



Focus
Ukraine

Scope
Economics, bonds, equity & FX markets

Research team
**Alexander Valchyshen
Taras Kotovych**

Daily Insight

3Q real GDP ahead of expectations

Contents

Economics: News & Comments	2
3Q real GDP ahead of expectations	2
Bonds: News & Comments	3
Slight reallocation of liquidity	3
Eurobond YTM's slightly diverge	3
Primary auction results	3
Chart page: Local bond market & Eurobond markets	4
FX: News & Comments	6
Hryvnia stable, Russian ruble volatile	6
Chart page #1: Foreign-exchange market	7
Chart page #2: ICU's UAH trade-weighted indices	8

FRIDAY, 31 OCTOBER 2014

UX Index (3 months to 31 Oct 2014)



Source: UX.

Key market indicators (as of 30 Oct 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	13.0025	+0.02	+57.80
USD/UAH (1Y NDF)	15.7500	+0.00	+67.20
EUR/USD	1.2613	-0.15	-8.22
USD/RUB	41.5020	-3.14	+26.26
KievPRIME O/N (%)	9.38	+48bp	+158bp
KievPRIME 1M (%)	16.50	+15bp	+25bp
SOVEREIGN EUROBONDS: yields and spreads			
Ukraine 15, Eurobond (%)	16.93	+69bp	+858bp
Ukraine 17, Eurobond (%)	13.24	-10bp	+368bp
Ukraine 22, Eurobond (%)	10.14	-18bp	+79bp
Ukraine 23, Eurobond (%)	10.09	+7bp	+104bp
Ukraine 5Y CDS	1,185bp	+18bp	+368bp
EQUITIES			
Stock market indices			
UX (Ukraine)	1,105.96	+0.09	+21.53
MSCI World	414.94	+0.18	+1.56
MSCI EM	1,007.54	+0.26	+0.48
RTS (Russia)	1,098.68	+3.69	-23.85
WIG-20 (Poland)	2,441.71	-0.32	+1.70
S&P 500 (USA)	1,994.65	+0.62	+7.91

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

3Q real GDP ahead of expectations

As the war ravaged, events escalated in July-August and then subsided on a tenuous ceasefire, expectations leaned toward a significant contraction of GDP in 2H. Following a nearly 3% decline in 1H, it was expected that at least 10% decline would occur in 2H to yield a 6.5% decrease (as projected by IMF) for the entire year. With this in mind, the third quarter real GDP decline was projected at about 10%. Thankfully, however, official statistics revealed a much smaller-than-expected decline. This data reported as such could indicate that the government is trying to navigate the economy through economic crises both domestically and in neighboring countries, mainly to avert breaching the 60% of GDP loan covenant embedded in the UD\$3bn Russian eurobond contract. Should a covenant violation occur, the Kremlin could take severe action.

Alexander Valchyshen, Kiev, +38044 2200120 ext.721

Bonds: News & Comments

Slight reallocation of liquidity

Broader banking sector liquidity slightly rose UAH0.23bn to UAH48.95bn yesterday as banks' correspondent accounts with the NBU rose UAH0.18bn to UAH26.14bn and total CDs outstanding increased UAH0.88bn to UAH17.79bn. Total local currency debt repayments scheduled for the next 30 days declined UAH0.83bn to UAH5.03bn yesterday following Wednesday's debt redemption.

KyivPrime interest rates continued to rise yesterday, most likely in anticipation of liquidity declining further and no NBU support. The KyivPrime ON interest rate rose 48bp to 9.38% and the KyivPrime 1M interest rate rose 15bp to 16.50%.

Investment implications: The MoF refinanced debt repayments made on Wednesday, most likely with NBU support. This time, the MoF injected some real liquidity, and the funds quite likely were invested in NBU ON CDs on Wednesday and could have been used for tax payments yesterday.

Eurobond YTM's slightly diverge

As Treasury YTM's declined yesterday to 1.57% and 2.31%, respectively, for 5-year and 10-year bonds, Ukrainian Eurobond spreads to the benchmark mostly remained steady with insufficient changes. The yield curve of Ukrainian Eurobonds adjusted to the range of 10.03-16.94% yesterday. UKRAIN 6.875% '15 rose 68bp to 16.94%, UKRAIN 6.58% '16 was up 23bp to 12.89%, and UKRAIN 9.25% '17 rose 8bp to 13.21%, UKRAIN 7.95% '21 was up 12bp to 10.34%, and UKRAIN 7.50% '23 was up 4bp to 10.03%, while UKRAIN 7.80% '22 declined 22bp to 10.09% and UKRAIN 6.75% '17 declined 27bp to 11.29%. The 5-year CDS rose to 1,185bp.

Primary auction results

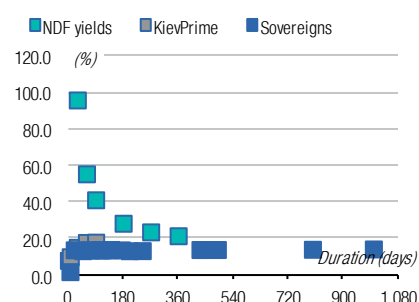
At yesterday's unscheduled primary auction, the MoF sold only the 2-year bond to one bank at an interest rate of 16.51%, or 2bp higher than the rate on Wednesday. The MoF sold UAH850.0m of new bonds and received UAH852.69m of proceeds.

Investment implications: The additional auction and new proceeds likely were needed at the end of the month to raise funds to meet budget expenditures as tax revenues are low. The high level of liquidity normally absorbed by the NBU via CDs now shows that outflows to the budget via month-end tax payments are low.

Taras Kotovych, Kiev, +38044 2200120 ext.724

Yield curve of the local bond market

(as of market close on 30 Oct 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 30 Oct 2014)

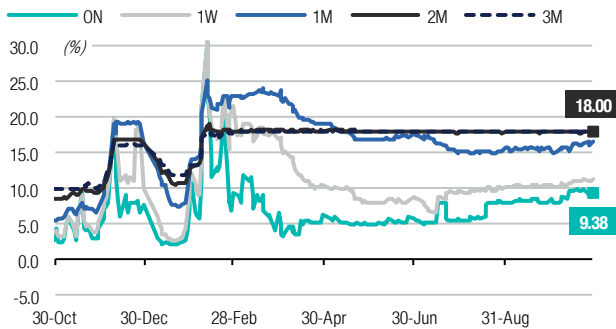
	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	9.38	+48bp	-52bp	+118bp	+158bp
1wk	11.25	+25bp	+0bp	+75bp	+145bp
1m	16.50	+15bp	+15bp	+80bp	+25bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	26,143	+0.67	-8.95	-27.16	-20.06
CDs ²	17,786	+5.21	+19.35	-47.29	+2,422.8
Sovgns ³	4,720	+0.00	-7.28	-28.15	+215.7
Total	48,649	+2.22	-0.12	-36.16	+39.39
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	276,791	+0.31	+0.78	+3.90	+91.09
Banks	82,917	-1.37	-0.93	-3.07	+3.43
Resid's ⁴	14,414	-0.24	+0.10	+1.51	+16.27
Non-res ⁵	18,958	+0.29	-1.89	-2.43	+62.05
Total	393,080	-0.07	+0.26	+1.95	+57.79
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	+0bp	+301bp	-78ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	1,185	+18bp	-82bp	-134bp	+368bp
Jun '16	13.11	+0bp	-110bp	-221bp	+423bp
Jul '17	13.24	-10bp	-21bp	-129bp	+368bp
Sep '20	10.42	+6bp	-34bp	-71bp	+122bp
Sep '21	10.39	+15bp	-34bp	-78bp	+117bp
Sep '22	10.14	-18bp	-39bp	-41bp	+79bp
Feb '23	10.09	+7bp	-24bp	-32bp	+104bp

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.

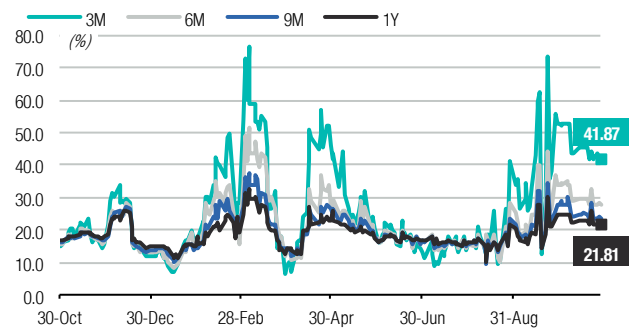
Chart page: Local bond market & Eurobond markets

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



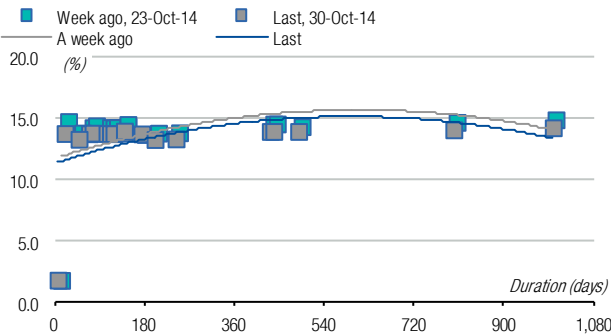
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



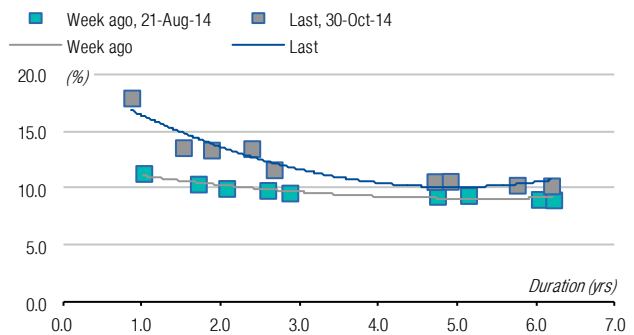
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



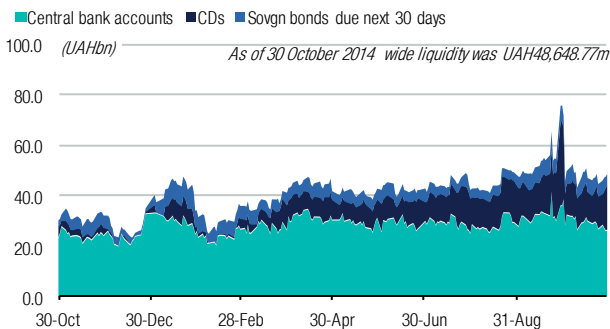
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



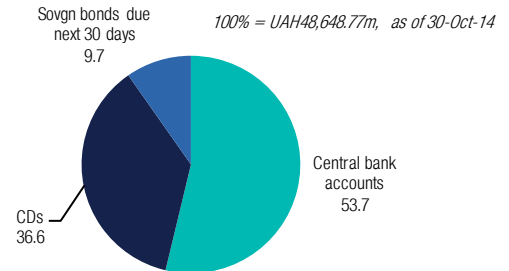
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



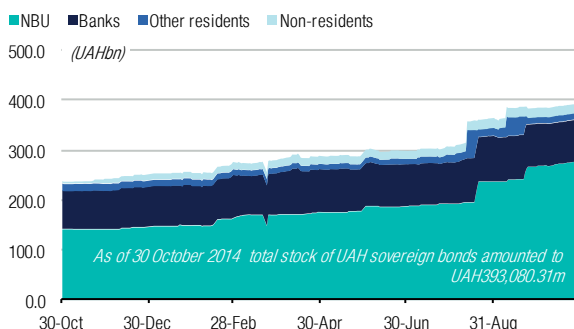
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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



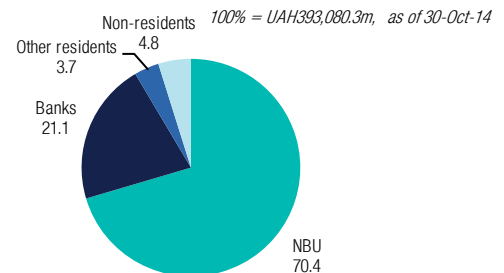
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 30 Oct 2014



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

Table 1. Ukrainian stocks (closing prices as of 30-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	10.25 GBp	+1.2	-5.7	-1.2	-20.4	0.16	37.8	-9.8	40.2	15.2	9.0	22.9	0.09	1,075	Neg.	N/A	N/A	1.4	N/A	N/A	Neg.	N/A	N/A	0.3	0.0
Centrenerg	CEEN UK	Kiev, UX	7.64 UAH	+0.3	+5.8	+60.2	+52.5	0.59	217.4	272.1	21.7	47.2	35.3	60.9	0.09	1,155	5.8	5.0	7.6	0.4	4.0	4.1	0.5	0.3	0.3	1.1	16.3
Coal Energy	CLE PW	Warsaw	0.82 PLN	-2.4	-12.8	-21.9	-67.1	0.24	11.0	136.9	25.0	2.8	12.8	45.4	0.46	218	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	33.63 UAH	-0.5	+19.1	+21.9	+37.3	2.59	61.3	122.4	14.2	8.7	7.6	12.1	0.06	1,711	1.5	1.5	1.6	0.1	2.0	1.6	0.3	0.2	0.3	1.2	25.1
JXK Oil & Gas	JXK LN	London	38.25 GBp	-0.3	-20.7	-46.5	-48.5	0.61	104.9	110.0	47.2	49.5	24.7	27.4	0.07	1,527	16.1	17.5	3.2	1.7	2.2	1.7	0.6	0.7	0.6	0.2	5.5
Regal Petroleum	RPT LN	London	6.25 GBp	+0.0	-24.2	-51.9	-59.3	0.10	32.0	1.9	80.9	25.9	0.5	7.6	0.01	9,660	Neg.	16.0	N/A	0.0	0.1	0.1	0.1	0.0	0.1	0.3	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	160.40 UAH	+0.0	+12.2	+77.4	+93.3	12.36	158.0	247.7	5.0	7.9	0.0	1.9	0.05	1,905	3.5	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	+0.0	+0.8	-35.6	-37.3	0.00	49.6	2,256.2	3.9	1.9	0.2	2.9	0.06	1,810	Neg.	Neg.	N/A	Neg.	Neg.	N/A	2.0	1.2	N/A	N/A	85.7
Avdiyivsky Cok...	AVDK UK	Kiev, UX	2.60 UAH	-0.7	+10.7	-12.2	-18.0	0.20	39.1	35.3	4.0	1.6	1.0	4.8	0.12	816	Neg.	253.6	0.7	0.1	0.7	0.3	0.1	0.0	0.0	0.1	0.1
Azovstal	AZST UK	Kiev, UX	0.77 UAH	-1.3	+17.6	+14.8	+17.9	0.06	249.0	N/A	4.1	10.2	9.5	13.3	0.15	677	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	85.85 GBp	-4.2	-23.6	-53.8	-51.4	1.37	807.1	1,009.5	22.4	180.8	919.9	1,036.5	0.83	121	3.1	3.1	6.7	2.0	2.1	3.2	0.6	0.7	0.7	0.7	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.46 UAH	+0.0	+4.5	-13.2	-18.1	0.04	9.7	10.5	9.0	0.9	0.0	3.5	0.05	1,864	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	28.23 UAH	+1.3	+9.5	-11.8	-16.1	2.17	22.9	12.8	9.4	2.1	0.3	3.8	0.08	1,227	Neg.	Neg.	N/A	2.2	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	+0.0	-30.7	-58.1	-62.3	0.65	60.3	114.6	34.0	20.5	1.4	10.8	0.11	949	Neg.	N/A	N/A	Neg.	N/A	N/A	1.7	N/A	N/A	1.1	35.9
Agroliga	AGL PW	Warsaw	12.60 PLN	-1.2	-11.0	-51.4	-58.3	3.76	5.8	6.6	16.7	1.0	3.1	2.7	0.41	246	1.5	N/A	N/A	1.9	N/A	N/A	0.3	N/A	N/A	0.5	5.7
Agroton	AGT PW	Warsaw	2.08 PLN	+0.0	-2.3	+6.7	-9.2	0.62	13.4	58.7	26.2	3.5	11.3	63.5	0.91	110	Neg.	1.9	1.7	22.0	19.6	N/A	0.7	0.7	0.7	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	31.50 PLN	+0.0	-15.6	-52.9	-50.0	9.39	234.9	479.5	31.0	72.9	4.8	85.6	0.03	3,642	7.3	23.4	3.7	6.3	3.9	4.3	1.0	1.0	1.0	0.7	38.2
Avangard	AVGR LI	London Intl	6.50 USD	+3.2	-17.7	-44.7	-49.8	6.50	415.2	548.9	21.7	90.1	160.5	85.0	0.07	1,385	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	7.20 PLN	+1.4	+7.3	-40.7	-47.4	2.15	67.2	208.3	23.9	16.0	3.0	16.2	0.09	1,120	2.6	Neg.	1.7	3.9	3.8	3.7	1.8	1.1	1.1	0.4	38.7
Kernel Holding...	KER PW	Warsaw	25.72 PLN	-2.9	+3.3	-32.4	-38.0	7.67	611.2	1,296.2	58.8	359.2	1,118.9	885.8	0.20	492	Neg.	4.2	3.4	6.9	4.0	4.0	0.5	0.5	0.5	0.6	39.1
KSG Agro	KSG PW	Warsaw	1.24 PLN	-4.6	+3.3	-88.6	-89.5	0.37	5.6	116.7	34.4	1.9	83.8	214.6	4.18	24	Neg.	0.5	0.3	13.4	N/A	N/A	1.6	1.2	1.1	0.3	44.5
MHP	MHPC LI	London Intl	10.20 USD	-6.4	-14.3	-40.2	-35.6	10.20	1,077.8	2,288.1	22.3	240.6	329.5	865.9	0.16	638	6.9	9.5	3.7	5.9	4.8	4.6	1.5	1.6	1.5	1.9	47.0
Milkiland	MLK PW	Warsaw	3.20 PLN	-8.6	-16.4	-74.4	-76.6	0.95	29.8	156.1	20.0	6.0	11.3	8.0	0.19	524	2.2	Neg.	7.0	4.7	4.1	4.5	0.4	0.4	0.4	0.1	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	0.68 EUR	+0.0	-52.9	-87.4	-86.3	0.86	91.2	818.9	20.0	18.2	0.0	1.5	0.00	27,563	1.0	1.0	0.4	5.0	3.0	2.7	1.6	1.9	1.9	0.2	45.3
Ovostar Union	OVO PW	Warsaw	73.50 PLN	+2.1	+5.0	-26.5	-26.8	21.92	131.5	139.1	25.0	32.9	111.1	25.5	0.04	2,517	4.3	6.7	6.6	3.8	5.3	4.9	1.5	1.8	1.5	1.0	8.5
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.16 EUR	+0.0	-32.5	-48.9	-48.6	0.20	10.5	186.1	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	-0.3	-3.3	+8.6	+20.1	0.01	284.7	N/A	3.8	10.9	47.6	19.8	0.16	627	3.6	Neg.	19.4	N/A	N/A	N/A	N/A	N/A	N/A	0.5	22.4
Ukrsotsbank	USCB UK	Kiev, UX	0.15 UAH	+0.0	+4.6	-19.5	-17.7	0.01	211.0	N/A	4.5	9.5	0.0	0.7	0.00	40,781	Neg.	11.2	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

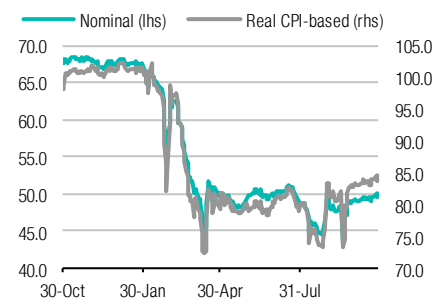
Hryvnia stable, Russian ruble volatile

Yesterday, as the hryvnia traded at the routinely controlled NBU weighted average rate of 12.95/USD on subdued volumes, the Russian ruble traded with extreme volatility as it closed up a significant 3.14% to the US dollar. The ruble started the day down more than 1% in early morning trading; by a central bank intervention. The ruble appreciated as a result of a forceful intervention of US dollar selling by the Russian central bank (earlier in the day) and by some unidentified market players (later in the day). This caused the hryvnia's real TWI to drop 1.03% for the day.

Alexander Valchyshen, Kiev, +38044 2200120 ext.242

ICU's UAH trade-weighted indices

(Last 12-month history to 31 Oct 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 30 Oct 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)

USD/UAH MARKET (HRYVNIA per US DOLLAR)

Spot mkt	13.0025	+0.02	+0.02	+0.41	+57.80
NBU avg	12.9528	+0.00	+0.02	+0.03	+58.91
Ttl vlm ¹	316.93	+23.42	-6.29	+34.28	-88.69
\$ volume ²	256.65	+40.13	-2.22	+71.41	-88.39
NDF 3M	14.3500	+0.00	-0.52	-2.05	+69.12
NDF 6M	14.8000	+0.00	-1.99	-1.99	+68.56
NDF 1Y	15.7500	+0.00	-3.37	-1.87	+67.20

TRADE-WEIGHTED INDICES (TWIs, points)

UAH nom'l	49.421	-1.03	-0.19	+0.99	-26.83
UAH real CPI	83.632	-1.03	-0.19	+0.99	-17.25
UAH real PPI	121.974	-1.03	-0.19	+0.99	-12.11
USD nom'l	86.147	+0.23	+0.35	+0.25	+7.64

FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs

USD/RUB	41.5020	-3.14	-0.54	+4.80	+26.26
EUR/USD	1.2613	-0.15	-0.26	-0.14	-8.22
USD/CNY	6.1154	+0.07	-0.07	-0.39	+1.01
USD/PLN	3.3398	-0.12	-0.13	+0.90	+10.48
USD/TRY	2.1981	-0.78	-1.69	-3.52	+2.32
USD/BYR	10,735.00	+0.23	+0.37	+1.37	+12.53
USD/KZT	180.8000	-0.06	-0.07	-0.62	+17.20

OTHER MAJOR CURRENCIES

USD/JPY	109.2100	+0.29	+0.87	-0.40	+3.70
GBP/USD	1.6002	-0.06	-0.17	-1.30	-3.35
USD/CHF	0.9560	+0.12	+0.20	+0.09	+7.07
AUD/USD	0.8835	+0.43	+0.83	+1.01	-0.92
USD/CAD	1.1184	+0.01	-0.41	-0.13	+5.28
USD/BRL	2.4026	-2.41	-3.90	-1.81	+1.71
USD/KRW	1,055.60	+0.79	-0.05	+0.04	+0.55

COMMODITIES

Gold(\$/oz)	1,198.78	-1.10	-2.69	-0.78	-0.57
WTI crude ³	81.12	-1.31	-1.48	-11.01	-17.58
Brent crd ³	84.90	-0.89	-1.15	-8.88	-23.39
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	272.71	-0.80	+0.10	-2.10	-2.66

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.

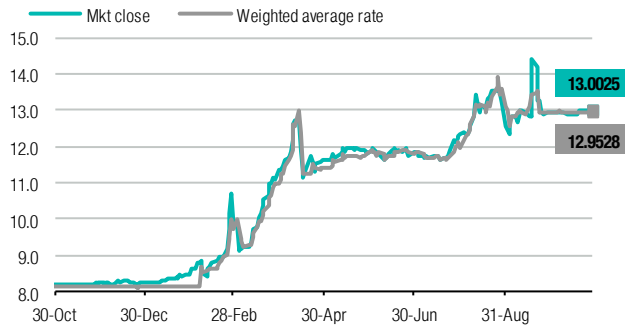
Sources: Bloomberg, Investment Capital Ukraine LLC.

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>).

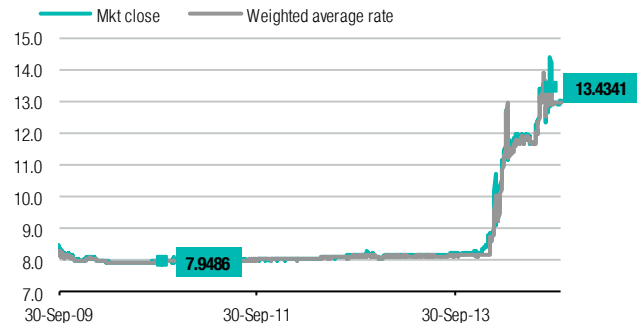
Section on FX market is continued on next page.

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)

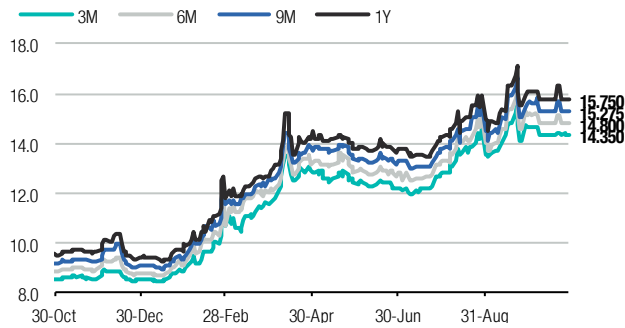


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

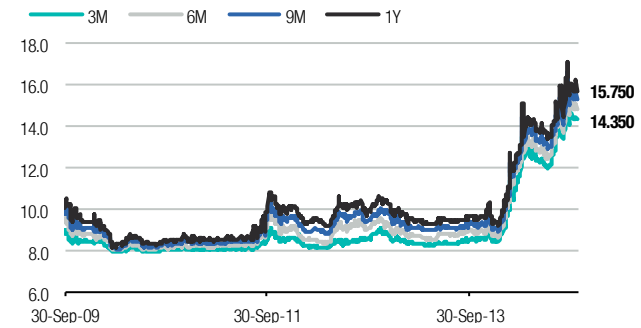


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

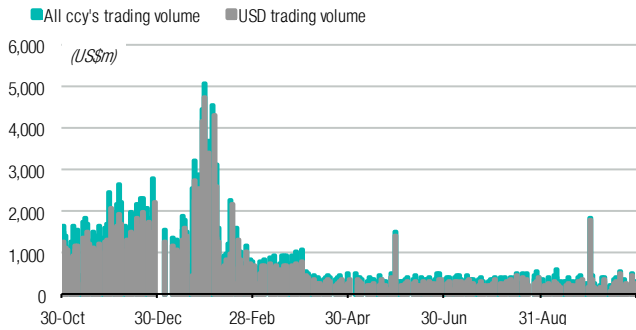


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

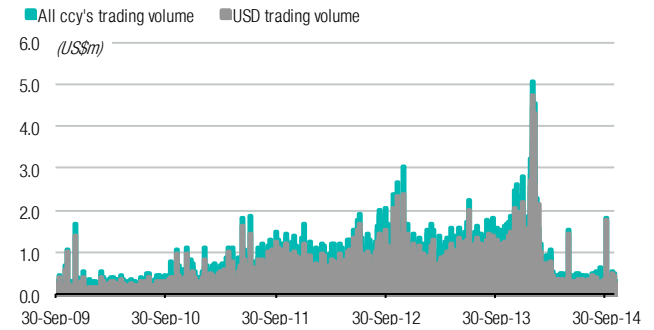


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

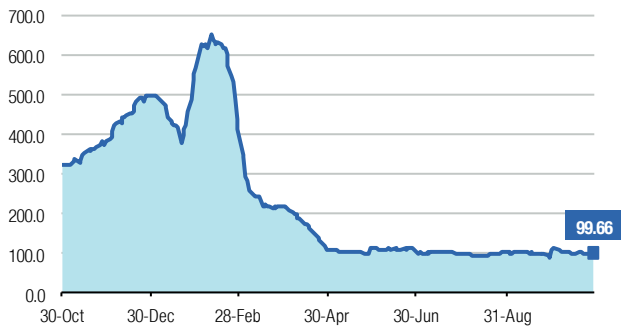


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

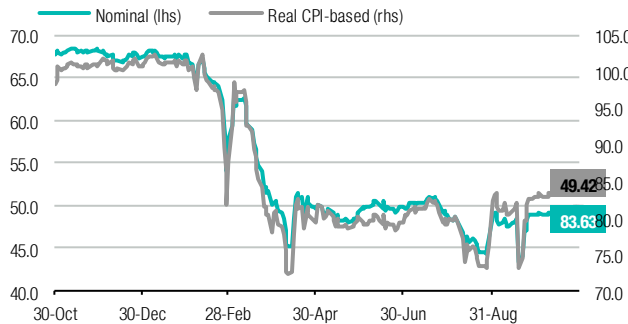


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

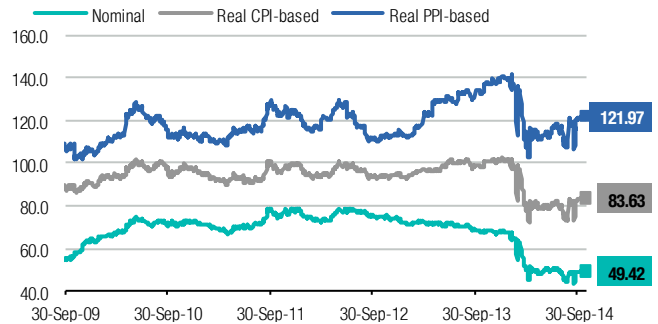
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



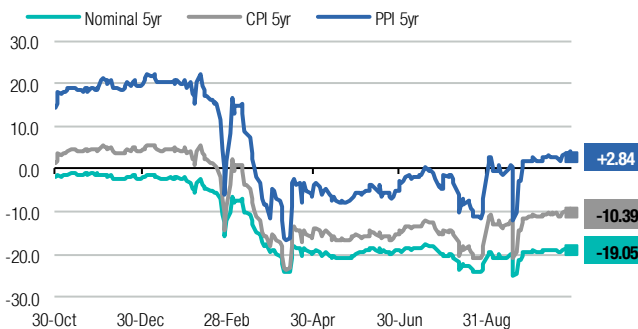
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

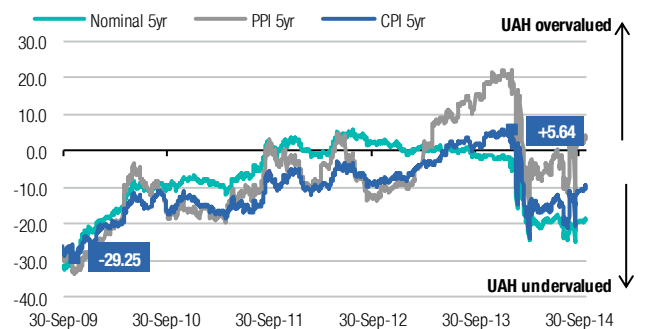


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

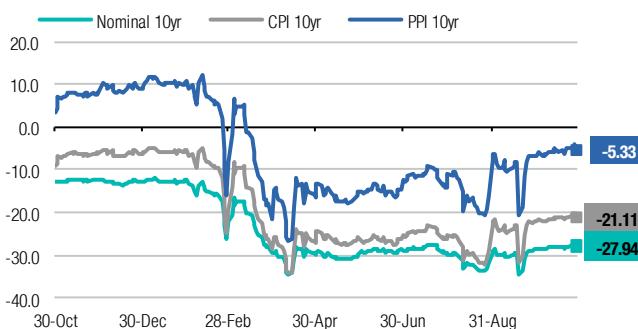


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

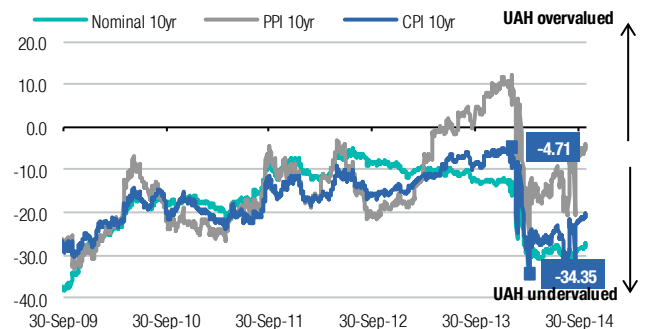


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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



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.