



CONCORDE CAPITAL

# UAH/USD exchange rate

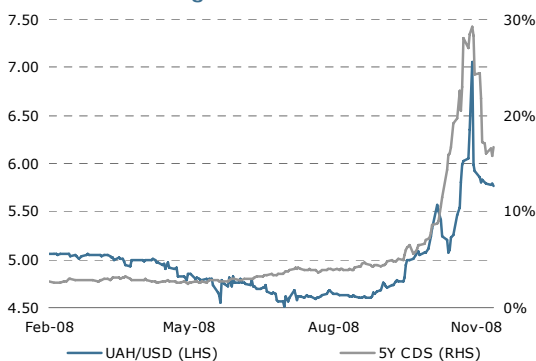
## NBU and IMF action calms FX market

November 12, 2008

**Andrii Parkhomenko**  
pav@concorde.com.ua  
+380 44 391 5577

- The UAH/USD exchange rate has been relatively stable since Oct. 30 thanks to preemptive action by the NBU and signing of the USD 16.4 bln IMF loan agreement
- In our view, the current stability is more artificial than fundamental, and we expect more volatility through yearend

UAH/USD exchange rate and 5Y CDS



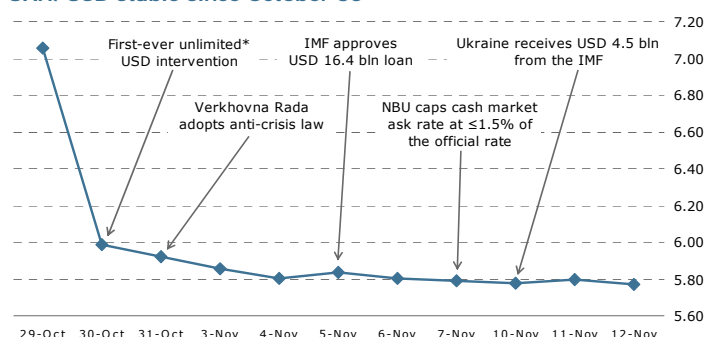
Source: Bloomberg

### NBU actions and IMF loan stabilize UAH/USD rate

From Oct. 30 - Nov. 12, the UAH/USD exchange rate has been relatively stable compared to the severe volatility observed over September-October. The National Bank of Ukraine managed to saturate the market with dollars: every day from Oct. 30 to Nov. 10 and on Nov. 12, the NBU intervened on the interbank market, on some days selling as many dollars as demanded by the market, whereas before it sold only a certain amount each day. In addition, on Nov. 7, the NBU capped the asking price for dollars for participants of the cash FX market at no more than 1.5% over the official rate.

Another crucial factor working to calm the market was the up to USD 16.4 bln standby loan to Ukraine from the International Monetary Fund. By November 10, Ukraine had received the first tranche of USD 4.5 bln, according to Finance Minister Viktor Pynzenyk. CDS contracts on Ukraine's sovereign five-year debt began to fall from a record high of 2,916 bps on Oct. 28, the day after the Verkhovna Rada passed, in its first reading, the legislative package required to receive the IMF loan.

### UAH/USD stable since October 30



\* NBU sold as many dollars as demanded by the market, versus selling only a certain amount

Source: Bloomberg

### We may see more volatility soon

In our view, it is likely that the recent stabilization on the FX market is the result of the NBU's action to soothe anxiety rather than any fundamental factors. The deal reached with the IMF envisages targeting NBU reserves and keeping exchange rates flexible. The amount of interventions will be limited, thus we may see more volatility soon.

FLASH NOTE

FLASH NOTE

FLASH NOTE

**Concorde Capital, Head office**  
 2 Mechnikova Street, 21st Floor  
 Parus Business Centre  
 Kyiv 01601, Ukraine  
 Tel.: +380 44 391 5577  
 Fax: +380 44 391 5571

www.concorde.ua

**Concorde Capital**  
 4 Fourth Lesnoy Pereulok, 5th Floor  
 Capital Plaza  
 Moscow 125047, Russia  
 Tel.: +7 495 642 87 15  
 Fax: +7 495 225 85 00

office@concorde.com.ua

**CEO**

Igor Mazepa im@concorde.com.ua

**Head of Equity Sales**

Roman Nasirov rn@concorde.com.ua

**Equity Sales**

Anastasiya Nazarenko an@concorde.com.ua  
 Marina Martirosyan mm@concorde.com.ua  
 Andriy Supranonok sap@concorde.com.ua  
 Alyona Degrik dav@concorde.com.ua

**Director of Research**

Konstantin Fisun, CFA kf@concorde.com.ua

**RESEARCH**

**Strategy**

Konstantin Fisun kf@concorde.com.ua  
 Oleksandr Klymchuk ok@concorde.com.ua

**Metals & Mining**

Eugene Cherviachenko ec@concorde.com.ua  
 Andriy Gerus ga@concorde.com.ua

**Utilities (Telecom, Energy)**

Alexander Paraschiy ap@concorde.com.ua

**Oil & Gas, Chemicals, Pharmaceuticals**

Vladimir Nesterenko vn@concorde.com.ua

**Real Estate/Construction**

Andriy Gostik, CFA ag@concorde.com.ua  
 Alexander Romanov ar@concorde.com.ua

**Consumer-related**

Olha Pankiv op@concorde.com.ua  
 Anna Dudchenko ad@concorde.com.ua

**Machinery**

Inna Perepelytsya pi@concorde.com.ua

**Financial Services, Retail**

Alexander Viktorov av@concorde.com.ua

**Economics**

Andrii Parkhomenko pav@concorde.com.ua

**Fixed Income**

Oleksandr Klymchuk ok@concorde.com.ua

**Editor**

Brad Wells bw@concorde.com.ua

**Disclaimer**

THIS REPORT HAS BEEN PREPARED BY CONCORDE CAPITAL INVESTMENT BANK INDEPENDENTLY OF THE RESPECTIVE COMPANIES MENTIONED HEREIN FOR INFORMATIONAL PURPOSES ONLY. CONCORDE CAPITAL DOES AND SEEKS TO DO BUSINESS WITH COMPANIES COVERED IN ITS RESEARCH REPORTS. AS A RESULT, INVESTORS SHOULD BE AWARE THAT CONCORDE CAPITAL MIGHT HAVE A CONFLICT OF INTEREST THAT COULD AFFECT THE OBJECTIVITY OF THIS REPORT.

THE INFORMATION GIVEN AND OPINIONS EXPRESSED IN THIS DOCUMENT ARE SOLELY THOSE OF CONCORDE CAPITAL AS PART OF ITS INTERNAL RESEARCH COVERAGE. THIS DOCUMENT DOES NOT CONSTITUTE OR CONTAIN AN OFFER OF OR AN INVITATION TO SUBSCRIBE FOR OR ACQUIRE ANY SECURITIES. THIS DOCUMENT IS CONFIDENTIAL TO CLIENTS OF CONCORDE CAPITAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED OR GIVEN TO ANY OTHER PERSON.

CONCORDE CAPITAL, ITS DIRECTORS AND EMPLOYEES OR CLIENTS MIGHT HAVE OR HAVE HAD INTERESTS OR LONG/SHORT POSITIONS IN THE SECURITIES REFERRED TO HEREIN, AND MIGHT AT ANY TIME MAKE PURCHASES AND/OR SALES IN THEM AS A PRINCIPAL OR AN AGENT. CONCORDE CAPITAL MIGHT ACT OR HAS ACTED AS A MARKET-MAKER IN THE SECURITIES DISCUSSED IN THIS REPORT. THE RESEARCH ANALYSTS AND/OR CORPORATE BANKING ASSOCIATES PRINCIPALLY RESPONSIBLE FOR THE PREPARATION OF THIS REPORT RECEIVE COMPENSATION BASED UPON VARIOUS FACTORS, INCLUDING QUALITY OF RESEARCH, INVESTOR/CLIENT FEEDBACK, STOCK PICKING, COMPETITIVE FACTORS, FIRM REVENUES AND INVESTMENT BANKING REVENUES.

PRICES OF LISTED SECURITIES REFERRED TO IN THIS REPORT ARE DENOTED IN THE CURRENCY OF THE RESPECTIVE EXCHANGES. INVESTORS IN FINANCIAL INSTRUMENTS SUCH AS DEPOSITORY RECEIPTS, THE VALUES OR PRICES OF WHICH ARE INFLUENCED BY CURRENCY VOLATILITY, EFFECTIVELY ASSUME CURRENCY RISK.

DUE TO THE TIMELY NATURE OF THIS REPORT, THE INFORMATION CONTAINED MIGHT NOT HAVE BEEN VERIFIED AND IS BASED ON THE OPINION OF THE ANALYST. WE DO NOT PURPORT THIS DOCUMENT TO BE ENTIRELY ACCURATE AND DO NOT GUARANTEE IT TO BE A COMPLETE STATEMENT OR SUMMARY OF AVAILABLE DATA. ANY OPINIONS EXPRESSED HEREIN ARE STATEMENTS OF OUR JUDGMENTS AS OF THE DATE OF PUBLICATION AND ARE SUBJECT TO CHANGE WITHOUT NOTICE. REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART WITHOUT PRIOR PERMISSION IS PROHIBITED.

NEITHER THIS DOCUMENT NOR ANY COPY HEREOF MAY BE TAKEN OR TRANSMITTED INTO THE UNITED STATES OR DISTRIBUTED IN THE UNITED STATES OR TO ANY U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), OTHER THAN TO A LIMITED NUMBER OF "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) SELECTED BY CONCORDE CAPITAL.

THIS DOCUMENT MAY ONLY BE DELIVERED WITHIN THE UNITED KINGDOM TO PERSONS WHO ARE AUTHORIZED OR EXEMPT WITHIN THE MEANING OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") OR TO PERSONS WHO ARE OTHERWISE ENTITLED TO RECEIVE THIS DOCUMENT UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, OR ANY OTHER ORDER MADE UNDER THE FSMA.