

# Weekly Focus

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August 4, 2011

## TRENDS TO KEEP AN EYE ON

**Denmark** – No official appetite for extending bank guarantees; **Ecuador** – indications of external-account troubles and official discussion of new import controls; **Japan** – a desperate BoJ move to bring down the high-flying yen; **Turkey** – an unorthodox CB strategy and the end of a political era.

## ARGENTINA

Pres. Kirchner is still all but certain to win re-election, but in light of the latest developments she may have to work harder at it than previously thought. After the balloting, she may tighten the fiscal purse strings, but other policies that have contributed to the anti-business atmosphere in the country will not change.

## BRAZIL

The government offers tax breaks to local manufacturers, is extending a subsidized loan program, and has announced a new Buy-Brazil plan to offset the burden placed on industry by the high-flying real. It is also stepping up its monitoring of country-of-origin regulations.

## KYRGYZSTAN

The economy is in bad shape and getting worse, seriously mismanaged by a government that clearly does not know what it is doing. There is also a growing risk that simmering ethnic tensions may erupt again.

## MALAYSIA

PM Najib is now virtually certain to postpone any call for early elections, hoping that the anger aroused by a rather brutal suppression of an opposition rally blows over. In trying to be one of the Southeast Asian Tigers, Malaysia still has a few strikes against it. But the ringgit is, and will remain, a strong currency.

## NEW ZEALAND

Even though the economy has continued to be hit by aftershocks since the massive temblor last September, the omens are good for an acceleration of economic growth in the second semester against the backdrop of persistently low interest rates.

## TAJIKISTAN

The economy has been emerging from the global crisis, but it is now being pressured by a host of problems that threaten to undo the gains it has made. One upshot is likely to be a further deterioration in the country's relations with its neighbors, largely over water resources.

## UKRAINE

Economic growth remains solid, still powered primarily by exports, but domestic demand is also recovering. Pres. Yanukovich will try to stick to his difficult balancing act between the EU, of which he would like to make Ukraine a member, and Russia, which seeks to pull the country into its new Customs union.

## UNITED KINGDOM

GDP numbers for the second quarter have given rise to a fresh chorus of demands that the government reverse its tight-budget policies. Fortunately, there is next to no chance that PM Cameron and his team will comply, while the Bank of England will keep interest rates low and monetary policy loose.

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