

Flash Comment

EMEA PMI data tick up, Turkey surprises positively

- PMI data for June, released across the EMEA region this morning, showed slightly improved conditions for the manufacturing sectors in EMEA, although levels still suggest contraction with the exception of Turkey, which surprised positively.
- In general, output and new orders ticked up, which indicates that economies could see some stabilisation in H2 09. We are, however, not overly optimistic, and we do not expect a strong recovery to emerge across the region, since most of these economies are struggling from the deleveraging process and declining public finances.

It is good news that PMI data continue to improve in EMEA, but one should not get too excited as most of these economies are still in deep recession.

In **core CEE countries**, such as the Czech Republic, Hungary and Poland, headline numbers only improved slightly and levels are still significantly below the important 50-level. It is notable that that output and new order levels are rising – but only slowly. Data indicates these countries will only stabilise gradually.

In **Russia the rebound in data is a little stronger** with new orders and output components approaching the 50-level. Despite a fairly strong rebound in Russian PMIs since the beginning of the year, the Russian economy has underperformed sharply in H1, as the country was hit very hard by the ongoing process of deleveraging and a large drop in oil prices. **We look for some stabilisation in Russian industrial activity in the coming quarters. However, there are still fairly large financial risks in the coming months** due to large repayments of external debt.

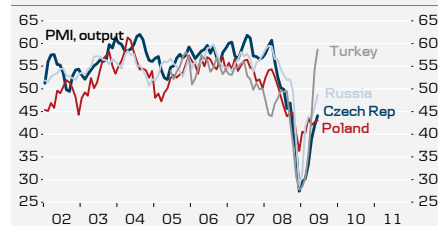
In **Turkey PMI data surprised positively – now above the 50-level on headline numbers as well as on output and new orders.** These data are good news for Turkey following yesterday's very disappointing GDP numbers, which showed that the Turkish **economy contracted by a whopping 13.8% y/y.** The PMI data suggest that the Turkish economy could surprise positively in the coming months.

Key figure (PMI data for June)

	June	May
Czech Rep.	41.9	40.5
Hungary	45.8	45.4
Poland	43.0	42.6
Russia	47.3	45.3
Turkey	53.9	51.0

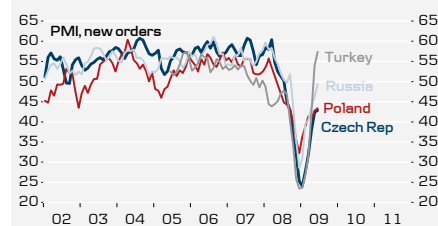
Source: Reuters Ecowin

PMI, output



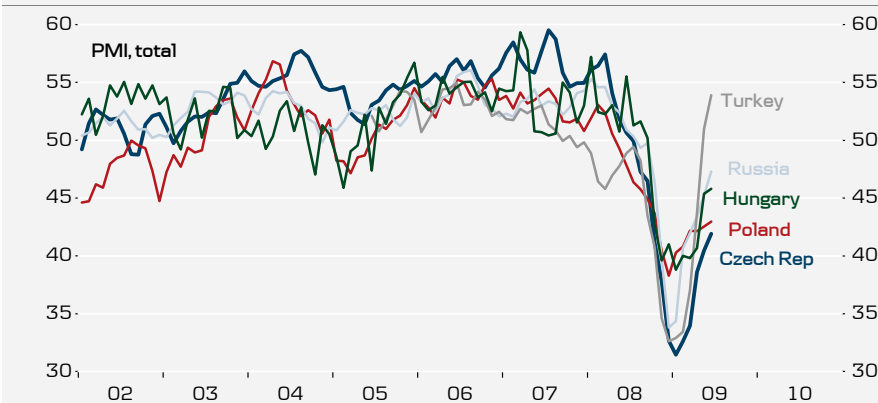
Source: Reuters Ecowin

PMI, new orders



Source: Reuters Ecowin

PMI total



Source: Reuters Ecowin

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