

Weekly Focus

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March 17, 2011

TRENDS TO KEEP AN EYE ON

Brazil – plans for tax hikes to stem capital inflows;

Chile – fast growth and higher interest rates; **Colombia** – back to an investment-grade credit rating; **Morocco** – political concessions; **United States** – drowning in a sea of red ink.

HONDURAS

The country once again has access to the foreign loans and grants that allow it to get by. The economy is improving and official FX reserves are climbing again.

HUNGARY

Trying to avoid a ratings downgrade of its securities to junk, the government has announced new plans to tackle its growing debt, but the scheme lacks detail and is for this reason not overly confidence-inspiring.

JAPAN

It will be some time before the full impact of the multiple disasters can be assessed. It is already clear, though, that the effects of the devastation will be long-lasting and will reach far beyond Japan's shores.

LATVIA

The external accounts are much stronger now and the existing agreement with the EU and the IMF will probably be converted into a "precautionary" one. The government is fragile, but the fact that it has stayed in the saddle is remarkable.

LIBYA

Even though Qaddafi's forces are on the brink of taking the rebel stronghold Benghazi, there is no telling yet how the conflict will end. Certain is only that it will have serious adverse economic consequences, at least in part because of international sanctions.

LITHUANIA

The economy is starting to pick up, following a dramatic adjustment in the wake of the global crisis. The government still wants to take the country into the Eurozone, but the earliest admission date is now probably 2015.

QATAR

The Emirate has so far been an island of stability in the turbulent Gulf region. This is not to say that there is no risk of contagion, but it is a relatively small one. With its tiny population, Qatar is a very wealthy country.

ROMANIA

The current-account BoP will remain in deficit, but the external accounts are improving and financial assistance from the IMF is no longer needed. With this, the government should be able to hang on politically.

SERBIA

The government has been reshuffled in preparation for elections next year. A deal with the EU should pave the way for Serbia to join the WTO. The economy has gained momentum, but external risks remain significant.

SINGAPORE

The economy is booming and the signals for the near term are good, although it still has to be seen how and to what extent the multiple disasters in Japan will have spillover effects.

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