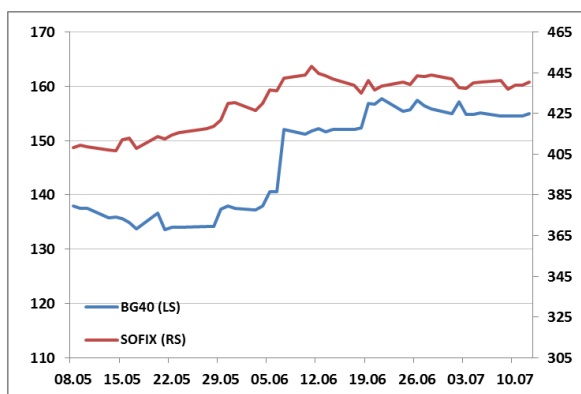


Indices

	Last quote	1-day change	5-day change	1 month	1 year
SOFIX	440.22	0.28%	0.01%	0.95%	49.13%
BG40	154.92	0.25%	0.12%	1.76%	43.30%
BGTR30	312.97	0.48%	0.04%	0.79%	31.99%
BGREIT	88.67	0.12%	0.09%	1.51%	28.66%

Market Trend



Market Capitalization in BGN

Premium Equities Segment	1 335 364 039
Standard Equities Segment	6 424 200 013
Special Purpose Vehicles Segment	479 873 120
Total	8 239 437 172

SOFIX components

Stock	Last Price	Weekly Change	Bid	Ask
Advance Terrafund REIT	2.19	0.18%	2.19	2.20
Albena	51.50	3.00%	51.50	52.00
Bulgaria Real Estate Fund REIT	0.60	-1.48%	0.60	0.61
Bulgartabac Holding	103.00	1.98%	101.00	108.35
Central Cooperative Bank	0.96	1.05%	0.95	0.96
Chimimport	1.30	-0.61%	1.30	1.31
M+S Hydraulic	8.20	-5.75%	8.26	8.95
Eurohold Bulgaria	0.93	-1.38%	0.93	0.95
First Investment Bank	1.90	-3.80%	1.91	1.94
Industrial Holding Bulgaria	0.87	-6.24%	0.86	0.89
Kaolin	4.16	0.00%	4.09	4.15
Monbat	6.70	0.00%	6.60	6.96
Sopharma	3.10	-0.03%	3.04	3.11
Stara Planina Hold	2.62	-2.27%	2.62	2.70
Zarneni Hrani Bulgaria	0.39	2.91%	0.38	0.39

Macro data on focus

Macro data was on focus at the beginning of the week. National Statistical Institute (NSI) reported a surprising significant contraction of the industrial production data for May. The seasonally adjusted index decreased by 2.7% on monthly basis, whereas the decline for the month reached 6% compared to 2012. Manufacturing is leading the decline on monthly basis – 4.1% lower, while utility supply is up 3.9% and the mining 1.9%. Latest data are also showing that the domestic market is the main reason for the deterioration in production. However, the decline could be short-lived as we expect some improvement of foreign demand during the second half of the year. Moreover, increased electricity production in May is sign for the stabilization of the economy. International trade data for April was also announced. Bulgarian export to EU increased by 13.2% during the first four months as compared to the same period of 2012. 71% of the export to EU is to five countries – among them are Germany (22.6%), Italy (17.6%) and Romania (11.8%). On the other hand, imports from EU increased by 4% for January-April on yearly basis. April's growth is much substantial and is 12.9% higher. The trade balance with member states is still negative but it is improving. May holidays could have influenced the lower industrial production and any divergence of the international trade compared with the production index will confirm that this is a temporarily factor.

During the week, we also observed specific industry data – the insurance sector. The gross insurance premium income is rising for the first five months of the year by 5.6%, according to the data of the Financial Supervision Commission. Another interesting statistic is the solid performance of life-insurance premium income that jumped 19.2% on yearly basis as comparing to the decline of 2.3% in 2012. These data undoubtedly are a sign for a trend change in the insurance business. The improvement of life insurance sector is coinciding with high level of savings in banks and is showing a change in risk appetite toward high-yield alternatives.

Among the corporate news, the most significant for the past week was the temporary prohibition by the FSC on publishing of the tender offer from German company Quarzwerke to Kaolin (**6K1**) which would extend the procedure by several months.

The stock market is still under the psychological pressure of the protests and the political uncertainties.

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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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