

Morning Call

January 31, 2012

Content

Events on the Romanian capital market

Issuers to be monitored today: **COFI, BVB, OR, BAYN**

Technical Analysis: **SNP**



Events on the Romanian capital market

- Yesterday, total trading value added up EUR 8.39 mil, shrinking set against the previous trading session, stock transactions accounting for EUR 7.51 mil. A deal transaction was carried out with BRD – Groupe Societe Generale (BRD) shares. Stock indices underwent corrections: BET dropping 0.47%, BET-FI - 0.66%, BET-XT -0.61%, and BET-NG -1.13%.
- Jeffrey Franks, head of the IMF mission in Romania said that our country is on a positive trend after four consecutive quarters of economic growth, but that new challenges are looming on the horizon because of the instability of financial markets. Mr Franks expects Romania's GDP to advance in 2012, but this increase will not suffice to improve people's living standards. Among the obstacles that hinder economic rebound, he mentioned the lack of jobs, poor performance of the Romanian educational system and the inefficient spending of public funds. (Source: zf.ro)
- The National Bank of Romania borrowed three banks with EUR 1.24 bn for seven days by a repo auction with 5.75% interest. By these operations, the National Bank of Romania provides liquidity to commercial banks in exchange for government bonds. A higher amount was borrowed on the 27th of December, when the National Bank of Romania gave EUR 1.56 billion to six banks. (Source: fin.ro)
- According to Deutsche Bank, Romania keeps ranking eleventh among 35 analyzed countries based on the cost of insuring government debt against non-payment risk. However, on Friday, the risk premium for our country's debts was set at an average value of 396 basic points for government securities maturing within 5 years. The last similar quote, i.e. 381 bp, was recorded on the 8th of November 2011. The likelihood of a payment default is estimated at approximately 5.6%. (Source: fin.ro)

Issuers to be monitored today



Concefa Sibiu (COFI) disclosed the financial calendar for 2012. Among the most important events and reports we mention posting the preliminary annual financial statements for 2011 on 15.02.2012; the General Meeting of Shareholders on 26/27.04.2012; publishing the annual financial report for 2011 on 27/30.04.2012. (Source: company statement)

Current Price	0.02
Low52	0.02
High52	0.15
Capitalization	12,285,804.47
Sales	104,569,754.00
Net Profit	-10,401,786.00
P/BV	0.13



The new Board of Directors of the **Bucharest Stock Exchange (BVB)** chosen by shareholders on 09.01.2012- was validated by the Romanian National Securities Commission. Thus, the president of the stock exchange is Lucian Anghel, the chief economist of BCR. CNVM (National Securities Commission) issued an individual validation decision for each Board member and a decision that authorizes the new composition of the Board of Directors. (Source: company statement, zf.ro)

Current Price	30.70
Low52	25.00
High52	46.00
Capitalization	235,597,878.60
Sales	18,957,448.00
Net Profit	15,348,565.00
P/E	15.35
P/BV	2.39



L'Oreal (OR) decided to file a lawsuit against Merck & Co. and Johnson & Johnson, accusing them of breaching its patents by using some components allegedly invented by L'Oreal in Coppertone and Neutrogena sun protection lotions. The value of the damages has not been disclosed thus far. (Source: Bloomberg)

Current Price	352.96
Low52	298.31
High52	257.61
Capitalization	213,725,866,741.42
Sales	86,587,252,400.00
Net Profit	10,366,928,000.00
P/E	20.33
P/BV	3.06

NOTE: Net profit represents the profit made throughout 12 months, October 1, 2010 - September 30, 2011. P/E is computed based on this net profit. Book Value corresponds to financial statements posted on September 30, 2011.

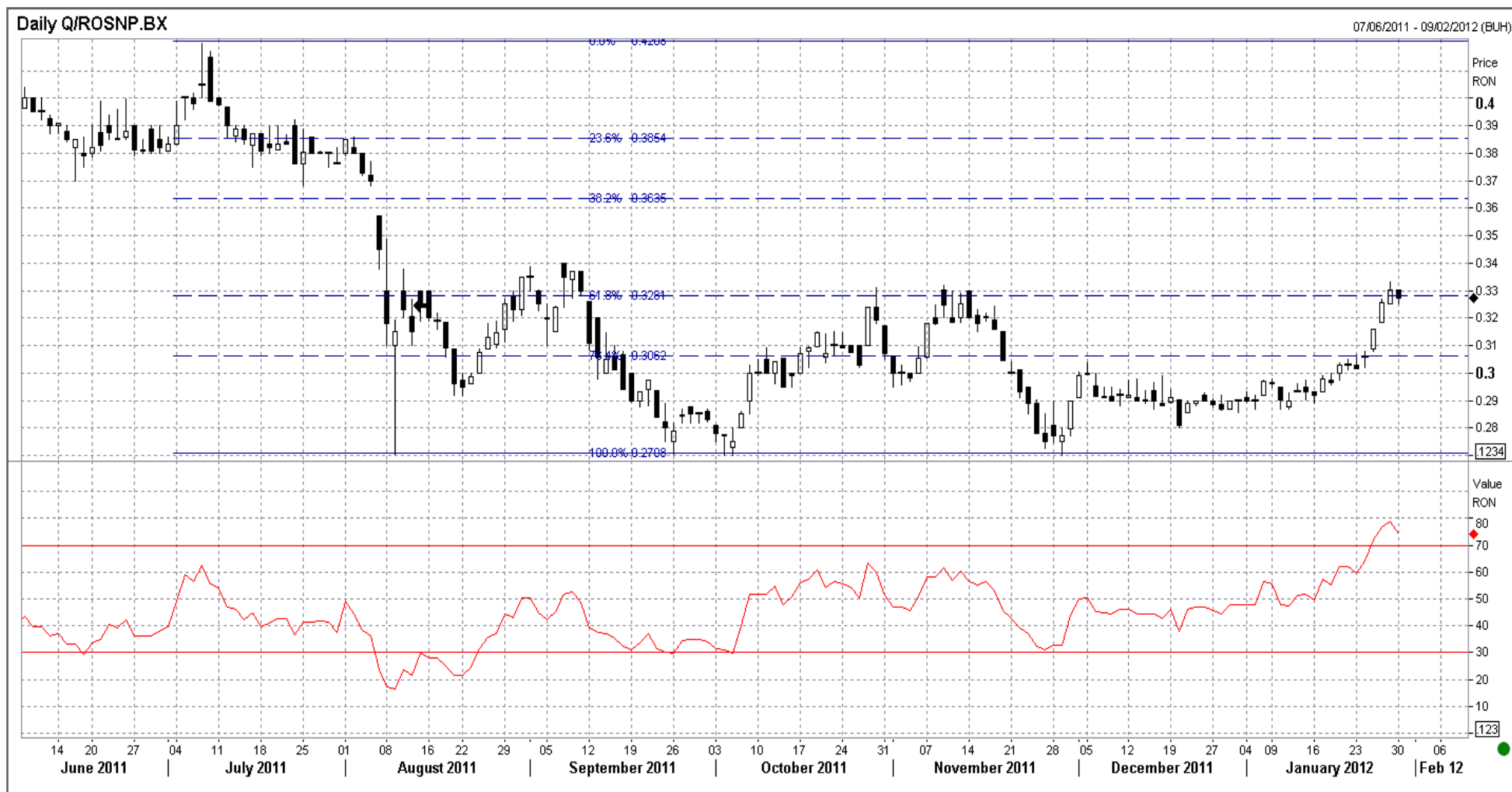
Issuers to be monitored today



Yesterday, the Federation of German Industries (BDI) announced that 12 large German companies (among which **Bayer (BAYN)**, BASF, BMW, Daimler, ThyssenKrupp and Bosch) formed an alliance that ensures better access to raw materials in the long term. The group formed on the initiative of BDI and the German government, will mainly invest in exploration projects to be better prepared to face the competition of emergent economies, especially China. (Source: Bloomberg, Reuters)

Current Price	229.83
Low52	153.25
High52	257.61
Capitalization	191,491,691,316.66
Sales	157,536,566,000.00
Net Profit	8,130,584,000.00
P/E	23.38
P/BV	2.33

Technical Analysis SNP (daily chart)



On the daily chart of OMV Petrom (SNP) we added a "Fibonacci retracement" indicator. We've placed the indicator as follows: the Fibonacci retracement corresponding to the 0% level in the high of July (price level 0.4200 lei/share), and the 100% Fibonacci extension in the low recorded in August (price level 0.2700 lei/share). The quote tried to surpass the resistance level offered by the 61.8% Fibonacci retracement (price level 0.3281 lei/share), this attempt being unsuccessful. Therefore, we think that the quote might undergo negative price adjustments. This is confirmed by the downward trend of the RSI indicator (added with red on the chart). A negative performance in tomorrow's trading session would confirm the previously mentioned downward trend.

Chart source: Reuters

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