

July 23, 2009

FX MARKET

EUR / HRK 7.332091

USD / HRK 5.166355

MARKET BREADTH

ADVANCERS: 14

DECLINERS: 46

UNCHANGED: 12

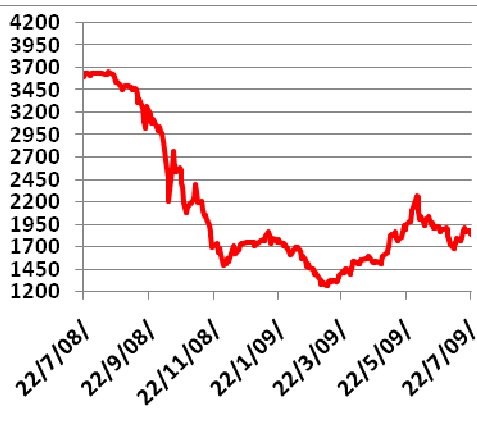
UP VOLUME:

1,375,001.96 HRK

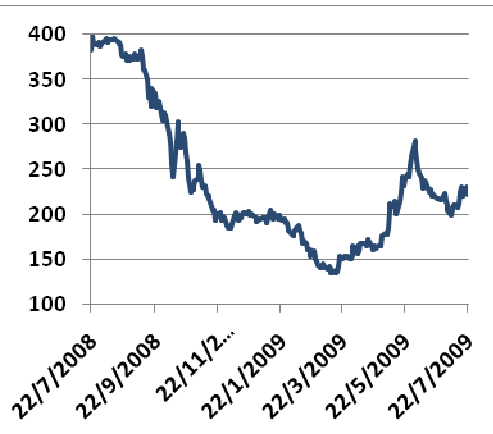
DOWN VOLUME:

22,059,478.36 HRK

CROBEX 52wks PERFORMANCE:



ADRS-P-A 52 wks PERFORMANCE:



INDICES:	CLOSE	1D	1M	Y-T-D
CROBEX	1,843.70	-2.34%	-4.09%	+7.05%

MARKET STATISTICS:

Total turnover:	Regular turnover:	Reported turnover:	Institutional turnover:	Market Cap:
HRK 23.71 mn	HRK 23.71 mn	HRK 0.00 mn	HRK 0.00 mn	HRK 172.81 bn

COMMENT:

The announced introduction of 5-6 % tax on salaries, which was reduced yesterday and talks of capital gain tax sent Croatian stock market sharply lower on Wednesday. The Crobex closed at the lowest level in a week after a broad-based sell-off, led by shares in HT and Atlantska plovidba. Only two out of 20 most liquid shares ended the day in positive territory and total regular turnover rose slightly to more than HRK 20 mn.

OUTLOOK:

Negative economic developments are expected to take Croatian stocks even lower yesterday.

POLITICS :

No news today.

MACROECONOMY :

The economic bazaar of the new government continued yesterday, with proposed „solidarity tax“ on salaries being cut to 3 % (only 24 hours before the proposal was 5-6 %), but accompanied with a 1 percentage point increase in VAT tax to 23 %. Unexpectedly both labour unions and union of employers backed down and supported the proposal, which is intended to bring HRK 1.3 bn revenues from salaries and HRK 800-900 mn from VAT, of course, if the consumption really remains at level stated in plans. PM Kosor also said that these are not the only measures that the government will bring in order to save the budget, repeating that measures will include introduction of taxes on mobile phones services, excise duties on luxury products and cuts of financial support to church and Croats in neighbouring Bosnia and Herzegovina. However, neither the PM nor Finance minister Šuker failed to say how big the budget gap really is, raising fears that the figure might exceed HRK 14-15 bn cited by opposition parties. It seems to us that with most recent plan the government is only buying time, as within the next two weeks it will be faced with protest by farmers and representatives of the Union of employers said they will support the government only until presentation of a draft version of budget for 2010, which should be announced by October. As we doubt that the government is decisive enough and/or capable to make deeper cuts on expenditures side, there are rising risks of early election on top of already present risks of credit rating downgrade and even devaluation of the currency.

TOP PERCENTAGE GAINERS:

ZDNK-R-A	+25.00%
PUNT-R-A	+8.99%
LRH-R-A	+7.05%
BLSC-R-A	+5.79%
ZAPI-R-A	+5.11%

TOP PERCENTAGE LOSERS:

MAIS-R-A	-9.18%
AUHR-R-A	-8.05%
HDEL-R-A	-8.00%
TISK-R-A	-7.81%
PODR-R-A	-6.72%

Niko Delić
niko.delic@momentum-brokeri.hr
 Tel: + 385 (0)1 63 96 678

Venesa Ferić
venesa.feric@momentum-brokeri.hr
 Tel: + 385 (0)1 63 96 671

Željka Lapić
zeljka.lapic@momentum-brokeri.hr
 Tel: + 385 (0)1 63 96 672

Vilim Klemen
vilim.klemen@momentum-brokeri.hr
 Tel: + 385 (0)1 63 96 679

MACROECONOMY 2 :

Industrial production fell in June by 13.7 % y/y and its cumulative rate of decline accelerated to 10.2 % from 9.4 % in May. According to Bureau of Statistics, the decline was again broad-based, with all five industrial groupings showing double-digit drops. The deepest decline was reported by production of consumer durables (down 27.5 % y/y), followed by 18.3 % y/y decrease in production of capital goods and 13.9 % y/y plunge in production of intermediate goods.

IN FOCUS :

Adris (Tobacco/Tourism) – Shows interest for troubled Adriatica.net

The management board of the troubled travel company Adriatica.net rejected yesterday rumours on bankruptcy, claiming that it had initiated restructuring process, which would include capital increase. As it seems, after food concern Agrokor and state-owned insurer Croatia Osiguranje fell out of the race because of own liquidity problems, local press reported today that new capital might come from Adris. Representatives of Adris failed to comment media reports. The expected capital increase should bring to company up to HRK 150 mn of fresh money.

RISING ON UNUSUALLY HIGH TURNOVER:

None

FALLING ON UNUSUALLY HIGH TURNOVER:

None

20 MOST LIQUID:

STOCK	OPEN	HIGH	LOW	CLOSE	CHANGE %	VOLUME	TURNOVER
HT-R-A	230.00	230.25	228.00	229.00	-0.87%	25,382	5,820,799.36
ATPL-R-A	1,168.98	1,168.98	1,140.21	1,150.00	-2.13%	3,514	4,048,949.62
ADRS-P-A	228.00	230.00	220.05	221.01	-3.91%	9,447	2,143,778.30
IGH-R-A	3,370.00	3,380.00	3,305.00	3,307.00	-2.74%	399	1,333,021.56
DLKV-R-A	345.00	351.98	341.61	345.12	-4.13%	3,215	1,115,591.77
ULPL-R-A	687.00	691.99	670.01	680.00	-3.82%	1,547	1,047,831.47
INA-R-A	1,370.00	1,420.00	1,370.00	1,399.00	-0.07%	624	871,364.83
JDPL-R-A	189.90	189.90	183.03	185.40	-3.69%	4,463	830,238.43
INGR-R-A	38.69	38.94	37.30	37.97	-4.69%	16,704	633,219.61
PTKM-R-A	116.90	118.00	110.15	110.15	-5.94%	4,761	547,815.46
KOEI-R-A	353.00	353.00	337.00	340.00	-4.49%	1,395	481,190.40
ERNT-R-A	1,254.00	1,254.00	1,250.00	1,250.00	-0.32%	342	427,678.90
THNK-R-A	1,690.00	1,690.00	1,630.00	1,650.00	-2.88%	256	422,200.94
TNSA-R-A	3,220.00	3,425.00	3,091.16	3,280.55	-5.43%	110	350,724.49
ISTT-R-A	275.04	300.00	275.04	300.00	1.70%	864	255,672.96
VIRO-R-A	303.98	303.98	288.08	290.00	-4.95%	776	228,971.31
ADRS-R-A	250.00	250.00	250.00	250.00	0.00%	900	225,000.00
TNPL-R-A	1,861.00	1,861.00	1,753.10	1,800.00	-4.51%	115	212,790.60
ATGR-R-A	529.70	530.00	520.01	520.03	-1.86%	362	191,040.29
INDG-R-A	530.00	555.00	500.00	555.00	4.72%	318	168,743.10

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