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Abstract

Recently we witnessed a tough start for the national stock market, as all the BSE indices plunged approximately 10% only through 7 trading sessions. Having a lower capitalization than the one of the last trading day in 2007 and a dismal level of liquidity comparative to the similar period of 2007, the Bucharest Stock Exchange didn't follow the historical pattern. More precisely, 2008 is a singular case among the latest years of BSE's activity from the point of view of the current significant falls. It's quite right that the international financial environment is very fragile for the moment and the state of fact of the economy at a country level isn't too convenient. Even so, it's difficult in situations like this, to see clearly the thin line between the reason and the panic concerning the investors' actions.

The likely US recession is well debated these days, as the propagated subprime effects are more visible. An economy doesn't fall into a recession overnight, and the course of this phenomenon is similar to the snowball effect, as the incipient signs aren't too discernible. That's why the main question, we believe, is now "Is the recession here already?". As a matter of fact right now the most important pieces of the puzzle are seen and analyzed by the investors, in order to have a more clear opinion about the big picture: the several cuts of the key rate made by FED in 2007 and the anticipation of another upcoming cut, the massive write-downs reported by some of the financial giants not only from US but also from Europe, the changes concerning the shareholder's structure for many important financial corporations, the inflation threats (taking into consideration the risks induced by a possible higher level of inflation, the European Central Bank maintained unchanged the key rate), the high volatility of the currency markets, the oil price and it's psychological level touched and surpassed a couple of times, and at a country level the inflation for 2007 higher than the target followed by the NBR, the interest rate raised by 0.5% to 8% a year, the currency market turmoil.

For the moment, the missing piece for a more clear direction to be established are, we believe, the financial results for 2007 and at least for the first 2 quarters of the current year. It would be easier to know for sure if we are in a middle of a downward economic trend or if the US subprime induced a limited period of several corrections all over the international stock exchanges.

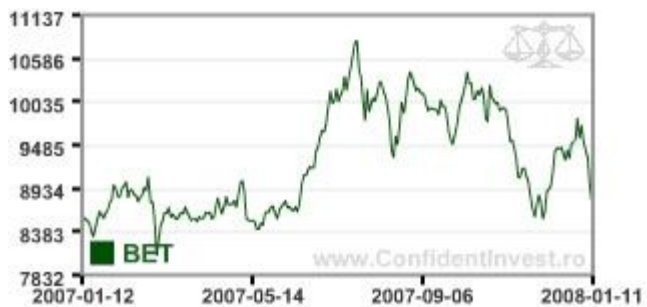
That's why, for the next period we expect a higher level of volatility induced not only by the international influences, but also by the main characteristic of the national stock market, the liquidity (a frequent phenomenon for the emergent markets). Moreover we believe that the current descendant trend is likely to continue, not necessarily as a consequence of the fundamental analysis of the companies, but also maybe as a result of the combination uncertainty-the lack of positive events for the national and international economy.

Last week

Last week BET and BET-FI plunged 9.98% and 9.05% respectively, while BET-FI went down 11.32%. The average trading volume was 47.91 mil lei and lost 37.76%

as compared with the one of the last trading week of 2007, while the market capitalization went down 9% to 78.23 billion lei.

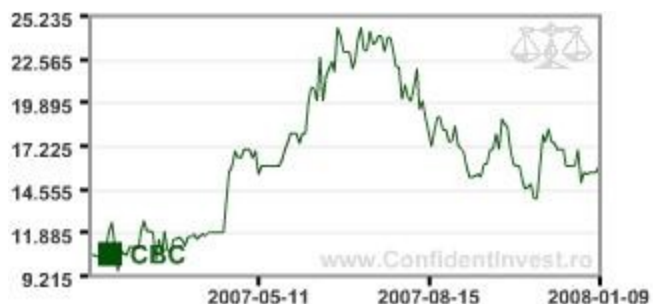
BVB INDICES			
Indices	Change	Jan 04, 2008	Jan 11, 2008
BET	-9.98%	9735.67	8763.77
BET-C	-9.05%	6604.59	6007.11
BET-FI	-11.32 %	77056.19	68334.3



Top Extremes

The so called performers of the week that just ended were CBC, ECT and OLT, with very small increases, from 1.75% to 1.91%. As a consequence of the strong corrections, among the top 5 price gainers were even shares which actually registered a fall, like PEI (-1.35%)

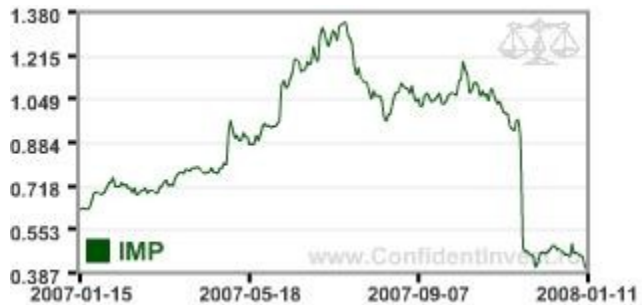
TOP 5 - PRICE GAINERS [RON]			
Symbol	Change	Jan 04, 2008	Jan 11, 2008
CBC	1.92%	15.6	15.9
ECT	1.89%	0.106	0.108
OLT	1.75%	1.14	1.16
EXC	0.00%	2.5	2.5
PEI	-1.35%	74	73



Most of the companies with high level of liquidity were influenced by the lack of optimism among the investors. Impact suffered the most serious correction, an almost 15% decrease. According to the financial results for the 3rd quarter of 2007, the company obtained a net income of about 14 mil lei, double than the one of the previous year for the similar period. The management estimated a 27 mil lei net operating income and an ambitious 65.4 mil lei revaluation income for 2007. Also the banking sector plunged, as BRD shares registered a 14.50% decrease on a high trading volume, while TLV and BCC went down approximately 5%. The pharmaceutical sector followed closely the descendant trend. Biofarm slipped more than 13%, while Antibiotice Iasi dropped 8%, as the fall may have been slowed down by the maintained enthusiastic attitude among the investors after the announce published by AVAS regarding the company's privatization.

TOP 5 - PRICE LOSERS [RON]

Symbol	Change	Jan 04, 2008	Jan 11, 2008
IMP	-14.96%	0.468	0.398
BRD	-14.50%	26.9	23
CMP	-14.11%	1.63	1.4
BRK	-13.01%	2.69	2.34
BIO	-13.01%	0.615	0.535

**Top Volume**

The SIF's, BRD and TLV were the most traded last week, while compared to its total number of shares the most significant trades were conducted with Zimtub's shares, followed by SIF Moldova.

TOP 5 - TOTAL VOLUME [RON]

Symbol	Volume
SIF5	38,903,404
SIF2	35,609,200
TLV	25,819,203
SIF4	23,632,757
BRD	20,904,640

TOP 5 - VOLUME (% of subscribed capital)

Symbol	Volume / Number of Shares
ZIM	4.11%
SIF2	2.18%
SNO	1.90%
SIF5	1.69%
SIF4	1.37%

This year, up until now...

Since the beginning of the year BET and BET-C slipped 8.40 and 7.88 percent, respectively, while BET-FI is 10.81% lower than its level on 21st of December 2007. The SIFs, Banca Transilvania and BRD had the highest trading volume for this period. The trades with Zimtub Oradea, SIF Moldova, Santierul Naval Orsova, SIF Oltenia and SIF Muntenia had the largest proportion in the companies' capital.