


**INVESTMENT CAPITAL UKRAINE**  
 INVESTMENT BANKING

# Daily Insight

Liquidity down; YTM's down; UAH hits two-week low; MoF plans to raise subsoil taxes

FRIDAY, 21 MARCH, 2014

RESEARCH INSIGHT

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### UX Index (3 months to 21 Mar 2014)



### Key market indicators (as of 20 Mar 2014)

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

USD/UAH	10.3650	+2.07	+25.79
USD/UAH (1Y NDF)	12.4000	+0.40	+31.63
EUR/USD	1.3779	-0.39	+0.26
USD/RUB	36.1726	+0.58	+10.05
KievPRIME O/N (%)	8.98	+60bp	+118bp
KievPRIME 1M (%)	24.00	+40bp	+775bp

#### BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	+74bp	+0bp
Ukraine 17, Eurobond (%)	13.13	-67bp	+357bp
Ukraine 22, Eurobond (%)	10.19	-33bp	+84bp
Ukraine 23, Eurobond (%)	9.96	-34bp	+91bp
Ukraine 5Y CDS	1,183bp	-14bp	+367bp

#### EQUITIES

##### Stock market indices

UX (Ukraine)	1,004.40	-0.24	+10.37
MSCI World	404.38	-0.31	-1.02
MSCI EM	940.70	-1.04	-6.18
RTS (Russia)	1,150.82	-0.43	-20.23
WIG-20 (Poland)	2,374.37	+0.58	-1.11
S&P 500 (USA)	1,872.01	+0.60	+1.28

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

KER PW	6.98	64.1% of total <sup>1</sup>
FXPO LN	2.51	23.1%
AGT PW	0.49	4.5%

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

ENMZ UK	UAH 34.24	+3.95	+6.97
KER PW	PLN 28.40	+3.65	-25.40
MHPC LI	USD 13.70	+2.62	-19.65

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

FORM UK	UAH 0.25	-26.47	-67.11
AGL PW	PLN 18.00	-11.50	-30.58
SGR PW	PLN 0.83	-3.49	+56.60

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

## Ministry of Finance plans to raise subsoil taxes

In a new taxation law draft, the Ministry of Finance proposes to increase subsoil tax rates for mining coking coal from 0.4% to 3%, anthracite from 0.5% to 2%, steam coal from 0.4% to 1.5%, as Interfax Ukraine reports. The Ministry also plans to increase subsoil tax rates for extracting iron ore from 1.5-3.5% to 10%, uranium ore from 3.5% to 10%, and gas condensate from 39% to 42% at the depth of up to 5,000 meters and from 17% to 18% at the depth of below 5,000 meters. The subsoil tax for natural gas extraction will not be changed.

***Investment implications: If the new subsoil tax rates are introduced, Ukrainian iron ore miners, including Ferrexpo, will be most negatively impacted with production costs rising 5-8%. The effect on production costs of steel makers, including Metinvest, may increase a less significant 1-2% while coal mining costs may increase 1-3%.***

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Table 1. Ukrainian stocks (closing prices as of 20-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	9.38 GBP	-2.6	-18.5	-9.6	-35.3	0.15	35.7	-27.4	40.2	14.4	3.9	9.9	0.08	1,254	Neg.	Neg.	Neg.	4.2	4.2	8.5	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	5.19 UAH	-0.2	+12.8	+8.9	-10.4	0.50	185.0	246.2	21.7	40.2	22.6	62.1	0.23	430	8.2	7.3	5.1	0.4	4.2	2.8	0.3	0.4	0.3	0.8	12.2
Coal Energy	CLE PW	Warsaw	1.56 PLN	-1.3	+20.0	+48.6	-80.6	0.51	23.0	80.9	25.0	5.8	89.8	417.3	12.25	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	37.44 UAH	-0.1	+8.6	+35.7	+79.5	3.61	85.4	131.3	14.2	12.2	4.8	26.3	0.39	259	28.6	3.6	5.1	0.5	2.7	2.5	0.3	0.3	0.3	1.3	17.8
JKX Oil & Gas	JKX LN	London	60.75 GBP	-2.4	-6.5	-15.0	-22.4	1.00	172.0	169.0	47.2	81.2	9.9	69.6	0.12	863	Neg.	5.3	4.8	1.2	1.7	1.9	0.8	0.8	0.8	0.3	2.5
Regal Petroleum	RPT LN	London	11.00 GBP	+0.0	+0.0	-15.4	-58.9	0.18	58.2	31.3	80.9	47.0	0.0	6.5	0.02	4,016	5.0	11.6	N/A	1.4	1.8	N/A	0.8	N/A	N/A	0.2	0.0
Sadova Group	SGR PW	Warsaw	0.83 PLN	-3.5	+29.7	+56.6	-53.9	0.27	11.7	51.5	25.0	2.9	56.2	106.8	8.03	12	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	123.00 UAH	+2.5	+3.8	+36.1	+44.7	11.87	151.8	126.1	5.0	7.6	14.4	8.0	0.04	2,267	2.7	N/A	N/A	0.8	N/A	N/A	0.1	N/A	N/A	0.9	0.0
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-1.1	+2.6	-7.0	-27.3	0.00	89.8	1,444.1	3.9	3.5	0.9	11.0	0.51	196	Neg.	Neg.	N/A	N/A	Neg.	N/A	1.0	1.1	N/A	N/A	64.5
Avdiyivsky Cok...	AVDK UK	Kiev, UX	2.92 UAH	-2.3	+0.6	-1.4	-5.0	0.28	54.9	51.4	4.0	2.2	0.6	14.3	1.28	78	Neg.	Neg.	2.7	Neg.	1.5	0.9	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.68 UAH	-0.7	+10.2	+1.2	+9.2	0.07	275.0	266.9	4.1	11.3	4.3	11.0	0.19	532	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	145.30 GBP	+1.8	-9.6	-21.8	-13.4	2.40	1,410.2	2,071.4	22.4	315.9	2,510.5	3,388.0	1.53	65	5.4	5.8	7.2	4.1	4.4	4.9	1.3	1.3	1.3	0.8	35.1
Yenakievo Steel	ENMZ UK	Kiev, UX	34.24 UAH	+3.9	+8.4	+7.0	-1.3	3.30	34.9	29.8	9.4	3.3	2.3	11.7	0.72	139	5.2	Neg.	N/A	Neg.	Neg.	N/A	0.0	0.0	N/A	0.8	0.0
<b>FOOD AND AGRIBUSINESS</b>																											
AgroGeneration	ALAGR FP	EN Paris	1.15 EUR	-0.9	-5.7	-7.3	-33.5	1.58	146.3	173.6	34.0	49.7	41.6	32.8	0.10	1,027	Neg.	N/A	N/A	Neg.	N/A	N/A	2.7	N/A	N/A	1.2	35.9
Agroliga	AGL PW	Warsaw	18.00 PLN	-11.5	-32.0	-30.6	+1.5	5.91	9.1	10.0	16.7	1.5	43.3	14.9	1.97	51	2.1	N/A	N/A	2.9	N/A	N/A	0.5	N/A	N/A	0.7	5.7
Agroton	AGT PW	Warsaw	3.20 PLN	+1.9	-25.6	+64.1	-68.9	1.05	22.7	70.1	26.2	6.0	487.0	688.6	24.90	4	3.4	4.7	3.1	4.9	7.5	4.5	0.8	1.0	0.9	0.2	28.0
Astarta Holdin...	AST PW	Warsaw	44.00 PLN	+0.0	-22.0	-34.2	-24.1	14.43	360.9	691.5	31.0	111.9	177.8	185.8	0.25	406	5.8	6.3	3.1	7.8	6.9	4.0	1.4	1.5	1.1	0.6	38.9
Avangard	AVGR LI	London Intl	8.58 USD	-1.6	-17.9	-27.0	-0.2	8.58	548.0	714.4	21.7	118.9	55.3	295.6	0.49	204	2.4	2.4	2.6	2.6	2.4	2.6	1.1	1.0	1.0	0.5	22.3
IMC	IMC PW	Warsaw	8.40 PLN	-2.3	-10.6	-30.9	-45.8	2.76	86.3	202.5	23.9	20.6	45.5	107.0	0.86	116	4.6	4.6	3.5	5.5	4.9	4.1	2.7	1.4	1.0	0.7	33.0
Kernel Holding...	KER PW	Warsaw	28.40 PLN	+3.6	-20.4	-25.4	-47.9	9.32	742.4	1,765.6	58.8	436.3	6,976.7	2,325.5	0.97	103	6.7	7.1	4.0	6.1	6.3	4.9	0.6	0.7	0.6	0.6	30.6
KSG Agro	KSG PW	Warsaw	5.59 PLN	-1.1	-29.3	-48.5	-52.2	1.83	27.5	149.4	34.4	9.5	15.3	17.7	0.43	231	3.4	2.3	2.3	35.4	5.1	4.1	4.0	2.2	1.4	0.3	29.2
MHP	MHPC LI	London Intl	13.70 USD	+2.6	-5.5	-19.6	-22.2	13.70	1,447.6	2,648.6	22.3	323.1	253.2	1,217.3	0.51	197	4.9	7.1	5.2	5.7	6.3	5.2	1.9	1.8	1.6	1.2	45.8
Milkiland	MLK PW	Warsaw	7.70 PLN	-1.9	-22.9	-38.4	-46.5	2.53	78.9	214.4	20.0	15.8	28.2	15.1	0.23	440	4.5	4.4	4.3	6.0	5.3	4.3	0.5	0.5	0.4	0.3	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	5.47 EUR	-2.4	+6.1	+1.3	+19.6	7.54	800.7	1,532.6	20.0	160.1	0.0	2.4	0.00	44,592	4.6	5.0	5.3	6.7	5.7	6.2	4.4	4.1	3.6	0.9	34.8
Ovostar Union	OVO PW	Warsaw	67.00 PLN	+2.4	-1.6	-33.0	-30.9	21.98	131.9	143.9	25.0	33.0	18.8	53.1	0.19	517	5.6	5.1	3.5	5.2	5.2	3.2	2.0	1.8	1.3	1.3	3.7
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Xetra	0.31 EUR	+0.0	+14.4	-2.2	-41.2	0.43	22.1	181.4	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	0.25 UAH	-26.5	-57.9	-67.1	-60.1	0.02	14.3	N/A	5.5	0.8	1.8	0.8	0.29	346	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.15 UAH	+0.8	+30.2	+30.3	+41.0	0.01	427.8	N/A	3.8	16.3	14.4	46.1	0.44	226	13.9	8.0	4.2	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.16 UAH	-2.0	-4.9	-15.5	+32.0	0.02	277.2	N/A	4.5	12.4	1.1	5.9	0.07	1,491	949.3	175.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	30.9

**Table 1. Ukrainian stocks (closing prices as of 20-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 declines despite significant support

After the NBU revised its rules on bank refinancing via canceled repos and announced market-based tender on loans, banks received a significant UAH6.15bn in loans on Wednesday from the NBU against repayments of only UAH0.18bn. Despite this inflow, broader banking sector liquidity fell UAH1.43bn to UAH34.52bn yesterday. Banks' correspondent accounts with the NBU declined UAH1.26bn to UAH24.79bn yesterday while total CDs outstanding rose UAH0.81bn to UAH6.04bn. Total local currency debt repayments scheduled for the next 30 days fell UAH0.98bn to UAH3.69bn.

KyivPrime interest rates slightly rose following yesterday's decline in liquidity: the KyivPrime ON interest rate rose 60bp to 8.98% while the KyivPrime 1M interest rate rose 40bp to 24.00%.

**Investment implications: Banks' correspondent accounts with the NBU declined UAH1.26bn even though it received UAH5.97bn of NBU loans and UAH0.98bn of in debt repayments. The NBU absorbed only UAH0.81bn via a CD issuance. Other funds appear to have been partially spent on the FX market due to the slight increase in FX trading. However, most likely due to new rules in refinancing, banks repaid some repos using funds received via NBU loans.**

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## YTM's decline significantly

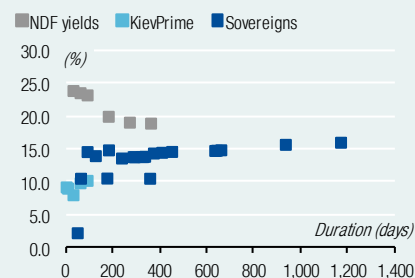
Yesterday's news from the US about the extended list of personal sanctions against Russia and the possibility of economic sanctions against the country caused Russian Eurobonds to fall slightly while Ukrainian Eurobonds slightly rose. The entire yield-curve of Ukrainian Eurobonds declined to the range of 9.96-17.31%, excluding UKRAIN 7.95% '14 whose YTM declined to 26.45% and UKRAIN 5.00% '15 which routinely remains low. At the close, UKRAIN 6.875% '15 declined 130bp to 17.31%, UKRAIN 9.25% '17 slid 67bp to 13.12%, while UKRAIN 7.95% '21 slid 49bp to 10.65%, UKRAIN 7.80% '22 slid 35bp to 10.19% and UKRAIN 7.50% '23 slid 36bp to 9.96%. The 5-year CDS declined to 1,183bp.

**Investment implications: News of the sanctions had no significant impact, but positively affected yields. On Wednesday, the yields of only two Eurobonds were below 11.0%, and yesterday four bonds below this level. As these improvements are not very optimistic because they could result in a significant increase in Eurobond prices, positive dynamics over the last two days reflect improvements in Ukraine's political situation.**

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### Yield curve of the local bond market

(as of market close on 20 Mar 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

### Bond market indicators (as of 20 Mar 2014)

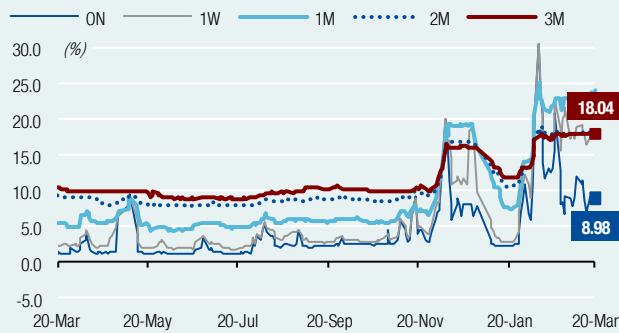
	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
O/n	8.98	+60bp	+23bp	-669bp	+118bp
1wk	18.52	+0bp	+77bp	+52bp	+872bp
1m	24.00	+40bp	+62bp	+200bp	+775bp
2m	18.30	+0bp	+17bp	+63bp	+190bp
3m	18.04	+0bp	+4bp	+71bp	+204bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	24,794	-4.83	-13.40	+3.95	-24.18
CDs <sup>2</sup>	11,170	+14.12	+35.41	+526.5	+634.9
Sovgns <sup>3</sup>	3,699	+0.00	-6.28	-31.90	+147.5
<b>Total</b>	<b>39,664</b>	<b>+0.31</b>	<b>-2.85</b>	<b>+27.67</b>	<b>+11.05</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	169,693	+0.00	+0.03	+5.06	+17.15
Banks	80,382	-0.46	+3.22	-1.14	+0.27
Resid's <sup>4</sup>	10,953	-2.39	-1.45	-4.84	-11.64
Non-res <sup>5</sup>	14,135	-0.35	+5.56	+8.11	+20.83
<b>Total</b>	<b>275,163</b>	<b>-0.25</b>	<b>+1.15</b>	<b>+2.89</b>	<b>+10.46</b>
<b>NDF IMPLIED YIELDS (%)</b>					
3m	26.72	-490bp	-24ppt	-22ppt	+15bp
6m	29.17	-358bp	-10ppt	-415bp	+16bp
9m	22.12	-190bp	-654bp	-777bp	+811bp
1yr	20.30	-199bp	-513bp	-441bp	+532bp
<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	1,183	-14bp	-71bp	-111bp	+367bp
Jun '16	13.12	-113bp	-135bp	-62bp	+423bp
Jul '17	13.13	-67bp	-115bp	-106bp	+357bp
Sep '20	10.66	-61bp	-84bp	-31bp	+147bp
Sep '21	10.66	-47bp	-82bp	-44bp	+144bp
Sep '22	10.19	-33bp	-67bp	-70bp	+84bp
Feb '23	9.96	-34bp	-53bp	-46bp	+91bp

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

Sources: Bloomberg, Investment Capital Ukraine LLC.

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

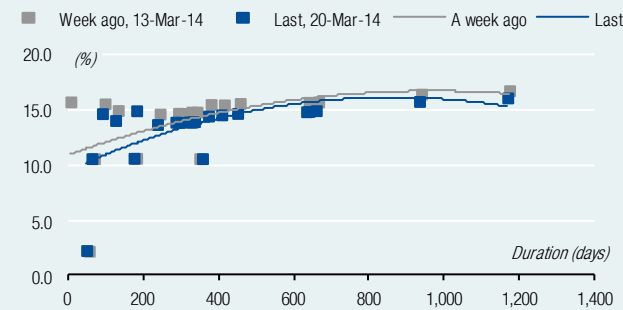
**Chart 1. Kiev Prime rates (%), last 12-month period**



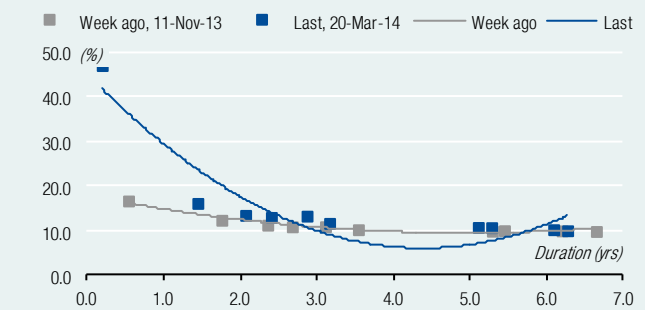
**Chart 2. UAH NDF implied yields (%), last 12-month period**



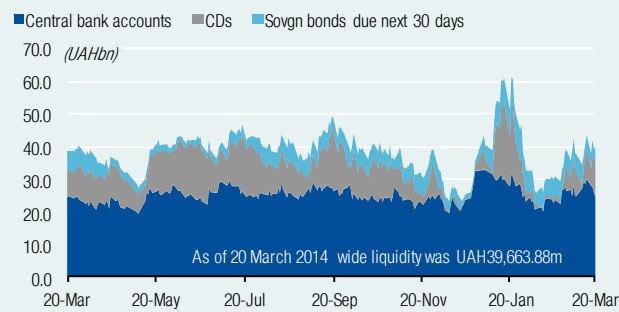
**Chart 3. UAH sovereign yield curve (%) as of 20 Mar 2014**



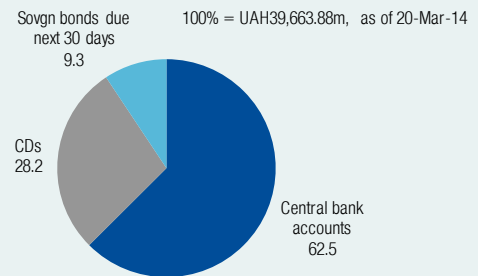
**Chart 4. USD sovereign yield curve (%) as of 20 Mar 2014**



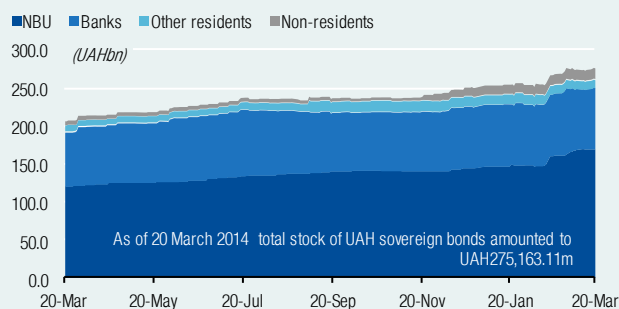
**Chart 5. Banking sector liquidity (UAHbn), last 12-month period**



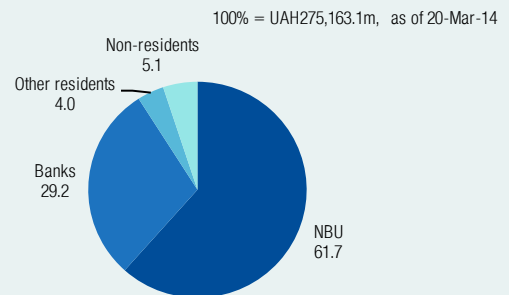
**Chart 6. Breakdown of liquidity pool (%) as of 20 Mar 2014**



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



**Chart 8. Domestic sovereign debt (%) as of 20 Mar 2014**



# FX: News & Comments

## UAH weakens to UAH10.365/USD

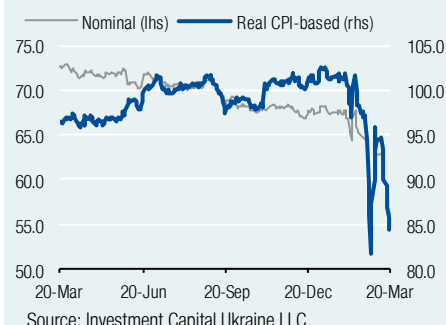
The UAH slid further yesterday, down 2.07% to 10.3650/USD, a new two-week low on US\$0.66bn in trading volume, down 4.15% from the previous day. Interfax-Ukraine reported closing quotes in the range of UAH10.30-UAH10.40/USD. The NBU increased its official exchange rate to UAH10.1092/USD, the first time ever to have crossed above UAH10.0/USD. Meanwhile, the UAH's real rate declined 1.7%.

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### ICU's UAH trade-weighted indices

(Last 12-month history to 21 Mar 2014)



### FX market indicators (as of 20 Mar 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	10.3650	+2.07	+6.86	+15.81	+25.79
NBU avg	10.1092	+1.93	+6.68	+14.38	+24.03
Ttt vlm <sup>1</sup>	922.70	-0.56	+22.34	-11.21	-67.07
\$ volume <sup>2</sup>	657.01	-4.15	+2.33	-22.01	-70.28
NDF 3M	11.0500	+0.91	+1.15	+10.22	+30.23
NDF 6M	11.8590	+0.50	+2.23	+13.76	+35.07
NDF 1Y	12.4000	+0.40	+2.48	+11.71	+31.63
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	56.053	-1.70	-6.48	-13.22	-17.01
UAH real CPI	84.270	-1.70	-6.48	-13.22	-16.64
UAH real PPI	115.909	-1.70	-6.48	-13.22	-16.49
USD nom'l	80.192	+0.25	+0.72	-0.12	+0.20
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	36.1726	+0.58	-1.01	+1.10	+10.05
EUR/USD	1.3779	-0.39	-0.64	+0.44	+0.26
USD/CNY	6.2286	+0.55	+1.49	+2.37	+2.88
USD/PLN	3.0462	+0.03	-0.32	+0.26	+0.77
USD/TRY	2.2292	-0.46	-0.15	+1.30	+3.77
USD/BYR	9,850.00	-0.10	+0.10	+1.13	+3.25
USD/KZT	182.4800	+0.19	+0.18	-1.93	+18.29
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	102.3900	+0.07	+0.54	+0.11	-2.77
GBP/USD	1.6504	-0.22	-0.72	-0.88	-0.32
USD/CHF	0.8838	+0.35	+1.04	-0.64	-1.02
AUD/USD	0.9039	-0.03	+0.09	+0.36	+1.37
USD/CAD	1.1244	+0.05	+1.52	+1.31	+5.85
USD/BRL	2.3279	-0.93	-1.53	-1.79	-1.45
USD/KRW	1,076.20	+0.52	+0.65	+0.36	+2.51
<b>COMMODITIES</b>					
Gold(\$/oz)	1,327.88	-0.13	-3.08	+0.37	+10.14
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>	299.50	-1.13	-1.04	-0.58	+6.90

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>).

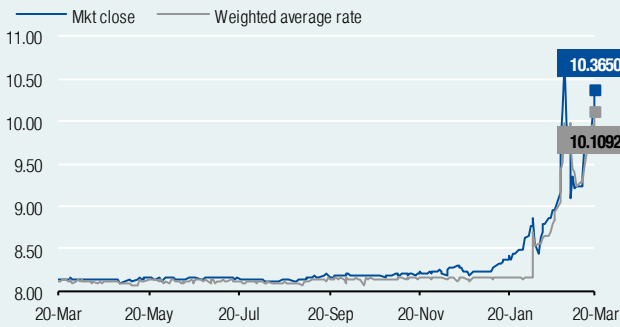
Section on FX market is continued on next page.

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.

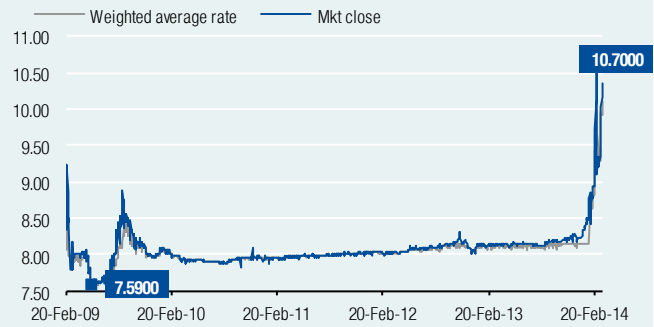
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

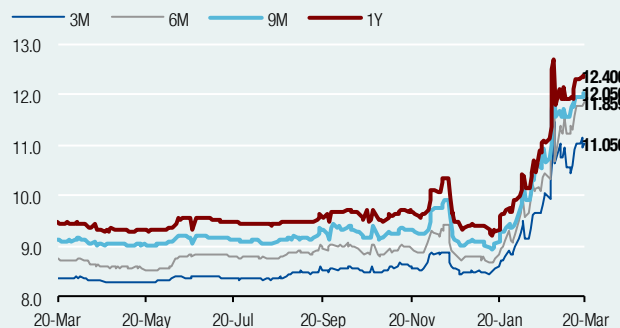


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

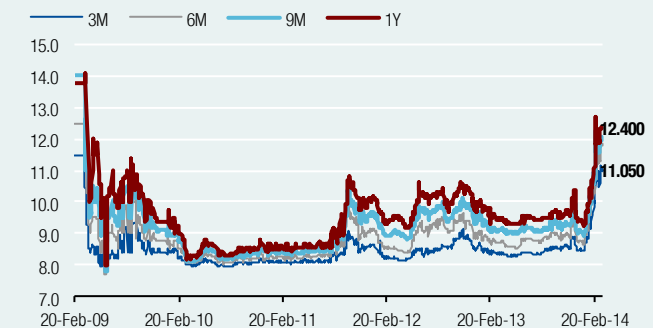


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

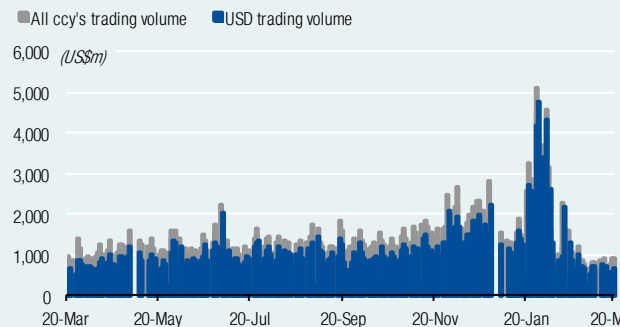


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

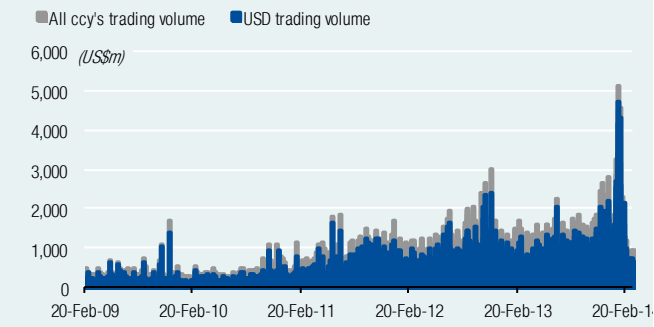


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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.

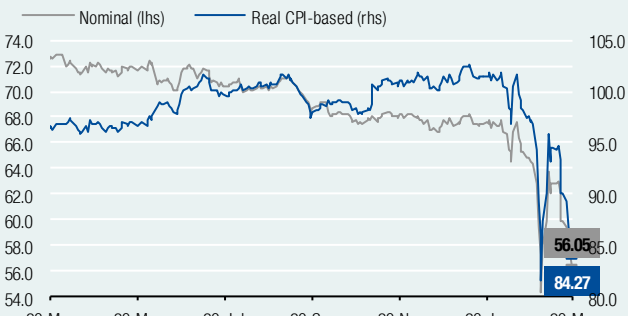




## Chart page #2: ICU's UAH trade-weighted indices

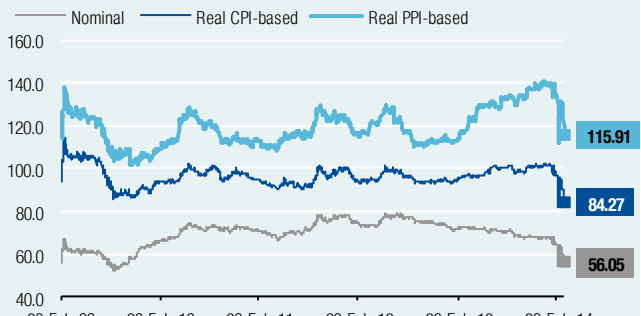
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



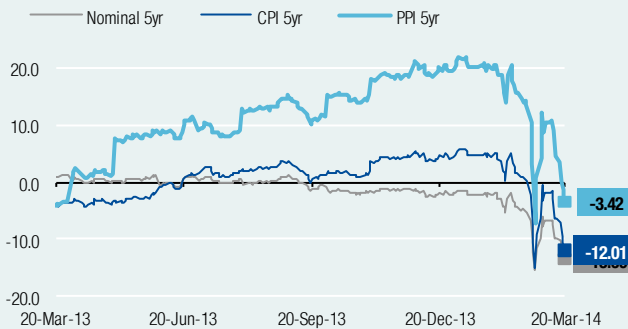
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

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

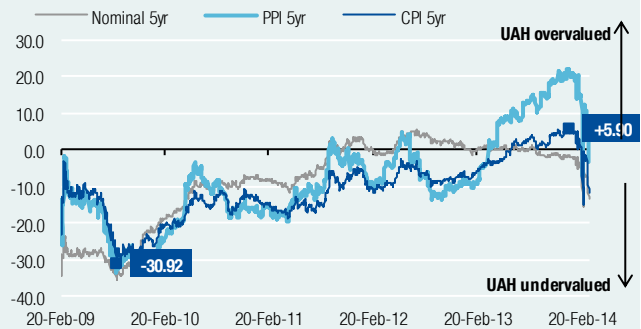


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**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)**

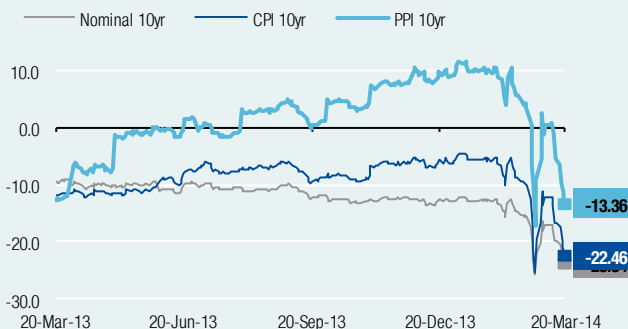


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

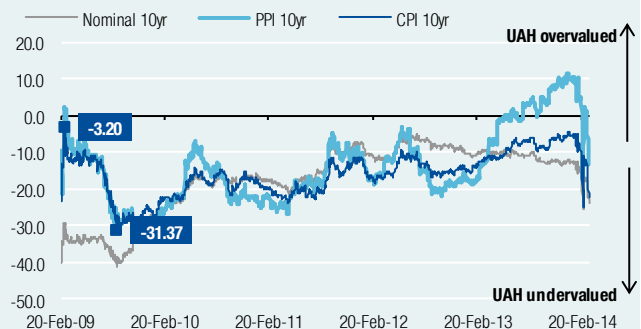


Note: the boxes indicate the high and low values of CPI-based TWI.  
Source: Investment Capital Ukraine LLC.

**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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**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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