

# Flash Comment

## EMEA: October PMI slightly disappointing

- PMI data for October, released across the EMEA region this morning, were a mixed bag. In Poland and the Czech Republic PMIs inched higher in line with the general trend in the Euro Zone area. An upward trend was also visible in South Africa, but only due to a significant downward revision of September numbers.
- Hungarian, Turkish and especially Russian PMIs declined. For Hungary and Turkey this was not overly surprising given the relative strength in PMI data over the region in last couple of months. However we are a little puzzled by the weak Russian PMI data – especially in the light of the high oil prices and the latest decline in unemployment.

Euroland October PMI moved above the important 50-mark, lifted by improved data out of especially Germany and France. **Polish and Czech PMI** inched higher, but the rise was not impressive given the rise in the Euro Zone area. **Hungarian** data was disappointing declining to 48.2 from 49.0. We had expected a rise to 49.5. We were not surprised by the slight decline in **Turkish PMI** data since it has seriously outperformed peers in recent months, and we note that Turkish PMI is still above 50. **South African PMI** inched higher but only due to a substantial downward revision of the September data. We think the macro economic outlook looks better in Turkey than in South Africa.

While the recovery in Asia and Brazil seems to be underway, we note that **Russian PMI** declined quite sharply during October - signalling that Russia is (still) the weak link among the BRIC economies. Headline manufacturing PMI thus declined to 49.6 from 52.0 in September and all sub-indices fell too. Hence the Russian October manufacturing PMI print rules out a V-type industrial recovery there. We are little disappointed about the PMI data with oil prices hovering around USD 80/barrel. That said, the PMI data show that manufacturing growth in Russia (gradually) continues.

Overall we see the gradual industrial recovery being the baseline scenario for EMEA going into 2010, but the outlook is still rather fragile and the fun could easily be spoiled.

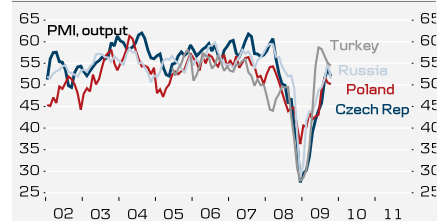
### Key figure (PMI data for October)

	Oct	Sep
Euro Zone.	50.7	49.3
Czech Rep.	49.8	49.5
Hungary	48.2	49.0
Poland	48.8	48.2
Russia	49.6	52.0
Turkey	52.8	53.3
South Africa	47.6	45.9*

\* Revised down from 48.0

Source: Reuters Ecowin

### PMI, Output



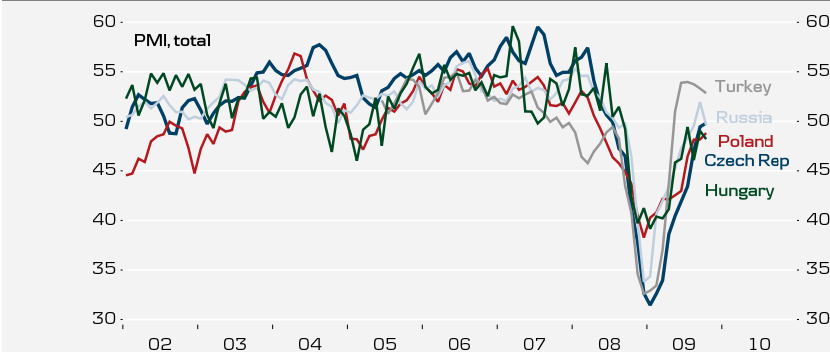
Source: Reuters Ecowin

### PMI, New Orders



Source: Reuters Ecowin

### PMI total



Source: Reuters Ecowin

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