

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Afghanistan – currency restrictions; **Argentina** – bad news are piling up for Cristina Fernandez; **Iceland** – ready to ditch the krona? **Maldives** – more turmoil ahead; **Vietnam** – deeper into junk-grade territory.

AUSTRALIA

The Australian dollar slumped in response to the Reserve Bank's decision to cut interest rates, but the unit's downturn this time around will be nothing like the dives it experienced at previous, similar occasions. The mining boom has lost steam, but has yet to peak.

EGYPT

While the Egyptian and US governments are trying to smooth ties after the attack on the US Embassy in Cairo, there is growing resistance in the US Congress to stepped-up financial aid to Egypt. What Western donors should pay more attention to are the battles that have erupted over the drafting of a new constitution.

GEORGIA

The country is winning a big victory with the peaceful transition of power that will follow the opposition triumph in the elections. It is now headed for a period of uncertainty, though, since the head of the victorious alliance, Ivanishvili, is still a largely unknown quantity and cohabitation between him and the incumbent President Saakashvili will not be easy.

GREECE

The leaders of the governing coalition have agreed on a new austerity package of spending cuts and tax hikes, but now the government has to get the troika to sign off on the deal and the latter has to close an internal rift. Time is running out and public resentment of the latest belt-tightening is still growing.

IRAN

There is no longer much doubt that the sanctions are biting hard, so much so that they have triggered a virtual collapse of the rial and are leading to massive street demonstrations. This is very late in the game, however, and it is quite doubtful that the Iranian regime will be deterred from its pursuit of nuclear arms.

RUSSIA

President Putin has hit the "reset" button, but in his relations with Prime Minister Medvedev. Ties with the US are fraying as Mr. Putin seeks to depict the US as an enemy in his crackdown on domestic dissent. This has been turning the mood in the US Congress against Moscow.

SPAIN

Bank stress tests indicate less need for capital infusions than many had anticipated, and the government has issued a tough new budget for 2013. Just the same, the financial markets remain nervous, since the country's overall borrowing needs for next year will almost certainly require Madrid to ask for an EU/IMF bailout.

TURKEY

PM Erdogan has won a big victory over the once all-powerful military, but it could prove to be Pyrrhic, with ill influences from the violence in Syria being felt more & more. The economy is running out of steam, and the project of turning Turkey into the Dubai of Europe is too premature to show much success in the near term.

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