



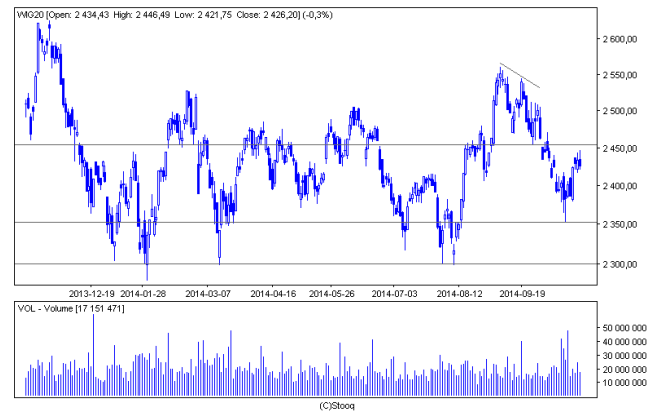
Summary

Finally, capital markets returned some positive results on the wave of optimism last week. Most of the European and global markets finished week in positive territory. On the old continent southern countries were the best performers - Madrid IBEX35 rose by 3.8% and the FTSE MIB in Milan grew by up to 4.25%. Main markets (FTSE, CAC40, DAX) also fared well, posting increases between 1.2 and 2.4%. Optimism on the Wall Street was even greater, indices grew between 4 and even 5.3% (technological NASDAQ). Earnings season in the US is on and so far investors are happy with released data. As one of the blue chips - IBM disappointed for sure, the excellent results of another IT giant - Apple should please investors. On the top of this there are expectations that after the next meeting of the FOMC (ends this Wednesday) we will not hear any tightening rhetoric.

In regards to European markets worth mentioning are rumors (indirectly confirmed by the ECB) that it plans to start a corporate bonds purchasing program this December. More cash pumping by the central bank has always a positive effect on the stock exchanges. In contrast, macro data from the euro area (mainly PMI) showed rather mixed picture. Industrial sector in France looks weak, on the other hand, German PMI index showed more than 50 points. The markets reacted more to German readings than to the alarming state of French economy which it got used to during last months.

Warsaw followed the positive global sentiment. As previously our indices fell less than European markets, this time they grew much slower. The WIG20 gained 1%, medium-sized companies index were slightly stronger and grew by 1.3%, the small stocks, WIG250 rallied 1.1%. Again, energy sector was the best performer, increasing by 2.2%. Construction developers grew about 1.7%. Orlen showed good results but could not maintain gains till the end of the week, affecting whole fuel sector. Pressure was present on shares of European banks that was associated with fears of the results of stress test due to be announced during the weekend. Eventually it turned out that 13 banks in Europe have a total capital shortfall of €10 billion, far less than expected. In contrast, Polish banks are generally safe, some problems had Getin Noble Bank and BNP Paribas, but this year's recapitalization basically solved this situation. Of the parent companies of Polish banks capital shortfall is only required to the owner of the Millennium. The Polish branch itself looks very good and no additional capital is required. Stress test should be well received by investors and the general situation on the Warsaw Stock Exchange should stay positive. Although the WIG20 reached important resistance at 2450 points, which is why you need to support this optimism with a dose of vigilance.

Technical Analysis



Graph 1. WIG20 daily.

Source: Stooq

The level of 2350 proved to be a strong support for the WIG 20. It resulted from the formation of the double top and has been convincingly defended. The last week's continued increases confirmed that the WIG20 gathered strength. Somewhat less convincing is the turnover, but also before exceeding the resistance at 2450 points the market will be considerable uncertain. At the moment index move is limited between 2350 and 2450 points and if resistance at 2450 points is pierced, it will signal to buy blue chips. Next resistance zone is at 2545-2560 points. An alternative scenario, which is a fall below the 2350 point is likely to test 2300 points.



Graph 2. PGE daily.

Source: Stooq

Once again we chose PGE as a stock of the week. Firstly due to an stock increase by 5.3%, and secondly due to very interesting situation on the graph. Rising above PLN 21.5 meant that a decreasing RGR formation has not been built, and the goal of the course was a maximum at 22.47 PLN. This had happened, and the closing price of the week was exactly PLN 22.47. Investors may now face a dilemma - to play towards the consolidation of 20-22.5 PLN or to the breakout towards new peaks and entrance the next stage of upward trend. The beginning of the week will be very important. If growth is continued there are good chances to test 23 PLN. Negation of growth will be a fall below 21.5 PLN.



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