

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Bahrain – the schism keeps widening between increasingly radicalized wings of the opposition and the regime, virtually guaranteeing more violence; **Belize** – the government has rejected a restructuring proposal by holders of its debt.

ARGENTINA

The troubles for President Fernandez are piling up and the country, once again, appears to be moving to the brink of a debt default. Although her popularity ratings are in the basement she can hang on for the time being. As 2013 progresses, though, Argentina could become increasingly unstable.

CYPRUS

While the government claims it is close to a deal with the European Union and the IMF on a financial bailout similar to the support Eurozone members such as Greece have been getting, there are apparently still important obstacles to overcome. But time is now running out.

EGYPT

An initial agreement with the IMF on an emergency loan had raised hopes that the economy may be turning the corner and starting to attract investment, but Pres. Morsi's power grab has newly darkened the outlook. It is not only jeopardizing the deal with the IMF but also aid from the EU and other official lenders.

GREECE

Athens, the IMF and the EU have agreed on a debt deal that will buy the Hellenic nation time. But it is more like a band aid on a gaping wound than a well-thought-out compromise. The greatest uncertainty now is whether the Greek electorate is willing to stay with the program while the economy continues to deteriorate and unemployment rises further.

KOREA (SOUTH)

The monetary authorities have lowered the caps on the currency forward positions banks are allowed to hold, both to brake the won's relentless rise and to remove some of the volatility to which it has been exposed. More measures are likely to follow.

MEXICO

President-elect Pena Nieto has helped shepherd a wide-ranging, if watered-down, labor reform bill through the legislature. Mexico is changing in ways that will profoundly affect the US, so much so that one has to wonder why official Washington is paying so little attention to it.

SOMALIA

Thanks to the international community, which has rallied around Somalia to bring an end to chronic instability, famine and violence, this volatile nation has a chance to step out of its dismal past. The road toward stability remains a long one, though. Whether the international will power will endure remains to be seen.

VENEZUELA

The bolivar has plummeted in unregulated trading, signaling that a sizeable formal devaluation is now widely expected. This goes hand in hand with the belief that the regime will soon boost debt sales to get dollars, in which case a weaker exchange rate comes in handy. Right now, though, President Chavez' health is the main focus of speculation.

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