

Weekly Focus

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September 1, 2011

TRENDS TO KEEP AN EYE ON

Brazil – an unexpected interest rate cut and its significance; **Mexico** – economic slowdown; **Morocco** – a growing, but manageable, current-account BoP deficit; **Portugal** – harsh new austerity measures; **Switzerland** – much less stimulus than expected; **Thailand** – policies to ramp up economic growth.

CHINA

The authorities have tightened monetary policy further, but there are signs that inflation is peaking as the economy heads for a soft landing. Beijing remains determined to press on with the internationalization of the yuan, but at a cautious pace to avoid losing control.

GREECE

EU politicians are still struggling to find a solution to the problem that Finland's side deal with Greece has thrown up for the second bailout. The economy remains mired in recession under darkening skies, and the troubles of the banks are only just beginning to be dealt with.

INDIA

Economic growth has slowed and could decelerate some more. There is concern that non-performing assets on banks' balance sheets are on the rise and could lead some into trouble, although, on the whole, banks are well-capitalized and –provisioned.

JAPAN

The new Prime Minister faces the same problems that bedeviled his predecessor, he will have a very short political honeymoon, and he is unlikely to chart an imaginative, bold new course. This is the more unfortunate as Japan's economic situation is crying out for decisive, strong political leadership.

ROMANIA

The country is starting to reap the benefits of the difficult adjustments it has made over the past 2-1/2 years, but it is also running into strengthening headways threatening to crimp the recovery. Efforts to clear governmental payments arrears still need to be expanded.

RUSSIA

Growth slowed in the second quarter and the outlook is now more beclouded than it was at the outset of the year. Speculation as to who will be the next President is reaching a fever pitch as elections for the Duma are approaching, but in the end it does not matter all that much whether it is Medvedev or Putin.

SINGAPORE

The outcome of the presidential elections does not change the ruling PAP's untrammelled control, but it reiterates the message the voters sent in the May elections, which was that they want greater checks and balances. Economic growth forecasts are being geared back in response to growing international problems.

SOUTH AFRICA

The outcome of disciplinary hearings involving the ANC's Youth League leader Malema will have consequences for economic policy and for the country's ability to attract investment. It could also become a decisive factor in whether Pres. Zuma can run for re-election or not.

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