

# EMEA Daily

## Review

- **Yesterday we received PMI data for June across the EMEA region.** Even though the PMI index has ticked up in all EMEA countries, it nonetheless remains – with the exception of Turkey – below the important 50 mark. Read our comment [here](#).
- **PMI was released also in South Africa.** As in the other EMEA countries, the South African PMI rose in June but the increase to 37.9, up from 37.3 in May was only moderate remaining far from the critical 50-level.
- **Yesterday, the Latvian Prime Minister Valdis Dombrovskis** said in a TV interview that the Latvia government will start working the 2010 budget in the coming weeks but he doesn't expect "any mass salary cuts" next year, after the 20% reduction that was made this year. PM Dombrovskis furthermore said that GDP would drop again in 2010, but the GDP drop would be much less in 2010 – 4% y/y – than in 2009.
- **Yesterday, the South African Finance Minister Pravin Gordhan said that the global growth rates are worrisome for the South African economy with revenues collection in the first three months this year falling considerably.** FM Gordhan expects economic recovery later this year but that it will be slow. He furthermore said that South Africa should return to fiscal consolidation when the recession is over.
- **Czech President Vaclav Klaus called a parliamentary election for October 9-10. In Croatia, the Prime Minister Ivo Sanader resigned** and at the same time withdraws from active politics.

## Preview

- **Estonian industrial production is due for release today.** We expect only a marginal improvement in **May's industrial production to -29.7% y/y from -33.7% y/y in April.**
- **South African vehicle sales for June** will undoubtedly remain deep in the red.

## Trading update

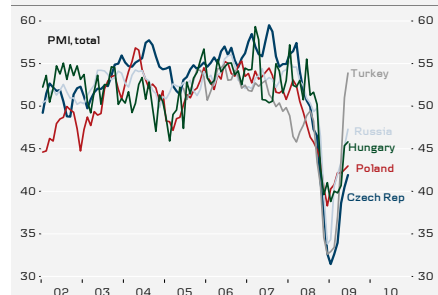
- Rising risk appetite sent most of the CEE currencies stronger yesterday with the **Polish zloty** outperforming its regional peers. Due to the lack of domestic news from the region, the EMEA currencies will likely continue to be driven by the risk appetite.
- Even though the CZK has gained almost 5% over the past three months, **the Czech central bank governor Tuma said that current CZK level helps economic recovery, as it is well below its record highs seen in late-2008.** His comments clearly indicate that recent CZK gains are not problematic for the CNB and therefore the current CZK level would not be a decisive element in monetary policy decision if current levels remain.

## Calendar

Thursday, July 2, 2009		Period	Danske Bank	Consensus	Previous	
EEK	8:00	Industrial production	y/y	May	-29.7%	-33.7%
ZAR	11:00	Naamsa vehicle sales	y/y	Jun	-29.7%	-34.7%

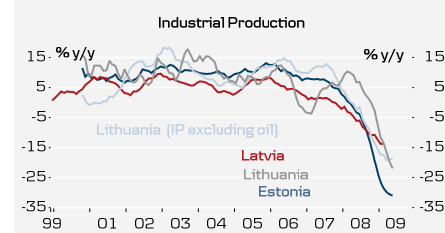
Source: Danske Markets

## Total PMI in EMEA region



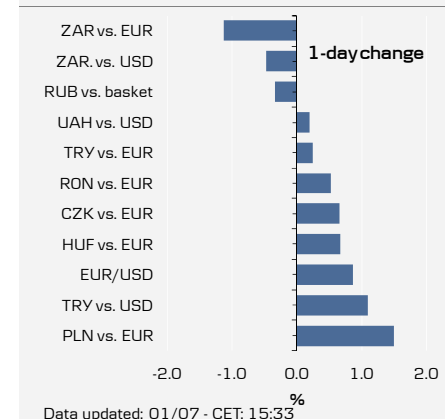
Source: EcoWin Reuters

## IP in Estonia in deep red



Source: EcoWin Reuters

## PLN outperforms other CEE peers



Data updated: 01/07 - CET: 15:33

Source: EcoWin Reuters and Danske Markets

## Editor in chief

### Chief Analyst

Lars Christensen  
+45 45 12 85 30  
larch@danskebank.dk

---

## Emerging Markets Contacts

---

### Emerging Markets Research

Lars Christensen	+45 45 12 85 30	larch@danskebank.dk
Flemming Jegbjærg Nielsen	+45 45 12 85 35	flemm@danskebank.dk
Violeta Klyviene	+370 5 2156992	vkly@danskebank.com
Lars Tranberg Rasmussen	+45 45 12 85 34	laras@danskebank.dk
Stanislava Pravdova	+45 45 12 80 71	spra@danskebank.dk
Jens Nærvig Pedersen	+45 45 12 84 98	jenpe@danskebank.dk

### Emerging Markets Sales, Danske Markets

Stephen A. Ryan	+45 45 14 68 98	sry@danskebank.dk
Ulf Rafstedt	+45 45 14 61 43	ulra@danskebank.dk
Erik Rasmussen	+45 45 14 32 47	eras@danskebank.dk

### Global Retail SME, FX

Stig Hansen	+45 45 14 60 86	sh@danskebank.dk
Flemming Winther	+45 45 14 68 24	flw@danskebank.dk

### Trading FX, Fixed Income, Danske Markets

Frank Sandbæk Vig	+45 45 14 67 96	fsv@danskebank.dk
Thomas Manthorpe	+45 45 14 69 68	tman@danskebank.dk
Markku Anttila	+358 10 513 8705	markku.anttila@sampopankki.fi
Perttu Tuomi	+358 10 513 8738	perttu.tuomi@sampopankki.fi

### Danske Bank Poland, Warsaw

Marciej Semeniuk	+48 22 33 77 114	msem@pl.danskebank.com
Bartłomiej Dzieńiecki	+48 22 33 77 112	bdz@pl.danskebank.com

### Danske Markets Baltics

Howard Wilkinson	+358 50 374 559	howard.wilkinson@danskebank.com
Martins Strazds	+371 6707 2245	martins.strazds@danskebanka.lv
Giedre Geciauskiene	+370 5215 6180	giedre.geciauskiene@danskebankas.lt
Lauri Palmaru	+372 675 2464	lauri.palmaru@sampopank.ee

### ZAO Danske Bank Russia, Saint-Petersburg Treasury Department

Antti Urvas	+7 812 332 73 06	antti.urvas@sampopankki.fi
Vladimir Biserov	+7 812 332 73 04	vladimir.biserov@danskebank.ru
Darja Kounina	+7 812 332 73 04	darja.kounina@danskebank.ru

---

All EM research is available on Bloomberg DDEM

## Disclosure

This report has been prepared by Danske Research, which is part of Danske Markets, a division of Danske Bank. Danske Bank is under supervision by the Danish Financial Supervisory Authority.

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high quality research based on research objectivity and independence. These procedures are documented in the Danske Bank Research Policy. Employees within the Danske Bank Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and to the Compliance Officer. Danske Bank Research departments are organised independently from and do not report to other Danske Bank business areas. Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Danske Bank research reports are prepared in accordance with the Danish Society of Investment Professionals' Ethical rules and the Recommendations of the Danish Securities Dealers Associations.

### **Financial models and/or methodology used in this report**

Calculations and presentations in this report are based on standard econometric tools and methodology. Documentation can be obtained from the above named authors upon request.

### **Risk warning**

Major risks connected with recommendations or opinions in this report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

### **First date of publication**

Please see the front page of this research report.

## Disclaimer

This publication has been prepared by Danske Markets for information purposes only. It has been prepared independently, solely from publicly available information and does not take into account the views of Danske Bank's internal credit department. It is not an offer or solicitation of any offer to purchase or sell any financial instrument. Whilst reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and no liability is accepted for any loss arising from reliance on it. Danske Bank, its affiliates or staff, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives), of any issuer mentioned herein. The Equity and Corporate Bonds analysts are not permitted to invest in securities under coverage in their research sector. This publication is not intended for retail customers in the UK or any person in the US. Danske Markets is a division of Danske Bank A/S. Danske Bank A/S is authorized by the Danish Financial Supervisory Authority and subject to limited regulation by the Financial Services Authority (UK). Details on the extent of our regulation by the Financial Services Authority are available from us on request. Copyright © Danske Bank A/S. All rights reserved. This publication is protected by copyright and may not be reproduced in whole or in part without permission.