


 INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Liquidity up in NBU inflows; YTM's down slightly;
Possible debt restructuring; UAH relatively steady

THURSDAY, 6 MARCH, 2014

RESEARCH INSIGHT

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UX Index (3 months to 6 Mar 2014)



Key market indicators (as of 5 Mar 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	9.3500	+2.75	+13.47
USD/UAH (1Y NDF)	11.9000	+0.00	+26.33
EUR/USD	1.3733	-0.07	-0.07
USD/RUB	36.1039	+0.00	+9.84
KievPRIME O/N (%)	7.88	-100bp	+8bp
KievPRIME 1M (%)	22.75	-25bp	+650bp
BONDS: yields and spreads			
Ukraine VAT bond (%)	N/A	+74bp	+0bp
Ukraine 17, Eurobond (%)	11.60	-4bp	+204bp
Ukraine 22, Eurobond (%)	9.82	-8bp	+47bp
Ukraine 23, Eurobond (%)	9.49	-3bp	+44bp
Ukraine 5Y CDS	1,060bp	-124bp	+243bp
EQUITIES			
Stock market indices			
UX (Ukraine)	1,090.16	+0.74	+19.79
MSCI World	410.62	+0.10	+0.51
MSCI EM	959.18	+0.31	-4.34
RTS (Russia)	1,182.05	-0.18	-18.07
WIG-20 (Poland)	2,445.41	+0.10	+1.85
S&P 500 (USA)	1,873.81	-0.01	+1.38
MOST ACTIVE: Top 3 stocks by value traded (US\$m)			
AVGR LI	5.09	30.1% of total ¹	
FXPO LN	3.73	22.1%	
KER PW	3.25	19.2%	
GAINERS: Top 3 stocks (in listed currency)			
AGT PW	PLN 5.06	+19.06	+159.49
DOEN UK	UAH 42.49	+4.91	+54.01
AVGR LI	USD 8.85	+3.51	-24.68
LOSERS: Top 3 stocks (in listed currency)			
KER PW	PLN 26.00	-6.64	-31.70
AST PW	PLN 46.50	-3.13	-30.49
SGR PW	PLN 0.83	-2.35	+56.60

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-Mar-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	10.25 GBP	+0.0	-10.9	-1.2	-24.8	0.17	39.6	-23.5	40.2	15.9	0.0	11.9	0.06	1,654	Neg.	Neg.	Neg.	3.6	3.6	7.3	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	5.54 UAH	+3.1	+25.3	+16.1	-5.4	0.59	218.7	286.6	21.7	47.5	87.1	59.8	0.15	664	8.8	7.8	5.4	0.5	4.4	2.9	0.3	0.4	0.3	0.8	12.2
Coal Energy	CLE PW	Warsaw	1.60 PLN	-1.8	+40.4	+52.4	-84.2	0.53	23.6	81.5	25.0	5.9	316.1	348.2	9.83	10	Neg.	Neg.	N/A	1.3	11.2	N/A	0.6	0.9	N/A	0.2	7.7
Donbasenergo	DOEN UK	Kiev, UX	42.49 UAH	+4.9	+30.3	+54.0	+84.7	4.54	107.4	158.3	14.2	15.3	88.6	35.9	0.27	374	32.4	4.1	5.8	0.6	3.0	2.7	0.3	0.3	0.3	1.5	17.8
JKX Oil & Gas	JKX LN	London	57.00 GBP	+0.4	-18.3	-20.3	-15.6	0.95	163.7	160.7	47.2	77.3	63.5	58.1	0.10	1,033	Neg.	5.0	4.6	1.2	1.6	1.8	0.8	0.8	0.8	0.3	2.5
Regal Petroleum	RPT LN	London	12.00 GBP	+0.0	+2.1	-7.7	-57.1	0.20	64.3	37.5	80.9	52.1	4.2	9.9	0.02	4,569	5.5	12.9	N/A	1.7	2.2	N/A	0.9	N/A	N/A	0.2	0.0
Sadova Group	SGR PW	Warsaw	0.83 PLN	-2.4	+29.7	+56.6	-60.5	0.27	11.7	51.5	25.0	2.9	141.8	96.1	6.25	16	Neg.	N/A	N/A	7.7	N/A	N/A	1.3	N/A	N/A	0.3	42.4
Zakhidenergo	ZAEN UK	Kiev, PFTS	120.40 UAH	-1.7	+1.3	+33.2	+21.9	12.88	164.7	196.4	5.0	8.2	2.1	9.8	0.06	1,787	2.7	N/A	N/A	1.3	N/A	N/A	0.2	N/A	N/A	3.0	9.7
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-1.5	+11.4	+3.8	-22.8	0.00	111.1	1,612.5	3.9	4.3	6.2	13.9	0.43	230	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	3.04 UAH	-1.1	+8.1	+2.8	-8.7	0.33	63.5	59.6	4.0	2.5	54.8	14.4	0.86	117	Neg.	Neg.	2.8	Neg.	1.5	0.9	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.74 UAH	-0.3	+21.5	+9.9	+7.4	0.08	330.9	322.0	4.1	13.6	59.6	17.3	0.14	728	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	146.70 GBP	-1.0	-6.6	-23.2	-29.2	2.45	1,444.0	2,031.2	22.4	323.4	3,730.9	3,117.4	1.58	63	6.7	5.7	6.3	5.1	4.3	4.5	1.4	1.3	1.3	0.9	37.0
Yenakievo Steel	ENMZ UK	Kiev, UX	36.90 UAH	-2.0	+16.6	+15.3	+2.5	3.95	41.6	36.1	9.4	3.9	9.4	14.4	0.63	158	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	1.18 EUR	+0.0	-0.8	-4.8	-28.5	1.62	149.6	176.8	34.0	50.9	19.0	35.9	0.07	1,403	Neg.	N/A	N/A	Neg.	N/A	N/A	2.7	N/A	N/A	1.3	35.9
Agroliga	AGL PW	Warsaw	22.50 PLN	-0.9	-11.8	-13.2	+29.1	7.39	11.4	12.3	16.7	1.9	7.5	14.6	1.42	70	2.6	N/A	N/A	3.6	N/A	N/A	0.6	N/A	N/A	0.9	5.7
Agroton	AGT PW	Warsaw	5.06 PLN	+19.1	+111.7	+159.5	-47.4	1.66	36.0	83.3	26.2	9.4	1,610.0	668.7	11.07	9	5.3	7.5	4.9	5.9	8.9	5.3	0.9	1.2	1.0	0.3	28.0
Astarta Holdin...	AST PW	Warsaw	46.50 PLN	-3.1	-29.8	-30.5	-26.7	15.27	381.7	711.3	31.0	118.4	189.0	183.9	0.21	467	6.1	6.4	3.1	8.1	6.9	3.9	1.5	1.5	1.1	0.7	38.9
Avangard	AVGR LI	London Intl	8.85 USD	+3.5	-21.5	-24.7	-12.0	8.85	565.3	731.6	21.7	122.7	5,086.3	306.4	0.45	220	2.5	2.5	2.7	2.6	2.5	2.6	1.2	1.1	1.0	0.5	22.3
IMC	IMC PW	Warsaw	9.25 PLN	+0.4	+3.9	-23.9	-41.8	3.04	95.1	211.3	23.9	22.7	40.1	92.0	0.96	104	5.1	5.1	3.9	5.8	5.1	4.2	2.8	1.5	1.1	0.8	33.0
Kernel Holding...	KER PW	Warsaw	26.00 PLN	-6.6	-31.6	-31.7	-57.0	8.54	680.3	1,703.6	58.8	399.8	3,251.1	1,708.5	0.85	118	6.1	7.6	3.7	5.9	6.5	4.8	0.6	0.7	0.6	0.5	30.6
KSG Agro	KSG PW	Warsaw	6.65 PLN	-0.3	-26.1	-38.7	-35.9	2.18	32.8	154.6	34.4	11.3	36.8	19.2	0.40	249	4.0	2.7	2.8	36.7	5.3	4.3	4.2	2.3	1.4	0.4	29.2
MHP	MHPC LI	London Intl	14.00 USD	+1.4	-6.7	-17.9	-28.2	14.00	1,479.3	2,680.3	22.3	330.2	2,027.3	1,223.0	0.58	171	5.0	7.2	5.3	5.7	6.4	5.3	1.9	1.8	1.6	1.3	45.8
Milkiland	MLK PW	Warsaw	9.00 PLN	-0.3	-6.3	-28.0	-39.1	2.96	92.3	227.4	20.0	18.5	13.6	15.1	0.17	582	5.3	5.2	5.1	6.3	5.6	4.5	0.6	0.5	0.5	0.4	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	5.07 EUR	+0.0	+0.6	-6.2	+7.6	6.96	739.0	1,470.8	20.0	147.8	2.8	2.1	0.00	65,323	4.2	4.6	4.9	6.4	5.5	6.0	4.2	3.9	3.4	0.8	34.8
Ovostar Union	OVO PW	Warsaw	65.75 PLN	-0.4	-16.2	-34.3	-30.9	21.59	129.5	141.6	25.0	32.4	16.4	49.8	0.17	604	5.5	5.0	3.5	5.1	5.1	3.2	2.0	1.7	1.3	1.2	3.7
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	28.49 PLN	-1.1	-8.1	-9.2	-12.3	9.35	87.0	71.0	10.9	9.5	0.5	1.0	0.01	7,164	7.0	N/A	N/A	4.7	N/A	N/A	2.5	N/A	N/A	1.6	8.3
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.31 EUR	+0.0	+1.3	-3.8	-35.4	0.42	21.7	181.0	13.1	2.8	0.0	0.1	0.01	10,853	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	0.80 UAH	+3.4	+14.6	+5.1	+36.8	0.09	50.7	N/A	5.5	2.8	0.4	3.0	0.06	1,664	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	-0.7	+37.6	+37.6	+31.4	0.02	500.8	N/A	3.8	19.1	44.6	54.9	0.35	288	14.7	8.4	4.5	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3

Table 1. Ukrainian stocks (closing prices as of 5-Mar-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 (%)		
Ukrsotsbank	USCB UK	Kiev, UX	0.18 UAH	-1.4	+7.1	-1.5	+34.6	0.02	358.1	N/A	4.5	16.0	1.4	8.9	0.07	1,528	1,106.3	204.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.4	30.9

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 increases due to inflows

Liquidity injections from the NBU caused a significant increase in banking sector liquidity. The NBU purchased UAH1.50bn of government bonds from the banks' portfolio, issued UAH0.18bn more of ON loans, and decreased CDs outstanding by UAH0.99bn. In addition, repos or non-market loans could have occurred. As a result, broader banking sector liquidity rose UAH2.29bn to UAH37.82bn as banks' correspondent accounts with the NBU increased UAH3.28bn to UAH28.24bn, total CDs outstanding declined UAH0.99bn to UAH4.01bn and total local currency debt repayments scheduled for the next 30 days remained steady at UAH5.57bn.

Despite the higher liquidity, KyivPrime interest rates declined only slightly: the KyivPrime ON interest rate declined 100bp to 7.88% while the KyivPrime 1M interest rate slid 25bp to 22.75%.

Investment implications: Although NBU inflows were the main source for the increase in liquidity, UAH1.0bn was due for new government bonds sold by the MoF at Tuesday's primary auction. If the NBU does not continue to support banks with liquidity, liquidity could decline significantly and money market interest rates could begin to rise again.

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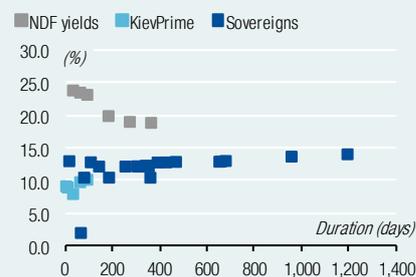
YTM's slightly decline

After a significant rebound on Tuesday, after prices declined significantly the day before, we saw only a slight decline in Ukrainian Eurobond YTM's on the lack of new positive news on the situation in Crimea. Russian troops and the Ukrainian army in Crimea remain at a stalemate. As a result, YTM's moved to the range of 9.49-12.47% yesterday, excluding UKRAIN 7.95% '14 which YTM rose to 32.62% and UKRAIN 5.00% '15 which usually remains at low level. At the close, UKRAIN 6.875% '15 declined 83bp to 12.47%, UKRAIN 9.25% '17 slid 5bp to 11.60%, UKRAIN 7.95% '21 slid 19bp to 10.16%, while UKRAIN 7.80% '22 slid 10bp to 9.82% and UKRAIN 7.50% '23 slid 4bp to 9.49%. 5-year CDS declined to 1,060bp.

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Yield curve of the local bond market

(as of market close on 5 Mar 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 5 Mar 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	7.88	-100bp	-38bp	+213bp	+8bp
1wk	18.13	+48bp	-207bp	+913bp	+833bp
1m	22.75	-25bp	+55bp	+850bp	+650bp
2m	18.25	+12bp	+1bp	+475bp	+185bp
3m	18.00	+0bp	-4bp	+425bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	28,245	+13.13	+4.58	+18.35	-13.63
CDs ²	8,904	+9.68	+353.1	+149.1	+485.8
Sovgns ³	5,467	-1.78	+4.83	+51.94	+265.7
Total	42,615	+10.26	+24.65	+37.30	+19.31
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	167,947	+0.90	+4.02	+12.88	+15.94
Banks	80,960	-3.24	-2.51	+2.47	+0.99
Resid's ⁴	11,340	-0.09	-0.50	-12.84	-8.53
Non-res ⁵	13,913	-2.21	+2.56	+13.12	+18.93
Total	274,160	-0.56	+1.74	+8.32	+10.05
NDF IMPLIED YIELDS (%)					
3m	60.28	-13ppt	+34bp	+30bp	+48bp
6m	41.04	-829bp	+18bp	+13bp	+28bp
9m	31.87	-455bp	+11bp	+1,000bp	+18bp
1yr	27.97	-352bp	+414bp	+868bp	+13bp
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	1,060	-124bp	-27bp	+60bp	+243bp
Jun '16	10.77	-24bp	-75bp	-125bp	+189bp
Jul '17	11.60	-4bp	-32bp	+49bp	+204bp
Sep '20	10.30	+5bp	+15bp	-9bp	+110bp
Sep '21	10.17	-18bp	-2bp	-35bp	+95bp
Sep '22	9.82	-8bp	-11bp	-40bp	+47bp
Feb '23	9.49	-3bp	+3bp	-25bp	+44bp

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.

Ukrainian debt: Potential restructuring in future

Mr. A. Shlapak, the Minister of Finance, announced yesterday that Ukraine could ask creditors to restructure US\$10bn of debt wherein the largest debt repayments come due as soon as May, June and August. The MoF officially announced that it will meet all repayments fully and on time and is not currently taking steps toward a debt restructuring at this time.

Investment implications: According to our assumption, Ukraine has to repay UAH81.80bn in principal repayments, UAH18.14bn of which was repaid in January and February (US\$8.75bn and US\$1.94bn, respectively, at the market exchange rate). The largest repayments are scheduled in May and August on IMF loans amounting to XDR390.63m and XDR265.63m, respectively. The largest is scheduled in June for US\$1.0bn of Eurobonds issued in 2012 to repackage half of the VTB loan. These bonds most likely are in the VTB portfolio (Bloomberg reported information on bondholders that hold less than 7.0% of the total outstanding). While the IMF could take some steps to assist Ukraine with repayments, the VTB might resist restructuring this debt due to the current political view of Russia and some problems with borrowers in Ukraine. According to Ukrainian media, the Ukrainian branch of VTB stopped issuing new loans in Ukraine. At the same time, we have to remember that Naftogaz's Eurobond that matures this September is also guaranteed by the government.

Our view is that if Ukraine will receive new tranches of financing from the EU, the IMF and the US, the restructuring of only this year's repayments will not resolve the budget problems, particularly since Ukraine has significantly larger repayments scheduled next year. According to our assumption, principal repayments amount to UAH90.93bn, which is approximately UAH9.10bn more than this year's repayments, UAH53.98bn of which will be external debt repayments. A large portion of next year's debt repayments is the recently issued US\$3.0bn Russian Eurobond that matures in December and the two Eurobonds that mature in September and October that amount to US\$500m and EUR600m, respectively.

As a significant portion of debt repayments in 2014-2015 are scheduled to be repaid to Russia, which in all likelihood will not be restructured, any possible restructuring beyond that will not resolve problems with the peaks in debt repayments.

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Chart page: Local bond market & Eurobond markets

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

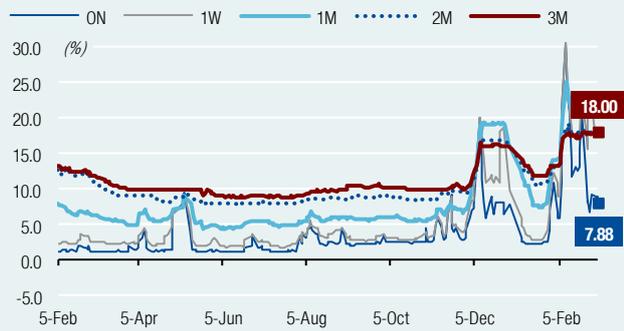


Chart 2. UAH NDF implied yields (%), last 12-month period



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

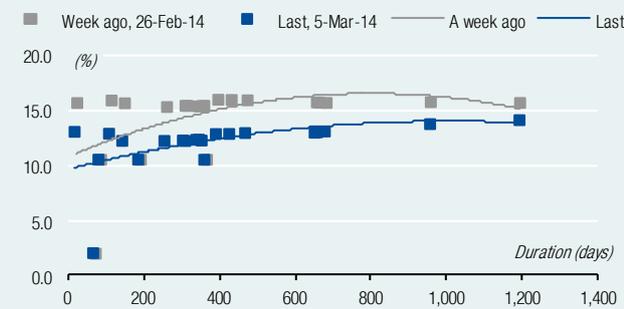


Chart 4. USD sovereign yield curve (%) as of 5 Mar 2014



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

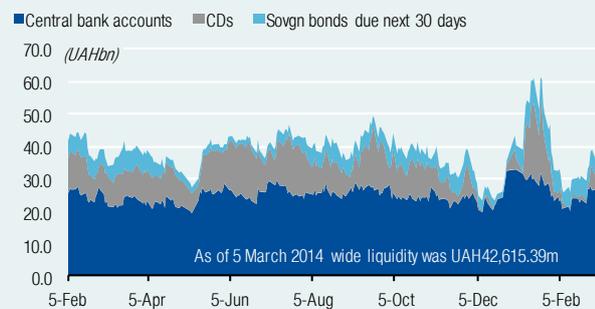


Chart 6. Breakdown of liquidity pool (%) as of 5 Mar 2014

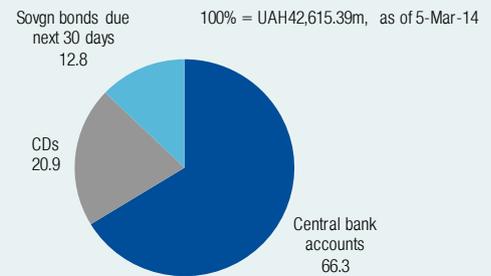


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

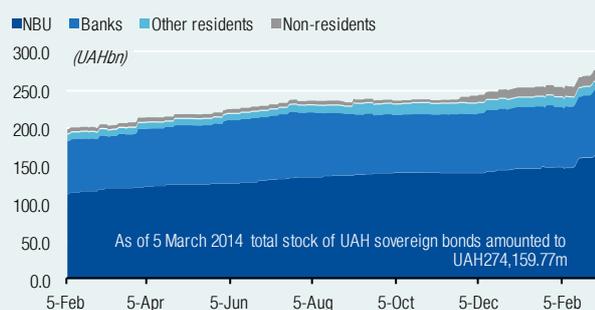
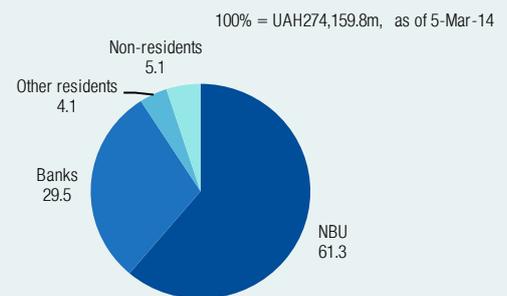


Chart 8. Domestic sovereign debt (%) as of 5 Mar 2014



FX: News & Comments

UAH remains relatively steady

After the turbulent past week that saw the UAH decline to as low as 11.5/USD in intraday trading, a rainfall of financial commitments from the EU, the EBRD and the US came in to support Ukraine's government over the past two days to reverse this trend. As a result, yesterday the market opened at 9.1000/USD and then moved up 2.75% to close at 9.3500/USD on US\$0.69bn in trading volume. The hryvnia's real trade-weighted rate declined 2.68% on the back of the EUR that lost 0.07% and the RUB that was rebounding from Monday's massive selling triggered by Russia's impending invasion of Ukraine.

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ICU's UAH trade-weighted indices

(Last 12-month history to 6 Mar 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 5 Mar 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	9.3500	+2.75	-7.88	+6.55	+13.47
NBU avg	9.4489	-2.83	-0.72	+15.88	+15.93
Ttl vlm ¹	787.47	+19.24	-5.72	-74.93	-71.90
\$ volume ²	692.54	+34.48	-3.67	-73.62	-68.67
NDF 3M	10.7500	+0.00	-0.46	+13.98	+26.69
NDF 6M	11.2500	-0.66	-0.44	+12.50	+28.13
NDF 1Y	11.9000	+0.00	-4.80	+14.31	+26.33
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	62.964	-2.68	+8.44	-5.04	-8.12
UAH real CPI	91.676	-2.68	+8.44	-5.04	-8.12
UAH real PPI	122.196	-2.68	+8.44	-5.04	-8.12
USD nom'l	80.109	-0.07	-0.40	-1.14	+0.09
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	36.1039	+0.00	+0.23	+3.42	+9.84
EUR/USD	1.3733	-0.07	+0.34	+1.48	-0.07
USD/CNY	6.1286	-0.24	+0.07	+1.13	+1.23
USD/PLN	3.0475	+0.11	-0.22	-1.59	+0.81
USD/TRY	2.2031	-0.13	-1.16	-1.57	+2.56
USD/BYR	9,805.00	+0.15	+0.31	+1.34	+2.78
USD/KZT	182.5200	+0.34	-1.29	+17.27	+18.31
OTHER MAJOR CURRENCIES					
USD/JPY	102.3000	+0.09	-0.08	+0.84	-2.86
GBP/USD	1.6722	+0.35	+0.31	+2.53	+1.00
USD/CHF	0.8871	-0.02	-0.40	-1.82	-0.65
AUD/USD	0.8985	+0.39	+0.19	+0.84	+0.76
USD/CAD	1.1029	-0.57	-0.89	-0.49	+3.82
USD/BRL	2.3188	-1.09	-1.33	-3.48	-1.83
USD/KRW	1,070.94	-0.24	+0.54	-0.65	+2.01
COMMODITIES					
Gold(\$/oz)	1,336.90	+0.19	+0.48	+6.28	+10.89
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	306.07	-0.06	+1.48	+6.60	+9.24

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.

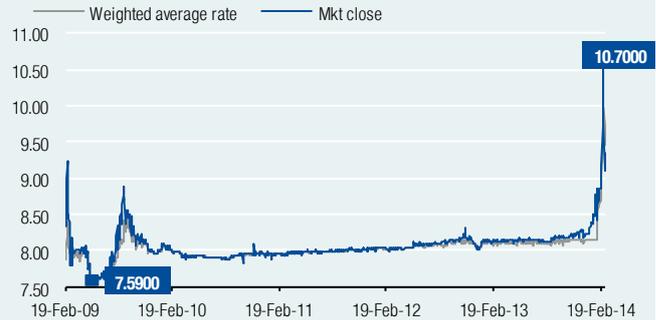
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

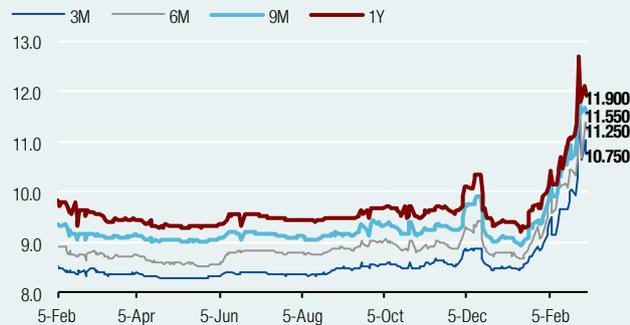


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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.

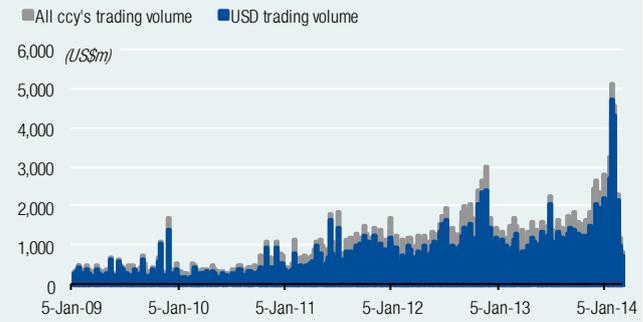


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

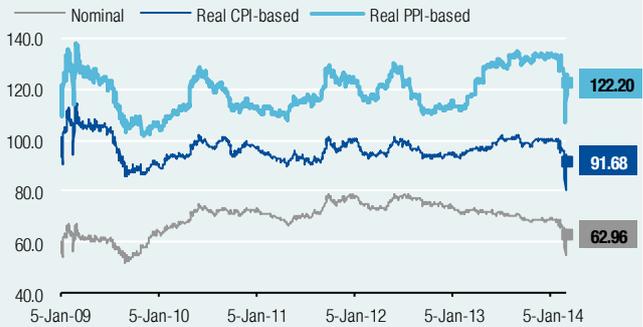
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August 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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This research publication has been prepared by the analyst(s), whose name(s) appear on the front page of this publication. The analyst(s) hereby certifies that the views expressed within this publication accurately reflect her/his own views about the subject financial instruments or issuers and no part of her/his compensation was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views within this research publication.

EQUITY RATING DEFINITIONS

Buy: Forecasted 12-month total return greater than 20%

Hold: Forecasted 12-month total return 0% to 20%

Sell: Forecasted 12-month total return less than 0%

Note: total return is share price appreciation to a target price in relative terms plus forecasted dividend yield.

DEBT RATING DEFINITIONS

Buy: Forecasted 12-month total return significantly greater than that of relevant benchmark

Hold: Forecasted 12-month total return is in line with or modestly deviates from relevant benchmark

Sell: Forecasted 12-month total return significantly less than that of relevant benchmark



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