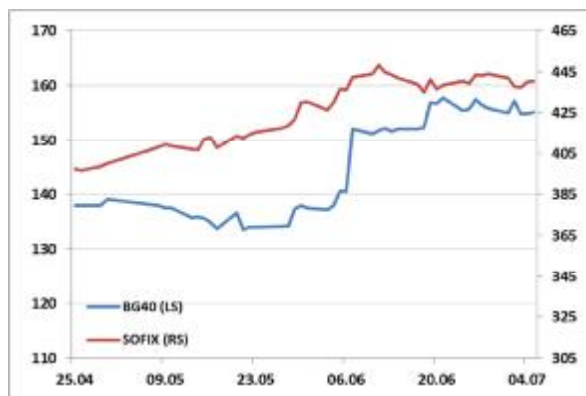


Indices

	Last quote	1-day change	5-day change	1 month	1 year
SOFIX	440.25	0.04%	-0.79%	0.87%	51.73%
BG40	155.10	0.17%	-0.48%	10.35%	44.09%
BGTR30	312.84	-0.55%	-0.94%	2.09%	32.40%
BGREIT	88.75	0.68%	-0.68%	0.09%	27.96%

Market Trend



Market Capitalization in BGN

Premium Equities Segment	1 345 500 719
Standard Equities Segment	6 407 543 959
Special Purpose Vehicles Segment	481 991 546
Total	8 235 036 224

Chart of the Day

SOFIX's Components

Stock	Last Price	Monthly Change	Bid	Ask
Advance Terrafund REIT	2.18	-3.28%	2.18	2.19
Albena	50.00	-0.99%	48.02	51.00
Bulgaria Real Estate Fund REIT	0.61	-0.33%	0.60	0.61
Bulgartabac Holding	101.00	-0.98%	101.00	105.00
Central Cooperative Bank	0.95	0.00%	0.95	0.97
Chimimport	1.31	-1.73%	1.31	1.32
M+S Hydraulic	8.70	3.57%	8.60	8.87
Eurohold Bulgaria	0.94	-1.05%	0.94	0.95
First Investment Bank	1.98	2.33%	1.89	1.97
Industrial Holding Bulgaria	0.93	4.49%	0.94	0.94
Kaolin	4.16	0.00%	4.09	4.16
Monbat	6.70	-4.26%	6.71	7.00
Sopharma	3.10	-1.27%	3.09	3.10
Stara Planina Hold	2.69	0.19%	2.68	2.73
Zarneni Hrani Bulgaria	0.38	-5.26%	0.38	0.39

Low liquidity before the summer vacations

The absence of investors is more and more visible on the stock market. Although the summer months have their contribution to low liquidity, the current political situation is also significant factor against the rally. Protests for resignation of the government and new parliamentary elections are continuing for a third week. However, the participation is low but the demands received a fresh boost from the position of the president that also called for elections as the only exit from the political crisis. Still, results of new elections will most likely mirror the last ones. During the week International Monetary Fund mission finished their regular visit and had positive comments on the current situation. Main conclusions were:

- Economic growth is expected to improve only slightly in 2013 from a subdued rate in 2012, and unemployment remains unacceptably high. An uptick in exports and higher absorption of European Union (EU) funds are providing much needed support to the economy, while inflation has declined and is expected to remain low.
- Risks to the outlook include the uncertainties in the euro area and the domestic political situation.

Comments were more positive than critical, including the forthcoming budget restructuring. The budget balance as of end-May is positive, amounting to BGN 45.5 million (0.1% of forecasted GDP), and is formed by a surplus under the national budget of BGN 71.8 million and deficit under EU funds of BGN 26.2 million. The data are showing a small increase of revenues from social security and health insurance contributions.

How much SOFIX can decline? The reasonable correction for the index should be to erase half of its gains since mid-2012 and to fall to February lows of 370 points. However, we expect that the index will perform better as some of the large components within are unlikely to be under severe pressure. Bulgartabac Holding (57B) and probably Sopharma (3JR) will benefit from the recent buying interest and will not decline substantially. Moreover, industrial companies like Monbat will also find support due to their high level of export revenues in their total sales. We expect that SOFIX will remain above 400 points until year-end.

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

Frequency of Recommendations: No schedule of recommendations is available. The frequency of recommendations depends on specific factors to individual companies and the opinion of the analyst(s) for the necessity of minor or major changes.

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