

# Weekly Focus

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## **TRENDS TO KEEP AN EYE ON** Page 2

**Cyprus** – greater financial needs than initially estimated; **Jamaica** – plunging reserves and a falling local dollar; **Spain** – an admonition from the EU's Commissioner for Economic and Monetary Affairs; **Venezuela** – who is responsible for the food shortages?

## **AUSTRALIA** Page 2

Growth is likely to slow this year after a quite strong 2012, even though the momentum coming from exports will stay robust. The economy will remain in a two-speed mode, however, and this could hurt PM Gillard and her ruling Labor party in the September elections.

## **BRUNEI** Page 4

The country continues to enjoy a high degree of macroeconomic stability, thanks to its resources and prudent official policies. The external accounts are, and will remain, in substantial surplus, so that Brunei is at no risk of running into international-liquidity problems.

## **COLOMBIA** Page 6

Economic growth has picked up and this is one argument for the Central Bank to end its easing cycle, but it would like to see the peso still lower to help commodity exporters hurt by strikes and demonstrations. The peace talks between the government and the FARC guerrillas have run into an apparently serious hurdle.

## **EGYPT** Page 8

The country has gained financial breathing room thanks to support from Qatar. It is doubtful that the IMF will agree to any accommodation, though, until the government makes meaningful cuts in its huge subsidies for fuel and food.

## **JAPAN** Page 9

The Bank of Japan's unprecedented experiment with massively stepped-up monetary easing is by no means certain to hit the intended targets. On the other hand, the new course conjures up considerable risks, of which the extent is unknown.

## **LEBANON** Page 11

While the country has a new Prime Minister, he faces a difficult task in forming a government. He vows to keep Lebanon out of the civil war in Syria, but this is increasingly proving to be near-impossible. The strife is already spilling over, which hurts the fragile economy.

## **NIGERIA** Page 13

The economy is growing and there is considerable interest by foreign investors. The inflow is precarious, though, given the social strains that bedevil the nation. President Jonathan is backed by a divided party and faces a united opposition. He may wind up a lame-duck with diminishing chances of winning re-election.

## **PORTUGAL** Page 15

The markets showed little reaction to the news that the constitutional court struck down four austerity measures for 2013, forcing the government to go back to the drawing board. The decision could have delayed consequences, though, that could turn out to be more disruptive.

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