

EMEA Daily

Review

- **South African inflation was in line with expectations at 8.0% y/y** (see *comment*).
- **The Polish central bank cut its key rate by 25bp to 3.50% as expected** (see *comment*). Monetary Policy Council (MPC) member Halina Wasilewska-Trenkner said after the rate decision that: **Polish euro zone entry would not happen before 2014-2015 at the earliest**. Her comments reflect a more realistic view on Polish Euro-adoption than taken by the Polish government. These comments might also be an indication for other EMU-hopefuls that EURO adoption is not necessarily imminent.
- On Tuesday, Deputy Economy Minister, Andrei Klebach, said that the Russian economy contracted year on year by 11% in May. **Yesterday, the World bank revised down its GDP forecast for 2009 to -7.9% y/y**. Further, according to the OECD, Russian GDP is likely to contract 6.8% y/y this year (see *report*). We expect GDP to contract 8.0% y/y in 2009. OECD expects 3.7% growth next year, the World Bank looks for 2.5% growth, and our forecast is more downbeat at 0.5%.

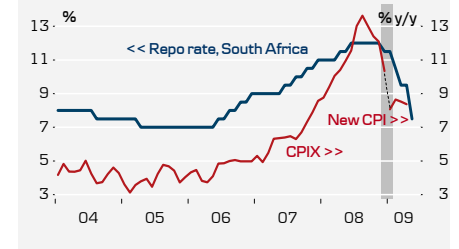
Preview

- **The Czech central bank's (CNB) monetary policy meeting will certainly be interesting today**. Even though we expect the CNB to keep key policy rate on hold at 1.50%, there is a high probability that the CNB board will vote for yet another 25bp rate cut. **25bp is also consensus expectation** and is fully priced into the market. The recent CZK strength also plays in favour of a cut.
- **South African central bank's (SARB) MPC meeting is on the agenda today**. Taking into account the stickiness of inflation, we believe that the SARB will adopt a cautious stance to monetary policy and **deliver a 50bp rate cut – down to 7.00%**.

Trading update

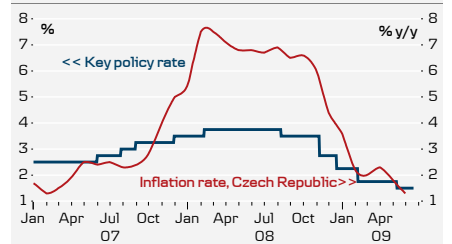
Poland's central bank (NBP) is retaining its easing bias in monetary policy, governor Sławomir Skrzypek said after the bank's Monetary Policy Council cut the main rate by 25bp. Skrzypek also added that the NBP could cut its required reserve rate for commercial banks to the 2%-level of the ECB. 1) **The comments are more dovish than expected**, and we are now considering putting rate cuts into our forecasts. 2) The NBP seems more worried about that the economy than earlier anticipated. Adding to these comments that the Polish government on Tuesday increased its budget deficit forecast to PLN27bn for 2009 (4½-5% of GDP) increases our concerns about the general state of the economy. Today's comments are in our view negative for the Polish zloty and should lead to lower markets yields going forward.

SA inflation remains sticky



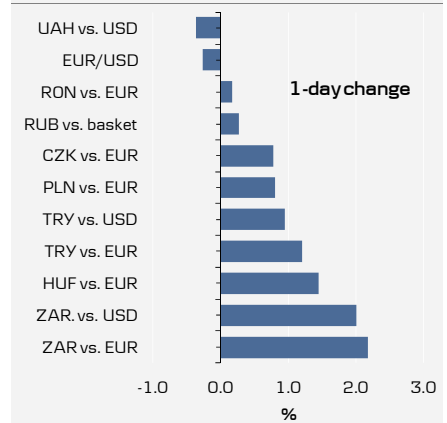
Source: EcoWin Reuters and Danske Markets

Will CNB cut again?



Source: EcoWin Reuters

Positive sentiment in EMEA markets



Data updated: 24/06 - CET: 16:56

Source: EcoWin Reuters and Danske Markets

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Calendar

Thursday, June 25, 2009				Period	Danske Bank	Consensus	Previous
CZK	-	Monetary policy meeting	%		1.50%	1.25%	1.50%
ZAR	-	Monetary Policy Council Meeting	%		7.00%	7.00%	7.50%
HUF	9:00	Retail trade	y/y	Apr	-6.5%	-4.4%	-3.6%
PLN	10:00	Retail sales	y/y	May	-2.2%	-0.1%	1.0%
PLN	10:00	Unemployment	%	May	10.8%	10.8%	11.0%
ZAR	11:30	Producer prices	y/y	May	-1.8%	-1.8%	2.9%

Source: Danske Markets

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First date of publication

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