

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Latvia – on the comeback trail; **Lithuania** – at odds with Poland; **Turkmenistan** – growing economy, but worried regime; **Nicaragua** -- Ortega is set to win an unconstitutional re-election; **Norway** – the latest safe-haven currency; **Uzbekistan** – persistently tough times for business.

GREECE

It bears repeating that Greece cannot work its way out of its debt and deficit problems with austerity alone and that ultimately a default will become unavoidable, with the main question being whether it will be structured and orderly, or chaotic. The latest round of belt-tightening in Athens does not change this, and neither would the second bailout that is being debated.

HUNGARY

By signing on to his party's latest populist proposal to bail out households swamped by foreign-currency debt Prime Minister Orban threatens to do serious and possibly lasting damage to the nation's banking system and growth.

IRELAND

The economy has been returning to growth, but the recovery is still fragile and threatened by forces over which policy makers have no control. While budget adjustments are on track to meet EU/IMF requirements, further austerity measures may still be needed down the road.

KENYA

The CB has raised its benchmark interest rate in a frantic struggle to restore its credibility after a number of policy mistakes earlier this year that caused the shilling to tumble in the exchange markets. While the rate hike should be of some help, though, it will probably not be sufficient to repair all the damage.

LIBYA

World leaders are trying to free up cash to help restore vital services and start rebuilding. At that, it seems that scuffles are already breaking out in and outside the country for control of the oil wealth. The nature of the post-Qaddafi political system remains open to question.

SRI LANKA

The government has announced that it will let some emergency measures lapse, but it is doing so under increasingly intense international pressure, not out of a desire to promote national reconciliation. Economic growth has slowed, but it remains quite brisk, supported by financial help from abroad.

TUNISIA

The transition to a functioning democracy is proving to be much more difficult than had been imagined by those who launched the revolt. There are signs that the old guard is regrouping amid uneasiness over the leading party of Islamists. Foreign aid is slow in arriving and the economy is struggling to recover.

VIETNAM

The National Assembly has become more assertive, but one should not conclude from this that the country is becoming more democratic. While the economy is now slowing, growth is still quite brisk. The external accounts warrant watching, though.

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