



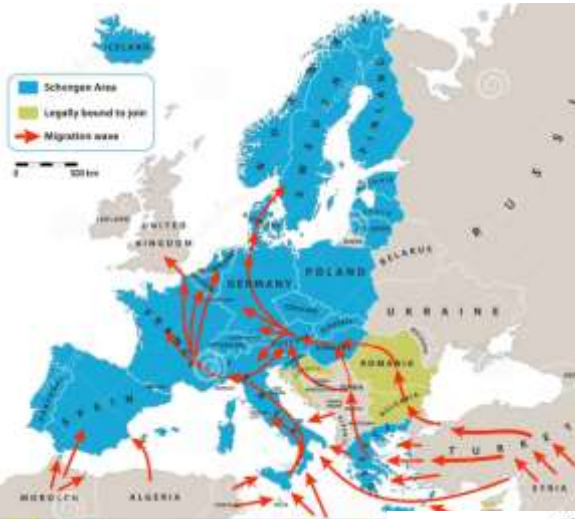
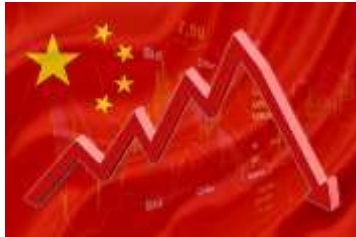
Malaga, 19th May 2016
Christian Rebernig

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The GLOBAL and the EUROPEAN Economic Outlook



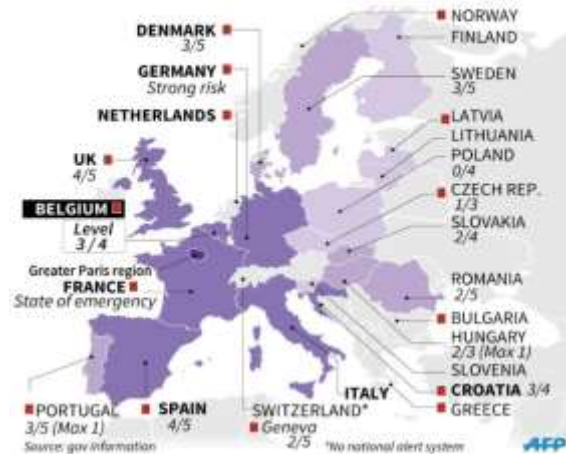
The influences in 2016...



Europe on alert after attacks

Alert levels in selected countries

■ Maximum ■ High ■ Moderate to high ■ Low ■ Increased security

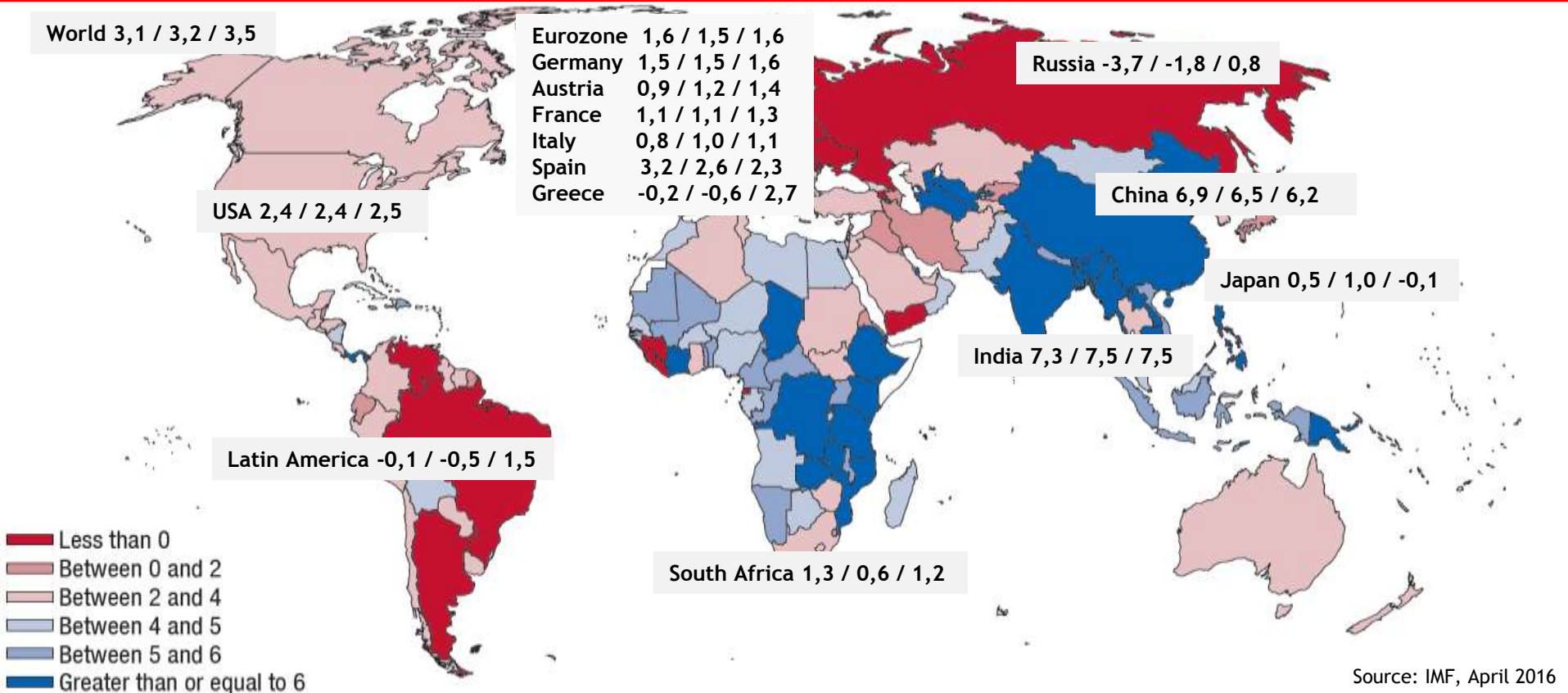


Chaos in Syria



Growth forecasts

2015, 2016 and 2017



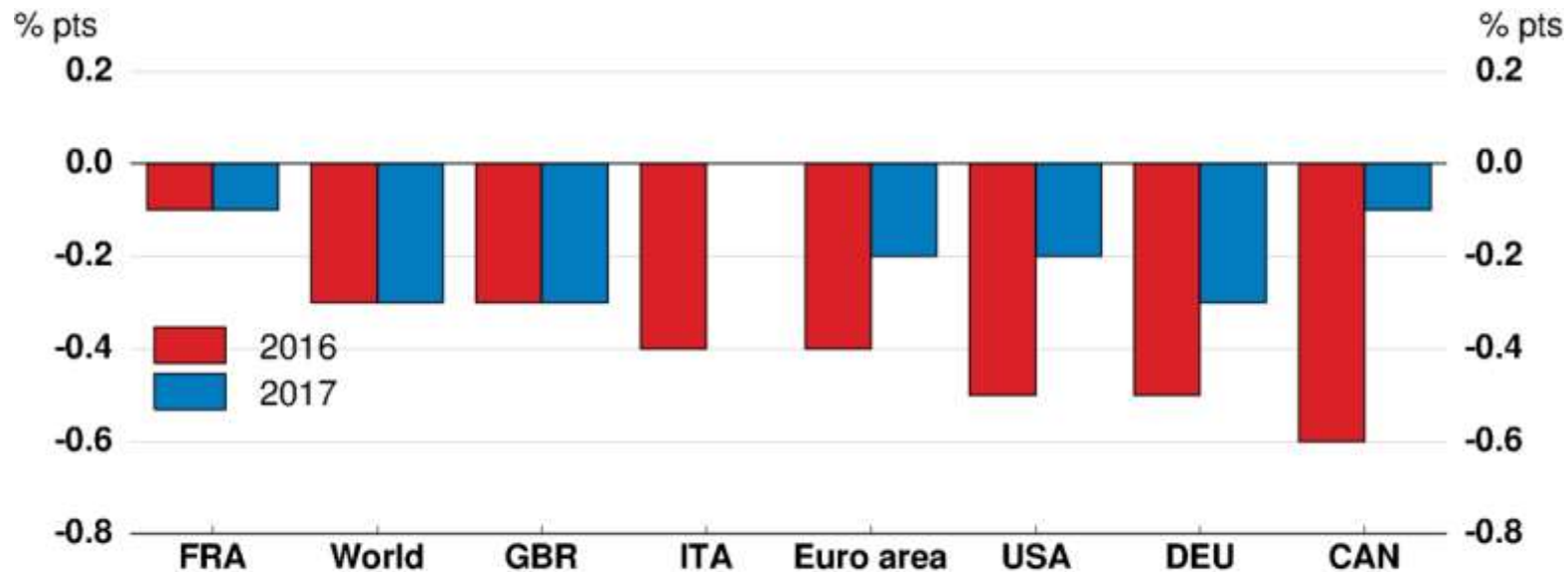
Source: IMF, April 2016

World economy: recovery

- Two price developments affect the further development: oil price and the dollar
- USA remains the driving engine of the world economy.
- Eurozone: comeback, out of recession, but still high unemployment, deflation
- BRIC: crisis in Russia and China, less influence than years ago

GDP growth forecast

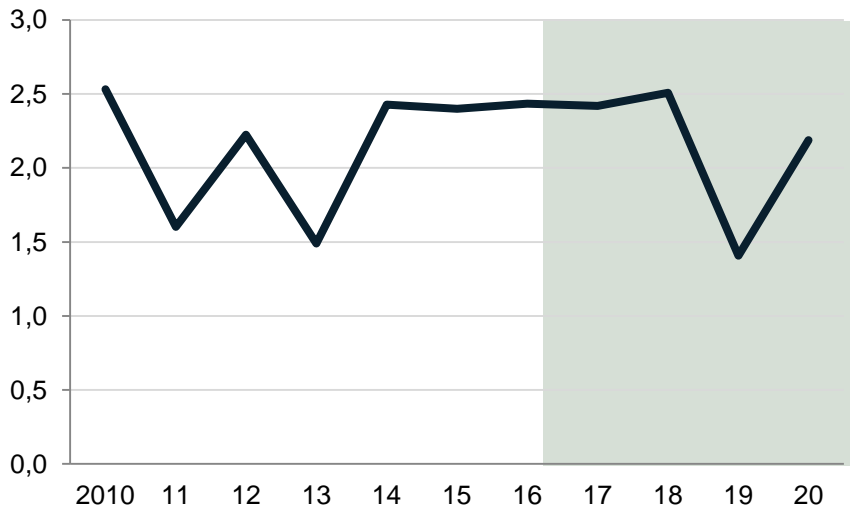
downgrades since November 2015



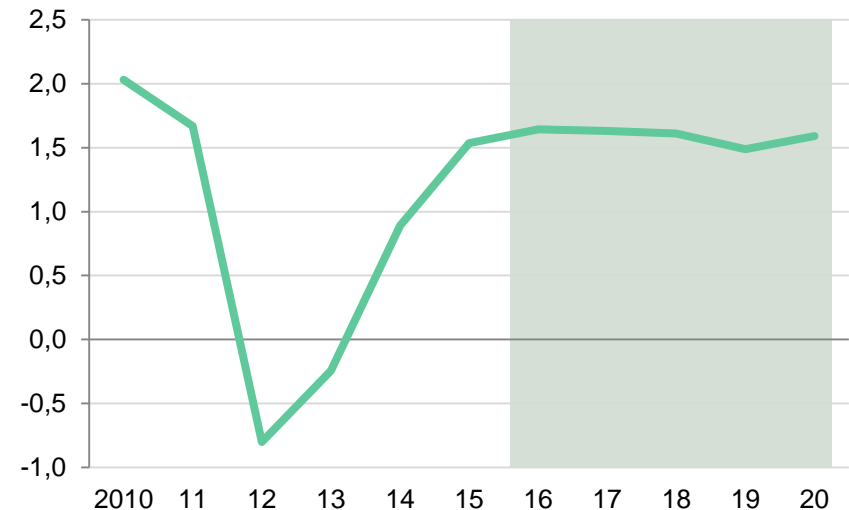
GDP Growth

2010 - 2020, in % change year on year

USA



Eurozone



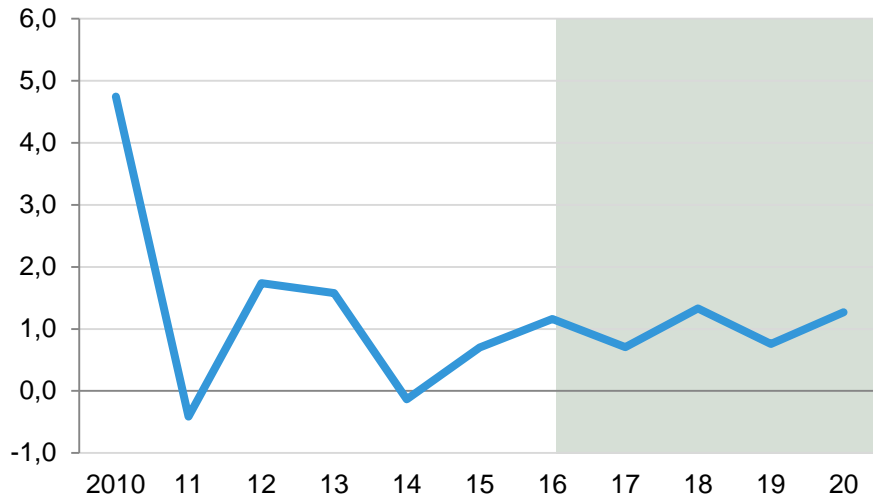
- GDP growth of 2.4% in 2016
- US dollar strength and weak global demand will reduce exports
- Consumption will be supported by a strong labour market
- forecast a short recession in 2019, followed by a rebound in 2020

- GDP growth of 1.5% in 2016
- Lower oil prices and the weakening of the euro against the dollar
- Grexit, high risk in the medium term
- Brexit
- Migration has emerged as the main political issue in Europe

GDP Growth

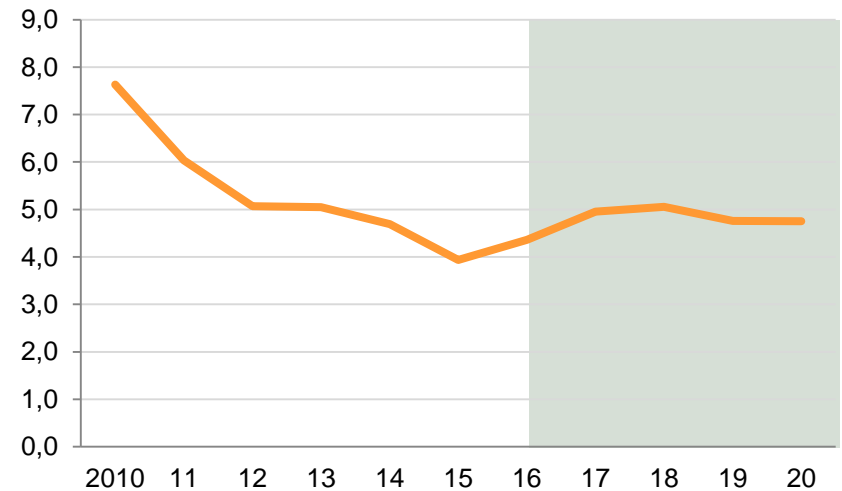
2010 - 2020, in % change year on year

Japan



- GDP growth of 1% in 2016
- increase in the consumption tax to 10% in 2017

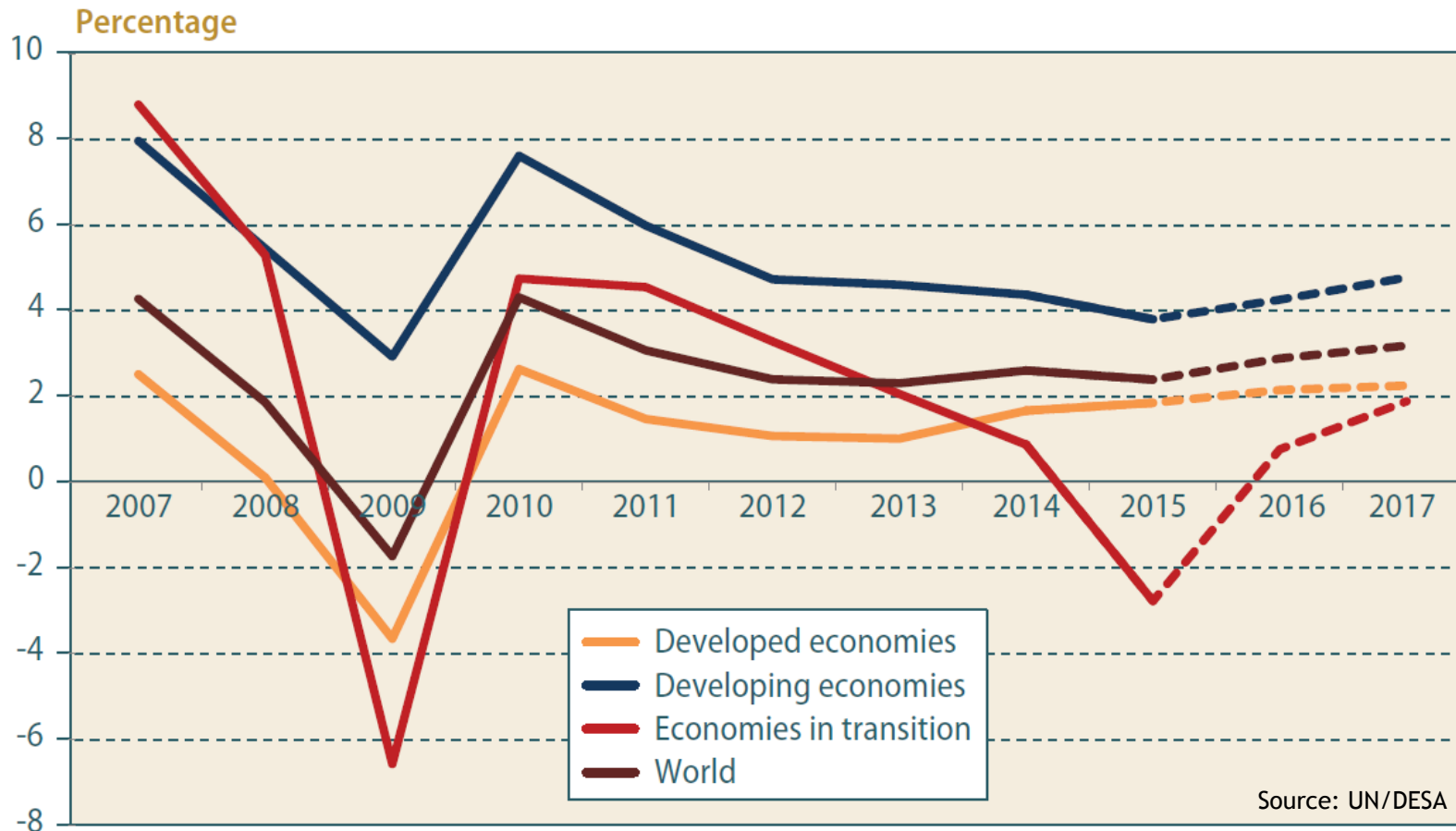
Emerging markets



- GDP growth of 4.4% in 2016
- The main focus is the slowdown in China (6.5% in 2016)
- A structural slowdown will reduce Chinese GDP growth to 4.8% by 2020.

3 speed recovery

Real GDP growth in %



- Emerging market and developing economies are still going strong
- Advanced economies: smaller gap between the United States and euro area

GDP Growth Forecasts in Europe

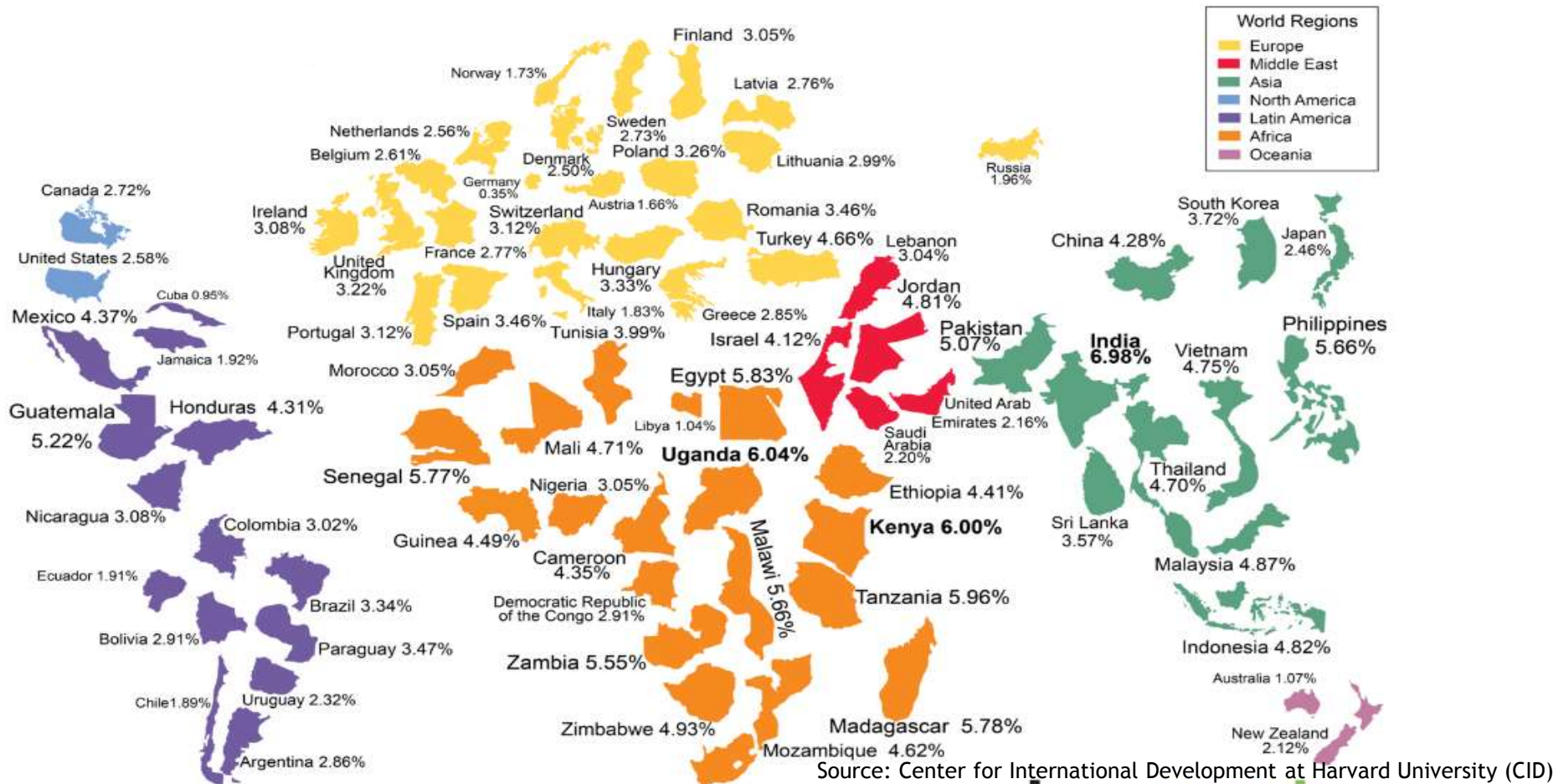
2016



- Eastern European countries with higher growth rates
- Germany, France, Austria increase the speed
- In periphery countries (Spain, Ireland) recovery due to recovery programs and reform

World Map of Economic Growth

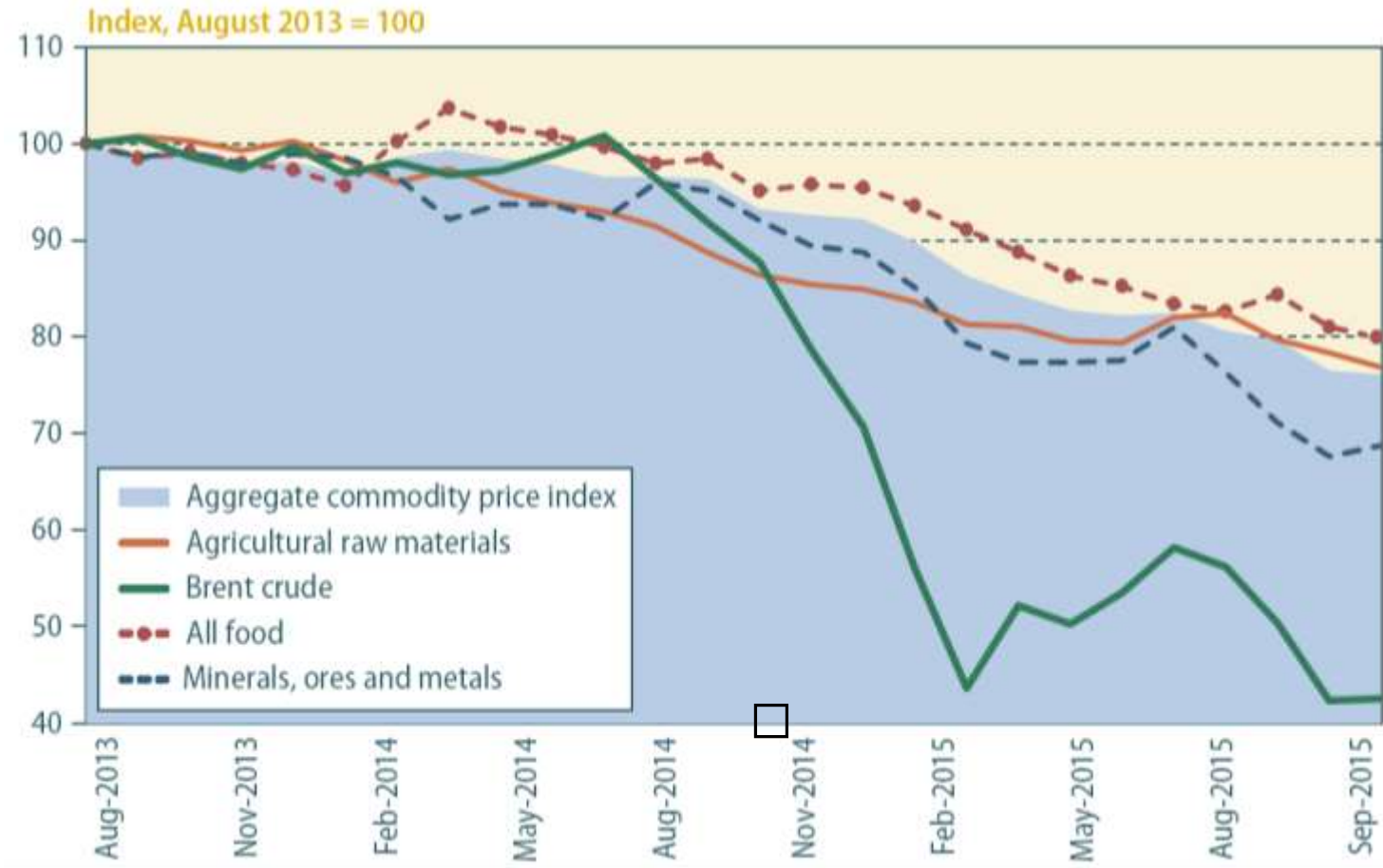
annual growth rate in % to 2024



Source: Center for International Development at Harvard University (CID)

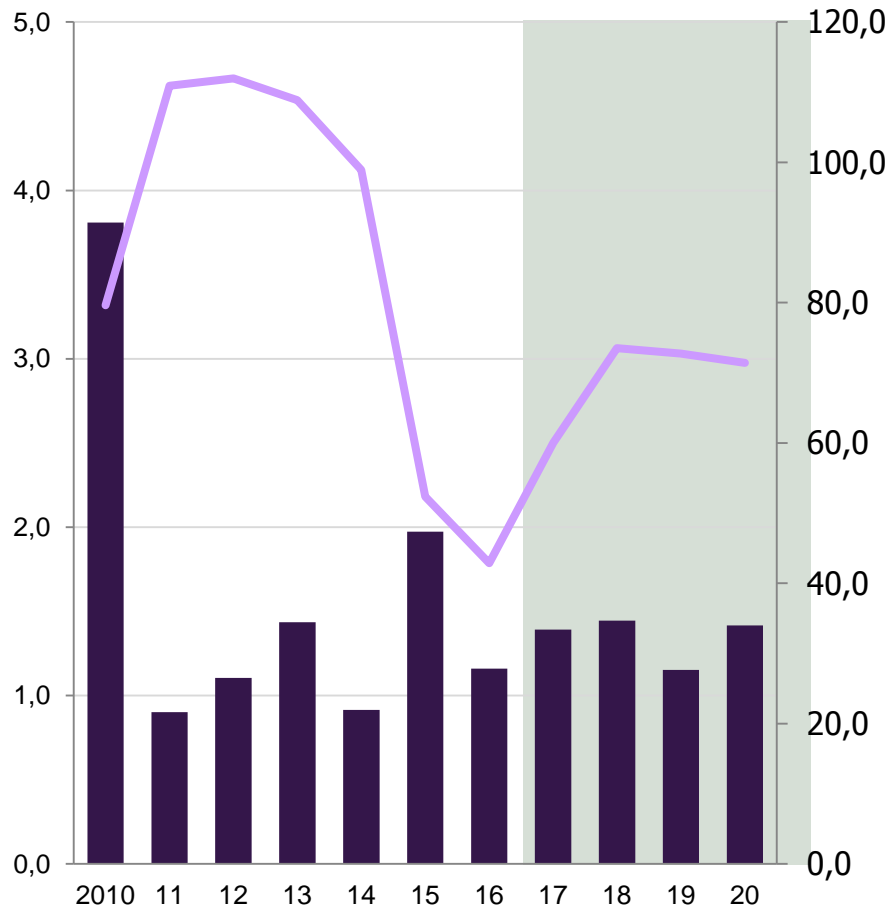
- Countries appear bigger as their predicted growth rate is higher
- Conversely countries that have a low growth rate appear smaller
- India may be the fastest growing global economy in the next decade.
- Economic growth is anticipated to slow down in advanced economies

Decline in commodity prices



- commodity price fell over 20 % since July 2014
- Oil price dropped over 70 % since July 2014

Oil prices and demand

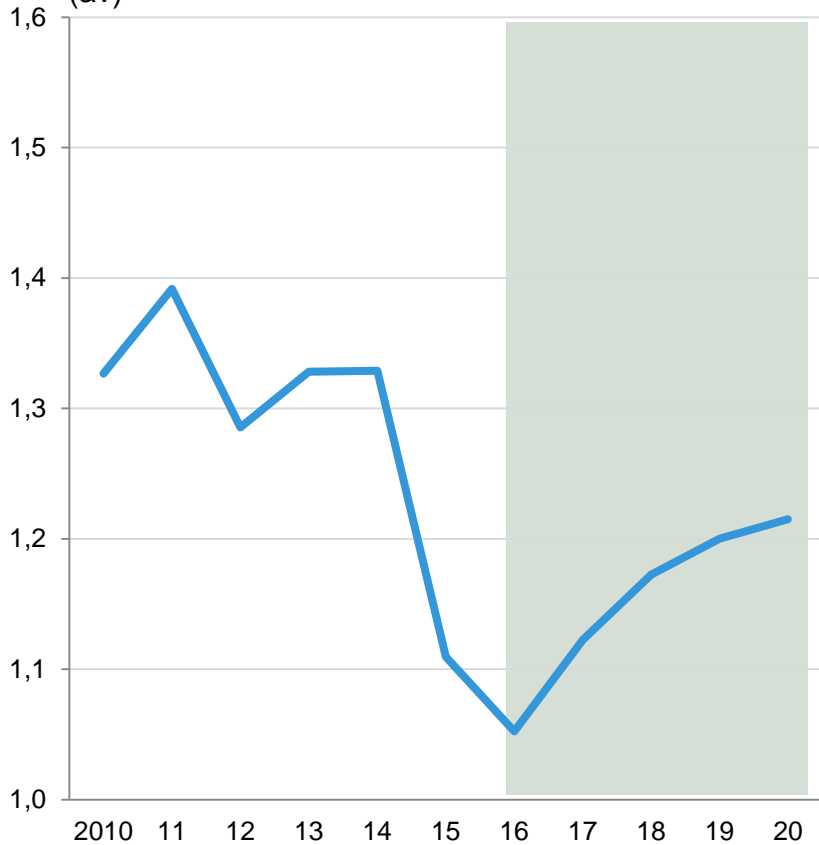


- Brent fell below US\$30/b in January
- prospect of additional Iranian supply
- Prolonged price weakness will slow output growth in 2016 (US production)
- markets will remain oversupplied
- moderating demand growth
- Prices will average US\$43/b in 2016, down from US\$52/b in 2015

Favorable conditions

US\$:€ exchange rate

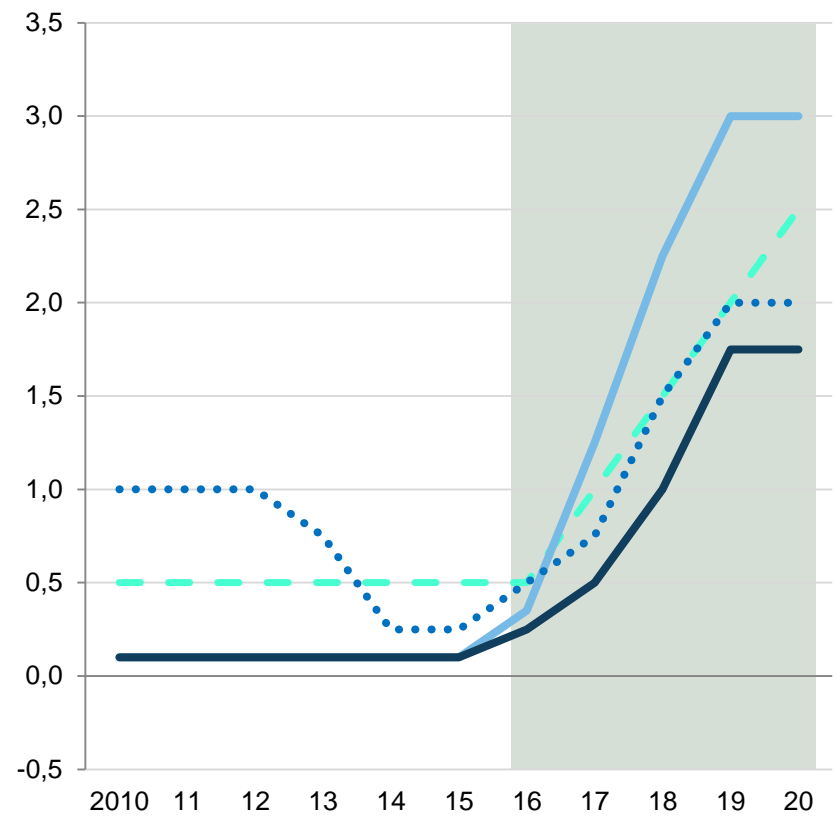
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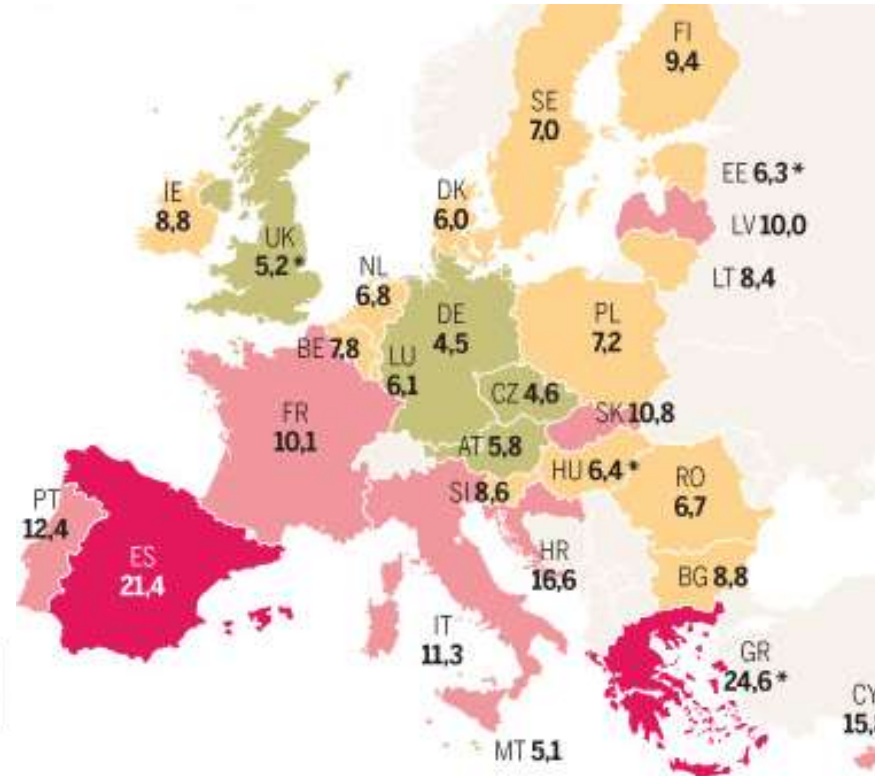
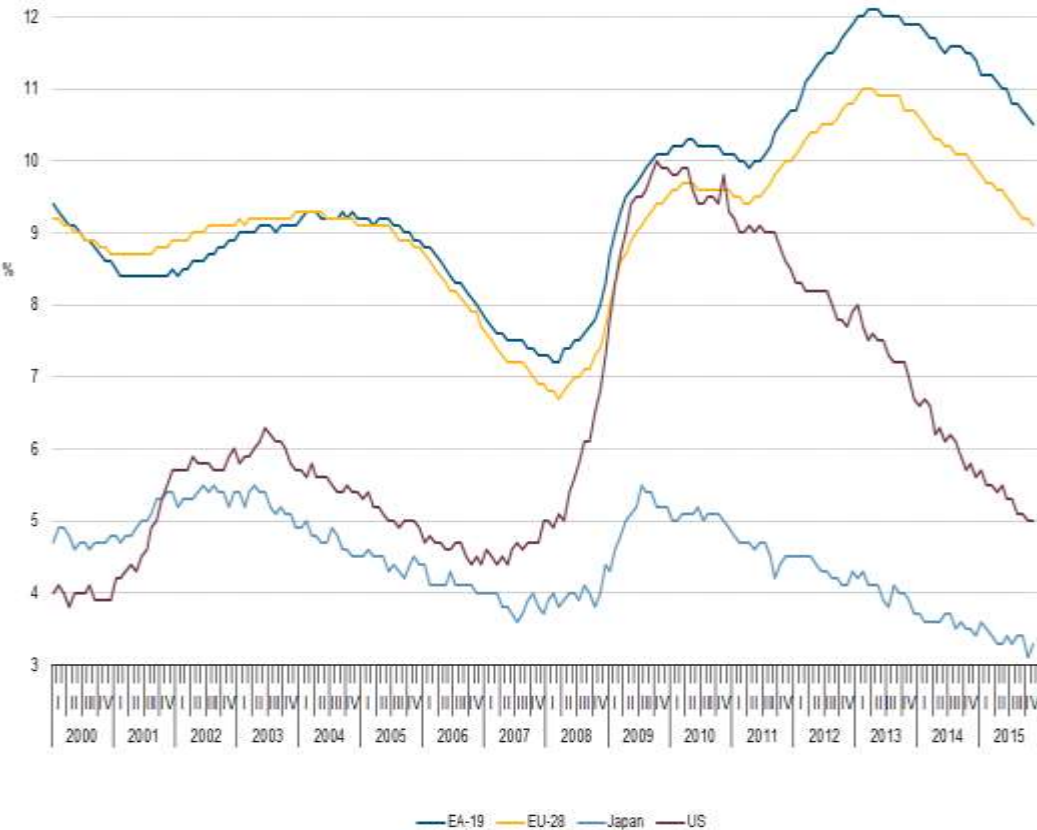
Interest rates

(%)

- UK base rate
- US federal funds rate
- Japan overnight call rate
- Euro zone refi rate

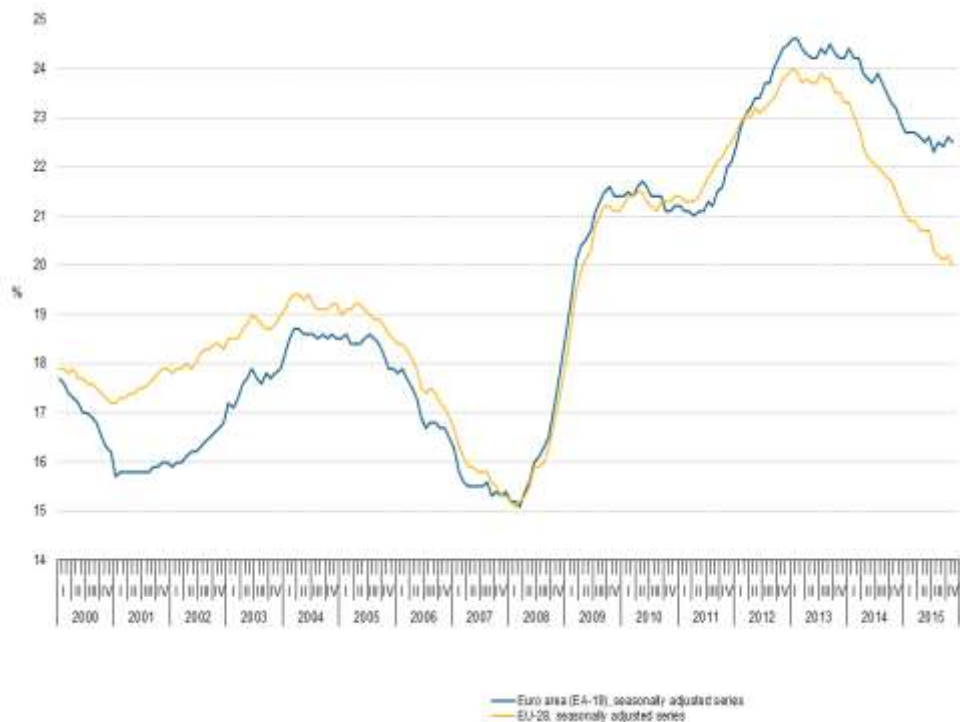


Unemployment falls, but from high levels



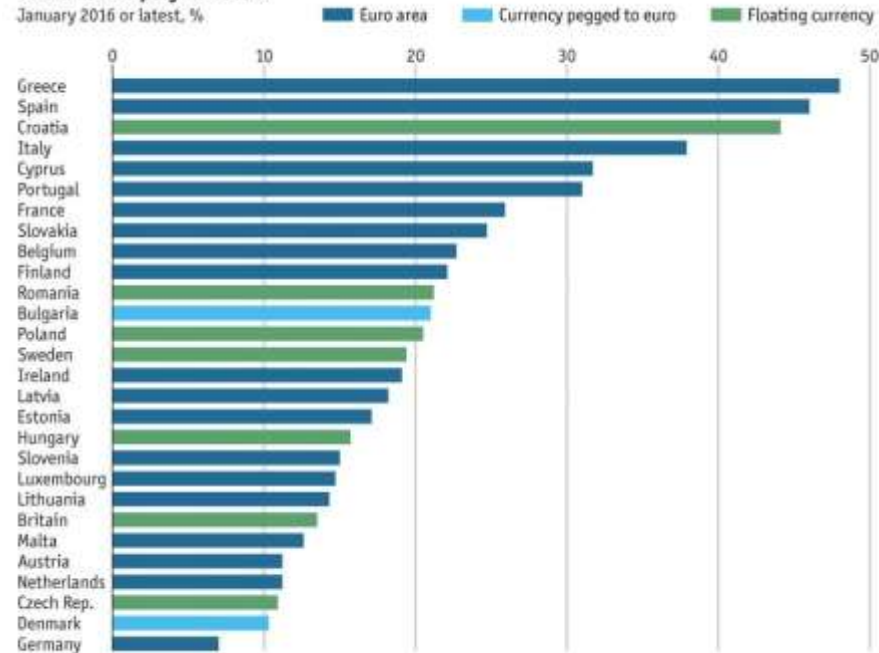
Youth Unemployment rate

Young people up to 25 years



Youth* unemployment rate

January 2016 or latest, %



Source: Eurostat

*15- to 24-year-olds

Budget figures

in % of the GDP, 2016

Government debts

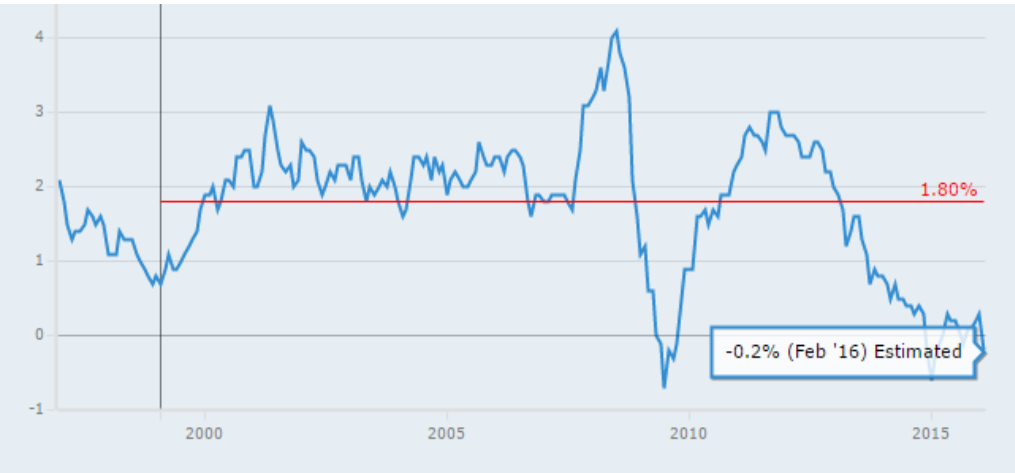


Budget balance

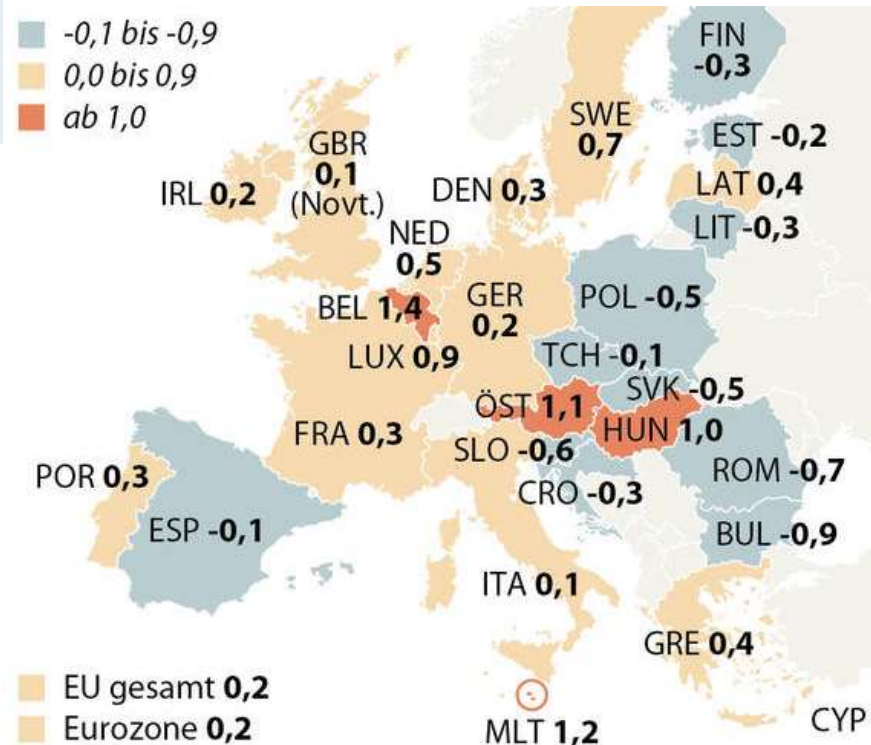


Falling inflation in the euro area leads to increased deflation risks

Harmonised consumer price index, Annual change in %



- 0,1 bis -0,9
- 0,0 bis 0,9
- ab 1,0



Weather at the beginning of 2016



- USA: 2,4%, strong dollar, exports are falling
- Eurozone: 1,5%, badly but improving, weak euro, low oil prices
- Russia: -1,8% recession
- China: 6,5%, but slowing down

Weather forecast ... for 2017



Risks

- Grexit, Brexit
- China economic slowdown, Russia's interventions in Ukraine and Syria
- The rising threat of jihadi terrorism destabilises the global economy

Thank you for your attention!

- contact

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