

## Monthly forecasts – Fixed Income Research – July 8, 2009

## Slovakia: July 2009

Date	Indicator		Period	Our estimate	Min	Market Average	Max	Previous	Year ago
8-Jul	Industrial production	% y/y	May-09	<b>-20.0</b>	-22.0	-19.3	-15.8	-24.8	7.5
9-Jul	Sales from selected sectors	% y/y	May-09	-	-	-	-	-	-
10-Jul	Foreign trade	EUR mn	May-09	<b>37.0</b>	37.0	108.6	267.4	372.0	112.0
10-Jul	CPI inflation	% y/y	Jun-09	<b>2.1</b>	2.0	2.1	2.1	2.2	4.6
10-Jul	Core inflation	% y/y	Jun-09	<b>0.9</b>	0.8	1.0	1.4	1.1	4.8
15-Jul	EU-harmonised inflation	% y/y	Jun-09	<b>0.9</b>	0.8	0.9	0.9	1.1	4.3
28-Jul	PPI	% y/y	Jun-09	<b>-3.3</b>	-	-	-	-2.4	6.3
29-Jul	Economic Sentiment		Jul-09	<b>69.9</b>	-	-	-	67.6	96.5

### Price development

We expect annual consumer inflation to continue slowly declining in June, from 2.2% seen in May to 2.1% in June. On the month, we assume price growth by 0.2%, due to higher prices of gasoline and services. We expect prices of food to stay unchanged as compared to May. Harmonized inflation is likewise to decline, we expect it to shrink to below 1% y/y.

### Real economy

Industrial production figure kicks out the monthly data package today. We expect slight improvement on an annual basis from April's -25% to around -21% in May due to base effect. July might bring some improvement on the monthly s.a. basis, as car plant KIA resumes back to standard 8-hour-working shifts since mid-July. In addition, US steel Kosice resumes its production back to full 5-day working week in July. Decline in industrial production can narrow to around 15% y/y during autumn in our view.

### Monetary policy of ECB

The European Central Bank kept interest rates unchanged at the beginning of July. We keep our call that interest rates will remain unchanged at least until the end of 2009. At the moment, the ECB does not seem to be ready for any further non-standard measures (purchases of EUR 60bn covered bonds started at the beginning of July).

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