

Eurozone Debt Crisis

[Does it all have to end in tears?]



Maarten Leen
Head of Macro and Consumer Economics
Economics Department
London, 1 December 2011

How close are we to euro break-up?

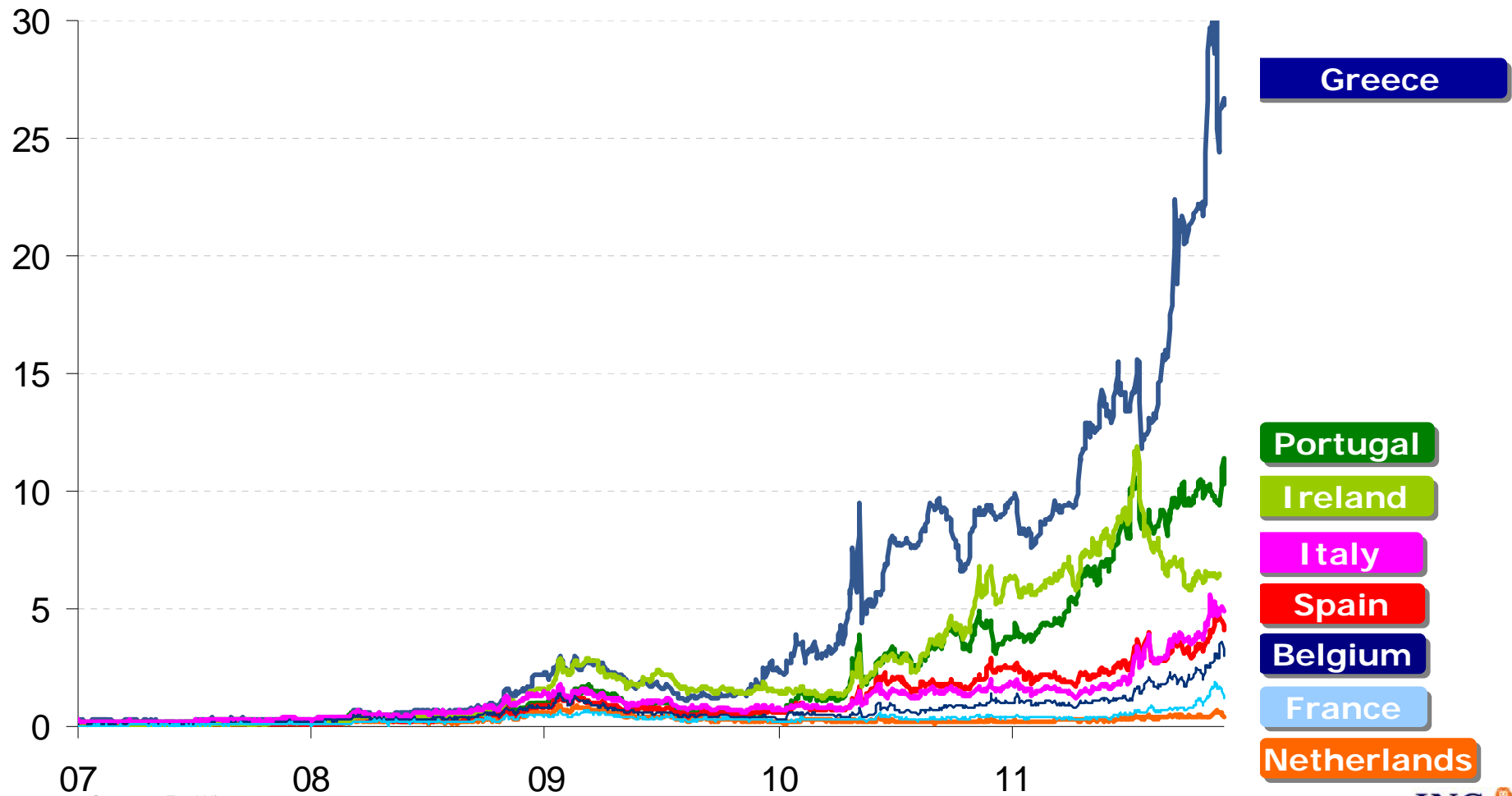


26 November 2011

Euro crisis is not being averted

Contamination spreads to the core

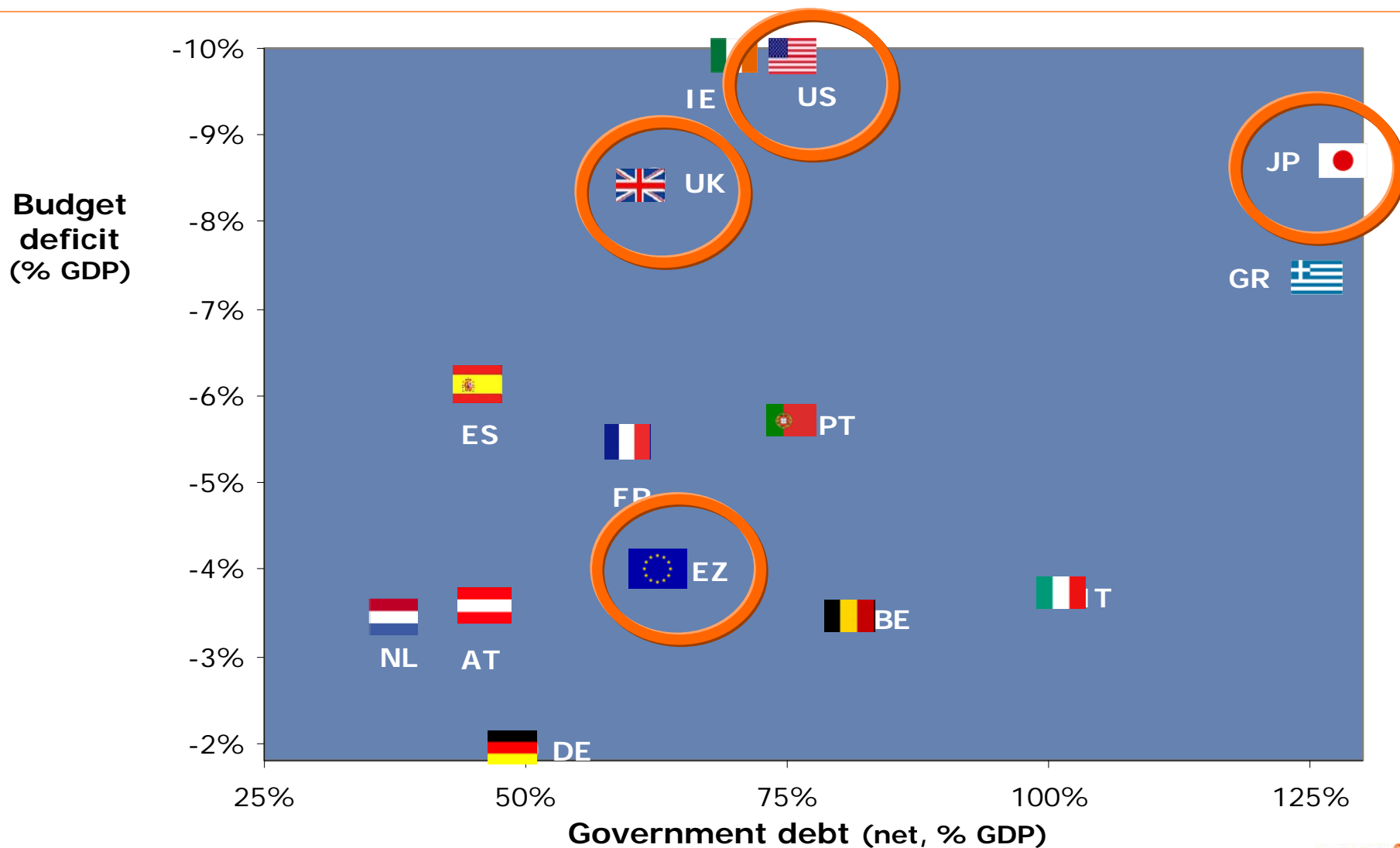
Interest rate differential vis-à-vis Germany (10-year government bonds, in %-points)



Source: EcoWin

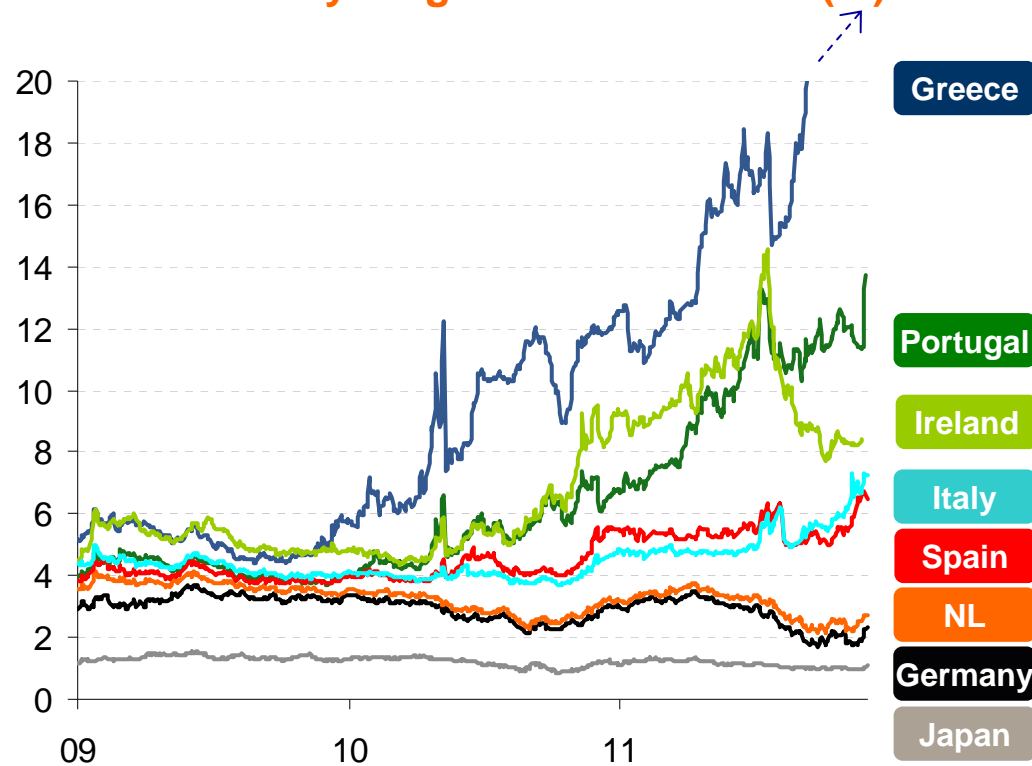


Fiscal position EZ better than in US, JP & UK



Japanese bond yields lower than in Germany

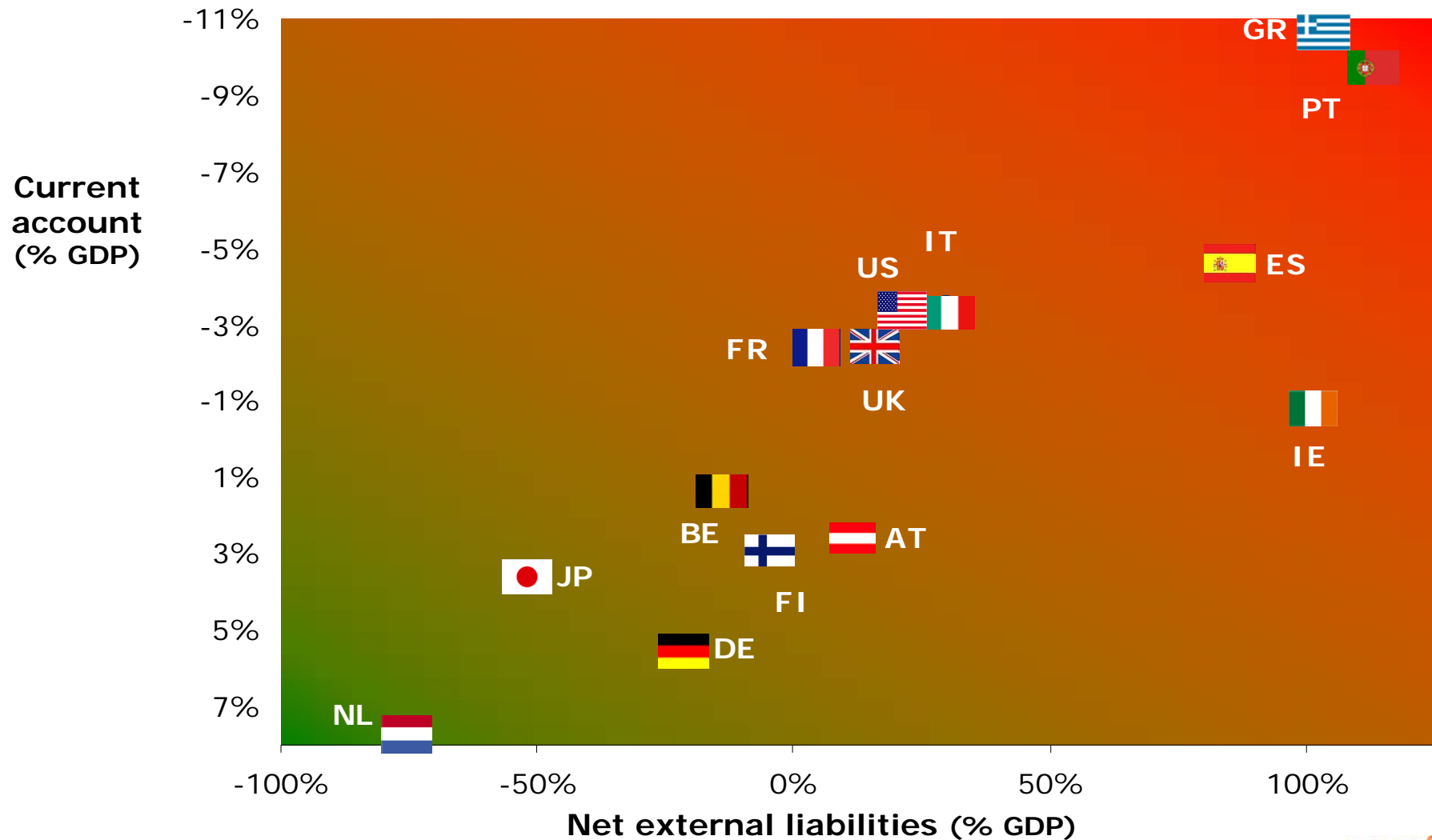
Yields on 10-year government bonds (%)



Source: EcoWin



It's total external debt that counts



Data 2010



Three Eurozone sovereign debt scenarios

The Good

- Both Greece and Italy are capable to stop the fall in investors confidence
- Enlargement European rescue fund finally works out
- Relatively short economic dip

The Bad

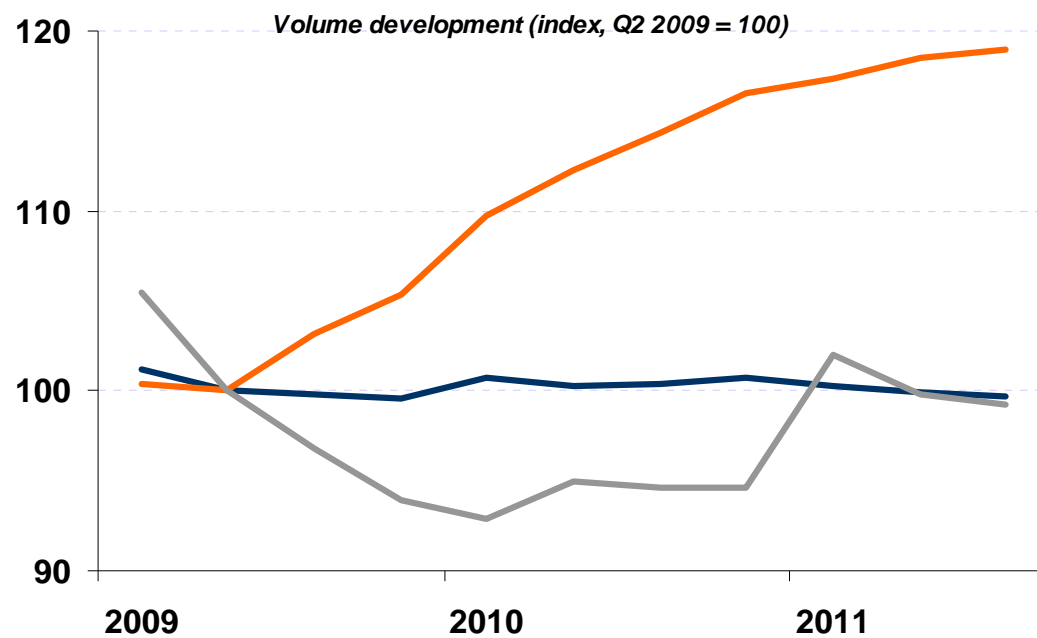
- Risk premiums continue to increase and negatively affect the economy
- Politicians are slow to decide
- Recession and ECB assistance are needed to make a move in the right direction (possibly without Greece)

The Ugly

- Eurozone falls apart
- Depression for a number of years

Dutch economic recovery resting on one leg

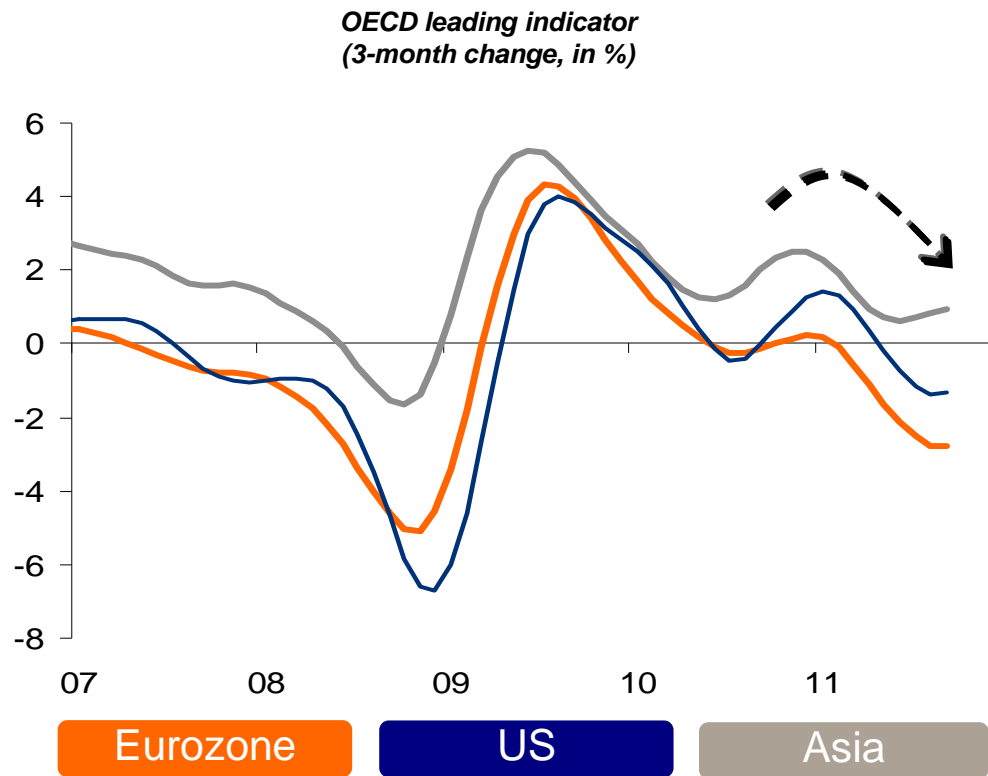
Foreign demand has recovered, domestic demand remains weak



Source: Statistics Netherlands (CBS), ING calculations

Economic recovery falters world-wide

Fears of a double dip

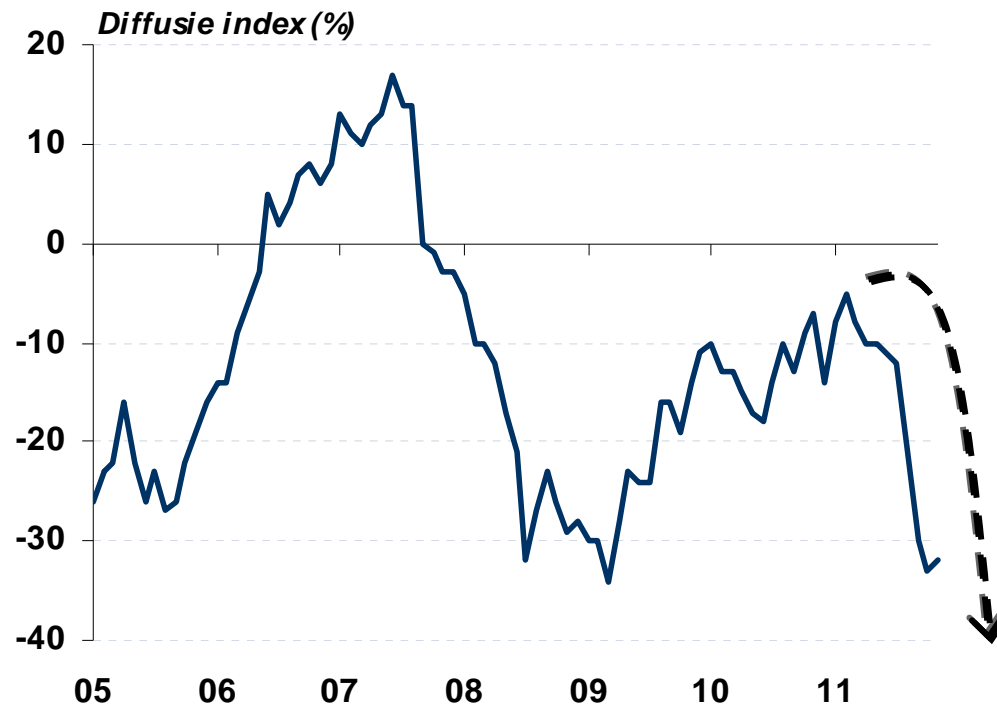


Source: EcoWin, ING calculations

Confidence sinks

Slow growth and political indecisiveness spoil the mood

Dutch consumer confidence



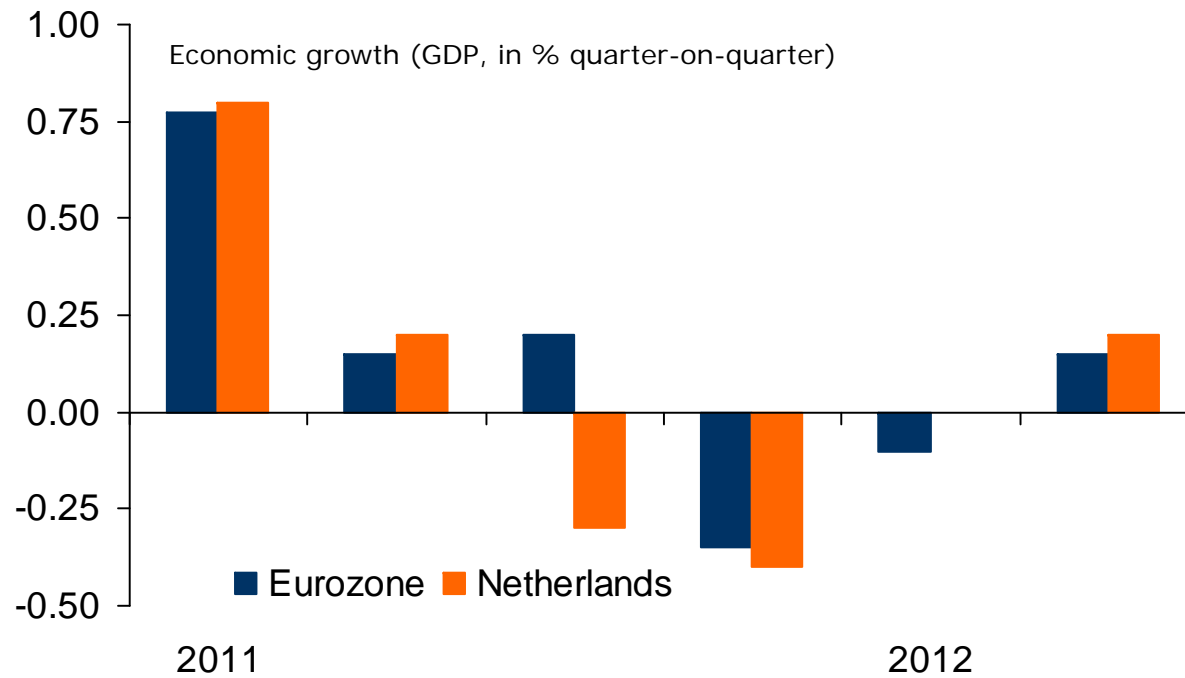
Source: EcoWin



Renewed recession

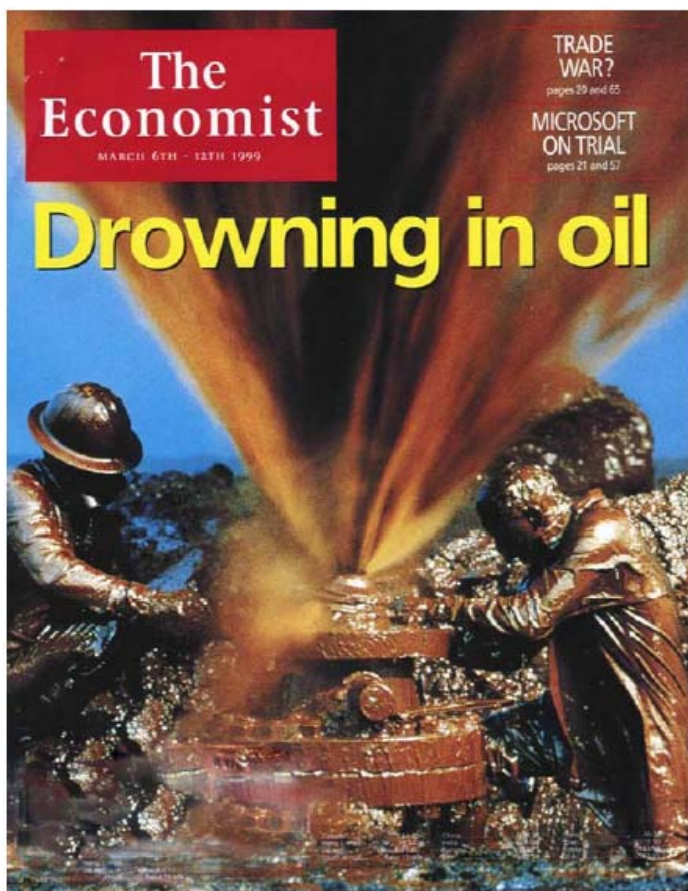
How long, how deep?

Recovery depends on politics and the ECB

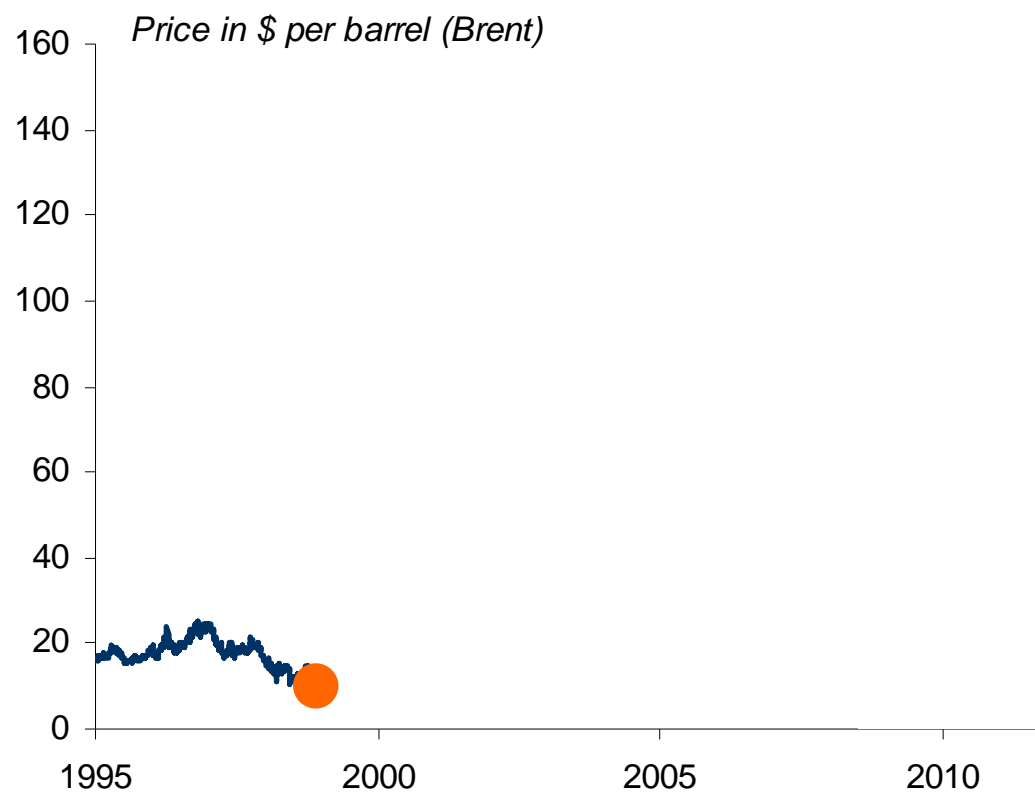


Source: EcoWin, ING forecasts

Oil for \$5 per barrel



6 March 1999

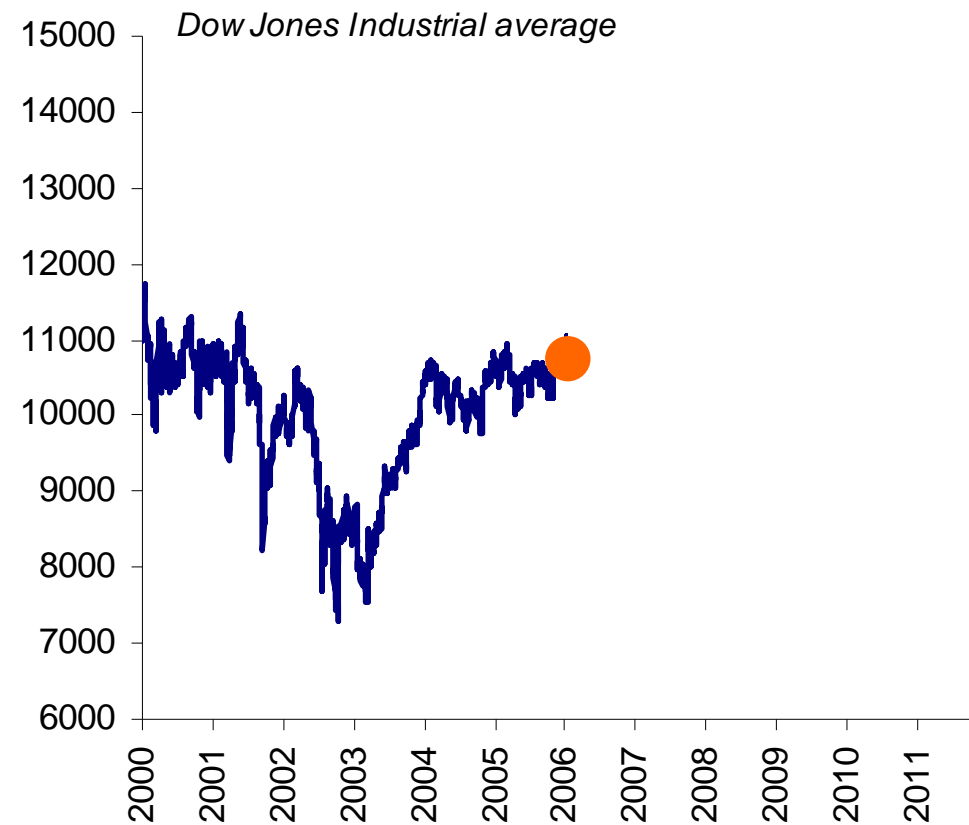


Source: EcoWin

Dow Jones to go down



27 May 2006

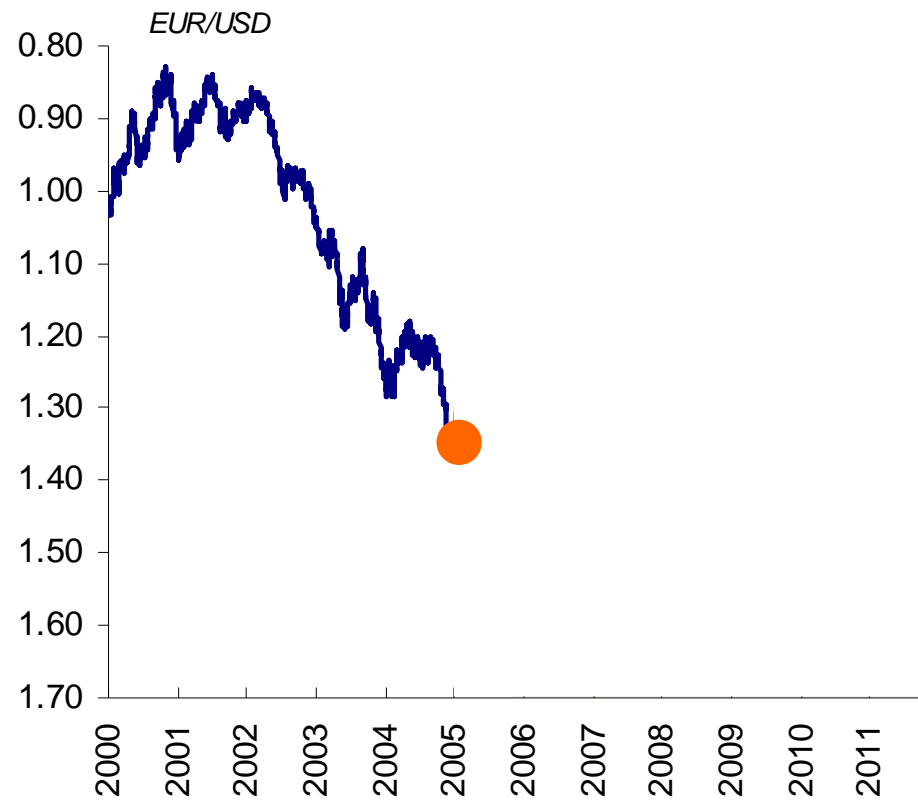


Source: EcoWin

Negative outlook for the US dollar

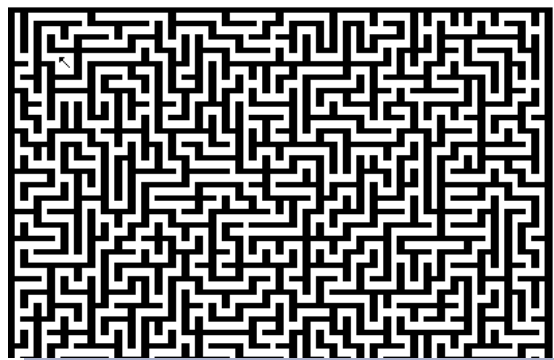


4 December 2004



Source: EcoWin

Conclusion



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Annex

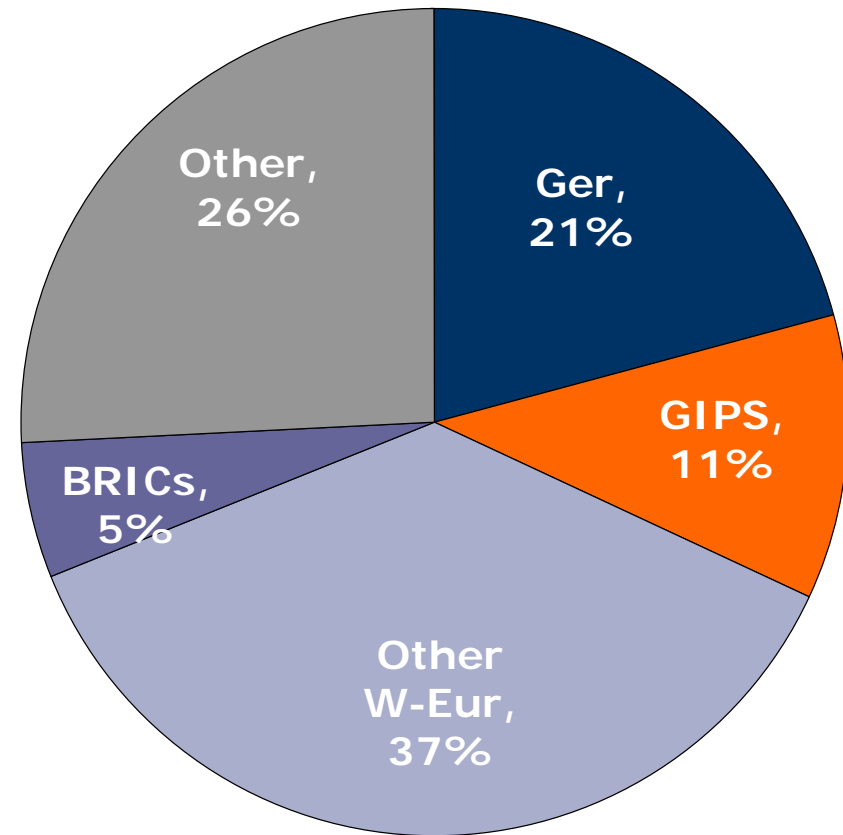
Netherlands has high trade stake in euro...

Additional yearly GDP thanks to euro



Source: NIESR

Goods exports, domestically produced

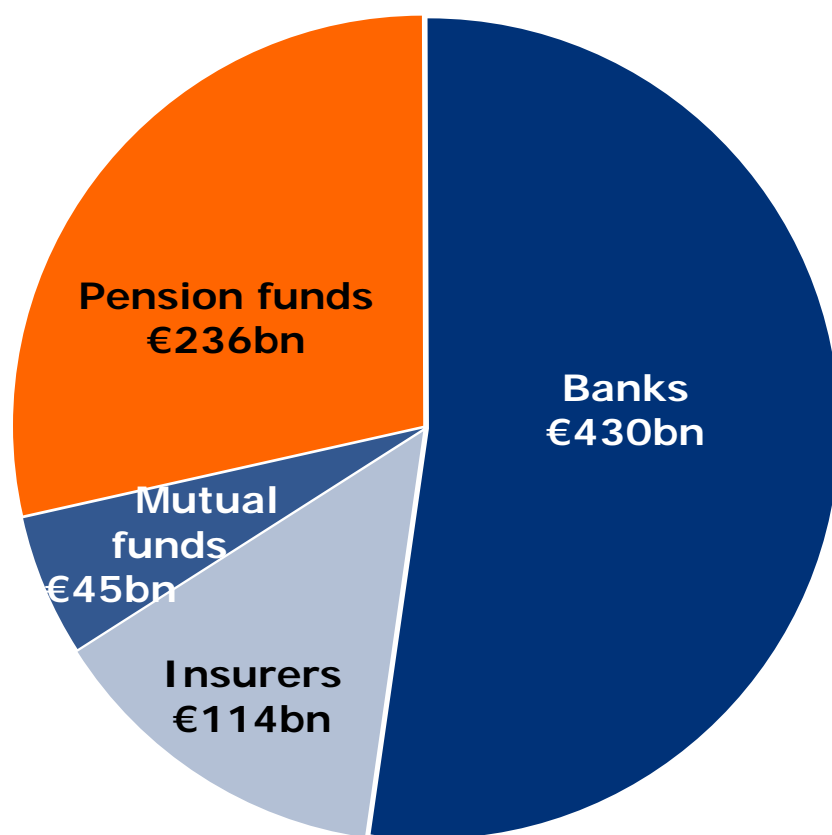


Corrected for indirect trade



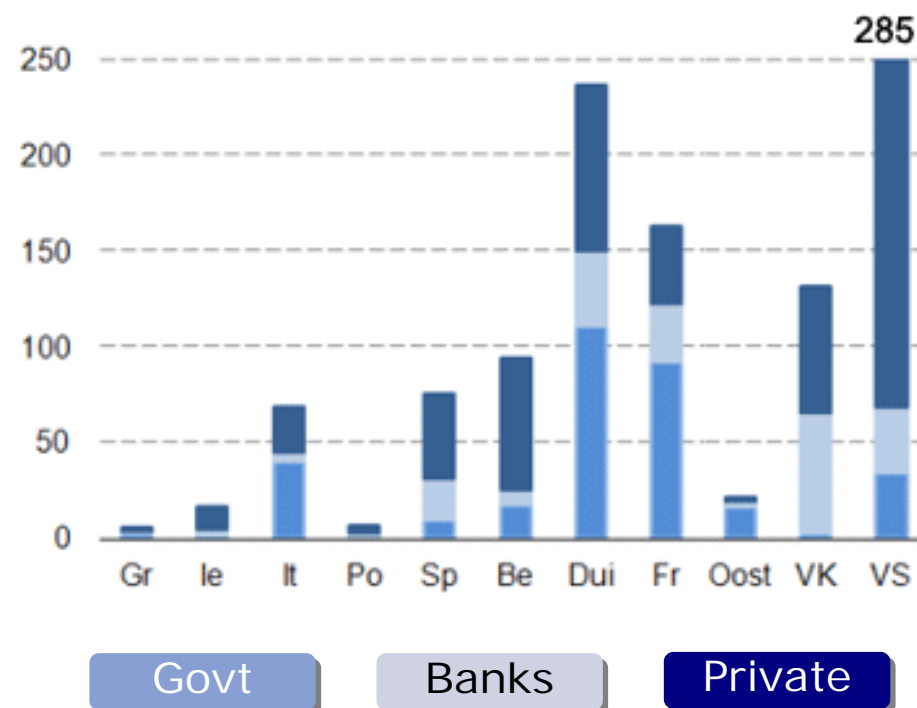
...and a high financial stake as well

Exposure financial sector on euro area



Data 30 June 2011. Excludes SFI's. Source: DNB, ING

...and on selected countries

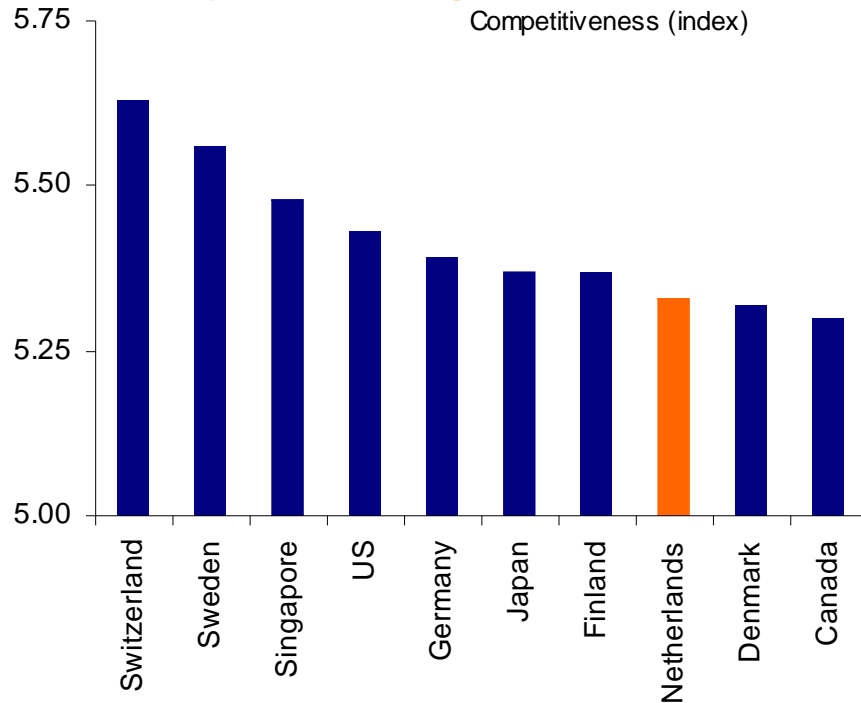


2011Q1. Source: DNB



Great Dutch economic strength

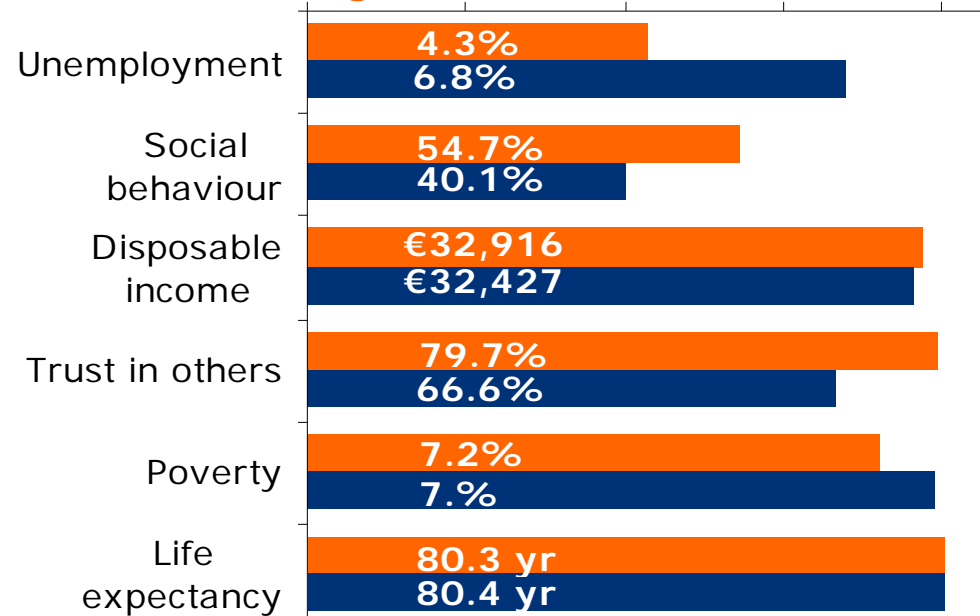
For years among the top-10 in the world



Source: World Economic Forum

Note: The index is the weighted average of a large number of indicators of competitiveness

Strong social-economic foundations



Netherlands

Austria, Belgium, France, Finland, Germany, Luxemb'g

Source: OECD

