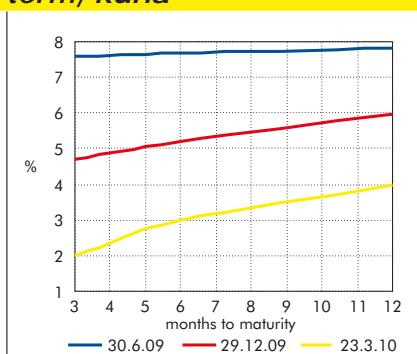


# Raiffeisen Weekly Report

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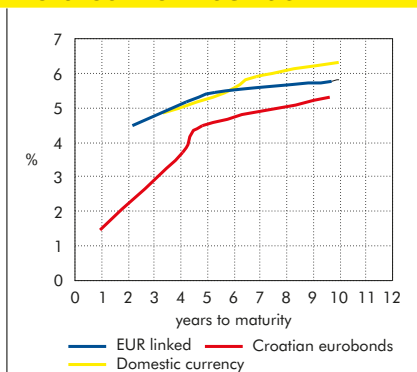
## No significant changes

### Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

### Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

### Last Week's Overview

In spite of the optimistic international market sentiment, bond markets in the CEE have not recorded significant changes thus keeping the yields at the relatively low levels. As expected, the Czech National Bank left its key 2-week repo rate unchanged (1.0%), but some Council members expressed a clear preference to further easing of monetary policy. In Poland, economic data were disappointing but with limited influence on bond yields. Weak inflationary pressures and uncertainty about the editions of the 10-year bonds fueled our expectations about the rising bond prices in the next couple of months. In Hungary, the IMF's last report recommended that Hungarian monetary policy should continue to ease gradually, which is actually in line with our expectations. The focus on domestic market was mainly on HRK- denominated government bonds with longest maturity whose yields have continued falling. Croatian Eurobond reported narrowing of spreads compared to benchmark German bonds (pronounced at longest maturity).

### This Week's Expectations

In the week ahead, the positive global sentiment and "the Greek problem" resolution could be supportive for the CEE markets. The Monetary council meetings in Hungary, Poland and Romania will be in focus. On the domestic market, the interest for 10-year government bonds could be lower as 10-year bond yields are close to their lowest viable levels. Therefore, we should not be surprised with a downward momentum of government bond prices next week.

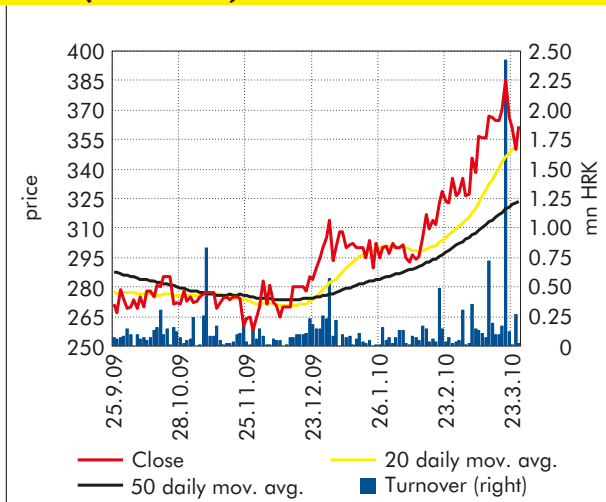
### Government bonds in domestic market

Indexed to foreign currency (eur/hrk)	Coupon	Maturity date	Price*		Ytm		Change**		Spread BUND	Spread EUROWAP
			Bid	Ask	Bid	Ask	Price-Ask	Yield-Ask		
RHMF-O-125A	6.875	23.5.2012	104.55	105.05	4.64	4.40	0.40	-0.21	356	311
RHMF-O-142A	5.500	14.6.2014	100.80	101.30	5.28	5.15	0.00	0.00	357	309
RHMF-O-157A	4.250	14.7.2015	94.00	94.50	5.57	5.46	0.00	0.00	333	289
RHMF-O-19BA	5.375	29.11.2019	96.00	96.50	5.92	5.85	1.00	-0.14	283	264
RHMF-O-203E	6.500	5.3.2020	104.00	104.50	5.96	5.90	0.75	-0.10	283	269
<b>Domestic currency</b>										
RHMF-O-137A	4.500	11.7.2013.	98.40	98.90	5.03	4.86	0.00	0.00	-	-
RHMF-O-15CA	5.250	15.12.2015.	98.50	99.00	5.56	5.45	0.00	0.00	-	-
RHMF-O-172A	4.750	8.2.2017.	93.10	93.60	5.99	5.90	0.10	-0.02	-	-
RHMF-O-203A	6.750	5.3.2020.	102.70	103.20	6.38	6.31	0.70	-0.10	-	-

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

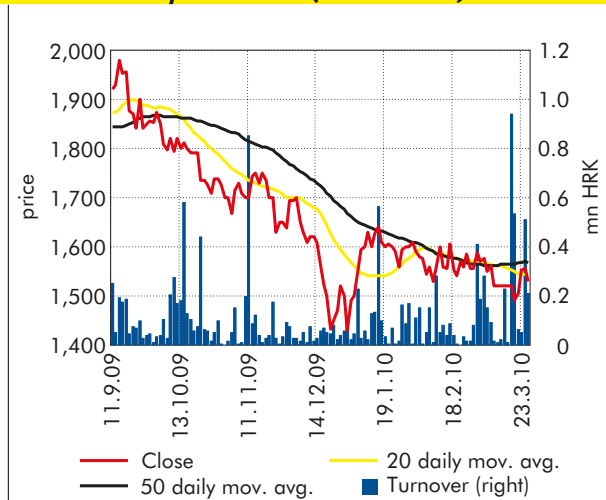
# HT acquired Combis

## Kraš (6 months)



Sources: ZSE, Raiffeisen research

## Tankerska plovidba (6 months)



Sources: ZSE, Raiffeisen research

The transaction of HT's acquisition of 100% stake in Combis, the leading systems integrator, announced in November last year, has been contracted. The price range is set at HRK 185 to 229 million and depends on results achieved in 2010 and 2011. On FY preliminary 09 sales of HRK 330 million this makes sales multiple of 0.56–0.69x. The transaction is subject to the watchdog approval. Combis will continue to operate separately. **Kraš** published audited FY 09 results. Top line was flat yoy at HRK 1,024.6 million but bottom line profits and margin were more than doubled to HRK 37.9 million (FY 08 was HRK 14 mn) mainly due to improvements on the operating result as the EBIT margin increased from 4.1% to 6.1% in FY 09 but also was boosted by better financial results. The proposed dividend payment amounts to HRK 20 per share (5.7% yield; 70% payout ratio) from last year's HRK 18 per share. **Tankerska plovidba** posted FY 09 sales 23% lower yoy at HRK 841 mn and net profits of HRK 0.17 mn (FY 08 was HRK 325 mn).

After the newspapers published the possibility that Government will propose 9 members for **Podravka's** Supervisory Board instead of earlier agreed 7 members, it became obvious that a new confrontation between Government and pension fund stakeholders will emerge. Hence, the EGM held on Thursday could not yield a final decision on the issue. The decision will be postponed for the next AGM, which will be organised by June at the latest. **Maistra** said they will terminate operation and investment activities on Vrsar area on land that is disputable with Vrsar municipality. They will remain closed for Eastern holidays but are open to fair negotiations and settlement.

## Market performance

Index	1 w %	ytd %	Value on 26.3.2010
ATX (AT)	1.90	5.27	2,627
BELEX15 (RS)	-1.61	1.26	672
BETI (RO)	1.86	28.09	6,008
BUX (HU)	4.70	16.14	24,652
CROBEX (HR)	-0.51	6.82	2,141
PX (CZ)	1.61	8.12	1,208
RTSI (RU)	-1.69	5.12	1,519
SBI20 (SI)	1.03	-4.22	3,906
SOFIX (BG)	-1.04	-1.98	419
SASX10 (BH)	-0.29	-3.58	1,015
NTX (SEE,CE,EE)	1.63	9.02	1,262
WIG20 (PL)	1.94	4.19	2,488.75

Source: Bloomberg

## Top/Flop – CROBEX index

Share	1 w %	Price on 26.3.2010	Share	1 w %	Price on 26.3.2010
Luka Ploče	4.73	1,677	Zagrebačka b.	-0.53	253
Dom holding	3.45	40	Atlantska plov.	-0.61	974
PBZ	3.39	610	Ledo	-0.94	6,290
Atlantic Grupa	1.59	705	INA	-1.28	1,770
Dalekovod	1.19	363	Viro TŠ	-1.45	360
HT	1.07	320	Tehnika	-1.53	1,483
Viadukt	0.60	318	Uljanik plovidba	-1.54	640
Ericsson NT	0.07	1,483	Petrokemija	-2.22	131
Podravka	-0.03	333	Inggra	-2.69	38
Adris grupa (P)	-0.18	285	Janaf	-2.85	3,000
IGH	-0.34	2,500	Kraš	-3.94	370
Končar	-0.42	468	Belišće	-14.51	495
Jadroplov	-0.48	167			

Source: ZSE, Raiffeisen research



**Raiffeisen  
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## 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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