

**Trends**

Ukrainian sovereign Eurobonds declined last week after fresh estimates showed that the country must repay a daunting USD 45bn in foreign debt by 2028. According to the schedule of payments published by the Finance Ministry, the payments within the period will include debt redemptions of USD 33bn and another USD 12bn in debt servicing. This year alone, foreign debt repayment is estimated at USD 3.8bn.

Among overall encouraging expectations for Ukraine were the latest agro forecasts suggesting that the national grain harvest should increase by at least 1 million tonnes to 62mn tonnes in 2018. There was some ground for optimism on the political stability front, with the likelihood fading that a pre-term parliamentary election would be called before the presidential election due next March.

The longest outstanding sovereign issue, Ukraine-32s, shed 0.8% to 96.6/97.4 (7.8%/7.7%) and medium-term Ukraine-23s declined by 0.5% 103.7/104.5 (6.9%/6.7%) while Ukraine-19s (due next September) inched up 0.1% to 104.1/104.6 (4.6%/4.3%). The VRI derivatives (linked to Ukraine's future GDP growth with expiration in 2040) fell 1.6% to 68.9/69.9 cents on the dollar.

The 2024 Eurobonds of energy group DTEK edged up by 0.3% to 108.5/109.3 (8.9%/8.8%), while Kernel-22s lost 0.5% to close at 107.0/107.9 (6.6%/6.4%) despite the company's entry into the Chinese market with supplies of sunflower meal, which is the by-product of the extraction of oil from sunflower seeds.

The Eurobonds of state-owned Ukrainian Railways (RAILUA-21s) were unchanged at 105.8/106.7 (7.9%/7.6%).

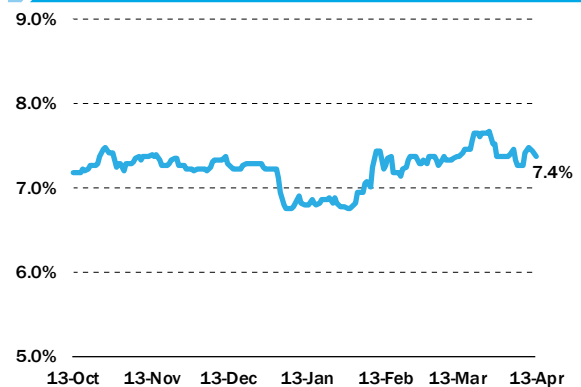
Quasi-sovereign UkrEximBank-25s followed the sovereigns decreasing by 0.4% to 107.1/107.9 (8.4%/8.2%).

The yield on the government's 1-year UAH-denominated treasuries ticked down by 10 bps to bid/ask of 17.75%/16.00%. The Finance Ministry sold a small amount of 329-day (11-month) UAH-denominated treasuries with a yield of 17.00% and 3-year UAH-denominated treasuries at 16.15% at an auction on Apr 10.

On the currency front, the hryvnia broke the UAH 26 level at mid-week but failed to defend it, ending with a decline of 0.5% against the dollar to 26.15 UAH/USD. Meanwhile, the National Bank kept its key refinancing rate unchanged at 17.00% after its board meeting on Apr 12.

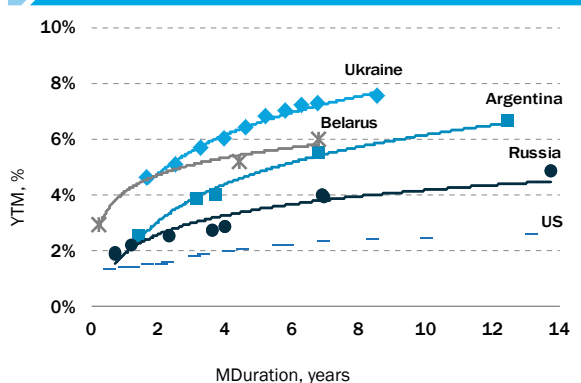
You can receive additional details about developments in Ukrainian fixed income from the Eavex Sales Team at [sales@eavex.com.ua](mailto:sales@eavex.com.ua).

**UKRAINE 10-YEAR BOND YIELD**



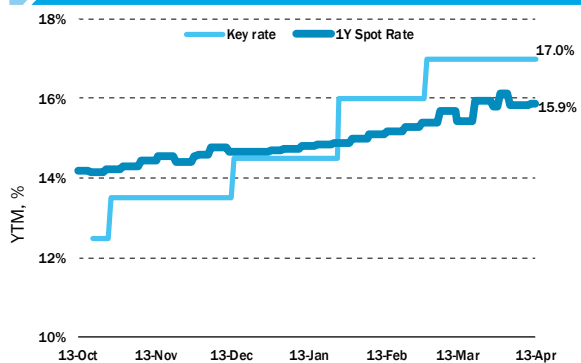
Source: Bloomberg, Eavex Capital

**SOVEREIGN BOND YIELD CURVES**



Source: Bloomberg, Eavex Capital

**KEY INTEREST RATE vs SPOT RATE**



Source: Bloomberg, Eavex Capital

**Highlights**

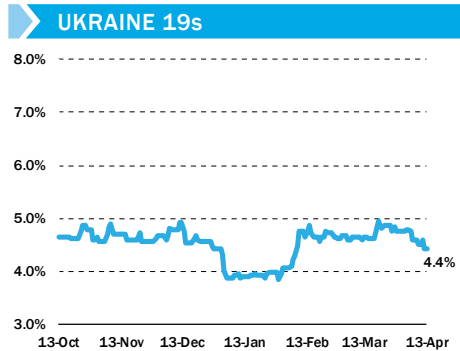
- > Ukraine Offers Support for West's Syria Offensive
- > Headline Inflation Slows by 0.8pp to 13.2% in March

**CURRENCY**

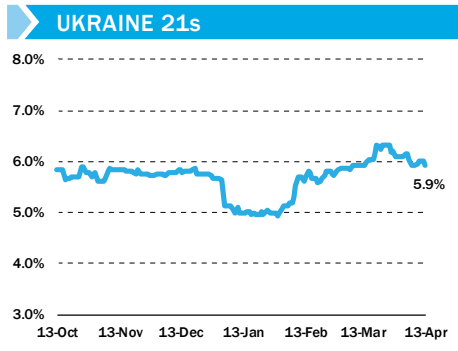
	Last, UAH	1W chg.	1M chg.	YTD
USD/UAH	26.15	0.5%	0.3%	-7.0%
EUR/UAH	32.23	0.9%	0.0%	-4.3%
EUR/USD	1.23	0.4%	-0.3%	2.7%

Source: Bloomberg, Eavex Capital

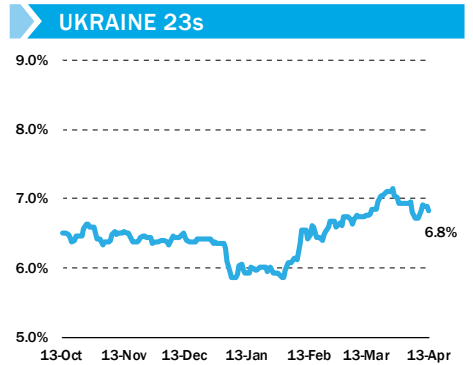
Selected Sovereign Issues



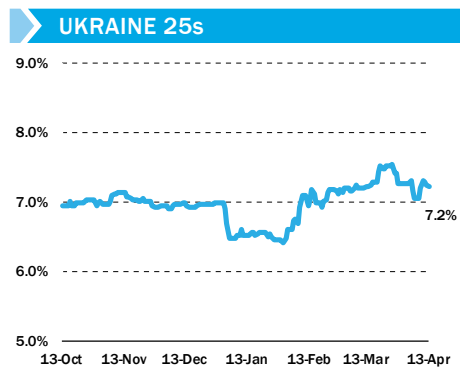
Source: Bloomberg, Eavex Research



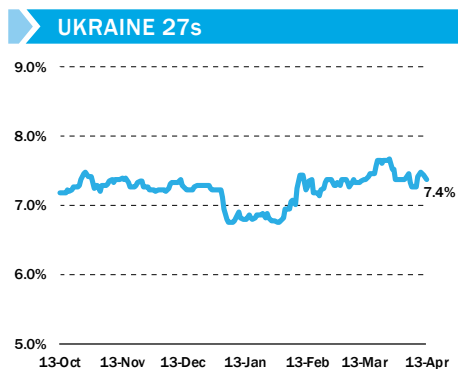
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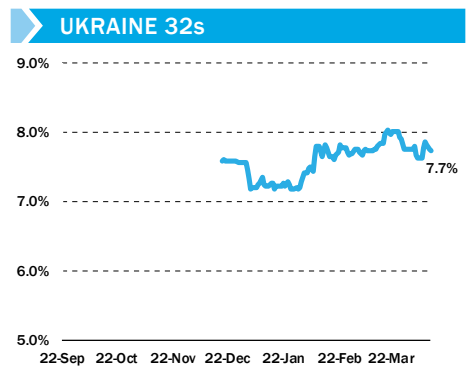
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Source: Bloomberg, Eavex Research

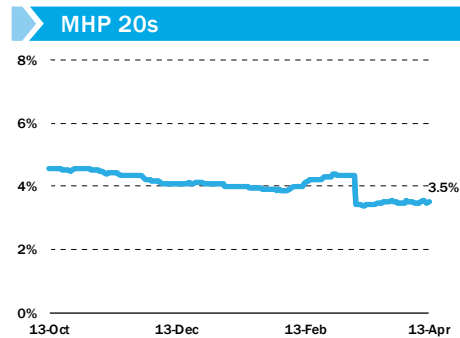


Source: Bloomberg, Eavex Research

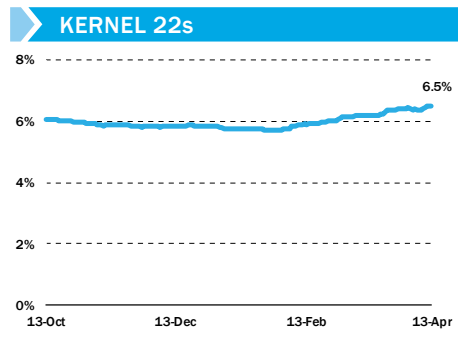


Source: Bloomberg, Eavex Research

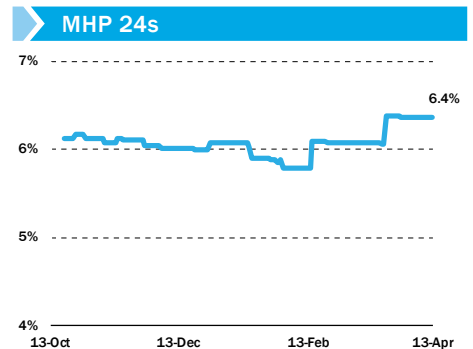
Selected Corporate Issues



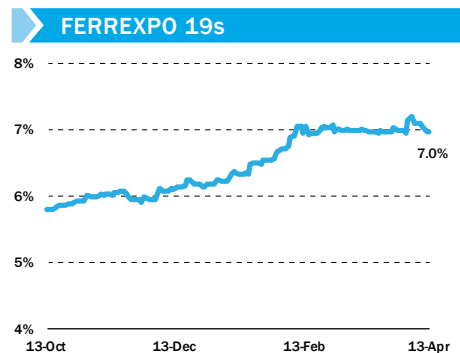
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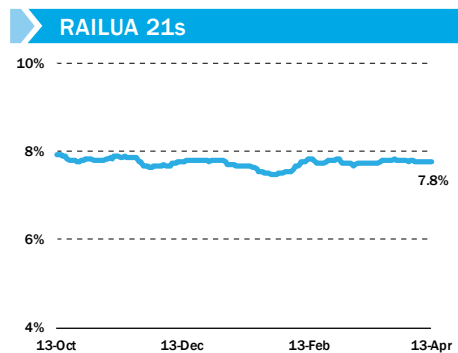
Source: Bloomberg, Eavex Research



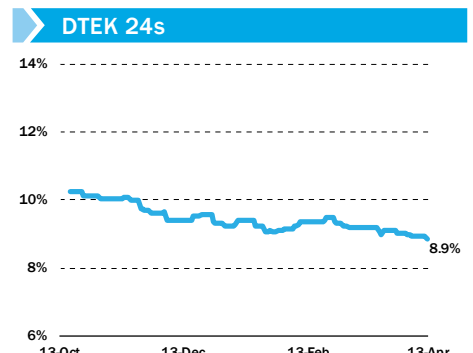
Source: Bloomberg, Eavex Research



Source: Bloomberg, Eavex Research



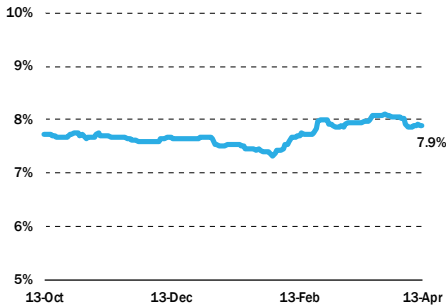
Source: Bloomberg, Eavex Research



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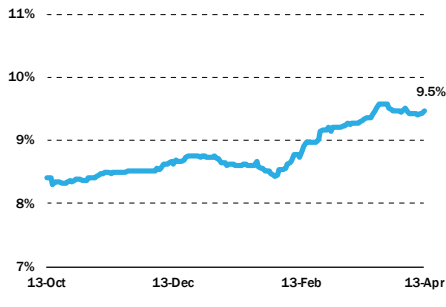
Selected Banking Issues

OSCHADBANK 23s



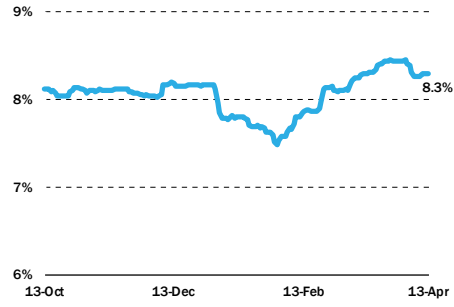
Source: Bloomberg, Eavex Research

UKREXIMBANK 23s



Source: Bloomberg, Eavex Research

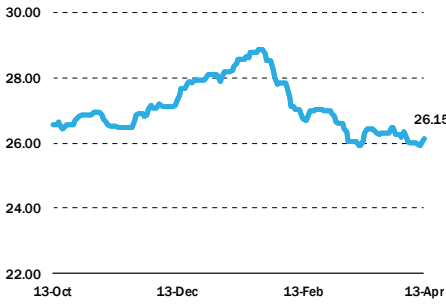
OSCHADBANK 25s



Source: Bloomberg, Eavex Research

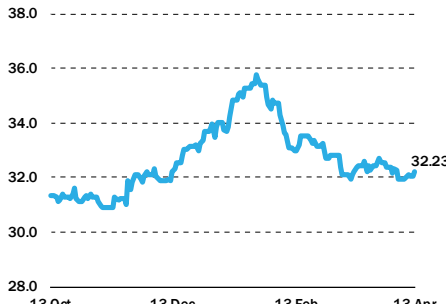
Currency

USD/UAH



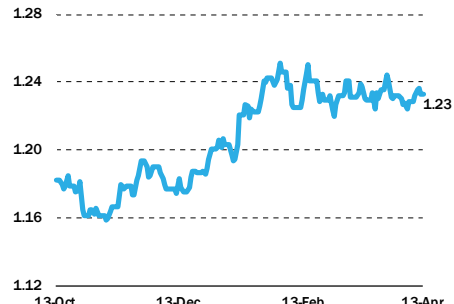
Source: Bloomberg, Eavex Research

EUR/UAH



Source: Bloomberg, Eavex Research

EUR/USD



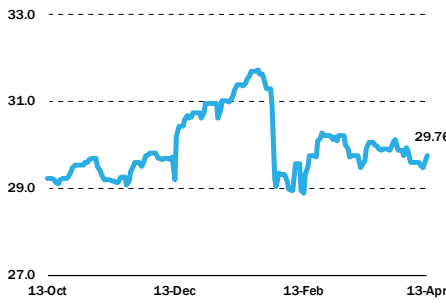
Source: Bloomberg, Eavex Research

1M NDF



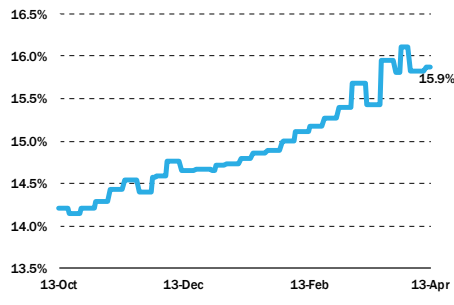
Source: Bloomberg, Eavex Research

12M NDF



Source: Bloomberg, Eavex Research

12M NDF IMPLIED YIELD



Source: Bloomberg, Eavex Research

## Ukraine Offers Support for West's Syria Offensive

by Will Ritter  
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### NEWS

Ukraine's Foreign Ministry, as well as National Security & Defense Council (RNBO) chairman Oleksander Turchinov, made statements in support of Friday's (Apr 13) US/British/French military action against weapons installations in Syria. The attack was carried out in retaliation for the Syrian government's reported use of chemical weapons against its own citizens. A statement on social media attributed to Foreign Minister Pavlo Klimkin said "We stand in solidarity with the allies countering criminal regime that uses chemical weapons and commits appalling crimes against humanity". Turchinov called the action a "proper response" and "just punishment". The Syrian government of Bashar al-Assad is a long-time ally of Russia.

### COMMENTARY

This attack in Syria represents a sharp change of course for the Trump administration in Washington, which had previously seemed to hold non-interventionist views. Although the decision on whether or not to respond militarily to the Assad regime's use of chemical weapons is a complex policy choice with pros and cons each way, we do not believe that actions which increase US-Russian tensions are positive for Ukraine. Particularly concerning to us is that Trump appears to have taken this military step in a strategic vacuum, lacking any formulated vision for resolving the Syrian conflict or consideration of the wider consequences of relations with Moscow. At a time of heightened anti-Russian rhetoric from Ukraine's leaders, it should be remembered that even excluding the eastern Donbass and Crimea, around 35% percent of Ukraine's citizens still live in southeastern provinces that have always voted reliably for pro-Russian parties and candidates. Our expectation is that pro-Russian parties will fare much better in the 2019 parliamentary election than they did in 2014, when the Party of Regions was a ruined and demoralized political force. Even more importantly, pro-Russian voters will likely be the king-makers in Ukraine's presidential election, capable of deciding the deadlock between the country's two opposing nationalist clans. This implies that sooner or later, any serious presidential candidate will have to come up with a tricky strategy: wooing these voters while not alienating the pro-Ukrainian base.

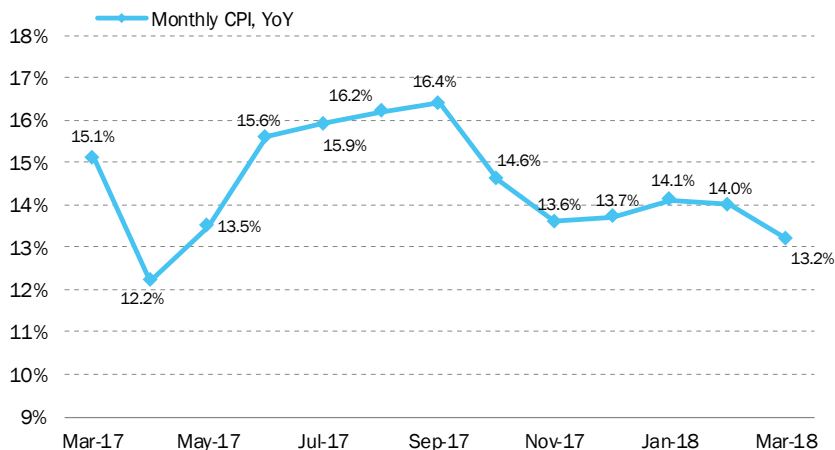
**Headline Inflation Slows by 0.8pp to 13.2% in March**

by Dmitry Churin  
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**NEWS**

Ukraine's State Statistics Committee (UkrStat) reported that rolling 12-month consumer inflation slowed to 13.2% YoY in March from 14.0% YoY in February, according to official data released on Apr 10. UkrStat reported that CPI inflation during the month of March alone was 1.1%.

**UKRAINE'S ROLLING 12-MONTH CPI & PPI INFLATION**



Source: State Statistics Committee

**COMMENTARY**

The slowdown in consumer inflation in March was widely expected as the result of a more favorable comparison base after the data from March 2017 rolled off. Another factor which helped to restrain inflation was the firmness in the national currency. The hryvnia gained 2.0% in March and traded as high as 25.95 UAH/USD last week before slipping back below the UAH 26 level. In March alone, UkrStat's basket of food prices in Ukraine increased by 1.2% MoM, with vegetables moving higher by 5.0%. Utility service and healthcare prices edged up by 0.3% and 0.8% respectively while gasoline and other fuel prices declined by 2.5% as their import became cheaper due to the strength in the hryvnia.

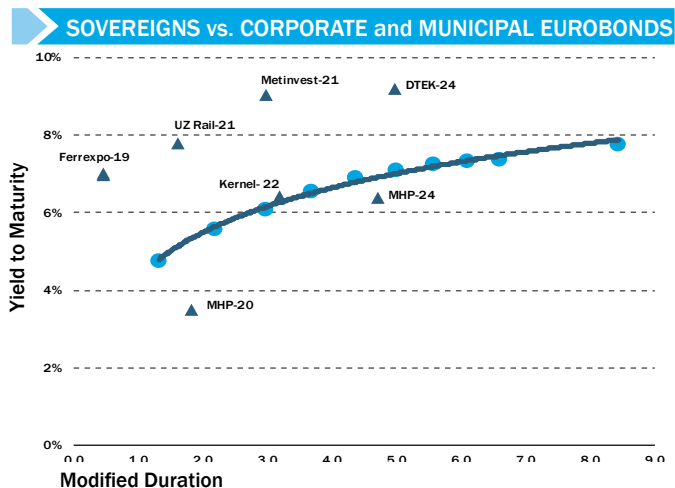
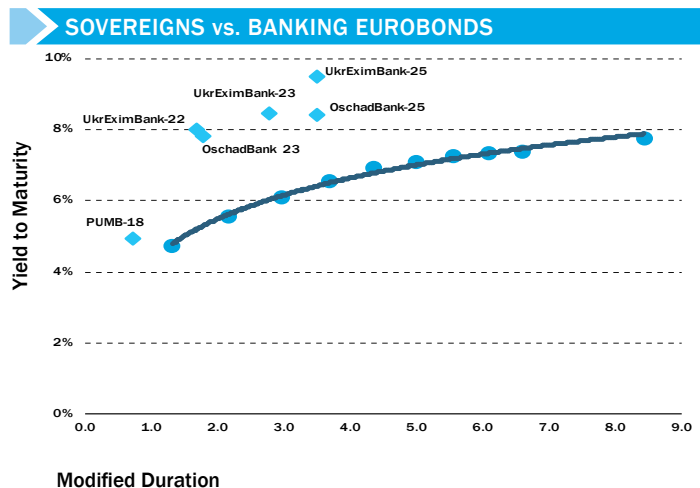
For April we do not see any particular driver for inflation. We expect the month-on-month CPI to climb by 0.3% with a further slowing in headline inflation to 12.7% YoY.

**UKRAINIAN EUROBONDS**

Issue	Price Bid	Price Ask	Price ch., W/W, %	YTM Bid, %	YTM Ask, %	YTM ch., W/W, bps	MDuration, years	Coupon	Maturity Date	Volume USD mn	Currency	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>												
Ukraine, 2019	104.1	104.6	0.1%	4.6%	4.3%	-14.2	1.3	7.75%	1 Sept 2019	1,744	USD	Caa2/B-/B-
Ukraine, 2020	105.1	105.6	0.5%	5.4%	5.2%	-24.3	2.1	7.75%	1 Sept 2020	1,780	USD	Caa2/B-/B-
Ukraine, 2021	105.3	105.8	-0.1%	6.0%	5.8%	0.8	2.9	7.75%	1 Sept 2021	1,409	USD	Caa2/B-/B-
Ukraine, 2022	104.9	105.4	-0.1%	6.4%	6.3%	1.3	3.7	7.75%	1 Sept 2022	1,384	USD	Caa2/B-/B-
Ukraine, 2023	103.7	104.5	-0.5%	6.9%	6.7%	11.4	4.3	7.75%	1 Sept 2023	1,355	USD	Caa2/B-/B-
Ukraine, 2024	103.0	103.8	-0.8%	7.2%	7.0%	15.3	5.0	7.75%	1 Sept 2024	1,339	USD	Caa2/B-/B-
Ukraine, 2025	102.7	103.4	-0.9%	7.3%	7.1%	15.9	5.5	7.75%	1 Sept 2025	1,329	USD	Caa2/B-/B-
Ukraine, 2026	102.5	103.2	-0.8%	7.3%	7.2%	12.6	6.1	7.75%	1 Sept 2026	1,318	USD	Caa2/B-/B-
Ukraine, 2027	102.2	102.9	-0.7%	7.4%	7.3%	11.3	6.6	7.75%	1 Sept 2027	1,307	USD	Caa2/B-/B-
Ukraine, 2032	96.6	97.4	-0.8%	7.8%	7.7%	9.3	8.4	7.375%	25 Sept 2032	3,000	USD	//B-
Ukraine, GDP-linked	68.9	69.9	-1.6%	n/a	n/a	n/a	na	n/a	31 May 2040	3,214	USD	/B-/
<b>Corporate Eurobonds</b>												
Agroton, 2019	16.0	20.6	0.0%	0%	0%	0	0.5	6.00%	14 Jul 2019	18	USD	//
Kernel, 2022	107.0	107.9	-0.5%	6.6%	6.4%	13	3.2	8.75%	31 Jan 2022	500	USD	/B/B+
MHP, 2020	108.3	109.4	-0.2%	3.8%	3.2%	6.6	1.8	8.25%	2 Apr 2020	750	USD	/B-/B-
MHP, 2024	106.6	107.1	0.0%	6.4%	6.3%	-0.3	4.7	7.75%	10 May 2024	500	USD	//
Avangardco, 2018	20.8	23.9	4.2%	0%	0%	0	0.1	10.00%	29 Oct 2018	206	USD	//
UkrLandFarming, 2018	21.0	22.2		0%	0%	0	n/a	10.88%	26 Mar 2018	275	USD	/CC/
Mriya, 2016	7.0	9.0	n/a	n/a	n/a	n/a	n/a	10.95%	30 Mar 2016	72	USD	IN DEFAULT
Mriya, 2018	7.5	9.5	n/a	n/a	n/a	n/a	n/a	9.45%	19 Apr 2018	400	USD	IN DEFAULT
DTEK, 2024	108.5	109.3	0.3%	8.9%	8.8%	-8.0	4.6	10.75%	12 Dec 2024	1,275	USD	//
Metinvest, 2021	104.8	105.5	0.0%					9.37%	31 Dec 2021	1,197	USD	//
Ferrexpo, 2019	102.6	103.7	0.1%	7.5%	6.4%	-15.3	0.9	10.375%	07 Apr 2019	186	USD	Caa3/CCC/CC
Ferrexpo, 2019	102.6	103.7	0.1%	7.6%	6.4%	-12.7	0.9	10.375%	07 Apr 2019	161	USD	Caa3/CCC/CC
UZ Rail, 2018	105.8	106.7	0.0%	7.9%	7.6%	-0.9	1.6	9.50%	21 May 2018	500	USD	/CCC+/CCC
Interepipe, 2017	28.8	34.7	0.0%	n/a	n/a	n/a	n/a	10.25%	2 Aug 2017	200	USD	IN DEFAULT
JKX Oil&Gas, 2020								14.00%	19 Feb 2020	16	USD	//
<b>Bank Eurobonds</b>												
Fin&Credit Bank, 2019	0.7	1.5	n/a	n/a	n/a	n/a	n/a	9.25%	25 Jan 2019	100	USD	IN DEFAULT
PUMB, 2018	103.2	105.2	0.0%	6.4%	3.5%	-11.9	0.7	11.00%	31 Dec 2018	252	USD	//
Nadra Bank, 2018	0.4	1.0	-0.2%	n/a	n/a	n/a	0.0	6.25%	31 Jun 2018	60	USD	IN DEFAULT
PrivatBank, 2018-2	28.0	38.0	0.0%	n/a	n/a	n/a	n/a	10.25%	23 Jan 2018	200	USD	IN DEFAULT
PrivatBank, 2021	10.4	12.9	-3.9%	n/a	n/a	n/a	1.3	11.00%	09 Feb 2021	220	USD	IN DEFAULT
PrivatBank, 2018	28.8	31.8	0.6%	n/a	n/a	n/a	n/a	10.88%	28 Feb 2018	175	USD	IN DEFAULT
UkrEximBank, 2022	105.5	106.4	-0.2%	8.0%	7.7%	6.6	n/a	9.625%	27 Apr 2022	750	USD	Caa3//CCC
UkrEximBank, 2023	98.9	101.0	-0.1%	9.7%	9.2%	3.5	4.0	7.51%	9 Feb 2023	125	USD	Caa3//CCC
UkrEximBank, 2025	107.1	107.9	-0.4%	8.4%	8.2%	7.5	3.1	9.75%	22 Jan 2025	500	USD	Caa3//CCC
VAB Bank, 2019	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9.00%	14 Jun 2019	88	USD	IN DEFAULT
Oschadbank, 2023	105.5	106.4	-0.1%	8.0%	7.8%	1.5	1.6	8.25%	10 Mar 2023	700	USD	Caa3//CCC
Oschadbank, 2025	106.4	107.4	-0.2%	8.4%	8.2%	3.4	2.8	8.88%	20 Mar 2025	500	USD	Caa3//CCC
<b>Municipal Eurobonds</b>												
City of Kyiv, 2015	85.0	88.7	0.1%	n/a	n/a	n/a	n/a	8.00%	6 Nov 2015	101	USD	IN DEFAULT

<sup>1</sup> Moody's/S&P/Fitch

Source: Bloomberg, Cbonds, Eavex Research



**UKRAINIAN DOMESTIC BONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume UAH mn
<b>UAH denominated Bonds</b>									
UA80426			17.50%	16.00%	n/a	n/a	S/A	10 Apr .2019	n/a
<b>VAT Bonds</b>									
UA4000185151			17.75%	16.00%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			17.75%	16.00%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			17.75%	16.00%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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