

Weekly Focus

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May 24, 2012

TRENDS TO KEEP AN EYE ON

China – risking a trade war over solar panels; **Czech Republic** – a fresh commitment to fiscal austerity; **Dominican Republic** – the candidate of the ruling party won the presidential poll; **India** – worries about the tottering rupee; **Kuwait** -- political infighting.

BRAZIL

Although officials say that growth is recovering after a disappointing first quarter, the government is stepping up efforts to put more pep into business activity. The latest round focuses on the automotive industry, but there will be more to come in other sectors as well.

CHINA

Premier Wen has heralded action in the fiscal and monetary arena to reinvigorate economic activity, but we still believe that the country faces nothing worse than a soft landing. Importantly, incomes have continued to rise sharply, suggesting that the era of cheap Chinese manufacturing is starting to draw to a close.

MONGOLIA

Former Pres. Enkhbayar has been at least temporarily released from jail, but the manner of his arrest, weeks before general elections, served as a vivid reminder that democracy is only skin-deep in this country. The regime is also taking risks with mid-stream changes in its foreign investment regulations.

MOZAMBIQUE

This country is about to get a huge income boost from coal and natural gas. A key question now is whether the governing Frelimo is capable of managing the boom without letting it get out of control or fuel corruption. So far, the signals from the political arena are not bad.

SERBIA

Even though the presidential elections gave an upset victory to opposition leader Nikolic after a knife-edge parliamentary poll, it is still far from clear what sort of government Serbia will wind up with and what this means for the country's ambition to join the European Union. The signals are mixed.

THAILAND

The economy is bouncing back nicely from the harsh beating it received last year from floods. In the political arena, efforts at reconciliation are not making much progress, while a push is on to rewrite the constitution. This has been distracting attention from the worsening violence in the Muslim South of the nation.

UNITED KINGDOM

The IMF has come out strongly in favor of additional stimulus measures, but with inflation still sticky on the upside the Bank of England is right in treading cautiously. The government has good cause to treat the push for looser budgetary policies with prudence as well.

VIETNAM

The economy has slowed abruptly and this translates into thousands of companies in trouble. The National Assembly is meeting this week to devise a strategy to revive activity, but whether it will come up with a workable plan that addresses the root of the problem is rather doubtful.

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