



CONCORDE CAPITAL

Equities pull Split-S

Low levels present speculative opportunities

May 15, 2009

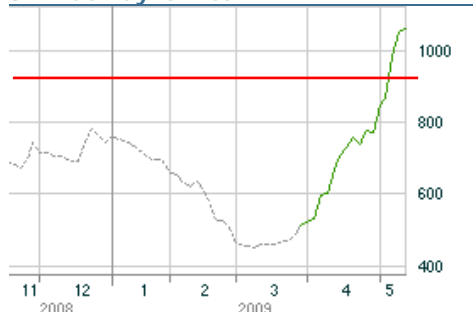
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- **Ukrainian equities saw a heightened volatility this week, with many blue chips swinging back and forth at double digit rates**
- **In our view, this presents an opportunity for agile investors to scoop up key liquid names at low levels**

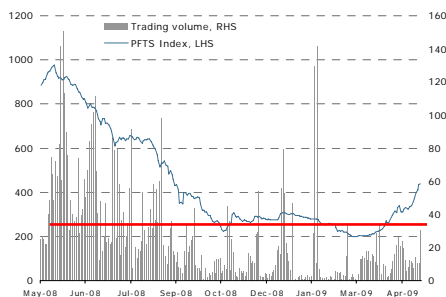
Key market data

Performance	
UX Index (as of May 14, 09)	1021.9
chg YTD/1m/1y	34%/44%/-56%
PFTS Index (as of May 14, 09)	412.1
chg YTD/1m/1y	37%/35%/-57%

UX index dynamics



PFTS index and volume dynamics*



* Volumes adjusted for large non-market trades on certain dates
Source: PFTS

Volatility increases as indices break benchmark levels

After on May 8 the PFTS index broke the level of 400 and the UX index crossed 1000, the market stepped into the zone of increased volatility. On Wednesday, Ukrainian equities ran into a stiff headwind, snapping their streak of gains (the Ukrainian Exchange (UX) made 46% over preceding seven days; the PFTS rose 36% over the preceding eight days). The UX index ended the day down 9.4% on Wednesday and PFTS followed with a 6.1% decline yesterday. Blue chips on both exchanges shed 6%-14% on Wednesday and yesterday posted double digit growth on the USE but moved in mixed directions on the PFTS.

Closing quotes mask intraday jumps

While daily price changes on both exchanges were remarkable in themselves, what was disguised for an investor's eye in the closing quotes is even more dramatic intraday volatility: on Wednesday prices on the PFTS fell from highs to lows intraday by as much as 24% for AZST, 15% for UNAF, 37% for USCB, 26% for FORM, 26% for ENMZ, etc.

Ideal time for speculative opportunities?

We believe that extreme volatility on low volumes will continue to be characteristic of the domestic equity market in the nearest months. We expect local players to continue distorting prices, as global markets oscillate in different directions. We see this as an opportunity for agile investors to earn speculative profits by taking positions at low levels in some of the most liquid names such as UNAF, CEEN, ZAEN, ENMZ and AZST (daily trading volumes from UAH 0.7 mln to UAH 7 mln).

FLASH NOTE

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Stock performance, Ukrainian stock Exchange

Stock	May 13		May 14	
	Chg, dod	Trading value, UAH mln	Chg, dod	Trading value, UAH mln
ALMK	-10.1%	0.68	11.3%	0.36
AZST	-10.4%	0.82	11.6%	0.75
BAVL	-13.5%	0.84	15.6%	0.53
CEEN	-9.3%	1.86	10.3%	0.75
ENMZ	-10.2%	0.87	11.4%	0.96
FORM	-14.1%	0.38	16.4%	0.39
MSICH	-8.2%	0.34	8.9%	0.32
UNAF	-8.8%	1.40	9.6%	0.71
USCB	-12.2%	0.91	13.8%	1.07
UTLM	-6.8%	0.64	7.2%	0.39
ZAEN	-7.8%	0.78	8.4%	0.27

Source: Ukrainian Stock Exchange

Stock performance, PFTS

Stock	May 13		May 14	
	Chg, dod	Trading value, UAH mln	Chg, dod	Trading value, UAH mln
ALMK	-7.8%	1.71	-4.9%	0.55
AZST	-12.2%	1.20	1.5%	1.11
BAVL	-6.3%	1.04	3.0%	8.86
CEEN	-5.5%	2.42	-0.7%	6.32
ENMZ	-10.3%	2.23	-4.2%	16.43
FORM	-13.7%	1.40	2.7%	10.17
MSICH	-7.3%	1.61	-1.0%	6.54
UNAF	-10.9%	2.47	0.4%	3.44
USCB	-10.9%	1.13	5.7%	8.66
UTLM	-8.6%	0.23	4.1%	1.09
ZAEN	-0.7%	0.98	-1.1%	n/a

Source: PFTS





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