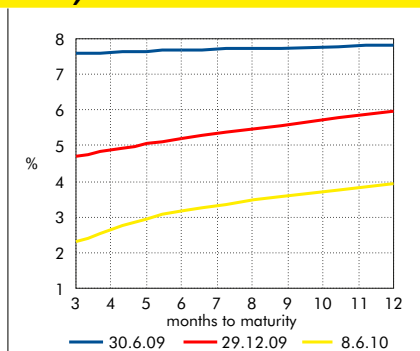


# Raiffeisen Weekly Report

June 14<sup>th</sup>, 2010 • RBA Croatia Weekly Report no. 22/2010

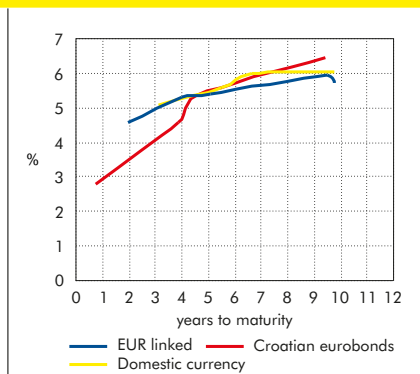
## Return of global risk appetite

### Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

### Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

### Last Week's Overview

As the end of the week was approaching, the global sentiment was gradually improving resulting in the CE bond yields decline and spreads narrowing to the German bund. In Czech Republic political talks about formation of a strong center-right government coalition continued and so far the plan looks promising and market-friendly. The rating agency Fitch even raised its rating outlook to positive. The Polish parliament approved respected economist and former PM Mr. Belka as central bank governor but the decision has been more or less ignored by market as the move was already anticipated. The PM in Hungary revealed the new government plans last week. Hungary will stick to the deficit targets (3.8% in 2010; 2.9% in 2011) agreed with the IMF and the EU. However, in order to keep the budget deficit close to target, the government will impose an extra tax on the financial sector and cut the public sector wage bill by 15%. Croatian domestic bonds were under pressure last week. The speculation about the new government domestic issuance could be the main reason for such movements. On weekly level eurobonds reported rising of the yields and widening of the spreads compared to German benchmark.

### This Week's Expectations

Despite the expectations that the market sentiment could continue to slightly improve, the downside potential for CE yield is still limited. Therefore we expect to see stable yields this week. On domestic market, bonds could be under selling pressure, while the Croatian eurobonds could report further narrowing of spreads.

### 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	103.80	104.25	4.80	4.56	-0.20	0.09	410	331
RHMF-O-142A	5.500	14.6.2014	100.30	100.75	5.42	5.29	-0.65	0.18	431	339
RHMF-O-157A	4.250	14.7.2015	94.50	95.00	5.51	5.39	0.00	0.00	365	296
RHMF-O-19BA	5.375	29.11.2019	95.50	96.00	6.01	5.93	0.00	0.00	380	303
RHMF-O-203E	6.500	5.3.2020	104.80	105.80	5.84	5.71	0.10	-0.01	314	283
<b>Domestic currency</b>										
RHMF-O-137A	4.500	11.7.2013	98.00	98.40	5.21	5.07	-0.20	0.08	-	-
RHMF-O-15CA	5.250	15.12.2015	97.90	98.40	5.70	5.59	-0.10	0.02	-	-
RHMF-O-172A	4.750	8.2.2017	92.80	93.30	6.08	5.99	-0.60	0.12	-	-
RHMF-O-203A	6.750	5.3.2020	104.30	105.30	6.15	6.02	0.10	-0.01	-	-

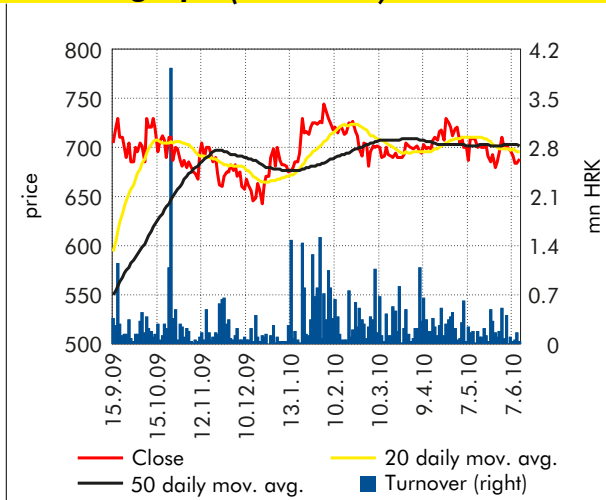
\* Raiffeisen Research; \*\* in comparison with end of last week



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RESEARCH**  
RZB Group

# Atlantic grupa to takeover Kalničke vode

## Atlantic grupa (6 months)

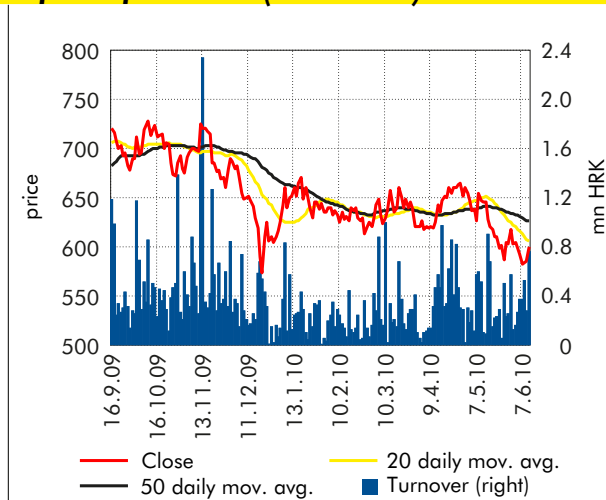


Sources: ZSE, Raiffeisen research

Last week on the ZSE opened trading in negative mood, followed by a mild recovery towards the middle of the week. Still, CROBEX recorded a weekly drop of 2.12%, with average daily turnover of only HRK 15.5 million.

As stated in the **Plava laguna's** AGM agenda, that is to be held on July, 30, proposed dividend amounts to HRK 108.12 per common share and HRK 109.12 per preferred share. Common share of Plava laguna recorded a daily jump of 23.2% on the announcement day. Shareholders registered at CDA 30 days prior to the AGM are entitled to the dividend. According to the STA, **Atlantic grupa's** takeover attempt of Droga Kolinska probably failed. On the other hand, Supervisory board of Badel 1862 and main shareholders decided to sell majority stake in Kalničke vode to Atlantic grupa. The value of the transaction was not disclosed, but rumours quote price over HRK 80 million.

## Uljanik plovidba (6 months)



Sources: ZSE, Raiffeisen research

Shareholders of **Uljanik plovidba** will vote on earnings distribution proposition on the AGM scheduled for July 16. The proposed second part of the dividend amounts to HRK 10.7 million or HRK 19.6 per share, which together with already paid HRK 20 makes total dividend of HRK 39.6 per share. The boards of Duropack and **Belišće** held a press conference following the takeover announcement. The integration process will start after regulators approve the takeover, expected in 3Q 10. Duropack intends to make the capital increase of Belišće amounting to EUR 20 mn and to retain all future earnings in order to improve the capital structure of the acquired company.

## Market performance

Index	1 w %	ytd %	Value on 11.6.2010
ATX (AT)	4.23	-5.31	2,363
BELEX15 (RS)	-3.84	-3.91	638
BETI (RO)	-2.58	1.02	4,739
BUX (HU)	-0.39	-0.10	21,206
CROBEX (HR)	-2.12	-3.97	1,925
PX (CZ)	0.90	2.52	1,146
MICEX (RU)	0.26	1.12	3,170
SBI20 (SI)	-2.19	-12.46	860
SOFIX (BG)	-0.65	-12.61	373
SASX10 (BH)	1.76	-8.40	965
NTX (SEE,CE,EE)	2.84	-3.01	1,123
WIG20 (PL)	0.55	-0.88	2,367.70

Source: Bloomberg

## Top/Flop – CROBEX index

Share	1 w %	Price on 11.6.2010	Share	1 w %	Price on 11.6.2010
Kraš	2.64	370	Končar	-2.59	448
Uljanik plovidba	2.03	604	Atlantska plov.	-3.17	917
Petrokemija	1.64	123	Viadukt	-3.21	271
INA	0.58	1,720	Luka Ploče	-3.67	1,652
Dom holding	0.03	33	Tehnika	-3.86	1,120
Belišće	0.00	450	Podravka	-3.98	290
Ericsson NT	-0.82	1,448	Viro TŠ	-4.25	316
Atlantic Grupa	-1.72	685	Jadroplov	-4.92	150
JANAF	-1.96	2,500	PBZ	-5.35	511
HT	-2.04	262	Dalekovod	-5.35	318
Zagrebačka banka	-2.24	217	IGH	-5.82	2,199
Adris grupa (P)	-2.30	255	Ingra	-6.50	29
Ledo	-2.33	5,870			

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

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