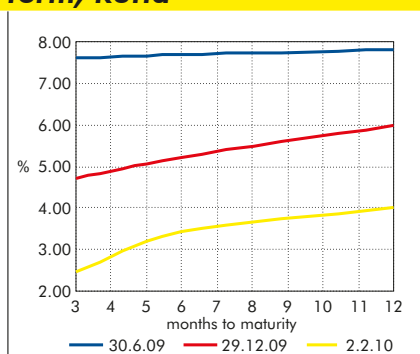


Raiffeisen Weekly Report

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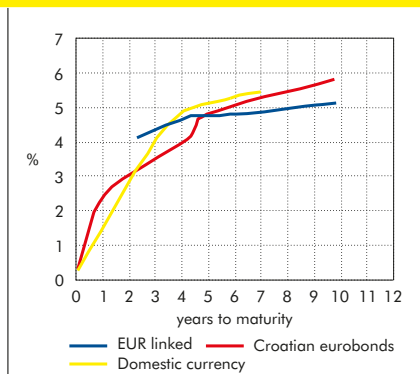
Fiscal policies of Greece, Portugal and Spain rule the market

Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

Last Week's Overview

Movements on the developed markets and increased investors' risk aversion have influenced the emerging markets, where some countries, such as Hungary, recorded widening of CDS spreads. As expected, the central bank in Czech Republic kept its key 2-week repo rate at 1%, but now forecasts slightly faster appreciation of the CZK against EUR. The forecast of interest rate hike is postponed (for H2). After the short-term decline, Polish yields came under pressure from falling prices. Their Government presented budget consolidation plan. Although significant reforms are still missing, measures such as more efficient liquidity management in the public sector and accelerated privatization procedures will most likely reduce the government's borrowing needs in the short run. On the domestic market high liquidity in the financial institutions resulted in decrease of bond yields along the curve. The first MoF T-bill auction in 2010 passed with the bid-to-cover of 4.6x and with respectable fall of yields. Croatian Eurobonds were affected by international markets.

This Week's Expectations

A week ahead in the CEE countries is bringing the first GDP estimates for Q4 2009. However, the main focus of investors will be the fiscal policy and concerns regarding financing a budget deficit in the southern eurozone markets. In the short run, poor performance of international markets will dominate the scene and push yields and national currencies up further. On the domestic bond market, we expect retention of the current yield levels, while Eurobonds will be mostly determined by the market perception of the fiscal policies of Greece, Portugal and Spain.

Government bonds in domestic market

Indexed to foreign currency (eur/hrk)	Coupon	Maturity date	Price*		Ytm		Change**		Spread BUND	Spread EUROSAP
			Bid	Ask	Bid	Ask	Price-Ask	Yield-Ask		
RHMF-O-125A	6,875	23.5.2012	105.00	106.00	4.54	4.10	0.30	-0.15	324	280
RHMF-O-142A	5,500	14.6.2014	101.75	102.75	5.01	4.74	0.15	-0.07	305	259
RHMF-O-157A	4,250	14.7.2015	96.00	97.50	5.10	4.78	0.00	0.00	273	233
RHMF-O-19BA	5,375	29.11.2019	98.00	102.00	5.64	5.11	0.00	0.00	248	221
Domestic currency										
RHMF-O-103A	6,750	8.3.2010	100.30	100.50	2.80	0.28	-0.15	0.74	-	-
RHMF-O-13CA	4,500	11.7.2013	99.00	100.00	4.82	4.50	2.10	-0.68	-	-
RHMF-O-15CA	5,250	15.12.2015	98.00	100.00	5.66	5.25	1.50	-0.31	-	-
RHMF-O-172A	4,750	8.2.2017	93.00	96.00	5.99	5.45	0.60	-0.11	-	-

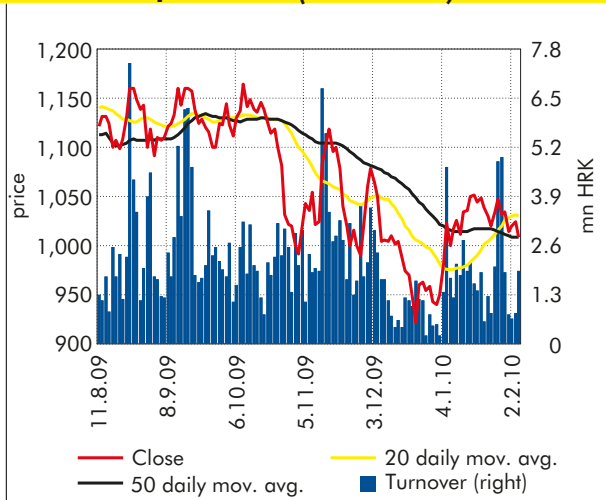
* Raiffeisen Research; ** in comparison with end of last week



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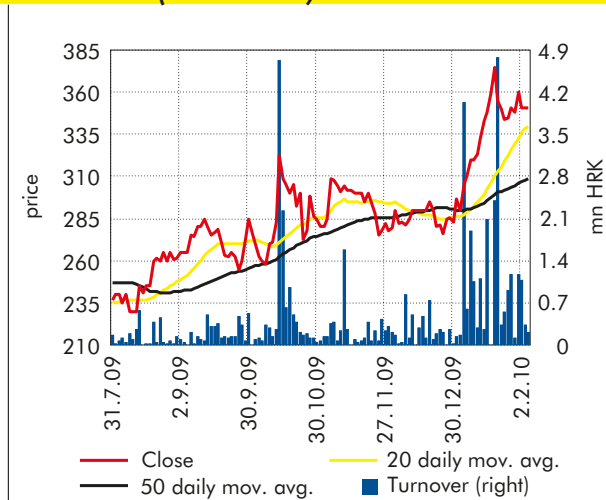
Atlantska plovidba's loss HRK 43.7mn

Atlantska plovidba (6 months)



Sources: ZSE, Raiffeisen research

Podravka (6 months)



Sources: ZSE, Raiffeisen research

Atlantska plovidba posted 2009 figures with bottom line of HRK -43.7m, down from HRK 666.5m in 2008 due to 49.9% yoy drop in sales. Reported net loss is lower than previously announced (USD 4-6m). EBIT amounted to HRK 5.5m (HRK 700.8m in 2008). Although operating expenses fell by 28.4% yoy, EBIT margin decreased to 0.7% from 39% in 2008 as considerably lower freight rates heavily weighed on Atlantska plovidba's profits. On **Podravka's** Supervisory Board meeting, it has been decided to make the following proposition for General Assembly: new SB will have 7 members, not 11 as before and pension funds have equal number of members as the state. Pension fund representatives are: Dinko Novoselac (AZ fond), Du-bravko Štimac (PBZ Croatia osiguranje) and Petar Vlaić (Erste plavi obvezni mirovinski fond). Government's candidates are Ljubo Jurčić, Karmen Antolić and Miljenko Javorović. Workers' representative is Ksenija Horvat. Podravka's AGM is scheduled for March, 25.

Dalekovod informed about new contracts related to transmission lines construction and equipment delivery in France and Estonia worth EUR 1.5mn in total. In Sweden they are preparing for the construction of transmission line according to the earlier contract worth SEK 18mn. In FY 2009 Dalekovod's top line amounted to HRK 2.2bn (+2.1% yoy), with 25.9% revenues realised on foreign markets. EBIT remained almost flat at HRK 157.7mn, whereas bottom line rose 8% to HRK 89.1mn due to better financial result. In line with the unfavourable conditions on domestic market, in following period the company intends to focus on foreign markets and to realize revenues of HRK 1bn abroad.

Market performance

Index	1 w %	ytd %	Value on 5.2.10
ATX (AT)	-3.08	-3.15	2,417
BELEX15 (RS)	1.00	3.25	685
BETI (RO)	-3.14	4.60	4,907
BUX (HU)	-6.92	-4.27	20,322
CROBEX (HR)	-2.17	7.56	2,156
PX (CZ)	-6.55	-1.58	1,100
RTSI (RU)	-4.12	-2.19	1,413
SBI20 (SI)	-0.72	0.24	4,088
SOFIX (BG)	0.24	2.17	437
SASX10 (BH)	-1.63	-0.21	1,051
NTX (SEE,CE,EE)	-5.83	-3.75	1,114
WIG20 (PL)	-6.89	-7.13	2,218.47

Source: Bloomberg

Top/Flop – CROBEX index

Share	1 w %	Price on 5.2.10	Share	1 w %	Price on 5.2.10
Dom holding	3.24	44	Petrokemija	-3.45	140
PBZ	2.01	582	IGH	-3.50	2,728
HT	0.93	302	Ericsson NT	-3.59	1,425
Atlantic Grupa	0.83	730	Adris grupa (P)	-3.85	277
INA	-1.05	1,880	Ingra	-3.91	40
Viro TŠ	-1.46	405	Zagrebačka b.	-4.12	256
Podravka	-1.58	343	Atlantska plov.	-4.45	988
Uljanik plovidba	-1.79	632	Jadroplov	-4.46	169
Luka Ploče	-2.50	1,560	Đuro Đaković H.	-6.53	34
Dalekovod	-2.75	346	Ledo	-6.85	6,500
Tankerska plov.	-3.04	1,560	Končar	-7.18	478
Viadukt	-3.23	321	Tehnika	-8.87	1,620

Source: ZSE, Raiffeisen research



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Raiffeisen Research

Raiffeisen Consulting Economic Research Department

Zrinka Zivkovic Matijevic, MSc, Acting Head of Department; Fixed Income Market, Macroeconomics, Politics, MM and Exchange Rates; tel: + 385 1/61 74 338, email: zrinka.zivkovic-matijevic@rba.hr
 Ivana Juric, Economic Analyst; Macroeconomics, MM and Exchange Rates; tel: 01/61 74 349, email: ivana.juric@rba.hr
 Nada Harambašić, MSc, Chief Financial Analyst; Equity Market; tel: + 385 1/61 74 870, email: nada.harambasic@rba.hr
 Ana Franin, Financial Analyst; Equity Market; tel: + 385 1/61 74 388, email: ana.franin@rba.hr
 Marijana Cigić, MSc, Real estate Analyst; tel: + 385 1/61 74 359, email: marijana.cveljo@rba.hr

Raiffeisenbank Austria

Anton Starčević, MSc, Chief Economist; tel: + 385 1/61 74 210, email: anton.starcevic@rba.hr

Treasury and Investment Bank Division

Ivan Žižić, Executive Director; tel: + 385 1/46 95 076, email: ivan.zizic@rba.hr

Abbreviations

GDP – Gross Domestic Product
 kn, HRK – Kuna
 EUR – Euro
 USD – Dollar
 DZS – Croatian Bureau of Statistics

HNB – Croatian National Bank
 ECB – European Central Bank
 FED – Federal Reserve System
 IMF – International Monetary Fund
 MoF – Ministry of Finance

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Raiffeisenbank Austria d.d. Zagreb
 Petrinjska 59, 10000 Zagreb
 www.rba.hr
 tel. ++385 1/45 66 466
 fax: ++385 1/48 11 626

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