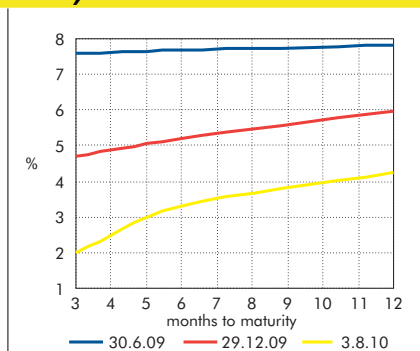


Raiffeisen Weekly Report

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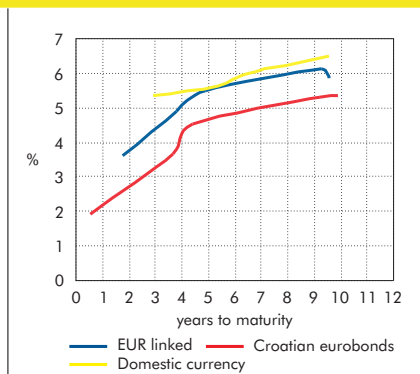
Gains in prices for EUR linked domestic bonds

Yield curve – short term, kuna



Sources: Ministry of Finance, CNB

Yield curve – bonds



Sources: Raiffeisen Research, Bloomberg

Last Week's Overview

The last week's relatively positive risk sentiment triggered a drop of CE yields, especially at the long end of the curve, but also helped the majority of currencies to strengthen against the euro. Moreover, Polish 10 year bond yields dropped by nearly 30bp to the lowest levels since April, before Greece's troubles began. In the same time a solid demand for government securities has been continued in the region thus supporting such movements. On the domestic market most of the reported trading was related to the EUR linked bond with the longest maturity (2020). Combined with the depreciation of HRK against EUR, a noticeable demand supported the price increase. Notable signs of selling activities were recorded with HRK-denominated bonds so the longest maturity fell by around 75 bp. Croatian Eurobonds' prices and their spread levels to German yields remained stable.

This Week's Expectations

Although current environment still remains supportive for the CE bonds, weak economic data from the Eurozone and the US could cause rise of the risk aversion and correction on the local bond markets. On the domestic market, EUR linked bonds could hover around achieved levels. As regards domestic currency yields, it is hard to expect further decline at current levels, although we cannot fully exclude such movements. After two weeks, MoF announced T-bill auction (1-year T-bill HRK 100 mn HRK and EUR 20 mn). Most of the investors are focused on the announced budget revision and ways of (re)financing of the government liabilities.

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	105.00	105.50	3.89	3.60	0.75	-0.46	357	298
RHMF-O-142A	5.500	14.6.2014	101.50	102.00	5.06	4.91	0.40	-0.12	434	362
RHMF-O-157A	4.250	14.7.2015	94.20	94.70	5.62	5.50	0.00	0.00	409	346
RHMF-O-19BA	5.375	29.11.2019	94.30	94.80	6.19	6.12	0.00	0.00	379	334
RHMF-O-203E	6.500	5.3.2020	104.20	104.70	5.92	5.85	2.05	-0.28	378	351
Domestic currency										
RHMF-O-137A	4.500	11.7.2013	97.30	97.80	5.53	5.33	-0.20	0.08	-	-
RHMF-O-15CA	5.250	15.12.2015	97.80	98.30	5.73	5.62	-0.05	0.01	-	-
RHMF-O-172A	4.750	8.2.2017	92.90	93.40	6.10	6.00	-0.10	0.02	-	-
RHMF-O-203A	6.750	5.3.2020	101.25	101.75	6.57	6.50	-0.75	0.11	-	-

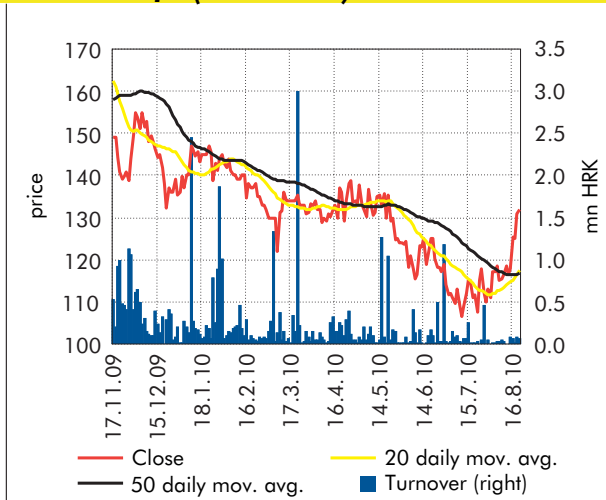
* Raiffeisen Research; ** in comparison with end of last week



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Still very low activity on ZSE

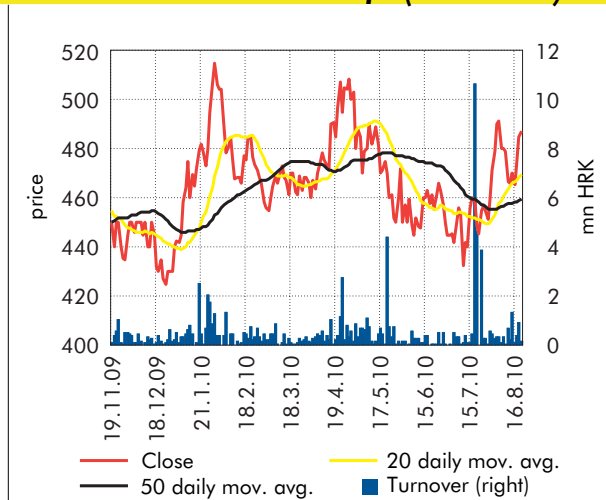
Petrokemija (6 months)



Sources: ZSE, Raiffeisen research

During the week behind us on Zagreb Stock Exchange the average trading volumes amounted to HRK 17.3 million, a bit more than in the previous week, which could be a sign of market awaking after the summer season. CROBEX index recorded a weekly change of +1.47%. Highest daily growth was realized on Wednesday, +0.71%. Out of the CROBEX constituents **Petrokemija** saw the strongest weekly jump of 13.1%. Among the most traded shares was **Končar-elektroindustrija** after the Management Board members informed on acquisition of the 25,050 shares in total. Moreover, the Company was buying the treasury stocks, whereas the share closed the week +3.8% up.

Končar – elektroindustrija (6 months)



Sources: ZSE, Raiffeisen research

Uljanik plovidba paid out the remaining part of the dividend, amounting to HRK 10.7 million, on August, 16 while the first part was paid out in April. Combis, the Company owned by **HT**, in cooperation with Phaeros Group BVBA, contracted with Port of Rijeka authority implementation of electronic data exchange equipment. The contract is worth EUR 1.1 million.

According to the new regulation on sugar market reporting, compliant with EU standards, all domestic sugar refineries (Kandit Premijer, **Viro** and Sladorana) are obliged to report the Ministry of Agriculture on total contracted sugar beet production by October, 16 and in following years by May, 20. Furthermore, consistency of the data on the input quantities, sugar production as well as sales performance will be controlled.

Market performance

Index	1 w %	ytd %	Value on 20.8.2010
ATX (AT)	1.14	-2.05	2,444
BELEX15 (RS)	1.44	-3.84	638
BETI (RO)	1.95	11.62	5,236
BUX (HU)	-0.55	3.42	21,954
CROBEX (HR)	1.47	-6.53	1,873
PX (CZ)	0.11	5.15	1,175
MICEX (RU)	-1.41	2.91	3,226
SBI20 (SI)	1.09	-16.29	823
SOFIX (BG)	-2.04	-8.93	389
SASX10 (BH)	0.49	-15.34	892
NTX (SEE,CE,EE)	0.59	1.51	1,175
WIG20 (PL)	-0.28	2.37	2,445.29

Source: Bloomberg

Top/Flop – CROBEX index

Share	1 w %	Price on 20.8.2010	Share	1 w %	Price on 20.8.2010
Petrokemija	13.13	133	Atlantska plov.	0.66	840
Viro TŠ	6.73	340	JANAF	0.34	2,630
Kraš	4.88	430	Viadukt	0.20	225
Dom holding	4.58	39	HT	0.19	259
Končar	3.84	488	IGH	0.03	1,701
Ericsson NT	3.05	1,350	Jadroplov	0.00	140
Adris grupa (P)	2.80	257	INA	-0.03	1,652
Dalekovod	2.49	285	Atlantic Grupa	-0.78	698
PBZ	2.00	495	Ingra	-1.78	22
Podravka	1.79	285	Tehnika	-1.87	1,050
Ledo	1.61	5,995	Belišće	-2.00	440
Luka Ploče	1.26	1,622	Zagrebačka b.	-2.35	208
Uljanik plovidba	0.78	555			

Source: ZSE, Raiffeisen research



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Raiffeisen Research

Raiffeisen Consulting Economic Research Department

Zrinka Zivkovic Matijevic, MSc, Acting Head of Department; Fixed Income Market, Macroeconomics, Politics, MM and Exchange Rates; tel: + 385 1/61 74 338, email: zrinka.zivkovic-matijevic@rba.hr
 Ivana Juric, Economic Analyst; Macroeconomics, MM and Exchange Rates; tel: 01/61 74 349, email: ivana.juric@rba.hr
 Nada Harambašić, MSc, Chief Financial Analyst; Equity Market; tel: + 385 1/61 74 870, email: nada.harambasic@rba.hr
 Ana Franin, Financial Analyst; Equity Market; tel: + 385 1/61 74 388, email: ana.franin@rba.hr
 Marijana Cigić, MSc, Real estate Analyst; tel: + 385 1/61 74 359, email: marijana.cigic@rba.hr

Raiffeisenbank Austria

Anton Starčević, MSc, Chief Economist; tel: + 385 1/61 74 210, email: anton.starcevic@rba.hr

Treasury and Investment Bank Division

Ivan Žižić, Executive Director; tel: + 385 1/46 95 076, email: ivan.zizic@rba.hr

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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Raiffeisenbank Austria d.d. Zagreb
 Petrinjska 59, 10000 Zagreb
 www.rba.hr
 tel. ++385 1/45 66 466
 fax: ++385 1/48 11 626

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