

EMEA Daily

Review

- **On Friday we published our updated macro forecast on Poland.** We now expect Polish GDP to grow 3.1% y/y in 2010 and 4.6% y/y in 2011. Read more [here](#).
- **Turkish inflation in August came out slightly higher than expected increasing to 8.33% y/y, up from July's 7.58% y/y.** Even though inflation surprised on the upside we believe that this is only temporary and hence the outcome in August inflation should not change the dovish stance of the Turkish central bank.
- **Latvian IP in July increased by 18% y/y,** the outcome was noticeably higher than our expectation (14.6% y/y). Almost all industries in Latvia showed significant growth.
- The slump in service sector PMI was deeper than expected in Russia, although no longer term trend can be concluded from August figures, which are likely due to extreme weather conditions.

Preview

- **We expect Czech retail sales to drop significantly from June's 6.6% y/y to 0.5% y/y fall in July.** Czech industrial production in July has likely continued to drop from the peak we saw in May and we expect Czech IP in July to drop to 8.7% y/y, down from 9.7% y/y in June. Nonetheless, given that the Czech PMI continues to hover well above the critical 50 level, we do not expect any sharp slowdown in the Czech industrial production in the coming months.
- **Russian weekly CPI indicators imply about 6.2% y/y inflation for August.** We continue to expect that a bigger inflation spike will emerge in Q4, leading to tighter monetary policy in Russia in early-2011.

Trading update

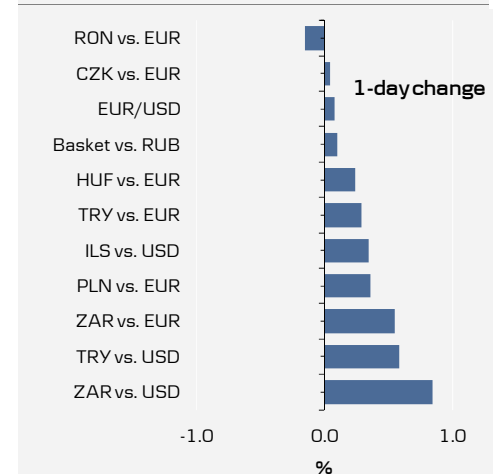
- Better-than-expected US non-farm payrolls sparked a sharp rise in risk appetite on Friday afternoon and almost all EMEA FX rallied on the back of the number. The biggest gain saw South African rand and Turkish lira. We nonetheless, continue to maintain a bearish view on the South African rand. Read more in our EMEA Weekly [here](#).

EMEA swap rates

	2Y IRS	Mid level	1D chg - bp
CZK		1.72	0
HUF		6.34	-6
PLN		4.64	3
RUB		5.50	0
TRY		7.49	-5
ZAR		6.34	-1
EUR		1.29	0
USD		0.69	1
	5Y IRS	Mid level	1W chg - bp
CZK		2.11	14
HUF		6.55	1
PLN		5.07	20
RUB		6.75	-5
TRY		8.04	9
ZAR		7.06	6
EUR		1.91	12
USD		1.73	2

Source: Reuters Ecowin

EMEA FX markets



Source: Reuters Ecowin

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Calendar

Monday, September 6, 2010				Period	Danske Bank	Consensus	Previous
RUB	-	CPI	y/y	Aug	6.2%	6.3%	5.5%
CZK	9:00	Retail sales	y/y	Jul	-0.5%	0.0%	6.6%
CZK	9:00	Construction output	y/y	Jul			-4.7%
CZK	9:00	Trade balance	bn. CZK	Jul		6.0	10.4
CZK	9:00	Industrial production	y/y	Jul	8.7%	7.3%	9.7%

Source: Danske Markets

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All EM research is available on Bloomberg DMEM

Disclosure

This research 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. The author of this research report is Lars Christensen, Chief Analyst.

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