



CONCORDE CAPITAL

# UAH/USD exchange rate

Conference call notes

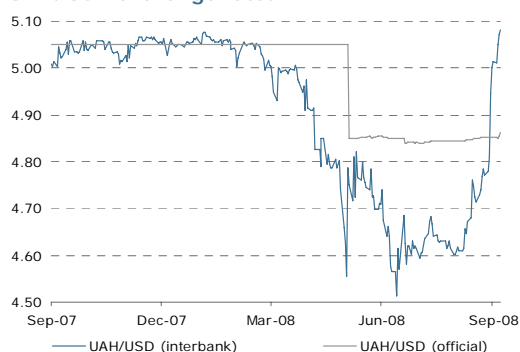
September 25, 2008

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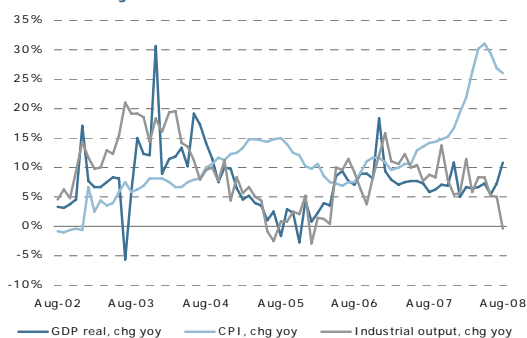
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## UAH/USD exchange rates



Source: Bloomberg

## Business cycle indicators



Source: State Statistics Committee

Today Concorde Capital hosted a conference call with the NBU's Poroshenko, economist Burakovsky and banker Gorbunenko on the hryvnya exchange rate...

- ...short-term factors leading the hryvnya to weaken against the dollar last week have played out
- ...the UAH will not return to its summer-2008 level
- ...in 2009, the hryvnya will depreciate further

### Participants

**Petro Poroshenko**, Chairman of the Supervisory Council, National Bank of Ukraine

**Igor Burakovsky**, Doctor of Economic Sciences, Head of the Institute for Economic Research and Policy Consulting

**Denis Gorbunenko**, Chairman of the Board, Rodovid Bank

### Poroshenko: UAH/USD rate jump is over

Petro Poroshenko said that the jump in the UAH/USD exchange rate has ended, as the main factors depreciating the hryvnya, foreign investors withdrawing money from Ukraine and Naftogaz of Ukraine's USD purchases, have played out (see our flash note of Sept. 19). However, in Poroshenko's view, the hryvnya will not return to its summer-2008 level. He also noted that fundamentally Ukraine's economy is quite healthy and would continue growing in 2009.

### Burakovsky: UAH to depreciate slightly in long-term

Participants agreed that in 2009 the hryvnya will further depreciate, but not as dramatically. Igor Burakovsky noted that it is improbable the UAH/USD rate would reach 5.40-5.50.

### Gorbunenko: Ukraine lucked out of global market turmoil

Denis Gorbunenko said that Ukraine is lucky to be as decoupled as it is from the global financial system – low sovereign ratings and low exposure to derivative markets prevented high debt and limited investment in riskier asset-classes.

### Our view...

We stick to our yearend UAH/USD rate forecast of 4.95 and believe that in 2009, the hryvnya will continue weakening. We are currently reviewing our 2009 yearend projection. We also want to draw attention to critical factors that will influence the rate in 2009: the prices for exported steel and imported natural gas. Fluctuations in these prices could impact C/A balance, and therefore the exchange rate, significantly.

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