

# Weekly Focus

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## TRENDS TO KEEP AN EYE ON

**Argentina** – the creation of a new kind of funny money; **Sierra Leone** – bankers and others are banned from travelling abroad without police clearance; **Thailand** – a sharp cut in rice subsidies and a new Commerce Minister.

## BANGLADESH

The US decision to cancel GSP privileges will have more of a symbolic impact than a real one, but a similar decision by the EU would hit much harder. The economy is resilient and official FX reserves have been rising, but most of the risks are currently on the downside.

## CONGO (DEMOCRATIC REPUBLIC)

A new UN force is being put in place to combat M23 rebels, but its success is far from certain. This country has been mismanaged and torn apart by centrifugal forces ever since independence, and there are a variety of other armed groups challenging its unity. There is currently not much hope for an economic rebirth.

## CROATIA

The country has joined the EU at a time when it is facing a fifth year of recession and Brussels is still trying to contain the Eurozone crisis. While many are questioning the wisdom of having Zagreb make the move at this time, Croatia is not facing dramatic or immediate risks. The government wants to adopt the euro as the country's currency as quickly as possible.

## EGYPT

There is no telling yet what the ultimate outcome of the coup will be that deposed President Morsi, but it is clear that the military will continue to be the key. The risk of increased violence is now high and only the men in uniform can keep the country from sinking into turmoil. In the end, economic developments will be critical.

## IRELAND

Falling exports have put the country back into recession just as hopes were rising that it would be able to exit successfully from its bailout program. Ireland will be helped by an easing of the terms of this rescue, but Dublin watches with concern the UK's conflicts with the European Union.

## PHILIPPINES

The local stock market has taken a beating, but not because of any new concerns about business conditions in the Philippines. Rather, the dive was caused by expectations that the US Fed will taper its monetary stimulus. The Philippine economy is growing strongly, with manufacturing now underpinning it.

## PORTUGAL

The resignation of the second Cabinet official in two days has sharply increased the risk that early elections may have to be held. This has added to upward pressures on interest rates and raised big question marks over the country's exit from its bailout program, planned for mid-2014.

## UNITED KINGDOM

While the economy is starting to show signs of life, austerity policies will have to be sustained past the next elections. Such projections should be interpreted as a challenge to Labour to offer alternatives. Meanwhile, rising anti-EU sentiment may boost nationalist candidates in next year's European elections.

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