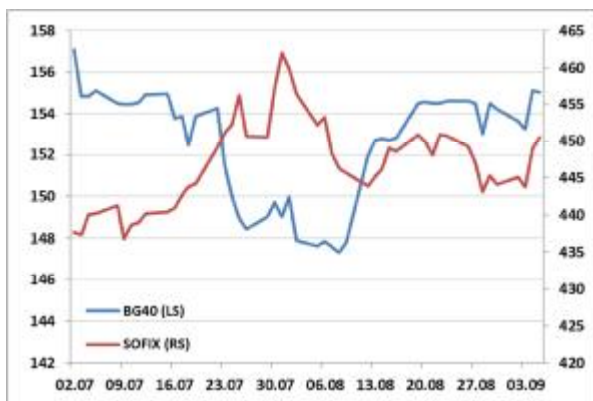


Indices

	Last quote	1-day change	5-day change	1 month	1 year
SOFIX	450.51	0.35%	1.18%	-0.38%	41.00%
BG40	155.05	-0.04%	0.36%	5.03%	33.53%
BGTR30	325.98	0.35%	0.54%	-0.84%	26.79%
BGREIT	88.03	0.19%	0.25%	0.25%	9.29%

Market Trend



Market Capitalization in BGN

Premium Equities Segment	1 399 879 460
Standard Equities Segment	6 556 443 314
Special Purpose Vehicles Segment	499 137 437
Total	8 455 460 211

SOFIX components

Stock	Last Price	Weekly Change	Bid	Ask
Advance Terrafund REIT	2.19	1.39%	2.19	2.19
Albena	56.98	3.60%	55.15	57.99
Bulgaria Real Estate Fund REIT	0.55	-1.08%	0.54	0.56
Bulgartabac Holding	93.00	1.07%	93.00	100.00
Central Cooperative Bank	1.00	0.00%	0.98	1.00
Chimimport	1.21	-2.96%	1.22	1.25
M+S Hydraulic	8.87	-5.64%	8.70	8.87
Eurohold Bulgaria	0.89	0.00%	0.89	0.91
First Investment Bank	2.15	-1.78%	2.15	2.15
Industrial Holding Bulgaria	0.92	-1.40%	0.92	0.94
Kaolin	4.16	2.09%	4.07	4.16
Monbat	7.10	2.90%	6.93	7.10
Sopharma	3.29	-0.93%	3.25	3.31
Stara Planina Hold	3.00	-1.32%	2.96	3.08
Zarneni Hrani Bulgaria	0.43	1.19%	0.43	0.43

Stability on the market

Investors are slowly returning from vacations but the large holiday at the end of the last week did not contribute for improvement of trading volumes or price action. Stocks traded in their large spreads that were already established two months ago.

The most important factor for the stall of stocks' rally was political. The new government created large discontent with the some appointments for key positions. However, the parliament is still backing the cabinet and prospects for extraordinary elections are low. The market is not pricing in intensified political pressure. Protests are continuing for more than two months but are changing their nature and are becoming more related to the parliamentary opposition party. This resulted to less participation and it is probable that protests will lose their importance as a political factor. The stock market will focus on economic and financial factors that we consider them supporting in mid-term perspective.

The confidence in the normal functioning of the government is rising. Probably, the most important news of the last week was the successful placement of short-term government bonds for BGN 300 million (EUR 153.3 million). The auction on Monday was for 1-year bonds and the yield was 0.6%. Investors are banks and pension funds and the demand was more than 3 times higher than the offered amount of bonds. Recently, the Parliament approved the proposal for the debt increase to provide cushion for the budget. The large demand was due to the recent payment on the 6-month issue at the amount of BGN 800 million. Banks accumulated 70% of the new issue. They are flooded with liquidity and overnight interest rates are extremely low. The lack of transmission of liquidity into the economy is resulting to low economic growth, although the M3 money aggregate is rising faster and the first signs for improving credit activity are already seen.

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Valuation Methods: Company valuations are based on the following methods: multiple-based (P/E, P/B, EV/EBITDA), historical valuation approaches, peer comparisons, discount models (DCF, DDM) or asset-based evaluation methods. Valuation models are dependent on macroeconomic factors, including interest rates, foreign exchange rates, prices of raw materials, and any expectations about the economy, the market sentiment. The valuation is based on expectations that might change rapidly and without notice, depending on developments specific to individual industries and countries. Recommendations and target prices derived from the models might therefore change accordingly. The application of models depends on forecasts of a range of economic variables, thus there is a range of reasonable variations within models. Any valuation is dependent upon inputs that are based on the subjective opinion of the analysts carrying out this valuation.

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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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