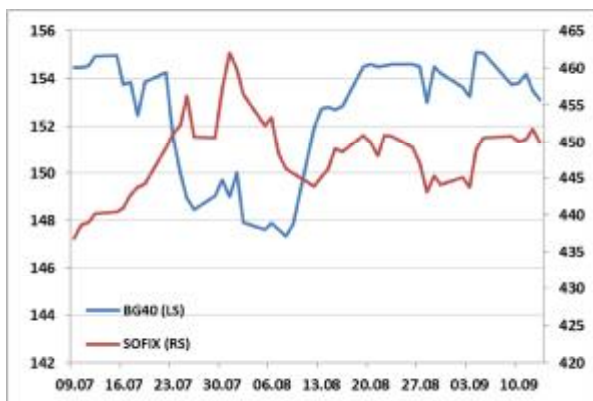


Indices

	Last quote	1-day change	5-day change	1 month	1 year
SOFIX	449.87	-0.41%	-0.14%	1.04%	40.33%
BG40	155.05	-0.04%	0.36%	5.03%	33.53%
BGTR30	328.38	0.08%	0.55%	1.34%	28.04%
BGREIT	88.34	0.0%	0.26%	0.24%	11.79%

Market Trend

Market Capitalization in BGN

Premium Equities Segment	1 383 606 750
Standard Equities Segment	6 703 259 222
Special Purpose Vehicles Segment	498 840 183
Total	8 585 706 155

SOFIX components

Stock	Last Price	Weekly Change	Bid	Ask
Advance Terrafund REIT	2.19	0.00%	2.19	2.20
Albena	58.51	2.69%	58.60	64.93
Bulgaria Real Estate Fund REIT	0.56	1.64%	0.55	0.56
Bulgartabac Holding	93.51	0.55%	94.00	98.66
Central Cooperative Bank	0.97	-3.00%	0.98	1.00
Chimimport	1.23	1.40%	1.23	1.24
M+S Hydraulic	8.75	-1.34%	8.78	9.00
Eurohold Bulgaria	0.90	1.12%	0.89	0.92
First Investment Bank	2.15	0.00%	2.12	2.15
Industrial Holding Bulgaria	0.93	1.64%	0.92	0.93
Kaolin	4.10	-1.35%	4.10	4.16
Monbat	7.00	-1.41%	6.95	7.10
Sopharma	3.25	-1.19%	3.25	3.29
Stara Planina Hold	3.04	1.33%	3.00	3.04
Zarneni Hrani Bulgaria	0.41	-3.53%	0.40	0.41

Deflation is not a risk

The stock market had little reason to move last week as corporate news were scarce and investors did not expect any price volatility that could provide buying or selling opportunities. The change in the ownership structure of pharmaceutical company Sopharma (3JR) was expected to be announced in the beginning of last week. Although it did not have any influence on the market, investors expected that the seller was Financial Consultancy Company. This institutional investor is owned by Mr. Ljubomir Pavlov, which was partner with the CEO and owner of Sopharma in their media business. The daily papers they owned became the reason for a media war and lot of pressure on Mr. Donev and Sopharma. The change of the ownership was expected and guarantees that Sopharma will not be under media attacks. This is positive news in terms of the popularity of the company. The buyer of 9% of Sopharma was Rompharm Company. It entered the news this year with the buy of large quantity of ELARG's agricultural land during the liquidation of the fund. Currently, it has 90 000 ha land in Bulgaria.

The mining company Kaolin (6K1) will be excluded from the main index SOFIX. Kaolin's exit is due to the tender offer and the forthcoming delisting of the company. The news was expected. The fertilizer producer Neochim (3NB) will replace Kaolin in SOFIX from 23 September. The other 14 companies in the main index will not be changed. There are several investment products that are based on SOFIX. They are offered by foreign investment banks to institutional investors abroad and include some of SOFIX's components in their portfolios. It is expected that any sell of Kaolin shares will be matched by the demand from the majority owner and the sell won't have any implications on the index. It is unknown whether the managers of the structured products will include Neochim.

Consumer prices declined on monthly basis since March and the economy entered into deflation. Latest data from the National Statistical Institute showed 0.6% decline of CPI on monthly basis and -0.7% as compared to August 2012. Prices of food and non-alcoholic beverages declined by 0.8% for one month. House costs and utility bills were 2.1% lower, whereas prices of clothing and footwear fell 2.7%. The primary reason for the deflation on yearly basis was again housing and utilities. Healthcare, transportation and fuels also had negative price changes. The decrease of electricity price was substantial, whereas rent equivalent was unchanged.

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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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