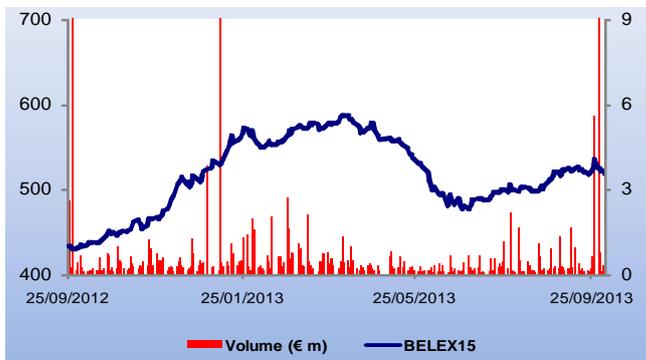


SERBIAN EQUITIES DAILY



Market Comment:

The market traded slightly up, as Belex15 gained 0.19% and broader BelexLine added 0.33%. Volumes were very low once again, stopping at €100k. Vital and Bambi were the most traded stocks. The government came out with the stabilization measures, which may give a short term boost to the struggling market.

BELEX15	
Value	517.91
Daily Change%	0.19%
YTD Change	-5.98
YTD Change%	-1.14%

BELEXline	
Value	1,026.27
Daily Change%	0.33%
YTD Change	20.71
YTD Change%	2.06%

Market info	
MCap (€ bn)	6.5
MCap / GDP2013e	20%
2013e P/E*	7.0
2013e P/B*	0.6
2013e P/S*	0.8
Av. Daily Vol.YTD (€m)	0.5

*multiples refer to Eurobank Brokerage Universe

FX rates		YTD chg.
EUR / RSD	114.3175	0.5%
USD / RSD	84.2677	-2.2%
EUR / USD	1.3566	2.8%

Economy and Business News:

Economy: Government announces stabilization measures

The government of Serbia announced a set of stabilisation measures to cut the fiscal gap and help revive the struggling economy. On the revenue side there is only one measure: the lower VAT rate (charged on foods, medicine, other basics) will be increased from 8% to 10%, bringing in an additional €200m per year. Public servant salaries above 60,000 RSD (€520) will be reduced by 20% (the chunk above RSD 60k and up to RSD 100k) and correspondingly by 25% for those making over RSD 100k (€870). This measure will save an additional €200m. Other measures are not so precisely put forward: the state will save some €300m over the 3-year period by cutting subsidies to state-owned companies, while the crackdown on the grey economy should bring in €150m per year. Firm control of procurement for the state institutions should save €30-40m per annum. The last two measures consist of the improvement of the overall economic environment and restructuring of the debt to foreign creditors. The estimate is that the measures will cut the fiscal deficit by some 1.5% of the GDP in the years starting 2014. (source: Tanjug). The announced measures seem to be crafted in a way not to alienate anyone. They fell short of justifying the enthusiastic declarations of "systemic changes", "overhauls", and such dramatic statements we were hearing lately. The "lower" VAT hike is the only quantifiable step of the six. And it won't hurt much; the consumer monthly basket will rise by €4. The state employees salaries cut will hit one in every five or six state employees. That is the "affluent" ones making above €520, including university professors and surgeons, making €700 per month. And we deem the estimate of €200m per year of savings in this category to be grossly exaggerated. The other four measures leave room for arbitrary governing. Yearly state subsidies cuts from €700-800m by €100m are by no means revolutionary. This has traditionally been the ruling parties' pool of money for the needs of politicians of all colours and their parties. Procurement savings of €30-40m is also a far cry from the 1€bn spent a year for the purpose. The deeper we go down the list of measures the more we get vague: improvement of the economic environment, crackdown on tax evasion and foreign debt restructuring is something that should be a routine goal of any government. All in all, it is a step forward, but a lot more will need to be done in the future. **Ivan Radovic**, (ivan.radovic@eurobank.rs, tel: +381 11 3027 533)

SERBIAN EQUITIES DAILY

Daily activity	
Daily turnover RSD	12,029,452
Daily turnover EUR	105,214
Shares participation (%)	95.90%
Bonds participation (%)	4.10%
FIS	15.84%
FIB	0.00%

Most Traded Stocks		
Symbol	Closing Price	Turnover (RSD)
VITL	999	2,698,317
BMBI	24,986	1,641,204
ENHL	662	1,460,250
NIIS	831	1,418,412
RVNC	700	579,600

Top Gainers			
Company	Symbol	Closing price	Change
Ravnica	RVNC	700	7.53%
Dunav osiguranje	DNOS	942	7.05%
Bambi	BMBI	24,986	3.25%
Goša montaža	GMON	2,200	2.28%
AIK banka	AIKB	1,417	1.14%

Top Losers			
Company	Symbol	Closing price	Change
Tigar	TIGR	159	-1.85%
NIS	NIIS	831	-0.36%
Aerodrom Nikola Tesla d	AERO	440	-0.23%
/	/	/	/
/	/	/	/

Foreign Exchange Savings Bonds				
Maturity	Last Price	Daily Change	Current Yield	Daily Volume (€)
A2014	97.56	-0.03%	3.91%	760
A2015	93.60	0.07%	4.11%	1,989
A2016	89.56	-0.01%	4.25%	1,559

SERBIAN EQUITIES DAILY

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