

EMEA Daily

Review

- Yesterday, PMIs for August were published across the EMEA region. **In general, PMIs in most of the EMEA countries surprised on the upside, increasing from July's level**, with the exception of Hungarian and Turkish PMIs. Furthermore, PMIs on all EMEA countries remained above the critical 50, indicating continued expansion in the EMEA economies. Increased PMIs in August could mean that the expected slowdown in industrial production in the coming months will be less pronounced.
- **Preliminary August inflation figures point to 0.6% m/m CPI in Russia.** The final figure is due on Monday. In year-on-year terms August inflation is likely to be 6.2% vs 5.5% in July.
- **Inflation in Kazakhstan slowed to zero in August.** Compared with the beginning of the year, consumer price inflation is 4.6%, and the official target of 6-8% appears to be quite realistic.

Preview

- The calendar regarding economic news and data is fairly thin today. The only economic figure due for today is the South African vehicle sales for August.

Trading update

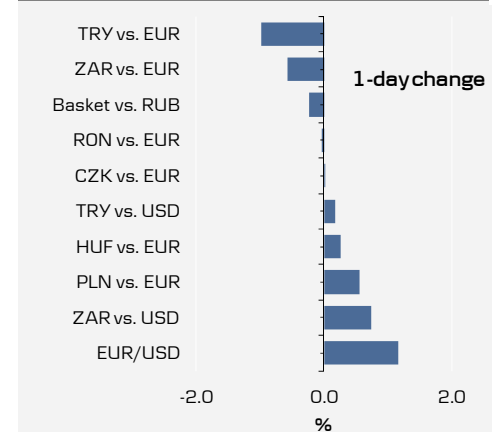
- With improved risk sentiment and the EUR/USD trading higher, CEE FX markets stabilised somewhat yesterday.
- Yesterday the Hungarian central bank (MNB) reiterated again that the central bank may need to hike if the risk to CPI stemming from a weaker HUF prevails or the risk assessment worsens. The Hungarian central bank clearly continues to deliver hawkish comments and even though market rates and yields in Hungary stayed almost unchanged after the MNB comments yesterday, we continue to recommend to be positioned for higher Hungarian rates and we believe that a rate hike within the next three months can no longer be ruled out.

EMEA swap rates

2Y IRS	Mid level	1D chg - bp
CZK	1.67	2
HUF	6.41	-5
PLN	4.57	-1
RUB	5.48	-2
TRY	7.50	-5
ZAR	6.30	2
5Y IRS	Mid level	1D chg - bp
CZK	2.03	4
HUF	6.64	-8
PLN	4.92	0
RUB	6.70	0
TRY	7.96	-5
ZAR	7.01	1

Source: Reuters Ecowin

EMEA FX markets



Source: Reuters Ecowin

Calendar

Thursday, September 2, 2010				Period	Danske Bank Consensus	Previous
ZAR	11:00	Naamsa vehicle sales	y/y	Aug		20.0%

Source: Danske Markets

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All EM research is available on Bloomberg DMEM

Disclosure

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