


 INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Liquidity slight decline; Bonds issue for Naftogaz;
 FX rate drops slightly; Metinvest news

THURSDAY, 14 AUGUST, 2014

RESEARCH INSIGHT

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UX Index (3 months to 14 Aug 2014)



Key market indicators (as of 13 Aug 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	13.1500	-1.87	+59.59
USD/UAH (1Y NDF)	14.3984	-5.71	+52.85
EUR/USD	1.3364	-0.04	-2.76
USD/RUB	35.9903	-0.45	+9.49
KievPRIME O/N (%)	6.10	+35bp	-170bp
KievPRIME 1M (%)	15.10	-3bp	-115bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-160bp	-8,655bp
Ukraine 17, Eurobond (%)	10.08	-14bp	+53bp
Ukraine 22, Eurobond (%)	9.10	-10bp	-25bp
Ukraine 23, Eurobond (%)	9.13	-15bp	+9bp
Ukraine 5Y CDS	960bp	-23bp	+144bp

EQUITIES

Stock market indices

UX (Ukraine)	1,231.73	-2.90	+35.35
MSCI World	422.04	+0.56	+3.30
MSCI EM	1,070.87	+0.61	+6.80
RTS (Russia)	1,220.80	+1.84	-15.38
WIG-20 (Poland)	2,381.74	+1.37	-0.80
S&P 500 (USA)	1,946.72	+0.67	+5.32

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

FXPO LN	1.68	52.0% of total ¹
KER PW	0.63	19.4%
MHPC LI	0.52	16.1%

GAINERS: Top 3 stocks (in listed currency)

KDM PW	PLN 8.68	+9.60	-72.35
JKX LN	GBp 42.75	+6.54	-40.21
MHPC LI	USD 12.14	+1.17	-28.80

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 13-Aug-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	11.63 GBP	+0.0	+4.5	+12.0	-24.4	0.19	44.8	-18.3	40.2	18.0	10.7	20.5	0.24	419	Neg.	Neg.	Neg.	2.8	N/A	N/A	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.84 UAH	+0.0	+0.0	+64.5	+49.4	0.60	220.4	268.6	21.7	47.8	55.3	384.1	0.69	146	5.9	6.0	3.7	0.5	4.7	2.3	0.5	0.4	0.3	1.2	12.2
Coal Energy	CLE PW	Warsaw	0.92 PLN	+0.0	-19.3	-12.4	-60.2	0.29	13.2	123.4	25.0	3.3	17.9	17.8	0.40	250	Neg.	Neg.	3.3	5.5	15.4	4.3	1.0	1.2	1.1	0.1	39.8
Donbasenergo	DOEN UK	Kiev, UX	39.50 UAH	+0.0	+2.0	+43.2	+54.4	3.00	71.0	107.2	14.2	10.1	6.4	65.4	0.60	168	1.8	2.4	2.2	0.4	2.4	1.3	0.2	0.2	0.2	1.4	17.8
JKX Oil & Gas	JKX LN	London	42.75 GBP	+6.5	-24.7	-40.2	-37.1	0.71	122.4	127.6	47.2	57.8	67.3	37.6	0.12	856	18.8	10.8	4.4	1.9	1.7	1.4	0.7	0.7	0.6	0.2	5.5
Regal Petroleum	RPT LN	London	4.88 GBP	-8.5	-47.3	-62.5	-72.1	0.08	26.1	-0.8	80.9	21.1	17.4	4.5	0.04	2,407	Neg.	13.0	N/A	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	134.90 UAH	+0.0	-3.6	+49.2	+61.8	10.26	131.2	110.9	5.0	6.6	1.8	3.0	0.03	3,021	3.0	N/A	N/A	0.7	N/A	N/A	0.1	N/A	N/A	3.3	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.03 UAH	+0.0	-7.1	-12.7	-16.0	0.00	66.4	1,134.0	3.9	2.6	10.1	28.8	1.03	97	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	3.01 UAH	+0.0	-6.3	+1.8	-8.6	0.23	44.7	42.0	4.0	1.8	7.7	25.5	0.95	105	Neg.	1.8	0.8	Neg.	0.6	0.4	0.1	0.0	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.88 UAH	+0.0	+7.3	+30.9	+40.3	0.07	280.4	274.0	4.1	11.5	17.9	19.5	0.14	722	Neg.	N/A	Neg.	Neg.	N/A	8.6	0.2	N/A	0.2	0.3	0.0
Ferrexpo PLC	FXPO LN	London	133.40 GBP	+0.7	-6.5	-28.2	-29.0	2.22	1,309.4	1,511.9	22.4	293.3	1,684.3	1,616.9	0.42	238	5.0	5.3	7.6	3.0	3.1	4.0	1.0	1.0	1.0	1.2	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.70 UAH	+0.0	-1.4	+32.1	+23.0	0.05	14.6	15.6	9.0	1.3	0.3	6.7	0.20	489	Neg.	1.4	0.8	0.1	0.6	0.5	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	40.00 UAH	+0.0	-6.8	+25.0	+16.2	3.04	32.1	28.1	9.4	3.0	18.1	33.0	0.83	120	6.1	N/A	Neg.	Neg.	N/A	0.9	0.0	N/A	0.0	1.0	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.87 EUR	-3.3	-13.0	-29.8	-37.4	1.16	107.3	165.0	34.0	36.5	19.2	16.1	0.03	3,271	Neg.	N/A	N/A	Neg.	N/A	N/A	2.3	N/A	N/A	1.9	35.9
Agroliga	AGL PW	Warsaw	18.09 PLN	+0.0	-7.2	-30.2	-27.6	5.77	8.9	9.8	16.7	1.5	0.0	2.3	0.07	1,512	2.1	N/A	N/A	2.8	N/A	N/A	0.5	N/A	N/A	0.7	5.7
Agroton	AGT PW	Warsaw	2.12 PLN	+0.0	-26.4	+8.7	-15.5	0.68	14.6	59.9	26.2	3.8	18.7	90.5	1.58	63	Neg.	2.1	1.8	22.4	6.3	3.7	0.7	0.7	0.7	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	36.57 PLN	-0.6	-15.0	-45.3	-52.8	11.66	291.4	603.2	31.0	90.4	42.1	127.7	0.11	879	8.5	9.4	4.6	8.0	4.7	5.3	1.2	1.2	1.2	0.8	38.2
Avangard	AVGR LI	London Intl	8.36 USD	-2.4	-11.1	-28.9	-18.1	8.36	533.6	764.6	21.7	115.8	27.6	166.1	0.07	1,425	2.3	2.8	2.4	2.5	3.2	3.0	1.2	1.1	1.0	0.4	17.8
IMC	IMC PW	Warsaw	8.29 PLN	+0.9	-12.8	-31.8	-47.5	2.64	82.7	233.7	23.9	19.8	7.0	62.6	0.05	2,222	3.2	7.5	1.8	4.3	4.3	4.2	2.0	1.2	1.3	0.5	38.7
Kernel Holding...	KER PW	Warsaw	27.40 PLN	+1.1	-11.0	-28.0	-45.1	8.73	696.0	1,602.6	58.8	409.1	626.8	2,272.8	0.23	435	6.3	17.2	4.9	5.5	6.5	4.9	0.6	0.6	0.6	0.6	30.6
MHP	MHPC LI	London Intl	12.14 USD	+1.2	-17.4	-28.8	-30.6	12.14	1,282.8	2,443.6	22.3	286.3	521.6	1,019.7	0.50	202	8.2	4.7	4.1	6.3	5.0	4.6	1.6	1.6	1.4	2.2	47.0
Milkiland	MLK PW	Warsaw	5.00 PLN	-3.8	-24.8	-60.0	-58.2	1.59	49.8	177.8	20.0	10.0	0.5	7.4	0.04	2,565	3.4	N/A	2.5	5.4	3.5	3.2	0.4	0.4	0.4	0.2	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	2.00 EUR	-7.4	-55.4	-63.0	-55.6	2.67	283.8	1,011.6	20.0	56.8	0.0	5.4	0.01	8,083	3.2	3.3	1.3	6.1	3.7	3.4	2.0	2.4	2.3	0.7	45.3
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	8.68 PLN	+9.6	-12.1	-72.3	-74.0	2.77	25.7	9.2	10.9	2.8	0.3	1.2	0.08	1,312	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	0.22 EUR	+0.0	+15.2	-30.6	-51.0	0.29	15.2	190.8	13.1	2.0	0.0	0.1	0.00	21,742	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	0.25 UAH	+0.0	N/A	N/A	N/A	0.02	11.1	N/A	5.5	0.6	0.3	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	0.14 UAH	+0.0	-8.1	+22.6	+36.4	0.01	317.1	N/A	3.8	12.1	54.2	180.1	1.53	65	4.1	Neg.	11.7	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.17 UAH	+0.0	+0.9	-8.8	+31.7	0.01	235.9	N/A	4.5	10.6	2.6	14.3	0.09	1,149	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 13-Aug-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

Banking sector liquidity slight decline

Broader banking sector liquidity slid UAH0.25bn to UAH41.36bn yesterday due to a decline in banks' correspondent accounts with the NBU of UAH0.22bn to UAH25.24bn as well as a decline in CDs outstanding by UAH0.03bn to UAH12.08bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH4.04bn.

KyivPrime interest rates slightly diverged yesterday: the KyivPrime ON interest rate rose 35bp to 6.10% while the KyivPrime 1M interest rate slid 3bp to 15.10%.

Investment implications: Although the NBU increased ON loans by only UAH46.20m to UAH151.10m on Tuesday and slightly decreased CDs outstanding by UAH31.00m, these insufficient injections did not cover outflows as banks' correspondent accounts with the NBU declined UAH222.3m yesterday. This decline could be caused by quarterly tax payments which usually take place during this period through 20 August.

YTM's slightly decline

Although Ukrainian Eurobonds remain very risky, during the last few days the situation improved slightly as news has been less volatile than it was last week. As a result, spreads to the benchmark slightly widened yesterday. Combined with the decline in the YTM of US treasuries, YTM's of Ukrainian Eurobonds fell as well. At yesterday's close, the yield curve adjusted to the range of 9.10-10.79%. UKRAIN 6.875% '15 declined 115bp to 10.79%, UKRAIN 6.75% '17 drop 29bp to 9.12%, while UKRAIN 9.25% '17 slid 14bp to 10.08%, UKRAIN 7.95% '21 declined 38bp to 9.30%, UKRAIN 7.80% '22 and UKRAIN 7.50% '23 slid 10bp and 15bp to 9.10% and 9.13%, respectively. The 5-year CDS declined to 960bp.

New large issue of bonds for Naftogaz

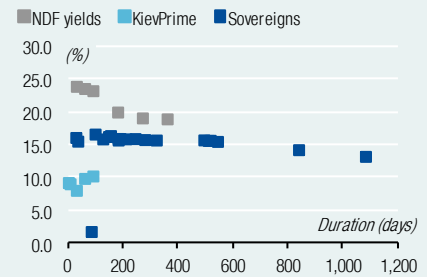
On Tuesday, the MoF appears to have issued new bonds for Naftogaz's share capital increase, which was approved by the government a week ago. This issue caused a significant increase in total bonds outstanding and in the other residents' portfolio to about UAH42.07bn. Total bonds outstanding also rose due to the increase in the NBU's official exchange rate as FX-denominated bonds included in statistics use this exchange rate for calculation. As a result, the other residents' share rose 1,114bp to 15.99%, causing a decline in the NBU's share by 751bp to 54.33%. Banks' and non-residents' shares also fell 306bp and 57bp to 24.70% and 4.98%, respectively.

Investment implications: Bonds were issued for Naftogaz, which, in need of financial resources, most likely will sell them or use them for REPOs. We could see movements of these bonds to banks' or mostly to the NBU portfolios very soon, as a redemption of the company's Eurobonds is scheduled at the end of September.

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Yield curve of the local bond market

(as of market close on 13 Aug 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 13 Aug 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	6.10	+35bp	+60bp	+100bp	-170bp
1wk	10.00	+37bp	+75bp	+315bp	+20bp
1m	15.10	-3bp	-3bp	-205bp	-115bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	25,239	-0.87	-5.23	-15.33	-22.82
CDs ²	12,082	-0.26	+0.21	+11.98	+1,613.8
Sovgns ³	3,722	-7.93	+8.21	+5.71	+149.0
Total	41,043	-1.38	-2.57	-6.97	+17.59
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	194,822	+0.00	+1.46	+2.65	+34.50
Banks	88,570	+1.28	+5.59	+6.56	+10.48
Resid's ⁴	57,336	+275.5	+223.8	+315.9	+362.5
Non-res ⁵	17,853	+2.16	+4.85	+10.02	+52.60
Total	358,581	+13.83	+15.43	+18.37	+43.94
NDF IMPLIED YIELDS (%)					
3m	N/A	N/A	N/A	N/A	N/A
6m	N/A	N/A	N/A	N/A	N/A
9m	N/A	N/A	N/A	N/A	N/A
1yr	N/A	N/A	N/A	N/A	N/A
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	-160bp	-160bp	-104bp	-87ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	960	-23bp	-5bp	+207bp	+144bp
Jun '16	10.13	-12bp	+20bp	+261bp	+124bp
Jul '17	10.08	-14bp	-6bp	+242bp	+53bp
Sep '20	9.25	-69bp	-13bp	+102bp	+5bp
Sep '21	9.29	-39bp	-2bp	+87bp	+7bp
Sep '22	9.10	-10bp	-12bp	+78bp	-25bp
Feb '23	9.13	-15bp	-6bp	+91bp	+9bp

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.

Metinvest suspends core production at Yenankieve Steel

Metinvest announced yesterday that it suspended production at one of its Ukrainian steel plants, Yenakieve Steel, to prevent casualties from artillery shelling. One of the plant's production shops was hit by artillery yesterday, reportedly without casualties or significant damage to the equipment. The company stated that the Yenakieve Steel will re-open depending on further developments in the region.

Table 2. Metinvest's Eurobond quotation as of market close, 13 August 2014

Issuer	Moody's/S&P /Fitch	Ccy	Volume	Coupon (%)	Maturity	Price (%)	YTW (%)	Spread (bp)
Metinvest	Caa2/--/CCC	USD	500m	10.25	20-May-15	83.75	37.984	3,773
Metinvest	Caa2/--/CCC	USD	750m	8.75	14-Feb-18	76.0	18.372	1,681

Source: Bloomberg

Investment implications: Yenakieve Steel is currently the only steelmaking plant located in the zone controlled by pro-Russian rebels in the Donetsk region, having accounted for 25% of Metinvest's steel production in 1H14. The other two Ukrainian plants controlled by the company, Mariupol Steel and Azovstal, are located in Mariupil, outside of the combat zone, and partially can be used to offset sales losses from Yenakieve's shutdown and support the group's production. This, however, may incur a substantial loss in Metinvest's profitability, as Yenakieve Steel is the group's key asset specializing in long-steel products. Because of the military conflict in the Donetsk and Lugansk regions, where Metinvest has its key producers of steel, coking coal and coke, the company remains under high risks of undermined production and/or logistics.

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Chart page: Local bond market & Eurobond markets

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

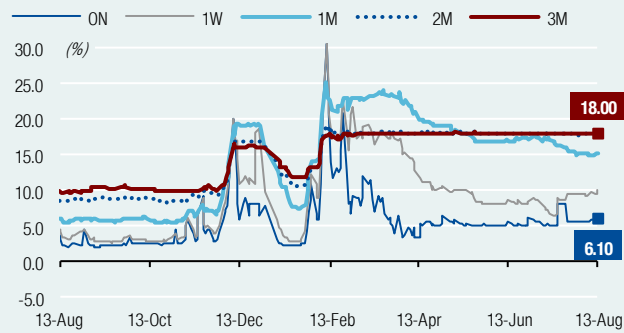


Chart 2. UAH NDF implied yields (%), last 12-month period



Chart 3. UAH sovereign yield curve (%) as of 13 Aug 2014

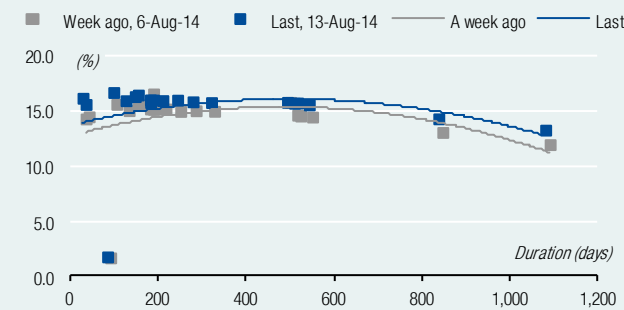


Chart 4. USD sovereign yield curve (%) as of 13 Aug 2014

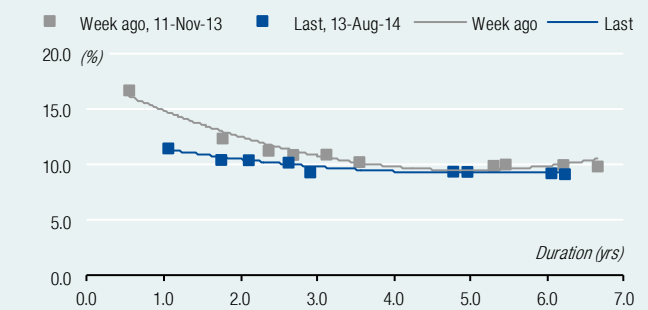


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

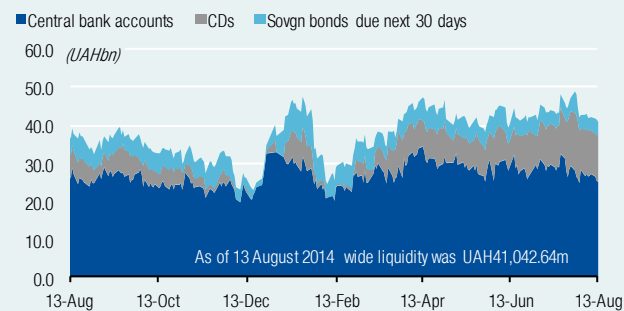


Chart 6. Breakdown of liquidity pool (%) as of 13 Aug 2014

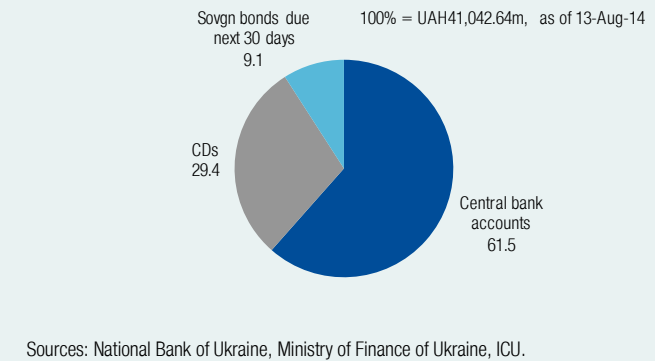


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

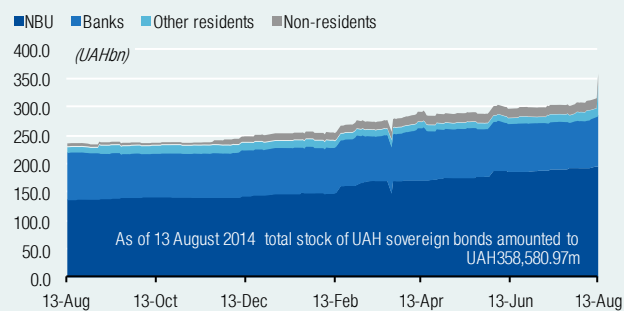
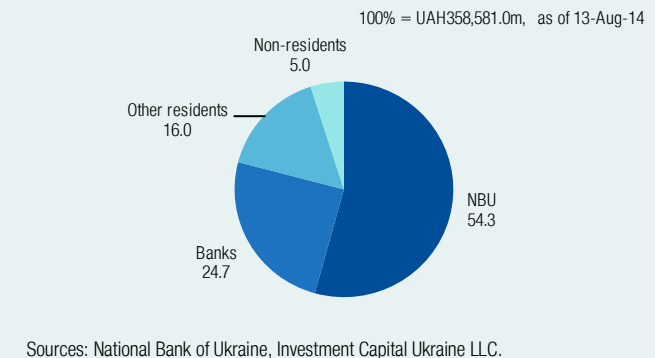


Chart 8. Domestic sovereign debt (%) as of 13 Aug 2014



FX: News & Comments

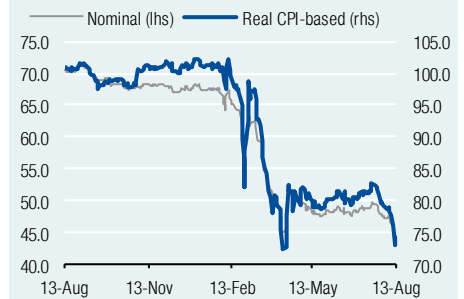
Market cools down, FX rate drops slightly

Possibly impressed by the NBU governor's speech at parliament the day earlier, volatile selling of FX calmed dramatically yesterday. Most likely, the NBU's warning of increasing regulatory measures to curb demand for US dollars was the key factor that affected trading behavior yesterday. The hryvnia opened at 13.6/USD and briefly traded higher versus the dollar reaching an intraday high of 12.84. The hryvnia's recovery then weakened, and it closed below the intraday high, up only 1.87%. The NBU did not intervene yesterday nor the day prior. The hryvnia's real trade-weighted index rose 1.73%.

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ICU's UAH trade-weighted indices

(Last 12-month history to 14 Aug 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 13 Aug 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	13.1500	-1.87	+6.40	+12.32	+59.59
NBU avg	13.1107	-0.22	+6.12	+12.12	+60.85
Tt vlm ¹	N/A	N/A	N/A	N/A	N/A
\$ volume ²	N/A	N/A	N/A	N/A	N/A
NDF 3M	13.5500	-1.83	+5.86	+13.20	+59.69
NDF 6M	14.3523	+0.73	+8.28	+14.77	+63.47
NDF 1Y	14.3984	-5.71	+0.94	+7.01	+52.85
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	44.494	+1.73	-6.19	-8.75	-34.12
UAH real CPI	74.129	+1.73	-6.19	-8.75	-26.66
UAH real PPI	111.646	+1.73	-6.19	-8.75	-19.56
USD nom'l	81.596	+0.12	+0.19	+1.76	+1.95
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	35.9903	-0.45	-0.50	+5.16	+9.49
EUR/USD	1.3364	-0.04	-0.14	-1.79	-2.76
USD/CNY	6.1542	-0.06	-0.15	-0.80	+1.65
USD/PLN	3.1346	-0.26	-0.16	+3.00	+3.69
USD/TRY	2.1568	-0.33	-0.08	+1.85	+0.40
USD/BYR	10,370.00	+0.29	+0.39	+1.22	+8.70
USD/KZT	182.0400	+0.03	+0.02	-0.81	+18.00
OTHER MAJOR CURRENCIES					
USD/JPY	102.4200	+0.16	+0.31	+1.11	-2.74
GBP/USD	1.6688	-0.74	-0.98	-2.50	+0.79
USD/CHF	0.9075	-0.01	-0.01	+1.71	+1.64
AUD/USD	0.9305	+0.39	-0.52	-0.93	+4.35
USD/CAD	1.0914	-0.10	-0.02	+1.68	+2.74
USD/BRL	2.2816	+0.20	+0.38	+2.73	-3.41
USD/KRW	1,029.40	+0.27	-0.42	+1.03	-1.94
COMMODITIES					
Gold(\$/oz)	1,312.90	+0.26	+0.54	-1.92	+8.90
WTI crude ³	97.59	+0.23	+0.69	-3.21	-0.84
Brent crd ³	103.42	+1.34	-0.36	-2.28	-6.68
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	291.29	-0.17	-0.93	-1.95	+3.97

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.

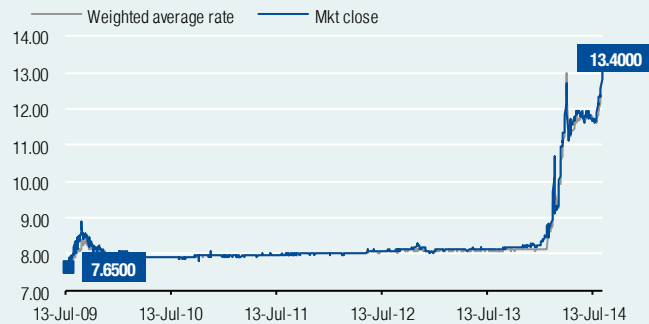
Sources: Bloomberg, Investment Capital Ukraine LLC.

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.

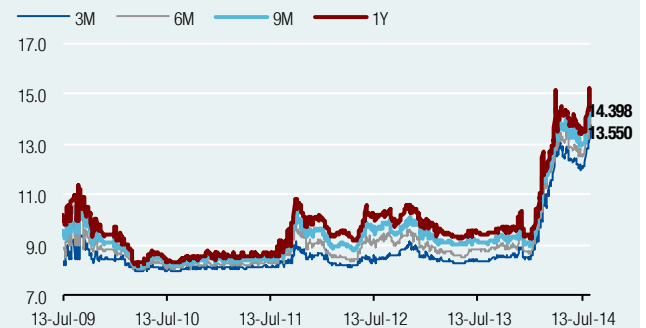


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 10. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

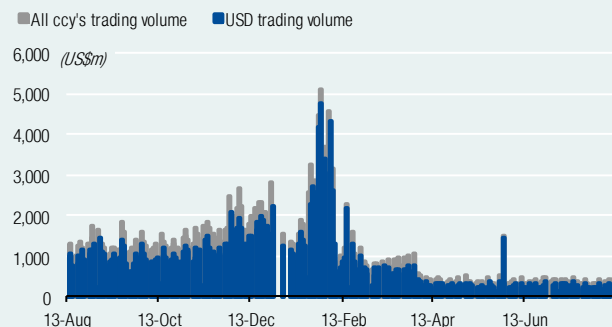


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.



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)

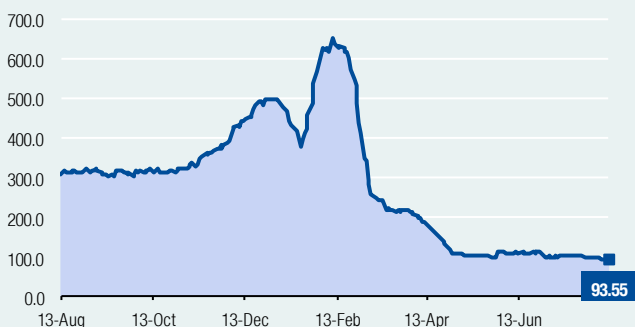


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

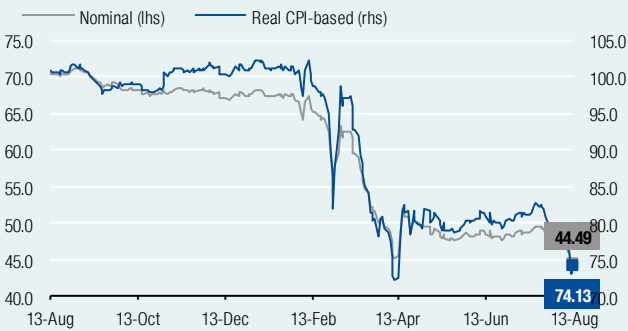


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

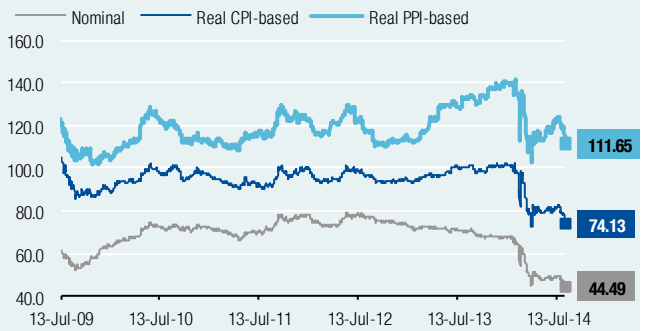
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

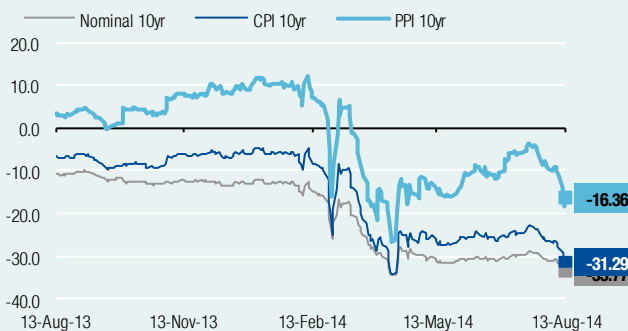


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

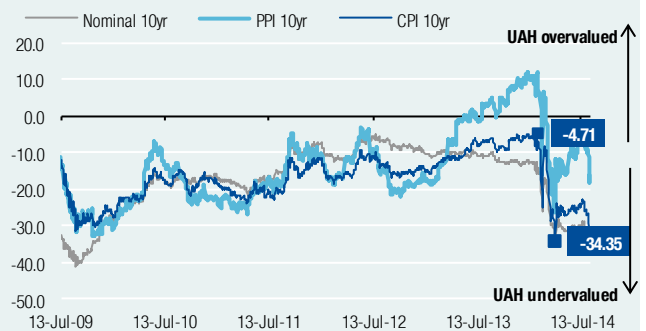


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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

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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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