


**INVESTMENT CAPITAL UKRAINE**  
 INVESTMENT BANKING

# Daily Insight

 Ukraine - Russia stalemate takes an acute turn;  
 Liquidity up; YTM's increase; NBU buys USD

MONDAY, 21 JULY, 2014

RESEARCH INSIGHT

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### UX Index (3 months to 21 Jul 2014)



### Key market indicators (as of 18 Jul 2014)

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	11.6400	-0.64	+41.26
USD/UAH (1Y NDF)	13.5450	+0.00	+43.79
EUR/USD	1.3524	-0.01	-1.59
USD/RUB	35.1343	-0.10	+6.89
KievPRIME O/N (%)	8.02	+0bp	+22bp
KievPRIME 1M (%)	16.25	-13bp	+0bp

### BONDS: yields and spreads

Ukraine VAT bond (%)	15.73	+18bp	-8,573bp
Ukraine 17, Eurobond (%)	8.39	+18bp	-117bp
Ukraine 22, Eurobond (%)	8.57	+17bp	-77bp
Ukraine 23, Eurobond (%)	8.51	+17bp	-53bp
Ukraine 5Y CDS	778bp	-38bp	-38bp

### EQUITIES

#### Stock market indices

UX (Ukraine)	1,228.18	+0.32	+34.96
MSCI World	429.49	+0.48	+5.13
MSCI EM	1,063.26	+0.06	+6.04
RTS (Russia)	1,276.28	-1.75	-11.54
WIG-20 (Poland)	2,393.95	-0.38	-0.29
S&P 500 (USA)	1,978.22	+1.03	+7.03

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

KER PW	2.63	29.2% of total <sup>1</sup>
FXPO LN	2.53	28.1%
MHPC LI	1.94	21.5%

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

USCB UK	UAH 0.17	+2.13	-10.35
AGT PW	PLN 2.82	+1.81	+44.62
CEEN UK	UAH 7.76	+1.64	+62.75

#### 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 stalemate takes an acute turn

After the tragic loss of 298 civilian passengers on Malaysian Airlines MH17 on July 17, the Ukraine-Russia stalemate has taken an acute turn. Ukrainian officials accumulate solid evidence, including recordings of intercepted mobile phone conversations between pro-Kremlin vigilantes deemed responsible for shooting down of the plane with a surface-to-air missile. Repeating the Kremlin's official rhetoric denying any involvement over the past four days since the crash, the militants have plundered the downed airliner itself and the personal belongings of the dead passengers. The black box is believed is in the hands of pro-Kremlin militiamen who appear to act in accordance with instructions received from Moscow. It may turn out that they would just delay the investigation process by creating obstacles. The West's rhetoric hardened over the weekend that Putin, who is widely believed outside of Russia, is ultimately responsible, while native Russians have been swayed to believe that Ukraine is responsible. As to who is to blame, the Kremlin will most likely seek to influence the evidence so that it will be difficult to determine the shooter. Putin is expected to continue this game of obfuscation, further destabilizing Ukraine's east and south. More sanctions on Kremlin from the West are expected to unfold while full fledged "sector sanctions" are still diverted by the group of soft viewpoint countries like Germany, Italy and France. Hence, Ukraine's recession this year and possibly next year should be deeper than previously expected.

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Table 1. Ukrainian stocks (closing prices as of 18-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	-28.2	0.19	43.9	-19.1	40.2	17.7	18.2	10.5	0.07	1,491	Neg.	Neg.	Neg.	2.9	N/A	N/A	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.76 UAH	+1.6	+6.5	+62.8	+61.2	0.67	246.3	300.8	21.7	53.5	808.6	407.7	1.19	84	5.9	5.2	3.7	0.5	4.0	2.3	0.5	0.4	0.3	1.2	12.2
Coal Energy	CLE PW	Warsaw	1.08 PLN	-0.9	-19.4	+2.9	-45.2	0.35	15.9	110.2	25.0	4.0	8.2	33.2	0.46	216	Neg.	Neg.	4.0	4.9	13.8	3.8	0.9	1.1	1.0	0.2	39.8
Donbasenergo	DOEN UK	Kiev, UX	37.73 UAH	-0.7	-5.1	+36.8	+61.3	3.24	76.6	117.5	14.2	10.9	126.1	67.4	0.77	129	1.7	1.6	2.1	0.5	1.6	1.3	0.2	0.2	0.2	1.4	17.8
JKX Oil & Gas	JKX LN	London	51.75 GBP	-1.9	-12.7	-27.6	-2.4	0.88	151.9	158.4	47.2	71.7	55.5	36.1	0.06	1,707	23.4	13.4	5.5	2.4	2.0	1.8	0.9	0.8	0.7	0.3	5.5
Regal Petroleum	RPT LN	London	9.13 GBP	+0.0	+17.7	-29.8	-39.2	0.16	50.0	23.2	80.9	40.5	0.0	7.1	0.01	7,714	Neg.	25.0	N/A	1.0	0.9	N/A	0.6	0.5	N/A	0.2	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	128.00 UAH	+0.0	-12.9	+41.6	+57.4	11.00	140.7	117.7	5.0	7.0	11.1	3.0	0.06	1,774	2.8	N/A	N/A	0.8	N/A	N/A	0.1	N/A	N/A	3.2	0.0
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+0.0	-2.4	-8.5	-15.9	0.00	78.6	1,284.6	3.9	3.0	43.4	30.5	1.76	57	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	3.12 UAH	-0.9	-4.4	+5.4	-2.8	0.27	52.3	49.2	4.0	2.1	36.8	28.6	1.64	61	Neg.	28.3	0.8	Neg.	0.9	0.4	0.1	0.1	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.80 UAH	+0.1	+3.9	+19.0	+26.5	0.07	287.9	280.7	4.1	11.8	7.9	17.6	0.11	893	Neg.	N/A	Neg.	Neg.	N/A	7.8	0.1	N/A	0.1	0.2	0.0
Ferrexpo PLC	FXPO LN	London	135.50 GBP	-1.7	+11.2	-27.1	-15.5	2.32	1,363.4	2,024.6	22.4	305.4	2,525.8	1,651.0	0.63	160	5.2	6.5	7.7	4.0	4.6	5.2	1.3	1.4	1.4	0.8	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.66 UAH	-2.9	-19.0	+24.5	+14.0	0.06	15.5	16.7	9.0	1.4	12.6	7.2	0.47	211	Neg.	1.3	0.7	0.1	0.6	0.4	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	40.40 UAH	-2.9	-9.2	+26.2	+15.1	3.47	36.6	32.2	9.4	3.4	36.2	33.3	1.50	67	6.1	N/A	Neg.	Neg.	N/A	0.9	0.0	N/A	0.0	1.0	0.0
<b>FOOD AND AGRIBUSINESS</b>																											
AgroGeneration	ALAGR FP	EN Paris	1.01 EUR	-1.9	-5.6	-18.5	-33.6	1.37	126.3	153.1	34.0	42.9	6.6	25.4	0.02	4,812	Neg.	N/A	N/A	Neg.	N/A	N/A	2.1	N/A	N/A	1.1	35.9
Agroliga	AGL PW	Warsaw	19.07 PLN	-0.9	-3.6	-26.5	-20.5	6.22	9.6	10.5	16.7	1.6	5.6	3.5	0.06	1,595	2.2	N/A	N/A	3.0	N/A	N/A	0.5	N/A	N/A	0.8	5.7
Agroton	AGT PW	Warsaw	2.82 PLN	+1.8	+0.7	+44.6	+73.0	0.92	19.9	65.2	26.2	5.2	208.3	147.0	2.87	35	Neg.	2.8	2.5	24.4	6.9	4.1	0.8	0.8	0.8	0.2	28.4
Astarta Holdin...	AST PW	Warsaw	40.01 PLN	-3.8	-12.0	-40.2	-40.5	13.06	326.5	642.5	31.0	101.3	77.2	157.0	0.19	537	9.4	7.1	4.6	8.5	4.9	5.2	1.3	1.3	1.2	0.9	38.2
Avangard	AVGR LI	London Intl	9.55 USD	+0.5	+5.3	-18.7	+15.6	9.55	610.0	840.9	21.7	132.4	16.7	206.2	0.21	468	2.6	2.7	2.6	2.8	2.8	1.3	1.1	1.1	1.0	0.0	17.8
IMC	IMC PW	Warsaw	8.72 PLN	-1.0	-14.5	-28.2	-44.5	2.85	89.1	240.0	23.9	21.3	5.6	76.5	0.59	169	3.4	8.1	1.9	4.4	4.1	3.4	2.1	1.2	1.0	0.6	38.7
Kernel Holding...	KER PW	Warsaw	30.00 PLN	-0.3	-10.9	-21.2	-43.9	9.79	780.2	1,686.9	58.8	458.6	2,633.1	3,003.7	0.36	277	7.0	15.1	5.1	5.8	6.5	4.9	0.6	0.7	0.6	0.7	30.6
MHP	MHPC LI	London Intl	14.85 USD	-2.0	+2.4	-12.9	-16.1	14.85	1,569.2	2,730.0	22.3	350.2	1,937.8	1,701.6	0.48	208	10.1	5.8	5.2	7.0	5.6	5.2	1.8	1.8	1.6	2.7	47.0
Milkiland	MLK PW	Warsaw	5.79 PLN	-3.5	-14.9	-53.7	-49.7	1.89	59.1	188.8	20.0	11.8	5.4	9.7	0.05	1,838	4.0	N/A	3.0	5.7	3.6	3.3	0.4	0.4	0.4	0.3	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	4.40 EUR	+0.0	+0.2	-18.5	-4.7	5.96	632.9	1,421.1	20.0	126.6	0.0	14.8	0.01	18,797	7.2	7.3	2.8	8.6	5.2	4.8	2.8	3.4	3.3	0.0	45.3
Ovostar Union	OVO PW	Warsaw	69.00 PLN	-1.4	-4.0	-31.0	-2.8	22.52	135.1	142.7	25.0	33.8	6.9	28.4	0.15	670	4.4	6.6	6.3	3.9	4.8	4.2	1.6	1.7	1.3	1.0	8.5
<b>TRANSPORTATION</b>																											
KDM Shipping	KDM PW	Warsaw	9.50 PLN	+0.0	-4.5	-69.7	-71.9	3.10	28.8	12.3	10.9	3.1	0.7	0.5	0.00	27,739	4.3	N/A	N/A	1.1	N/A	N/A	0.4	N/A	N/A	0.4	5.6
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Xetra	0.19 EUR	+0.0	-11.2	-39.7	-50.5	0.26	13.4	172.7	13.1	1.8	0.0	0.2	0.01	8,639	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	0.22 UAH	+0.0	N/A	N/A	N/A	0.02	11.2	N/A	5.5	0.6	0.0	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	+0.4	-5.7	+27.8	+46.7	0.01	373.4	N/A	3.8	14.3	392.6	186.4	2.42	41	4.3	Neg.	12.2	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
UkrSotsbank	USCB UK	Kiev, UX	0.17 UAH	+2.1	+0.7	-10.3	+23.2	0.01	262.0	N/A	4.5	11.7	16.6	14.3	0.20	502	Neg.	14.2	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 18-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 increases significantly

Banks' correspondent accounts with the NBU rose UAH3.63bn to UAH32.58bn, the new high of this month, while total CDs outstanding rose UAH1.20bn to UAH12.28bn, this year's new high. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH3.38bn. As a result, broader banking sector liquidity rose UAH4.83bn to UAH48.24bn, the new record high since the beginning of 2012.

KyivPrime interest rates significantly diverged last Friday: the KyivPrime ON interest rate remained steady at 8.02% while the KyivPrime 1M interest rate slid 13bp to 16.25%.

**Investment implications: The NBU significantly supported banks with liquidity last Wednesday when it issued UAH5.24bn of 3-month loans to 21 banks. As these funds likely were not received the same day, they were included in banks' accounts last Thursday, causing liquidity to increase to the new high three year high.**

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## YTM continue to increase

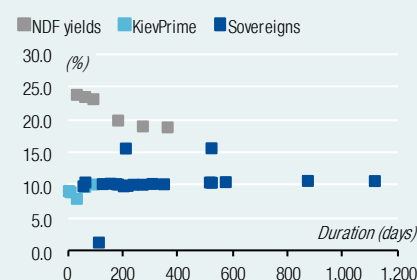
Ukrainian Eurobond prices continued to move down slightly, causing YTM to rise once more. On the one hand, we saw new increases in YTM of US Treasuries, as the YTM of 5-year and 10-year bonds rose 5bp and 4bp to 1.67% and 2.48%, respectively. At the same time, spreads widened mostly on the short-term end of the yield curve, while at the long-term end spreads remained steady. As a result, at the close, the yield curve adjusted to the range of 8.41-9.17%, as UKRAIN 6.875% '15 rose 118bp to 9.17%, UKRAIN 6.58% '16 was up 56bp to 8.88%, UKRAIN 6.75% '17 rose 39bp to 8.69%, while UKRAIN 9.25% '17, UKRAIN 7.95% '21, UKRAIN 7.80% '22 and UKRAIN 7.50% '23 rose 4bp to 8.41%, 8.76%, 8.58% and 8.51%, respectively. The 5-year CDS declined to 778bp.

**Investment implications: YTM rose last Friday on negative news from Ukraine, and mostly on the lack of any positive news. At the same time, CDS declined, and this week could start with a slight tightening of spreads and decline in yields.**

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### Yield curve of the local bond market

(as of market close on 18 Jul 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

### Bond market indicators (as of 18 Jul 2014)

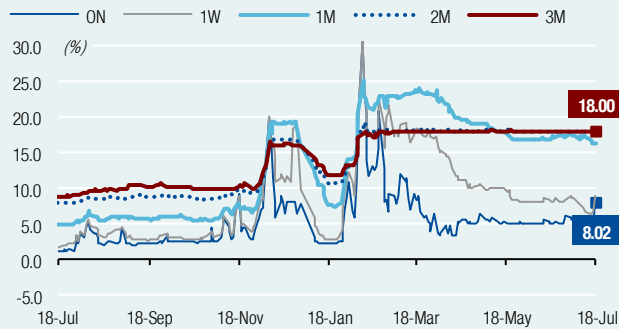
	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
0/n	8.02	+0bp	+292bp	+289bp	+22bp
1wk	8.69	-19bp	+184bp	+56bp	-111bp
1m	16.25	-13bp	-90bp	-88bp	+0bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	32,583	+12.54	+9.31	+10.08	-0.37
CDs <sup>2</sup>	12,279	+10.84	+13.81	+45.95	+1,641.7
Sovgns <sup>3</sup>	3,381	+0.00	-3.98	-15.94	+126.2
<b>Total</b>	<b>48,242</b>	<b>+11.13</b>	<b>+9.35</b>	<b>+14.77</b>	<b>+38.22</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	189,811	+0.00	+0.01	+2.23	+31.04
Banks	84,041	-0.08	+1.11	-0.75	+4.83
Resid's <sup>4</sup>	12,988	+0.51	-5.79	+26.49	+4.77
Non-res <sup>5</sup>	16,231	+0.01	+0.03	+0.67	+38.74
<b>Total</b>	<b>303,071</b>	<b>+0.00</b>	<b>+0.05</b>	<b>+2.14</b>	<b>+21.66</b>
<b>NDF IMPLIED YIELDS (%)</b>					
3m	18.12	+303bp	+894bp	+83bp	+598bp
6m	16.96	+173bp	+305bp	-106bp	+356bp
9m	16.56	+96bp	+190bp	-236bp	+255bp
1yr	17.01	+75bp	+145bp	-232bp	+202bp
<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>	15.73	+18bp	-22bp	+327bp	-86ppt
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	778	-38bp	+25bp	-28bp	-38bp
Jun '16	8.20	+19bp	+48bp	-83bp	-69bp
Jul '17	8.39	+18bp	+49bp	-71bp	-117bp
Sep '20	8.57	+17bp	+19bp	+24bp	-62bp
Sep '21	8.76	+17bp	+24bp	+13bp	-46bp
Sep '22	8.57	+17bp	+22bp	-38bp	-77bp
Feb '23	8.51	+17bp	+17bp	-15bp	-53bp

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



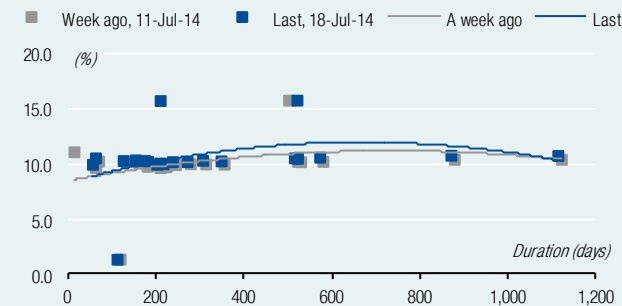
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



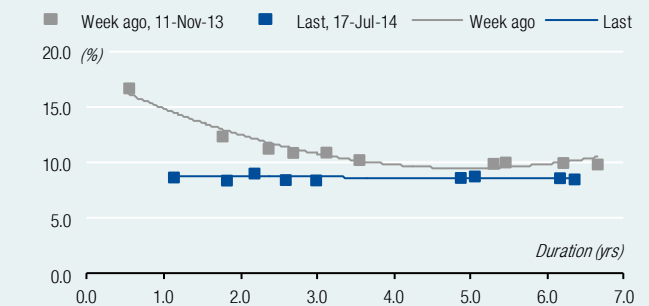
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 18 Jul 2014



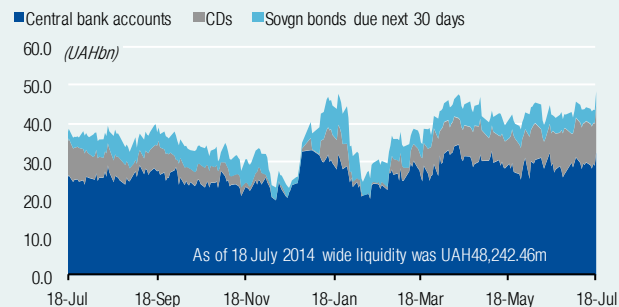
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 18 Jul 2014



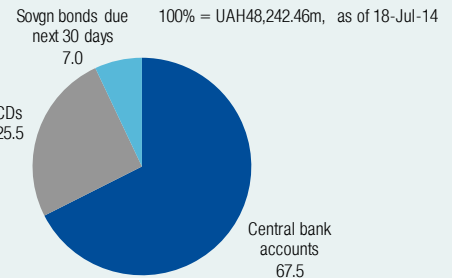
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



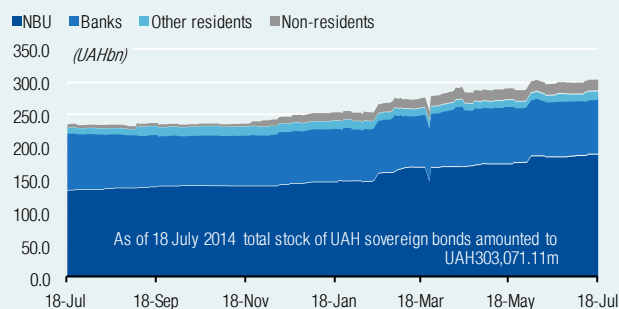
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 18 Jul 2014



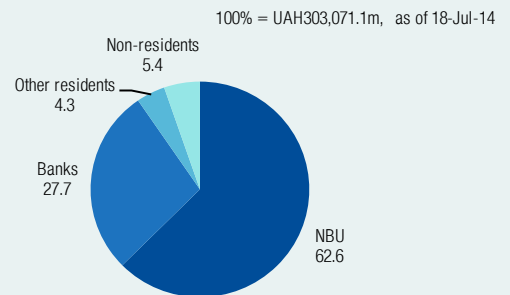
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 18 Jul 2014



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

# FX: News & Comments

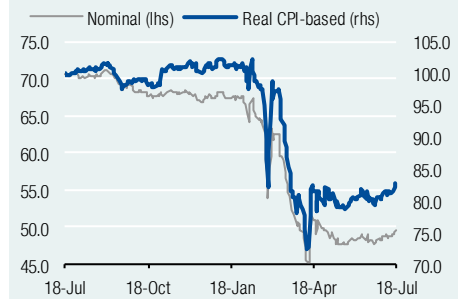
## NBU buys USD at market

On Friday, the central bank was reportedly buying US dollars at 11.6/USD. The market rate closed at 11.64/USD on US\$287.00m in trading.

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### ICU's UAH trade-weighted indices

(Last 12-month history to 21 Jul 2014)



Source: Investment Capital Ukraine LLC.

### FX market indicators (as of 18 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	11.6400	-0.64	-0.58	-2.72	+41.26
NBU avg	11.6491	-0.60	-0.38	-1.51	+42.92
Tt vlm <sup>1</sup>	371.87	+1.96	+5.60	+8.64	-86.73
\$ volume <sup>2</sup>	287.00	+14.57	+13.35	+25.12	-87.02
NDF 3M	12.1600	+0.08	+1.59	-2.53	+43.31
NDF 6M	12.6100	+0.16	+0.84	-3.19	+43.62
NDF 1Y	13.5450	+0.00	+0.67	-4.61	+43.79
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	49.611	+0.57	+1.74	+3.67	-26.54
UAH real CPI	82.664	+0.57	+1.74	+3.67	-18.21
UAH real PPI	121.571	+0.57	+1.74	+3.67	-12.40
USD nom'l	80.524	+0.02	+0.42	-0.07	+0.61
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	35.1343	-0.10	+2.66	+1.73	+6.89
EUR/USD	1.3524	-0.01	-0.62	-0.52	-1.59
USD/CNY	6.2079	+0.06	+0.07	-0.37	+2.54
USD/PLN	3.0683	-0.16	+0.82	+1.07	+1.50
USD/TRY	2.1243	-0.78	+0.32	-0.05	-1.11
USD/BYR	10,300.00	+0.19	+0.54	+1.28	+7.97
USD/KZT	183.6800	+0.09	+0.09	+0.13	+19.06
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	101.3400	+0.16	+0.04	-0.58	-3.77
GBP/USD	1.7088	-0.08	-0.16	+0.55	+3.21
USD/CHF	0.8985	+0.12	+0.71	+0.31	+0.63
AUD/USD	0.9390	+0.42	-0.02	-0.19	+5.30
USD/CAD	1.0733	-0.28	-0.01	-0.95	+1.04
USD/BRL	2.2262	-1.42	+0.23	-0.06	-5.75
USD/KRW	1,029.32	+0.00	+1.02	+0.67	-1.95
<b>COMMODITIES</b>					
Gold(\$/oz)	1,311.10	-0.62	-2.06	+2.62	+8.75
WTI crude <sup>3</sup>	103.13	-0.06	+2.28	-2.68	+4.79
Brent crd <sup>3</sup>	105.86	-1.06	+0.03	-7.26	-4.48
Urals crd <sup>3</sup>	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB <sup>4</sup>	297.42	-0.17	+0.12	-3.87	+6.16

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>).

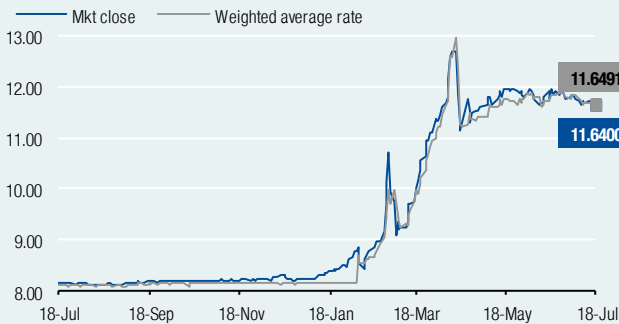
Section on FX market is continued on next page.

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.

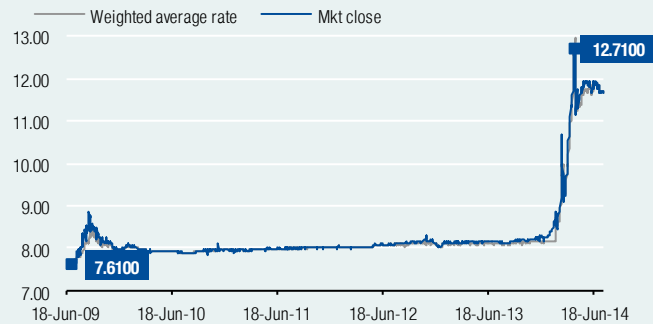
Sources: Bloomberg, Investment Capital Ukraine LLC.

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.

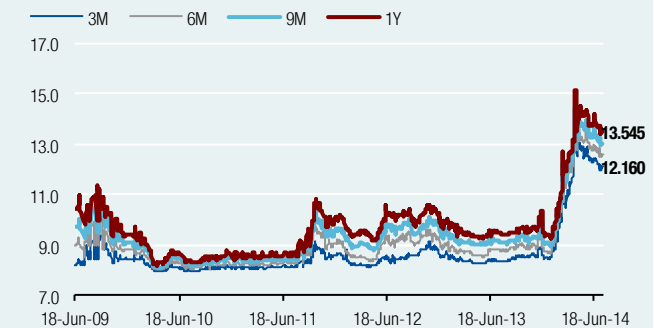


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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.

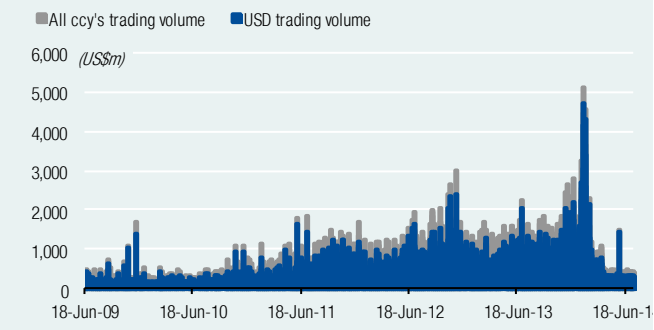


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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.

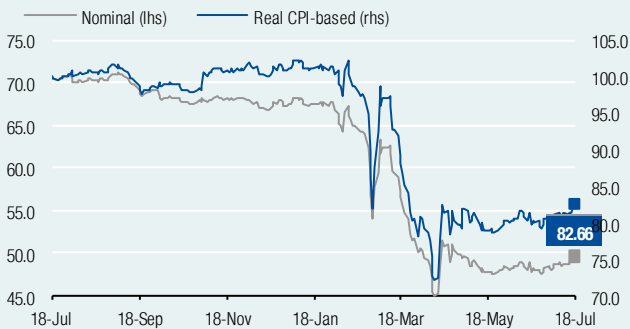




## Chart page #2: ICU's UAH trade-weighted indices

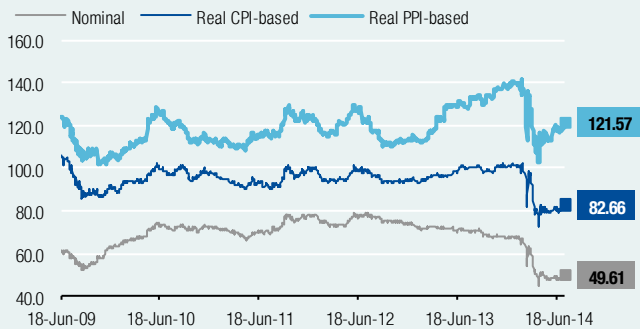
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



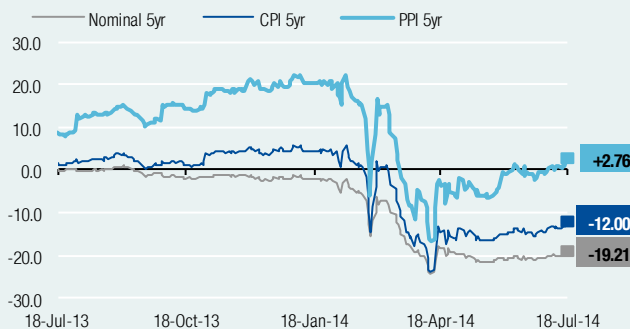
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**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)**

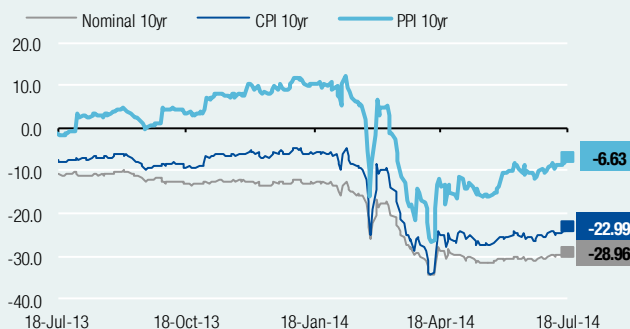


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.



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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