


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

IMF issues requirements for Ukrainian funding; Ukrainian Eurobonds rebound

FRIDAY, 28 MARCH, 2014

RESEARCH INSIGHT

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UX Index (3 months to 28 Mar 2014)



Key market indicators (as of 27 Mar 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	11.1150	+1.52	+34.89
USD/UAH (1Y NDF)	12.6000	-0.40	+33.76
EUR/USD	1.3740	-0.30	-0.02
USD/RUB	35.6218	+0.26	+8.37
KievPRIME O/N (%)	5.00	-38bp	-280bp
KievPRIME 1M (%)	23.38	-22bp	+713bp
BONDS: yields and spreads			
Ukraine VAT bond (%)	N/A	+74bp	+0bp
Ukraine 17, Eurobond (%)	10.16	-148bp	+60bp
Ukraine 22, Eurobond (%)	8.88	-51bp	-46bp
Ukraine 23, Eurobond (%)	8.65	-60bp	-39bp
Ukraine 5Y CDS	895bp	-153bp	+78bp
EQUITIES			
Stock market indices			
UX (Ukraine)	1,005.34	-0.61	+10.47
MSCI World	405.62	+0.01	-0.72
MSCI EM	975.29	+0.73	-2.73
RTS (Russia)	1,179.47	-1.62	-18.25
WIG-20 (Poland)	2,421.79	-0.12	+0.87
S&P 500 (USA)	1,849.04	-0.19	+0.04
MOST ACTIVE: Top 3 stocks by value traded (US\$m)			
MHPC LI	5.32	51.6% of total ¹	
FXPO LN	2.34	22.7%	
KER PW	1.62	15.7%	
GAINERS: Top 3 stocks (in listed currency)			
FORM UK	UAH 0.38	+24.92	-50.53
YASK UK	UAH 0.72	+12.15	+35.85
RPT LN	GBp 11.50	+9.52	-11.54
LOSERS: Top 3 stocks (in listed currency)			
KDM PW	PLN 11.91	-4.72	-62.06
AGT PW	PLN 2.85	-4.36	+46.15
AVGR LI	USD 9.60	-4.00	-18.30

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

IMF issues requirements for Ukrainian funding

Yesterday's IMF statement for US\$14-18bn in standby funding to Ukraine came in as expected. Without external financial assistance in exchange for corrective policymaking measures, the Yatsenyuk government would essentially be doomed after its first few weeks in power. Influenced both by Euromaidan and the threat of military invasion by Russia, Yatsenyuk's government has proven that it will likely implement the IMF mandates. So far the administration has submitted two bills to parliament which fully adhere to the IMF requirements (for more details, see next comment).

The IMF requirements include assistance programs that focus on monetary and exchange rate policies, the financial sector, fiscal policymaking, the energy sector, and increased regulation and reporting transparency in the corporate sector. The primary attention is on the financial sector, fiscal policymaking, and the energy sector. Ultimately, control of public debt has the highest priority. Management of monetary and exchange rate policies and increasing corporate regulation and transparency are easier to execute. As the FX policy has been relaxed and the hryvnia appears undervalued according to our calculations, the NBU's gradual shift to targeting inflation appears to be unfolding. Other elements of stronger central banking are also visible: the new NBU governor fired incompetent appointees from the Yanukovich administration and replaced them with experienced people in banking supervision.

Now that the IMF has announced its intention to launch the financial assistance program, the new administration is expected garnish the MP support to pass the needed legislature to enhance state revenues and reduce state expenses. More on this is in the next comment.

MPs pass two vital fiscal laws

Yesterday, after quite lengthy discussions of mandatory changes to the tax code and the 2014 state budget law, the MPs eventually passed both laws proposed by the Yatsenyuk government to the legislature. First, a majority of 228 MPs adopted the changes to the 2014 state budget law which reduce expenditures by UAH25.4bn, eyeing a UAH68.5bn deficit, down from the UAH71.6bn deficit previously envisaged by the budget law. Second, 246 MPs passed the law on tax changes that would fix the revenue side of the state budget, including implementing a progressive tax rate regime on household income instead of the previous flat tax rate, and increasing the excise duty on tobacco and spirits. Both of these changes fulfill Ukraine's side of the IMF funding program requirements.

Alexander Valchysen, Kiev, +38044 2200120 ext.242

Table 1. Ukrainian stocks (closing prices as of 27-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	9.25 GBP	+0.0	-17.8	-10.8	-32.1	0.15	35.5	27.5	40.2	14.3	0.0	9.0	0.05	1,852	Neg.	Neg.	Neg.	4.2	4.2	8.6	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	5.19 UAH	-0.1	-6.9	+8.9	-6.6	0.47	173.4	230.8	21.7	37.6	85.9	68.2	0.30	328	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	1.55 PLN	-1.9	-14.8	+47.6	-75.5	0.51	23.0	80.9	25.0	5.8	60.1	404.2	7.66	13	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	38.76 UAH	-1.3	-4.4	+40.5	+89.1	3.50	82.9	125.8	14.2	11.8	4.4	26.9	0.32	311	29.6	3.7	5.3	0.5	2.8	2.6	0.3	0.3	0.3	1.4	17.8
JKX Oil & Gas	JKX LN	London	59.75 GBP	-1.6	-2.8	-16.4	-21.1	0.99	170.5	167.5	47.2	80.5	52.5	74.5	0.13	746	26.2	4.9	N/A	1.2	1.8	N/A	0.9	0.8	N/A	0.3	2.5
Regal Petroleum	RPT LN	London	11.50 GBP	+9.5	-2.1	-11.5	-52.3	0.19	61.3	34.5	80.9	49.6	3.9	6.9	0.01	8,219	5.3	12.3	N/A	1.6	2.0	N/A	0.8	N/A	N/A	0.2	0.0
Sadova Group	SGR PW	Warsaw	0.82 PLN	-1.2	-12.8	+54.7	-50.3	0.27	11.7	51.4	25.0	2.9	15.2	102.0	4.29	23	Neg.	N/A	N/A	7.7	N/A	N/A	1.3	N/A	N/A	0.3	42.4
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-0.8	-17.8	-9.3	-26.7	0.00	82.0	1,351.3	3.9	3.2	2.3	8.9	0.38	266	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	2.86 UAH	-1.3	-11.2	-3.5	-8.1	0.26	50.4	47.1	4.0	2.0	8.0	12.2	0.78	128	Neg.	Neg.	2.6	Neg.	1.4	0.9	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.67 UAH	-1.3	-14.4	+0.0	+6.9	0.06	254.7	247.1	4.1	10.4	1.0	9.7	0.14	708	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	149.90 GBP	-0.3	+0.7	-19.3	-11.0	2.49	1,466.6	2,127.8	22.4	328.5	2,339.9	3,600.8	1.34	75	5.6	6.0	7.7	4.2	4.6	5.2	1.3	1.3	1.4	0.9	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.72 UAH	+12.1	-2.7	+35.8	+20.2	0.07	17.8	19.1	9.0	1.6	0.1	1.3	0.06	1,794	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	33.70 UAH	-1.9	-9.3	+5.3	-3.1	3.05	32.1	27.4	9.4	3.0	63.4	13.4	0.45	224	5.1	Neg.	N/A	Neg.	Neg.	N/A	0.0	0.0	N/A	0.8	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	1.14 EUR	+0.0	-8.1	-8.1	-32.9	1.57	144.7	171.9	34.0	49.2	73.3	32.4	0.09	1,081	Neg.	N/A	N/A	Neg.	N/A	N/A	2.6	N/A	N/A	1.2	35.9
Agroliga	AGL PW	Warsaw	19.40 PLN	-2.3	-25.2	-25.2	+11.7	6.40	9.8	10.8	16.7	1.6	8.9	15.7	1.37	73	2.3	N/A	N/A	3.1	N/A	N/A	0.5	N/A	N/A	0.8	5.7
Agroton	AGT PW	Warsaw	2.85 PLN	-4.4	-46.7	+46.2	-66.1	0.94	20.4	67.7	26.2	5.3	281.6	610.1	22.88	4	3.0	4.2	2.8	4.8	7.2	4.3	0.8	1.0	0.8	0.2	28.0
Astarta Holdin...	AST PW	Warsaw	43.40 PLN	-1.4	-19.6	-35.1	-28.9	14.31	357.8	687.7	31.0	111.0	205.5	182.7	0.21	475	5.8	6.2	3.5	7.8	7.6	4.1	1.4	1.6	1.1	0.6	38.9
Avangard	AVGR LI	London Intl	9.60 USD	-4.0	-4.0	-18.3	+17.8	9.60	613.2	779.5	21.7	133.1	110.5	339.6	0.39	258	2.7	2.7	2.9	2.8	2.7	2.8	1.2	1.1	1.1	0.5	22.3
IMC	IMC PW	Warsaw	8.45 PLN	+1.2	-9.4	-30.5	-45.1	2.79	87.2	203.5	23.9	20.8	12.6	103.6	0.52	192	4.7	4.6	3.6	5.6	4.9	4.1	2.7	1.4	1.0	0.7	33.0
Kernel Holding...	KER PW	Warsaw	29.35 PLN	+1.2	-8.6	-22.9	-50.3	9.68	771.3	1,794.5	58.8	453.3	1,619.4	2,341.2	0.83	120	6.9	7.8	4.2	6.2	6.5	5.0	0.6	0.7	0.7	0.6	30.6
KSG Agro	KSG PW	Warsaw	5.85 PLN	-1.7	-27.3	-46.1	-54.3	1.93	29.0	150.8	34.4	10.0	11.2	18.8	0.26	380	3.6	2.4	2.4	35.8	5.1	4.2	4.1	2.2	1.4	0.3	29.2
MHP	MHPC LI	London Intl	12.80 USD	-1.5	-11.2	-24.9	-27.9	12.80	1,352.5	2,553.5	22.3	301.9	5,323.8	1,191.5	0.51	195	4.6	6.7	5.5	5.5	6.2	5.1	1.8	1.7	1.6	1.1	45.8
Milkiland	MLK PW	Warsaw	7.70 PLN	+1.3	-22.9	-38.4	-46.0	2.54	79.4	214.5	20.0	15.9	4.2	14.6	0.10	976	4.5	4.4	4.4	6.0	5.3	4.3	0.5	0.5	0.4	0.3	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	5.32 EUR	+0.0	-9.2	-1.6	+15.3	7.31	776.2	1,508.1	20.0	155.2	4.7	2.8	0.00	29,987	4.5	4.9	5.1	6.5	5.6	6.1	4.3	4.0	3.5	0.9	34.8
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	11.91 PLN	-4.7	-58.6	-62.1	-66.6	3.93	36.5	20.5	10.9	4.0	0.9	0.9	0.06	1,687	2.9	N/A	N/A	1.4	N/A	N/A	0.7	N/A	N/A	0.7	8.3
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.31 EUR	+0.0	-2.8	-2.2	-36.5	0.43	22.1	181.4	13.1	2.9	0.0	0.1	0.00	20,830	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	0.38 UAH	+24.9	-56.2	-50.5	-41.7	0.03	20.2	N/A	5.5	1.1	0.0	1.1	0.18	549	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.2	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.15 UAH	+0.8	-2.2	+36.1	+60.6	0.01	418.8	N/A	3.8	16.0	14.7	42.4	0.29	343	14.5	8.4	4.4	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
UkrSotsbank	USCB UK	Kiev, UX	0.15 UAH	-2.2	-19.9	-17.8	+31.2	0.01	252.9	N/A	4.5	11.3	1.1	3.6	0.05	1,917	924.1	170.6	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 27-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 stable with fund reallocations

Banking sector liquidity remained steady after Wednesday's deals and resulted in broader banking sector liquidity decline a mere UAH0.16bn to UAH38.68bn yesterday. The MoF repaid UAH1.96bn in local currency, causing total local currency debt repayments scheduled for the next 30 days to fall to UAH3.16bn. These funds were mostly invested in CDs, increasing total CDs outstanding UAH1.46bn to UAH8.99bn while banks' correspondent accounts with the NBU rose just UAH0.34bn to UAH26.53bn.

KyivPrime interest rates declined slightly: the KyivPrime ON interest rate declined 38bp to 5.00% while the KyivPrime 1M interest rate slid 22bp to 23.38%.

Investment implications: As UAH1.43bn of funds were additionally invested in ON CDs made available yesterday, the reallocation of funds on Wednesday was likely due to tax payments which will end today. While the funds could have been re-invested in CDs, liquidity changed little. However, as today is the last day of monthly tax payments, liquidity should decline on Monday.

Ukrainian Eurobonds rebound

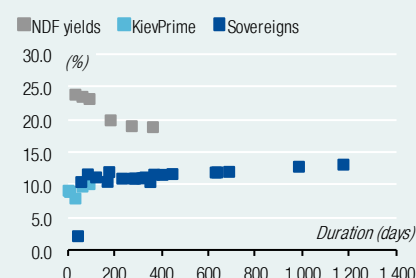
Prices of Ukrainian Eurobonds rose yesterday on news of the positive IMF loan arrangement and following Prime Minister Yatseniuk's submission of a new draft of the state budget before Parliament. The declarations that Ukraine is prepared to change its economic policy significantly to fulfill the IMF requirements had a positive impact on the market. Prices rose to 93.25-98.25 and yields declined to the range of 8.36%-10.23%. The YTM of four bonds declined below 9.0%. At the close, UKRAIN 6.875% '15 and UKRAIN 9.25% '17 declined below 11.0% to 10.23% and 10.15% respectively, UKRAIN 6.25% '16 and UKRAIN 6.75% '17 declined below 10.0% to 9.04% and 9.75% respectively, while UKRAIN 6.58% '16, UKRAIN 6.75% '17, UKRAIN 7.80% '22 and UKRAIN 7.50% '23 declined below 9.0% to 8.96%, 8.97%, 8.89% and 8.36% respectively. The 5-year CDS declined to 895bp.

Investment implications: The positive impact of the final results of the IMF mission to Ukraine which lasted for three weeks unlocked the highly desired support of the EU and the US to develop the Ukrainian economy and prevent default. If the Ukrainian Parliament adopts other drafts of the law to improve the Ukrainian economic situation, yields should continue to decline further.

Taras Kotovych, Kiev, +38044 2200120 ext.244

Yield curve of the local bond market

(as of market close on 27 Mar 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 27 Mar 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	5.00	-38bp	-398bp	-175bp	-280bp
1wk	17.88	+16bp	-64bp	-287bp	+808bp
1m	23.38	-22bp	-62bp	+38bp	+713bp
2m	18.13	-17bp	-17bp	+13bp	+173bp
3m	18.00	-4bp	-4bp	+25bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	26,527	+1.30	+6.99	-4.93	-18.88
CDs ²	16,420	+2.15	+47.00	+211.0	+980.3
Sovgns ³	3,178	+0.00	-14.10	-39.06	+112.6
Total	46,125	+1.51	+16.29	+20.12	+29.14
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	169,441	-0.15	-0.15	+4.95	+16.98
Banks	82,531	-0.67	+2.67	-2.83	+2.95
Resid's ⁴	11,012	-2.52	+0.54	-3.55	-11.17
Non-res ⁵	14,912	+0.76	+5.49	+9.07	+27.46
Total	277,896	-0.35	+0.99	+2.36	+11.55
NDF IMPLIED YIELDS (%)					
3m	14.10	-171bp	-13ppt	-14ppt	+195bp
6m	13.51	-508bp	-16ppt	-831bp	+11bp
9m	15.82	-13bp	-629bp	-392bp	+181bp
1yr	14.00	-219bp	-631bp	-535bp	-99bp
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	895	-153bp	-288bp	-139bp	+78bp
Jun '16	8.80	-194bp	-432bp	-247bp	-9bp
Jul '17	10.16	-148bp	-297bp	-160bp	+60bp
Sep '20	9.09	-55bp	-158bp	-104bp	-11bp
Sep '21	9.07	-70bp	-159bp	-114bp	-15bp
Sep '22	8.88	-51bp	-131bp	-92bp	-46bp
Feb '23	8.65	-60bp	-130bp	-82bp	-39bp

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

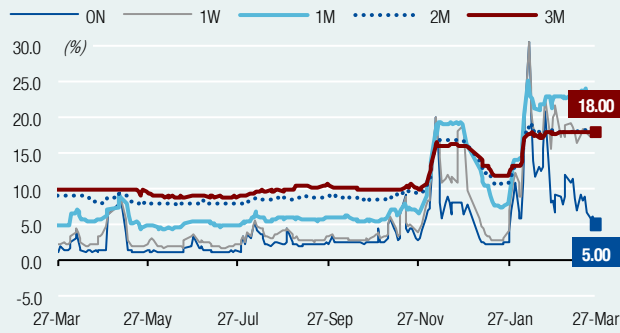


Chart 2. UAH NDF implied yields (%), last 12-month period



Chart 3. UAH sovereign yield curve (%) as of 27 Mar 2014

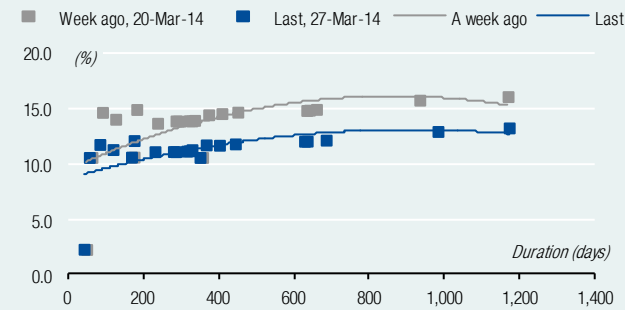


Chart 4. USD sovereign yield curve (%) as of 27 Mar 2014

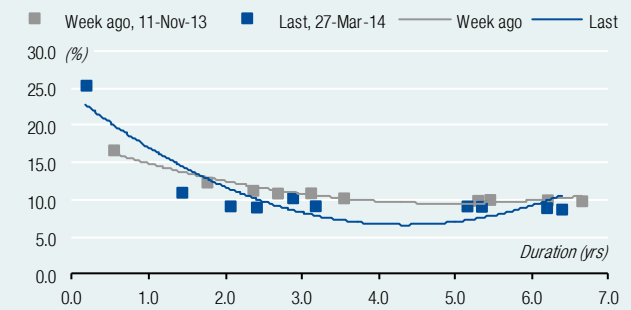


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

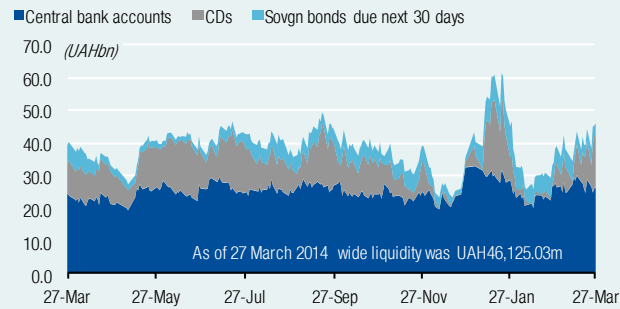


Chart 6. Breakdown of liquidity pool (%) as of 27 Mar 2014

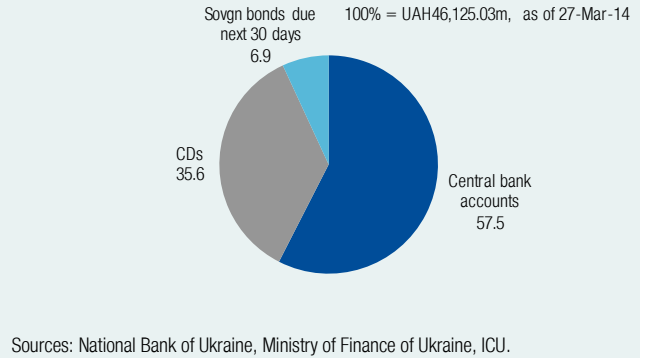


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

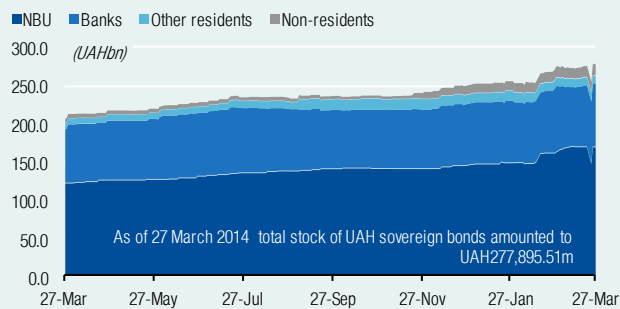
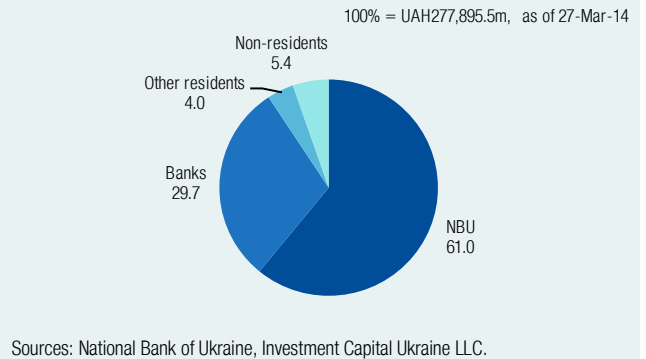


Chart 8. Domestic sovereign debt (%) as of 27 Mar 2014



FX: News & Comments

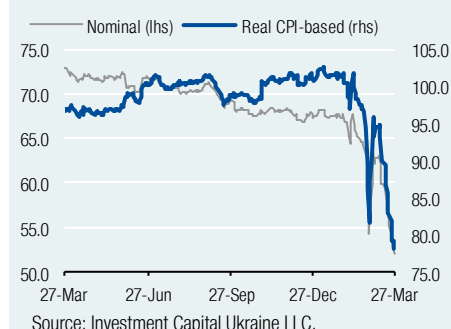
UAH slides in a controlled fashion

Yesterday, the UAH declined to 11.115/USD on the opening from 10.960/USD at the previous day's close. The rate traded close to that level all the daylong despite some short-lived deviations to a low of 11.400/USD, on US\$0.74bn in trading. It appears that the NBU might have provided some support during the trading session as the rate did not penetrate the new low. The UAH's current valuation as reached a competitive level, closer to the KZT, which is more competitive, while the RUB is less competitive. The UAH's new low could be short-lived, particularly in light of the positive developments.

Alexander Valchyshen, Kiev, +38044 2200120 ext.242

ICU's UAH trade-weighted indices

(Last 12-month history to 28 Mar 2014)



FX market indicators (as of 27 Mar 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	11.1150	+1.52	+7.24	+3.88	+34.89
NBU avg	10.8502	+1.67	+7.33	+8.65	+33.12
Tt vlm ¹	1022.58	+17.39	+10.82	+19.40	-63.51
\$ volume ²	740.70	+12.22	+12.74	+25.99	-66.50
NDF 3M	11.5000	+1.10	+4.07	+0.44	+35.53
NDF 6M	11.8500	-0.84	-0.08	+0.00	+34.97
NDF 1Y	12.6000	-0.40	+1.61	-0.79	+33.76
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	51.931	-1.37	-7.35	-4.26	-23.11
UAH real CPI	78.073	-1.37	-7.35	-4.26	-22.77
UAH real PPI	107.385	-1.37	-7.35	-4.26	-22.63
USD nom'l	80.111	+0.10	-0.10	-0.22	+0.09
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	35.6218	+0.26	-1.52	-1.35	+8.37
EUR/USD	1.3740	-0.30	-0.28	+0.22	-0.02
USD/CNY	6.2131	+0.07	-0.25	+1.38	+2.62
USD/PLN	3.0309	-0.10	-0.50	-0.10	+0.26
USD/TRY	2.1862	-0.25	-1.93	-1.23	+1.77
USD/BYR	9,870.00	-0.10	+0.20	+0.61	+3.46
USD/KZT	182.1100	+0.02	-0.20	-1.17	+18.05
OTHER MAJOR CURRENCIES					
USD/JPY	102.1800	+0.14	-0.21	+0.05	-2.97
GBP/USD	1.6611	+0.17	+0.65	-0.46	+0.33
USD/CHF	0.8866	+0.18	+0.32	-0.19	-0.71
AUD/USD	0.9259	+0.36	+2.43	+3.28	+3.84
USD/CAD	1.1031	-0.64	-1.89	-0.81	+3.84
USD/BRL	2.2589	-1.91	-2.96	-2.60	-4.37
USD/KRW	1,071.44	-0.32	-0.44	+0.23	+2.06
COMMODITIES					
Gold(\$/oz)	1,291.30	-1.01	-2.75	-3.01	+7.10
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	303.96	+0.92	+1.49	+0.79	+8.49

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>).

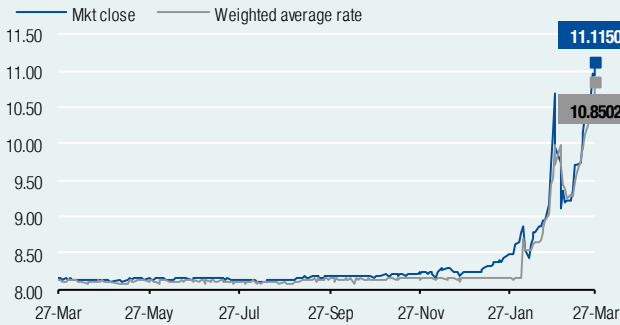
Section on FX market is continued on next page.

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.

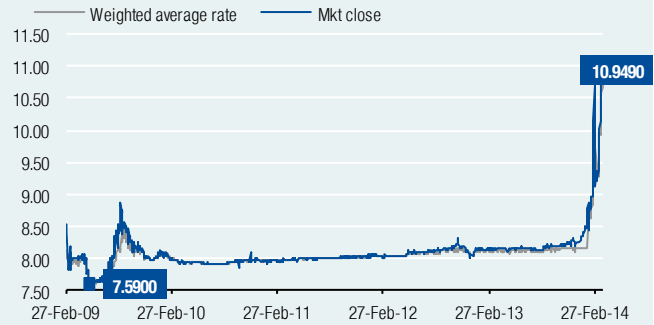
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

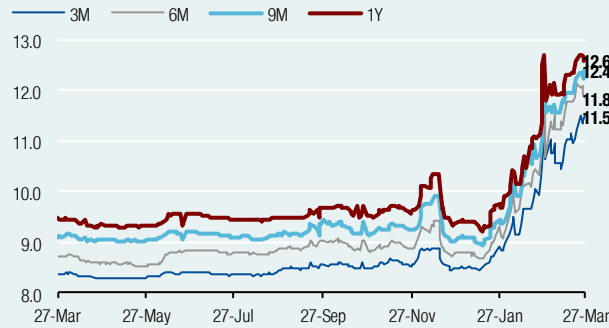


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

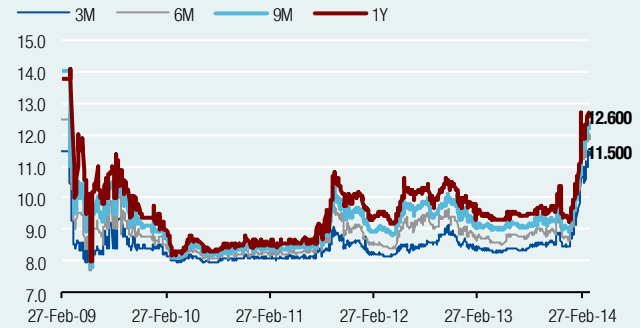


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

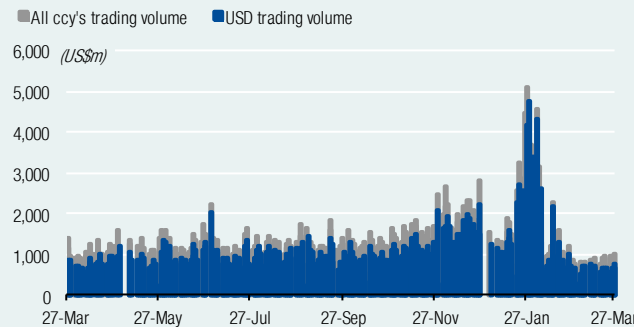


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

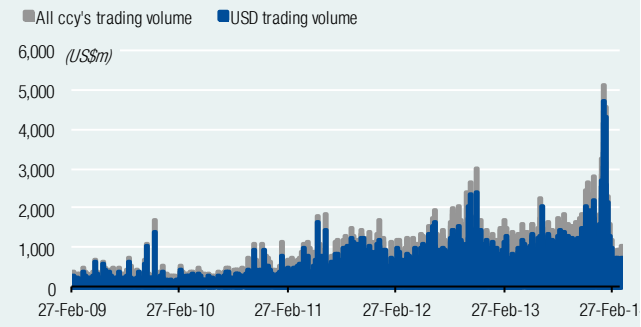


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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)



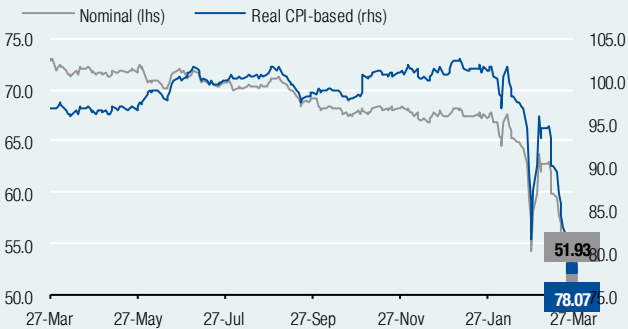
Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

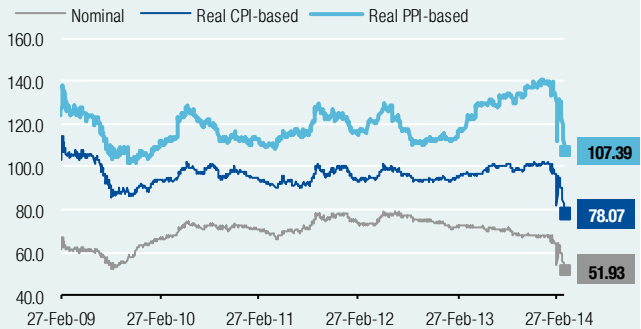
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



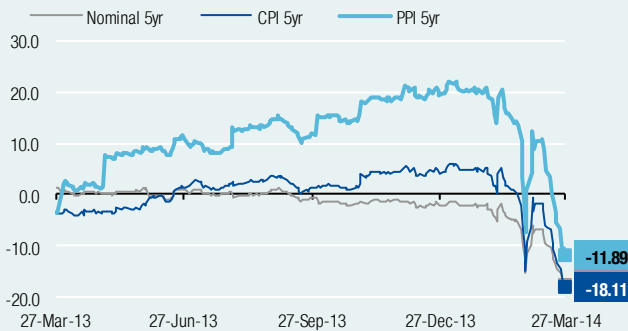
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

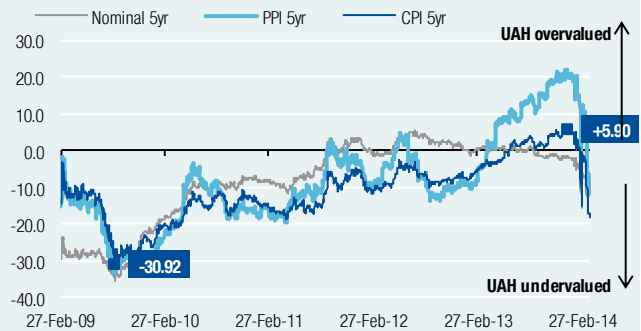


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

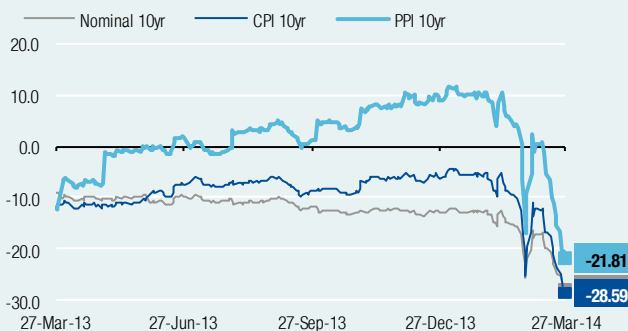


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.



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



INVESTMENT CAPITAL UKRAINE
INVESTMENT BANKING

Office 44, 11th floor, LEONARDO Business Centre
19-21 Bogdan Khmelnytsky Street
Kiev, 01030 Ukraine
Phone/Fax +38 044 2200120

CHAIRMAN OF THE BOARD OF DIRECTORS

Valeria Gontareva
valeria.gontareva@icu.ua

CORPORATE FINANCE TEL. +38 044 2200120

Makar Paseniuk, Managing Director
makar.paseniuk@icu.ua

Volodymyr Demchyshyn, Director
volodymyr.demchyshyn@icu.ua

Ruslan Kilmukhametov, Director
ruslan.kilmukhametov@icu.ua

SALES AND TRADING TEL. +38 044 2201621

Konstantin Stetsenko, Managing Director
konstantin.stetsenko@icu.ua

Sergiy Byelyayev, Fixed-Income Trading
sergiy.byelyayev@icu.ua

Vitaliy Sivach, Fixed-Income & FX Trading
vitaliy.sivach@icu.ua

Vlad Sinani, Director,
Strategy and Corporate Development
vlad.sinani@icu.ua

Julia Pecheritsa,
Ukraine and CIS International Sales
julia.pecheritsa@icu.ua

Yevgeniya Gryshchenko,
Fixed-Income Sales
yevgeniya.gryshchenko@icu.ua

RESEARCH DEPARTMENT TEL. +38 044 2200120

Alexander Valchyshen
Head of Research
alexander.valchyshen@icu.ua

Alexander Martynenko
Head of corporate research
alexander.martynenko@icu.ua

Bogdan Vorotilin
Financial analyst (Food & Agribusiness)
bogdan.vorotilin@icu.ua

Taras Kotovych
Senior financial analyst (Sovereign debt)
taras.kotovych@icu.ua

Mykhaylo Demkiv
Financial analyst (Banks)
mykhaylo.demkiv@icu.ua

Lee Daniels, Rolfe Haas
Editors

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