

EMEA Daily

Review

- **Yesterday, the Turkish central bank (TCMB) reiterated that low interest rates will stay on hold for some time to come**, with limited increase in 2011. The TCMB furthermore said it that interest rates can stay at single-digits if structural improvement on the back of fiscal discipline is applied. Overall, the TCMB's comments confirmed the dovish stance of the central bank.

Preview

- **Turkish inflation for August should inch slightly up to 8% y/y, up from 7.58% y/y in July.** This is also the consensus expectation. Even though, expectations are for some increase in Turkish inflation in August, it does not mean that inflation will continue to inch higher in the coming months. Rather the opposite. Inflation is likely to ease again. Hence, the dovish stance of the Turkish central bank (TCMB) is well justified.
- We expect Latvian industrial production in July to show further improvement compared with June.

Trading update

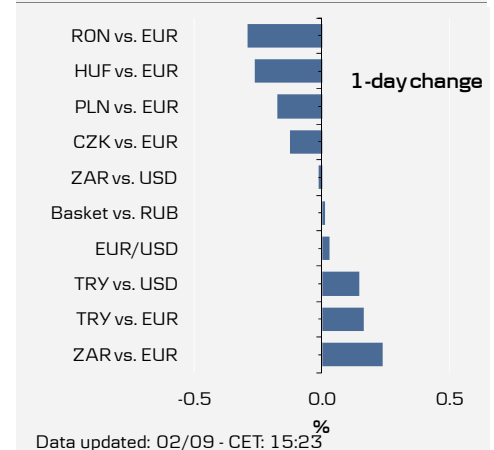
- For the third week in a row the highest scoring currency in our EMEA FX Scorecard is the Israeli shekel, while the lowest scoring currency is the South African rand. Therefore we continue to recommend buying ILS/ZAR based on our EMEA FX Scorecard.

EMEA swap rates

2Y IRS	Mid level	1D chg - bp
CZK	1.74	3
HUF	6.39	1
PLN	4.59	-1
RUB	5.49	-1
TRY	7.53	2
ZAR	6.36	6
5Y IRS	Mid level	1D chg - bp
CZK	2.08	3
HUF	6.61	1
PLN	4.97	0
RUB	6.70	0
TRY	8.03	5
ZAR	7.08	8

Source: Reuters Ecowin

EMEA FX markets



Source: Reuters Ecowin

Calendar

Friday, September 3, 2010							
			Period	Danske Bank	Consensus	Previous	
CZK	9:00	Wages	y/y	2nd quarter		1.5%	
RON	9:00	Retail sales	y/y	Jul		3.2%	
TRY	9:00	CPI	y/y	Aug	8.00%	8.02%	7.58%
TRY	9:00	PPI	y/y	Aug		8.24%	
LVL	12:00	Industrial production	y/y	Jul	14.6%	13.3%	

Source: Danske Markets

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All EM research is available on Bloomberg DMEM

Disclosure

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