The world in figures **Countries**

TOP GROWERS

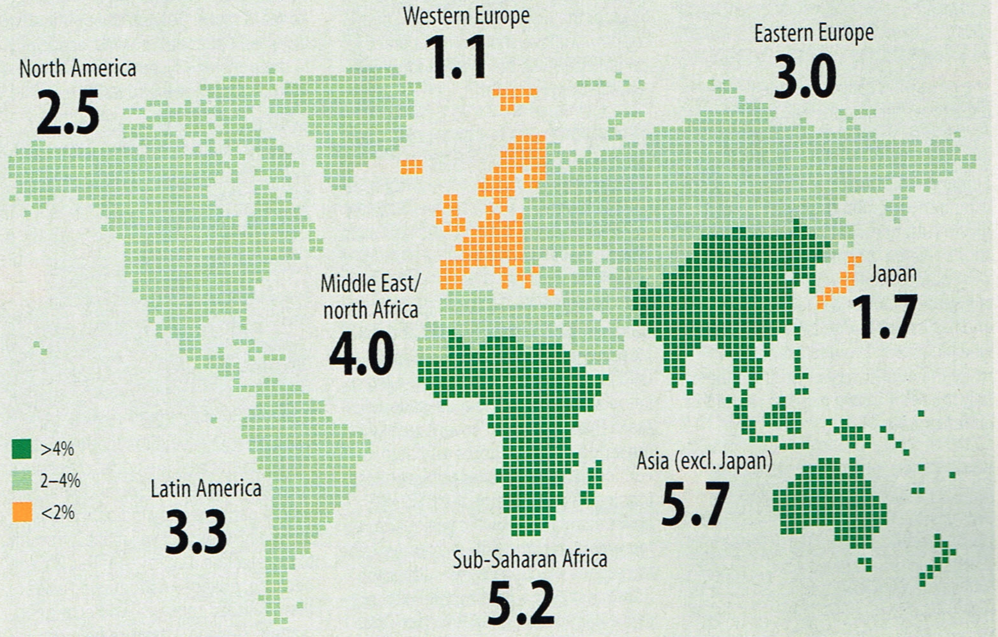
Rank	Country	GDP growth, %
1	South Sudan	35.0
2	Mongolia	15.3
3	Macau	13.5
4	Sierra Leone	11.2
5	Turkmenistan	9.2
6=	Bhutan	8.8
6=	Libya	8.8
8=	Iraq	8.5
8=	Laos	8.5
8=	Timor-Leste	8.5
11	Eritrea	8.0
12	Zambia	7.9

Africa and Asia share the honours in the top 12, but the list of the world's fastest-growing economies in 2014 lacks a heavyweight—China, long a fixture, is absent now that it is a slower-growing, middle-income country. The top growers are here because of war (or rather peace), natural resources or gambling. South Sudan, which split from Sudan in 2011, has room to grow, supported by oil reserves. Mongolia is buoyed by a mining boom, while Sierra Leone, Turkmenistan, Timor-Leste and Zambia are favoured by what they extract from below—mainly iron ore, gas, oil and copper, respectively. Bhutan's boon is hydroelectricity exports to India; Macau's is its casinos. Libya and Iraq are rebuilding after conflict, though stability remains elusive. What most of these countries have in common is size, or lack of it. The fastest five will have a combined 2014 GDP of $130bn, about 1/80th of China's economy.

2014 forecasts unless otherwise indicated. Inflation: year-on-year annual average. Dollar GDPs calculated using 2014 forecasts for dollar exchange rates (GDP at PPP, or purchasing-power parity, shown in brackets). All figures simplified by rounding. london@eiu.com

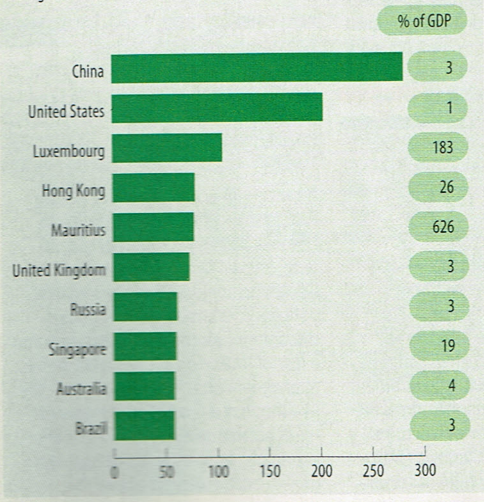
Source: The Economist Intelligence Unit

World GDP growth*, 2014
%

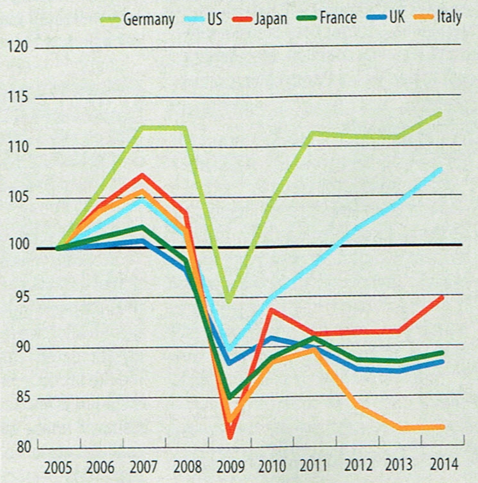


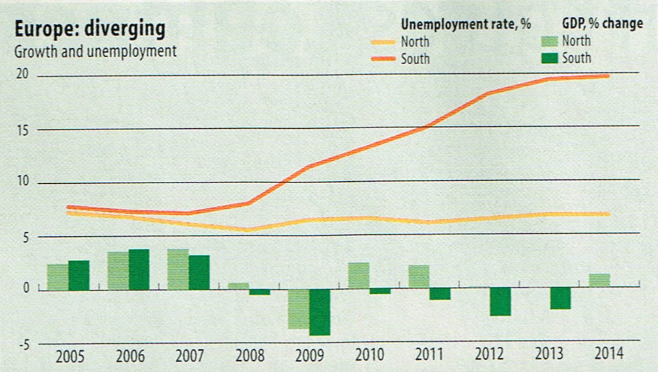
* At market exchange rates

Inward bound, 2014
Foreign direct investment, $bn



A tale of two recoveries
Industrial production, 2005=100





EUROPE

AUSTRIA

GDP growth:	1.5%
GDP per head:	$48,260 (PPP: $45,340)
Inflation:	1.8%
Budget balance (% GDP)	-2.7
Population:	8.5m

The governing coalition of the centre-left Social Democratic Party and the centre-right Austrian People's Party retained their parliamentary majority in September 2013 elections, but re-establishing their "grand coalition" is not a given. A more conservative government could emerge in light of gains for right-wing parties. Either way, the government will support jobs and entrepreneurship, and run a tight budget. The economy, which narrowly avoided a recession while the euro crisis was at its height, will rally modestly in line with the rest of the currency zone.

BELGIUM

GDP growth:	0.5%
GDP per head:	$47,150 (PPP: $42,890)
Inflation:	2.3%
Budget balance (% GDP)	-3.0
Population:	10.7m

The six-party coalition government, cobbled together 18 months after an inconclusive election in 2010, will survive until voters return to the polls in June. But with fault lines between the French-speaking and Flemish constituencies deepening, another bout of instability awaits. A similar coalition, representing leading parties from both communities but excluding the New Flemish Alliance, the Flemish cheerleader and leading vote-getter in 2010, is the likely outcome. The share-out of power at the national level (or the outright dismantling of the country) will overshadow more practical policy issues, but the economy will emerge from recession.

BULGARIA

GDP growth:	2.2%
GDP per head:	$7,530 (PPP: $14,400)
Inflation:	2.3%
Budget balance (% GDP)	-1.8
Population:	7.2m

The ruling alliance between the Bulgarian Socialist Party (BSP) and the Movement for Rights and Freedoms (MRF) lacks a clear majority in the legislature and relies on the ultra-nationalist Ataka (Attack) party to govern, weakening its legitimacy at home and abroad. Formed in May 2013 after public protest toppled its predecessor, the BSP/MRF government is unlikely to see out its four-year term, and 2014 may prove to be the second election year in succession. Rising domestic spending will help to revive the economy, but it will lack its pre-crisis effervescence.

To watch: Underground movement. The Balkan Speleological Conference, to be held in Sofia in March, will celebrate the 85th anniversary of organised speleology in Bulgaria. Just don't call it a summit meeting.

CROATIA

GDP growth:	0.9%
GDP per head:	$13,870 (PPP: $19,010)
Inflation:	2.8%
Budget balance (% GDP)	-4.1
Population:	4.3m

The country will celebrate the completion of its first year as a member of the European Union with a return to growth after five lean years. Even so, EU-mandated reforms such as simplifying the tax code, improving government institutions and reducing the role of the state will not be quick wins. The ruling coalition under Zoran Milanovic of the Social Democratic Party will bear down on the budget deficit and tackle official corruption and, though unpopular, will see out its term to 2015.

CZECH REPUBLIC

GDP growth:	1.3%
GDP per head:	$19,300 (PPP: $26,980)
Inflation:	1.8%
Budget balance (% GDP)	-2.9
Population:	10.5m

An election in October 2013, after the legislature voted in August to dissolve itself, was inconclusive, but seemed likely to produce a left-leaning coalition of Social Democrats and Communists. Politics has been in ferment since a centre-right alliance led by the Civic Democratic Party (ODS) was booted out in mid-2013 over a spying and bribery scandal. The ODS, a driving force of centre-right politics in the country since democracy's restoration in 1991, appears spent. Belying the political turbulence, structural reforms, especially to the pensions system, will continue. A long recession will end in 2014.

To watch: Playing with fire. Jugglers, tumblers, mimes and acrobats will gather in Trutnov in May and June for Cirk-UFF, a festival of the best new circus performers from around the world.

DENMARK

GDP growth:	0.9%
GDP per head:	$56,870 (PPP: $43,240)
Inflation:	2.3%
Budget balance (% GDP)	-1.9
Population:	5.7m

The governing coalition, made up of the Social Democrats, the Socialist People's Party and the centrist Social Liberal Party, lacks a parliamentary majority and is internally weak, but will make it through to the election due in 2015. This is partly because, political manoeuvring aside, there is broad consensus on economic matters, seeking a balance between fiscal rectitude and sustainable growth. The country will be rewarded by a return to growth after double-dipping in 2012 and 2013.

ESTONIA

GDP growth:	3.2%
GDP per head:	$18,260 (PPP: $23,720)
Inflation:	3.7%
Budget balance (% GDP)	-0.5
Population:	1.3m

A centre-right coalition of the Reform Party and the Pro Patria-Res Publica Union is half way through its second term, backed by a comfortable parliamentary majority and a pro-market political consensus. There is public discontent over the cost of austerity and a loss of trust in politicians of all stripes after allegations of corruption, but little likelihood of a change in the government before the election in 2015. The economic recovery will continue, with growth accelerating to above 3%.

FINLAND

GDP growth:	1.1%
GDP per head:	$48,980 (PPP: $39,400)
Inflation:	1.8%
Budget balance (% GDP)	-2.1
Population:	5.4m

The six-party coalition government, though unwieldy, is set to complete its term, which ends in 2015. The True Finns, a populist group leery of immigrants and the EU, will gather substantial support and skew government policy rightward. Although the country dodged the worst of the euro crisis, household debt is still rising and employment growth is sluggish, so the economy will get little help from domestic spending. Better external demand should bring the recession to an end.

FRANCE

GDP growth:	0.8%
GDP per head:	$41,410 (PPP: $38,430)
Inflation:	1.8%
Budget balance (% GDP)	-3.5
Population:	64.1m

The president, François Hollande, faces a year of resistance—from unions, his own MPs and his broader party base—as austerity imposed in defiance of his own campaign promises bites. The EU is likely to give France until 2015, rather than 2013, to bring the budget deficit back within the 3% Maastricht limit, but belts will still need to be tightened if the confidence of global markets and European partners (particularly Germany) is to be maintained. The recession is officially over, but growth will be timid at best.

GERMANY

GDP growth:	1.3%
GDP per head:	$43,420 (PPP: $43,220)
Inflation:	1.8%
Budget balance (% GDP)	0.7
Population:	81.9m

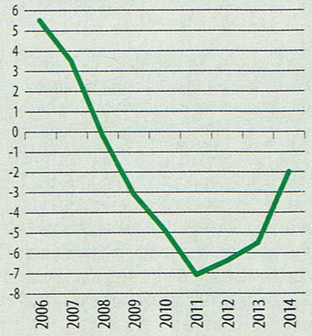
Germany's chancellor, Angela Merkel—*"Mutti"* to her supporters—decisively won a third term at the head of her centre-right party in the September 2013 election, but will need a partner to form a government. Policy, domestic and foreign, will not change much. The government's often conflicting roles as euro-underwriter and champion of the German taxpayer mean the chancellor will continue to walk a policy tightrope. Most Germans will resist EU risk-sharing schemes without clear commitment to fiscal rectitude among euro delinquents. The economy will grow, but not by much.

GREECE

GDP growth:	-1.0%
GDP per head:	$20,240 (PPP: $24,970)
Inflation:	0.1%
Budget balance (% GDP)	-3.5
Population:	11.1m

The bail-outs Greece received from Europe and the IMF in recent years run out in July, but more help will be needed. Negotiating the form and terms of the top-up will occupy the first half of the year, but will result in enough support to prevent a meltdown and departure from the currency bloc, probably in the form of easier terms on bilateral lending. Reforms aimed at restoring growth, including lay-offs, sell-offs and an assault on red tape, will continue, and will eventually bear fruit. But in 2014 the economy will shrink, falling to less than two-thirds of its pre-crisis peak in dollar terms.

Greece: the biggest dipper
GDP change, %



To watch: Shadowy dawn. Greece has a history of right-wing extremism after periods of economic collapse; the neo-fascist Golden Dawn party, with its attacks on immigrants and leftists, is the latest threat. The government is prosecuting the party for criminal activities, but it retains some popular support.

HUNGARY

GDP growth:	1.7%
GDP per head:	$13,000 (PPP: $20,650)
Inflation:	3.1%
Budget balance (% GDP)	-3.0
Population:	9.9m

The centre-right Fidesz-Hungarian Civic Union (Fidesz) rules with the biggest mandate since the fall of communism, and is likely to win a second term, though with a reduced majority, in the April election. Some of its political capital has been spent consolidating the party's grip by curbing freedoms and weakening the press and the judiciary, riling the country's EU partners and alarming foreign investors. The economy should profit from a pick-up in euro-zone demand, but growth will remain tepid by developing-country standards.

IRELAND

GDP growth:	1.1%
GDP per head:	$45,550 (PPP: $44,400)
Inflation:	0.7%
Budget balance (% GDP)	-5.3
Population:	4.7m

With the economy still unable to stand on its own, 2014 may begin with a new financial-support package to replace the one that expires at the close of 2013. The Fine Gael-Labour Party coalition government has done its bit on the spending side to balance the budget, but its growth forecasts have proved ambitious and a big funding gap will remain. Policy pledges tied to the lapsing bail-out agreement will direct government action for a couple of years yet, so there will be little deviation from austerity and pro-growth reforms. Domestic demand will be stagnant, but a brightening trade picture offers hope of a return to modest economic growth.

ITALY

GDP growth:	0.2%
GDP per head:	$32,920 (PPP: $33,440)
Inflation:	0.7%
Budget balance (% GDP)	-3.5
Population:	61.1m

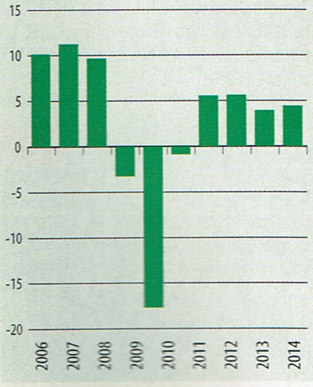
The broad coalition government formed in the wake of an inconclusive election in 2013 was shaky from the start. It only shook more with the conviction of Silvio Berlusconi, whose centre-right party is a coalition member, for tax fraud. Another election can't be far off. Political uncertainty will make reforms, including budget balancing and revamps of the labour and tax codes, even more difficult. Without them, repairing the public finances and restoring growth are out of reach. The economy will flirt with recession, but will manage a sliver of growth.

LATVIA

GDP growth:	4.4%
GDP per head:	$15,520 (PPP: $20,900)
Inflation:	1.7%
Budget balance (% GDP)	-0.1
Population:	2.0m

The three-party coalition government is divided and relies on independents in parliament for a majority but, given the lack of a credible alternative, stands every chance of seeing out the year. Tough fiscal measures have been implemented, but deeper structural changes have progressed slowly. Given the government's vulnerable position, there will be no acceleration in reforms. The economic recovery will continue, though, with Latvia recording the fastest GDP growth rate in the EU.

Latvia: back to black
GDP, % change



Elections to the European Parliament in May will supercharge the public profiles of Eurosceptic parties all over the continent as voters voice their displeasure at the tussles in Brussels. Few stand to gain as much as the UK Independence Party (UKIP), led by **Nigel Farage**. The vote could see UKIP emerge as Britain's biggest representative in the forum from which it wants to "rescue the British people". Success here promises to propel the party and its jovial leader into contention (as kingmaker at least) on the national stage ahead of Britain's general election expected in 2015.

2014 IN PERSON

To watch: Lat adopter. If 2m Latvians can't be wrong, there's life in the euro yet as Latvia becomes the 18th member of the currency union.

LITHUANIA

GDP growth:	3.2%
GDP per head:	$15,410 (PPP: $23,750)
Inflation:	2.1%
Budget balance (% GDP)	-1.9
Population:	3.0m

Lithuania's cumbersome government coalition covers the political spectrum, but benefits from a clear majority and a broad national consensus supporting pro-market policies and adoption of the euro. A fraud trial in 2013 against leaders of the Labour Party, a coalition member, brought convictions but poses no longer-term threat to political stability. The economy continues to emerge from the credit crunch, with growth set to reach around 3%.

To watch: She'll be back. Presidential elections in May will deliver a second term to the incumbent, Dalia Grybauskaite.

NETHERLANDS

GDP growth:	0.3%
GDP per head:	$48,380 (PPP: $43,770)
Inflation:	1.8%
Budget balance (% GDP)	-3.7
Population:	16.8m

The left-right "grand coalition" government formed in late 2012 has a chance to end an era of political instability that produced five elections in a decade. Though ideologically diverse, this is a government of the centre that pushes more extreme voices on left and right to the margins. Dangers persist, though; the government made a rocky start and is vulnerable to blocking in the First Chamber, where it is in the minority. After sliding into recession in 2012 and 2013, a sluggish recovery will take shape.

NORWAY

GDP growth:	3.4%
GDP per head:	$103,950 (PPP: $70,250)
Inflation:	2.3%
Budget balance (% GDP)	13.2
Population:	5.1m

The newly installed centre-right coalition government will broadly follow the policy roadmap of its centre-left predecessor, though the right is keen on cutting taxes and will tackle perceived shortcomings in the previous government's health and education record, where missteps cost it dearly. A long-standing emphasis on employment promotion and on oil exploration—to maintain exploitable reserves—will continue. High oil prices, rising wages and low unemployment will boost domestic demand, combining with an improving trade picture to drive growth to a respectable level.

POLAND

GDP growth:	2.3%
GDP per head:	$13,640 (PPP: $22,120)
Inflation:	1.5%
Budget balance (% GDP)	-0.2
Population:	38.5m

The prime minister, Donald Tusk, and his Civic Platform coalition government are suffering classic second-term woes: declining approval ratings, defections among supporters and opportunistic challenges from both the opposition and dissident coalition factions. The government will survive, thanks in part to Mr Tusk's own political skills. It will also benefit from an upturn in the troubled economy, as domestic stimulus and recovering export markets push up growth.

To watch: Working late. The first stage of a radical pension reform is under way, with the retirement age to rise for both sexes. Further pension changes are expected during 2014 as the government tries to boost budget revenue.

PORTUGAL

GDP growth:	0.1%
GDP per head:	$19,050 (PPP: $25,690)
Inflation:	1.4%
Budget balance (% GDP)	-4.4
Population:	10.5m

The government of the prime minister, Pedro Passos Coelho, and his two-party coalition has spent most of its political capital trying to meet the terms of its $101bn bail-out programme, and is clinging to power by its fingernails. Its term ends in 2015, but that feels far away and a snap election looks ever more likely. Despite its adherence to slash-and-burn fiscal tightening (or because of it), economic growth has proved elusive. In 2014 the economy will barely grow, with a real recovery postponed to 2015; probably too late to save the ailing administration.

To watch: Still bailing. The 2011 bail-out expires mid-year, but the country won't, as hoped, be ready for a return to voluntary lending. More life support will be needed.

ROMANIA

GDP growth:	3.3%
GDP per head:	$8,820 (PPP: $14,100)
Inflation:	3.1%
Budget balance (% GDP)	-2.7
Population:	21.4m

With a comfortable majority, a grudging peace with the antagonistic presidency and control over the main organs of state, the Social Liberal Union coalition government under the prime minister, Victor Ponta, has a fairly free hand. Tensions among the coalition partners will be held at bay as they seek unity ahead of the presidential election in late 2014, for which a coalition candidate is front-runner. Economic policy will be aligned with the terms of a precautionary stand-by arrangement with the IMF, which will want a tight fiscal stance and progress on privatisation of state energy and transport firms. Improving consumer sentiment and rising exports will fuel continued economic recovery.

RUSSIA

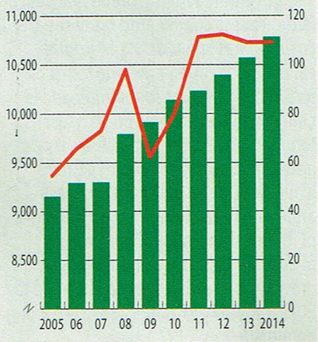
GDP growth:	3.3%
GDP per head:	$15,610 (PPP: $19,190)
Inflation:	5.5%
Budget balance (% GDP)	-0.4
Population:	142.2m

Public support for the president, Vladimir Putin, fell below 50% in 2013—not bad for a third-term leader but far from the near-universal endorsement of old. Opponents have failed so far to turn this sentiment into solid political gains, and Mr Putin will defend his turf aggressively; he has backed a series of repressive measures, including controversial laws on treason, protests, foreign-financed NGOs and censorship. Internationally, the showdown with America over Syria has cast Mr Putin in a more favourable light, although he must now ensure that his client state turns over its chemical weapons—or risk an American attack on Syria. Weak investment and the slump in Europe have slowed the economy, but a good harvest, lower inflation and interest-rate cuts should boost growth in 2014. Russia, as ever, depends on strong commodity prices; benchmark Brent oil will average around $107/barrel in 2014, good news for Russia.

Russia: oil's well

— Oil, Brent $/b, right scale

■ Russian oil production, '000 b/d, left scale



SLOVAKIA

GDP growth:	2.3%
GDP per head:	$18,090 (PPP: $25,930)
Inflation:	2.0%
Budget balance (% GDP)	-3.0
Population:	5.4m

The Direction-Social Democracy government, the first single-party administration since independence in 1993, enjoys a solid mandate. Opponents on the right will try to reshape the political balance—particularly a perceived lack of enthusiasm for business—in the election for the presidency scheduled for March. The government, led by the prime minister, Robert Fico, will press on with budget-balancing reforms involving taxes, health care and pensions, and the privatisation of some state assets. A splurge on infrastructure will help lift the economy after a mini-slump in 2013.

SLOVENIA

GDP growth:	-0.8%
GDP per head:	$21,000 (PPP: $28,030)
Inflation:	1.7%
Budget balance (% GDP)	-3.2
Population:	2.1m

With two governments falling to no-confidence votes in as many years, the four-party caretaker coalition of Alenka Bratusek, the prime minister, has promised to emphasise growth over austerity, but a shrinking economy and a gaping hole in the budget leave little choice. A scheduled confidence vote in March could trigger a fresh election unless the coalition can set aside differences on issues such as privatisation and bad loans and show some progress on stabilising the economy. This is a big task, and further decline, followed by an international bail-out, seems as likely.

SPAIN

GDP growth:	-0.3%
GDP per head:	$28,410 (PPP: $32,610)
Inflation:	0.9%
Budget balance (% GDP)	-6.8
Population:	46.7m

The People's Party government is ragged after three years of austerity and a series of scandals that threatened senior figures, including the prime minister, Mariano Rajoy. There is more to come. The economy will shrink again in 2014, and the national finances are still dependent on international support. Separatist claims in Catalonia and the Basque country will gain momentum. Still, there are glimmers of hope. Reforms have improved competitiveness, and the current-account deficit has been wiped out. Growth is round the corner and unemployment is peaking. Mr Rajoy can expect to survive the year.

To watch: Rampant Roja. The national football team will seek to defend its 2010 World Cup win in Brazil. Spain has already won two consecutive European championships.

SWEDEN

GDP growth:	2.4%
GDP per head:	$56,000 (PPP: $45,220)
Inflation:	1.4%
Budget balance (% GDP)	-0.9
Population:	9.7m

The centre-left opposition parties lead the centre-right governing coalition in polls for the September 2014 election, but the advantage isn't decisive. The far-right Sweden Democrats hold the balance, but are shunned as coalition partners, so another minority alliance is likely. The government is hampered by its weak position in the legislature, but it will press ahead with reforms aimed at boosting employment and cooling an overheated housing market. Rising consumer confidence and improvement in some export markets will lift economic growth back above 2%.

To watch: Driving sales. Geely, a Chinese carmaker, will open a plant in the northern Chinese city of Daqing in 2014 to make Volvo cars. Geely has struggled to make a profit on the Swedish marque since buying it in 2010, but China's booming market holds promise.

SWITZERLAND

GDP growth:	1.7%
GDP per head:	$73,070 (PPP: $55,720)
Inflation:	0.3%
Budget balance (% GDP)	0.5
Population:	8.1m

The right-wing Swiss People's Party, the biggest in parliament but with a disproportionately small role in the multi-party government, will persist with its strategy of opposition-from-within to press an agenda that frowns on immigrants and EU integration. This threat to consensus-based government notwithstanding, progress will be made on policies aimed at balancing the budget, including labour and pensions reform, and on financial and exchange-rate stability. Domestic spending will once again offset the hit to exports resulting from a strong franc, holding growth at its recent trend rate of 1.5-2%.

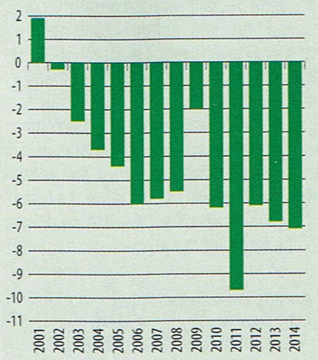
TURKEY

GDP growth:	4.6%
GDP per head:	$10,830 (PPP: $16,370)
Inflation:	7.3%
Budget balance (% GDP)	-2.7
Population:	76.0m

Municipal elections in March will provide a referendum on the rule of the three-term prime minister, Recep Tayyip Erdogan, and his moderately Islamic Justice and Development party. Apparently unassailable, Mr Erdogan undermined his popularity with a high-handed response to popular protests in 2013 and may pay at the polls. He faces little serious opposition, though, and the economy will help keep voters on side by expanding briskly. This will be his 11th year in office, and if his plans to ascend to a newly empowered presidency in August bear fruit, could be followed by a further decade at the top.

Turkey: red current

Current-account balance, % of GDP



UKRAINE

GDP growth:	3.2%
GDP per head:	$4,160 (PPP: $8,010)
Inflation:	7.4%
Budget balance (% GDP)	-4.6
Population:	44.9m

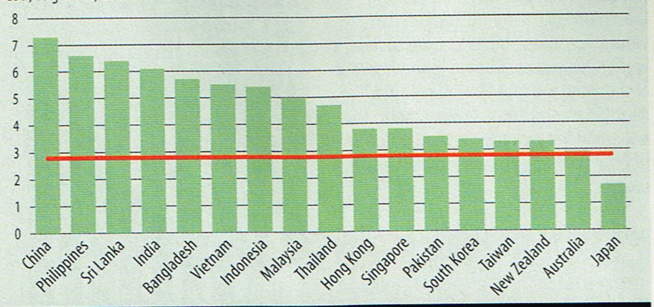
As EU integration creeps closer, Russia will try to draw Ukraine back under its own influence with a combination of inducement (the promise of cheap gas) and coercion (trade sanctions). As the country's biggest foreign market by far, Russia has influence whereas Ukraine, barely able to cover its debts, is vulnerable. But the EU option is much more popular among voters, and this will weigh heavily on the president, Viktor Yanukovych, as he prepares for an election in 2015. After a couple of flat years, the economy will grow respectably.

UNITED KINGDOM

GDP growth:	1.8%
GDP per head:	$39,600 (PPP: $39,220)
Inflation:	2.7%
Budget balance (% GDP)	-6.4
Population:	64.0m

The Conservative-Liberal Democrat coalition government, headed by David Cameron, has fallen far short of its goal of fixing the public finances, but a broad-based recovery means that probably won't matter. Although growth has been helped by some reflating of the housing bubble, a better global environment should secure the recovery. Making up ground lost to the credit crunch will, however, take years. Companies will remain wary of investment in energy and transport infrastructure, given weak demand and political indecision.

Asia: world leaders
GDP, % growth, 2014



ASIA

AUSTRALIA

GDP growth:	2.9%
GDP per head:	$60,970 (PPP: $47,440)
Inflation:	2.8%
Budget balance (% GDP)	-0.6
Population:	23.5m

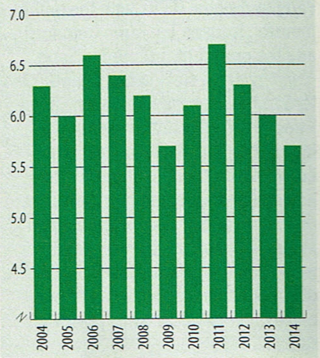
After six years in opposition, the Liberal-National coalition returned to government in 2013. Having made Australian politics more adversarial during the election campaign, Tony Abbott, the new prime minister, will need to adopt a different strategy to gain the support of independent and single-issue parties. The success of the government rides on Mr Abbott's ability to recast himself as a negotiator, rather than a wrecking ball. Issues ranging from a carbon tax to immigration have roiled politics, but the true difficulty arises from a slowing Chinese economy, which has snapped up Australia's plentiful natural resources during the past decade.

BANGLADESH

GDP growth:	5.7%
GDP per head:	$970 (PPP: $2,130)
Inflation:	7.3%
Budget balance (% GDP)	-5.3
Population:	156.9m

The economy has grown steadily despite decades of winner-takes-all politics in which the Awami League and the Bangladesh Nationalist Party (BNP) take turns governing and doling out perks to their supporters. The BNP is well positioned to displace the Awami League in the election due by January, but such is the political squabbling that the army may step in before the vote. Continuing urbanisation and infrastructure renewal will complement clothes manufacturing as an engine of growth.

Bangladesh: steady growing
GDP, % growth



CHINA

GDP growth:	7.3%
GDP per head:	$7,740 (PPP: $11,090)
Inflation:	3.4%
Budget balance (% GDP)	-2.0
Population:	1.34bn

The economy is on a gentle downward trend as a new generation of leaders shifts focus from low-value-added exports and government stimulus to self-sustaining consumer demand. A range of fiscal and social reforms were expected from the Communist Party plenum in late 2013 (but no political change). The government will put money into consumers' pockets through redistributive tax measures and wage increases, and by settling more people in cities. Political leaders will bear down on official corruption and environmental degradation. After a bumpy 2013, economic growth will stabilise in response to modest fiscal stimulus.

HONG KONG

GDP growth:	3.7%
GDP per head:	$42,140 (PPP: $56,240)
Inflation:	3.8%
Budget balance (% GDP)	1.9
Population:	7.2m

Swayed by trade winds from the global economy, the territory is rarely in control of its economic fate. In 2014 export dependence on a slower-growing mainland China will weigh on the economy, although GDP growth will accelerate. The risk of a serious drop in property prices will be high, but the government is working to mitigate this. The perennial tussle over self-government will pit pro-democracy groups against the mainland-backed authorities yet again, after the Chinese government's refusal to relax its control over the 2017 election of the territory's chief executive.

INDIA

GDP growth:	6.1%
GDP per head:	$1,700 (PPP: $4,350)
Inflation:	9.0%
Budget balance (% GDP)	-5.0
Population:	1.26bn

The United Progressive Alliance coalition, led by the Indian National Congress, is limping towards the end of its term, burdened by corruption charges and a weak economy. The opposition National Democratic Alliance, headed by the Bharatiya Janata Party (BJP), is facing its own internal divisions, and Congress may try to exploit these by calling an election ahead of the scheduled date in May. Whichever of the leading parties wins, a broad coalition will be needed to produce a majority, and policy will remain hostage to local demands. A BJP victory under the candidacy of Narendra Modi would add an element of sectarian discord to the mix. The economy might, just, manage 6% growth, but will suffer from high inflation, a weak currency, indebted companies and a sharp loss of international confidence.

To watch: Altered states. The decision to carve a 29th state, Telangana, out of Andhra Pradesh will embolden India's decentralisers, while ushering in years of administrative battles.

INDONESIA

GDP growth:	5.4%
GDP per head:	$3,790 (PPP: $5,470)
Inflation:	7.1%
Budget balance (% GDP)	-2.3
Population:	253.3m

In common with other high-growth markets, rising living standards have weakened support for established political parties rather than reinforced them, and the presidential election in 2014 will be a contest to find the least unpopular. Susilo Bambang Yudhoyono, the president, cannot seek a third term, and his Democratic Party lacks even his meagre remnant of public support. The opposition Indonesian Democratic Party-Struggle is best placed to profit, probably behind the candidacy of Joko Widodo, Jakarta's can-do governor. High interest rates, accelerating inflation and a volatile currency will limit growth.

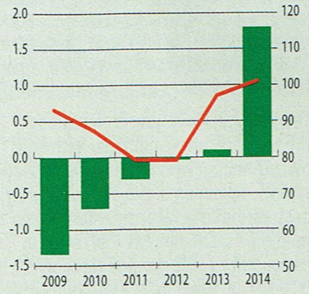
To watch: Uniform response. Figures associated with the former military dictator, Suharto, remain powerful, and two, Prabowo Subianto, the strongman's son-in-law, and Wiranto, military commander during Timor-Leste's battle for secession, could complicate the election if they attract substantial support at the polls.

JAPAN

GDP growth:	1.7%
GDP per head:	$38,990 (PPP: $38,150)
Inflation:	1.8%
Budget balance (% GDP)	-7.6
Population:	125.2m

The prime minister, Shinzo Abe, one of the rare breed to have the suffix "nomics" attached to his name, faces a make-or-break year for the policy package designed to shock Japan out of a two-decade deflationary funk. Of Abenomics's three elements, the first two, pro-growth fiscal and monetary policies, are in full swing. The third, a package of supply-side reforms designed to produce higher growth, looks too modest to succeed. Economic growth will approach 2% for the year despite a tax rise in April aimed at deficit reduction. In the longer term, debt and demography cloud the country's prospects.

Japan: inflating
Consumer prices, % change, left scale
Yen:$ exchange rate, right scale



KAZAKHSTAN

GDP growth:	5.8%
GDP per head:	$12,770 (PPP: $15,240)
Inflation:	6.4%
Budget balance (% GDP)	-2.3
Population:	17.4m

The enduring rule of Nursultan Nazarbayev will continue into a 23rd year. Opponents are suppressed and critical voices silenced while oil revenue pays for populist programmes. Only ill-health casts a shadow over the regime; there is no clear path to a stable succession should the septuagenarian leader

2014 IN PERSON

To become a country's richest man is challenging; all the more so when you have 1.3bn compatriots. China's **Wang Jianlin**, the son of a Red Army veteran and chairman of Dalian Wanda Group, a property and leisure conglomerate he built from scratch, managed just that after amassing a fortune put at $14.1bn by *Forbes*. This is a story bound for Hollywood in more ways than one: bold foreign acquisitions have turned Wanda into the world's biggest cinema-operator, as well as swelling a portfolio of shopping plazas and hotels. Mr Wang recently unveiled an $8.2bn investment in a film-studio complex in Qingdao, and a $5.8bn cultural-tourism city in Wuxi. Western entertainment firms should prepare for competition from a big fish called Wanda.

be incapacitated. The start of full operations at the Kashagan oilfield will give the economy a boost.

MALAYSIA

GDP growth:	5.0%
GDP per head:	$11,700 (PPP: $18,760)
Inflation:	3.2%
Budget balance (% GDP)	-4.3
Population:	30.1m

The Barisan Nasional coalition's underwhelming election victory in 2013 will create tensions, as will the loss for the opposition Pakatan Rakyat. Either could see a change of leader, with the prime minister, Najib Razak, particularly vulnerable. Political pressures could slow the government's overarching strategy of achieving high-income status by 2020. Still, the economy will hum along, with consumer spending and investment standing in for tepid foreign demand.

To watch: Cross bench. Given the coalition's small majority and unhappiness among coalition partners, defections could give the opposition the upper hand, ushering in a change of government.

NEW ZEALAND

GDP growth:	3.3%
GDP per head:	$35,540 (PPP: $34,600)
Inflation:	2.2%
Budget balance (% GDP)	-0.9
Population:	4.6m

The National Party government under the two-term prime minister, John Key, has pushed on with its priorities—privatisation, expansion of the oil business and post-earthquake reconstruction—despite holding a small majority that relies on minor parties. The general election in 2014 will be close, but Labour, which walks the same middle ground as the National Party, would pursue a similar programme. The economy will pick up as demand rallies at home and abroad.

To watch: Curdish question. Safety scandals have damaged perceptions of the country's vital dairy industry and may skim the cream off export growth.

PAKISTAN

GDP growth:	3.5%
GDP per head:	$1,350 (PPP: $3,250)
Inflation:	6.9%
Budget balance (% GDP)	-6.2
Population:	185.8m

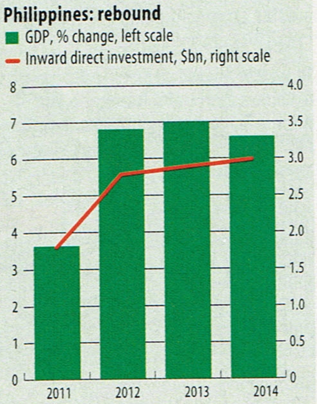
Terror groups suspended hostilities against the centre-right PML (N) party ahead of the 2013 election, but have renewed their campaign with vigour since its victory, and the new government is more heavily embroiled in security issues than many had expected. Much depends on efforts by Nawaz Sharif, back for a third stint as prime minister, to wrest control of the domestic security apparatus away from the military-intelligence agency, ISI, whose effectiveness and loyalty are both in question. A chronic energy crisis, a sluggish economy and a power struggle with autonomy-minded provinces will provide further headaches.

PHILIPPINES

GDP growth:	6.6%
GDP per head:	$2,760 (PPP: $4,620)
Inflation:	3.3%
Budget balance (% GDP)	-1.5
Population:	107.7m

The president, Benigno Aquino, has been buoyed by a strong showing in the 2013 general election and by a bustling economy. He will press ahead with his agenda, including transfers to the poor, job-creating industrial development and better infrastructure through public-private partnerships. Rising disposable incomes will fuel the dominant service sector, and Filipinos working abroad will maintain the tide of remittances that keeps the country flush with dollars. Growth will remain healthy.

Philippines: rebound



SINGAPORE

GDP growth:	3.8%
GDP per head:	$55,930 (PPP: $49,280)
Inflation:	2.7%
Budget balance (% GDP)	1.0
Population:	5.7m

Rising trade within Asia has helped to suppport Singapore even as Western business has flagged. The balance will change in 2014, with Asia taking a breather but the developed world making a tentative comeback. Manufacturing, though less significant than in most Asian countries, will remain a force behind growth, and the economy will continue the climb back towards its robust growth rates of old. The People's Action Party, in power for half a century, will stay there.

SOUTH KOREA

GDP growth:	3.4%
GDP per head:	$25,710 (PPP: $33,600)
Inflation:	2.6%
Budget balance (% GDP)	1.4
Population:	50.1m

A government shuffle and economic-stimulus measures in 2013 injected some pep into a fledgling administration already bogged down by its own mistakes and North Korean hostility. The president, Park Geun-hye, will pursue policies somewhat more left-leaning than many in the ruling Saenuri Party would like. These include more social-welfare spending, reining in the *chaebol* and driving job creation, all within a strongly pro-business environment. The economy will pick up, growing by 3.4% in 2014 on its way to around 4% later in the decade.

SRI LANKA

GDP growth:	6.4%
GDP per head:	$3,440 (PPP: $6,820)
Inflation:	5.5%
Budget balance (% GDP)	-6.2
Population:	21.7m

Four years after vanquishing the Tamil Tigers, President Mahinda Rajapaksa and his Sri Lanka Freedom Party will continue to reap the peace dividend. Rising incomes and post-conflict reconstruction are driving breakneck economic growth, and the spurt has some years to run. Backsliding on peace pledges and an increasingly cliquish leadership structure hint at problems ahead, but for now annual growth rates of 6%-plus will spread a sense of well-being and ensure a smooth road for the administration.

TAIWAN

GDP growth:	3.3%
GDP per head:	$21,770 (PPP: $42,000)
Inflation:	2.2%
Budget balance (% GDP)	-2.4
Population:	23.4m

Taiwan's leaders are judged as much by their foreign as on their domestic performance, given the need to balance long-standing Western alliances with the demands of the emerging mainland. The current government under Ma Ying-jeou has used improving relations with Beijing to make space for greater international engagement, but must be careful not to overplay a modest hand. At home, pressing issues such as pension reform will languish as the government struggles with an assertive legislature and an increasingly effective opposition. Tentative monetary tightening will offset a modest recovery in exports, keeping growth steady.

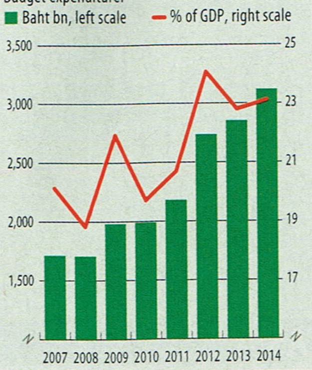
THAILAND

GDP growth:	4.7%
GDP per head:	$6,180 (PPP: $10,470)
Inflation:	3.0%
Budget balance (% GDP)	-2.5
Population:	70.0m

Though more stable than in recent years, Thailand continues to work through a contest for power between populist forces representing the urban and rural poor and a military-backed establishment. Yingluck Shinawatra, the prime minister, has run a quieter ship than her elder brother, Thaksin, who was ousted

Thailand: populist budgets

Budget expenditure:



in a coup in 2006, but this is partly thanks to populist budgets, which cannot be sustained. After a small rebuilding boom after severe floods in 2011-12, the economy will grow by around 4.7% in 2014, but political instability and the unsustainable fiscal stance pose risks.

To watch: Game of thrones. Underlying all is the question of the royal succession. King Bhumibol Adulyadej is revered but in poor health, with no equally inspiring successor.

UZBEKISTAN

GDP growth:	6.5%
GDP per head:	$1,940 (PPP: $4,060)
Inflation:	10.2%
Budget balance (% GDP)	-1.2
Population:	30.7m

Islam Karimov, the president, will retain absolute control, but his age (76 next birthday), reported ill health and lack of succession planning suggest instability to come. Foreign policy will tilt slightly in favour of the Western powers, while preserving strong ties with Russia and China. Hydrocarbon exports and rising remittances from Uzbeks abroad will underwrite economic growth in excess of 6% for some years to come.

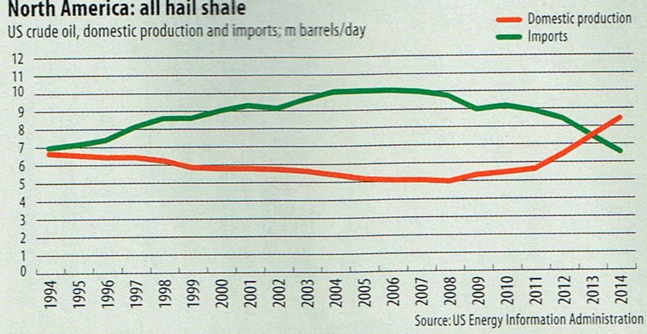
VIETNAM

GDP growth:	5.5%
GDP per head:	$1,920 (PPP: $4,020)
Inflation:	6.7%
Budget balance (% GDP)	-4.7
Population:	91.3m

Reformists and conservatives will vie for the upper hand in the Communist Party of Vietnam (CPV), with the prime minister, Nguyen Tan Dung (reformist), and the president, Truong Tan Sang (conservative), staking out positions. Mr Sang, supported by Nguyen Sinh Hung, the conservative head of the legislature, will make inroads as the economic inertia saps support for the prime minister. Communist rule is not under threat, but a growing backlash against corruption, foreign-policy weakness and new digital channels of dissent mean the party's authority could diminish. Economic growth will stabilise at 5%-plus.

North America: all hail shale

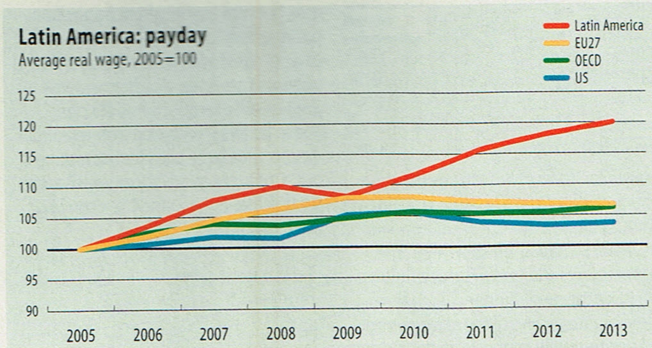
US crude oil, domestic production and imports; m barrels/day



Source: US Energy Information Administration

Latin America: payday

Average real wage, 2005=100



NORTH AMERICA

CANADA

GDP growth:	2.2%
GDP per head:	$52,620 (PPP: $44,570)
Inflation:	1.6%
Budget balance (% GDP)	-2.5
Population:	35.6m

The Conservative government of the prime minister, Stephen Harper, has enjoyed a free hand, conferred as much by the weakness of the opposition as by its own parliamentary majority, but that will change. The Liberals, under the fresh leadership of Justin Trudeau—son of a former prime minister, Pierre Trudeau—will put up a more concerted and effective resistance, especially with the prospect of an election in 2015 to concentrate the mind. Residential investment, an important driver of growth in recent years, will slow (and the resulting housing bubble deflate) but business investment, particularly in extractive industries, will pick up the slack and support economic growth.

To watch: Shale be comin' round the mountain. Relations with the United States over energy will remain in flux as the shale boom south of the border cuts demand for imported oil, pushing Canada to court alternative markets abroad.

MEXICO

GDP growth:	3.9%
GDP per head:	$11,830 (PPP: $19,260)
Inflation:	3.4%
Budget balance (% GDP)	-3.5
Population:	117.5m

The Partido Revolucionario Institucional (PRI) government under the president, Enrique Peña Nieto, has made good progress with a busy programme of structural reforms, but is likely to bog down as it takes on two big tasks in 2014: opening the energy sector and broadening the tax base. The energy reform is the most extensive overhaul of the industry since the 1938 oil expropriation, but falls short of opening the market to concessions. Attempts at energy and tax reform have foundered in the past—notably when the PRI was in opposition—and, vital though they are to Mexico's long-term future, they will present too tempting a target for opposition leaders to allow smooth passage.

To watch: Pact house. Much of the government's early success reflects a formal agreement with the two main opposition parties, called the Pact for Mexico. But the hefty reform agenda may stretch the treaty to breaking-point.

UNITED STATES

GDP growth:	2.6%
GDP per head:	$54,920 (PPP: $54,920)
Inflation:	2.2%
Budget balance (% GDP)	-3.1
Population:	318.8m

Monetary policy will tighten as the Fed tapers its bond-buying programme, drawing funds back from higher-risk destinations as market returns rise (though the Fed's policy interest rate will stay put). Entrenched partisan positions have turned Congress into a policy graveyard, but immigration reform may limp through—not least because both sides are keen to woo Latino voters. The congressional election in November will confirm the status quo. A modest economic recovery will continue, led by a housing rebound, cheaper energy and more competitive manufacturing.

2014 IN PERSON

Colombia's FARC guerrillas have been warring with the state for half a century, but may wrap up peace talks in 2014 with the government of **Juan Manuel Santos**, who ditched the uncompromising tactics of his predecessor to seek a negotiated settlement. It hasn't all been plain sailing: walk-outs and suspensions have taken place over many issues but the momentum is in favour of peace. Mr Santos missed out on the 2013 Nobel peace prize, but may get it in 2014 if the talks go well. He could also be rewarded with a second term in the May presidential election—a bigger prize perhaps than the Oslo gong.

LATIN AMERICA

ARGENTINA

GDP growth:	2.6%
GDP per head:	$10,870 (PPP: $19,490)
Inflation:	25.7%
Budget balance (% GDP)	-3.0
Population:	42.0m

President Cristina Fernández and her government have intervened in every area of the economy, controlling foreign trade, capital flows and the exchange rate and cooking the inflation numbers. Having eked out seven years in office, this will be a valedictory year as the country prepares for elections in 2015. Ms Fernández has alienated just about every powerful ally and was humbled in the mid-term election in October 2013, but she will use her shrunken congressional majority to press on. A good harvest boosted the economy in 2013, but the coming year will be lacklustre.

BOLIVIA

GDP growth:	4.6
GDP per head:	$3,030 (PPP: $5,770)
Inflation:	5.6%
Budget balance (% GDP)	0.2
Population:	10.9m

Evo Morales, the president, has not kept the promises in his revolutionary programme, but a gas-export boom will allow him to buy off the grumblers. Policymaking is hindered by bureaucracy tinged with graft, but the state's takeover of the economy will continue. Given the breadth of Mr Morales's electoral base and the feeble opposition, he is likely to win a third term in December.

BRAZIL

GDP growth:	2.5%
GDP per head:	$10,860 (PPP: $12,790)
Inflation:	5.9%
Budget balance (% GDP)	-3.3
Population:	198.2m

Look for a repeat of the social protests that erupted in mid-2013, with the football World Cup providing a global platform. The response by the president, Dilma Rousseff, was weak, and may have added to popular mistrust of state institutions, not to mention most politicians. Although the targets of discontent are many, the presidency gets the most brickbats, threatening Ms Rousseff's chances in October's election—but she'll probably win anyway. The economy will continue its timid rally, but lag behind the other BRICs.

CHILE

GDP growth:	4.9%
GDP per head:	$16,430 (PPP: $20,380)
Inflation:	3.2%
Budget balance (% GDP)	0.2
Population:	17.7m

A former president, Michelle Bachelet, was poised to bring the centre-left back into government after the election in late 2013, but is unlikely to shift far from the pro-market policies of her centre-right predecessor. Leftward pressures from the addition of the Communist Party to her alliance could increase tensions within the coalition and between it and the opposition, but Chile's long-standing tradition of consensus politics around market-led economic reform will prevail. So will its steady economic growth.

To watch: New hydroelectric projects. These would bring down energy costs, but opposition on environmental grounds will make them contentious.

COLOMBIA

GDP growth:	4.3%
GDP per head:	$8,070 (PPP: $11,330)
Inflation:	2.9%
Budget balance (% GDP)	-0.4
Population:	49.5m

Peacemaking negotiations with the two leading insurgency groups are progressing, but right-wingers who oppose the talks may use them as a lever against the centre-right president, Juan Manuel Santos, ahead of legislative and presidential elections, in March and May respectively. Strikes and protests from a coalition of interest groups will test the government's resolve as the election approaches, though the president will make it over the line. Mr Santos, and any likely alternative, will favour business-friendly reforms and investment in infrastructure, oil and mining. Colombia will maintain a respectable rate of growth.

CUBA

GDP growth:	3.9%
GDP per head:	$6,290 (PPP: $12,450)
Inflation:	5.1%
Budget balance (% GDP)	-3.4
Population:	11.2m

The winter years of the Castros (Raúl, who took over from the ailing Fidel in 2008, is himself 83) will bring new leaders, if not in 2014 then soon after. The loss of the country's charismatic figures will test post-revolutionary institutions. The gradual decline of the state-controlled economy will continue, with workers moving off the state payroll and market forces penetrating ever more sectors. Tentative reforms will produce modest growth, but not the catch-up likely to follow full-scale liberalisation.

To watch: Oil gone. Political change in Venezuela threatens to deny Cuba essential support, especially the oil-for-doctors exchange that props up the economy.

ECUADOR

GDP growth:	4.0%
GDP per head:	$6,340 (PPP: $10,960)
Inflation:	4.1%
Budget balance (% GDP)	-0.7
Population:	15.3m

The president, Rafael Correa, started a third term in 2013 backed by a thumping legislative majority. He will enjoy the political stability he has established after a turbulent decade, but the energy-fuelled projects that have underpinned it are not secure because of oil-market volatility. Popular concern over the concentration of power in the executive and rising opposition among indigenous groups to mining and oil projects will bring discontent. But Mr Correa will remain firmly in charge.

PARAGUAY

GDP growth:	4.7%
GDP per head:	$4,450 (PPP: $7,170)
Inflation:	4.2%
Budget balance (% GDP)	-0.6
Population:	6.9m

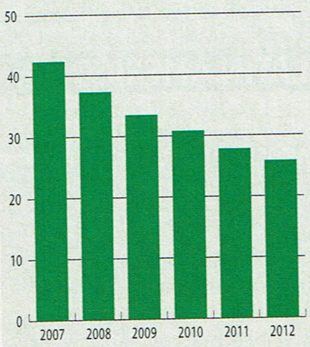
Fortune smiled on the new government of President Horacio Cartes in 2013: a bountiful harvest pushed economic growth to 12%. A pact with opposition parties in the lower chamber, where Mr Cartes's Partido Colorado lacks a majority, will allow the government to press ahead with a programme emphasising overdue infrastructure investment. Growth will settle back to 4.7%.

PERU

GDP growth:	6.0%
GDP per head:	$6,990 (PPP: $11,880)
Inflation:	2.9%
Budget balance (% GDP)	0.8
Population:	31.6m

The president, Ollanta Humala, and his government have delivered sustained economic growth and rising living standards but face hostility from opposition parties, from former allies on the left disappointed with his embrace of liberal economic policies, and from an emerging but still precarious middle class. These factors, combined with regional elections in 2014, will create pressures, but support from private enterprise will sustain the regime, and the economy will grow nicely.

Peru: trickling down
Poverty rate, %



URUGUAY

GDP growth:	4.1%
GDP per head:	$17,760 (PPP: $17,800)
Inflation:	6.6%
Budget balance (% GDP)	-1.7
Population:	3.4m

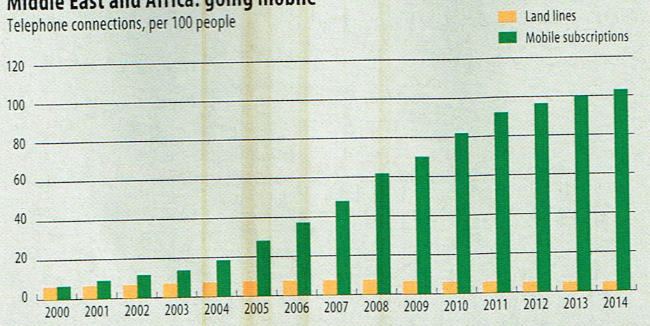
The president, José Mujica, faces rising opposition from within his own centre-left Frente Amplio (FA) coalition and will find it hard to deliver public-sector reforms and infrastructure investment. Opposition parties, too, will become less pliant ahead of the general election in October, though the FA will win another term—particularly if the popular former president, Tabaré Vázquez (2005-10), comes out of retirement to run. The central bank will battle rising prices, fuelled by widespread wage indexation and entrenched expectations of inflation.

VENEZUELA

GDP growth:	0.6%
GDP per head:	$15,320 (PPP: $13,800)
Inflation:	36.4%
Budget balance (% GDP)	-6.8
Population:	30.4m

A decade of economic distortions will take their toll, with food, energy and currency shortages on the rise, fiscal resources running thin and the economy struggling amid the most severe inflation in the Americas. Nicolás Maduro, who narrowly won the presidency after the death of Hugo Chávez in 2013, lacks his predecessor's charisma and radical zeal, and may find his popularity quickly waning. In the event—unlikely but not inconceivable—that a government collapse brings an early election, the defeated opposition candidate, Henrique Capriles, would be well placed to win. Soaring inflation means the economy will stagnate.

Middle East and Africa: going mobile
Telephone connections, per 100 people



MIDDLE EAST AND AFRICA

ALGERIA

GDP growth:	3.7%
GDP per head:	$6,560 (PPP: $9,230)
Inflation:	4.1%
Budget balance (% GDP)	-2.2
Population:	38.3m

After 15 years of Abdelaziz Bouteflika, a new leader will emerge following the presidential election in April. An unofficial alliance of civil and military interests called Le Pouvoir will vet the official candidate, who is virtually guaranteed victory. Political and economic reform will continue, but at the customary glacial pace. Diversification away from oil and gas will not accelerate so long as hydrocarbon exports remain a reliable source of foreign exchange.

ANGOLA

GDP growth:	6.1%
GDP per head:	$7,170 (PPP: $7,560)
Inflation:	8.5%
Budget balance (% GDP)	2.3
Population:	22.1 m

Ill health aside, nothing will prevent José Eduardo dos Santos, president since 1979, from staying on top. Potential successors haven't found favour with the ruling party, and that may be as the 72-year-old president likes it. A broad patronage network buys off protest, while official policy ensures a stable business climate for foreign oil companies, whose production keeps the system going. Growth will remain fabulous, and its fruits poorly distributed.

CAMEROON

GDP growth:	5.2%
GDP per head:	$1,340 (PPP: $2,690)
Inflation:	2.5%
Budget balance (% GDP)	-4.5
Population:	21.4m

Paul Biya, the world's longest-serving non-royal national leader (if you count an early stint as prime minister), will extend his record to 39 years. With his advancing age (81) and declining health, competition for influence within the ruling Rassemblement Démocratique du Peuple Camerounais and among military factions will remain intense. Public investment and rising oil production will lift economic growth above 5%.

EGYPT

GDP growth:	1.9%
GDP per head:	$3,290 (PPP: $6,910)
Inflation:	9.9%
Budget balance (% GDP)	-12.9
Population:	83.7m

The reset of Egypt's post-revolutionary political system, marked by the removal of Muhammad Morsi, called for the election of a new parliament and president under a redrafted constitution, but this won't happen quickly. The ousted Muslim Brotherhood will resist, the established opposition will struggle for coherence, and grassroots protest will proliferate, bringing tighter military control. With consumers reluctant to spend and tourists staying away, the economy will not grow by much.

ETHIOPIA

GDP growth:	6.7%
GDP per head:	$430 (PPP: $1,270)
Inflation:	9.5%
Budget balance (% GDP)	-3.5
Population:	96.5m

The prime minister, Hailemariam Desalegn, has proved more generous in sharing power with his Ethiopian People's Revolutionary Democratic Front coalition partners than his predecessor, Meles Zenawi, whose death led to his appointment in 2012. The outcome is likely to be slower policymaking, but the coalition's grip is not at risk. Agriculture will drive the economy, though growth will slow a bit.

IRAN

GDP growth:	1.0%
GDP per head:	$4,850 (PPP: $12,840)
Inflation:	28.0%
Budget balance (% GDP)	-3.9
Population:	77.3m

Hassan Rohani, the relatively moderate cleric who won the presidency in June 2013, says he is committed to a "results-oriented" rapprochement with the West, but continues to defend Iran's right to a civilian nuclear programme, which will make talks difficult. Others, from Israeli doomsayers to Iranian hardliners, will create obstacles. But Iran has an incentive to be flexible—sanctions are crushing the economy. Oil exports will stabilise, but at well below capacity. The economy will regain a bit of the ground lost in 2012-13.

IRAQ

GDP growth:	8.5%
GDP per head:	$7,410 (PPP: $5,850)
Inflation:	5.5%
Budget balance (% GDP)	-0.5
Population:	35.0m

The country's politics will remain unstable as religious and regional factions challenge central authority, and as the government in Baghdad seeks accommodation with the Kurds' regional government. But foreign companies, particularly the oil majors, will press ahead with investment. The economy will respond with another jump in the growth rate, approaching 10%.

ISRAEL

GDP growth:	3.2%
GDP per head:	$38,310 (PPP: $34,660)
Inflation:	2.3%
Budget balance (% GDP)	-2.9
Population:	8.2m

The tenor of Israel's year will be set by events beyond its borders. Egypt's unsettled politics, Syria's civil war and Iran's nuclear talks all present risks. None of this is helped by the weak position of the prime minister, Binyamin Netanyahu. Growth will be pushed along by a dynamic tech sector, stronger exports and the development of big gas deposits.

JORDAN

GDP growth:	3.9%
GDP per head:	$4,840 (PPP: $5,550)
Inflation:	5.4%
Budget balance (% GDP)	-9.5
Population:	7.7m

Repeated attempts to placate the grumbling that swelled after the Arab spring have failed, but King Abdullah II, backed by his loyal armed forces, will retain power with or without popular consent. Sops have included higher subsidies on fuel and food, but these are being withdrawn because of tight budgets, so further protest is guaranteed—and will increasingly be aimed at the king himself. Tourism, important to growth, will not do well, but reviving export markets will help the economy.

Jordan: less largesse
Budget expenditure, % of GDP

KENYA

GDP growth:	5.6%
GDP per head:	$1,000 (PPP: $1,900)
Inflation:	6.0%
Budget balance (% GDP)	-5.6
Population:	45.5m

The deadly assault on a Nairobi shopping mall in September 2013 was a reminder of the country's vulnerability to terrorism, with lawless Somalia as a neighbour. Apart from the loss of life, tourism will be a casualty, as will investor sentiment. This will undo some of the benefits of the peaceful transition to the presidency of Uhuru Kenyatta in 2013. Deregulation and privatisation will help lift economic growth.

To watch: Trial run. Mr Kenyatta and William Ruto, his vice-president, face charges in The Hague arising from violence after the 2007 election.

LEBANON

GDP growth:	2.5%
GDP per head:	$10,720 (PPP: $13,770)
Inflation:	4.5%
Budget balance (% GDP)	-7.5
Population:	4.9m

Deep factional divisions have been widened by the civil war in neighbouring Syria, prompting deadly sectarian attacks—and a violent army response—in towns throughout the country. A parliamentary election was postponed until 2014, but may again be put off. The country may enter the year still seeking a government, since the prime-minister-designate, Tammam Salam, was unable to reach agreement with the legislature on a new cabinet.

To watch: Well drilled. Assuming a government official can be found to sign it, a first oil-exploration licence could be awarded in 2014.

LIBYA

GDP growth:	8.8%
GDP per head:	$14,240 (PPP: $18,290)
Inflation:	3.9%
Budget balance (% GDP)	4.1
Population:	6.4m

Divisions between the two largest blocs in the legislature, the secular National Forces Alliance and the Muslim Brotherhood, have paralysed politics and brought the drafting of a new constitution to a standstill, while tussles for local power in the east and west have cut oil exports to a drip. The economy continues to rebound, but the threats to political stability look more like the prelude to a counter-revolution than the growing pains of a post-revolutionary state.

2014 IN PERSON

Since taking over the presidency in April 2012 on the death of the incumbent, **Joyce Banda** has established herself as not just Malawi's most powerful woman but arguably Africa's too, and she is well placed to win a mandate of her own in May's elections. As a child she contributed to the family budget by selling fritters on the street, an eye for frugality displayed in government when she sold the presidential jet and embraced public transport. She took over a country deeply in need of a change of direction. Exports and the currency were in crisis, basic goods were running out and political repression was rife. Times are still tough—fixing the economy has required painful measures—but Mrs Banda's unflinching commitment to reform means things are looking up.

MOROCCO

GDP growth:	4.1%
GDP per head:	$3,290 (PPP: $5,710)
Inflation:	3.1%
Budget balance (% GDP)	-7.0
Population:	33.3m

An oasis of calm on the south side of the Med, Morocco is enjoying a foreign-investment boom as companies seek affordable proximity to Europe. Sporadic protests over the economy and public services will continue, but King Mohammed VI's rule is unthreatened. A skilled and low-cost workforce is a plus.

NIGERIA

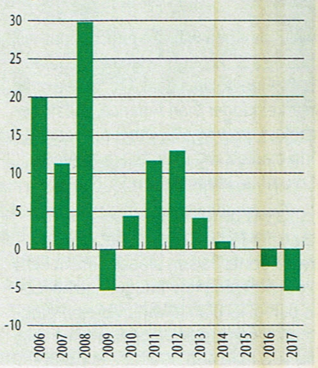
GDP growth:	6.8%
GDP per head:	$1,710 (PPP: $2,970)
Inflation:	9.5%
Budget balance (% GDP)	-3.0
Population:	179.0m

A northern faction in the ruling People's Democratic Party will resist moves by the president, Goodluck Jonathan, a southerner, to seek nomination for re-election in 2015, but may prefer not to risk losing power by splitting from the party. The contest for the nomination will also test the new opposition alliance. Policy will focus on infrastructure and encouraging private enterprise. Growth will remain robust.

SAUDI ARABIA

GDP growth:	5.1%
GDP per head:	$24,530 (PPP: $32,530)
Inflation:	3.3%
Budget balance (% GDP)	1.0
Population:	30.7m

Saudi Arabia: below the line
Budget balance, % of GDP



Perennial questions of succession will overshadow the rule of the Al Saud family, but barely weaken its grip on power. Sporadic protests will continue, and the regime will respond with discriminate spending rather than political reform. Loose fiscal policy financed by strong oil exports will sustain economic growth, but the budget surplus will slip.

SOUTH AFRICA

GDP growth:	3.3%
GDP per head:	$7,140 (PPP: $11,880)
Inflation:	5.2%
Budget balance (% GDP)	-4.1
Population:	53.1m

The president, Jacob Zuma, is on course for re-election in the 2014 presidential contest but will struggle to unify pragmatists in the centre and interventionists on the left of his African National Congress-led government. An authoritarian drift will be watched with care from outside the country and meagre living standards will bring some protests. An expanding black middle class will help growth.

SYRIA

GDP growth:	4.2%
GDP per head:	$1,500 (PPP: $3,850)
Inflation:	17.8%
Budget balance (% GDP)	-9.9
Population:	19.9m

With foreign sponsors supporting both sides, Syria's civil war has become a geopolitical testing-ground. Russia will press the Assad government to surrender its chemical weapons, but this will be difficult to achieve. An American attack to punish the regime cannot be ruled out. The crippled economy will remain volatile.

ZIMBABWE

GDP growth:	2.4%
GDP per head:	$210 (PPP: $210)
Inflation:	6.6%
Budget balance (% GDP)	-4.6
Population:	12.7m

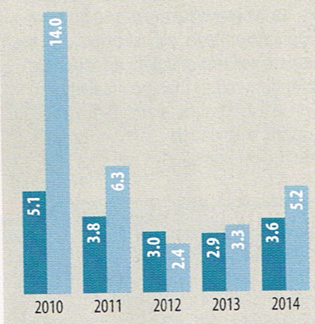
Robert Mugabe is back in sole charge after the country's flirtation with power-sharing, pushing his stint into its 35th year. His policies will be as destructive as ever: a collapse of dollarisation along with a return to hyperinflation are on the cards. Capital still able to flee will be looking for the exits.

The world in figures Industries

BUSINESS ENVIRONMENT

World GDP and trade

World GDP growth (real terms, at PPP), %
World trade growth ($ value), %



The balance of economic opportunities will shift towards developed economies in 2014. Mature markets will accelerate, in turn speeding the world economy on its way to 3.6% growth. Recovery will become more tangible for businesses in America; western Europe will eke out only 1.1% growth but, in contrast to 2013, at least it will not contract.

Collectively, emerging markets will lose some lustre for investors: the growth gap between (mainly rich-world) OECD and non-OECD nations will narrow. This is not simply because of better-performing developed economies. Poor policy choices are holding back the BRICs, especially India and Brazil, although both are proposing reforms to regain momentum. Pressure will also come from the Federal Reserve Board, which will print less money in 2014, drawing capital back to America from some emerging markets.

Yet executives weighing the prospects for 2014 need not be gloomy. The emerging-market growth story is far from over. China may be slowing, but it is a $10trn economy, and will grow by more than 7%. Emerging Asia will still expand nicely, as will Africa and parts of Latin America. Meanwhile, as they once again grow at the same time, America, Europe and Japan will buy more from developing countries. Worldwide, firms will conduct 5.2% more trade, the strongest expansion since 2011. Boom times will not be returning in 2014, but for most companies business should be a bit better.

2014 forecasts unless otherwise indicated. World totals based on 60 countries accounting for over 95% of world GDP.
london@eiu.com

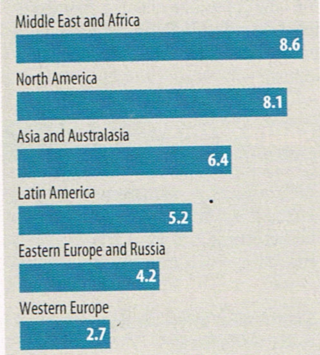
Source: The Economist Intelligence Unit

AUTOMOTIVE

Global car sales are in stop-start mode, with western Europe the main drag on momentum. In 2014, after four years of backsliding, carmakers in the region will sell a few more vehicles than they did the year before. But this is only a blip on the path of long-term decline: overcapacity is roughly 20%, so firms must brace for more factory closures. At least Europeans are still leaders in other things automotive: on September 1st stringent new emission rules will come into force, and where Europe's bureaucrats lead, others often follow.

Despite Europe's minimal progress, global passenger-car registrations will grow by 6%. Roughly 100m cars in America have been in use long enough to make them ripe for replacement, according to Bloomberg Industries, an information provider. American consumers who have put off buying a new set of wheels will open their wallets: registrations will rise by 9%. Though Asian car demand is moving down a gear, China, the only market bigger than America, will nonetheless grow by 5%. Other racy emerging markets will include South Africa, Colombia, Indonesia and India.

Passenger-cars registrations
% change



India will be the world's top small-car market—hence Nissan's decision to resurrect its Datsun brand there in early 2014. Reviving low-budget hatchbacks is part of its plan to win over emerging-market consumers. Models will be sold for less than 400,000 rupees ($6,000).

To watch: Driving innovation. Mass-produced cars have incorporated basic self-driving features for years, but some 2014 models from Mercedes-Benz will have a claim to be the most autonomous yet. Equipped with sensors and other gadgetry that allow drivers to take their hands off the wheel at low speeds, the first batch is due in showrooms before the end of 2013, for a mere $100,000. In 2014 Volvo will bring out its XC90 sports-utility vehicle, which can park itself after its "driver" has alighted and return at his command.

DEFENCE

Retreat will be the cry in the world's biggest defence market. Withdrawal of American and other NATO troops from Afghanistan in 2014 will reduce American security spending; a vaunted "pivot" to Asia will not make up the difference. "Sequestration", or automatic federal budget cuts, will have a big impact: amid wider Democratic-Republican fiscal wrangling, American defence spending will shrink by up to 10%, according to Moody's, a ratings agency, falling from nearly 5% of GDP in 2011 to around 3%. Military types will decry the erosion of America's fighting ability; peaceniks will complain that the country will still buy more weapons than any of its potential enemies.

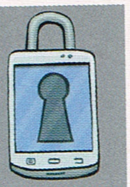
Global defence spending will shadow the trend in America, dipping by 5-10%. As further cuts loom in the West, defence firms will slash costs and push into emerging markets. Iran's nuclear machinations—with or without a disarmament deal—will buoy defence spending among its neighbours; North Korean posturing and China's rise will spur spending in Asia. Diversified defence firms will draw solace from their flourishing commercial-aerospace divisions. But industry profit margins will narrow as competition gathers. Power will still proceed from the barrel of a gun, but it will also ebb from sellers to buyers.

To watch: Developing countries, including Brazil, India and Taiwan, want to get their hands on high-tech American weapons; Lockheed Martin purveys more than anybody else. Yet it is heavily America-centric: only 17% of sales go abroad, less than its competitors'. With orders at home already declining, Lockheed's new international division aims to generate 20% of total revenue in the coming years.

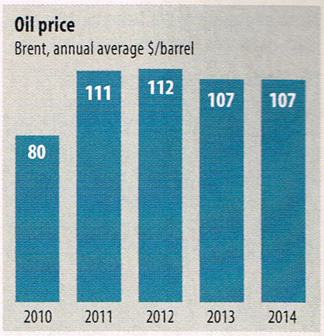
ENERGY

Environmentalists hoping that oil production will peak in 2014 will be disappointed. New supplies will comfortably outstrip fresh demand, preventing prices from rising. Countries leading the way will include Brazil, Iraq, America and Canada. North America is a microcosm of the supply-demand discord. As in Europe, more efficient cars will suppress demand, yet American shale oil and Canadian oil-sands production will pour onto the market faster than pipelines can catch up. Other countries (Argentina, for instance, and China) that are trying to emulate America's unconventional success face geological and other problems. But America will proceed serenely to production of almost 11m barrels of oil a day in 2014, surpassing Saudi Arabia and rivalling Russia.

2014 IN FOCUS



Cyber-criminals are becoming more sophisticated. Like legitimate companies, online felons can harvest ever more valuable information from thriving social networks. As mobile-banking and other apps spread, hackers are finding ways to attack smartphone operating systems. Some worry that the rise of cloud computing could expose more firms to crime, though no one knows how much is actually lost to cyber-attacks: estimates range from $100bn to $3trn. Yet research suggests it is difficult to make a dishonest buck online, and in 2014 it could get tougher. Not before time, Interpol will open a new cybercrime complex in Singapore. The migration of software to the cloud may in fact prevent crime: data centres hosting cloud services are virtual fortresses—which is not necessarily true of in-house corporate IT systems.



While pressure to lift the ban on American oil exports intensifies, most American liquefied-natural-gas projects—many designed to ship burgeoning shale-gas supplies to Asia—will be awaiting approval. Australia is the main long-term threat to Qatar as the top gas producer. In 2014 the Queensland Curtis and the giant Gorgon plants will start liquefying gas for export, though delays and spiralling costs will slow Australian progress.

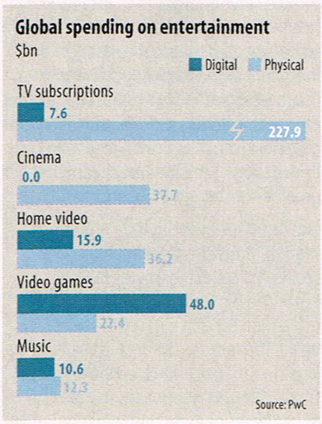
Gas is the least climate-warming fossil fuel, but as more is burnt, emissions will rise. In 2014 fossil-fuel emissions will reach 160% of 1990 levels. Coal use in China, which burns nearly half of the stuff, will creep up despite a push to cut pollution. Renewable energy will continue its rapid rise, but will satisfy only about 4% of the world's ever-expanding energy needs.

To watch: Bureaucratic power. A draft US Environmental Protection Agency risk assessment of hydraulic fracturing, or fracking (a method used to extract oil and gas from shale rock), will be closely watched, but will barely affect drilling. The economic benefits of unlocking shale-trapped hydrocarbons mean politicians will not harry drillers much. But rules due out in June could stop any more coal-fired power plants being built in America.

ENTERTAINMENT

A Hollywood portrayal of the global entertainment industry in 2014 would feature much new talent from developing countries, but also many Westerners obsessing over tablet computers. Emerging markets will help sustain entertainment-industry growth of around 6% in the coming year, but mature markets are leading the trend towards digital offerings. Thanks to the proliferation of smartphones, digital consumption of games and music will put in star turns. Video content delivered via the internet will grow by 43% in western Europe and 20% in America, according to PwC, a consultancy.

Despite the quickening digital shift, TV addicts will not disappear. China has the world's largest television audience (though some of its dullest programmes). Thanks to rising incomes, China in 2014 will elbow past Britain and Japan to become the third-largest couch-potato market (earning $13bn from TV subscriptions and licence fees), sitting just behind Germany ($15bn) but still eclipsed by America ($77bn). Elsewhere in Asia, televisual addiction will also deepen—especially in Indonesia and Vietnam. Including advertising spending, TV revenue will top $400bn, about a quarter of the $1.8trn global entertainment and media business.

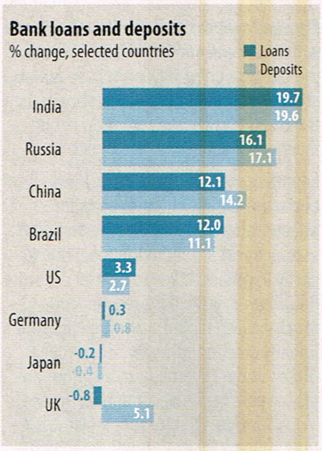


To watch: Box-office bonanza. Even as consumers increasingly demand their entertainment when and where they want it, a counter-trend will assert itself in 2014: box-office revenue will amount to $38bn, surpassing sales and rentals of DVDs and Blu-ray by $2bn. The spread of cinemas in developing countries (China is again conspicuous) is pulling in new audiences, to the delight of Hollywood, which will co-produce more films with local players to extend its reach even further.

FINANCIAL SERVICES

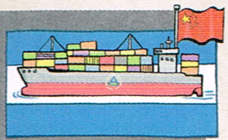
Tighter rules in response to the financial crisis will be a major headache for finance firms in 2014. The biggest change comes on January 1st, when minimum capital requirements under the Basel 3 banking accord take effect in Europe, America and many other jurisdictions. The idea is that banks with more capital will be better able to withstand financial shocks, reducing taxpayer bail-outs. Regulators in America have another big task: applying the possibly 900-page Volcker rule, designed to stop banks placing bets with their own money. American banks are generally far better capitalised than they were before the financial crisis and, collectively, are earning record profits. But the ten biggest have more than $7trn of assets, making most of them "too big to fail".

The EU will take tentative steps in the direction of a banking union. From autumn 2014, the European Central Bank will directly scrutinise 130 big euro-zone lenders. Other aspects of EU banking reform will take longer to fall into place. Meanwhile, lenders in some emerging markets will come under strain as America's Federal Reserve ends its ultra-loose monetary policy, luring capital back to America and away from some developing countries. The ride will be bumpy at times, but should not be calamitous. Fears of a banking crisis in China will prove overblown. Chinese regulators, in any event, have the means to respond to a potential crisis quickly. Not so in India, where banks will also groan under the weight of bad loans taken out by companies that overborrowed during India's boom.



Slow growth in rich countries and a wobblier performance by emerging markets will weigh on other types of financial firms. Insurers and fund managers will find it hard to develop new business among cash-strapped consumers and companies. Weak investment returns are unlikely to please existing customers, who will find low-cost alternatives increasingly attractive.

2014 IN FOCUS



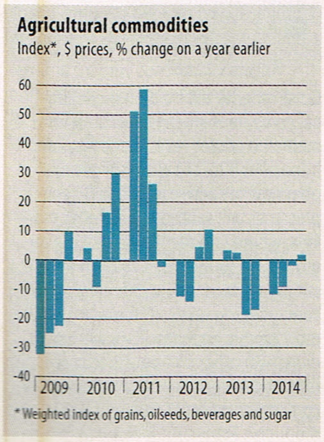
By December 2014, the dust will have settled on infrastructure built for the year's big sporting events, but a mighty new construction project will just be starting in Nicaragua. So, at least, insists HKND Group, the Hong Kong company with a 50-year concession to build and run the **Nicaragua Canal**. This would serve as a link between the Pacific and Atlantic oceans, with a supposed price tag of $40bn (a rough guess, really). A backlash is already evident. Opposition politicians object on constitutional grounds. Others say there is already a serviceable link between the Pacific and Atlantic shipping routes: the Panama Canal, which is one-third the length. Environmentalists have their own concerns. Results of a feasibility study are still pending. None of this seems to bother the mysterious Chinese company behind the project. Those who fret about China's growing influence in America's back yard may recall that a century ago the United States flirted with building a canal across Nicaragua. It opted for Panama instead.

FOOD AND FARMING

The best cure for high prices is high prices. Bad harvests at the start of the decade made food more expensive, but also prompted farmers to plant more. That will result in comfortable stocks in the 2013-14 crop year and lower prices overall: the Economist Intelligence Unit's index of food, feedstuffs and beverage prices will fall by 6.6% in 2014.

Grain prices will lead the way, dropping by nearly 14%. Demand for wheat is rising in South Asia, the Middle East, Latin America and north Africa in tandem with the popularity of Western-style breads, fast-food restaurants and noodles. But wheat supply will also expand, by 4.5%, lowering prices by 10.5%. Among crops not grown mainly as food for people, maize (up to 60% of which goes for livestock feed) will see a surge in both demand and supply, pushing prices down overall by 19%.

Agricultural prices will nonetheless remain strong by historical standards, at twice their 1990 levels. This will encourage planting and give farmers the means to buy fertilisers and pesticides, in turn driving up yields in the 2014-15 season. Even as the world's appetite grows, so



will its ability to feed itself—assuming, that is, that the weather behaves normally, an increasingly rare occurrence.

To watch: Robusta growth. In customarily tea-sipping Asia, coffee-drinking is catching on. One sign of this: Starbucks expects China to surpass Japan, where it has around 1,000 stores and counting, as its biggest market outside North America in 2014. Westerners in general tend to favour smoother, costlier arabica beans; the Asian palate prefers the bitter, cheaper robusta variety.

HEALTH CARE

Health-care companies are under ever-greater stress. Parsimonious governments and health insurers are trying to contain rising costs as populations age. Although health-care spending will increase, it will fall back slightly as a share of global GDP in 2014. Outlays in sluggish western Europe will rise by just 0.7% in nominal terms, hurting producers of everything from pacemakers to pills. The Japanese market will be sicklier still, contracting by 2% despite an ageing population's growing need for care. Latin America and the Middle East and Asia and Australasia will be the liveliest markets where pharmaceutical sales will rise by 9%.

Governments will hold pharmaceutical companies strictly to account for medicine pricing, even as competition intensifies after the expiry of patents on a slew of successful drugs. These pressures will extend to emerging markets, where companies are looking for growth. To counter this, many firms are cutting costs—more layoffs await—and concentrating research spending on the most promising areas. They will work more with other companies to spread the risks of developing new drugs (pharma companies invest 15-20% of sales in new products). Many are "biological" medicines rather than traditional, chemical-based tablets. Innovative firms focused on biotechnology will do best. Thanks in part to increasingly expensive new products and emerging-market momentum, global pharmaceutical sales will rise by 9% in 2014.

To watch: Shot in the arm. In America, many features of the Patient Protection and Affordable Care Act of 2010, better known as Obamacare, will take effect on January 1st. Insurers will be barred from discriminating against those with pre-existing conditions, while the uninsured must buy coverage lest they be fined. Online "exchanges" will help the previously uninsured to compare policies. As coverage spreads and politicians fail to rein in public medical costs, American health spending will pass $3trn.

IT HARDWARE

More than $1trn will be spent on hardware, including telecommunications gear, in 2014. Sales of tablet computers will grow by 40%, gaining further ground on personal computers (PCs), according to Forrester, a research company. Globally, the tablet-hooked population will swell to around half a billion. The convenience of tablets is only part of the story: they are getting cheaper, especially in emerging markets, where the average price will be less than $350 in 2014, down 30% in the past three years, according to IDC, another research firm.

Even so, well over 1bn people will still write, compute and browse the internet the old-fashioned way: on PCs. As tablets shrink—most models are now shorter than 8 inches (20cm)—their threat to chunkier machines will become less direct.

Laptops will themselves get sleeker and more tactile. The prospects for pricey "ultraslim" models (less than 0.8 inches thick) are set to improve, thanks partly to greater take-up of Intel's fourth-generation Haswell processor. More touch-screen laptops running Microsoft's initially disappointing Windows 8 will hit the shops. Even quaint desktops are promised a boost by companies replacing old models before Microsoft ends user support for its Windows XP operating system in April.

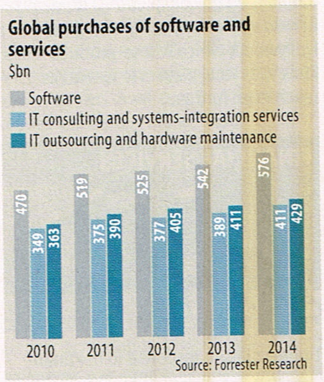
To watch: Sweetening the pill? Tablets are more for the living room than the office, where PCs rule. But salespeople, executives and even doctors will find ever more uses for portable screens, which can be easily turned and shown to customers, partners or patients. Businesses will own 14% of all tablets in 2014, double the share in 2010.

IT SOFTWARE AND SERVICES

Software and services firms will have a good year in 2014. Software spending by businesses and government will rise by 6.2%, while the canny consultants who explain how to use the stuff will enjoy a revenue gain of 5.7%, according to Forrester.

Among the hottest areas is "cloud computing", in which data are hosted in remote servers rather than locally. Red-hot "software as a service" (SaaS) apps will help companies cut costs by letting them rent rather than buy software. Businesses are keen, despite worries that data in the cloud are vulnerable to cyber-criminals (see In Focus on first page of this section). Consumers will join them in greater numbers in the cloud.

The trend towards Big Data is getting bigger; industries from advertising to sports will collect terabytes more in 2014. The Big Data market will grow by more than 30% in each of the next few years, IDC reckons. Interest is especially keen in America, which is driving global IT spending. Concern among netizens about how firms use their personal data will spread, but not coalesce into a backlash. More serious doubts will cling to the financial viability of unregulated data-mining companies: the value of basic personal information on an individual can be as low as $0.0005, so achieving high volumes is imperative. Companies will still struggle to make much sense out of Big Data, as data analytics produces...yet more data.



Source: Forrester Research

To watch: Data exchange. Cloud computing will be commoditised. In early 2014 Deutsche Börse will open an exchange for trading cloud-computing resources in Frankfurt and New York. Cloud Exchange will allow organisations to sell unwanted remote computing and storage capacity, or buy extra.

MEDIA

For advertisers, the spread of the internet and the rising affluence of emerging-market consumers will propel business, which will grow by 4.9%. Out of total revenue of $515bn, internet advertising will expand by 14% in 2014, to $133bn, according to PwC, a consultancy. Mobile-advertising revenue will be just a fraction of this, but will surge, trebling from 2011. The main ad-selling opportunities will be in emerging markets: in the Middle East and north Africa, revenue earned online will expand by 36%. Online growth will also brighten the picture for advertisers in the old world, where little else will excite them.

"Newspaper revenues to stagnate" is hardly a cheery headline for hacks, but the prognosis will nonetheless be welcome after several years of bigger declines. The papers benefiting will mainly be those with big readerships in the developing world: notably, spending on print advertising in India will rise by 11%. Newspapers in the developed world will try to stop the rot by erecting digital paywalls around content. But advertising cannot move online fast enough to suit publishers: web ads will provide a mere 6% of all ad revenue in 2014.

To watch: Added power. To capitalise on lucrative digital-advertising opportunities was one reason for the merger of advertising giants Publicis and Omnicom. The imaginatively named Publicis Omnicom will take form early in 2014, displacing WPP as the number one in the business—competition regulators willing. Combined, the pair's $23bn of annual revenues are around

2014 IN FOCUS

Bricks-and-mortar shops are adapting, slowly, to the emergence of mobile commerce. Store-owners recognise that many consumers use them as showrooms to test items before going online to buy at better prices. In response, many physical retailers will embrace "showrooming", letting consumers buy goods online to collect from a pre-agreed store—"click and collect". Shops also have some in-built advantages over purely digital players: they are valuable places to show off the brand and win customers by providing a decent service. Unfortunately for them, online outlets are catching on: the likes of Amazon and eBay are now toying with opening their own offline stores.

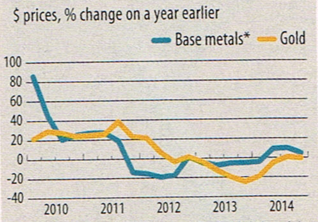
a third of those of the 50 largest agencies. Cutting $500m in costs is also on the cards.

METALS AND MINING

As China's economy slows, demand for commodities will shift but not retreat. Painful adjustments loom for those who nailed their colours to Chinese demand for things like iron ore—think Australia and firms such as Rio Tinto. Too much steel, especially in China, will knock 11% off the metal's price. But those producing tin (for electronics) or lead (for electric-

Metals

$ prices, % change on a year earlier



* Weighted index of aluminium, copper, lead, nickel, tin and zinc

bicycle batteries) will gain from China's consumer shift. Chinese demand for lead will grow by 8% in 2014 and, since China accounts for 45% of the metal's demand, prices will also jump.

In the West, investment banks that serve as intermediaries in the metals trade will receive greater regulatory scrutiny. Banks are accused of artificially extending waiting times to move aluminium and other base metals out of warehouses licensed by the London Metal Exchange, which proposes to introduce rules to hurry things up from April 2014. This will boost the supply of aluminium and these other metals, but markets will have already priced in much of the effect.

Indeed, thanks to stronger demand, the Economist Intelligence Unit's index of base-metal prices will rebound by 4.7% in the coming year, largely regaining the ground it lost in 2013, though still far short of 2011 levels. Gold will be an outlier: a victim of the Federal Reserve's move to curb liquidity, its appeal as a hedge against inflation will be tarnished further; the price will slide by over 6%.

RETAILING

Urbanisation and a growing middle class will spur developing-world demand for everything from washing machines to indoor toilets, driving global retail sales. Regionally, the steepest rise in demand (5.1%) will occur in Asia and Australasia, which already provide 40% of global retail business. In contrast, western Europe will only just struggle back into positive territory (0.4%) after three years of decline. Together with a modest expansion in North America (1.5%), this will pull global growth back to 3%.

Even in sluggish markets, though, retailers will find profitable niches, such as selling luxury products to the very rich. As populations age—one in seven Americans will be over 65 in 2014—the desire for certain items (skin-care products to hide wrinkles, for instance) is rising.

Wealth, undeniably, is moving east but China's slower rate of growth is causing concern; so too is a campaign to discourage showy displays of affluence. Some firms will indeed suffer; many Chinese luxury malls will remain disconcertingly empty. But the outlook is brighter than these forecasts may suggest. In 2014 five Chinese cities will join the four that already boast 100,000 or more denizens with incomes over $25,000. The newly affluent will travel to ever more foreign places, where they can splurge on luxury goods that are taxed at much lower rates than in China.

To watch: Boots on the ground. Burberry, a clothing retailer, is convinced China is still the place to be, after watching sales rise by 20% in the year ending March 2013. The company's popularity among the wired Chinese nouveaux riches owes something to its online savvy—it has more than half a million fans on Sina Weibo, a Twitter-like service—but probably more to its physical presence in 35 Chinese cities.

SPORT

Billions will watch the year's three big sporting events: the winter Olympics in Russia, the football World Cup in Brazil and the Commonwealth games in Scotland. These competitions will help propel the sports industry to double-digit growth: media rights, sponsorship deals, merchandising and gate revenues will approach $150bn in 2014, says PwC.

A long-term trend towards emerging markets will be turbocharged as Russia (revenue growth of 189%) and Brazil (32%) hold their extravaganzas. In Asia, with the Chinese in particular spending more on sport, teams will compete fiercely for new fans. Football clubs like Real Madrid, Manchester United and Barcelona, the three most valuable sports franchises, according to *Forbes*, will be out in force: Man Utd says half of its supporters are in Asia.

The world's favourite sport is also doing well in old strongholds. Thanks to bumper new television deals, clubs in the English Premier League, the top-earning football league, are likely to see revenue rise by about a quarter in the 2013-14 season, to £3bn ($4.7bn), according to Deloitte, a consultancy. The second-placed competition, Germany's Bundesliga, will earn about 50% more from domestic broadcast deals.

In the world's biggest sporting market, North America, American football will still make the most money, but baseball will go from strength to strength. Television contracts that kick in with the 2014 season will be twice as lucrative as their predecessors, bringing Major League Baseball $12.4bn over eight years.

TELECOMS

As fixed-line telephony goes the way of the telegraph, operators are pouring money into mobile-telecoms and broadband internet. Broadband subscriptions will jump by 9% in 2014; and surging mobile-internet revenue will overtake fixed, according to PwC, amounting to nearly $260bn. AT&T, a telecoms operator, will raise fourth-generation (4G) mobile coverage to 95% of the American population by the end of 2014. In contrast to America's mobile market, Europe's is fragmented and investment in infrastructure lags (though many will rejoice that roaming fees will be slashed from July 2014).

Demand for mobile broadband in emerging markets will accelerate. Mobile subscriptions in the vast Indian market will grow by 8%; the pace in China will be similar, although revenues per Chinese smartphone-user are a fifth of those in America.

Global mobile subscriptions

bn

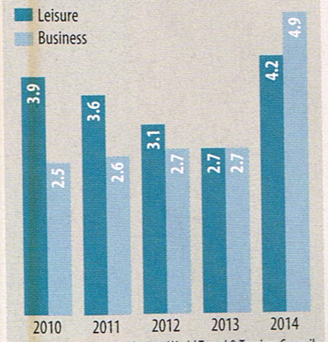
* Selected countries covered by the EIU

The war between Apple and Samsung to lead the market will intensify. However, in China—the biggest smartphone market, accounting for roughly a third of all shipments—Apple languishes behind the South Korean firm. China will roll out its 4G networks after the expected awarding of licences in late 2013. But Apple's "cheap" iPhone 5c will prove too expensive to make a decisive difference there, or in India.

TRAVEL AND TOURISM

Global travel spending

Real % change



Source: World Travel & Tourism Council

Tourism worldwide will grow by a strong 5.3% in 2014, the biggest increase since 2010. Emerging-market flows are surging: Chinese tourists spent 31% more in the first half of 2013 than a year earlier, according to the UN World Tourism Organisation, the largest rise globally. In 2014 Asia will lead the way, with outbound tourism growing by 7.9%.

Low-cost airlines operating on thin profit margins will continue to challenge traditional carriers. In early 2014, Garuda Indonesia will enter the SkyTeam alliance and SriLankan Airlines will join oneworld. Defensive alliances and joint ventures are aimed at countering intensifying competition from cheap airlines for lucrative business travel.

Demand for new commercial aircraft in the Middle East and Asia will boost the dominant aerospace companies—America's Boeing and Europe's Airbus—which will face turbulence in their defence activities. New-plane deliveries will grow by 10% or more.

Hotel room rates in Latin America will rise sharply, stoked by high inflation in Venezuela and the staging of the World Cup in Brazil, where rates will climb by 8%. Thanks to the 2016 summer Olympics, Brazil is in the midst of a hotel-construction boom: 370 hotels and 60,000 rooms are on the way, according to Lodging Econometrics.