

# Weekly Focus

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## TRENDS TO KEEP AN EYE ON

**Eurozone** – an accord has been reached at long last to try and deal in earnest with the sovereign debt crisis and threats against the euro; it's only a step in the right direction, but an important one; **New Zealand** – the economy has almost stalled, but inflation is slowing, too.

## ARGENTINA

Following an election victory of historic proportions, President Cristina Fernandez unveiled as her first post-voting measure a decree ordering oil, gas and mining companies to repatriate and convert into pesos 100% of their export earnings. The move smacks of desperation amid deteriorating economic conditions.

## AUSTRALIA

The government has succeeded in getting its plan for a carbon tax through the Lower House of the legislature, but the political triumph is likely to prove short-lived. The economy is still doing well, although concerns are rising about the likely effects of the debt and deficit problems in Europe and the United States.

## ITALY

Under pressure to come up with a concrete plan for much-needed economic reforms, the government has submitted a "letter of intent." This may satisfy Germany and France, for now, but the financial markets will have the real say in the matter.

## KENYA

The East African Community has agreed to coordinate the tightening of monetary policy to limit the volatility of currencies. More important for the shilling in the near term, however, will be Kenya's military incursion into Somalia in pursuit of al-Shabaab fighters.

## PAKISTAN

Relations between the United States and Pakistan have not been as poisoned as they currently are since the Taliban was ousted from Kabul in 2001. Pakistan, meanwhile, is having growing difficulties in keeping its economy from veering off track.

## SOUTH AFRICA

The rand has been plummeting since late-July, so much so that the Finance Ministry has said the authorities may use official international monetary reserves to "ease temporary market stress." Behind the plunge have been global economic developments, but also worries about political turns in South Africa.

## TUNISIA

So far Ennahda, which won a solid majority in the elections, has made all the right noises to pacify worried secularists and calm nervous financial markets. While the fears about the ultimate agenda of the group may well turn out to have been exaggerated, however, one would still be premature to dismiss them entirely.

## TURKEY

Some warning signs have begun to flash and they warrant watching since the economy's strength has given the Erdogan administration the assertiveness that has been behind its turning away from the West in a drive to become the preeminent regional power.

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