

# Weekly Focus

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## TRENDS TO KEEP AN EYE ON

**Belarus** – another big devaluation and an economy on the verge of a melt-down; **Greece** – the plot is thickening; **Tanzania** – a widening but non-threatening external deficit.

## EGYPT

Although Egyptians are still full of hope about their future, their revolution is now at a crossroads as hard-line Islamists are pushing more insistently for control, the absence of an effective police force leaves a security vacuum, and economic conditions go from bad to worse.

## GEORGIA

Popular unrest and anti-government demonstrations continue to mark the socio-political scene from time to time, but they are not, at this stage, posing any real threat to President Saakashvili's administration. While the outlook for the economy is not entirely devoid of risks, it is generally bright.

## HONG KONG

The latest move pushing China's Special Administrative Region toward a towering position as the premier "offshore" center for yuan trading, the establishment of a daily renminbi/dollar fixing rate, will likely give this market a strong fillip. Having such a price will create a uniform rate against which to benchmark the growing number of derivatives.

## PAKISTAN

Relations between the Pakistani and US governments have deteriorated sharply in recent months. The US Administration is aware that it cannot put its trust in Pakistan as a committed ally and in Pakistan there is little love lost for the US. The two need each other, however, and there will be no actual rupture of ties.

## PANAMA

The last hurdle in the way of a new US-Panamanian trade accord has been removed. The Panamanian economy is growing like gangbusters and offers a wealth of opportunities to companies abroad, especially those that can participate in infrastructure projects including the historic expansion of the Panama Canal.

## SPAIN

The IMF and Spanish government officials continue to maintain that the economy has "decoupled" from the problems of other "peripheral" Eurozone members. But the markets seem to think otherwise, especially after the Socialists' election setback and given their doubts about the veracity of regional accounts.

## SUDAN

Only weeks away from an official declaration of independence by Southern Sudan, the country is again on the brink of civil war. Sudan is in debt distress and will not get much-needed outside help unless Khartoum decides to pull back its tanks.

## VENEZUELA

The US has sanctioned PdVSA for dealing with Iran, but in a way that is not going to have much practical effect. More important is the damage Hugo Chavez' mismanagement has done to the economy – and will yet do as he prepares for next year's presidential elections.

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