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Colombia: Congress has until September 15 to approve the budget amount. Four legislative commissions (two in each chamber) must approve it. Yesterday, the lower house commissions approved the budget, but the Senate commissions rejected it—the first time this has happened. The government argues that all four commissions must reject the amount for it to be invalid. By law, the budget amount must be approved by September 15 and passed in a first discussion by September 25. If not approved by October 21, the president can decree the budget, though it's unclear which version would be decreed. Congress will resume discussions today, with the likely outcome being a new budget excluding the COP 12 trillion from the tax reform. President Petro does not have a blank check. Institutional checks and balances are working.

Ecuador: The government aims to increase electricity generation by 1,200 megawatts to prevent blackouts, as drought threatens hydroelectric power. It has rented and purchased thermal generators and is offering incentives to households and the private sector. The fiscal cost is unclear, but it will likely increase diesel imports and put pressure on the balance of payments.

Honduras: *Debtwire* reported yesterday that the government is considering issuing USD 500-800 million by October. The government and the IMF are currently reviewing their agreement. In the first half of the year, the fiscal balance showed a surplus of USD 472 million, with government debt levels remaining stable year-to-date. However, the fiscal deficit typically worsens in the second half, and with international reserves down 7% (USD 592 million) by June, the government appears to be seeking external debt issuance to bolster reserves. External bonded debt service for the rest of the year is USD 17 million, with USD 77.5 million due next year. Despite the first-semester fiscal surplus, government deposits at the central bank fell by about USD 120 million by June, likely pressuring international reserves. The drop highlights the need for a tighter fiscal and monetary policy mix.

Maldives: *The Financial Times* reported today that the government is exploring the possibility of issuing a "green bond" and engaging in potential currency swap agreements to boost international reserves and service external debt. With debt exceeding 100% of GDP and a high fiscal deficit, an IMF agreement seems to be the only viable option, and debt restructuring appears likely.

Pakistan: The central bank cut the policy rate by 200 basis points to 17.5%, exceeding the expected 150 basis points. With year-on-year inflation at 9.63% in August, real policy rates remain high. The rate cut will help the fiscal account, as a large portion of Pakistan's local government debt is short-term.

Panama: According to local newspaper *La Estrella*, Moody's is expected to announce Panama's rating this quarter, with the country currently maintaining its investment-grade status. Fiscal accounts show that primary expenditure has returned to pre-COVID levels, reflecting significant consolidation on the spending side. However, revenues remain below pre-COVID levels, and a fiscal adjustment of about 1% of GDP is needed to stabilize debt. The government has announced plans to reform Social Security, as contributions have dropped by about 0.5% of GDP since pre-COVID levels. A labor reform aimed at reducing informality could also be considered to boost Social Security contributions.

Sri Lanka: The latest IHP poll from August shows NPP candidate Dissanayake leading with 36% (down from 37% in July), followed by SJB candidate Premadasa at 32% (down from 36%), and President Wickremesinghe at 28% (up from 22%). Wickremesinghe has gained 16 percentage points since March. Due to Sri Lanka's voting laws, it is unlikely that Dissanayake will secure a victory, which could be supportive of asset prices as it suggests continued adherence to the IMF program.

Venezuela: After the Spanish Congress voted to recognize Edmundo Gonzalez as president-elect, the Venezuelan National Assembly has urged Maduro to break diplomatic ties with Spain. However, the EU has not recognized Gonzalez as president-elect. Although Spanish oil company Repsol has investments in Venezuela, we do not expect these to be affected, even if diplomatic relations between the two countries are severed.

Source: Haver Anayltics, IMF, Primicia, economynext, Dawn, Reuters, La Republica