



Focus
Ukraine

Scope
Economics, bonds, equity & FX markets

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Daily Insight

NBU further increases CDs outstanding

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WEDNESDAY, 1 OCTOBER 2014

UX Index (3 months to 1 Oct 2014)



Source: UX.

Key market indicators (as of 30 Sep 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	12.9500	+0.00	+57.16
USD/UAH (1Y NDF)	16.0500	+0.78	+70.38
EUR/USD	1.2631	-0.43	-8.09
USD/RUB	39.6003	+0.39	+20.48
KievPRIME O/N (%)	8.20	+20bp	+40bp
KievPRIME 1M (%)	15.70	+0bp	-55bp

SOVEREIGN EUROBONDS: yields and spreads

Ukraine 15, Eurobond (%)	19.43	-50bp	+1,108bp
Ukraine 17, Eurobond (%)	14.53	-1bp	+498bp
Ukraine 22, Eurobond (%)	10.55	+7bp	+120bp
Ukraine 23, Eurobond (%)	10.40	+10bp	+136bp
Ukraine 5Y CDS	1,318bp	+12bp	+502bp

EQUITIES

Stock market indices			
UX (Ukraine)	1,077.15	+0.35	+18.36
MSCI World	416.85	-0.24	+2.03
MSCI EM	1,005.33	-0.41	+0.26
RTS (Russia)	1,123.72	-0.22	-22.11
WIG-20 (Poland)	2,500.29	+0.59	+4.14
S&P 500 (USA)	1,972.29	-0.28	+6.70

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

New rules for NBU loans

Because of the war in Donbas and USD/UAH volatility, many depositors withdrew funds from their Ukrainian bank accounts. As a result, most of the banks faced problems repaying UAH110bn, or 10%, of the NBU loans outstanding. In response, the regulator has allowed all banks which are its borrowers to postpone principal payments in 2014 as long as they continue to pay the interest.

Banks can apply to restructure their existing loans by rescheduling the payment schedule for the next four years during which they will pay up 25% of the outstanding principal each year on a monthly basis. The interest rate would be set at the NBU key rate, currently at 12.5%, plus 1.5%, which is lower than the current market price of UAH funding (20.38% for 12M retail deposits).

In our view, commercial banks should be satisfied to accept the deal as their current loans are mostly due in 2015 and 2016. However, the NBU has set several strict requirements:

- 1) Sufficient collateral, assessed by the high-quality valuation professionals;
- 2) Value of the commercial loans and property pledged as a collateral will be significantly discounted if the key shareholder has not issued a personal financial guarantee for the whole amount of the NBU loan;
- 3) Introduction of an on-site supervisor (already in place in most banks);
- 4) Limitations of certain types of operations regarding capital withdrawal, loan redemptions, and securities purchases.

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Bonds: News & Comments

NBU further increases CDs outstanding

Broader banking sector liquidity continued to rise yesterday, setting new records, as total CDs outstanding and future debt repayments rose slightly. Banks' correspondent accounts with the NBU slid UAH0.05bn to UAH35.89bn yesterday, while total CDs outstanding rose UAH0.40bn to UAH33.74bn and total local currency debt repayments scheduled for the next 30 days rose UAH0.78bn to UAH6.39bn. These changes caused the broader indicator to rise UAH1.13bn to UAH76.02bn.

KyivPrime interest rates slightly diverged: the KyivPrime ON interest rate rose 20bp to 8.20% while the KyivPrime 1M interest rate remained steady at 15.70%.

Investment implications: After rising significantly on Monday, and as the NBU redeemed UAH15.35bn in CDs today, liquidity indicators remained steady with no foreseeable changes today. Liquidity could decline today, as yesterday was the last day of month-end tax payments.

Eurobonds slightly volatile

Ukrainian Eurobonds were mostly steady as spreads to the benchmark closely followed US Treasuries. As the market was calm in anticipation of the scheduled Naftogaz Eurobond redemption, at yesterday's close, spreads diverged as the yield curve adjusted to the range of 10.39-19.45%. UKRAIN 6.875% '15 declined 49bp to 19.45%, UKRAIN 6.58% '16 slid 1bp to 14.80%, UKRAIN 9.25% '17 slid 2bp to 14.53%, and UKRAIN 6.75% '17 remained steady at 12.50%, while UKRAIN 7.95% '21 and UKRAIN 7.80% '22 increase 7bp to 11.17% and 10.53% respectively, and UKRAIN 7.50% '23 was up 9bp to 10.39%. The 5-year CDS rose to 1,318bp.

Primary auction schedule for October

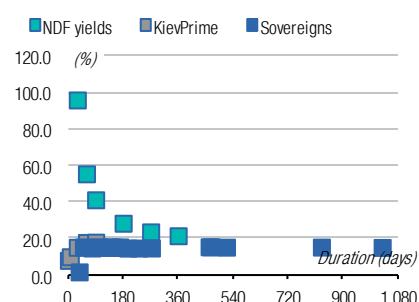
The MoF announced October's preliminary of primary auction schedule. While changes are expected, the main differences from September's offerings is that the MoF will offer 5-year and 7-year local currency bonds in all but one week, 12-month bonds in only two weeks, and USD-denominated bonds and 10-year local currency bonds each in only one week. For more details, please see the table on the next page.

Investment implications: As the MoF has large domestic repayments scheduled during each month in 4Q14, beginning with UAH1.0bn today and UAH2.29bn next week. The UAH7.74bn in total repayments scheduled during October includes smaller FX repayments of EUR61.44m and US\$26.30m.

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Yield curve of the local bond market

(as of market close on 30 Sep 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 30 Sep 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	8.20	+20bp	-18bp	+20bp	+40bp
1wk	10.50	+0bp	+12bp	+50bp	+70bp
1m	15.70	+0bp	+7bp	+53bp	-55bp
2m	18.00	+0bp	+0bp	+17bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	35,893	-0.15	-13.38	+22.69	+9.76
CDs ²	33,741	+1.20	+102.5	+103.3	+4,686.0
Sovgns ³	6,569	+0.00	-14.10	+91.14	+339.4
Total	76,203	+0.45	+15.91	+54.62	+118.3
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	266,396	+0.00	+4.68	+12.54	+83.91
Banks	85,542	+0.03	-3.80	-5.81	+6.70
Resid's ⁴	14,200	-0.17	-43.22	-15.53	+14.54
Non-res ⁵	19,430	-0.02	-3.73	-4.11	+66.09
Total	385,568	+0.00	-0.78	+5.75	+54.77
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	+542bp	+0bp	+542bp	-81ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	1,318	+12bp	+72bp	+233bp	+502bp
Jun '16	15.33	+0bp	-83bp	+327bp	+644bp
Jul '17	14.53	-1bp	-76bp	+256bp	+498bp
Sep '20	11.13	+6bp	-28bp	+94bp	+194bp
Sep '21	11.18	+6bp	-26bp	+106bp	+196bp
Sep '22	10.55	+7bp	-20bp	+70bp	+120bp
Feb '23	10.40	+10bp	-36bp	+61bp	+136bp

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.

Table 1. Schedule of primary auctions for October 2014

	1-Oct	7-Oct	14-Oct	21-Oct	28-Oct
zero-coupon bonds	-	12m		12m	
ordinary coupon-bearing bonds	10y	2y, 5y, 7y	5y, 7y	2y, 5y, 7y	5y, 7y
FX-denominated bonds				2y	

Sources: Ministry of Finance of Ukraine, Investment Capital Ukraine LLC.

Auction announcement for today

At today's first auction scheduled in October, the MoF today will only offer a 10-year local currency bond similar to last week's 15.50% coupon rate offering that raised UAH0.93bn. On Monday, the MoF sold UAH0.30bn of a 7-year bond at the same interest rate. Most likely, the proceeds from the two most recent auctions were not reserved for today's debt repayments, or possibly the MoF needs additional financing, as today's auction has a same-day settlement. As a result, today's proceeds are expected to be used for debt repayments immediately.

Investment implications: The MoF will most likely use domestic QE to support demand at today's auction as domestic liquidity indicators significantly rose on Monday (see comment above) or additional support will be issued specifically for this auction. We anticipate no market demand today.

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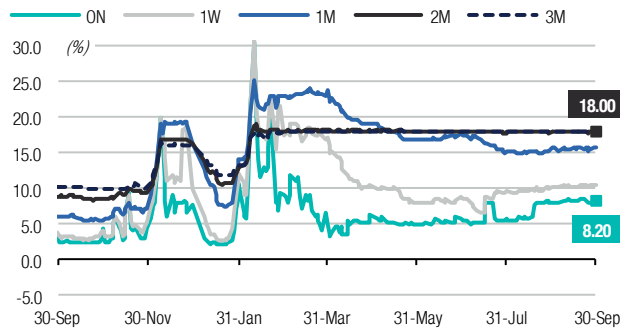
Naftogaz's Eurobond repayment

Although widely expected to be fulfilled yesterday or on the due date as prescribed by the prospectus, a domestic newswire reported that the NBU would sell FX directly to Naftogaz. As this news implies the transaction, which should have occurred yesterday, the Naftogaz repayment will be fulfilled not on Sept. 30, the specified date of repayment, but within 10 days starting from yesterday.

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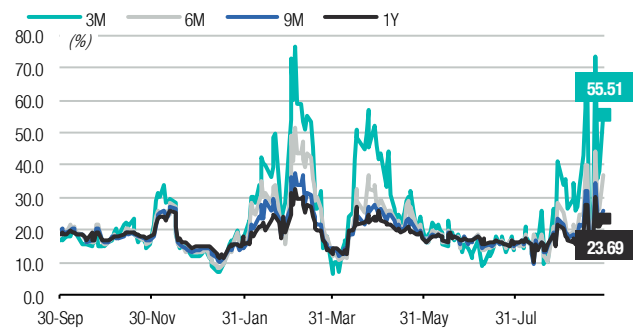
Chart page: Local bond market & Eurobond markets

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



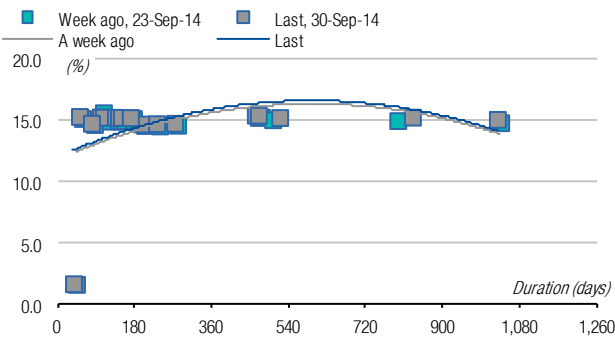
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



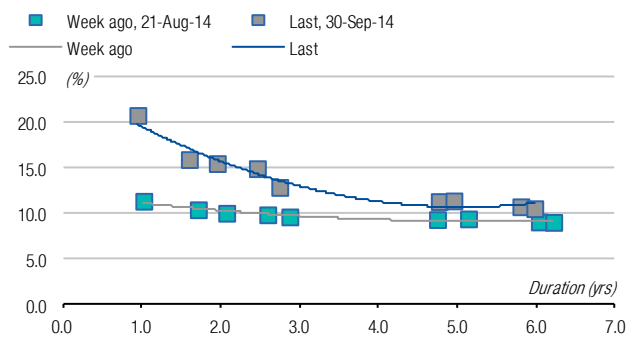
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 30 Sep 2014



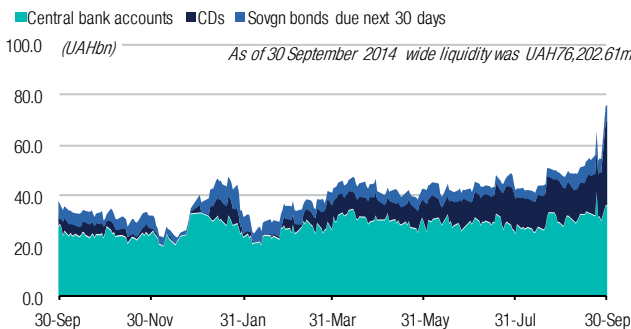
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 30 Sep 2014



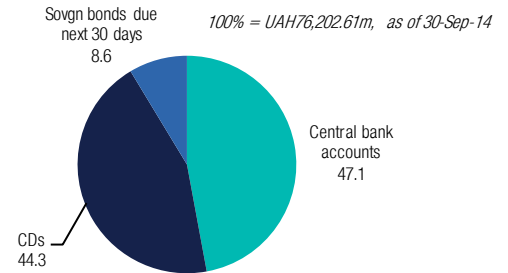
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



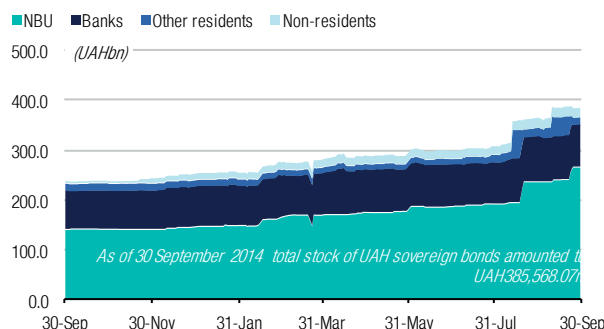
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 30 Sep 2014



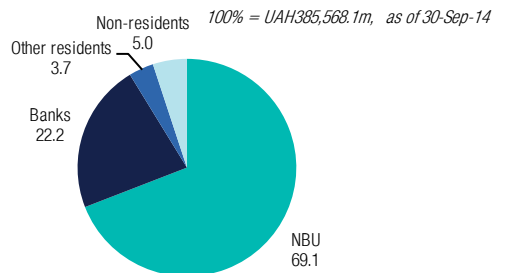
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 30 Sep 2014



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

Table 2. Ukrainian stocks (closing prices as of 30-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)	2013	2014E	2014E	2013	2014E	2014E	2013	2014E	2014E	P/B (x)	Debt/Assets (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	10.88 GBp	+0.0	-5.4	+4.8	-34.1	0.18	40.7	-22.4	40.2	16.4	0.0	28.1	0.20	502	Neg.	Neg.	Neg.	3.4	N/A	N/A	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.22 UAH	-0.8	-7.0	+51.4	+44.7	0.56	206.4	267.8	21.7	44.8	8.2	229.7	0.13	774	5.5	4.8	7.2	0.3	3.9	4.0	0.5	0.3	0.3	1.1	16.3
Coal Energy	CLE PW	Warsaw	0.94 PLN	-1.1	+70.9	-10.5	-61.6	0.28	12.8	138.7	25.0	3.2	1.5	51.5	3.68	27	Neg.	N/A	N/A	6.2	N/A	N/A	1.1	N/A	N/A	0.1	39.8
Donbasenergo	DOEN UK	Kiev, UX	28.24 UAH	+2.6	-17.9	+2.4	+27.7	2.19	51.7	88.4	14.2	7.4	45.3	29.8	0.22	450	1.3	1.2	1.3	0.3	1.5	1.1	0.2	0.2	0.2	1.0	17.8
JKX Oil & Gas	JKX LN	London	48.25 GBp	+1.6	+7.5	-32.5	-23.1	0.78	134.2	139.3	47.2	63.3	22.2	41.1	0.06	1,738	20.6	22.4	4.1	2.1	2.6	2.2	0.8	0.8	0.7	0.3	5.5
Regal Petroleum	RPT LN	London	8.25 GBp	+0.0	+17.9	-36.5	-35.3	0.13	42.8	16.0	80.9	34.7	4.0	9.0	0.02	6,089	Neg.	21.4	N/A	0.7	0.6	N/A	0.4	0.4	N/A	0.1	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	143.00 UAH	-2.7	+10.0	+58.2	+60.9	11.07	141.5	231.6	5.0	7.1	0.6	1.9	0.02	5,392	3.2	N/A	N/A	1.5	N/A	N/A	0.3	N/A	N/A	1.2	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.02 UAH	+2.1	-23.4	-36.1	-39.2	0.00	49.5	2,265.9	3.9	1.9	10.3	14.1	0.29	350	Neg.	Neg.	N/A	N/A	Neg.	N/A	2.0	1.2	N/A	N/A	64.5
Avdiyivsky Cok...	AVDK UK	Kiev, UX	2.35 UAH	+3.7	-17.2	-20.6	-26.7	0.18	35.5	31.7	4.0	1.4	3.3	11.6	0.75	133	Neg.	229.1	0.6	0.1	0.6	0.3	0.1	0.0	0.0	0.1	0.1
Azovstal	AZST UK	Kiev, UX	0.65 UAH	+2.3	-17.4	-2.4	+4.3	0.05	212.7	N/A	4.1	8.7	32.3	10.5	0.15	667	Neg.	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	112.30 GBp	-2.4	-14.9	-39.6	-34.4	1.82	1,070.6	1,273.1	22.4	239.8	2,791.3	1,135.0	0.57	176	4.1	3.9	7.3	2.5	2.6	3.6	0.8	0.9	0.9	1.0	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.44 UAH	+2.3	-26.7	-17.0	-25.3	0.03	9.3	10.4	9.0	0.8	0.9	4.1	1.04	96	Neg.	0.8	0.5	0.0	0.4	0.3	0.0	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	25.78 UAH	+1.1	-29.2	-19.5	-22.6	1.99	21.0	17.0	9.4	2.0	1.0	14.1	0.34	295	3.9	N/A	Neg.	Neg.	N/A	0.5	0.0	N/A	0.0	0.6	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.75 EUR	+0.0	-13.8	-39.5	-45.3	0.95	87.4	141.9	34.0	29.7	33.1	8.1	0.04	2,792	Neg.	N/A	N/A	Neg.	N/A	N/A	2.1	N/A	N/A	1.6	35.9
Agroliga	AGL PW	Warsaw	14.15 PLN	-3.5	-17.8	-45.4	-53.2	4.27	6.6	7.4	16.7	1.1	1.5	1.9	0.44	226	1.6	N/A	N/A	2.1	N/A	N/A	0.4	N/A	N/A	0.6	5.7
Agroton	AGT PW	Warsaw	2.13 PLN	+2.4	+13.9	+9.2	-16.8	0.64	13.9	59.2	26.2	3.7	18.4	74.2	3.39	29	Neg.	2.0	1.7	22.1	6.2	3.7	0.7	0.7	0.7	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	37.33 PLN	-3.0	+8.5	-44.2	-47.4	11.27	281.8	527.6	31.0	87.4	715.5	128.1	0.27	368	8.7	27.9	4.4	7.0	4.3	4.7	1.1	1.1	1.1	0.8	38.2
Avangard	AVGR LI	London Intl	7.90 USD	-1.0	-6.0	-32.8	-29.5	7.90	504.3	638.0	21.7	109.4	55.9	147.3	0.13	747	2.1	3.2	2.9	2.1	3.4	3.6	1.0	1.0	1.0	0.5	17.8
IMC	IMC PW	Warsaw	6.71 PLN	-3.0	-18.7	-44.8	-56.7	2.03	63.4	204.5	23.9	15.1	13.9	26.3	0.18	569	2.4	Neg.	1.6	3.8	3.8	3.7	1.8	1.1	1.1	0.4	38.7
Kernel Holding...	KER PW	Warsaw	24.90 PLN	+0.0	+2.0	-34.6	-49.2	7.52	599.1	1,505.7	58.8	352.1	367.8	975.0	0.36	279	5.4	36.2	4.2	5.2	6.5	4.6	0.5	0.6	0.6	0.6	30.6
KSG Agro	KSG PW	Warsaw	1.20 PLN	-6.3	+130.8	-88.9	-90.4	0.36	5.4	116.6	34.4	1.9	97.0	186.3	26.80	4	Neg.	0.5	0.3	4.4	3.0	2.4	1.6	1.2	1.1	0.3	44.0
MHP	MHPC LI	London Intl	11.90 USD	+3.4	+2.9	-30.2	-23.2	11.90	1,257.4	2,467.7	22.3	280.7	56.2	1,290.1	0.71	140	8.1	10.8	4.3	6.3	5.2	4.9	1.6	1.7	1.6	2.2	47.0
Milkiland	MLK PW	Warsaw	3.83 PLN	+0.0	-9.9	-69.4	-69.4	1.16	36.1	163.0	20.0	7.2	5.9	7.1	0.23	440	2.6	Neg.	8.4	4.9	4.2	4.7	0.4	0.4	0.4	0.2	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	1.45 EUR	+0.0	-19.9	-73.1	-67.5	1.83	194.4	922.2	20.0	38.9	0.0	3.4	0.01	14,337	2.2	2.2	0.9	5.6	3.4	3.1	1.8	2.2	2.1	0.5	45.3
Ovostar Union	OVO PW	Warsaw	69.99 PLN	+0.0	+3.6	-30.0	-29.3	21.13	126.8	134.4	25.0	31.7	1.0	36.6	0.09	1,152	4.1	6.5	6.4	3.6	5.1	4.7	1.5	1.8	1.4	0.9	8.5
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.24 EUR	+0.0	+25.0	-24.3	-44.8	0.30	15.7	191.3	13.1	2.1	0.0	0.2	0.02	5,844	Neg.	N/A	N/A	Neg.	N/A	N/A	5.6	N/A	N/A	0.2	45.5
FINANCIAL SERVICES																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.13 UAH	+0.0	-0.9	+12.3	+39.2	0.01	295.8	N/A	3.8	11.3	1.8	21.0	0.26	388	3.8	Neg.	13.0	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.14 UAH	+0.0	-15.6	-23.0	-10.5	0.01	202.5	N/A	4.5	9.1	0.0	5.8	0.01	7,173	Neg.	10.7	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

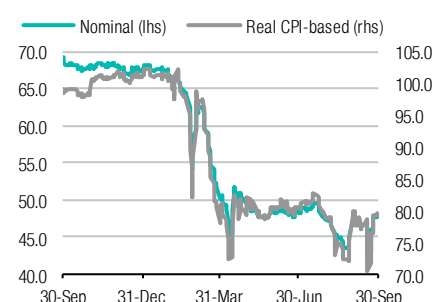
FX market at a standstill

Yesterday, while the nominal FX rate remained calm, appearing to be fixed at 12.95/USD, trading in foreign markets was quite volatile. A further decline of inflation in the Euro area caused the EUR FX rate to weaken against the US dollar. The hryvnia's 12.95/USD fixed rate appears short-lived. If it were to remain fixed, the Ukraine's economy could lose competitiveness and further erode Ukraine's already humiliatingly low sovereign credit quality.

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ICU's UAH trade-weighted indices

(Last 12-month history to 1 Oct 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 30 Sep 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	12.9500	+0.00	-2.26	-1.89	+57.16
NBU avg	12.9492	+0.32	-4.27	-4.83	+58.87
Ttl vlm ¹	236.03	-7.46	-43.03	-38.54	-91.58
\$ volume ²	149.73	-18.76	-49.28	-47.48	-93.23
NDF 3M	14.6500	-0.58	-6.51	+0.69	+72.66
NDF 6M	15.1000	-1.31	-6.62	+0.33	+71.98
NDF 1Y	16.0500	+0.78	-6.26	+0.63	+70.38
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	47.703	+0.24	+3.93	+5.91	-29.37
UAH real CPI	79.477	+0.24	+3.93	+5.91	-21.37
UAH real PPI	119.700	+0.24	+3.93	+5.91	-13.75
USD nom'l	85.936	+0.40	+1.51	+3.85	+7.37
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	39.6003	+0.39	+2.62	+6.69	+20.48
EUR/USD	1.2631	-0.43	-1.68	-3.82	-8.09
USD/CNY	6.1394	-0.23	+0.02	-0.07	+1.41
USD/PLN	3.3101	+0.45	+1.88	+3.26	+9.50
USD/TRY	2.2782	-0.05	+1.74	+5.33	+6.05
USD/BYR	10,590.00	-0.05	+0.38	+1.53	+11.01
USD/KZT	181.9300	+0.01	+0.12	-0.08	+17.93
OTHER MAJOR CURRENCIES					
USD/JPY	109.6500	+0.14	+0.70	+5.34	+4.12
GBP/USD	1.6213	-0.17	-1.07	-2.32	-2.08
USD/CHF	0.9551	+0.40	+1.62	+4.02	+6.97
AUD/USD	0.8747	+0.33	-1.05	-6.34	-1.91
USD/CAD	1.1198	+0.30	+1.08	+2.94	+5.41
USD/BRL	2.4469	-0.03	+1.45	+9.44	+3.59
USD/KRW	1,055.21	+0.13	+1.47	+4.08	+0.52
COMMODITIES					
Gold(\$/oz)	1,208.16	-0.63	-1.24	-6.18	+0.21
WTI crude ³	91.16	-3.61	-1.51	-5.00	-7.38
Brent crd ³	93.17	-2.36	-1.91	-7.99	-15.93
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	278.55	-1.62	+0.27	-4.85	-0.58

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.

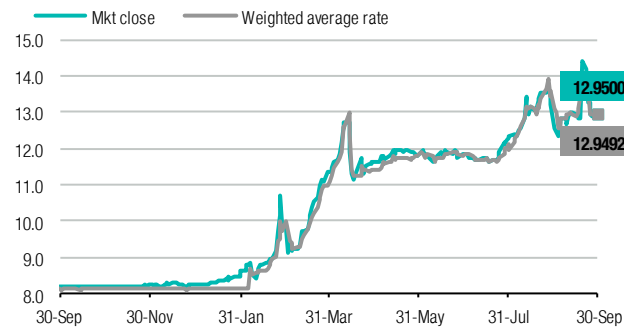
Sources: Bloomberg, Investment Capital Ukraine LLC.

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>).

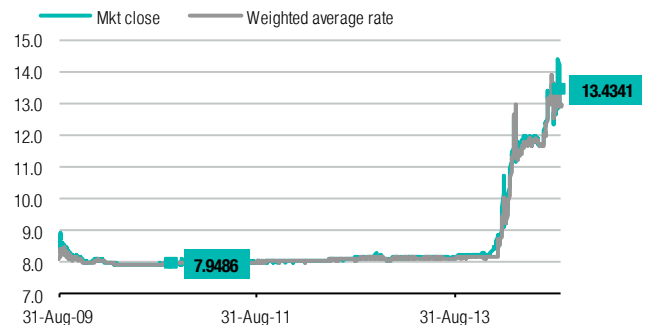
Section on FX market is continued on next page.

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)

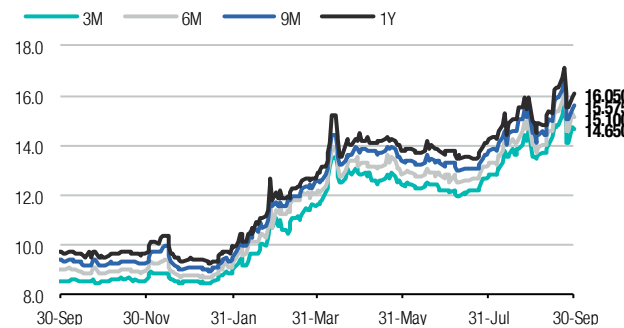


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

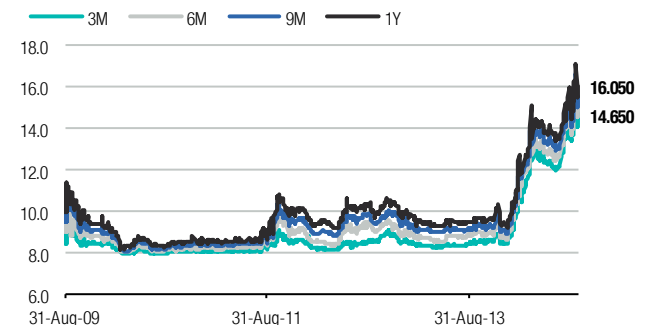


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

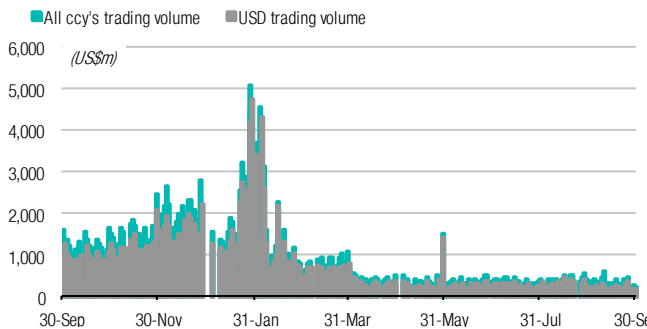


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

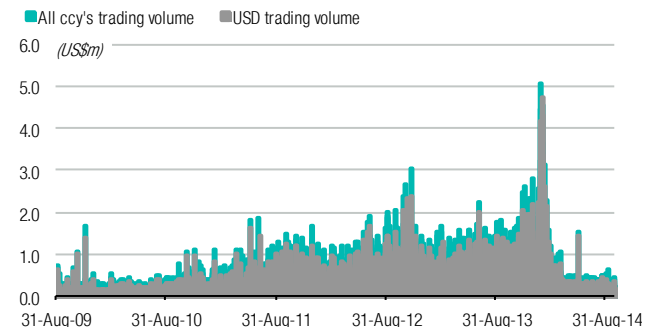


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

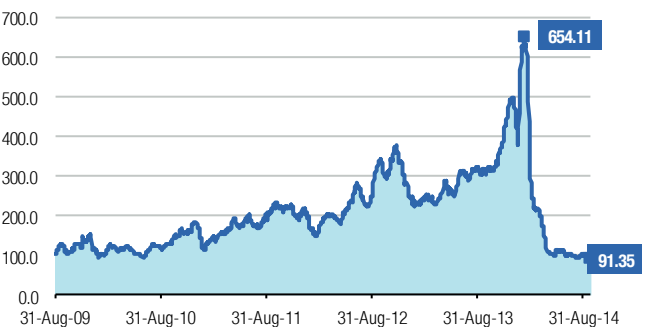
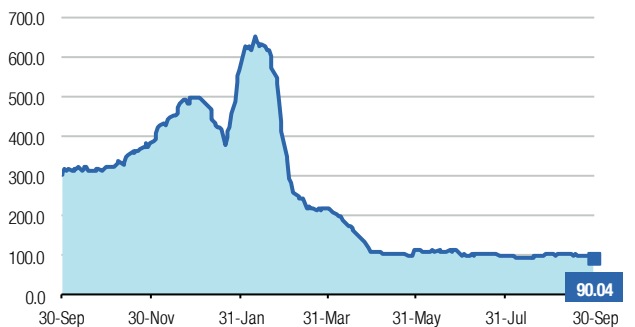


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

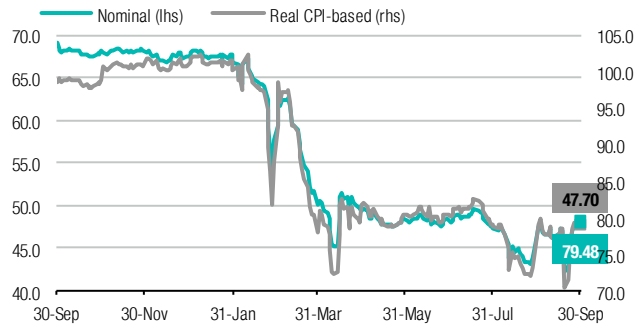


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

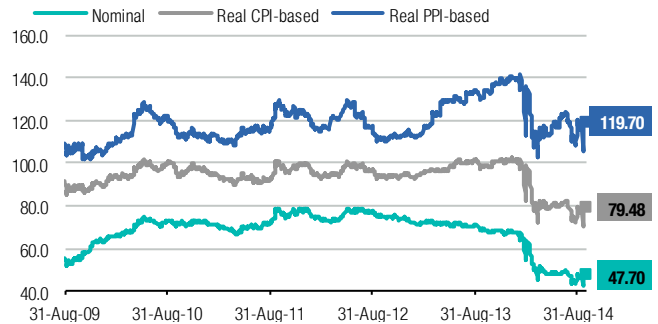
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



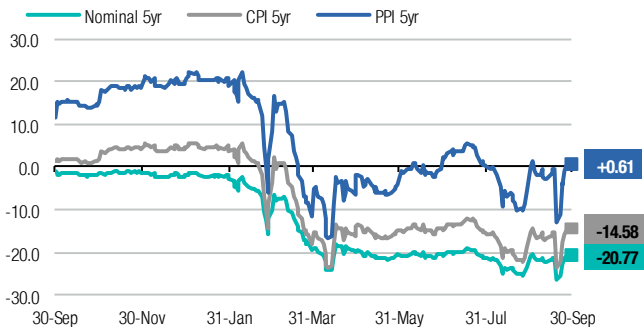
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

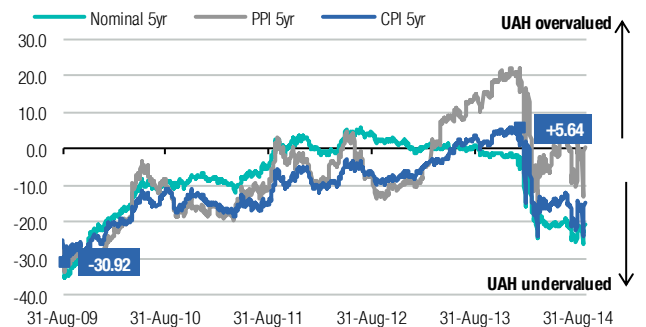


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

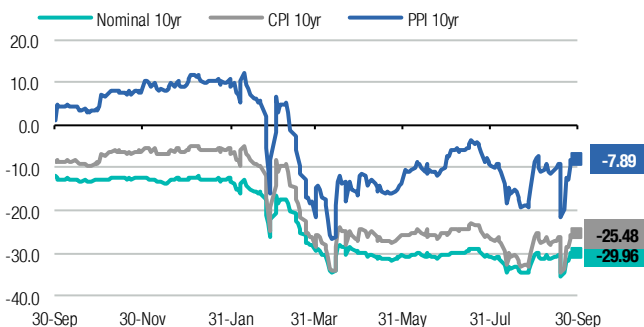


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

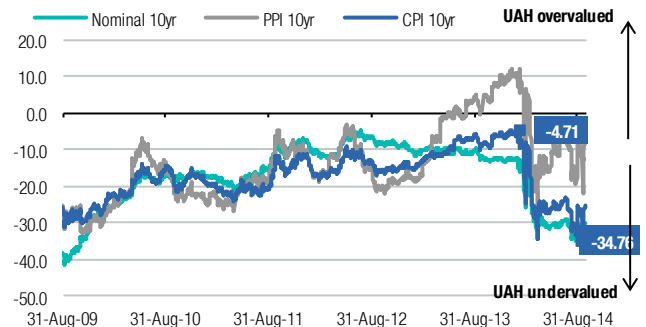


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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.

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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

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Sell: Forecasted 12-month total return significantly less than that of relevant benchmark



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