

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Bahrain – response to a stabilized situation and international pressure; **Qatar** – lackluster interest in elections; **Syria** – European sanctions take effect, but official Damascus hardly cares.

BRAZIL

The Central Bank now anticipates a long cycle of interest rate increases, while the government may contemplate further administrative steps to constrain unwanted inflows of money. But local industry is suffering and the longer-term risks jeopardizing the economic boom are growing.

CANADA

Now that PM Harper has gained a parliamentary majority, speculation is rife that he will use the reshaped political landscape to adopt a more radically conservative agenda. While we think that he will move swiftly to reintroduce measures that failed to gain opposition support when his government was in a minority position, however, we expect him to remain cautious.

ECUADOR

Still incomplete results of last Saturday's referendum suggest that Pres. Rafael Correa may have achieved an overall victory, but a much narrower one than he had hoped for. Meanwhile, the regime's take from oil has increased sufficiently to allow the pension fund to pare its purchases of government bonds.

GREECE

Fresh efforts to prevent the staggering debt from overwhelming the economy will be debated in depth on May 16. For the markets the issue of a restructuring is no longer a question of whether, only when and how. The burden is unsustainable and a restructuring would not have to have disastrous consequences.

ISRAEL

The landmark reconciliation deal between the Palestinian Hamas and Fatah groups to form a unity government and hold elections was a necessary prelude to plans to appeal to the UN for statehood, but it has been met, predictably, with great misgivings on the part of Israel and with skepticism in the US and Europe.

PORTUGAL

The bailout plan on which Lisbon has reached agreement with Brussels and the IMF differs from those negotiated by Athens and Dublin in that it relies more on structural reforms than on short-term fiscal measures. Even so, it will not do more than buy time and leaves many questions unanswered.

SINGAPORE

No major policy changes are likely in the wake of the elections. While the opposition registered the biggest gains in its history, the PAP retains an overwhelmingly dominant position. Its governing style may change a bit, however, as it adapts to voter preferences.

UNITED ARAB EMIRATES

The Emirates have not yet fully overcome the debt problems that hit Dubai in 2009, but they are now – as the closest thing to a safe haven from the popular rebellions across North Africa and the Middle East – benefitting from the turmoil in the region.

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