

Weekly Focus

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December 13, 2012

TRENDS TO KEEP AN EYE ON

Cayman Islands – the arrest of the Premier is a blow to the reputation; **Kuwait** – another new parliament and another new government; **Ukraine** – the new Premier will have to come to terms with the IMF.

AUSTRALIA

Mindful that the boom in mining is probably peaking, the Reserve Bank has cut interest rates. This may have more of an effect in Australia than in, say, the United States, but it has not done much to undermine the Australian dollar's overly strong exchange market position.

ITALY

The announcement by PM Monti that he is stepping down has made the outlook completely opaque. It would be premature, though, to conclude that Italy will now quickly shift to policies diametrically opposed to the tough austerity course the Premier has pursued.

MALI

The most immediate effect of the Prime Minister's ouster is to confuse further an already hesitant international response to the country's North turning into a vast sanctuary for Islamist terrorists. The prospects for a negotiated deal are dim. Surprising is, though, that the economy has been holding up reasonably well, at least so far.

MEXICO

President Pena Nieto has unveiled an enormously ambitious reform plan. The big plus is that the scheme carries the signatures of the leaders of the other two big parties in parliament. But the language of the plan is still woolly and the devil is usually in the details.

RUSSIA

The Kremlin has hit the US with new barriers against imports of US meat. But Russia is also at odds with the EU over its obligations as a member of WTO, and Pres. Putin is putting a whole program into motion to "limit negative effects" from joining this body.

UNITED KINGDOM

A poor outlook for growth is forcing the government to stretch out the time during which it will have to keep the purse strings tight, and this is heating up the political climate. The blow also helps to create dissent among the Tories concerning the EU budget.

UNITED STATES

The Fed is working toward the creation of a monetary cliff that will pose a challenge once interest rates start to rise. In the more immediate future, though, the US economy is threatened by the much-discussed fiscal cliff, and the powers that be may not do what it takes to avoid it.

VENEZUELA

President Chavez' return to Cuba for yet another cancer operation has given the financial markets upwind on the expectation that the opposition will now get another chance to make a bid for power. For now, though investors may do well to temper their enthusiasm.

Please note: The next issue of these Briefs will be published on January 3, 2013

WE WISH ALL OUR READERS A MERRY CHRISTMAS AND A HAPPY, HEALTHY AND SUCCESSFUL NEW YEAR

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