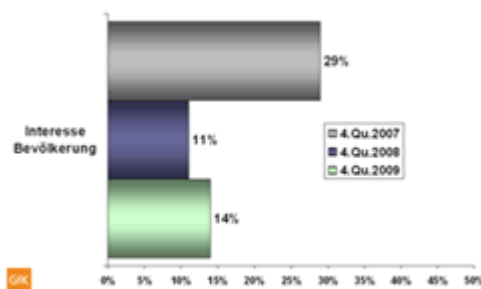


Austrian capital market: ATX and investor interest on the rise

[Back](#)

24.03.2010

- Investors' interest in securities gradually gaining ground again; nonetheless, only 12% of Austrians hold securities
- ATX Outlook for 2010: up by 20% to 3,000 points
- Analysts' recommendation: selective stock picking



Investors' interest in securities gradually gaining ground again; nonetheless, only 12% of Austrians own securities

Since the advent of the financial crisis, Austrian investors have lost confidence in securities in this country of savers. According to GfK Austria, the number of investors holding securities dropped steeply from 15% in 2007 to 12% in 2009. Even though the Vienna Stock Exchange closed the year 2009 with a gain of over 42%, a massive loss of confidence in international financial markets prevailed. "This is quite understandable considering the events of the last year," explained Franz Hochstrasser, Deputy CEO of Erste Group. With a savings ratio of over 11%, many Austrians preferred to put their money into savings passbooks in the crisis year. Only at Erste Bank Oesterreich the increase in savings deposits of EUR 1.4 billion in 2009 was extremely substantial.

Nevertheless, as interest rates for savings accounts are currently very low, investors' focus is shifting back to securities. Securities are good supplements to the classic form of investment such as savings accounts and building society savings schemes. In the fourth quarter of 2008, only 11% of investors showed an interest in buying securities, but by the fourth quarter 2009, the percentage was already back to 14%, with a rising tendency. "Interest shown in securities is on the rise again. At the same time though, customers are no longer only looking at returns, but are also asking more questions on how specific products work," concluded Hochstrasser. Erste Bank responded to the greater demand for information by extending advisory hours at all branch offices (Mo to Fr 7:00 to 19:00 hrs).

ATX Outlook for 2010: up by 20% to 3,000 points

According to estimates by Erste Group Research, the ATX is expected to rise in 2010 by around 20% to 3,000 points. Despite the prevailing insecurity over the further course of the economy and the discussions on the size of government debt in some euro countries, earnings estimates have been constantly released as double-digit figures for



Franz Hochstrasser, stv. Vorstandsvorsitzender Erste Group

[Download \[jpg; 80.9 KB\]](#)

some months now with respect to both 2010 and 2011. "All of our valuation methods for the Austrian stock market paint a consistent picture. Therefore, we expect ATX prices to rise again this year. The outlook for the Austrian stock market remains moderately positive," pointed out Günther Artner, Head of CEE Equity Research. The 3,000 ATX index points at year-end 2010 resulted in a price-to-book ratio of 1.3x or a PER of around 12x for the results expected in 2011. The figures are lower than the historic valuation average, and for this reason analysts expect to see the pre-Lehman levels of around 3,100 to 3,000 points in the course of 2011. A comparison of ATX valuations with the yields on ten-year Austrian government bonds confirmed the expected price increases.

Recommendation: Stock picking

This year is much more selective than 2009 as regards individual stocks. "On the one hand, we have a preference for blue chips with solid earnings prospects such as OMV, RHI, Vienna Insurance Group and voestalpine. On the other, we perceive significant price potential in stocks like BWT, Kapsch TrafficCom, Semperit and the real estate stocks conwert and ECO Business-Immobilien," said Artner. This scenario is based on the assumption of interest rates rising only moderately over the course of the year and on the continuation of gradual economic stabilization.

New issue: Top of Research Zertifikat II and Research Alpha Zertifikat

Hardly anyone has the time to constantly monitor the stock market prices of various companies and to switch positions accordingly. One possibility for following the recommendations of the Erste Group analysts is given in two new investment certificates, each featuring a three-year maturity: "Top of Erste Bank Research Zertifikat II (ISIN: AT0000A0H8M5) and Erste Bank Research Alpha Zertifikat (ISIN: AT0000A0H8N3).

The first tranche already clearly outperformed the ATX since its initial issuance at the end of 2006, both during downswings and upswing phases. While the Top of Research – Zertifikat II means you are directly investing in the recommendations of Erste Group Research, the Erste Bank Research Alpha Zertifikat II delivers the pure outperformance of Erste Group Research Top Picks versus ATX to investors. The Research Alpha Zertifikat II is also able to earn positive returns even in contracting market phases. The successful first issue has gained 16.1% since the end of 2006, while the ATX lost 37.5% in value during the same period.

Effective immediately, the two certificates will be reissued with a 3-year maturity and will be traded on the exchanges of Vienna and Stuttgart (EUWAX). "The competence of our analysts bundled into an investment product has proven an excellent model since 2006 and is shown by the solid outperformance vs. the ATX. The new issues represent the continuation of a proven strategy and offer investors the benefits they already know with a three-year maturity," said Thomas Schaufler, Head of Sparkassen and Retail Sales in Austria.

[Back](#)



Günther Artner, Leiter CEE Equity Research Erste Group

[Download \[jpg; 70.7 KB\]](#)



Thomas Schaufler, Leiter Retail Sales Österreich Erste Group

[Download \[jpg; 82.3 KB\]](#)