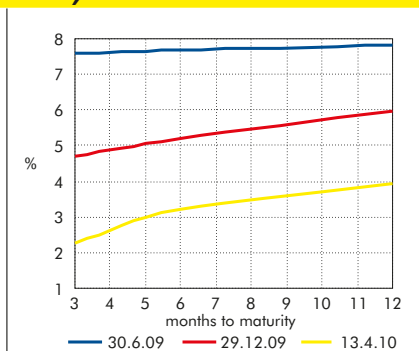


Raiffeisen Weekly Report

April 26th, 2010 • RBA Croatia Weekly Report no. 15/2010

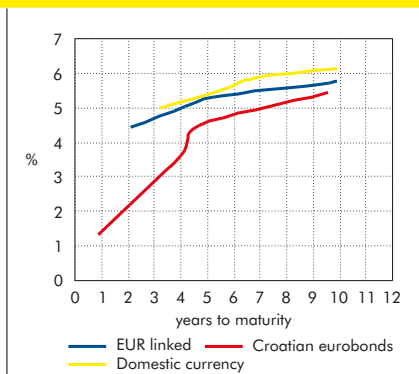
Still favourable sentiment in the region

Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

Last Week's Overview

The Greek story still plays a minor role on CEE bonds markets sentiment. However, a relatively positive sentiment is driving the market. Economic releases in Poland showed speeding up of economy, supporting RZB forecast for Q1 GDP at +2.9% yoy. There is further potential for declining yields given improved risk attitude towards Poland, low inflation and postponement of the rate hikes. Government bond prices in Czech Republic were not significantly affected by the recent fears about Greece, the early resignation of governor and the consequential corrective move of the Czech koruna. Moreover, the yield curve even continued to edge lower still, a move that was also supported by the strong demand in the 15-year government bond auction. The focus on the Hungarian market was the second round of the elections. EUR/HUF has been moving in a narrow range and the demand for government bonds remained strong. On the Croatian bond market HRK-denominated and EUR-denominated bonds (with the exception of the longest maturity) reported decrease of bond yields along the curve.

This Week's Expectations

This week looks thin in terms of economic data in the CEE region. Thus, the bond market will likely follow the global and regional market sentiment. At the beginning of the week central bank in Hungary is expected to move ahead with another 25bp rate cut. On the domestic market we do not expect any changes since the trading volume is likely to remain low.

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	104.30	104.80	4.67	4.43	0.30	-0.18	375	328
RHMF-O-142A	5.500	14.6.2014	101.30	101.80	5.14	5.01	0.30	-0.08	353	309
RHMF-O-157A	4.250	14.7.2015	94.70	95.20	5.43	5.32	0.20	-0.04	327	289
RHMF-O-19BA	5.375	29.11.2019	97.00	97.50	5.79	5.72	0.30	-0.04	275	252
RHMF-O-203E	6.500	5.3.2020	105.05	105.55	5.82	5.75	-0.15	0.02	272	266
Domestic currency										
RHMF-O-137A	4.500	11.7.2013	98.10	98.60	5.15	4.98	0.10	-0.03	-	-
RHMF-O-15CA	5.250	15.12.2015	98.10	98.60	5.65	5.54	0.10	-0.02	-	-
RHMF-O-172A	4.750	8.2.2017	93.45	93.95	5.94	5.84	0.45	-0.08	-	-
RHMF-O-203A	6.750	5.3.2020	104.00	104.50	6.20	6.13	0.70	-0.10	-	-

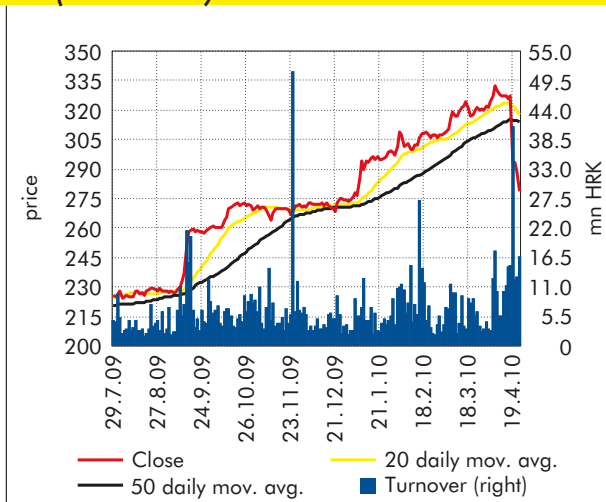
* Raiffeisen Research; ** in comparison with end of last week



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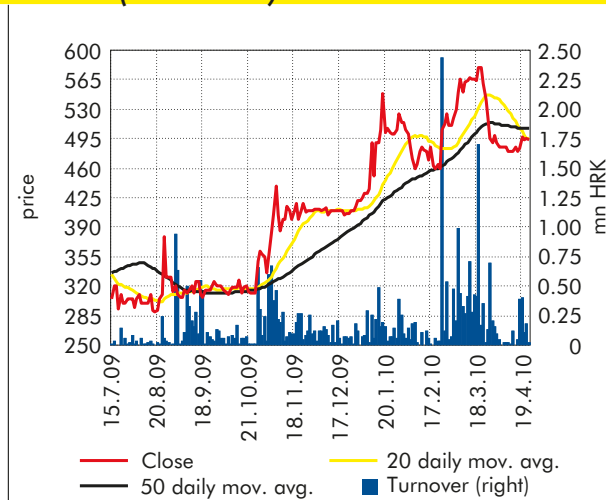
Dynamic week on the market

HT (6 months)



Sources: ZSE, Raiffeisen research

Belišće (6 months)



Sources: ZSE, Raiffeisen research

Trading in the last week was all but boring. Drop on Monday was mostly influenced by HT's ex-dividend day when share saw a 34.34 kuna drop, almost same as dividend amount. On Monday, Duropack published the bid price of HRK 500 per share for the remaining **Belisce** shares. It is a 10% premium to 3M weighted average price. The price makes 20x EV/EBITDA, 290x FY09 earnings and 0.62x sales. They also intend to increase the capital by EUR 20 mn at a later stage and hence, improve the highly leveraged capital structure. The offer is open for 28 days. Duropack also offered HRK 1,690 for **Unijapapir's** shares and HRK 90 per share for **Bilokalnik** shares which float on the market. Although it was rumoured that market expected 30% premium and shares closed trading day very close to the bid price at HRK 496.5, the success of the takeover offer will be known in last week before the expiry. **Atlantic grupa** informed that they have submitted the unbinding offer for Droga Kolinska. The bid price was not disclosed. Croatian regulator approved the offer of Austrian company EPIC to buy remaining shares of **Valamar grupa**. They currently hold 83.4% voting rights and the price offered amounts to 29.78 kuna per share.

The Government presented new programme for overall economic recovery which, among other, suggests all stakes in Croatian companies held by state and its organisations, especially minority holdings, should be joined within the Croatian Privatisation Fund management in order to speed up the privatisation process. Together with around 400 other minority holdings, the Government could sell the 3.5% stake in HT. Next week is deadline for reporting 1Q results and we expect investors to keep eyes on that.

Market performance

Index	1 w %	ytd %	Value on 23.4.2010
ATX (AT)	-0.09	9.42	2,731
BELEX15 (RS)	-1.39	13.71	755
BETI (RO)	-3.16	25.26	5,875
BUX (HU)	-0.29	15.55	24,528
CROBEX (HR)	-0.09	9.43	2,193
PX (CZ)	-0.22	15.68	1,293
MICEX10 (RU)	-2.55	10.60	3,467
SBI20 (SI)	-0.63	-2.45	959
SOFIX (BG)	-0.03	-0.88	424
SASX10 (BH)	-0.55	-3.50	1,016
NTX (SEE,CE,EE)	-1.82	11.38	1,289
WIG20 (PL)	-3.16	5.20	2,512.85

Source: Bloomberg

Top/Flop – CROBEX index

Share	1 w %	Price on 23.4.2010	Share	1 w %	Price on 23.4.2010
Jadroplov	5.88	180	Zagrebačka b.	2.34	262
IGH	5.77	2,620	Belišće	2.28	494
Atlantska plov.	4.13	1,019	Uljanik plovodba	2.01	660
Ericsson NT	3.69	1,700	Viro TŠ	1.67	391
Luka Ploče	3.65	1,700	PBZ	1.66	610
Dalekovod	3.63	382	Podravka	1.44	353
Viadukt	3.53	323	INA	1.41	1,785
Ingra	3.53	38	Kraš	1.37	370
Ledo	3.43	6,630	Petrokemija	0.82	134
Tehnika	3.36	1,478	Adris grupa (P)	0.25	310
Dom holding	3.05	42	JANAF	0.12	2,903
Končar	2.92	505	HT	-13.58	283
Atlantic Grupa	2.53	729			

Source: ZSE, Raiffeisen research



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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

Publisher

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 Petrinjska 59, 10000 Zagreb
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Publication finished on April 23rd, 2010

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