

Weekly Focus

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February 21, 2013

TRENDS TO KEEP AN EYE ON

Jamaica – the country is seeking to restructure debt, again; **Poland** – an upgrade in the country’s credit rating; **Tunisia** – the government has resigned and tensions will get worse.

BULGARIA

PM Borisov bent over backwards to placate anti-government protesters, but in the end he threw in the towel and submitted his resignation. The problem is that anyone taking his place will not have much more elbowroom for loosening the national belt. The economy should enjoy faster growth this year.

CHINA

Economic growth has bottomed out and is starting to accelerate again. The country’s external accounts show that its relationship with the rest of the world is becoming more balanced, a trend reinforced by the fact that the People’s Republic is starting to lose some of its edge as the world’s factory floor.

COLOMBIA

The government will borrow less abroad than originally intended to take upward pressures off the peso and will use monetary policy to boost economic growth and lift inflation. In the political arena, peace talks between the government and the FARC guerrillas are making very slow progress, but for now both sides appear committed to continuing the negotiations.

ICELAND

Court support for the government’s refusal to make taxpayers pay for the follies of private bankers in the “Icesave” debacle was a major victory for Iceland, but to say that this will enable the country to rid itself of capital controls is premature. The CB hints that the krona may never be restored to a free-floating regime.

ISRAEL

Given the success of the Yesh Atid party in the January 22 elections, conventional wisdom now holds that PM Netanyahu will have to move to the political center on all issues. But this is way too simplistic a notion. His position will be a bit more middle-of-the road in some matters, but rather less flexible in others.

KENYA

The economy is doing quite well and activity has been picking up. With elections only a couple of weeks away, however, the question of whether they will lead to renewed, widespread violence is still wide open.

MEXICO

The economy has remained resilient, supported by both external and domestic demand, and the prospects for the current year are for nothing worse than a moderate slowdown. The external accounts will remain in fine fettle and President Enrique Pena Nieto is already making progress with his ambitious reform plan.

SOUTH AFRICA

In defending the record of his first term as President, Jacob Zuma is blaming the global economic crisis. While he will have to face a challenge in his second run for high office, there is little doubt that he will be re-elected. Fending off a new round of mining unrest will be an early problem he must resolve. There is also a consumer credit bubble developing.

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