

.Index	Value 30.09.2010	Monthly change	12 m change
SOFIX	387.12	-0.47%	-19.37%
BG 40	114.37	2.16%	-13.10%
BG TR 30	299.73	2.16%	-18.33%
BG REIT	41.84	2.80%	-15.20%

## SOFIX

Company	Price 31.08.2010	Price 30.09.2010	%Change
ATERA (6A6)	1.084	1.16	7.10%
ALB (6AB)	68.57	68.05	-0.76%
DOVHL (5DOV)	2.61	3.42	30.84%
EUBG (4EH)	0.85	0.92	7.86%
ENM (E4A)	6.82	7.43	8.99%
ZHBG (T43)	0.59	0.65	9.64%
IHLBL (4ID)	1.33	1.34	0.30%
KAO (6K1)	4.17	4.73	13.31%
MONBAT (5MB)	6.51	6.45	-0.91%
SFARM (3JR)	3.95	3.94	-0.30%
CENHL (5SR)	2.28	2.70	18.62%
BACB (5BN)	10.71	10.45	-2.42%
FIB (5F4)	1.93	1.92	-0.36%
CCB (4CF)	1.19	1.15	-3.52%
CHIM (6C4)	2.40	2.61	8.87%

## Summary

- ☞ The Bulgarian Stock Exchange – Sofia (BSE) changed the composition of its official indexes. The shift led to higher turnover on most positions affected by the change.
- ☞ US stock markets ended their best September since the Great Depression, as fears of a double-dip recession were temporarily subdued.
- ☞ The National Statistical Institute (NSI) released its first quarterly data about country's Gross Domestic Product (GDP), which showed an increase of 0.5% in Q2 compared to the previous quarter.

## Indices

- ☞ Stocks in the USA chalked up the best September in 71 years, but the Bulgarian Stock Exchange – Sofia (BSE) and most markets in the region posted modest gains.
- ☞ A new composition of BSE's official indexes came into effect on September 20. This led to intensified sales of components leaving the indexes and growing demand for shares of entering companies. SOFIX lost 0.47% for the month, while the other indexes ended positive. BG REIT, the index for real estate companies, advanced by 2.80%.
- ☞ The Turkish stock market surged by 9.67% on the information that country's GDP soared at an annual rate of 10.3% in the second quarter of 2010.
- ☞ The US markets posted solid gains in historically weak September. The broad S&P 500 index added 8.76%. In Japan, markets were still pressed down by the rising yen and Nikkei 225 lost another 5.76%.

## World markets

- ☞ The battle for currency depreciations among world's top economies intensified in September. Bank of Japan (BoJ) sold its own currency to stem its rapid rise against the US dollar. In another move, BoJ slashed interest rates to virtually zero in order to stimulate country's faltering economy. The Reserve Bank of Australia kept interest rates unchanged, although most market analysts expected an increase. Some emerging markets like Brazil, China and Korea also entered the international currency war, trying to devalue their currencies and to stimulate their exports.
- ☞ Prices of soft commodities stepped down from their highs in August. In the USA milling wheat closed at USD 6.74 per bushel, down from USD 8.40 a month ago. Crude oil rose from USD 71.74 per barrel in the end of August to USD 79.75.

## Eastern European Markets

Index	Value 30.09.2010	Monthly change	12 months Change
Croatia CROBEX	1 915.58	3.65%	-12.82%
Macedonia MIB-10	2 084.04	-10.23%	-32.81%
Romania BET	5 336.25	4.92%	21.35%
Serbia BELEX 15	620.74	-0.38%	-24.85%
Montenegro MOSTE	484.42	-0.60%	-48.95%
Ukraine PFTS	784.04	-1.11%	41.71%
Turkey ISE 100	65 774.37	9.67%	37.29%
Russia RTSI	1 510.33	6.27%	20.39%
Morgan Stanley MSCI EM	212.28	8.34%	11.12%

## World Markets

Index	Value 30.09.2010	Monthly change	12 months Change
USA DJIA	10 788.05	7.72%	11.08%
USA S&P 500	1 141.20	8.76%	7.96%
USA NASDAQ	2 368.62	12.04%	11.60%
Japan Nikkei 225	9 404.23	5.35%	-5.76%
Germany DAX	6 229.02	5.13%	9.76%
UK FTSE 100	5 548.62	6.19%	8.08%
France CAC 40	3 715.18	6.43%	-2.11%

## Banking Sector

Bank	Price 30.09.2010	P/E	P/B
FIB (5F4)	1.92	8.70	0.51
CORP(6C9)	58.00	4.82	1.20
BACB(5BN)	10.45	110.83	0.62
CCB (4CF)	1.15	3.21	0.36

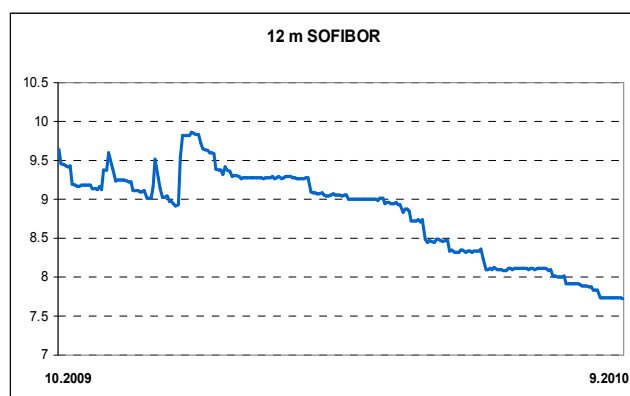
## Corporate news

- ↪ The road construction company Holding Roads was among the main losers in September after the announcement that the conglomerate had lost its controlling stake in three subsidiaries as a result of conditional capital increases. Patishta & Magistrali, a 99%-owned subsidiary of Holding Roads, reduced its stake in Patnostroitelna Tehnika (from 100% to 32.17%), Vidapatstroy (from 100% to 32.26%) and Patengineering (from 100% to 32.16%). The Financial Supervision Commission would investigate whether the rights of the minority shareholders in Holding Roads were harmed.
- ↪ Eurohold Bulgaria sold its manufacturing subsidiaries in an attempt to focus on its core businesses – insurance, financial services, and car leasing & retail. Eurohold Bulgaria owned 62.5% of Etropal, 49% of Plastchim – T and 51% of Formoplast. The total sum of the transaction was BGN 13.9mn and the counterparty was the Bulgarian company Syntetica. The total value for 100% of all these companies was estimated at BGN 25mn, although their total net profit for 2009 was less than BGN 1.2mn. Syntetica also acquired 100% of Eurohold's subsidiary Eurotest Control and 91% of the hotel operator Eurohotels for BGN 9.4mn.
- ↪ Eurohold Bulgaria has also signed a preliminary contract for the sale of 95.47% of the engineering subsidiary Geoenergoproject for BGN 1.3mn to Union Electric. All these transactions are worth about BGN 40mn, of which BGN 25.5mn for the purchase of the shares and BGN 14mn of debt transfer to the new owners. After these sales, Eurohold Bulgaria will be able to deleverage its balance sheet and is expected to book a significant accounting profit.
- ↪ Shareholders of the Bulgarian Stock Exchange – Sofia (BSE) voted for a conditional capital increase from BGN 5 867 860 to BGN 6 582 860. The Bulgarian Ministry of Finance will acquire all new shares at BGN 1 per share. After the capital increase, the Ministry of Finance will try to sell its stake to a strategic partner. Meanwhile BSE will become a public company.
- ↪ The agricultural company Agria Group sold its 99.2%-stake in the bakery Corn OOD for BGN 6.5mn. The book value of the bakery was BGN 3.63mn. The proceeds from the transaction will be used for new investments in other businesses: plant growing, export of cereals and green energy projects. In the second quarter of 2010 sales of Agria Group declined by 26% y/y to BGN 7.7mn. Net profit plunged by 51% to BGN 0.2mn.
- ↪ Monbat, the producer of car batteries, will increase the capital of its subsidiary Monbat Recycling from BGN 19 571 520 to BGN 35 182 402. In September Monbat continued with the share-repurchase program and bought back 23 943 shares. The company also opened a new recycling plant in Serbia.

## Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months	Change YTD
Advance Eastern Europe	14.91%	8.96%
BenchMark Fund 5	8.72%	6.39%
Advance IPO Fund	8.20%	13.59%
Standard Invest Int. Fund	6.89%	4.83%
KTB Balanced	5.03%	1.26%
KTB Shares	4.81%	0.15%
TBI Treasury	3.59%	3.69%
DSK RE	2.69%	1.57%
Sentinel Principal	1.99%	1.30%
Expat New Europe Stocks	1.22%	0.36%

Top 10 Mutual funds -yield (low risk)	Change last 12 months	Change YTD
CCB Garant	8.91%	7.28%
BenchMark Fund 6	8.69%	6.33%
Elana Money Market	7.69%	6.57%
Raiffeizen Bonds Fund	7.59%	5.09%
Astra Cash	7.02%	5.18%
DSK Standard	6.70%	5.07%
Raiffeizen Money Market	6.47%	4.53%
UBB Platinum	5.63%	4.42%
Elana Eurofund	5.11%	4.01%
KTB Balanced	5.03%	1.26%



## Mutual funds

☞ DSK's Balanced and Growth funds were the largest in the end of September with assets of BGN 18.7mn and BGN 17.4mn respectively, reported investor.bg. CCB Leader ranked third with assets of BGN 14.8mn.

☞ Advance Eastern Europe (14.91%) kept the first place among aggressive mutual funds in terms of yield for the last twelve months. BenchMark Fund 5 (8.72%) ranked second, followed by Advance IPO Fund (8.20%).

☞ CCB Garant (8.91%) was the leader among conservative funds, followed by BenchMark Fund 6 (8.69%) and Elana Money Market (7.69%).

## Macroeconomics

☞ The National Statistical Institute (NSI) reported CPI inflation of 0.1% in August. Year-to-date inflation reached 2.0%. Annual inflation for August 2010 compared to August 2009 stood at 2.7%. Average inflation for the period September 2009 – August 2010 compared to September 2008 – August 2009 was 1.1%. In July consumer prices rose by 0.4%.

☞ Producer Price Index (PPI) rose by 0.9% in August and was 11.0% above the year-ago level. NSI reported higher prices in the mining industry (+3.5%) manufacturing (+0.9%) and electricity production and distribution (+0.6%). In July the PPI index increased by 2.3% on monthly basis and was 9.0% above its year-ago value.

☞ For a first time NSI released a research showing the quarterly change of Gross Domestic Product (GDP) compared to the previous three months. In Q2 GDP rose by 0.5%, the first quarterly increase since the beginning of the economic crisis. Preliminary data showed that GDP fell by 1.4% compared to the second quarter of 2009.

☞ Total business climate fell by 1.4 basis points in September due to lower sentiment in construction, retail trade and the service sector. In August the indicator added 2.0 basis points.

☞ Bulgaria's Gross External Debt (GED) fell to EUR 36.808bn in July or EUR 359mn lower than in June. GED accounted for 105.7% of the projected GDP for 2010 (EUR 34.5bn), the Bulgarian National Bank (BNB) reported.

☞ Foreign Direct Investments (FDI) rose by EUR 126.5mn in July and reached EUR 731mn for the first seven months of 2010. FDI compensated 262% of the current account deficit (EUR 278mn).

☞ The FOB trade deficit declined slightly to EUR 1.376bn in July (-4.0% of the projected GDP for 2010). The trade gap for June was revised to EUR 1.330bn.

☞ The 12-month SOFIBOR fell to 7.725%, its lowest level in more than a year. SOFIBOR reference rate is an index of the quotes for unsecured BGN deposits offered on the Bulgarian interbank market.

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