

# Weekly Focus

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## TRENDS TO KEEP AN EYE ON

**Bahrain** – socio-political tensions are on the rise again; **Czech Republic** – the government squeaked through its biggest challenge yet; **Greece** – another austerity package; **Iran** -- imports of “luxuries” are banned; **Turkey** – an attempt to get NATO involved.

## FRANCE

The Socialist government is breaking some key election promises with the partial adoption of a pro-business strategy recommended in a report it had commissioned. The measures will go some way in bolstering the economy’s competitiveness, but not nearly far enough.

## HONG KONG

Hot money unleashed by “quantitative easing” in the Western world is causing problems in Hong Kong. The authorities are fighting back, and the struggle has revived speculation that the HOG’s peg to the US dollar may be severed. We continue to believe that such talk is premature.

## MONGOLIA

With the power supply issue resolved for the giant Oyu Tolgoi mine, the government will turn its attention to the investment agreement that governs its development. The economy is still the fastest-growing in the world, albeit with a high rate of inflation and – for now – external-accounts pressures.

## SAUDI ARABIA

The appointment of a new Interior Minister is an important step toward a new generation of leaders. It will, however, highlight rather than resolve the frictions between reformers and religious hardliners. The economy is benefitting greatly from high oil prices and production.

## SPAIN

PM Rajoy is still hesitant to go to the EU for another bailout. The “bad bank” that is in the process of being set up may not do the job as well as expected, however, and economic conditions are going from bad to worse. Soon, the Premier may be left without room for maneuver.

## TURKEY

The country has taken a big step toward regaining its investment-grade credit rating. The move by Fitch looks justified, even though there are still soft spots in Turkey’s armor. Referring to one, the CB says the country will stake future growth on exports, with nearby markets taking on ever greater importance.

## UNITED KINGDOM

The economy did better in the third quarter than most had expected, and this will help PM Cameron to stay the course in his deficit-reduction campaign. This is not to say that differences within the coalition have vanished, and there are still rifts among the Tories themselves.

## UNITED STATES

The business community eagerly waits to see how the re-elected President Obama, able to rely on a Democrat Senate but still facing a Republican-dominated House, will fulfill his vow to reach out to both parties to forge compromises. Critical early tests are impending.

**Please note: The next issue of these Briefs will be published on November 22, 2012**

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