

## Stock Market Update

### Equity

In the currency market, the hryvnia managed to recover some recent losses, strengthening from 39.95 to 39.69 UAH/USD in the interbank market. In the cash market, the exchange rate remains in the range of 39.40 to 40.00 UAH/USD (bid/ask).

Among Ukrainian issuers, Ferrexpo (FXPO) saw a significant increase of 8.4% to GBP 51.5 per share (MCap of USD 388mn). Shares of Ukrainian gas extraction company Enwell Energy (formerly known as Regal) rose by 10% on the London Stock Exchange. The company's market capitalization is currently approximately USD 70mn. Meanwhile, quotes for MHP (MHPC) remain almost unchanged at USD 3.3 per share (MCap of USD 353mn).

Warsaw-listed Kernel (KER) shed by 2.3% to PLN 10.10 (MCap of USD 734mn) and Astarta (AST) edged down by 0.4% to PLN 27.70 (MCap of USD 167mn).

American stock market indices were on the rise due to purchases by active traders following a slight dip from recent highs. Analyzing the S&P 500 index chart, a sideways trend with a range from 4950 to 5200 points is noticeable. Year-to-date, the S&P 500 has gained +7%, and over the last six months, it has risen by +22%. Considering that expectations for interest rate cuts by the Federal Reserve have shifted from June to September, a correction may occur in the US stock market as investors previously had more optimistic forecasts for the pace of rate cuts. Confirmation of these trends can be seen in the increase in the yield of 10-year US bonds by 30 basis points in the last month to 4.6%.

## Highlights

### POLITICS AND ECONOMICS

- Poland's Sikorski Offers Lukewarm Response to Kyiv's Request to Deport Draft Evaders
- The National Bank Cuts the Key Rate from 14.5% to 13.5%. The Lower Yield for the Government Bonds Are Anticipated

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)

### 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	1271	-4.2%	-24.6%
RTS	1188	1.3%	9.7%
WIG20	2479	0.6%	5.8%
MSCI EM	1041	3.7%	1.7%
MSCI Global	762	2.6%	4.8%
S&P 500	5099	2.7%	6.9%

### FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	13.5%	-1.0 p.p.	-1.5 p.p.
UAH 1-year bond	16.0%	-0.1 p.p.	-0.8 p.p.
Ukraine-2026s	86.0%	11.0 p.p.	-1.4 p.p.
Ukraine-2034s	35.0%	2.0 p.p.	-3.7 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	39.95	-0.4%	5.1%
EUR/UAH	43.00	-0.2%	2.4%

Source: Eavex Capital

## Poland's Sikorski Offers Lukewarm Response to Kyiv's Request to Deport Draft Evaders

by Will Ritter  
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### NEWS

Polish Foreign Minister Radoslaw Sikorski called the idea of deporting draft-aged Ukrainian men residing in Poland back to Ukraine “ethically ambiguous” during an interview with Polish television on Saturday (Apr 27), and said that Warsaw will have to wait for Kyiv’s “initiative” on how such a process could be conducted. Sikorski’s comments appeared to walk back initial Polish government support for the idea expressed earlier last week (Apr 24) by Defense Minister Wladislaw Kosiniak-Kamysz.

Ukraine’s Foreign Minister Dmytro Kuleba had previously announced the cancellation of consular services - including all passport renewals - for draft-eligible Ukrainian men living outside the country, and he called for such men to return home to aid in the country’s defense against Russia. It has been estimated that as many as 600,000 Ukrainian men have fled to European Union countries to avoid military service.

Most other EU countries were silent on the issue last week, with the exception of Lithuania, which said it will be closely following Poland’s decision, and Germany, which stated that it will continue to issue residency permits to Ukrainian refugees and extend expiring ones, the Kyiv Independent outlet reported. Males aged 18-60 are currently forbidden from leaving Ukraine, although the minimum conscription age is 25.

### COMMENTARY

We agree with Sikorski’s assessment that attempting to deport Ukrainian men who have received legal residence in Poland or other Western countries looks like a legally and morally problematic undertaking.

Ukrainian passport holders now enjoy protected refugee status throughout the West, and we think that relatively few countries would be willing to roll this status back, except in cases where Ukrainian men have been convicted of criminal activity or otherwise forfeited their refugee privileges due to noncompliance with local regulations.

It is possible that the Zelenskiy government is merely trying to make a public show of a tough line against draft evaders living abroad, without expectations of significant results in terms of repatriation numbers. Actively leaning on Western governments to deport Ukrainians residing on their territory would likely turn into a public-relations own goal for Zelenskiy, we think, resulting in negative Western media coverage.

In our opinion, punitive conscription measures are less likely to be successful than positive incentives, i.e. providing enlisted soldiers and officers with better pay and benefits. Western allies have a key role to play in raising Ukrainian military salaries, we believe, as one of the most shameful aspects of the war is that Russian combat fighters are being paid substantially more than Ukrainians are. We note that for USD 12bn per year (about 10% of the Western aid total), combat pay for 200,000 Ukrainian soldiers could be raised to the equivalent of USD 5,000 per month, a salary level that would likely attract large numbers of new recruits into the armed forces.

## The National Bank Cuts the Key Rate from 14.5% to 13.5%. The Lower Yield for the Government Bonds Are Anticipated

by Dmitry Churin  
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### NEWS

The National Bank has decided to cut the benchmark interest rate from 14.5% to 13.5% against the backdrop of very low inflation, which stood at just 3.2% YoY in March. Consequently, interest rates on the National Bank's overnight deposit certificates and three-month deposit certificates are also decreasing by 1 percentage point to 13.5% and 16.5%, respectively. Additionally, the regulator is significantly lowering the refinancing rate by 2 percentage points to 17.5%, as the rationale for maintaining a significant gap between the refinancing rate and the benchmark rate diminishes amid the easing phase of monetary policy.

Furthermore, the regulator announced that considering the sufficiently comfortable level of foreign currency reserves at USD 43.8bn, the controlled situation in the foreign exchange market, and expectations regarding further international assistance, a series of steps toward currency liberalization will be prepared in the coming weeks.

### COMMENTARY

The National Bank's baseline forecast entails reducing the benchmark interest rate to 13% within the current year. In our view, the presence of excessive liquidity in the Ukrainian banking system due to sluggish lending allows the central bank to pursue a more aggressive easing monetary policy than initially anticipated. Consequently, a decisive signal from the regulator will prompt the Ministry of Finance to decrease the proposed yields on government bonds during weekly auctions. This, in turn, will aid in alleviating the budget burden in terms of debt interest payments. At the latest auction of government bonds, the yield on the 1-year bonds already decreased by 10 basis points to 16.0%, while the yield on the 3-year bonds remained at 18.3%. It can now be forecasted that the yield on the 1-year bonds will trend towards 15%, and for the 3-year bonds, towards 17.5%.

The next Monetary Policy Committee meeting of the National Bank is scheduled for June 13.

From the perspective of macroeconomic forecasts, the National Bank has revised its inflation expectations for this year from 8.6% to 8.2%. The targeted inflation for 2025 stands at 6% YoY. However, the GDP growth forecast has worsened due to the repercussions of Russia's large-scale attacks on Ukraine's energy infrastructure. It is anticipated that the economy will grow by 3% YoY in 2024 and by 4.5–5% in 2025 and 2026.

Direct external support to Ukraine's budget this year is expected to amount to USD 38bn. Since the beginning of the year, international partners have already provided nearly USD 12bn.

In total, since the start of the Russian brutal invasion, external financing for Ukraine's budget amounts to USD 74bn, with USD 27.5bn from the EU and approximately USD 23bn from the US. Contributions from the IMF totaled USD 7.2bn, USD 4.2bn from Japan, USD 3.7bn from Canada, and USD 2.0bn from the United Kingdom.

**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	1271	-4.2%	-24.6%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	51.5	8.4%	-42.9%	388	257	25.5%	4.9	3.2	1.8	1.5	0.3
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	14.9	0.0%	0.0%	43	27	5.0%	14.4	11.9	3.8	3.5	0.5
<b>Oil &amp; Gas</b>												
Enwell Energy (ex-Regal)	ENW	17.0	9.5%	7.8%	69	35	21.6%	2.4	2.0	0.7	0.6	0.4
<b>Power Utilities</b>												
Centrenergo	CEEN	2.88	-0.7%	-35.9%	27	26	21.7%	neg	neg	neg	neg	n/a
<b>Agro sector</b>												
MHP	MHPC	3.30	0.6%	3.1%	353	1,454	33.7%	3.4	5.0	3.5	3.5	0.6
Kernel (FY22, FY23, FY24E)	KER	10.10	-2.3%	10.4%	734	1,329	5.4%	neg	2.0	2.4	2.0	0.3
Astarta	AST	27.70	-0.4%	-3.5%	167	326	37.0%	2.0	1.8	1.6	1.5	0.5
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.23	0.0%	-29.7%	346		1.8%	2.4	3.4	0.6	0.6	0.08

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	5099	2.7%	6.9%								
<b>Technology sector</b>												
Apple	AAPL	169	2.4%	-12.2%	2,636,304	2,698,304		27.8	30.0	21.4	23.5	7.2
Microsoft	MSFT	406	1.8%	8.0%	3,016,174	3,054,174		38.8	41.0	26.6	25.9	13.6
Palantir Technologies	PLTR	22.52	10.0%	31.2%	48,700	45,656		304.4	139.1	169.1	91.3	16.6
<b>Electric Utilities</b>												
American Electric Power	AEP	85.26	3.7%	5.0%	44,374	86,710		19.7	18.5	12.0	10.8	4.3
Dominion Energy	D	50.45	1.2%	7.3%	42,217	84,740		26.1	24.8	11.2	10.7	4.6
<b>Oil &amp; Gas</b>												
Exxon Mobil	XOM	118.00	-0.8%	18.0%	474,950	476,260		11.3	10.3	6.0	5.6	1.4
Devon Energy	DEV	52.71	1.7%	16.4%	33,576	39,402		8.7	8.0	5.1	4.7	2.3
PBF Energy	PBF	57.78	3.3%	31.4%	7,061	7,231		2.3	2.6	1.5	1.6	0.2
<b>Transportation</b>												
Nordic American Tankers	NAT	3.97	4.5%	-5.5%	829	1,015		7.2	6.8	6.9	6.5	2.0
<b>Pharmaceutical</b>												
Pfizer	PFE	25.40	-2.3%	-11.8%	143,408	163,408		13.7	12.3	8.9	7.8	2.2
Bristol-Myers Squibb	BMJ	44.85	-8.3%	-12.6%	92,256	123,856		11.1	10.5	6.3	6.1	2.7

Source: Bloomberg

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

		Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2022	2023	2024E	2022	2023	2024E	2022	2023	2024E	2022	2023	2024E	2022	2023	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	427	89	-171	-18	-189	-53.0%	-4.1%	-213.1%	-224	-25	-316	-69.3%	-5.8%	neg
<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	2,750	-334	270	500	-17.5%	11.7%	18.2%	-374	160	350	-19.6%	7.0%	12.7%
<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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