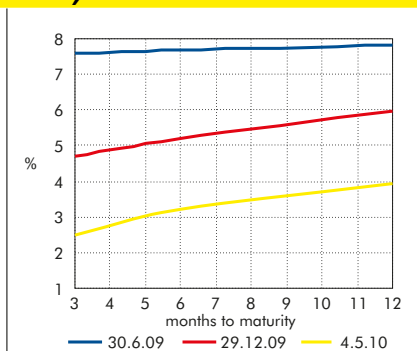


Raiffeisen Weekly Report

June 7th, 2010 • RBA Croatia Weekly Report no. 21/2010

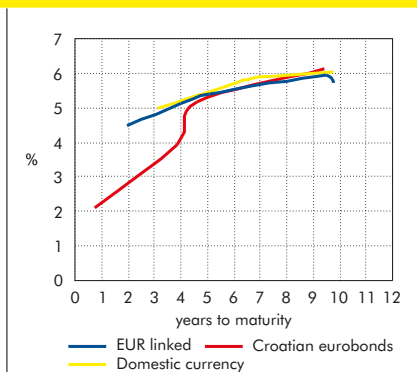
Risk aversion fueled again

Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

Last Week's Overview

As nervousness and risk aversion still prevail on the EU market the CE yields ended week at the higher levels. Moreover, the latest news about the possibility that the Hungarian previous government manipulated figures and lied about the state of the economy strongly influenced bond market by pushing CE bond yields and CDS spreads upward. The MC of the Hungarian National Bank left the base rate unchanged – in line with expectations – after cutting the key rate for ten consecutive months. Poland held another successful auction of 2-year bonds on which, once again, demand outstripped supply by more than double. The polish Q1 GDP grew by 3% yoy (in line with estimates). The Czech bonds weakened, yield curve increased along the whole length and steepened. The new issuance calendar with higher than usual issuing amount during summer months was the main reason for such a development. Low trading volumes and stable yields were the main characteristics of domestic market. After the narrowing in the first half of the week, the latest news from Hungary caused widening of Croatian eurobond spreads.

This Week's Expectations

The CEE yields will mostly depend on global sentiment and a quite high level of risk aversion. The upcoming economic releases will, most probably, be less important and the focus will be pointed at the most recent case on the CEE market – reliability of the Hungarian fiscal data. Croatian eurobonds will follow movements of major markets and developments regarding the Hungarian issue.

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	104.00	104.45	4.71	4.48	-0.10	0.03	408	326
RHMF-O-142A	5.500	14.6.2014	100.95	101.40	5.23	5.11	-0.10	0.03	429	343
RHMF-O-157A	4.250	14.7.2015	94.50	95.00	5.50	5.38	0.00	0.00	365	296
RHMF-O-19BA	5.375	29.11.2019	95.50	96.00	6.00	5.93	0.00	0.00	350	299
RHMF-O-203E	6.500	5.3.2020	104.70	105.70	5.86	5.73	0.10	-0.01	305	279
Domestic currency										
RHMF-O-137A	4.500	11.7.2013	98.20	98.60	5.14	4.99	0.00	0.00	-	-
RHMF-O-15CA	5.250	15.12.2015	98.00	98.50	5.68	5.57	0.00	0.00	-	-
RHMF-O-172A	4.750	8.2.2017	93.40	93.90	5.96	5.87	0.00	0.00	-	-
RHMF-O-203A	6.750	5.3.2020	104.20	105.20	6.17	6.03	0.00	0.00	-	-

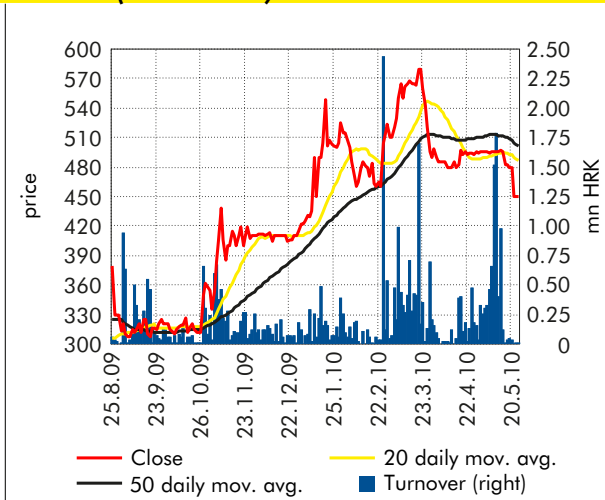
* Raiffeisen Research; ** in comparison with end of last week



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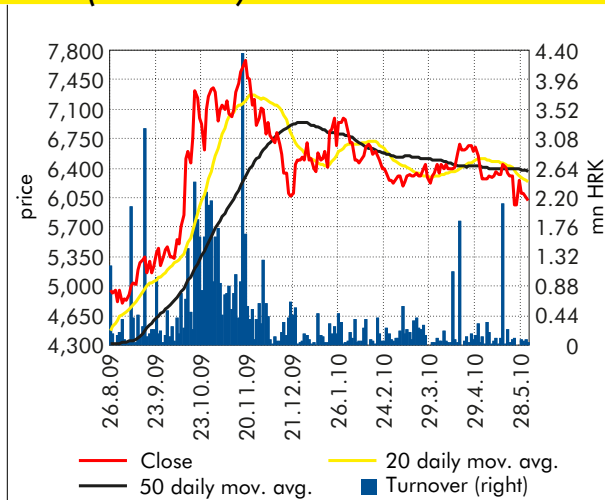
Duropack collected 62.34% of Beliše shares

Beliše (6 months)



Sources: ZSE, Raiffeisen research

Ledo (6 months)



Sources: ZSE, Raiffeisen research

Average daily turnover on the ZSE was higher last week compared to week before thanks to high volumes traded on Tuesday. However, Monday trading recorded only HRK 8.3 mn, what is the lowest turnover since the beginning of the crisis. In all trading days, stock indices posted downward trend with the exception on Friday. Finally, the week closed at -1.81% and -1.55% change in CROBEX and CROBEX10, respectively.

The Supervisory Board of **Podravka** met on Monday in order to decide on the Management Board members. They decided to reappoint almost all current members for the new mandate of five years. The only exception is return of Mr. Vuljak to the SB and he'll be replaced by Mr. Repić. This decision has not been in line with requirements of the pension fund representative which hold 21.7% of Podravka's shares. **Ledo** scheduled the AGM for 7.7.2010 where, among other things, shareholders will vote on retention of the total net income posted in 2009 which amounts to HRK 101.4 mn and amendments to the core business to include chocolate, meat and fruit and vegetables processing. Last year Ledo paid out 22.4% of net earnings (HRK 89.4 mn) through dividends (HRK 91 per share). Following the positive opinion about the Duropack's takeover offer for remaining shares of **Beliše**, given by the Management Board in late April, management and other insider shareholders decided to accept the offer. Their stakes make up for 5.3% of total shares issued. Duropack announced they collected total of 62.34% of Beliše's shares issued. The share closed at HRK 450 on Friday and the takeover bid amounts to HRK 500 a piece.

Market performance

Index	1 w %	ytd %	Value on 4.6.2010
ATX (AT)	-6.13	-8.59	2,281
BELEX15 (RS)	2.89	-0.08	663
BETI (RO)	-2.24	3.70	4,864
BUX (HU)	-4.45	-1.25	20,963
CROBEX (HR)	-1.81	-1.88	1,966
PX (CZ)	-2.95	1.61	1,135
MICEX (RU)	0.76	0.45	3,149
SBI20 (SI)	-0.18	-10.50	880
SOFIX (BG)	-1.68	-12.03	376
SASX10 (BH)	1.07	-9.98	948
NTX (SEE,CE,EE)	-5.51	-5.60	1,093
WIG20 (PL)	-3.24	-1.68	2,348.53

Source: Bloomberg

Top/Flop – CROBEX index

Share	1 w %	Price on 4.6.2010	Share	1 w %	Price on 4.6.2010
Kraš	1.55	361	JANAF	-2.07	2,550
Viro TŠ	0.00	330	Petrokemija	-2.45	121
Ericsson NT	-0.68	1,460	Končar	-2.57	459
HT	-0.82	267	Podravka	-2.58	302
Luka Ploče	-0.87	1,715	PBZ	-3.57	540
Zagrebačka banka	-0.89	222	Uljanik plovodba	-4.05	592
Atlantska plov.	-1.04	947	Ingra	-4.42	32
Dalekovod	-1.18	336	IGH	-4.65	2,335
Ledo	-1.48	6,010	Beliše	-6.25	450
INA	-1.50	1,710	Viadukt	-6.63	280
Adris grupa (P)	-1.51	261	Dom holding	-6.70	33
Atlantic Grupa	-1.83	697	Tehnika	-6.80	1,165
Jadroplov	-1.84	158			

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 June 4th, 2010

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