

# Weekly Focus

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## TRENDS TO KEEP AN EYE ON

**Afghanistan** – plans for incentives to attract foreign investment; **Ireland** – the sixth austerity budget in a row; **Singapore** – inflation begets labor unrest; **United Kingdom** – at risk of losing its triple-A rating; **Venezuela** – fresh speculation about Pres. Chavez’ illness.

## BRAZIL

Efforts to stimulate the lackluster economy are running into limitations without any sign yet that they are having the desired effect. In the political arena, the ruling party has been hit by a new wave of corruption charges, but these will probably not hurt President Dilma Rousseff .

## CANADA

The BoC kept interest rates unchanged this week, with a nod to weakened growth. But Governor Carney pulled no punches in warning that his institution’s low-rate policies and those of other Central Banks are adding an extra layer of risk to the already stressed financial system.

## FRANCE

The government is seeking to depict the deal with AcelorMittal as a victory, but it has nothing to crow about and its relations with the unions have deteriorated, which could be a problem as it seeks to get their approval for critical labor market reforms. The economy is certainly not benefitting and will remain in near-stagnation, the Elysee’s latest “battle plan” notwithstanding.

## GERMANY

Chancellor Merkel has won the overwhelming approval of her party to lead it into next year’s elections. But the government’s most immediate challenge is to coax the economy out of its current slowdown, and as it does, investors should keep an eye on the country’s banks, which are vulnerable.

## HUNGARY

The government seems determined to return to the international bond market without the benefit of a long-awaited IMF/EU bailout deal. The go-it-alone policy is risky, however, as there has been no improvement in the economy’s fundamentals.

## ISRAEL

The jockeying for position in the Israel-Palestinian confrontation will ultimately not benefit anyone. This is a discouraging thought for the longer term. In the short run, the Palestinian Authority’s financial problems will, once again, move into the foreground.

## SLOVENIA

It is not without consequence that the opposition candidate, who won the presidential election, is eager to cooperate with the government in tackling the economic crisis. While the administration has an ambitious but sensible plan, it is not certain that the populace will go along with it, so a common sense of purpose at the political level is essential.

## SOUTH AFRICA

Jacob Zuma has had no trouble winning overwhelming support for a second term as leader of the ANC (and thus President). But there is no guarantee that the labor unrest will not flare up again, and in the interim the effects are beginning to show, both in the domestic economic results and in the nation’s external accounts.

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