

# Weekly Focus

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April 5, 2012

## TRENDS TO KEEP AN EYE ON

**Brazil** – efforts to support local industry; **Czech Republic** – the country may be facing early elections; **Ukraine** – rescheduling IMF debt will not be easy; **Uruguay** – an investment-grade borrower again.

## ARGENTINA

While the regime is ratcheting up the tension with Great Britain over the Falkland Islands, a renewed war is highly improbable. Argentina would like to win a diplomatic victory, but even this is unlikely. More significant is that Pres. Fernandez & Co. are also raising trade protectionism to new heights in the country's modern history.

## EGYPT

By going back on virtually every promise it has made regarding the country's transition to a democratic form of government, the Muslim Brotherhood is taking considerable chances. Losing the bid for the presidency would be embarrassing for the organization. But winning it would be no bed of roses, either.

## GERMANY

The economy is almost certain to avoid a recession this year. But talk that this is getting the ECB in trouble because the one-size-fits-all monetary policy cannot be adjusted to prevent a German housing bubble is nonsense. The housing market is strengthening, not overheating.

## IRELAND

Facing a taxpayer revolt, the authorities know that they have to be cautious in pushing ahead with the austerity program. This sheds a special light on the impending referendum on the EU's new fiscal compact, as the economy faces greater challenges than was envisaged.

## MALAYSIA

While growth is apt to slow in the months ahead, it will remain appreciable by international standards and the external accounts will stay in strong surplus. Early elections remain a probability, but this is proving to be no deterrent for private investment.

## MOROCCO

The new Islamist-led government spells evolution, not revolution, but it faces tough challenges as it seeks to consolidate its standing with the voters and to manage an economy with a number of inherent weaknesses. The external accounts will remain in fair shape while the dirham stays pegged to its USD/EUR currency basket.

## OMAN

Remedies have to be found to curtail high unemployment among nationals, and this calls for a multi-faceted approach. Indications are that this is being recognized by the Sultan and his people. In the political arena, the roles of the consultative councils have been expanded in a significant liberalization.

## SPAIN

Finance Minister Luis de Guindos has presented a budget with EUR 27-billion worth of austerity measures. The attempt is politically courageous in the light of mounting popular resistance. Whether it will achieve its goal remains to be seen. The markets are doubtful.

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