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EM Data Releases and Policy Announcements

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13	14	15	16	17
Mexico Industrial Production (Y/Y) Apr 3.6% **Jun (f) 3.4%** May 3.2% **Jun (c) 3.5%**			Real GDP (Y/Y) 11:Q4 3.9% **12:Q2 (f) 4.4%** 12:Q1 4.6% **12:Q2 (c)4.2%**	
India	Wholesale Prices (Y/Y) May 7.6% **Jul (f) 7.5%** Jun 7.3% **Jul (c) 7.2%**			
Malaysia	Real GDP (Y/Y) 11:Q4 5.2% **12:Q2 (f) 4.5%** 12:Q1 4.7% **12:Q2 (c)4.3%**			
Russia			Industrial Production (Y/Y) May 3.7% **Jul (f) 2.1%** Jun 1.9% **Jul (c) 2.5%**	
Turkey			Central Bank Meeting & Rate Decision **(unch)**	
Poland	Consumer Prices (Y/Y) May 3.6% **Jul (f) 4.5%** Jun 4.3% **Jul (c) 4.1%**			
Czech Republic	Real GDP (Y/Y) 11:Q4 0.6% **12:Q2 (f) -0.9%** 12:Q1 -0.7% **12:Q2 (c) -1.1%**			
Hungary	Real GDP (Y/Y) 11:Q4 1.4% **12:Q2 (f) -0.6%** 12:Q1 -0.7% **12:Q2 (c) -1.3%** Consumer Prices (Y/Y) May 5.3% **Jul (f) 5.8%** Jun 5.6% **Jul (c) 5.6%**			

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. 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 *modest* 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.