


 INVESTMENT CAPITAL UKRAINE  
 INVESTMENT BANKING

# Daily Insight

Liquidity fund reallocations; Eurobonds rebound;  
Hryvnia lower yesterday; Auction results

THURSDAY, 24 JULY, 2014

RESEARCH INSIGHT

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### UX Index (3 months to 24 Jul 2014)



### Key market indicators (as of 23 Jul 2014)

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	11.6850	+0.13	+41.81
USD/UAH (1Y NDF)	13.4850	+0.00	+43.15
EUR/USD	1.3464	-0.01	-2.03
USD/RUB	34.8374	-0.36	+5.99
KievPRIME O/N (%)	5.70	-230bp	-210bp
KievPRIME 1M (%)	16.00	+0bp	-25bp

### BONDS: yields and spreads

Ukraine VAT bond (%)	15.54	-19bp	-8,592bp
Ukraine 17, Eurobond (%)	7.96	-45bp	-160bp
Ukraine 22, Eurobond (%)	8.20	-37bp	-115bp
Ukraine 23, Eurobond (%)	8.12	-39bp	-93bp
Ukraine 5Y CDS	789bp	-2bp	-28bp

### EQUITIES

#### Stock market indices

UX (Ukraine)	1,279.31	+1.73	+40.58
MSCI World	432.28	+0.20	+5.81
MSCI EM	1,077.70	+0.30	+7.48
RTS (Russia)	1,272.02	+0.41	-11.83
WIG-20 (Poland)	2,402.93	-0.36	+0.08
S&P 500 (USA)	1,987.01	+0.18	+7.50

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

MHPC LI	2.06	30.1% of total <sup>1</sup>
KER PW	1.50	22.0%
FXPO LN	1.03	15.1%

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

FORM UK	UAH 0.29	+45.00	N/A
ZAEN UK	UAH 136.00	+6.25	+50.44
AZST UK	UAH 0.89	+4.36	+32.24

#### 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 23-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	-27.0	0.19	43.8	-19.3	40.2	17.6	2.8	11.2	0.09	1,140	Neg.	Neg.	Neg.	2.9	N/A	N/A	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.98 UAH	+1.2	+7.8	+67.3	+64.8	0.68	252.3	306.7	21.7	54.8	589.5	435.2	1.19	84	6.0	6.1	3.8	0.6	4.7	2.4	0.5	0.4	0.3	1.2	12.2
Coal Energy	CLE PW	Warsaw	1.10 PLN	+3.8	-17.3	+4.8	-49.3	0.36	16.1	110.4	25.0	4.0	9.5	30.2	0.39	254	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	38.45 UAH	-0.5	-3.4	+39.4	+63.6	3.29	77.9	118.6	14.2	11.1	77.8	70.2	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	47.00 GBP	-6.0	-19.7	-34.3	-18.3	0.80	137.4	143.9	47.2	64.9	237.9	37.4	0.08	1,183	21.1	12.1	4.9	2.2	1.8	1.6	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	49.8	23.0	80.9	40.3	0.0	6.7	0.01	7,712	Neg.	24.9	N/A	1.0	0.9	N/A	0.6	0.5	N/A	0.2	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	136.00 UAH	+6.3	-5.6	+50.4	+65.9	11.65	149.0	126.2	5.0	7.4	1.0	3.3	0.05	2,161	3.0	N/A	N/A	0.8	N/A	N/A	0.1	N/A	N/A	3.4	0.0
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+0.3	-1.8	-6.0	-11.0	0.00	80.6	1,283.0	3.9	3.1	47.4	33.0	1.73	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	3.14 UAH	+3.6	-5.4	+6.1	-2.9	0.27	52.5	49.4	4.0	2.1	23.1	30.4	1.65	60	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	0.89 UAH	+4.4	+11.9	+32.2	+41.3	0.08	319.0	311.9	4.1	13.1	16.1	20.4	0.10	976	Neg.	N/A	Neg.	Neg.	N/A	8.7	0.2	N/A	0.2	0.3	0.0
Ferrexpo PLC	FXPO LN	London	141.60 GBP	+1.0	+13.8	-23.8	-16.8	2.41	1,419.3	2,080.2	22.4	317.9	1,031.6	1,692.2	0.55	181	5.4	6.8	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	-2.4	+30.2	+23.2	0.06	16.2	17.4	9.0	1.5	13.6	7.6	0.47	213	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	43.86 UAH	+0.6	-4.6	+37.0	+26.0	3.76	39.6	35.2	9.4	3.7	77.1	38.5	1.39	72	6.7	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	0.96 EUR	+0.0	-10.3	-22.6	-36.8	1.29	119.2	145.9	34.0	40.5	3.3	23.5	0.02	4,597	Neg.	N/A	N/A	Neg.	N/A	N/A	2.0	N/A	N/A	1.0	35.9
Agroliga	AGL PW	Warsaw	18.85 PLN	+1.9	-5.1	-27.3	-21.5	6.13	9.4	10.3	16.7	1.6	0.3	3.1	0.06	1,753	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	2.70 PLN	-1.8	-15.4	+38.5	+48.4	0.88	19.0	64.3	26.2	5.0	41.5	131.3	2.03	49	Neg.	2.7	2.4	24.0	6.8	4.0	0.8	0.7	0.8	0.2	28.4
Astarta Holdin...	AST PW	Warsaw	39.50 PLN	+0.0	-12.2	-41.0	-46.7	12.84	321.0	634.9	31.0	99.6	5.5	147.9	0.14	724	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	9.19 USD	-3.3	-3.6	-21.8	+5.0	9.19	587.0	817.9	21.7	127.4	527.6	204.1	0.23	438	2.5	2.6	2.5	2.7	2.7	2.8	1.2	1.1	1.0	0.0	17.8
IMC	IMC PW	Warsaw	8.48 PLN	+1.0	-18.4	-30.2	-45.8	2.76	86.3	237.2	23.9	20.6	5.4	71.2	0.43	235	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	29.85 PLN	+2.8	-13.5	-21.6	-44.2	9.70	773.1	1,679.6	58.8	454.4	1,503.9	2,872.4	0.34	294	6.9	14.9	5.0	5.8	6.5	4.9	0.6	0.7	0.6	0.7	30.6
MHP	MHPC LI	London Intl	14.03 USD	-5.8	-5.8	-17.7	-18.0	14.03	1,482.5	2,643.4	22.3	330.9	2,060.8	1,591.2	0.45	223	9.5	5.5	4.9	6.8	5.4	5.0	1.8	1.7	1.5	2.6	47.0
Milkiland	MLK PW	Warsaw	5.69 PLN	+0.0	-20.4	-54.5	-52.0	1.85	57.8	186.6	20.0	11.6	4.1	9.3	0.05	1,830	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	4.68 EUR	+0.0	+3.8	-13.3	+3.9	6.29	668.7	1,456.9	20.0	133.7	2.6	15.2	0.01	19,643	7.6	7.7	3.0	8.8	5.4	4.9	2.9	3.4	3.4	0.0	45.3
Ovostar Union	OVO PW	Warsaw	69.00 PLN	-1.3	-5.5	-31.0	-3.3	22.43	134.6	142.1	25.0	33.6	78.4	28.8	0.16	641	4.4	6.6	6.3	3.9	4.7	4.2	1.6	1.7	1.3	1.0	8.5
<b>TRANSPORTATION</b>																											
KDM Shipping	KDM PW	Warsaw	8.10 PLN	-4.7	-18.6	-74.2	-75.8	2.63	24.5	7.9	10.9	2.7	0.1	0.5	0.01	11,481	3.6	N/A	N/A	0.7	N/A	N/A	0.3	N/A	N/A	0.4	5.6
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Xetra	0.20 EUR	+0.0	-10.2	-36.3	-43.6	0.27	14.1	189.7	13.1	1.8	0.0	0.2	0.01	9,045	Neg.	N/A	N/A	Neg.	N/A	N/A	5.6	N/A	N/A	0.1	45.5
<b>FINANCIAL SERVICES</b>																											
Forum Bank	FORM UK	Kiev, UX	0.29 UAH	+45.0	N/A	N/A	N/A	0.02	14.7	N/A	5.5	0.8	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	+1.7	-3.7	+31.9	+50.7	0.01	384.4	N/A	3.8	14.7	447.0	207.7	2.41	41	4.4	Neg.	12.6	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	+5.3	-7.0	+24.1	0.01	271.0	N/A	4.5	12.1	41.1	15.9	0.19	526	Neg.	14.7	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 23-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 fund reallocations

Banks' correspondent accounts with the NBU fell UAH1.58bn to UAH2.46bn yesterday while total CDs outstanding rose UAH1.78bn to UAH14.73bn, a new record high this year. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH3.97bn. As a result, broader banking sector liquidity rose UAH0.21bn to UAH45.16bn.

KyivPrime interest rates slightly diverged yesterday: the KyivPrime ON interest rate fell 230bp to 5.70% while the KyivPrime 1M interest rate remained steady at 16.00%.

**Investment implications: The NBU continued to absorb funds from banks' correspondent accounts with the NBU using CDs and increasing its outstanding to UAH14.73bn after Tuesday's tender. As a result, liquidity currently available for banks significantly declined, but this fact did not cause an increase in indicative interest rates, particularly as the ON interest rate significantly declined. At the same time, absorption was mostly made using ON CDs, and these funds should be available yesterday for banks and could be used for month-end tax payments as well.**

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## Primary auction results

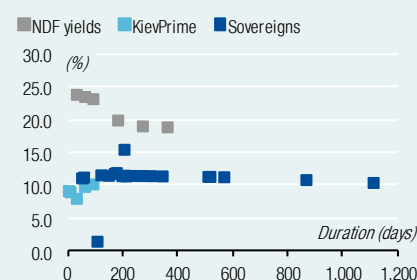
Yesterday's primary auction was planned for Wednesday, most likely because funds paid on FX-denominated bond redemptions were due in investors' accounts yesterday. This was the US\$294m redemption of 1.5-year bonds issued at the end of February last year with a coupon rate of 7.97% and a cut-off interest rate of 8.00%. The result of yesterday's auction appears to indicate that the largest investor agreed to reinvest funds in 1-year bonds under the same conditions. This version seems most logical as yesterday's demand amounted to US\$200.00m from one participant at conditions significantly below the secondary market. At the market, USD-denominated bonds with maturities next July quoted at 14.00% or a bit less than two times higher than YTM of yesterday's issue.

Nevertheless, the MoF accomplished a key task to keep FX reserves close to the previous level, to have enough funds for repayments on IMF loans scheduled for the end of July and beginning of August, and without any information on new tranche issue. Also we have to take into the account that this year the MoF has to redeem some USD-denominated bond issues and make interest repayments on Eurobonds.

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## Yield curve of the local bond market

(as of market close on 23 Jul 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

## Bond market indicators (as of 23 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
0/n	5.70	-230bp	+60bp	+57bp	-210bp
1wk	9.40	+77bp	+278bp	+134bp	-40bp
1m	16.00	+0bp	-40bp	-131bp	-25bp
2m	17.90	-10bp	-10bp	-10bp	+150bp
3m	18.10	-3bp	+10bp	+10bp	+210bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	26,458	-5.62	-10.15	-8.27	-19.09
CDs <sup>2</sup>	14,728	+13.76	+38.60	+69.37	+1,989.1
Sovgns <sup>3</sup>	3,597	-5.77	+6.40	-22.11	+140.6
<b>Total</b>	<b>44,784</b>	<b>-0.03</b>	<b>+3.06</b>	<b>+6.23</b>	<b>+28.31</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	N/A	N/A	N/A	N/A	N/A
Banks	N/A	N/A	N/A	N/A	N/A
Resid's <sup>4</sup>	N/A	N/A	N/A	N/A	N/A
Non-res <sup>5</sup>	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>NDF IMPLIED YIELDS (%)</b>					
3m	17.88	+118bp	+485bp	-92bp	+574bp
6m	16.39	-28bp	+160bp	-154bp	+298bp
9m	15.99	-19bp	+74bp	-152bp	+197bp
1yr	16.04	-15bp	+5bp	-142bp	+106bp
<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>	15.54	-19bp	-1bp	+308bp	-86ppt
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	789	-2bp	+13bp	-42bp	-28bp
Jun '16	7.69	-52bp	-31bp	-168bp	-120bp
Jul '17	7.96	-45bp	-25bp	-128bp	-160bp
Sep '20	8.37	-20bp	-2bp	-61bp	-82bp
Sep '21	8.41	-35bp	-17bp	-47bp	-81bp
Sep '22	8.20	-37bp	-20bp	-90bp	-115bp
Feb '23	8.12	-39bp	-22bp	-79bp	-93bp

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.

## Ukrainian Eurobonds rebound

YTM's of US Treasuries declined yesterday, causing positive movements for Ukrainian Eurobonds. At the same time, spreads of Ukrainian Eurobonds to the benchmark tightened yesterday after new macroeconomic statistics were published with a positive trade balance. As a result, at the close, the yield curve was adjusted to the range of 7.63-8.40%, as UKRAIN 6.875% '15 declined 96bp to 7.63%, UKRAIN 6.58% '16 was down 66bp to 7.69%, UKRAIN 6.75% '17 declined 48bp to 7.84%, UKRAIN 9.25% '17 declined 46bp to 7.95%, UKRAIN 7.95% '21 slid 35bp to 8.40%, while UKRAIN 7.80% '22 and UKRAIN 7.50% '23 declined 37bp and 39bp to 7.19% and 8.11, respectively. The 5-year CDS declined to 789bp.

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Chart page: Local bond market & Eurobond markets

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

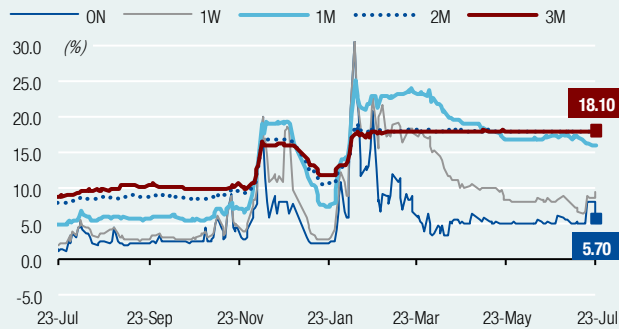


Chart 2. UAH NDF implied yields (%), last 12-month period

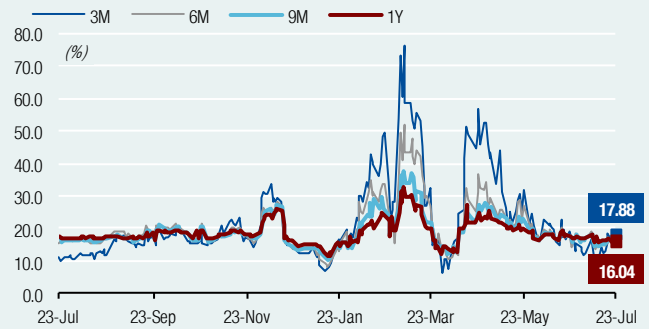


Chart 3. UAH sovereign yield curve (%) as of 23 Jul 2014

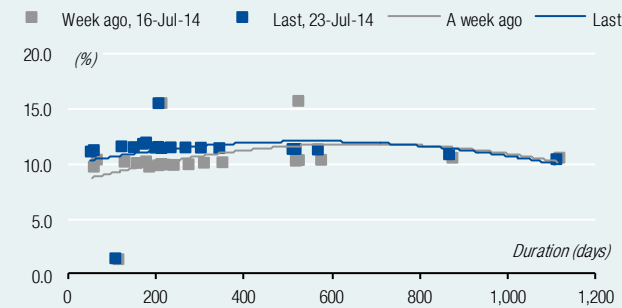


Chart 4. USD sovereign yield curve (%) as of 23 Jul 2014

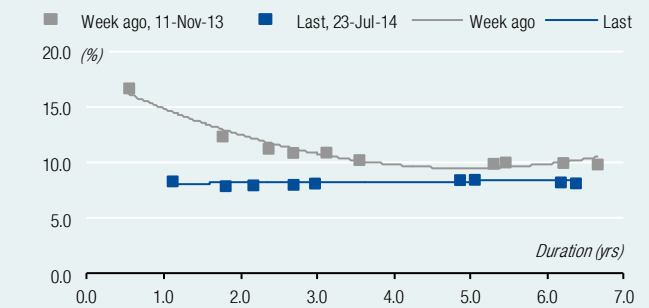


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

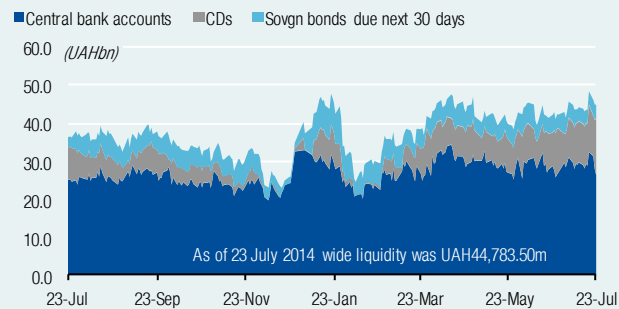


Chart 6. Breakdown of liquidity pool (%) as of 23 Jul 2014

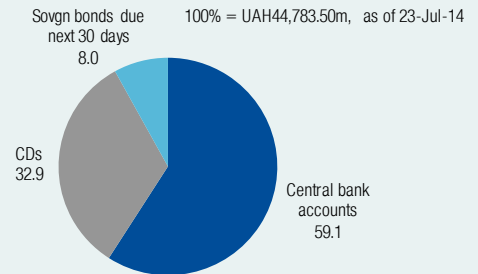


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

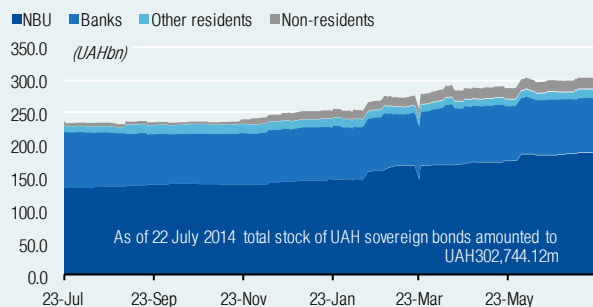
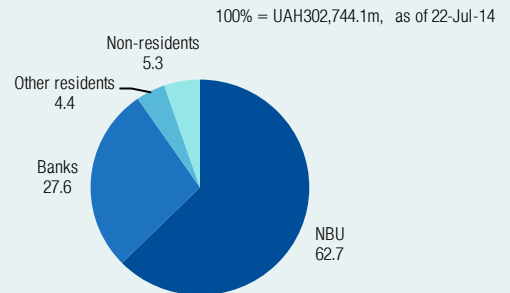


Chart 8. Domestic sovereign debt (%) as of 23 Jul 2014



# FX: News & Comments

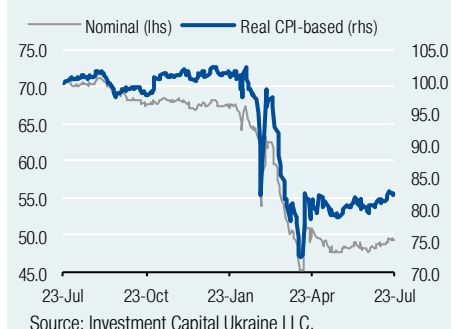
## Hryvnia lower yesterday as RUB recovers

All eyes are on the investigation of the MH17 jetliner crash, particularly on the review of the black boxes. Initial reports indicate no signs of external interference, but a thorough review of black box tapes will take weeks. The West has imposed no sanctions on the Russian economy yet, and few European leaders (excluding those in the UK and a few small nations in Eastern Europe) choose to follow the US's determination to punish the Kremlin. Yesterday, German Chancellor Angela Merkel declared her support of EU sanctions which are weak and forgiving at best, following the viewpoint in Brussels. The Russian ruble gained 0.36% yesterday as the euro inched down 0.01% in response to the IMF's downwardly revised growth projections for the US economy - below 2% in 2014. Despite the previous more upbeat projections for US growth, the US dollar index rose 0.05% yesterday, while the hryvnia lost 0.32%.

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### ICU's UAH trade-weighted indices

(Last 12-month history to 24 Jul 2014)



### FX market indicators (as of 23 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	11.6850	+0.13	-0.34	-1.48	+41.81
NBU avg	11.6444	-0.22	-0.63	-1.97	+42.86
Tt vlm <sup>1</sup>	429.67	+27.51	+26.27	+32.66	-84.67
\$ volume <sup>2</sup>	309.97	+40.25	+35.54	+28.56	-85.98
NDF 3M	12.2000	+0.41	+0.83	-1.69	+43.78
NDF 6M	12.6250	+0.00	+0.40	-2.17	+43.79
NDF 1Y	13.4850	+0.00	-0.30	-2.67	+43.15
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	49.268	-0.32	+0.77	+2.38	-27.05
UAH real CPI	82.092	-0.32	+0.77	+2.38	-18.78
UAH real PPI	120.728	-0.32	+0.77	+2.38	-13.01
USD nom'l	80.823	+0.05	+0.33	+0.69	+0.98
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	34.8374	-0.36	+1.23	+1.99	+5.99
EUR/USD	1.3464	-0.01	-0.45	-1.04	-2.03
USD/CNY	6.1986	-0.08	-0.10	-0.45	+2.38
USD/PLN	3.0716	-0.06	+0.50	+0.41	+1.61
USD/TRY	2.0885	-0.83	-1.45	-2.28	-2.78
USD/BYR	10,295.00	-0.05	+0.29	+1.03	+7.91
USD/KZT	183.5200	-0.02	+0.00	+0.02	+18.96
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	101.4800	+0.02	-0.19	-0.44	-3.64
GBP/USD	1.7044	-0.12	-0.54	+0.10	+2.94
USD/CHF	0.9022	-0.02	+0.42	+0.88	+1.04
AUD/USD	0.9456	+0.66	+0.94	+0.36	+6.04
USD/CAD	1.0728	-0.09	-0.12	-0.04	+0.99
USD/BRL	2.2194	+0.30	-0.18	+0.01	-6.04
USD/KRW	1,023.78	-0.08	-0.79	+0.52	-2.48
<b>COMMODITIES</b>					
Gold(\$/oz)	1,304.63	-0.14	+0.42	-0.97	+8.21
WTI crude <sup>3</sup>	107.62	+3.06	+6.34	+0.75	+9.35
Brent crd <sup>3</sup>	106.85	+1.39	+1.48	-5.99	-3.58
Urals crd <sup>3</sup>	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB <sup>4</sup>	298.77	+0.48	+0.67	-4.25	+6.64

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>).

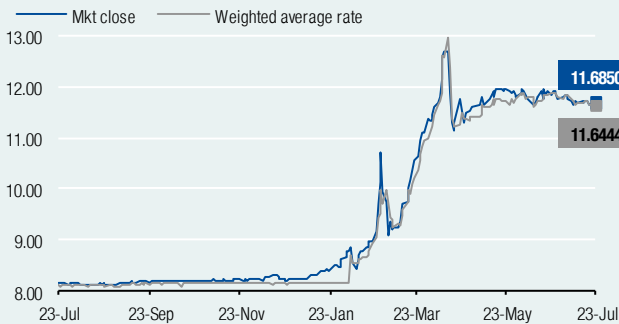
Section on FX market is continued on next page.

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.

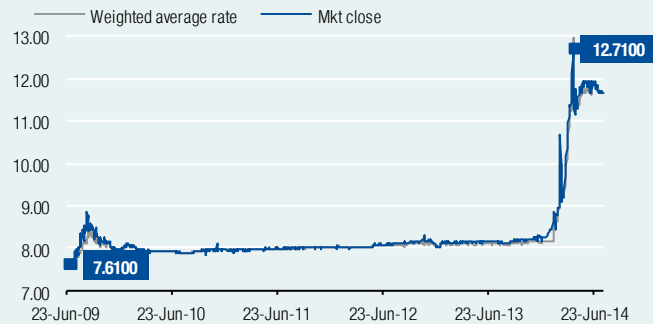
Sources: Bloomberg, Investment Capital Ukraine LLC.

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.

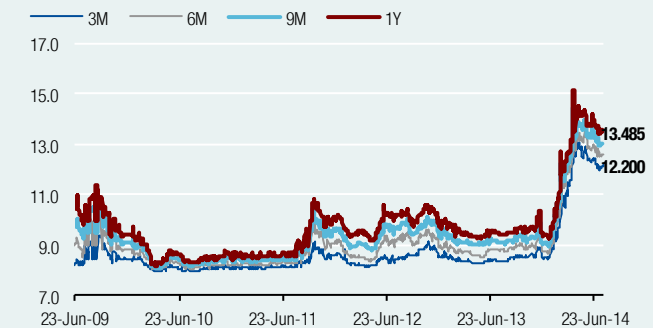


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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.

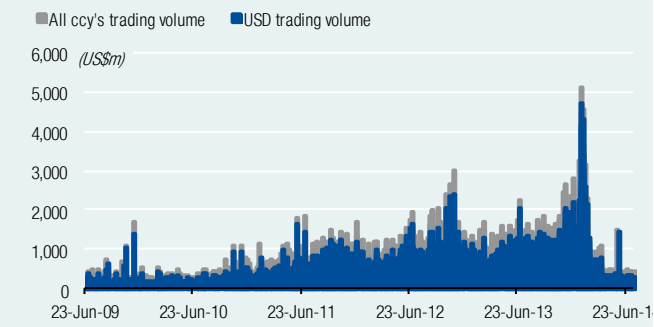


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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)



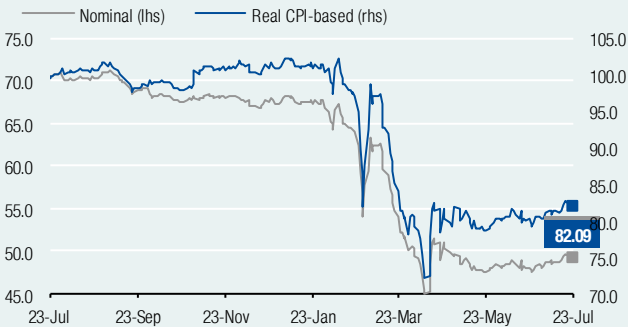
Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

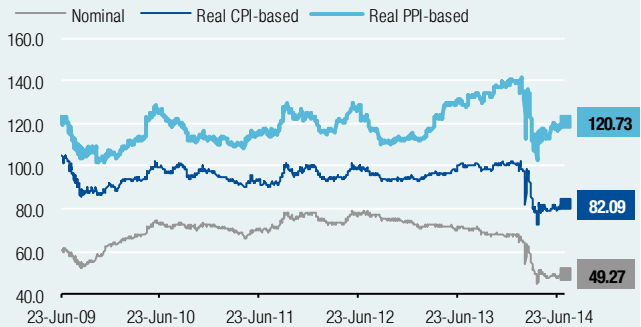
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



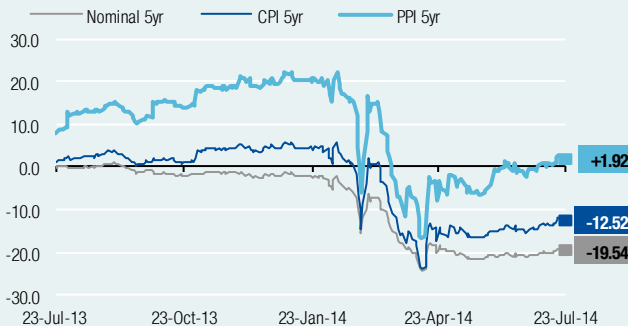
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**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)**

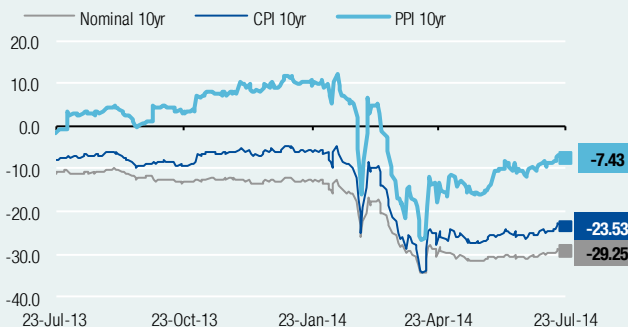


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

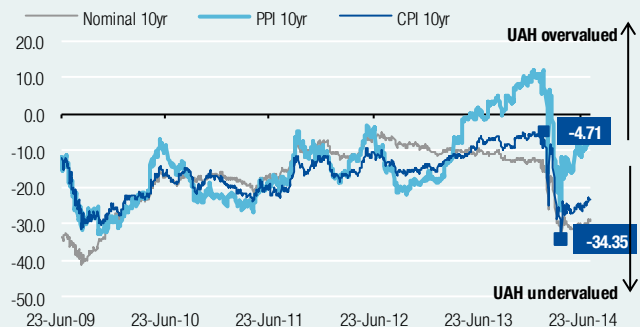


Note: the boxes indicate the high and low values of CPI-based TWI.  
Source: Investment Capital Ukraine LLC.

**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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