

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Argentina – good prospects for a presidential victory for Cristina Fernandez; **Morocco** -- sweeping proposals for constitutional reforms; **United States** – what happens after QE2?

ANGOLA

The country is in the midst of a resource boom, but one-party domination of the government and a kleptocratic system see to it that only a relatively small elite benefit. In the longer run, this is bound to promote socio-political instability and next year's elections will not remedy the situation.

COSTA RICA

The economy is doing nicely, in the midst of a sustained recovery from its 2009 recession. Inflation is not, at this point, threatening to become a serious problem. The current-account BoP deficit has widened, but capital inflows are keeping, and will continue to keep, the overall balance of payments in the black.

EGYPT

Economic conditions are rapidly going from bad to worse, and the situation is not helped by a growing popular sense of entitlement. In the political arena, voices are getting louder calling for a delay in the planned elections, as secularists continue to worry about the potential influence of hard-line Islamists.

FRANCE

The warning by Moody's on the exposure of French banks to Greek debt serves as a reminder of how easily contagion could reach not only across European borders, but across the Atlantic. The travails of Strauss-Kahn should be of some benefit to the re-election aspirations of Mr. Sarkozy, but how much is still hard to tell.

GERMANY

The economy has now regained all the ground lost in the global crisis and is continuing to power ahead at a good clip, propelled not just by exports but increasingly also by domestic demand. Chancellor Merkel's political fortunes have not improved in tandem, however.

HUNGARY

The government and the banks are going ahead with a plan to help households with mortgages that are denominated in foreign currencies and have become unmanageable for the debtors because of the forint's exchange market decline against these units. How lasting the "solution" will prove to be remains to be seen.

ITALY

The government is not about to collapse, although Italians have delivered several blows that have weakened the Premier politically. For good measure, CB Governor Draghi sent a painful parting shot across the administration's bow in the form of a sweeping indictment of the country's social and economic record.

SUDAN

The day on which Southern Sudan is to become a separate country is just around the corner, yet fighting in some areas is still threatening to scuttle internationally brokered agreements. China, the one country with real influence in Khartoum, does not want to wield it.

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