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EM Data Releases and Policy Announcements

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Argentina				Real GDP (Y/Y) 11:Q2 9.1% **11:Q4 (f) 7.7%** 11:Q3 9.3% **11 Q4 (c) NA**
Brazil	Real GDP (Y/Y) 11:Q2 3.3% **11:Q4 (f) 1.9%** 11:Q3 2.1% **11 Q4 (c) 1.5%**	Industrial Production (Y/Y) Nov -2.7% **Jan (f) 0.3%** Dec -1.2% **Jan (c) -1.5%**		Inflation IPCA (Y/Y) Dec 6.5% **Feb (f) 6.0%** Jan 6.2% **Feb (c) 5.8%**
Mexico			Consumer Prices (Y/Y) Dec 3.8% **Feb (f) 4.0%** Jan 4.1% **Feb (c) 4.0%**	
Korea		Central Bank Meeting & Rate Decision **(unch)**		
China			Consumer Prices (Y/Y) Dec 4.1% **Feb (f) 4.3%** Jan 4.5% **Feb (c) 3.4%**	Industrial Production (Y/Y) Nov 12.4% **Jan (f) 7.5%** Dec 12.8% **Jan (c) 12.4%**
Indonesia		Central Bank Meeting & Rate Decision **(unch)**		
Malaysia				Central Bank Meeting & Rate Decision **(unch)**
Turkey Consumer Prices (Y/Y) Dec 10.5% **Feb (f) 10.8%** Jan 10.6% **Feb (c) 10.4%**			Industrial Production (Y/Y) Nov 5.3% **Jan (f) 3.5%** Dec 3.8% **Jan (c) 3.5%**	
Poland		Central Bank Meeting & Rate Decision **(unch)**		
Czech Republic				Real GDP (Y/Y) 11:Q2 2.0% **11:Q4 (f) 0.9%** 11:Q3 1.2% **11 Q4 (c) NA**

Emerging Markets Data, Policy and Market Outlook

The most recent statistics suggest that the deceleration phase of the cycle may be reaching a bottom, an interpretation that gets a boost from the seeming consolidation of positive consumer-driven dynamics in the United States. Clearly, the European recession, and the lingering possibility of a full-fledge European debt crisis, should restrain anyone's near-term optimism regarding the emerging markets economies.

In fact, the data are possibly beginning to register the first signs of a turnaround in economic performance across EMs, a trend that should be expected to materialize, if not now, at some point during 2012.

One key reason that justifies greater confidence in the EM outlook is that central banks and governments can now afford to worry much less about inflation and need to focus more of their energies on the maintenance of real GDP growth: inflationary pressures have greatly eased, and lower (though still historically high) commodity prices are for the time being fueling a disinflationary impulse across the world economy.

DE's bottom line: the end of the downward portion of the EM economic cycle, which thus far has not been so pronounced that it would lead to recession, is within sight. As we pointed out in an earlier note, 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, plus a clear policy shift from restrictive to expansionary that will probably lead to a real GDP rebound no later than the second half of 2012.

In the meantime, however, there is still a high probability that growth would be relatively slow in the early part of the year, and with it a considerable vulnerability to a potential external shock from Europe through trade and finance.