



INVESTMENT CAPITAL UKRAINE
INVESTMENT BANKING

Daily Insight

Political news; IMF reviews global growth outlook; The NBU supports liquidity; Bondholders' structure changes

FRIDAY, 25 JULY, 2014

RESEARCH INSIGHT

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UX Index (3 months to 25 Jul 2014)



Key market indicators (as of 24 Jul 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	11.7300	+0.39	+42.35
USD/UAH (1Y NDF)	13.5150	+0.22	+43.47
EUR/USD	1.3464	+0.00	-2.03
USD/RUB	34.9708	+0.38	+6.39
KievPRIME O/N (%)	5.50	-20bp	-230bp
KievPRIME 1M (%)	15.40	-60bp	-85bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-19bp	-8,592bp
Ukraine 17, Eurobond (%)	8.33	+37bp	-123bp
Ukraine 22, Eurobond (%)	8.43	+23bp	-92bp
Ukraine 23, Eurobond (%)	8.24	+12bp	-80bp
Ukraine 5Y CDS	798bp	+9bp	-19bp

EQUITIES

Stock market indices

UX (Ukraine)	1,280.40	+0.09	+40.70
MSCI World	432.90	+0.14	+5.96
MSCI EM	1,080.85	+0.29	+7.80
RTS (Russia)	1,266.72	-0.42	-12.20
WIG-20 (Poland)	2,409.20	+0.26	+0.34
S&P 500 (USA)	1,987.98	+0.05	+7.55

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

MHPC LI	1.08	24.2% of total ¹
FXPO LN	0.96	21.5%
KER PW	0.82	18.4%

GAINERS: Top 3 stocks (in listed currency)

ZAEN UK	UAH 143.50	+5.51	+58.74
ALAGR FP	EUR 0.98	+2.08	-20.97
MLK PW	PLN 5.79	+1.76	-53.68

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

Politics: Pro-democracy parties maneuver for early parliamentary elections

Yesterday, the ruling coalition officially dissolved itself after PM Yatsenyuk tendered his resignation after making a powerful speech in the parliament, possibly signalling his bid for the upcoming election campaign. Yatsenyuk also cited the coalition PMs' reluctance to pass the needed laws on natural gas pipelines and state budget amendments as one of the key reasons for his resignation. His prime reason was that coalition decided to dissolve itself. The latter move of the parties which formed the coalition was likely well-prepared beforehand in agreement with President Poroshenko, whose run for the presidency includes a promise to voters to remove corrupt politicians from the parliament. Parliament and PMs in Ukraine are universally synonymous with political corruption, both domestically and internationally. We view yesterday's decision of the ruling coalition to dissolve as a technical move just to launch a constitutional mandate for early parliamentary elections. Both Poroshenko and Yatsenyuk have proven to be popular among voters as they have been decisive in gathering strong support to defend the nation against the Kremlin's aggression. This dissolution is by no means negative. Likely, today the parliament (constituted by the same MPs who formed the recent ruling coalition) will install an effective government that will facilitate Poroshenko's and Yatsenyuk's election campaigns. Quite likely, Yatsenyuk will return as the PM following the elections which are reported to take place in October. In this regard, we do not think the IMF program is at risk.

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IMF reviews global growth outlook

The IMF issued an update to its semiannual projections on global growth last released in April when it reduced the growth rates for many key economies. In particular, the IMF sharply downwardly revised its projection for the Russian economy by 1.1ppt from 1.3% YoY to 0.2% YoY. This move underscored the IMF's view on geopolitics (the sanctions) and the Russian economy's own challenges. Our view is that the Russian economy's issues were quite evident since 2013; thus, the downward revision is not surprising. Moreover, the Russian economy struggles to grow not because of the sanctions, which are "soft" in our view, but because its macroeconomic policies are ineffective. The impact on Ukraine is that the Russian currency is overvalued, in our opinion. When investors start weighing the IMF's motives and the possibility of more severe sanctions imposed by the West, the RUB will decline. A weaker Russian currency will weaken the UAH as well.

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Table 1. Ukrainian stocks (closing prices as of 24-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	-26.4	0.19	43.7	-19.4	40.2	17.6	14.4	10.8	0.09	1,148	Neg.	Neg.	Neg.	2.9	N/A	N/A	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.97 UAH	-0.1	+8.0	+67.1	+57.1	0.68	250.3	304.3	21.7	54.3	620.3	439.5	1.20	83	6.0	6.1	3.8	0.5	4.7	2.4	0.5	0.4	0.3	1.2	12.2
Coal Energy	CLE PW	Warsaw	1.09 PLN	-0.9	-17.4	+3.8	-49.3	0.35	16.0	126.1	25.0	4.0	2.8	28.3	0.38	263	Neg.	Neg.	4.0	5.6	15.8	4.3	1.0	1.2	1.1	0.2	39.8
Donbasenergo	DOEN UK	Kiev, UX	38.18 UAH	-0.7	-4.4	+38.4	+58.0	3.25	76.8	117.2	14.2	10.9	159.7	71.0	0.79	127	1.7	1.6	2.2	0.5	1.6	1.3	0.2	0.2	0.2	1.4	17.8
JKX Oil & Gas	JKX LN	London	46.75 GBP	-0.5	-20.4	-34.6	-20.1	0.79	136.4	142.9	47.2	64.4	54.4	37.7	0.09	1,120	21.0	12.0	4.9	2.2	1.8	1.6	0.8	0.7	0.7	0.3	5.5
Regal Petroleum	RPT LN	London	9.13 GBP	+0.0	+10.6	-29.8	-42.1	0.16	49.7	22.9	80.9	40.2	0.0	6.2	0.01	7,812	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	143.50 UAH	+5.5	-0.3	+58.7	+91.3	12.20	156.1	133.4	5.0	7.8	0.3	3.4	0.04	2,272	3.2	N/A	N/A	0.9	N/A	N/A	0.1	N/A	N/A	3.5	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-2.5	-4.6	-8.3	-11.0	0.00	78.0	1,272.0	3.9	3.0	127.0	34.1	1.87	53	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	-0.7	-6.3	+5.3	-3.8	0.27	51.7	48.7	4.0	2.1	21.4	30.3	1.64	61	Neg.	1.8	0.8	Neg.	0.6	0.4	0.1	0.1	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.88 UAH	-0.5	+11.9	+31.6	+40.4	0.08	315.4	308.2	4.1	12.9	27.2	20.6	0.11	896	Neg.	N/A	Neg.	Neg.	N/A	8.7	0.2	N/A	0.2	0.3	0.0
Ferrexpo PLC	FXPO LN	London	142.50 GBP	+0.6	+13.6	-23.3	-11.2	2.42	1,425.1	2,086.3	22.4	319.2	956.3	1,699.7	0.53	189	5.4	6.8	8.1	4.2	4.8	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	+21.3	0.06	16.1	17.3	9.0	1.4	0.0	7.6	0.41	241	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	43.19 UAH	-1.5	-5.7	+34.9	+24.9	3.67	38.8	34.3	9.4	3.6	32.9	38.2	1.42	71	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	0.98 EUR	+2.1	-7.5	-21.0	-34.7	1.32	121.9	148.6	34.0	41.4	1.8	23.9	0.02	4,684	Neg.	N/A	N/A	Neg.	N/A	N/A	2.1	N/A	N/A	1.0	35.9
Agroliga	AGL PW	Warsaw	19.15 PLN	+1.6	-3.3	-26.1	-24.0	6.23	9.6	10.5	16.7	1.6	0.0	3.2	0.06	1,793	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	2.72 PLN	+0.7	-6.2	+39.5	+44.7	0.88	19.2	64.5	26.2	5.0	31.4	129.8	1.85	54	Neg.	2.7	2.4	24.1	6.8	4.0	0.8	0.7	0.8	0.2	28.4
Astarta Holdin...	AST PW	Warsaw	39.50 PLN	+0.0	-10.2	-41.0	-46.3	12.85	321.2	635.6	31.0	99.6	5.8	146.8	0.09	1,156	9.3	7.0	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	+0.0	-7.2	-21.8	+5.0	9.19	587.0	817.9	21.7	127.4	15.4	203.5	0.23	440	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	8.50 PLN	+0.2	-16.9	-30.0	-45.5	2.76	86.5	237.5	23.9	20.7	1.1	71.4	0.40	248	3.3	7.9	1.9	4.4	4.1	3.3	2.1	1.2	1.0	0.6	38.7
Kernel Holding...	KER PW	Warsaw	29.90 PLN	+0.2	-9.9	-21.5	-43.0	9.72	774.9	1,681.5	58.8	455.4	818.9	2,843.0	0.33	301	7.0	15.0	5.0	5.8	6.5	4.9	0.6	0.7	0.6	0.7	30.6
MHP	MHPC LI	London Intl	12.50 USD	-10.9	-15.4	-26.7	-27.5	12.50	1,320.8	2,481.7	22.3	294.8	1,078.7	1,208.5	0.48	207	8.5	4.9	4.4	6.3	5.1	4.7	1.7	1.6	1.4	2.3	47.0
Milkiland	MLK PW	Warsaw	5.79 PLN	+1.8	-18.5	-53.7	-50.9	1.88	58.8	187.9	20.0	11.8	5.4	9.6	0.06	1,808	4.0	N/A	3.0	5.7	3.7	3.3	0.4	0.4	0.4	0.3	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	4.57 EUR	+0.0	+1.2	-15.4	+1.3	6.15	653.4	1,441.6	20.0	130.7	0.0	14.9	0.01	19,165	7.4	7.5	2.9	8.7	5.3	4.8	2.9	3.4	3.3	0.0	45.3
Ovostar Union	OVO PW	Warsaw	67.15 PLN	-2.7	-8.0	-32.9	-10.5	21.84	131.0	138.6	25.0	32.8	5.8	28.2	0.16	623	4.3	6.4	6.1	3.8	4.6	4.1	1.5	1.6	1.3	1.0	8.5
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	7.74 PLN	-4.4	-22.2	-75.3	-76.9	2.52	23.4	6.9	10.9	2.6	0.6	0.4	0.01	9,688	3.5	N/A	N/A	0.6	N/A	N/A	0.2	N/A	N/A	0.3	5.6
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.22 EUR	+0.0	-2.2	-30.6	-37.9	0.30	15.3	190.9	13.1	2.0	1.6	0.2	0.01	6,827	Neg.	N/A	N/A	Neg.	N/A	N/A	5.6	N/A	N/A	0.2	45.5
FINANCIAL SERVICES																											
Forum Bank	FORM UK	Kiev, UX	0.20 UAH	-31.0	N/A	N/A	N/A	0.02	10.1	N/A	5.5	0.6	0.7	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	-1.9	-4.6	+29.3	+46.8	0.01	374.3	N/A	3.8	14.3	459.2	209.6	2.52	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	-1.1	+1.8	-8.0	+19.1	0.01	266.1	N/A	4.5	11.9	12.2	15.8	0.19	515	Neg.	14.6	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 24-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

The NBU supports liquidity

Broader banking sector liquidity rose UAH1.07bn to UAH46.23bn after receiving UAH2.02bn of net inflows on Wednesday. The MoF repaid UAH0.38bn in local currency and received UAH1.09bn of proceeds from the primary auction while the NBU issued UAH0.88bn of 13-day loans and purchased UAH1.85bn of new government bonds. In addition, the NBU decreased CDs outstanding by UAH0.52bn to UAH14.21bn. As a result, banks' correspondent accounts with the NBU rose UAH1.67bn to UAH28.43bn yesterday.

KyivPrime interest rates slightly declined yesterday: the KyivPrime ON interest rate slid 20bp to 5.50% while the KyivPrime 1M interest rate declined 60bp to 15.40%.

Investment implications: Following Wednesday's cash flows, the NBU built reserves as there were only UAH0.60bn of outflows. Yesterday's liquidity indicators increased as a result of the significant injections.

Ukrainian Eurobonds decline

Following yesterday's dissension of several political parties from a Ukrainian parliamentary coalition, prices began to decline and accelerated downward even further after several Ukrainian government officials resigned. At the close, the yield curve adjusted to the range of 7.87-8.90%, as UKRAIN 6.875% '15 rose 127bp to 8.90%, UKRAIN 6.58% '16 was up 22bp to 8.05%, UKRAIN 6.75% '17 rose 39bp to 8.42%, UKRAIN 9.25% '17 was up 38bp to 8.33%, UKRAIN 7.50% '23 rose 13bp to 8.24%, while UKRAIN 7.95% '21 and UKRAIN 7.80% '22 rose 24bp to 8.65% and 8.43%, respectively. The 5-year CDS rose to 798bp.

Bondholders' structure changes

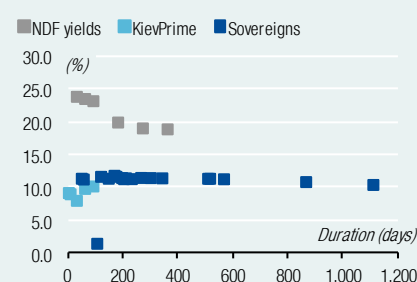
The NBU increased its portfolio UAH2.36bn this week as the MoF redeemed USD0.29bn of bonds on Wednesday, causing the bondholders' structure to significantly. The NBU's portfolio rose to UAH192.17bn as its share increased to 63.77%. At the same time, the portfolios and shares of other groups significantly declined, especially the banks' portfolio fell to UAH79.83bn as banks redeemed UAH3.25bn of their bonds with the NBU. As a result, the banks' portfolio share declined to 26.49%. Other residents' portfolio declined UAH1.13bn to UAH13.21bn with its share declining to 4.38%. Non-residents' share rose slightly to 5.36% as their portfolio decline was insignificant.

Investment implications: Yesterday's data does not include the US\$200.0m in bank bond purchases at Wednesday's auction. The settlement date is today and will be included in NBU statistics on Monday.

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Yield curve of the local bond market

(as of market close on 24 Jul 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 24 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	5.50	-20bp	-252bp	+37bp	-230bp
1wk	9.40	+0bp	+52bp	+134bp	-40bp
1m	15.40	-60bp	-98bp	-191bp	-85bp
2m	17.90	+0bp	-10bp	-10bp	+150bp
3m	18.00	-10bp	+0bp	+0bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	28,426	+7.44	-1.82	+2.56	-13.08
CDs ²	14,209	-3.52	+28.26	+35.00	+1,915.5
Sovgns ³	3,597	+0.00	+6.40	-22.11	+140.6
Total	46,232	+3.23	+6.50	+7.87	+32.46
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	192,175	+0.97	+1.25	+3.51	+32.67
Banks	79,829	-3.91	-5.09	-6.55	-0.42
Resid's ⁴	13,206	-7.85	+2.20	+11.87	+6.53
Non-res ⁵	16,153	-0.19	-0.47	-1.47	+38.08
Total	301,363	-0.84	-0.56	+0.69	+20.97
NDF IMPLIED YIELDS (%)					
3m	15.59	-229bp	+50bp	-93bp	+345bp
6m	16.07	-32bp	+84bp	+194bp	+266bp
9m	15.75	-23bp	+15bp	+26bp	+174bp
1yr	15.86	-18bp	-40bp	-96bp	+87bp
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	-19bp	-1bp	+308bp	-86ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	798	+9bp	-19bp	+32bp	-19bp
Jun '16	7.88	+18bp	-32bp	+30bp	-101bp
Jul '17	8.33	+37bp	-6bp	+4bp	-123bp
Sep '20	8.60	+23bp	+3bp	+44bp	-59bp
Sep '21	8.64	+23bp	-12bp	+43bp	-58bp
Sep '22	8.43	+23bp	-15bp	-6bp	-92bp
Feb '23	8.24	+12bp	-27bp	-6bp	-80bp

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

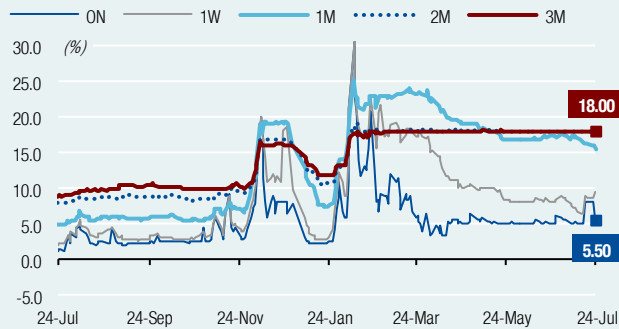


Chart 2. UAH NDF implied yields (%), last 12-month period

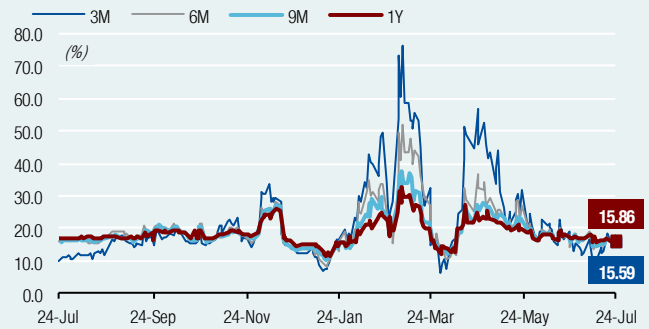


Chart 3. UAH sovereign yield curve (%) as of 24 Jul 2014

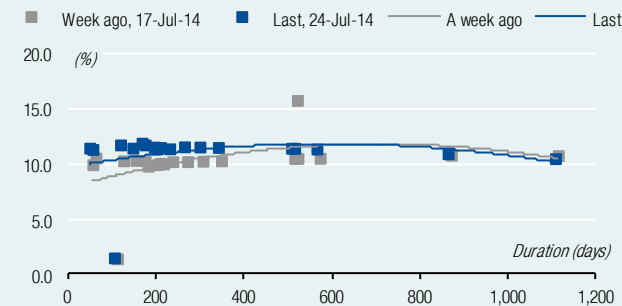


Chart 4. USD sovereign yield curve (%) as of 24 Jul 2014

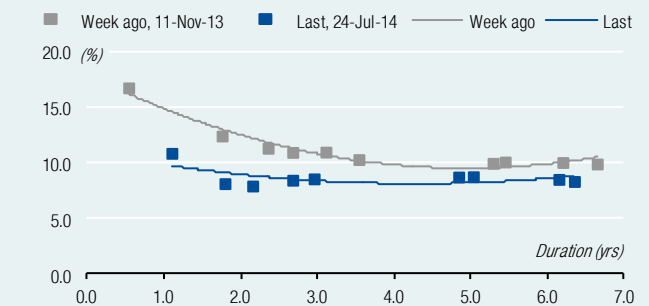


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

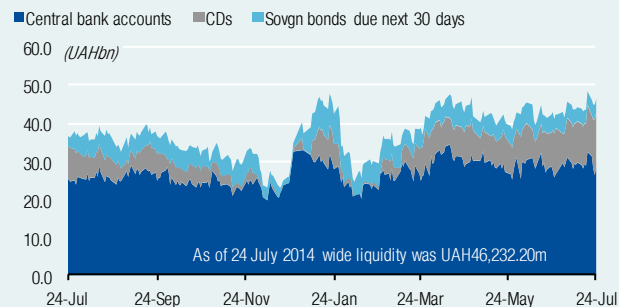


Chart 6. Breakdown of liquidity pool (%) as of 24 Jul 2014

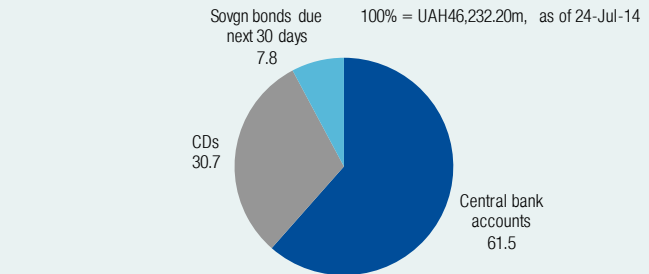


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

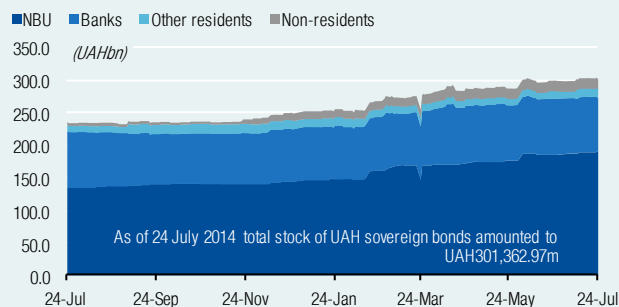
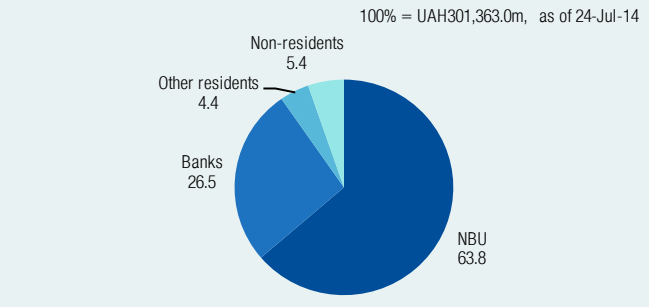


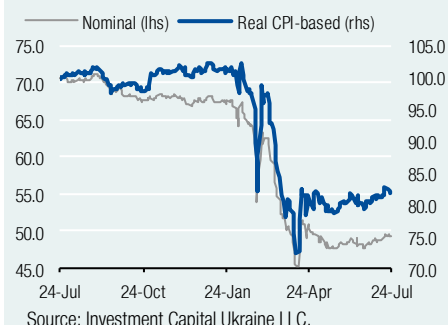
Chart 8. Domestic sovereign debt (%) as of 24 Jul 2014



FX: News & Comments

ICU's UAH trade-weighted indices

(Last 12-month history to 25 Jul 2014)



FX market indicators (as of 24 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	11.7300	+0.39	+0.13	-1.64	+42.35
NBU avg	11.6829	+0.33	-0.31	-1.76	+43.33
Ttl vlm ¹	328.32	-23.59	-9.98	-7.75	-88.28
\$ volume ²	228.07	-26.42	-8.95	-3.76	-89.68
NDF 3M	12.1800	-0.16	+0.25	-1.85	+43.55
NDF 6M	12.6550	+0.24	+0.52	-0.75	+44.13
NDF 1Y	13.5150	+0.22	-0.22	-2.45	+43.47
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	49.147	-0.25	-0.37	+3.07	-27.23
UAH real CPI	81.890	-0.25	-0.37	+3.07	-18.98
UAH real PPI	120.432	-0.25	-0.37	+3.07	-13.22
USD nom'l	80.872	+0.06	+0.46	+0.68	+1.05
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	34.9708	+0.38	-0.56	+3.56	+6.39
EUR/USD	1.3464	+0.00	-0.46	-1.04	-2.03
USD/CNY	6.1943	-0.07	-0.16	-0.59	+2.31
USD/PLN	3.0755	+0.13	+0.07	+0.73	+1.74
USD/TRY	2.0921	+0.17	-2.28	-2.31	-2.61
USD/BYR	10,290.00	-0.05	+0.10	+0.98	+7.86
USD/KZT	183.5400	+0.01	+0.01	-0.04	+18.97
OTHER MAJOR CURRENCIES					
USD/JPY	101.8200	+0.34	+0.63	-0.15	-3.31
GBP/USD	1.6986	-0.34	-0.67	+0.00	+2.59
USD/CHF	0.9026	+0.04	+0.58	+0.98	+1.09
AUD/USD	0.9419	-0.39	+0.73	+0.54	+5.63
USD/CAD	1.0745	+0.16	-0.17	+0.00	+1.15
USD/BRL	2.2217	+0.10	-1.62	-0.15	-5.94
USD/KRW	1,028.78	+0.49	-0.05	+1.02	-2.00
COMMODITIES					
Gold(\$/oz)	1,293.73	-0.84	-1.93	-1.87	+7.31
WTI crude ³	105.32	-2.14	+2.06	-1.23	+7.01
Brent crd ³	105.60	-1.17	-1.30	-7.09	-4.71
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	298.19	-0.19	+0.09	-4.42	+6.43

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>).

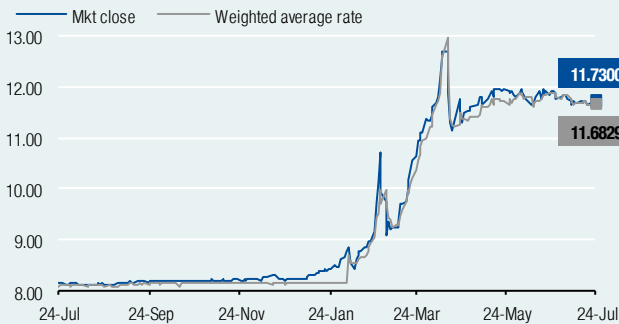
Section on FX market is continued on next page.

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.

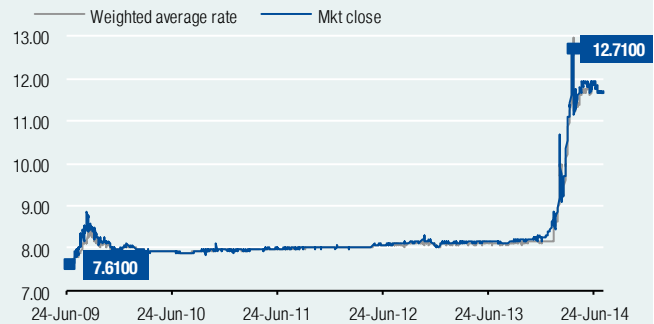
Sources: Bloomberg, Investment Capital Ukraine LLC.

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.

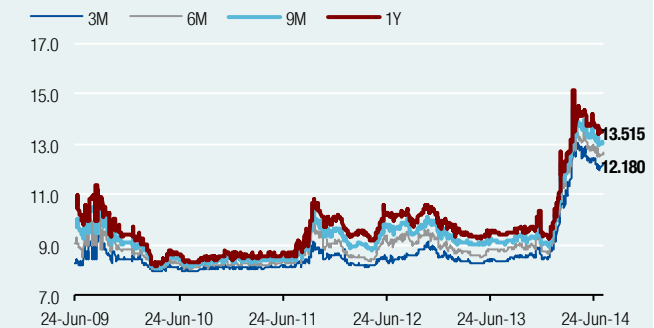


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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.

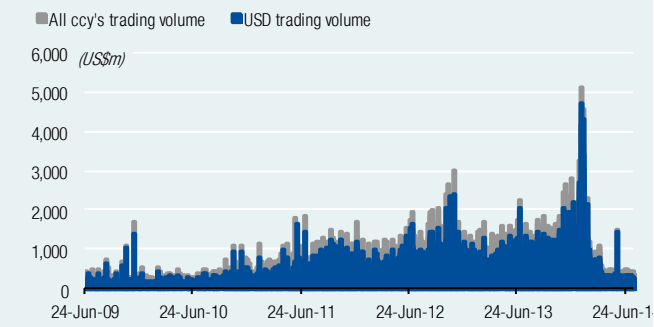


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 11. Trading volume: last 12-month and 5-year periods (US\$m, left and right respectively)

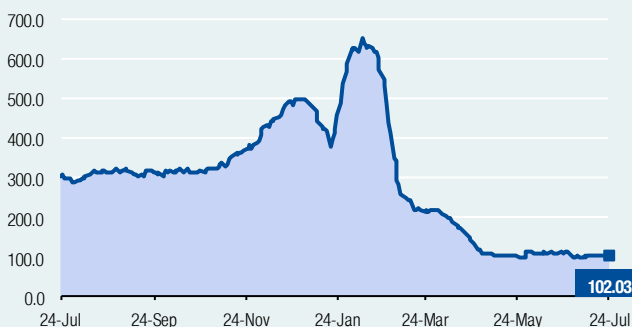


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

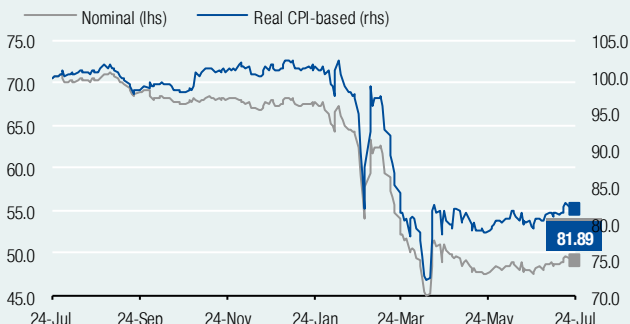


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

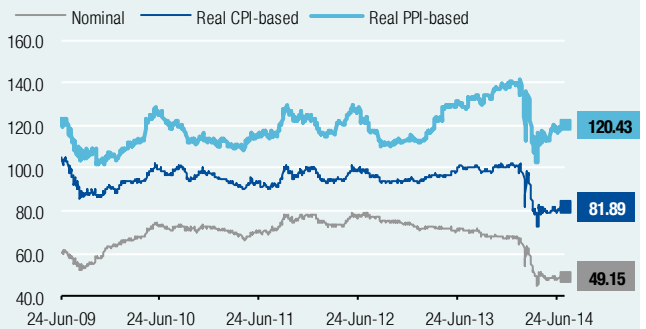
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



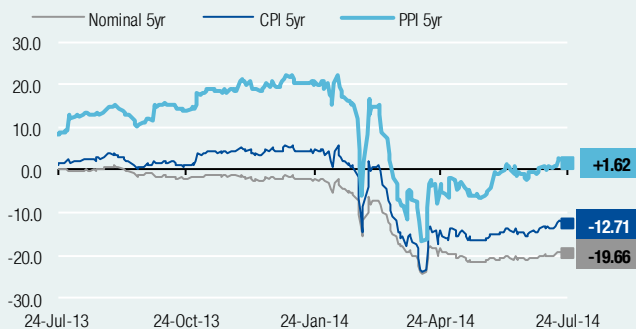
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

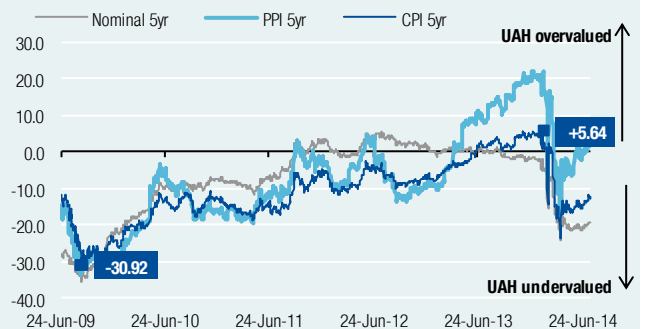


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

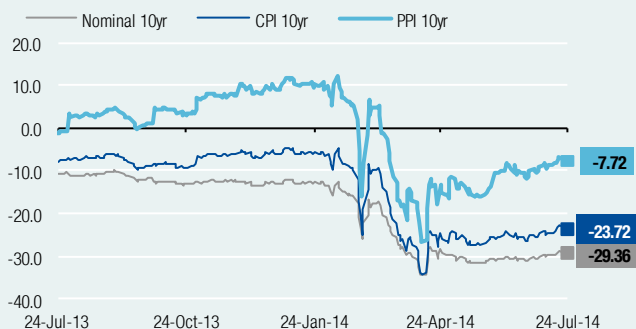


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

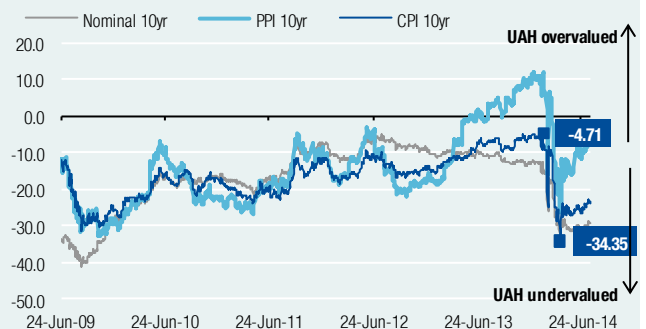


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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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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.

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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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