


**INVESTMENT CAPITAL UKRAINE**  
 INVESTMENT BANKING

# Daily Insight

 Liquidity down; Yields up; Primary auction results;  
 UAH's market rate drops

WEDNESDAY, 9 APRIL, 2014

RESEARCH INSIGHT

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### UX Index (3 months to 9 Apr 2014)



### Key market indicators (as of 8 Apr 2014)

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	11.8250	+1.07	+43.51
USD/UAH (1Y NDF)	13.3640	+1.89	+41.87
EUR/USD	1.3797	+0.40	+0.39
USD/RUB	35.6783	+0.11	+8.54
KievPRIME O/N (%)	4.50	-25bp	-330bp
KievPRIME 1M (%)	22.00	+0bp	+575bp

### BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-8,900bp	-8,900bp
Ukraine 17, Eurobond (%)	10.66	+35bp	+111bp
Ukraine 22, Eurobond (%)	9.57	+24bp	+23bp
Ukraine 23, Eurobond (%)	9.24	+28bp	+19bp
Ukraine 5Y CDS	N/A		

### EQUITIES

#### Stock market indices

UX (Ukraine)	1,086.29	+2.84	+19.37
MSCI World	409.53	+0.32	+0.24
MSCI EM	1,011.49	+0.73	+0.88
RTS (Russia)	1,195.71	+0.16	-17.12
WIG-20 (Poland)	2,465.54	+0.50	+2.69
S&P 500 (USA)	1,851.96	+0.38	+0.19

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

FXPO LN	2.84	40.7% of total <sup>1</sup>
KER PW	2.46	35.3%
MHPC LI	0.61	8.8%

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

DOEN UK	UAH 42.70	+5.04	+54.77
AVDK UK	UAH 3.05	+2.87	+3.04
MLK PW	PLN 7.75	+2.65	-38.00

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


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

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

Table 1. Ukrainian stocks (closing prices as of 8-Apr-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	9.13 GBP	+0.0	-13.1	-12.0	-34.8	0.15	35.3	-27.8	40.2	14.2	50.4	10.2	0.07	1,341	Neg.	Neg.	Neg.	4.2	4.3	8.7	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	5.51 UAH	+2.6	-2.8	+15.6	+37.4	0.47	172.9	226.8	21.7	37.5	290.0	79.9	0.36	280	8.7	4.8	7.0	0.4	3.6	3.2	0.3	0.3	0.3	0.8	12.2
Coal Energy	CLE PW	Warsaw	1.47 PLN	+0.0	+0.7	+40.0	-75.2	0.49	21.9	79.8	25.0	5.5	59.5	388.5	6.43	16	Neg.	Neg.	N/A	1.3	10.9	N/A	0.6	0.9	N/A	0.2	7.7
Donbasenergo	DOEN UK	Kiev, UX	42.70 UAH	+5.0	+2.4	+54.8	+118.6	3.63	85.7	126.1	14.2	12.2	29.9	31.9	0.27	375	32.6	2.0	2.7	0.5	1.6	1.7	0.3	0.2	0.2	1.5	17.8
JKX Oil & Gas	JKX LN	London	59.88 GBP	+0.6	+1.5	-16.3	-15.1	1.00	172.2	178.7	47.2	81.3	2.4	93.0	0.18	554	26.5	8.4	5.3	2.7	1.9	N/A	1.0	0.9	0.8	0.4	5.5
Regal Petroleum	RPT LN	London	10.25 GBP	+0.0	-12.8	-21.2	-53.7	0.17	55.0	28.2	80.9	44.5	0.0	7.4	0.01	6,852	Neg.	N/A	N/A	1.3	N/A	N/A	0.8	N/A	N/A	0.2	0.0
Sadova Group	SGR PW	Warsaw	0.86 PLN	-2.3	+16.2	+62.3	-38.1	0.28	12.3	52.0	25.0	3.1	36.2	120.0	4.69	21	Neg.	N/A	N/A	7.8	N/A	N/A	1.3	N/A	N/A	0.3	42.4
Zakhidenergo	ZAEN UK	Kiev, PFTS	128.80 UAH	+1.4	+13.1	+42.5	+53.9	10.94	139.9	117.3	5.0	7.0	9.2	6.6	0.07	1,489	2.8	N/A	N/A	0.8	N/A	N/A	0.1	N/A	N/A	1.0	0.0
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+2.0	-9.5	-6.7	-19.9	0.00	79.2	1,271.3	3.9	3.1	2.5	10.0	0.36	274	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	3.05 UAH	+2.9	+1.2	+3.0	+0.1	0.26	50.5	47.4	4.0	2.0	6.7	12.2	0.56	180	Neg.	Neg.	2.8	Neg.	1.6	0.9	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.72 UAH	+0.8	+1.3	+7.3	+20.2	0.06	256.7	249.6	4.1	10.5	24.9	9.8	0.11	927	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	155.30 GBP	-0.3	+12.7	-16.4	-13.7	2.60	1,530.8	2,192.0	22.4	342.9	2,838.2	3,792.5	0.84	119	5.8	6.1	7.7	4.4	4.8	5.3	1.4	1.4	1.4	0.9	35.1
Yenakievo Steel	ENMZ UK	Kiev, UX	34.85 UAH	+1.7	-3.5	+8.9	+4.0	2.96	31.2	26.8	9.4	2.9	10.7	12.5	0.41	247	5.3	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	1.19 EUR	-0.8	-0.8	-4.0	-25.6	1.64	151.5	178.9	34.0	51.5	26.5	36.9	0.07	1,389	Neg.	N/A	N/A	Neg.	N/A	N/A	2.7	N/A	N/A	1.3	35.9
Agroliga	AGL PW	Warsaw	19.75 PLN	-1.4	-13.7	-23.8	+14.8	6.53	10.0	11.0	16.7	1.7	3.2	14.9	0.82	123	2.3	N/A	N/A	3.2	N/A	N/A	0.5	N/A	N/A	0.8	5.7
Agroton	AGT PW	Warsaw	2.70 PLN	-3.6	-36.2	+38.5	-67.7	0.89	19.4	66.7	26.2	5.1	269.2	578.1	14.09	7	2.9	4.0	2.6	4.7	7.1	4.3	0.8	1.0	0.8	0.2	28.0
Astarta Holdin...	AST PW	Warsaw	43.00 PLN	-2.3	-3.2	-35.7	-32.1	14.23	355.7	686.6	31.0	110.3	121.0	178.8	0.20	500	5.7	8.1	4.2	7.8	8.4	4.5	1.4	1.6	1.2	0.6	38.9
Avangard	AVGR LI	London Intl	9.60 USD	+1.1	+11.0	-18.3	+17.3	9.60	613.2	779.5	21.7	133.1	0.5	386.7	0.23	427	2.7	2.7	3.1	2.8	2.7	2.9	1.2	1.1	1.1	0.5	22.3
IMC	IMC PW	Warsaw	8.03 PLN	-2.0	-5.0	-33.9	-42.6	2.66	83.2	199.4	23.9	19.9	17.5	102.6	0.37	267	4.4	4.4	2.9	5.5	4.8	3.7	2.7	1.4	1.0	0.7	33.0
Kernel Holding...	KER PW	Warsaw	30.10 PLN	+1.3	+13.6	-20.9	-49.2	9.96	793.5	1,816.9	58.8	466.4	2,463.3	2,581.5	0.67	150	7.1	9.7	4.3	6.3	6.6	5.0	0.6	0.8	0.7	0.6	30.6
KSG Agro	KSG PW	Warsaw	5.06 PLN	-4.2	-19.3	-53.4	-61.0	1.67	25.1	147.0	34.4	8.6	22.6	18.1	0.28	359	3.1	2.1	2.1	34.9	5.0	4.0	3.9	2.1	1.4	0.3	29.2
MHP	MHPC LI	London Intl	13.07 USD	-1.7	-5.9	-23.3	-23.1	13.07	1,381.1	2,582.1	22.3	308.3	612.9	1,222.2	0.31	322	8.9	5.2	4.3	6.4	5.2	4.7	1.7	1.7	1.5	1.2	46.2
Milkiland	MLK PW	Warsaw	7.75 PLN	+2.6	-4.0	-38.0	-44.6	2.56	80.1	215.8	20.0	16.0	1.8	15.3	0.07	1,475	4.6	3.9	4.4	6.0	4.9	4.0	0.5	0.5	0.5	0.3	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	4.86 EUR	+0.0	-8.7	-10.1	+5.4	6.70	711.5	1,443.4	20.0	142.3	0.0	1.8	0.00	45,242	4.1	4.4	4.7	6.3	5.4	5.8	4.1	3.8	3.4	0.8	34.8
Ovostar Union	OVO PW	Warsaw	70.90 PLN	-1.5	+4.3	-29.1	-25.3	23.46	140.7	152.8	25.0	35.2	0.1	33.9	0.07	1,427	6.0	5.4	3.8	5.5	5.5	3.4	2.1	1.9	1.4	1.3	3.7
<b>TRANSPORTATION</b>																											
KDM Shipping	KDM PW	Warsaw	13.00 PLN	-1.8	-54.4	-58.6	-63.7	4.30	40.0	24.0	10.9	4.4	17.2	2.5	0.15	681	3.2	N/A	N/A	1.6	N/A	N/A	0.8	N/A	N/A	0.7	8.3
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Xetra	0.25 EUR	+0.0	-20.3	-22.1	-37.3	0.34	17.6	177.0	13.1	2.3	0.0	0.1	0.01	16,843	Neg.	N/A	N/A	Neg.	N/A	N/A	8.1	N/A	N/A	0.2	44.1
<b>FINANCIAL SERVICES</b>																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.17 UAH	+2.0	+8.9	+50.6	+73.2	0.01	435.0	N/A	3.8	16.6	49.1	46.8	0.24	413	16.1	6.9	4.9	N/A	N/A	N/A	N/A	N/A	N/A	0.7	28.3
UkrSotsbank	USCB UK	Kiev, UX	0.17 UAH	+2.6	-9.2	-11.5	+38.9	0.01	255.7	N/A	4.5	11.5	6.2	3.8	0.03	3,570	994.8	183.6	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 8-Apr-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

Banks' correspondent accounts with the NBU declined UAH1.28bn to UAH31.81bn and total CDs outstanding declined UAH0.61bn to UAH7.13bn. Total local currency debt repayments scheduled for the next 30 days rose a mere 0.29bn at UAH5.02bn. As a result, broader banking sector liquidity declined UAH1.61bn to UAH43.96bn.

KyivPrime interest rates once more diverged: the KyivPrime ON interest rate slid 25bp to 4.50% while the KyivPrime 1M interest rate remained steady at 22.00%.

**Investment implications: The NBU did not issue any significant inflows on Monday, just the same volume of ON loans as last Friday and repaid some CDs. Without inflows, banking sector liquidity declined slightly and could recover today. Liquidity remains high and yesterday's decline will have no significant impact on the situation.**

## Yields continue to increase

Ukrainian Eurobonds continued to move down and yields rose to the range of 9.04-11.28% yesterday on negative news from eastern Ukraine. At the close, YTM's of bonds rose, as UKRAIN 6.875% '15 rose 60bp to 11.28%, UKRAIN 9.25% '17 rose 47bp to 10.81%, UKRAIN 7.95% '21 rose 27bp to 9.62%, while UKRAIN 7.80% '22 and UKRAIN 7.50% '23 rose 28bp and 22bp to 9.57% and 9.04%, respectively.

**Investment implications: The situation at the market worsened in anticipation of an escalation of the political situation in Ukraine. Time is not on the side of new government, because debt repayments are soon and Ukraine must meet the requirements for the IMF loans and other support. This escalation could change the situation and significantly increase the risks of default.**

## Primary auction results

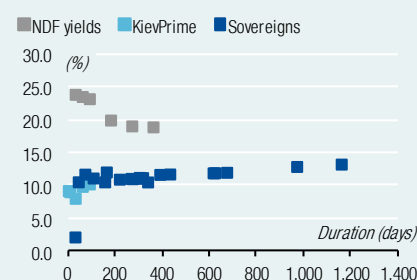
Yesterday's primary auction saw low activity, collecting insufficient demand. Only two bids were submitted for the 6-month bonds at last week's cut-off interest rate of 12.75%. While last week drew more bids with a wider range of interest rates, this week attracted a lower 110.0m in demand to provide the state budget with UAH103.66m of budget proceeds. The 3-month local currency bonds and 4-month USD-denominated bonds attracted no bids.

**Investment implications: The MoF continued to attract low demand and proceeds, most likely without using domestic QE to support banks to receive more proceeds. At the same time, market players are not ready to submit bids with greater volumes and higher interest rates. With debt repayments mostly concentrated at the end of this month, the MoF has to repay only interest repayments this week.**

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### Yield curve of the local bond market

(as of market close on 8 Apr 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

### Bond market indicators (as of 8 Apr 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
0/n	4.50	-25bp	-50bp	-750bp	-330bp
1wk	14.50	-25bp	-275bp	-460bp	+470bp
1m	22.00	+0bp	-175bp	-80bp	+575bp
2m	18.38	+25bp	+0bp	+28bp	+198bp
3m	18.05	+5bp	+0bp	+5bp	+205bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	31,812	-3.86	+0.59	+27.45	-2.72
CDs <sup>2</sup>	14,809	+91.31	-7.26	+105.5	+874.3
Sovgns <sup>3</sup>	5,142	+0.00	-1.10	-5.94	+244.0
<b>Total</b>	<b>51,764</b>	<b>+12.60</b>	<b>-1.95</b>	<b>+37.55</b>	<b>+44.93</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	170,686	+0.00	+0.24	+1.03	+17.84
Banks	86,927	+0.16	+3.11	+8.82	+8.43
Resid's <sup>4</sup>	11,195	+0.69	+1.66	-1.20	-9.70
Non-res <sup>5</sup>	16,048	+0.36	+4.96	+18.70	+37.17
<b>Total</b>	<b>284,856</b>	<b>+0.10</b>	<b>+1.41</b>	<b>+4.08</b>	<b>+14.35</b>
<b>NDF IMPLIED YIELDS (%)</b>					
3m	16.20	+214bp	+717bp	-42ppt	+406bp
6m	12.71	+159bp	-167bp	-31ppt	-69bp
9m	14.62	+141bp	+12bp	-19ppt	+61bp
1yr	13.64	+92bp	-65bp	-16ppt	-135bp
<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	-89ppt	-89ppt	-89ppt	-89ppt
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	N/A	N/A	N/A	N/A	N/A
Jun '16	10.83	+104bp	+216bp	-83bp	+194bp
Jul '17	10.66	+35bp	+130bp	-190bp	+111bp
Sep '20	9.69	+21bp	+98bp	-63bp	+50bp
Sep '21	9.77	+24bp	+103bp	-41bp	+55bp
Sep '22	9.57	+24bp	+91bp	-22bp	+23bp
Feb '23	9.24	+28bp	+81bp	-37bp	+19bp

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

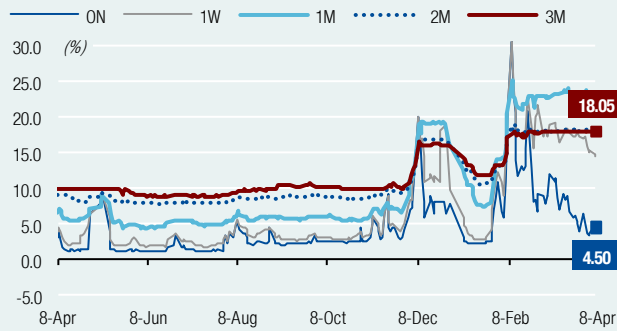


Chart 2. UAH NDF implied yields (%), last 12-month period



Chart 3. UAH sovereign yield curve (%) as of 8 Apr 2014

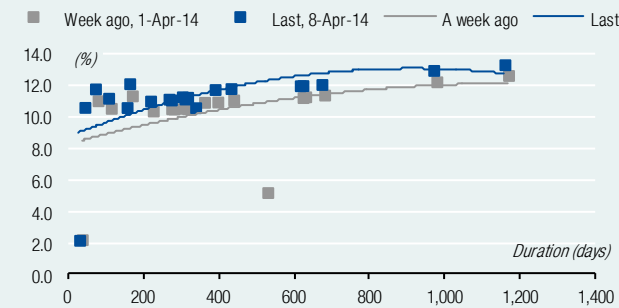


Chart 4. USD sovereign yield curve (%) as of 8 Apr 2014

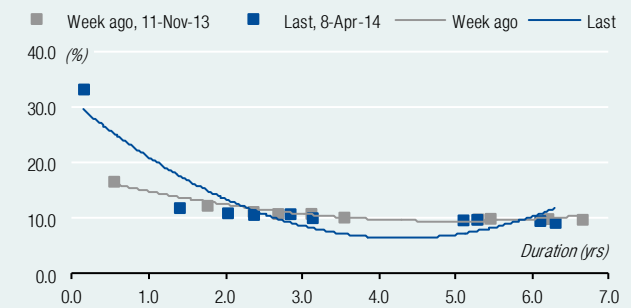


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

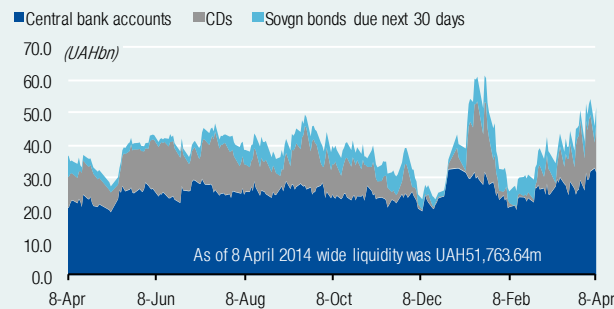


Chart 6. Breakdown of liquidity pool (%) as of 8 Apr 2014

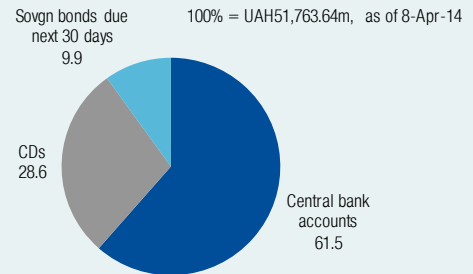


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

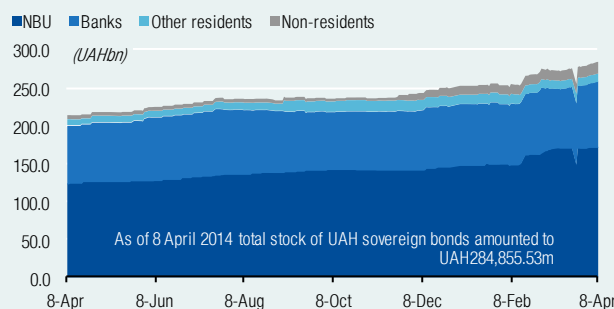
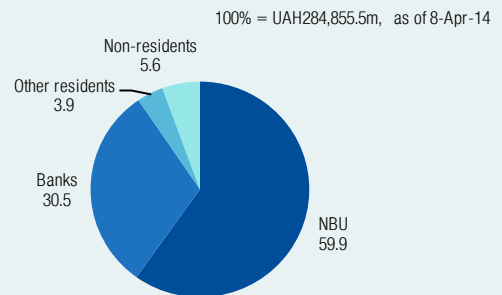


Chart 8. Domestic sovereign debt (%) as of 8 Apr 2014



# FX: News & Comments

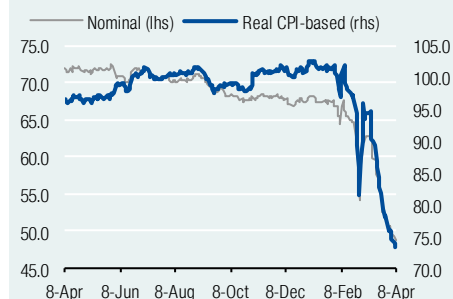
## UAH's market rate drops, its real rate slides on USD weakness

The hryvnia extended its decline in the real terms yesterday as a result of several factors. The market FX rate dropped substantially after pro-Russian activists increased their protests in three eastern oblast centers--Kharkiv, Lugansk and Donetsk--reawakening the risk of an invasion of the Russian army to "defend ethnic Russians". Business sentiment darkens as this pressure threatens to destabilize the entire economy even further, particularly as the Kremlin appears to aim not only to undermine the upcoming presidential election process, but also to create such economic chaos that the IMF delays its funding program. On top of this, not only did the USD weakened broadly yesterday (taking the UAH with it), the RUB also declined 0.11% in the wake of the escalation of pro-Russia activists in eastern Ukraine, increasing the possibility of more sanctions by the West. News late yesterday that pro-Russian activists allegedly took 60 people hostage added to this negative sentiment. As the situation appears to be unraveling, the UAH and RUB are expected to decline further.

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### ICU's UAH trade-weighted indices

(Last 12-month history to 9 Apr 2014)



Source: Investment Capital Ukraine LLC.

### FX market indicators (as of 8 Apr 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	11.8250	+1.07	+4.19	+28.08	+43.51
NBU avg	11.7282	+0.66	+5.60	+26.98	+43.89
Tt1 vlm <sup>1</sup>	462.19	+29.19	-23.11	-44.04	-83.51
\$ volume <sup>2</sup>	351.08	+29.75	-11.41	-49.33	-84.12
NDF 3M	12.2969	+1.59	+6.01	+16.28	+44.93
NDF 6M	12.5603	+1.83	+3.38	+11.90	+43.06
NDF 1Y	13.3640	+1.89	+3.60	+12.30	+41.87
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	48.638	-1.23	-3.62	-22.57	-27.99
UAH real CPI	73.121	-1.23	-3.62	-22.57	-27.66
UAH real PPI	100.575	-1.23	-3.62	-22.57	-27.54
USD nom'l	79.752	-0.60	-0.43	+0.04	-0.35
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	35.6783	+0.11	+1.71	-2.11	+8.54
EUR/USD	1.3797	+0.40	+0.03	-0.56	+0.39
USD/CNY	6.1967	-0.27	-0.16	+1.13	+2.35
USD/PLN	3.0215	-0.43	-0.12	-0.25	-0.05
USD/TRY	2.0962	-0.68	-1.94	-4.97	-2.42
USD/BYR	9,930.00	+0.15	+0.35	+1.43	+4.09
USD/KZT	182.0700	+0.02	-0.03	+0.01	+18.02
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	101.8100	-1.25	-1.78	-1.42	-3.32
GBP/USD	1.6747	+0.84	+0.70	+0.20	+1.15
USD/CHF	0.8833	-0.52	-0.02	+0.62	-1.08
AUD/USD	0.9360	+0.97	+1.22	+3.22	+4.97
USD/CAD	1.0923	-0.47	-0.92	-1.48	+2.82
USD/BRL	2.2016	-0.78	-2.67	-5.95	-6.79
USD/KRW	1,052.30	-0.30	-0.60	-0.80	+0.24
<b>COMMODITIES</b>					
Gold(\$/oz)	1,308.63	+0.87	+2.32	-2.34	+8.54
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>	307.98	+1.19	+2.03	+0.26	+9.93

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>).

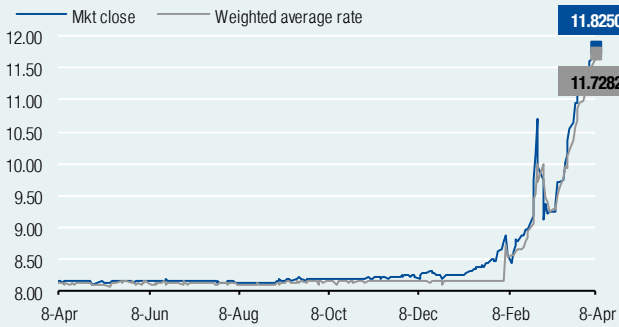
Section on FX market is continued on next page.

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.

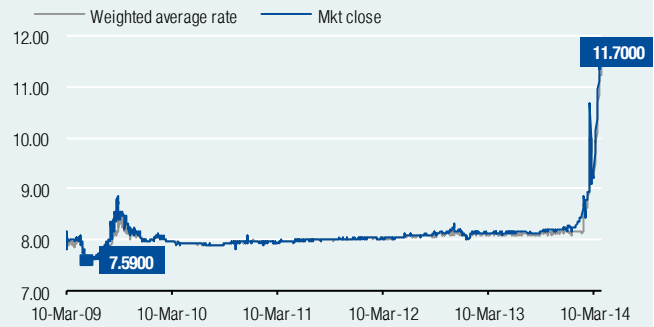
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

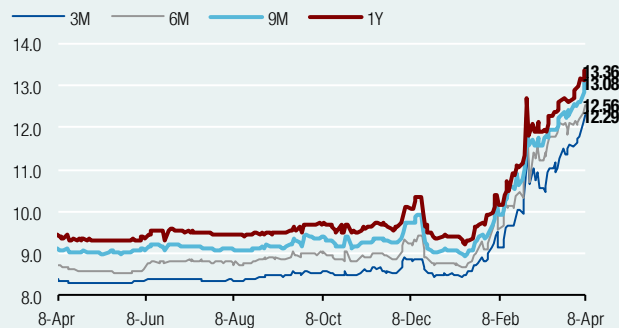


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

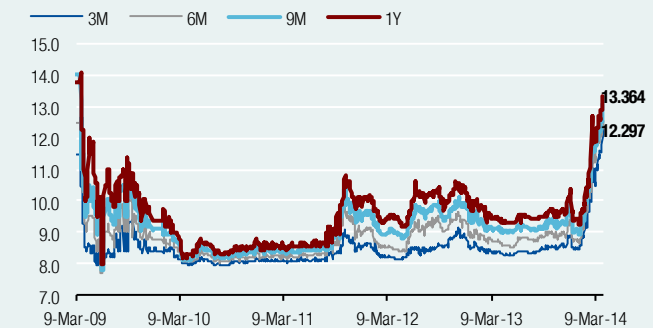


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

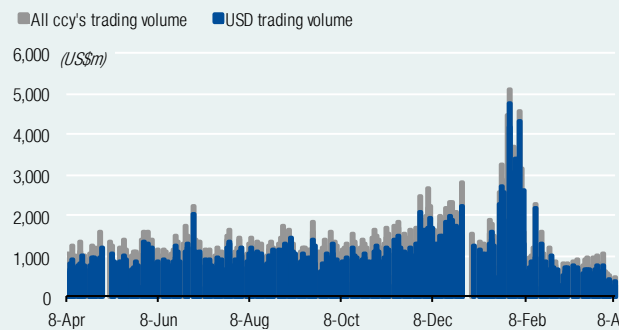


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.



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)



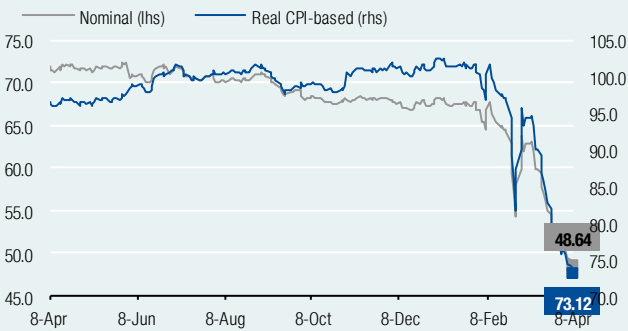
Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

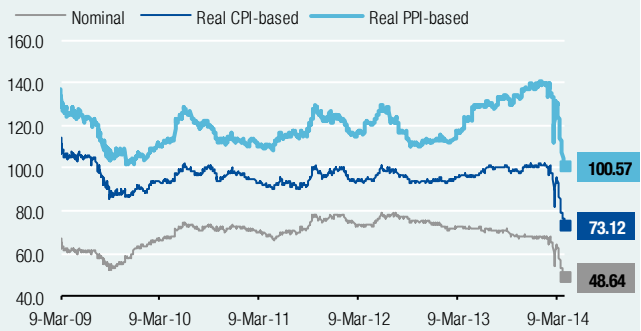
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



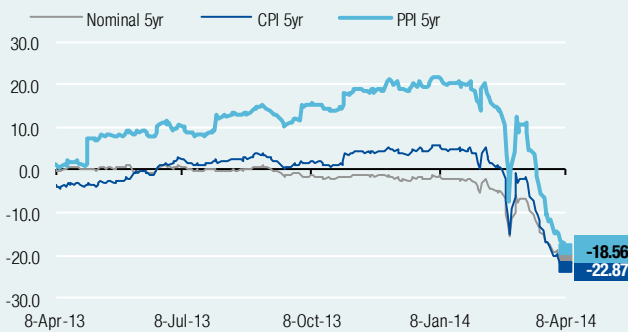
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**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**

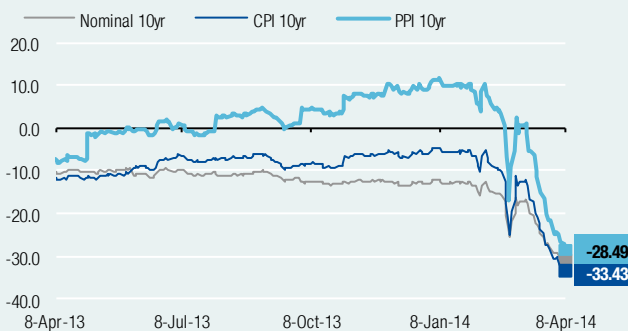


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

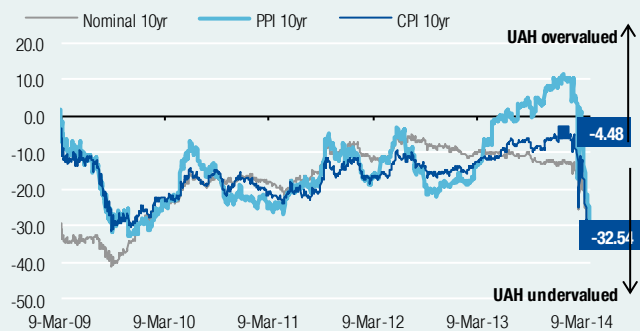


Note: the boxes indicate the high and low values of CPI-based TWI.  
Source: Investment Capital Ukraine LLC.

**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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**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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