

# Weekly Focus

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January 20, 2011

## TRENDS TO KEEP AN EYE ON

**Shadows Over the Arab World** – the events in Tunisia have reverberated throughout the Maghreb and the Middle East; **Brazil** – the CB reasserts its independence; **Ecuador** – more presidential attempts to concentrate power; **Poland** – headed for still higher interest rates and a stronger zloty; **Vietnam** – expect another dong devaluation soon.

## CROSS CURRENTS

There are two important cross-currents roiling global markets that no one in international business should lose sight of, considering how strongly they could influence real economies during the course of 2011.

## CANADA

The Central Bank will keep interest rates steady for quite a while longer. The authorities have tightened rules to restrain record household borrowing to prevent rising debt levels from jeopardizing the recovery. They have also slashed corporate taxes in a quest to attract business.

## ISRAEL

The abrupt departure of Ehud Barak from the Labor Party he headed has strengthened rather than weakened the government of Prime Minister Netanyahu. Even though Iranian efforts to build a nuclear bomb have been set back, the tinder of conflagration remains piled high in the region.

## SPAIN

The country's first bond sale this year went well, giving it some breathing room. At that, the coming year will still pose many challenges as Spain seeks to slash the fiscal deficit and manage its heavy public and private debt load. Along the way, PM Zapatero faces political hurdles on several fronts.

## SUDAN

Khartoum is struggling with serious debt problems and shortages of FX and has been forced to ban the importation of many types of goods. The difficulties are coming to a head just as the South has voted to secede, which will have major economic and political consequences on both sides.

## TUNISIA

We underestimated the power of modern communications to turn a spontaneous uprising into a groundswell capable of sweeping away an entrenched autocratic leadership. The change could be positive for the economy, but much will depend on the purge the new rulers will undertake, and on how far they lean to the Left.

## UGANDA

With elections approaching, there are now seven opposition candidates seeking to end President Museveni's rule. The breadth of the field does not guarantee him victory, but it improves his chances. The outcome of the contest will be the more important as Uganda is about to become an oil producer of scope.

## UKRAINE

The criminal charges launched against former PM Tymoshenko are part of a much broader effort to roll back the political and media freedoms achieved in the wake of the Orange Revolution. An ouster of the CB Governor may further tighten the regime's grip.

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