

# Weekly Focus

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## TRENDS TO KEEP AN EYE ON

**Brazil** – tax incentives for mortgage-backed securities; **Libya** – a proposed new government; **Netherlands** – agreement on a governing coalition; **Thailand** – the CB caves to political pressure.

## ARGENTINA

President Fernandez is plowing ahead with her statist/nationalist policies, but the consequences of this course are increasingly coming to haunt her. The lowering of the voting age to 16 from 18 in time for a critical mid-term election may not help her as much as she evidently hopes.

## COLOMBIA

The negotiations between the government and the FARC guerrillas that are now getting under way may or may not have a positive outcome, but the country is already being viewed as much safer by foreign investors. The government has unveiled a tax reform bill meant to simplify the system, close loopholes and create jobs.

## INDIA

The CB is resisting calls from the Finance Ministry for lower interest rates. But the government's policy changes have been well-received by the financial markets, so that the Reserve Bank can hold its horses until inflation has subsided. PM Singh has reshuffled his Cabinet, bringing 17 new faces into the administration.

## ITALY

The government has announced a tax cut for low-income earners, which is, however, not doing much to brighten the picture. In the political arena, the conviction of former PM Berlusconi for tax fraud does not mean much in practical terms, nor is his announcement that he does not plan to lead his party into the next elections necessarily the last word on the matter.

## NIGERIA

The budget for 2013 is an exercise in responsibility by Finance Minister Okonjo-Iweala, who is trying hard to restore some order to public finances. Hers is clearly an uphill battle and the improvements she does achieve will prove difficult to preserve.

## RUSSIA

The regional and municipal elections were troubled by the same "irregularities" as last December's poll, but they confirmed the Kremlin's grip, which under Putin's leadership is continuing to get tighter and less friendly toward the United States. Economic growth is slowing, but Russia remains far removed from a recession.

## UNITED STATES

Despite some encouraging spots in the economic picture, the overall outlook remains dim and the best one can predict at this point is sluggish growth well into next year. The "fiscal cliff" is not likely to happen, but nothing truly positive will come out of talks to prevent it.

## YEMEN

Violence alone cannot deal with the centrifugal forces threatening to tear the country apart, and drone strikes are just as likely to add to the ranks of the militants as they are capable of thinning them. Needed are economic development and poverty relief, but while aid promises have been generous, payouts have been slow and the leadership to make the money work is lacking.

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