

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Bahrain –the seeming calm in Manama is misleading; **China** – more currency liberalization ahead; **Malawi** – a death with positive consequences; **Sudan** – still in a state of war; **United Arab Emirates** – pro-democracy advocate groups are not welcome.

EGYPT

The political scene is becoming ever more confused as the first round of presidential elections approaches and the various special interest groups in the country step up their push to gain or retain influence. There is a risk of renewed demonstrations and violence.

HUNGARY

The Central Bank would no doubt like to cut interest rates, but it has little leeway for doing so while international investors are punishing PM Orban and his government for failing to meet quickly EU preconditions for negotiating financial help from the IMF.

INDIA

While forecasts for economic growth continue to be revised downward, the government's new budget is replete with tax measures that not only make it more difficult and expensive for outsiders to invest in India, they also create enormous uncertainty that is sure to keep foreign capital away.

ITALY

The concessions made by PM Monti on labor reform are easy to criticize as a cave-in, but they make sense in light of the greater challenge his government faces. The critical issue is the Center-Left PD, which must remain a pillar of unity for Mr. Monti to succeed.

JAPAN

Although concrete signs of an economic rebound are still few and far between, there is growing indirect and anecdotal evidence that activity is picking up. But there are negative aspects in the outlook, too, and whether the uptick can be sustained is still open to question.

MYANMAR

After decades in the hands of a brutal military regime and in grim isolation under international sanctions, this country is now on a high-speed road to political and economic liberalization. One would do well, though, to temper one's expectations, since the risks of an abrupt reversal have not been totally banned.

RUSSIA

Post-election policies are starting to take shape, based on a cornerstone known as the "Strategy 2020" program. In the absence of strong gains in oil production and huge increases in prices, however, Mr. Putin will find it difficult to sustain a relatively high rate of economic growth and fulfill all of his campaign promises.

SPAIN

A disappointing bond auction has raised fresh worries that the country may need a bailout. PM Rajoy was not overstating the case when he told Senators "without a doubt, a good part of Spain's future is at stake."

Please note: The next issue of these Briefs will be published on April 26, 2012

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