



INVESTMENT CAPITAL UKRAINE
INVESTMENT BANKING

Daily Insight

Liquidity increase; New primary auction; Hryvnia recovers; Rising royalties for mining

FRIDAY, 15 AUGUST, 2014

RESEARCH INSIGHT

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UX Index (3 months to 15 Aug 2014)



Key market indicators (as of 14 Aug 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	12.9500	-1.52	+57.16
USD/UAH (1Y NDF)	14.8750	+3.31	+57.91
EUR/USD	1.3365	+0.01	-2.75
USD/RUB	35.9365	-0.15	+9.33
KievPRIME O/N (%)	5.69	-41bp	-211bp
KievPRIME 1M (%)	15.00	-10bp	-125bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-160bp	-8,655bp
Ukraine 17, Eurobond (%)	9.79	-30bp	+23bp
Ukraine 22, Eurobond (%)	9.20	+10bp	-15bp
Ukraine 23, Eurobond (%)	9.13	+0bp	+8bp
Ukraine 5Y CDS	934bp	-26bp	+117bp

EQUITIES

Stock market indices

UX (Ukraine)	1,250.32	+1.51	+37.39
MSCI World	423.63	+0.38	+3.69
MSCI EM	1,072.37	+0.14	+6.95
RTS (Russia)	1,231.94	+0.91	-14.61
WIG-20 (Poland)	2,415.76	+1.43	+0.62
S&P 500 (USA)	1,955.18	+0.43	+5.78

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

MHPC LI	1.88	47.6% of total ¹
KER PW	1.10	27.9%
FXPO LN	0.71	18.0%

GAINERS: Top 3 stocks (in listed currency)

RPT LN	GBP 5.75	+17.95	-55.77
AVGR LI	USD 8.74	+4.61	-25.62
KDM PW	PLN 9.03	+4.03	-71.23

LOSERS: Top 3 stocks (in listed currency)

Notes: Chg – percentage change, if not otherwise indicated; [1] – total traded volume for stocks listed in Table 2, 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

Rising royalties for mining - implications mixed for ore miners, negative for oil and gas producers

On 3 August, new changes to the Tax Code increased royalty rates for extracting oil, gas and iron ore in Ukraine. The rates for oil increased from 18% to 21% at mining depths exceeding 5,000m and from 39% to 45% at mining depths at or less than 5,000m. The rates for natural gas condensate grew from 15% to 28% (below 5,000m) and from 28% to 55% (above or equal to 5,000m). The rates for extracting natural gas for all consumers except the domestic households rose from 18% to 21% (below 5,000m) and from 42% to 45% (above or equal to 5,000m). The higher rates will be valid until 1 January 2015, but companies will be able to apply a reduction coefficient of 0.55 for drilling wells started after the introduction of these royalties during the first two years of their operation. Rates for iron ore were raised from 5% to 8%.

Table 1. Highlights of changes in mining royalties in Ukraine in August 2014

Product	Mining depth	Previous rate (%)	New rate (%)
Oil	Less than 5,000m	39	45
	5,000m or more	18	21
Natural gas	Less than 5,000m	42	45
	5,000m or more	18	21
Natural gas condensate	Less than 5,000m	28	55
	5,000m or more	15	28
Iron ore	--	5	8

Source: Verkhovna Rada

Investment implications: Oil and gas producers bear the brunt of the tax changes, with their tax costs estimated to almost double because of higher royalty rates. While margins of private producers differ significantly across the sector, the most profitable companies, such as Serinus Energy, may see their operating profits decline 40-50% and as a result of these higher taxes. As a result, taxation of Ukraine's oil and gas sector became one of the least liberal globally, at least for 2014. Ukraine's new oil and gas royalty rates now significantly exceed rates combining royalties and export duties for Russian exporters (35% and 52% of realized value of gas and oil, respectively) and Kazakh exporters (34-47% of the realized value of oil and 1-10% of the realized value of gas), as well as effective royalties in the US where producers pay 12.5-30% charged on spot prices less costs.

For iron ore miners, the impact from the higher rates remains rather mixed because of an ambiguous treatment of the tax basis defined as either the realized value of iron ore products or their total cost plus estimated margin. Ferrexpo's management stated in the company's 1H14 results conference call that after the introduction of the 5% rate in April, the company's royalty cost increased 70% to US\$1.7/t. Still, management does not expect a significant increase in royalty costs after the rate became 8%, as the company foresees favorable changes in the tax basis. The leading ore producers, including Metinvest and Ferrexpo, are reportedly involved in discussions with the Ministry of Finance on revising the tax basis, and the Ministry may issue the respective clarification in a few weeks.

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Table 2. Ukrainian stocks (closing prices as of 14-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	-23.8	0.19	44.8	-18.2	40.2	18.0	0.8	20.7	0.24	414	Neg.	Neg.	Neg.	2.8	N/A	N/A	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.95 UAH	+1.4	-0.6	+66.7	+53.8	0.61	225.2	273.9	21.7	48.9	91.7	392.9	0.62	160	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	0.94 PLN	+2.2	-16.1	-10.5	-59.3	0.30	13.5	123.7	25.0	3.4	10.2	18.3	0.40	249	Neg.	Neg.	3.4	5.5	15.5	4.3	1.0	1.2	1.1	0.1	39.8
Donbasenergo	DOEN UK	Kiev, UX	40.00 UAH	+1.3	+3.2	+45.0	+60.0	3.07	72.5	109.0	14.2	10.3	1.2	65.8	0.55	181	1.8	2.4	2.3	0.4	2.4	1.3	0.3	0.2	0.2	1.4	17.8
JKX Oil & Gas	JKX LN	London	43.25 GBP	+1.2	-23.8	-39.5	-36.6	0.72	124.0	129.1	47.2	58.5	8.9	37.8	0.10	955	19.1	10.9	4.5	1.9	1.7	1.5	0.7	0.7	0.6	0.3	5.5
Regal Petroleum	RPT LN	London	5.75 GBP	+17.9	-37.0	-55.8	-66.7	0.10	30.8	4.0	80.9	24.9	2.6	5.3	0.03	3,059	Neg.	15.4	N/A	0.2	0.2	N/A	0.1	0.1	N/A	0.1	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	130.90 UAH	-3.0	-7.9	+44.8	+54.0	10.04	128.4	108.0	5.0	6.4	0.4	2.9	0.03	3,115	2.9	N/A	N/A	0.7	N/A	N/A	0.1	N/A	N/A	3.2	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+3.2	-3.3	-9.8	-12.5	0.00	69.2	1,145.8	3.9	2.7	2.6	29.9	0.92	108	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	3.02 UAH	+0.3	-4.4	+2.2	-7.0	0.23	45.2	42.5	4.0	1.8	1.0	25.7	0.84	119	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	0.89 UAH	+1.4	+10.6	+32.7	+43.9	0.07	286.6	280.2	4.1	11.8	8.0	20.0	0.13	753	Neg.	N/A	Neg.	Neg.	N/A	8.7	0.2	N/A	0.2	0.3	0.0
Ferrexpo PLC	FXPO LN	London	133.30 GBP	-0.1	-6.5	-28.3	-25.1	2.23	1,309.9	1,512.3	22.4	293.4	709.8	1,609.7	0.42	240	5.0	5.0	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	+0.0	+32.1	+24.1	0.05	14.7	15.8	9.0	1.3	2.1	6.8	0.21	471	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	39.53 UAH	-1.2	-6.5	+23.5	+15.3	3.03	32.0	28.0	9.4	3.0	9.1	33.0	0.79	127	6.0	N/A	Neg.	Neg.	N/A	0.9	0.0	N/A	0.0	0.9	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.84 EUR	-3.4	-16.0	-32.3	-39.6	1.12	103.7	161.4	34.0	35.3	7.1	15.5	0.03	3,231	Neg.	N/A	N/A	Neg.	N/A	N/A	2.2	N/A	N/A	1.8	35.9
Agroton	AGT PW	Warsaw	2.08 PLN	-1.9	-24.9	+6.7	-17.1	0.67	14.4	59.7	26.2	3.8	9.3	88.9	1.57	64	Neg.	2.1	1.8	22.3	6.3	3.7	0.7	0.7	0.7	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	37.71 PLN	+3.1	-6.9	-43.6	-51.3	12.07	301.8	613.8	31.0	93.6	13.1	132.3	0.11	904	8.8	9.6	4.8	8.1	4.7	5.4	1.2	1.2	1.2	0.9	38.2
Avangard	AVGR LI	London Intl	8.74 USD	+4.6	-7.9	-25.6	-14.3	8.74	558.2	789.2	21.7	121.1	42.2	171.1	0.07	1,477	2.4	2.9	2.5	2.6	3.3	3.1	1.2	1.2	1.0	0.4	17.8
Kernel Holding...	KER PW	Warsaw	27.10 PLN	-1.1	-10.3	-28.8	-45.7	8.67	691.2	1,597.8	58.8	406.2	1,098.4	2,260.7	0.24	423	6.2	17.1	4.9	5.5	6.5	4.9	0.6	0.6	0.6	0.6	30.6
MHP	MHPC LI	London Intl	12.20 USD	+0.5	-18.4	-28.4	-28.2	12.20	1,289.1	2,450.0	22.3	287.7	1,875.9	1,037.5	0.47	211	8.3	4.7	4.1	6.3	5.0	4.6	1.6	1.6	1.4	2.2	47.0
Milkiland	MLK PW	Warsaw	5.18 PLN	+3.6	-17.1	-58.6	-56.7	1.66	51.8	179.9	20.0	10.4	0.8	7.6	0.03	3,048	3.6	N/A	2.6	5.4	3.5	3.2	0.4	0.4	0.4	0.2	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	1.75 EUR	-19.0	-61.0	-67.6	-61.1	2.34	248.5	976.3	20.0	49.7	5.7	4.8	0.01	6,779	2.8	2.9	1.1	5.9	3.6	3.3	2.0	2.3	2.3	0.6	45.3
Ovostar Union	OVO PW	Warsaw	69.50 PLN	+0.0	+0.7	-30.5	-18.2	22.25	133.5	141.0	25.0	33.4	0.2	30.0	0.05	2,216	4.4	7.2	6.2	3.8	5.2	4.2	1.6	1.8	1.3	1.0	8.5
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	9.03 PLN	+4.0	-4.9	-71.2	-73.0	2.89	26.9	10.3	10.9	2.9	0.0	1.3	0.07	1,365	4.0	N/A	N/A	0.9	N/A	N/A	0.3	N/A	N/A	0.4	5.6
CONSTRUCTION																											
TMM	TR6T GF	Xetra	0.22 EUR	+0.0	+15.2	-30.6	-50.5	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	+2.0	N/A	N/A	N/A	0.02	11.4	N/A	5.5	0.6	0.0	N/A	N/A	N/A	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.14 UAH	+0.8	-6.7	+23.5	+39.9	0.01	322.3	N/A	3.8	12.3	40.9	182.3	1.36	74	4.1	Neg.	11.8	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.17 UAH	+1.9	+4.8	-7.1	+36.1	0.01	242.3	N/A	4.5	10.9	0.5	14.7	0.08	1,283	Neg.	14.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	30.9

Table 2. Ukrainian stocks (closing prices as of 14-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

Liquidity increases due to support

After four weeks of issuing only ON loans to banks and providing no additional support at all, the NBU issued UAH2.63bn of 89-day loans to 13 banks on Wednesday. It also increased the volume of ON loans by UAH0.37bn to UAH0.52bn. The MoF repaid UAH0.32bn in local currency debt interest repayments after Tuesday's auction was canceled because of no demand. These injections caused banks' correspondent accounts with the NBU to rise UAH1.19bn to UAH26.43bn while total CDs outstanding also increased UAH0.34bn to UAH12.42bn. Total local currency debt repayments scheduled for the next 30 days slid UAH0.32bn to UAH3.72bn.

KyivPrime interest rates slightly declined: the KyivPrime ON interest rate fell 41bp to 5.69% while KyivPrime 1M interest rate slid 10bp to 15.00%.

Investment implications: Wednesday's injections covered outflows and caused a slight increase in liquidity. Without these funds, liquidity would have declined by about UAH3.00bn in yesterday's indicators. The NBU supported banks during quarterly tax payments and possibly in anticipation of participating in a new primary auction held yesterday.

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YTM's increase

After a few days of correcting, YTM's of Ukrainian Eurobonds mostly rose, albeit slightly, yesterday. This increase was likely caused by a vote yesterday for sanctions on Russia. Although the law only sets general rules on the sanctions, the details to follow should be adopted by the President. However, the rules include the possibility to discontinuing payments on debt related to Russia, the possibility of which could be perceived by the market negatively. As a result, at the yesterday's close, the yield curve adjusted to the range of 9.11-11.35%. UKRAIN 6.875% '15 rose 55bp to 11.35%, UKRAIN 6.75% '17 was up 30bp to 9.42%, UKRAIN 7.95% '21 rose 29bp to 9.58% and UKRAIN 7.80% '22 rose 8bp to 9.18%, while UKRAIN 6.58% '16 declined 32bp to 9.65%, UKRAIN 9.25% '17 declined 30bp to 9.79% and UKRAIN 7.50% '23 slid 2bp to 9.18%. The 5-year CDS declined to 934bp.

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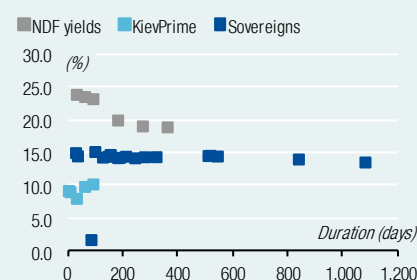
New primary auction

After receiving liquidity support from the NBU, banks were not very active to buy new government bonds at yesterday's auction. As a result, only military bonds received a small portion of demand. Standard fixed conditions for these bonds at 7% attracted only two bids for a total of UAH13.98m (par value) to provide the state budget with UAH14.02m of proceeds. This week, the MoF should receive a large volume of tax payments, and is unlikely to announce a new auction today. The next auction should be held next week.

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Yield curve of the local bond market

(as of market close on 14 Aug 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 14 Aug 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	5.69	-41bp	+19bp	+56bp	-211bp
1wk	9.63	-37bp	+25bp	+308bp	-17bp
1m	15.00	-10bp	+0bp	-200bp	-125bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	26,430	+4.72	-1.46	-9.16	-19.18
CDs ²	12,417	+2.77	+5.10	+15.00	+1,661.3
Sovgns ³	3,722	+0.00	+8.21	-3.11	+149.0
Total	42,569	+3.72	+1.17	-2.67	+21.97
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	194,821	+0.00	+1.46	+2.65	+34.50
Banks	88,584	+0.02	+5.28	+5.88	+10.50
Resid's ⁴	57,197	-0.24	+223.8	+332.0	+361.4
Non-res ⁵	17,832	-0.11	+4.32	+9.92	+52.43
Total	358,435	-0.04	+15.28	+18.32	+43.88
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	934	-26bp	-54bp	+170bp	+117bp
Jun '16	10.31	+19bp	-81bp	+260bp	+142bp
Jul '17	9.79	-30bp	-66bp	+187bp	+23bp
Sep '20	9.56	+31bp	-24bp	+123bp	+37bp
Sep '21	9.59	+30bp	-4bp	+107bp	+38bp
Sep '22	9.20	+10bp	-14bp	+79bp	-15bp
Feb '23	9.13	+0bp	-18bp	+81bp	+8bp

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

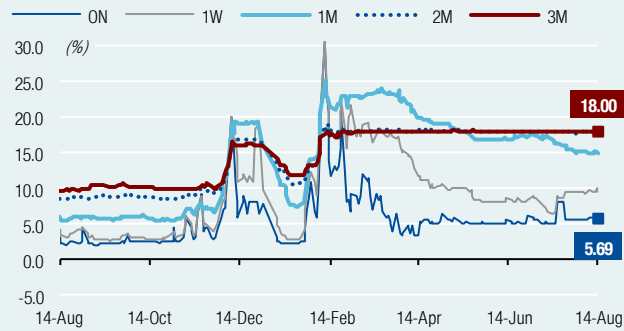


Chart 2. UAH NDF implied yields (%), last 12-month period

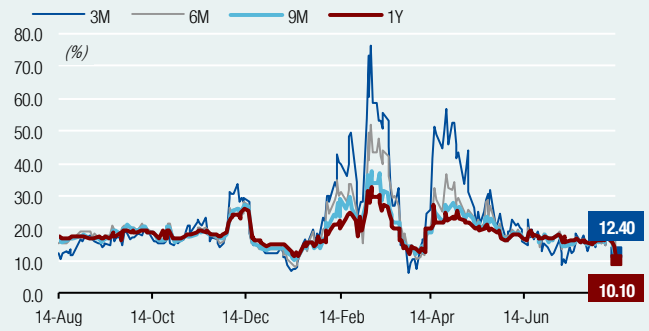


Chart 3. UAH sovereign yield curve (%) as of 14 Aug 2014

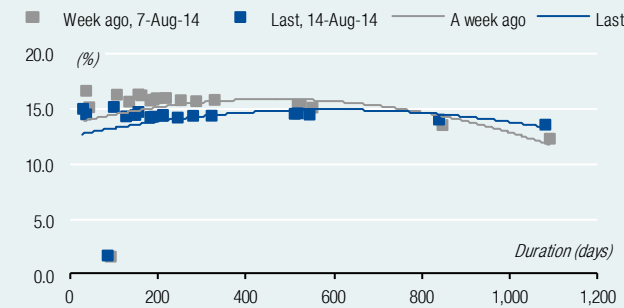


Chart 4. USD sovereign yield curve (%) as of 14 Aug 2014

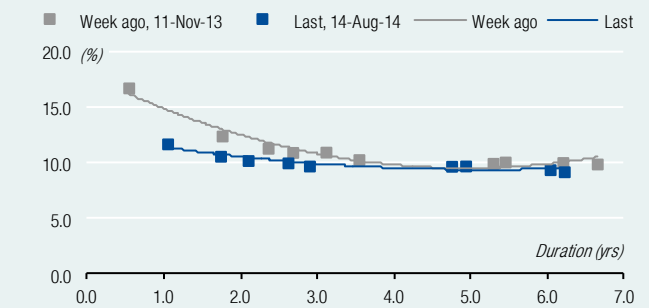


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

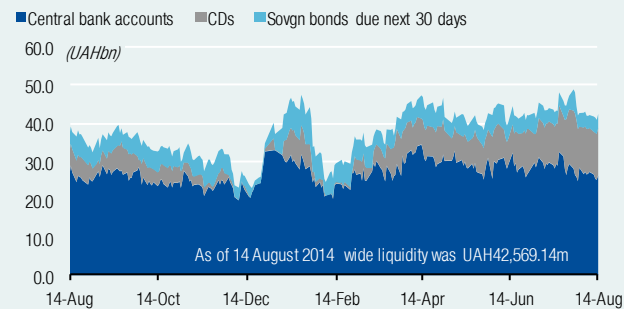


Chart 6. Breakdown of liquidity pool (%) as of 14 Aug 2014

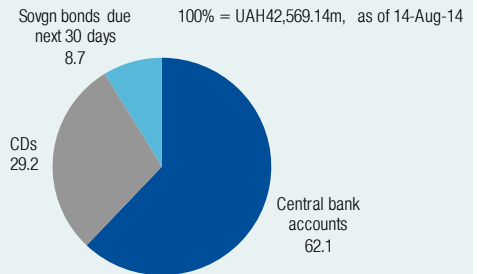


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

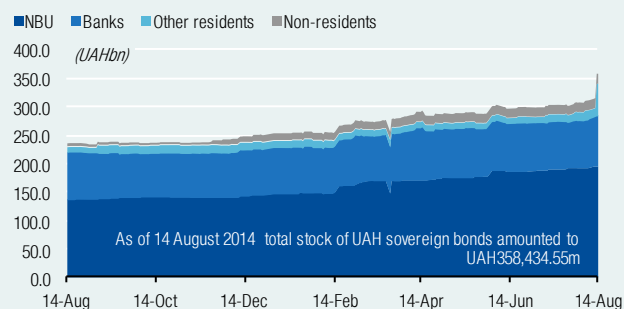
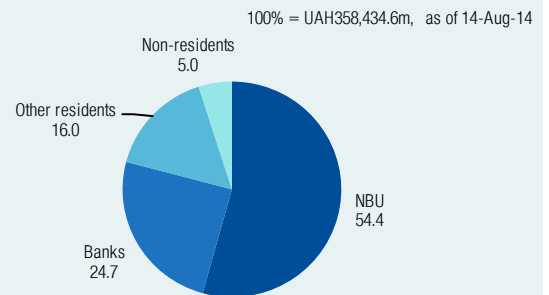


Chart 8. Domestic sovereign debt (%) as of 14 Aug 2014



FX: News & Comments

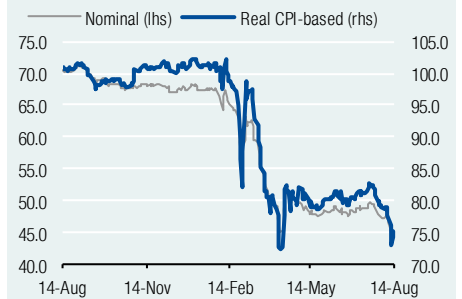
Hryvnia recovers to near 13/USD

The hryvnia gradually regained ground versus the US dollar yesterday in non-volatile trading, probably a successful reaction to the NBU governor's warning of heightening regulatory restrictions a few days ago which appears to have calmed aggressive selling of the currency. While the bank deems the hryvnia to be undervalued marginally, it is intervening just enough to bolster the value. Yesterday, the hryvnia increased a mere 1.52% on US\$295.73m in turnover. At the same time, its real trade-weighted index rose 1.43%.

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ICU's UAH trade-weighted indices

(Last 12-month history to 15 Aug 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 14 Aug 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	12.9500	-1.52	+3.60	+10.49	+57.16
NBU avg	13.0917	-0.14	+5.08	+11.93	+60.62
Ttl vlm ¹	386.93	+6.21	+19.55	+10.64	-86.19
\$ volume ²	295.73	-1.16	+16.17	+2.33	-86.62
NDF 3M	13.5500	+0.00	+3.04	+11.80	+59.69
NDF 6M	14.0250	-2.28	+2.75	+11.53	+59.74
NDF 1Y	14.8750	+3.31	+2.06	+9.98	+57.91
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	45.129	+1.43	-3.97	-7.41	-33.18
UAH real CPI	75.188	+1.43	-3.97	-7.41	-25.61
UAH real PPI	113.240	+1.43	-3.97	-7.41	-18.41
USD nom'l	81.588	-0.01	+0.08	+1.75	+1.94
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	35.9365	-0.15	-1.05	+4.68	+9.33
EUR/USD	1.3365	+0.01	+0.01	-1.87	-2.75
USD/CNY	6.1531	-0.02	-0.13	-0.85	+1.63
USD/PLN	3.1268	-0.25	-0.88	+2.90	+3.43
USD/TRY	2.1517	-0.24	-0.71	+1.67	+0.16
USD/BYR	10,390.00	+0.19	+0.48	+1.42	+8.91
USD/KZT	182.0200	-0.01	-0.02	-0.88	+17.99
OTHER MAJOR CURRENCIES					
USD/JPY	102.4500	+0.03	+0.34	+0.90	-2.72
GBP/USD	1.6686	-0.01	-0.87	-2.33	+0.78
USD/CHF	0.9065	-0.11	-0.26	+1.64	+1.52
AUD/USD	0.9319	+0.15	+0.52	-0.79	+4.51
USD/CAD	1.0902	-0.11	-0.22	+1.77	+2.63
USD/BRL	2.2666	-0.66	-1.25	+2.46	-4.04
USD/KRW	1,020.93	-0.82	-1.60	+0.25	-2.75
COMMODITIES					
Gold(\$/oz)	1,313.57	+0.05	+0.07	+0.49	+8.95
WTI crude ³	95.58	-2.06	-1.81	-5.28	-2.89
Brent crd ³	100.71	-2.62	-3.87	-5.28	-9.12
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	288.80	-0.85	-1.46	-2.91	+3.08

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.

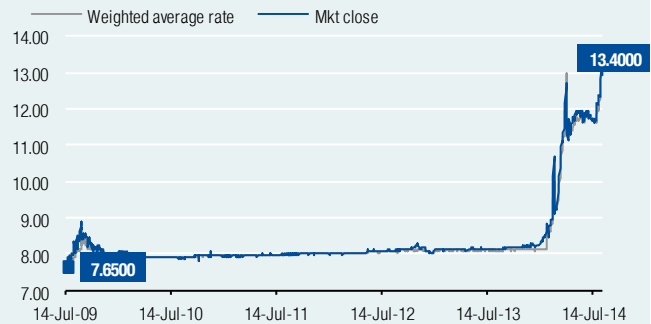
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

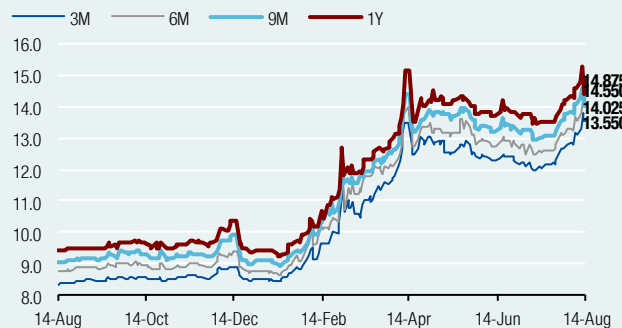


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

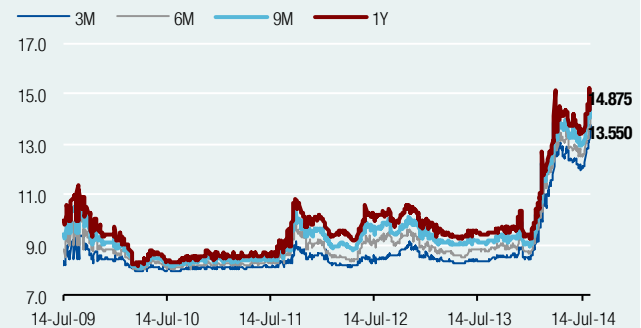


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

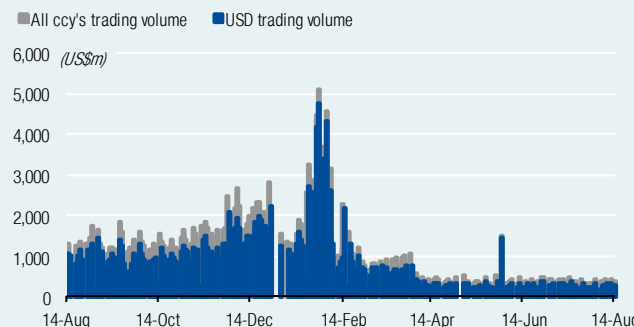


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.



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)

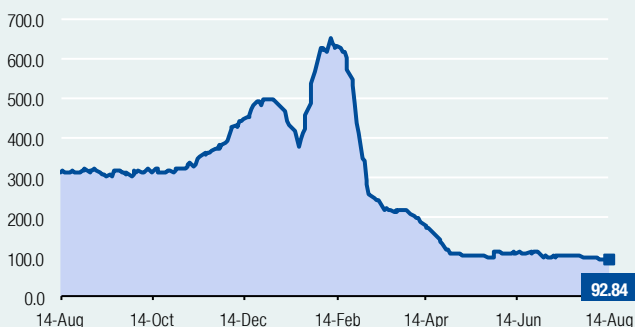


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)



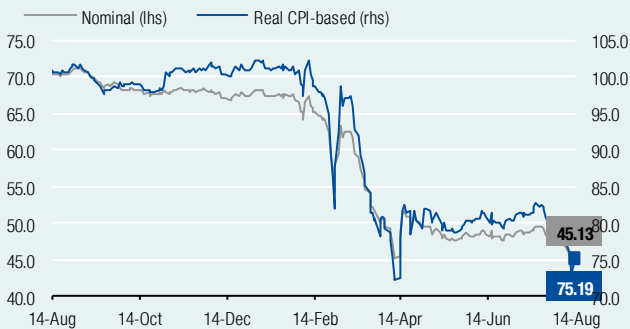
Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

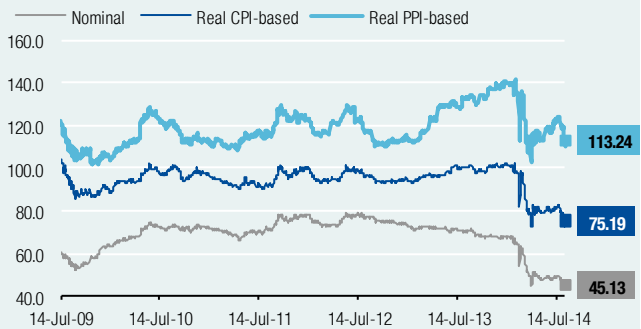
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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