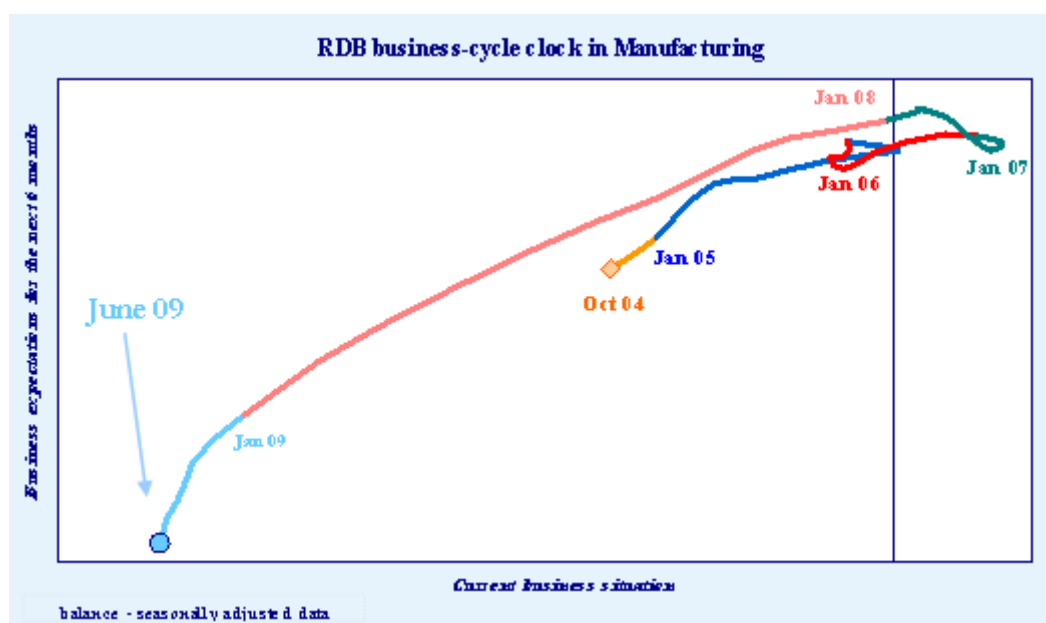


RDB BUSINESS-CYCLE CLOCK

The latest data are indicative of strong recession tendencies present in Q2 2009. The worsening of overall business climate in manufacturing industry is coupled with ever less optimistic business expectations. Although assessment of the current business situation is still negative, it did not deteriorate in the second quarter but business expectations dropped to their all-time low.

Still, what is noticeable are somewhat more positive performances of survey indicators in June 2009, which might suggest that we will see more favourable business results in the next period and the start of economy's going out of recession.

Negative effects of the global financial crisis on development of domestic industry can be tracked by means of the RDB Business-Cycle Clock of manufacturing industry that since 2008 has been constantly deteriorating.



Surveyed enterprises assessed it that in Q2 2009 in relation to Q2 2008 their output went down. The crisis that manifested itself through diminished demand (both export and domestic) led to diminished liquidity (with as much as 38% of producers liquidity deteriorated). Given the smaller credit activity and investment (in particular foreign) non-liquidity will be rather pronounced in the future as well (28% of enterprises anticipate further deterioration of liquidity in the next quarter), which will further reduce insufficient demand. Deceleration of the rate of demand growth is a consequence of deceleration of loan activity and a real rise in earnings (in Q2 2009 in relation to Q1 2009 average net earnings was up in real terms by 2.7%). Selling prices are going up (largely owing to the rise in prices in food industry) but are below the average value. Due to weak demand and contracted payment conditions, producers expect that their prices will continue to rise in the next quarter too. In Q3 2009 one can expect further growth of output along with a decline in the number of employees: as much as 28% of surveyed producers plan to reduce the number of workers. ***In comparison with the same period last year, expectations are at a much lower level.***