


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Services sector in June; UAH strengthens;
 Liquidity declines; YTM's diverge; Auction results

WEDNESDAY, 23 JULY, 2014

RESEARCH INSIGHT

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UX Index (3 months to 23 Jul 2014)



Key market indicators (as of 22 Jul 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	11.6700	-0.26	+41.63
USD/UAH (1Y NDF)	13.4850	+0.00	+43.15
EUR/USD	1.3466	-0.43	-2.02
USD/RUB	34.9643	-0.71	+6.37
KievPRIME O/N (%)	8.00	+0bp	+20bp
KievPRIME 1M (%)	16.00	-13bp	-25bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	+18bp	-8,573bp
Ukraine 17, Eurobond (%)	8.41	-2bp	-115bp
Ukraine 22, Eurobond (%)	8.57	-1bp	-78bp
Ukraine 23, Eurobond (%)	8.51	-1bp	-54bp
Ukraine 5Y CDS	790bp	-9bp	-26bp

EQUITIES

Stock market indices

UX (Ukraine)	1,257.58	-0.37	+38.19
MSCI World	431.41	+0.66	+5.60
MSCI EM	1,074.48	+1.06	+7.16
RTS (Russia)	1,266.88	+2.24	-12.19
WIG-20 (Poland)	2,411.61	+0.89	+0.44
S&P 500 (USA)	1,983.53	+0.50	+7.31

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

KER PW	1.91	36.3% of total ¹
FXPO LN	1.16	22.0%
CEEN UK	0.57	10.9%

GAINERS: Top 3 stocks (in listed currency)

FORM UK	UAH 0.20	+9.89	N/A
MLK PW	PLN 5.69	+4.21	-54.48
CLE PW	PLN 1.06	+2.91	+0.95

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

Services sector in June: Contracts with whole economy

June's data for the services sector, which includes non-financial services such as transport, hospitality, telecom, real estate operations, research and education, revealed that the recession has affected this sector at a higher velocity as much as it has for the industrial sector, retail trade, and construction. Official statistics reported that the services sector posted a 3.9% year-on-year growth rate in comparative prices during the 1H period. However, our analysis of the reported raw data of nominal volumes into seasonally adjusted real terms (adjusted by CPI) reveal that every month of 2Q year-on-year growth was negative and accelerating downward. Whereas in April and May the sector contracted by 1.2% and 2.8%, respectively, to the same month of the previous year, in June the decline widened to 5.8% YoY. The last time this sector experienced a similar severe contraction at such a pace was in early 2009 at the peak of the global financial crisis that hit Ukraine's economy in the fall of 2008. We expect a full-force recession in this sector in the second half of this year, possibly with some sign of recovery in late 4Q.

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Table 1. Ukrainian stocks (closing prices as of 22-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 (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	11.13 GBP	+0.0	+17.1	+7.2	-27.0	0.19	43.9	-19.2	40.2	17.6	72.5	11.3	0.09	1,150	Neg.	Neg.	Neg.	2.9	N/A	N/A	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.88 UAH	-1.1	+7.6	+65.3	+65.2	0.67	248.7	302.9	21.7	54.0	571.3	421.8	1.20	84	6.0	5.3	3.8	0.5	4.0	2.3	0.5	0.4	0.3	1.2	12.2
Coal Energy	CLE PW	Warsaw	1.06 PLN	+2.9	-19.1	+1.0	-50.2	0.34	15.5	109.8	25.0	3.9	4.8	31.9	0.40	248	Neg.	Neg.	3.9	4.9	13.7	3.8	0.9	1.1	1.0	0.1	39.8
Donbasenergo	DOEN UK	Kiev, UX	38.65 UAH	+0.5	-4.3	+40.1	+66.0	3.30	78.1	118.7	14.2	11.1	75.1	69.4	0.75	134	1.7	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	50.00 GBP	-2.0	-14.9	-30.1	-7.4	0.85	146.6	153.1	47.2	69.2	95.1	36.1	0.06	1,592	22.5	12.9	5.3	2.3	1.9	1.7	0.8	0.8	0.7	0.3	5.5
Regal Petroleum	RPT LN	London	9.13 GBP	+0.0	+7.4	-29.8	-42.1	0.16	49.9	23.1	80.9	40.4	0.0	6.8	0.01	7,712	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	-11.7	+41.6	+56.1	10.94	139.9	117.1	5.0	7.0	0.1	3.1	0.05	2,055	2.8	N/A	N/A	0.8	N/A	N/A	0.1	N/A	N/A	3.2	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-1.4	-2.6	-6.2	-11.6	0.00	80.2	1,279.5	3.9	3.1	62.8	32.3	1.75	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	3.03 UAH	-7.5	-8.4	+2.4	-5.8	0.26	50.5	47.4	4.0	2.0	100.5	29.1	1.85	54	Neg.	27.5	0.8	Neg.	0.9	0.4	0.1	0.1	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.85 UAH	+1.1	+8.4	+26.7	+34.5	0.07	304.9	297.8	4.1	12.5	52.2	19.3	0.13	766	Neg.	N/A	Neg.	Neg.	N/A	8.3	0.2	N/A	0.1	0.3	0.0
Ferrexpo PLC	FXPO LN	London	140.20 GBP	+2.6	+12.9	-24.6	-16.5	2.39	1,408.8	2,070.0	22.4	315.6	1,157.0	1,683.5	0.56	177	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	+0.0	-15.3	+30.2	+22.3	0.06	16.1	17.3	9.0	1.5	0.0	7.4	0.45	220	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	43.62 UAH	+1.9	-1.7	+36.3	+25.3	3.73	39.3	34.9	9.4	3.7	102.2	36.9	1.50	67	6.6	N/A	Neg.	Neg.	N/A	1.0	0.0	N/A	0.0	1.0	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.96 EUR	+0.0	-11.9	-22.6	-37.7	1.29	119.4	146.1	34.0	40.6	7.7	23.6	0.02	4,615	Neg.	N/A	N/A	Neg.	N/A	N/A	2.0	N/A	N/A	1.0	35.9
Agroliga	AGL PW	Warsaw	18.50 PLN	-2.8	-4.9	-28.7	-26.0	6.02	9.3	10.2	16.7	1.5	1.7	3.3	0.06	1,726	2.2	N/A	N/A	2.9	N/A	N/A	0.5	N/A	N/A	0.7	5.7
Agroton	AGT PW	Warsaw	2.75 PLN	-2.1	+1.1	+41.0	+53.6	0.89	19.4	64.7	26.2	5.1	34.4	140.5	2.44	41	Neg.	2.8	2.4	24.2	6.8	4.0	0.8	0.8	0.8	0.2	28.4
Astarta Holdin...	AST PW	Warsaw	39.50 PLN	-1.3	-12.2	-41.0	-45.1	12.85	321.3	635.8	31.0	99.7	11.8	150.4	0.16	631	9.3	7.1	4.5	8.4	4.8	5.2	1.3	1.3	1.2	0.9	38.2
Avangard	AVGR LI	London Intl	9.50 USD	+0.0	-4.0	-19.1	+8.6	9.50	606.8	837.7	21.7	131.7	172.2	203.0	0.20	489	2.6	2.7	2.6	2.8	2.8	2.8	1.3	1.1	1.1	0.0	17.8
IMC	IMC PW	Warsaw	8.40 PLN	-1.1	-17.6	-30.9	-46.5	2.73	85.6	236.5	23.9	20.4	4.9	71.3	0.43	231	3.3	7.8	1.9	4.4	4.1	3.3	2.1	1.2	1.0	0.6	38.7
Kernel Holding...	KER PW	Warsaw	29.05 PLN	-1.5	-15.4	-23.7	-44.9	9.45	753.3	1,659.9	58.8	442.7	1,908.8	2,852.5	0.36	276	6.8	14.6	4.9	5.7	6.4	4.9	0.6	0.7	0.6	0.7	30.6
MHP	MHPC LI	London Intl	14.90 USD	-1.3	+0.3	-12.6	-13.6	14.90	1,574.4	2,735.3	22.3	351.4	356.3	1,662.8	0.45	221	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	5.69 PLN	+4.2	-12.6	-54.5	-51.6	1.85	57.9	186.9	20.0	11.6	4.2	9.3	0.05	1,846	4.0	N/A	2.9	5.6	3.6	3.3	0.4	0.4	0.4	0.3	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	4.40 EUR	+0.0	-4.8	-18.5	-4.7	5.93	629.6	1,417.8	20.0	125.9	0.0	14.3	0.01	18,825	7.1	7.2	2.8	8.6	5.2	4.7	2.8	3.4	3.3	0.0	45.3
Ovostar Union	OVO PW	Warsaw	69.94 PLN	+0.0	-5.5	-30.1	+3.1	22.76	136.6	144.1	25.0	34.1	11.6	28.1	0.15	672	4.5	6.7	6.4	3.9	4.8	4.3	1.6	1.7	1.4	1.0	8.5
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	8.50 PLN	-10.5	-14.6	-72.9	-74.9	2.77	25.7	9.2	10.9	2.8	2.3	0.5	0.01	12,256	3.8	N/A	N/A	0.8	N/A	N/A	0.3	N/A	N/A	0.4	5.6
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.19 EUR	+0.0	-10.7	-39.4	-47.8	0.26	13.4	172.7	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
FINANCIAL SERVICES																											
Forum Bank	FORM UK	Kiev, UX	0.20 UAH	+9.9	N/A	N/A	N/A	0.02	10.1	N/A	5.5	0.6	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	-0.2	-4.2	+29.7	+50.5	0.01	377.0	N/A	3.8	14.4	436.1	197.7	2.51	40	4.3	Neg.	12.4	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.17 UAH	-1.4	+2.4	-8.9	+21.1	0.01	264.7	N/A	4.5	11.9	14.5	14.8	0.19	518	Neg.	14.4	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 22-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: mIn - 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

Broader banking sector liquidity declined UAH0.47bn to UAH44.95bn as banks' correspondent accounts with the NBU fell UAH3.38bn to UAH28.03bn and total CDs outstanding increased UAH2.32bn to UAH11.95bn. Total local currency debt repayments scheduled for the next 30 days rose UAH0.59bn to UAH3.97bn.

KyivPrime interest rates slightly diverged yesterday: the KyivPrime ON interest rate remained steady at 8.00% while the KyivPrime 1M interest rate slid 13bp to 16.00%.

Investment implications: On Monday, eighteen banks had to repay UAH1.90bn of loans issued by the NBU this April. These repayments caused the most pressure on liquidity, causing yesterday's indicators to decline slightly. The majority of outflows from banks' correspondent accounts was to NBU CDs, as total CDs outstanding significantly rose. Also, yesterday's indicator of future debt repayments was also up slightly.

YTM's of Ukrainian Eurobonds diverge slightly

YTM's of Ukrainian Eurobonds mostly follow US Treasuries with spreads essentially pegged to the benchmark. With no important developments regarding the Ukrainian economy or military standoff during the trading session, at the close the yield curve adjusted to the range of 8.32-8.76%, as UKRAIN 6.875% '15 rose 35bp to 8.59%, UKRAIN 6.25% '16 was up 23bp to 8.35% and UKRAIN 6.75% '17 rose 10bp to 8.34%, while UKRAIN 6.58% '16 slid 4bp to 8.32%, UKRAIN 9.25% '17 declined 2bp to 8.41%, UKRAIN 7.95% '21 declined 16bp to 8.76%, UKRAIN 7.80% '22 and UKRAIN 7.50% '23 declined 1bp to 8.56% and 8.50, respectively. The 5-year CDS declined to 790bp.

Primary auction results

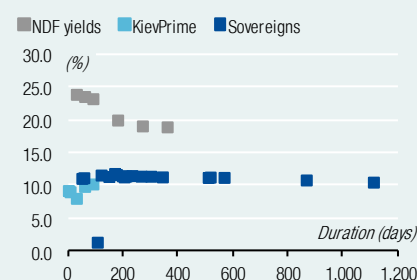
The MoF sold all three offered bonds, accepting all seven submitted bids at yesterday's primary auction, providing surplus reserves for current budget needs. Although the MoF rejected UAH20.00m in bids for 9-month bonds at 15.90% last week, it set this interest rate as yesterday's cut-off rate for this bond. At the same time, at this auction there were three bids for a much higher total demand of UAH260.00m at interest rates in the range of 15.75-15.90%, with a weighted average interest rate at 15.88%. The 2-year bond was sold under the same conditions as last week at 16.75%, but demand rose to UAH80m from UAH20m last week. Demand for this bond was also submitted by three participants. The third bond offered yesterday was a 5-year that received only one bid at 14.30%, the standard rate for this bond, most likely supported by domestic QE as will be confirmed soon.

Investment implications: At yesterday's close, the MoF refinanced all of today's local currency debt repayments, while today's auction will be oriented to raise FX funds for today's scheduled debt repayments on USD-denominated bonds for the budget.

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Yield curve of the local bond market

(as of market close on 22 Jul 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 22 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	8.00	+0bp	+290bp	+260bp	+20bp
1wk	8.63	+0bp	+206bp	+3bp	-117bp
1m	16.00	-13bp	-50bp	-115bp	-25bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.13	+0bp	+13bp	+13bp	+213bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	28,033	-10.77	-0.55	+0.33	-14.28
CDs ²	12,946	+21.84	+17.73	+38.05	+1,736.3
Sovgns ³	3,818	-3.89	-0.62	-5.08	+155.4
Total	44,797	-2.65	+4.12	+8.36	+28.35
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	189,811	+0.00	+0.01	+2.23	+31.04
Banks	83,571	-0.12	-0.15	-1.81	+4.24
Resid's ⁴	13,196	+0.96	-0.12	+9.31	+6.45
Non-res ⁵	16,166	+0.05	-0.37	-0.80	+38.19
Total	302,744	+0.01	-0.06	+1.20	+21.53
NDF IMPLIED YIELDS (%)					
3m	16.70	+107bp	+451bp	+2bp	+456bp
6m	16.66	+56bp	+203bp	-65bp	+326bp
9m	16.18	+38bp	+74bp	-170bp	+216bp
1yr	16.20	+30bp	+6bp	-185bp	+121bp
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	+18bp	+18bp	+327bp	-86ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	790	-9bp	+19bp	-45bp	-26bp
Jun '16	8.21	-2bp	+33bp	-133bp	-68bp
Jul '17	8.41	-2bp	+32bp	-120bp	-115bp
Sep '20	8.57	-2bp	+18bp	-3bp	-62bp
Sep '21	8.76	-2bp	+23bp	-14bp	-46bp
Sep '22	8.57	-1bp	+17bp	-66bp	-78bp
Feb '23	8.51	-1bp	+16bp	-43bp	-54bp

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

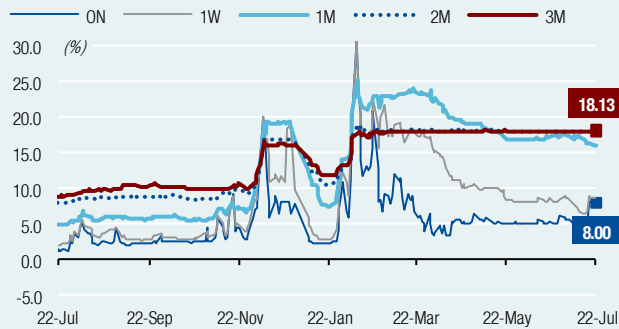


Chart 2. UAH NDF implied yields (%), last 12-month period

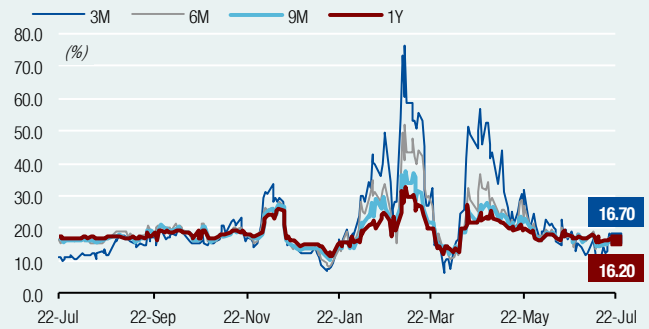


Chart 3. UAH sovereign yield curve (%) as of 22 Jul 2014

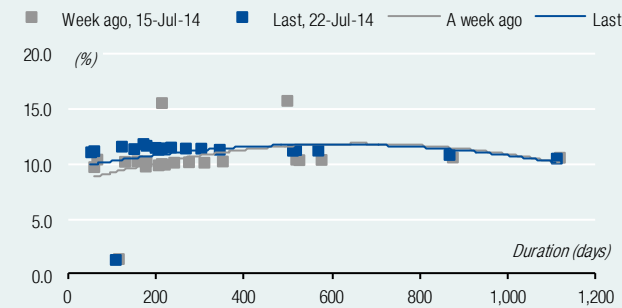


Chart 4. USD sovereign yield curve (%) as of 22 Jul 2014

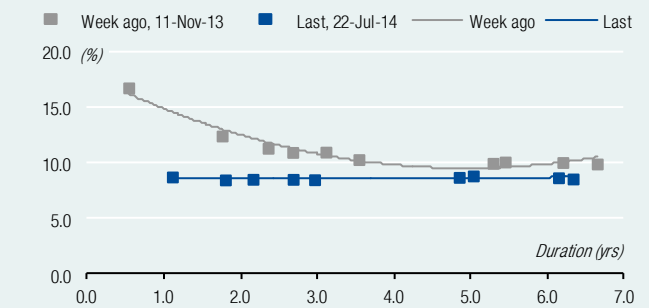


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

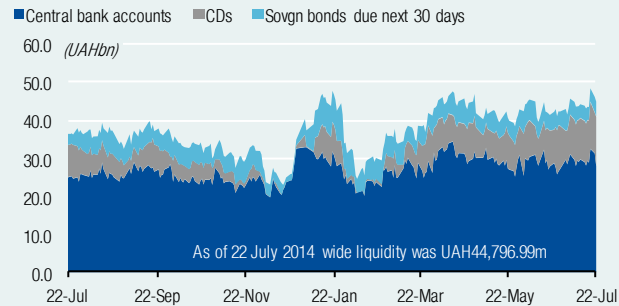


Chart 6. Breakdown of liquidity pool (%) as of 22 Jul 2014

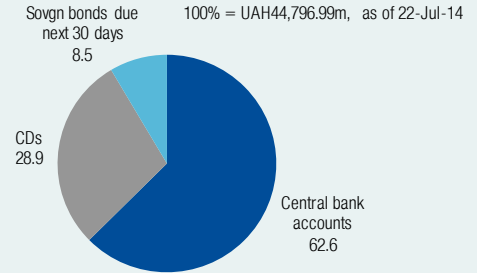


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

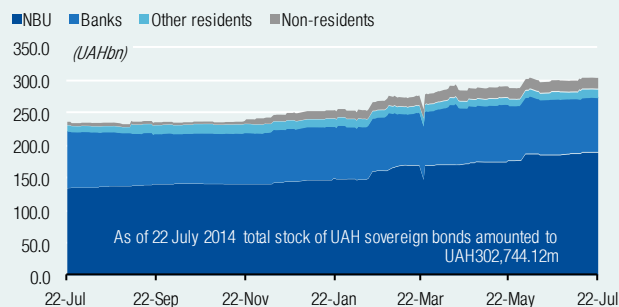
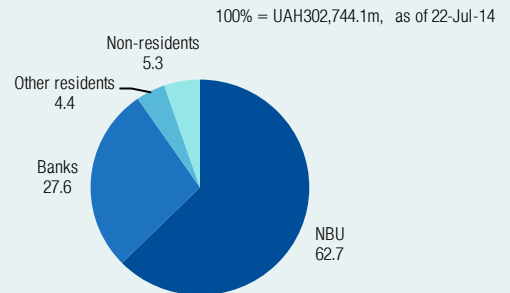


Chart 8. Domestic sovereign debt (%) as of 22 Jul 2014



FX: News & Comments

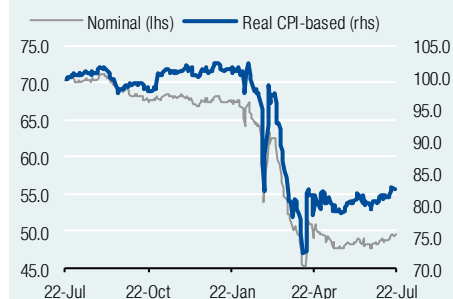
UAH strengthens, TWI up

The hryvnia rose a marginal 0.26% on US\$221.02m in trading as the EU did not yet accord blame to Russia on its alleged involvement in the shooting down of the Malaysian airliner that resulted in the deaths of all 298 civilians onboard. Russian assets recovered losses during market trading as EU top level officials postponed announcing a decision on Russia's involvement from Tuesday to Thursday this week, a decision that underscores the tricky situation that the EU has found itself while dealing with a de-facto fast-paced crisis of the Ukraine-Russia military stand-off. Russian asset investors reacted with enthusiasm, allowing the Russian currency to recover 0.71%. The EUR lost 0.43% yesterday and the Chinese currency was up 0.09%. The UAH's real trade-weighted index was up 0.09%.

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ICU's UAH trade-weighted indices

(Last 12-month history to 23 Jul 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 22 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	11.6700	-0.26	-0.34	-1.97	+41.63
NBU avg	11.6700	+0.12	-0.32	-1.56	+43.18
Ttl vlm ¹	336.98	+8.93	-26.83	-18.60	-87.97
\$ volume ²	221.02	+9.36	-38.06	-28.26	-90.00
NDF 3M	12.1500	+0.00	+0.75	-1.97	+43.19
NDF 6M	12.6250	+0.00	+0.60	-2.27	+43.79
NDF 1Y	13.4850	+0.00	-0.30	-3.52	+43.15
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	49.426	+0.09	+1.09	+2.75	-26.82
UAH real CPI	82.356	+0.09	+1.09	+2.75	-18.52
UAH real PPI	121.117	+0.09	+1.09	+2.75	-12.73
USD nom'l	80.781	+0.27	+0.49	+0.51	+0.93
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	34.9643	-0.71	+1.67	+1.43	+6.37
EUR/USD	1.3466	-0.43	-0.75	-0.99	-2.02
USD/CNY	6.2037	-0.09	-0.07	-0.35	+2.47
USD/PLN	3.0734	+0.24	+0.79	+0.25	+1.67
USD/TRY	2.1060	-0.58	-0.82	-1.65	-1.96
USD/BYR	10,300.00	+0.15	+0.34	+1.13	+7.97
USD/KZT	183.5600	-0.02	-0.02	+0.03	+18.99
OTHER MAJOR CURRENCIES					
USD/JPY	101.4600	+0.06	-0.22	-0.60	-3.66
GBP/USD	1.7065	-0.06	-0.45	+0.31	+3.07
USD/CHF	0.9024	+0.49	+0.75	+0.82	+1.06
AUD/USD	0.9394	+0.22	+0.26	+0.06	+5.35
USD/CAD	1.0738	+0.00	-0.20	-0.19	+1.08
USD/BRL	2.2128	-0.37	-0.28	-0.77	-6.32
USD/KRW	1,024.55	-0.22	-0.28	+0.39	-2.41
COMMODITIES					
Gold(\$/oz)	1,306.43	-0.47	+0.96	-0.64	+8.36
WTI crude ³	104.42	-0.16	+4.46	-2.65	+6.10
Brent crd ³	105.38	-1.12	+0.12	-8.01	-4.91
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	297.35	-0.37	+0.45	-4.98	+6.13

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>).

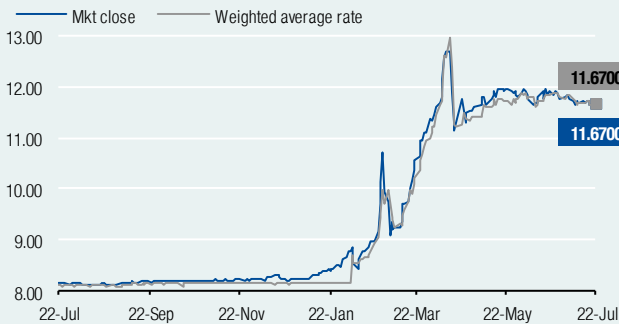
Section on FX market is continued on next page.

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.

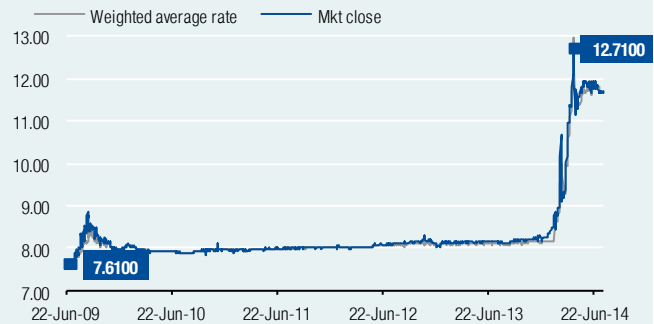
Sources: Bloomberg, Investment Capital Ukraine LLC.

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.

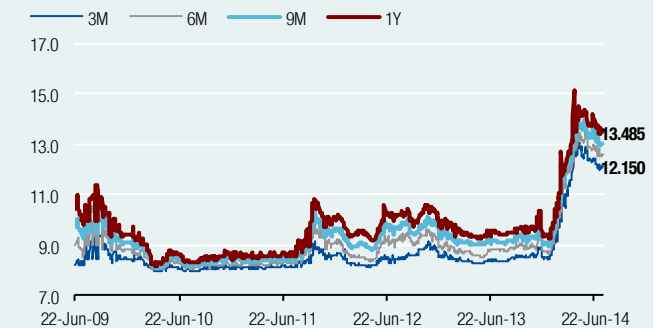


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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.

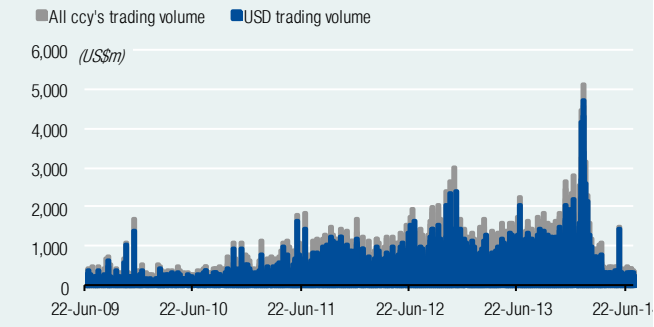


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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)

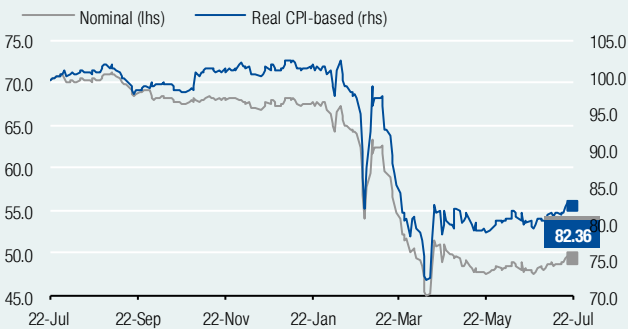


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

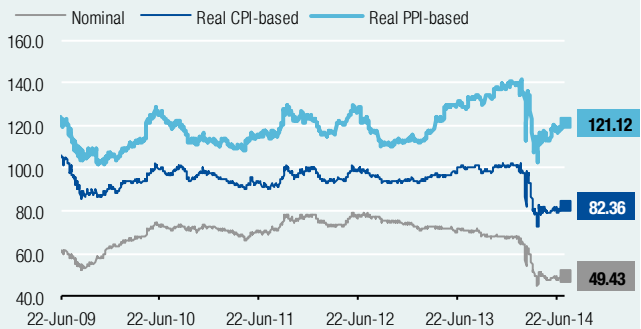
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



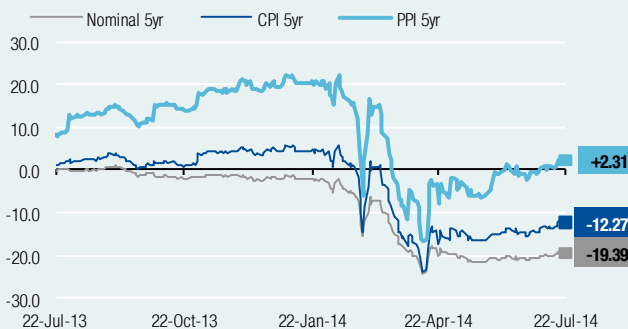
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

Chart 14. Nominal, CPI- and PPI-based TWIs of UAH, history of last 5-year period

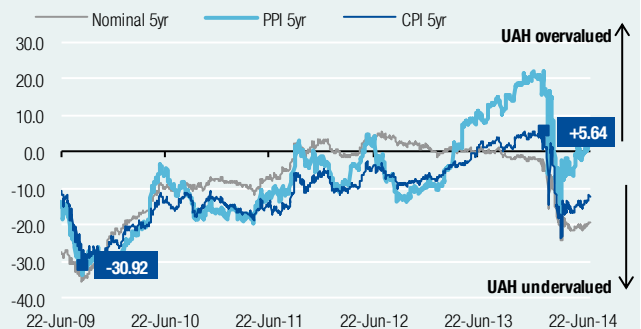


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

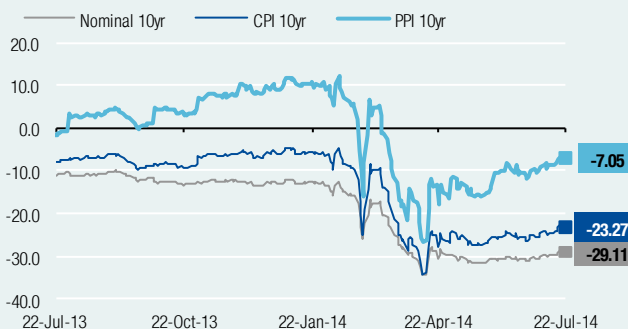


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

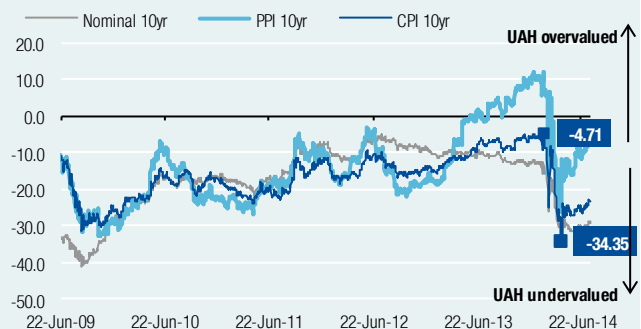


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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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