

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Greece – a last-minute accord with the “troika”? **Korea (South)** – threats to the just-ratified free trade deal with the US; **Mexico** – oil exports are hedged; **Romania** – what to expect from the new government; **United Kingdom** – another round of quantitative easing.

DOMINICAN REPUBLIC

Despite a difficult international environment, the economy did quite well in 2011. While monetary policy will remain cautious and pragmatic, however, this is an election year and fiscal discipline may not hold up as well as one would wish.

EGYPT

The Muslim Brotherhood wants the incumbent administration sacked, although it is hardly equipped to do a better job at managing the rapidly deteriorating economy. The military rulers, meanwhile, risk a serious deterioration in relations with the US.

FINLAND

Contrary to expectations that Eurosceptic candidates would do particularly well in the presidential elections, the contest was won by the pro-Europe Sauli Niinisto, to the relief of Brussels. The prospects for the Finnish economy have weakened, largely because the growth of exports has been lagging.

GREECE

There is a growing sense that the country is reaching a critical point in its efforts to cope with the debt crisis. The government has an inordinately difficult time implementing a new austerity package, while the troika determining its access to further bailout loans seems resolved to take a hard line. A concession by the ECB may make a compromise easier to reach.

INDIA

Trying to rebound from a frustrating year of policy paralysis in New Delhi, the government has ordered leading state-owned companies to step up their investments. Whether the drive succeeds will depend at least in part on the outcome of impending state elections.

MALDIVES

This renowned tourist destination for the wealthy may be in for a prolonged period of instability, now that a much-applauded democratic transition appears to have gone wrong, ending with something akin to a military coup. A key concern is the rise of a hardline style of political Islam that could make the islands a haven for militant groups.

MEXICO

The governing PAN has picked its candidate for July’s presidential elections, but the race is still wide open and the outcome of the contest remains difficult to predict. The economy is doing better than one would expect, given a difficult international environment.

SWITZERLAND

The past 12 months have been a rough time for the hallowed banking industry and indications are that the troubles are not quite over yet. The newly re-elected government is already under pressure to try and lower the cap that the CB has placed on the franc’s exchange rate.

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