



## 4 April 2012

### Some grow, some slow

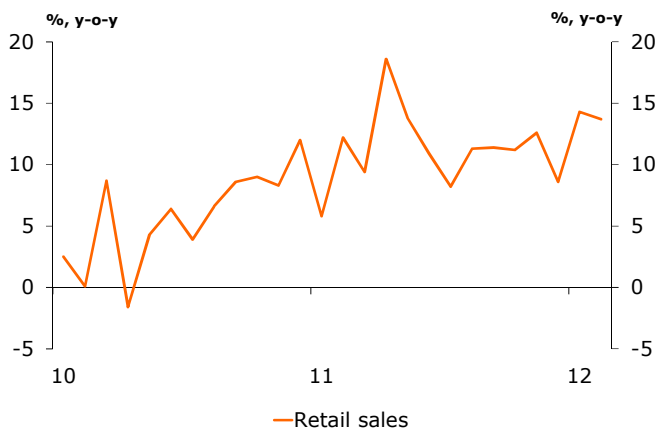
Industrial production growth year-on-year, %

	Sep-2011	Oct-2011	Nov-2011	Dec-2011	Jan-2012	Feb-2012
Brazil	-1.6	-2.2	-2.7	-1.3	-3.4	n.a.
China (s.a.)	13.8	13.2	12.4	12.8	n.a.	21.3
India	2.5	-5.0	5.9	2.5	6.8	n.a.
Mexico	3.8	3.5	3.3	2.8	4.2	n.a.
Poland	7.4	6.4	8.5	7.6	9.1	4.6
South Korea	7.4	6.6	5.7	2.9	-2.1	14.4
Russia	4.4	5.7	4.9	3.3	4.8	6.3
Turkey	12.1	7.5	8.5	3.7	1.5	n.a.

- Consumption remains the most important driver of growth in Poland.
- The latest IP data suggests that Turkey's economy is finally cooling off.
- Mexico's growth is picking up, following the US.
- Interest rate cuts in Vietnam are meant to further GDP growth, but may come to soon.
- Growth in the Dominican Republic is slowing.

Source: Reuters EcoWin

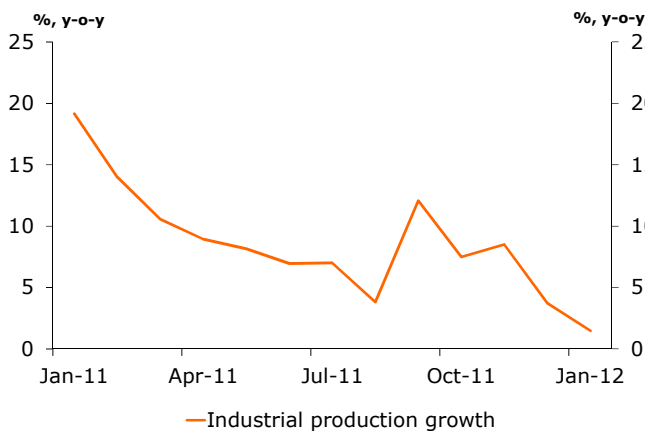
### Poland – Consumers in demand



February retail sales data (+13.7% yoy) support Poland's image of regional star performer. Consumption has indeed been the most important driver of Poland's solid economic growth, but recent analysis suggests that this headline figure should be interpreted with caution. First, it has not been corrected for inflation. Second, the Polish Central Statistical Office uses a relatively broad definition of retail sales. Still, even after correcting for this, retail sales growth remains significant and is expected to add to Q1 GDP. For the coming quarters, consumption is expected to slow down due to austerity measures and deteriorating labor market conditions.

Source: EIU

### Turkey – Slow industrial growth



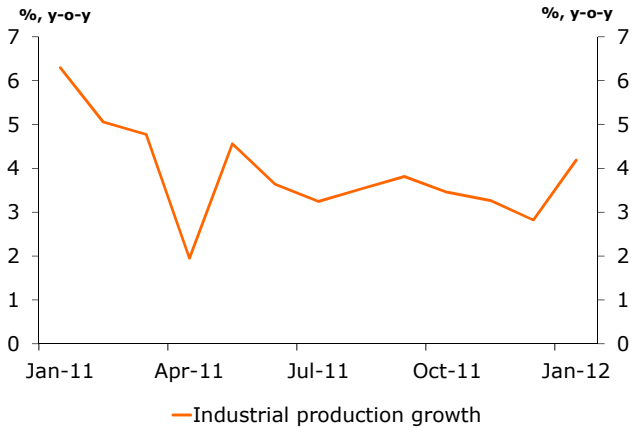
Turkey's industrial production (IP) growth slowed to 1.5% yoy in January, the lowest growth rate reported since the recession in 2009. Underlying the fall in IP growth is slowing demand from Europe, Turkey's largest export market, on account of the ongoing debt crisis. Although we expected economic growth to slow down this year, after stellar growth in 2011 spiked fears of overheating, the slowdown is sharper than expected and may induce the central bank to reduce its lending rate, in order to spur domestic demand. However, with inflation at around 10% and a high and persisting current account deficit, it is feared that in doing so, the bank would only add to existing imbalances.

Source: Reuters EcoWin

# Economic Update Emerging Markets

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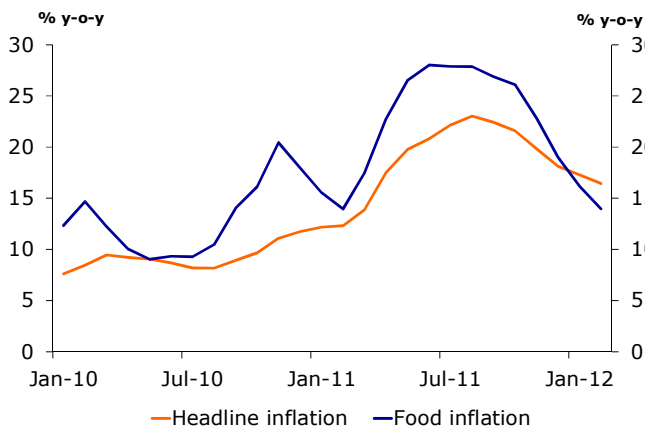
### Mexico – Industry growing strongly



Reflecting the improved US economic situation, Mexico's industrial production (IP) made a strong start into 2012. In annual terms, growth in IP accelerated to 4.2% in January, much higher than analysts' consensus estimate of 2.8%. A positive momentum was maintained, as IP expanded by a seasonally adjusted 0.83% mom, following a 0.89% mom expansion in December. Despite low growth in car production (1.2% yoy), manufacturing output rose by 5.6% yoy, while growth of the domestic-demand dependent construction and utilities sectors also accelerated. This year, IP will likely continue to expand moderately, while closely tracking US industrial output.

Source: Reuters EcoWin

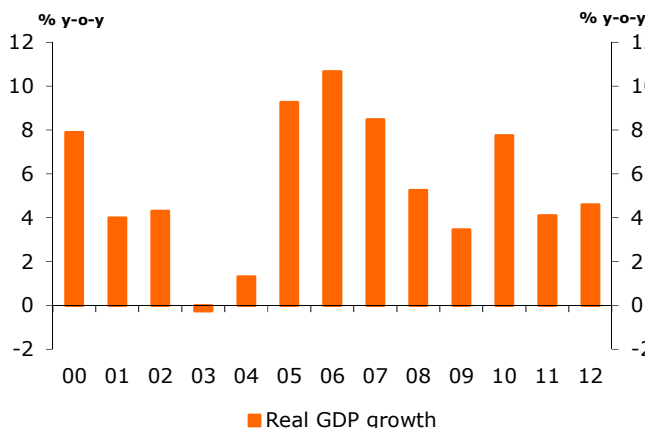
### Vietnam – Interest rate cut



The State Bank of Vietnam (SBV; central bank) cut its policy rate by 100bps to 14%, after hiking 600bps in 2011. Although inflation is still high (14.6% in February), the downward trend allowed the SBV to worry about growth. Economic growth was just 5.8% in 2011 and is expected to remain well below the 8% growth rates reported before the crisis. This underperformance is partly the result of lower demand for Vietnamese goods in the West. Lower interest rates could spur domestic demand, as well as bank lending. But, this step away from the prudent policy path could also spook investors. Time will tell which effect prevails.

Source: Reuters EcoWin

### Dominican Republic – Growth slowing



According to figures published by the central bank this week, economic growth in the Dominican Republic declined to 4.5% last year from 7.8% in 2010. The marked slowdown can largely be explained by the gradual withdrawal of fiscal and monetary stimulus in accordance with an IMF standby-agreement. While growth in most sectors declined sharply on the back of cooling domestic demand, export-related growth of manufacturing in the free-trade zones accelerated. Also, the resumption of ferronickel exploitation provided a boost to the economy. Due to a less benign external environment, growth is expected to decline to about 3.5% this year, despite pre-election fiscal stimulus.

Source: EIU

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