

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Cuba – a noteworthy new step in economic liberalization; **Russia** – at the door of the WTO, at last; **United Kingdom** – new banking rules have their supporters, but also face headwinds.

ARGENTINA

The regime has further tightened restrictions on the foreign exchange market in an effort to hold back the slow but steady flight of capital from the country. More than likely the government will eventually be forced to condone a more rapid depreciation of the peso.

GREECE

Eurozone partners will do everything in their power to prevent a Greek exodus from the Eurozone, because the consequences would be so dire. But now that the possibility has been openly discussed and acknowledged, the question is whether November 3, 2011 will eventually be remembered as the day on which the Eurozone started to fall apart.

ITALY

PM Berlusconi, having left nearly empty-handed for the G-20 conference, is under intense pressure to come up with a much more detailed and comprehensive economic reform program for Italy than he has done to date. Whether he can actually deliver, though, is now in doubt, even though he may still win the next confidence vote in parliament.

JAPAN

The yen remains a safe-haven currency, a role strengthened by Switzerland's decision to clamp a firm cap on the franc. In the near term the markets will be cautious in seeking to drive the yen higher, But there is little doubt that the pressures will soon become pronounced again.

LIBERIA

Although Pres. Sirleaf's opponent in the run-off election on November 8 still says he may boycott that contest, the odds are that the balloting will be held on schedule and the incumbent will win re-election. The economy has been improving, but it has a long way to go.

PAKISTAN

The IMF has ended its lending program without disbursing the final tranche, because the government has been unwilling to undertake the required fiscal reforms. The Finance Ministry says the money is not needed, but this is whistling in the dark at a time when assistance from other Western sources is in question as well.

UNITED KINGDOM

The recovery will continue to struggle to gain momentum, but this will not persuade the government to ease up on its fiscal policies. Rather, the BoE is launching a second round of monetary easing. Fiscal discipline and CB bond purchases are attracting investors seeking a haven from Europe's debt crisis.

YEMEN

The economy is in a free-fall that is conjuring up the risk of a humanitarian disaster, kept at bay only because neither Saudi Arabia nor the West wants Yemen to fall apart. Pres. Saleh's position has become precarious, but repeated announcements of potential deals have led nowhere.

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