

Trends

There was a broad downward move in Ukrainian Eurobonds last week after several US and European officials expressed concern regarding possible military aggression from Russia this winter. The US-based Politico outlet had earlier published new satellite images that the journalists claim confirm recent reports that Russia is again massing troops and military hardware on the border with Ukraine. However, in a strange twist, Ukraine's National Security Council head Oleksiy Danilov called the Politico report inaccurate and denied that additional Russian units had been moved near the border.

Meanwhile, there was news that the IMF board is due to consider the allocation of a USD 700mn loan disbursement to Ukraine on Nov 22. There is a high probability that the country will get this tranche, which should help to improve Ukraine's overall macroeconomic stability.

Quotes for the actively traded Ukraine-28s issue sold off by 1.7% to 114.1 (7.3% YtM) and the medium-term benchmark Ukraine-26s fell 1.1% to 106.1 (6.0% YtM). In contrast, the VRI derivatives (linked to Ukraine's future GDP growth with expiration in 2040) surprisingly gained 1.1% to 105.0 cents on the dollar.

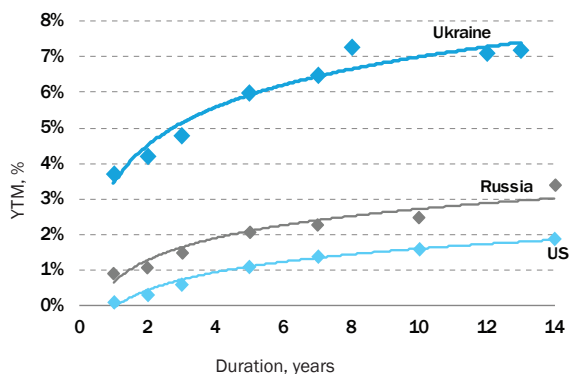
Among corporate Ukrainian Eurobonds, the worst performances were in MHP-29s which slipped by 1.4% to 103.5 (6.1% YtM), and in Metinvest-26s, which dropped by 1.9% to 108.9 (5.8% YtM). Quasi-sovereign banking issues were also lower with OschadBank-25s declining by 0.8% to 106.0 (6.2% YtM).

The primary domestic bond auction brought in an equivalent of UAH 11.7bn in proceeds last Tuesday, including proceeds from a placement of EUR 167mn 1-year treasuries at 2.5%. In UAH-denominated treasuries, the 6-year issue was offered at a yield of 13.25% while the 1-year bond was sold at 11.57%. On the secondary market, bid/ask quotes for the 1-year domestic bond stood at 12.2%/11.5%.

On the currency market, the hryvnia dropped by 0.5% to 26.25 UAH/USD amid the broad gains in the US dollar against most other currencies last week.

You can receive additional details about developments in Ukrainian fixed income from the Eavex Sales Team at research@eavex.com.ua.

SOVEREIGN BOND YIELD CURVES



Source: Bloomberg, Eavex Capital

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	8.5%	0.0 p.p.	+2.5 p.p.
UAH 1-year bond	12.2%/11.5%	+0.1 p.p.	+0.7 p.p.
Ukraine-2025	6.0%	0.1 p.p.	1.1 p.p.
Ukraine-2028	7.3%	0.4 p.p.	1.0 p.p.

CURRENCY

	Last, UAH	1W chg.	YTD
USD/UAH	26.25	0.5%	-7.1%
EUR/UAH	30.03	-0.2%	-13.6%

Source: Eavex Capital

Highlights

- > Top Media Outlet Critical of Zelenskiy Shut Down by Owner
- > Ukraine CPI Up 0.9% in October, Putting 12M Inflation at 10.9%

Top Media Outlet Critical of Zelenskiy Shut Down by Owner

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NEWS

The English-language Kyiv Post, one of the highest-profile media outlets in Ukraine over the last 20 years, was suddenly shut down by its owner last week (Nov 8) for unspecified reasons. The owner, real estate developer Adnan Kivan, has said he intends to re-open the online newspaper in a multilingual format, but the entire current staff was fired, including longtime chief editor Brian Bonner. Kivan, who bought the outlet 3 years ago, made his fortune in Odessa real estate, and his net worth has been estimated at some USD 250mn, making him one of Ukraine's 50 richest people. Members of the Kyiv Post staff suggested that Kivan chose to end the operations of the outlet due to pressure from the Zelenskiy administration, as the newspaper had at times been critical of Zelenskiy's reform record and his style of governing. Separately, another fixture in Ukraine's media landscape, the Channel 5 television station, was sold by former President Petro Poroshenko to a group of current and former employees. Poroshenko said he was forced to sell the station due to Ukraine's new "oligarch law", which bars citizens labeled by the National Security Council as oligarchs from involvement in politics. The law is a key piece of President Zelenskiy's reform agenda. Channel 5 played a major role in both of Ukraine's pro-Western revolutions in 2004-05 and 2013-14.

COMMENTARY

It is unclear whether the Kyiv Post might be revived in some form by another investor while the editorial and reporting team remains intact, as the outlet has long provided a key service to the diplomatic and business communities in Ukraine. One irony here is that the Bonner-led Kyiv Post had taken a far more aggressive tone in its opposition to previous Ukrainian presidents Poroshenko and (especially) Victor Yanukovich than it has taken with Zelenskiy; but even the relatively tame criticisms of the current president which the paper published may have been enough to draw pressure on Kivan. Throughout his tenure beginning in 2008, Brian Bonner was the key figure at the Kyiv Post under 3 different owners, driving editorial policy and mentoring dozens of young Ukrainian journalists, as well as a significant number of Western reporters who came to Ukraine in search of experience. The apparent loss of the Kyiv Post, along with the likely weakening of Channel 5, will put extra responsibility on the shoulders of the country's remaining editorially independent pro-Western media outlets, most notably Ukrayinska Pravda and Zerkalo Nedeli.

Ukraine CPI Up 0.9% in October, Putting 12M Inflation at 10.9%

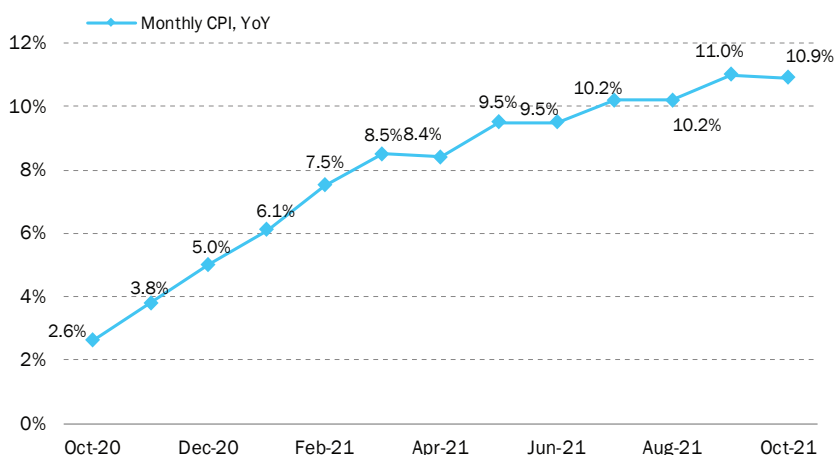
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NEWS

Ukraine’s State Statistics Committee (UkrStat) said that consumer prices grew by 0.9% in October, putting 12-month rolling inflation at 10.9%, ticking down from 11.0% YoY in September. In the individual inflation basket categories, there was a spike in the registered price for sunflower oil, which jumped by 57.4% YoY. Meanwhile, on the other end of the index, a decline in prices was observed for the clothing category (-4.9% YoY).

UkrStat also reported that the producer price index in Ukraine was up by 57.2% YoY in October on the back of much higher energy costs; aggregate energy cost for industrial producers was 2.3x higher in October than a year earlier. The price index for industrial durable goods grew by 20.1% YoY and for non-durable industrial goods by 18.4% YoY.

UKRAINE’S ROLLING 12-MONTH CPI



Source: State Statistics Committee

COMMENTARY

In contrast to the National Bank’s forecast that had previously indicated that consumer inflation would ease in 4Q, the CPI remained at a double-digit pace in Ukraine due to rallying energy and soft-commodities prices globally. Therefore, we assume that inflation will continue to persist in the coming months. We expect that the National Bank will increase its key policy rate from 8.5% to 9.0% at the monetary board meeting scheduled on Dec 8. Although the UAH-denominated government bond’s yield for 1-year issues has been standing at 11.50% on the primary market since late September, we project that the yield will increase by at least 50 bps by the end of the year.

SELECTED UKRAINIAN EUROBONDS

Issue	Indicative Price	Price ch., W/W, %	YTM, %	Coupon	Maturity Date	Volume USD mn	Currency	Ratings ¹
Sovereign Eurobonds								
Ukraine, 2022	102.7	-0.6%	3.7%	7.75%	1 Sept 2022	1,384	USD	B3/B/B
Ukraine, 2026	106.1	-1.1%	6.0%	7.75%	1 Sept 2026	1,318	USD	B3/B/B
Ukraine, 2028	114.1	-1.7%	7.3%	9.75%	1 Nov 2028	1,600	USD	B3/B/B
Ukraine, 2032	102.7	-0.5%	7.1%	7.38%	25 Sept 2032	3,000	USD	B3/B/B
Ukraine, GDP-linked	105.0	1.1%			31 May 2040	3,214	USD	/B/
Corporate Eurobonds								
Kernel, 2027	105.0	-0.3%	5.8%	6.75%	27 Oct 2027	300	USD	/B+/
MHP, 2026	103.5	-1.4%	6.1%	6.95%	4 Apr 2026	550	USD	B3/B/B
MHP, 2029	98.8	-0.9%	6.5%	6.25%	19 Sept 2029	350	USD	B3/B/B
DTEK Energy, 2027	61.1	-0.2%	15.0%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	108.9	-1.9%	5.8%	8.50%	23 Apr 2026	648	USD	B2/B/BB-
Metinvest, 2029	104.6	-0.6%	6.9%	7.75%	17 Oct 2029	500	USD	B2/B/BB-
NaftoGaz, 2024	97.8	-1.2%	7.6%	7.125%	19 Jul 2024	600	EUR	//
Ukrainian Railways	102.2	-0.7%	7.2%	8.25%	9 Jul 2024	500	USD	//
Bank Eurobonds								
UkrEximBank, 2023	99.0	-1.0%	7.8%	9.00%	9 Feb 2023	125	USD	B3//B
UkrEximBank, 2025	104.3	-0.7%	7.0%	9.75%	22 Jan 2025	600	USD	B3//B
Oschadbank, 2023	102.6	-0.4%	6.1%	9.38%	10 Mar 2023	700	USD	B2//B
Oschadbank, 2025	106.0	-0.8%	6.2%	9.63%	20 Mar 2025	250	USD	B2//B

¹ Moody's/S&P/Fitch

Source: Boerse-Berlin, Boerse-Stuttgart, cbonds, TR Data, Eavex Research

UKRAINIAN DOMESTIC BONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Coupon Period	Maturity Date	Volume UAH mn
UAH denominated Bonds							
UA4000203236			10.7%	9.7%	S/A	05 Jan 2022	10,887
UA4000204002	102.7	103.8	12.0%	11.0%	S/A	11 May 2022	12,917
UA4000218325	99.6	100.1	12.1%	11.2%	S/A	20 Jul 2022	13,415
UA4000199210	102.7	103.6	12.3%	11.3%	S/A	12 Oct 2022	14,993
UA4000201255	104.8	105.9	13.0%	12.3%	S/A	24 May 2023	6,470
UA4000201255	93.3	94.8	13.5%	12.7%	S/A	22 May 2024	18,105
UA4000204150	107.2	109.6	13.6%	12.7%	S/A	26 Feb 2025	41,080
UA4000207518	86.3	89.5	13.8%	12.8%	S/A	20 May 2027	7,018
USD denominated Bonds							
UA4000218333	99.9	100.4	3.8%	3.2%	S/A	14 Jul 2022	USD 336mn

Source: TR Data, Eavex Research

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