

Order Restored, Finances Stable

Political and Fiscal Stability Achieved, but Outlook is Uncertain

Industry: Back on Track

Retail Trade: Growing Consumption Pessimism

Interest Rates: Money Supply Growth Pushes Interest Rates Down

Prices: Shooting Up

Exchange Rate: Outlook Stable

Fiscal Accounts: Tight but Manageable

External Accounts: Current Account Deficit Increasing

The resurrection of the 1996 Constitution according the president more power; continuing controversy the drafting of a new Tax Code; and eroding consumption sentiments dominated the headlines over the past month.

The Constitutional Court on October 1 abolished the political reform of 2004, restoring presidential powers to appoint the Cabinet, and eliminating the very need for any parliamentary coalition. The Court decision was political, and reflected the will of the new authorities (the pesky independent-minded justices having been relieved of their posts just before the vote). While we've yet to see the full extent of change brought about by this shift, we can already state with confidence >>>