

## Stock Market Update

### Equity

The MSCI Global index lost 0.5% over the past week, with the S&P500 index showing only a slight decline of 0.1%. This Wednesday, the Federal Reserve will convene for its regular monetary policy meeting, but the consensus forecast suggests that the key rate will remain unchanged within the range of 5.25% to 5.50%. However, with U.S. inflation decreasing to 3.2% as of February, there are expectations for a period of lower interest rates from the Fed starting from June. The U.S. central bank aims to bring inflation down to 2% and thus maintains a tight monetary policy for now. However, another challenge to slowing inflation could arise from further increases in oil prices, as well as a potential reversal in grain prices after a period of decline since the second half of 2022. Over the last 12 months, global wheat prices have fallen by approximately 25%, while corn prices have dropped by 30%.

Among the most notable American stocks there has been a mixed performance this year. Tesla dropped by 32% over the last three months, while Apple fell by 10%. In contrast, Microsoft gained 11%, while NVIDIA soared by 80% to USD 2.2tr, despite the company's revenue totaling only USD 61bn over the past year. NVIDIA's trailing P/E stands at 74x, while the projected P/E for this year is 36x.

For most stocks of Ukrainian companies traded on exchanges, the beginning of this year has been negative. Ferrexpo's market capitalization fell by 44% to USD 384mn due to the company's issues related to the freezing of accounts at Poltava GOK. A court decision to freeze the company's accounts was made at the request of the Prosecutor General's Office as part of a case regarding the company's alleged evasion of royalty payments.

On the Ukrainian Exchange, shares of Raiffeisen Bank have lost 20% since the beginning of the year, with their current price at 26 kopecks (MCap of USD 403mn).

## Highlights

### POLITICS AND ECONOMICS

- > Macron Takes Lead on Western Support for Ukraine as US Falter
- > National Bank Moves Forward with 50 bps Key Rate Cut to 14.5%

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	1411	-0.7%	-16.3%
RTS	1120	-2.7%	3.4%
WIG20	2350	-0.1%	0.3%
MSCI EM	1035	-0.2%	1.1%
MSCI Global	767	-0.5%	5.5%
S&P 500	5117	-0.1%	7.3%

## FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	14.5%	-0.5 p.p.	-0.5 p.p.
UAH 1-year bond	16.8%	0.0 p.p.	0.0 p.p.
Ukraine-2026s	80.9%	-6.9 p.p.	-6.5 p.p.
Ukraine-2034s	33.6%	-1.7 p.p.	-5.1 p.p.

## CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	38.90	0.9%	2.4%
EUR/UAH	42.60	1.2%	1.4%

Source: Eavex Capital

## Macron Takes Lead on Western Support for Ukraine as US Falters

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### NEWS

French President Emmanuel Macron has taken over the mantle of Ukraine's strongest supporter among major Western leaders in recent weeks, calling for a policy of "strategic ambiguity" to keep the Kremlin off-balance in a television interview that aired on Thursday (Mar 14). "If, faced with someone [Russian President Putin] who has no limits... we tell him naïvely that we won't go any further than this or that - at that moment, we are not deciding peace, we are already deciding defeat," he said.

Macron had previously said that NATO should not rule out sending its own soldiers to help defend Ukraine if it became necessary to prevent a Ukrainian defeat in the war. Macron has stepped up his role amid a bogged-down debate over US support for Kyiv that has become embroiled in US domestic politics, delaying the Biden administration's proposed USD 60bn aid package to Ukraine indefinitely.

Meanwhile, Republican presidential candidate Donald Trump made ambiguous comments about Ukraine in a Sunday (Mar 17) interview, declining to outline a specific policy beyond stating that it is necessary to "negotiate and find a compromise". Trump also blamed US President Biden for allowing Putin to start the war in the first place.

### COMMENTARY

Macron, with more than 3 years left in his mandate, is currently the best-positioned Western leader in terms of supporting Ukraine, given that Biden is now facing a difficult presidential race against Trump in the US in which the Ukraine topic will not work to his advantage.

In the UK, the Sunak government appears to be headed for certain defeat in the upcoming British election, while in Germany, Chancellor Scholz has to balance his support for Kyiv with pacifist opposition inside his own Social Democratic Party.

As we have stated previously, we still expect Washington's USD 60bn package to come through, but the timing and details remain unclear. March has thus far seen few major battlefield developments, with Ukraine managing to hold the line against further Russian gains following the loss of the town of Avdiyivka in Donetsk province one month ago.

The government of President Zelenskyy has lately been attempting to shift the media narrative away from the stalemated ground war and toward drone attacks against the Black Sea Fleet and oil infrastructure targets inside Russia, with moderate success. However, statements from some Ukrainian officials that another counteroffensive could take place later this year to recapture occupied territory have largely been met with silence or skepticism in the West.

The summer of 2024 is likely to be a critical period across the front which will show whether Ukraine and its allies are able to shut down the full brunt of the Russian offensive war machine, we believe.

**National Bank Moves Forward with 50 bps Key Rate Cut to 14.5%**

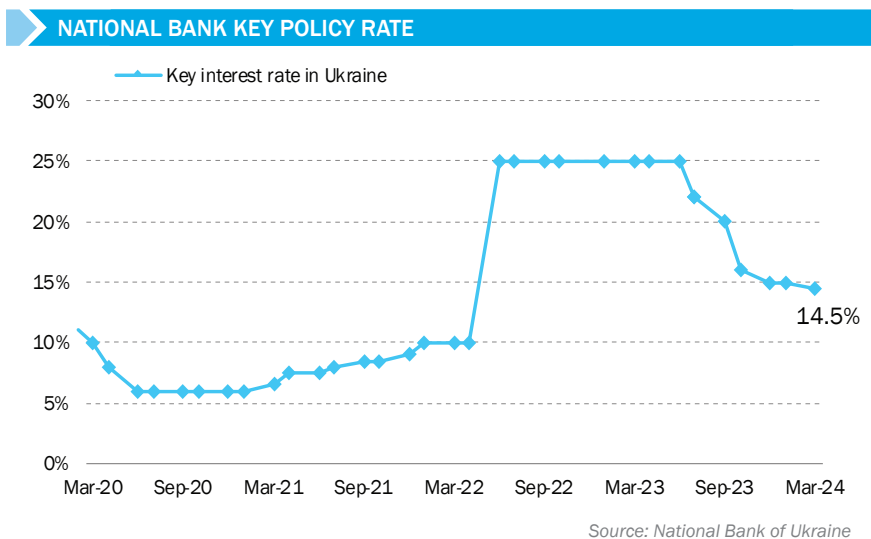
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**NEWS**

The National Bank of Ukraine decided to lower the key policy rate from 15.0% to 14.5%, according to the regulator’s official statement released on Mar 14. The rate cut followed an improved inflation data that showed that consumer prices grew at 4.3% YoY pace in February. The regulator has a long-term inflation target at the range of 5% ± 1 p.p. However, inflation is expected at 8.6% at the end of 2024, compared to a 5.1% YoY level reported for 2023.

The regulator set its overnight deposit rate at 14.5% and decreased the rate for the three-months deposit certificates from 19% to 17.5%. The refinancing rate was set at 19.5%.

The National Bank delivered four interest rate cuts in 2023 lowering the key rate from 25% to 15%.



**COMMENTARY**

The National Bank is acting within the framework of its promises regarding the gradual reduction of the key interest rate. However, the current decision to lower the key rate by 50 bps was somewhat unexpected, as such a decision was only anticipated by the end of April.

Primarily, the National Bank, through the lower key rate, will incur fewer expenses for its deposit certificates. The yield on three-month NBU deposit certificates for banks has been reduced from 19.0% to 17.5%.

There is no immediate expectation of a reaction in the government bond and deposit markets to the National Bank’s decision on the key rate. More likely, the reduction in interest rates in the financial system will occur gradually and will be accompanied by several more cuts in the key rate by the National Bank. According to our forecasts, by the end of 2024, the key rate may decrease from the current 14.5% to 12.5%. The next policy meeting of the National Bank is scheduled on April 25.

Among the positive highlights from the remarks by Governor Andriy Pyschnyi of the National Bank regarding monetary policy decisions, one notable point emerges: Ukraine may anticipate receiving over USD 10bn in external aid during March-April, including EUR 4.5bn in funding from the EU.

**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	1411	-0.7%	-16.3%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	50.5	-28.1%	-44.0%	384	253	25.5%	4.8	3.2	1.8	1.5	0.3
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	14.9	0.0%	0.0%	44	29	5.0%	14.8	12.2	4.0	3.6	0.5
<b>Oil &amp; Gas</b>												
Enwell Energy (ex-Regal)	ENW	14.8	1.4%	-6.3%	60	27	21.6%	2.1	1.8	0.5	0.5	0.3
<b>Power Utilities</b>												
Centrenergo	CEEN	3.50	-2.8%	-22.0%	33	33	21.7%	neg	12.2	neg	3.0	0.1
<b>Agro sector</b>												
MHP	MHPC	3.39	1.2%	5.9%	363	1,464	33.7%	3.5	5.2	3.6	3.5	0.6
Kernel (FY22, FY23, FY24E)	KER	9.32	-24.0%	1.9%	692	1,287	5.4%	neg	1.9	2.4	1.9	0.3
Astarta	AST	30.05	4.3%	4.7%	186	344	37.0%	2.2	2.0	1.7	1.6	0.5
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.26	2.0%	-20.3%	403		1.8%	2.8	3.9	0.7	0.7	0.10

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	5117	-0.1%	7.3%								
<b>Technology sector</b>												
Apple	AAPL	173	0.9%	-10.3%	2,692,462	2,754,462		28.3	30.6	21.9	24.0	7.3
Microsoft	MSFT	416	2.5%	10.6%	3,090,464	3,128,464		39.7	42.0	27.2	26.5	13.9
Palantir Technologies	PLTR	23.49	-9.8%	36.8%	50,798	47,754		317.5	145.1	176.9	95.5	17.4
<b>Electric Utilities</b>												
American Electric Power	AEP	82.11	-2.1%	1.1%	42,735	85,071		19.0	17.8	11.8	10.6	4.2
Dominion Energy	D	47.84	-0.3%	1.8%	40,033	82,556		24.7	23.5	10.9	10.5	4.5
<b>Oil &amp; Gas</b>												
Exxon Mobil	XOM	111.30	3.1%	11.3%	447,983	449,293		10.7	9.7	5.6	5.3	1.3
Devon Energy	DEV	47.62	3.2%	5.1%	30,334	36,160		7.9	7.2	4.7	4.3	2.1
PBF Energy	PBF	56.65	13.2%	28.9%	6,923	7,093		2.2	2.5	1.5	1.6	0.2
<b>Transportation</b>												
Nordic American Tankers	NAT	4.06	0.5%	-3.3%	848	1,034		7.4	6.9	7.0	6.7	2.0
<b>Pharmaceutical</b>												
Pfizer	PFE	27.94	2.6%	-3.0%	157,749	177,749		15.0	13.5	9.7	8.5	2.4
Bristol-Myers Squibb	MYL	52.34	-2.7%	2.0%	107,663	139,263		13.0	12.3	7.1	6.9	3.1

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	323	200	208	-171	-1	13	-53.0%	-0.7%	6.2%	-224	-10	5	-69.3%	-4.8%	2.6%
<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	4,977	5,000	466	575	662	314	594	500	43	126	103	9.2%	21.9%	15.5%

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

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