


 INVESTMENT CAPITAL UKRAINE  
 INVESTMENT BANKING

# Daily Insight

Industrial production in July; Liquidity down slightly; Eurobond YTM's slightly volatile

TUESDAY, 19 AUGUST, 2014

RESEARCH INSIGHT

## Contents

<b>Economics: News &amp; Comments</b>	<b>2</b>
Industrial production plunges heavily in July .....	2
<b>Bonds: News &amp; Comments</b>	<b>4</b>
Liquidity down slightly .....	4
YTM's slightly volatile .....	4
Chart page: Local bond market & Eurobond markets .....	5
<b>FX: News &amp; Comments</b>	<b>6</b>
UAH stays flat at 13/USD .....	6
Chart page #1: Foreign-exchange market .....	7
Chart page #2: ICU's UAH trade-weighted indices .....	8

### UX Index (3 months to 19 Aug 2014)



### Key market indicators (as of 18 Aug 2014)

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	13.0300	-0.72	+58.13
USD/UAH (1Y NDF)	15.0750	+1.38	+60.03
EUR/USD	1.3364	-0.28	-2.76
USD/RUB	36.0546	-0.36	+9.69
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 (%)	9.89	+11bp	+33bp
Ukraine 22, Eurobond (%)	9.19	+2bp	-16bp
Ukraine 23, Eurobond (%)	9.12	+2bp	+7bp
Ukraine 5Y CDS	950bp	-15bp	+134bp

### EQUITIES

#### Stock market indices

UX (Ukraine)	1,263.40	-0.10	+38.83
MSCI World	426.40	+0.71	+4.37
MSCI EM	1,077.07	+0.24	+7.42
RTS (Russia)	1,243.56	+0.91	-13.81
WIG-20 (Poland)	2,448.73	+1.36	+1.99
S&P 500 (USA)	1,971.74	+0.85	+6.68

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

FXPO LN	1.27	52.3% of total <sup>1</sup>
OVO PW	0.45	18.4%
KER PW	0.40	16.6%

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

AVGR LI	USD 9.41	+8.29	-19.96
IMC PW	PLN 8.73	+5.31	-28.15
FXPO LN	GBP 139.60	+3.56	-24.88

#### 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

## Industrial production plunges heavily in July

In July, industrial production declined 2.2% from the previous month and down 12.1% from the same month a year ago. Our own calculations of the seasonally adjusted industrial production index yielded a 4.6% month-on-month decline, the largest one month drop in those terms since November 2008. The Luhansk and Donetsk oblasts were hit the hardest. The Ukraine-Russia stand-off is the prime reason for the decline. The full year contraction in the industrial sector appears to be approaching 9-10% this year.

*Alexander Valchyshen, Kiev, +38044 2200120 ext.242*

Table 1. Ukrainian stocks (closing prices as of 18-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 (%)
<b>ENERGY</b>																											
Cadogan Petrol...	CAD LN	London	11.63 GBP	+0.0	+4.5	+12.0	-23.1	0.19	44.9	-18.2	40.2	18.1	0.0	20.2	0.24	422	Neg.	Neg.	Neg.	2.8	N/A	N/A	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	8.01 UAH	-0.5	+3.2	+67.9	+55.2	0.61	227.0	275.7	21.7	49.3	72.4	397.5	0.50	199	6.1	6.2	3.8	0.5	4.7	2.4	0.5	0.4	0.3	1.2	12.2
Coal Energy	CLE PW	Warsaw	0.95 PLN	+1.1	-12.0	-9.5	-57.0	0.30	13.6	123.8	25.0	3.4	16.4	18.5	0.41	244	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	39.74 UAH	-0.8	+5.3	+44.0	+60.2	3.05	72.1	108.6	14.2	10.3	0.9	63.5	0.47	214	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	44.00 GBP	+0.6	-15.0	-38.5	-36.7	0.74	126.3	131.4	47.2	59.6	12.7	36.8	0.10	1,038	19.4	11.1	4.5	2.0	1.7	1.5	0.7	0.7	0.6	0.3	5.5
Regal Petroleum	RPT LN	London	5.50 GBP	-4.3	-39.7	-57.7	-68.1	0.09	29.5	2.7	80.9	23.8	4.1	5.2	0.04	2,845	Neg.	14.7	N/A	0.1	0.1	N/A	0.1	0.1	N/A	0.1	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	131.00 UAH	+0.0	+2.3	+44.9	+59.2	10.05	128.6	108.1	5.0	6.4	0.0	3.0	0.02	4,680	2.9	N/A	N/A	0.7	N/A	N/A	0.1	N/A	N/A	3.2	0.0
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.03 UAH	+0.0	-1.7	-10.1	-11.6	0.00	69.0	1,146.4	3.9	2.7	2.0	30.0	0.76	132	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	2.94 UAH	-4.1	-5.6	-0.5	-8.9	0.23	44.1	41.3	4.0	1.8	3.4	25.4	0.70	143	Neg.	1.7	0.7	Neg.	0.6	0.4	0.1	0.0	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.89 UAH	-1.1	+12.0	+33.3	+44.7	0.07	288.1	281.7	4.1	11.8	4.9	20.4	0.12	821	Neg.	N/A	Neg.	Neg.	N/A	8.8	0.2	N/A	0.2	0.3	0.0
Ferrexpo PLC	FXPO LN	London	139.60 GBP	+3.6	+3.0	-24.9	-20.8	2.33	1,373.7	1,576.1	22.4	307.7	1,273.6	1,704.4	0.39	258	5.2	5.1	7.9	3.1	3.1	4.1	1.0	1.0	1.1	1.2	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.70 UAH	+0.4	+6.5	+32.6	+30.2	0.05	14.8	15.8	9.0	1.3	3.2	6.6	0.18	555	Neg.	1.4	0.8	0.1	0.7	0.5	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	41.35 UAH	-1.2	+2.4	+29.2	+22.3	3.17	33.5	29.5	9.4	3.1	0.3	35.1	0.68	146	6.3	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	0.89 EUR	+0.0	-11.9	-28.2	-35.5	1.19	109.7	167.4	34.0	37.3	1.0	15.6	0.03	3,693	Neg.	N/A	N/A	Neg.	N/A	N/A	2.3	N/A	N/A	1.9	35.9
Agroliga	AGL PW	Warsaw	18.01 PLN	-0.4	-5.6	-30.5	-24.8	5.74	8.8	9.7	16.7	1.5	1.1	2.3	0.05	1,911	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	2.15 PLN	+3.4	-23.8	+10.3	-8.1	0.69	14.9	60.1	26.2	3.9	5.5	93.7	1.27	79	Neg.	2.1	1.9	22.5	6.3	3.8	0.7	0.7	0.7	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	38.00 PLN	+0.8	-5.0	-43.2	-49.3	12.12	302.9	562.9	31.0	94.0	12.7	132.7	0.11	939	8.8	9.6	4.8	7.4	4.4	4.9	1.1	1.1	1.1	0.8	38.2
Avangard	AVGR LI	London Intl	9.41 USD	+8.3	-1.5	-20.0	-4.5	9.41	600.7	831.7	21.7	130.4	28.7	185.4	0.06	1,639	2.5	3.1	2.7	2.8	3.5	3.2	1.3	1.2	1.1	0.4	17.8
IMC	IMC PW	Warsaw	8.73 PLN	+5.3	+0.1	-28.1	-44.0	2.78	87.1	238.1	23.9	20.8	8.6	66.4	0.04	2,410	3.3	7.9	1.9	4.4	4.4	4.3	2.1	1.3	1.3	0.6	38.7
Kernel Holding...	KER PW	Warsaw	27.12 PLN	+0.1	-9.6	-28.8	-41.7	8.65	689.0	1,595.6	58.8	404.9	404.8	2,210.6	0.21	478	6.2	17.0	4.9	5.5	6.5	4.9	0.6	0.6	0.6	0.6	30.6
MHP	MHPC LI	London Intl	12.65 USD	+3.3	-14.8	-25.8	-23.6	12.65	1,336.7	2,497.5	22.3	298.3	108.5	1,085.3	0.43	235	8.6	4.9	4.3	6.4	5.1	4.7	1.7	1.6	1.5	2.3	47.0
Milkiland	MLK PW	Warsaw	5.15 PLN	-0.6	-11.1	-58.8	-56.5	1.64	51.3	179.2	20.0	10.3	0.2	7.7	0.03	3,268	3.5	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	1.53 EUR	+2.0	-65.2	-71.7	-66.0	2.04	217.0	944.8	20.0	43.4	0.0	4.3	0.02	5,979	2.5	2.5	1.0	5.7	3.5	3.2	1.9	2.2	2.2	0.5	45.3
Ovostar Union	OVO PW	Warsaw	69.99 PLN	+0.7	+1.4	-30.0	-17.7	22.31	133.9	141.5	25.0	33.5	447.2	37.8	0.11	912	4.4	7.2	6.3	3.8	5.2	4.2	1.6	1.8	1.3	1.0	8.5
<b>CONSTRUCTION</b>																											
TMM	TR61 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
<b>FINANCIAL SERVICES</b>																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.14 UAH	+0.9	-1.9	+25.3	+42.7	0.01	327.2	N/A	3.8	12.5	23.8	185.7	1.06	95	4.2	Neg.	12.0	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
UkrSotsbank	USCB UK	Kiev, UX	0.17 UAH	-3.7	+1.2	-9.2	+31.2	0.01	236.9	N/A	4.5	10.6	0.8	14.6	0.06	1,541	Neg.	14.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	30.9

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 down slightly

Broader banking sector liquidity declined yesterday UAH0.57bn to UAH43.45bn yesterday following Friday's UAH2.03bn purchase of new government bonds. After this outflow and slight absorption of funds by the NBU, banks' correspondent accounts with the NBU declined UAH0.95bn to UAH26.45bn. The NBU's absorption of liquidity was not significant and total CDs outstanding rose UAH0.38bn to UAH13.28bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH3.72bn.

KyivPrime interest rates slightly diverged: 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 dynamic of liquidity shows that last Friday should have incurred a significant increase in banks' correspondent accounts with the NBU, the MoF absorbed this liquidity in the sale of 3-year bonds. With UAH500.0m in scheduled repayments, the caused an increase in ON interest rates. However, liquidity should rise today due to recent changes in reserves requirements which also could cause interest rates to decline slightly.**

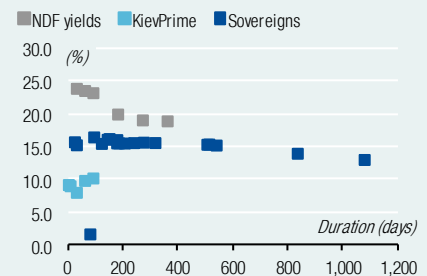
## YTM's slightly volatile

Ukrainian Eurobonds were slightly volatile yesterday and declined during the trading session due risk arising from the ongoing conflict in eastern Ukraine and economic instability. As a result, at yesterday's close the yield curve adjusted to the range of 9.12-11.03%. UKRAIN 6.58% '16 was up 2bp to 9.66%, UKRAIN 6.75% '17 rose 12bp to 9.52%, UKRAIN 9.25% '17 rose 13bp to 9.89%, UKRAIN 7.95% '21 was up 4bp to 9.59%, while UKRAIN 7.80% '22 and UKRAIN 7.50% '23 rose 5bp to 9.19% and 9.12%, respectively. The 5-year CDS declined to 950bp.

**Taras Kotovych, Kiev, +38044 2200120 ext.244**

### Yield curve of the local bond market

(as of market close on 18 Aug 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

### Bond market indicators (as of 18 Aug 2014)

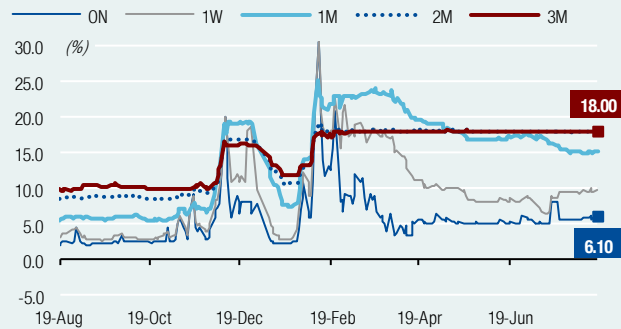
	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
0/n	6.10	+35bp	+35bp	-192bp	-170bp
1wk	9.80	+30bp	+30bp	+111bp	+0bp
1m	15.10	-3bp	+10bp	-115bp	-115bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	26,449	-3.46	-0.57	-18.83	-19.12
CDs <sup>2</sup>	13,283	+2.95	+17.95	+8.18	+1,784.1
Sovgns <sup>3</sup>	4,283	+15.08	+5.96	+26.70	+186.5
<b>Total</b>	<b>44,015</b>	<b>-0.02</b>	<b>+5.03</b>	<b>-8.76</b>	<b>+26.11</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	194,798	-0.01	-0.01	+2.63	+34.48
Banks	88,898	+0.56	+2.92	+5.78	+10.89
Resid's <sup>4</sup>	56,957	-0.42	+271.5	+338.5	+359.5
Non-res <sup>5</sup>	19,955	+11.36	+14.75	+22.94	+70.57
<b>Total</b>	<b>360,606</b>	<b>+0.63</b>	<b>+14.87</b>	<b>+18.98</b>	<b>+44.75</b>
<b>NDF IMPLIED YIELDS (%)</b>					
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
<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>	N/A	-160bp	+0bp	-82bp	-87ppt
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	950	-15bp	-28bp	+172bp	+134bp
Jun '16	9.85	+0bp	-40bp	+165bp	+96bp
Jul '17	9.89	+11bp	-34bp	+150bp	+33bp
Sep '20	9.55	+1bp	-39bp	+98bp	+36bp
Sep '21	9.59	+1bp	-10bp	+83bp	+37bp
Sep '22	9.19	+2bp	-1bp	+61bp	-16bp
Feb '23	9.12	+2bp	-15bp	+61bp	+7bp

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.

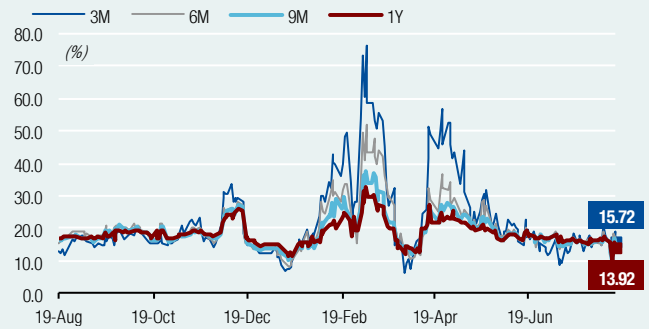
Chart page: Local bond market & Eurobond markets

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



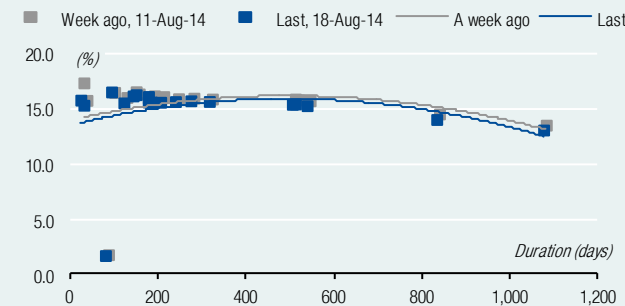
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



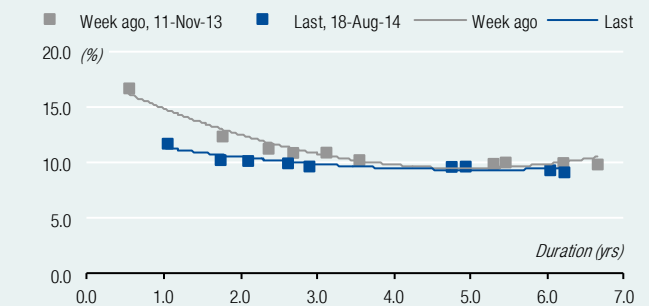
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 18 Aug 2014



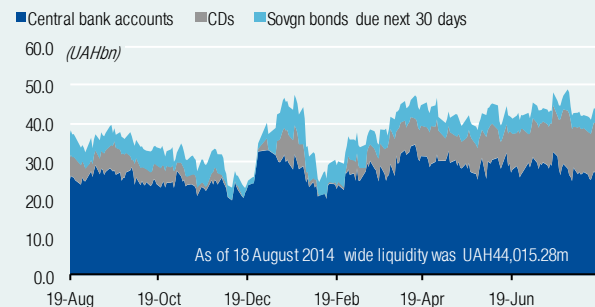
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 18 Aug 2014



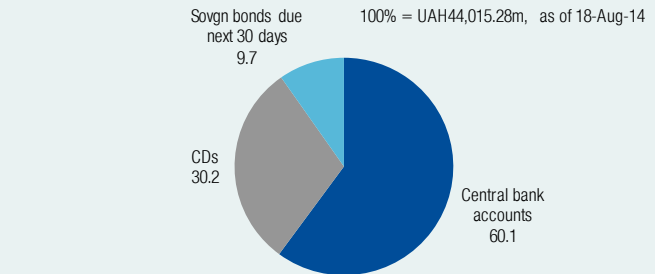
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



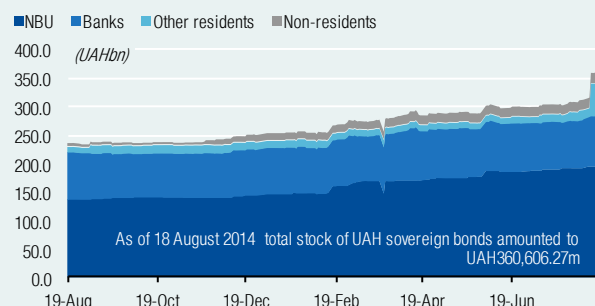
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 18 Aug 2014



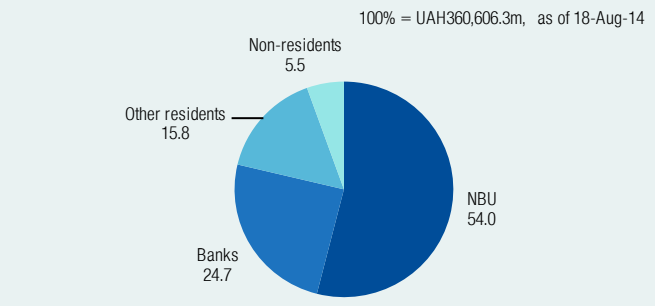
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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



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

Chart 8. Domestic sovereign debt (%) as of 18 Aug 2014



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

# FX: News & Comments

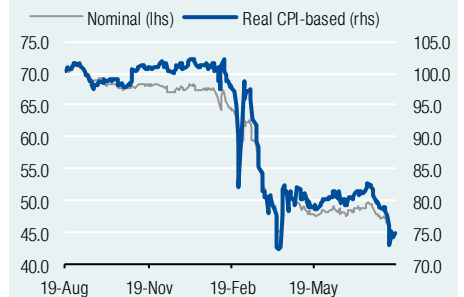
## UAH stays flat at 13/USD

The NBU did not intervene yesterday even though the hryvnia traded very close to 13/USD on trading volume of about US\$223m. As news turned warmer toward Russia, the ruble received some support and closed up 0.36% to 36.0546/USD. The hryvnia's real TWI rose marginally.

*Alexander Valchyshen, Kiev, +38044 2200120 ext.242*

### ICU's UAH trade-weighted indices

(Last 12-month history to 19 Aug 2014)



Source: Investment Capital Ukraine LLC.

### FX market indicators (as of 18 Aug 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	13.0300	-0.72	+1.60	+11.94	+58.13
NBU avg	13.0733	-0.47	+1.93	+12.23	+60.39
Ttl vlm <sup>1</sup>	276.40	-44.41	-30.46	-25.67	-90.14
\$ volume <sup>2</sup>	222.93	-48.84	-35.11	-22.32	-89.92
NDF 3M	13.8750	+1.78	+4.32	+14.10	+63.52
NDF 6M	14.2250	+1.21	+3.27	+12.81	+62.02
NDF 1Y	15.0750	+1.38	+2.03	+11.30	+60.03
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	44.919	+0.66	-1.44	-9.46	-33.49
UAH real CPI	74.838	+0.66	-1.44	-9.46	-25.96
UAH real PPI	112.714	+0.66	-1.44	-9.46	-18.79
USD nom'l	81.576	+0.19	+0.14	+1.31	+1.93
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	36.0546	-0.36	+0.32	+2.62	+9.69
EUR/USD	1.3364	-0.28	-0.16	-1.18	-2.76
USD/CNY	6.1437	-0.06	-0.17	-1.03	+1.48
USD/PLN	3.1315	-0.23	-0.11	+2.06	+3.59
USD/TRY	2.1637	-0.17	+0.61	+1.85	+0.72
USD/BYR	10,390.00	+0.00	+0.29	+0.87	+8.91
USD/KZT	182.0300	-0.01	+0.00	-0.90	+17.99
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	102.5700	+0.21	+0.37	+1.21	-2.60
GBP/USD	1.6728	+0.21	-0.35	-2.11	+1.03
USD/CHF	0.9065	+0.43	-0.01	+0.89	+1.52
AUD/USD	0.9325	+0.03	+0.68	-0.69	+4.58
USD/CAD	1.0887	-0.09	-0.31	+1.43	+2.49
USD/BRL	2.2574	-0.12	-0.80	+1.40	-4.43
USD/KRW	1,017.80	+0.12	-1.26	-1.12	-3.05
<b>COMMODITIES</b>					
Gold(\$/oz)	1,298.43	-0.49	-0.77	-0.97	+7.70
WTI crude <sup>3</sup>	96.41	-0.97	-1.70	-6.52	-2.04
Brent crd <sup>3</sup>	100.44	-1.52	-3.10	-5.12	-9.37
Urals crd <sup>3</sup>	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB <sup>4</sup>	288.20	-0.60	-1.91	-3.10	+2.87

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>).

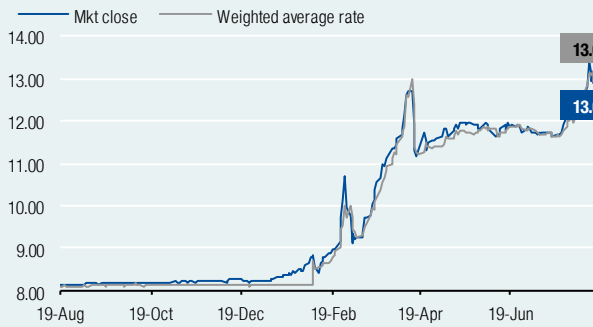
Section on FX market is continued on next page.

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.

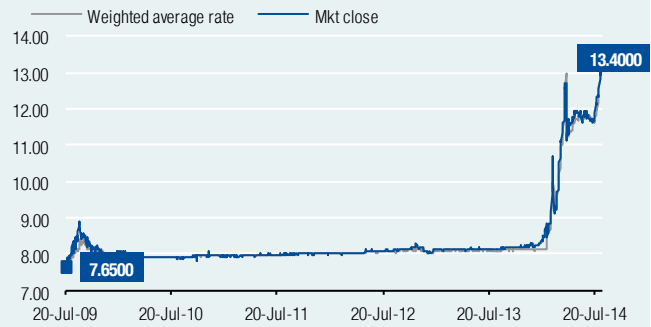
Sources: Bloomberg, Investment Capital Ukraine LLC.

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.

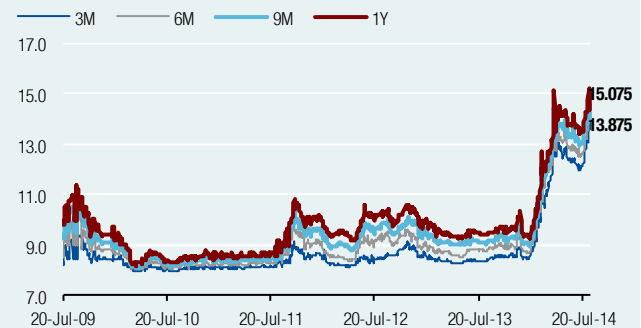


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

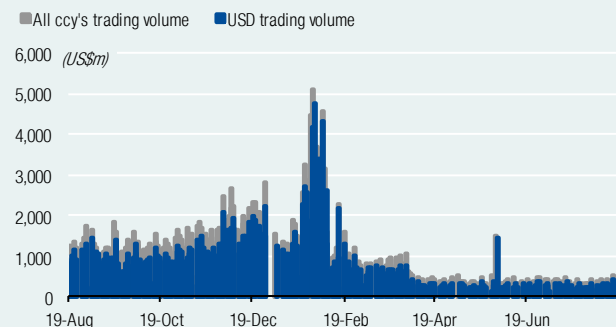


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

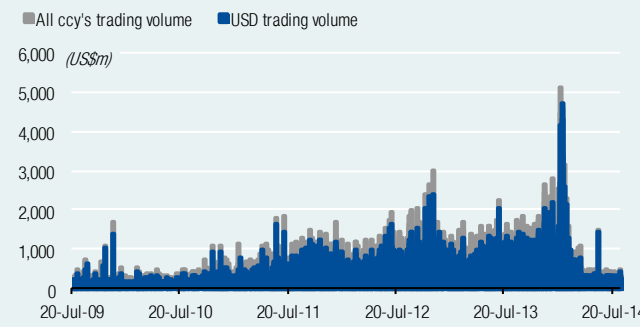


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

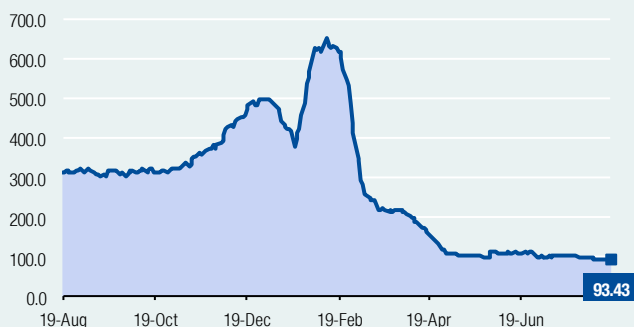


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

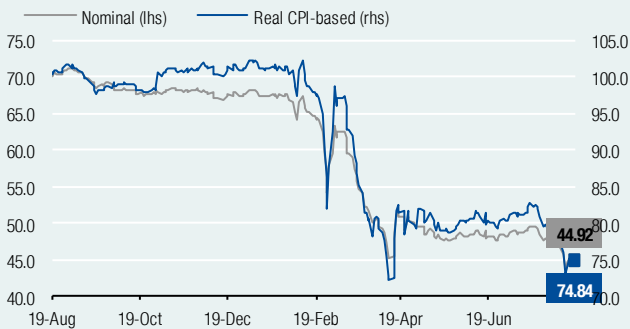


Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

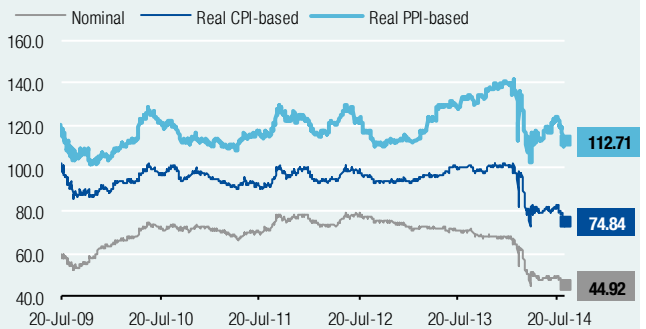
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

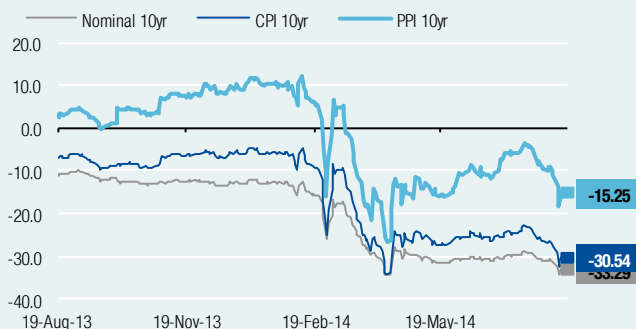


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.



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.



This page is intentionally left blank

## Disclosures

### ANALYST CERTIFICATION

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.

### EQUITY RATING DEFINITIONS

**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



**INVESTMENT CAPITAL UKRAINE**  
INVESTMENT BANKING

Office 44, 11th floor, LEONARDO Business Centre  
19-21 Bogdan Khmelnytsky Street  
Kiev, 01030 Ukraine  
Phone/Fax +38 044 2200120

**CORPORATE FINANCE TEL. +38 044 2200120**

**Makar Paseniuk**, Managing Director  
makar.paseniuk@icu.ua

**Volodymyr Demchyshyn**, Director  
volodymyr.demchyshyn@icu.ua

**Ruslan Kilmukhametov**, Director  
ruslan.kilmukhametov@icu.ua

**SALES AND TRADING TEL. +38 044 2201621**

**Konstantin Stetsenko**, Managing Director  
konstantin.stetsenko@icu.ua

**Sergiy Byelyayev**, Fixed-Income Trading  
sergij.byelyayev@icu.ua

**Vitaliy Sivach**, Fixed-Income & FX Trading  
vitaliy.sivach@icu.ua

**Vlad Sinani**, Director,  
Strategy and Corporate Development  
vlad.sinani@icu.ua

**Julia Pecheritsa**,  
Ukraine and CIS International Sales  
julia.pecheritsa@icu.ua

**Yevgeniya Gryshchenko**,  
Fixed-Income Sales  
yevgeniya.gryshchenko@icu.ua

**RESEARCH DEPARTMENT TEL. +38 044 2200120**

**Alexander Valchyshen**  
Head of Research  
alexander.valchyshen@icu.ua

**Alexander Martynenko**  
Head of corporate research  
alexander.martynenko@icu.ua

**Bogdan Vorotilin**  
Financial analyst (Food & Agribusiness)  
bogdan.vorotilin@icu.ua

**Taras Kotovych**  
Senior financial analyst (Sovereign debt)  
taras.kotovych@icu.ua

**Mykhaylo Demkiv**  
Financial analyst (Banks)  
mykhaylo.demkiv@icu.ua

**Lee Daniels, Rolfe Haas**  
Editors

Investment Capital Ukraine LLC is regulated by Securities and Stock Market State Commission of Ukraine (license numbers: dealer activity AE 263019, broker activity AE 263018, underwriting activity AE 263020 dated 11 April 2013).

---

## DISCLAIMER

This research publication has been prepared by Investment Capital Ukraine LLC solely for information purposes for its clients. It does not constitute an investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, Investment Capital Ukraine makes no representation that it is accurate or complete. The information contained herein is subject to change without notice. Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of Investment Capital Ukraine LLC. All rights are reserved. Any investments referred to herein may involve significant risk, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any investments referred to herein may fluctuate and/or be affected by changes in exchange rates. Past performance is not indicative of future results. Investors should make their own investigations and investment decisions without relying on this report. Only investors with sufficient knowledge and experience in financial matters to evaluate the merits and risks should consider an investment in any issuer or market discussed herein and other persons should not take any action on the basis of this report.



**Additional information is available upon request.**