


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Liquidity down, rates up; YTM's down; Auction schedule; Kremlin aggression; NBU adds more controls

MONDAY, 3 MARCH, 2014

RESEARCH INSIGHT

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UX Index (3 months to 3 Mar 2014)



Key market indicators (as of 28 Feb 2014)

	Last	Daily chg (%)	YTD chg (%)
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FX & MONEY RATES

USD/UAH	9.9500	-7.01	+20.75
USD/UAH (1Y NDF)	11.8000	-7.09	+25.27
EUR/USD	1.3802	+0.67	+0.43
USD/RUB	35.8641	-0.68	+9.11
KievPRIME O/N (%)	9.34	+259bp	+154bp
KievPRIME 1M (%)	23.04	+4bp	+679bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	+74bp	+0bp
Ukraine 17, Eurobond (%)	11.76	-16bp	+220bp
Ukraine 22, Eurobond (%)	9.80	-12bp	+46bp
Ukraine 23, Eurobond (%)	9.48	+2bp	+43bp
Ukraine 5Y CDS	1,032bp	-2bp	+215bp

EQUITIES

Stock market indices

UX (Ukraine)	1,119.23	-0.87	+22.99
MSCI World	410.13	+0.41	+0.39
MSCI EM	966.42	+0.33	-3.62
RTS (Russia)	1,267.27	+0.50	-12.16
WIG-20 (Poland)	2,518.53	+2.05	+4.90
S&P 500 (USA)	1,859.45	+0.28	+0.60

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

FXPO LN	6.20	47.0% of total ¹
KER PW	3.53	26.8%
AGT PW	1.60	12.2%

GAINERS: Top 3 stocks (in listed currency)

RPT LN	GBP 11.75	+2.17	-9.62
IMC PW	PLN 9.33	+1.97	-23.21
ALAGR FP	EUR 1.24	+1.64	+0.00

LOSERS: Top 3 stocks (in listed currency)

FXPO LN	GBP 153.00	-6.59	-19.90
MAYA GF	EUR 5.50	-6.05	+1.85
CLE PW	PLN 1.82	-5.70	+73.33

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

Kremlin directs Russia to stage military aggression against Ukraine

After harboring the now fugitive former president Yanukovich, Russian president Putin has threatened Ukraine with potential military aggression. Over the past several days, Russian troops have gathered in Crimea after Russian lawmakers approved Putin's request for military assistance on Saturday to stabilize the Ukraine political situation. This move raises suspicion that Putin's key priority is to destabilize Ukraine's new government. Ukraine's public considers this to be an outright act of military aggression, and there have been public rallies in Odesa and Dnipropetrovsk protesting Putin's aggression. A military clash between two sides which seemed unthinkable just a few days ago now seems highly possible. An ex-defense minister and ex-head of the state security service in the late 1990s Marchuk alleged on a live TV show yesterday that the Kremlin-run operation has been in the middle of its duration and aims to create an anti-Nato defense belt of instability that would extend from North Caucasus to Transdnistria through Crimea.

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Table 1. Ukrainian stocks (closing prices as of 28-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 (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	11.25 GBP	+0.0	+0.0	+8.4	-20.4	0.19	43.5	-19.5	40.2	17.5	0.8	13.4	0.05	2,117	Neg.	Neg.	Neg.	3.0	3.0	6.1	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	5.57 UAH	+0.0	+26.1	+16.9	-6.2	0.57	210.1	274.9	21.7	45.6	106.7	54.3	0.15	681	8.8	7.9	5.4	0.5	4.4	3.0	0.3	0.4	0.3	0.8	12.2
Coal Energy	CLE PW	Warsaw	1.82 PLN	-5.7	+61.1	+73.3	-82.2	0.60	27.0	84.8	25.0	6.7	518.1	362.7	7.37	14	Neg.	Neg.	N/A	1.4	11.6	N/A	0.7	1.0	N/A	0.2	7.7
Donbasenergo	DOEN UK	Kiev, UX	40.56 UAH	+0.0	+26.8	+47.0	+78.8	4.14	97.9	146.4	14.2	13.9	90.3	31.2	0.24	424	31.0	3.9	5.5	0.6	2.9	2.7	0.3	0.3	0.3	1.5	17.8
JKX Oil & Gas	JKX LN	London	61.50 GBP	-1.6	-13.7	-14.0	-8.9	1.03	176.8	173.8	47.2	83.5	54.4	59.7	0.07	1,449	Neg.	5.4	4.9	1.3	1.7	1.9	0.9	0.9	0.8	0.4	2.5
Regal Petroleum	RPT LN	London	11.75 GBP	+2.2	-7.8	-9.6	-62.5	0.20	63.1	36.3	80.9	51.0	0.0	9.6	0.02	4,560	5.4	12.6	N/A	1.6	2.1	N/A	0.9	N/A	N/A	0.2	0.0
Sadova Group	SGR PW	Warsaw	0.94 PLN	-3.1	+51.6	+77.4	-50.0	0.31	13.3	53.1	25.0	3.3	120.9	103.4	4.63	22	Neg.	N/A	N/A	7.9	N/A	N/A	1.3	N/A	N/A	0.3	42.4
Zakhidenergo	ZAEN UK	Kiev, PFTS	127.00 UAH	+0.0	+6.7	+40.5	+33.7	12.96	165.8	196.0	5.0	8.3	0.8	9.9	0.08	1,221	2.8	N/A	N/A	1.3	N/A	N/A	0.2	N/A	N/A	3.1	9.7
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+0.0	+19.3	+10.3	-17.9	0.00	112.6	1,545.0	3.9	4.4	22.6	13.3	0.34	293	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	3.22 UAH	+0.0	+17.6	+8.7	-3.6	0.33	64.0	60.3	4.0	2.6	8.0	13.1	0.60	166	Neg.	Neg.	2.9	Neg.	1.6	1.0	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.78 UAH	+0.0	+32.7	+16.9	+13.5	0.08	335.9	327.4	4.1	13.8	15.6	16.2	0.09	1,124	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	153.00 GBP	-6.6	-1.0	-19.9	-29.9	2.56	1,508.0	2,095.2	22.4	337.8	6,202.7	2,947.5	1.26	80	7.0	5.9	6.5	5.3	4.4	4.6	1.5	1.3	1.3	0.9	37.0
Yenakievo Steel	ENMZ UK	Kiev, UX	37.16 UAH	+0.0	+18.6	+16.1	+2.7	3.79	40.0	34.7	9.4	3.7	21.0	13.5	0.65	153	5.6	Neg.	2.4	Neg.	Neg.	N/A	0.0	0.0	0.0	0.9	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	1.24 EUR	+1.6	+0.8	+0.0	-26.6	1.71	157.9	185.2	34.0	53.7	31.3	34.2	0.04	2,269	Neg.	N/A	N/A	Neg.	N/A	N/A	2.8	N/A	N/A	1.3	35.9
Agroliga	AGL PW	Warsaw	25.95 PLN	-0.1	+0.1	+0.1	+56.3	8.54	13.1	14.1	16.7	2.2	17.8	16.0	1.10	91	3.0	N/A	N/A	4.1	N/A	N/A	0.6	N/A	N/A	1.0	5.7
Agroton	AGT PW	Warsaw	5.35 PLN	-2.4	+119.3	+174.4	-43.6	1.76	38.2	85.5	26.2	10.0	1,603.0	636.6	8.60	12	5.6	7.9	5.2	6.0	9.1	5.5	1.0	1.3	1.0	0.3	28.0
Astarta Holdin...	AST PW	Warsaw	54.00 PLN	-3.6	-18.5	-19.3	-15.0	17.77	444.3	775.2	31.0	137.8	103.8	199.0	0.19	539	7.1	7.4	3.6	8.8	7.5	4.3	1.6	1.6	1.2	0.8	38.9
Avangard	AVGR LI	London Intl	10.00 USD	-3.9	-12.9	-14.9	-2.5	10.00	638.4	804.8	21.7	138.5	354.1	248.0	0.18	565	2.8	2.8	3.1	2.9	2.7	2.9	1.3	1.2	1.1	0.6	22.3
IMC	IMC PW	Warsaw	9.33 PLN	+2.0	-5.9	-23.2	-42.5	3.07	96.1	212.4	23.9	23.0	48.0	83.3	0.90	111	5.1	5.1	4.0	5.8	5.1	4.3	2.8	1.5	1.1	0.8	33.0
Kernel Holding...	KER PW	Warsaw	32.10 PLN	-2.9	-16.8	-15.7	-48.7	10.56	841.8	1,865.1	58.8	494.8	3,529.9	1,732.5	0.49	202	7.6	9.4	4.6	6.4	7.1	5.2	0.7	0.8	0.7	0.7	30.6
KSG Agro	KSG PW	Warsaw	8.05 PLN	-1.8	-10.4	-25.8	-19.5	2.65	39.8	161.6	34.4	13.7	14.5	21.1	0.26	386	4.9	3.3	3.3	38.3	5.5	4.5	4.3	2.4	1.5	0.4	29.2
MHP	MHPC LI	London Intl	14.41 USD	-3.9	-4.1	-15.5	-21.3	14.41	1,522.7	2,723.7	22.3	339.9	213.4	1,082.1	0.57	176	5.1	7.4	5.5	5.8	6.5	5.4	1.9	1.8	1.6	1.3	45.8
Milkiland	MLK PW	Warsaw	9.99 PLN	-2.3	+0.2	-20.1	-32.0	3.29	102.7	238.3	20.0	20.5	18.1	15.3	0.13	766	5.8	5.7	5.6	6.7	5.8	4.7	0.6	0.5	0.5	0.4	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	5.50 EUR	-6.0	+3.8	+1.9	+15.1	7.58	805.6	1,537.4	20.0	161.1	1.5	2.0	0.00	108,958	4.6	5.0	5.3	6.7	5.8	6.2	4.4	4.1	3.6	0.9	34.8
Ovostar Union	OVO PW	Warsaw	71.00 PLN	-0.3	-12.9	-29.0	-26.8	23.37	140.2	152.3	25.0	35.1	15.8	49.0	0.12	804	6.0	5.4	3.8	5.5	5.5	3.4	2.1	1.9	1.4	1.3	3.7
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.32 EUR	+0.0	+0.6	+0.6	-29.9	0.44	22.8	182.1	13.1	3.0	1.3	0.1	0.01	13,695	Neg.	N/A	N/A	Neg.	N/A	N/A	8.4	N/A	N/A	0.2	44.1
FINANCIAL SERVICES																											
Forum Bank	FORM UK	Kiev, UX	0.86 UAH	+0.0	+23.4	+13.0	+35.3	0.09	52.0	N/A	5.5	2.9	0.4	2.9	0.04	2,605	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.4	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.16 UAH	+0.0	+40.1	+39.2	+30.4	0.02	483.3	N/A	3.8	18.5	63.2	54.1	0.29	341	14.9	8.5	4.5	N/A	N/A	N/A	N/A	N/A	N/A	0.7	28.3
UkrSotsbank	USCB UK	Kiev, UX	0.19 UAH	+0.0	+10.7	+2.7	+37.9	0.02	356.5	N/A	4.5	16.0	14.3	7.8	0.04	2,304	1,154.2	213.0	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 28-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 declines, interest rates increase

Broader banking sector liquidity declined UAH0.87bn to UAH35.87bn last Friday after banks' correspondent accounts with the NBU fell UAH1.35bn to UAH26.55bn while the NBU increased total CDs outstanding only UAH0.49bn to UAH4.10bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH5.22bn.

Due to the decline in liquidity, KyivPrime interest rates rose last: the KyivPrime ON interest rate rose 259bp to 9.34% while the KyivPrime 1M interest rate rose just 4bp to 23.04%.

Investment implications: The NBU likely tightened liquidity to decrease demand for FX, but as a result of FX purchases being delayed for five days, this tightening should not have a significant impact. The main impact on liquidity could have been monthly tax payments executed last Thursday. Today we anticipate liquidity to decline due to tax payments and NBU absorption from last Friday.

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YTM's slightly decline

Despite the escalation of Russian pressure in Crimea, YTM's of Ukrainian Eurobonds slightly declined likely on small demand from very optimistic investors who appear ready to speculate. Their anticipation could have arisen after Fitch affirmed Ukraine's rating at CCC. YTM's moved to 9.39-13.35%, excluding UKRAIN 7.95% '14 and UKRAIN 5.00% '15. At the close, UKRAIN 6.875% '15 slid 34bp to 13.35%, UKRAIN 9.25% '17 slid 38bp to 11.38%, UKRAIN 7.95% '21 slid 18bp to 10.03%, while UKRAIN 7.80% '22 and UKRAIN 7.50% '23 remained below 10% with the 8bp decline to 9.71% and 9.39%, respectively. The 5-year CDS declined to 1,032bp.

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Primary auction schedule for March

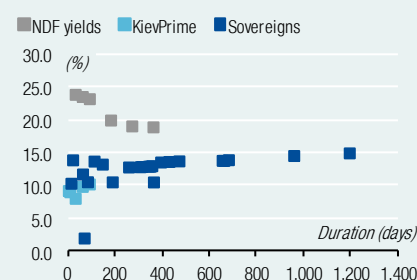
Last Friday, the MoF published the auction schedule for March which includes four auctions with a wide range of offered bonds. There will be zero-coupon bonds with maturity up to one year, long-term bonds with coupons in local currency, and a 2-year FX-denominated bond will be offered at two auctions. For details, please see the table on the next page.

Investment implications: This schedule remains routine and consists of bonds routinely offered. While zero-coupon bonds could attract small market demand if liquidity in the banking system remains high, long-term bonds will have specific demand supported by the NBU through domestic QE. At the same time, we do not anticipate that the MoF will strictly follow this scheduled and we could see more auctions should tax collections fall short.

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Yield curve of the local bond market

(as of market close on 28 Feb 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 28 Feb 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	9.34	+259bp	-12ppt	+515bp	+154bp
1wk	21.64	+89bp	-136bp	+15bp	+12bp
1m	23.04	+4bp	+4bp	+13bp	+679bp
2m	18.00	+0bp	-30bp	+631bp	+160bp
3m	17.75	+0bp	-25bp	+506bp	+175bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	26,550	-4.85	+11.31	-1.38	-18.81
CDs ²	7,415	+40.44	+315.9	-27.00	+387.8
Sovgns ³	5,215	+0.00	-4.00	-46.58	+248.8
Total	39,180	+2.04	+26.12	-16.36	+9.70
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	162,950	+0.93	+0.88	+9.69	+12.49
Banks	86,988	+2.41	+6.74	+6.51	+8.51
Resid's ⁴	11,495	+0.69	-0.59	-12.18	-7.27
Non-res ⁵	14,220	+4.01	+8.25	+16.46	+21.55
Total	275,654	+1.54	+2.96	+7.88	+10.65
NDF IMPLIED YIELDS (%)					
3m	28.43	+11bp	-21ppt	+12bp	+16bp
6m	15.37	-645bp	-19ppt	+58bp	+197bp
9m	22.07	+233bp	-372bp	+808bp	+806bp
1yr	19.25	-10bp	-490bp	+453bp	+426bp
LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)					
Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+320bp	+0bp	+0bp	-676bp
Aug '15 ⁶	N/A	+74bp	+0bp	+0bp	+0bp
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	1,032	-2bp	-102bp	+167bp	+215bp
Jun '16	11.27	-25bp	-247bp	+302bp	+238bp
Jul '17	11.76	-16bp	-243bp	+277bp	+220bp
Sep '20	10.12	-2bp	-85bp	+70bp	+93bp
Sep '21	10.21	+3bp	-88bp	+72bp	+99bp
Sep '22	9.80	-12bp	-109bp	+47bp	+46bp
Feb '23	9.48	+2bp	-94bp	+57bp	+43bp

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.

Table 2. Primary auction schedule for March, 2014

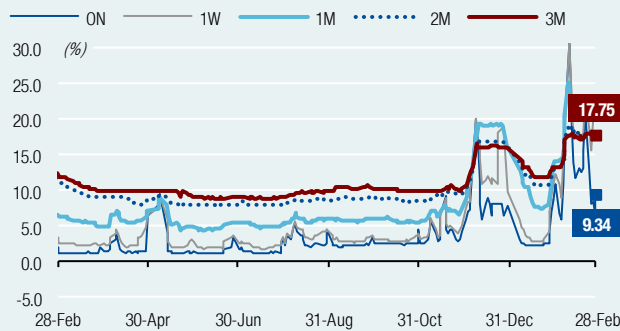
	4-Mar	11-Mar	18-Mar	25-Mar
zero-coupon bonds	3m, 9m	12m	3m, 9m	12m
ordinary coupon-bearing bonds	5y, 7y	5y, 7y	5y, 7y	5y, 7y
FX-denominated bonds	2y	-	2y	-

Notes: Domestic bonds issues. m - month, y - year

Sources: Ministry of Finance of Ukraine, Investment Capital Ukraine LLC.

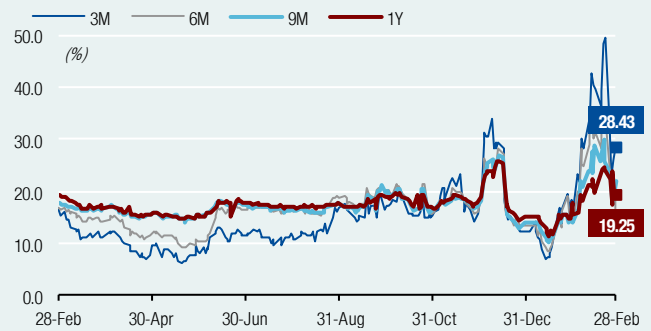
Chart page: Local bond market & Eurobond markets

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



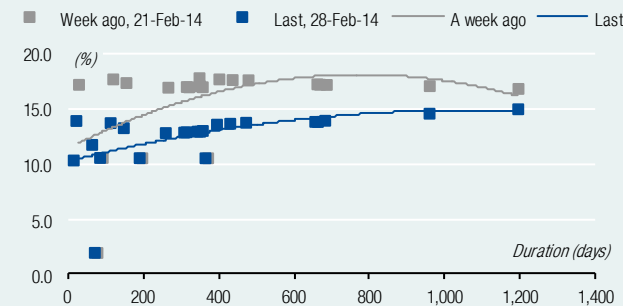
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



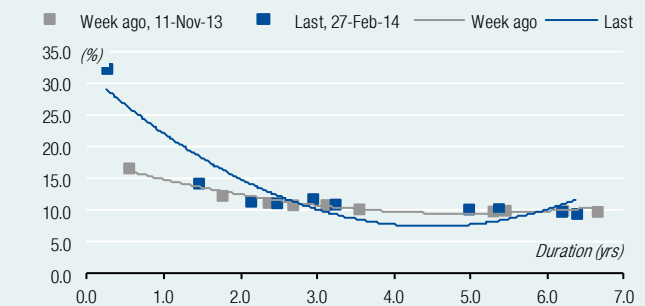
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 28 Feb 2014



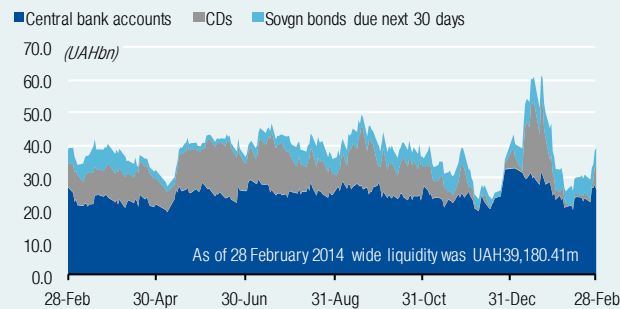
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 28 Feb 2014



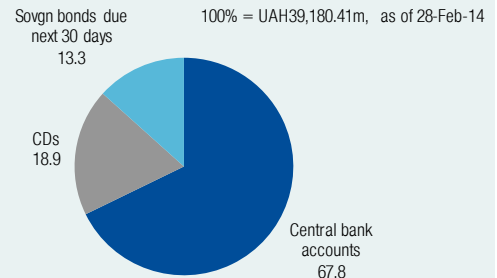
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



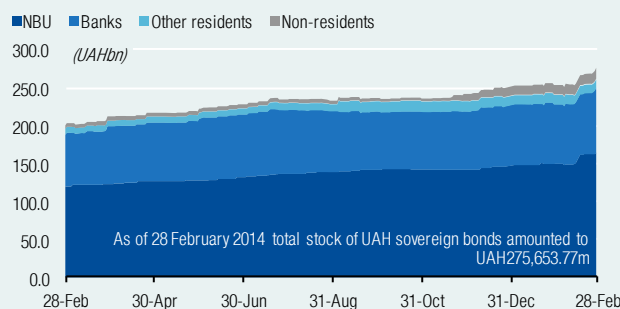
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 28 Feb 2014



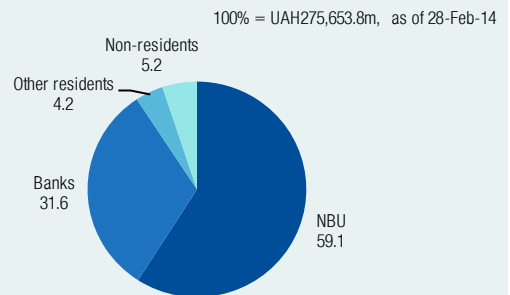
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 28 Feb 2014



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

FX: News & Comments

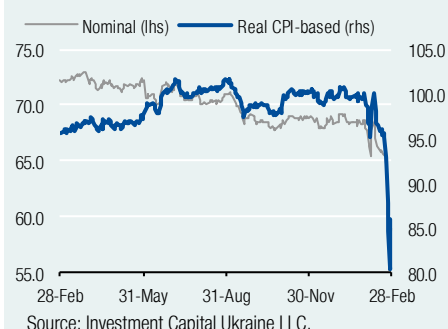
NBU adds more controls, UAH reverses losses

Last Friday, following rumors of increased military aggression from Russia, the NBU made moves to tighten control over the FX market, including a ban on FX deposit withdrawals by households. The NBU also issued a ban on eight commercial banks that were suspected to wrongdoing during FX market operations. The hryvnia rose 7.01% as a result, closing at 9.9500/USD. Volume was US\$0.78bn, and the UAH's real trade-weighted index rose 7.04%.

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ICU's UAH trade-weighted indices

(Last 12-month history to 3 Mar 2014)



FX market indicators (as of 28 Feb 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	9.9500	-7.01	+11.17	+17.27	+20.75
NBU avg	9.6994	-2.87	+8.52	+18.99	+19.00
Ttl vlm ¹	776.04	-9.39	+4.54	-84.77	-72.31
\$ volume ²	675.14	+14.84	+4.15	-85.75	-69.46
NDF 3M	10.6500	-6.99	+5.97	+20.61	+25.52
NDF 6M	10.7000	-9.70	+2.39	+17.58	+21.87
NDF 1Y	11.8000	-7.09	+6.79	+21.92	+25.27
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	58.949	+7.04	-9.77	-13.72	-13.98
UAH real CPI	85.831	+7.04	-9.77	-13.72	-13.98
UAH real PPI	114.404	+7.04	-9.77	-13.72	-13.98
USD nom'l	79.691	-0.74	-0.68	-1.09	-0.43
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	35.8641	-0.68	+0.93	+2.95	+9.11
EUR/USD	1.3802	+0.67	+0.41	+0.96	+0.43
USD/CNY	6.1451	+0.27	+0.88	+1.56	+1.50
USD/PLN	3.0127	-0.70	-0.29	-1.93	-0.34
USD/TRY	2.2061	-0.33	+1.32	-2.06	+2.70
USD/BYR	9,765.00	-0.46	-0.15	+1.30	+2.36
USD/KZT	184.4200	+0.08	+0.00	+18.69	+19.54
OTHER MAJOR CURRENCIES					
USD/JPY	101.8000	-0.32	-0.69	-1.11	-3.33
GBP/USD	1.6745	+0.34	+0.78	+1.00	+1.14
USD/CHF	0.8803	-0.90	-0.83	-1.88	-1.41
AUD/USD	0.8924	-0.46	-0.59	+1.65	+0.08
USD/CAD	1.1064	-0.51	-0.40	-0.80	+4.15
USD/BRL	2.3443	+1.08	-0.06	-3.19	-0.75
USD/KRW	1,067.60	-0.13	-0.42	-1.25	+1.70
COMMODITIES					
Gold(\$/oz)	1,326.44	-0.37	+0.16	+5.53	+10.02
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	302.43	+0.28	+0.28	+7.18	+7.95

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)

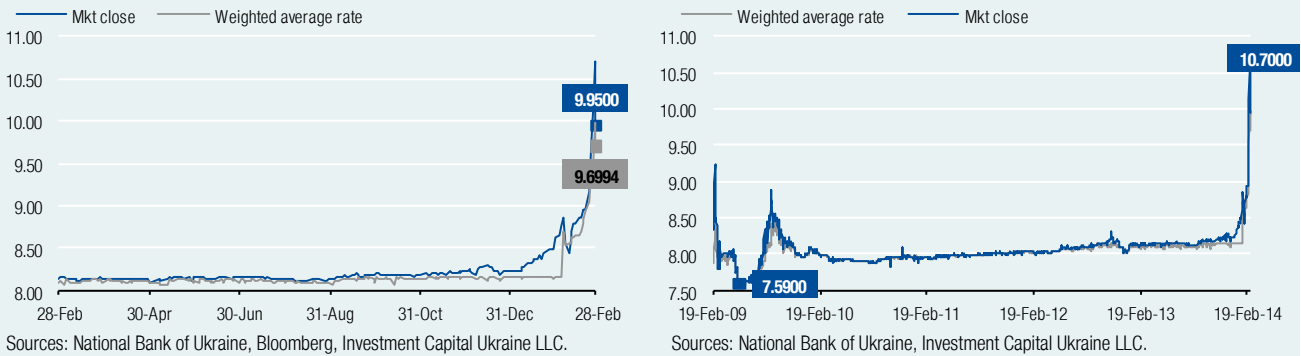


Chart 10. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

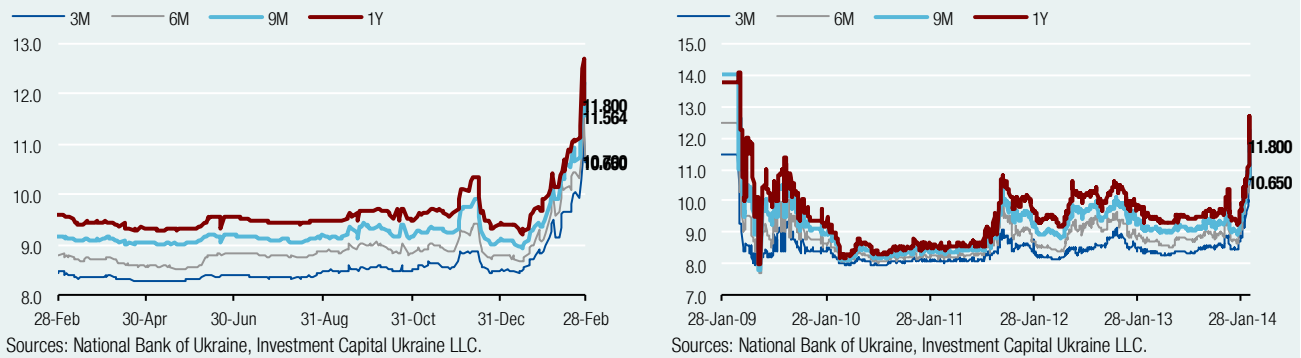


Chart 11. Trading volume: last 12-month and 5-year periods (US\$m, left and right respectively)

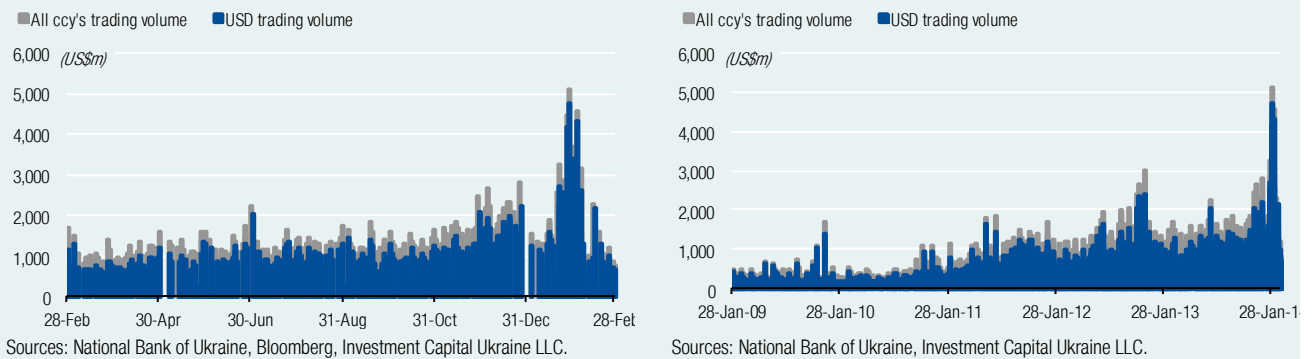


Chart 12. 30D MA* ratio of FX market turnover to merchandise trade: last 12m and 5yr periods (% , left and right respectively)

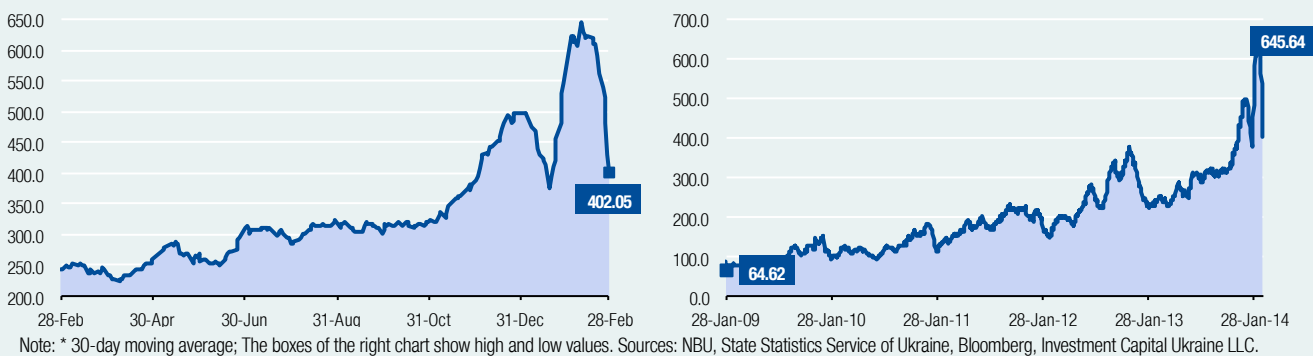
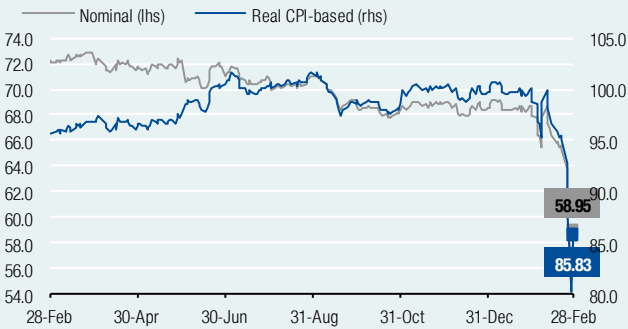


Chart page #2: ICU's UAH trade-weighted indices

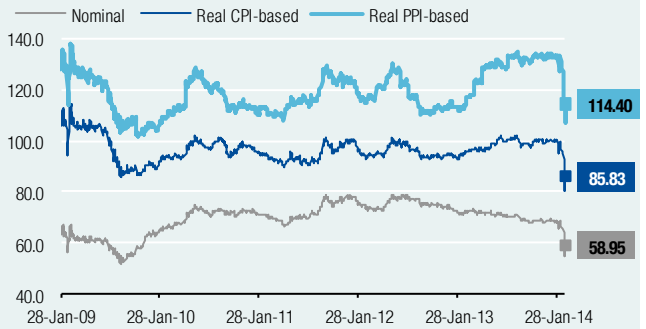
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



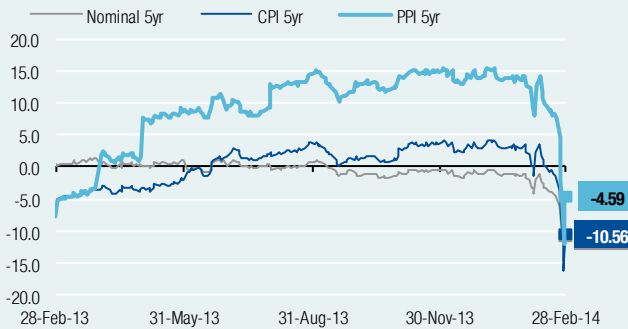
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

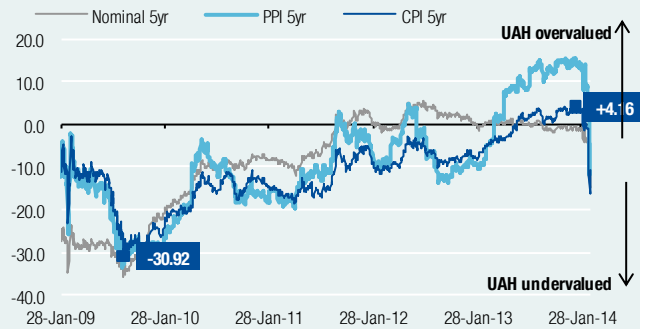


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

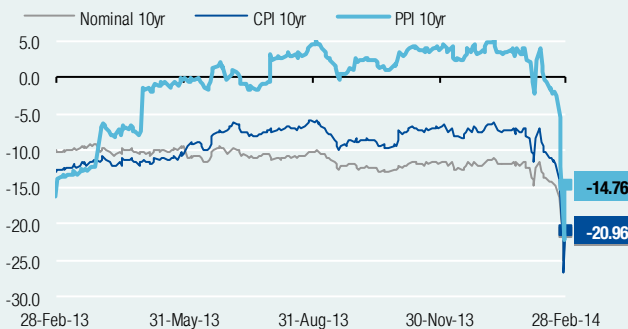


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

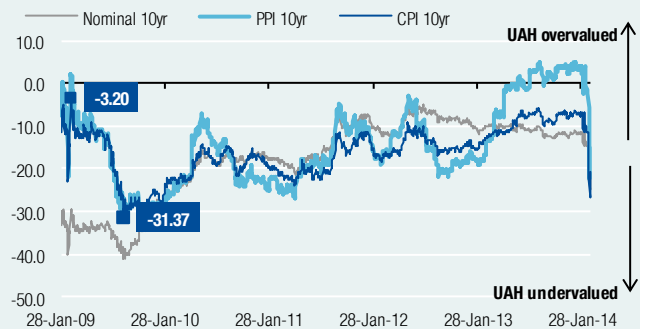


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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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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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