


**INVESTMENT CAPITAL UKRAINE**  
 INVESTMENT BANKING

# Daily Insight

Liquidity recovers; Eurobond YTM's decline;  
 Hryvnia continues to trade with low volatility

MONDAY, 14 JULY, 2014

RESEARCH INSIGHT

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### UX Index (3 months to 14 Jul 2014)



### Key market indicators (as of 11 Jul 2014)

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	11.7075	+0.28	+42.08
USD/UAH (1Y NDF)	13.4550	-1.43	+42.83
EUR/USD	1.3608	-0.01	-0.98
USD/RUB	34.2230	+0.70	+4.12
KievPRIME O/N (%)	5.10	-15bp	-270bp
KievPRIME 1M (%)	17.15	-16bp	+90bp

### BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	+349bp	-8,551bp
Ukraine 17, Eurobond (%)	7.90	-16bp	-165bp
Ukraine 22, Eurobond (%)	8.35	+7bp	-100bp
Ukraine 23, Eurobond (%)	8.35	+4bp	-70bp
Ukraine 5Y CDS	754bp	+3bp	-63bp

### EQUITIES

#### Stock market indices

UX (Ukraine)	1,257.79	+0.48	+38.21
MSCI World	427.47	+0.04	+4.63
MSCI EM	1,058.67	-0.35	+5.58
RTS (Russia)	1,383.18	-0.04	-4.13
WIG-20 (Poland)	2,372.05	+1.32	-1.20
S&P 500 (USA)	1,967.57	+0.15	+6.45

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

MHPC LI	5.07	51.4% of total <sup>1</sup>
KER PW	1.50	15.2%
AVGR LI	1.48	15.0%

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

FORM UK	UAH 0.25	+38.89	N/A
OVO PW	PLN 69.98	+4.45	-30.02
RPT LN	GBp 9.25	+4.23	-28.85

#### 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 11-Jul-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	11.13 GBP	+0.0	+17.1	+7.2	-30.5	0.19	44.0	-19.1	40.2	17.7	39.1	11.1	0.07	1,417	Neg.	Neg.	Neg.	2.9	6.0	11.9	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.83 UAH	-1.6	+6.2	+64.1	+59.4	0.67	247.1	301.3	21.7	53.6	189.2	361.5	1.12	90	5.9	5.3	3.7	0.5	4.0	2.3	0.5	0.4	0.3	1.2	12.2
Coal Energy	CLE PW	Warsaw	1.16 PLN	+3.6	-11.5	+10.5	-46.5	0.38	17.1	111.5	25.0	4.3	11.4	38.9	0.45	221	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	39.50 UAH	+1.5	-4.6	+43.2	+54.9	3.38	79.8	120.4	14.2	11.4	18.3	65.2	0.77	129	1.8	1.7	2.2	0.5	1.6	1.3	0.2	0.2	0.2	1.4	17.8
JKX Oil & Gas	JKX LN	London	56.50 GBP	-1.3	-4.8	-21.0	+7.6	0.97	166.0	172.5	47.2	78.4	27.4	40.2	0.05	2,095	25.5	14.7	6.0	2.6	2.1	1.9	1.0	0.9	0.8	0.3	5.5
Regal Petroleum	RPT LN	London	9.25 GBP	+4.2	+5.7	-28.8	-47.9	0.16	50.8	23.9	80.9	41.1	9.7	7.1	0.03	3,840	Neg.	25.4	N/A	1.1	0.9	N/A	0.7	0.5	N/A	0.2	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	140.00 UAH	+2.2	-8.5	+54.9	+72.8	11.97	153.0	130.3	5.0	7.7	2.3	3.0	0.08	1,246	3.1	N/A	N/A	0.9	N/A	N/A	0.1	N/A	N/A	3.5	0.0
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-1.1	-1.9	-4.9	-13.4	0.00	81.3	1,281.1	3.9	3.1	14.4	27.8	1.71	58	Neg.	Neg.	N/A	N/A	Neg.	N/A	1.0	0.7	N/A	N/A	64.5
Avdiyivsky Cok...	AVDK UK	Kiev, UX	3.29 UAH	+1.7	-0.8	+11.3	+1.4	0.28	54.9	51.8	4.0	2.2	6.0	29.6	2.15	46	Neg.	29.9	0.8	Neg.	1.0	0.4	0.1	0.1	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.82 UAH	+2.5	+7.3	+22.4	+30.0	0.07	294.6	287.5	4.1	12.1	14.1	19.1	0.17	596	Neg.	N/A	Neg.	Neg.	N/A	8.0	0.1	N/A	0.1	0.2	0.0
Ferrexpo PLC	FXPO LN	London	140.40 GBP	+0.4	+8.5	-24.5	-5.6	2.40	1,414.3	2,075.6	22.4	316.8	1,365.1	1,757.8	0.69	145	5.4	6.7	8.0	4.1	4.7	5.3	1.3	1.4	1.4	0.9	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.69 UAH	-4.7	-4.2	+30.2	+17.7	0.06	16.1	17.3	9.0	1.5	1.6	7.7	0.59	169	Neg.	1.4	0.7	0.1	0.6	0.5	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	42.35 UAH	-2.4	-3.7	+32.3	+17.3	3.62	38.2	33.7	9.4	3.6	4.2	30.8	1.58	63	6.4	N/A	Neg.	Neg.	N/A	1.0	0.0	N/A	0.0	1.0	0.0
<b>FOOD AND AGRIBUSINESS</b>																											
AgroGeneration	ALAGR FP	EN Paris	0.99 EUR	-2.9	-8.3	-20.2	-36.5	1.35	124.4	151.4	34.0	42.3	1.2	29.6	0.03	3,925	Neg.	N/A	N/A	Neg.	N/A	N/A	2.1	N/A	N/A	1.1	35.9
Agroliga	AGL PW	Warsaw	19.74 PLN	-0.1	+1.2	-23.9	-21.0	6.48	10.0	10.9	16.7	1.7	0.2	3.7	0.11	947	2.3	N/A	N/A	3.1	N/A	N/A	0.5	N/A	N/A	0.8	5.7
Agroton	AGT PW	Warsaw	2.94 PLN	+0.7	+1.4	+50.8	+20.0	0.97	20.9	66.2	26.2	5.5	50.6	162.1	2.73	37	Neg.	3.0	2.6	24.8	7.0	4.1	0.8	0.8	0.8	0.2	28.4
Astarta Holdin...	AST PW	Warsaw	44.29 PLN	+3.5	-5.6	-33.8	-30.0	14.54	363.6	681.2	31.0	112.8	0.3	184.8	0.17	573	10.4	7.9	5.1	9.0	5.1	5.5	1.4	1.4	1.3	1.0	38.2
Avangard	AVGR LI	London Intl	9.37 USD	-1.2	-3.4	-20.3	+9.0	9.37	598.5	829.4	21.7	129.9	1,476.9	208.1	0.26	387	2.5	2.6	2.6	2.8	2.7	2.8	1.3	1.1	1.1	0.0	17.8
IMC	IMC PW	Warsaw	9.50 PLN	+1.1	-6.4	-21.8	-38.2	3.12	97.6	248.6	23.9	23.3	4.5	89.4	0.60	168	3.7	8.9	2.1	4.6	4.3	3.5	2.2	1.3	1.0	0.6	38.7
Kernel Holding...	KER PW	Warsaw	31.00 PLN	+0.0	-8.2	-18.6	-43.0	10.18	811.2	1,717.8	58.8	476.8	1,495.7	3,223.2	0.36	279	7.3	15.7	5.3	5.9	6.6	5.0	0.6	0.7	0.6	0.8	30.6
MHP	MHPC LI	London Intl	15.05 USD	+0.3	+1.0	-11.7	-12.5	15.05	1,590.3	2,751.1	22.3	355.0	5,065.2	1,699.2	0.40	252	10.2	5.9	5.3	7.0	5.7	5.2	1.8	1.8	1.6	2.7	19.6
Milkiland	MLK PW	Warsaw	6.70 PLN	+4.2	-9.0	-46.4	-35.0	2.20	68.8	199.1	20.0	13.8	1.1	10.9	0.04	2,289	4.7	N/A	3.4	6.0	3.8	3.5	0.4	0.4	0.4	0.3	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	4.60 EUR	+0.0	-1.3	-14.8	-0.4	6.26	664.9	1,453.1	20.0	133.0	3.8	15.5	0.01	16,209	7.5	7.6	3.0	8.8	5.4	4.9	2.9	3.4	3.4	0.0	45.3
Ovostar Union	OVO PW	Warsaw	69.98 PLN	+4.4	-1.4	-30.0	-4.1	22.98	137.9	145.5	25.0	34.5	32.9	23.3	0.12	834	4.5	6.9	6.8	3.9	5.5	5.0	1.6	1.7	1.3	1.0	8.5
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Xetra	0.19 EUR	+0.0	-10.7	-39.4	-55.7	0.26	13.5	172.8	13.1	1.8	0.0	0.2	0.01	8,685	Neg.	N/A	N/A	Neg.	N/A	N/A	3.8	N/A	N/A	0.1	44.1
<b>FINANCIAL SERVICES</b>																											
Forum Bank	FORM UK	Kiev, UX	0.25 UAH	+38.9	N/A	N/A	N/A	0.02	12.7	N/A	5.5	0.7	0.1	N/A	N/A	N/A	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.15 UAH	+0.1	-3.7	+33.9	+53.5	0.01	389.5	N/A	3.8	14.9	19.6	163.9	2.20	45	4.5	Neg.	12.8	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.17 UAH	+0.5	-0.7	-9.8	+23.2	0.01	262.3	N/A	4.5	11.8	1.1	13.4	0.23	436	Neg.	14.3	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 11-Jul-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 recovers due to domestic QE

Broader banking sector liquidity rose UAH0.48bn to UAH44.10bn last Friday after the NBU purchased UAH2.00bn of bonds under domestic QE, most likely through banks at the primary bond market. As the result, banks' correspondent accounts with the NBU rose UAH0.63bn to UAH29.81bn while total CDs outstanding slid UAH0.15bn to UAH10.79bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH3.51bn.

KyivPrime interest rates slightly declined last Friday: the KyivPrime ON interest rate slid 15bp to 5.10% and the KyivPrime 1M interest rate declined 16bp to 17.15%.

**Investment implications: The NBU supported demand at the primary auction last Wednesday. However, this inflow only covered outflows from the banking system and only a small portion of the funds increased liquidity indicators, as was published last Friday.**

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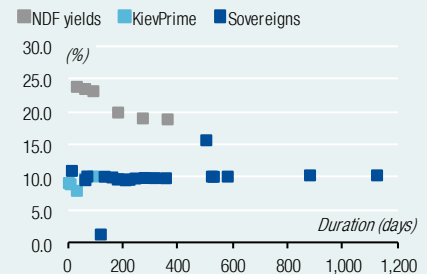
## Eurobond YTM's decline on a rating outlook revision

S&P revised Ukraine's credit rating outlook last Friday on an improved evaluation of Ukrainian risks, increasing its outlook from "negative" to "stable". S&P positively evaluated the new standby program with the IMF in which Ukraine will receive FX to fulfill all debt repayments over the next 12 months. However, S&P still acknowledges large risks from the situation in eastern Ukraine and ongoing problems with Russia. The initial reaction to this revision had a positive impact on the market causing yields to decline and spreads to tighten slightly. Also, the decline of YTM's of US Treasuries to 1.64% on 5-year bonds and to 2.52% on 10-year bonds also had a positive impact. At the close, the yield curve adjusted to the range of 7.65-8.45%. UKRAIN 6.875% '15 declined 20bp to 7.65%, UKRAIN 9.25% '17 declined 26bp to 7.65%, UKRAIN 7.95% '21 slid 8bp to 8.45%, UKRAIN 7.80% '22 slid 5bp to 8.31% while UKRAIN 7.50% '23 declined 14bp to 8.21%. The 5-year CDS rose to 754bp.

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### Yield curve of the local bond market

(as of market close on 11 Jul 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

### Bond market indicators (as of 11 Jul 2014)

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

#### MONEY MARKET KIEV PRIME RATES (%)

0/n	5.10	-15bp	-40bp	+0bp	-270bp
1wk	6.85	-39bp	-159bp	-117bp	-295bp
1m	17.15	-16bp	-15bp	+15bp	+90bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp

#### LIQUIDITY WIDE MEASUREMENT (UAHm)

CB acc's <sup>1</sup>	29,807	+2.16	-4.29	+1.20	-8.85
CDs <sup>2</sup>	10,789	-1.35	+4.56	+57.09	+1,430.4
Sovgns <sup>3</sup>	3,521	+0.00	-14.29	-19.40	+135.5
<b>Total</b>	<b>44,117</b>	<b>+1.10</b>	<b>-3.19</b>	<b>+8.42</b>	<b>+26.40</b>

#### HOLDERS OF UAH SOVEREIGN BONDS (UAHm)

C.bank	189,801	+1.07	+1.06	+1.35	+31.03
Banks	83,120	+0.11	-0.79	-1.75	+3.68
Resid's <sup>4</sup>	13,787	+0.44	+30.12	+23.39	+11.21
Non-res <sup>5</sup>	16,226	+0.27	-1.06	+0.34	+38.70
<b>Total</b>	<b>302,934</b>	<b>+0.73</b>	<b>+1.46</b>	<b>+1.24</b>	<b>+21.60</b>

#### NDF IMPLIED YIELDS (%)

3m	9.19	-114bp	-338bp	-11ppt	-296bp
6m	13.91	-51bp	-278bp	-470bp	+51bp
9m	14.66	-41bp	-203bp	-338bp	+65bp
1yr	15.56	-200bp	-130bp	-236bp	+57bp

#### LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)

Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+320bp	+0bp	+0bp	-676bp
Aug '15 <sup>6</sup>	N/A	+349bp	+349bp	+349bp	-86ppt

#### EUROBONDS USD SOVEREIGN BOND YIELDS (%)

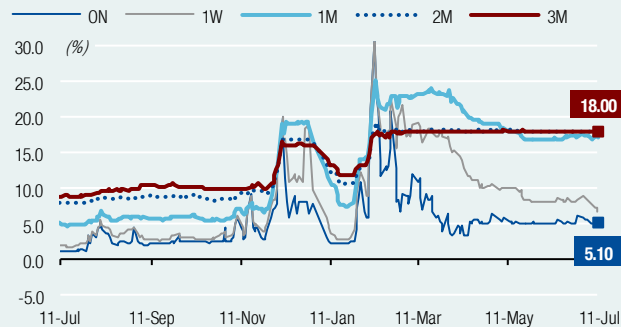
CDS 5yr	754	+3bp	-22bp	-5bp	-63bp
Jun '16	7.72	-1bp	-45bp	-33bp	-117bp
Jul '17	7.90	-16bp	-77bp	-86bp	-165bp
Sep '20	8.38	+4bp	-27bp	+6bp	-82bp
Sep '21	8.52	+9bp	-23bp	+21bp	-70bp
Sep '22	8.35	+7bp	-26bp	-35bp	-100bp
Feb '23	8.35	+4bp	-11bp	-17bp	-70bp

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.

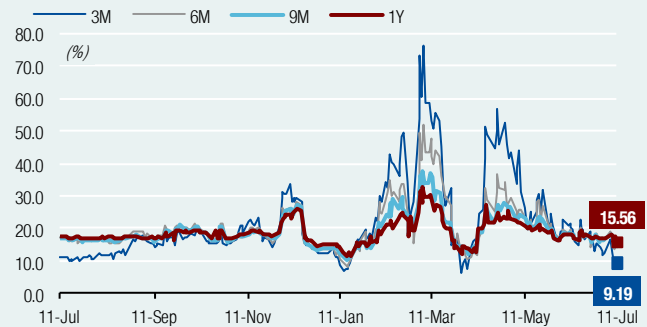
Chart page: Local bond market & Eurobond markets

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



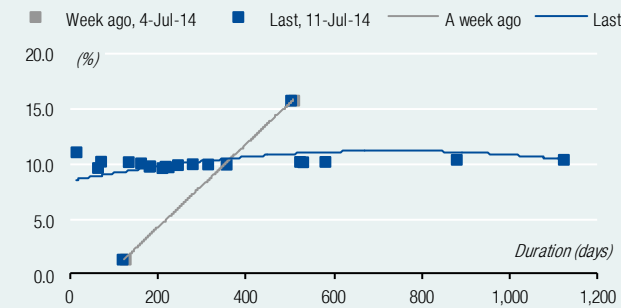
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



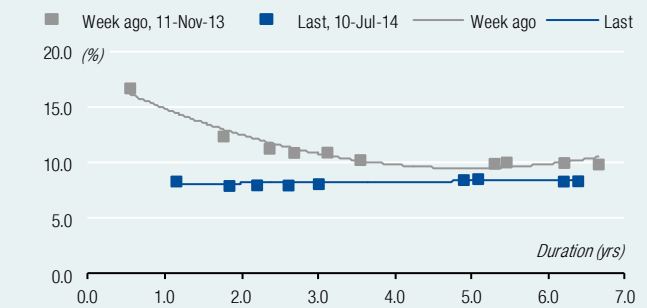
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



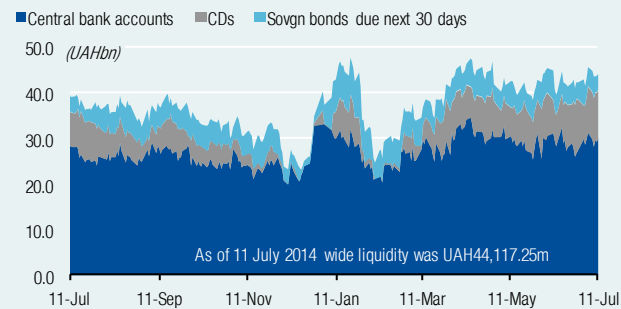
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



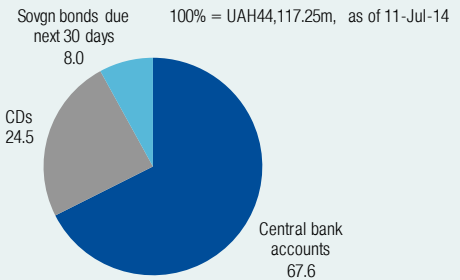
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



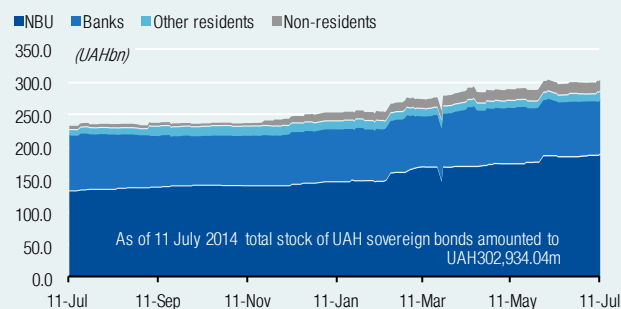
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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



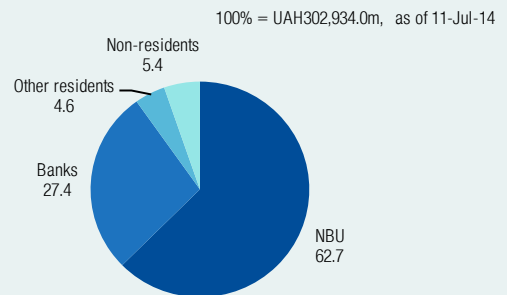
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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



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

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



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

# FX: News & Comments

## Hryvnia continues to trade with low volatility

The hryvnia on Friday closed at 11.7075/USD, down 0.28% from the previous day, on US\$253.20m in turnover, which is 100.24% of the average daily trading volume of foreign goods (imports plus exports).

In 2010-13, this ratio was inflated from 100% to 650% (see Chart 12 on p.7) as economic policymaking under ex-president Yanukovich was severely manipulated and, hence, this ratio was largely misleading. In 2008, prior to the financial crisis, it was in the 90-100% range. This suggests that FX market trading activity is now trading at a normal, pre-crisis level.

The hryvnia's nominal rate has increased marginally over the past few days, up 0.07% over the week and down 0.35% over the past month. It remained relatively flat in May. This flat-lining of the UAH's FX rate is a concern because authorities have reverted to a pegged currency regime despite public statements of a long-term transition to targeting inflation. Last Friday, the hryvnia's real trade-weighted value moved down. However, over past 2.5 months the PPI-based real TWI appreciated by 16.2% as domestic inflation rose faster than that of its main trade partners. If rising inflation persists, we will become increasingly concerned about the hryvnia's nominal FX rate over the next 6-12 months.

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### ICU's UAH trade-weighted indices

(Last 12-month history to 14 Jul 2014)



### FX market indicators (as of 11 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	11.7075	+0.28	-0.36	+0.19	+42.08
NBU avg	11.6938	-0.02	-1.13	+0.54	+43.47
TtI vlm <sup>1</sup>	352.14	-20.72	+47.84	-22.22	-87.43
\$ volume <sup>2</sup>	253.20	-23.36	+79.28	-22.56	-88.55
NDF 3M	11.9700	+0.00	-0.87	-2.37	+41.07
NDF 6M	12.5050	+0.04	+0.04	-1.96	+42.43
NDF 1Y	13.4550	-1.43	-2.18	-1.82	+42.83
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	48.761	-0.06	+0.07	-0.35	-27.80
UAH real CPI	81.247	-0.06	+0.07	-0.35	-19.61
UAH real PPI	119.487	-0.06	+0.07	-0.35	-13.91
USD nom'l	80.187	+0.07	-0.10	-0.74	+0.19
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	34.2230	+0.70	-0.71	-0.45	+4.12
EUR/USD	1.3608	-0.01	+0.10	+0.56	-0.98
USD/CNY	6.2037	+0.03	-0.02	-0.39	+2.47
USD/PLN	3.0433	-0.02	-0.28	+0.27	+0.67
USD/TRY	2.1176	-0.31	-0.74	+0.05	-1.42
USD/BYR	10,245.00	+0.00	+0.24	+0.64	+7.39
USD/KZT	183.5200	+0.00	-0.01	-0.01	+18.96
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	101.3000	-0.04	-0.74	-0.75	-3.81
GBP/USD	1.7116	-0.09	-0.26	+1.95	+3.38
USD/CHF	0.8922	-0.01	-0.21	-0.86	-0.08
AUD/USD	0.9392	-0.03	+0.29	+0.10	+5.33
USD/CAD	1.0734	+0.79	+0.76	-1.23	+1.04
USD/BRL	2.2210	+0.02	+0.33	-0.57	-5.97
USD/KRW	1,018.92	+0.54	+1.00	+0.31	-2.94
<b>COMMODITIES</b>					
Gold(\$/oz)	1,338.62	+0.21	+1.37	+6.15	+11.03
WTI crude <sup>3</sup>	100.83	-2.04	+0.00	-3.42	+2.45
Brent crd <sup>3</sup>	105.83	-1.74	-3.48	-4.17	-4.50
Urals crd <sup>3</sup>	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB <sup>4</sup>	297.07	-0.88	-3.15	-2.67	+6.03

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.

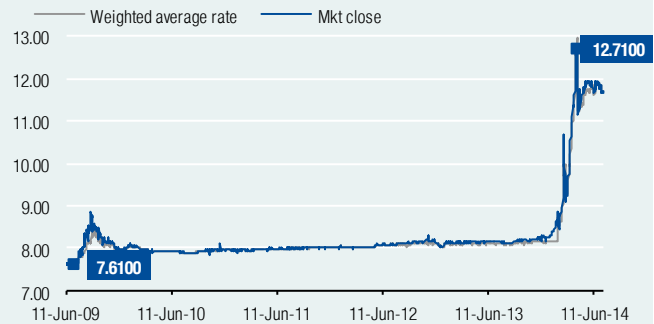
Sources: Bloomberg, Investment Capital Ukraine LLC.

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.

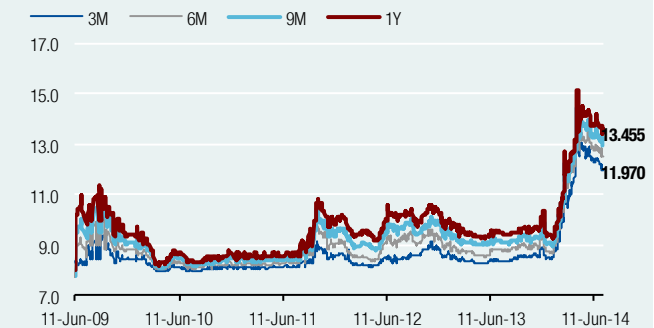


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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.

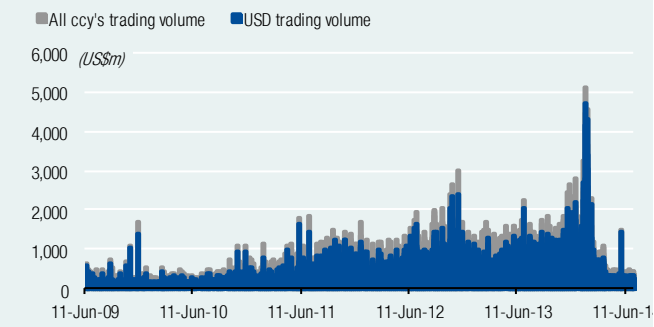


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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)



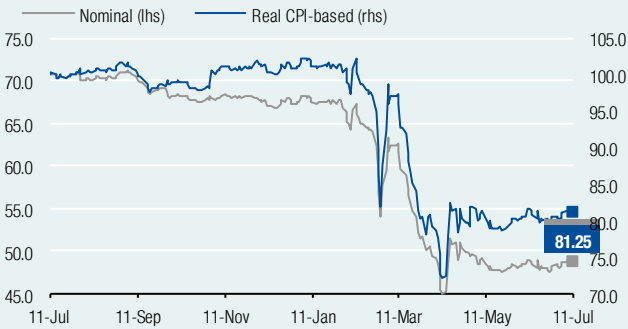
Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

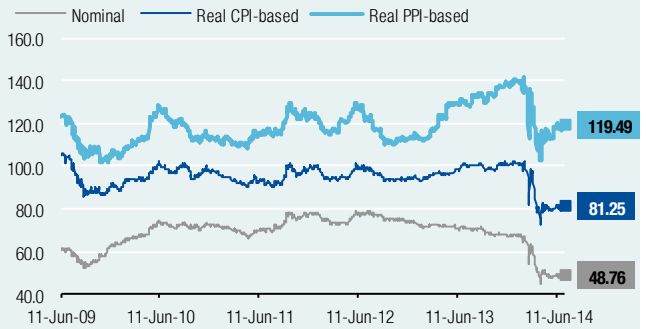
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

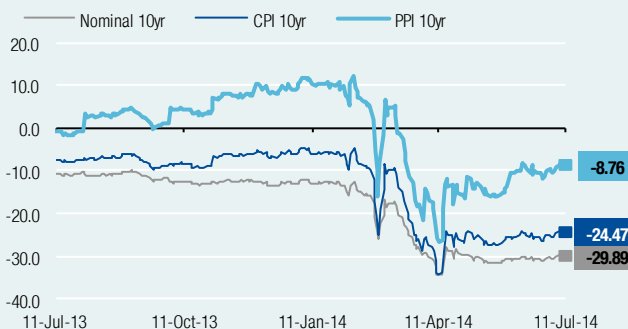


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.



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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