



Focus
Ukraine

Scope
Economics, bonds, equity & FX markets

Research team
**Alexander Valchyshen
Taras Kotovych
Mykhaylo Demkiv**

Daily Insight

Another tricky day in Donetsk

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TUESDAY, 21 OCTOBER 2014

UX Index (3 months to 21 Oct 2014)



Source: UX.

Key market indicators (as of 20 Oct 2014)

	Last	Daily chg (%)	YTD chg (%)
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FX & MONEY RATES

USD/UAH	12.9000	+0.02	+56.55
USD/UAH (1Y NDF)	15.7500	+0.00	+67.20
EUR/USD	1.2800	+0.31	-6.86
USD/RUB	40.9616	+0.78	+24.62
KievPRIME O/N (%)	9.83	+8bp	+203bp
KievPRIME 1M (%)	16.33	+8bp	+8bp

SOVEREIGN EUROBONDS: yields and spreads

Ukraine 15, Eurobond (%)	20.54	-212bp	+1,219bp
Ukraine 17, Eurobond (%)	15.21	+20bp	+566bp
Ukraine 22, Eurobond (%)	11.07	+2bp	+173bp
Ukraine 23, Eurobond (%)	10.81	+2bp	+176bp
Ukraine 5Y CDS	1,339bp	-34bp	+522bp

EQUITIES

Stock market indices

UX (Ukraine)	1,101.45	-0.70	+21.03
MSCI World	399.94	+0.74	-2.11
MSCI EM	981.50	+0.49	-2.11
RTS (Russia)	1,056.71	-1.51	-26.76
WIG-20 (Poland)	2,386.61	-0.60	-0.60
S&P 500 (USA)	1,904.01	+0.91	+3.01

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

Ukraine-Russia standoff: Another tricky day in Donetsk

Following yesterday's explosion that occurred near a chemical plant in Donetsk that was widely disseminated by social media, only later in the day did the leader of the pro-Kremlin militants announce that this explosion was meant an end to the ceasefire agreement declared in Minsk. He provided no additional next steps, and the Kremlin remained silent through the end of the day yesterday. Despite its silence so far, the Kremlin could still exploit the explosion as a pretext for another positional move to threaten Kiev's authority. In sum, the Ukraine-Russia military standoff is most likely not coming to a peaceful end anytime soon and the conflict could heighten further. Yesterday, an article in US political magazine politico.com and an interview of Russian FM Lavrov by a Russia state owned TV channel both strongly suggest that an increasingly militarized and more aggressive Russia should emerge from the current geopolitical crisis over the next 3-6 months. In our view, the protracted downturn in the Russia economy is inevitable because it is politically suicidal for the Kremlin to undertake true structural reforms. Instead, the Kremlin will exploit its routine method of geopolitical confrontation. In our view, the sanctions by the West will last and could be made even more severe to tame the Kremlin.

Alexander Valchysen, Kiev, +38044 2200120 ext.721

Ukrainian medium-size banks need UAH10bn of additional capital

The First Deputy Governor of the NBU has announced the preliminary result of the stress-test conducted for the 20 mid-size banks. Without stating the names of the exact financial institutions that currently need capital or giving the number of such banks, approximately UAH10bn, a 35% increase from 2Q14, is needed.

Of the largest group of banks that require capital inflows of UAH56bn, or approximately 48% of 2Q14 equity, only nine banks are in need for a capital increase, including the following:

- 1) UAH12.5bn is required by three state banks, with Oschadbank being the largest potential recipient of the capital inflow.
- 2) UAH20.6bn is required by three foreign banks – two with Russian capital and one subsidiary of a western banking group. Russian VTB bank increased its share capital by UAH1.2bn in September 2014; Prominvestbank is expected to announce a parent company loan conversion into equity.
- 3) Three banks with Ukrainian capital jointly require UAH23bn of additional capital. Delta Bank announced a UAH1.2bn share increase; Nadra Bank is expected to announce a share capital increase at its shareholders meeting in November.

While the largest banks have been mandated to provide the necessary capital by the end of 2014, given the absolute amount of required capital, some banks will most certainly need a waiver until mid-2015. For the mid-size banks, the deadline was set at February 2015.

Mykhaylo Demkiv, Kyiv, +38044 2200120 ext.723

Bonds: News & Comments

Liquidity down prior to month-end tax payments

Banks' correspondent accounts with the NBU declined UAH0.99bn yesterday to UAH28.78bn and total CDs outstanding fell UAH0.51bn to UAH11.02bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH5.85bn. As a result, broader banking sector liquidity was down UAH1.49bn to UAH45.65bn.

KyivPrime interest rates slightly rose: the KyivPrime ON interest rate rose 8bp to 9.83% while the KyivPrime 1M interest rate increased the same 8bp to 16.33%.

Investment implications: Without support, liquidity continued to decline yesterday and is unlikely to recover this week as month-end tax payments began today. Under these conditions, broader banking liquidity could fall below UAH40.0bn to new lows.

Eurobond YTM's slightly increase

After a slight correction last Friday, spreads widened to 867-2,019bp and YTM's of Ukrainian Eurobonds were adjusted to the range of 10.86-20.55% yesterday. UKRAIN 6.875% '15 rose 44bp to 20.55%, UKRAIN 6.58% '16 was up 23bp to 15.41%, UKRAIN 6.75% '17 and UKRAIN 9.25% '17 rose 22bp to 13.42% and 15.23% respectively, while UKRAIN 7.95% '21, UKRAIN 7.80% '22 and UKRAIN 7.50% '23 increased 8bp to 11.56% 11.13% and 10.86%, respectively. The 5-year CDS declined to 1,339bp.

Investment implications: Reports of negotiations on the gas supply Russia indicate that Ukraine will need a new bridge loan to settle the gas dispute. However, as Ukraine is not scheduled to repay large portions of the debt anytime soon, authorities do have sufficient FX to fulfil the gas payments despite the current demand for FX.

Primary auction announcement

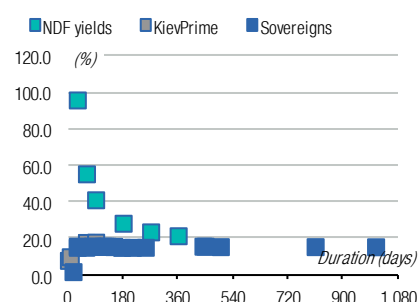
After a month break in FX bonds offerings, the MoF will offer 2-year USD-denominated bonds today. In addition to the scheduled 12-month bonds, the MoF also offer a new 10-year bond in place of the 5-year and 7-year bonds.

Investment implications: We could see small demand today for 12-month and 2-year bonds, while bids for the 10-year bond will most likely be supported by domestic QE as the NBU once more increased its portfolio at the end of last week. Tomorrow's debt repayments include UAH1.15bn in local currency (mostly interest repayments and only UAH100.79m in principal repayments) and US\$14.73m of interest in FX. Today's borrowings will be mostly used for budget needs.

Taras Kotovych, Kiev, +38044 2200120 ext.724

Yield curve of the local bond market

(as of market close on 20 Oct 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 20 Oct 2014)

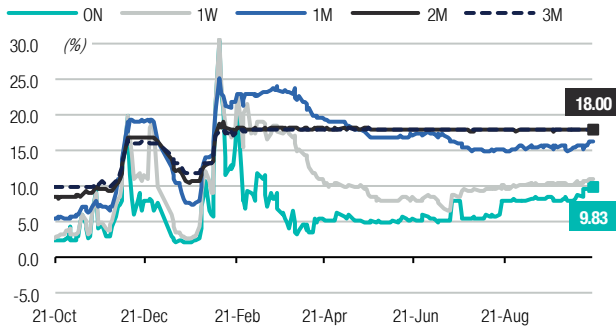
	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	9.83	+8bp	+138bp	+133bp	+203bp
1wk	11.00	-2bp	+45bp	+58bp	+120bp
1m	16.33	+8bp	+63bp	+50bp	+8bp
2m	18.00	+0bp	+10bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	28,776	-3.31	-1.04	-11.96	-12.01
CDs ²	11,021	-4.41	-6.55	-26.80	+1,463.3
Sovgns ³	6,320	+9.66	-4.66	-1.54	+322.7
Total	46,117	-1.99	-2.91	-14.85	+32.13
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	272,642	+0.00	+1.26	+12.98	+88.22
Banks	83,551	+0.33	-1.24	-5.80	+4.22
Resid's ⁴	14,587	-0.92	+0.39	-61.79	+17.67
Non-res ⁵	19,391	-0.69	-0.14	-3.54	+65.75
Total	390,171	+0.00	+0.61	+0.48	+56.62
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	+17bp	+301bp	+301bp	-78ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	1,339	-34bp	-34bp	+157bp	+522bp
Jun '16	16.09	+23bp	+15bp	+120bp	+720bp
Jul '17	15.21	+20bp	-31bp	+128bp	+566bp
Sep '20	11.55	+2bp	-42bp	+75bp	+235bp
Sep '21	11.51	+2bp	-36bp	+67bp	+229bp
Sep '22	11.07	+2bp	-22bp	+72bp	+173bp
Feb '23	10.81	+2bp	-31bp	+49bp	+176bp

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.

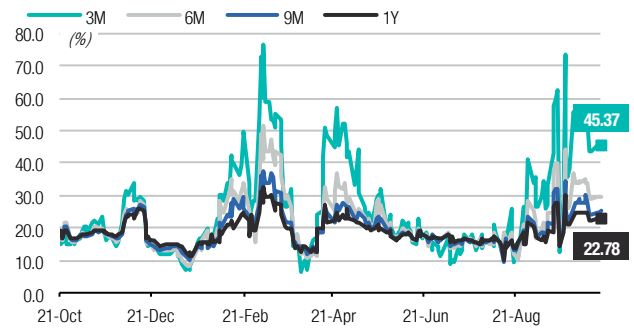
Chart page: Local bond market & Eurobond markets

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



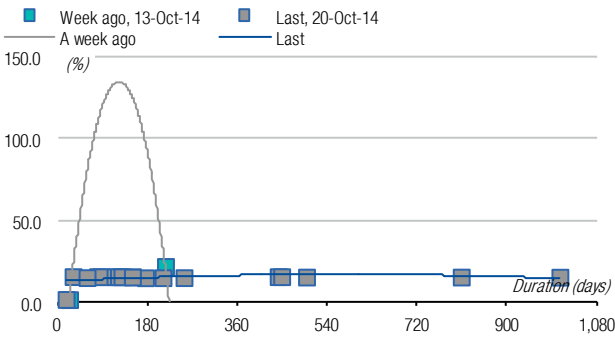
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



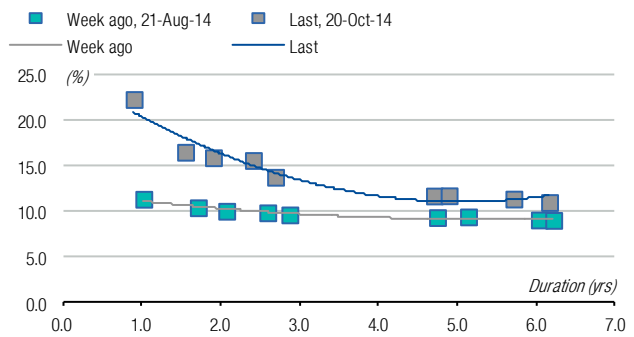
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 20 Oct 2014



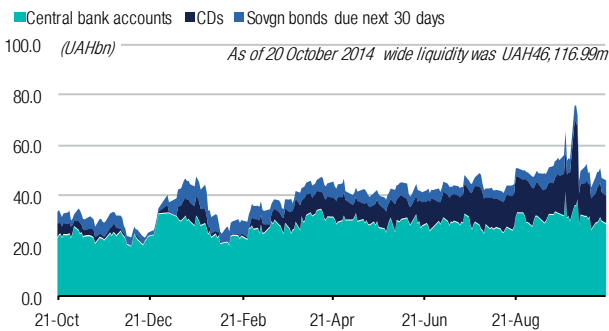
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 20 Oct 2014



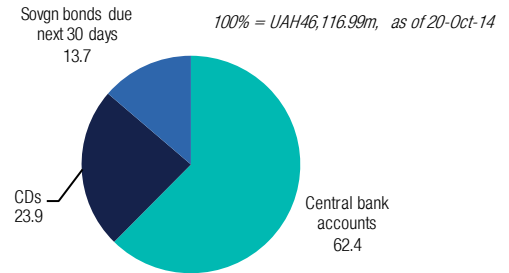
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



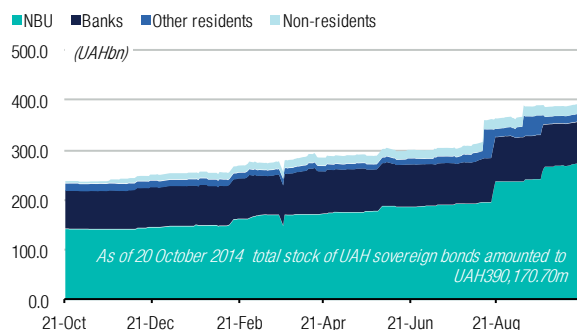
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 20 Oct 2014



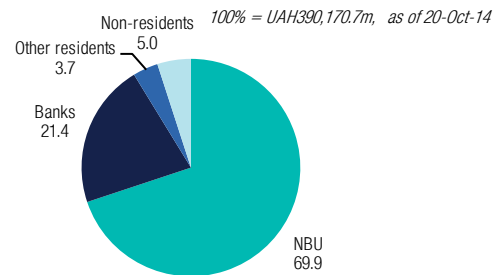
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 20 Oct 2014



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

Table 1. Ukrainian stocks (closing prices as of 20-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	9.50 GBP	+0.0	-19.1	-8.4	-35.0	0.15	35.5	-12.1	40.2	14.3	0.0	25.2	0.09	1,082	Neg.	N/A	N/A	1.8	N/A	N/A	Neg.	N/A	N/A	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.51 UAH	-0.7	+6.0	+57.5	+51.0	0.58	213.3	267.9	21.7	46.3	17.2	112.0	0.06	1,669	5.7	4.9	7.5	0.3	3.9	4.1	0.5	0.3	0.3	1.1	16.3
Coal Energy	CLE PW	Warsaw	0.76 PLN	-10.6	-19.1	-27.6	-70.4	0.23	10.4	136.3	25.0	2.6	11.9	42.1	0.51	196	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	30.86 UAH	+2.8	+21.0	+11.9	+33.4	2.37	56.1	117.2	14.2	8.0	2.6	20.8	0.11	921	1.4	1.3	1.4	0.1	1.9	1.5	0.3	0.2	0.3	1.1	25.1
JXK Oil & Gas	JXK LN	London	36.75 GBP	-2.0	-19.7	-48.6	-47.5	0.59	102.0	107.2	47.2	48.2	18.7	31.4	0.07	1,431	15.7	17.0	3.1	1.6	2.1	1.7	0.6	0.6	0.6	0.2	5.5
Regal Petroleum	RPT LN	London	6.75 GBP	-8.5	-25.0	-48.1	-56.1	0.11	35.0	4.9	80.9	28.3	4.5	8.6	0.04	2,834	Neg.	17.5	N/A	0.4	0.2	0.4	0.1	0.1	0.2	0.3	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	162.00 UAH	-4.6	+21.9	+79.2	+93.1	12.46	159.4	248.9	5.0	8.0	1.2	2.6	0.06	1,588	3.6	N/A	N/A	1.6	N/A	N/A	0.3	N/A	N/A	1.4	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.03 UAH	-0.4	+9.6	-35.1	-38.7	0.00	50.0	2,253.3	3.9	1.9	0.3	7.4	0.12	846	Neg.	Neg.	N/A	Neg.	Neg.	N/A	2.0	1.2	N/A	N/A	85.7
Avdiyivsky Cok...	AVDK UK	Kiev, UX	2.53 UAH	-0.6	+13.4	-14.6	-21.2	0.19	37.9	34.2	4.0	1.5	0.8	7.8	0.22	445	Neg.	246.6	0.6	0.1	0.7	0.3	0.1	0.0	0.0	0.1	0.1
Azovstal	AZST UK	Kiev, UX	0.67 UAH	-1.3	+12.9	+0.6	+1.0	0.05	218.0	N/A	4.1	8.9	38.9	13.2	0.22	462	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	91.45 GBP	+5.8	-29.8	-50.8	-52.0	1.48	870.2	1,072.6	22.4	194.9	1,969.2	1,044.5	0.91	110	3.3	3.2	6.9	2.1	2.2	3.4	0.7	0.7	0.8	0.8	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.43 UAH	+0.0	-5.9	-18.3	-26.0	0.03	9.1	10.0	9.0	0.8	0.0	3.7	0.30	331	Neg.	0.8	0.5	0.1	0.4	0.3	0.0	0.0	0.0	0.1	0.0
Yenakievo Steel	ENMZ UK	Kiev, UX	28.63 UAH	+0.8	+16.9	-10.6	-14.0	2.20	23.2	13.1	9.4	2.2	0.0	8.3	0.15	677	Neg.	Neg.	N/A	2.3	0.4	N/A	0.0	0.0	N/A	1.3	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.50 EUR	+0.0	-38.3	-59.7	-63.5	0.64	59.2	114.7	34.0	20.1	4.8	10.0	0.13	793	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	-1.7	-19.1	-50.4	-58.9	3.90	6.0	6.9	16.7	1.0	5.0	2.3	0.33	302	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	1.92 PLN	+0.0	-9.0	-1.5	-19.7	0.58	12.6	57.9	26.2	3.3	10.6	57.3	0.56	180	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	33.06 PLN	-4.7	-10.5	-50.6	-55.2	10.04	250.9	500.8	31.0	77.8	5.5	101.9	0.17	575	7.6	24.4	3.8	6.6	4.0	4.4	1.1	1.0	1.0	0.7	38.2
Avangard	AVGR LI	London Intl	6.50 USD	+0.0	-18.8	-44.7	-50.0	6.50	415.2	548.9	21.7	90.1	0.0	90.4	0.09	1,063	1.8	2.9	2.5	1.8	3.1	3.0	0.8	0.9	0.9	0.4	17.8
IMC	IMC PW	Warsaw	6.85 PLN	-2.1	-12.0	-43.6	-53.4	2.08	65.1	206.2	23.9	15.5	1.3	16.8	0.11	885	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	22.15 PLN	+0.2	-11.4	-41.8	-58.1	6.72	535.8	1,442.4	58.8	314.9	319.3	756.0	0.17	594	4.8	73.4	3.7	5.0	6.9	4.6	0.5	0.6	0.6	0.5	30.6
KSG Agro	KSG PW	Warsaw	1.12 PLN	+0.0	-20.6	-89.7	-90.6	0.34	5.1	116.2	34.4	1.8	23.3	186.3	3.52	28	Neg.	0.4	0.3	4.4	N/A	N/A	1.6	1.2	1.0	0.3	44.0
MHP	MHPC LI	London Intl	11.27 USD	-4.1	-12.5	-33.9	-26.3	11.27	1,190.9	2,401.2	22.3	265.8	559.9	1,047.6	0.13	800	7.6	10.5	4.1	6.1	5.1	4.8	1.6	1.7	1.5	2.0	47.0
Milkiland	MLK PW	Warsaw	3.47 PLN	-0.9	-19.1	-72.2	-75.0	1.05	32.9	161.9	20.0	6.6	6.9	7.3	0.17	595	2.4	Neg.	7.6	4.9	4.2	4.6	0.4	0.4	0.4	0.2	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	0.58 EUR	+0.0	-60.3	-89.4	-87.3	0.74	78.4	806.2	20.0	15.7	0.0	1.3	0.01	18,299	0.9	0.9	0.4	4.9	3.0	2.7	1.6	1.9	1.9	0.2	45.3
CONSTRUCTION																											
TMM	TR6T GF	Xetra	0.16 EUR	+0.0	-32.5	-48.9	-53.0	0.21	10.8	186.4	13.1	1.4	0.0	0.1	0.01	13,032	Neg.	N/A	N/A	Neg.	N/A	N/A	5.5	N/A	N/A	0.1	45.5
FINANCIAL SERVICES																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.12 UAH	-0.4	-4.4	+9.1	+36.3	0.01	285.5	N/A	3.8	10.9	2.2	19.0	0.11	923	3.7	Neg.	12.6	N/A	N/A	N/A	N/A	N/A	N/A	0.5	22.4
Ukrsotsbank	USCB UK	Kiev, UX	0.14 UAH	+0.0	-4.3	-28.0	-25.4	0.01	188.4	N/A	4.5	8.4	0.0	2.5	0.00	37,485	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

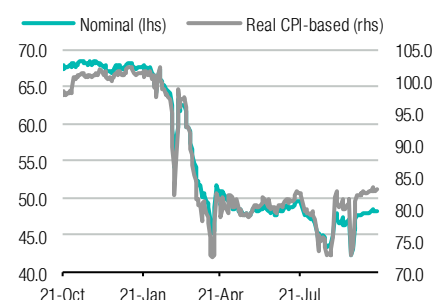
Ukraine FX market remains tightly controlled

Yesterday, the market was stable and calm as the average NBU market rate held at 12.95/USD. With only a few days left until parliamentary elections are held this Sunday, the political dust is expected to settle soon after, particularly in regard to the noise over the FX rate which has been overly exploited by politicians. Still, macroeconomic fundamentals, which are separate from politics, are expected to be unfavorable for the hryvnia going forward.

Alexander Valchyshen, Kiev, +38044 2200120 ext.242

ICU's UAH trade-weighted indices

(Last 12-month history to 21 Oct 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 20 Oct 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	12.9000	+0.02	+0.00	-10.42	+56.55
NBU avg	12.9512	+0.00	-0.01	-3.60	+58.89
Ttl vlm ¹	N/A	N/A	N/A	N/A	N/A
\$ volume ²	N/A	N/A	N/A	N/A	N/A
NDF 3M	14.3500	+0.00	+0.00	-3.37	+69.12
NDF 6M	14.8000	+0.00	+0.00	-3.90	+68.56
NDF 1Y	15.7500	+0.00	+0.00	-3.67	+67.20
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	48.191	+0.18	+0.30	+14.22	-28.65
UAH real CPI	82.954	+0.18	+0.30	+14.22	-17.93
UAH real PPI	126.054	+0.18	+0.30	+14.22	-9.17
USD nom'l	84.953	-0.18	-0.68	+0.26	+6.14
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	40.9616	+0.78	+1.13	+6.59	+24.62
EUR/USD	1.2800	+0.31	+0.38	-0.23	-6.86
USD/CNY	6.1241	-0.02	-0.04	-0.27	+1.15
USD/PLN	3.3016	-0.13	+0.41	+1.26	+9.22
USD/TRY	2.2438	-0.09	-1.13	+0.41	+4.45
USD/BYR	10,705.00	+0.28	+0.52	+1.52	+12.21
USD/KZT	181.7700	-0.20	-0.02	-0.10	+17.83
OTHER MAJOR CURRENCIES					
USD/JPY	106.9500	+0.07	+0.08	-1.92	+1.56
GBP/USD	1.6165	+0.45	+0.50	-0.76	-2.37
USD/CHF	0.9428	-0.37	-0.55	+0.21	+5.59
AUD/USD	0.8784	+0.46	+0.14	-1.58	-1.49
USD/CAD	1.1285	+0.07	+0.77	+2.94	+6.23
USD/BRL	2.4643	+1.19	+2.92	+4.06	+4.33
USD/KRW	1,059.75	-0.57	-0.75	+1.44	+0.95
COMMODITIES					
Gold(\$/oz)	1,246.93	+0.70	+0.89	+2.57	+3.42
WTI crude ³	82.71	-0.05	-3.53	-10.50	-15.96
Brent crd ³	84.28	-0.98	-4.13	-13.07	-23.95
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	271.13	-0.55	-2.02	-2.96	-3.23

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.

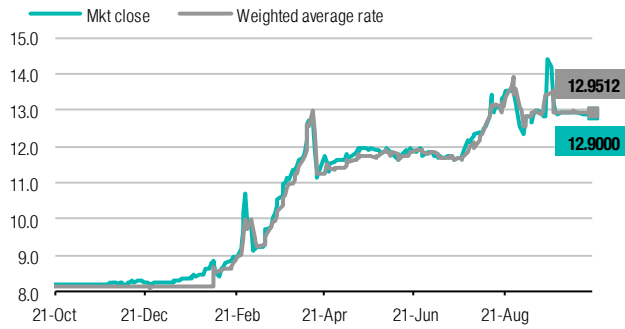
Sources: Bloomberg, Investment Capital Ukraine LLC.

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>).

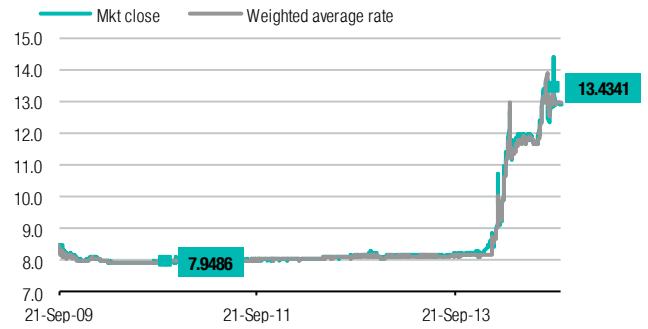
Section on FX market is continued on next page.

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)

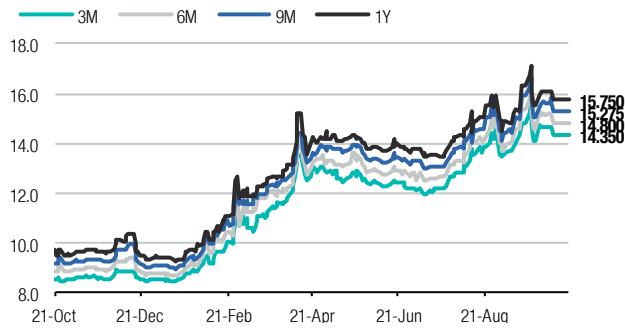


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

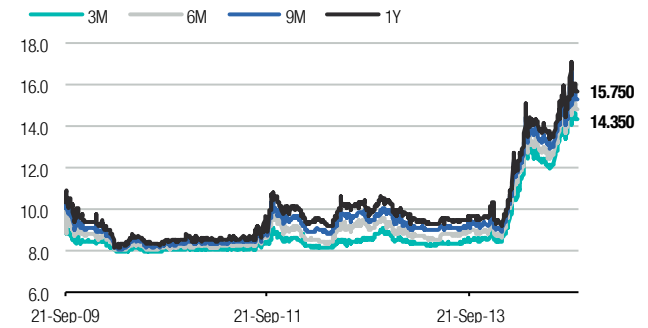


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

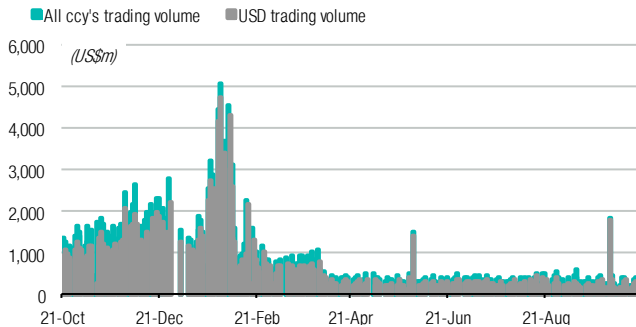


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

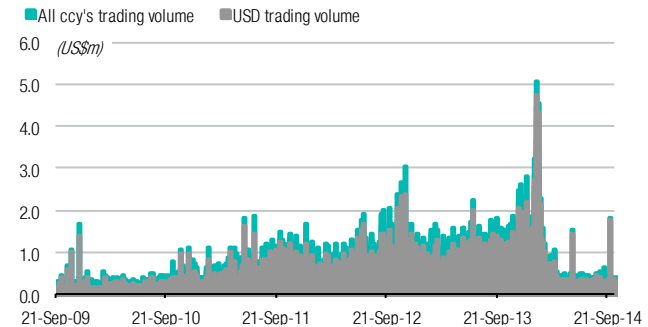


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

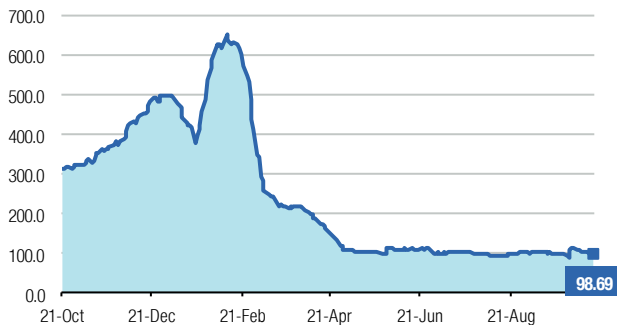


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

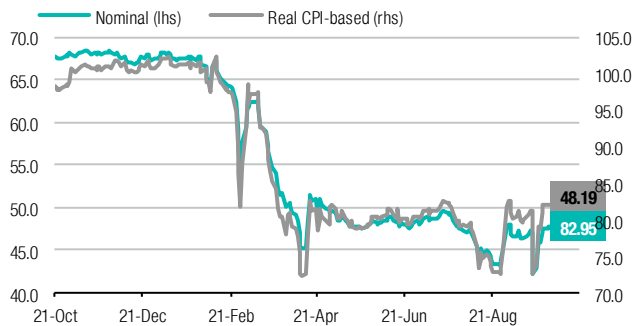


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

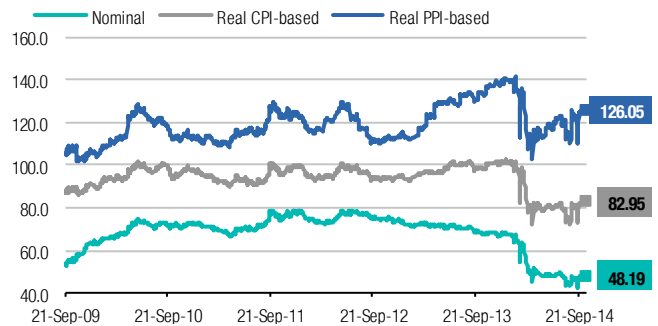
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



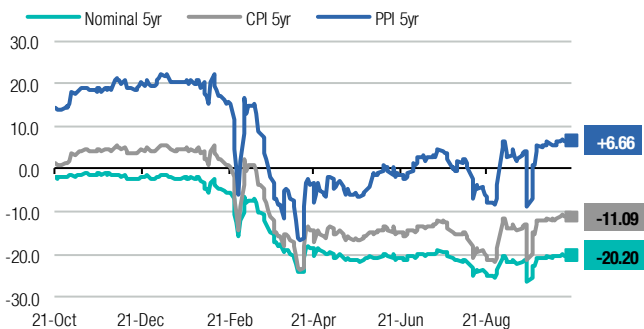
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

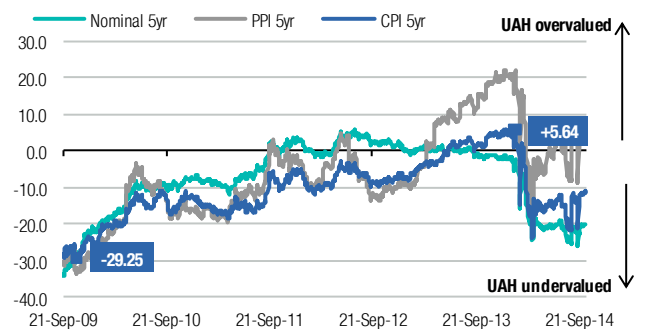


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

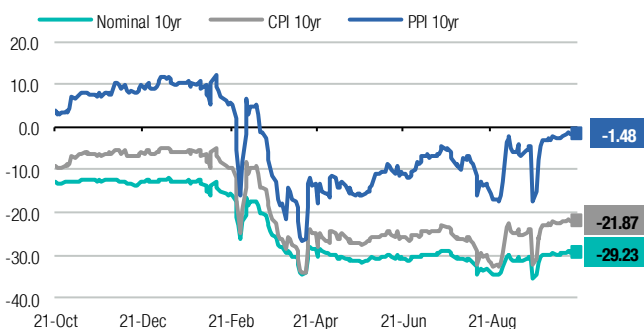


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

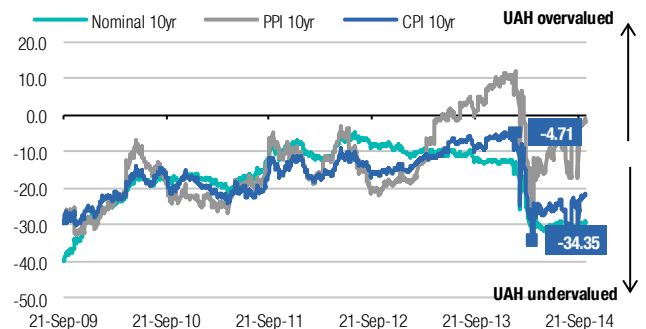


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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

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



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

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