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EM Data Releases and Policy Announcements

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Brazil	Industrial Production (Y/Y) Dec -1.3% **Feb (f) -4.5%** Jan -3.4% **Feb (c) %**		IPCA Inflation (Y/Y) Jan 6.2% **Mar (f) 5.5%** Feb 5.9% **Mar (c) 5.4%**	
Taiwan			Consumer Prices (Y/Y) Jan 2.4% **Mar (f) 0.4%** Feb 0.3% **Mar (c) 1.3%**	
Indonesia Consumer Prices (Y/Y) Jan 3.7% **Mar (f) 4.1%** Feb 3.6% **Mar (c) 4.0%**				
Philippines	Consumer Prices (Y/Y) Jan 4.0% **Mar (f) 2.7%** Feb 2.7% **Mar (c) 2.8%**			
Thailand Consumer Prices (Y/Y) Jan 3.4% **Mar (f) 3.5%** Feb 3.4% **Mar (c) 3.2%**				
Russia			Central Bank Meeting & Rate Decision **(unch)**	Consumer Prices (Y/Y) Jan 4.2% **Mar (f) 3.7%** Feb 3.7% **Mar (c) 3.6%**
Turkey Real GDP (Y/Y) 11:Q2 8.3% **11:Q4 (f) 5.3%** 11:Q3 7.7% **11:Q4 (c) 4.9%**	Consumer Prices (Y/Y) Jan 10.6% **Mar (f) 10.4%** Feb 10.4% **Mar (c) 10.6%**			
Poland		Central Bank Meeting & Rate Decision **(unch)**		
Czech Republic				Industrial Production (Y/Y) Dec 2.0% **Feb (f) 3.1%** Jan 3.2% **Feb (c) 3.0%**
Hungary				Industrial Production (Y/Y) Dec 6.7% **Feb (f) -3.7%** Jan -2.7% **Feb (c) -1.0%**

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.

One key reason that justifies greater confidence in the EM outlook is that central banks and governments can now afford to worry 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 remain relatively slow in the first half of the year, and with it a considerable vulnerability to a potential external shock from Europe through trade and finance.