



Global macro trends and their impact on Europe



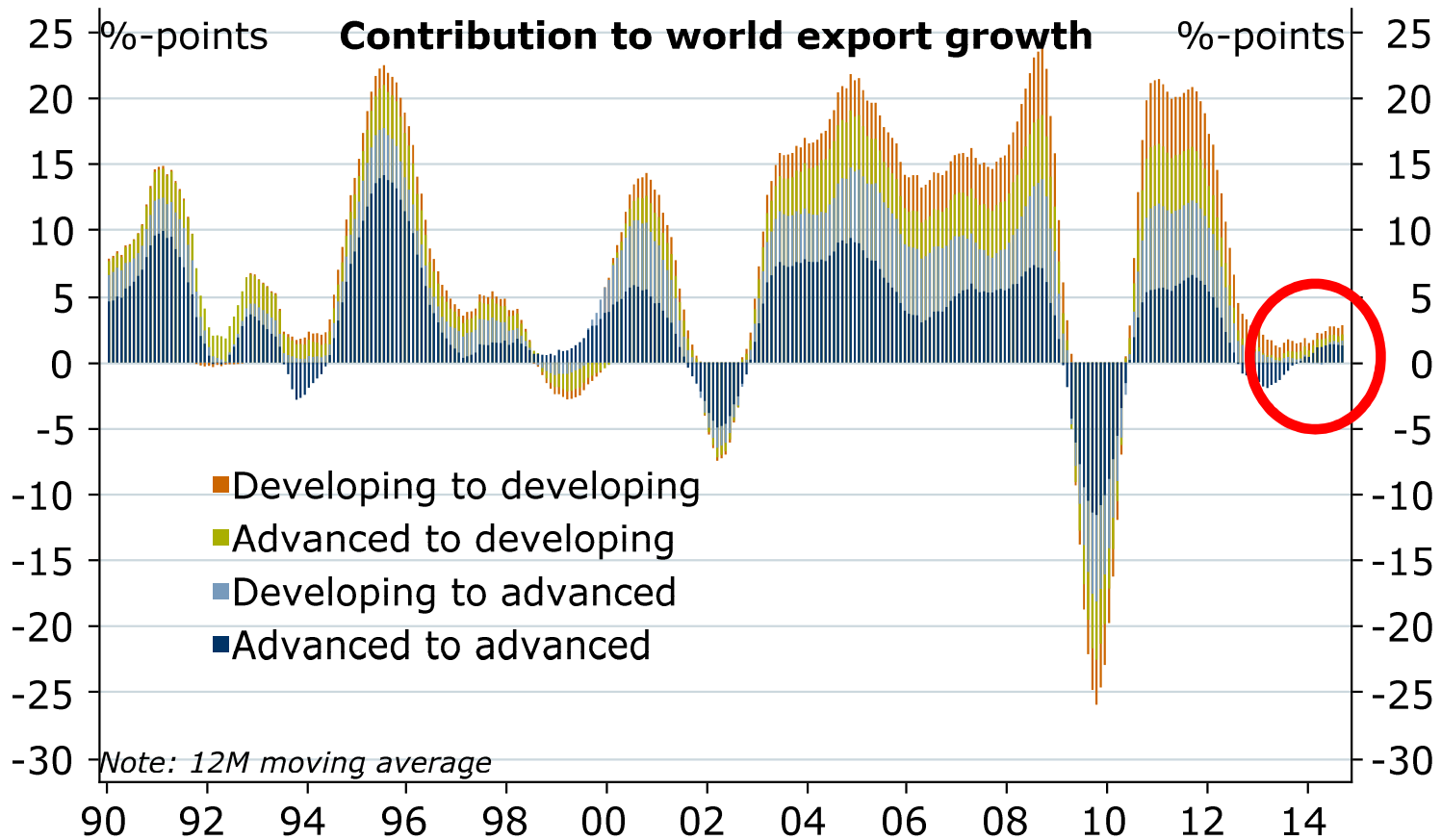
Holger Sandte

Vilnius, 26 February 2015

Currently on economists' minds

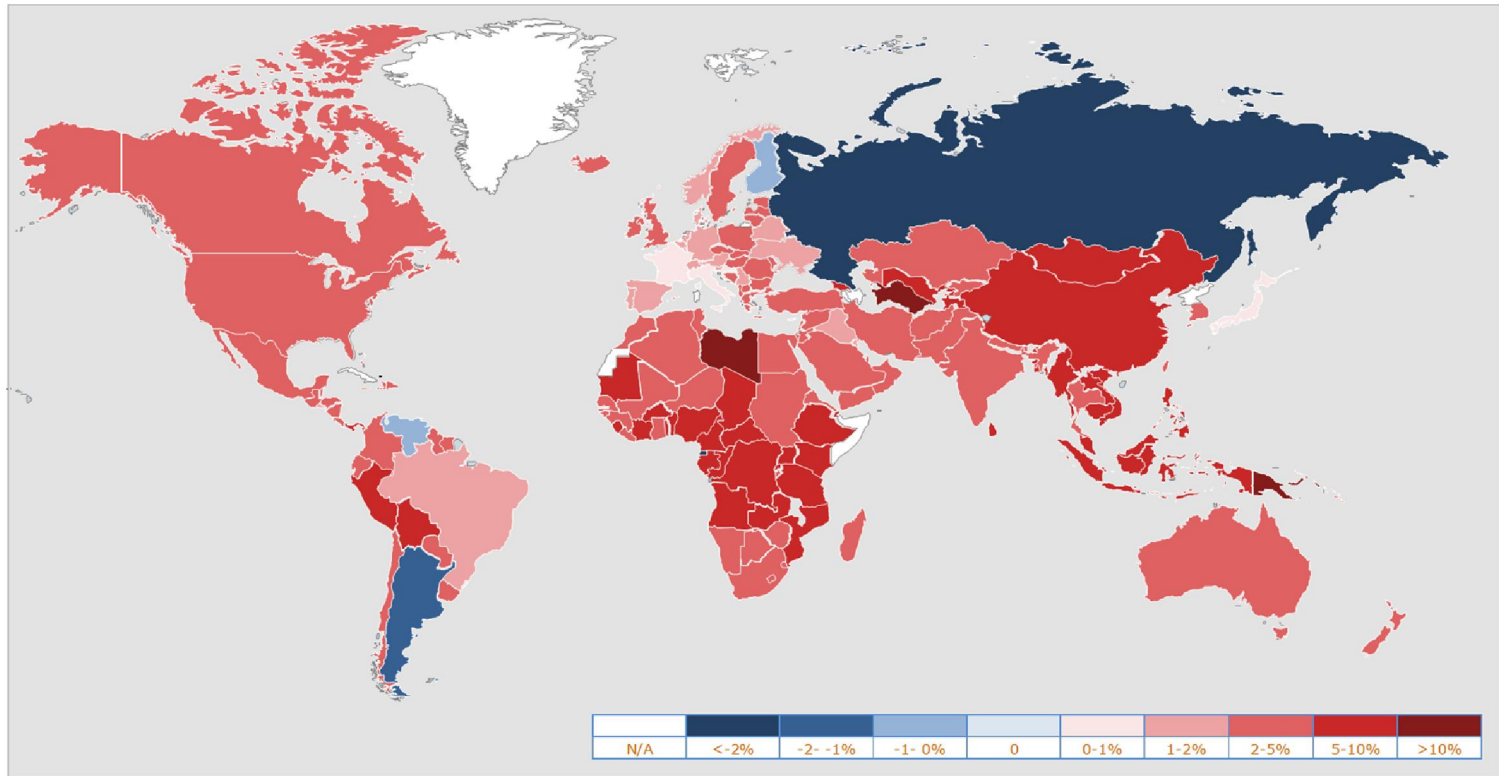
- Lower oil prices – good, bad, or both?
- Secular stagnation hypothesis
- Lack of investment – why?
- Low rates for long – a threat for financial stability?
- Central bank – new targets needed?
- What is *really* going on in China?
- Geopolitical risks

Where has all the trade growth gone?



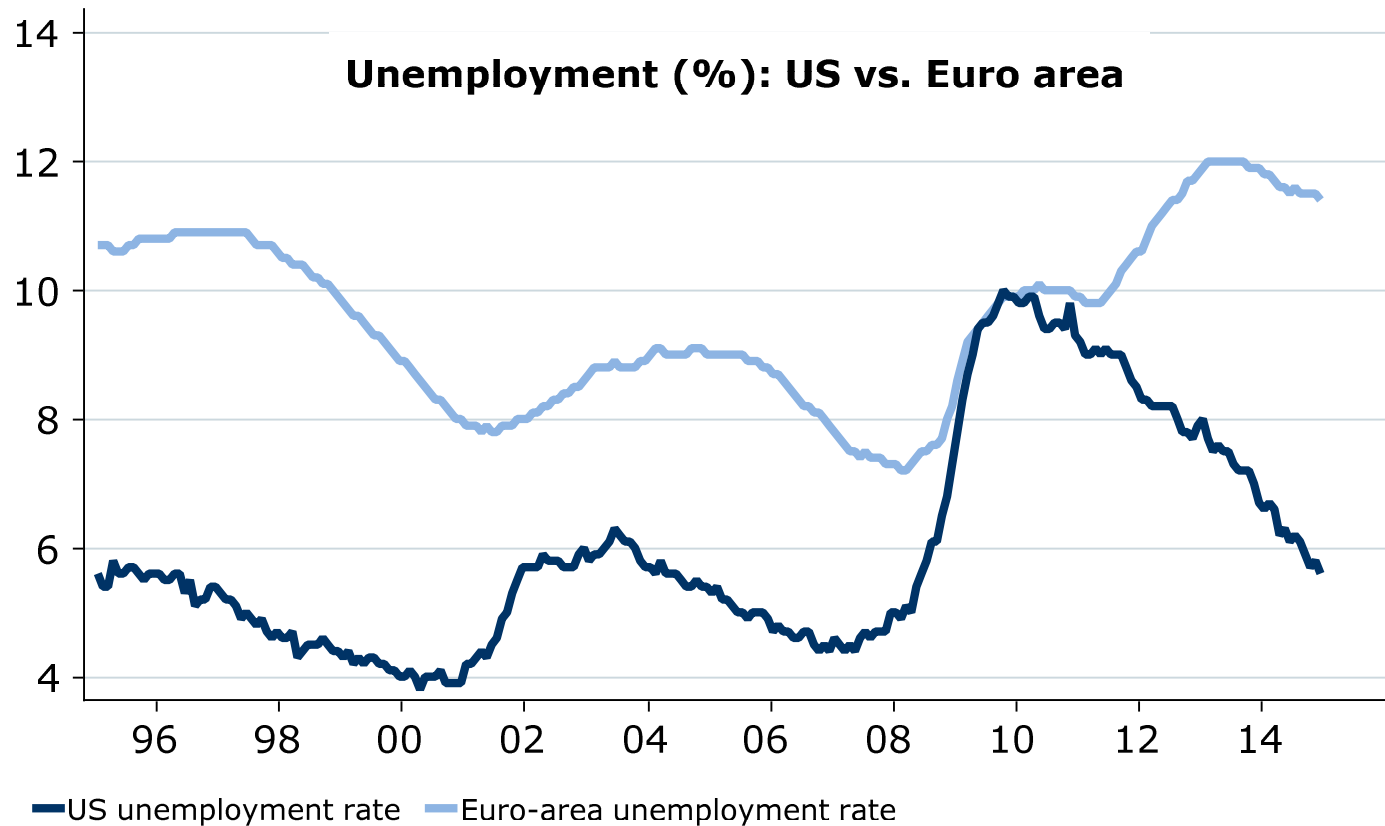
Source: Nordea Markets and Macrobond

The global growth map for 2015



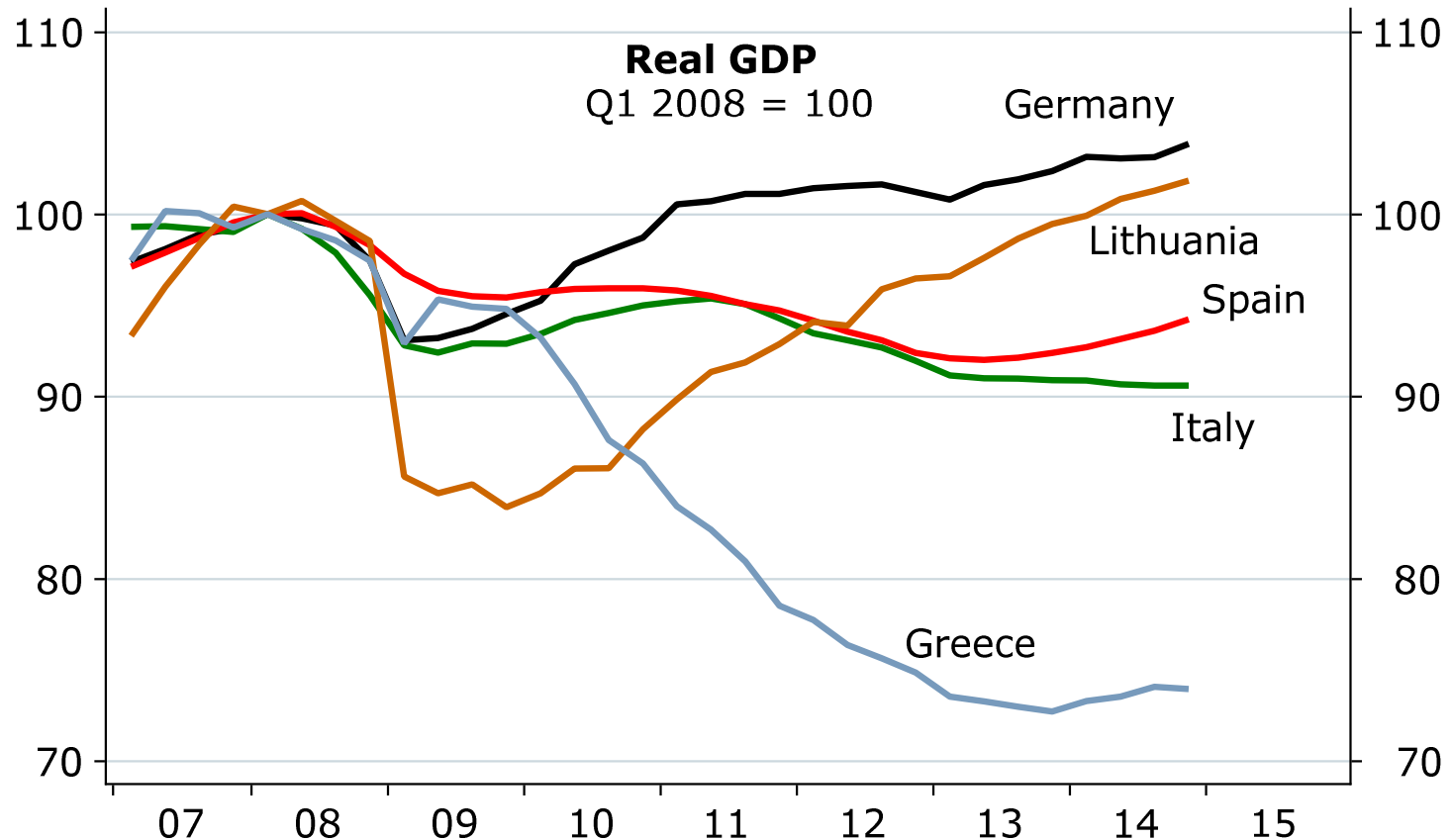
- Expected global growth: 3.7% (up from 3.3% in 2014)
- Europe lagging, but improving

The US economy is back, the Fed should hike rates soon



Source: Nordea Markets and Macrobond

Euro area: One currency – (too) many different trends



Source: Nordea Markets and Macrobond

In case you wonder why Greek ministers don't wear ties



The German view: “Do your homework, as agreed!”







- Not the Euro area, but single countries are in **self-caused trouble**
- Crisis due to excessive debt, **austerity** is part of the solution
- Implement **reforms** – it’s a marathon rather than a sprint
- Don’t overburden the **ECB**
- **Slightly negative inflation is no problem**

Germans need all their humour these days



Two Italians causing sleepless nights

QE, fine maybe. What else is needed to generate growth?

Strong stimulus from ECB	
Easier fiscal policy	
Bolder supply side reforms	
Private sector deleveraging over	
A little help from outside ...	
- stronger global growth	
- lower oil price	
- weaker EUR	

Economic forecasters usually do their best, but ...



“The best way to predict the future is to invent it.”

Alan Kay (°1940)
The real inventor of Windows

Thank you for your attention!



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