



INVESTMENT CAPITAL UKRAINE
INVESTMENT BANKING

Daily Insight

Inflation in June; UAH rises; Liquidity declines slightly; Eurobonds diverge; Auction announcement

TUESDAY, 8 JULY, 2014

RESEARCH INSIGHT

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UX Index (3 months to 8 Jul 2014)



Key market indicators (as of 7 Jul 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	11.7150	-0.30	+42.17
USD/UAH (1Y NDF)	13.7550	+0.00	+46.02
EUR/USD	1.3605	+0.07	-1.00
USD/RUB	34.4315	-0.11	+4.75
KievPRIME O/N (%)	5.03	-47bp	-277bp
KievPRIME 1M (%)	17.00	-30bp	+75bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-8,900bp	-8,900bp
Ukraine 17, Eurobond (%)	8.53	-26bp	-103bp
Ukraine 22, Eurobond (%)	8.60	-4bp	-75bp
Ukraine 23, Eurobond (%)	8.40	-8bp	-64bp
Ukraine 5Y CDS	754bp	-22bp	-63bp

EQUITIES

Stock market indices

UX (Ukraine)	1,214.38	+1.74	+33.44
MSCI World	431.84	-0.42	+5.70
MSCI EM	1,064.33	+0.18	+6.15
RTS (Russia)	1,385.24	+1.82	-3.98
WIG-20 (Poland)	2,378.88	+0.67	-0.92
S&P 500 (USA)	1,977.65	-0.39	+6.99

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

FXPO LN	2.54	47.5% of total ¹
CEEN UK	0.72	13.4%
KER PW	0.61	11.5%

GAINERS: Top 3 stocks (in listed currency)

CAD LN	GBp 11.00	+14.29	+6.02
RPT LN	GBp 9.00	+5.88	-30.77
CLE PW	PLN 1.21	+5.22	+15.24

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

Inflation in June

In the State Statistics Service's monthly report on inflation published yesterday, headline CPI added 1.0% MoM, core CPI rose 1.4% and PPI jumped 3.6%. In year-on-year terms, inflation acceleration last month, continuing its steady upward trend. Headline CPI rose to 11.9% YoY from the previous month's 10.8% YoY. Core CPI moved up to 9.0% YoY from 7.5%. PPI increased more dramatically to 15.6% from 8.5%. This month, inflation is expected to increase in the future as the household utilities tariff is up this month. Headline CPI is likely to head toward 16-17% this December as the NBU indicated so in its forecast. Given such inflation developments in inflation, the UAH's exchange rate outlook is becoming an area of concern as its real rate is set to appreciate sizably over the summer and through the remainder of 2H. Later in the year, high inflation could raise concerns about the UAH's nominal rate and cause downward pressure on the FX rate. Hence, the vicious cycle of FX devaluation affecting banks, causing banking crises requiring funds from the state budget as bank bailouts would demand more taxpayer money could be repeated again.

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Table 1. Ukrainian stocks (closing prices as of 7-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 (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	11.00 GBP	+14.3	+20.5	+6.0	-27.9	0.19	43.5	-19.5	40.2	17.5	55.1	10.0	0.05	2,054	Neg.	Neg.	Neg.	3.0	6.1	12.2	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.35 UAH	+1.8	+2.3	+54.1	+54.1	0.63	231.7	285.8	21.7	50.3	717.9	323.8	1.18	85	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	1.21 PLN	+5.2	-5.5	+15.2	-51.2	0.40	17.9	112.2	25.0	4.5	50.2	43.9	0.66	152	Neg.	Neg.	4.5	5.0	14.0	3.9	0.9	1.1	1.0	0.2	39.8
Donbasenergo	DOEN UK	Kiev, UX	38.45 UAH	+3.1	-10.6	+39.4	+76.4	3.28	77.6	118.2	14.2	11.0	65.5	62.1	0.90	112	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	58.25 GBP	+0.0	-4.5	-18.5	+9.9	1.00	171.3	177.8	47.2	80.9	5.0	48.7	0.04	2,407	26.4	15.1	6.2	2.7	2.2	2.0	1.0	0.9	0.8	0.3	5.5
Regal Petroleum	RPT LN	London	9.00 GBP	+5.9	+1.4	-30.8	-50.7	0.15	49.4	22.6	80.9	40.0	15.4	6.5	0.02	4,731	Neg.	24.7	N/A	1.0	0.9	N/A	0.6	0.5	N/A	0.2	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	137.00 UAH	+0.0	-9.8	+51.5	+63.3	11.69	149.6	126.8	5.0	7.5	0.8	3.5	0.08	1,242	3.0	N/A	N/A	0.8	N/A	N/A	0.1	N/A	N/A	3.4	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+1.4	-2.6	-4.9	-12.4	0.00	81.2	1,279.5	3.9	3.1	72.3	25.9	1.81	55	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	3.20 UAH	+1.7	-2.5	+8.1	+0.5	0.27	53.3	50.2	4.0	2.1	38.2	28.8	2.78	36	Neg.	29.0	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	+0.9	+0.3	+16.6	+26.0	0.07	280.3	273.1	4.1	11.5	2.1	18.5	0.24	417	Neg.	N/A	Neg.	Neg.	N/A	7.7	0.1	N/A	0.1	0.2	0.0
Ferrexpo PLC	FXPO LN	London	143.00 GBP	+1.8	+4.4	-23.1	+6.0	2.45	1,441.8	2,102.9	22.4	323.0	2,537.8	1,826.5	0.67	149	5.5	6.3	7.2	4.2	4.7	5.1	1.3	1.4	1.4	0.9	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.69 UAH	+1.0	+2.2	+30.0	+19.4	0.06	16.1	17.3	9.0	1.4	0.7	7.2	0.87	115	Neg.	1.4	0.7	0.1	0.6	0.5	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	42.22 UAH	+1.9	-2.9	+31.9	+20.6	3.60	38.0	33.6	9.4	3.6	30.9	29.7	1.71	58	6.4	N/A	Neg.	Neg.	N/A	1.0	0.0	N/A	0.0	1.0	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	1.00 EUR	-1.0	-9.1	-19.4	-35.5	1.36	125.6	152.6	34.0	42.7	16.9	32.6	0.03	2,900	Neg.	N/A	N/A	Neg.	N/A	N/A	2.1	N/A	N/A	1.1	35.9
Agroliga	AGL PW	Warsaw	17.72 PLN	-10.1	-6.5	-31.7	-31.8	5.82	8.9	9.9	16.7	1.5	0.4	3.5	0.19	516	2.1	N/A	N/A	2.9	N/A	N/A	0.5	N/A	N/A	0.7	5.7
Agroton	AGT PW	Warsaw	3.06 PLN	+4.8	+19.1	+56.9	+17.2	1.00	21.8	67.1	26.2	5.7	217.2	178.8	3.62	28	Neg.	3.1	2.7	25.1	7.1	4.2	0.8	0.8	0.8	0.2	28.4
Astarta Holdin...	AST PW	Warsaw	43.48 PLN	+2.3	-7.5	-35.0	-31.5	14.27	356.8	674.4	31.0	110.7	0.4	177.9	0.22	456	10.2	7.8	5.0	8.9	5.1	5.4	1.3	1.3	1.3	1.0	38.2
Avangard	AVGR LI	London Intl	9.99 USD	-1.0	+9.0	-15.0	+13.5	9.99	638.1	869.0	21.7	138.5	61.4	217.2	0.23	433	2.7	2.8	2.7	2.9	2.9	2.9	1.3	1.2	1.1	0.0	17.8
IMC	IMC PW	Warsaw	10.00 PLN	-0.4	-1.8	-17.7	-32.9	3.28	102.7	228.0	23.9	24.5	1.5	82.0	0.44	227	3.9	9.3	2.2	4.2	3.9	3.2	2.0	1.2	0.9	0.7	38.7
Kernel Holding...	KER PW	Warsaw	31.96 PLN	-0.6	+2.4	-16.0	-35.5	10.49	835.8	1,742.5	58.8	491.2	614.0	3,349.4	0.41	243	7.5	16.2	5.4	6.0	6.7	5.1	0.6	0.7	0.7	0.8	30.6
MHP	MHPC LI	London Intl	15.00 USD	-0.7	-0.7	-12.0	-12.3	15.00	1,585.0	2,745.9	22.3	353.8	67.6	1,580.8	0.28	363	10.2	5.8	5.3	7.0	5.6	5.2	1.8	1.8	1.6	2.7	19.6
Milkiland	MLK PW	Warsaw	6.75 PLN	-3.6	+3.2	-46.0	-40.1	2.22	69.2	199.6	20.0	13.8	67.8	11.0	0.06	1,683	4.7	N/A	3.5	6.0	3.8	3.5	0.4	0.4	0.4	0.3	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	4.67 EUR	+0.0	+3.9	-13.6	+3.6	6.35	674.5	1,462.7	20.0	134.9	14.0	15.6	0.02	6,351	7.6	7.8	3.0	8.9	5.4	4.9	2.9	3.5	3.4	0.0	45.3
Ovostar Union	OVO PW	Warsaw	72.00 PLN	+0.1	-1.4	-28.0	-5.6	23.63	141.8	150.6	25.0	35.4	300.5	23.2	0.13	766	4.6	7.1	7.0	4.1	5.7	5.2	1.7	1.8	1.4	1.0	8.5
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	9.04 PLN	-9.1	-9.4	-71.2	-72.6	2.97	27.6	11.6	10.9	3.0	0.6	0.8	0.00	26,253	4.1	N/A	N/A	1.1	N/A	N/A	0.4	N/A	N/A	0.4	5.6
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.25 EUR	+0.0	+46.2	-21.1	-37.8	0.34	17.6	176.9	13.1	2.3	4.1	0.3	0.01	7,954	Neg.	N/A	N/A	Neg.	N/A	N/A	3.9	N/A	N/A	0.2	44.1
FINANCIAL SERVICES																											
Forum Bank	FORM UK	Kiev, UX	0.24 UAH	+0.0	N/A	N/A	N/A	0.02	12.1	N/A	5.5	0.7	0.0	N/A	N/A	N/A	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.15 UAH	+2.4	-7.6	+33.0	+57.9	0.01	386.4	N/A	3.8	14.8	382.7	150.6	2.32	43	4.5	Neg.	12.7	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.16 UAH	-0.1	-5.1	-12.5	+27.8	0.01	253.9	N/A	4.5	11.4	2.4	12.4	0.25	399	Neg.	13.8	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 7-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

Liquidity declines slightly

After increasing significantly at the end of last week, last Friday's deals resulted in a slight decline in yesterday's published liquidity indicators. Broader banking sector liquidity declined UAH1.31bn to UAH44.19bn as banks' correspondent accounts with the NBU fell UAH1.45bn to UAH29.69bn while total CDs outstanding rose a mere UAH0.14bn to UAH10.46bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH4.03bn. KyivPrime interest rates continued to decline: the KyivPrime ON interest rate fell 47bp to 5.03% and the KyivPrime 1M interest rate dropped 30bp to 17.00%.

Investment implications: Only UAH0.14bn of funds outflows was scheduled last Friday as the MoF sold new bonds with same day settlement. Other outflows were insignificant and liquidity remained steady, significantly above UAH40.0bn. There could be different payments to the state budget or a decline in budget expenditures.

Eurobonds diverge

After the US national holiday, markets slightly improved as prices of US Treasuries slightly increased on higher demand after three sessions of selling and the long weekend. Ukrainian Eurobonds continued to follow the US Treasuries' movements, with spreads remaining closely linked to the benchmark. At the close, the yield curve adjusted to the range of 8.31-8.73%, as UKRAIN 6.875% '15 remained steady at 8.43%, UKRAIN 9.25% '17 declined 24bp to 8.53%, UKRAIN 7.95% '21 slid 1bp to 8.73%, while UKRAIN 7.80% '22 and UKRAIN 7.50% '23 slid 3bp and 7bp to 8.59% and 8.39%, respectively. The 5-year CDS declined to 754bp.

Investment implications: The impact of daily new statistics on the US bond market will influence Ukrainian Eurobonds this week. Ukrainian news currently has little impact as the high risk situation in eastern Ukraine will not stabilize anytime soon.

Auction announcement

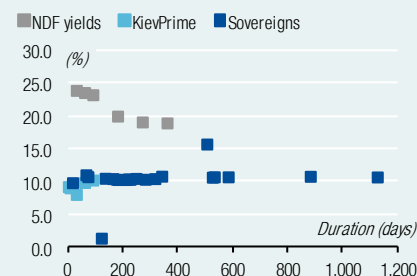
Today's auction follows the original schedule offering four bonds with maturities from three months to five years. The MoF is going to sell the same 3-month bonds that it sold twice last week, re-open the 6-month bond that matures this December, and will re-offer the 2-year and 5-year bonds that were also sold last week.

Investment implications: The MoF has to repay UAH1.14bn in domestic debt repayments, including a paltry UAH0.07bn in FX interest repayments (US\$6.36m). The main part of the scheduled repayments will be the redemption of UAH0.75bn in bonds issued in 2011. While this auction could attract market demand, we could see demand supported by domestic QE if the MoF needs extra financing to cover gaps in budget revenues.

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Yield curve of the local bond market

(as of market close on 7 Jul 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 7 Jul 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	5.03	-47bp	-110bp	-3bp	-277bp
1wk	7.90	-54bp	-41bp	-16bp	-190bp
1m	17.00	-30bp	-25bp	+12bp	+75bp
2m	18.00	+0bp	+0bp	+0bp	+160bp
3m	18.00	+0bp	+0bp	+0bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	29,693	-4.66	+9.12	-2.62	-9.20
CDs ²	10,458	+1.36	-8.13	+9.74	+1,383.4
Sovgns ³	4,586	+11.62	+26.75	-13.74	+206.7
Total	44,737	-1.83	+5.98	-1.32	+28.18
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	N/A	N/A	N/A	N/A	N/A
Banks	N/A	N/A	N/A	N/A	N/A
Resid's ⁴	N/A	N/A	N/A	N/A	N/A
Non-res ⁵	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A
NDF IMPLIED YIELDS (%)					
3m	16.81	+423bp	+240bp	-554bp	+466bp
6m	18.92	+223bp	+325bp	-92bp	+551bp
9m	18.23	+154bp	+241bp	-64bp	+422bp
1yr	18.07	+121bp	+126bp	-18bp	+308bp
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	-89ppt	+0bp	+0bp	-89ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	754	-22bp	-20bp	-21bp	-63bp
Jun '16	8.36	-1bp	+12bp	-70bp	-53bp
Jul '17	8.53	-26bp	-15bp	-86bp	-103bp
Sep '20	8.71	-2bp	+5bp	-13bp	-49bp
Sep '21	8.75	-3bp	-5bp	-15bp	-47bp
Sep '22	8.60	-4bp	-4bp	-49bp	-75bp
Feb '23	8.40	-8bp	+1bp	-31bp	-64bp

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

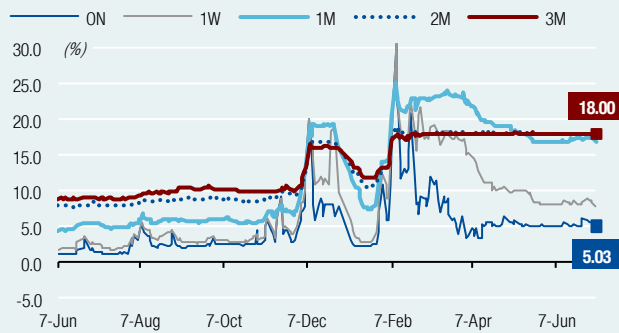


Chart 2. UAH NDF implied yields (%), last 12-month period

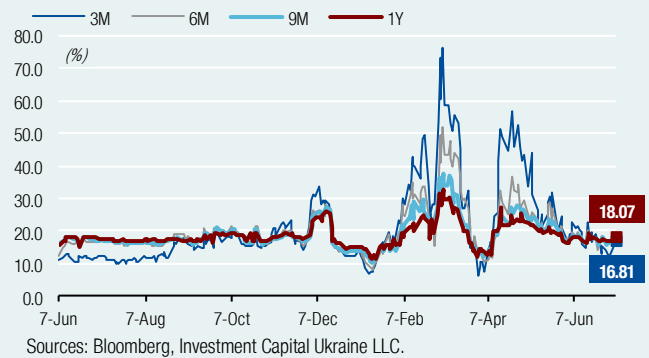


Chart 3. UAH sovereign yield curve (%) as of 7 Jul 2014

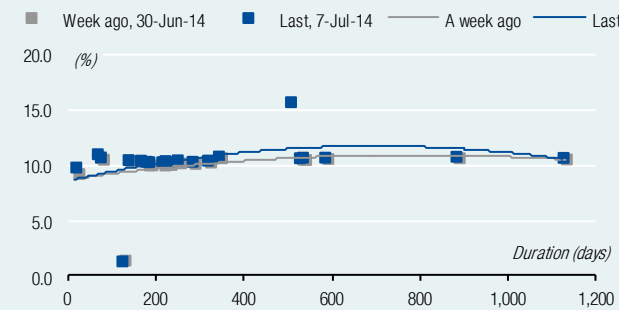


Chart 4. USD sovereign yield curve (%) as of 7 Jul 2014

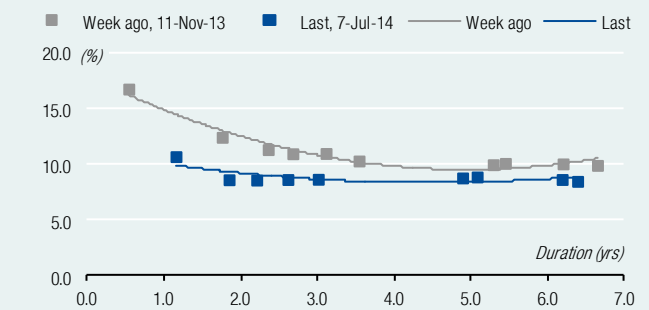


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

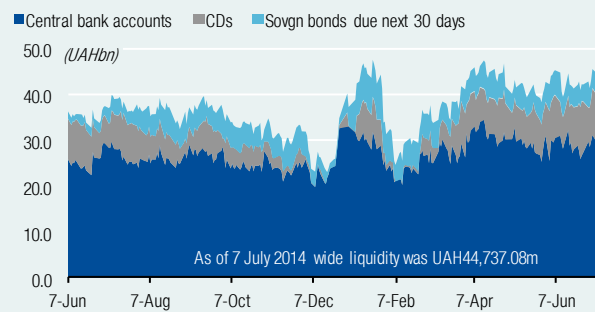


Chart 6. Breakdown of liquidity pool (%) as of 7 Jul 2014

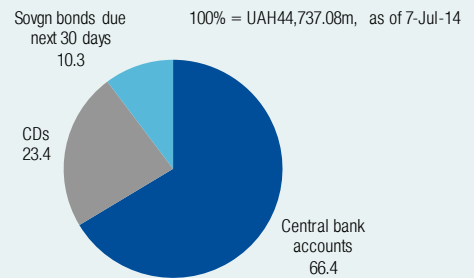


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

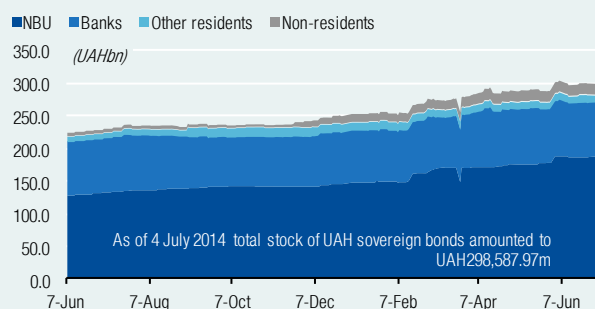
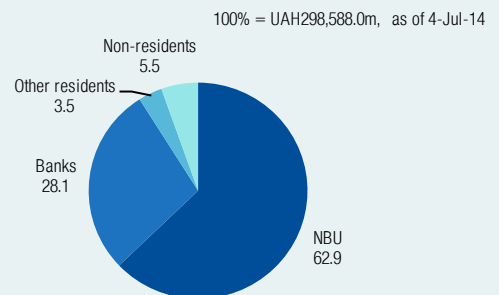


Chart 8. Domestic sovereign debt (%) as of 7 Jul 2014



FX: News & Comments

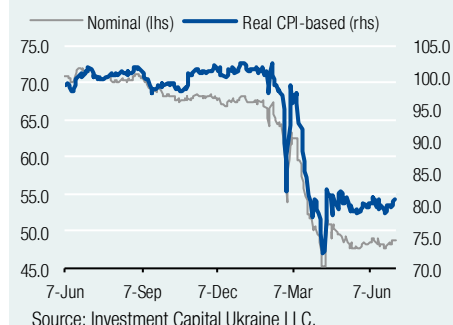
UAH rises 0.30% on June inflation report

Despite poor inflation statistics for June, the UAH rose 0.30% on US\$304.05m in trading. While June inflation data for Ukraine's key trading partners is not fully available, we expect that June CPI and PPI data may result in a faster appreciation of the UAH's real rate than was previous thought. Hence, this year's gains in FX competitiveness could be short-lived.

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ICU's UAH trade-weighted indices

(Last 12-month history to 8 Jul 2014)



FX market indicators (as of 7 Jul 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	11.7150	-0.30	-0.30	-0.51	+42.17
NBU avg	11.7845	-0.36	-0.33	-0.35	+44.58
Ttl vlm ¹	396.93	+66.65	-18.50	-1.23	-85.83
\$ volume ²	304.05	+115.3	-12.91	-6.89	-86.25
NDF 3M	12.2000	+1.04	+0.28	-1.81	+43.78
NDF 6M	12.8050	+2.44	+1.20	-0.93	+45.84
NDF 1Y	13.7550	+0.00	+0.77	-0.69	+46.02
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	48.837	+0.22	+0.95	+0.92	-27.69
UAH real CPI	80.757	+0.22	+0.95	+0.92	-20.10
UAH real PPI	115.521	+0.22	+0.95	+0.92	-16.76
USD nom'l	80.218	-0.06	+0.56	-0.24	+0.23
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	34.4315	-0.11	+1.32	+0.05	+4.75
EUR/USD	1.3605	+0.07	-0.64	-0.28	-1.00
USD/CNY	6.2035	-0.02	+0.01	-0.75	+2.46
USD/PLN	3.0458	-0.20	+0.28	+1.44	+0.75
USD/TRY	2.1291	-0.20	+0.50	+2.48	-0.89
USD/BYR	10,225.00	+0.05	-0.10	+0.84	+7.18
USD/KZT	183.5300	+0.00	+0.01	-0.02	+18.97
OTHER MAJOR CURRENCIES					
USD/JPY	101.8600	-0.20	+0.52	-0.60	-3.28
GBP/USD	1.7128	-0.19	+0.13	+1.94	+3.45
USD/CHF	0.8936	-0.06	+0.77	+0.00	+0.08
AUD/USD	0.9373	+0.09	-0.64	+0.43	+5.11
USD/CAD	1.0684	+0.29	+0.12	-2.26	+0.57
USD/BRL	2.2249	+0.50	+0.48	-1.00	-5.81
USD/KRW	1,010.57	+0.17	-0.13	-0.96	-3.74
COMMODITIES					
Gold(\$/oz)	1,319.94	-0.05	-0.56	+5.32	+9.48
WTI crude ³	103.53	+0.00	-1.75	+0.85	+5.19
Brent crd ³	108.94	-0.65	-2.81	-0.15	-1.70
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	303.75	-0.97	-1.45	-0.49	+8.42

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>).

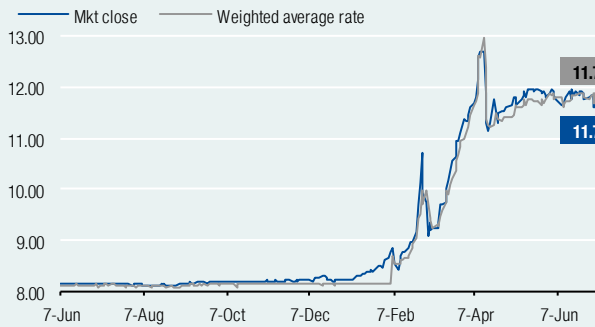
Section on FX market is continued on next page.

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.

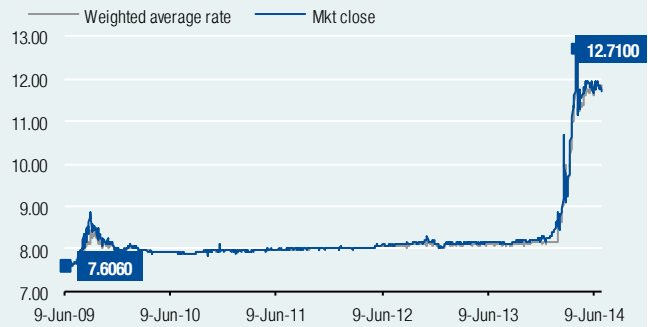
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

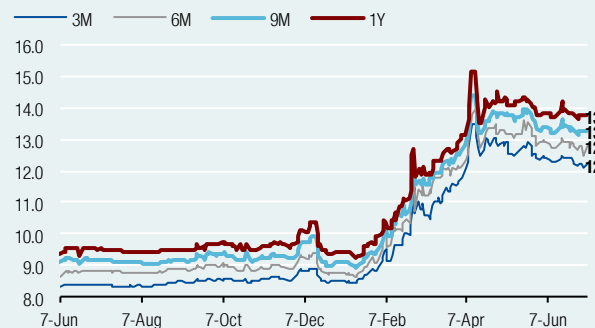


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

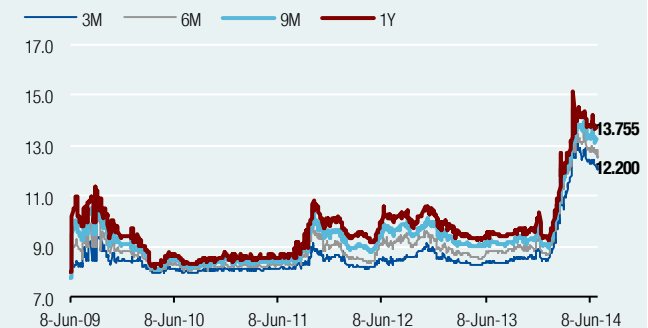


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

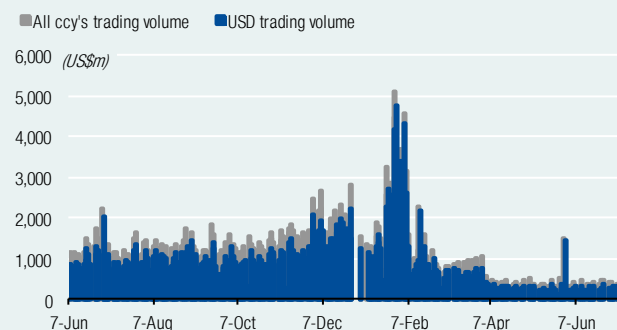


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

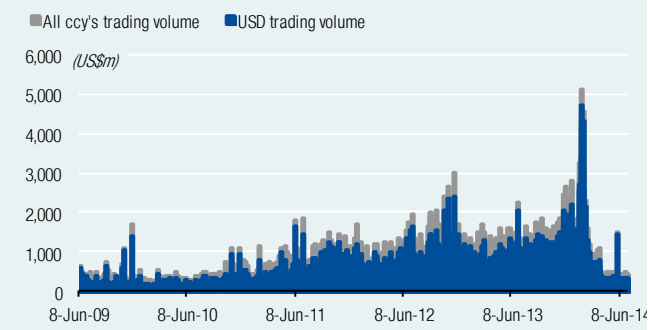


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

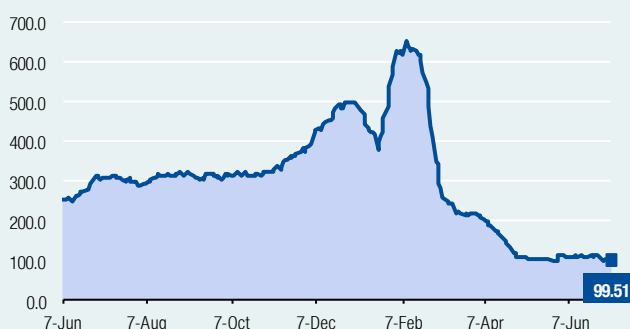


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

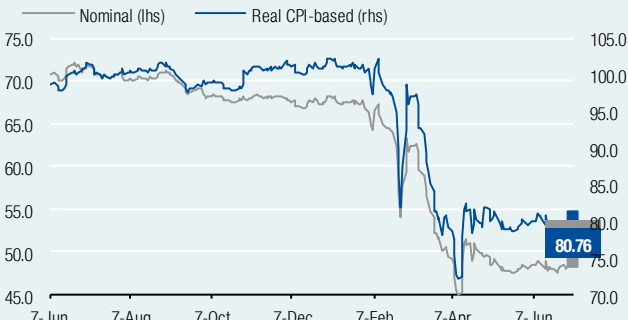


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

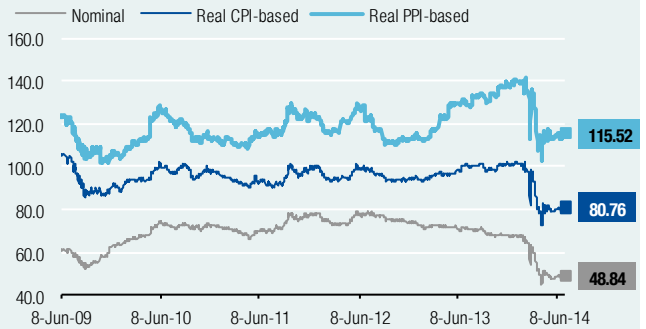
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



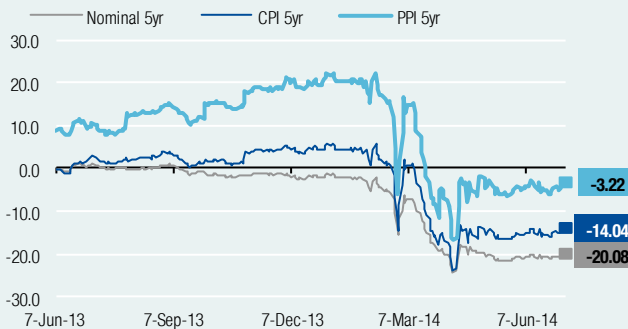
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

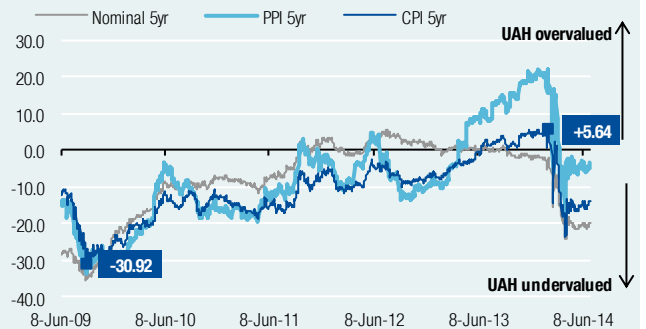


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

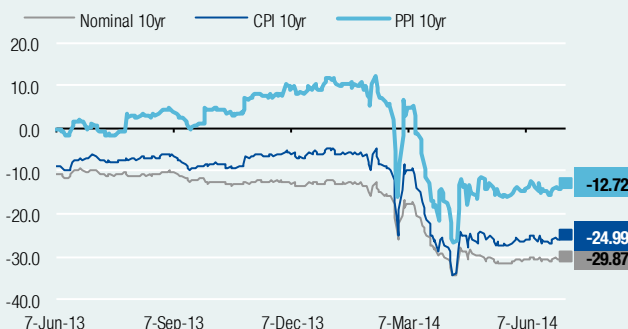


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

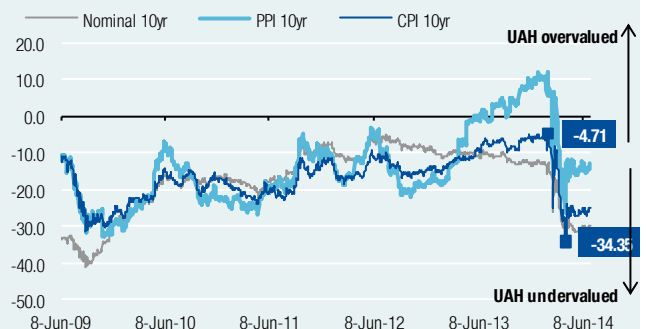


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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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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.

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