New York • London • Boston • Chicago
DECISION ECONOMICS, INC.
Information for Decisions™

Emerging Markets Calendar

May 11, 2012

EM Data Releases and Policy Announcements

Francisco J. Larios
Chief Economist, Emerging Markets
Miami
+1 305 553 2211
flarios@decisioneconomicsinc.com

14	15	16	17	18
Mexico Industrial Production (Y/Y) Jan 4.3% **Mar (f) 4.0%** Feb 5.9% **Mar (c) NA**			Real GDP (Y/Y) 11:Q3 4.5% **12:Q1 (f) 4.4%** 11:Q4 3.7% **12:Q1 (c) NA**	
South Korea	Unemployment Rate Feb 3.7% **Apr (f) 3.5%** Mar 3.4% **Apr (c) 3.4%**			
India Wholesale Prices (Y/Y) Feb 7.0% **Apr (f) 6.7%** Mar 6.9% **Apr (c) 6.7%**				
Russia		Real GDP (Y/Y) 11:Q3 5.0% **12:Q1 (f) 4.5%** 11:Q4 4.8% **12:Q1 (c) 4.1%**		Industrial Production (Y/Y) Feb 6.5% **Apr (f) 4.2%** Mar 2.0% **Apr (c) 3.2%**
Czech Republic	Real GDP (Y/Y) 11:Q3 1.3% **12:Q1 (f) 0.4%** 11:Q4 0.6% **12:Q1 (c) 0.2%**			
Hungary	Real GDP (Y/Y) 11:Q3 1.4% **12:Q1 (f) -0.2%** 11:Q4 1.4% **12:Q1 (c) -0.1%**			

Emerging Markets Data, Policy and Market Outlook

A soft-landing scenario is gradually—but not yet fully—materializing across emerging markets. Economic activity has *cooled*, particularly on the manufacturing side, but conditions cannot be called recessionary even stretching the meaning of the term. With few exceptions, consumer and investment spending remains well-supported, unemployment rates low; borrowing costs have diminished modestly as a disinflationary trend takes hold.

Whether trends in the developed world will support the EM's soft-landing is still an unanswered question. On the positive side, there is a consolidation of healthy consumer-driven dynamics in the United States. But the European recession, and the lingering possibility of a full-fledge debt crisis there, is a clear negative on EM growth and risk.

From current perspective, it is reasonable to expect that if a full-fledged financial crisis is avoided in Europe, emerging markets as a whole would likely experience a *moderate* rebound later this year and into 2013, on the basis of easier money, stronger US demand, plus a bottoming and modest re-acceleration of growth in China.

China is central to the EM soft-landing scenario. Emerging markets will probably replicate, more or less closely depending of size, economic structure and location, China's near-term growth pattern: further deceleration through the middle months of 2012, followed, later in the year and into next, by a moderate up-turn.

China is also a key piece of the puzzle as regards risks to the EM soft-landing. Should the Asian giant slip into recession (or a recession-like stage, say 5%-to-6% growth), the pace of economic activity would be hurt significantly not just in manufacturing-oriented Asia but in commodity driven EMs there and elsewhere, as commodity markets would be heavily impacted. There is a reasonable expectation that such Chinese-recession scenario will be avoided, but Chinese policymakers' failure to shift towards easing creates some concern.