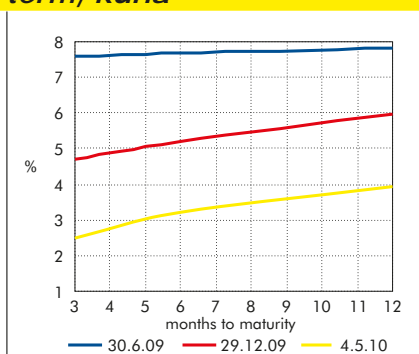


# Raiffeisen Weekly Report

May 17<sup>th</sup>, 2010 • RBA Croatia Weekly Report no. 18/2010

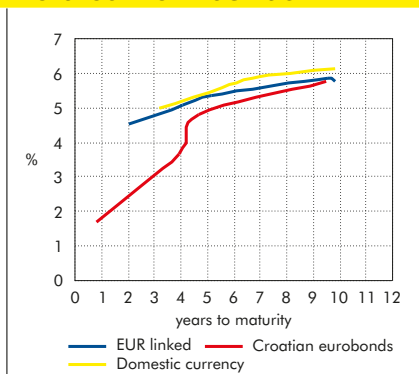
## Supportive global sentiment, good domestic fundamentals

### Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

### Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

### Last Week's Overview

As a result of a massive rescue package for stabilizing eurozone's financial conditions, market tensions eased substantially causing appreciation of local currencies and supporting CE government bonds. Moreover, yields on CE bonds could continue to retreat further, since even in the last week bond auctions in Poland and Czech Republic were accompanied with solid investor's interest. In addition to calming markets, positive news came from GDP flash estimates in Hungary and Czech Republic. Namely, with 0.9% qoq growth, the Hungarian economy has emerged from the recession, and 0.2% qoq growth in Czech Republic confirmed economic recovery which is mainly driven by export oriented industrial sector. Moreover, even labour market statistics positively surprised the market. On the Croatian bond market, a modest trading volume was the main characteristic of last week's trading. EUR-denominated bonds reported slight corrections while the prices of HRK-denominated ones slightly went up (on the longer end of the curve). The Eurobond issues were affected by lower risk aversion, so the prices went up and spreads compared to the benchmark German securities narrowed.

### This Week's Expectations

Along with the international market sentiment, local bond markets should be influenced by local statistical figures. As regards to the Croatian domestic bond market, we expect calm week without excitements. If the global sentiment continues to improve further, correction of Croatian Eurobond issues can be expected.

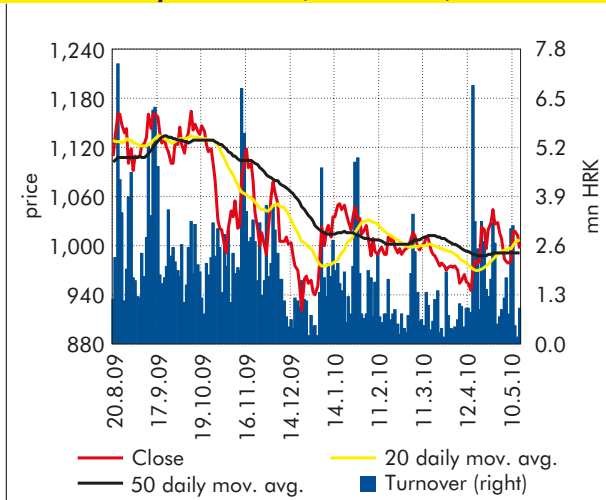
### Government bonds in domestic market

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	104.05	104.50	4.74	4.51	-0.05	0.01	413	345
RHMF-O-142A	5.500	14.6.2014	101.05	101.50	5.21	5.09	0.05	-0.01	385	3320
RHMF-O-157A	4.250	14.7.2015	94.50	95.00	5.49	5.37	0.00	0.00	351	291
RHMF-O-19BA	5.375	29.11.2019	96.00	96.50	5.93	5.86	-0.50	0.07	310	270
RHMF-O-203E	6.500	5.3.2020	104.90	105.50	5.83	5.76	0.00	0.00	308	284
<b>Domestic currency</b>										
RHMF-O-137A	4.500	11.7.2013	98.20	98.60	5.13	4.98	0.00	0.00	-	-
RHMF-O-15CA	5.250	15.12.2015	98.00	98.50	5.67	5.57	0.00	0.00	-	-
RHMF-O-172A	4.750	8.2.2017	93.30	93.80	5.97	5.88	0.05	-0.01	-	-
RHMF-O-203A	6.750	5.3.2020	104.00	104.60	6.20	6.12	0.10	-0.01	-	-

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

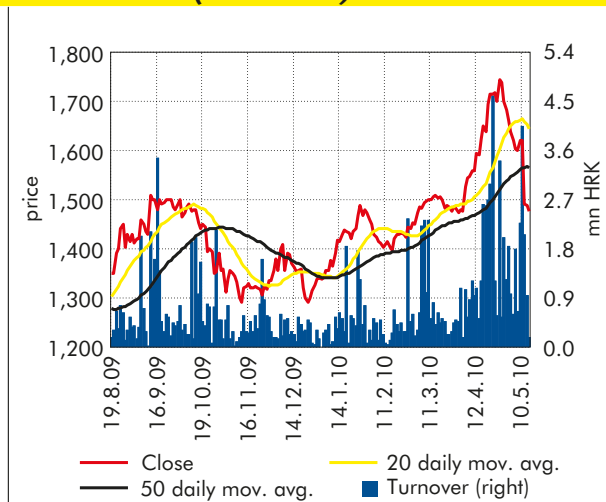
# Cooperation of Ericsson NT and Tele2 continues

## Atlantska plovidba (6 months)



Sources: ZSE, Raiffeisen research

## Ericsson NT (6 months)



Sources: ZSE, Raiffeisen research

Last week world equity markets opened very optimistically, driven by eurozone leaders' agreement on loan package for Greece. ZSE was no exception. However, it did not last very long, as stocks dropped already on Tuesday. CROBEX index almost stagnated, with weekly change of only -0,58%.

Cromaris, a member company of **Adris grupa**, announced capital increase of HRK 154.9 million, after which the total share capital will amount to HRK 214.9 million. Cromaris will issue 1.1 million of new shares at the price of HRK 139.54 per share. The funds will be invested in production capacities augmentation from current 1,500 t to 5,000 t of fish till 2015. Hrvatski duhani, also a member company of Adris grupa, informed they expect production of 10,500 t of tobacco in 2010, which is an increase of 5% yoy, in spite of 3.5% yoy lowered production area.

According to the published agenda for the AGM of **Atlantska plovidba**, the Company decided to pay a dividend of HRK 20 per share (HRK 50 in last year) to the shareholders registered as of June, 30. The total dividend amount of HRK 27.6 million will be paid out from the retained earnings from previous years. Relative to the current market price the dividend yield amounts to roughly 2%. **Ericsson NT** and Tele2 signed two new contracts related to continuation of deliveries of solutions and services in the area of GSM and UMTS networks. Although the contracts values are not published, taking into account HT's decreased CAPEX program for FY 2010, the news is positive. However, Ericsson NT's stock recorded a sharp drop (-8.02%) on Tuesday as the stock went ex-dividend.

## Market performance

Index	1 w %	ytd %	Value on 14.5.2010
ATX (AT)	8.41	0.43	2,506
BELEX15 (RS)	-0.05	8.69	721
BETI (RO)	8.77	13.81	5,338
BUX (HU)	8.50	9.50	23,244
CROBEX (HR)	-0.58	2.96	2,063
PX (CZ)	5.05	7.80	1,205
MICEX (RU)	6.32	2.83	3,223
SBI20 (SI)	2.56	-5.79	926
SOFIX (BG)	-2.18	-6.02	402
SASX10 (BH)	-2.49	-8.27	966
NTX (SEE,CE,EE)	7.35	3.10	1,193
WIG20 (PL)	3.68	1.44	2,423.03

Source: Bloomberg

## Top/Flop – CROBEX index

Share	1 w %	Price on 14.5.2010	Share	1 w %	Price on 14.5.2010
Kraš	4.65	360	Belišće	-0.22	495
Atlantic Grupa	2.04	701	Dom holding	-0.26	38
Atlantska plov.	1.94	999	IGH	-0.43	2,550
Viro TŠ	1.30	366	Petrokemija	-0.86	135
HT	1.11	273	Ingra	-1.11	36
Ledo	0.61	6,318	INA	-1.12	1,760
Luka Ploče	0.47	1,900	JANAF	-1.25	2,755
Uljanik plovidba	0.40	629	Viadukt	-1.36	297
Končar	0.21	481	Dalekovod	-1.55	350
Jadroplov	0.14	170	Podravka	-1.79	329
Zagrebačka banka	0.02	230	Tehnika	-2.86	1,360
PBZ	0.00	584	Ericsson NT	-9.37	1,470
Adris grupa (P)	-0.20	274			

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

Raiffeisenbank Austria d.d. Zagreb  
 Petrinjska 59, 10000 Zagreb  
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Publication finished on May 14<sup>th</sup>, 2010

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