

Weekly Focus

By S.J. Rundt & Associates, Inc., All Rights Reserved

July 14, 2011

TRENDS TO KEEP AN EYE ON

Eurozone – The sovereign debt crisis seems to have entered a new and potentially more dangerous stage, now involving Spain and Italy in addition to Greece, Portugal and Ireland. What to expect...

ARGENTINA

President Cristina Fernandez has named Economy Minister Boudou as her running mate for October elections she is heavily favored to win, and one conclusion one can draw from this is that she is intent on continuing the statist/interventionist policy line she has been following since donning the sash of office.

AUSTRALIA

The economy is continuing to do very well. PM Gillard's popularity has been dented. Even so, there is little likelihood of her changing basic policies, in part because she does not want to, but in part also because the makeup of her administration gives her little, if any, leeway.

BRAZIL

The government is already considering further steps to battle the real's exchange-market rise. For now, a significant lessening of the currency's buoyancy is not in sight. Largely overlooked by investors, meanwhile, is the growth of a credit bubble that could cause a serious blowout some way down the road.

EGYPT

One of the more positive signals coming out of Cairo of late has been a document issued by al-Azhar spelling out its vision for the country. The planned parliamentary elections will be delayed, but while this is a good thing in some respects, it threatens to prolong the time in which the country has poor economic leadership.

ISRAEL

The so-called Quartet remains determined to drag Israel and the Palestinians back to the negotiating table, although this conflict, at least for now, has become a mere sideshow to the Arab Spring and the prospects for a meeting of minds are now worse than they have been in a long time.

JORDAN

The Kingdom has seen its share of demonstrations. The demands for political reform are proving hard to meet and so are those for economic improvements, even though Jordan can count on stepped-up assistance from the US and regional donors.

MEXICO

The authorities have cut in half punitive tariffs on imports from the US, now that a deal aimed to resolve the cross-border trucking dispute has been signed... In the political arena, the PRI is poised to stage a remarkable comeback in next year's presidential elections.

UNITED STATES

The markets seem to be betting that the increasingly acrimonious negotiations about an increase in the Federal debt ceiling will have a benign outcome. They shouldn't be so sure. The US Fed, meanwhile, has indicated it is prepared to "act" if the economy warrants it, but it has pretty much exhausted its arsenal.

*This page is provided by S.J. Rundt & Associates, Inc., specialists in country risk assessment, consultants to multinational companies & banks, and publishers of Rundt's World Business Intelligence and The Financial Executive's Country Risk Alert. To order a **subscription** or **individual issues** of these reports, in **print** or by **e-mail**, contact S.J. Rundt & Associates, P.O. Box 1572, Montclair, NJ 07042; Telephone: (973) 731-7502, Fax: (973) 731-7503; E-mail: info@rundtsintelligence.com; Web site: www.rundtsintelligence.com.*