


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

 Ukraine-Russia tug of war; UAH at record low;
 Liquidity up; Yields rise after correcting

MONDAY, 14 APRIL, 2014

RESEARCH INSIGHT

Contents

Economics: News & Comments	2
Ukraine-Russia tug of war: Pro-Kremlin military men appear in the East	.2
Bonds: News & Comments	5
Liquidity slightly increases5
Yields decline slightly after correcting5
Chart page: Local bond market & Eurobond markets6
FX: News & Comments	7
UAH feels the heat of the nation's war challenge7
Chart page #1: Foreign-exchange market8
Chart page #2: ICU's UAH trade-weighted indices9

UX Index (3 months to 14 Apr 2014)

Key market indicators (as of 11 Apr 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	12.7100	+0.87	+54.25
USD/UAH (1Y NDF)	15.1750	+7.62	+61.09
EUR/USD	1.3885	-0.01	+1.03
USD/RUB	35.6440	+0.34	+8.44
KievPRIME O/N (%)	3.38	-125bp	-442bp
KievPRIME 1M (%)	21.00	+12bp	+475bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-8,900bp	-8,900bp
Ukraine 17, Eurobond (%)	10.24	-35bp	+68bp
Ukraine 22, Eurobond (%)	9.48	-26bp	+13bp
Ukraine 23, Eurobond (%)	9.15	-21bp	+10bp
Ukraine 5Y CDS	N/A		

EQUITIES
Stock market indices

UX (Ukraine)	1,163.54	+2.83	+27.86
MSCI World	404.14	-1.02	-1.08
MSCI EM	1,015.44	-0.62	+1.27
RTS (Russia)	1,204.07	-0.77	-16.54
WIG-20 (Poland)	2,464.12	-0.27	+2.63
S&P 500 (USA)	1,815.69	-0.95	-1.77

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

FXPO LN	1.65	49.5% of total ¹
KER PW	0.83	24.9%
AVGR LI	0.23	6.9%

GAINERS: Top 3 stocks (in listed currency)

TR61 GF	EUR 0.24	+14.29	-24.29
AVDK UK	UAH 3.53	+8.62	+19.26
CEEN UK	UAH 5.95	+4.88	+24.79

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. 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

Ukraine-Russia tug of war: Pro-Kremlin military men appear in the East

Over the weekend, tensions rose in various cities on the Russian border cities. Several groups of unidentified military men armed with Kalashnikovs appeared in the city of Slovyansk, sleepy town in the Donetsk oblast, where a member of the Ukrainian state security service was shot dead after authorities responded to an attack led by pro-Kremlin military men early morning on Sunday. Later in the day, another dead body was discovered, and pro-Russian activists allegedly gathered to defend themselves with baseball sticks from government retaliation. While the city of Donetsk remained quiet yesterday, in Kharkiv, another oblast center in the East, bloody fist- and stick-fighting broke out between pro-Kremlin thuggish activists and the outnumbered pro-Ukrainian marchers at a rally, but no fatalities were reported. In Zaporizhzhya, an industrial oblast center in the Southeast, pro-Kremlin separatist activists were outnumbered by pro-Ukrainian activists at a more massive rally. What is most concerning is that a potential clash in Zaporizhzhya appears to have been orchestrated by pro-Kremlin militants masterminding a plan to spawn clashes that lead to riots and yet more casualties, ultimately supporting Kremlin propaganda positioning Ukraine as being on the brink of civil war. These events appear to be attempts to derail elections in May and undermine the reforms agenda of the Yatsenyuk government. Late afternoon yesterday, acting president Turchinov, in a televised speech, said that a deliberate military and police response will be required to disarm the armed military squads that occupy office buildings in the East. This week should see strained talks between foreign affairs ministers of Ukraine, the US, the EU and Russia. Ultimately, the UAH should fall further in this highly volatile environment.

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Table 1. Ukrainian stocks (closing prices as of 11-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 (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	9.75 GBP	+0.0	+0.0	-6.0	-31.6	0.16	37.7	-25.4	40.2	15.2	1.4	10.8	0.06	1,718	Neg.	Neg.	Neg.	3.9	3.9	7.9	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	5.95 UAH	+4.9	+13.4	+24.8	+48.0	0.47	172.9	222.9	21.7	37.5	98.8	86.0	0.36	277	9.4	5.1	7.4	0.4	3.7	3.3	0.3	0.3	0.3	0.9	12.2
Coal Energy	CLE PW	Warsaw	1.52 PLN	+0.7	-5.0	+44.8	-71.4	0.50	22.7	80.6	25.0	5.7	54.0	373.3	3.77	27	Neg.	Neg.	5.7	1.3	10.1	2.8	0.6	0.8	0.7	0.2	7.7
Donbasenergo	DOEN UK	Kiev, UX	46.02 UAH	+3.6	+22.6	+66.8	+137.1	3.62	85.6	123.0	14.2	12.2	21.4	32.3	0.25	399	35.1	1.3	2.8	0.5	1.0	1.7	0.3	0.2	0.2	1.7	17.8
JKX Oil & Gas	JKX LN	London	59.75 GBP	-0.4	-5.2	-16.4	-15.8	1.00	171.7	178.2	47.2	81.0	69.0	94.0	0.15	665	26.4	13.2	6.2	2.7	2.0	2.0	1.0	0.9	0.8	0.3	5.5
Regal Petroleum	RPT LN	London	10.50 GBP	+2.4	-4.5	-19.2	-52.8	0.18	56.3	29.5	80.9	45.6	10.7	7.6	0.02	5,941	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	0.87 PLN	-1.1	+4.8	+64.2	-25.0	0.29	12.5	52.2	25.0	3.1	8.0	118.4	3.52	28	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	125.00 UAH	+2.0	+19.0	+38.3	+66.7	9.83	125.8	104.8	5.0	6.3	0.2	5.8	0.07	1,493	2.8	N/A	N/A	0.7	N/A	N/A	0.1	N/A	N/A	0.9	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+3.5	+3.2	+0.2	-14.9	0.00	78.9	1,183.4	3.9	3.1	22.4	9.9	0.35	283	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	3.53 UAH	+8.6	+20.1	+19.3	+15.5	0.28	54.2	51.3	4.0	2.2	27.4	13.1	0.41	243	Neg.	Neg.	2.2	Neg.	1.5	0.8	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.77 UAH	+2.7	+14.8	+14.9	+27.7	0.06	254.7	248.1	4.1	10.4	8.5	9.9	0.09	1,165	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	154.50 GBP	+1.9	+14.7	-16.9	-12.7	2.59	1,521.7	2,182.8	22.4	340.9	1,649.7	3,762.3	0.77	129	5.8	6.2	7.6	4.4	4.7	5.3	1.4	1.4	1.4	0.9	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.69 UAH	+1.8	+4.3	+29.2	+15.3	0.05	14.7	15.9	9.0	1.3	1.7	1.1	0.04	2,570	2.8	1.5	0.9	0.1	0.7	0.5	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	38.34 UAH	+4.6	+11.5	+19.8	+13.5	3.02	31.8	27.7	9.4	3.0	14.7	12.9	0.41	242	5.8	Neg.	N/A	Neg.	Neg.	N/A	0.0	0.0	N/A	0.9	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	1.14 EUR	-1.7	-4.2	-8.1	-29.6	1.58	146.2	173.7	34.0	49.7	0.4	36.9	0.08	1,191	Neg.	N/A	N/A	Neg.	N/A	N/A	2.6	N/A	N/A	1.2	35.9
Agroliga	AGL PW	Warsaw	19.50 PLN	+0.0	-9.3	-24.8	+10.2	6.48	10.0	10.9	16.7	1.7	2.0	14.6	0.76	132	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	2.68 PLN	-2.5	-4.6	+37.4	-25.6	0.89	19.3	66.6	26.2	5.1	69.4	561.1	9.71	10	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	44.06 PLN	+0.0	+18.9	-34.1	-30.4	14.64	365.9	699.1	31.0	113.5	12.9	182.1	0.18	542	5.8	8.3	4.3	7.9	8.5	4.5	1.4	1.6	1.2	0.6	38.9
Avangard	AVGR LI	London Intl	9.60 USD	+1.1	+9.7	-18.3	+13.9	9.60	613.2	779.5	21.7	133.1	229.8	402.6	0.28	360	2.6	3.1	2.7	2.8	2.9	2.7	1.2	1.1	1.1	0.5	22.3
IMC	IMC PW	Warsaw	8.21 PLN	+0.2	+8.0	-32.4	-44.3	2.73	85.4	201.6	23.9	20.4	69.3	106.0	0.26	383	4.6	4.5	3.0	5.5	4.8	3.7	2.7	1.4	1.0	0.7	33.0
Kernel Holding...	KER PW	Warsaw	31.30 PLN	+1.0	+31.0	-17.8	-47.5	10.40	828.5	1,851.7	58.8	486.9	828.9	2,691.3	0.58	173	7.4	10.2	4.5	6.4	6.7	5.1	0.7	0.8	0.7	0.6	30.6
KSG Agro	KSG PW	Warsaw	5.15 PLN	+2.0	-12.0	-52.5	-58.1	1.71	25.7	147.5	34.4	8.8	5.8	18.7	0.27	368	3.2	2.1	2.2	35.0	5.0	4.1	4.0	2.2	1.4	0.3	29.2
MHP	MHPC LI	London Intl	13.12 USD	+2.0	+6.3	-23.0	-23.3	13.12	1,386.3	2,587.3	22.3	309.4	66.2	1,240.7	0.32	310	8.9	5.3	4.3	6.4	5.3	4.7	1.7	1.7	1.5	1.2	46.2
Milkiland	MLK PW	Warsaw	7.70 PLN	+0.0	+1.6	-38.4	-43.8	2.56	79.9	216.5	20.0	16.0	1.1	15.3	0.06	1,657	4.5	3.8	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	-13.3	-10.1	+5.4	6.74	716.5	1,448.4	20.0	143.3	0.0	1.8	0.00	47,288	4.1	5.0	8.2	6.3	5.6	5.4	4.2	3.9	3.4	0.8	34.8
Ovostar Union	OVO PW	Warsaw	69.00 PLN	-1.4	+0.0	-31.0	-27.4	22.92	137.5	149.6	25.0	34.4	1.7	33.2	0.07	1,519	5.9	5.3	3.7	5.4	5.4	3.4	2.1	1.8	1.4	1.3	3.7
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	13.10 PLN	+0.0	-3.0	-58.3	-63.6	4.35	40.5	24.5	10.9	4.4	0.1	2.5	0.14	720	3.2	N/A	N/A	1.6	N/A	N/A	0.8	N/A	N/A	0.7	8.3
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.24 EUR	+14.3	-22.6	-24.3	-39.1	0.33	17.3	176.6	13.1	2.3	0.3	0.1	0.01	14,378	Neg.	N/A	N/A	Neg.	N/A	N/A	8.1	N/A	N/A	0.2	44.1
FINANCIAL SERVICES																											
Forum Bank	FORM UK	Kiev, UX	0.65 UAH	-6.6	-15.7	-14.6	+10.0	0.05	30.3	N/A	5.5	1.7	0.1	0.9	0.03	2,977	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	0.17 UAH	-1.1	+19.6	+50.7	+73.6	0.01	403.3	N/A	3.8	15.4	54.8	44.6	0.25	395	16.1	6.9	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	0.7	28.3

Table 1. Ukrainian stocks (closing prices as of 11-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 (%)		
Ukrsotsbank	USCB UK	Kiev, UX	0.17 UAH	-1.9	-3.0	-11.0	+41.0	0.01	238.1	N/A	4.5	10.7	2.0	3.5	0.02	4,117	999.6	184.5	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 slightly increases

Broader banking sector liquidity rose UAH1.37n last Friday to UAH46.11bn as banks' correspondent accounts with the NBU rose UAH1.55bn to UAH34.06bn while total CDs outstanding slid UAH0.18bn to UAH7.69bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH4.36bn.

KyivPrime interest rates slightly diverged: the KyivPrime ON interest rate declined 125bp to 3.38% while the KyivPrime 1M interest rate rose 12bp to 21.00%.

Investment implications: Banks' correspondent accounts with the NBU rose to record highs for this month and this year. Broader banking sector liquidity beat only this month's record while this year's record was just UAH1.53bn higher than the one set in January. Although liquidity is high, high negative anticipations pushed the cost of funds very high but not to new records.

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Yields decline slightly after correcting

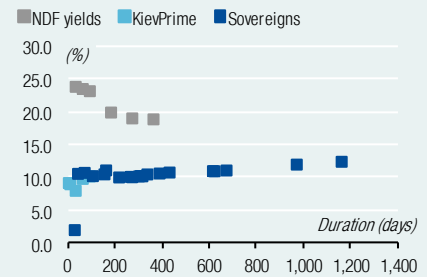
Last Friday, YTM of Ukrainian Eurobonds once more rose after a slight correction last Thursday. During last Friday's trading session, risks rose once more, causing the yield curve to move to 9.00-11.12%. At the close, YTM of bonds rose, as UKRAIN 6.875% '15 rose 41bp to 11.12%, UKRAIN 9.25% '17 rose 5bp to 10.63%, UKRAIN 7.95% '21 rose 21bp to 9.67%, while UKRAIN 7.80% '22 and UKRAIN 7.50% '23 rose 14bp and 22bp to 9.43% and 9.00%, respectively.

Investment implications: The unstable political situation in Eastern Ukraine during this weekend could cause a new increase in yields due to rising problems with debt repayments, especially for external debt.

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Yield curve of the local bond market

(as of market close on 11 Apr 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 11 Apr 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	3.38	-125bp	-37bp	-762bp	-442bp
1wk	12.75	-113bp	-250bp	-645bp	+295bp
1m	21.00	+12bp	-175bp	-220bp	+475bp
2m	18.13	+0bp	+0bp	+3bp	+173bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	34,057	+4.76	+6.05	+24.07	+4.14
CDs ²	15,494	+0.08	-10.52	+1,530.9	+919.3
Sovgns ³	4,478	+0.00	-7.66	-26.97	+199.5
Total	54,029	+2.97	-0.46	+56.46	+51.27
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	170,691	+0.00	+0.00	+0.38	+17.84
Banks	91,949	+3.54	+7.96	+17.68	+14.69
Resid's ⁴	10,949	+1.60	-0.81	-3.16	-11.68
Non-res ⁵	17,235	+5.27	+10.82	+29.18	+47.32
Total	290,824	+1.46	+2.97	+6.60	+16.74
NDF IMPLIED YIELDS (%)					
3m	24.35	+769bp	+17bp	-29ppt	+12bp
6m	17.44	+606bp	+700bp	-30ppt	+404bp
9m	18.41	+479bp	+647bp	-19ppt	+439bp
1yr	20.05	+753bp	+601bp	-10ppt	+506bp
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	-89ppt	-89ppt	-89ppt	-89ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	N/A	N/A	N/A	N/A	N/A
Jun '16	10.49	-35bp	+179bp	-307bp	+160bp
Jul '17	10.24	-35bp	+99bp	-355bp	+68bp
Sep '20	9.55	-25bp	+66bp	-168bp	+36bp
Sep '21	9.71	-25bp	+81bp	-164bp	+49bp
Sep '22	9.48	-26bp	+69bp	-127bp	+13bp
Feb '23	9.15	-21bp	+64bp	-130bp	+10bp

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

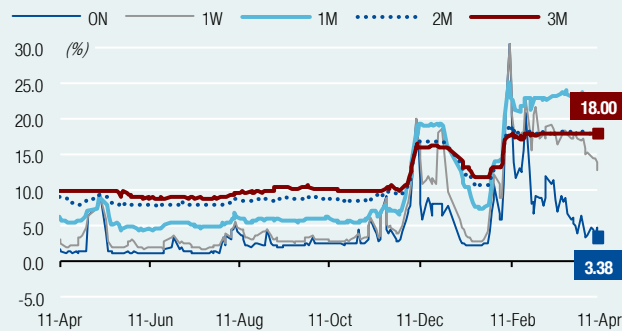


Chart 2. UAH NDF implied yields (%), last 12-month period

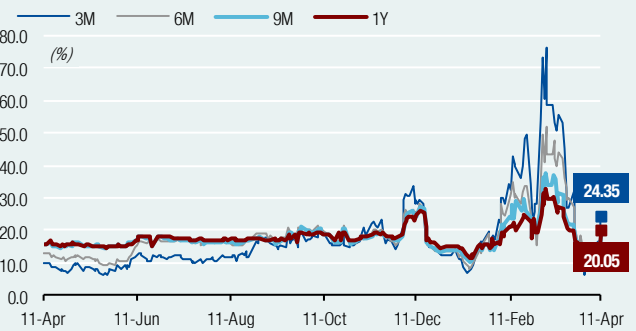


Chart 3. UAH sovereign yield curve (%) as of 11 Apr 2014

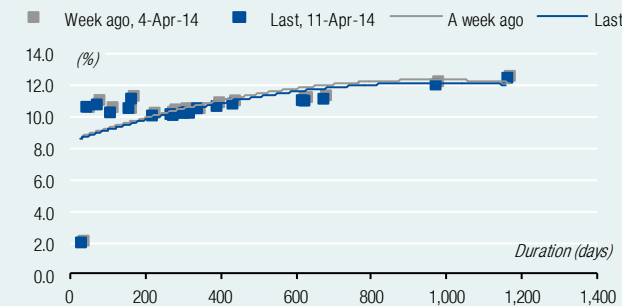


Chart 4. USD sovereign yield curve (%) as of 11 Apr 2014

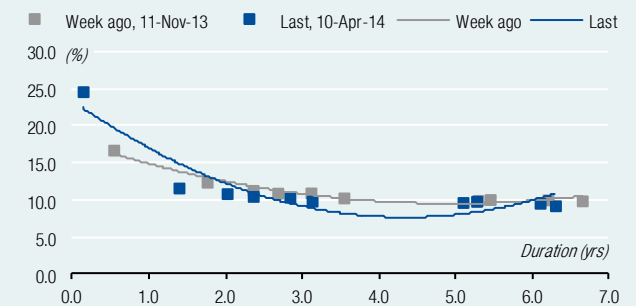


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

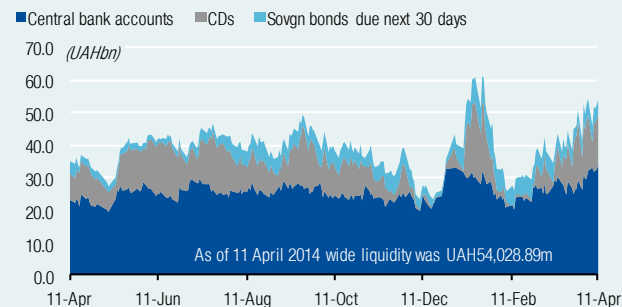


Chart 6. Breakdown of liquidity pool (%) as of 11 Apr 2014

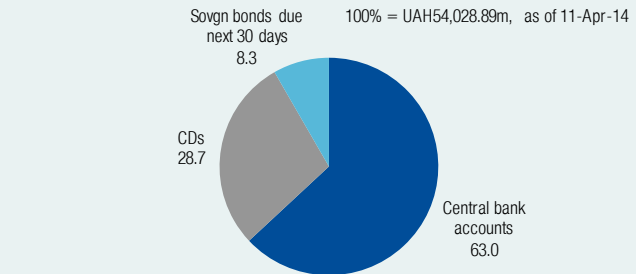


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

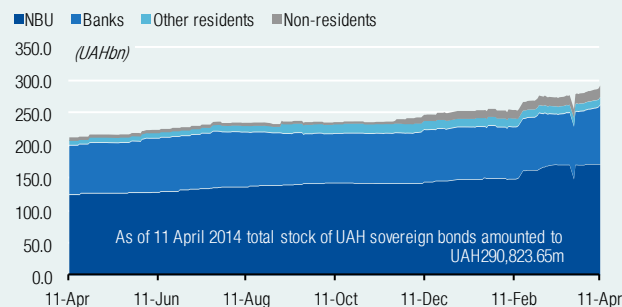
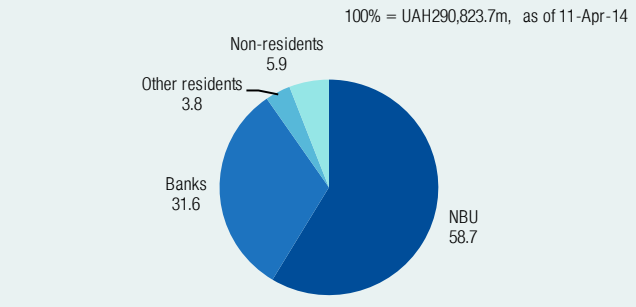


Chart 8. Domestic sovereign debt (%) as of 11 Apr 2014



FX: News & Comments

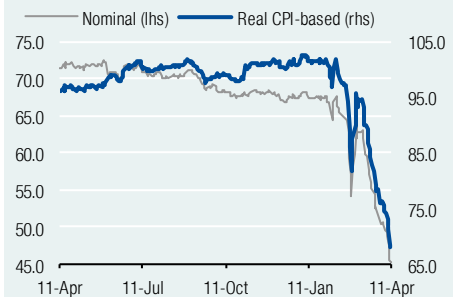
UAH feels the heat of the nation's war challenge

The hryvnia nosedived to a record low of 13.5/USD mid-day last Friday. Market turnover was thin all week long, and Friday's USD/UAH market trading volume of US\$0.40bn was no exception. The market closed at 12.71/USD, down 0.87% from Thursday. The hryvnia's real TWI dropped 0.72% on Friday and 32.79% YTD, which is very undervalued in our view. We expect the UAH to become more undervalued this week.

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ICU's UAH trade-weighted indices

(Last 12-month history to 14 Apr 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 11 Apr 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIYA per US DOLLAR)					
Spot mkt	12.7100	+0.87	+9.57	+37.70	+54.25
NBU avg	12.5691	-0.39	+9.86	+35.19	+54.21
Ttl vlm ¹	399.18	+9.88	-20.55	-53.87	-85.75
\$ volume ²	271.24	-2.73	-30.06	-64.02	-87.73
NDF 3M	13.4750	+2.73	+14.19	+28.95	+58.81
NDF 6M	13.8000	+3.76	+13.21	+21.05	+57.18
NDF 1Y	15.1750	+7.62	+15.36	+26.99	+61.09
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	45.190	-0.72	-8.77	-28.27	-33.09
UAH real CPI	67.937	-0.72	-8.77	-28.27	-32.79
UAH real PPI	93.444	-0.72	-8.77	-28.27	-32.67
USD nom'l	79.452	+0.09	-1.21	-0.36	-0.73
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	35.6440	+0.34	+1.05	-2.39	+8.44
EUR/USD	1.3885	-0.01	+1.31	+0.18	+1.03
USD/CNY	6.2104	-0.03	-0.03	+1.14	+2.58
USD/PLN	3.0105	+0.13	-0.89	-1.22	-0.41
USD/TRY	2.1136	+0.27	+0.01	-5.92	-1.61
USD/BYR	9,940.00	+0.00	+0.30	+1.02	+4.19
USD/KZT	181.9900	-0.03	-0.05	-0.22	+17.97
OTHER MAJOR CURRENCIES					
USD/JPY	101.6200	+0.09	-1.62	-1.36	-3.50
GBP/USD	1.6733	-0.31	+0.95	+0.70	+1.06
USD/CHF	0.8761	-0.05	-1.79	-0.25	-1.88
AUD/USD	0.9397	-0.17	+1.13	+4.68	+5.38
USD/CAD	1.0980	+0.40	-0.01	-1.13	+3.36
USD/BRL	2.2187	+0.54	-0.76	-6.13	-6.07
USD/KRW	1,035.35	-0.46	-1.74	-2.79	-1.38
COMMODITIES					
Gold(\$/oz)	1,318.42	-0.04	+1.13	-2.26	+9.35
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	309.39	-0.26	+1.49	+1.46	+10.43

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)

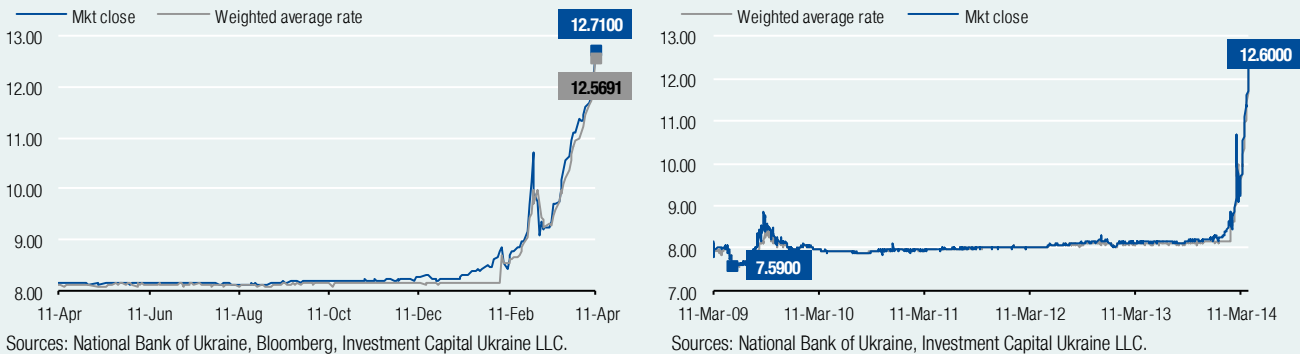


Chart 10. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)



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

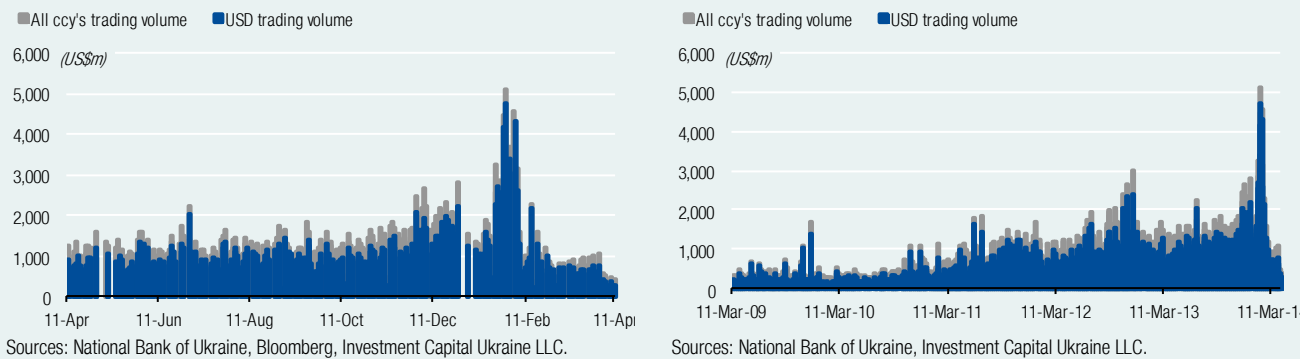


Chart 12. 30D MA* ratio of FX market turnover to merchandise trade: last 12m and 5yr periods (% , left and right respectively)

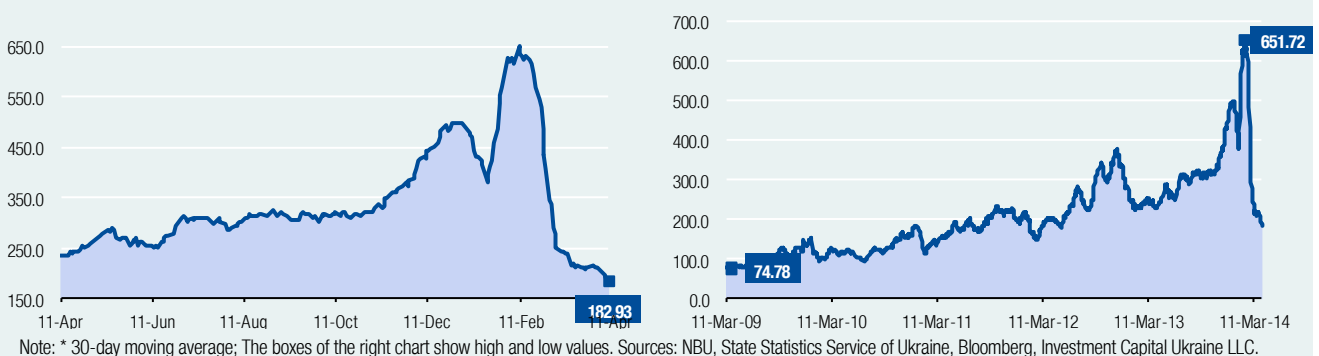
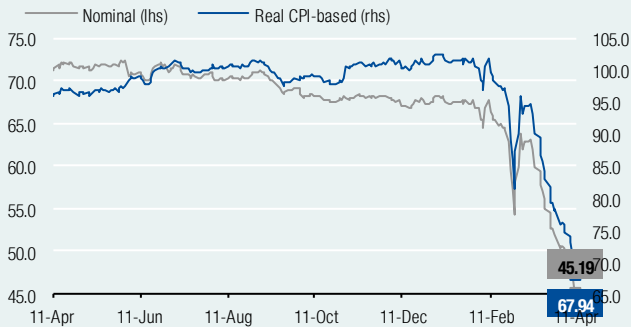


Chart page #2: ICU's UAH trade-weighted indices

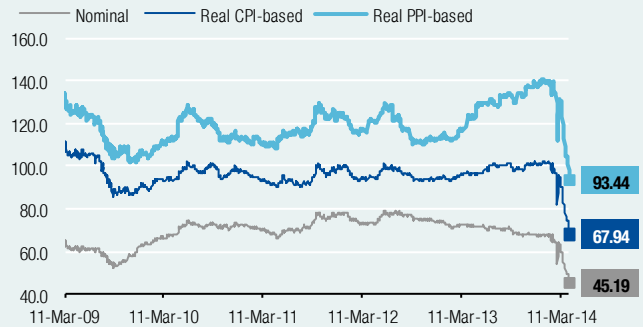
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



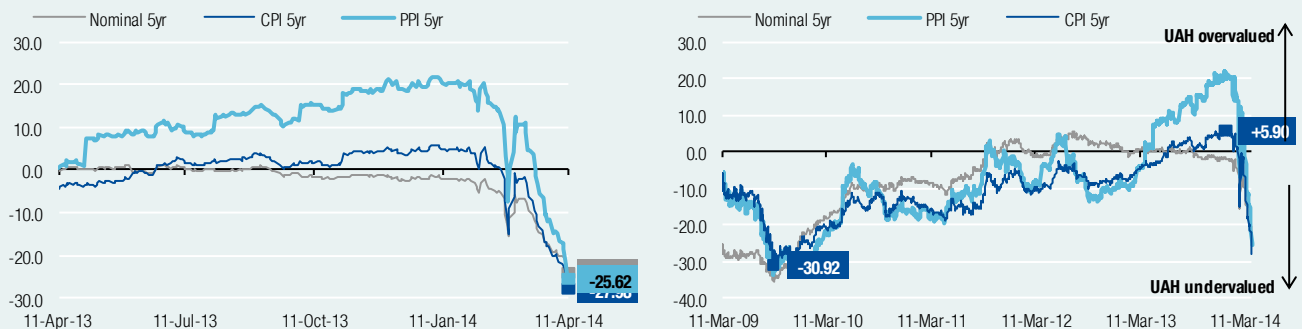
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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.

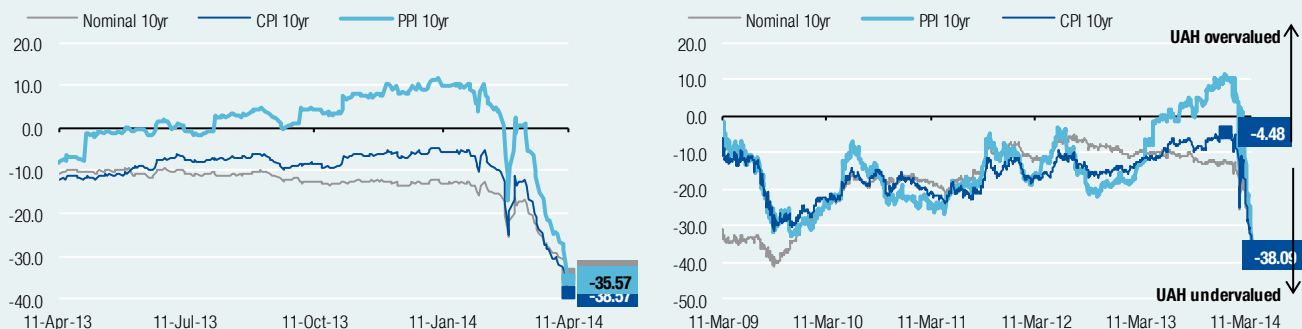
Chart 15. Deviation of UAH trade-weighted indices from their 5-year moving averages: last 12-month and 5-year periods (% , left and right respectively)



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

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

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

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

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

DEBT RATING DEFINITIONS

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

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

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



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