

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Belize – a debt restructuring agreement; **Egypt** – hard currency will remain in short supply; **Turkey** – France is trying to re-launch EU membership talks for Ankara; **Venezuela** – trying to hold down inflation by force.

ECUADOR

President Correa is headed for a landslide victory in the impending elections and his ruling Alianza Pais party will probably gain seats in parliament. This is apt to cement Correa's claim to inherit the mantle of Hugo Chavez as the leader of Latin America's group of populist nationalist governments.

GREECE

While another round of tax increases adds to the austerity fatigue of the hard-pressed population, there are tiny green shoots appearing that may herald the beginning of an economic recovery toward the end of this year. But the social tensions will not go away even if the economic outlook starts brightening.

INDIA

The economic growth outlook remains weak, but the Finance Ministry will not abandon its fiscal deficit reduction plans and the Reserve Bank remains limited in the monetary and credit easing it can engineer without risking a rebound in inflation. This has given rise to predictions that the country will lose the economic race with China.

IRELAND

There is now a good chance that Ireland's "Project Red" will lead to the first successful exit from a Eurozone rescue program. If so, this will not only do Ireland a world of good, but also the country's partners by solving one of their top conundrums in 2013, namely how to get bailed-out nations back to funding themselves.

KYRGYZSTAN

Revolving-door governments suggest a political instability that does not make the country attractive to foreign investors. Bishkek now seems determined to throw in its lot with Russia. It is again trying to renegotiate a mining deal with Centerra Gold, in a confrontation that could have serious consequences for the economy.

RUSSIA

The government, under pressure from Pres. Putin to re-accelerate the economic expansion, is deeply divided on what should be done. There is no doubt that public investment will be stepped up, and the CB will find it increasingly difficult to resist demands that it ease monetary policy.

TUNISIA

The assassination of opposition leader Chokri Belaid has dramatically raised political tensions. Coupled with the economic frustration that has been simmering, the risk is growing that Tunisia could slide into instability.

VENEZUELA

The latest devaluation of the bolivar was widely expected, but its exact timing surprised nonetheless, coming right after the government had announced harsh spending cuts. The downgrading will benefit the state to some extent, but have only negative consequences for the private sector. It was insufficient to have a lasting effect, moreover, which is why the pundits are already talking about the next debasement.

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