

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Argentina – the chickens are starting to come home to roost; **Brazil** – credit expansion is becoming worrisome; **Eurozone** – a dangerous drawing of battle lines.

COLOMBIA

The legislature has passed a law that could pave the way for peace talks with Left-wing guerrillas, but at this point any hopes for an end to the long war are still highly premature. The country, meanwhile, is doing very well economically, at least in part thanks to steadily rising oil production.

EGYPT

The Muslim Brotherhood's Morsi has beaten an ex-regime loyalist at the ballot box and Egypt's financial markets felt relief because they hate uncertainty. He will take office with serious handicaps, however, which make it questionable whether he can succeed. Aside from the obvious political pitfalls, he has only a narrow window of opportunity to right the listing economy.

INDIA

Once again a package of measures to stabilize the rupee and encourage foreign investors has disappointed the markets. It was likely the last such attempt by Pranab Mukherjee, who is now on his way to become President. PM Singh may hang on to the portfolio for a while, but it is questionable whether he will use the opportunity to repair his reputation as a reformer.

JAPAN

PM Noda has ended the country's long freeze on nuclear power and succeeded in passing a bill to double the consumption tax. The result is likely to be economically disappointing and it could be politically disastrous. The strong yen, meanwhile, is cutting into exports.

KOREA (SOUTH)

The Finance Ministry has pared down its economic growth expectations for the current year, largely because of the troubles in Europe but also because of other problems such as difficulties in trade with Iran.

PARAGUAY

This country is in for a rough ride as regional neighbors and particularly the Left of the international community seek to punish it for having impeached an ineffectual President. There was nothing illegal in the move by the Paraguayan legislature, but many other governments consider it "illegitimate."

RUSSIA

President Putin has firmed up his position by shifting former government Ministers to the Kremlin while a new law imposes stiff fines on people organizing or taking part in unsanctioned demonstrations. This law is likely to be counterproductive and Putin's promises of a "new economy" are no longer being taken seriously.

UNITED STATES

The US economy is still floundering in troubled waters. In the near term, it is not likely to drift into a new recession. But for the third time in as many years business conditions have weakened sharply after an earlier pick-up and the outlook is so overshadowed by uncertainties that an end to agonizingly slow growth and to the country's jobs woes is not in sight.

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