

## Stock Market Update

### Equity

Among Ukrainian company stocks, notable growth of 2.7% was observed in quotes of MHP (MHPC) reaching USD 3.40 (MCap of USD 364mn). Conversely, Astarta (AST) shares performed poorly, plummeting by 6.1% to PLN 30.25 (MCap of USD 184mn).

On the Ukrainian Exchange, Raiffeisen Bank (BAVL) declined by 3.3% to 29 kopecks (MCap of USD 469mn). The BAVL stock has slipped by 9.4% this year. CentrEnergO (CEEN) remained unchanged at UAH 4.00 per share (MCap of USD 39mn).

The hryvnia was flat on the cash market last year trading at 38.05 UAH/USD while the official exchange rate stood at 37.62 UAH/USD. The National Bank reported that the country's FX reserves decreased by USD 2.0bn to USD 38.5bn in January.

Overall, global stock markets continue to demonstrate bullish market indicators. Specifically, the S&P 500 index surpassed the technical barrier of 5,000 points, adding +1.4% over the week. Year-to-date, S&P 500 shows a +5.4% gain. For comparison, the MSCI Global rose by +0.9% over the week and +2.8% since the beginning of the year.

The most significant growth is observed in the technology sector stocks. For instance, amidst the boom surrounding artificial intelligence, ARM Holding's stock surged by 50% last week (MCap of USD 118bn). ARM Holding conducted its IPO in September 2023, initially valued by investors at only USD 60bn.

The S&P 500 index has been in a local uptrend since late October. It is not excluded that there will be a certain correction in the stock market in the next two weeks.

## Highlights

### POLITICS AND ECONOMICS

- > US Senate Moves Closer to Ukraine Aid Approval; Biden's 2024 Path Uncertain
- > Ukraine Starts The Year With Moderate Inflation of 4.7% YoY in January

The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

[www.bank.gov.ua/en/about/support-the-armed-forces](http://www.bank.gov.ua/en/about/support-the-armed-forces)

The National Bank also opened fundraising account for Humanitarian Assistance to Ukrainians. Please see details under the link below:

[www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine](http://www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine)

[www.eavex.com.ua](http://www.eavex.com.ua)

### TREND



UNITED24 charitable donations will be transferred to the official accounts of the National Bank of Ukraine and allocated by assigned ministries to cover the most pressing needs:

[www.u24.gov.ua](http://www.u24.gov.ua)

### MARKET INDEXES

	Last	1W ch	YTD
UX	1536	-0.1%	-8.8%
RTS	1119	-0.1%	3.3%
WIG20	2309	-1.7%	-1.4%
MSCI EM	995	0.7%	-2.8%
MSCI Global	747	0.9%	2.8%
S&P 500	5026	1.4%	5.4%

### FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	15.0%	0.0 p.p.	0.0 p.p.
UAH 1-year bond	16.8%	0.0 p.p.	0.0 p.p.
Ukraine-2026s	97.6%	4.9 p.p.	10.2 p.p.
Ukraine-2034s	39.2%	1.1 p.p.	0.5 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	38.05	0.0%	0.1%
EUR/UAH	41.30	-0.8%	-1.7%

Source: Eavex Capital

## US Senate Moves Closer to Ukraine Aid Approval; Biden's 2024 Path Uncertain

by Will Ritter  
w.ritter@eavex.com.ua

### NEWS

The US Senate voted by 67-27 on Sunday (Feb 11) to advance a foreign aid package that would send USD 68bn in support to Ukraine, US media reported. The measure, which also sends billions in aid to Israel and Gaza, could be approved as soon as this week and was favored by all Democrats plus 18 Republicans, allowing it to clear the needed 60-vote threshold.

The new aid bill was drawn up after a plan to link US support for Ukraine to US domestic border security collapsed due to Republican opposition. Notably, it includes an additional USD 8bn on top of the originally proposed sum to help maintain Ukrainian civilian infrastructure during the war.

Meanwhile, US domestic politics continued to heat up ahead of the country's November presidential election, with a new round of intense media speculation over 81-year-old President Joseph Biden's fitness to seek another 4 years in the White House. Biden is competing in the Democratic primary with only minimal opposition and insists that he will serve a second term.

On the Republican side, front-runner and former President Donald Trump is facing off against internationalist Nikki Haley, who backs aid to Ukraine. However, Trump is also under criminal indictment in several cases, which could limit his ability to campaign in the summer and autumn if he becomes the Republican nominee.

Current polling indicates that both Trump and Haley are likely to defeat Biden in the general election.

In an important development in Ukrainian domestic politics, President Zelenskiy last week ousted Commander of the Armed Forces (ZSU) Gen. Valeriy Zaluzhniy, replacing him with Gen. Oleksander Syrskiy, a figure viewed as more loyal to Zelenskiy and presidential administration chief Andriy Yermak than the popular Zaluzhniy. It is currently unclear whether Zaluzhniy will be offered a different job in the military administration.

### COMMENTARY

The Ukraine aid package must also pass the US House of Representatives, where Republican hard-liners have threatened to oust Republican leader Michael Johnson if he brings the bill to a floor vote. However, there are reports that the Democrats could bail Johnson out in the event of a Republican mutiny over Ukraine, and we therefore assume that the money will ultimately be approved.

Although USD 65-70bn will be extremely significant in helping Ukraine to defend itself from Russian aggression this year, such a sum will not solve Ukraine's increasing difficulties in recruiting military personnel, and it is far from sufficient to realize Zelenskiy's stated war goal of recapturing large areas of occupied territory.

In our view, it is highly unlikely that Biden will be elected to another term, meaning that both Zelenskiy and Russian President Putin will have to wait and see how the US political uncertainty plays out before committing to any major strategy changes in the war. Meanwhile, it looks clear that Zelenskiy himself will remain in power beyond the expiration of his electoral mandate in May of this year, as Ukrainian law prohibits holding elections during wartime.

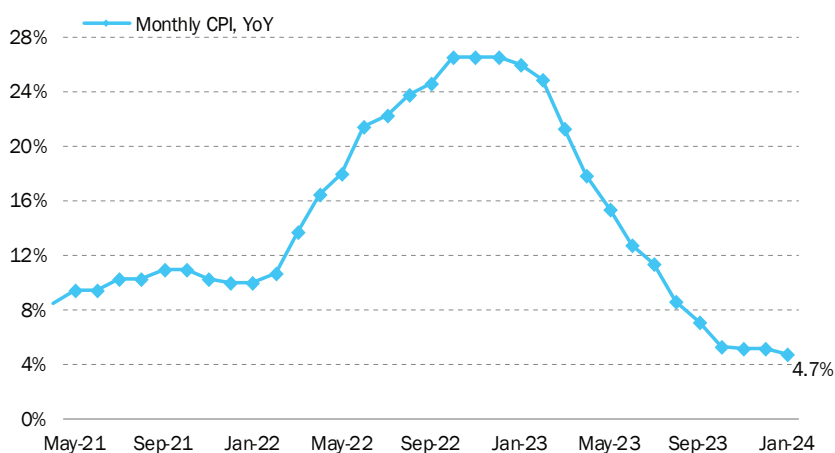
**Ukraine Starts The Year With Moderate Inflation of 4.7% YoY in January**

by Dmitry Churin  
d.churin@eavex.com.ua

**NEWS**

Rolling 12-month consumer inflation in Ukraine continued to slow down in January standing at 4.7% after the 5.1% YoY level seen in December, the State Statistics Committee reported on Friday (Feb 9). On a month-on-month basis, UkrStat registered an inflation of 0.4%, compared to 0.7% in December. Meanwhile, the National Bank keeps its key rate at 15%. In its part, the Finance Ministry continues to offer the 1-year UAH-denominated bond at a yield of 16.8% and the 3-year debt at 18.5%.

**UKRAINE'S ROLLING 12-MONTH CPI**



Source: State Statistics Committee

**COMMENTARY**

We attribute a slowdown in the headline inflation to lower agro commodities prices. In particular, Ukrstat registered a double-digit 16% YoY decrease in sunflower oil price and 8.4% YoY in domestic sugar prices. Separately, there is a constant trend in Ukraine for declining clothing prices (-6.7% YoY and 5.5% MoM). On the other end of the consumer price index, healthcare costs rose by 8.8% YoY and 1.3% MoM.

The National Bank forecasts that inflation will be at 8.4% YoY in 2024.

In global macroeconomic statistics, the US Consumer Price Index likely rose 2.9% YoY ending January, the slowest year-over-year inflation since March 2021, forecasters predict. Policymakers at the Federal Reserve are watching inflation data closely to determine how soon, and how quickly, to cut the Fed's key interest rate. The inflation data is especially key for financial markets looking for respite from the Fed's benchmark fed funds rate, which has sat at a 23-year high of 5.25% - 5.50%. During the latest press conference, Fed's Chair Powell said it would be appropriate to begin reducing rates sometime this year but the central bank will continue to make decisions on a meeting by meeting basis and he doesn't think a March cut is likely.

In Europe, German inflation eased to 3.1% YoY in January from 3.8% YoY in December. The fall in German inflation will further fuel speculation about an early European Central Bank (ECB) rate cut. Money markets bet on future ECB rate cuts, pricing in a 48% chance of a first move in April. Germany's 10-year government bond yield, the benchmark for the euro area, currently stands at 2.38%.

**QUOTES AND MULTIPLES FOR SELECTED UKRAINIAN LISTED COMPANIES**

	Ticker	Today, UAH*	Absolute performance		MCap USD mn	EV USD mn	Free float	P/E		EV/EBITDA		EV/Sales 2024E
			1W	YtD				2023	2024E	2023	2024E	
UX Index	UX	1536	-0.1%	-8.8%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	87.8	-1.2%	-2.8%	661	552	25.5%	8.3	5.5	3.9	3.2	0.6
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	14.9	0.0%	0.0%	45	30	5.0%	15.1	12.5	4.1	3.8	0.5
<b>Oil &amp; Gas</b>												
Enwell Energy (ex-Regal)	ENW	13.1	-5.9%	-17.0%	53	19	21.6%	1.9	1.6	0.4	0.3	0.2
<b>Power Utilities</b>												
Centrenergo	CEEN	4.00	0.0%	-10.9%	39	39	21.7%	14.2	7.3	3.5	3.0	0.1
<b>Agro sector</b>												
MHP	MHPC	3.40	2.7%	6.3%	364	1,465	33.7%	3.5	5.2	3.6	3.5	0.6
Kernel (FY22, FY23, FY24E)	KER	10.10	-0.4%	10.4%	739	1,334	5.4%	2.5	2.0	2.5	2.0	0.4
Astarta	AST	30.25	-6.1%	5.4%	184	342	37.0%	2.2	2.0	1.7	1.6	0.5
<b>Banks</b>												
										Price/Book	Price/Assets	
Raiffeisen Bank Aval	BAVL	0.29	-3.3%	-9.4%	469		1.8%	3.4	4.6	0.8	0.8	0.11

Source: UX. PFTS. LSE. WSE. Eavex Research  
\* companies listed abroad are in traded currency

**QUOTES AND MULTIPLES FOR SELECTED U.S. COMPANIES**

	Ticker	Price USD	Absolute performance		MCap USD mn	EV USD mn	P/E		EV/EBITDA		EV/Sales 2024E	
			1W	YtD			2023	2024E	2023	2024E		
Индекс S&P 500	S&P 500	5026	1.4%	5.4%								
<b>Technology sector</b>												
Apple	AAPL	189	2.2%	-1.8%	2,948,293	3,010,293		31.0	33.5	23.9	26.2	8.0
Microsoft	MSFT	420	2.2%	11.7%	3,120,180	3,158,180		40.1	42.5	27.5	26.8	14.0
Palantir Technologies	PLTR	24.38	43.2%	42.0%	52,722	49,678		329.5	92.5	184.0	66.2	16.0
<b>Electric Utilities</b>												
American Electric Power	AEP	76.70	-2.5%	-5.6%	39,919	82,255		17.7	16.6	11.4	10.3	4.1
Dominion Energy	D	44.70	-2.1%	-4.9%	37,405	79,928		23.1	22.0	10.6	10.1	4.3
<b>Oil &amp; Gas</b>												
Exxon Mobil	XOM	101.80	-0.2%	1.8%	409,745	411,055		9.8	8.9	5.1	4.8	1.2
Devon Energy	DVN	41.59	0.7%	-8.2%	26,493	32,319		6.9	6.3	4.2	3.8	1.8
PBF Energy	PBF	53.35	8.2%	21.4%	6,519	6,689		2.1	2.4	1.4	1.5	0.2
<b>Transportation</b>												
Nordic American Tankers	NAT	4.20	-0.5%	0.0%	877	1,063		7.6	7.2	7.2	6.9	2.0
<b>Pharmaceutical</b>												
Pfizer	PFE	27.56	2.3%	-4.3%	155,604	175,604		14.8	13.3	9.5	8.4	2.4
Bristol-Myers Squibb	BMJ	49.81	2.3%	-2.9%	102,459	134,059		12.3	11.7	6.8	6.6	2.9

Source: Bloomberg

**MAIN FINANCIAL FORECASTS FOR UKRAINIAN COMPANIES, USD mn**

		Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
<b>Iron Ore Mining</b>																
Ferrexpo	FXPO	1,248	750	850	765	140	170	61.3%	18.7%	20.0%	220	80	120	17.6%	10.7%	14.1%
<b>Railcar Manufacturing</b>																
Kryukiv Wagon	KVBZ	111	84	56	5	7	8	4.4%	8.5%	13.9%	1	3	4	1.1%	3.5%	6.4%
<b>Oil &amp; Gas</b>																
Regal Petroleum	RPT	131	80	95	86	49	57	65.7%	61.3%	60.0%	55	28	34	41.9%	35.0%	35.8%
<b>Electric Utilities</b>																
Centrenerg	CEEN	460	323	200	-33	-171	11	-7.1%	-53.0%	5.5%	-38	-224	3	-8.2%	-69.3%	1.4%
<b>Agro sector</b>																
MHP	MHPC	2,642	2,774	2,550	384	410	415	14.5%	14.8%	16.3%	-231	105	70	-8.7%	3.8%	2.7%
Kernel (FY22, FY23, FY24E)	KER	5,332	3,455	3,800	220	544	680	4.1%	15.7%	17.9%	-41	299	370	-0.8%	8.7%	9.7%
Astarta	AST	561	628	688	170	199	211	30.3%	31.7%	30.7%	72	85	94	12.8%	13.5%	13.6%
<b>Banks</b>																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	4,238	4,211	4,231	466	591	575	314	389	385	43	142	103	9.2%	24.1%	17.8%

Source: Eavex Research

**FINANCIAL FORECASTS FOR SELECTED U.S. COMPANIES, USD mn**

		Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
<b>Technology sector</b>																
Apple	AAPL	383,285	378,000	375,000	125,820	126,000	115,000	32.8%	33.3%	30.7%	96,995	95,000	88,000	25.3%	25.1%	23.5%
Microsoft	MSFT	211,915	219,000	225,000	102,384	115,000	118,000	48.3%	52.5%	52.4%	72,361	77,800	73,500	34.1%	35.5%	32.7%
Palantir Technologies	PLTR	1,906	2,300	3,100	-334	270	750	-17.5%	11.7%	24.2%	-374	160	570	-19.6%	7.0%	18.4%
<b>Electric Utilities</b>																
American Electric Power	AEP	19,640	19,300	20,100	7,102	7,200	8,000	36.2%	37.3%	39.8%	2,307	2,250	2,400	11.7%	11.7%	11.9%
Dominion Energy	D	17,174	18,050	18,450	4,849	7,550	7,900	28.2%	41.8%	42.8%	994	1,620	1,700	5.8%	9.0%	9.2%
<b>Oil &amp; Gas</b>																
Exxon Mobil	XOM	398,675	348,000	350,000	102,591	80,000	85,000	25.7%	23.0%	24.3%	55,740	42,000	46,000	14.0%	12.1%	13.1%
Devon Energy	DVN	19,169	15,600	17,500	10,368	7,700	8,400	54.1%	49.4%	48.0%	6,015	3,850	4,200	31.4%	24.7%	24.0%
PBF Energy	PBF	46,830	42,000	38,000	3,811	4,785	4,500	8.1%	11.4%	11.8%	2,876	3,100	2,750	6.1%	7.4%	7.2%
<b>Transportation</b>																
Nordic American Tankers	NAT	339	450	520	42	147	155	12.4%	32.7%	29.8%	15	115	122	4.4%	25.6%	23.5%
<b>Pharmaceutical</b>																
Pfizer	PFE	100,330	69,000	73,000	39,576	18,400	21,000	39.4%	26.7%	28.8%	31,372	10,500	11,700	31.3%	15.2%	16.0%
Bristol-Myers Squibb	BMJ	46,159	44,900	45,600	18,540	19,600	20,200	40.2%	43.7%	44.3%	6,327	8,300	8,750	13.7%	18.5%	19.2%

Source: Bloomberg

**Eavex Capital**

7 Klovsky uzviz, 16th Floor  
Carnegie Center  
Kyiv, 01021, Ukraine

Telephone: +38 044 590 5454

E-mail: [research@eavex.com.ua](mailto:research@eavex.com.ua)

Web-page: [www.eavex.com.ua](http://www.eavex.com.ua)

Yuriy Yakovenko  
**Chairman of the Board**

**SALES & TRADING**

Pavel Korovitskiy  
**Managing Director**  
**Equity and Fixed Income**  
[p.korovitsky@eavex.com.ua](mailto:p.korovitsky@eavex.com.ua)

**RESEARCH**

Dmitry Churin  
**Head of Research**  
[d.churin@eavex.com.ua](mailto:d.churin@eavex.com.ua)

Investing in emerging markets' securities may entail certain risks. There may be limited information available on such securities. Securities of emerging markets' companies may be less liquid and their prices more volatile than securities of comparable developed markets' companies. In addition, exchange rate movements may have an adverse effect on the value of an investment.

This document is based on data we deem to be reliable, though we do not guarantee its accuracy or completeness and make no warranties regarding results from its usage. Forecasts are estimates by specialists working for us, and actual events may turn out to be fundamentally different due to unforeseen circumstances. This document is provided for information purposes only.

Copyright 2024 Eavex Capital. All rights reserved.

Securities and Stock Market State Commission licence, issued 06.10.2015