


 INVESTMENT CAPITAL UKRAINE  
 INVESTMENT BANKING

# Daily Insight

Liquidity up; YTM's rise further; New VAT bonds considered; UAH to weaken further; Ferrexpo reports

THURSDAY, 13 MARCH, 2014

RESEARCH INSIGHT

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### UX Index (3 months to 13 Mar 2014)



### Key market indicators (as of 12 Mar 2014)

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	9.3600	+1.41	+13.59
USD/UAH (1Y NDF)	11.9000	-0.42	+26.33
EUR/USD	1.3903	+0.31	+1.16
USD/RUB	36.5047	-0.03	+11.06
KievPRIME O/N (%)	11.50	+50bp	+370bp
KievPRIME 1M (%)	23.25	+5bp	+700bp

### BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	+74bp	+0bp
Ukraine 17, Eurobond (%)	14.37	+58bp	+481bp
Ukraine 22, Eurobond (%)	10.94	+20bp	+159bp
Ukraine 23, Eurobond (%)	10.66	+22bp	+162bp
Ukraine 5Y CDS	1,297bp	+216bp	+481bp

### EQUITIES

#### Stock market indices

UX (Ukraine)	1,030.35	-2.35	+13.22
MSCI World	407.02	-0.48	-0.37
MSCI EM	944.63	-1.18	-5.79
RTS (Russia)	1,098.69	-2.95	-23.85
WIG-20 (Poland)	2,369.49	-1.31	-1.31
S&P 500 (USA)	1,868.20	+0.03	+1.07

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

FXPO LN	4.70	37.8% of total <sup>1</sup>
KER PW	2.97	23.9%
CLE PW	1.88	15.1%

#### GAINERS: Top 3 stocks (in listed currency)

JKX LN	GBP 64.00	+5.35	-10.49
FXPO LN	GBP 144.20	+3.59	-24.50
ALAGR FP	EUR 1.20	+1.69	-3.23

#### LOSERS: Top 3 stocks (in listed currency)

AGT PW	PLN 3.03	-10.62	+55.38
KDM PW	PLN 13.40	-9.40	-57.31
FORM UK	UAH 0.70	-9.09	-7.89

Notes: Chg – percentage change, if not otherwise indicated;  
 [1] – total traded volume for stocks listed in Table 2, pp. 3;  
 green- or red-shaded box means gain or loss, respectively,  
 of the index or security.

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

# Equities: News & Comments

## Ferrexpo's 2013 EBITDA up 25%

Ferrexpo's (FXPO LN; US\$2.40; Buy; TP US\$4.48) FY2013 results exceeded market expectations as the company's EBITDA increased 25% YoY to US\$506m, and its EPS increased 14% YoY to US\$0.45, 7% and 3% above market consensus, respectively.

Ferrexpo's BoD has proposed an unchanged final ordinary dividend of US\$3.3 cents per share for payment on 30 May to shareholders on the register as of 2 May. Just as one year ago, the BoD has also announced a special dividend of US\$6.6 cents per share in recognition of the good results for 2013. The special dividend will be paid on 28 March to the shareholders on the register as of 21 March. Both final ordinary and special dividends sum up to a 4% dividend yield as of 12 March market close.

**Investment implications: While higher prices, new production and inflation-resistant unit costs helped the company to repel the market's cautious forecast for FY2013, growth in volumes of more efficient operations at Yeristovo mine and the hryvnia's depreciation have a good chance to offset the negative effect of weaker iron ore prices in FY2014. For more details, please see our upcoming note.**

**Table 1. Ferrexpo Eurobond quotation as of market close, 12 March 2014**

Issuer	Moody's/S&P/Fitch	Ccy	Volume	Coupon rate (%)	Maturity	Price (%)	YTW (%)	Spread (bp)
Ferrexpo	Caa1/CCC+/CCC	USD	500m	7.875	07-Apr-16	92.9	11.882	1152

Source: Bloomberg

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Table 2. Ukrainian stocks (closing prices as of 12-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 (%)
<b>ENERGY</b>																											
Cadogan Petrol...	CAD LN	London	10.50 GBP	+0.0	-3.4	+1.2	-26.3	0.18	40.5	-22.6	40.2	16.3	0.0	12.0	0.06	1,657	Neg.	Neg.	Neg.	3.4	3.5	7.1	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	5.34 UAH	-3.5	+16.0	+11.9	-5.7	0.57	210.1	277.7	21.7	45.6	121.0	65.5	0.21	485	8.4	7.5	5.2	0.5	4.3	2.9	0.3	0.4	0.3	0.8	12.2
Coal Energy	CLE PW	Warsaw	1.55 PLN	-8.8	+42.2	+47.6	-84.5	0.51	23.0	80.9	25.0	5.8	1,882.8	392.5	12.84	8	Neg.	Neg.	N/A	1.3	11.1	N/A	0.6	0.9	N/A	0.2	7.7
Donbasenergo	DOEN UK	Kiev, UX	38.98 UAH	-3.8	+19.2	+41.3	+78.4	4.15	98.2	148.8	14.2	14.0	24.1	35.0	0.34	298	29.8	3.7	5.3	0.6	2.8	2.6	0.3	0.3	0.3	1.4	17.8
JKX Oil & Gas	JKX LN	London	64.00 GBP	+5.3	-5.9	-10.5	-11.1	1.07	183.3	180.2	47.2	86.5	63.8	67.5	0.09	1,067	Neg.	5.6	5.1	1.3	1.8	2.0	0.9	0.9	0.9	0.4	2.5
Regal Petroleum	RPT LN	London	11.00 GBP	+0.0	-7.4	-15.4	-61.4	0.18	58.8	32.0	80.9	47.6	0.3	10.0	0.03	3,672	5.1	11.8	N/A	1.4	1.9	N/A	0.8	N/A	N/A	0.2	0.0
Sadova Group	SGR PW	Warsaw	0.80 PLN	-3.6	+29.0	+50.9	-60.0	0.26	11.4	51.1	25.0	2.8	395.0	91.5	7.56	13	Neg.	N/A	N/A	7.6	N/A	N/A	1.3	N/A	N/A	0.2	42.4
Zakhidenergo	ZAEN UK	Kiev, PFTS	110.50 UAH	-6.8	-5.6	+22.2	+16.4	11.77	150.6	122.2	5.0	7.5	3.4	7.6	0.07	1,518	2.4	N/A	N/A	0.8	N/A	N/A	0.1	N/A	N/A	0.8	0.0
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-3.5	+5.5	-1.8	-24.3	0.00	104.6	1,600.4	3.9	4.0	13.2	13.6	0.47	213	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	3.00 UAH	-2.1	+6.2	+1.2	-7.4	0.32	62.3	58.4	4.0	2.5	13.7	15.1	0.99	101	Neg.	Neg.	2.7	Neg.	1.5	0.9	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.70 UAH	+1.2	+13.3	+4.3	+6.4	0.07	313.1	304.2	4.1	12.8	14.0	15.0	0.15	668	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	144.20 GBP	+3.6	-14.4	-24.5	-27.4	2.40	1,415.3	2,002.6	22.4	317.0	4,701.1	3,299.1	1.66	60	5.4	5.8	7.7	5.1	4.2	4.9	1.3	1.2	1.3	0.9	37.0
Yenakievo Steel	ENMZ UK	Kiev, UX	35.85 UAH	-0.7	+14.4	+12.0	+1.3	3.82	40.3	34.8	9.4	3.8	0.6	14.2	0.68	147	5.4	Neg.	N/A	Neg.	Neg.	N/A	0.0	0.0	N/A	0.9	0.0
<b>FOOD AND AGRIBUSINESS</b>																											
AgroGeneration	ALAGR FP	EN Paris	1.20 EUR	+1.7	+2.6	-3.2	-32.2	1.67	154.5	182.1	34.0	52.5	12.1	36.9	0.08	1,178	Neg.	N/A	N/A	Neg.	N/A	N/A	2.8	N/A	N/A	1.3	35.9
Agroliga	AGL PW	Warsaw	21.50 PLN	+0.5	-12.2	-17.1	+18.8	7.10	10.9	11.9	16.7	1.8	3.9	15.2	1.60	63	2.5	N/A	N/A	3.4	N/A	N/A	0.5	N/A	N/A	0.8	5.7
Agroton	AGT PW	Warsaw	3.03 PLN	-10.6	+10.6	+55.4	-67.6	1.00	21.7	69.0	26.2	5.7	1,277.9	517.7	25.89	4	3.2	4.5	2.9	4.9	7.4	4.4	0.8	1.0	0.8	0.2	28.0
Astarta Holdin...	AST PW	Warsaw	38.00 PLN	-5.6	-35.1	-43.2	-36.6	12.54	313.6	648.2	31.0	97.3	168.5	159.9	0.23	427	5.0	5.2	2.5	7.4	6.2	3.5	1.3	1.3	1.0	0.5	38.9
Avangard	AVGR LI	London Intl	9.00 USD	+0.0	-17.9	-23.4	-8.6	9.00	574.8	741.2	21.7	124.7	109.1	312.8	0.50	202	2.5	2.5	2.8	2.6	2.5	2.7	1.2	1.1	1.0	0.5	22.3
IMC	IMC PW	Warsaw	7.80 PLN	-4.9	-0.9	-35.8	-50.3	2.58	80.6	196.9	23.9	19.2	315.3	92.4	1.28	78	4.3	4.3	3.3	5.4	4.7	3.9	2.6	1.4	1.0	0.6	33.0
Kernel Holding...	KER PW	Warsaw	23.20 PLN	-7.2	-37.3	-39.1	-62.6	7.66	610.3	1,633.6	58.8	358.7	2,969.5	1,683.9	1.05	95	5.5	6.0	3.3	5.6	5.8	4.6	0.6	0.7	0.6	0.5	30.6
KSG Agro	KSG PW	Warsaw	5.76 PLN	-1.9	-23.7	-46.9	-52.3	1.90	28.6	150.4	34.4	9.8	6.2	17.0	0.46	216	3.5	2.4	2.4	35.7	5.1	4.1	4.0	2.2	1.4	0.3	29.2
MHP	MHPC LI	London Intl	13.00 USD	-0.8	-12.9	-23.8	-31.6	13.00	1,373.7	2,574.7	22.3	306.6	250.4	1,130.6	0.58	172	4.6	6.7	4.9	5.5	6.2	5.1	1.8	1.7	1.6	1.2	45.8
Milkiland	MLK PW	Warsaw	7.60 PLN	-5.1	-20.6	-39.2	-50.0	2.51	78.4	215.5	20.0	15.7	6.7	13.6	0.22	448	4.4	4.3	4.3	6.0	5.2	4.2	0.5	0.5	0.4	0.3	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	5.35 EUR	+0.0	+6.3	-0.9	+14.1	7.46	792.3	1,524.2	20.0	158.5	0.0	2.4	0.00	46,916	4.5	5.0	5.2	6.6	5.7	6.2	4.4	4.1	3.6	0.9	34.8
Ovostar Union	OVO PW	Warsaw	67.69 PLN	-3.6	-9.7	-32.3	-33.0	22.35	134.1	146.1	25.0	33.5	38.9	57.3	0.21	487	5.7	5.2	3.6	5.2	5.2	3.3	2.0	1.8	1.3	1.3	3.7
<b>TRANSPORTATION</b>																											
KDM Shipping	KDM PW	Warsaw	13.40 PLN	-9.4	-56.8	-57.3	-58.8	4.42	41.1	25.1	10.9	4.5	5.8	0.8	0.06	1,616	3.3	N/A	N/A	1.7	N/A	N/A	0.9	N/A	N/A	0.7	8.3
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Xetra	0.31 EUR	+0.0	+10.3	-2.2	-43.4	0.43	22.4	181.7	13.1	2.9	0.0	0.1	0.01	10,140	Neg.	N/A	N/A	Neg.	N/A	N/A	8.3	N/A	N/A	0.2	44.1
<b>FINANCIAL SERVICES</b>																											
Forum Bank	FORM UK	Kiev, UX	0.70 UAH	-9.1	+0.4	-7.9	+16.7	0.07	44.3	N/A	5.5	2.4	0.1	2.1	0.07	1,506	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	0.15 UAH	-2.9	+27.5	+28.6	+31.3	0.02	466.4	N/A	3.8	17.8	34.7	53.3	0.41	242	13.7	7.9	4.2	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3

Table 2. Ukrainian stocks (closing prices as of 12-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	0.17 UAH	-7.4	+2.1	-6.9	+34.6	0.02	337.3	N/A	4.5	15.1	7.8	8.5	0.06	1,672	1,045.7	193.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	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 significantly

Broader banking sector liquidity rose a significant UAH4.36bn to UAH38.90bn yesterday after banks' correspondent accounts with the NBU rose UAH2.20bn to UAH29.65bn and total CDs outstanding rose UAH2.17bn to UAH3.12bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH6.13bn.

KyivPrime interest rates rose despite the significant increase in banking sector liquidity: the KyivPrime ON interest rate rose 50bp to 11.50% while the KyivPrime 1M interest rate rose a mere 5bp to 23.25%.

**Investment implications: Yesterday's increase in liquidity was significant. Despite the NBU's absorption of UAH2.17bn via CD redemptions, banks' correspondent accounts with the NBU rose significantly. At the same time, the NBU did not purchase new bonds for its portfolio on Tuesday and issued a low volume of ON loans.**

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## YTM's continue to rise

The situation at the Ukrainian Eurobond market remains unstable as YTM's rise gradually, nearly penetrating the 11.0% ceiling of the entire yield curve. The yield curve continued to increase to the range of 10.66-16.31%, excluding UKRAIN 7.95% '14 which YTM rose to 53.64% and UKRAIN 5.00% '15 which usually remains at low level. At the close, UKRAIN 6.875% '15 rose 60bp to 16.31%, UKRAIN 9.25% '17 rose 58bp to 14.36%, while UKRAIN 7.80% '22 rose 18bp to 10.93% and UKRAIN 7.50% '23 rose 21bp to 10.66%. 5-year CDS rose to 1,297bp.

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## Primary auction results

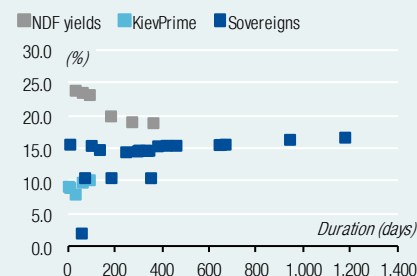
Yesterday's unscheduled primary auction was quite different from its routine over the past several weeks. Instead of offering the usual 5-year bonds at a low interest rate, the MoF sold 3.5-month bonds at an abnormally high interest rate of 14.0%. Earlier this year, the MoF sold zero-coupon bonds at interest rates below 9.0%.

**Investment implications: The MoF compensated the state budget with part of the funds spent for debt repayments earlier yesterday. Most likely, the bonds were purchased by banks with funds received from debt redemptions.**

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### Yield curve of the local bond market

(as of market close on 12 Mar 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

### Bond market indicators (as of 12 Mar 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
0/n	11.50	+50bp	+362bp	-925bp	+370bp
1wk	18.75	-45bp	+62bp	-225bp	+895bp
1m	23.25	+5bp	+50bp	+50bp	+700bp
2m	18.38	+28bp	+13bp	-62bp	+198bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	29,647	+8.00	+4.96	+46.92	-9.34
CDs <sup>2</sup>	3,967	+317.6	-55.45	+332.1	+161.0
Sovgns <sup>3</sup>	3,947	-35.62	-27.79	-19.63	+164.1
<b>Total</b>	<b>37,561</b>	<b>+8.77</b>	<b>-11.86</b>	<b>+44.42</b>	<b>+5.16</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	170,047	+0.00	+1.25	+15.13	+17.39
Banks	78,394	+0.34	-3.17	-2.48	-2.21
Resid's <sup>4</sup>	11,318	+0.10	-0.20	-11.72	-8.70
Non-res <sup>5</sup>	13,414	+0.54	-3.59	+3.48	+14.66
<b>Total</b>	<b>273,173</b>	<b>+0.13</b>	<b>-0.36</b>	<b>+7.60</b>	<b>+9.66</b>
<b>NDF IMPLIED YIELDS (%)</b>					
3m	53.36	+12bp	-692bp	+11bp	+41bp
6m	41.85	-559bp	+81bp	+700bp	+28bp
9m	35.70	-122bp	+383bp	+801bp	+22bp
1yr	27.84	-235bp	-13bp	+692bp	+13bp
<b>LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)</b>					
Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+320bp	+0bp	+0bp	-676bp
Aug '15 <sup>6</sup>	N/A	+74bp	+0bp	+0bp	+0bp
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	1,297	+216bp	+237bp	+147bp	+481bp
Jun '16	14.15	+59bp	+338bp	+40bp	+526bp
Jul '17	14.37	+58bp	+276bp	+156bp	+481bp
Sep '20	11.58	+34bp	+128bp	+55bp	+238bp
Sep '21	11.55	+19bp	+138bp	+55bp	+233bp
Sep '22	10.94	+20bp	+113bp	+44bp	+159bp
Feb '23	10.66	+22bp	+117bp	+59bp	+162bp

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.

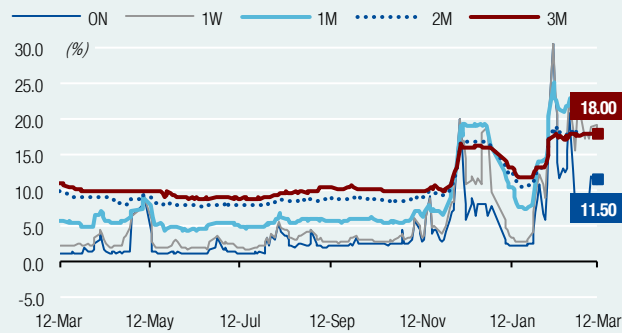
## **New VAT bonds could be issued**

According to the Minister of Finance of Ukraine Mr. O. Shlapak, the MoF might issue new tranches of VAT bonds to fund an estimated UAH9.0bn in unpaid VAT reimbursements.

***Investment implications: This offering could take place despite the current volatility. The MoF received about 90% of the budget revenues planned for January and February, mostly due to the high level of NBU payments to the state budget as revenues exceeded expenditures. Meanwhile, with UAH9.0bn of VAT reimbursements in arrears, a VAT-bond issue could resolve this issue.***

**Chart page: Local bond market & Eurobond markets**

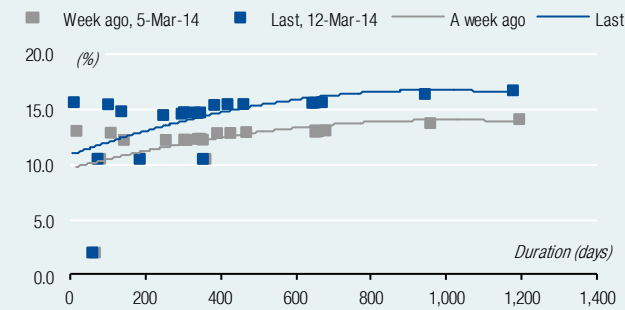
**Chart 1. Kiev Prime rates (%), last 12-month period**



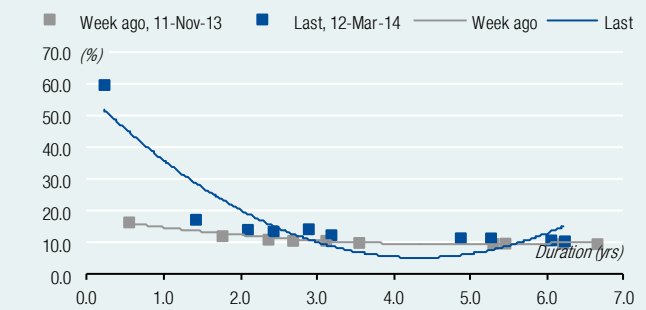
**Chart 2. UAH NDF implied yields (%), last 12-month period**



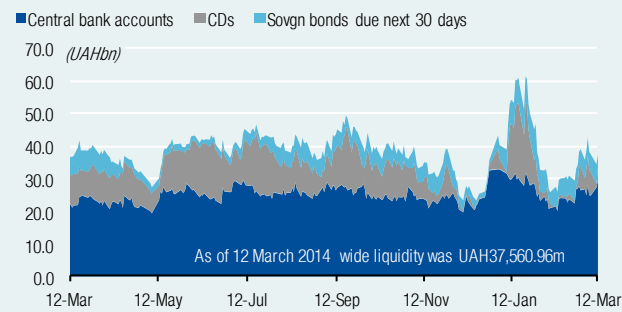
**Chart 3. UAH sovereign yield curve (%) as of 12 Mar 2014**



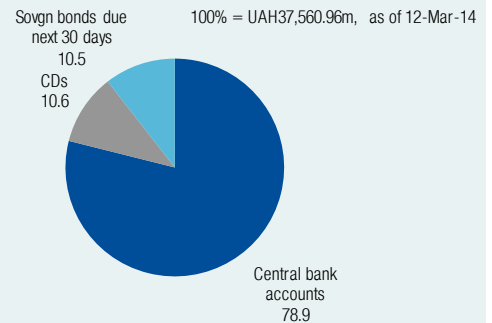
**Chart 4. USD sovereign yield curve (%) as of 12 Mar 2014**



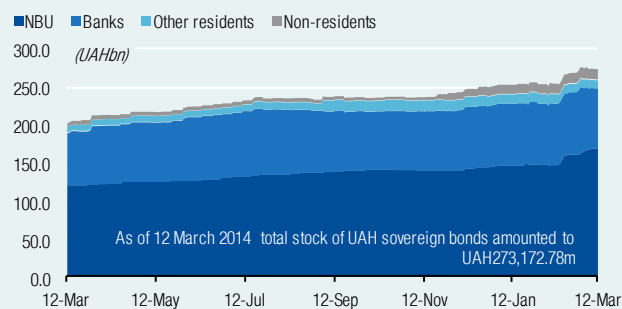
**Chart 5. Banking sector liquidity (UAHbn), last 12-month period**



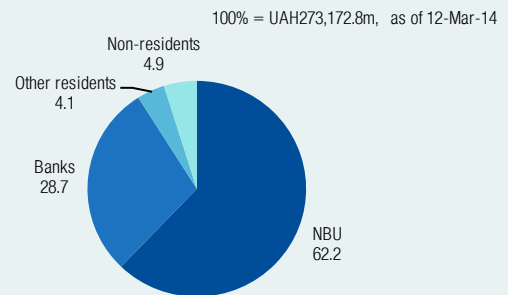
**Chart 6. Breakdown of liquidity pool (%) as of 12 Mar 2014**



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



**Chart 8. Domestic sovereign debt (%) as of 12 Mar 2014**



# FX: News & Comments

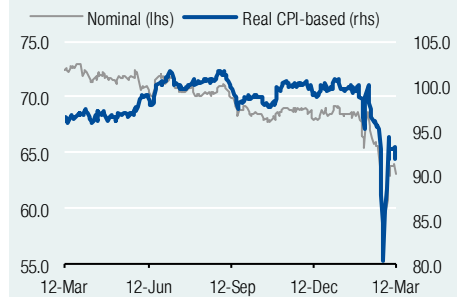
## UAH should weaken further

The currency started to weaken yesterday as both macro and geopolitical conditions deteriorated further. Russia continues to flex its muscle by building its military presence on Ukraine's eastern border as Finance Minister Oleksandr Shlapak told reporters that there would be no real growth of Ukraine's GDP, indirectly signaling that it would be negative. He also stated that the UAH would trade slightly below 10/USD, a view scoffed at by more sophisticated market participants. On US\$0.62bn in trading volume, the USD/UAH rate declined 1.41% to 9.36/USD, and the real trade-weighted value of the UAH slid 1.51%. In our view, the UAH's real decline this year was outweighed by the Kazakhstani tenge's devaluation. In the current global economy, Ukraine has to compete with EM nations that chose to devalue, rather than bolster through monetary intervention, their national currencies to strengthen external demand for their exports. Because of this trend, we expect the nominal rate of the hryvnia to weaken further.

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

### ICU's UAH trade-weighted indices

(Last 12-month history to 13 Mar 2014)



Source: Investment Capital Ukraine LLC.

### FX market indicators (as of 12 Mar 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)

#### USD/UAH MARKET (HRYVNIA per US DOLLAR)

Spot mkt	9.3600	+1.41	+0.11	+7.59	+13.59
NBU avg	9.2823	-0.16	-1.76	+7.71	+13.88
Ttt vlm <sup>1</sup>	707.26	-18.27	-10.19	-20.32	-74.76
\$ volume <sup>2</sup>	617.11	-18.14	-10.89	-15.90	-72.09
NDF 3M	10.6000	+1.44	-1.40	+10.17	+24.93
NDF 6M	11.3000	-0.88	+0.44	+10.78	+28.70
NDF 1Y	11.9000	-0.42	+0.00	+13.74	+26.33

#### TRADE-WEIGHTED INDICES (TWIs, points)

UAH nom'l	62.991	-1.51	+0.04	-5.93	-8.08
UAH real CPI	91.715	-1.51	+0.04	-5.93	-8.08
UAH real PPI	122.248	-1.51	+0.04	-5.93	-8.08
USD nom'l	79.608	-0.16	-0.63	-1.33	-0.53

#### FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs

USD/RUB	36.5047	-0.03	+1.11	+4.81	+11.06
EUR/USD	1.3903	+0.31	+1.24	+2.28	+1.16
USD/CNY	6.1456	+0.09	+0.28	+1.37	+1.51
USD/PLN	3.0385	-0.30	-0.30	-0.74	+0.51
USD/TRY	2.2322	-0.64	+1.32	+1.80	+3.91
USD/BYR	9,815.00	-0.25	+0.10	+1.13	+2.88
USD/KZT	182.4900	+0.05	-0.02	-1.11	+18.29

#### OTHER MAJOR CURRENCIES

USD/JPY	102.7600	-0.25	+0.45	+0.22	-2.42
GBP/USD	1.6619	+0.01	-0.62	+0.14	+0.37
USD/CHF	0.8740	-0.49	-1.48	-2.95	-2.12
AUD/USD	0.8988	+0.12	+0.03	-0.43	+0.80
USD/CAD	1.1118	+0.11	+0.81	+1.05	+4.66
USD/BRL	2.3555	-0.35	+1.58	-2.91	-0.28
USD/KRW	1,070.50	+0.51	-0.04	+0.74	+1.97

#### COMMODITIES

Gold(\$/oz)	1,366.83	+1.32	+2.24	+5.86	+13.37
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>	302.99	-0.64	-1.01	+3.86	+8.15

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.

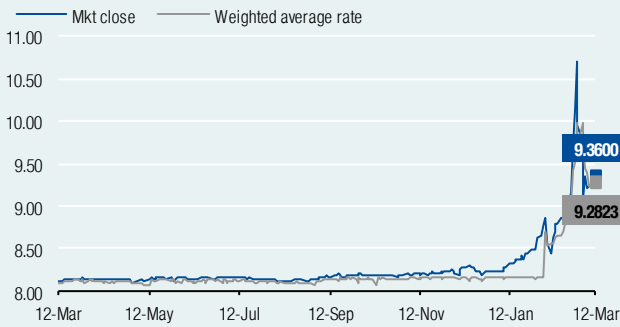
Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU website ([download history](#)) and Bloomberg (type: ALLX UTWI <GO>).

Section on FX market is continued on next page.

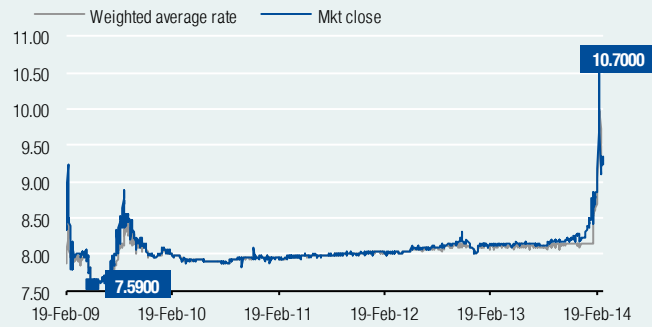


Chart page #1: Foreign-exchange market

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

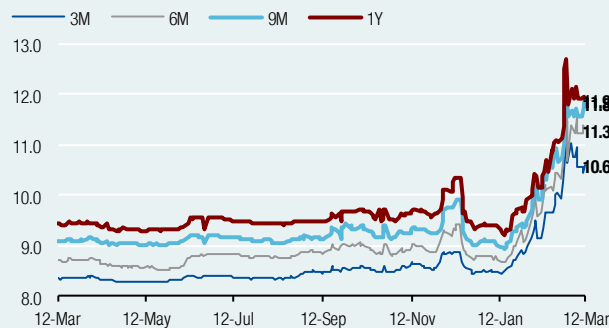


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

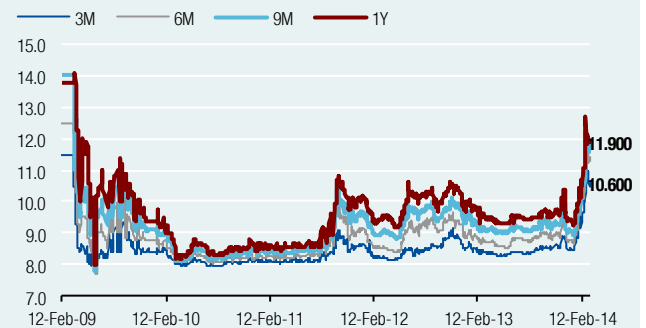


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

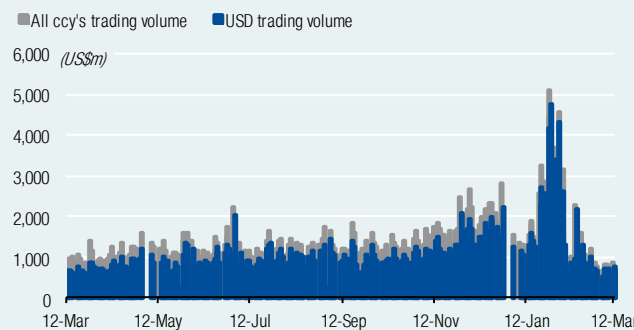


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

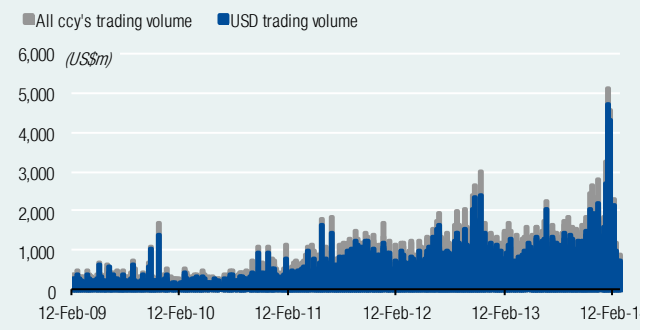


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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



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



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

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



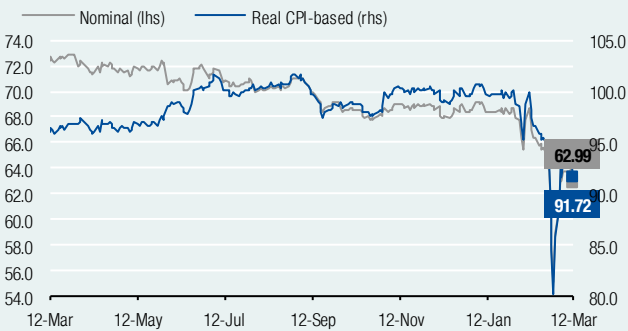
Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

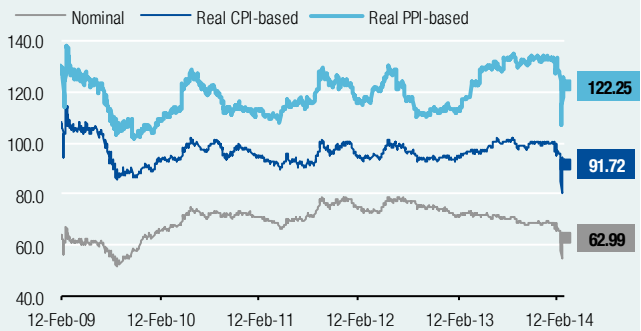
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



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

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

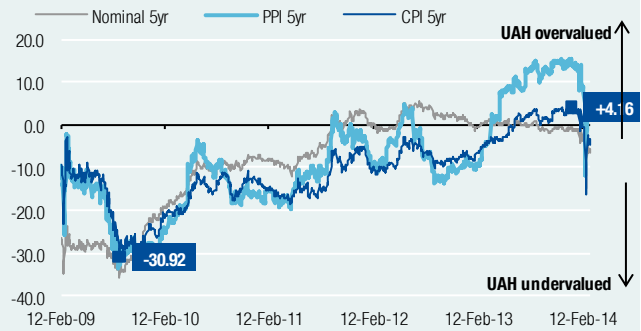


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

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

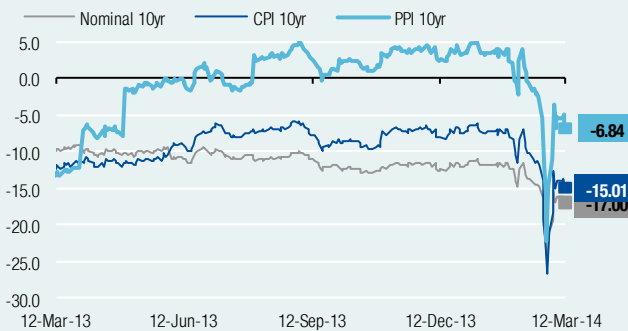


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.



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

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



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



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

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## Disclosures

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

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

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

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

### DEBT RATING DEFINITIONS

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

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

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



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