



INVESTMENT CAPITAL UKRAINE
INVESTMENT BANKING

Daily Insight

Liquidity volatile; YTM's diverge; Primary auction news; Prices in February; UAH stays put

FRIDAY, 7 MARCH, 2014

RESEARCH INSIGHT

Contents

Economics: News & Comments	2
Prices in February: Inflation becomes more visible	2
Bonds: News & Comments	5
Liquidity volatile	5
YTM's diverge on news from Crimea	5
Primary auction: New financing for current needs	5
Chart page: Local bond market & Eurobond markets	6
FX: News & Comments	7
UAH stays put	7
Chart page #1: Foreign-exchange market	8
Chart page #2: ICU's UAH trade-weighted indices	9

UX Index (3 months to 7 Mar 2014)



Key market indicators (as of 6 Mar 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	9.2000	-1.60	+11.65
USD/UAH (1Y NDF)	12.1540	+2.13	+29.02
EUR/USD	1.3861	+0.93	+0.86
USD/RUB	36.1806	+0.21	+10.07
KievPRIME O/N (%)	9.00	+112bp	+120bp
KievPRIME 1M (%)	23.00	+25bp	+675bp
BONDS: yields and spreads			
Ukraine VAT bond (%)	N/A	+74bp	+0bp
Ukraine 17, Eurobond (%)	12.56	+96bp	+300bp
Ukraine 22, Eurobond (%)	9.79	-2bp	+45bp
Ukraine 23, Eurobond (%)	9.61	+12bp	+57bp
Ukraine 5Y CDS	1,081bp	+21bp	+264bp
EQUITIES			
Stock market indices			
UX (Ukraine)	1,080.60	-0.88	+18.74
MSCI World	412.65	+0.49	+1.00
MSCI EM	970.27	+1.16	-3.23
RTS (Russia)	1,164.63	-1.47	-19.28
WIG-20 (Poland)	2,460.03	+0.60	+2.46
S&P 500 (USA)	1,877.03	+0.17	+1.55
MOST ACTIVE: Top 3 stocks by value traded (US\$m)			
FXPO LN	4.60	35.4% of total ¹	
KER PW	2.65	20.4%	
AGT PW	2.25	17.3%	
GAINERS: Top 3 stocks (in listed currency)			
RPT LN	GBP 12.50	+4.17	-3.85
OVO PW	PLN 68.00	+3.42	-32.00
YASK UK	UAH 0.72	+2.43	+35.28
LOSERS: Top 3 stocks (in listed currency)			
FORM UK	UAH 0.72	-10.51	-5.92
AGT PW	PLN 4.64	-8.30	+137.95
ZAEN UK	UAH 113.00	-6.15	+25.00

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

Prices in February: Inflation becomes more visible

Yesterday's statistical report on prices revealed that the economy was on a path of accelerated inflation. The CPI rose 0.6% MoM while the PPI slowed by 0.2% MoM. In yearly terms, headline CPI accelerated to 1.2% YoY from 0.5% YoY a month earlier. The PPI moved to 3.4% YoY from 1.9% YoY a month ago. Food and transport prices moved higher last month and were the key drivers of monthly inflation. The currency devaluation that unfolded over the past month (and possibly was a departure from the previous government's tactics that routinely utilized manipulation) was the reason for the price increase.

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Table 1. Ukrainian stocks (closing prices as of 6-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	-26.8	0.17	39.6	-23.4	40.2	15.9	10.5	12.1	0.06	1,570	Neg.	Neg.	Neg.	3.6	3.6	7.3	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	5.57 UAH	+0.6	+25.8	+16.8	-4.9	0.61	223.7	292.6	21.7	48.6	109.4	62.9	0.16	629	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	1.62 PLN	+1.3	+40.9	+54.3	-83.8	0.54	24.2	82.1	25.0	6.0	190.1	358.3	9.76	10	Neg.	Neg.	N/A	1.3	11.2	N/A	0.7	0.9	N/A	0.2	7.7
Donbasenergo	DOEN UK	Kiev, UX	41.30 UAH	-2.8	+27.4	+49.7	+80.9	4.49	106.1	157.8	14.2	15.1	81.3	36.7	0.30	339	31.5	4.0	5.6	0.6	2.9	2.7	0.3	0.3	0.3	1.5	17.8
JKX Oil & Gas	JKX LN	London	57.75 GBP	+1.3	-16.3	-19.2	-16.3	0.97	166.0	163.0	47.2	78.4	39.4	57.9	0.10	1,048	Neg.	5.1	4.6	1.2	1.6	1.8	0.8	0.8	0.8	0.3	2.5
Regal Petroleum	RPT LN	London	12.50 GBP	+4.2	+5.3	-3.8	-55.4	0.21	67.1	40.3	80.9	54.3	2.1	10.3	0.02	5,025	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	0.81 PLN	-2.4	+24.6	+52.8	-59.5	0.27	11.6	51.3	25.0	2.9	33.1	89.8	6.33	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	113.00 UAH	-6.1	-4.2	+25.0	+14.1	12.28	157.1	189.3	5.0	7.9	2.5	9.4	0.06	1,634	2.5	N/A	N/A	1.3	N/A	N/A	0.2	N/A	N/A	2.8	9.7
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-1.0	+9.3	+2.8	-23.5	0.00	111.8	1,637.7	3.9	4.3	5.2	14.1	0.44	226	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	3.01 UAH	-1.0	+6.4	+1.8	-9.5	0.33	63.9	60.0	4.0	2.6	79.0	15.7	0.95	106	Neg.	Neg.	2.8	Neg.	1.5	0.9	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.73 UAH	-0.8	+21.5	+9.0	+6.1	0.08	333.6	324.5	4.1	13.7	1.9	17.3	0.14	723	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	146.30 GBP	-0.3	-8.9	-23.4	-28.9	2.45	1,441.5	2,028.8	22.4	322.9	4,601.4	3,162.2	1.63	61	6.7	5.7	6.2	5.1	4.3	4.5	1.4	1.3	1.3	0.9	37.0
Yasnivsky Cok...	YASK UK	Kiev, UX	0.72 UAH	+2.4	+30.4	+35.3	+7.0	0.08	21.3	22.9	9.0	1.9	1.0	3.0	0.13	752	2.9	1.9	1.4	0.1	0.9	0.8	0.1	0.1	0.1	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	36.88 UAH	-0.1	+16.5	+15.2	+2.8	4.01	42.3	36.6	9.4	4.0	9.1	14.7	0.65	155	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	-31.0	1.64	151.1	178.5	34.0	51.4	23.2	35.0	0.07	1,378	Neg.	N/A	N/A	Neg.	N/A	N/A	2.7	N/A	N/A	1.3	35.9
Agroliga	AGL PW	Warsaw	22.69 PLN	+0.8	-8.5	-12.5	+26.1	7.53	11.6	12.5	16.7	1.9	17.1	15.1	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	4.64 PLN	-8.3	+93.3	+137.9	-51.6	1.54	33.4	80.7	26.2	8.7	2,251.2	657.4	13.41	7	4.9	7.0	4.5	5.7	8.6	5.2	0.9	1.2	1.0	0.3	28.0
Astarta Holdin...	AST PW	Warsaw	45.89 PLN	-1.3	-28.3	-31.4	-26.6	15.23	380.7	713.3	31.0	118.1	96.4	183.9	0.20	497	6.1	6.3	3.1	8.1	6.9	3.9	1.5	1.5	1.1	0.7	38.9
Avangard	AVGR LI	London Intl	8.80 USD	-0.6	-20.0	-25.1	-9.8	8.80	562.1	728.4	21.7	122.0	659.8	310.3	0.49	206	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	9.07 PLN	-1.9	+4.3	-25.3	-42.7	3.01	94.2	210.4	23.9	22.5	88.1	92.6	0.98	102	5.0	5.0	3.9	5.8	5.0	4.2	2.8	1.5	1.1	0.7	33.0
Kernel Holding...	KER PW	Warsaw	26.26 PLN	+1.0	-29.0	-31.0	-56.8	8.71	694.3	1,717.4	58.8	408.1	2,654.8	1,773.0	0.85	118	6.2	7.7	3.8	5.9	6.5	4.8	0.6	0.7	0.6	0.5	30.6
KSG Agro	KSG PW	Warsaw	6.80 PLN	+2.3	-22.3	-37.3	-39.6	2.26	33.9	155.7	34.4	11.6	8.7	19.8	0.39	254	4.2	2.8	2.8	36.9	5.3	4.3	4.2	2.3	1.4	0.4	29.2
MHP	MHPC LI	London Intl	14.12 USD	+0.9	-4.3	-17.2	-27.0	14.12	1,492.0	2,693.0	22.3	333.0	1,915.9	1,262.8	0.56	178	5.0	7.3	5.3	5.8	6.4	5.3	1.9	1.8	1.6	1.3	45.8
Milkiland	MLK PW	Warsaw	8.75 PLN	-2.8	-11.5	-30.0	-40.7	2.90	90.7	227.1	20.0	18.1	44.5	15.5	0.19	531	5.1	5.0	5.0	6.3	5.5	4.5	0.6	0.5	0.4	0.4	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	5.07 EUR	+0.0	+0.6	-6.2	+7.6	7.02	746.1	1,478.0	20.0	149.2	0.0	2.1	0.00	65,323	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	68.00 PLN	+3.4	-9.8	-32.0	-30.3	22.56	135.4	147.4	25.0	33.8	7.2	52.1	0.16	640	5.8	5.2	3.6	5.3	5.3	3.3	2.1	1.8	1.3	1.3	3.7
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.31 EUR	+0.0	+1.3	-3.8	-35.9	0.42	21.9	181.2	13.1	2.9	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	0.72 UAH	-10.5	+2.6	-5.9	+22.4	0.08	46.1	N/A	5.5	2.5	0.2	2.8	0.06	1,769	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.16 UAH	-0.4	+38.4	+37.0	+29.8	0.02	506.7	N/A	3.8	19.4	79.8	55.5	0.37	272	14.6	8.4	4.5	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.18 UAH	-3.6	+3.6	-5.1	+30.3	0.02	351.0	N/A	4.5	15.7	0.2	8.7	0.06	1,551	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 6-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)

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 volatile

After a significant increase in banks' correspondent accounts with the NBU, this indicator fell yesterday close at Tuesday's level, down UAH3.21bn to UAH25.04bn. Total CDs outstanding slid UAH0.13bn to UAH3.88bn and total local currency debt repayments scheduled for the next 30 days slid UAH0.10bn to UAH5.47bn. Broader banking sector liquidity fell UAH3.44bn to UAH34.38bn.

KyivPrime interest rates rose: the KyivPrime ON interest rate rose 112bp to 9.00% while the KyivPrime 1M interest rate rose 25bp to 23.00%, the same level as on Tuesday.

Investment implications: Liquidity remains unstable and highly volatile. This week it rose and fell significantly. Part of the outflows could be due to the high volume of FX market trading. Today we anticipate liquidity to decline due to new bond purchases at the additional primary auction (see comment below), particularly if there was no support from the NBU.

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YTM's diverge on news from Crimea

Eurobond YTM's rose on news of a possible secession of Crimea from Ukraine. At the end of the day, yields of some Eurobonds (mostly with long-term maturities) declined to levels at the previous day's close. As a result, YTM's moved to the range of 9.61-13.61% yesterday, excluding UKRAIN 7.95% '14 which YTM rose to 41.52% and UKRAIN 5.00% '15 which usually remain low. At the close, UKRAIN 6.875% '15 rose 114bp to 13.61%, UKRAIN 9.25% '17 rose 96bp to 12.56%, UKRAIN 7.95% '21 rose 2bp to 10.18% and UKRAIN 7.50% '23 rose 12bp to 9.61% while UKRAIN 7.80% '22 slid 3bp to 9.79%. 5-year CDS rose to 1,081bp.

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Primary auction: New financing for current needs

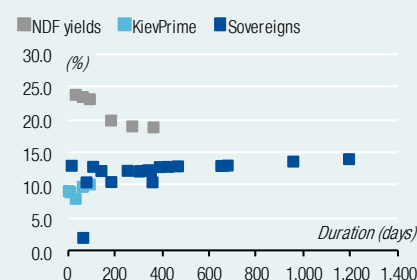
At yesterday's additionally announced auction, the MoF offered only a 5-year local currency bond for which it received the routine single bid at the standard interest rate of 11.50%.

Investment implications: Yesterday's demand was traditionally supported by the NBU under domestic QE, while the NBU purchased UAH6.50bn of bonds during the last few days. Including yesterday's auction, banks purchased UAH5.10bn of new bonds last week and this week. Proceeds from these auctions were mostly used for current budget needs, due to low funding needs for debt repayments.

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Yield curve of the local bond market

(as of market close on 6 Mar 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 6 Mar 2014)

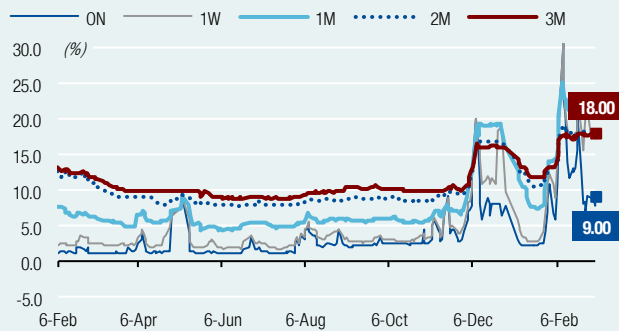
	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	9.00	+112bp	+225bp	-200bp	+120bp
1wk	17.40	-73bp	-335bp	+300bp	+760bp
1m	23.00	+25bp	+0bp	+660bp	+675bp
2m	18.13	-12bp	+13bp	+383bp	+173bp
3m	18.00	+0bp	+25bp	+300bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	25,035	-11.36	-10.28	+20.39	-23.45
CDs ²	4,009	-54.98	-24.07	+52.43	+163.8
Sovgns ³	5,467	+0.00	+4.83	+51.94	+265.7
Total	34,511	-19.02	-10.12	+27.71	-3.38
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	167,947	+0.00	+4.02	+14.30	+15.94
Banks	80,062	-1.11	-5.74	+1.76	-0.13
Resid's ⁴	11,323	-0.15	-0.82	-10.50	-8.66
Non-res ⁵	13,591	-2.32	-0.59	+10.50	+16.17
Total	272,922	-0.45	+0.53	+8.93	+9.56
NDF IMPLIED YIELDS (%)					
3m	76.53	+16bp	+48bp	+46bp	+64bp
6m	51.83	+11bp	+30bp	+27bp	+38bp
9m	37.35	+548bp	+18bp	+17bp	+23bp
1yr	32.84	+486bp	+13bp	+15bp	+18bp
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	1,081	+21bp	+47bp	-1bp	+264bp
Jun '16	11.66	+88bp	+39bp	-62bp	+277bp
Jul '17	12.56	+96bp	+80bp	+84bp	+300bp
Sep '20	10.32	+2bp	+20bp	-29bp	+113bp
Sep '21	10.19	+2bp	-2bp	-50bp	+97bp
Sep '22	9.79	-2bp	-1bp	-59bp	+45bp
Feb '23	9.61	+12bp	+14bp	-40bp	+57bp

Notes: [1] banks' account balance at NBU; [2] certificates of deposits issued by NBU; [3] UAH sovereign bonds due next 30 days; [4] residents; [5] non-residents; [6] VAT bond.

Sources: Bloomberg, Investment Capital Ukraine LLC.

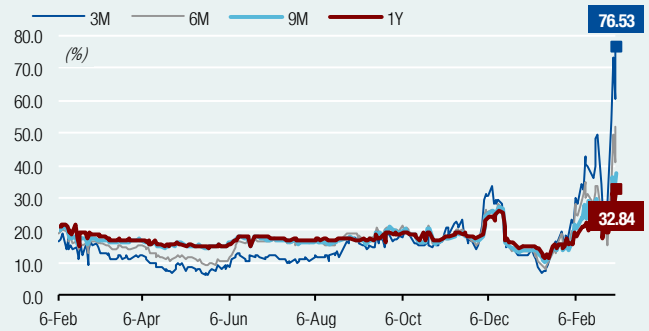
Chart page: Local bond market & Eurobond markets

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



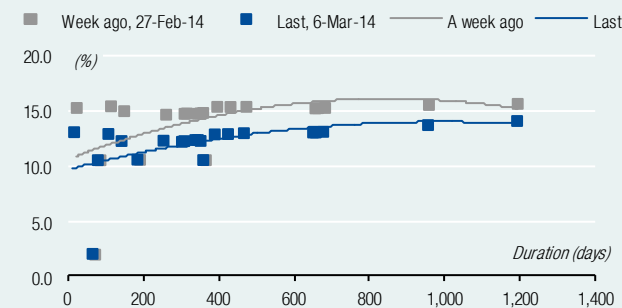
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



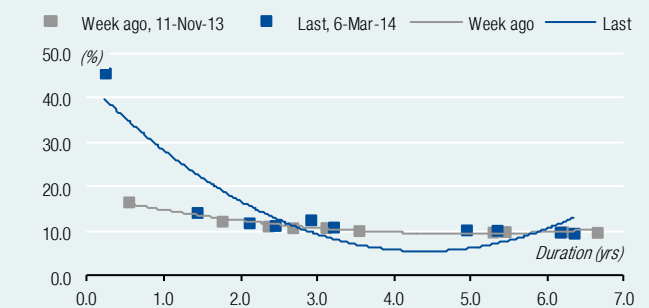
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 6 Mar 2014



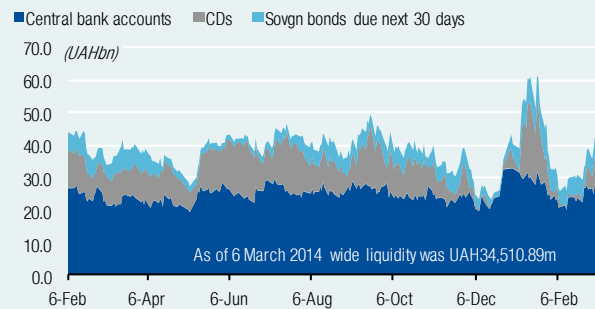
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 6 Mar 2014



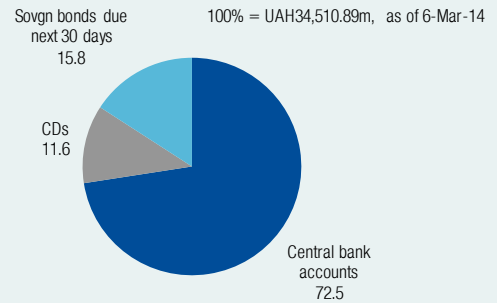
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



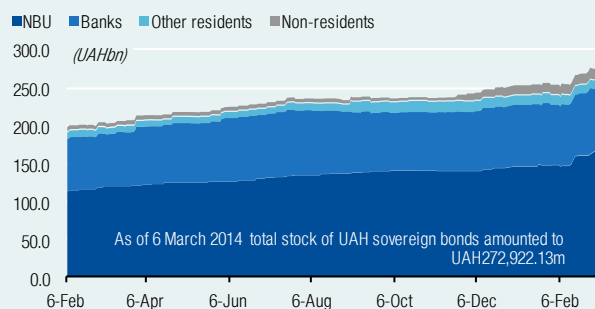
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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



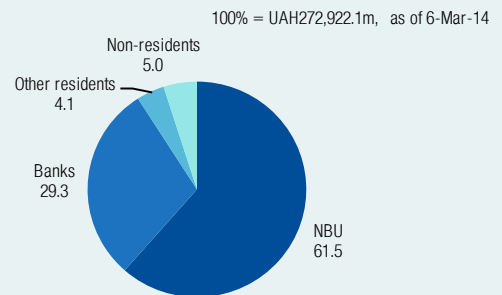
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 6 Mar 2014



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

FX: News & Comments

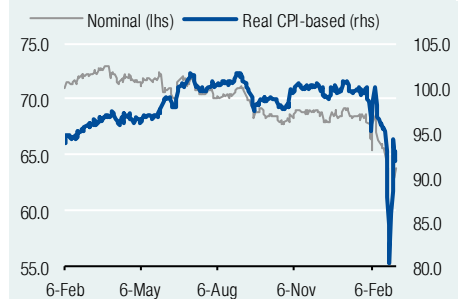
UAH stays put

These days UAH FX market remains under tight grip of the central bank and avalanche of news on external financial assistance has tamed those FX players that were most bearish. The FX rate moved 1.60% up on US\$0.63bn turnover. The hryvnia's real TWI rose 1.30%, making the year-to-date decline of the index to 6.92%. Yesterday's news on acceleration of price inflation is bad for UAH as it opens the way for real appreciation of the currency - if such a trend extends for some time then FX rate could under new pressure to correct lower. This should be indicated by IMF in the upcoming talks here in Kiev and hence with NBU commitment for flexible FX rate the current tight grip on FX market will be removed to allow gradual weakening of the FX rate.

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ICU's UAH trade-weighted indices

(Last 12-month history to 7 Mar 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 6 Mar 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	9.2000	-1.60	-14.02	+3.90	+11.65
NBU avg	9.3879	-0.65	-5.99	+7.81	+15.18
Ttl vlm ¹	739.71	-6.07	-13.63	-53.76	-73.60
\$ volume ²	631.52	-8.81	+7.42	-50.60	-71.44
NDF 3M	10.9500	+1.86	-4.37	+15.08	+29.05
NDF 6M	11.5640	+2.79	-2.41	+16.22	+31.71
NDF 1Y	12.1540	+2.13	-4.30	+16.87	+29.02
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	63.783	+1.30	+15.82	-2.48	-6.92
UAH real CPI	92.869	+1.30	+15.82	-2.48	-6.92
UAH real PPI	123.786	+1.30	+15.82	-2.48	-6.92
USD nom'l	79.663	-0.56	-0.77	-1.54	-0.46
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	36.1806	+0.21	+0.20	+4.38	+10.07
EUR/USD	1.3861	+0.93	+1.10	+1.99	+0.86
USD/CNY	6.1187	-0.16	-0.16	+0.93	+1.06
USD/PLN	3.0138	-1.11	-0.67	-1.95	-0.30
USD/TRY	2.1802	-1.04	-1.50	-1.34	+1.49
USD/BYR	9,795.00	-0.10	-0.15	+1.14	+2.67
USD/KZT	182.5200	+0.00	-0.95	+17.32	+18.31
OTHER MAJOR CURRENCIES					
USD/JPY	103.0700	+0.75	+0.92	+0.94	-2.13
GBP/USD	1.6740	+0.11	+0.31	+2.56	+1.11
USD/CHF	0.8806	-0.73	-0.87	-2.26	-1.38
AUD/USD	0.9090	+1.17	+1.39	+1.46	+1.94
USD/CAD	1.0985	-0.40	-1.22	-0.77	+3.41
USD/BRL	2.3239	+0.22	+0.20	-2.44	-1.62
USD/KRW	1,064.13	-0.64	-0.45	-1.38	+1.37
COMMODITIES					
Gold(\$/oz)	1,350.85	+1.04	+1.47	+7.36	+12.04
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	307.59	+0.50	+1.99	+7.09	+9.79

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

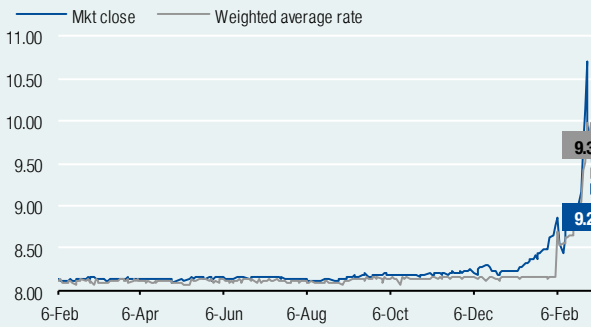
Section on FX market is continued on next page.

Notes: [1] trading volume in all foreign currencies (US\$m); [2] trading volume in the pair USD/UAH (US\$m); [3] crude oil price (USD per barrel); [4] the Thomson Reuters/Jefferies CRB Index. A green/-red-shaded box means gain or loss, respectively, of the investment into the asset. Currencies are gaining when their exchange rates strengthen versus USD.

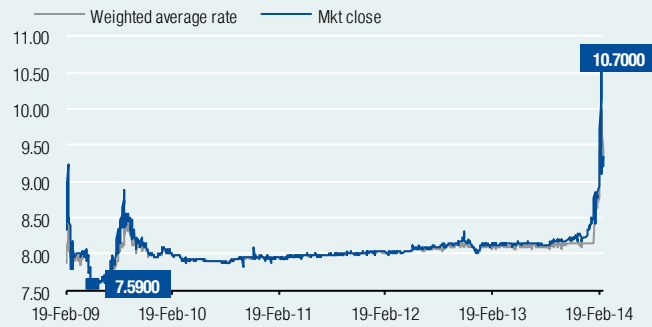
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart page #1: Foreign-exchange market

Chart 9. Spot market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

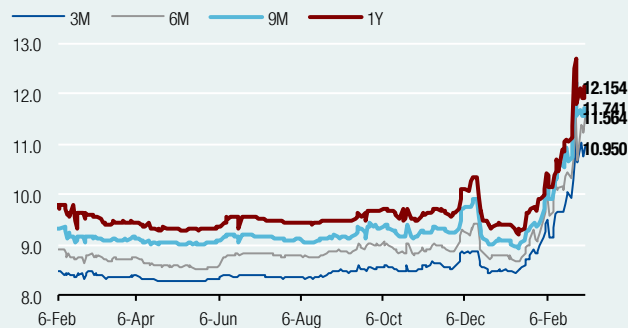


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

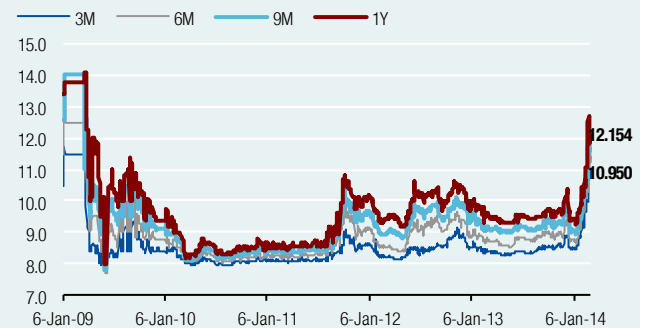


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

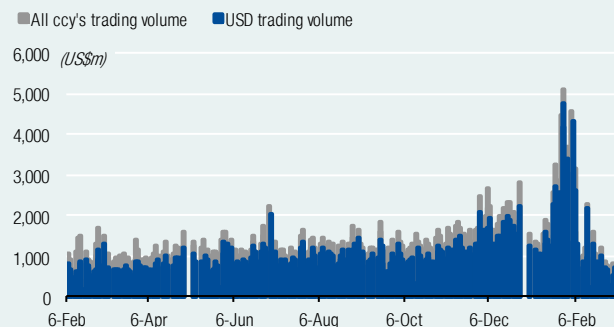


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.



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

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



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



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

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



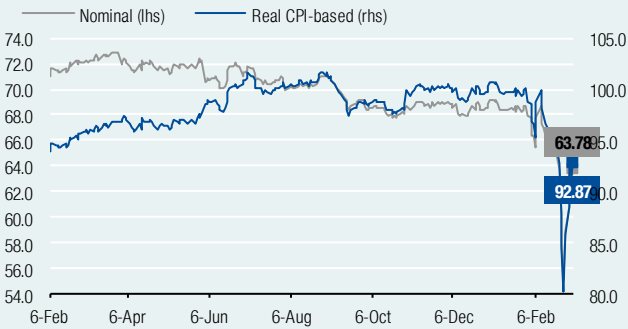
Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

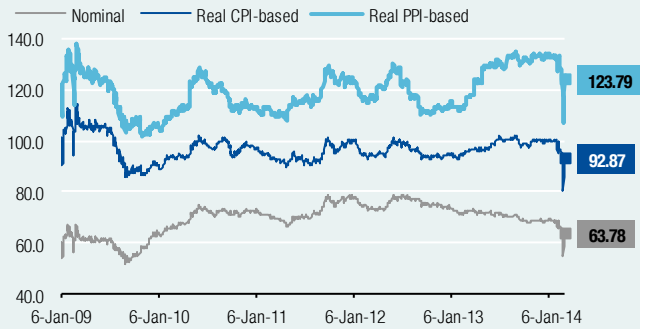
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



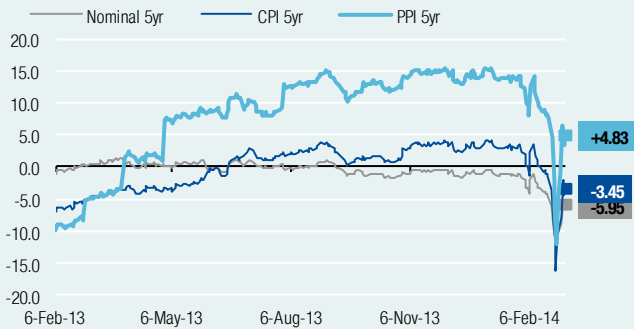
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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



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

Chart 15. Deviation of UAH trade-weighted indices from their 5-year moving averages: last 12-month and 5-year periods (% , left and right respectively)

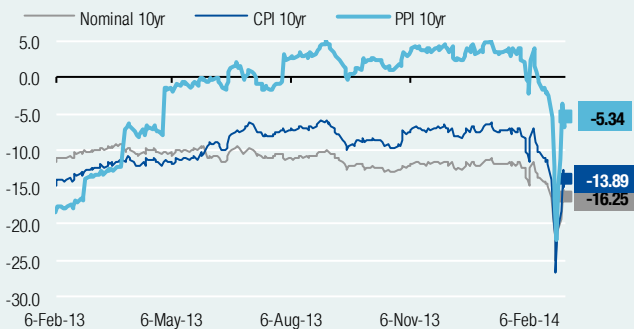


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

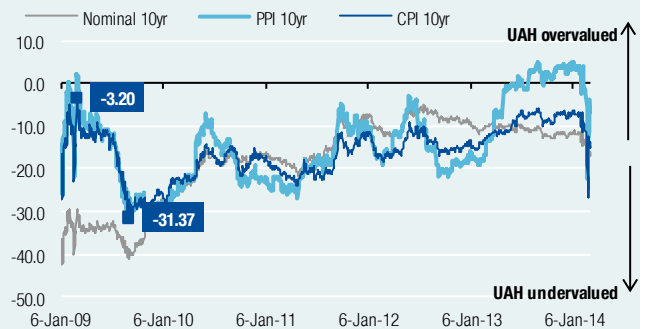


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

Chart 16. Deviation of UAH trade-weighted indices from their 10-year moving averages: last 12-month and 5-year periods (% , left and right respectively)



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



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

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Disclosures

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This research publication has been prepared by the analyst(s), whose name(s) appear on the front page of this publication. The analyst(s) hereby certifies that the views expressed within this publication accurately reflect her/his own views about the subject financial instruments or issuers and no part of her/his compensation was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views within this research publication.

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

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

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

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

DEBT RATING DEFINITIONS

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

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

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



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