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EM Data Releases and Policy Announcements

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Brazil	Consumer Prices (Y/Y) Mar 6.3% **May (f) 6.6%** Apr 6.5% **May (c) 6.6%**	Central Bank Meeting & Rate Decision **(+25 bps)**		
Mexico			Consumer Prices (Y/Y) Mar 3.0% **May (f) 3.3%** Apr 3.4% **May (c) 3.3%**	
Korea			Central Bank Meeting & Rate Decision **(unch)**	
Taiwan	Consumer Prices (Y/Y) Mar 1.4% **May (f) 1.5%** Apr 1.3% **May (c) 1.6%**	Trade Balance ($US Bils.) Mar 1.8 **May (f) 2.2** Apr 3.0 **May (c) 2.6**		
China			Trade Balance ($US Bils.) Mar 0.1 **May (f) 7.1** Apr 11.4 **May (c) 2.6**	
India				Industrial Production (Y/Y) Feb 3.7% **Apr (f) 7.8%** Mar 7.3% **Apr (c) N/A**
Indonesia		Central Bank Meeting & Rate Decision **(unch)**		
Russia	Consumer Prices (Y/Y) Mar 9.5% **May (f) 10.1%** Apr 9.6% **May (c) 9.6%**			
Turkey		Industrial Production (Y/Y) Feb 13.9% **Apr (f) 9.4%** Mar 10.4% **Apr (c) 9.7%**		
Poland		Central Bank Meeting & Rate Decision **(+25 bps)**		
Czech Republic Industrial Production (Y/Y) Feb 13.0% **Apr (f) 7.6%** Mar 9.5% **Apr (c) 8.0%**		Unemployment Rate Mar 9.2% **May (f) 8.2%** Apr 8.6% **May (c) 8.2%**	Consumer Prices (Y/Y) Mar 1.7% **May (f) 1.9%** Apr 1.6% **May (c) 1.8%**	

Emerging Markets Data, Policy and Market Outlook

Growth is slowing, but remains rather strong across EMs, and the balance of risk remains quite clearly—especially from the perspective of all but a few central banks, in the direction of inflation. The recovery has been nearly total for a majority of economies in the emerging world, and in a number of instances, such as Brazil, activity has pushed resource utilization to very high historical levels. EM inflation rates are, generally speaking but with some notable exceptions (such as China and India) not yet high relative to history and to the central banks' targets. Nonetheless, price pressures are evident, in a process not only driven by domestic demand forces but by commodity markets and monetary policy in the US and Europe.

Indeed, quantitative easing policies in the US have pushed additional flows of funds into emerging markets. As a result, the risk is not just one of overheating, as borrowing costs remain low for economies approaching or at full employment, but of potential asset price bubbles, given that many of the economies receiving the additional funds have an insufficient ability to absorb those into productive uses.

To complicate matters, emerging market central banks face difficult dilemmas that limit their policy options to deal with inflation pressures and bubble risks. The reason: emerging markets are trapped between the US Fed's easing policies and China's refusal to let the renminbi appreciate and/or adjust through higher domestic prices. The practical implication: emerging market central banks—especially in Asia—have only limited room to let their own currencies gain versus the dollar *without endangering export competitiveness*, and thus their ability to raise interest rates is constrained as well. The bottom line: from a near-term a combination of strong growth and lingering inflationary pressures is likely to remain a key determinant of policy across emerging markets.