



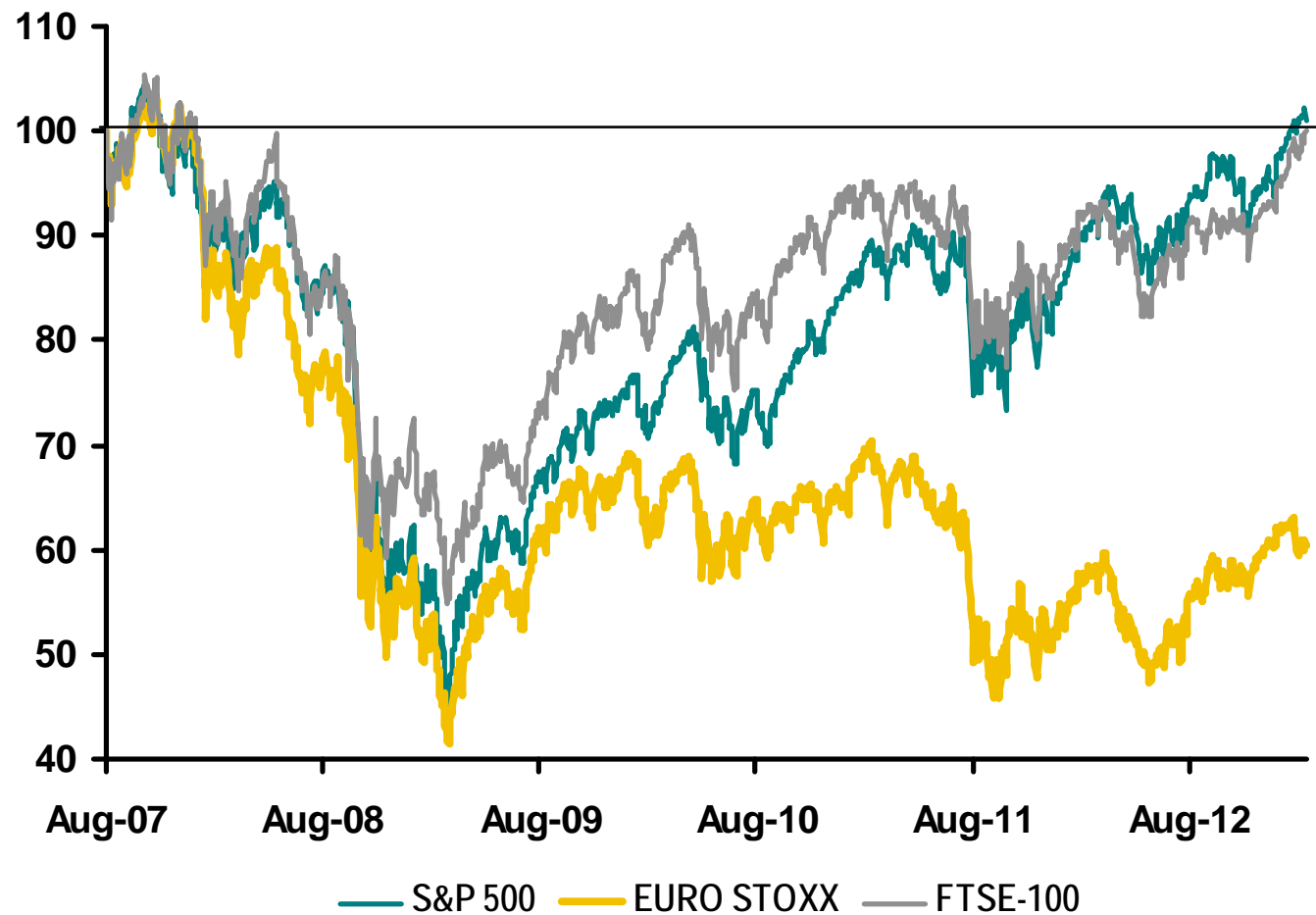
# Is the crisis over?

ABN AMRO Group Economics

Aline Schuiling  
Macro Research  
Athens, 27 February 2013

# Equity markets back at pre-crisis levels

100 = 8 Augustus 2007



# Largely thanks to ECB president Draghi

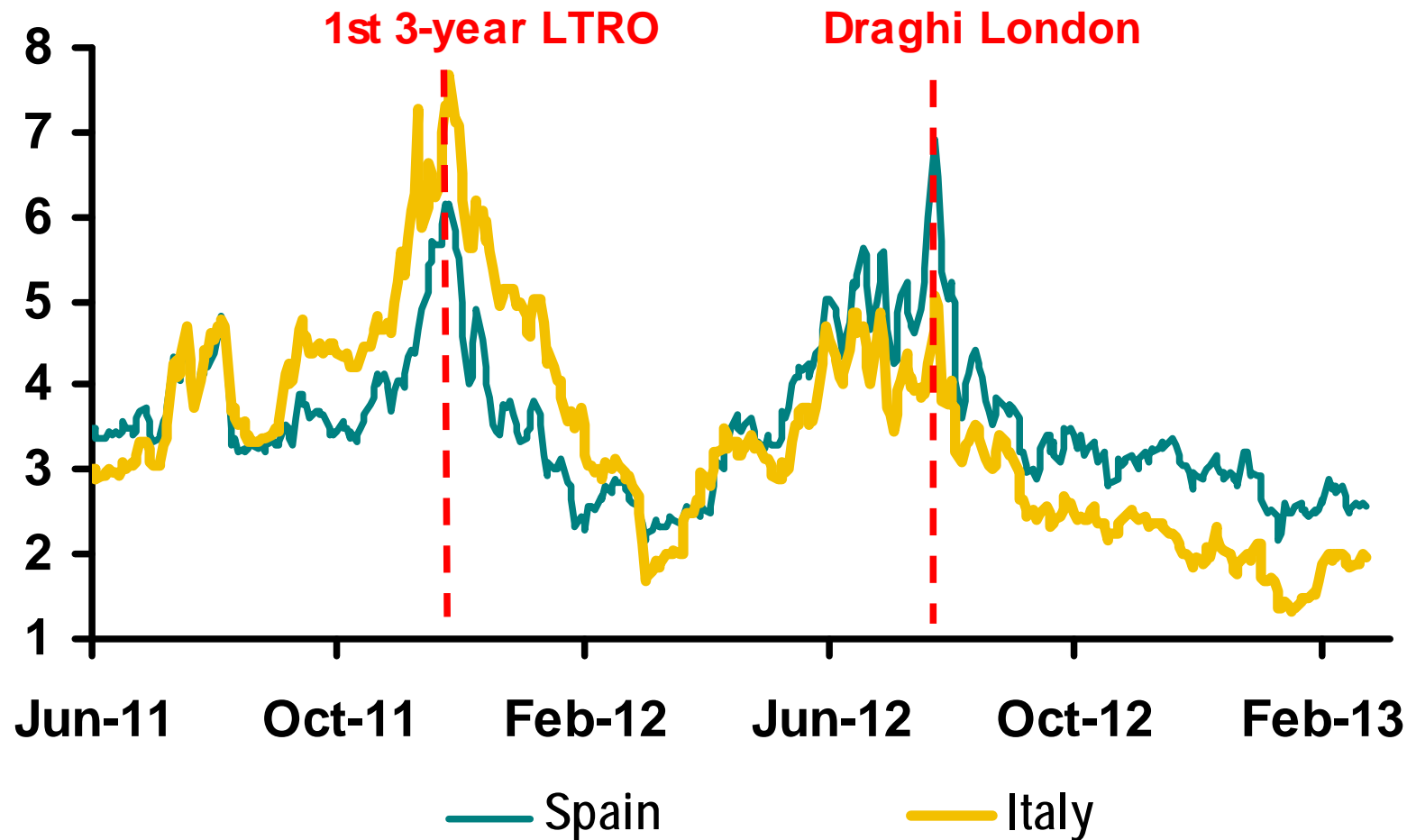
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**July 2012:**  
***“The ECB is ready  
to do whatever it takes  
...believe me it will  
be enough”***

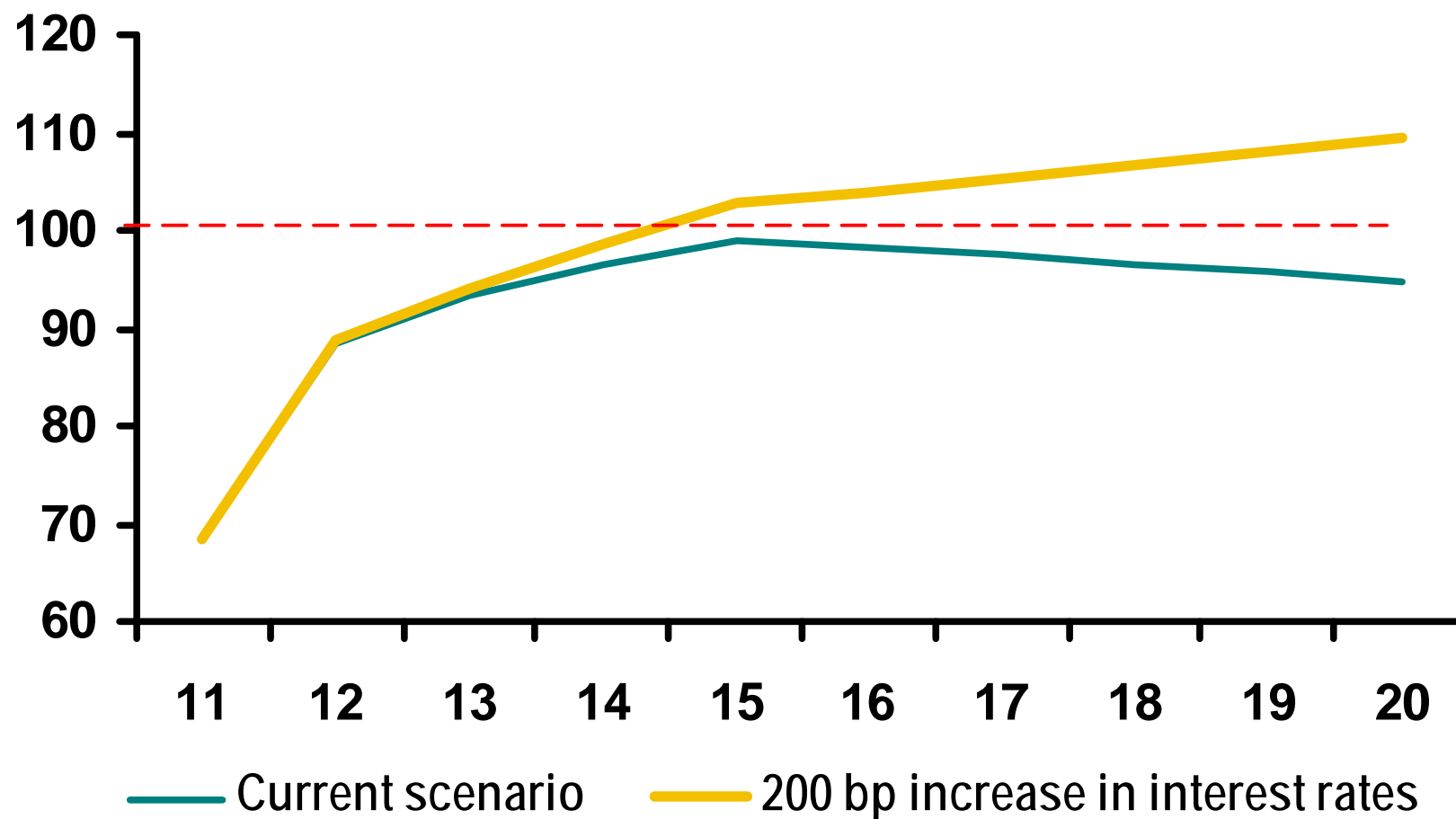
# Sovereign financing costs have dropped

%, 2-Y government bond yield



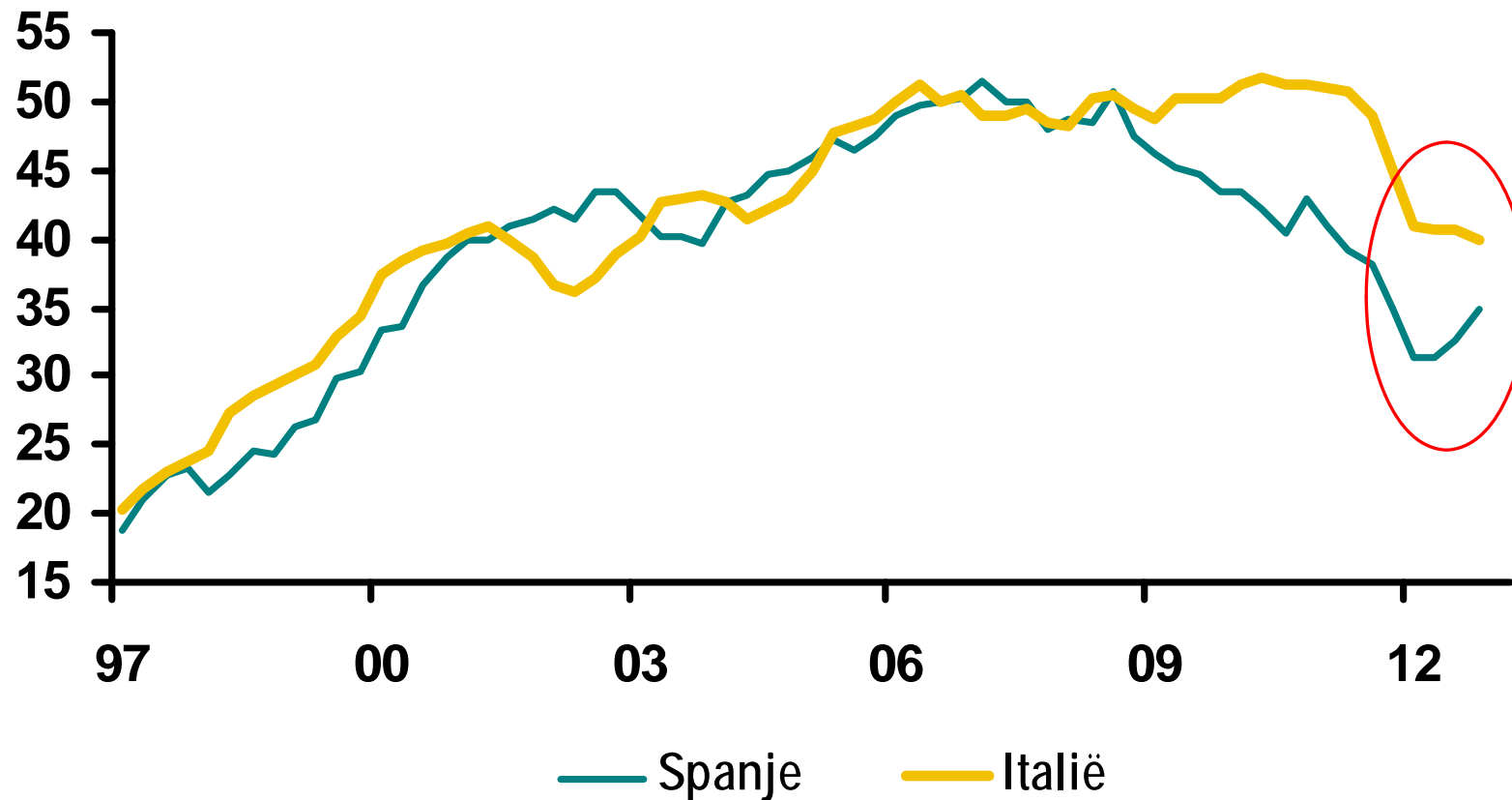
# Government debt sustainable again

Spain, government debt % GDP



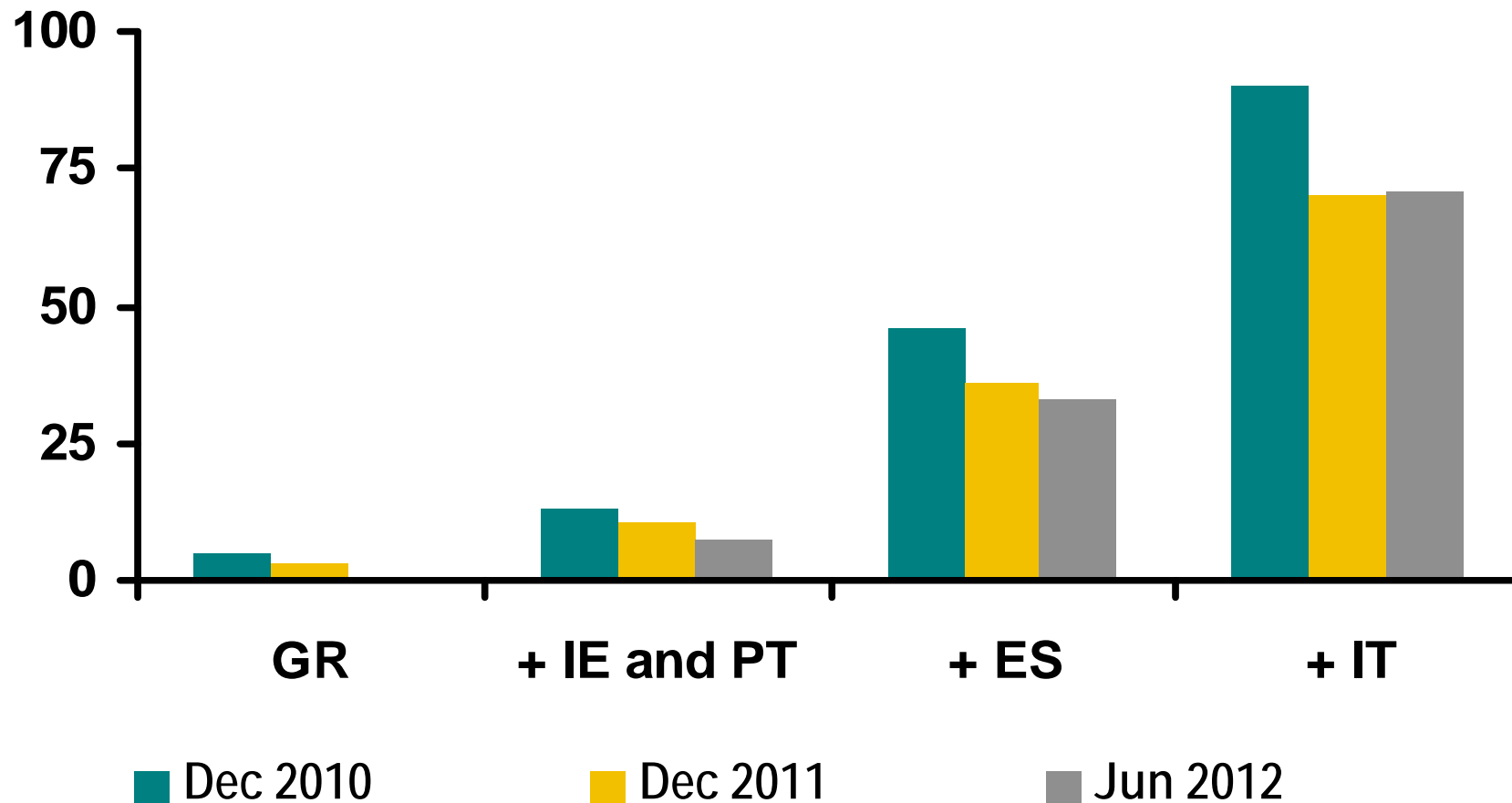
# Foreign investors no longer running for the exit

Foreign holdings of government debt, % share in total



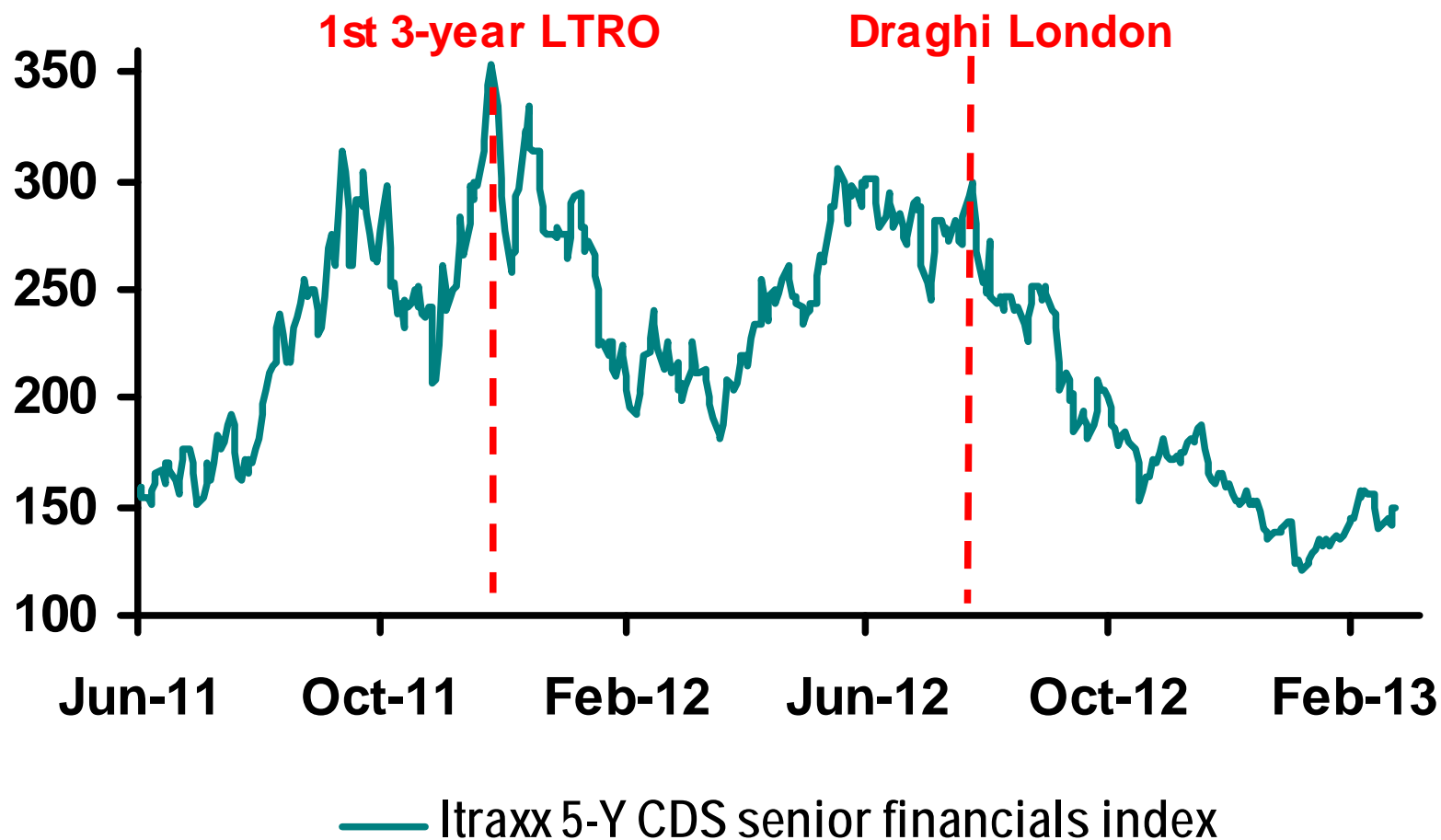
# Chances of financial explosion have declined

Eurozone commercial bank holdings of peripheral sovereign bonds, % tier 1 capital



# Tensions in financial system have eased

index





# Spanish PM Rajoy: hoping things stay quiet

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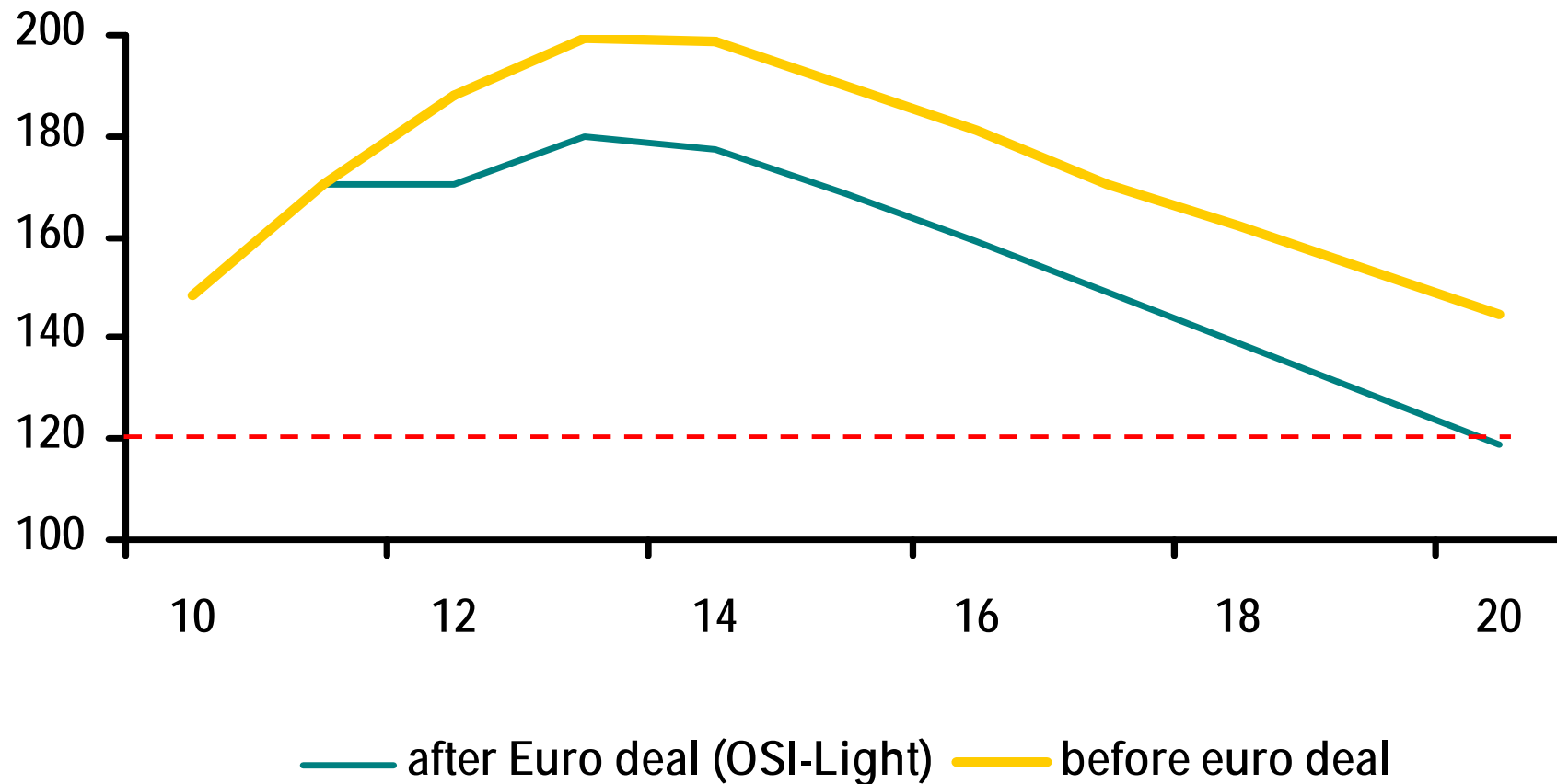
# Italy: Silvio is back!

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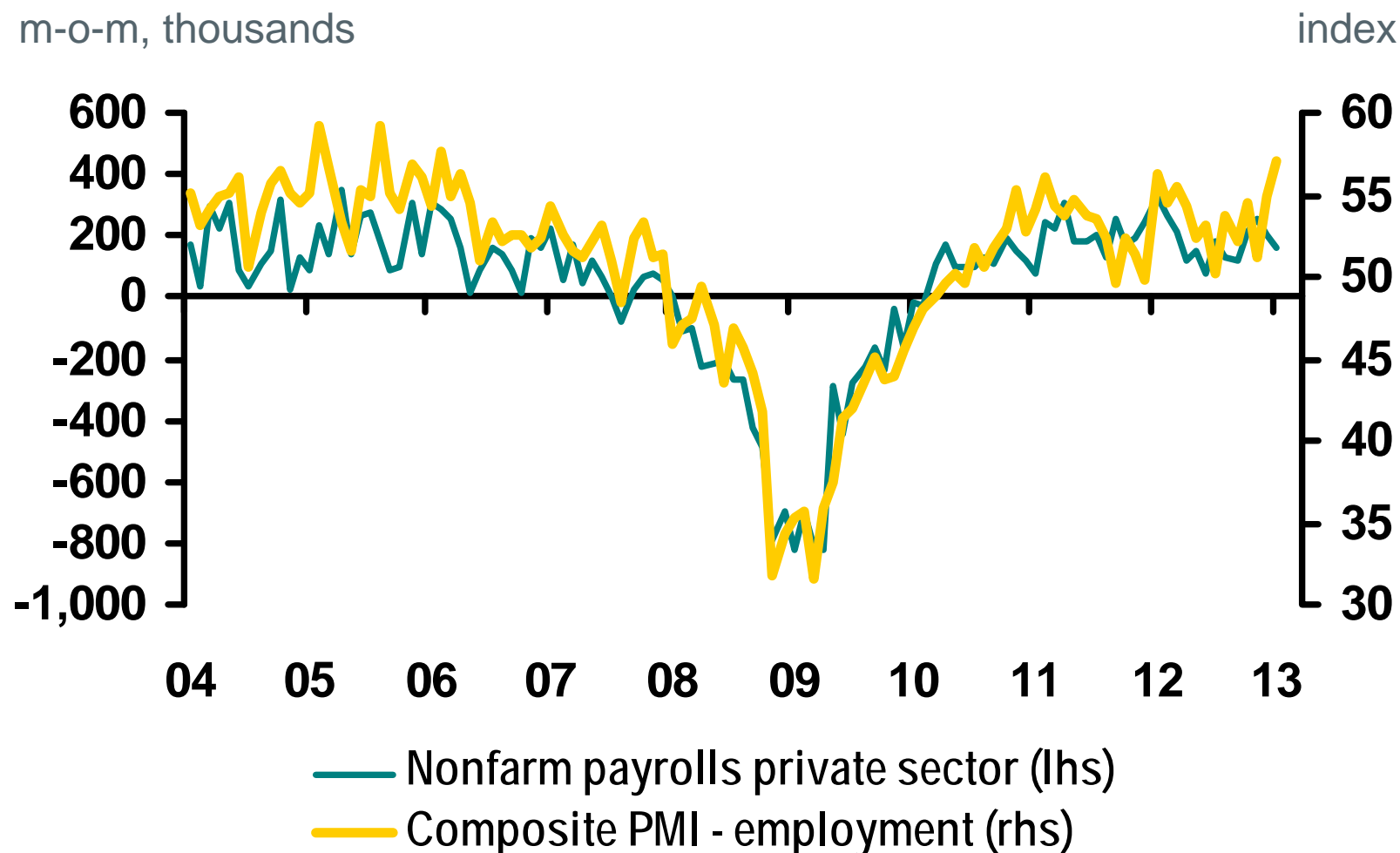


# Greece: more debt relief, but will stay in the euro

Government debt, % GDP

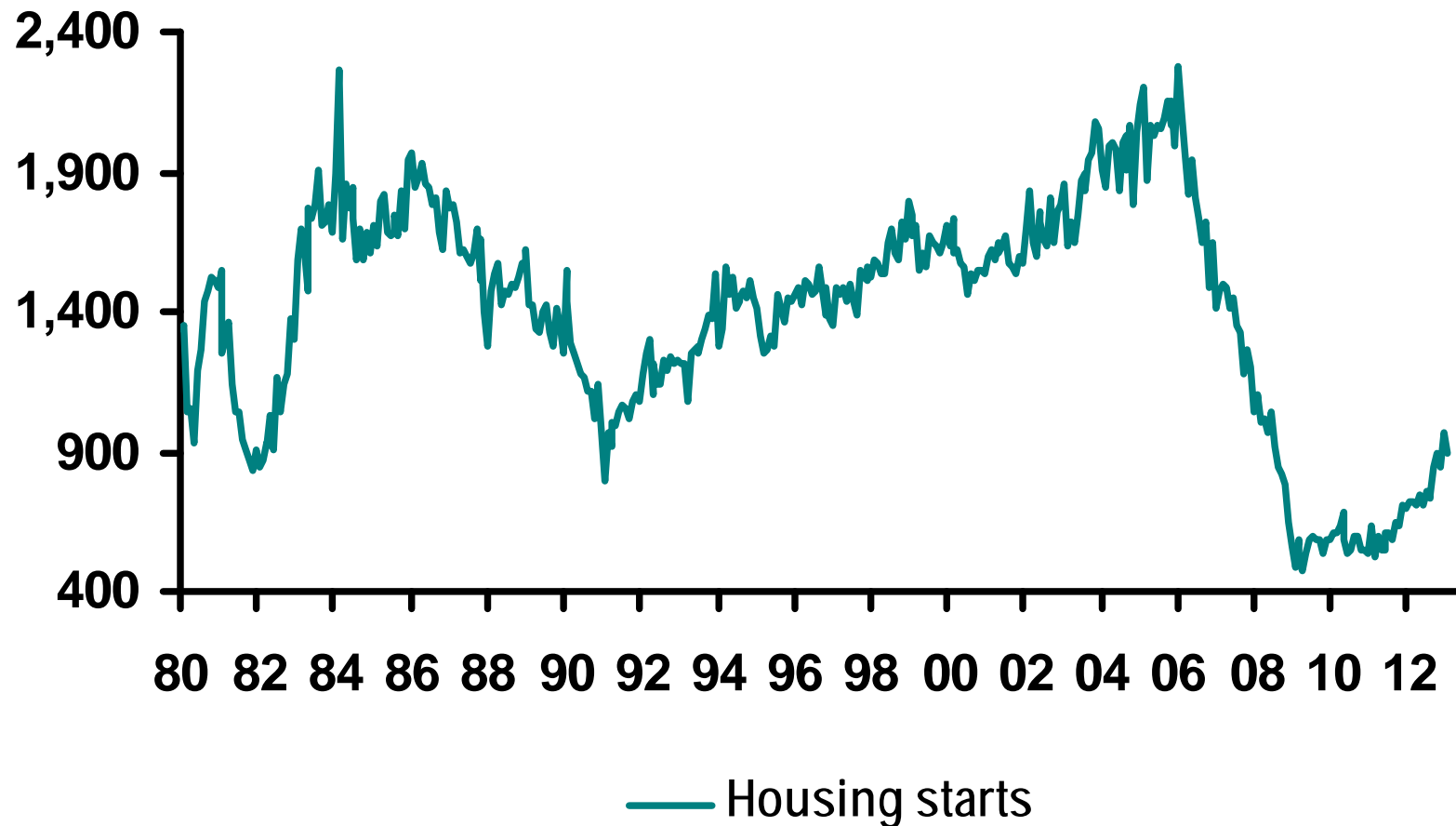


# US: labour market gains strength



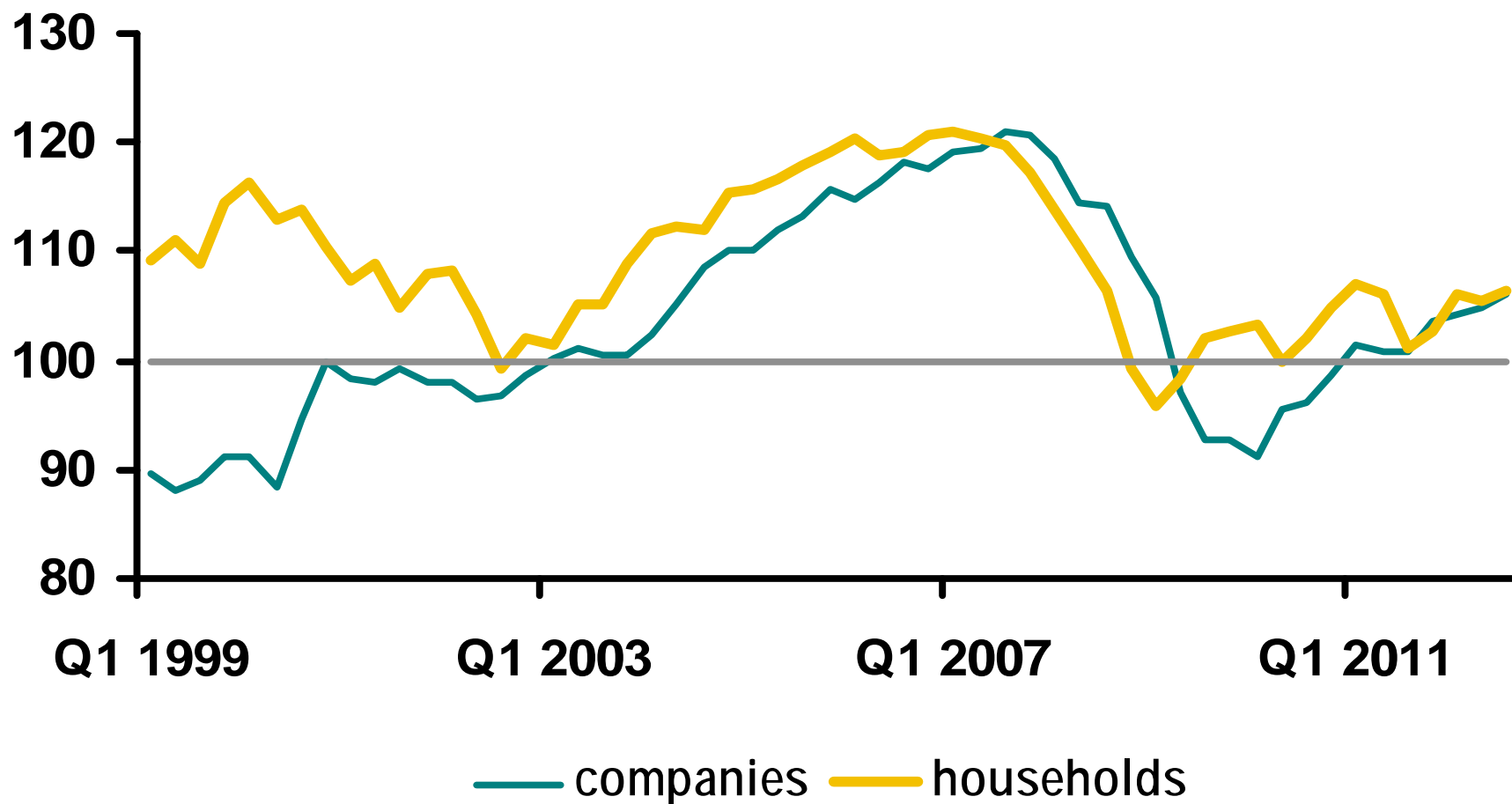
# US: housing market has turned the corner

Housing starts, 000s



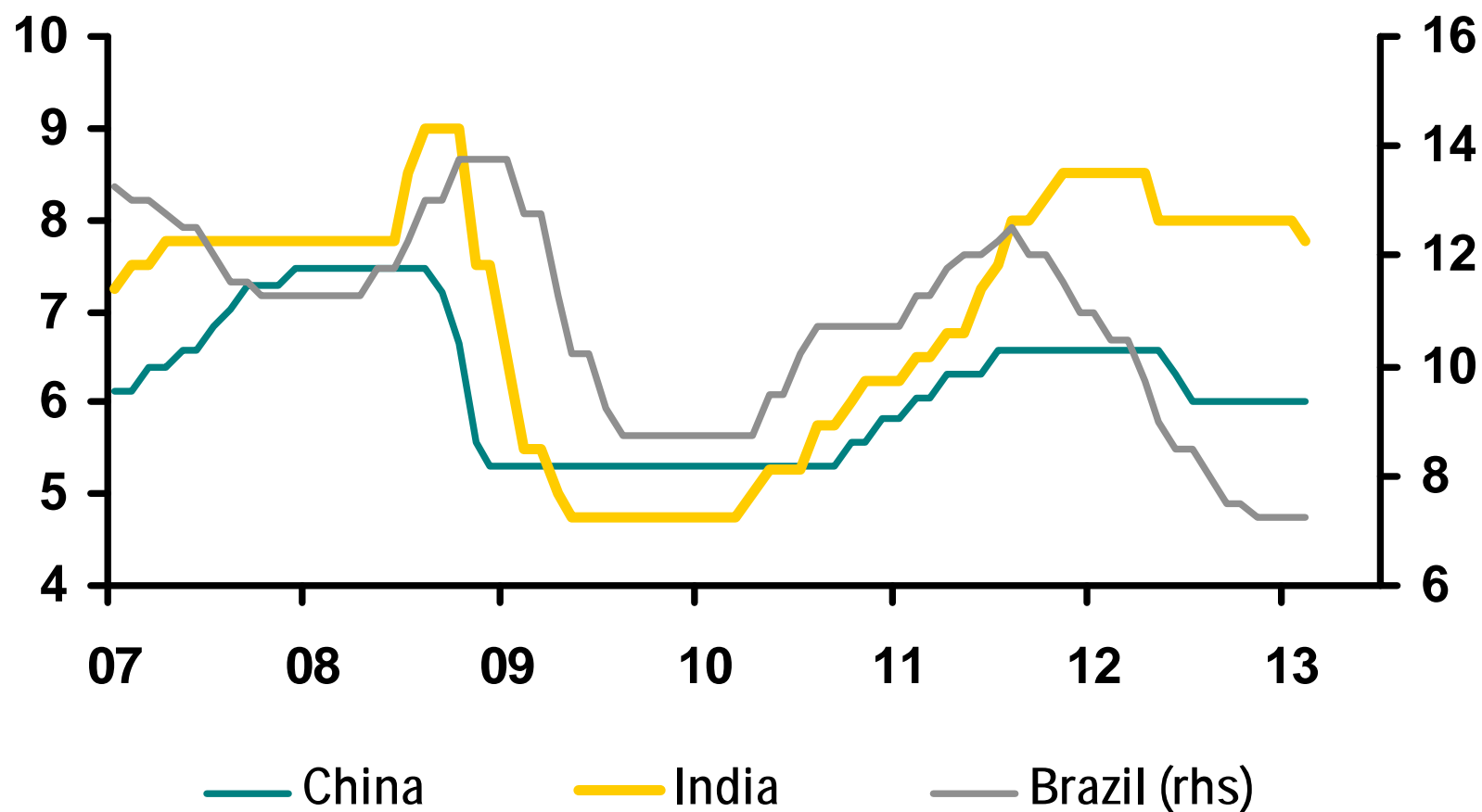
# US: private sector balance sheets back in health

US assets minus liabilities % GDP, 100 = long-term average



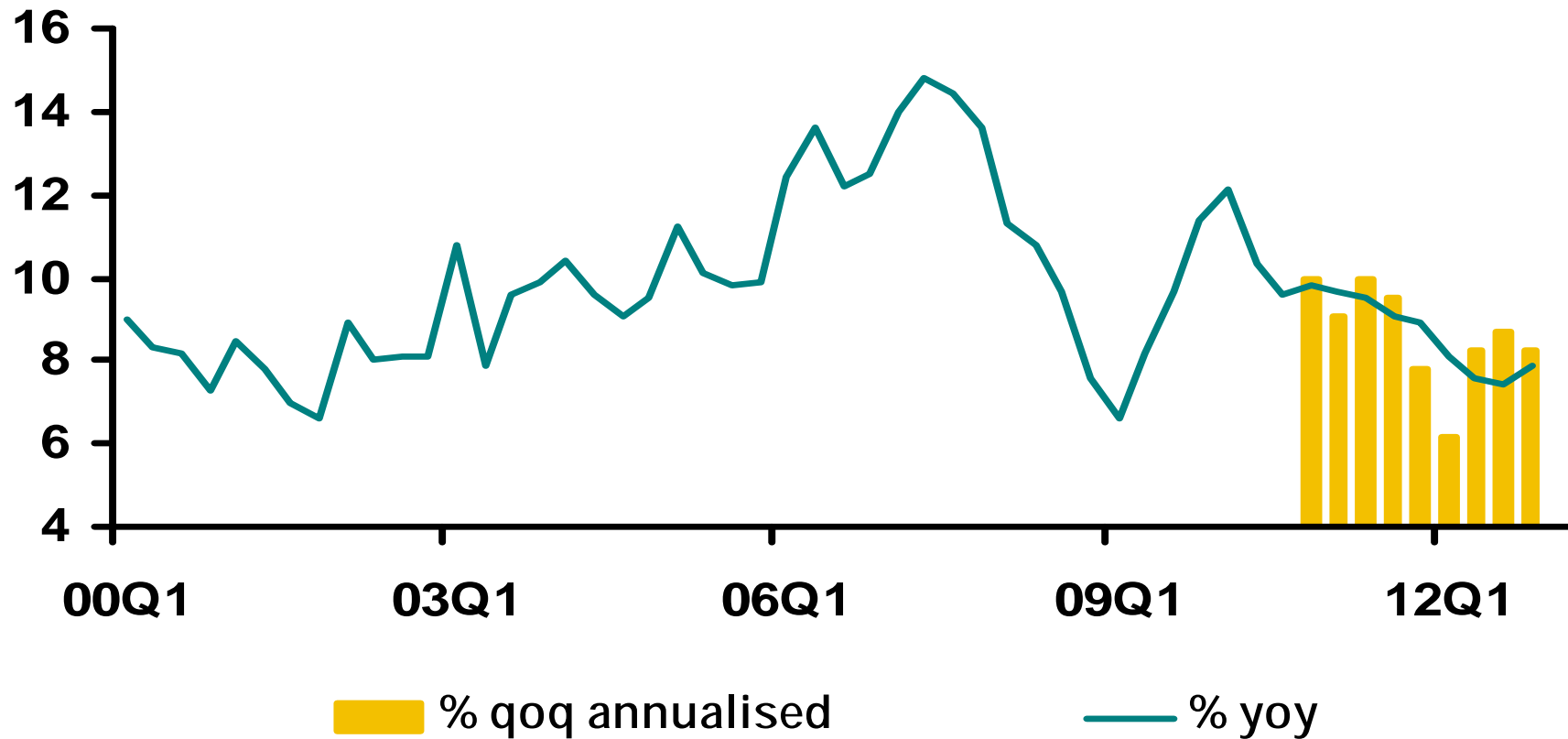
# Emerging market policy easing

Central bank policy rates, %



# China seems to have achieved soft landing

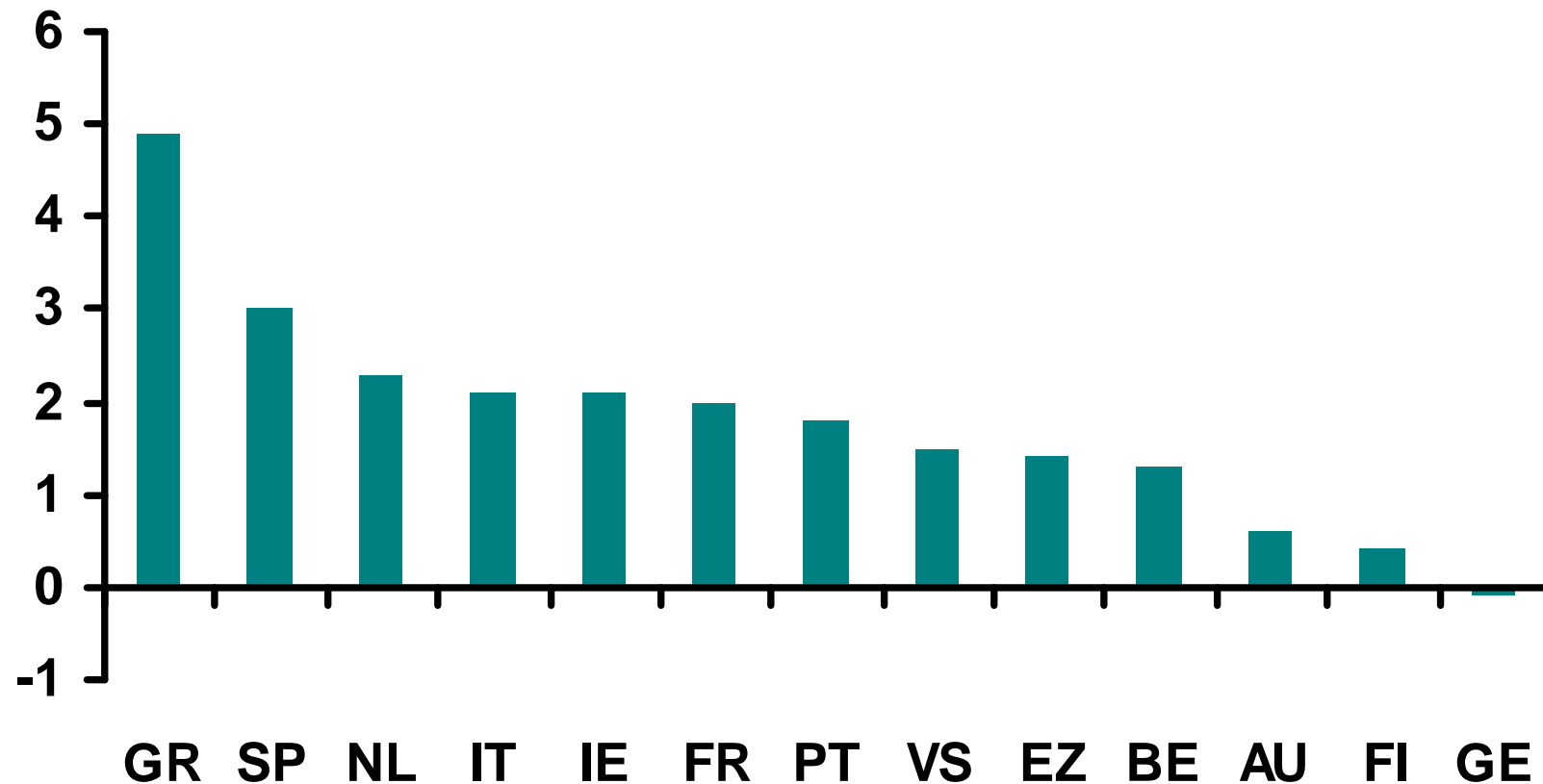
GDP growth





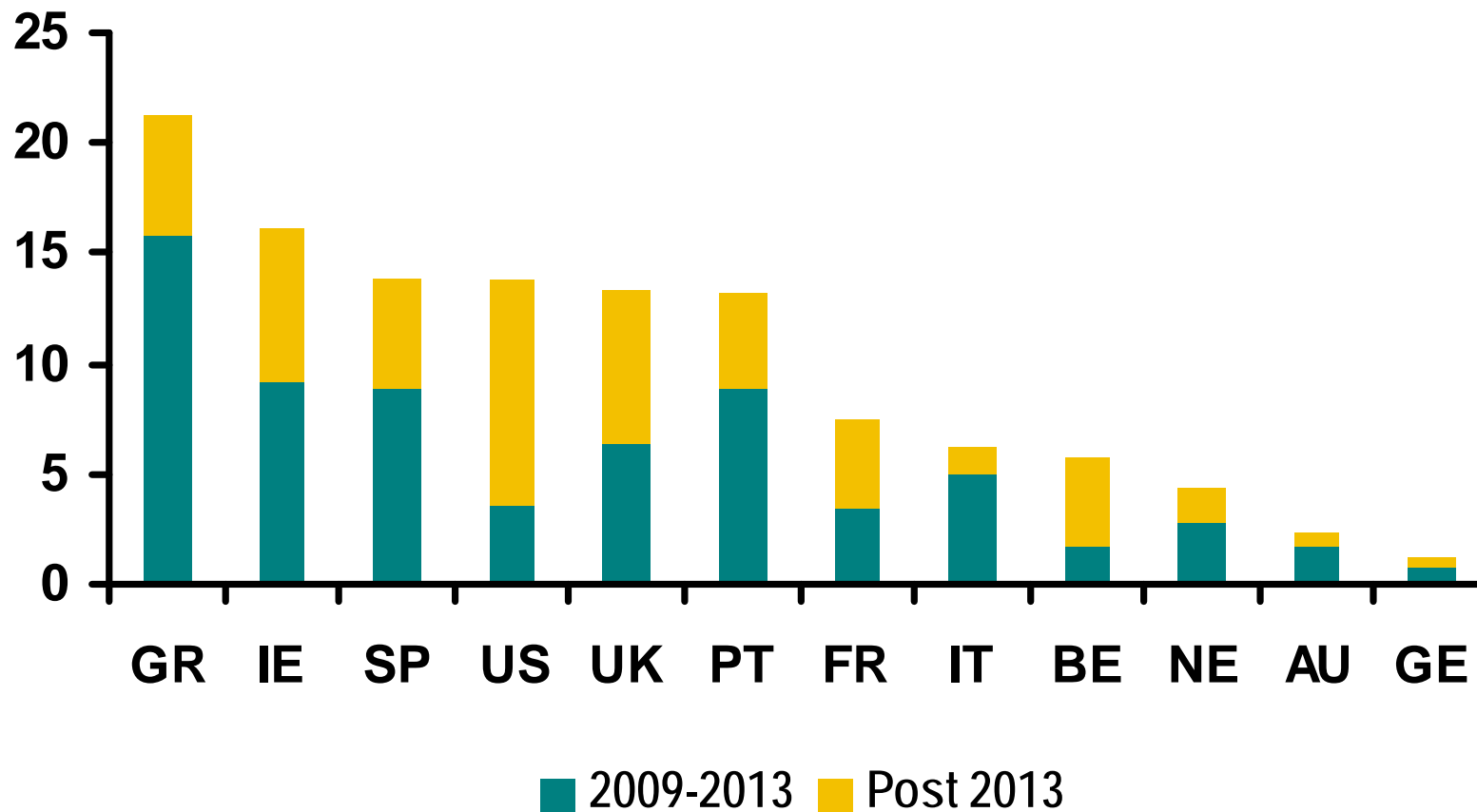
# Large budget cuts will weigh on growth

Budget cuts scheduled for 2013, % GDP



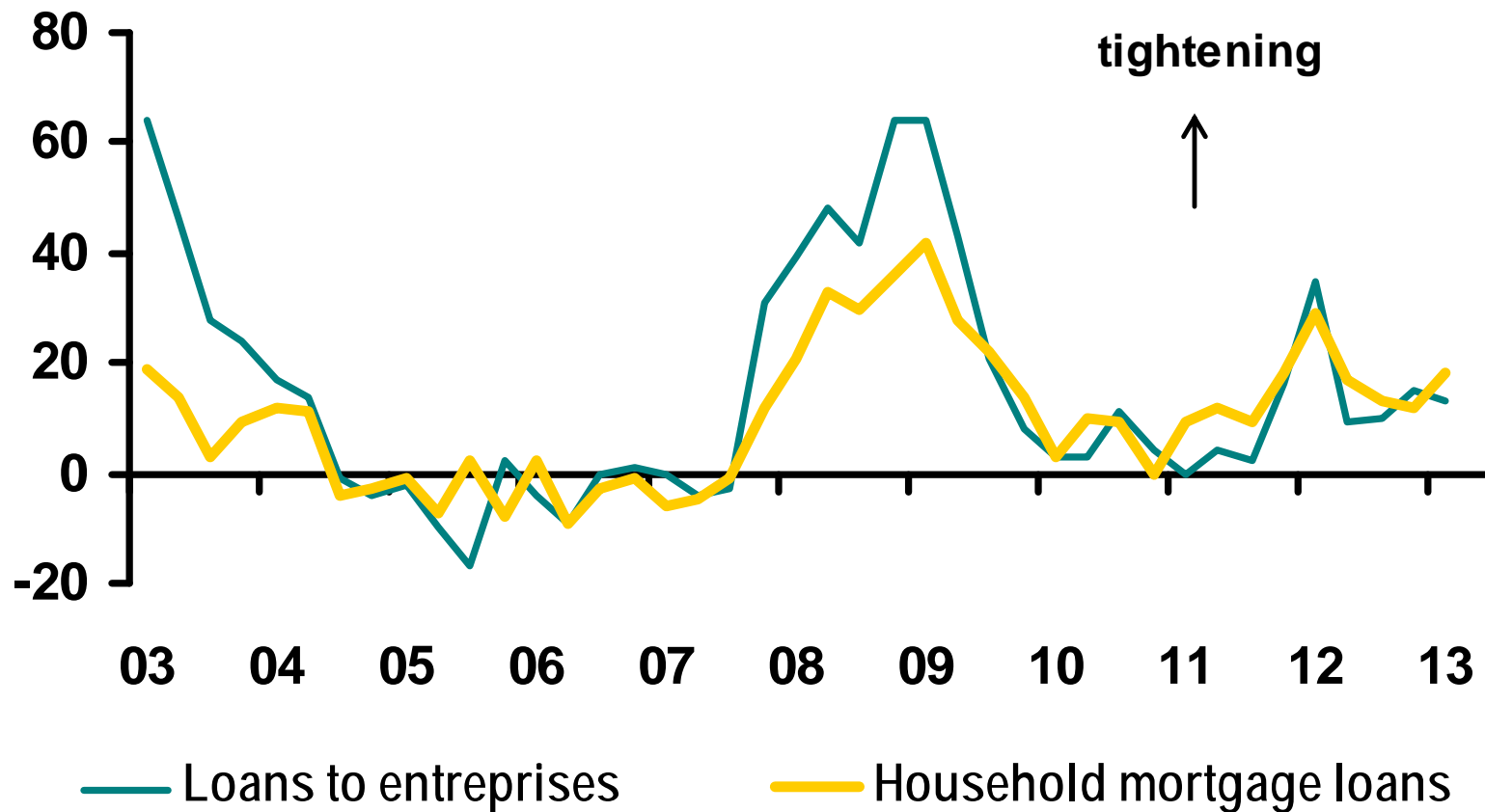
# Still some way to go after this year

Budget cuts needed to get debt down, % GDP



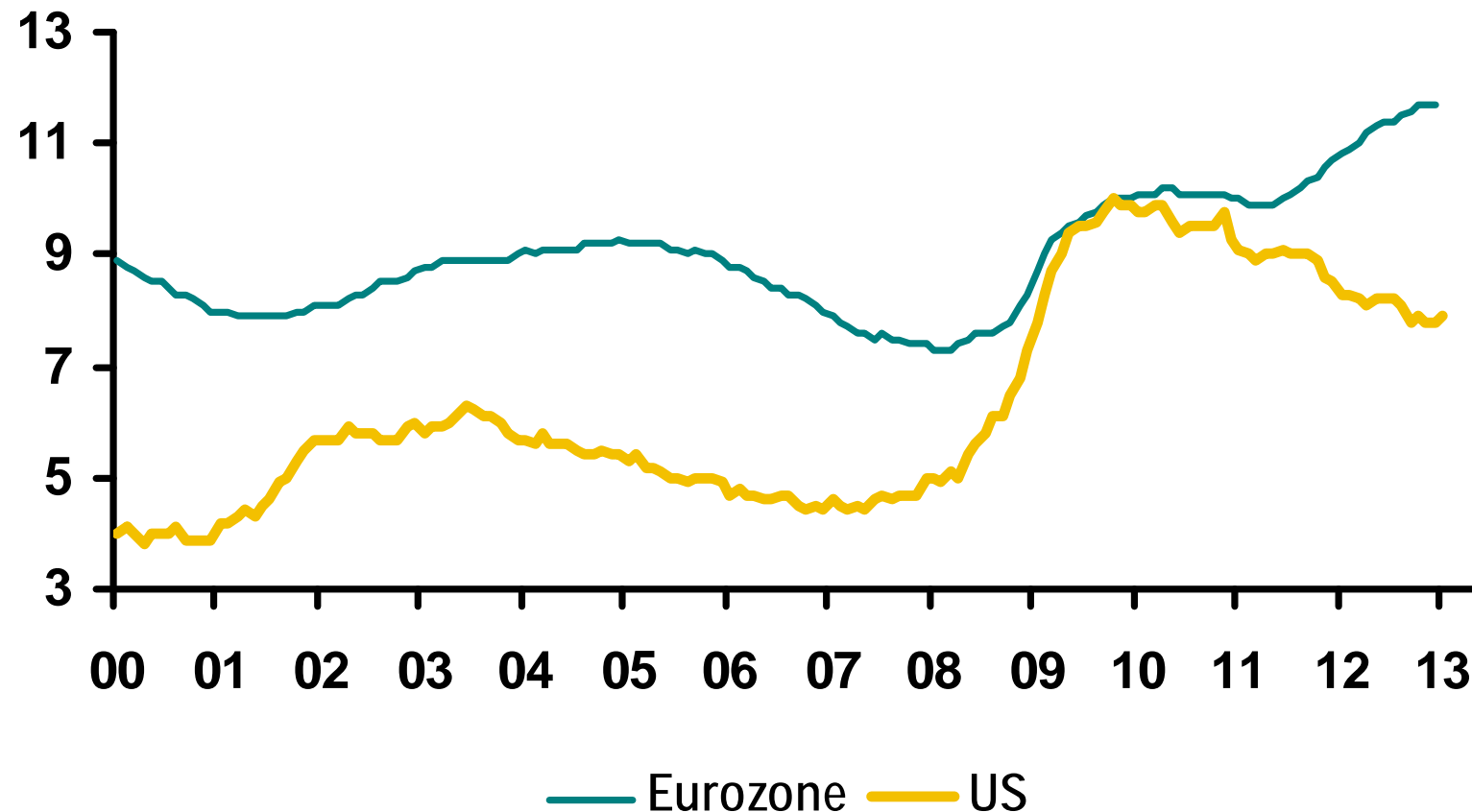
# European banks tighten lending standards

ECB bank lending survey, net tightening



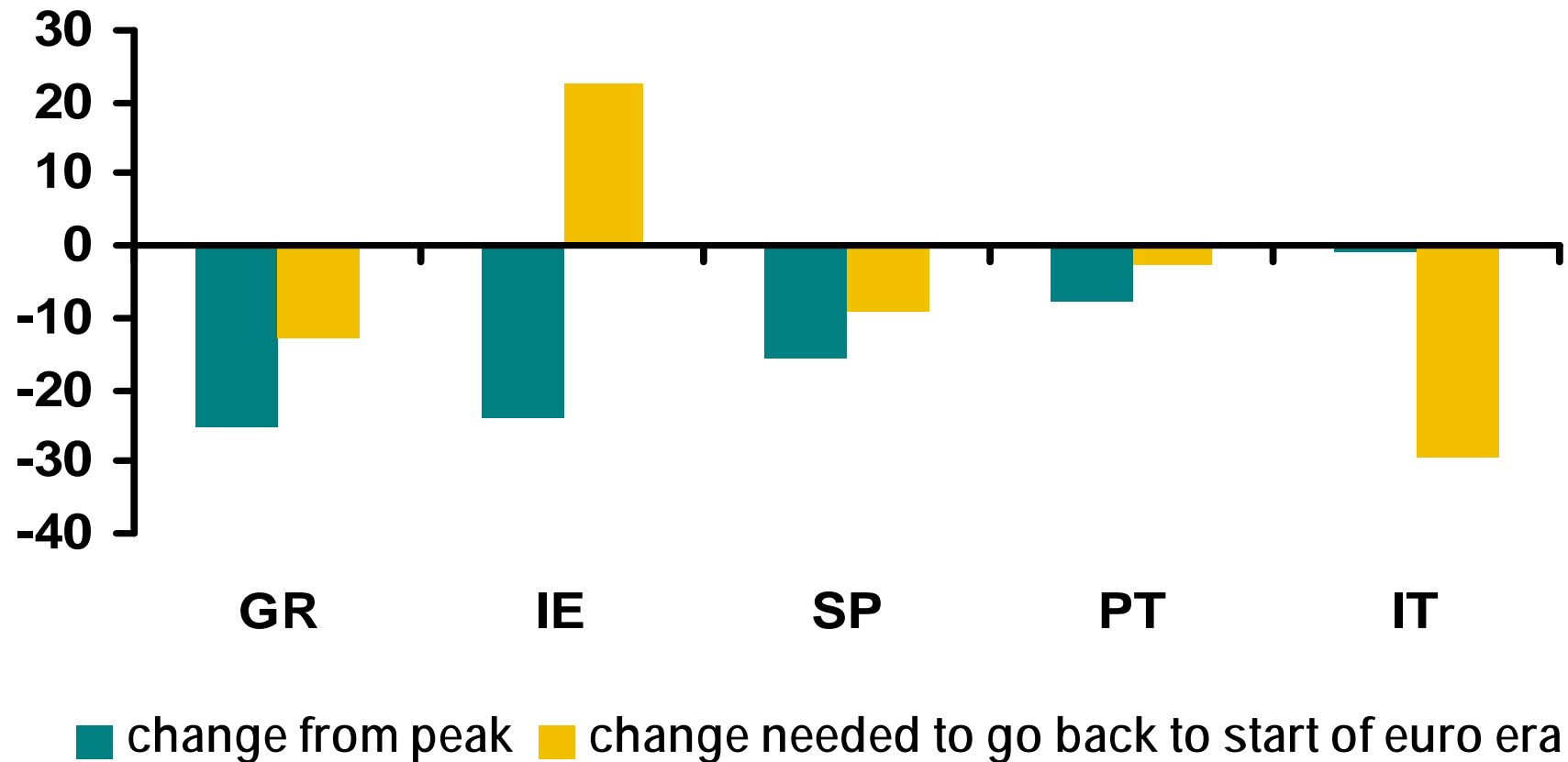
# Eurozone: unemployment to rise further

Unemployment rate, %



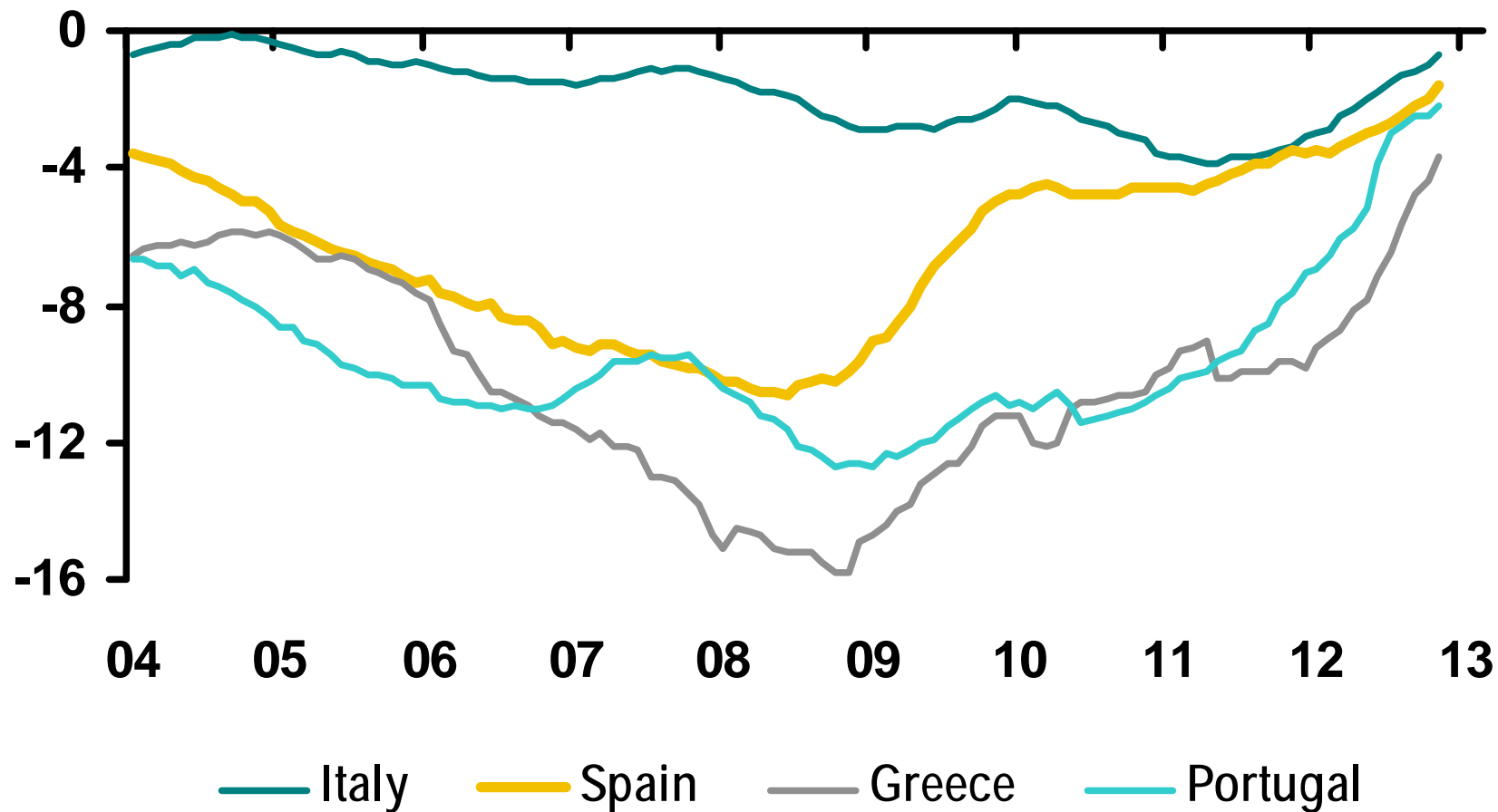
# Adjustment in train: labour costs

%, relative unit labour costs in manufacturing within the eurozone



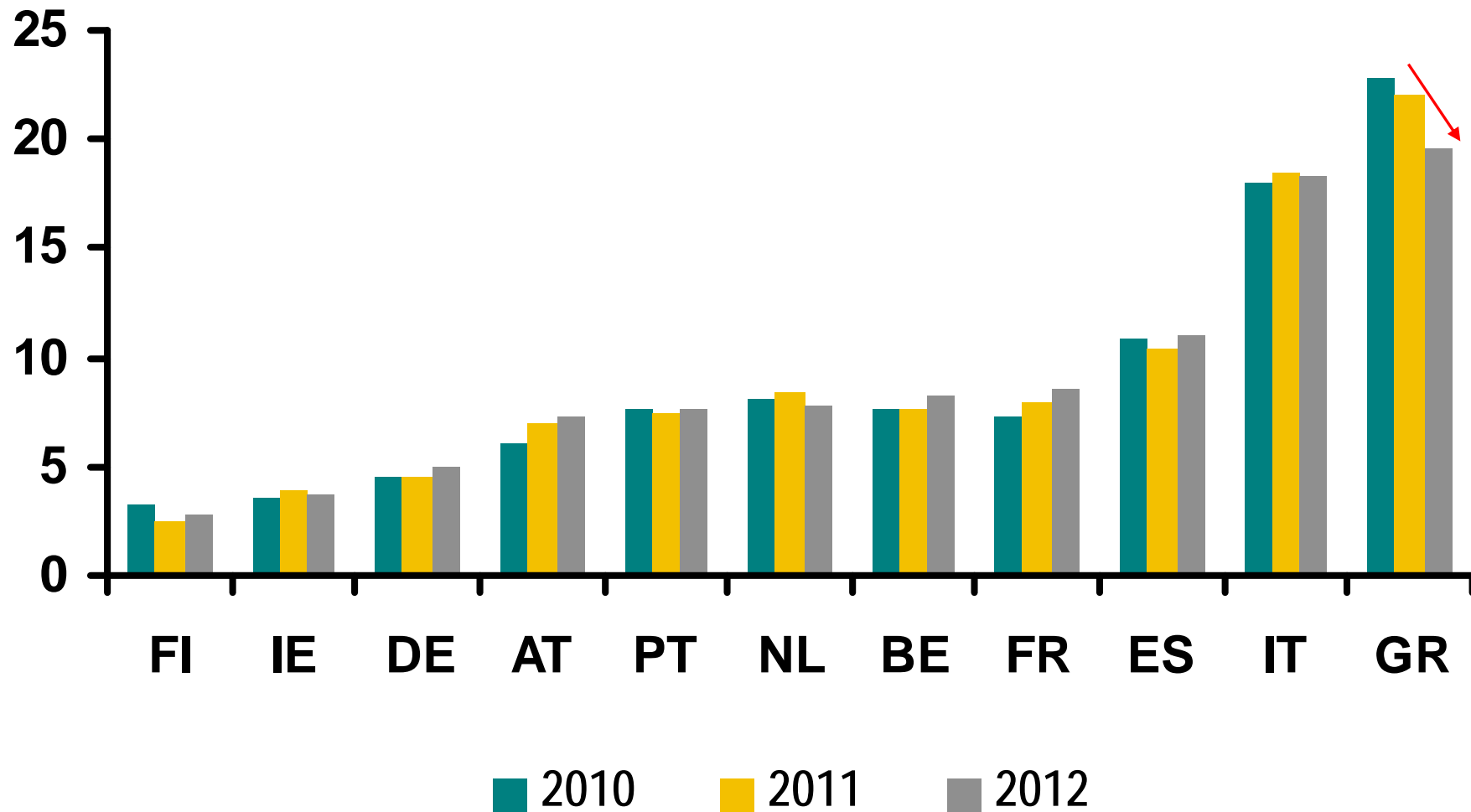
# Adjustment in train: current account balances

Current account, % GDP, 12-month sum



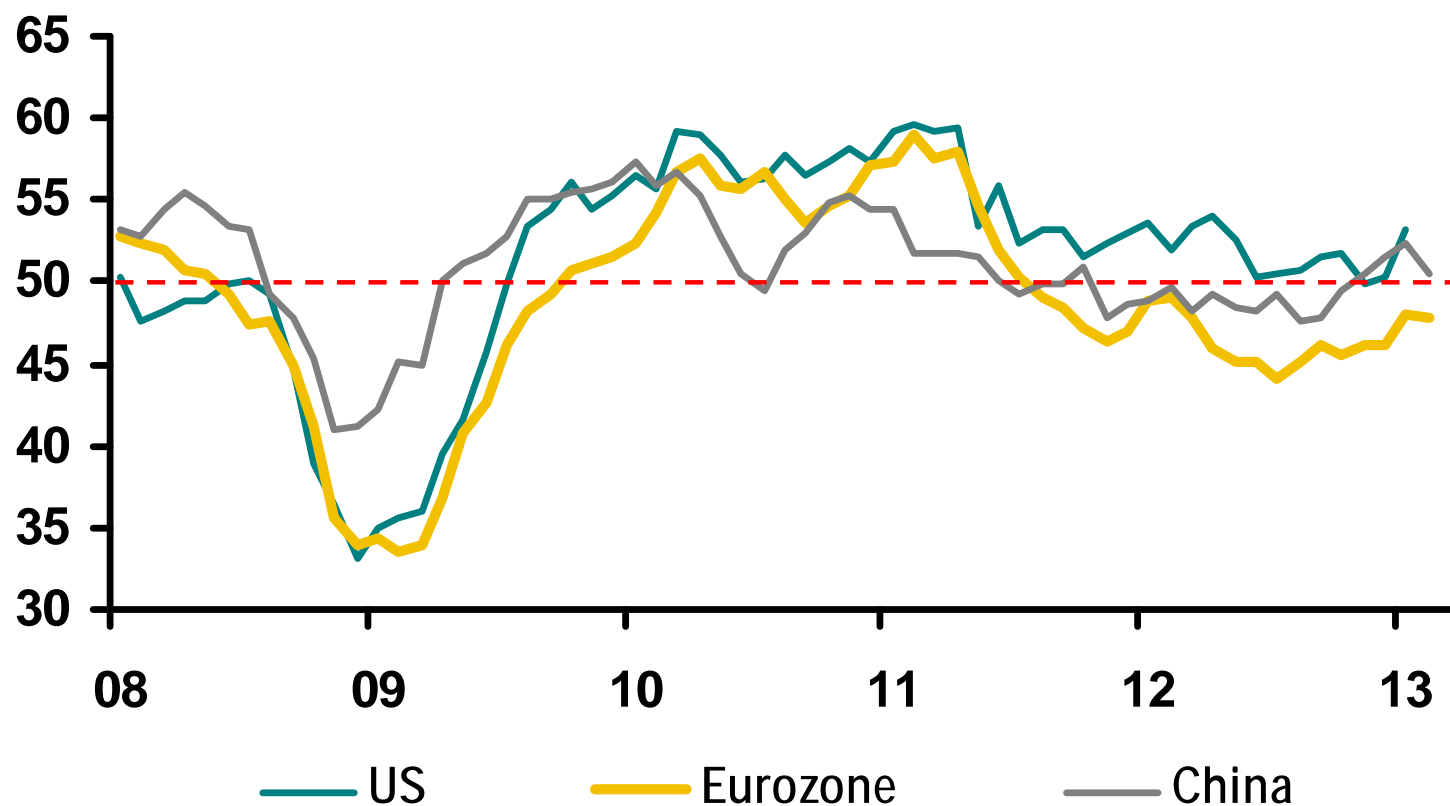
# Structural change needed in Southern Europe

Business conditions index – the lower the better



# Moderate recovery on the cards

Manufacturing PMI





# Moderate recovery, gaining strength in 2014

Global Economic Outlook	2012	2013	2014
<b>GDP</b>			
US	2.2	2.0	3.0
Eurozone	-0.5	-0.2	1.0
China	7.8	8.0	8.0
World	2.9	3.2	3.8
<b>World Trade</b>	2.5	4.5	6.5
<b>CPI inflation</b>			
US	2.1	1.7	1.9
Eurozone	2.5	1.5	1.2
China	2.8	3.5	4.1
Interest Rates and FX	Current	2013	2014
<b>Central bank rates</b>			
US	0.25	0.25	0.25
Eurozone	0.75	0.75	0.75
<b>10-Y Government bond yields</b>			
US	1.96	2.5	3.5
Germany	1.57	2.0	2.8
<b>FX</b>			
EUR/USD	1.319	1.20	1.10

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ABN AMRO Group Economics op het internet  
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[abnamro.nl/groupeconomics](http://abnamro.nl/groupeconomics) – English publications

**NIEUW:**

**App voor de iPad – zie [abnamro.nl/marketinsights](http://abnamro.nl/marketinsights)**

# Important information

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