January 27, 2012

EM Data Releases and Policy Announcements

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30	31	1	2	3
Brazil Industrial Production (Y/Y) Oct -2.2% **Dec (f) -2.6%** Nov -2.5% **Dec (c) -0.9%**			Trade Balance ($US Bils.) Oct 0.6 **Dec (f) -1.2** Nov 3.8 **Dec (c) NA**	
Korea Industrial Production (Y/Y) Oct 6.3% **Dec (f) 2.4%** Nov 5.6% **Dec (c) 4.1%**	Consumer Prices (Y/Y) Nov 4.2% **Jan (f) 3.7%** Dec 4.2% **Jan (c) 3.6%**			
Taiwan	Real GDP (Y/Y) 11:Q2 4.5% **11:Q4 (f) 4.3%** 11:Q3 3.4% **11 Q4 (c) 2.8%**			
Indonesia	Consumer Prices (Y/Y) Nov 4.2% **Jan (f) 4.1%** Dec 3.8% **Jan (c) 3.6%**			
Malaysia	Central Bank Meeting & Rate Decision **(unch)**			
Thailand	Consumer Prices (Y/Y) Nov 4.2% **Jan (f) 3.3%** Dec 3.5% **Jan (c) 3.4%**			
Russia		Central Bank Meeting & Rate Decision **(unch)**		
Turkey				Consumer Prices (Y/Y) Nov 9.5% **Jan (f) 11.2%** Dec 10.5% **Jan (c) 10.6%**
Czech Republic			Central Bank Meeting & Rate Decision **(unch)**	

Emerging Markets Data, Policy and Market Outlook

The most evident trend in emerging markets towards the turn of the year is a substantial slowdown. Manufacturing indicators, in particular, appear rather soft, in some cases lower than a year ago (Brazil, Taiwan, India) in others (China) moving along a still-decelerating trend. Emerging market trade flows are, unsurprisingly, reflecting the weakening of manufacturing, especially in the industrial centers of Asia. Asia ex-Japan's exports, for example grew as of November at an annual pace only comparable with the beginnings or endings of the two previous global recessions (2001, 2009. Despite the loss of steam the EM situation can hardly be called recessionary yet, as domestic demand is supported by a variety of different factors from country to country and region to region, including in many cases low unemployment rates and—lately—a turn towards neutral-to-expansionary monetary policy.

Central bankers are breathing more easily as inflation, which was fueled in recent years by rising commodity prices and fast economic activity, has eased very notably. The dark side of this positive development is, for some emerging markets, that the key source of the ongoing disinflation is lower commodity prices, which hurt export revenues for an important subset of the EM world. Still, the decline of inflation helps bring about a very important change that might, within months, push the decelerating-growth trend in reverse: a turnaround in China's macroeconomic policy as the authorities there act react to the a shift in the balance of risks in the direction of recession. That should help provide a bottom for the Chinese economy, for the key China-tied Asian EMs, and eventually for international commodity prices, which have fallen substantially but remain close to the historically high levels reached before the 2008-09 crisis.

In the meantime, however, a real GDP growth soft-patch is likely during at least the first half of 2012, and with it, increased vulnerability to the external shock that might arrive from Europe and hit EMs through trade and finance.