

# Weekly Focus

By S.J. Rundt & Associates, Inc., All Rights Reserved

August 16, 2012

## TRENDS TO KEEP AN EYE ON

**Argentina** – yet another FX curb that will prove useless;  
**Honduras** – the country has a new Finance Minister;  
**Mongolia** – weeks of political uncertainty appear to have ended.

## BRAZIL

The government has launched a big new package of measures to spur investment and prod the economy to a faster gait. The Central Bank is optimistic that this year's second quarter will be markedly better than the first, but there is at least some question as to whether the new stimulus program can work that fast.

## CANADA

The Bank of Canada still has a bias toward raising interest rates. Even though global problems are holding the economy down and the high-flying local dollar is causing difficulties for many exporters, its position is not unreasonable. China's takeover bid for Nexen, meanwhile, highlights a gradual reorientation of the energy industry toward the East.

## EGYPT

The financial markets, opposition leaders and at least one of the international credit rating agencies have welcomed President Morsi's move to push out the top generals and tear up rules circumscribing his authority. Before one waxes too enthusiastic, however, one would do well to consider the risks emanating from the sweeping powers now held by the President.

## KOREA (SOUTH)

The European debt crisis is affecting the country more seriously than anticipated, prompting the government to let it be known that it is prepared to step up its stimulus efforts. The daughter of the late autocrat Park Chung-hee has now launched a presidential bid of her own.

## PARAGUAY

It is still difficult to determine how seriously, exactly, the effort by Left-leaning regimes in South America to ostracize Paraguay will affect the economy. As it is, growth slowed sharply in 2011 and turned into a decline this year, but the fundamentals are not in bad shape.

## ROMANIA

The political war in Bucharest is far from over and is now having a serious effect on the leu's exchange rate, which the Central Bank is struggling to contain. The mess threatens to hurt the economy just as a persistent wave of extreme heat is raising havoc with the vital agricultural sector.

## UKRAINE

Ukraine is drifting back into the Russian orbit as the EU is preoccupied with its own troubles. The problem lies not so much in a controversial new language law, but in the regime's autocratic tendencies. A caveat for Kiev is the energy hold Moscow has on the country.

## VIETNAM

The authorities have made good progress in stabilizing the economy, but the hard-won achievements, and with them confidence, are still fragile. Still, even though external factors do nothing to brighten the picture at this time, we anticipate nothing worse than a soft landing... Relations with the US are improving as those with China are becoming more tenuous

*This page is provided by S.J. Rundt & Associates, Inc., specialists in country risk assessment, consultants to multinational companies & banks, and publishers of Rundt's World Business Intelligence and The Financial Executive's Country Risk Alert. To order a **subscription** or **individual issues** of these reports, in **print** or by **e-mail**, contact S.J. Rundt & Associates, P.O. Box 1572, Montclair, NJ 07042; Telephone: (973) 731-7502, Fax: (973) 731-7503; E-mail: [info@rundtsintelligence.com](mailto:info@rundtsintelligence.com); Web site: [www.rundtsintelligence.com](http://www.rundtsintelligence.com).*