

Weekly Focus

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

November 24, 2011

TRENDS TO KEEP AN EYE ON

Japan – a new, stealthier way of FX market intervention; **Korea (South)** – turbulent ratification of the trade pact with the US; **Portugal** – the bailout may fall short; **South Africa** – taxes may be imposed on some exports and a bill threatens the freedom of information.

AUSTRIA

With an eye on defending the country's triple-A credit rating amid concerns that the government may have to bail out banks because of losses in Eastern Europe, supervisory authorities have instructed the institutions to limit future lending by their CEE subsidiaries.

BRAZIL

The real's exchange market softness seems likely to persist for a while, even though the country has just been given a vote of confidence by Standard & Poor's. This suits prospective foreign investors such as China's CCP and Sinopec, which are seeking to gain a solid foothold in Latin America.

CHINA

More & more statistics point to slowing economic growth, but to a soft rather than hard landing. In a pilot program, the central government is now permitting some regional and local authorities to issue bonds for the first time in almost two decades, while cracking down on off-balance-sheet lending by banks.

EGYPT

The government has reconsidered its rejection of an IMF loan, but the ongoing violence may scare investors enough to accelerate the country's slide toward a BoP crisis that could lead to a sharp depreciation of the pound and, possibly, the imposition of exchange and capital controls.

HUNGARY

The outlook is becoming dicey again and the country's own policies are clearly part of the problem, which makes one wonder how serious the authorities are now when they say they would like to strike a new deal with the IMF. A full-fledged crisis is not imminent, but the country bears watching.

RUSSIA

The impending return of Vladimir Putin to the Presidency suggests that much needed reforms will continue to be lagging. Pushed vigorously, instead, will be intensified economic cooperation between CIS members to establish the Eurasian Union Mr. Putin seeks to build.

SINGAPORE

The authorities expect economic growth to stall and this will undoubtedly persuade them to favor a softer Singapore dollar... There has been talk that the City State will toughen penalties for illicit financial transactions such as money laundering, including that involving proceeds from tax evasion, and the financing of terrorism.

SPAIN

Indications are that Prime-Minister-Elect Rajoy may be able to pull off a Hail Mary Pass by bringing in drastic economic reforms. It is telling, though, that he already has had to beg the markets for more time, and there is no certainty that they will comply.

*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.*