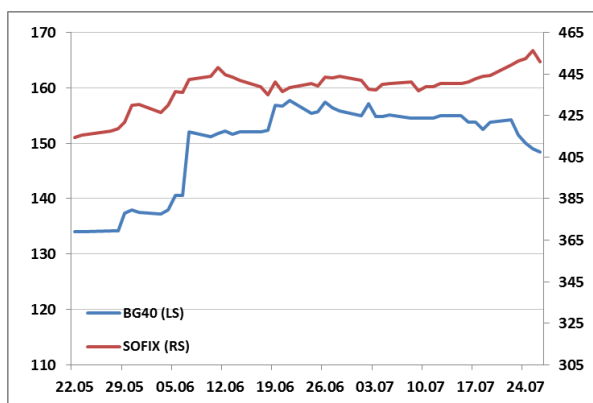


Indices

	Last quote	1-day change	5-day change	1 month	1 year
SOFIX	450.70	-1.20%	1.46%	1.67%	46.29%
BG40	148.46	-0.32%	-3.51%	-5.69%	36.91%
BGTR30	327.06	-0.13%	1.73%	5.23%	30.73%
BGREIT	88.630	-0.35%	-0.05%	-0.79%	19.37%

Market Trend



Market Capitalization in BGN

Premium Equities Segment	1 416 688 210
Standard Equities Segment	6 460 610 471
Special Purpose Vehicles Segment	470 975 118
Total	8 348 273 799

SOFIX components

Stock	Last Price	Weekly Change	Bid	Ask
Advance Terrafund REIT	2.20	1.38%	2.21	2.23
Albena	50.00	3.52%	48.50	52.00
Bulgaria Real Estate Fund REIT	0.54	-11.62%	0.55	0.56
Bulgartabac Holding	98.00	-2.97%	98.10	106.00
Central Cooperative Bank	1.04	2.88%	1.04	1.04
Chimimport	1.32	-0.60%	1.32	1.32
M+S Hydraulic	9.20	0.13%	9.10	9.35
Eurohold Bulgaria	0.95	-0.73%	0.95	0.97
First Investment Bank	2.16	8.15%	2.16	2.16
Industrial Holding Bulgaria	0.94	1.51%	0.93	0.94
Kaolin	4.16	0.00%	4.16	4.35
Monbat	6.90	2.07%	6.86	7.00
Sopharma	3.32	4.04%	3.30	3.32
Stara Planina Hold	3.03	11.40%	3.03	3.04
Zarneni Hrani Bulgaria	0.40	0.25%	0.40	0.40

Declining interest rates, banking sector's improvements and upcoming unconsolidated reports

The stock market is preparing for the unconsolidated reports for the second quarter. Banks' results are representative for the domestic economy as they depend in great degree on the quality of debtors. Thus, improvements in this sector would be indicative for a future growth. The Central Bank announced in its monthly report for the banking system in May that accumulated profit is rising 0.75% on yearly basis since the beginning of the year. Furthermore, a positive sign is the decrease of impairments by 7.6% for the period. This trend has been seen during the first quarter and is representing the gradual improvement of the credit portfolios of banks. On the other hand, the results of subsidiaries of Stara Planina Hold (**SSR**) are already announced a bit earlier than their complete reports as the holding has the good practice to disclose monthly results. M+S Hydraulic (**SMH**), the most important subsidiary of the group, announced a 2.28% decline in revenues for the first half of the year, due to the stagnation of industrial production in Europe. The decline, however is very low compared to the negative effects the 2008 crisis. The profit before tax fell 12% since the beginning of the year mainly because of the inflationary pressure on material costs. The holding's consolidated sales are 2.8% higher at the end of June. The results of industrial companies in Bulgaria will most likely follow this trend of rising revenues and higher inflationary pressure.

Interest rates continue to decline. The base interest rate fell by 0.01 percentage points compared to the previous month and according to the latest statistic of the Central Bank, it is 0.01% for June. The 1-month SOFIBOR Reference Rate decreased by 0.78 percentage points to 0.55% and the 3-month SOFIBOR – by 1.25 percentage points to 1.20%. In addition, interest rates on deposits and loans also declined on monthly basis.

On Tuesday, for the first time during the protests, the tension escalated. However, this was onetime event and everything is back to normal. The stock market barely reacted and only the liquid stocks experienced a slight price decrease. We do not expect more violence in the upcoming days.

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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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For more information, please contact:

Research analyst
Tsvetoslav Tsachev

Phone:
+359 2 810 00 23

E-mail:
tsachev@elana.net

Internet:
www.elana.net