


**INVESTMENT CAPITAL UKRAINE**  
 INVESTMENT BANKING

# Daily Insight

NBU increases its key policy rate; Ukraine promised US guarantee on debt; Auction results; UAH recovers

WEDNESDAY, 16 APRIL, 2014

RESEARCH INSIGHT

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**UX Index (3 months to 16 Apr 2014)**

**Key market indicators (as of 15 Apr 2014)**

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	11.9000	-6.37	+44.42
USD/UAH (1Y NDF)	14.3500	-5.44	+52.34
EUR/USD	1.3815	-0.17	+0.52
USD/RUB	36.1838	+0.49	+10.08
KievPRIME O/N (%)	5.40	+202bp	-240bp
KievPRIME 1M (%)	20.00	+0bp	+375bp

**BONDS: yields and spreads**

Ukraine VAT bond (%)	N/A	-8,900bp	-8,900bp
Ukraine 17, Eurobond (%)	12.28	+63bp	+272bp
Ukraine 22, Eurobond (%)	10.07	+1bp	+72bp
Ukraine 23, Eurobond (%)	9.74	+1bp	+69bp
Ukraine 5Y CDS	N/A		

**EQUITIES**
**Stock market indices**

UX (Ukraine)	1,114.12	-0.48	+22.43
MSCI World	405.27	+0.00	-0.80
MSCI EM	999.90	-1.17	-0.28
RTS (Russia)	1,142.96	-3.29	-20.78
WIG-20 (Poland)	2,407.32	-1.37	+0.26
S&P 500 (USA)	1,842.98	+0.68	-0.29

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

KER PW	3.11	31.6% of total <sup>1</sup>
FXPO LN	2.82	28.6%
MHPC LI	2.57	26.1%

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

FORM UK	UAH 0.73	+12.79	-3.68
AVDK UK	UAH 3.27	+3.06	+10.44
DOEN UK	UAH 43.38	+1.17	+57.23

**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

## NBU increases its key policy rate by 3.0ppt

The NBU has sharply increased its discount rate by 3.0 ppt to 9.5% in response to the high UAH devaluation and expected high inflation. At the same time, the cost of refinancing offered to the banks has been decreased from 3X to 2X the discount rate, or from 19.5% to 19% in absolute terms.

Simultaneously, the cost of overnight lending increased from 7.5% to 14.5%, while the interest rate offered by the regulator on its certificates of deposit increased by 3.0ppt. We believe that the National Bank is trying to boost the price of the hryvnia and reduce speculative demand for it that spurs the UAH/USD rate.

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## Ukraine promised US guarantee on debt

According to a MoF press release, Ukraine and the US agreed to guarantee US\$1.0bn in new Ukrainian borrowings. While details of the conditions are yet to be released, this announcement is positive for Ukraine in that it provides some assurance of more inexpensive financing for debt repayments which ultimately will improve situation with FX reserves. On the other hand, as the IMF program has not yet been finalized, other financing offers depend on the IMF's approval. Such financial support will help the government meet its objectives, and the possibility of a guarantee is a positive step toward the issuance of a new Eurobond offering.

***Investment implications: The new issue could be launched by the end of May prior to redemption of UKRAIN 7.95% '14, which would re-open Ukraine's access to capital markets. With current YTM's mostly above 10.0% (see the comment above), if the MoF launches a new issue under these conditions, it could have coupon rate above 15.0%. However, if the IMF approves a new program for Ukraine with US-guaranteed funding as well, conditions for a new issue should be significantly different, in that a 10-year Eurobond could be offered at an interest rate below 7.0%. The MoF needs to choose a maturity on such debt. Considering its upcoming sovereign Eurobond debt repayments, the MoF will need maturities of 5-years and 10-years or more. In 2018, Ukraine also has several quasi-sovereign and guaranteed Eurobonds maturing as well. With the issuance of new US-guaranteed Eurobonds, Ukraine could set new benchmarks in both rates and volumes of future issues.***

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Table 1. Ukrainian stocks (closing prices as of 15-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	9.38 GBP	+0.0	-6.3	-9.6	-40.9	0.16	36.2	-26.8	40.2	14.6	29.5	10.7	0.06	1,640	Neg.	Neg.	Neg.	4.1	4.1	8.4	Neg.	Neg.	Neg.	0.2	0.0	
Centrenerg	CEEN UK	Kiev, UX	5.72 UAH	-0.7	+9.0	+20.0	+47.2	0.48	176.7	229.7	21.7	38.4	138.4	93.0	0.38	261	9.1	4.9	7.1	0.4	3.6	3.2	0.3	0.3	0.3	0.9	12.2	
Coal Energy	CLE PW	Warsaw	1.38 PLN	+0.0	-8.6	+31.4	-71.2	0.46	20.5	78.4	25.0	5.1	73.9	329.5	3.51	29	Neg.	Neg.	5.1	1.3	9.8	2.7	0.6	0.8	0.7	0.2	7.7	
Donbasenergo	DOEN UK	Kiev, UX	43.38 UAH	+1.2	+15.7	+57.2	+130.7	3.63	85.7	125.5	14.2	12.2	41.7	34.1	0.28	351	33.1	1.2	2.6	0.5	1.0	1.7	0.3	0.2	0.2	1.6	17.8	
JKX Oil & Gas	JKX LN	London	57.50 GBP	+0.4	-8.0	-19.6	-17.0	0.96	165.2	171.7	47.2	78.0	80.9	93.3	0.17	597	25.4	12.7	5.9	2.6	2.0	1.9	0.9	0.9	0.8	0.3	5.5	
Regal Petroleum	RPT LN	London	9.75 GBP	-7.1	-11.4	-25.0	-57.6	0.16	52.3	25.5	80.9	42.3	8.1	7.0	0.02	5,242	Neg.	N/A	N/A	1.1	N/A	N/A	0.7	N/A	N/A	0.2	0.0	
Sadova Group	SGR PW	Warsaw	0.81 PLN	-2.4	+2.5	+52.8	-26.4	0.27	11.5	51.3	25.0	2.9	3.6	108.1	3.30	30	Neg.	N/A	N/A	7.7	N/A	N/A	1.3	N/A	N/A	0.2	42.4	
METALLURGY																												
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-0.8	-3.3	-7.5	-17.7	0.00	77.3	1,250.8	3.9	3.0	5.0	10.3	0.39	254	Neg.	Neg.	N/A	N/A	Neg.	N/A	1.0	1.1	N/A	N/A	64.5	
Avdiivskyi Cok...	AVDK UK	Kiev, UX	3.27 UAH	+3.1	+12.3	+10.4	+7.3	0.27	53.3	50.3	4.0	2.1	56.6	14.3	0.66	152	Neg.	Neg.	2.1	Neg.	1.4	0.7	0.1	0.1	0.1	0.1	0.0	
Azovstal	AZST UK	Kiev, UX	0.72 UAH	-1.1	+7.3	+7.3	+21.0	0.06	252.7	245.7	4.1	10.4	25.5	10.5	0.11	952	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0	
Ferrexpo PLC	FXPO LN	London	148.40 GBP	-2.0	+9.7	-20.1	-12.1	2.48	1,461.6	2,122.7	22.4	327.4	2,820.6	3,626.8	0.79	127	5.6	5.9	7.3	4.2	4.6	5.1	1.3	1.4	1.4	0.9	35.1	
Yasynivskyi Cok...	YASK UK	Kiev, UX	0.69 UAH	+0.1	+4.4	+29.4	+22.1	0.06	15.7	16.9	9.0	1.4	12.2	1.4	0.09	1,173	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	35.93 UAH	-2.2	+6.4	+12.2	+8.3	3.00	31.7	27.3	9.4	3.0	7.3	13.3	0.46	216	5.5	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	1.02 EUR	-7.3	-13.6	-17.7	-36.3	1.41	130.3	157.7	34.0	44.3	68.4	35.4	0.11	870	Neg.	N/A	N/A	Neg.	N/A	N/A	2.4	N/A	N/A	1.1	35.9	
Agroliga	AGL PW	Warsaw	19.20 PLN	-1.2	-10.4	-26.0	+17.1	6.34	9.7	10.7	16.7	1.6	0.3	14.1	0.64	157	2.2	N/A	N/A	3.1	N/A	N/A	0.5	N/A	N/A	0.8	5.7	
Agroton	AGT PW	Warsaw	2.33 PLN	-1.7	-23.6	+19.5	+106.2	0.77	16.7	64.0	26.2	4.4	152.1	483.2	8.73	11	2.5	3.5	2.3	4.5	6.8	4.1	0.7	0.9	0.8	0.1	28.0	
Astarta Holdin...	AST PW	Warsaw	41.00 PLN	-4.7	+10.8	-38.7	-32.8	13.54	338.5	670.4	31.0	105.0	259.7	172.3	0.18	566	5.4	7.7	4.2	7.6	9.2	4.5	1.4	1.7	1.2	0.6	38.9	
Avangard	AVGR LI	London Intl	9.70 USD	-1.1	+10.8	-17.5	+19.8	9.70	619.2	785.6	21.7	134.4	97.4	379.3	0.27	364	2.7	3.1	2.8	2.8	2.9	2.8	1.2	1.1	1.1	0.5	22.3	
IMC	IMC PW	Warsaw	8.11 PLN	+0.2	+2.1	-33.3	-42.1	2.68	83.8	200.1	23.9	20.0	140.5	107.0	0.27	370	4.5	4.5	2.9	5.5	4.8	3.7	2.7	1.4	1.0	0.7	33.0	
Kernel Holding...	KER PW	Warsaw	28.90 PLN	-2.7	+20.4	-24.1	-49.7	9.54	760.4	1,783.7	58.8	446.9	3,111.8	2,560.1	0.63	160	6.8	9.3	4.2	6.1	6.5	4.9	0.6	0.7	0.7	0.6	30.6	
KSG Agro	KSG PW	Warsaw	4.87 PLN	-2.6	-11.1	-55.1	-59.4	1.61	24.2	146.0	34.4	8.3	7.6	17.7	0.27	375	3.0	2.0	2.0	34.6	5.0	4.0	3.9	2.1	1.4	0.3	29.2	
MHP	MHPC LI	London Intl	12.50 USD	-4.1	-1.0	-26.7	-26.9	12.50	1,320.8	2,521.8	22.3	294.8	2,569.0	1,227.9	0.34	293	8.5	5.0	4.1	6.3	5.1	4.6	1.7	1.6	1.4	1.1	46.2	
Milkiland	MLK PW	Warsaw	7.65 PLN	-0.6	+13.3	-38.8	-42.3	2.53	78.9	215.0	20.0	15.8	3.5	14.9	0.05	2,049	4.5	3.8	4.3	6.0	4.9	4.0	0.5	0.5	0.5	0.3	29.9	
Mriya Agrohold...	MAYA GF	Frankfurt	4.90 EUR	+0.0	-9.1	-9.3	+11.1	6.78	719.9	1,451.7	20.0	144.0	0.0	1.8	0.00	47,707	4.1	5.1	8.3	6.3	5.7	5.4	4.2	3.9	3.4	0.8	34.8	
Ovostar Union	OVO PW	Warsaw	69.00 PLN	+0.0	+0.0	-31.0	-24.8	22.78	136.7	148.8	25.0	34.2	1.3	32.6	0.06	1,551	5.8	5.3	3.7	5.3	5.3	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	4.33	40.2	24.2	10.9	4.4	3.7	2.6	0.13	749	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	0.14 EUR	-6.7	-54.8	-55.8	-63.2	0.19	10.0	169.3	13.1	1.3	0.0	0.1	0.02	6,301	Neg.	N/A	N/A	Neg.	N/A	N/A	7.8	N/A	N/A	0.1	44.1	
FINANCIAL SERVICES																												
Forum Bank	FORM UK	Kiev, UX	0.73 UAH	+12.8	+22.0	-3.7	+22.0	0.06	36.3	N/A	5.5	2.0	0.1	1.4	0.06	1,587	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	-0.2	+13.6	+48.5	+76.7	0.01	422.2	N/A	3.8	16.1	130.5	50.4	0.29	348	15.8	6.7	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 15-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	0.16 UAH	-0.7	-8.1	-15.3	+38.3	0.01	240.9	N/A	4.5	10.8	3.5	3.9	0.03	3,176	952.3	175.8	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 declines slightly with fund reallocations

Broader banking sector liquidity rose UAH1.20bn yesterday to UAH46.91bn to new record high of this month, but only due to a significant increase in total local currency debt repayments scheduled for the next 30 days which rose UAH1.64bn to UAH6.00bn. There was a reallocation of funds between banks' correspondent accounts with the NBU and CDs on Monday as banks' correspondent accounts with the NBU declined UAH1.42bn to UAH33.10bn yesterday while total CDs outstanding rose UAH0.99bn to UAH7.81bn. KyivPrime interest rates diverged: the KyivPrime ON interest rate rose 202bp to 5.40% while the KyivPrime 1M interest rate remained steady at 20.00%.

**Investment implications:** *The NBU's changes in regulatory local money market interest rates (see comment above) caused interbank ON interest rates to rise, as reflected in yesterday's indicative interest rates. The slight decline in liquidity could not have had such a significant impact on the KyivPrime ON interest rate to push it up 202bp.*

## Yields increase

Despite positive news on possible financing from the EU and the US (see comment below), Ukrainian Eurobond prices continued to decline yesterday. The yield curve moved to the range of 9.54-13.43%, as UKRAIN 6.875% '15 rose 67bp to 13.43%, UKRAIN 9.25% '17 rose 41bp to 12.29%, UKRAIN 7.95% '21 was up 23bp to 10.61%, while UKRAIN 7.80% '22 and UKRAIN 7.50% '23 rose 10bp and 14bp to 10.00% and 9.54%, respectively.

**Investment implications:** *The market is unlikely to react positively to news on promised financing until Ukraine actually receives the debut tranche from the IMF or other creditors. Any further escalations of the conflict in Eastern Ukraine will continue to push yields higher.*

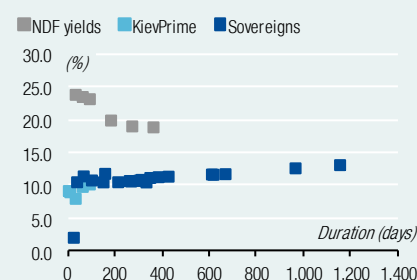
## Primary auction results

The MoF successfully sold only the 3-month bond offering yesterday, which was reopened after last week's successful issuance, while the 9-month local currency and 3-month USD-denominated bonds received no bids. The 77-day maturity bond, which received a single bid for UAH600.0m (par value) at the same 9.95% interest rates as last week's successful bid, was accepted fully and provided the state budget with UAH587.66m of proceeds. The other two bonds received no bids and their offerings were cancelled.

**Investment implications:** *Similar to last week, the MoF refinanced the majority of the debt interest repayments scheduled for the week, of which 80% of the UAH728.42m in scheduled interest repayments was refinanced with yesterday's proceeds. Although the MoF's objective is to hold successful primary auctions and zero-coupon bond offerings to attract market demand, the low interest rate at a high volume in a single bid indicates that this demand was supported by domestic QE, particularly since the current money market interest rate is at least 2x higher.*

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**Yield curve of the local bond market**  
(as of market close on 15 Apr 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

**Bond market indicators (as of 15 Apr 2014)**

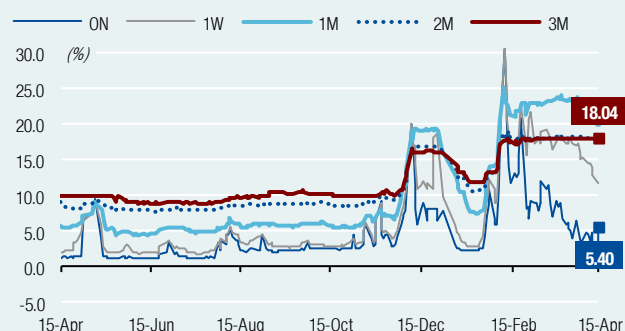
	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
O/n	5.40	+202bp	+90bp	-160bp	-240bp
1wk	11.84	+4bp	-266bp	-464bp	+204bp
1m	20.00	+0bp	-200bp	-338bp	+375bp
2m	18.30	+17bp	-8bp	+17bp	+190bp
3m	18.04	+4bp	-1bp	+4bp	+204bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	33,103	-4.12	+4.06	+9.52	+1.23
CDs <sup>2</sup>	14,615	+114.2	-1.31	+54.10	+861.5
Sovgns <sup>3</sup>	6,110	+0.00	+18.82	+54.79	+308.7
<b>Total</b>	<b>53,829</b>	<b>+13.42</b>	<b>+3.99</b>	<b>+23.30</b>	<b>+50.71</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	170,693	+0.00	+0.00	+0.59	+17.84
Banks	93,519	+1.93	+7.58	+18.97	+16.65
Resid's <sup>4</sup>	10,995	+0.51	-1.78	-1.86	-11.30
Non-res <sup>5</sup>	17,653	+2.77	+10.00	+29.63	+50.90
<b>Total</b>	<b>292,861</b>	<b>+0.79</b>	<b>+2.81</b>	<b>+7.23</b>	<b>+17.56</b>
<b>NDF IMPLIED YIELDS (%)</b>					
3m	41.50	+16bp	+25bp	-14ppt	+29bp
6m	24.69	+448bp	+12bp	-19ppt	+11bp
9m	21.83	+343bp	+721bp	-959bp	+782bp
1yr	21.25	+120bp	+761bp	-626bp	+626bp
<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	+0bp	-89ppt	-89ppt
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	N/A	N/A	N/A	N/A	N/A
Jun '16	12.14	+75bp	+131bp	-233bp	+325bp
Jul '17	12.28	+63bp	+161bp	-200bp	+272bp
Sep '20	10.31	+2bp	+62bp	-119bp	+112bp
Sep '21	10.32	+2bp	+54bp	-115bp	+110bp
Sep '22	10.07	+1bp	+50bp	-79bp	+72bp
Feb '23	9.74	+1bp	+50bp	-75bp	+69bp

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.

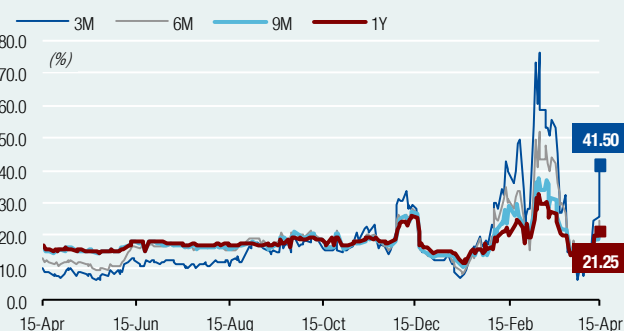
Sources: Bloomberg, Investment Capital Ukraine LLC.

## Chart page: Local bond market & Eurobond markets

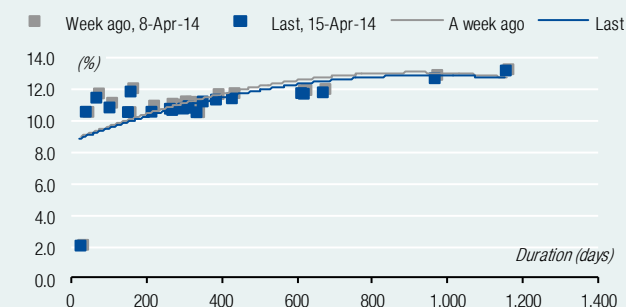
**Chart 1. Kiev Prime rates (%), last 12-month period**



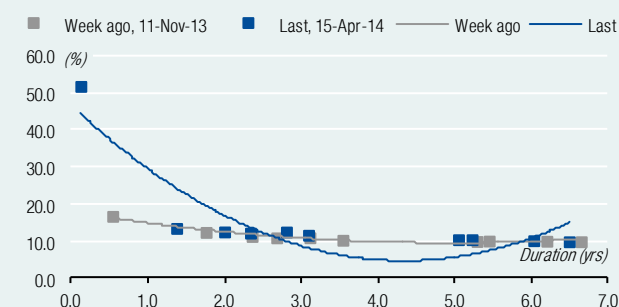
**Chart 2. UAH NDF implied yields (%), last 12-month period**



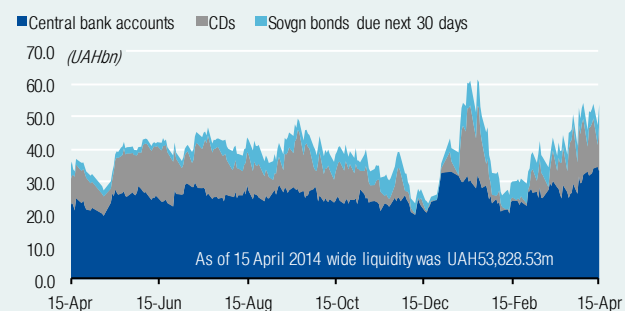
**Chart 3. UAH sovereign yield curve (%) as of 15 Apr 2014**



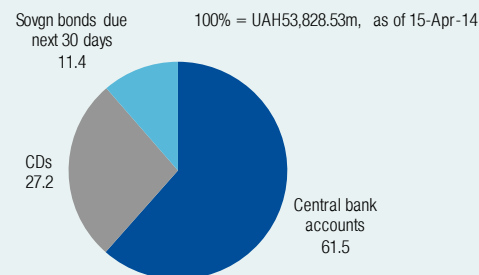
**Chart 4. USD sovereign yield curve (%) as of 15 Apr 2014**



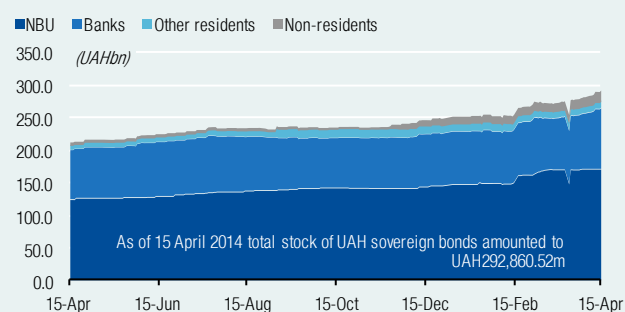
**Chart 5. Banking sector liquidity (UAHbn), last 12-month period**



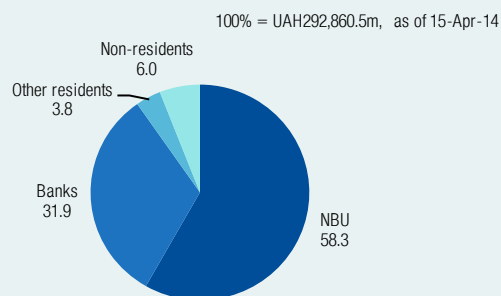
**Chart 6. Breakdown of liquidity pool (%) as of 15 Apr 2014**



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



**Chart 8. Domestic sovereign debt (%) as of 15 Apr 2014**



# FX: News & Comments

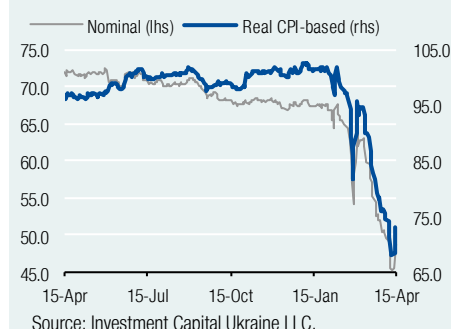
## The UAH recovers further as sentiment improves slightly

Despite Russian special forces plaguing the Donetsk oblast, sentiment for the UAH appears to have recovered significantly as it closed up 6.37% from the previous day to 11.9000/USD on US\$0.32bn of daily turnover. The RUB continued its decline, pushing the UAH's real TWI even higher. We felt that yesterday's improvement in market sentiment could signal a genuine reversal, as authorities announced publicly that official foreign assistance will arrive imminently. The NBU moved to sanction and ban several banks from FX trading in response to their market manipulation. Finally, the UAH's real rate declined a total of 30% YoY, which is very near the devaluation peak seen in 2008 as well as in the end of 1990s. At banks' offices, FX sellers - in front of household customers - requested bank officers to say whether the bank had a enough UAH cash, indicating that some banks, albeit temporarily, were short of UAH cash.

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

### ICU's UAH trade-weighted indices

(Last 12-month history to 16 Apr 2014)



### FX market indicators (as of 15 Apr 2014)

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

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

Spot mkt	11.9000	-6.37	+0.63	+22.68	+44.42
NBU avg	12.3856	-4.56	+5.61	+29.01	+51.96
Ttl vlm <sup>1</sup>	416.96	+23.77	-9.78	-54.46	-85.12
\$ volume <sup>2</sup>	315.75	+31.95	-10.06	-55.83	-85.72
NDF 3M	13.1250	-2.84	+6.73	+18.93	+54.68
NDF 6M	13.3500	-4.47	+6.29	+13.14	+52.05
NDF 1Y	14.3500	-5.44	+7.38	+16.67	+52.34

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

UAH nom'l	48.654	+7.16	+0.03	-18.77	-27.96
UAH real CPI	73.147	+7.16	+0.03	-18.77	-27.64
UAH real PPI	100.609	+7.16	+0.03	-18.77	-27.51
USD nom'l	79.803	+0.24	+0.06	+0.45	-0.29

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

USD/RUB	36.1838	+0.49	+1.42	-1.23	+10.08
EUR/USD	1.3815	-0.17	+0.13	-0.71	+0.52
USD/CNY	6.2210	+0.15	+0.39	+1.16	+2.75
USD/PLN	3.0317	+0.23	+0.34	-0.19	+0.29
USD/TRY	2.1424	+0.81	+2.20	-3.18	-0.27
USD/BYR	9,960.00	+0.40	+0.30	+1.22	+4.40
USD/KZT	182.0500	+0.01	-0.01	-0.37	+18.01

#### OTHER MAJOR CURRENCIES

USD/JPY	101.9200	+0.31	+0.11	+0.55	-3.22
GBP/USD	1.6730	-0.02	-0.10	+0.50	+1.04
USD/CHF	0.8801	+0.27	-0.36	+0.88	-1.43
AUD/USD	0.9362	-0.27	+0.02	+3.70	+4.99
USD/CAD	1.0978	-0.05	+0.50	-1.14	+3.34
USD/BRL	2.2327	+0.84	+1.41	-4.86	-5.48
USD/KRW	1,040.71	+0.18	-1.10	-2.99	-0.87

#### COMMODITIES

Gold(\$/oz)	1,302.64	-1.92	-0.46	-5.81	+8.04
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>	309.24	-0.59	+0.41	+2.10	+10.38

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.

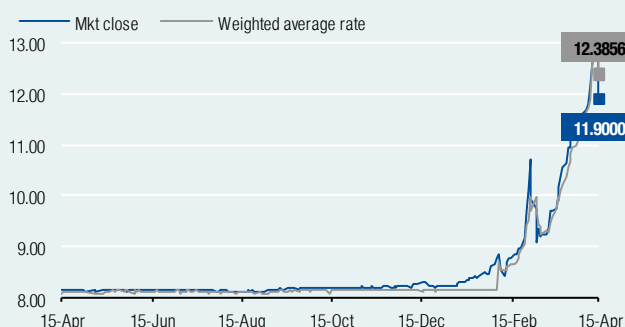
Notes: [1] trading volume in all foreign currencies (US\$m);  
[2] trading volume in the pair USD/UAH (US\$m);  
[3] crude oil price (USD per barrel); [4] the Thomson Reuters/Jefferies CRB Index. A green-/red-shaded box means gain or loss, respectively, of the investment into the asset.  
Currencies are gaining when their exchange rates strengthen versus USD.

Sources: Bloomberg, Investment Capital Ukraine LLC.



## Chart page #1: Foreign-exchange market

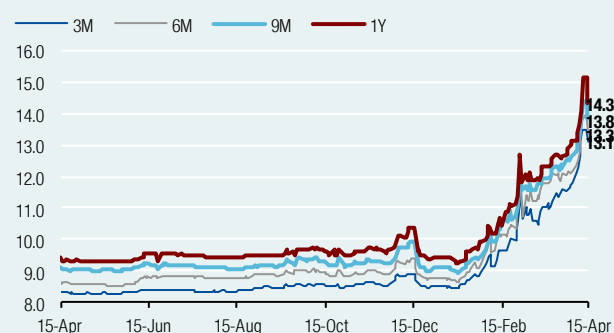
**Chart 9. Spot market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)**



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

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

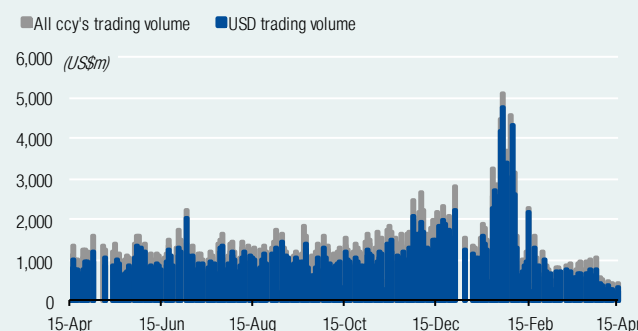
**Chart 10. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)**



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)**



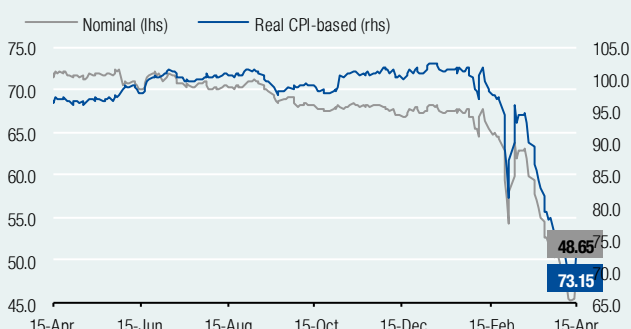
Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

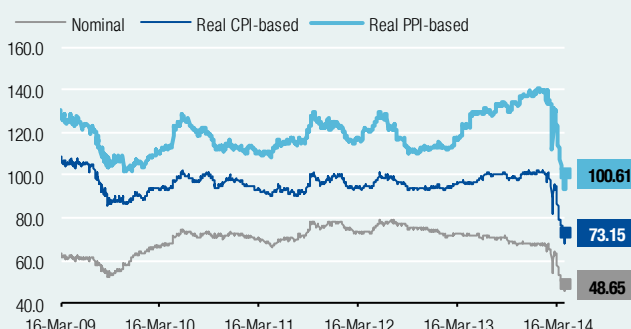
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

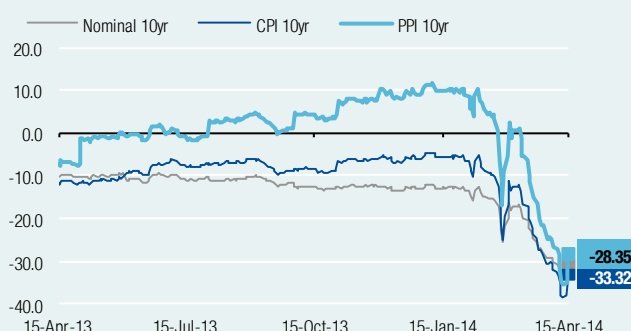


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.



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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