

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Argentina – more problems during Pres. Fernandez' second term; **Belgium** – a new Federal government, at last; **China** – the markets no longer believe in accelerated yuan appreciation; **Eurozone** – the meaning of Standard & Poor's downgrade; **South Africa** – an ominous widening of the current-account BoP gap.

BRAZIL

The authorities have added a stimulus package to the monetary easing to protect the economy against the global slow-down, following the realization that the expansion in Brazil has ground to a halt. The move does not go far enough, so interest rates will come down further.

CROATIA

The Center-Left opposition alliance has won the elections handily. There is general agreement, though, that the incoming government will face a difficult task trying to turn the economy around. Joining the Eurozone will probably not be high on Zagreb's agenda.

MALAWI

Push is coming to shove as this impoverished country struggles with the loss of vital budget support due to an aid freeze brought on by its increasingly authoritarian President. An IMF delegation is now in Lilongwe to come up with a plan for economic policy changes.

MYANMAR

The rapprochement between the United States and the former Burma should give Western companies greater access, although the process will be slow as sanctions will not be lifted immediately and the decrepit infrastructure cannot be built up overnight. Even so, Myanmar offers a wealth of opportunities.

PERU

Pres. Humala's declaration of a state of emergency to quell anti-mining protests attests to his awareness that the country cannot prosper unless it keeps the welcome mat rolled out for investors. So far, he has done all the right things to convince business that he intends to follow Lula da Silva's path, not that of Hugo Chavez.

RUSSIA

The setback the United Russia party received in the elections is the more embarrassing for PM Putin as it was meted out by disgruntled voters even though the Kremlin used every trick in the book to ensure a good result. It is likely to cause the regime to step up support-building social spending in the months ahead.

SLOVENIA

To just about everyone's surprise, the Center-Left party of the mayor of Ljubljana beat Slovenia's Democratic Party in last Sunday's elections and is now tasked with the difficult job of forming a government. The administration that emerges may not last for its full term.

UNITED STATES

The latest numbers from the US economy show the services sector merely crawling along against the backdrop of growing contagion risks from the European debt crisis. The concern is not direct trade links, but a potential shock to the financial system.

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