

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Argentina – buying votes with sequestered funds;
Ireland – good marks from the IMF; **Nigeria** – where does the money go? **Syria** – European Union sanctions.

AUSTRIA

There are now signs of an incipient slow-down brought on by problems elsewhere in the EU. The exposure of local banks to Central-European and South-European risks will warrant continued attention.

PARAGUAY

The current-account BoP deficit is expanding, generally favorable terms of trade notwithstanding, but financing the red-ink spill should pose no big problems. The guarani should remain firm in the near term.

PHILIPPINES

Policies are tilting back toward supporting the expansion rather than fighting inflation, despite official pronouncements to the contrary. The peso has been less buoyant of late, but is still quite strong in the FX markets.

SAUDI ARABIA

US-Saudi relations have deteriorated since the onset of the Arab Spring, and in the near-term there is little chance of an improvement. The Kingdom is scrambling to strengthen its position on its own. This includes plans to go nuclear.

SERBIA

The economy is recovering, but only gradually. With the arrest and dispatch to The Hague of two men accused of war crimes Serbia has moved a big step closer toward acceptance as a candidate for EU membership, but there are still considerable hurdles to be overcome.

SLOVAKIA

The austerity program to get the fiscal deficit under control has caused tensions within the government and opinions in parliament on the Eurozone's plans to strengthen the bailout facility for troubled members are now so divided that a vote on the issue is having to be delayed.

SLOVENIA

The government is seeking to implement new fiscal savings measures to make up for a pension reform that was voted down in a referendum. This will keep economic growth subdued, along with slow-downs in key foreign markets. Slovenia is a proud member of the Eurozone, and there is no desire to abandon this status.

SWITZERLAND

The Central Bank has taken a courageous but risky step by drawing a line in the sand over the value of the franc. It has taken investors by surprise and in the short run its newly aggressive approach should succeed, but whether the campaign can be sustained remains to be seen.

TURKEY

Turkey should cut its external financing requirement, but this is not likely to happen so long as funding it poses no problems. PM Erdogan is using his new-found political strength to give free rein to his autocratic tendencies at home and to push policies abroad that make Turkey an increasingly less reliable partner for the West.

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