

# Daily Insight

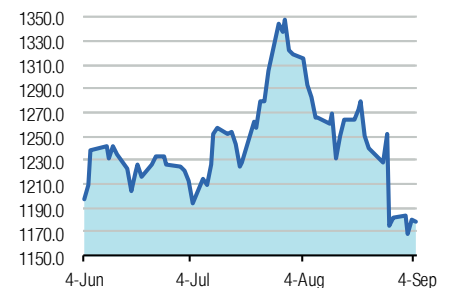
## Scepticism over Minsk peace talks

### Contents

<b>Economics: News &amp; Comments</b>	<b>2</b>
Scepticism over Minsk peace talks.....	2
<b>Bonds: News &amp; Comments</b>	<b>3</b>
Liquidity rises.....	3
Eurobond YTM's continue to decline.....	3
Chart page: Local bond market & Eurobond markets.....	4
<b>FX: News &amp; Comments</b>	<b>7</b>
UAH down, ECB cut rates .....	7
Chart page #1: Foreign-exchange market.....	8
Chart page #2: ICU's UAH trade-weighted indices.....	9

FRIDAY, 5 SEPTEMBER 2014

### UX Index (3 months to 5 Sep 2014)



Source: UX.

### Key market indicators (as of 4 Sep 2014)

	Last	Daily chg (%)	YTD chg (%)
<b>FX &amp; MONEY RATES</b>			
USD/UAH	12.7000	+2.83	+54.13
USD/UAH (1Y NDF)	14.8600	+2.48	+57.75
EUR/USD	1.2944	-1.57	-5.81
USD/RUB	36.9961	+0.40	+12.55
KievPRIME O/N (%)	8.10	+0bp	+30bp
KievPRIME 1M (%)	15.10	-40bp	-115bp
<b>SOVEREIGN EUROBONDS: yields and spreads</b>			
Ukraine 15, Eurobond (%)	12.35	-113bp	+400bp
Ukraine 17, Eurobond (%)	11.32	-72bp	+176bp
Ukraine 22, Eurobond (%)	9.83	-10bp	+49bp
Ukraine 23, Eurobond (%)	9.78	-5bp	+74bp
Ukraine 5Y CDS	1,067bp	-2bp	+250bp
<b>EQUITIES</b>			
<b>Stock market indices</b>			
UX (Ukraine)	1,177.83	-0.18	+29.43
MSCI World	432.08	-0.18	+5.76
MSCI EM	1,100.23	-0.07	+9.73
RTS (Russia)	1,241.51	+0.18	-13.95
WIG-20 (Poland)	2,538.15	+0.96	+5.71
S&P 500 (USA)	1,997.65	-0.15	+8.08

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

### Scepticism over Minsk peace talks

The reconvened peace talks in Minsk are unlikely to result in a lasting accord today. Although leaders of the pro-Kremlin militants who have fortified the Donbass region with the help of Russian regular army personnel and equipment have agreed to meet with Ukrainian, Russian, and EU representatives to attempt a peace settlement, neither side appears willing to compromise their own proposals for a permanent ceasefire. Compromises by either Poroshenko or Putin could erode their political capital. In our view, because the Kremlin's heightened geopolitical assertiveness is founded on a populism that inflated to produce extreme nationalism in Russia, the Ukraine-Russia military stand-off is set to be a lengthy affair. Russia's rigid stance, should it continue unabated, could become quite costly and painful as it will most likely result in further sanctions by the West. Unfortunately for Ukraine, should this be the case, we foresee a depression-like period over the next 18-24 months.

*Alexander Valchyshen, Kiev, +38044 2200120 ext.721*

# Bonds: News & Comments

## Liquidity rises

Broader banking sector liquidity rose UAH0.94bn to UAH49.94bn yesterday as banks' correspondent accounts with the NBU rose UAH0.06bn to UAH31.81bn while total CDs outstanding rose UAH1.19bn to UAH13.71bn. Total local currency debt repayments scheduled for the next 30 days declined UAH0.31bn to UAH4.42bn.

KyivPrime interest rates slightly diverged: the KyivPrime ON interest rate remained steady at 8.10% while the KyivPrime 1M interest rate declined 40bp to 15.10%.

**Investment implications: The NBU absorbed almost all of the funds used to increase banks' correspondent accounts with the NBU, including the MoF's local currency debt interest repayments. While this had no significant impact on money market indicators, the MoF did increase CDs outstanding via CDs with 7- and 14-day maturities.**

## Eurobond YTM's continue to decline

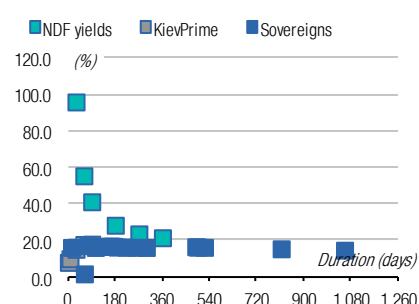
At yesterday's close, the yield curve adjusted to the range of 9.78-12.35% as UKRAIN 6.875% '15 declined 113bp to 12.35%, UKRAIN 6.58% '16 slid 47bp to 11.31%, UKRAIN 6.75% '17 fell 21bp to 10.61%, while UKRAIN 9.25% '17 declined 71bp to 11.32%, UKRAIN 7.95% '21 was down 19bp to 10.05%, UKRAIN 7.80% '22 and UKRAIN 7.50% '23 slid 9bp and 5bp to 9.83% and 9.78%, respectively. The 5-year CDS slid to 1,066bp.

**Investment implications: Ukrainian Eurobonds continued to decline slightly on positive news of a ceasefire being enacted as early as today. However, such optimism is risky as the decline could just reflect steps toward a peace settlement without a ceasefire actually being incurred. If there is no positive news of a ceasefire today, yields could rise through the market close.**

**Taras Kotovych, Kiev, +38044 2200120 ext.724**

## Yield curve of the local bond market

(as of market close on 4 Sep 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

## Bond market indicators (as of 4 Sep 2014)

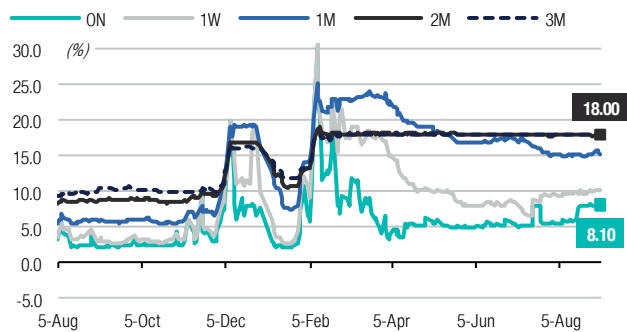
	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
O/n	8.10	+0bp	-3bp	+260bp	+30bp
1wk	10.25	+0bp	+19bp	+87bp	+45bp
1m	15.10	-40bp	-15bp	-3bp	-115bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	31,806	+0.18	+8.76	+19.06	-2.74
CDs <sup>2</sup>	13,708	+9.53	-18.30	+11.68	+1,844.4
Sovgns <sup>3</sup>	4,424	+0.00	+28.71	+12.93	+195.9
<b>Total</b>	<b>49,938</b>	<b>+2.57</b>	<b>+0.97</b>	<b>+16.39</b>	<b>+43.08</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	N/A	N/A	N/A	N/A	N/A
Banks	N/A	N/A	N/A	N/A	N/A
Resid's <sup>4</sup>	N/A	N/A	N/A	N/A	N/A
Non-res <sup>5</sup>	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>NDF IMPLIED YIELDS (%)</b>					
3m	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	+48bp	-87ppt
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	1,067	-2bp	+6bp	+238bp	+250bp
Jun '16	12.12	-48bp	+6bp	+318bp	+323bp
Jul '17	11.32	-72bp	-66bp	+222bp	+176bp
Sep '20	10.16	-20bp	-2bp	+119bp	+97bp
Sep '21	10.05	-20bp	-7bp	+108bp	+83bp
Sep '22	9.83	-10bp	-1bp	+109bp	+49bp
Feb '23	9.78	-5bp	-2bp	+106bp	+74bp

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.

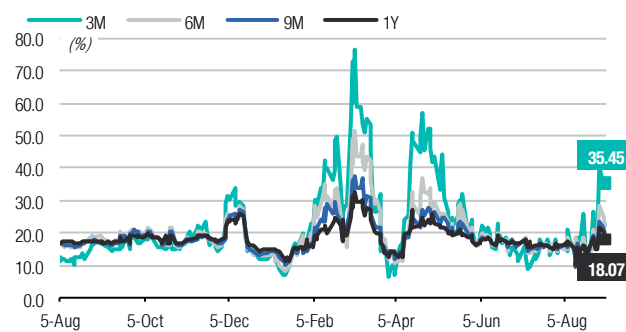
Chart page: Local bond market & Eurobond markets

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



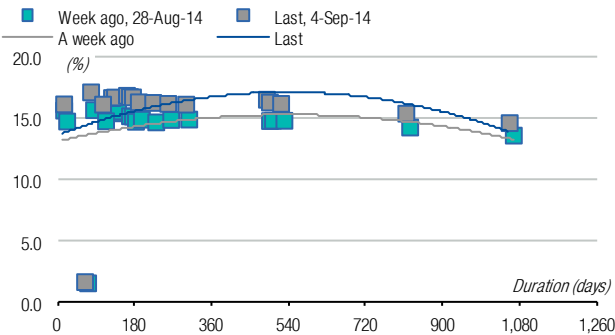
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



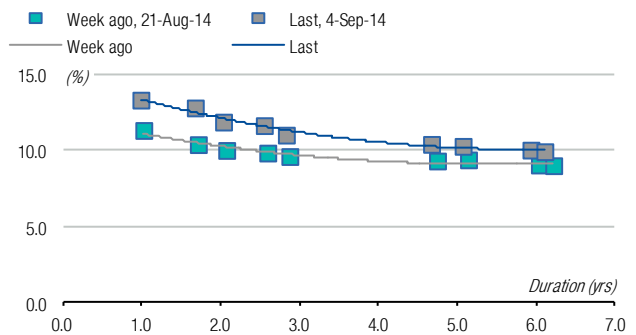
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 4 Sep 2014



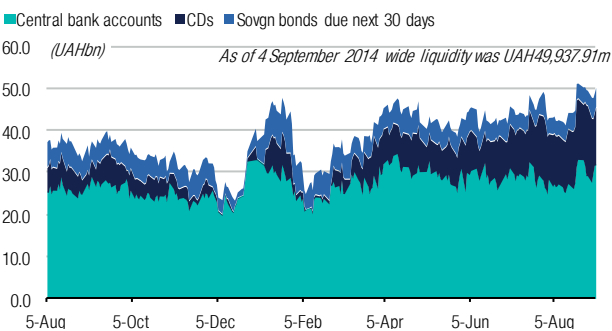
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



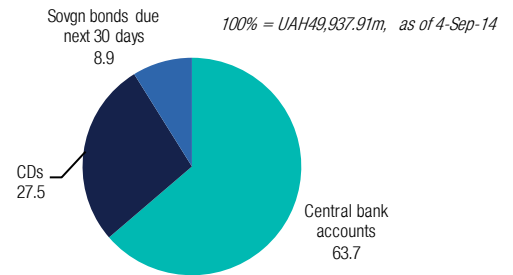
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



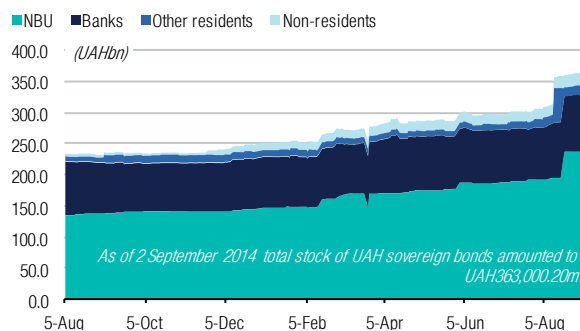
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 4 Sep 2014



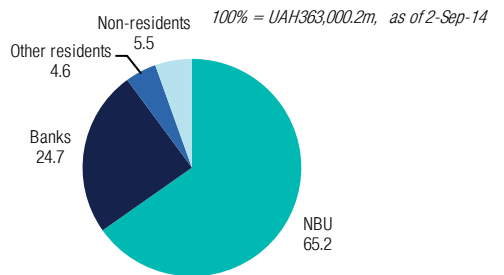
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 4 Sep 2014



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

Table 1. Ukrainian stocks (closing prices as of 4-Sep-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	11.75 GBp	+2.2	+1.1	+13.3	-27.7	0.19	44.3	-18.8	40.2	17.8	155.5	25.0	0.13	762	Neg.	Neg.	Neg.	2.8	N/A	N/A	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.77 UAH	+0.4	-3.4	+63.0	+53.9	0.61	223.6	273.0	21.7	48.5	59.8	366.6	0.15	686	5.9	5.4	3.7	0.5	4.3	2.3	0.5	0.4	0.3	1.2	12.2
Coal Energy	CLE PW	Warsaw	0.85 PLN	+9.0	-14.1	-19.0	-60.1	0.26	11.8	122.0	25.0	3.0	254.1	29.2	1.76	57	Neg.	Neg.	3.0	5.4	15.2	4.2	1.0	1.2	1.1	0.1	39.8
Donbasenergo	DOEN UK	Kiev, UX	32.66 UAH	-1.0	-19.7	+18.4	+49.2	2.54	60.1	97.1	14.2	8.6	6.7	49.5	0.13	793	1.5	1.8	1.8	0.4	2.0	1.1	0.2	0.2	0.2	1.2	17.8
JKX Oil & Gas	JKX LN	London	45.75 GBp	-1.1	+23.2	-36.0	-34.2	0.75	128.2	133.3	47.2	60.5	4.8	34.5	0.02	4,729	19.7	11.3	4.6	2.0	1.8	1.5	0.7	0.7	0.6	0.3	5.5
Regal Petroleum	RPT LN	London	6.63 GBp	-8.6	-13.1	-49.0	-49.5	0.11	34.7	7.8	80.9	28.0	3.1	8.2	0.05	1,981	Neg.	17.3	N/A	0.4	0.3	N/A	0.2	0.2	N/A	0.1	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	130.00 UAH	-7.1	-12.8	+43.8	+51.7	10.12	129.4	108.7	5.0	6.5	0.1	2.9	0.01	17,077	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	-1.2	-11.6	-17.6	-13.9	0.00	64.2	1,157.1	3.9	2.5	1.4	27.6	0.14	706	Neg.	Neg.	N/A	N/A	Neg.	N/A	1.0	0.6	N/A	N/A	64.5
Avdiyivsky Cok...	AVDK UK	Kiev, UX	2.70 UAH	-2.0	-12.5	-8.9	-14.8	0.21	41.0	38.2	4.0	1.6	30.1	23.3	0.24	422	Neg.	263.1	0.7	Neg.	0.7	0.4	0.1	0.0	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.78 UAH	-0.5	-11.0	+16.3	+24.6	0.06	255.0	248.4	4.1	10.5	6.1	16.5	0.08	1,329	Neg.	N/A	Neg.	Neg.	N/A	6.7	0.1	N/A	0.1	0.2	0.0
Ferrexpo PLC	FXPO LN	London	133.30 GBp	+0.4	+0.8	-28.3	-20.1	2.18	1,280.4	1,482.9	22.4	286.8	896.1	1,485.2	0.43	235	4.9	4.6	7.3	3.0	2.9	3.9	0.9	1.0	1.0	1.2	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.53 UAH	+0.0	-28.4	+0.0	+0.2	0.04	11.3	12.4	9.0	1.0	23.8	5.7	0.49	204	Neg.	1.0	0.6	0.1	0.5	0.4	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	34.27 UAH	-1.5	-20.9	+7.1	+3.5	2.67	28.1	24.1	9.4	2.6	0.3	28.1	0.19	519	5.2	N/A	Neg.	Neg.	N/A	0.7	0.0	N/A	0.0	0.8	0.0
<b>FOOD AND AGRIBUSINESS</b>																											
AgroGeneration	ALAGR FP	EN Paris	0.86 EUR	-1.1	-4.4	-30.6	-38.6	1.11	102.8	158.7	34.0	34.9	4.5	9.5	0.02	4,138	Neg.	N/A	N/A	Neg.	N/A	N/A	2.3	N/A	N/A	1.9	35.9
Agroliga	AGL PW	Warsaw	16.49 PLN	-7.8	-12.7	-36.4	-33.9	5.09	7.8	8.7	16.7	1.3	3.6	1.7	0.10	981	1.9	N/A	N/A	2.5	N/A	N/A	0.4	N/A	N/A	0.6	5.7
Agroton	AGT PW	Warsaw	2.22 PLN	-1.8	-1.3	+13.8	+3.3	0.68	14.8	60.1	26.2	3.9	472.5	97.2	2.44	41	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	38.60 PLN	-1.7	+4.3	-42.3	-40.6	11.91	297.7	549.7	31.0	92.3	2.8	116.4	0.06	1,617	9.0	9.5	4.9	7.3	4.3	5.0	1.2	1.1	1.1	0.8	38.2
Avangard	AVGR LI	London Intl	8.40 USD	+0.5	-6.8	-28.5	-17.5	8.40	536.5	767.5	21.7	116.4	199.4	175.9	0.12	863	2.3	3.4	3.1	2.5	4.0	4.3	1.2	1.2	1.2	0.4	17.8
IMC	IMC PW	Warsaw	8.35 PLN	-0.5	-0.1	-31.3	-44.8	2.58	80.6	231.6	23.9	19.3	2.6	44.7	0.09	1,142	3.1	7.3	1.8	4.3	4.3	4.2	2.0	1.2	1.2	0.5	38.7
Kernel Holding...	KER PW	Warsaw	25.25 PLN	+1.0	-8.7	-33.7	-45.7	7.79	620.7	1,527.3	58.8	364.8	1,890.2	1,183.6	0.29	344	5.6	15.3	4.4	5.3	6.2	4.7	0.5	0.6	0.6	0.6	30.6
KSG Agro	KSG PW	Warsaw	0.91 PLN	+26.4	-79.9	-91.6	-90.9	0.28	4.2	115.3	34.4	1.4	1,282.2	68.9	10.22	10	Neg.	0.4	0.2	4.4	3.0	2.4	1.6	1.2	1.0	0.3	44.0
MHP	MHPC LI	London Intl	12.00 USD	+0.0	-7.0	-29.6	-22.6	12.00	1,268.0	2,478.3	22.3	283.0	68.8	1,168.5	0.45	221	8.1	8.0	4.4	6.3	5.2	4.9	1.7	1.8	1.6	2.2	47.0
Milkiland	MLK PW	Warsaw	4.99 PLN	+1.8	-10.9	-60.1	-51.8	1.54	48.1	172.1	20.0	9.6	13.6	5.2	0.07	1,385	3.4	N/A	2.5	5.2	3.5	3.2	0.4	0.4	0.4	0.2	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	1.81 EUR	-0.1	-13.2	-66.5	-59.5	2.34	248.8	976.6	20.0	49.8	1.2	5.8	0.01	7,221	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	70.50 PLN	+0.7	+5.0	-29.5	-9.8	21.75	130.5	138.1	25.0	32.6	11.3	36.4	0.13	790	4.3	7.0	6.1	3.7	5.1	4.1	1.5	1.7	1.3	1.0	8.5
<b>TRANSPORTATION</b>																											
KDM Shipping	KDM PW	Warsaw	7.89 PLN	-0.5	+21.2	-74.9	-76.1	2.43	22.6	6.1	10.9	2.5	1.2	0.8	0.01	7,013	3.3	N/A	N/A	0.6	N/A	N/A	0.2	N/A	N/A	0.3	5.6
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Xetra	0.18 EUR	+0.0	-20.5	-44.8	-59.9	0.23	11.7	187.3	13.1	1.5	0.0	0.1	0.01	9,460	Neg.	N/A	N/A	Neg.	N/A	N/A	5.5	N/A	N/A	0.1	45.5
<b>FINANCIAL SERVICES</b>																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.13 UAH	+2.3	-3.8	+18.7	+45.0	0.01	314.4	N/A	3.8	12.0	93.2	29.5	0.25	393	4.0	Neg.	11.3	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3

Table 1. Ukrainian stocks (closing prices as of 4-Sep-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 (%)	
Ukrsotsbank	USCB UK	Kiev, UX	0.17 UAH	-0.6	-3.0	-10.0	+29.9	0.01	238.2	N/A	4.5	10.7	2.2	14.3	0.01	12,415	Neg.	12.5	N/A	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; \*\*\* - P/E is above 10,000x. Sources: Bloomberg, ICU.

## FX: News & Comments

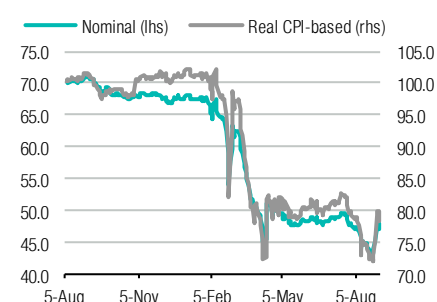
### UAH down, ECB cut rates

In reaction to the ECB's monetary council's unexpected decision to lower rates further yesterday, the Euro fell a precipitous 1.6% to 1.2944/USD. The US dollar index jumped 1.2% yesterday (+4.7% in year-to-date terms). In trade-weighted terms, the Russian ruble rose 0.5% despite the nominal decline of 0.4%. The hryvnia decreased 2.8% nominally and 2.2% in real trade-weighted terms. However, the Russian ruble and, consequently, the hryvnia, could be pressured downward by the US dollar's further appreciation.

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

### ICU's UAH trade-weighted indices

(Last 12-month history to 5 Sep 2014)



Source: Investment Capital Ukraine LLC.

### FX market indicators (as of 4 Sep 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	12.7000	+2.83	-5.93	+2.58	+54.13
NBU avg	12.5288	-0.02	-6.76	+2.84	+53.71
Ttl vlm <sup>1</sup>	430.10	+151.9	-21.89	+62.69	-84.65
\$ volume <sup>2</sup>	282.49	+126.5	-32.97	+42.42	-87.22
NDF 3M	13.5400	+0.78	-4.31	+5.37	+59.58
NDF 6M	13.7350	+0.26	-6.25	+3.23	+56.44
NDF 1Y	14.8600	+2.48	-3.82	+3.81	+57.75
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	46.960	-2.16	+7.13	-0.30	-30.47
UAH real CPI	78.239	-2.16	+7.13	-0.30	-22.59
UAH real PPI	117.835	-2.16	+7.13	-0.30	-15.10
USD nom'l	83.820	+1.15	+1.63	+3.06	+4.73
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	36.9961	+0.40	+0.74	+3.25	+12.55
EUR/USD	1.2944	-1.57	-1.81	-3.56	-5.81
USD/CNY	6.1386	-0.05	-0.08	-0.66	+1.39
USD/PLN	3.2372	+1.45	+1.05	+4.08	+7.09
USD/TRY	2.1633	+0.28	+0.24	+1.51	+0.70
USD/BYR	10,460.00	-0.05	+0.34	+1.21	+9.64
USD/KZT	182.0100	-0.01	+0.00	-0.05	+17.98
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	105.2700	+0.46	+1.49	+2.63	-0.04
GBP/USD	1.6331	-0.79	-1.54	-3.15	-1.36
USD/CHF	0.9319	+1.55	+1.84	+2.78	+4.37
AUD/USD	0.9348	+0.01	-0.10	+0.15	+4.83
USD/CAD	1.0875	-0.12	+0.13	-0.28	+2.37
USD/BRL	2.2429	+0.27	+0.04	-0.69	-5.05
USD/KRW	1,018.95	-0.07	+0.44	-1.41	-2.94
<b>COMMODITIES</b>					
Gold(\$/oz)	1,261.93	-0.59	-2.15	-2.05	+4.67
WTI crude <sup>3</sup>	94.45	-1.14	-0.11	-3.91	-4.03
Brent crd <sup>3</sup>	100.76	-0.53	+0.44	-3.33	-9.08
Urals crd <sup>3</sup>	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB <sup>4</sup>	288.63	-0.58	-0.93	-1.88	+3.02

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.

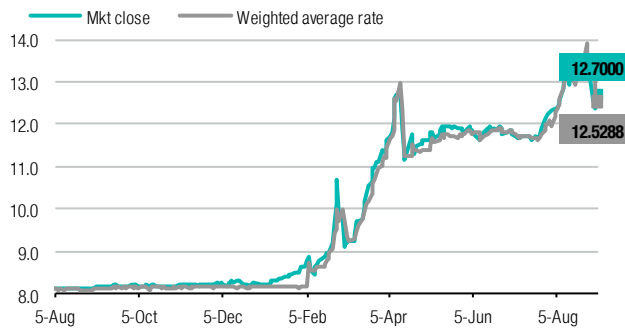
Sources: Bloomberg, Investment Capital Ukraine LLC.

Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU [website](#) and Bloomberg (type: ALLX UTWI <GO>).

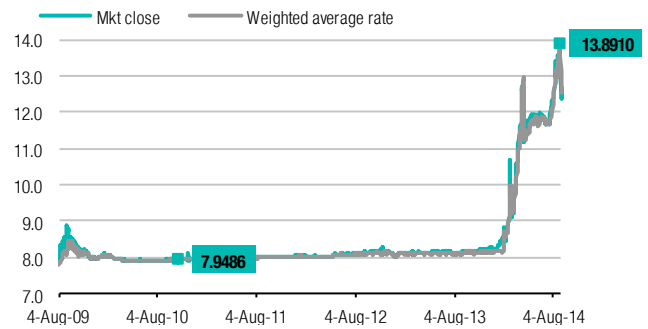
Section on FX market is continued on next page.

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)

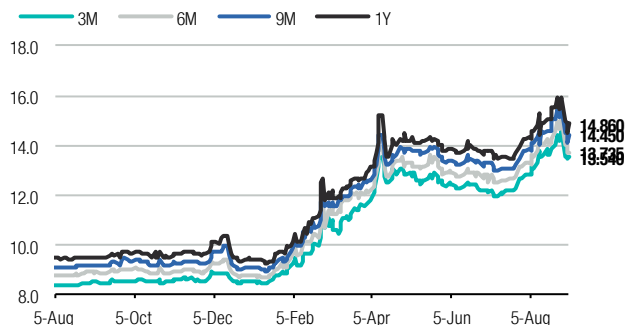


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

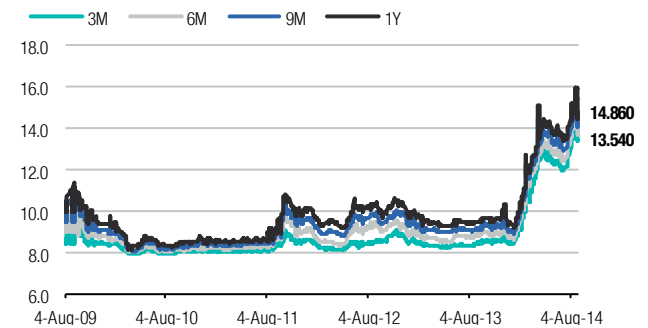


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

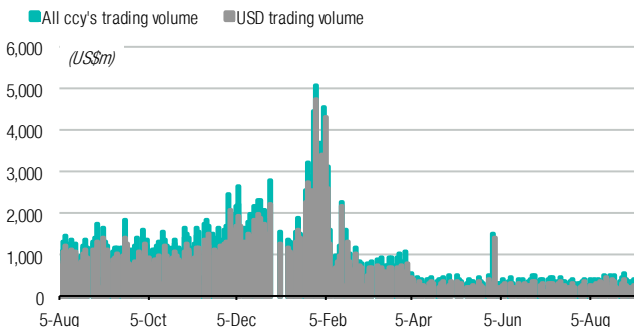


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

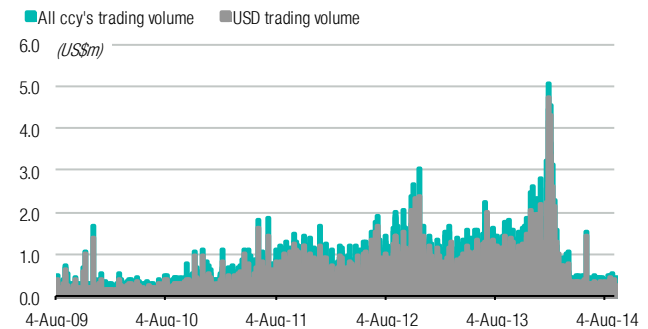


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

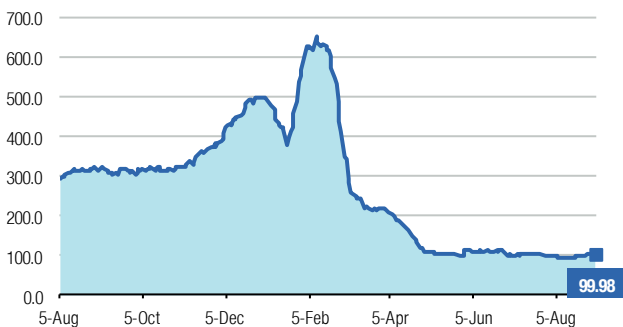


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)



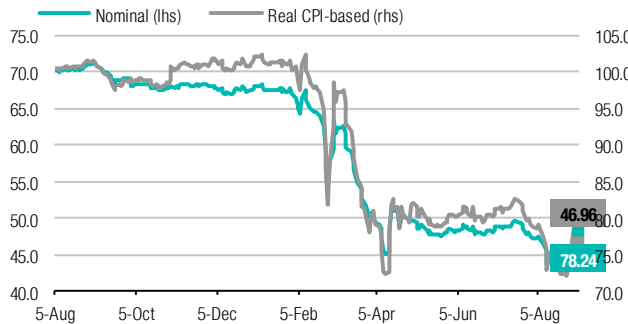
Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

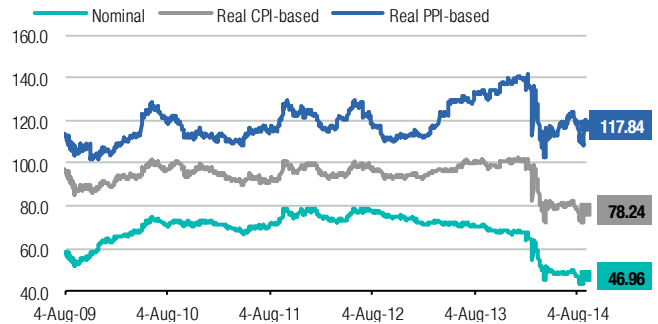
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



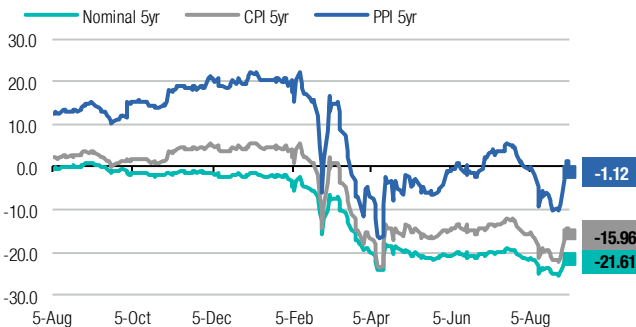
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

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

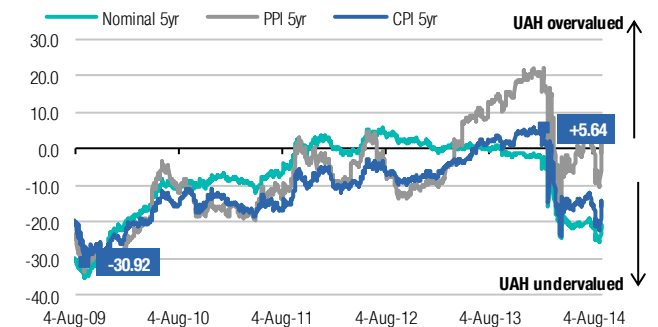


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**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)**

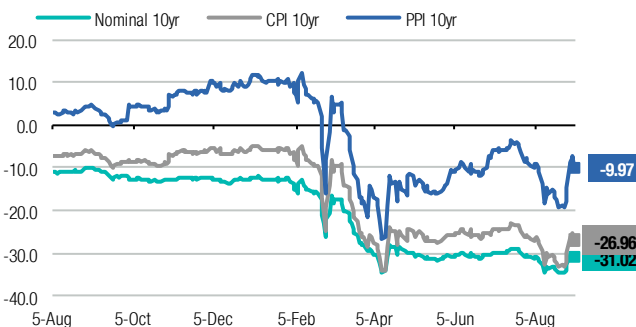


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

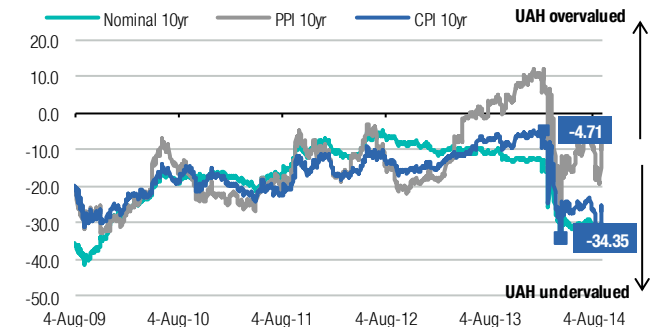


Note: the boxes indicate the high and low values of CPI-based TWI.  
Source: Investment Capital Ukraine LLC.

**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



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

**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  
sergiy.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.**