


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Liquidity up; Yield correction; UAH weakens further as real TWI declines

WEDNESDAY, 14 MAY, 2014

RESEARCH INSIGHT

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UX Index (3 months to 14 May 2014)



Key market indicators (as of 13 May 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	11.8400	+0.47	+43.69
USD/UAH (1Y NDF)	14.1000	+0.00	+49.68
EUR/USD	1.3704	-0.39	-0.28
USD/RUB	34.8408	-0.71	+6.00
KievPRIME O/N (%)	5.25	-6bp	-255bp
KievPRIME 1M (%)	18.00	+0bp	+175bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-8,900bp	-8,900bp
Ukraine 17, Eurobond (%)	13.45	-3bp	+390bp
Ukraine 22, Eurobond (%)	10.53	-4bp	+119bp
Ukraine 23, Eurobond (%)	10.18	-4bp	+113bp
Ukraine 5Y CDS	1,153bp	-25bp	+336bp

EQUITIES

Stock market indices

UX (Ukraine)	1,052.63	-3.24	+15.67
MSCI World	417.53	+0.23	+2.20
MSCI EM	1,022.44	+0.65	+1.97
RTS (Russia)	1,254.29	+1.62	-13.06
WIG-20 (Poland)	2,413.23	+0.02	+0.51
S&P 500 (USA)	1,897.45	+0.04	+2.66

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

FXPO LN	1.37	33.0% of total ¹
MHPC LI	1.24	29.9%
KER PW	0.92	22.3%

GAINERS: Top 3 stocks (in listed currency)

JKX LN	GBP 58.00	+6.42	-18.88
MHPC LI	USD 14.69	+3.45	-13.84
YASK UK	UAH 0.63	+3.28	+18.87

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 13-May-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	+1.4	-1.3	-10.8	-34.5	0.16	36.0	-27.0	40.2	14.5	0.0	9.2	0.06	1,737	Neg.	Neg.	Neg.	4.1	8.5	16.9	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	5.90 UAH	-1.1	+2.4	+23.8	+45.5	0.50	184.7	238.5	21.7	40.1	59.5	126.3	0.34	296	4.5	7.4	3.0	0.4	3.3	2.0	0.4	0.3	0.3	0.9	12.2
Coal Energy	CLE PW	Warsaw	1.17 PLN	-0.8	-15.2	+11.4	-73.6	0.38	17.3	111.6	25.0	4.3	16.0	257.4	1.67	60	Neg.	Neg.	4.3	5.0	13.9	3.8	0.9	1.1	1.0	0.2	39.8
Donbasenergo	DOEN UK	Kiev, UX	40.10 UAH	-2.0	-6.5	+45.3	+100.4	3.40	80.3	120.6	14.2	11.4	70.6	39.2	0.42	238	1.8	2.4	2.4	0.5	1.6	1.4	0.3	0.2	0.2	1.4	17.8
JKX Oil & Gas	JKX LN	London	58.00 GBP	+6.4	+1.3	-18.9	-13.4	0.98	167.9	174.3	47.2	79.2	40.8	88.4	0.06	1,605	25.8	12.9	6.0	2.6	2.0	2.0	1.0	0.9	0.8	0.3	5.5
Regal Petroleum	RPT LN	London	8.75 GBP	-4.1	-16.7	-32.7	-62.0	0.15	47.3	20.5	80.9	38.3	5.2	7.0	0.02	6,389	Neg.	N/A	N/A	0.9	N/A	N/A	0.6	N/A	N/A	0.2	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.03 UAH	-1.3	-13.8	-19.6	-28.5	0.00	68.1	1,257.7	3.9	2.6	7.3	10.5	0.39	255	Neg.	N/A	N/A	N/A	N/A	N/A	1.0	N/A	N/A	N/A	64.5
Avdiyivsky Cok...	AVDK UK	Kiev, UX	2.96 UAH	+0.0	-6.7	+0.0	-3.0	0.25	48.9	45.9	4.0	2.0	8.9	15.7	0.82	122	Neg.	1.9	0.8	Neg.	0.6	0.4	0.1	0.1	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.68 UAH	-1.6	-6.5	+1.5	+17.9	0.06	242.2	235.1	4.1	9.9	2.5	11.9	0.09	1,056	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	147.30 GBP	-0.5	-2.8	-20.7	-19.5	2.48	1,461.2	2,122.4	22.4	327.3	1,366.5	3,056.5	0.42	237	5.6	5.9	7.1	4.2	4.6	5.1	1.3	1.4	1.4	0.9	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.63 UAH	+3.3	-8.0	+18.9	+8.6	0.05	14.6	15.8	9.0	1.3	0.5	1.5	0.16	619	Neg.	0.9	0.7	0.1	0.5	0.5	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	32.77 UAH	-0.7	-10.8	+2.4	+1.4	2.78	29.3	24.9	9.4	2.7	0.9	11.8	0.23	437	5.0	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	1.02 EUR	+2.0	-7.3	-17.7	-36.3	1.40	129.2	156.4	34.0	43.9	7.8	40.0	0.11	940	Neg.	N/A	N/A	Neg.	N/A	N/A	2.4	N/A	N/A	1.1	35.9
Agroliga	AGL PW	Warsaw	17.28 PLN	-0.1	-11.1	-33.4	+8.1	5.67	8.7	9.6	16.7	1.5	0.1	12.0	0.27	367	2.0	N/A	N/A	2.8	N/A	N/A	0.4	N/A	N/A	0.7	5.7
Agroton	AGT PW	Warsaw	2.29 PLN	-0.4	-3.4	+17.4	-9.8	0.75	16.3	63.6	26.2	4.3	26.9	470.6	3.19	31	2.4	Neg.	2.3	4.5	6.1	4.0	0.7	0.7	0.8	0.1	28.0
Astarta Holdin...	AST PW	Warsaw	39.38 PLN	+1.5	-8.4	-41.1	-27.1	12.92	322.9	643.2	31.0	100.2	7.6	173.7	0.16	645	9.2	8.3	4.3	8.5	4.7	5.0	1.3	1.3	1.2	0.9	38.2
Avangard	AVGR LI	London Intl	8.79 USD	+0.5	-10.3	-25.2	-1.0	8.79	561.4	792.4	21.7	121.8	214.2	342.7	0.11	919	2.4	2.8	2.5	2.6	2.9	2.8	1.2	1.1	1.1	0.0	17.8
IMC	IMC PW	Warsaw	8.98 PLN	-1.3	+11.0	-26.1	-31.2	2.95	92.2	217.4	23.9	22.0	31.3	116.9	0.20	509	3.5	3.5	2.0	4.0	3.8	3.1	1.9	1.1	0.9	0.6	38.7
Kernel Holding...	KER PW	Warsaw	28.37 PLN	-0.8	-4.5	-25.5	-51.5	9.31	741.5	1,764.7	58.8	435.8	924.3	2,922.0	0.53	187	6.7	11.2	4.3	6.1	6.6	5.0	0.6	0.7	0.7	0.6	30.6
MHP	MHPC LI	London Intl	14.69 USD	+3.5	+12.7	-13.8	-18.4	14.69	1,552.2	1,976.3	22.3	346.5	1,237.6	1,936.5	0.66	153	10.0	5.7	5.1	5.1	4.0	3.7	1.3	1.3	1.1	1.2	19.6
Milkiland	MLK PW	Warsaw	6.15 PLN	-5.1	-20.1	-50.8	-48.8	2.02	63.0	194.4	20.0	12.6	5.1	11.7	0.05	2,114	4.2	7.0	2.3	5.9	3.7	3.4	0.4	0.4	0.4	0.3	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	4.67 EUR	+0.0	-4.7	-13.5	+7.8	6.41	680.6	1,412.5	20.0	136.1	0.0	7.2	0.01	8,202	3.9	4.8	7.8	6.1	5.5	5.2	4.1	3.8	3.3	0.8	34.8
Ovostar Union	OVO PW	Warsaw	66.00 PLN	+3.1	-4.3	-34.0	-23.3	21.65	129.9	138.7	25.0	32.5	0.0	30.0	0.01	10,928	4.2	5.9	5.8	3.8	4.8	4.3	1.5	1.5	1.2	1.0	8.5
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	10.99 PLN	+0.0	-16.1	-65.0	-69.9	3.60	33.5	17.5	10.9	3.7	0.7	2.2	0.01	11,092	2.7	N/A	N/A	1.2	N/A	N/A	0.6	N/A	N/A	0.6	8.3
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.15 EUR	+0.0	-32.3	-53.0	-64.9	0.20	10.6	169.9	13.1	1.4	0.0	0.1	0.02	4,157	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	0.40 UAH	+0.0	-38.4	-47.4	-33.1	0.03	20.1	N/A	5.5	1.1	1.4	0.8	0.08	1,296	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	0.16 UAH	-13.1	-7.3	+37.9	+55.7	0.01	397.5	N/A	3.8	15.2	108.8	56.8	0.45	224	4.6	Neg.	14.2	N/A	N/A	N/A	N/A	N/A	N/A	0.7	28.3
UkrSotsbank	USCB UK	Kiev, UX	0.15 UAH	-4.5	-6.2	-20.0	+24.1	0.01	230.6	N/A	4.5	10.3	1.3	3.7	0.03	3,575	Neg.	N/A	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 13-May-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 up on fund reallocations

After falling for two days, broader banking sector liquidity rose UAH1.77bn yesterday to UAH42.17bn. Total local currency debt repayments scheduled for the next 30 days increased UAH1.90bn to UAH5.55bn after banks' correspondent accounts with the NBU declined UAH1.51bn to UAH28.93bn while total CDs outstanding rose UAH1.38bn to UAH7.68bn.

KyivPrime interest rates slightly diverged: the KyivPrime ON interest rate declined 6bp to 5.25%, while the KyivPrime 1M interest rate remained steady at 18.00%.

Investment implications: Monday's cashflows did not cause liquidity to decline. With no apparent inflows to liquidity, yesterday's increase was the result of new large debt repayments. Although the NBU provided no support on Monday, it could have done so yesterday or today to compensate banks for new government bond purchases (see comment below). On Monday, the NBU absorbed some additional liquidity via ON CD redemptions, as indicated in the decline in their total outstanding reported today.

Yields slightly correct

Following yesterday's correction of yields that increased on Monday, the yield curve moved to the range of 10.18-16.46 yesterday as UKRAIN 6.875% '15 rose 94bp to 16.46%, while UKRAIN 9.25% '17 slid 4bp to 13.45%, UKRAIN 7.95% '21, UKRAIN 7.80% '22 and UKRAIN 7.50% '23 slid 5bp to 10.98%, 10.54% and 10.18%, respectively.

Investment implications: The yield correction was likely the result of news if the new agreements signed with the EU yesterday. While Ukraine appears to be stabilizing, the still ongoing risk of political instability continues to keep yields high.

Primary auction results

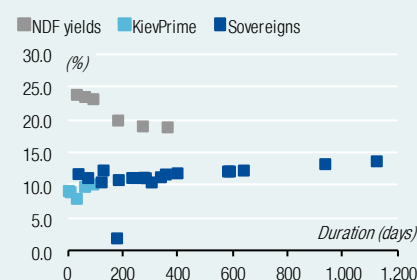
As expected, the MoF sold UAH1.99bn (par value) of the 2-year bonds that were added to the schedule on Monday. Four bids for these bonds were all accepted at 17.00%, which is significantly higher than the 15.00% for 3-year bonds sold last week. Yesterday's interest rate increase could be the result of domestic QE tightening, whereby the MoF raised the cut-off interest rate to incent the banks to purchase these bonds. However, the MoF did reject a sole bid for UAH50.00m (par value) at 18.00%.

Investment implications: Of the UAH1.64bn in principal and interest debt repayments scheduled for today, raised proceeds amounted to UAH2.00bn. The remainder of the received funds will be spent on current budget needs. Next week, the MoF has to repay more than twice the amount scheduled for this week.

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Yield curve of the local bond market

(as of market close on 13 May 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 13 May 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	5.25	-6bp	-25bp	+187bp	-255bp
1wk	10.00	+0bp	+12bp	-275bp	+20bp
1m	18.00	+0bp	-63bp	-300bp	+175bp
2m	18.25	+0bp	+12bp	+12bp	+185bp
3m	18.13	+0bp	+13bp	+13bp	+213bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	28,934	-4.96	-7.56	-15.04	-11.52
CDs ²	6,303	+0.00	-39.22	-59.32	+314.7
Sovgns ³	5,593	+0.00	+40.22	+24.90	+274.1
Total	40,830	-3.56	-10.58	-24.43	+14.31
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	174,811	+0.00	+0.00	+2.41	+20.68
Banks	86,503	+0.04	+1.00	-5.92	+7.90
Resid's ⁴	10,735	+0.03	+2.72	-1.95	-13.40
Non-res ⁵	16,129	+0.08	+1.52	-6.41	+37.87
Total	288,178	+0.02	+0.48	-0.91	+15.68
NDF IMPLIED YIELDS (%)					
3m	20.87	-537bp	-12ppt	-348bp	+872bp
6m	20.74	-274bp	-458bp	+330bp	+734bp
9m	20.25	-242bp	-251bp	+184bp	+623bp
1yr	19.73	-56bp	-233bp	-32bp	+474bp
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	+0bp	+0bp	-89ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	1,153	-25bp	-98bp	+128bp	+336bp
Jun '16	14.49	-2bp	-127bp	+400bp	+560bp
Jul '17	13.45	-3bp	-91bp	+293bp	+390bp
Sep '20	10.92	-4bp	-83bp	+140bp	+173bp
Sep '21	10.98	-4bp	-58bp	+130bp	+176bp
Sep '22	10.53	-4bp	-21bp	+109bp	+119bp
Feb '23	10.18	-4bp	-24bp	+102bp	+113bp

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

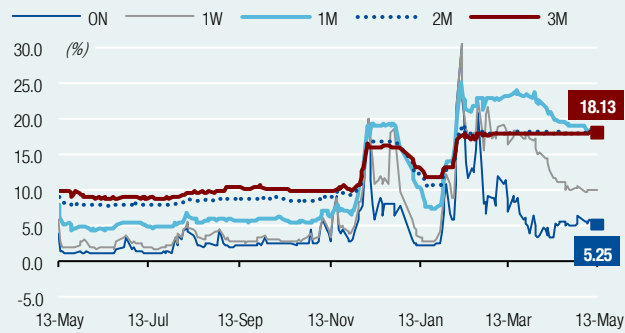


Chart 2. UAH NDF implied yields (%), last 12-month period



Chart 3. UAH sovereign yield curve (%) as of 13 May 2014

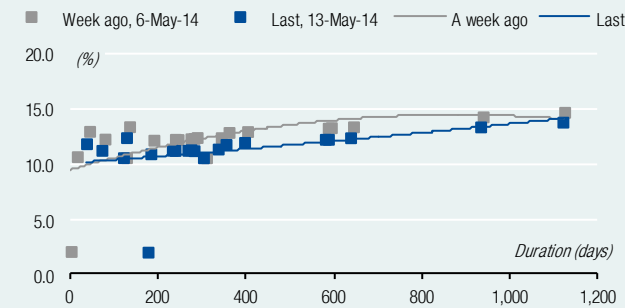


Chart 4. USD sovereign yield curve (%) as of 13 May 2014

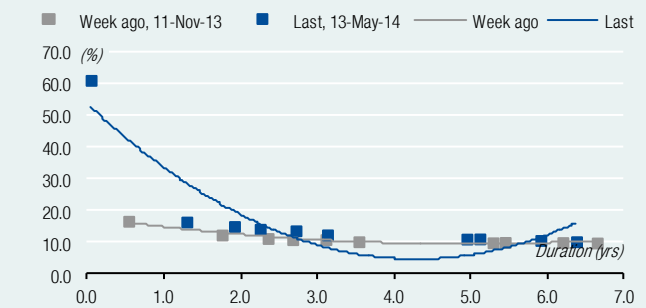


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

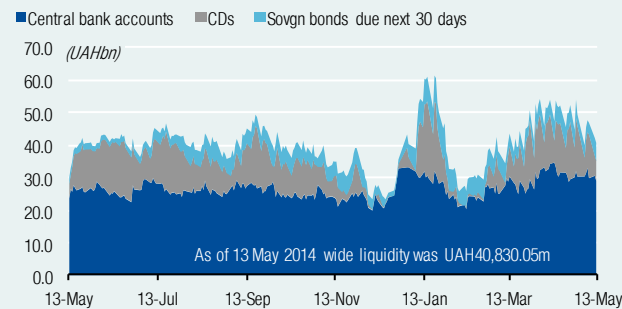


Chart 6. Breakdown of liquidity pool (%) as of 13 May 2014

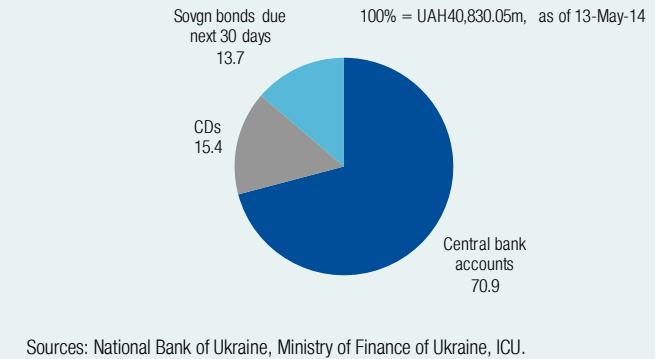


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

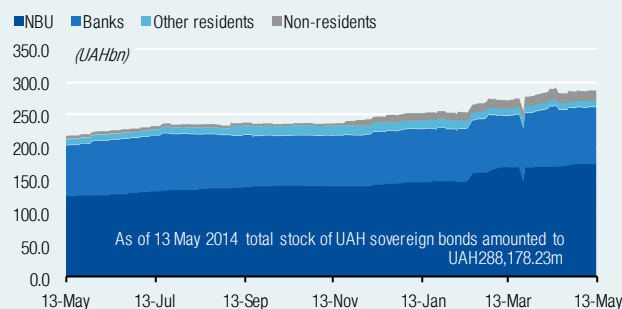
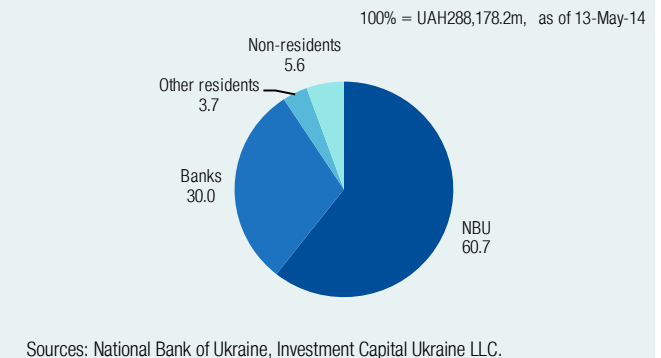


Chart 8. Domestic sovereign debt (%) as of 13 May 2014



FX: News & Comments

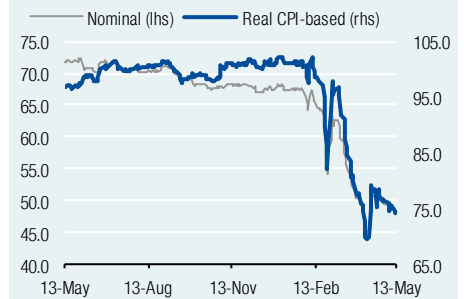
UAH weakens further as real TWI declines on higher global risk appetite

Due to the ongoing military destabilization in eastern urban - namely in Donetsk, Luhansk, and Slovyansk - the UAH declined 0.47% to 11.8400/USD on US\$233.5m in trading, nearly unchanged, from the previous day. Meanwhile, the so-called "day of calm" in Ukraine--to which many market commentators referred to explain the FX market rally in Europe and Russia because of the well-publicized German foreign minister's arrival in Ukraine to foster a national dialog--allowed the RUB to gain 0.71% and close at 34.8408/USD, well below the 35/USD threshold that could have been penetrated as severe Western sanctions receded (for a while). Meanwhile, the EUR fell 0.39% as reports that the German central bank might implement additional monetary easing to counter the risk of deflation. Other Eurozone related currencies like the PLN declined yesterday as well. These developments in the foreign FX markets forced the UAH's real trade-weighted index to decrease 0.62%, making the year-to-date real depreciation of the hryvnia of still sizable 26.62%. Despite reports of relative calm in Ukraine, pro-Kremlin separatists allegedly ambushed Ukraine's army in Donetsk and killed seven soldiers. This proves that Kremlin-fostered and sponsored militarist squads - which the Ukrainian government considers to be terrorists - prefer noise over calm.

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ICU's UAH trade-weighted indices

(Last 12-month history to 14 May 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 13 May 2014)

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

USD/UAH MARKET (HRYVNIA per US DOLLAR)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
Spot mkt	11.8400	+0.47	+0.34	-6.85	+43.69
NBU avg	11.6467	+0.36	+1.54	-7.34	+42.89
Ttl vlm ¹	391.06	+23.32	-0.07	-2.03	-86.04
\$ volume ²	233.50	+0.57	-0.13	-13.91	-89.44
NDF 3M	12.4500	-0.80	-2.54	-7.61	+46.73
NDF 6M	13.0500	-0.76	-1.69	-5.43	+48.63
NDF 1Y	14.1000	+0.00	-1.57	-7.08	+49.68

TRADE-WEIGHTED INDICES (TWIs, points)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
UAH nom'l	48.102	-0.62	-0.42	+6.95	-28.78
UAH real CPI	74.167	-0.62	-0.42	+6.95	-26.62
UAH real PPI	102.737	-0.62	-0.42	+6.95	-25.98
USD nom'l	80.143	+0.30	+1.33	+0.87	+0.13

FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/RUB	34.8408	-0.71	-1.54	-2.25	+6.00
EUR/USD	1.3704	-0.39	-1.61	-1.30	-0.28
USD/CNY	6.2288	-0.13	+0.04	+0.30	+2.88
USD/PLN	3.0531	+0.45	+1.31	+1.42	+1.00
USD/TRY	2.0683	-0.60	-1.02	-2.14	-3.72
USD/BYR	10,050.00	+0.20	+0.35	+1.11	+5.35
USD/KZT	182.0600	+0.01	+0.01	+0.04	+18.01

OTHER MAJOR CURRENCIES

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/JPY	102.2600	+0.13	+0.57	+0.63	-2.90
GBP/USD	1.6826	-0.25	-0.88	+0.56	+1.62
USD/CHF	0.8902	+0.27	+1.82	+1.61	-0.30
AUD/USD	0.9360	-0.02	+0.10	-0.39	+4.97
USD/CAD	1.0904	+0.07	+0.08	-0.69	+2.65
USD/BRL	2.2149	+0.02	-0.65	-0.17	-6.23
USD/KRW	1,022.15	-0.23	-0.27	-1.27	-2.63

COMMODITIES

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
Gold(\$/oz)	1,293.60	-0.17	-1.10	-1.88	+7.29
WTI crude ³	101.70	+1.10	+2.21	-1.97	+3.33
Brent crd ³	108.85	+0.60	+1.54	+2.20	-1.78
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	306.76	+0.41	-0.17	-0.85	+9.49

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>).

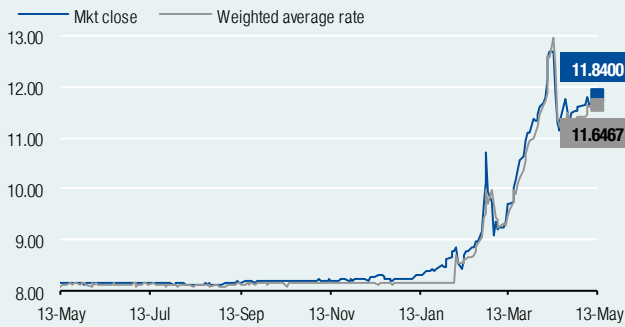
Section on FX market is continued on next page.

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.

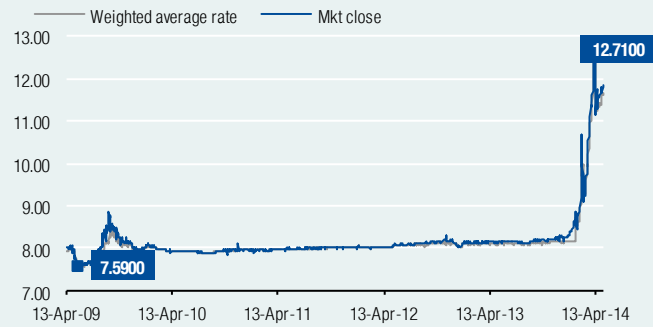
Sources: Bloomberg, Investment Capital Ukraine LLC.

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.

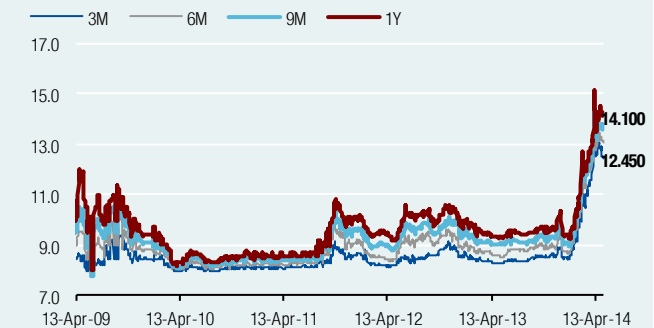


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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.

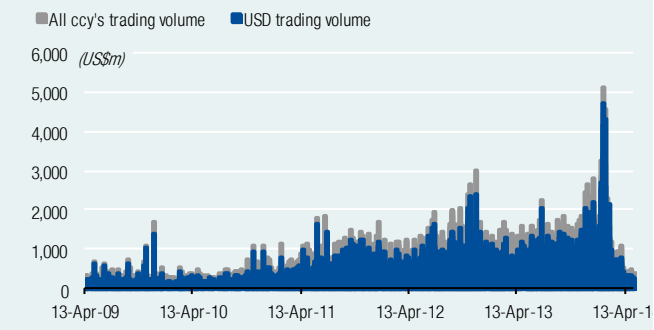


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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)



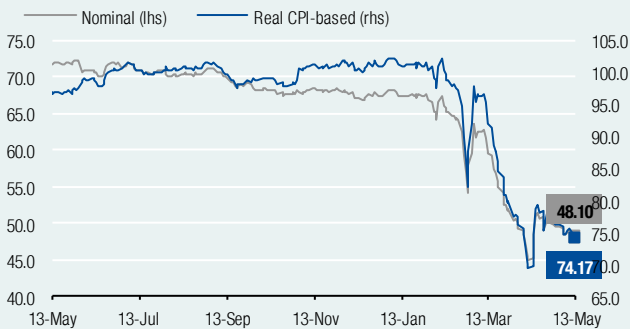
Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

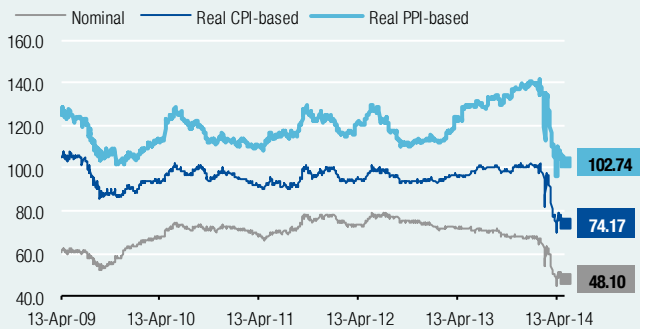
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

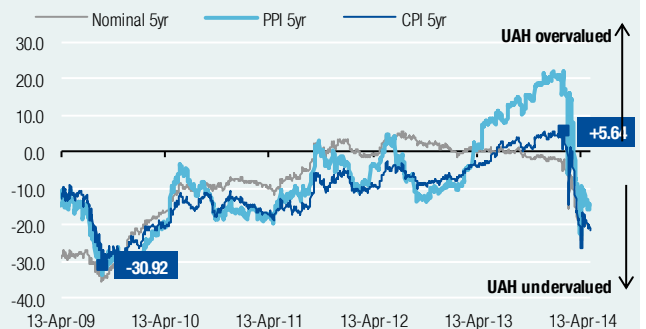


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

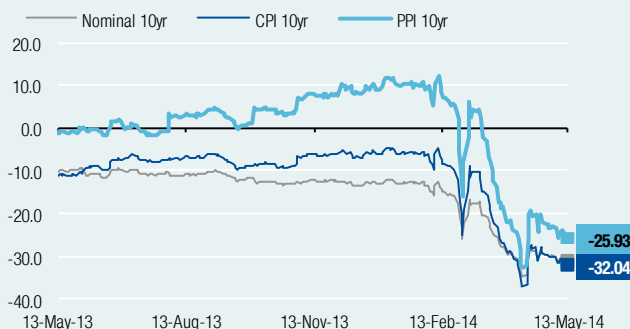


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

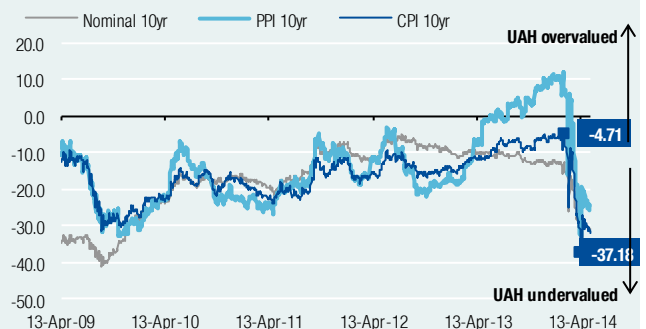


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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



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