


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Political crisis update; Metinvest steel output in 2013; new bond auction details

MONDAY, 3 FEBRUARY, 2014

RESEARCH INSIGHT

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UX Index (3 months to 3 Feb 2014)



Key market indicators (as of 31 Jan 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	8.6175	+1.68	+4.58
USD/UAH (1Y NDF)	9.9000	-0.23	+5.10
EUR/USD	1.3486	-0.51	-1.87
USD/RUB	35.1537	+0.83	+6.95
KievPRIME O/N (%)	10.75	+212bp	+295bp
KievPRIME 1M (%)	14.00	+75bp	-225bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	+74bp	+0bp
Ukraine 17, Eurobond (%)	10.40	+54bp	+85bp
Ukraine 22, Eurobond (%)	10.24	+18bp	+89bp
Ukraine 23, Eurobond (%)	9.86	+33bp	+81bp
Ukraine 5Y CDS	N/A		

EQUITIES

Stock market indices

UX (Ukraine)	889.65	+0.24	-2.24
MSCI World	391.92	-0.50	-4.07
MSCI EM	936.53	+0.02	-6.60
RTS (Russia)	1,301.02	-1.51	-9.82
WIG-20 (Poland)	2,355.89	+0.86	-1.88
S&P 500 (USA)	1,782.59	-0.65	-3.56

MOST ACTIVE: Top 3 stocks by value traded (US\$m)

FXPO LN	3.92	42.2% of total ¹
KER PW	2.89	31.1%
MHPC LI	1.69	18.2%

GAINERS: Top 3 stocks (in listed currency)

MLK PW	PLN 9.80	+3.92	-21.60
AVGR LI	USD 11.55	+2.67	-1.70
USCB UK	UAH 0.19	+2.49	-1.33

LOSERS: Top 3 stocks (in listed currency)

FORM UK	UAH 0.60	-14.16	-21.05
IMC PW	PLN 10.05	-4.29	-17.28
AGT PW	PLN 2.48	-3.50	+27.18

Notes: Chg – percentage change, if not otherwise indicated; [1] – total traded volume for stocks listed in Table 1, pp. 3; 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

S&P decreased rating of Ukrainian banks from B- to CCC+

Following the downgrade of the sovereign rating, Standard and Poor's has changed the credit ratings of all three banks it cooperates with in Ukraine. The credit ratings of Privatbank, Alfa Bank and Kredobank have been cut from B- to CCC+, all with a negative outlook. The agency admits that the country's largest bank, Privatbank, is in a better financial position than its peer banks, but its credit rating is limited by the country's rating ceiling. The sovereign creditworthiness remains a key risk for all Ukrainian banks, as a potential credit default by Ukraine not only has a very strong impact on market liquidity but also could trigger bank runs.

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Ukraine's political crisis: Decisive week to come

Yanukovich administration and the opposition are positioning themselves for strategic moves. Yanukovich, who took sick leave last week for the flu, returns to office today. Such a quick recovery could signal the urgency of the situation. The opposition leaders just returned from a high profile conference on global security in Munich where they received significant support from Western leaders. At the Sunday rally at Maidan, which has become a weekly routine over the past two months, rumours abounded that this week a new majority in the parliament would be formed. A member of parliament from the Party of Regions gave a speech on stage at Maidan, standing with opposition leaders, in which he espoused finding a peaceful compromise, and declared his support of "the people", declared that he himself was defecting with a faction from the Party of Regions, and called for others to follow his example. This could be a sign that the opposition is willing to show that there are many such MPs from the Party of Regions and that a new majority could indeed be formed this week. Their clear objective is to reverse Yanukovich's rewording of the Constitution in 2010 when he took supreme power back to the 2004 wording, which would return power to being shared between the president and the parliament and move the presidential elections from March 2015 to this year. The risk of losing majority in the parliament could be the reason for Yanukovich's swift return to office. If this is true, both sides will resettle/fight each other over both the majority in the parliament and the constitution. The outcome of this bitter battle could be quite opposite from a compromise for both sides: if Yanukovich retains his majority, a forceful crackdown of Maidan is likely; if the opposition succeeds, then a pro-EU government is likely. In the former case, the Kremlin would resume lending once a new pro-Yanukovich government is in place. In the latter case, a deal with the EU and IMF is likely.

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Table 1. Ukrainian stocks (closing prices as of 31-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	11.50 GBP	-2.1	+12.2	+10.8	+9.5	0.19	43.7	-19.4	40.2	17.5	0.0	13.1	0.09	1,084	Neg.	Neg.	Neg.	2.9	3.0	6.1	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	4.44 UAH	-0.4	-6.9	-6.9	-28.7	0.52	190.3	264.0	21.7	41.3	4.8	68.3	0.08	1,290	7.0	6.5	4.6	0.5	3.9	2.6	0.3	0.3	0.3	0.7	12.2
Coal Energy	CLE PW	Warsaw	1.12 PLN	-3.4	+12.0	+6.7	-92.0	0.36	16.0	73.9	25.0	4.0	48.5	105.1	6.20	16	Neg.	Neg.	N/A	1.2	10.1	N/A	0.6	0.8	N/A	0.1	7.7
Donbasenergo	DOEN UK	Kiev, UX	32.30 UAH	+0.7	+17.1	+17.1	+51.0	3.75	88.6	143.8	14.2	12.6	17.8	55.1	0.18	554	24.7	3.2	4.7	0.6	2.6	2.5	0.3	0.2	0.3	1.2	17.8
JKX Oil & Gas	JKX LN	London	71.50 GBP	-1.0	+0.0	+0.0	+28.8	1.17	201.7	198.7	47.2	95.2	264.3	89.2	0.09	1,097	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	12.75 GBP	+2.0	+6.3	-1.9	-58.0	0.21	67.2	40.3	80.9	54.3	0.0	7.6	0.01	8,887	5.8	13.4	N/A	1.8	2.4	N/A	1.0	N/A	N/A	0.2	0.0
Sadova Group	SGR PW	Warsaw	0.62 PLN	-1.6	+8.8	+17.0	-67.7	0.20	8.5	48.2	25.0	2.1	6.2	39.8	1.82	55	Neg.	N/A	N/A	24.1	N/A	N/A	1.2	N/A	N/A	0.2	42.7
Zakhidenergo	ZAEN UK	Kiev, PFTS	119.00 UAH	-0.8	+31.6	+31.6	+28.1	13.81	176.6	211.0	5.0	8.8	1.1	10.6	0.09	1,162	793.6	N/A	N/A	1.4	N/A	N/A	0.2	N/A	0.1	2.9	9.7
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-0.3	-7.5	-7.5	-31.4	0.00	107.4	1,736.4	3.9	4.2	1.6	17.5	0.19	514	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	2.74 UAH	+0.8	-7.3	-7.3	-12.1	0.32	62.1	57.9	4.0	2.5	2.3	12.8	0.38	262	Neg.	Neg.	2.5	Neg.	1.4	0.8	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.60 UAH	-0.5	-11.2	-11.2	-15.8	0.07	290.3	280.6	4.1	11.9	2.9	18.3	0.04	2,555	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	152.00 GBP	-2.9	-18.7	-20.4	-42.5	2.50	1,469.7	2,057.0	22.4	329.2	3,923.8	2,308.3	1.02	98	6.9	5.8	6.2	5.2	4.3	4.5	1.4	1.3	1.3	0.9	37.0
Yenakievo Steel	ENMZ UK	Kiev, UX	31.60 UAH	+1.0	-1.3	-1.3	-14.0	3.67	38.7	32.7	9.4	3.6	0.6	10.1	0.23	439	4.8	Neg.	2.0	Neg.	Neg.	N/A	0.0	0.0	0.0	0.8	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	1.20 EUR	-2.4	-4.8	-3.2	-31.0	1.62	56.8	83.6	34.0	19.3	27.0	40.9	0.19	522	Neg.	N/A	N/A	Neg.	N/A	N/A	1.3	N/A	N/A	1.3	35.9
Agroliga	AGL PW	Warsaw	25.97 PLN	-1.6	-9.0	+0.2	+29.9	8.25	12.7	13.0	16.7	2.1	11.7	10.9	0.54	187	18.1	N/A	N/A	17.7	N/A	N/A	5.1	N/A	N/A	N/A	7.5
Agroton	AGT PW	Warsaw	2.48 PLN	-3.5	+14.3	+27.2	-76.6	0.79	17.1	64.4	26.2	4.5	43.4	135.6	7.47	13	2.5	3.6	2.3	4.5	6.9	4.1	0.7	0.9	0.8	0.1	28.0
Astarta Holdin...	AST PW	Warsaw	66.20 PLN	+0.3	-2.6	-1.0	+1.8	21.03	525.8	849.8	31.0	163.1	257.0	218.6	0.10	984	8.6	7.4	4.3	9.6	7.1	4.7	1.8	1.7	1.4	0.9	38.9
Avangard	AVGR LI	London Intl	11.55 USD	+2.7	+1.3	-1.7	+2.4	11.55	737.7	904.1	21.7	160.1	55.2	250.7	0.24	425	3.3	3.2	3.4	3.2	3.1	3.1	1.4	1.3	1.2	0.6	22.3
IMC	IMC PW	Warsaw	10.05 PLN	-4.3	-21.2	-17.3	-35.8	3.19	99.9	216.2	23.9	23.9	30.6	16.0	0.10	1,021	5.3	3.8	4.1	5.9	5.2	4.3	2.9	1.6	1.1	0.8	33.0
Kernel Holding...	KER PW	Warsaw	38.10 PLN	-2.2	-7.5	+0.1	-44.3	12.10	964.5	1,684.9	58.8	566.9	2,889.6	1,957.1	0.27	365	8.7	9.2	5.3	5.8	6.0	4.7	0.6	0.7	0.6	0.7	30.6
KSG Agro	KSG PW	Warsaw	9.00 PLN	+0.0	-15.1	-17.1	-32.5	2.86	42.9	164.8	34.4	14.8	6.6	16.8	0.07	1,384	5.3	3.5	3.6	39.1	5.6	4.5	4.4	2.4	1.5	0.5	29.2
MHP	MHPC LI	London Intl	15.10 USD	-3.3	-14.9	-11.4	-12.4	15.10	1,595.6	2,796.6	22.3	356.1	1,692.8	1,258.6	0.23	444	5.4	7.4	5.4	6.0	6.5	5.3	2.0	1.9	1.6	1.4	45.8
Milkiland	MLK PW	Warsaw	9.80 PLN	+3.9	-16.9	-21.6	-36.8	3.11	97.3	230.1	20.0	19.5	5.5	7.8	0.07	1,416	5.6	5.5	5.4	6.4	5.7	4.6	0.6	0.5	0.5	0.4	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	5.20 EUR	+0.0	+1.8	-3.7	+12.2	7.02	745.7	1,477.6	20.0	149.1	0.0	1.7	0.00	596,879	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	81.25 PLN	+1.6	-15.4	-18.8	-18.8	25.81	154.9	166.9	25.0	38.7	1.0	41.8	0.05	1,917	6.6	6.1	4.1	6.0	5.5	3.5	2.3	2.1	1.5	1.5	3.7
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.32 EUR	+0.0	+0.0	+0.0	-4.8	0.43	22.2	181.5	13.1	2.9	0.0	0.0	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																											
Forum Bank	FORM UK	Kiev, UX	0.60 UAH	-14.2	-21.1	-21.1	+12.1	0.07	41.3	N/A	5.5	2.3	1.1	2.0	0.03	3,953	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.2	21.3
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.11 UAH	+0.0	+0.4	+0.4	+3.6	0.01	396.6	N/A	3.8	15.1	0.0	47.2	0.16	615	10.7	6.2	3.3	N/A	N/A	N/A	N/A	N/A	N/A	0.5	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.19 UAH	+2.5	-1.3	-1.3	+47.4	0.02	389.4	N/A	4.5	17.4	0.6	10.9	0.01	9,740	1,108.7	204.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.4	30.9

Table 1. Ukrainian stocks (closing prices as of 31-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)

Notes: mIn - 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 remains low

Broader banking sector liquidity significantly fell UAH2.74bn to UAH31.43bn last Friday to this year's new low. Banks' correspondent accounts with the NBU declined UAH2.36bn to UAH23.30bn and the NBU decreased total CDs outstanding UAH0.38bn to UAH1.38bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH6.75bn.

Money market interest rates rose yet again last Friday, and quite significantly, to this year's record highs: the KyivPrime ON interest rate rose 212bp to 10.75% while the KyivPrime 1M interest rate rose 75bp to 14.00%.

Investment implications: Last week ended with a low level of liquidity due to pressure from month-end tax payments, significant trading volume in the FX market, and paltry inflows from the NBU and the MoF.

YTM's rise and will continue to increase

At the end of last week, YTM's of Ukrainian Eurobonds continued to increase, most rising above 10.0% with some rising even more higher. Only two bonds remained below 10.0%, and they include UKRAIN 7.50% '23 and the recently issued Russian Eurobond. At last Friday's close, UKRAIN 6.875% '15 rose 196bp to 13.25%, UKRAIN 9.25% '17 rose 76bp to 11.17%, UKRAIN 7.95% '21 rose 45bp to 10.60%, while UKRAIN 7.80% '22 rose a mere 5bp to 10.29%. Only UKRAIN 7.50% '23 remained steady at 9.86%.

As a result, the yield curve inverted further, reflecting the short-term character of Ukrainian risks arising from the political crisis, recent sovereign ratings downgrades and potential for default on debt repayments in February.

Moody's downgrade of Ukraine's sovereign rating to Caa2 with a negative outlook will continue to put pressure on Ukrainian risks to the extent that we could see a new wave of selling Ukrainian Eurobonds and higher yields today.

Primary auction announcement

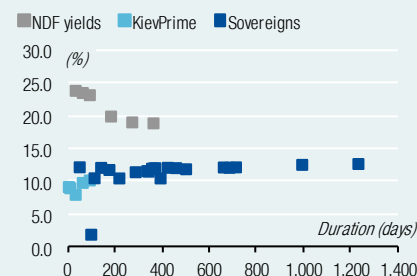
The debut primary auction in February should be quite active due to large scheduled debt repayments. The MoF will offer six bonds, including five local currency bonds with maturities from 2.5 months to seven years and one USD-denominated 3-year bond.

Investment implications: The MoF will attempt to attract both market demand and demand supported by domestic QE. Due to the beginning of the month, we could see an increase in liquidity and as the result market demand for short-term bonds and for FX-denominated bonds.

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Yield curve of the local bond market

(as of market close on 31 Jan 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 31 Jan 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	10.75	+212bp	+831bp	+295bp	+295bp
1wk	12.25	+125bp	+924bp	+245bp	+245bp
1m	14.00	+75bp	+631bp	-225bp	-225bp
2m	12.88	+13bp	+213bp	-352bp	-352bp
3m	13.25	+0bp	+125bp	-275bp	-275bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	23,304	-9.21	-16.83	-28.74	-28.74
CDs ²	2,790	-31.53	-80.64	+83.55	+83.55
Sovgns ³	6,730	+0.00	-13.96	+350.2	+350.2
Total	32,824	-10.00	-34.68	-8.10	-8.10
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	17.31	-88bp	+70bp	+517bp	+517bp
6m	14.39	-77bp	-160bp	+99bp	+99bp
9m	14.06	-105bp	-129bp	+5bp	+5bp
1yr	15.53	-221bp	-12bp	+55bp	+55bp
LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)					
Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+320bp	+320bp	-676bp	-676bp
Aug '15 ⁶	N/A	+74bp	+0bp	+0bp	+0bp
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	N/A	N/A	N/A	N/A	N/A
Jun '16	9.69	+57bp	+62bp	+80bp	+80bp
Jul '17	10.40	+54bp	+95bp	+85bp	+85bp
Sep '20	10.23	+47bp	+47bp	+104bp	+104bp
Sep '21	10.15	+32bp	+42bp	+93bp	+93bp
Sep '22	10.24	+18bp	+66bp	+89bp	+89bp
Feb '23	9.86	+33bp	+74bp	+81bp	+81bp

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.

Metinvest's steel output down 1% YoY in 2013

According to its operational update released last Friday, Metinvest reduced its output of crude steel by 0.5% YoY to 12.4mt in 1Q13. At the same time, the company's production of iron ore concentrate was marginally up 2% YoY to 36.9mt, while production of coking coal was down 1.9% YoY to 11.4mt.

In 4Q13, Metinvest's crude output fell 7.8% QoQ but grew 2.5% YoY to 2.952mt, iron ore concentrate output grew 1.3% QoQ and 1.5% YoY to 9.192mt and raw coking coal output dropped 15.7% QoQ and 10.9% to 2.502mt. The significant decline in 4Q13 output of coking coal was explained by the company as partially prompted by stopped operations at Metinvest's Affinity mine in the US due to safety works.

Table 2. Highlights of Metinvest's production in 4Q13 and 2013

(000 tonnes)	4Q12	3Q13	4Q13	Change (% QoQ)	Change (% YoY)	2012	2013	Change (% YoY)
Crude steel	2,881	3,200	2,952	-7.8	2.5	12,459	12,391	-0.5
Raw coking coal	2,808	2,967	2,502	-15.7	-10.9	11,623	11,393	-2.0
Iron ore concentrate	9,059	9,070	9,192	1.3	1.5	36,224	36,926	1.9

Sources: d

Table 3. Metinvest's Eurobond quotation as of market close, 31 January 2014

Issuer	Moody's/S&P/Fitch	Ccy	Volume	Coupon (%)	Maturity	Price (%)	YTW (%)	Spread (bp)
Metinvest	Caa1/--/B-	USD	500m	10.25	20-May-15	100.125	10.118	979
Metinvest	Caa1/--/B-	USD	750m	8.75	14-Feb-18	92.625	11.070	956

Source: Bloomberg

Investment implications: In the challenging market environment of 2013, Metinvest managed to maintain nearly flat production. We assume that in the company's metallurgical division, the key business segment, the sales decline due to higher competition in Asia and the CIS was to a great degree offset by a growing market share in Europe. We expect that the European market recovery that just began will provide further support for Metinvest's production in 2014. However, the abundance of supply will not allow the company to capitalize significantly on this recovery. Moreover, the company should see rising competition pressure in the CIS and Asia due to additions of steelmaking capacities in these regions, and the current political instability in MENA leaves the growth of the steel demand highly uncertain. The demand for steel from the Ukrainian market, which suffers from a lack of access to finances, should remain stagnant at best. These risks lead us to expect Metinvest's production of steel to decline 1-2% YoY in 2014.

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Chart page: Local bond market & Eurobond markets

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

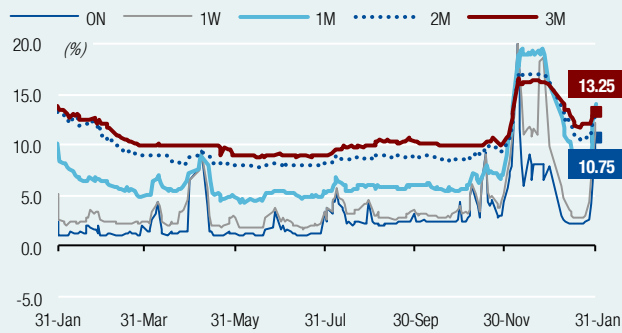


Chart 2. UAH NDF implied yields (%), last 12-month period



Chart 3. UAH sovereign yield curve (%) as of 31 Jan 2014

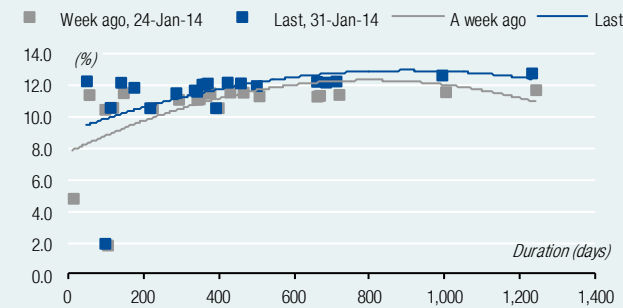


Chart 4. USD sovereign yield curve (%) as of 31 Jan 2014

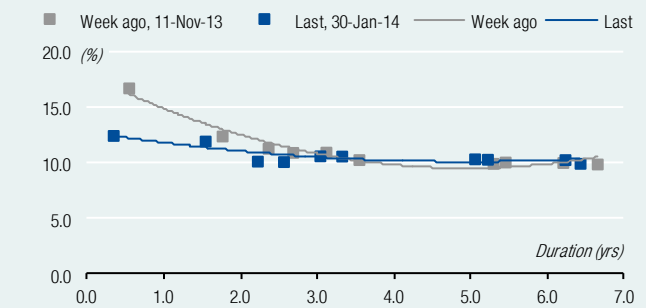


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

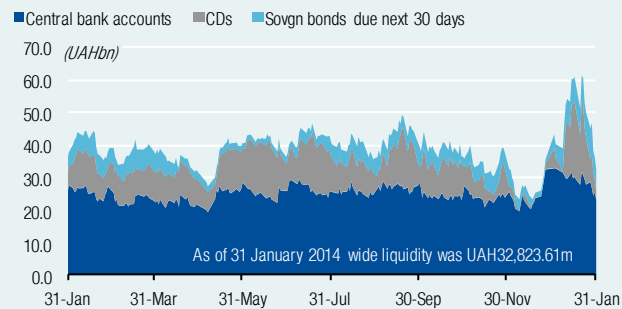


Chart 6. Breakdown of liquidity pool (%) as of 31 Jan 2014

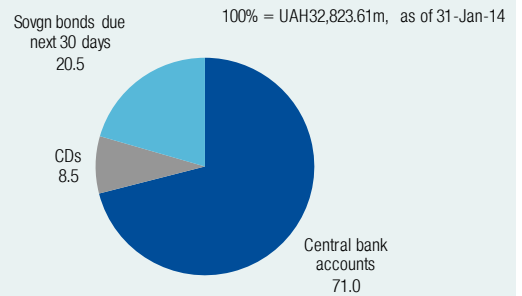


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

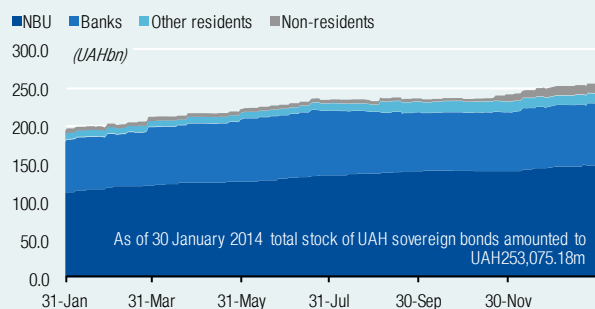
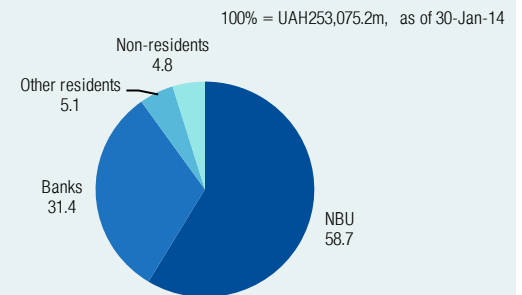


Chart 8. Domestic sovereign debt (%) as of 31 Jan 2014



FX: News & Comments

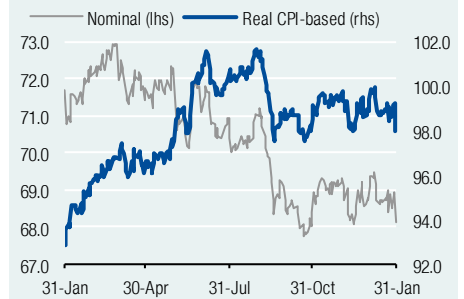
UAH declines to new low

While Bloomberg reported the FX rate slid 1.68% to a new multi-year low of 8.6175/USD on US\$3.4bn in trading volume, Interfax-Ukraine had reported that that level had been seen several days ago. The UAH's real trade-weighted index dropped 1.21%.

Alexander Valchyshen, Kiev, +38044 2200120 ext.242

ICU's UAH trade-weighted indices

(Last 12-month history to 3 Feb 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 31 Jan 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	8.6175	+1.68	+2.16	+4.58	+4.58
NBU avg	8.1550	+0.17	+0.01	+0.05	+0.05
Ttl vlm ¹	3679.81	+6.78	+28.46	+31.32	+31.32
\$ volume ²	3388.65	+11.49	+32.04	+53.28	+53.28
NDF 3M	8.9850	+1.47	+2.33	+5.89	+5.89
NDF 6M	9.2250	+1.32	+1.41	+5.07	+5.07
NDF 1Y	9.9000	-0.23	+2.06	+5.10	+5.10
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	68.112	-1.21	-1.11	-0.96	-0.96
UAH real CPI	97.982	-1.21	-1.11	-0.96	-0.96
UAH real PPI	130.090	-1.21	-1.11	-0.96	-0.96
USD nom'l	81.311	+0.28	+1.06	+1.59	+1.59
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	35.1537	+0.83	+1.74	+6.95	+6.95
EUR/USD	1.3486	-0.51	-1.40	-1.87	-1.87
USD/CNY	6.0612	+0.01	+0.21	+0.11	+0.11
USD/PLN	3.1528	+0.98	+2.79	+4.29	+4.29
USD/TRY	2.2565	-0.56	-3.42	+5.04	+5.04
USD/BYR	9,660.00	+0.21	+0.42	+1.26	+1.26
USD/KZT	155.5100	+0.01	+0.15	+0.80	+0.80
OTHER MAJOR CURRENCIES					
USD/JPY	102.0400	-0.66	-0.26	-3.11	-3.11
GBP/USD	1.6439	-0.28	-0.26	-0.71	-0.71
USD/CHF	0.9065	+0.41	+1.34	+1.52	+1.52
AUD/USD	0.8756	-0.43	+0.84	-1.81	-1.81
USD/CAD	1.1128	-0.26	+0.36	+4.75	+4.75
USD/BRL	2.4128	+0.14	+0.64	+2.15	+2.15
USD/KRW	1,080.97	+0.03	+0.06	+2.97	+2.97
COMMODITIES					
Gold(\$/oz)	1,244.55	+0.05	-2.01	+3.23	+3.23
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	283.31	-0.09	+0.27	+1.12	+1.12

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>).

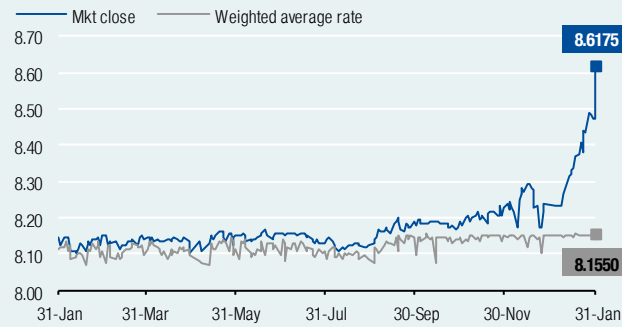
Section on FX market is continued on next page.

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.

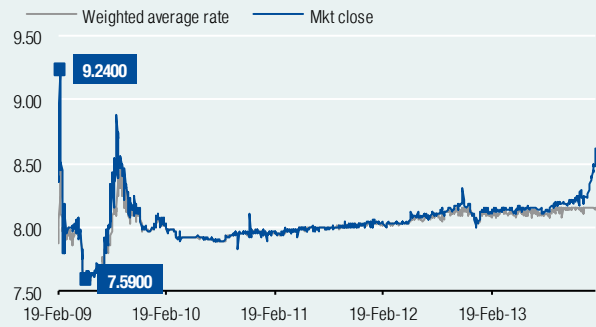
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

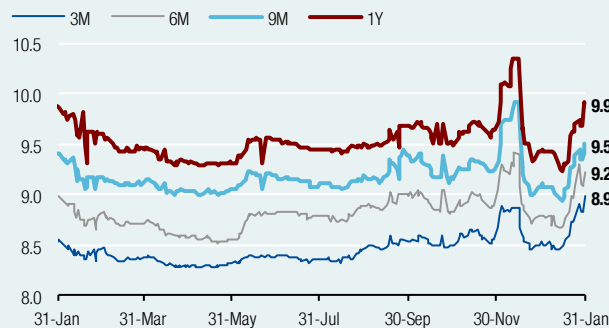


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

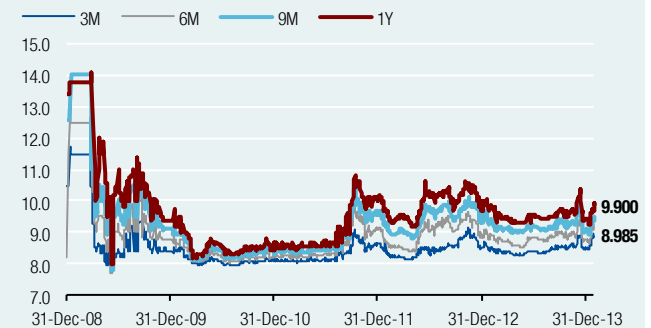


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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)



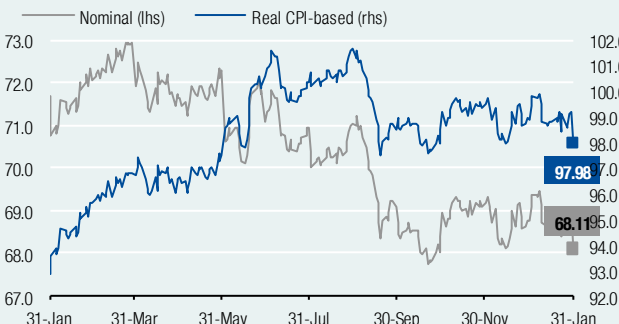
Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

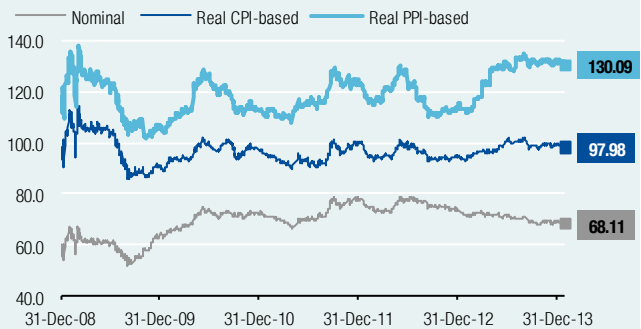
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



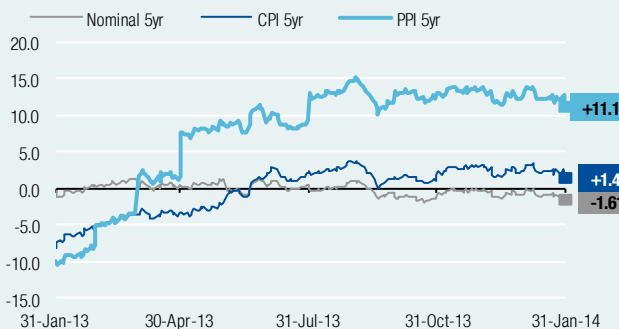
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

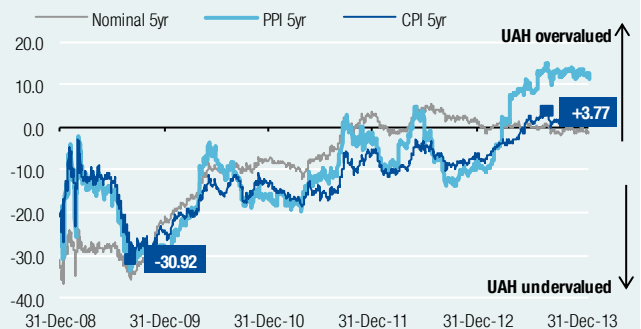


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

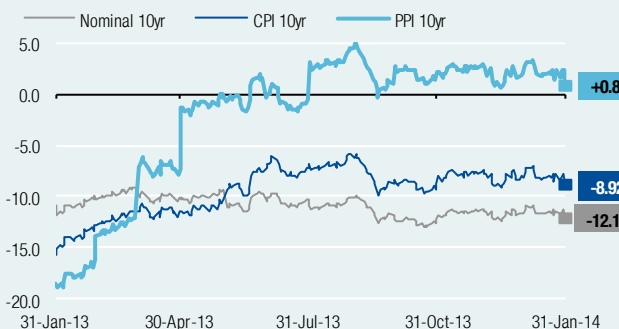


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.



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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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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