


**INVESTMENT CAPITAL UKRAINE**  
 INVESTMENT BANKING

# Daily Insight

Liquidity stable on fund reallocations; YTMs rise;  
 UAH down further as NBU steps in

THURSDAY, 6 FEBRUARY, 2014

RESEARCH INSIGHT

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### UX Index (3 months to 6 Feb 2014)



### Key market indicators (as of 5 Feb 2014)

|                                                          | Last       | Daily chg (%)               | YTD chg (%) |
|----------------------------------------------------------|------------|-----------------------------|-------------|
| <b>FX &amp; MONEY RATES</b>                              |            |                             |             |
| USD/UAH                                                  | 8.7750     | +0.00                       | +6.49       |
| USD/UAH (1Y NDF)                                         | 10.4100    | +3.09                       | +10.51      |
| EUR/USD                                                  | 1.3533     | +0.10                       | -1.53       |
| USD/RUB                                                  | 34.9115    | -0.43                       | +6.21       |
| KievPRIME O/N (%)                                        | 5.75       | -25bp                       | -205bp      |
| KievPRIME 1M (%)                                         | 14.25      | +0bp                        | -200bp      |
| <b>BONDS: yields and spreads</b>                         |            |                             |             |
| Ukraine VAT bond (%)                                     | N/A        | +74bp                       | +0bp        |
| Ukraine 17, Eurobond (%)                                 | 11.11      | +42bp                       | +155bp      |
| Ukraine 22, Eurobond (%)                                 | 10.22      | +30bp                       | +87bp       |
| Ukraine 23, Eurobond (%)                                 | 9.74       | +25bp                       | +70bp       |
| Ukraine 5Y CDS                                           | 1,000bp    | +19bp                       | +183bp      |
| <b>EQUITIES</b>                                          |            |                             |             |
| <b>Stock market indices</b>                              |            |                             |             |
| UX (Ukraine)                                             | 893.14     | +1.09                       | -1.86       |
| MSCI World                                               | 385.32     | +0.12                       | -5.69       |
| MSCI EM                                                  | 916.56     | -0.13                       | -8.59       |
| RTS (Russia)                                             | 1,317.50   | +1.99                       | -8.68       |
| WIG-20 (Poland)                                          | 2,359.00   | +0.22                       | -1.75       |
| S&P 500 (USA)                                            | 1,751.64   | -0.20                       | -5.23       |
| <b>MOST ACTIVE: Top 3 stocks by value traded (US\$m)</b> |            |                             |             |
| MHPC LI                                                  | 4.51       | 56.7% of total <sup>1</sup> |             |
| FXPO LN                                                  | 1.83       | 23.1%                       |             |
| KER PW                                                   | 0.94       | 11.9%                       |             |
| <b>GAINERS: Top 3 stocks (in listed currency)</b>        |            |                             |             |
| AGL PW                                                   | PLN 25.76  | +4.29                       | -0.66       |
| DOEN UK                                                  | UAH 32.49  | +3.67                       | +17.76      |
| FXPO LN                                                  | GBP 154.00 | +2.87                       | -19.37      |
| <b>LOSERS: Top 3 stocks (in listed currency)</b>         |            |                             |             |
| IMC PW                                                   | PLN 8.61   | -6.62                       | -29.14      |
| USCB UK                                                  | UAH 0.18   | -2.73                       | -5.07       |
| OVO PW                                                   | PLN 80.00  | -2.08                       | -20.00      |

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 5-Feb-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 (%) |
| <b>ENERGY</b>                |                  |             |                                    |       |       |       |       |                  |                |         |                             |                    |                              |                             |                     |                    |         |       |           |      |       |          |      |       |        |         |                 |
| Cadogan Petrol...            | CAD LN           | London      | 11.25 GBP                          | +0.0  | +12.5 | +8.4  | +3.4  | 0.18             | 42.4           | -20.7   | 40.2                        | 17.0               | 19.3                         | 12.3                        | 0.10                | 1,052              | Neg.    | Neg.  | Neg.      | 3.1  | 3.2   | 6.5      | Neg. | Neg.  | Neg.   | 0.2     | 0.0             |
| Centrenerg                   | CEEN UK          | Kiev, UX    | 4.40 UAH                           | +1.1  | -7.7  | -7.7  | -29.9 | 0.49             | 180.6          | 251.1   | 21.7                        | 39.2               | 53.6                         | 68.1                        | 0.10                | 974                | 7.0     | 6.5   | 4.6       | 0.5  | 3.8   | 2.6      | 0.2  | 0.3   | 0.3    | 0.7     | 12.2            |
| Coal Energy                  | CLE PW           | Warsaw      | 1.12 PLN                           | +0.9  | +12.0 | +6.7  | -91.4 | 0.36             | 16.3           | 74.2    | 25.0                        | 4.1                | 79.5                         | 107.2                       | 5.63                | 18                 | Neg.    | Neg.  | N/A       | 1.2  | 10.2  | N/A      | 0.6  | 0.8   | N/A    | 0.1     | 7.7             |
| Donbasenergo                 | DOEN UK          | Kiev, UX    | 32.49 UAH                          | +3.7  | +17.8 | +17.8 | +52.8 | 3.61             | 85.4           | 138.2   | 14.2                        | 12.1               | 27.7                         | 46.0                        | 0.19                | 534                | 24.8    | 3.3   | 4.8       | 0.5  | 2.6   | 2.5      | 0.3  | 0.2   | 0.3    | 1.2     | 17.8            |
| JKX Oil & Gas                | JKX LN           | London      | 70.50 GBP                          | +1.4  | -2.4  | -1.4  | +19.5 | 1.15             | 197.4          | 194.4   | 47.2                        | 93.2               | 14.4                         | 77.7                        | 0.09                | 1,140              | Neg.    | 6.1   | 5.5       | 1.4  | 2.0   | 2.1      | 1.0  | 1.0   | 0.9    | 0.4     | 2.5             |
| Regal Petroleum              | RPT LN           | London      | 12.50 GBP                          | +0.0  | +6.4  | -3.8  | -58.3 | 0.20             | 65.4           | 38.5    | 80.9                        | 52.9               | 0.0                          | 7.1                         | 0.01                | 9,233              | 5.6     | 13.1  | N/A       | 1.7  | 2.3   | N/A      | 0.9  | N/A   | N/A    | 0.2     | 0.0             |
| Sadova Group                 | SGR PW           | Warsaw      | 0.61 PLN                           | +0.0  | +7.0  | +15.1 | -66.3 | 0.20             | 8.5            | 48.2    | 25.0                        | 2.1                | 3.1                          | 39.0                        | 1.55                | 64                 | Neg.    | N/A   | N/A       | 24.0 | N/A   | N/A      | 1.2  | N/A   | N/A    | 0.2     | 42.7            |
| Zakhidenergo                 | ZAEN UK          | Kiev, PFTS  | 118.90 UAH                         | +1.6  | +31.5 | +31.5 | +19.5 | 13.21            | 169.0          | 201.9   | 5.0                         | 8.4                | 2.0                          | 11.4                        | 0.11                | 871                | 792.9   | N/A   | N/A       | 1.3  | N/A   | N/A      | 0.2  | N/A   | 0.1    | 2.9     | 9.7             |
| <b>METALLURGY</b>            |                  |             |                                    |       |       |       |       |                  |                |         |                             |                    |                              |                             |                     |                    |         |       |           |      |       |          |      |       |        |         |                 |
| Alchevsky Meta...            | ALMK UK          | Kiev, UX    | 0.04 UAH                           | +0.8  | -6.7  | -6.7  | -31.5 | 0.00             | 103.7          | 1,663.5 | 3.9                         | 4.0                | 1.6                          | 14.4                        | 0.18                | 551                | 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    | 2.77 UAH                           | +1.5  | -6.6  | -6.6  | -13.4 | 0.31             | 59.9           | 55.9    | 4.0                         | 2.4                | 2.4                          | 11.6                        | 0.29                | 349                | Neg.    | Neg.  | 2.5       | Neg. | 1.4   | 0.9      | 0.1  | 0.1   | 0.1    | 0.1     | 0.0             |
| Azovstal                     | AZST UK          | Kiev, UX    | 0.60 UAH                           | +0.8  | -10.9 | -10.9 | -16.4 | 0.07             | 278.9          | 269.6   | 4.1                         | 11.4               | 3.9                          | 16.7                        | 0.04                | 2,738              | Neg.    | Neg.  | N/A       | Neg. | Neg.  | N/A      | 0.1  | 0.1   | N/A    | 0.2     | 0.0             |
| Ferrexpo PLC                 | FXPO LN          | London      | 154.00 GBP                         | +2.9  | -16.2 | -19.4 | -41.5 | 2.51             | 1,478.4        | 2,065.6 | 22.4                        | 331.2              | 1,833.2                      | 2,348.5                     | 0.99                | 101                | 6.9     | 5.8   | 6.2       | 5.2  | 4.3   | 4.5      | 1.5  | 1.3   | 1.3    | 0.9     | 37.0            |
| Yenakievo Steel              | ENMZ UK          | Kiev, UX    | 31.40 UAH                          | -0.1  | -1.9  | -1.9  | -14.0 | 3.49             | 36.8           | 31.0    | 9.4                         | 3.4                | 3.9                          | 10.1                        | 0.28                | 359                | 4.8     | Neg.  | 2.0       | Neg. | Neg.  | N/A      | 0.0  | 0.0   | 0.0    | 0.8     | 0.0             |
| <b>FOOD AND AGRIBUSINESS</b> |                  |             |                                    |       |       |       |       |                  |                |         |                             |                    |                              |                             |                     |                    |         |       |           |      |       |          |      |       |        |         |                 |
| AgroGeneration               | ALAGR FP         | EN Paris    | 1.18 EUR                           | +0.0  | -6.3  | -4.8  | -30.6 | 1.60             | 56.0           | 82.8    | 34.0                        | 19.0               | 27.4                         | 40.6                        | 0.19                | 523                | Neg.    | N/A   | N/A       | Neg. | N/A   | N/A      | 1.3  | N/A   | N/A    | 1.3     | 35.9            |
| Agroliga                     | AGL PW           | Warsaw      | 25.76 PLN                          | +4.3  | -9.8  | -0.7  | +19.3 | 8.32             | 12.8           | 13.8    | 16.7                        | 2.1                | 11.7                         | 11.3                        | 0.45                | 222                | 5.6     | N/A   | N/A       | 7.1  | N/A   | N/A      | 1.4  | N/A   | N/A    | 1.6     | 9.4             |
| Agroton                      | AGT PW           | Warsaw      | 2.39 PLN                           | -0.4  | +10.1 | +22.6 | -78.5 | 0.77             | 16.7           | 64.0    | 26.2                        | 4.4                | 45.4                         | 132.0                       | 6.12                | 16                 | 2.5     | 3.5   | 2.3       | 4.5  | 6.9   | 4.1      | 0.7  | 0.9   | 0.8    | 0.1     | 28.0            |
| Astarta Holdin...            | AST PW           | Warsaw      | 66.80 PLN                          | +0.8  | -1.8  | -0.1  | +4.0  | 21.57            | 539.2          | 863.7   | 31.0                        | 167.2              | 85.0                         | 222.7                       | 0.11                | 900                | 8.8     | 7.6   | 4.4       | 9.8  | 7.2   | 4.8      | 1.8  | 1.7   | 1.4    | 1.0     | 38.9            |
| Avangard                     | AVGR LI          | London Intl | 11.28 USD                          | -0.2  | -5.5  | -4.0  | +3.0  | 11.28            | 720.5          | 886.8   | 21.7                        | 156.3              | 2.6                          | 245.4                       | 0.23                | 440                | 3.2     | 3.2   | 3.3       | 3.2  | 3.0   | 3.1      | 1.4  | 1.3   | 1.2    | 0.6     | 22.3            |
| IMC                          | IMC PW           | Warsaw      | 8.61 PLN                           | -6.6  | -32.5 | -29.1 | -45.3 | 2.78             | 87.0           | 203.3   | 23.9                        | 20.8               | 214.9                        | 18.3                        | 0.19                | 528                | 4.6     | 3.3   | 3.6       | 5.6  | 4.9   | 4.1      | 2.7  | 1.5   | 1.0    | 0.7     | 33.0            |
| Kernel Holding...            | KER PW           | Warsaw      | 39.00 PLN                          | +2.1  | -5.3  | +2.4  | -39.7 | 12.59            | 1,003.3        | 1,723.6 | 58.8                        | 589.7              | 944.7                        | 1,977.3                     | 0.23                | 442                | 9.0     | 9.5   | 5.5       | 5.9  | 6.1   | 4.8      | 0.6  | 0.7   | 0.6    | 0.8     | 30.6            |
| KSG Agro                     | KSG PW           | Warsaw      | 8.98 PLN                           | +2.3  | -15.3 | -17.2 | -31.4 | 2.90             | 43.5           | 165.4   | 34.4                        | 15.0               | 16.3                         | 16.6                        | 0.07                | 1,477              | 5.4     | 3.6   | 3.7       | 39.2 | 5.6   | 4.6      | 4.4  | 2.4   | 1.5    | 0.5     | 29.2            |
| MHP                          | MHPC LI          | London Intl | 15.00 USD                          | -0.1  | -16.9 | -12.0 | -16.0 | 15.00            | 1,585.0        | 2,786.0 | 22.3                        | 353.8              | 4,507.3                      | 1,422.7                     | 0.35                | 285                | 5.3     | 7.6   | 5.5       | 6.0  | 6.5   | 5.3      | 2.0  | 1.9   | 1.7    | 1.3     | 45.8            |
| Milkiland                    | MLK PW           | Warsaw      | 9.85 PLN                           | +2.1  | -16.5 | -21.2 | -35.4 | 3.18             | 99.4           | 232.4   | 20.0                        | 19.9               | 1.0                          | 7.9                         | 0.07                | 1,416              | 5.8     | 5.6   | 5.5       | 6.5  | 5.7   | 4.6      | 0.6  | 0.5   | 0.5    | 0.4     | 29.9            |
| Mriya Agrohold...            | MAYA GF          | Frankfurt   | 5.04 EUR                           | +0.0  | +3.1  | -6.8  | +6.0  | 6.81             | 723.4          | 1,455.3 | 20.0                        | 144.7              | 0.0                          | 1.4                         | 0.00                | 1,223,488          | 4.2     | 4.5   | 4.8       | 6.3  | 5.4   | 5.9      | 4.2  | 3.9   | 3.4    | 0.8     | 34.8            |
| Ovostar Union                | OVO PW           | Warsaw      | 80.00 PLN                          | -2.1  | -16.7 | -20.0 | -18.2 | 25.83            | 155.0          | 167.0   | 25.0                        | 38.7               | 44.6                         | 41.8                        | 0.03                | 3,207              | 6.6     | 6.1   | 4.1       | 6.0  | 5.5   | 3.5      | 2.3  | 2.1   | 1.5    | 1.5     | 3.7             |
| <b>CONSTRUCTION</b>          |                  |             |                                    |       |       |       |       |                  |                |         |                             |                    |                              |                             |                     |                    |         |       |           |      |       |          |      |       |        |         |                 |
| TMM                          | TR61 GF          | Xetra       | 0.30 EUR                           | +0.0  | -5.0  | -5.0  | -25.7 | 0.41             | 21.1           | 180.4   | 13.1                        | 2.8                | 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            |
| <b>FINANCIAL SERVICES</b>    |                  |             |                                    |       |       |       |       |                  |                |         |                             |                    |                              |                             |                     |                    |         |       |           |      |       |          |      |       |        |         |                 |
| Raiffeisen Ban...            | BAVL UK          | Kiev, UX    | 0.11 UAH                           | -0.5  | -1.3  | -1.3  | +1.6  | 0.01             | 373.1          | N/A     | 3.8                         | 14.3               | 7.0                          | 42.7                        | 0.16                | 610                | 10.5    | 6.1   | 3.2       | N/A  | N/A   | N/A      | N/A  | N/A   | N/A    | 0.5     | 28.3            |
| Ukrsotsbank                  | USCB UK          | Kiev, UX    | 0.18 UAH                           | -2.7  | -5.1  | -5.1  | +24.6 | 0.02             | 358.8          | N/A     | 4.5                         | 16.1               | 0.2                          | 9.9                         | 0.01                | 9,372              | 1,066.7 | 196.9 | 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 5-Feb-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: 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 stable with fund reallocations

Broader banking sector liquidity remained rather stable yesterday, rising a mere UAH0.02bn to UAH32.18bn. Banks' correspondent accounts with the NBU rose UAH0.72bn to UAH23.87bn while total CDs outstanding fell UAH0.70bn to UAH1.46bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH6.85bn.

Money market interest rates slightly diverged: the KyivPrime ON interest rate slid 25bp to 5.75% while the KyivPrime 1M interest rate remained steady at 14.25%.

**Investment implications:** *The NBU appears to have withheld support yesterday as one indicator rose while another declined. As CDs outstanding declined UAH0.02bn less than banks' correspondent accounts with the NBU rose, the NBU decreased its ON loans UAH0.44bn to just UAH1.0m and issued UAH0.58bn (par value) in repos. Without direct NBU injections, liquidity remained stable due to fund reallocations. However, as anticipations of a decline in liquidity remain high, the ON interest rate declined for two consecutive days while the 1M KyivPrime interest rate rose on Tuesday and remained steady at its high level yesterday.*

## YTMs rise

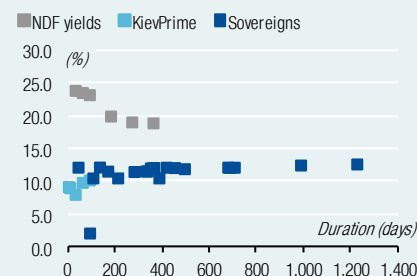
New statistics published in the US yesterday caused US Treasury YTM's to slightly rise as the 5-year bond YTM rose 2bp to 1.49% and the 10-year bond YTM rose 4bp to 2.67%.

Global market volatility and the still unresolved Ukrainian political crisis caused Ukrainian Eurobond YTM's to rise. At the close, UKRAIN 6.875% '15 rose 142bp to 13.04%, UKRAIN 9.25% '17 rose 41bp to 11.10%, UKRAIN 7.95% '21 rose 42bp to 10.51%, while UKRAIN 7.80% '22 rose 28bp to 10.21% and UKRAIN 7.50% '23 rose 23bp to 9.74%.

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### Yield curve of the local bond market

(as of market close on 5 Feb 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

### Bond market indicators (as of 5 Feb 2014)

|                                                     | Last           | Daily chg (%) | Weekly chg (%) | MoM chg (%)   | YTD chg (%)   |
|-----------------------------------------------------|----------------|---------------|----------------|---------------|---------------|
| <b>MONEY MARKET KIEV PRIME RATES (%)</b>            |                |               |                |               |               |
| 0/n                                                 | 5.75           | -25bp         | -135bp         | -205bp        | -205bp        |
| 1wk                                                 | 9.00           | +0bp          | -10bp          | -80bp         | -80bp         |
| 1m                                                  | 14.25          | +0bp          | +215bp         | -200bp        | -200bp        |
| 2m                                                  | 13.50          | +37bp         | +145bp         | -290bp        | -290bp        |
| 3m                                                  | 13.75          | +45bp         | +80bp          | -225bp        | -225bp        |
| <b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>            |                |               |                |               |               |
| CB acc's <sup>1</sup>                               | 23,866         | +3.10         | -2.73          | -27.77        | -27.02        |
| CDs <sup>2</sup>                                    | 3,574          | +12.60        | -49.18         | +7.94         | +135.1        |
| Sovgns <sup>3</sup>                                 | 3,598          | -47.31        | -46.54         | -12.13        | +140.7        |
| <b>Total</b>                                        | <b>31,038</b>  | <b>-6.37</b>  | <b>-18.96</b>  | <b>-23.26</b> | <b>-13.10</b> |
| <b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>        |                |               |                |               |               |
| C.bank                                              | 148,781        | +0.00         | +0.14          | +1.17         | +2.71         |
| Banks                                               | 79,005         | -0.09         | -3.18          | -2.52         | -1.45         |
| Resid's <sup>4</sup>                                | 13,010         | -0.11         | -0.76          | +5.71         | +4.95         |
| Non-res <sup>5</sup>                                | 12,299         | +0.73         | +0.73          | +2.75         | +5.13         |
| <b>Total</b>                                        | <b>253,095</b> | <b>+0.00</b>  | <b>-0.94</b>   | <b>+0.28</b>  | <b>+1.60</b>  |
| <b>NDF IMPLIED YIELDS (%)</b>                       |                |               |                |               |               |
| 3m                                                  | 30.22          | +830bp        | +13bp          | +18bp         | +18bp         |
| 6m                                                  | 28.27          | +801bp        | +14bp          | +15bp         | +15bp         |
| 9m                                                  | 21.87          | +520bp        | +770bp         | +777bp        | +786bp        |
| 1yr                                                 | 19.30          | +357bp        | +449bp         | +424bp        | +431bp        |
| <b>LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)</b> |                |               |                |               |               |
| Mar '13                                             | N/A            | -52ppt        | +0bp           | +0bp          | +0bp          |
| Jan '14                                             | N/A            | +320bp        | +0bp           | -676bp        | -676bp        |
| Aug '15 <sup>6</sup>                                | N/A            | +74bp         | +0bp           | +0bp          | +0bp          |
| <b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>      |                |               |                |               |               |
| CDS 5yr                                             | 1,000          | +19bp         | +72bp          | +218bp        | +183bp        |
| Jun '16                                             | 12.02          | +144bp        | +291bp         | +313bp        | +313bp        |
| Jul '17                                             | 11.11          | +42bp         | +124bp         | +155bp        | +155bp        |
| Sep '20                                             | 10.39          | +29bp         | +63bp          | +120bp        | +120bp        |
| Sep '21                                             | 10.52          | +44bp         | +69bp          | +130bp        | +130bp        |
| Sep '22                                             | 10.22          | +30bp         | +16bp          | +87bp         | +87bp         |
| Feb '23                                             | 9.74           | +25bp         | +21bp          | +70bp         | +70bp         |

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

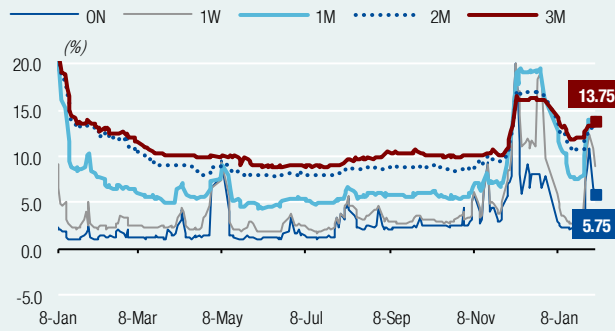


Chart 2. UAH NDF implied yields (%), last 12-month period

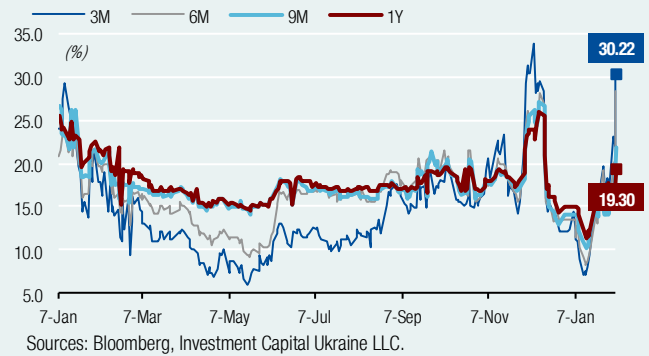


Chart 3. UAH sovereign yield curve (%) as of 5 Feb 2014

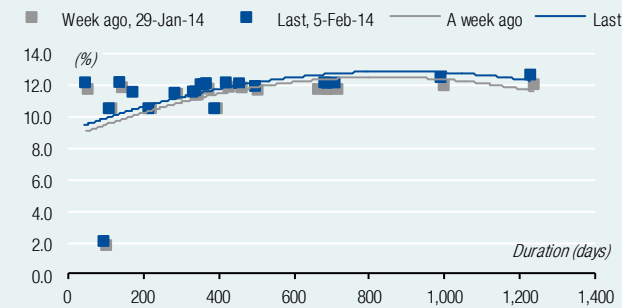


Chart 4. USD sovereign yield curve (%) as of 5 Feb 2014

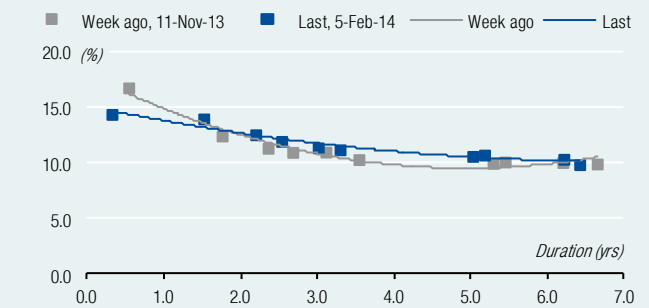


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

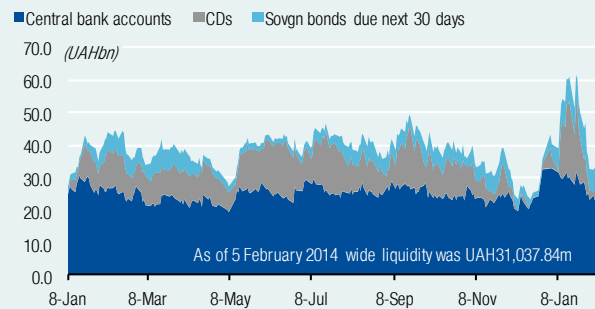


Chart 6. Breakdown of liquidity pool (%) as of 5 Feb 2014

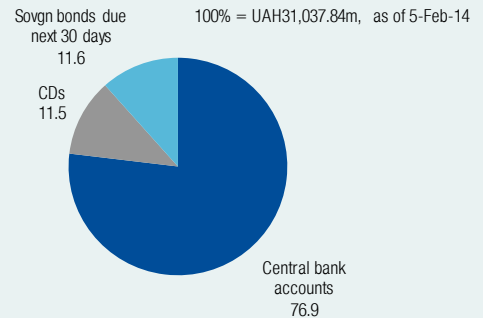


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

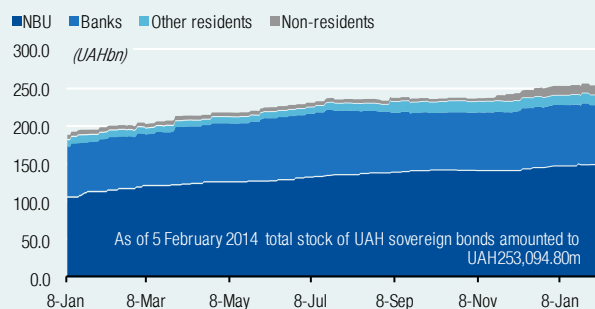
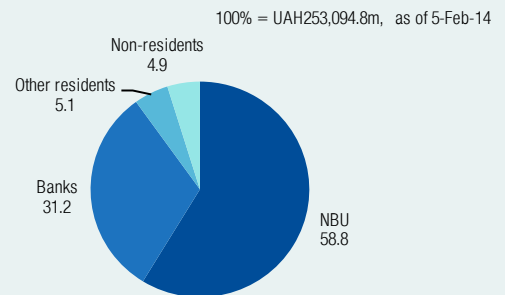


Chart 8. Domestic sovereign debt (%) as of 5 Feb 2014



# FX: News & Comments

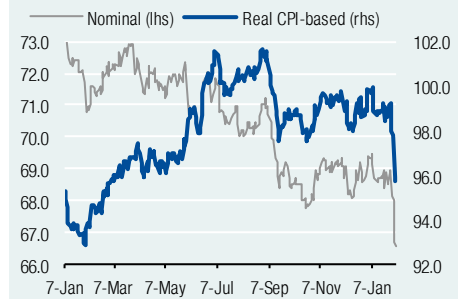
## NBU steps in to prevent a freefall

Yesterday, the USD/UAH fell to as low as 9.2/USD according to Interfax-Ukraine. However, Bloomberg reported the FX rate closing at 8.7750/USD, ie no change from the previous day, on US\$2.6bn in trading, up 93.7%. The UAH's real trade-weighted index slid 0.19%.

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

### ICU's UAH trade-weighted indices

(Last 12-month history to 6 Feb 2014)



Source: Investment Capital Ukraine LLC.

### FX market indicators (as of 5 Feb 2014)

|                                                         | Last     | Daily   | Weekly  | MoM     | YTD     |
|---------------------------------------------------------|----------|---------|---------|---------|---------|
|                                                         |          | chg (%) | chg (%) | chg (%) | chg (%) |
| <b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>           |          |         |         |         |         |
| Spot mkt                                                | 8.7750   | +0.00   | +3.54   | +6.56   | +6.49   |
| NBU avg                                                 | 8.1539   | +0.03   | -0.01   | +0.05   | +0.04   |
| Ttl vlm <sup>1</sup>                                    | 3140.51  | +91.71  | -0.72   | +101.2  | +12.07  |
| \$ volume <sup>2</sup>                                  | 2624.91  | +93.67  | -6.58   | +107.4  | +18.73  |
| NDF 3M                                                  | 9.4315   | +1.96   | +6.81   | +11.15  | +11.15  |
| NDF 6M                                                  | 10.0000  | +3.63   | +10.13  | +13.96  | +13.90  |
| NDF 1Y                                                  | 10.4100  | +3.09   | +7.60   | +10.51  | +10.51  |
| <b>TRADE-WEIGHTED INDICES (TWIs, points)</b>            |          |         |         |         |         |
| UAH nom'l                                               | 66.552   | -0.19   | -3.40   | -4.08   | -3.23   |
| UAH real CPI                                            | 95.737   | -0.19   | -3.40   | -4.08   | -3.23   |
| UAH real PPI                                            | 127.110  | -0.19   | -3.40   | -4.08   | -3.23   |
| USD nom'l                                               | 81.036   | -0.10   | +0.66   | +0.30   | +1.25   |
| <b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b> |          |         |         |         |         |
| USD/RUB                                                 | 34.9115  | -0.43   | -0.50   | +5.16   | +6.21   |
| EUR/USD                                                 | 1.3533   | +0.10   | -0.95   | -0.41   | -1.53   |
| USD/CNY                                                 | 6.0602   | -0.02   | +0.09   | +0.14   | +0.10   |
| USD/PLN                                                 | 3.0966   | -0.51   | +0.12   | +0.93   | +2.43   |
| USD/TRY                                                 | 2.2382   | +0.00   | -1.01   | +2.69   | +4.19   |
| USD/BYR                                                 | 9,675.00 | +0.16   | +0.36   | +1.10   | +1.42   |
| USD/KZT                                                 | 155.6400 | +0.01   | +0.10   | +0.84   | +0.89   |
| <b>OTHER MAJOR CURRENCIES</b>                           |          |         |         |         |         |
| USD/JPY                                                 | 101.4500 | -0.19   | -0.82   | -3.25   | -3.67   |
| GBP/USD                                                 | 1.6309   | -0.10   | -1.53   | -0.66   | -1.50   |
| USD/CHF                                                 | 0.9035   | -0.02   | +1.02   | -0.19   | +1.19   |
| AUD/USD                                                 | 0.8910   | -0.17   | +1.96   | -0.39   | -0.08   |
| USD/CAD                                                 | 1.1083   | +0.01   | -0.79   | +4.21   | +4.33   |
| USD/BRL                                                 | 2.4024   | -0.13   | -1.43   | +1.09   | +1.71   |
| USD/KRW                                                 | 1,077.91 | -0.54   | +0.74   | +2.15   | +2.68   |
| <b>COMMODITIES</b>                                      |          |         |         |         |         |
| Gold(\$/oz)                                             | 1,257.92 | +0.26   | -0.74   | +1.69   | +4.34   |
| WTI crude <sup>3</sup>                                  | N/A      | N/A     | N/A     | N/A     | N/A     |
| Brent crd <sup>3</sup>                                  | N/A      | N/A     | N/A     | N/A     | N/A     |
| Urals crd <sup>3</sup>                                  | N/A      | N/A     | N/A     | N/A     | N/A     |
| TR/J CRB <sup>4</sup>                                   | 287.11   | +0.23   | +0.96   | +3.83   | +2.48   |

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)

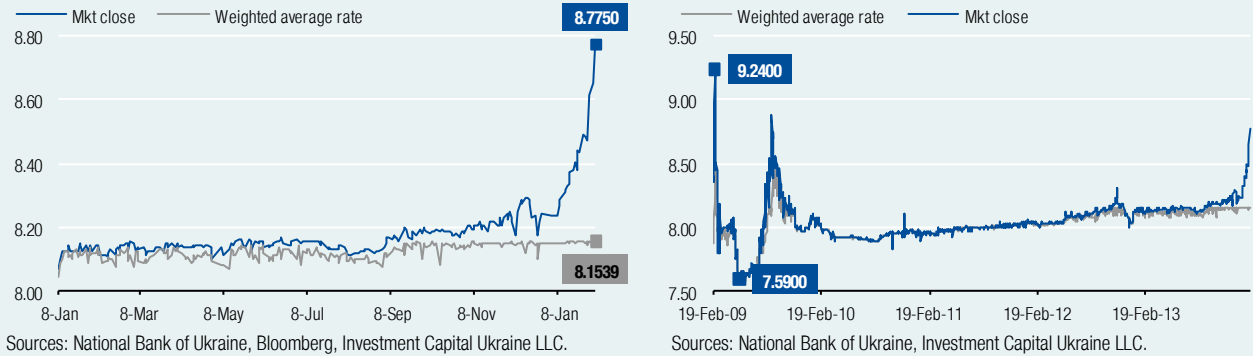


Chart 10. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

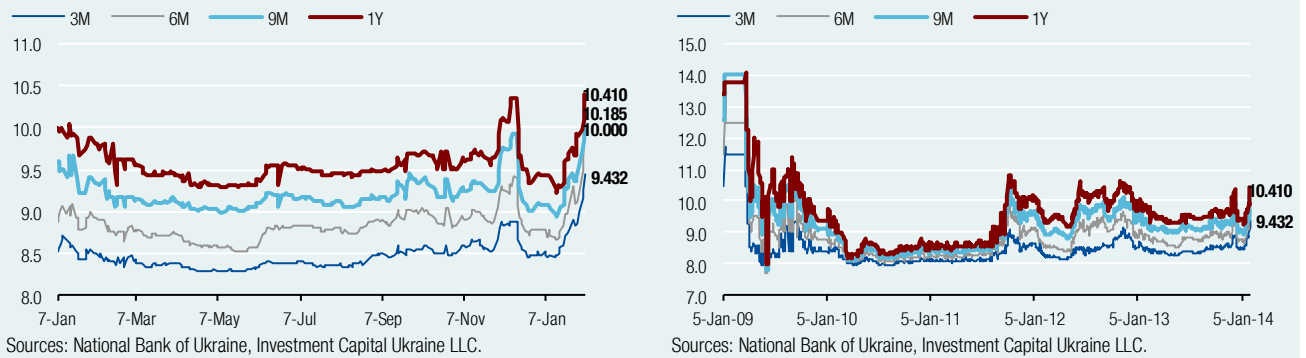


Chart 11. Trading volume: last 12-month and 5-year periods (US\$m, left and right respectively)

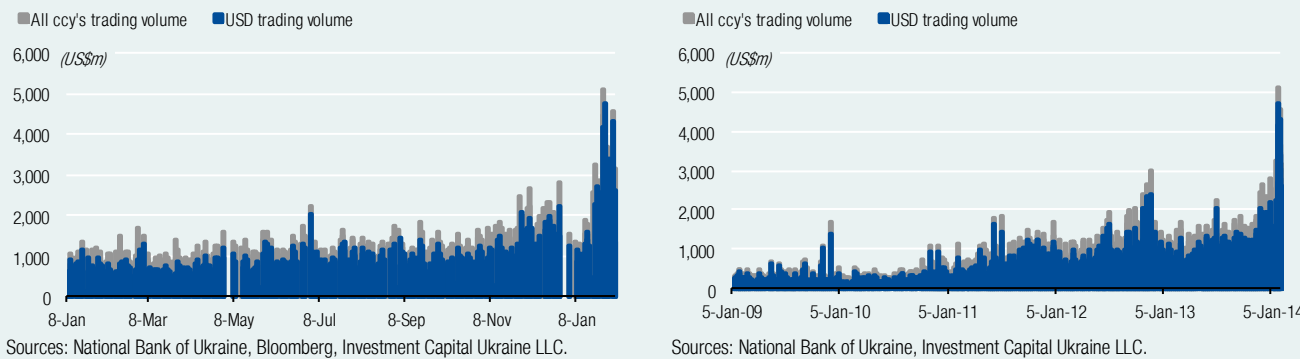
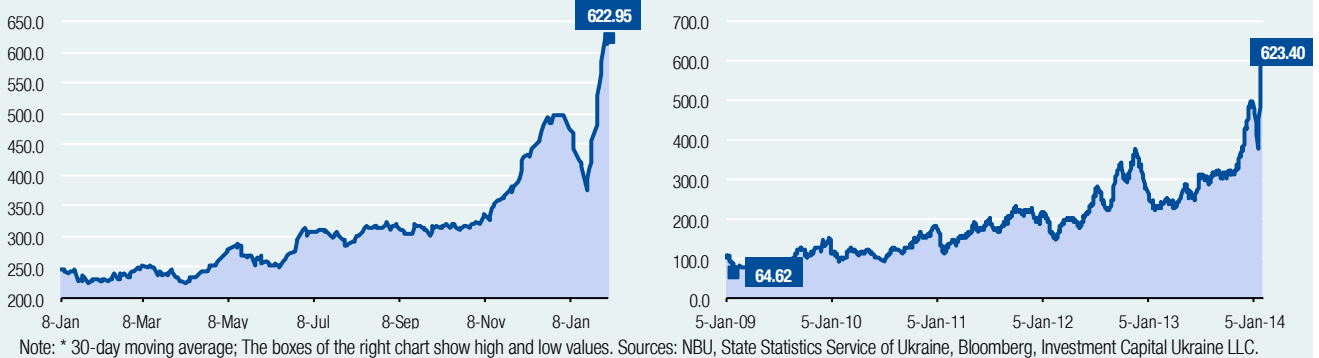


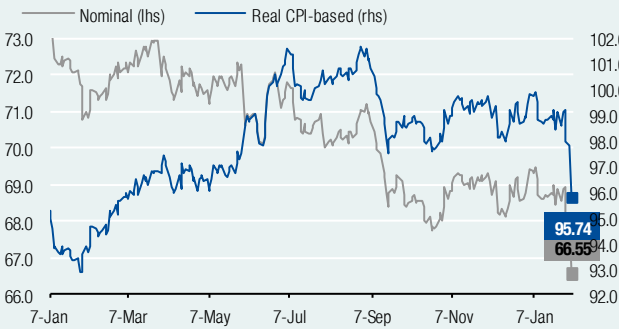
Chart 12. 30D MA\* ratio of FX market turnover to merchandise trade: last 12m and 5yr periods (% , left and right respectively)



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

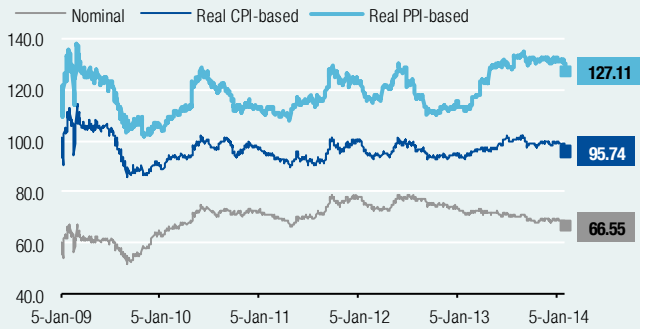
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



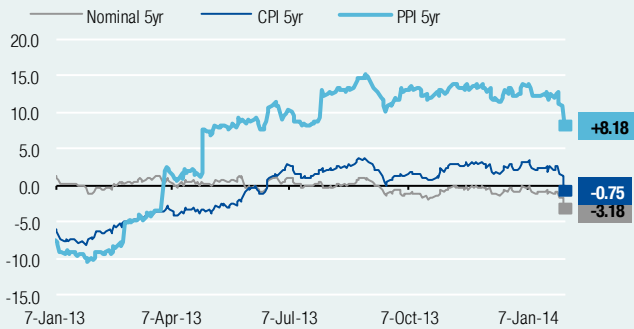
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

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

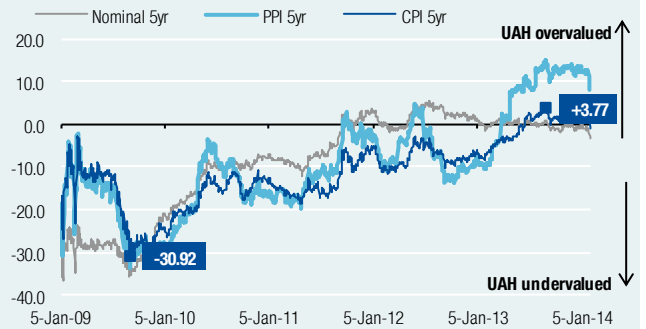


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**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)**

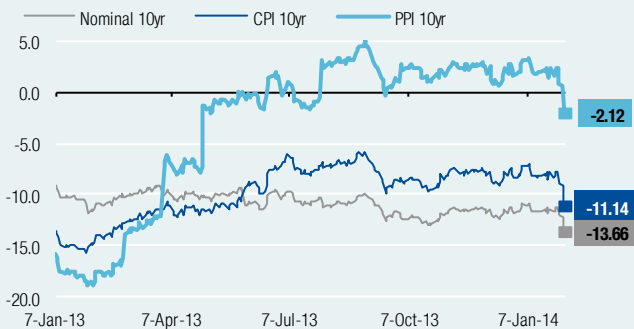


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

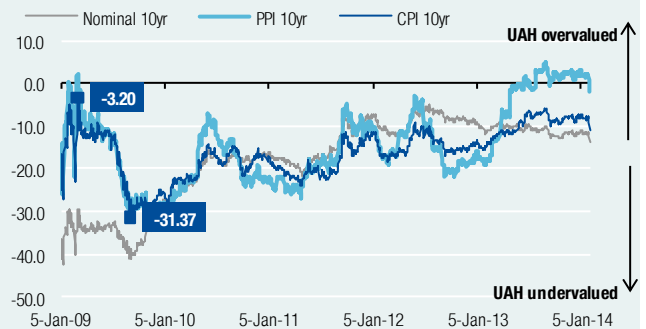


Note: the boxes indicate the high and low values of CPI-based TWI.  
Source: Investment Capital Ukraine LLC.

**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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**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

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