



Focus  
**Ukraine**

Scope  
**Economics, bonds, equity &  
FX markets**

Research team  
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# Daily Insight

## Liquidity up slightly

### Contents

|   |          |
|---|----------|
| <b>Bonds: News &amp; Comments</b>                     | <b>2</b> |
| Liquidity recovers slightly.....                      | 2        |
| 5-year bonds re-issued.....                           | 2        |
| Chart page: Local bond market & Eurobond markets..... | 3        |
| <b>FX: News &amp; Comments</b>                        | <b>5</b> |
| Hryvnia up slightly .....                             | 5        |
| Chart page #1: Foreign-exchange market.....           | 6        |
| Chart page #2: ICU's UAH trade-weighted indices.....  | 7        |

**TUESDAY, 14 OCTOBER 2014**

### UX Index (3 months to 14 Oct 2014)



Source: UX.

### Key market indicators (as of 13 Oct 2014)

|                             | Last    | Daily<br>chg (%) | YTD<br>chg (%) |
|-----------------------------|---------|------------------|----------------|
| <b>FX &amp; MONEY RATES</b> |         |                  |                |
| USD/UAH                     | 12.9000 | -0.39            | +56.55         |
| USD/UAH (1Y NDF)            | 15.7500 | +0.00            | +67.20         |
| EUR/USD                     | 1.2752  | +0.98            | -7.21          |
| USD/RUB                     | 40.5049 | +0.35            | +23.23         |
| KievPRIME O/N (%)           | 8.45    | -30bp            | +65bp          |
| KievPRIME 1M (%)            | 15.70   | +7bp             | -55bp          |

### SOVEREIGN EUROBONDS: yields and spreads

|                          |         |        |          |
|--------------------------|---------|--------|----------|
| Ukraine 15, Eurobond (%) | 18.72   | -259bp | +1,037bp |
| Ukraine 17, Eurobond (%) | 15.52   | +132bp | +596bp   |
| Ukraine 22, Eurobond (%) | 11.30   | +86bp  | +195bp   |
| Ukraine 23, Eurobond (%) | 11.12   | +76bp  | +207bp   |
| Ukraine 5Y CDS           | 1,373bp | +23bp  | +556bp   |

### EQUITIES

#### Stock market indices

|                 |          |       |        |
|-----------------|----------|-------|--------|
| UX (Ukraine)    | 1,124.21 | +4.98 | +23.53 |
| MSCI World      | 397.66   | -0.70 | -2.67  |
| MSCI EM         | 991.49   | +0.16 | -1.12  |
| RTS (Russia)    | 1,076.58 | +1.15 | -25.38 |
| WIG-20 (Poland) | 2,394.22 | +0.07 | -0.28  |
| S&P 500 (USA)   | 1,874.74 | -1.65 | +1.43  |

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.

# Bonds: News & Comments

## Liquidity recovers slightly

After falling significantly last week, banking sector liquidity slightly recovered yesterday as last Friday's deals were accounted in today's NBU statistics. Banks' correspondent accounts with the NBU rose UAH2.76bn to UAH29.08bn yesterday while total CDs outstanding fell UAH0.61bn to UAH11.79bn and total local currency debt repayments scheduled for the next 30 days remained steady at UAH4.29bn. As a result, broader banking sector liquidity increased UAH2.14bn to UAH45.17bn.

KyivPrime interest rates slightly declined: the KyivPrime ON interest rate slid 5bp to 8.75% and the KyivPrime 1M interest rate fell 17bp to 15.63%.

**Investment implications:** As the NBU issued only UAH0.19bn of new ON loans for four banks, these injections probably had little impact on the liquidity increase. Instead, the NBU supported banks in purchasing bonds at the primary auctions held last Friday and yesterday (see comment below). However, no updated statistics were reported on bondholders' portfolios.

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## 5-year bonds re-issued

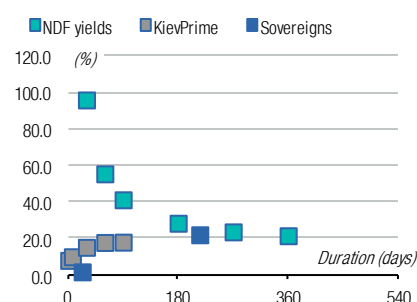
At the two additional auctions held last Friday and yesterday, the MoF raised UAH2.30bn in funds. The MoF sold UAH1.60bn in 5-year bonds last Friday at 14.25% and sold another UAH0.70bn of the same bonds at the same interest rate yesterday.

**Investment implications:** Bonds were sold to a sole bidder at yesterday's auction, and last Friday's auction attracted two bids. These bids most likely had domestic QE support or will be purchased by the NBU later this week. Refinancing loans by using bonds as collateral is possible this week. Today, the MoF will offer the same 5-year bond as well as 7-year bonds sold at the end of September. All these longer term maturities are unattractive for the market, we might see only bids that are supported by domestic QE.

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## Yield curve of the local bond market

(as of market close on 13 Oct 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

## Bond market indicators (as of 13 Oct 2014)

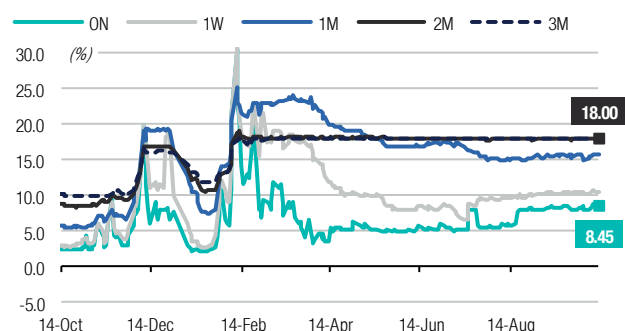
|   | Last           | Daily        | Weekly       | MoM          | YTD           |
|---|----------------|--------------|--------------|--------------|---------------|
|   |                | chg (%)      | chg (%)      | chg (%)      | chg (%)       |
| <b>MONEY MARKET KIEV PRIME RATES (%)</b>            |                |              |              |              |               |
| O/n   | 8.45           | -30bp        | +45bp        | +14bp        | +65bp         |
| 1wk   | 10.55          | -1bp         | +38bp        | +24bp        | +75bp         |
| 1m  | 15.70          | +7bp         | +53bp        | +20bp        | -55bp         |
| 2m  | 17.90          | -10bp        | -10bp        | -10bp        | +150bp        |
| 3m  | 18.00          | +0bp         | +0bp         | +0bp         | +200bp        |
| <b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>            |                |              |              |              |               |
| CB acc's <sup>1</sup>                               | 29,078         | +10.47       | -8.13        | -10.49       | -11.08        |
| CDs <sup>2</sup>                                    | 11,794         | -4.95        | -10.57       | -6.90        | +1,572.9      |
| Sovgns <sup>3</sup>                                 | 6,629          | +48.10       | -2.07        | +8.42        | +343.4        |
| <b>Total</b>  | <b>47,501</b>  | <b>+9.94</b> | <b>-7.96</b> | <b>-7.35</b> | <b>+36.10</b> |
| <b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>        |                |              |              |              |               |
| C.bank  | 269,242        | +0.60        | +0.33        | +11.85       | +85.87        |
| Banks   | 84,599         | +0.01        | +0.02        | -3.13        | +5.53         |
| Resid's <sup>4</sup>                                | 14,531         | +0.46        | +2.49        | -62.15       | +17.22        |
| Non-res <sup>5</sup>                                | 19,418         | +0.15        | +0.04        | -0.77        | +65.98        |
| <b>Total</b>  | <b>387,789</b> | <b>+0.44</b> | <b>+0.32</b> | <b>+0.46</b> | <b>+55.67</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            | +542bp       | +0bp         | +0bp         | -81ppt        |
| <b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>      |                |              |              |              |               |
| CDS 5yr   | 1,373          | +23bp        | +88bp        | +256bp       | +556bp        |
| Jun '16   | 15.94          | +135bp       | +122bp       | +374bp       | +705bp        |
| Jul '17   | 15.52          | +132bp       | +114bp       | +350bp       | +596bp        |
| Sep '20   | 11.96          | +21bp        | +88bp        | +198bp       | +277bp        |
| Sep '21   | 11.88          | +21bp        | +83bp        | +181bp       | +266bp        |
| Sep '22   | 11.30          | +86bp        | +84bp        | +140bp       | +195bp        |
| Feb '23   | 11.12          | +76bp        | +62bp        | +127bp       | +207bp        |

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.

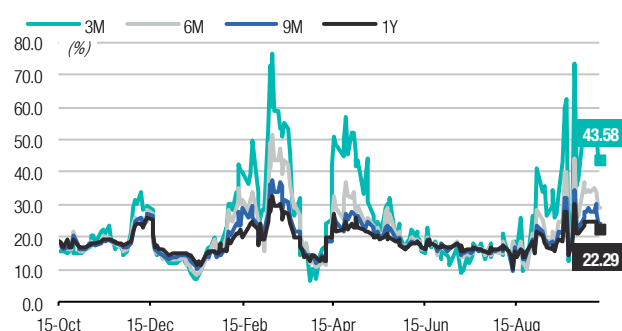
## Chart page: Local bond market &amp; Eurobond markets

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



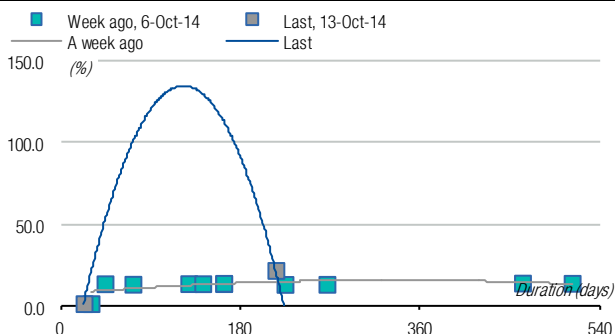
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



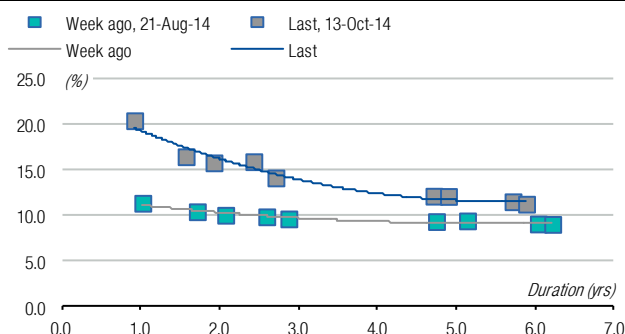
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



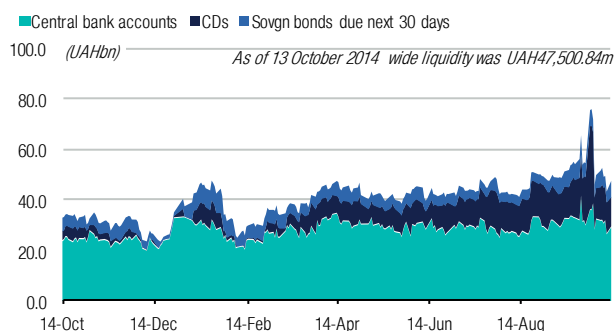
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



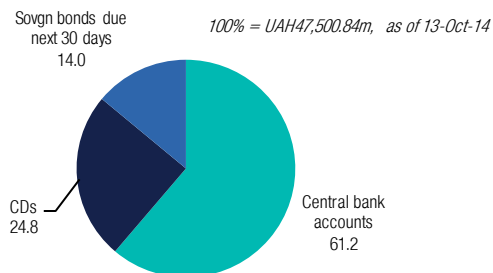
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



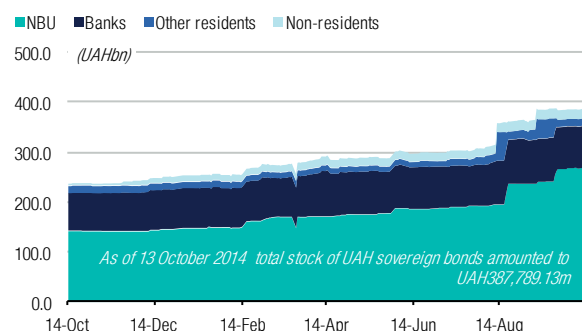
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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



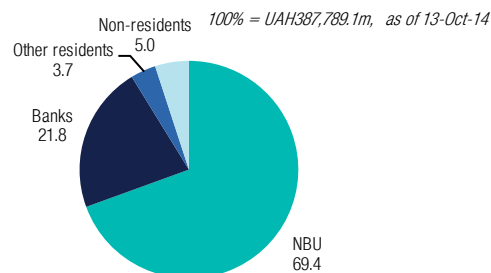
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 13 Oct 2014



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

Table 1. Ukrainian stocks (closing prices as of 13-Oct-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      | 11.00 GBp                          | +0.0  | -6.4  | +6.0  | -24.1 | 0.18             | 40.9           | -22.2   | 40.2                        | 16.4               | 6.8                          | 27.7                        | 0.10                | 1,020              | Neg. | N/A   | N/A   | 3.4       | N/A   | N/A   | Neg.     | N/A   | N/A   | 0.2     | 0.0              |
| Centrenerg            | CEEN UK          | Kiev, UX    | 7.57 UAH                           | +3.5  | -0.2  | +58.8 | +53.4 | 0.59             | 217.4          | 272.5   | 21.7                        | 47.2               | 52.2                         | 161.7                       | 0.09                | 1,117              | 5.7  | 5.0   | 7.5   | 0.4       | 3.9   | 4.1   | 0.5      | 0.3   | 0.3   | 1.1     | 16.3             |
| Coal Energy           | CLE PW           | Warsaw      | 0.91 PLN                           | +3.4  | -13.3 | -13.3 | -65.3 | 0.28             | 12.4           | 138.3   | 25.0                        | 3.1                | 15.7                         | 50.2                        | 0.83                | 120                | Neg. | N/A   | N/A   | 6.1       | N/A   | N/A   | 1.1      | N/A   | N/A   | 0.1     | 39.8             |
| Donbasenergo          | DOEN UK          | Kiev, UX    | 31.23 UAH                          | +8.5  | +5.9  | +13.2 | +35.7 | 2.43             | 57.4           | 119.1   | 14.2                        | 8.2                | 7.7                          | 26.0                        | 0.11                | 895                | 1.4  | 1.4   | 1.4   | 0.1       | 2.0   | 1.5   | 0.3      | 0.2   | 0.3   | 1.1     | 25.1             |
| JKX Oil & Gas         | JKX LN           | London      | 45.50 GBp                          | -3.2  | +3.4  | -36.4 | -36.8 | 0.73             | 125.6          | 130.7   | 47.2                        | 59.3               | 40.8                         | 38.7                        | 0.07                | 1,427              | 19.3 | 20.9  | 3.8   | 2.0       | 2.6   | 2.0   | 0.7      | 0.8   | 0.7   | 0.3     | 5.5              |
| Regal Petroleum       | RPT LN           | London      | 6.50 GBp                           | -7.1  | -18.6 | -50.0 | -57.0 | 0.10             | 33.5           | 3.4     | 80.9                        | 27.1               | 0.0                          | 8.1                         | 0.04                | 2,618              | Neg. | 16.7  | N/A   | 0.3       | 0.2   | 0.3   | 0.1      | 0.1   | 0.1   | 0.3     | 0.0              |
| Zakhidenergo          | ZAEN UK          | Kiev, PFTS  | 142.10 UAH                         | +0.0  | +10.2 | +57.2 | +65.2 | 11.04            | 141.3          | 231.7   | 5.0                         | 7.1                | 0.0                          | 2.1                         | 0.05                | 2,149              | 3.1  | 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    | 0.03 UAH                           | +7.4  | -14.4 | -33.0 | -35.8 | 0.00             | 52.1           | 2,278.2 | 3.9                         | 2.0                | 2.2                          | 10.5                        | 0.16                | 615                | Neg. | Neg.  | N/A   | Neg.      | Neg.  | N/A   | 2.0      | 1.2   | N/A   | N/A     | 85.7             |
| Avdiivsky Cok...      | AVDK UK          | Kiev, UX    | 2.78 UAH                           | +20.5 | +16.4 | -6.1  | -12.7 | 0.22             | 42.1           | 38.3    | 4.0                         | 1.7                | 5.7                          | 11.1                        | 0.31                | 326                | Neg. | 271.1 | 0.7   | 0.1       | 0.8   | 0.4   | 0.1      | 0.0   | 0.0   | 0.1     | 0.1              |
| Azovstal              | AZST UK          | Kiev, UX    | 0.72 UAH                           | +11.6 | +1.1  | +8.1  | +12.9 | 0.06             | 236.6          | N/A     | 4.1                         | 9.7                | 50.5                         | 14.2                        | 0.19                | 530                | 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      | 90.55 GBp                          | +3.1  | -28.8 | -51.3 | -49.7 | 1.46             | 856.5          | 1,059.0 | 22.4                        | 191.9              | 1,519.0                      | 938.1                       | 0.80                | 125                | 3.3  | 3.0   | 6.1   | 2.1       | 2.1   | 3.1   | 0.7      | 0.7   | 0.8   | 0.8     | 35.1             |
| Yasynivsky Cok...     | YASK UK          | Kiev, UX    | 0.45 UAH                           | -1.3  | -12.2 | -15.5 | -20.0 | 0.03             | 9.5            | 10.4    | 9.0                         | 0.9                | 0.5                          | 3.9                         | 0.36                | 281                | Neg. | 0.9   | 0.5   | 0.1       | 0.4   | 0.3   | 0.0      | 0.0   | 0.0   | 0.1     | 0.0              |
| Yenakievo Steel       | ENMZ UK          | Kiev, UX    | 29.18 UAH                          | +14.2 | +4.2  | -8.8  | -12.3 | 2.27             | 23.9           | 13.7    | 9.4                         | 2.2                | 2.1                          | 11.1                        | 0.16                | 635                | Neg. | Neg.  | N/A   | 2.4       | 0.4   | N/A   | 0.0      | 0.0   | N/A   | 1.3     | 0.0              |
| FOOD AND AGRIBUSINESS |                  |             |                                    |       |       |       |       |                  |                |         |                             |                    |                              |                             |                     |                    |      |       |       |           |       |       |          |       |       |         |                  |
| AgroGeneration        | ALAGR FP         | EN Paris    | 0.52 EUR                           | -1.9  | -38.1 | -58.1 | -62.9 | 0.66             | 61.1           | 116.0   | 34.0                        | 20.8               | 15.4                         | 8.1                         | 0.09                | 1,061              | Neg. | N/A   | N/A   | Neg.      | N/A   | N/A   | 1.7      | N/A   | N/A   | 1.1     | 35.9             |
| Agroliga              | AGL PW           | Warsaw      | 12.85 PLN                          | +0.0  | -23.2 | -50.4 | -57.2 | 3.90             | 6.0            | 6.9     | 16.7                        | 1.0                | 1.2                          | 2.0                         | 0.34                | 290                | 1.5  | N/A   | N/A   | 2.0       | N/A   | N/A   | 0.3      | N/A   | N/A   | 0.5     | 5.7              |
| Agroton               | AGT PW           | Warsaw      | 1.93 PLN                           | +4.3  | -9.8  | -1.0  | -21.5 | 0.59             | 12.7           | 58.0    | 26.2                        | 3.3                | 26.1                         | 62.2                        | 0.83                | 121                | Neg. | 1.8   | 1.6   | 21.7      | 19.3  | N/A   | 0.7      | 0.7   | 0.7   | 0.1     | 28.4             |
| Astarta Holdin...     | AST PW           | Warsaw      | 36.47 PLN                          | +3.1  | -2.9  | -45.5 | -47.9 | 11.06            | 276.5          | 524.1   | 31.0                        | 85.8               | 3.5                          | 113.8                       | 0.27                | 375                | 8.5  | 27.2  | 4.3   | 6.9       | 4.2   | 4.7   | 1.1      | 1.1   | 1.1   | 0.8     | 38.2             |
| Avangard              | AVGR LI          | London Intl | 6.80 USD                           | -6.8  | -17.9 | -42.1 | -41.4 | 6.80             | 434.3          | 568.1   | 21.7                        | 94.2               | 33.0                         | 87.3                        | 0.10                | 1,019              | 1.8  | 3.0   | 2.6   | 1.9       | 3.2   | 3.1   | 0.9      | 0.9   | 0.9   | 0.4     | 17.8             |
| IMC                   | IMC PW           | Warsaw      | 6.89 PLN                           | +2.8  | -15.4 | -43.3 | -53.8 | 2.09             | 65.4           | 206.5   | 23.9                        | 15.6               | 53.0                         | 14.4                        | 0.16                | 611                | 2.5  | Neg.  | 1.7   | 3.8       | 3.8   | 3.7   | 1.8      | 1.1   | 1.1   | 0.4     | 38.7             |
| Kernel Holding...     | KER PW           | Warsaw      | 23.94 PLN                          | -0.5  | -3.9  | -37.1 | -55.4 | 7.26             | 578.4          | 1,485.0 | 58.8                        | 340.0              | 139.9                        | 847.3                       | 0.19                | 526                | 5.2  | 79.2  | 4.0   | 5.1       | 7.1   | 4.7   | 0.5      | 0.6   | 0.6   | 0.5     | 30.6             |
| KSG Agro              | KSG PW           | Warsaw      | 1.19 PLN                           | +2.6  | -23.2 | -89.0 | -90.2 | 0.36             | 5.4            | 116.5   | 34.4                        | 1.9                | 84.7                         | 195.9                       | 6.21                | 16                 | Neg. | 0.5   | 0.3   | 4.4       | N/A   | N/A   | 1.6      | 1.2   | 1.0   | 0.3     | 44.0             |
| MHP                   | MHPC LI          | London Intl | 11.80 USD                          | +2.6  | -3.7  | -30.8 | -21.1 | 11.80            | 1,246.9        | 2,457.2 | 22.3                        | 278.3              | 195.5                        | 1,165.3                     | 0.25                | 404                | 8.0  | 11.0  | 4.3   | 6.3       | 5.2   | 4.9   | 1.6      | 1.8   | 1.6   | 2.1     | 47.0             |
| Milkiland             | MLK PW           | Warsaw      | 3.51 PLN                           | +0.3  | -25.3 | -71.9 | -73.0 | 1.06             | 33.3           | 161.1   | 20.0                        | 6.7                | 24.4                         | 7.3                         | 0.24                | 421                | 2.4  | Neg.  | 7.7   | 4.9       | 4.2   | 4.6   | 0.4      | 0.4   | 0.4   | 0.2     | 30.8             |
| Mriya Agrohold...     | MAYA GF          | Frankfurt   | 0.99 EUR                           | +0.0  | -44.7 | -81.7 | -77.8 | 1.26             | 133.8          | 861.5   | 20.0                        | 26.8               | 0.0                          | 2.1                         | 0.00                | 25,203             | 1.5  | 1.5   | 0.6   | 5.2       | 3.2   | 2.9   | 1.7      | 2.0   | 2.0   | 0.3     | 45.3             |
| Ovostar Union         | OVO PW           | Warsaw      | 67.00 PLN                          | -0.2  | -4.3  | -33.0 | -33.9 | 20.32            | 121.9          | 129.5   | 25.0                        | 30.5               | 1.4                          | 27.8                        | 0.05                | 1,925              | 4.0  | 6.3   | 6.1   | 3.5       | 4.9   | 4.6   | 1.4      | 1.7   | 1.4   | 0.9     | 8.5              |
| CONSTRUCTION          |                  |             |                                    |       |       |       |       |                  |                |         |                             |                    |                              |                             |                     |                    |      |       |       |           |       |       |          |       |       |         |                  |
| TMM                   | TR61 GF          | Xetra       | 0.22 EUR                           | +0.0  | -6.1  | -31.9 | -50.2 | 0.27             | 14.2           | 189.8   | 13.1                        | 1.9                | 0.0                          | 0.2                         | 0.01                | 13,114             | Neg. | N/A   | N/A   | Neg.      | N/A   | N/A   | 5.6      | N/A   | N/A   | 0.1     | 45.5             |
| FINANCIAL SERVICES    |                  |             |                                    |       |       |       |       |                  |                |         |                             |                    |                              |                             |                     |                    |      |       |       |           |       |       |          |       |       |         |                  |
| Raiffeisen Ban...     | BAVL UK          | Kiev, UX    | 0.12 UAH                           | +1.1  | -6.6  | +9.7  | +42.1 | 0.01             | 290.1          | N/A     | 3.8                         | 11.1               | 6.1                          | 19.3                        | 0.11                | 877                | 3.7  | Neg.  | 12.7  | N/A       | N/A   | N/A   | N/A      | N/A   | N/A   | 0.6     | 22.4             |
| Ukrsotsbank           | USCB UK          | Kiev, UX    | 0.14 UAH                           | +0.0  | -19.0 | -28.0 | -25.1 | 0.01             | 190.3          | N/A     | 4.5                         | 8.5                | 0.1                          | 3.7                         | 0.01                | 14,880             | Neg. | 10.0  | N/A   | N/A       | N/A   | N/A   | N/A      | N/A   | N/A   | 0.3     | 28.2             |

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

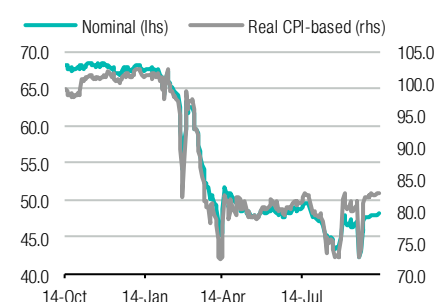
## Hryvnia up slightly

The hryvnia slightly rose 0.39% to 12.9000/USD on US\$94.20m in trading yesterday. The hryvnia increased its value in trade-weighted terms by 0.09% following the USD weakness on a weak economic recovery and possible postponement of a Fed interest rate increase.

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

### ICU's UAH trade-weighted indices

(Last 12-month history to 14 Oct 2014)



Source: Investment Capital Ukraine LLC.

### FX market indicators (as of 13 Oct 2014)

|   | Last      | Daily   | Weekly  | MoM     | YTD     |
|---|-----------|---------|---------|---------|---------|
|   | chg (%)   | chg (%) | chg (%) | chg (%) | chg (%) |
| <b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>           |           |         |         |         |         |
| Spot mkt  | 12.9000   | -0.39   | -0.39   | -0.58   | +56.55  |
| NBU avg   | 12.9529   | +0.02   | +0.03   | +0.02   | +58.92  |
| Ttl vlm <sup>1</sup>                                    | N/A       | N/A     | N/A     | N/A     | N/A     |
| \$ volume <sup>2</sup>                                  | N/A       | N/A     | N/A     | N/A     | N/A     |
| NDF 3M  | 14.3500   | +0.00   | -2.05   | +2.14   | +69.12  |
| NDF 6M  | 14.8000   | +0.00   | -2.63   | +1.72   | +68.56  |
| NDF 1Y  | 15.7500   | +0.00   | -1.87   | +2.27   | +67.20  |
| <b>TRADE-WEIGHTED INDICES (TWIs, points)</b>            |           |         |         |         |         |
| UAH nom'l   | 48.048    | +0.09   | +0.63   | +3.59   | -28.86  |
| UAH real CPI  | 82.707    | +0.09   | +0.63   | +3.59   | -18.17  |
| UAH real PPI  | 125.679   | +0.09   | +0.63   | +3.59   | -9.44   |
| USD nom'l   | 85.532    | -0.44   | -0.46   | +1.53   | +6.87   |
| <b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b> |           |         |         |         |         |
| USD/RUB   | 40.5049   | +0.35   | +1.70   | +7.29   | +23.23  |
| EUR/USD   | 1.2752    | +0.98   | +0.77   | -1.63   | -7.21   |
| USD/CNY   | 6.1263    | -0.08   | -0.20   | -0.14   | +1.19   |
| USD/PLN   | 3.2880    | -0.88   | -0.44   | +1.37   | +8.77   |
| USD/TRY   | 2.2694    | -0.79   | +0.07   | +2.09   | +5.64   |
| USD/BYR   | 10,650.00 | -0.37   | -0.09   | +1.33   | +11.64  |
| USD/KZT   | 181.8100  | +0.01   | -0.01   | -0.04   | +17.85  |
| <b>OTHER MAJOR CURRENCIES</b>                           |           |         |         |         |         |
| USD/JPY   | 106.8600  | -0.74   | -1.77   | -0.45   | +1.47   |
| GBP/USD   | 1.6085    | +0.06   | +0.01   | -1.12   | -2.85   |
| USD/CHF   | 0.9480    | -0.95   | -1.07   | +1.59   | +6.17   |
| AUD/USD   | 0.8772    | +0.99   | +0.10   | -2.94   | -1.63   |
| USD/CAD   | 1.1199    | +0.00   | +0.60   | +0.96   | +5.42   |
| USD/BRL   | 2.3943    | -1.43   | -1.31   | +2.36   | +1.36   |
| USD/KRW   | 1,067.80  | -0.25   | -0.11   | +3.13   | +1.71   |
| <b>COMMODITIES</b>                                      |           |         |         |         |         |
| Gold(\$/oz)   | 1,235.87  | +1.04   | +2.37   | +0.50   | +2.51   |
| WTI crude <sup>3</sup>                                  | 85.74     | -0.09   | -5.09   | -7.08   | -12.88  |
| Brent crd <sup>3</sup>                                  | 87.91     | -1.92   | -4.60   | -8.82   | -20.67  |
| Urals crd <sup>3</sup>                                  | N/A       | +0.00   | +0.00   | +0.00   | +0.00   |
| TR/J CRB <sup>4</sup>                                   | 276.72    | +0.41   | -1.26   | -1.84   | -1.23   |

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>).

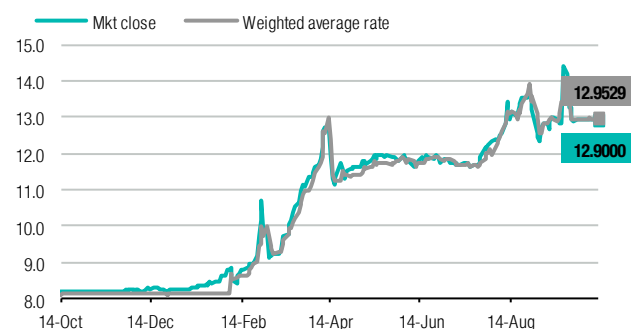
Section on FX market is continued on next page.

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.

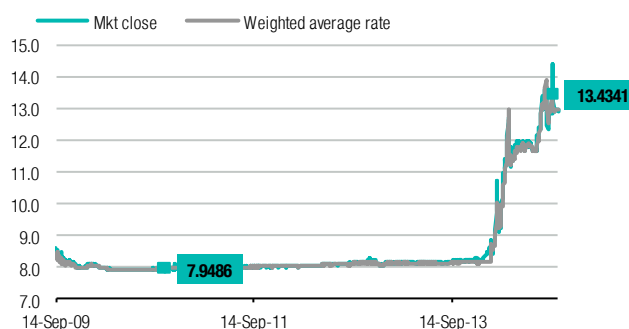
Sources: Bloomberg, Investment Capital Ukraine LLC.

## 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)**

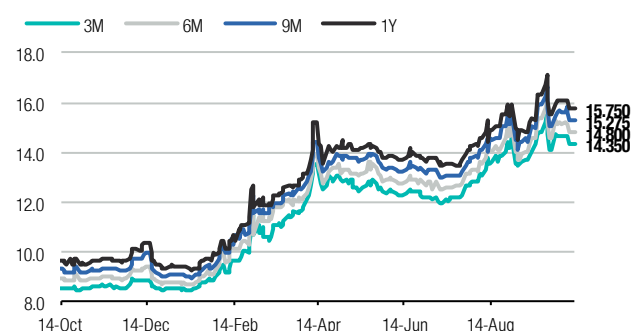


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

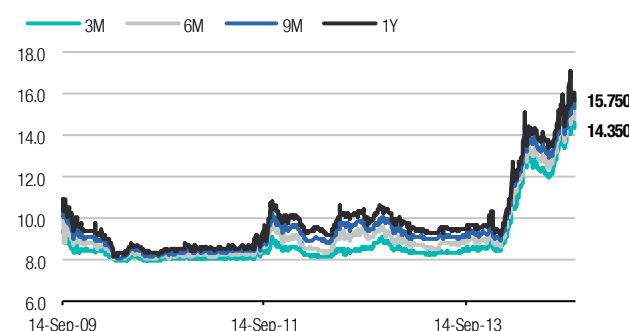


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

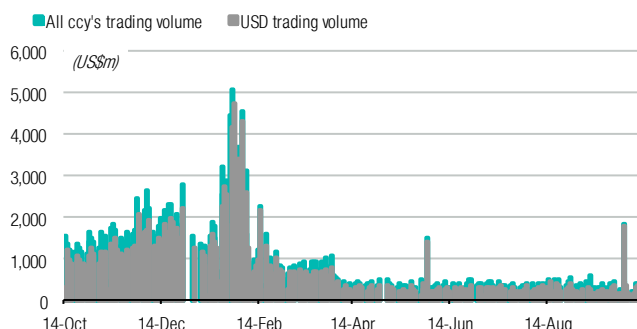


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

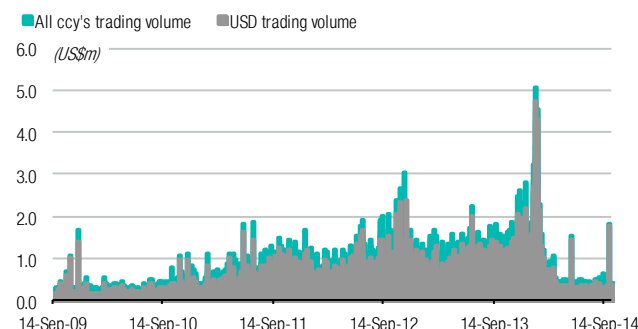


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

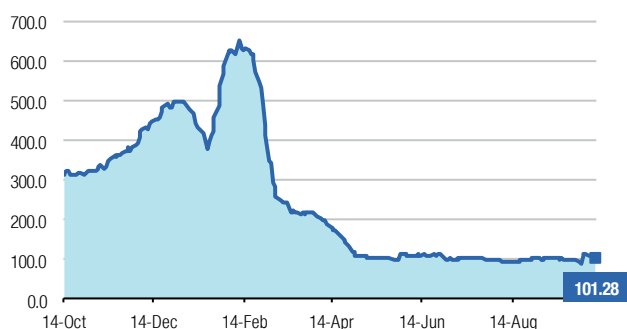


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)**

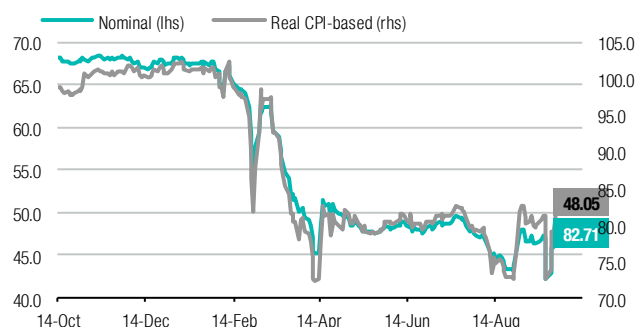


Note: \* 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

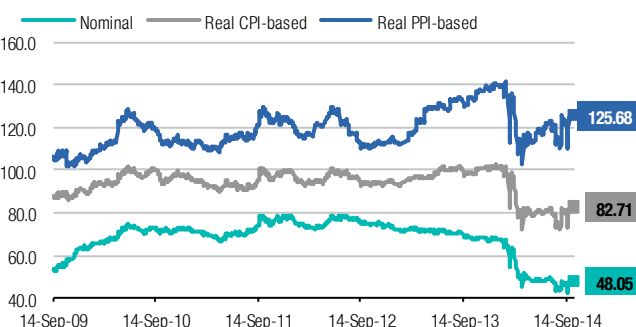
## Chart page #2: ICU's UAH trade-weighted indices

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.

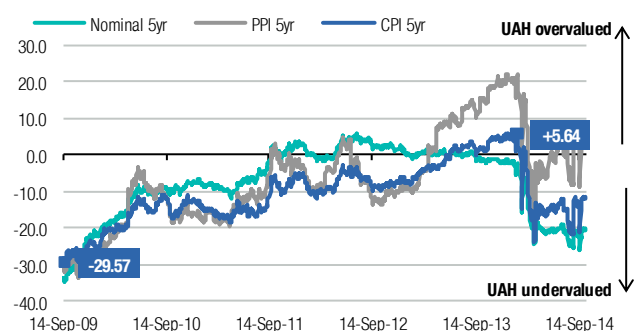
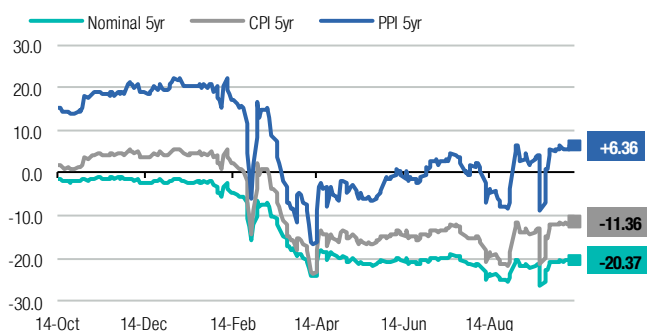
**Chart 13. Nominal and CPI-based real TWIs of UAH, history of last 12-month period**



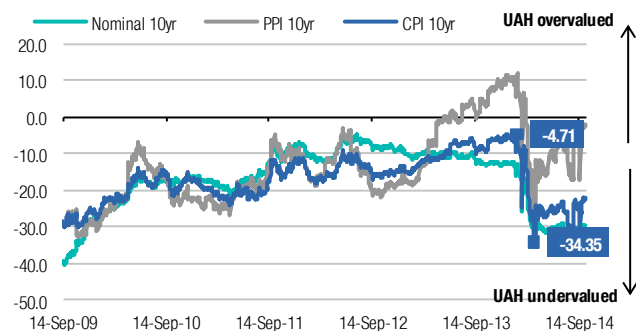
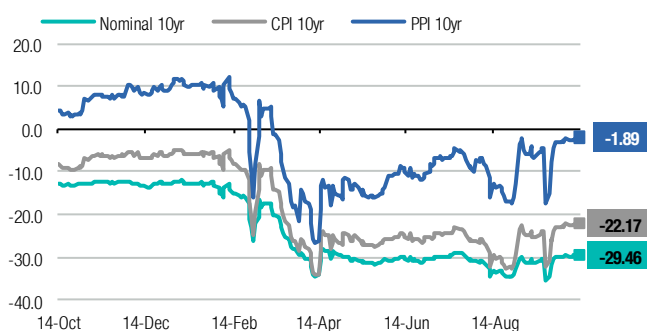
**Chart 14. Nominal, CPI- and PPI-based TWIs of UAH, history of last 5-year period**



**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)**



**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)**



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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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