

Stock Market Update

2024: A Year of Volatility for Financial Markets Amid Geopolitical and Economic Uncertainty

U.S. markets ended 2024 on a high note, with the S&P 500 and Nasdaq posting robust gains driven by a rally in the technology sector. The S&P 500 advanced 25% for the year, fueled by a 33% surge in Apple shares and a 14% rise in Microsoft.

European equities showed moderate performance, with the UK's FTSE 100 gaining 5%. In contrast, emerging markets struggled under the weight of a stronger dollar and elevated interest rates, as Brazil's Bovespa Index tumbled 10% over the year.

Ukrainian Stocks See Recovery

Ukrainian agricultural stocks listed on international exchanges staged a notable recovery after sharp declines in 2022-2023. Among the standouts was MHP (MHPC), whose shares climbed from USD 3.20 to USD 5.00 but remained below their pre-war level of USD 6.50.

Currencies

The dollar exhibited resilience throughout the year, defying efforts by China and other nations to bolster their currencies.

The euro depreciated nearly 6%, dropping from 1.10 to 1.04 against the dollar. On the cash market, the USD/UAH exchange rate climbed 11%, rising from 38.0 to 42.2 hryvnias per dollar.

Highlights

POLITICS AND ECONOMICS

- Ukrainian Banking Sector Liquidity Remains Strong

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

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

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

MARKET INDEXES

	Last	1W ch	YTD
UX	1194	0.0%	-29.1%
RTS	863	6.3%	-20.3%
WIG20	2204	0.2%	-5.9%
MSCI EM	1082	0.9%	5.7%
MSCI Global	851	0.8%	17.1%
S&P 500	5970	0.7%	25.2%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	13.5%	0.0 p.p.	-1.5 p.p.
UAH 1-year bond yield	15.1%	0.0 p.p.	-1.7 p.p.
Ukraine-2029 yield	15.9%	-0.1 p.p.	-4.5 p.p.
Ukraine-2036 yield	14.4%	-0.1 p.p.	-2.6 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	42.25	0.2%	11.2%
EUR/UAH	44.30	0.1%	5.5%

Source: Eavex Capital

Ukrainian Banking Sector Liquidity Remains Strong

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NEWS

The National Bank of Ukraine, in its latest Financial Stability Report, confirmed that the banking sector's liquidity remains robust, with the Liquidity Coverage Ratio (LCR) in all currencies and in foreign currency exceeding minimum requirements by more than three times.

Customer deposits continue to serve as the primary funding source for banks. Stable inflows allow financial institutions to maintain purchases of domestic government bonds, enabling the Ministry of Finance to refinance maturing government securities.

Over the past 12 months, hryvnia-denominated corporate deposits have risen by 23% YoY, while retail deposits have increased by 16% YoY. Concurrently, the net hryvnia loan portfolio grew by 20% YoY for businesses and 30% YoY for individuals. Improved lending conditions have diminished the role of subsidies under the "Affordable Loans 5-7-9%" program. In contrast, mortgage lending has decelerated due to resource constraints in the state housing program.

According to the National Banks's Depository, the Ukrainian government raised UAH 437bn, USD 2.7bn, and EUR 755mn from the government bond auctions during the first 11 months of 2024. During the same period, it allocated UAH 220bn, USD 2.5bn, and EUR 918mn for domestic debt repayments.

COMMENTARY

The National Bank reported that 70% of Ukraine's banking regulations now align with European standards.

A forthcoming assessment will evaluate the resilience of banks and the banking system as of January 1, 2025. This includes an independent audit of asset quality and stress tests for major banks under baseline and adverse macroeconomic scenarios, reviewing capital adequacy requirements.

Stress tests in 2025 will cover 21 banks, accounting for over 90% of the system's assets.

Ukraine has conducted annual resilience assessments since 2018, except in 2020 and 2022 due to the COVID-19 crisis and the full-scale invasion. The assessments resumed in 2023 with a cut-off date of April 1, featuring some adjustments. The 2023 results indicated that most banks were well-capitalized, with the overall system showing strong resilience. A few banks are implementing the approved capitalization or restructuring programs.

No assessment was conducted in 2024, as the previous findings were deemed sufficient.

Ukrainian banks now maintain high credit portfolio quality, resulting in minimal provisioning costs. Consequently, profitability remains strong, enabling the sector to sustain high capital levels.

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	1194	0.0%	-29.1%								
Iron Ore Mining												
Ferrexpo	FXPO	113.0	10.1%	25.2%	852	721	25.5%	10.6	7.1	5.1	4.2	0.8
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.2	0.0%	1.9%	41	26	5.0%	13.8	11.5	3.6	3.3	0.5
Oil & Gas												
Enwell Energy (ex-Regal)	ENW	22.0	1.9%	39.7%	89	-5	21.6%	3.2	2.6	na	na	na
Power Utilities												
Centrenergo	CEEN	3.72	0.0%	-17.1%	33	32	21.7%	neg	neg	neg	neg	n/a
Agro sector												
MHP	MHPC	4.98	1.2%	55.6%	533	1,702	33.7%	3.8	3.3	3.8	3.1	0.5
Kernel (FY22, FY23, FY24)	KER	13.00	-1.2%	42.1%	930	1,525	5.4%	neg	2.5	2.8	2.2	0.4
Astarta	AST	40.80	2.0%	42.2%	243	401	37.0%	2.9	2.6	2.0	1.9	0.6
Banks												
										Price/Book	Price/Assets	
Raiffeisen Bank Aval	BAVL	0.25	0.0%	-21.9%	364		1.8%	2.6	3.5	0.6	0.6	0.09

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	5970	0.7%	25.2%								
Technology sector												
Apple	AAPL	256	0.8%	33.0%	3,993,455	4,055,455		41.2	45.4	30.5	35.3	10.8
Microsoft	MSFT	430	-1.4%	14.4%	3,194,470	3,232,470		37.1	43.5	25.3	27.4	14.4
Palantir Technologies	PLTR	79.08	-1.8%	360.6%	171,013	167,969		814.3	488.6	613.0	335.9	61.1
Electric Utilities												
American Electric Power	AEP	92.51	-0.3%	13.9%	48,148	90,484		21.9	20.1	12.6	11.3	4.5
Dominion Energy	D	53.93	0.5%	14.7%	45,129	87,652		23.6	26.5	12.9	11.1	4.8
Oil & Gas												
Exxon Mobil	XOM	106.48	0.6%	6.5%	477,669	478,979		13.3	10.4	6.4	5.6	1.4
Devon Energy	DVN	31.20	1.4%	-31.1%	19,874	25,700		5.3	4.7	3.3	3.3	1.5
PBF Energy	PBF	25.40	1.0%	-42.2%	3,104	3,274		1.5	3.7	0.9	3.4	0.1
Transportation												
Nordic American Tankers	NAT	2.47	1.2%	-41.2%	516	702		5.2	4.2	3.9	4.5	1.3
Pharmaceutical												
Pfizer	PFE	26.62	1.0%	-7.5%	150,297	170,297		70.9	19.3	17.7	8.1	2.7
Bristol-Myers Squibb	BMJ	57.68	0.6%	12.4%	118,648	150,248		14.4	79.1	7.7	75.1	3.3

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
Iron Ore Mining																
Ferrexpo	FXPO	1,248	750	850	765	140	170	61.3%	18.7%	20.0%	220	80	120	17.6%	10.7%	14.1%
Railcar Manufacturing																
Kryukiv Wagon	KVBZ	111	84	56	5	7	8	4.4%	8.5%	13.9%	1	3	4	1.1%	3.5%	6.4%
Oil & Gas																
Regal Petroleum	RPT	131	80	95	86	49	57	65.7%	61.3%	60.0%	55	28	34	41.9%	35.0%	35.8%
Electric Utilities																
Centrenerg	CEEN	323	427	89	-171	-18	-189	-53.0%	-4.1%	na	-224	-25	-316	-69.3%	na	na
Agro sector																
MHP	MHPC	2,642	3,021	3,100	384	445	550	14.5%	14.7%	17.7%	-231	142	160	-8.7%	4.7%	5.2%
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%
Banks																
		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	2023	2024E	2022	2023	2024E	2022	2023	2024E	2022	2023	2024E	2022	2023	2024E
Technology sector																
Apple	AAPL	383,285	383,000	375,000	125,820	133,000	115,000	32.8%	34.7%	30.7%	96,995	97,000	88,000	25.3%	25.3%	23.5%
Microsoft	MSFT	211,915	236,500	225,000	102,384	127,700	118,000	48.3%	54.0%	52.4%	72,361	86,200	73,500	34.1%	36.4%	32.7%
Palantir Technologies	PLTR	1,906	2,225	2,750	-334	274	500	-17.5%	12.3%	18.2%	-374	210	350	-19.6%	9.4%	12.7%
Electric Utilities																
American Electric Power	AEP	19,640	18,950	20,100	7,102	7,200	8,000	36.2%	38.0%	39.8%	2,307	2,200	2,400	11.7%	11.6%	11.9%
Dominion Energy	D	17,174	14,400	18,450	4,849	6,800	7,900	28.2%	47.2%	42.8%	994	1,910	1,700	5.8%	13.3%	9.2%
Oil & Gas																
Exxon Mobil	XOM	398,675	335,000	350,000	102,591	74,300	85,000	25.7%	22.2%	24.3%	55,740	36,000	46,000	14.0%	10.7%	13.1%
Devon Energy	DVN	19,169	15,300	17,500	10,368	7,700	7,750	54.1%	50.3%	44.3%	6,015	3,750	4,200	31.4%	24.5%	24.0%
PBF Energy	PBF	46,830	38,300	35,700	3,811	3,540	950	8.1%	9.2%	7.7%	2,876	2,140	850	6.1%	5.6%	2.4%
Transportation																
Nordic American Tankers	NAT	339	392	520	42	179	155	12.4%	45.7%	29.8%	15	99	122	4.4%	25.3%	23.5%
Pharmaceutical																
Pfizer	PFE	100,330	58,500	64,200	39,576	9,600	21,000	39.4%	16.4%	32.7%	31,372	2,120	7,800	31.3%	3.6%	12.1%
Bristol-Myers Squibb	BMJ	46,159	45,000	45,600	18,540	19,400	2,000	40.2%	43.1%	4.4%	6,327	8,220	1,500	13.7%	18.3%	3.3%

Source: Bloomberg

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