3 stocks by value traded (US\$m) | | | |
| FXPO LN | 3.76 | 62.6% of total ¹ | |
| MHPC LI | 1.07 | 17.9% | |
| AGT PW | 0.45 | 7.5% | |
| GAINERS: Top 3 stocks (in listed currency) | | | |
| CAD LN | GBP 12.50 | +8.70 | +20.48 |
| AZST UK | UAH 0.62 | +4.35 | -6.87 |
| KSG PW | PLN 10.40 | +2.06 | -4.15 |
| LOSERS: Top 3 stocks (in listed currency) | | | |
| CLE PW | PLN 1.28 | -7.25 | +21.90 |
| FXPO LN | GBP 171.40 | -4.78 | -10.26 |
| SGR PW | PLN 0.66 | -4.35 | +24.53 |

Notes: Chg – percentage change, if not otherwise indicated;
 [1] – total traded volume for stocks listed in Table 1, pp. 2;
 green- or red-shaded box means gain or loss, respectively,
 of the index or security.

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

Table 1. Ukrainian stocks (closing prices as of 21-Jan-2014)

| 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) | 2010 | 2011E | 2012E | 2010 | 2011E | 2012E | 2010 | 2011E | 2012E | P/B (x) | Debt/Assets (%) |
| ENERGY | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cadogan Petrol... | CAD LN | London | 12.50 GBP | +8.7 | +9.9 | +20.5 | -2.0 | 0.21 | 47.6 | -15.5 | 40.2 | 19.1 | 47.1 | 14.9 | 0.10 | 1,037 | Neg. | Neg. | Neg. | 2.3 | 2.4 | 4.8 | Neg. | Neg. | Neg. | 0.3 | 0.0 |
| Centrenerg | CEEN UK | Kiev, UX | 4.60 UAH | +0.9 | -3.1 | -3.5 | -20.7 | 0.55 | 202.9 | 278.7 | 21.7 | 44.1 | 3.7 | 74.2 | 0.14 | 706 | 7.3 | 6.8 | 4.8 | 0.5 | 4.0 | 2.7 | 0.3 | 0.3 | 0.3 | 0.7 | 12.2 |
| Coal Energy | CLE PW | Warsaw | 1.28 PLN | -7.2 | +34.7 | +21.9 | -88.5 | 0.42 | 18.7 | 76.6 | 25.0 | 4.7 | 98.2 | 90.9 | 4.12 | 24 | Neg. | Neg. | N/A | 1.3 | 10.5 | N/A | 0.6 | 0.9 | N/A | 0.2 | 7.7 |
| Donbasenergo | DOEN UK | Kiev, UX | 29.94 UAH | -1.4 | +8.7 | +8.5 | +60.4 | 3.58 | 84.5 | 141.3 | 14.2 | 12.0 | 3.6 | 54.4 | 0.12 | 863 | 22.9 | 3.0 | 4.4 | 0.5 | 2.5 | 2.4 | 0.3 | 0.2 | 0.2 | 1.1 | 17.8 |
| JKX Oil & Gas | JKX LN | London | 71.00 GBP | -0.7 | -2.1 | -0.7 | -7.8 | 1.17 | 200.9 | 197.9 | 47.2 | 94.8 | 48.3 | 116.2 | 0.06 | 1,809 | Neg. | 6.2 | 5.6 | 1.4 | 2.0 | 2.2 | 1.0 | 1.0 | 0.9 | 0.4 | 2.5 |
| Regal Petroleum | RPT LN | London | 14.13 GBP | +0.0 | +10.8 | +8.7 | -59.6 | 0.23 | 74.6 | 47.8 | 80.9 | 60.4 | 0.0 | 8.2 | 0.01 | 14,549 | 6.4 | 14.9 | N/A | 2.2 | 2.8 | N/A | 1.2 | N/A | N/A | 0.3 | 0.0 |
| Sadova Group | SGR PW | Warsaw | 0.66 PLN | -4.3 | +29.4 | +24.5 | -67.0 | 0.21 | 9.3 | 49.0 | 25.0 | 2.3 | 41.2 | 41.0 | 1.59 | 63 | Neg. | N/A | N/A | 24.4 | N/A | N/A | 1.2 | N/A | N/A | 0.2 | 42.7 |
| METALLURGY | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alchevsky Meta... | ALMK UK | Kiev, UX | 0.04 UAH | -0.3 | -9.3 | -7.0 | -26.1 | 0.00 | 111.1 | 1,787.7 | 3.9 | 4.3 | 1.5 | 19.3 | 0.36 | 279 | Neg. | Neg. | N/A | N/A | Neg. | N/A | 1.0 | 1.1 | N/A | N/A | 64.5 |
| Avdiyivsky Cok... | AVDK UK | Kiev, UX | 2.78 UAH | +1.8 | -9.3 | -6.2 | -2.6 | 0.33 | 64.7 | 60.4 | 4.0 | 2.6 | 4.4 | 14.4 | 0.67 | 149 | Neg. | Neg. | 2.5 | Neg. | 1.4 | 0.9 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| Azovstal | AZST UK | Kiev, UX | 0.62 UAH | +4.3 | -8.9 | -6.9 | -4.3 | 0.07 | 313.3 | 303.3 | 4.1 | 12.8 | 0.8 | 21.7 | 0.11 | 887 | Neg. | Neg. | N/A | Neg. | Neg. | N/A | 0.1 | 0.1 | N/A | 0.2 | 0.0 |
| Ferrexpo PLC | FXPO LN | London | 171.40 GBP | -4.8 | -4.7 | -10.3 | -34.9 | 2.82 | 1,662.3 | 2,249.5 | 22.4 | 372.3 | 3,763.0 | 2,384.6 | 0.71 | 142 | 7.8 | 6.5 | 7.4 | 5.7 | 4.7 | 4.9 | 1.6 | 1.4 | 1.4 | 1.0 | 37.0 |
| Yasynivsky Cok... | YASK UK | Kiev, UX | 0.55 UAH | +0.0 | +3.8 | +3.8 | -19.7 | 0.07 | 18.0 | 19.7 | 9.0 | 1.6 | 0.5 | 1.8 | 0.06 | 1,750 | 2.2 | 1.5 | 1.1 | 0.1 | 0.7 | 0.6 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| Yenakievo Steel | ENMZ UK | Kiev, UX | 31.88 UAH | +2.0 | -3.8 | -0.4 | -8.5 | 3.81 | 40.2 | 34.0 | 9.4 | 3.8 | 0.6 | 10.3 | 0.23 | 434 | 4.8 | Neg. | 2.1 | Neg. | Neg. | N/A | 0.0 | 0.0 | 0.0 | 0.8 | 0.0 |
| FOOD AND AGRIBUSINESS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AgroGeneration | ALAGR FP | EN Paris | 1.27 EUR | +0.0 | +1.6 | +2.4 | -27.0 | 1.72 | 60.4 | 87.3 | 34.0 | 20.5 | 28.2 | 39.5 | 0.15 | 688 | Neg. | N/A | N/A | Neg. | N/A | N/A | 1.4 | N/A | N/A | 1.4 | 35.9 |
| Agroliga | AGL PW | Warsaw | 27.40 PLN | +0.2 | +9.8 | +5.7 | +33.0 | 8.92 | 13.7 | 14.0 | 16.7 | 2.3 | 6.2 | 12.6 | 0.56 | 180 | 19.5 | N/A | N/A | 19.1 | N/A | N/A | 5.5 | N/A | N/A | N/A | 7.5 |
| Agroton | AGT PW | Warsaw | 2.66 PLN | +0.8 | +35.7 | +36.4 | -73.9 | 0.87 | 18.8 | 66.1 | 26.2 | 4.9 | 450.7 | 126.0 | 5.29 | 19 | 2.8 | 3.9 | 2.5 | 4.6 | 7.1 | 4.2 | 0.8 | 1.0 | 0.8 | 0.1 | 28.0 |
| Avangard | AVGR LI | London Intl | 11.69 USD | +0.0 | +2.0 | -0.5 | +1.3 | 11.69 | 746.7 | 913.0 | 21.7 | 162.0 | 0.0 | 291.1 | 0.27 | 373 | 3.3 | 3.3 | 3.3 | 3.3 | 3.2 | 3.1 | 1.5 | 1.3 | 1.2 | 0.6 | 22.3 |
| IMC | IMC PW | Warsaw | 11.96 PLN | -2.4 | +2.6 | -1.6 | -23.8 | 3.89 | 121.8 | 238.1 | 23.9 | 29.1 | 14.8 | 20.4 | 0.05 | 2,065 | 6.5 | 4.6 | 2.9 | 6.5 | 5.6 | 5.3 | 3.2 | 1.8 | 1.2 | 1.0 | 33.0 |
| Kernel Holding... | KER PW | Warsaw | 41.13 PLN | +0.3 | +8.1 | +8.0 | -36.8 | 13.38 | 1,066.4 | 1,786.7 | 58.8 | 626.7 | 389.4 | 3,104.5 | 0.28 | 351 | 9.6 | 9.7 | 5.8 | 6.1 | 6.2 | 5.0 | 0.6 | 0.7 | 0.6 | 0.8 | 30.6 |
| KSG Agro | KSG PW | Warsaw | 10.40 PLN | +2.1 | +0.5 | -4.1 | -21.2 | 3.38 | 50.8 | 172.7 | 34.4 | 17.5 | 17.9 | 21.4 | 0.09 | 1,098 | 6.3 | 4.2 | 4.3 | 41.0 | 5.9 | 4.8 | 4.6 | 2.5 | 1.6 | 0.6 | 29.2 |
| MHP | MHPC LI | London Intl | 17.70 USD | -1.6 | +4.1 | +3.8 | +6.6 | 17.70 | 1,870.3 | 3,071.3 | 22.3 | 417.5 | 1,073.3 | 1,688.8 | 0.12 | 803 | 6.3 | 8.6 | 6.3 | 6.6 | 7.1 | 5.8 | 2.2 | 2.1 | 1.8 | 1.6 | 45.8 |
| Milkiland | MLK PW | Warsaw | 10.10 PLN | +0.8 | -18.5 | -19.2 | -36.3 | 3.29 | 102.7 | 236.1 | 20.0 | 20.5 | 11.4 | 8.5 | 0.06 | 1,642 | 5.9 | 5.7 | 5.7 | 6.6 | 5.8 | 4.7 | 0.6 | 0.5 | 0.5 | 0.4 | 29.9 |
| Mriya Agrohold... | MAYA GF | Frankfurt | 5.17 EUR | +0.0 | -9.3 | -4.2 | +14.9 | 7.01 | 745.0 | 1,476.8 | 20.0 | 149.0 | 0.0 | 1.7 | 0.00 | 54,482 | 4.3 | 4.7 | 4.9 | 6.4 | 5.5 | 6.0 | 4.2 | 3.9 | 3.4 | 0.8 | 34.8 |
| Ovostar Union | OVO PW | Warsaw | 92.90 PLN | +0.0 | +4.4 | -7.1 | -1.3 | 30.23 | 181.4 | 193.4 | 25.0 | 45.3 | 0.0 | 49.9 | 0.27 | 368 | 7.7 | 7.1 | 4.9 | 6.9 | 6.4 | 4.0 | 2.7 | 2.4 | 1.8 | 1.7 | 3.7 |
| CONSTRUCTION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TMM | TR61 GF | Xetra | 0.32 EUR | +0.0 | +6.7 | +0.0 | +42.2 | 0.43 | 22.3 | 181.6 | 13.1 | 2.9 | 0.0 | 0.2 | N/A | N/A | Neg. | N/A | N/A | Neg. | N/A | N/A | 8.3 | N/A | N/A | 0.2 | 44.1 |
| FINANCIAL SERVICES | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Raiffeisen Ban... | BAVL UK | Kiev, UX | 0.11 UAH | -2.4 | -7.6 | -7.3 | +25.1 | 0.01 | 376.6 | N/A | 3.8 | 14.4 | 2.0 | 44.5 | 0.20 | 513 | 9.9 | 5.7 | 3.0 | N/A | N/A | N/A | N/A | N/A | N/A | 0.4 | 28.3 |

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; *** -- means that P/E ratio is above 10,000x.

Sources: Bloomberg, Investment Capital Ukraine LLC.

Bonds: News & Comments

Liquidity rises on inflows

To offset the lower FX trading volume on Monday, the NBU injected significant inflows into liquidity that day to provide not only support but also an increase. Broader banking sector liquidity rose UAH4.40bn to a two-year high of UAH47.64bn. Banks' correspondent accounts with the NBU rose UAH3.97bn to UAH31.90bn, total CDs outstanding slid only UAH0.03bn to UAH7.67bn, and total local currency debt repayments scheduled for the next 30 days rose UAH0.46bn to UAH8.06bn.

Money market interest rates declined slightly despite the significant increase in liquidity: the KyivPrime ON interest rate slid 3bp to 2.22% while the KyivPrime 1M interest rate declined 13bp to 7.50%.

Investment implications: The NBU likely issued support of liquidity to support the primary auction, but this support failed to attract significant demand immediately (see comment below). We expect that liquidity will not remain this high as monthly tax payments began yesterday, and we anticipate that liquidity will decline today if the NBU provides no additional new support.

YTM's increase slightly

Although YTM's of Ukrainian Eurobonds slightly rose over the last two trading days, the rise has been insignificant in light of the increase in benchmark yields. After US Treasury YTM's slightly rose yesterday, 5-year bond YTM's rose 2bp to 1.65% and 10-year bond YTM's rose 1bp to 2.83% at the close.

At the same time, yields rose slightly in response to a new wave of political instability in Ukraine. YTM's of Ukrainian Eurobonds diverged as UKRAIN 6.875% '15 remained steady at 6.70%, UKRAIN 9.25% '17 rose 17bp to 7.95%, while UKRAIN 7.95% '21 rose 12bp to 8.76%, UKRAIN 7.80% '22 rose 16bp to 8.86% and UKRAIN 7.50% '23 rose 11bp to 8.53%.

Primary auction results

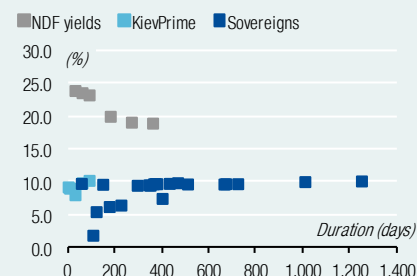
Despite the addition of two new offerings to the originally scheduled five bonds, including a 3-week USD-denominated bond and a 4-month local currency bond, the MoF attracted insufficient funds and canceled the 3-week bond offering only to re-announce it later. This re-announcement allowed the MoF to increase demand and refinance UAH2.01bn of the UAH2.34bn in scheduled repayments.

Investment implications: We expect that the MoF will refinance mostly principal repayments and only partially interest repayments going forward. This policy is very positive, especially at the beginning of the year, but the fact that repayments were refinanced using short-term bonds will not improve situation and will only increase needs in FX funds in mid-February, creating a more significant debt burden at that time.

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Yield curve of the local bond market

(as of market close on 21 Jan 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 21 Jan 2014)

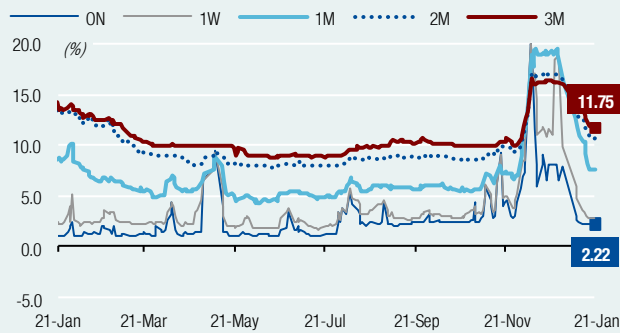
| | Last | Daily chg (%) | Weekly chg (%) | MoM chg (%) | YTD chg (%) |
|---|----------------|---------------|----------------|---------------|---------------|
| MONEY MARKET KIEV PRIME RATES (%) | | | | | |
| 0/n | 2.22 | -3bp | -4bp | -578bp | -558bp |
| 1wk | 2.81 | +0bp | -64bp | -882bp | -699bp |
| 1m | 7.50 | -13bp | -282bp | -12ppt | -875bp |
| 2m | 10.75 | +25bp | -145bp | -625bp | -565bp |
| 3m | 11.75 | +0bp | -120bp | -463bp | -425bp |
| LIQUIDITY WIDE MEASUREMENT (UAHm) | | | | | |
| CB acc's ¹ | 31,904 | +14.21 | +0.21 | +34.18 | -2.44 |
| CDs ² | 7,674 | -0.44 | +8.24 | +6,039.2 | +988.5 |
| Sovgns ³ | 8,027 | +0.00 | +1.82 | +574.7 | +436.9 |
| Total | 47,605 | +9.01 | +1.69 | +89.73 | +36.39 |
| HOLDERS OF UAH SOVEREIGN BONDS (UAHm) | | | | | |
| C.bank | 149,554 | +1.70 | +1.70 | +3.25 | +3.25 |
| Banks | 79,027 | -3.13 | -2.47 | -2.13 | -1.42 |
| Resid's ⁴ | 12,886 | +0.42 | +4.58 | -2.45 | +3.95 |
| Non-res ⁵ | 12,050 | +0.00 | +0.67 | +11.36 | +3.00 |
| Total | 253,517 | +0.00 | +0.45 | +1.56 | +1.77 |
| NDF IMPLIED YIELDS (%) | | | | | |
| 3m | 15.36 | +603bp | +790bp | +3bp | +322bp |
| 6m | 13.70 | +398bp | +515bp | -168bp | +29bp |
| 9m | 14.29 | +295bp | +372bp | -65bp | +27bp |
| 1yr | 14.76 | +320bp | +281bp | -134bp | -23bp |
| LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%) | | | | | |
| Mar '13 | N/A | -52ppt | +0bp | +0bp | +0bp |
| Jan '14 | N/A | -268bp | -324bp | -794bp | -795bp |
| Aug '15 ⁶ | N/A | +74bp | +0bp | +0bp | +0bp |
| EUROBONDS USD SOVEREIGN BOND YIELDS (%) | | | | | |
| CDS 5yr | 745 | +27bp | +17bp | -55bp | -72bp |
| Jun '16 | 7.14 | +45bp | -18bp | -161bp | -175bp |
| Jul '17 | 7.97 | +15bp | -35bp | -152bp | -159bp |
| Sep '20 | 8.71 | +20bp | -24bp | -42bp | -48bp |
| Sep '21 | 8.78 | +10bp | -35bp | -38bp | -44bp |
| Sep '22 | 8.88 | +14bp | -10bp | -32bp | -47bp |
| Feb '23 | 8.54 | +8bp | -22bp | -38bp | -51bp |

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



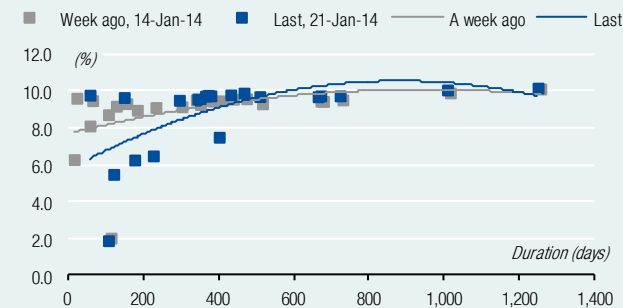
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



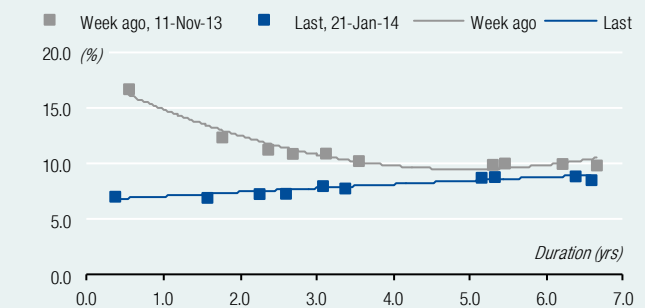
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 21 Jan 2014



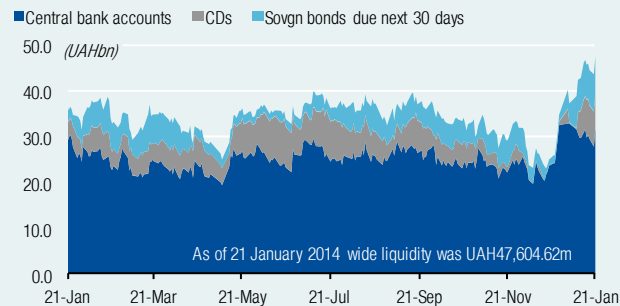
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 21 Jan 2014



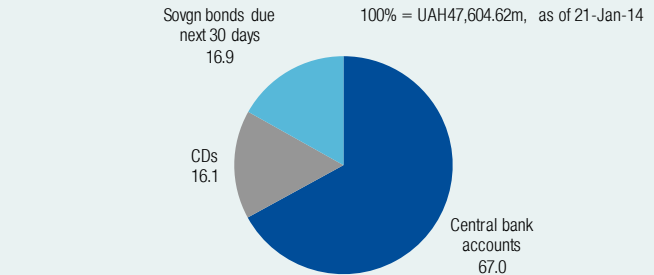
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



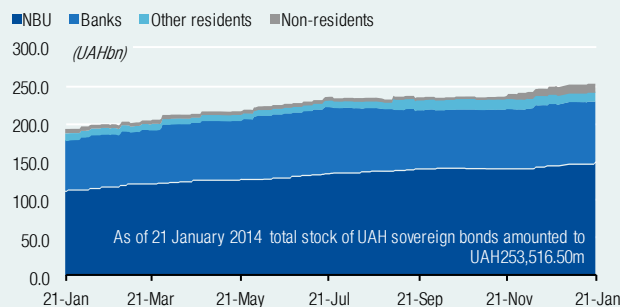
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 21 Jan 2014



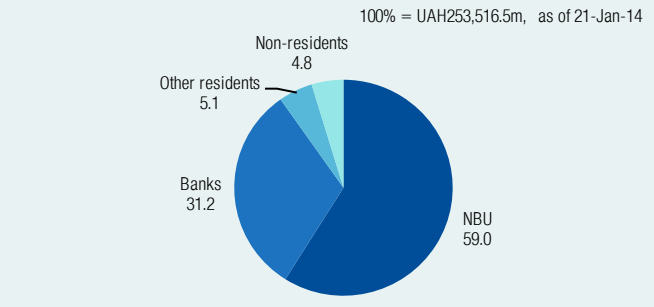
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 21 Jan 2014



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

FX: News & Comments

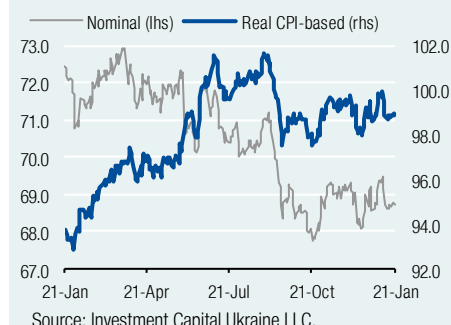
UAH weakens to offset real rate's rise

On US\$2.56bn in UAH/USD trading, the UAH closed 0.33% lower at 8.4050/USD, crossing 8.40/USD for the first time since early 2009. We believe that the authorities are allowing the UAH to weaken in order to control the growing pressure on the UAH's real rate to appreciate. Since 2013, there has been talk on the global FX market that the USD, to which the UAH has been pegged since the 2008 crisis at 8.00/USD, is likely to appreciate. However, this expectation has been premature as the USD index ended the past year nearly flat, and the USD is now expected to strengthen in 2014. While the USD indeed has been slowly gaining in value, if measured by the USD index (+1.33% YTD), the RUB has been more influential on the UAH, as the RUB's nominal rate has been uncompetitive since real GDP growth in Russia stalled in 1H13. Yesterday, the RUB lost 0.52%, closing near 34/USD, and it is expected to penetrate that ceiling soon. Meanwhile, the UAH's real rate decreased just 0.11% thanks to stronger EUR and CNY. In general, this signals that the UAH's 0.33% decline in nominal terms was insufficient to offset the upward pressure on the real rate that stems from weakness of Ukraine's key trading partners' currencies. We anticipate that the UAH's nominal rate will decline further.

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ICU's UAH trade-weighted indices

(Last 12-month history to 22 Jan 2014)



FX market indicators (as of 21 Jan 2014)

| | Last | Daily | Weekly | MoM | YTD |
|---|----------|---------|---------|---------|---------|
| | chg (%) | chg (%) | chg (%) | chg (%) | chg (%) |
| USD/UAH MARKET (HRYVNIA per US DOLLAR) | | | | | |
| Spot mkt | 8.4050 | +0.33 | +1.04 | +2.13 | +2.00 |
| NBU avg | 8.1497 | -0.02 | -0.02 | -0.03 | -0.01 |
| TtI vlm ¹ | 2560.66 | +258.7 | +64.20 | +10.18 | -8.62 |
| \$ volume ² | 2250.94 | +379.9 | +72.93 | +18.33 | +1.81 |
| NDF 3M | 8.7225 | +1.60 | +2.99 | +2.14 | +2.80 |
| NDF 6M | 8.9685 | +1.63 | +3.53 | +1.34 | +2.15 |
| NDF 1Y | 9.5908 | +2.74 | +3.57 | +0.96 | +1.81 |
| TRADE-WEIGHTED INDICES (TWIs, points) | | | | | |
| UAH nom'l | 68.701 | -0.11 | +0.16 | -0.40 | -0.10 |
| UAH real CPI | 98.828 | -0.11 | +0.16 | -0.40 | -0.10 |
| UAH real PPI | 131.214 | -0.11 | +0.16 | -0.40 | -0.10 |
| USD nom'l | 81.098 | -0.16 | +0.54 | +0.65 | +1.33 |
| FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs | | | | | |
| USD/RUB | 33.9399 | +0.52 | +1.88 | +2.87 | +3.26 |
| EUR/USD | 1.3561 | +0.07 | -0.86 | -0.82 | -1.32 |
| USD/CNY | 6.0502 | -0.04 | +0.16 | -0.34 | -0.07 |
| USD/PLN | 3.0709 | +0.12 | +1.42 | +0.95 | +1.58 |
| USD/TRY | 2.2513 | +0.50 | +3.08 | +7.64 | +4.80 |
| USD/BYR | 9,608.00 | +0.00 | +0.42 | +1.19 | +0.71 |
| USD/KZT | 155.2700 | +0.00 | +0.21 | +1.01 | +0.65 |
| OTHER MAJOR CURRENCIES | | | | | |
| USD/JPY | 104.3000 | +0.12 | +0.08 | +0.19 | -0.96 |
| GBP/USD | 1.6477 | +0.29 | +0.23 | +0.86 | -0.48 |
| USD/CHF | 0.9101 | +0.01 | +0.84 | +1.55 | +1.93 |
| AUD/USD | 0.8806 | -0.06 | -1.80 | -1.31 | -1.24 |
| USD/CAD | 1.0967 | +0.16 | +0.19 | +3.12 | +3.24 |
| USD/BRL | 2.3606 | +0.74 | +0.45 | -1.12 | -0.06 |
| USD/KRW | 1,065.27 | +0.16 | +0.58 | +0.38 | +1.47 |
| COMMODITIES | | | | | |
| Gold(\$/oz) | 1,241.41 | -1.06 | -0.30 | +3.17 | +2.97 |
| WTI crude ³ | N/A | N/A | N/A | N/A | N/A |
| Brent crd ³ | N/A | N/A | N/A | N/A | N/A |
| Urals crd ³ | N/A | N/A | N/A | N/A | N/A |
| TR/J CRB ⁴ | 278.40 | +0.00 | +0.59 | -1.67 | -0.63 |

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

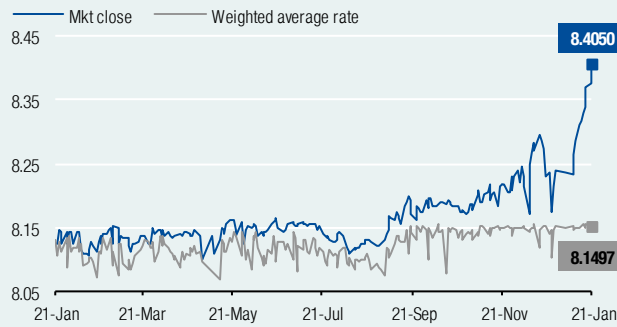
Section on FX market is continued on next page.

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.

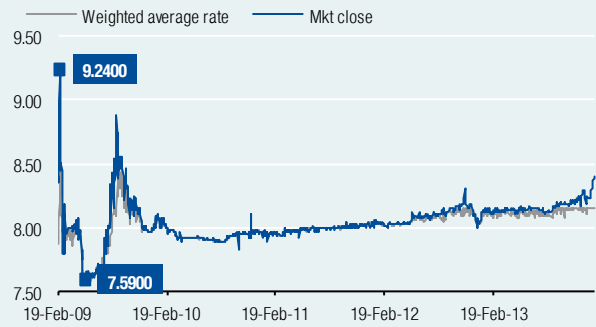
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

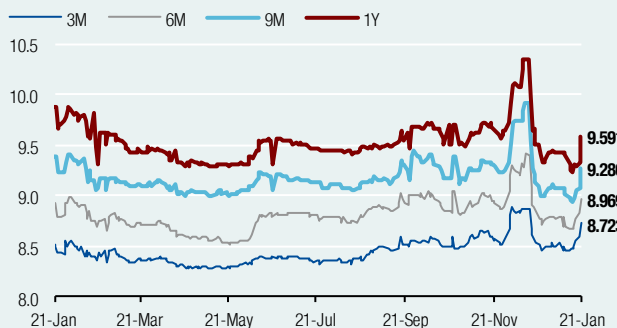


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

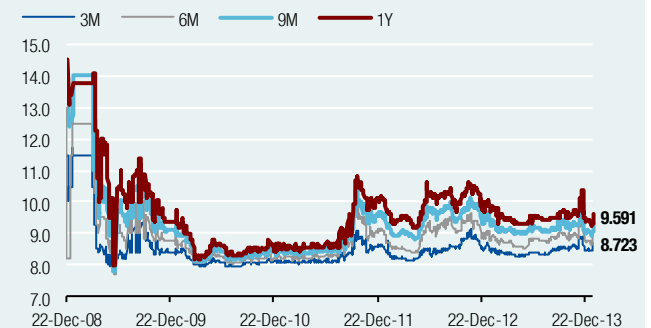


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

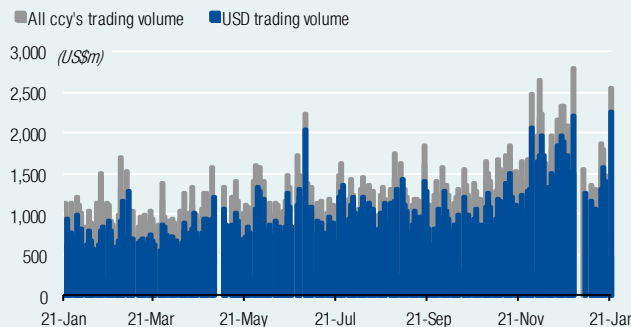


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.



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)

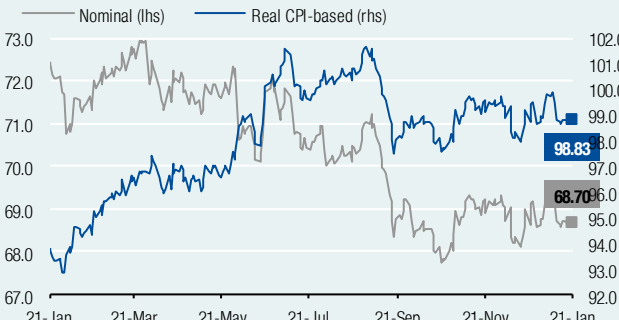


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

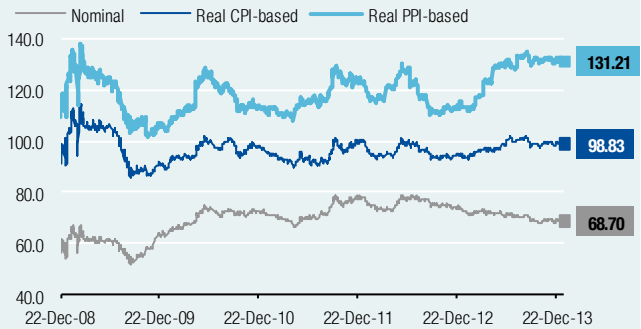
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



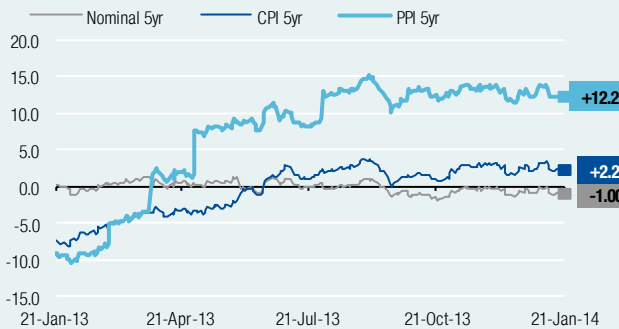
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

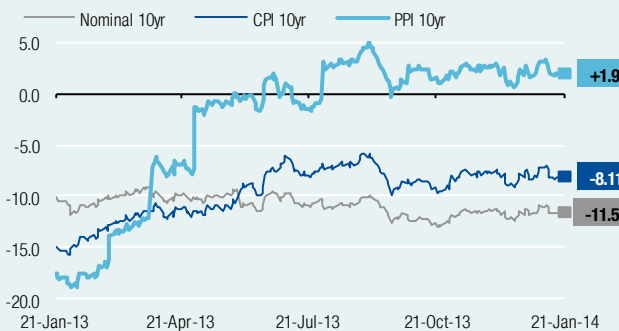


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

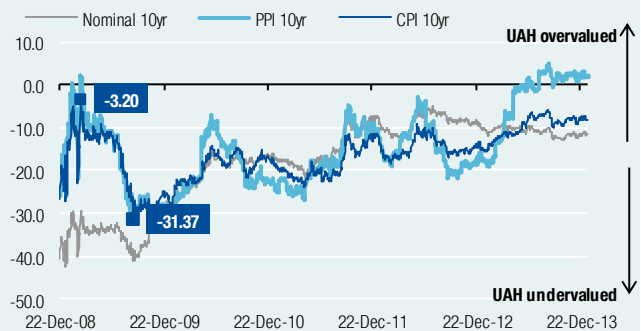


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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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Disclosures

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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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