

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Algeria – A government worried about contagion from Tunisia and Egypt seeks to placate the people; **Syria** – President Al-Assad is promising (limited) political reforms, believing his regime is in a relatively strong position.

EGYPT

As pro- and anti-government rivals among demonstrators dig in for more confrontations, the economy is suffering with little near-term relief in sight. An important signal of what is to come will be given on Sunday, when the country's banks are to reopen under initially restrictive rules. While the Muslim Brotherhood is no longer a single-minded outfit, it and the military are the two organizations that need watching.

JORDAN

The King has dismissed his entire government and is promising reform, but it is far from certain that this will satisfy the people. If not, a reasonably promising economic outlook will be at risk and Israel could be faced with a daunting security problem on its Western flank.

KAZAKHSTAN

Sidestepping the controversial issue of a lengthy extension of his term in office by referendum, President Nazarbayev is calling for snap elections, which he is sure to win. The Kazakh economy is making good progress, now that the bank restructuring has been completed.

KOSOVO

Partial election reruns this month have reconfirmed the victory of the PDK and of PM Thaci, but accusations of corruption and criminality by the latter have tainted Kosovo's image. The economy will be the worse for it, as financial aid and investment are being held back.

MEXICO

The authorities view the peso's strength as a positive. They have hedged against the effects of rising corn prices and have just received a vote of confidence from the IMF in the form of a new flexible credit line. Washington has unveiled a proposal that would finally allow Mexican truckers to operate on US highways.

PERU

The economy will continue to do very well and this will keep the sol buoyant. If the pressures from capital inflows become much stronger, the Central Bank may take counter-measures. For now, though, the authorities are not unhappy with the influx.

UNITED KINGDOM

The latest, disappointing growth and inflation statistics have raised big question marks over the government's fiscal austerity program and the Bank of England's ability to maintain its monetary stimulus, but neither has much choice in the matter, and the numbers are not all they are made out to be.

YEMEN

The demonstrations here have so far been peaceful and led not by young people but by the traditional opposition. The potential for strife is hard to overstate, however, given that Yemen already before was a country confronted with grave problems and had but a fragile stability.

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