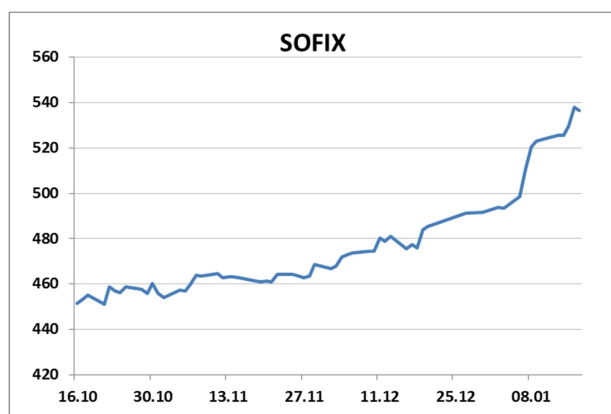


Indices

	Last quote	1-day change	5-day change	1 month	1 year
SOFIX	536.53	-0.23%	2.42%	12.37%	47.74%
BGBX40	108.11	0.14%	3.00%	-	-
BGTR30	376.89	0.06%	3.33%	10.91%	39.59%
BGREIT	87.05	-0.13%	-1.98%	1.41%	8.61%

Market Trend



Market Capitalization in BGN

Premium Equities Segment	1 768 023 139
Standard Equities Segment	5 915 717 978
Special Purpose Vehicles Segment	505 391 174
Total	8 189 132 291

SOFIX components

Stock	Last Price	Weekly Change	Bid	Ask
Advance Terrafund REIT	2.41	0.29%	2.41	2.42
Albena	59.00	7.27%	57.00	59.99
Bulgaria Real Estate Fund REIT	0.53	0.57%	0.53	0.53
Bulgartabac Holding	100.00	0.00%	99.50	100.50
Central Cooperative Bank	1.36	-3.94%	1.36	1.36
Chimimport	2.12	2.07%	2.12	2.12
M+S Hydraulic	10.80	12.50%	10.60	11.24
Eurohold Bulgaria	1.00	10.22%	1.00	1.05
First Investment Bank	2.85	-1.55%	2.82	2.86
Industrial Holding Bulgaria	1.02	13.33%	1.02	1.06
Monbat	7.70	5.49%	7.70	7.74
Neochim	51.00	-1.92%	51.00	51.89
Sopharma	3.93	-1.03%	3.93	3.97
Stara Planina Hold	3.78	8.62%	3.70	3.83
Zarneni Hrani Bulgaria	0.53	2.51%	0.54	0.55

Market consolidation

The stock market rally entered in its second stage. The leading positions during the last week were small caps and other companies that lagged the price increase since the beginning of the year. They attracted the attention of domestic investors. The volumes of Chimimport (**6C4**) and First Investment Bank (**5F4**) declined and investors preferred to buy shares of other companies. They are searching for cheaper stocks in the positive market environment. Historically, stock market rallies are continuing for larger periods than the recent two weeks. The rotation to small caps and lagers has its logic in the already high prices of leaders. The market's optimism in those periods is prevailing but investors realize that prices are already high and prefer to look for better valuation. It can be found in small caps that usually trade at cheap value. However, the recent rally is very short and current market action is pointing toward additional gains or lack of any sell-off in the next few weeks.

Volumes declined last week. The exception among large caps was Chimimport as the stock finished on Friday with decline after broad-based profit taking and several large deals. This spike in volumes resulted to only 3% decline of the price, which is relatively small when comparing to 40% increase in one month.

What can we expect in the next five days? First scenario includes signs for renewal of buying if the stock market is about to repeat the performance of the last January. Fresh buy orders for large stocks will be the driving force for additional 30% increase. It will be followed by steeper correction and investors should take profit. The second is gradual decline of volumes and range-bound trading for prolonged period. It will distinguish from the previous market rallies and its possibility is rising. The main reason is that many stocks gained during the past twelve months in steady way. For example, Sopharma nearly doubled its price but mainly from March to July and before year-end. Thus, short-term profit taking is not a factor.

The next few days will give more insights for the market's behavior.

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BUY	More than 5% higher as compared to SOFIX and BG40 performance
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HOLD	Market performance, +/-5% as compared to SOFIX and BG40
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SELL	More than 5% lower as compared to SOFIX and BG40 performance
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