

# Weekly Focus

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## TRENDS TO KEEP AN EYE ON

**Czech Republic** – another close call for the government; **Ethiopia** – dealing a rebuff to Egypt; **Italy** – local elections give PM Letta a boost; **Luxembourg** – twin votes of no confidence in parliament; **Sudan** – still arguing with the South; **Switzerland** – an arrow into the heart of bank secrecy.

## BRAZIL

The government may have won the currency war, but the victory has turned out to be a Pyrrhic one. Substantially increased exchange rate volatility is now hurting the investment the country would need to crank the economy into higher gear.

## ETHIOPIA

The nation's finances are not keeping up with the government's development plans and this also affects import payments. Generally, the regime is not giving private business much leeway. In Addis Ababa's international relations, those with Cairo are becoming tense over plans to dam the Blue Nile.

## HUNGARY

It appears, at least for the time being, that the Orban government's unorthodox approach to economic policy is proving to be more successful than we had anticipated. The country's exit from the EU's Excessive Deficit Procedure removes a threat of financial sanctions. But longer-term threats remain.

## LIBYA

The short-term outlook for the economy is favorable, but there are considerable risks, ranging from persistent security chaos and an energy industry bedeviled by strife to a law barring Qaddafi-era officials from office and another one forbidding the payment of interest.

## MEXICO

Tensions between the government of Pres. Pena Nieto and the dinosaurs in the ruling PRI have erupted into the open and so have divisions within the conservative PAN, which could jeopardize critical reform plans. The fact that economic growth has slowed considerably is not helping.

## PAKISTAN

Easing the country's energy crisis and ending the US drone strikes seem to be top-ranked goals on Prime Minister Sharif's to-do list. Both imply a move closer to China and away from the US. Better relations with India appear to be an important objective as well, but all of these goals will require difficult compromises.

## QATAR

There are strong indications that the ruling family is preparing for a leadership transition to a younger generation that would be quite unusual in the Gulf Arab world. It may, over time, lead to gradual policy changes, which would happen only over the longer run, however, and would be anything but dramatic.

## VIETNAM

Though allowed to remain in his job, the Prime Minister was dealt a rare rebuke by parliament in a demonstration of discontent over endemic corruption and a once thriving economy stagnating under the weight of bad debt. The regime is working on both problems, but they are deeply engrained and will not be easily ended.

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