

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Argentina – still more import controls, now against the UK; **Australia** – Gillard won a battle, but still has to fight the war; **Belarus** – ever more isolated; **Brazil** – battling the real's buoyancy; **Somalia** – a turning point for a failed state? **South Sudan** – no end in sight to the conflict over oil; **Venezuela** – new concerns about President Chavez' health.

CHILE

The economy will not stay unaffected by the global slow-down, but the government has plenty of leeway to provide a strong stimulus, should the need arise. Under the circumstances, one would expect the President to be popular, but he has fallen sharply in the opinion polls.

ECUADOR

Under Pres. Correa, Ecuador has been stepping ever closer to becoming a dictatorship. Thanks to high oil prices the economy is still making good progress, but the external accounts are much less healthy looking than one would expect.

GREECE

The foundations are now in place for this country's second bailout. Time has been gained, but unfortunately, for now that is all one can say. The arrangement will prove neither to be a final solution for Greece, nor will it end the confidence crisis facing the Eurozone.

IRELAND

A negative outcome of the referendum on the European fiscal compact cannot derail this treaty, but it could have a major influence on Ireland's standing in the credit markets. Having gained the concession that it can use some privatization receipts for job creation, the government is proceeding with a sell-off of assets.

SINGAPORE

The economy will put in a weaker performance this year than last, troubled by a deteriorating external environment. December's rebound in exports is likely to prove short-lived, but there is certainly no threat to the country's international-liquidity position.

SOUTH AFRICA

Economic growth this year will fall far short of what the country needs to make good progress against unemployment and poverty, and the government's budget will not provide much of a stimulus. This risks stirring social and labor unrest and providing support for increasing resource nationalism.

SPAIN

Trying to arrange for the settlement of past-due bills owed by municipal and regional administrations, the government in Madrid is seeking to get a handle on how much in such debt is really out there. Also, efforts to get Brussels to agree to a softening of fiscal deficit-reduction targets are now in high gear.

UKRAINE

Seemingly deadlocked negotiations with Russia over gas imports have been driving up investor fears of a rise in default risks, to the point where the cost of insuring Ukrainian state debt is now higher than that for Argentine IOUs. The economy will suffer in the months ahead.

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