

Weekly Focus

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TRENDS TO KEEP AN EYE ON

Azerbaijan – robust growth, promising prospects;
Bahamas – mild slowdown ahead; **Bangladesh** – aware of impeding BoP problems; **Bosnia and Herzegovina** – little is going well after 20 years; **Costa Rica** – another earthquake and its consequences; **Dominican Republic** – lower interest rates.

AUSTRIA

The economy did relatively well in the second quarter, remarkably so if one considers the environment in which it had to operate. Results for the second half are likely to be less positive, but a recession does not appear to be imminent.

BAHRAIN

There is no end in sight yet to the unrest that has been keeping the Kingdom on edge ever since the Monarchy invited GCC forces to help beat down a mass uprising in March last year. This leaves prospects rather bleak and suggests that the economy will continue to suffer.

BOLIVIA

The economy has been doing well, thanks not only to high commodity prices (especially for oil and gas) and, thus, favorable terms of trade, but also due to prudent macro-policies. Nonetheless, President Morales is finding it increasingly difficult to govern, even though he now controls most of the levers of power in the country.

EGYPT

Anti-US riots, which have met with little interference by the security forces, serve as a vivid reminder that President Morsi and his increasingly powerful government are hardly pro-West, although they will gladly exploit Western sources of economic aid. Western companies eager to invest would do well to look twice before jumping into long-term commitments.

NETHERLANDS

The outcome of the elections was more decisive and much less troubling than the pundits had anticipated. The result will be a middle-of-the-road and probably stable government. It will not be anti-European, but will still be a prickly participant in Eurozone bailout negotiations.

SPAIN

The new backstop from the ECB has helped shore up confidence in the Eurozone and has lowered borrowing costs for Spain, making it possible for Premier Rajoy to postpone a request for a new bailout. The calmer climate will not last, however, as the economy is even weaker than previously thought.

SYRIA

While the end of Al-Assad's regime is probably near, there is no telling yet how long the bloody civil war will still drag on. Assad does not have much of a chance to survive in office, but exactly how it will all end is still unpredictable and in the interim economic conditions will go from bad to worse.

UNITED KINGDOM

PM Cameron's first Cabinet reshuffle had two principal objectives, to shore up support within his own party and to narrow the gap between reformist rhetoric and delivery. Whether either has been achieved remains to be seen, but talk that the governing coalition is about to break up is certainly premature.

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