



**INVESTMENT CAPITAL UKRAINE**  
INVESTMENT BANKING

# Daily Insight

1H14 State revenues; Liquidity update; Eurobonds fall; Two primary auctions; UAH steady as TWI swings

THURSDAY, 3 JULY, 2014

RESEARCH INSIGHT

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**UX Index (3 months to 3 Jul 2014)**



### Key market indicators (as of 2 Jul 2014)

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

USD/UAH	11.8650	+0.34	+43.99
USD/UAH (1Y NDF)	13.7550	+0.00	+46.02
EUR/USD	1.3660	-0.14	-0.60
USD/RUB	34.3453	+0.05	+4.49
KievPRIME O/N (%)	5.55	-20bp	-225bp
KievPRIME 1M (%)	17.40	-23bp	+115bp

#### BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-8,900bp	-8,900bp
Ukraine 17, Eurobond (%)	8.68	+2bp	-88bp
Ukraine 22, Eurobond (%)	8.61	-4bp	-74bp
Ukraine 23, Eurobond (%)	8.45	+3bp	-59bp
Ukraine 5Y CDS	776bp	-11bp	-41bp

#### EQUITIES

##### Stock market indices

UX (Ukraine)	1,220.67	-0.29	+34.13
MSCI World	432.15	+0.21	+5.78
MSCI EM	1,060.57	+0.87	+5.77
RTS (Russia)	1,390.47	+2.08	-3.62
WIG-20 (Poland)	2,381.06	-0.99	-0.83
S&P 500 (USA)	1,974.62	+0.07	+6.83

##### MOST ACTIVE: Top 3 stocks by value traded (US\$m)

FXPO LN	2.27	40.2% of total <sup>1</sup>
KER PW	1.25	22.2%
CEEN UK	0.76	13.4%

##### GAINERS: Top 3 stocks (in listed currency)

OVO PW	PLN 72.49	+2.10	-27.51
FXPO LN	GBP 132.90	+1.45	-28.49
AST PW	PLN 43.50	+1.16	-34.98

##### LOSERS: Top 3 stocks (in listed currency)


Notes: Chg – percentage change, if not otherwise indicated; [1] – total traded volume for stocks listed in Table 1, pp. 3; 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

## 1H14 State budget revenues

The State treasury yesterday reported UAH175.8bn in central government state budget revenues for 1H. June revenues totaled UAH25.2bn versus UAH30.1bn in May with a monthly deficit of UAH0.9bn. State budget revenues in June are historically lower than in May because of the seasonality of tax payments. However, the volume of NBU revenues transferred into the state budget in June was not reported. In May, the NBU provided UAH2.2bn, the lowest monthly volume so far this year, down from this year's record high of UAH7bn reported in March. On a rolling 12-month basis, NBU transfers have been rising this year, increasing from UAH28.3bn at the end of 2013 to UAH44.3bn in May. As a share of total revenues on the same 12-month rolling basis, the NBU's transfer rose from 8.3% to 12.5% over the same time period. If the NBU transferred UAH2bn in June as a kind of normal monthly support from the central bank, then the two metrics of central bank participation in state budget revenue formation should stabilize at UAH42.3bn and 42.3%, respectively. This year's state budget law includes a clause that authorizes the NBU to transfer UAH22.8bn to state budget revenues. In January-May alone, the NBU already transferred a total of UAH22.0bn. As the economy is not expected to rebound spectacularly in 2H14, the government should continue this routine of NBU revenue transfers to the state budget. The key takeaway is that the 2014 state budget law cannot be followed as the economy has severely underperformed because of the war with pro-Kremlin militants in Donetsk and Luhansk. Thus, discussions between the IMF and Ukraine's government are intense over amending the program.

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Table 1. Ukrainian stocks (closing prices as of 2-Jul-2014)

Company	Bloomberg Ticker	Listing	Share price performance (% change)					Valuation (US\$)			Free float (FF) & Liquidity					P/E			EV/EBITDA			EV/Sales			Ratios		
			Last price	Daily	MoM	YTD	YoY	Last price	Market cap (m)	EV (m)	FF (%)	FF mkt cap (US\$m)	Last day turnover (US\$ 000)	3M avg. turnover (US\$ 000)	FF share traded (%)	FF turnover (days)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	P/B (x)	Debt/Assets (%)
<b>ENERGY</b>																											
Cadogan Petrol...	CAD LN	London	9.63 GBP	-1.3	+4.1	-7.2	-36.9	0.17	38.1	-24.9	40.2	15.3	2.1	8.2	0.04	2,764	Neg.	Neg.	Neg.	3.8	7.8	15.6	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.32 UAH	+0.0	+3.5	+53.5	+55.5	0.62	229.2	282.9	21.7	49.8	755.6	292.1	1.01	99	5.6	4.9	3.5	0.5	3.8	2.2	0.4	0.3	0.3	1.1	12.2
Coal Energy	CLE PW	Warsaw	1.20 PLN	-5.5	-10.4	+14.3	-55.1	0.40	17.8	112.1	25.0	4.4	11.7	48.1	0.65	153	Neg.	Neg.	4.4	5.0	14.0	3.9	0.9	1.1	1.0	0.2	39.8
Donbasenergo	DOEN UK	Kiev, UX	39.27 UAH	+0.0	-6.6	+42.3	+82.4	3.33	78.7	119.0	14.2	11.2	70.2	57.5	0.78	129	1.7	1.7	2.2	0.5	1.6	1.3	0.2	0.2	0.2	1.4	17.8
JKX Oil & Gas	JKX LN	London	57.25 GBP	-1.7	-6.3	-19.9	+4.6	0.98	168.6	175.1	47.2	79.6	16.4	56.7	0.04	2,593	25.9	14.9	6.1	2.6	2.2	2.0	1.0	0.9	0.8	0.3	5.5
Regal Petroleum	RPT LN	London	8.75 GBP	+0.0	+18.6	-32.7	-50.0	0.15	48.1	21.3	80.9	38.9	0.0	6.3	0.02	4,407	Neg.	24.1	N/A	1.0	0.8	N/A	0.6	0.5	N/A	0.2	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	140.00 UAH	+0.0	+0.0	+54.9	+77.7	11.86	151.8	129.2	5.0	7.6	0.2	3.0	0.07	1,469	3.1	N/A	N/A	0.9	N/A	N/A	0.1	N/A	N/A	3.5	0.0
<b>METALLURGY</b>																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+0.0	+4.8	-4.7	-14.0	0.00	80.8	1,270.5	3.9	3.1	57.6	23.0	1.58	63	Neg.	Neg.	N/A	N/A	Neg.	N/A	1.0	0.7	N/A	N/A	64.5
Avdiyivsky Cok...	AVDK UK	Kiev, UX	3.23 UAH	+0.0	+0.4	+9.3	+0.3	0.27	53.5	50.4	4.0	2.1	34.6	27.1	2.60	38	Neg.	29.3	0.8	Neg.	0.9	0.4	0.1	0.1	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.78 UAH	+0.0	+3.0	+16.7	+27.8	0.07	278.6	271.5	4.1	11.4	1.5	17.9	0.23	428	Neg.	N/A	Neg.	Neg.	N/A	7.7	0.1	N/A	0.1	0.2	0.0
Ferrexpo PLC	FXPO LN	London	132.90 GBP	+1.5	-1.8	-28.5	+1.6	2.28	1,341.7	2,002.9	22.4	300.5	2,273.3	1,670.3	0.67	149	5.1	5.8	6.7	4.0	4.5	4.8	1.3	1.3	1.3	0.8	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.72 UAH	+0.0	+9.6	+35.8	+22.2	0.06	16.7	17.9	9.0	1.5	0.0	7.3	0.90	111	Neg.	1.4	0.8	0.1	0.7	0.5	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	42.93 UAH	+0.0	+2.6	+34.1	+22.7	3.64	38.4	34.0	9.4	3.6	16.4	24.7	1.36	73	6.5	N/A	Neg.	Neg.	N/A	1.0	0.0	N/A	0.0	1.0	0.0
<b>FOOD AND AGRIBUSINESS</b>																											
AgroGeneration	ALAGR FP	EN Paris	1.02 EUR	-2.9	-7.3	-17.7	-33.8	1.39	128.6	155.7	34.0	43.7	49.6	36.2	0.04	2,665	Neg.	N/A	N/A	Neg.	N/A	N/A	2.1	N/A	N/A	1.1	35.9
Agroliga	AGL PW	Warsaw	19.85 PLN	+0.0	+4.7	-23.4	-13.7	6.54	10.1	11.0	16.7	1.7	0.7	4.2	0.22	449	2.3	N/A	N/A	3.2	N/A	N/A	0.5	N/A	N/A	0.8	5.7
Agroton	AGT PW	Warsaw	2.85 PLN	-1.7	+10.5	+46.2	+14.0	0.94	20.3	65.6	26.2	5.3	116.5	175.1	3.76	27	Neg.	2.9	2.5	24.5	6.9	4.1	0.8	0.8	0.8	0.2	28.4
Astarta Holdin...	AST PW	Warsaw	43.50 PLN	+1.2	-7.4	-35.0	-28.6	14.32	358.1	676.8	31.0	111.1	34.6	191.7	0.23	429	10.2	7.7	5.0	8.9	5.1	5.4	1.3	1.3	1.3	1.0	38.2
Avangard	AVGR LI	London Intl	9.75 USD	-1.5	+9.6	-17.0	+10.2	9.75	622.8	853.7	21.7	135.1	8.3	176.1	0.17	576	2.6	2.7	2.7	2.8	2.8	2.9	1.3	1.1	1.1	0.0	17.8
IMC	IMC PW	Warsaw	10.11 PLN	-2.3	+1.7	-16.8	-29.0	3.33	104.2	229.4	23.9	24.9	506.9	86.1	0.45	225	4.0	9.5	2.3	4.2	3.9	3.2	2.0	1.2	0.9	0.7	38.7
Kernel Holding...	KER PW	Warsaw	32.05 PLN	-1.6	+5.7	-15.8	-33.5	10.55	840.9	1,864.1	58.8	494.2	1,253.7	3,494.3	0.44	225	7.6	16.3	5.5	6.4	7.2	5.5	0.7	0.8	0.7	0.7	30.6
MHP	MHPC LI	London Intl	15.00 USD	+0.0	+0.3	-12.0	-12.5	15.00	1,585.0	2,745.9	22.3	353.8	0.0	1,602.5	0.29	346	10.2	5.8	5.3	7.0	5.7	5.3	1.8	1.8	1.6	2.7	19.6
Milkiland	MLK PW	Warsaw	7.00 PLN	-0.1	+16.5	-44.0	-38.9	2.30	72.0	202.8	20.0	14.4	0.0	11.1	0.04	2,768	4.9	N/A	3.6	6.1	3.9	3.5	0.4	0.5	0.4	0.3	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	4.62 EUR	-2.4	+0.3	-14.5	+7.5	6.30	669.5	1,457.6	20.0	133.9	0.0	15.3	0.02	6,306	7.6	7.7	3.0	8.8	5.4	4.9	2.9	3.5	3.4	0.0	45.3
Ovostar Union	OVO PW	Warsaw	72.49 PLN	+2.1	+6.7	-27.5	-4.6	23.87	143.2	152.0	25.0	35.8	114.2	17.4	0.08	1,230	4.7	7.1	7.0	4.1	5.8	5.2	1.7	1.8	1.4	1.1	8.5
<b>CONSTRUCTION</b>																											
TMM	TR61 GF	Xetra	0.23 EUR	+0.0	+31.6	-29.0	-46.9	0.31	15.9	175.2	13.1	2.1	0.0	0.2	0.00	24,136	Neg.	N/A	N/A	Neg.	N/A	N/A	3.9	N/A	N/A	0.1	44.1
<b>FINANCIAL SERVICES</b>																											
Forum Bank	FORM UK	Kiev, UX	0.38 UAH	+0.0	N/A	N/A	N/A	0.03	19.1	N/A	5.5	1.0	0.1	N/A	N/A	N/A	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.2	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.15 UAH	+0.0	-4.6	+35.3	+54.7	0.01	390.2	N/A	3.8	14.9	306.9	133.8	1.94	51	4.5	Neg.	12.9	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.17 UAH	+0.0	+2.7	-9.4	+33.1	0.01	261.2	N/A	4.5	11.7	23.9	11.7	0.23	443	Neg.	14.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	30.9

**Table 1. Ukrainian stocks (closing prices as of 2-Jul-2014)**

Company	Bloomberg Ticker	Listing	Share price performance (% change)					Valuation (US\$)			Free float (FF) & Liquidity					P/E			EV/EBITDA			EV/Sales			Ratios	
			Last price	Daily	MoM	YTD	YoY	Last price	Market cap (m)	EV (m)	FF (%)	FF mkt cap (US\$m)	Last day turnover (US\$ 000)	3M avg. turnover (US\$ 000)	FF share traded (%)	FF turnover (days)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	P/B (x)

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; \*\*\* -- means that P/E ratio is above 10,000x.

Sources: Bloomberg, Investment Capital Ukraine LLC.

# Bonds: News & Comments

## Banking sector liquidity: fund reallocations

Banks' correspondent accounts with the NBU fell UAH1.22bn to UAH28.51bn yesterday as the NBU absorbed these funds and increased its total CDs outstanding by UAH1.27bn to UAH8.82bn. As a result, broader banking sector liquidity rose a slight UAH0.06bn to UAH42.86bn as total local currency debt repayments scheduled for the next 30 days remained steady at 5.53bn

KyivPrime interest rates slightly declined on anticipation of steady liquidity and support from last week's NBU bond purchases. The KyivPrime ON interest rate declined 20bp to 5.55% and the KyivPrime 1M interest rate decreased 23bp to 17.40%.

**Investment implications: The NBU's issuance of UAH0.34bn of ON loans on Tuesday had no impact on liquidity. Yesterday's debt refinancing should have little effect as well.**

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## Eurobonds decline slightly

Ukrainian Eurobonds continued to decline yesterday, albeit insignificantly, as investors held their positions despite rising risks and uncertainty in the Donbass. At the close, the yield curve adjusted to the range of 8.17-8.74%, as UKRAIN 6.875% '15 declined 11bp to 8.50%, UKRAIN 7.95% '21 dropped 9bp to 8.74% and UKRAIN 7.80% '22 slid 3bp to 8.61, while UKRAIN 9.25% '17 was up 2bp to 8.68% and UKRAIN 7.50% '23 rose 4bp to 8.46%. The 5-year CDS declined to 776bp.

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## This week's two primary auctions

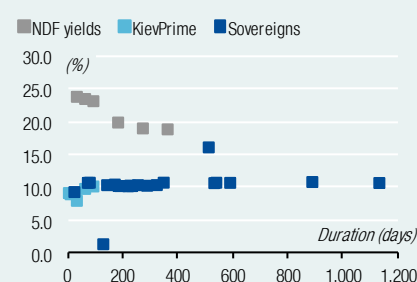
The MoF held two auctions this week. As Tuesday's auction provided only UAH0.34bn of proceeds from 3-month bond sales, covering only 20.0% of yesterday's debt repayments, the MoF held an unscheduled auction yesterday to raise additional funds from the 5-year bond offering. A single bidder purchased UAH0.75bn of bonds (par value) to provide the MoF with UAH0.77bn of proceeds at the routine 14.30% rate.

**Investment implications: Out of the UAH1.50bn in scheduled repayments this week, the MoF raised a total of UAH1.11bn in proceeds from this week's two auctions to cover UAH0.98bn in principal repayments and a small portion of interest repayments. The sole bidder yesterday most likely received NBU support under domestic QE as the NBU purchased UAH0.79bn of government bonds last Friday.**

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## Yield curve of the local bond market

(as of market close on 2 Jul 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

## Bond market indicators (as of 2 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
<b>MONEY MARKET KIEV PRIME RATES (%)</b>					
O/n	5.55	-20bp	+42bp	+55bp	-225bp
1wk	8.65	-16bp	+59bp	+65bp	-115bp
1m	17.40	-23bp	+9bp	+52bp	+115bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
<b>LIQUIDITY WIDE MEASUREMENT (UAHm)</b>					
CB acc's <sup>1</sup>	28,509	-4.09	+10.25	+11.99	-12.82
CDs <sup>2</sup>	8,821	+16.88	-23.49	-19.94	+1,151.2
Sovgns <sup>3</sup>	4,048	-26.98	+13.78	-30.34	+170.8
<b>Total</b>	<b>41,378</b>	<b>-3.36</b>	<b>+1.06</b>	<b>-2.15</b>	<b>+18.56</b>
<b>HOLDERS OF UAH SOVEREIGN BONDS (UAHm)</b>					
C.bank	186,952	+0.00	+0.69	-0.17	+29.06
Banks	84,331	-0.19	-1.31	-2.01	+5.19
Resid's <sup>4</sup>	10,589	+0.16	-10.55	-4.84	-14.58
Non-res <sup>5</sup>	16,326	-0.27	-0.52	+1.16	+39.55
<b>Total</b>	<b>298,197</b>	<b>-0.06</b>	<b>-0.39</b>	<b>-0.80</b>	<b>+19.70</b>
<b>NDF IMPLIED YIELDS (%)</b>					
3m	11.53	-139bp	-481bp	-477bp	-62bp
6m	16.14	-73bp	-50bp	-136bp	+274bp
9m	16.31	-51bp	-30bp	+34bp	+230bp
1yr	16.56	-39bp	-21bp	+40bp	+158bp
<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	-89ppt	+0bp	+0bp	-89ppt
<b>EUROBONDS USD SOVEREIGN BOND YIELDS (%)</b>					
CDS 5yr	776	-11bp	+2bp	-109bp	-41bp
Jun '16	8.17	+6bp	+41bp	-95bp	-72bp
Jul '17	8.68	+2bp	+21bp	-97bp	-88bp
Sep '20	8.73	+5bp	+29bp	-46bp	-46bp
Sep '21	8.73	-10bp	+9bp	-37bp	-49bp
Sep '22	8.61	-4bp	+4bp	-62bp	-74bp
Feb '23	8.45	+3bp	+13bp	-44bp	-59bp

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

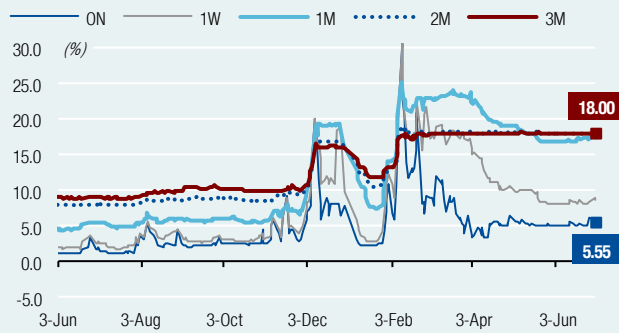


Chart 2. UAH NDF implied yields (%), last 12-month period

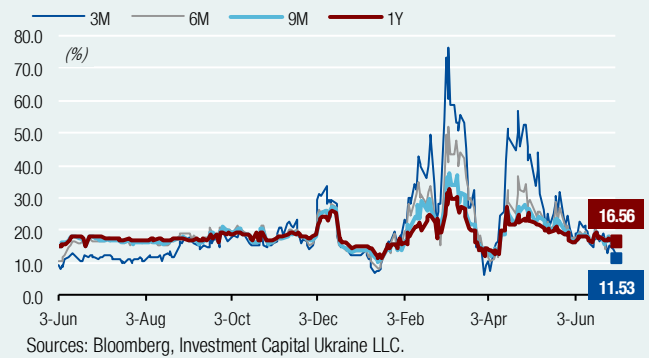


Chart 3. UAH sovereign yield curve (%) as of 2 Jul 2014

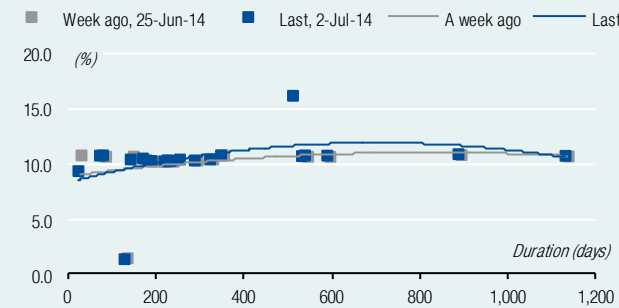


Chart 4. USD sovereign yield curve (%) as of 2 Jul 2014

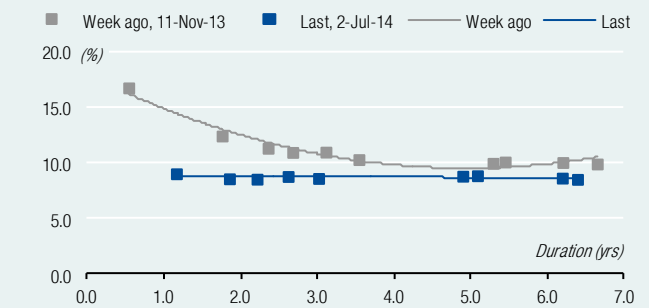


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

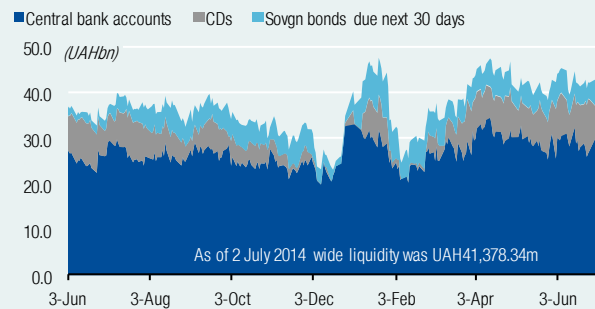


Chart 6. Breakdown of liquidity pool (%) as of 2 Jul 2014

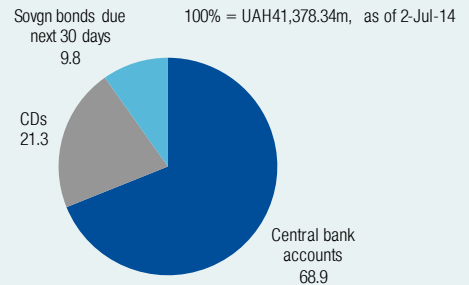


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

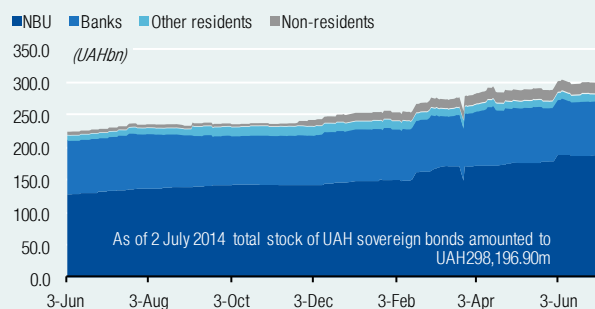
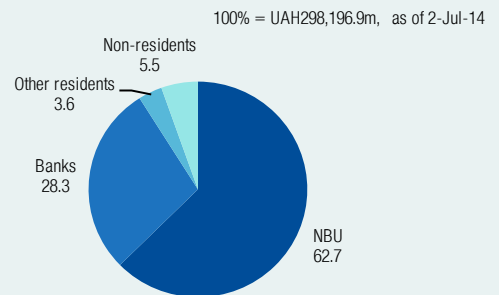


Chart 8. Domestic sovereign debt (%) as of 2 Jul 2014



# FX: News & Comments

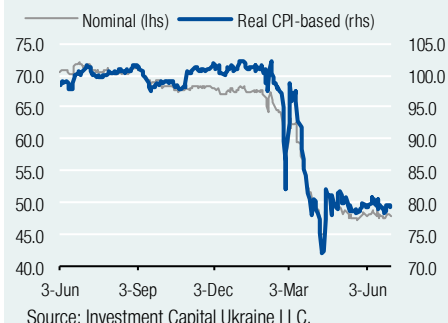
## UAH holds steady, TWI swings on market sentiment

Although the hryvnia continued to hold steady at 12/USD, the UAH's real TWI moved quite noticeably as FX markets globally reacted to the US macro data on employment. The USD index rose 0.18% yesterday on news of robust monthly private sector employment data, anticipating a strong soon-to-be-released jobs report showing marked improvement in June versus the prior months in 2014. The euro dropped 0.14%, while the RUB flattened after suffering large losses in the preceding two days. Subsequently, the UAH's real rate lost 0.29% yesterday.

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### ICU's UAH trade-weighted indices

(Last 12-month history to 3 Jul 2014)



### FX market indicators (as of 2 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
<b>USD/UAH MARKET (HRYVNIA per US DOLLAR)</b>					
Spot mkt	11.8650	+0.34	-0.54	-0.29	+43.99
NBU avg	11.8334	+0.41	-0.41	-0.37	+45.18
Ttl vlm <sup>1</sup>	401.77	+13.42	+2.38	+23.52	-85.66
\$ volume <sup>2</sup>	291.65	+8.06	+9.13	+23.36	-86.81
NDF 3M	12.2000	+0.00	-1.69	-1.43	+43.78
NDF 6M	12.8050	+0.00	-0.77	-0.92	+45.84
NDF 1Y	13.7550	+0.00	-0.72	+0.04	+46.02
<b>TRADE-WEIGHTED INDICES (TWIs, points)</b>					
UAH nom'l	47.875	-0.29	+1.06	-0.23	-29.12
UAH real CPI	79.222	-0.29	+1.06	-0.23	-21.62
UAH real PPI	113.575	-0.29	+1.06	-0.23	-18.17
USD nom'l	79.956	+0.18	-0.34	-0.85	-0.10
<b>FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs</b>					
USD/RUB	34.3453	+0.05	+1.74	-1.62	+4.49
EUR/USD	1.3660	-0.14	+0.23	+0.46	-0.60
USD/CNY	6.2103	+0.15	-0.39	-0.60	+2.58
USD/PLN	3.0349	-0.20	-0.03	-0.40	+0.39
USD/TRY	2.1309	+0.12	-0.03	+1.07	-0.81
USD/BYR	10,220.00	+0.00	+0.25	+1.14	+7.13
USD/KZT	183.5800	+0.03	+0.03	+0.04	+19.00
<b>OTHER MAJOR CURRENCIES</b>					
USD/JPY	101.7700	+0.24	-0.10	-0.60	-3.36
GBP/USD	1.7166	+0.09	+1.08	+2.51	+3.68
USD/CHF	0.8888	+0.15	-0.45	-1.10	-0.46
AUD/USD	0.9443	-0.57	+0.37	+2.13	+5.90
USD/CAD	1.0664	+0.30	-0.51	-2.17	+0.39
USD/BRL	2.2236	+0.99	+0.72	-2.33	-5.86
USD/KRW	1,009.15	-0.24	-1.16	-1.44	-3.87
<b>COMMODITIES</b>					
Gold(\$/oz)	1,326.86	+0.04	+0.58	+6.66	+10.05
WTI crude <sup>3</sup>	104.48	-0.82	-2.58	+1.96	+6.16
Brent crd <sup>3</sup>	110.25	-0.96	-3.09	+0.88	-0.51
Urals crd <sup>3</sup>	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB <sup>4</sup>	307.14	-0.09	-1.81	+0.57	+9.63

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

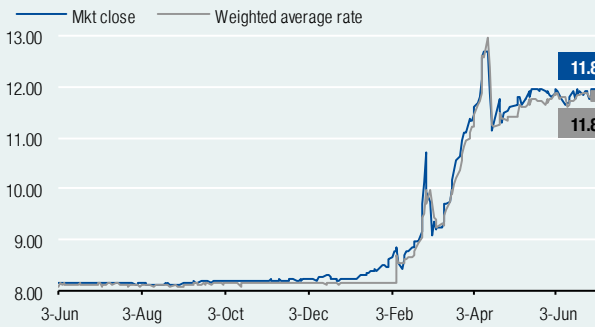
Section on FX market is continued on next page.

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.

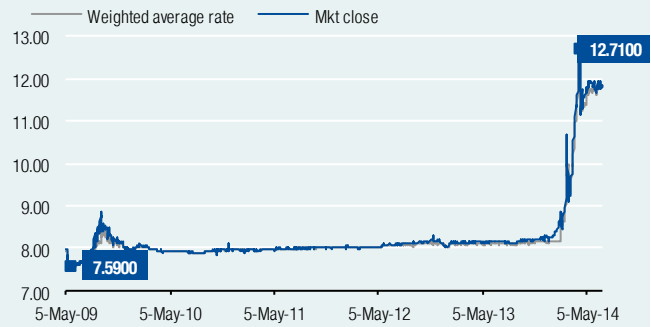
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

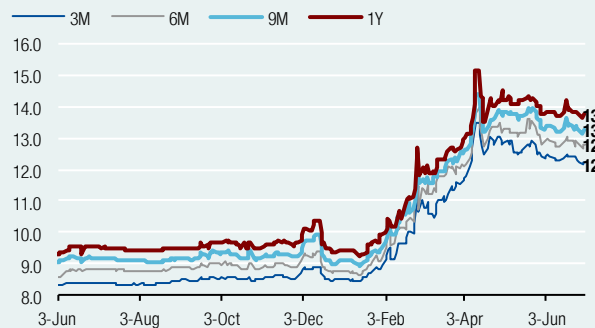


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

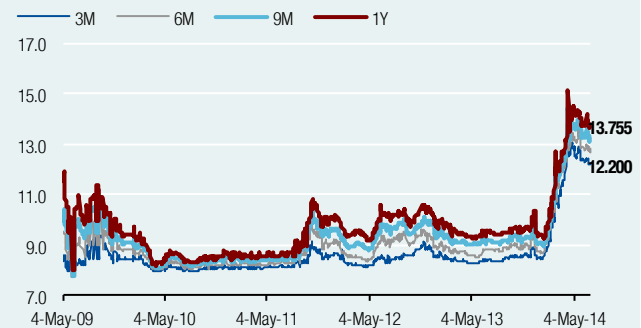


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

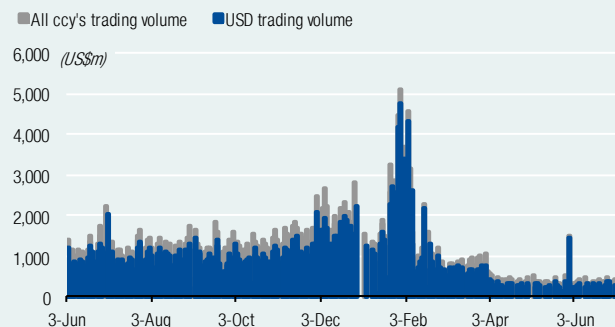


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.



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)

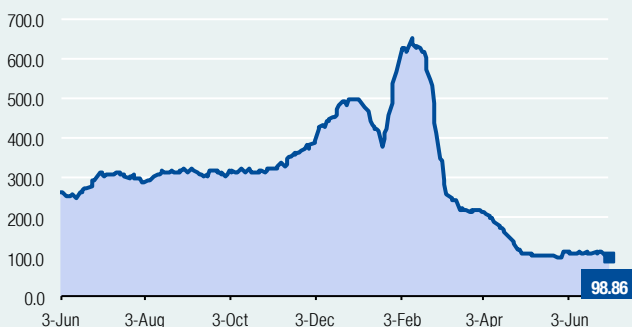


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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.

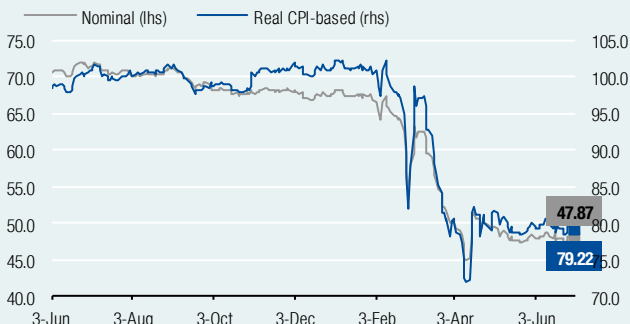




## Chart page #2: ICU's UAH trade-weighted indices

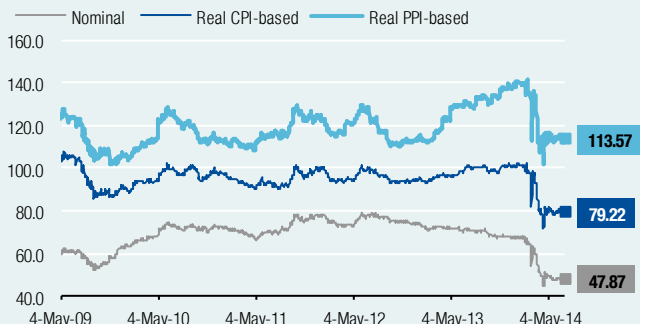
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



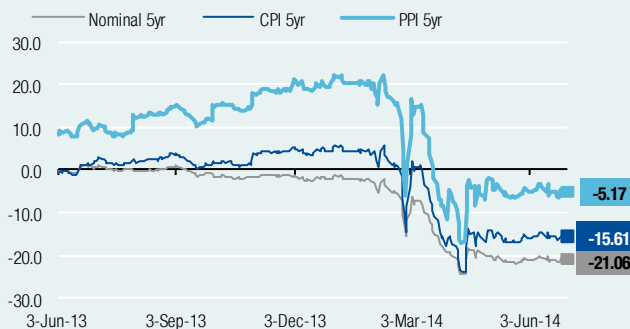
Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.

**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)**

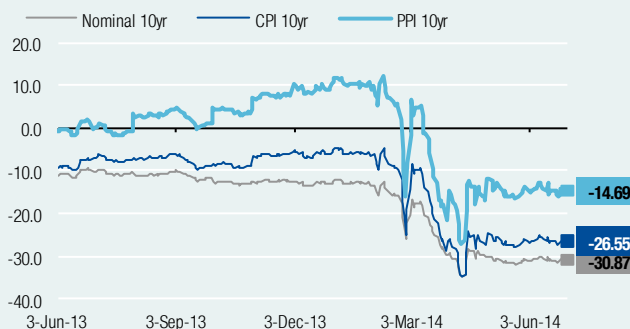


Note: The boxes indicate the last values of the depicted indicators.  
Source: Investment Capital Ukraine LLC.



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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**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

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