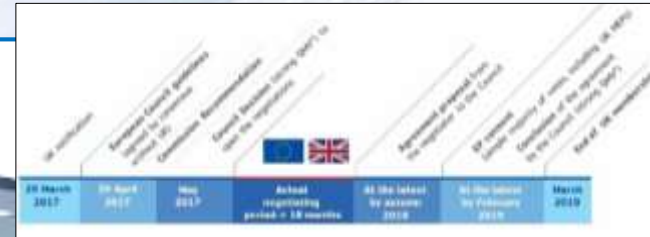




The GLOBAL and the EUROPEAN Economic Outlook

Christian Rebernick
Helsinki, 25th May 2017

The influences in 2017...



Europe's Year of Elections

Voters in more than 70 percent of the euro-area economy may be going to the polls this year in a series of elections that could redraw the continent's political map

Type of Election

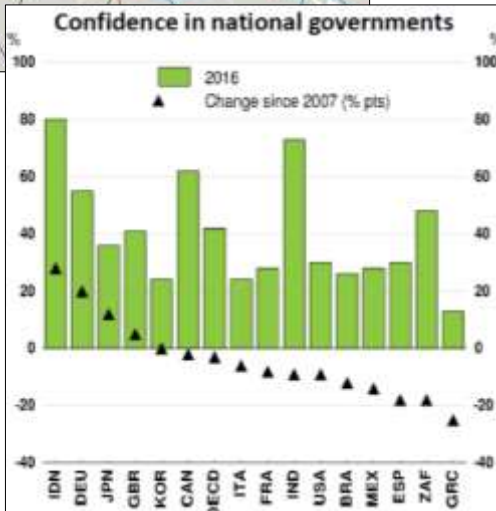
- General elections
- Presidential elections
- Potential general elections

Netherlands
8.5% of euro-area GDP
General elections on March 15

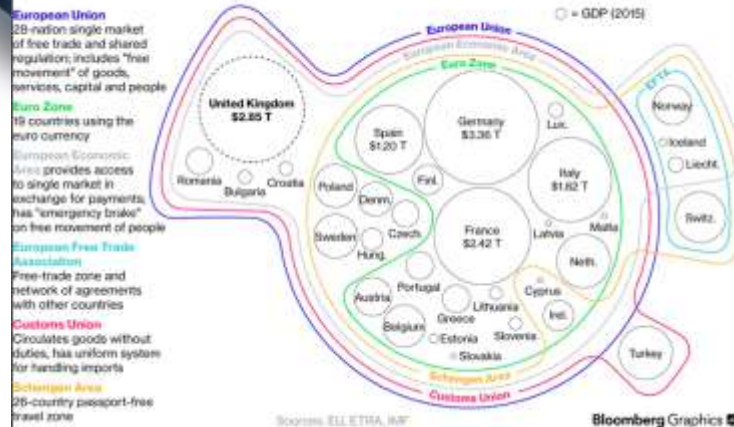
France
21% of euro-area GDP
Presidential elections on April 23 & May 7
Parliamentary elections on June 17 & 18

Germany
29% of euro-area GDP
General elections on Sept. 24

Italy
10% of euro-area GDP
Government is aiming for early general elections in 2017



The U.K.'s plan to leave the European Union has focused attention on long-standing pacts that govern trade, immigration and the common currency



Growth forecasts

GDP in 2017, 2018



World 3,3 / 3,6

USA 2,4 / 2,8

Brazil 0,0 / 1,5

Eurozone	1,6 / 1,6
Germany	1,8 / 1,7
Austria	1,4 / 1,8
France	1,4 / 1,4
Italy	1,0 / 1,0
UK	1,6 / 1,0
Spain	2,3 / 2,2
Greece	1,3 / 1,9

Russia 0,8 / 1,0

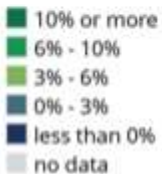
China 6,5 / 6,3

Japan 1,2 / 0,8

India 7,3 / 7,7

Australia 3,0 / 3,1

South Africa 1,1 / 1,7

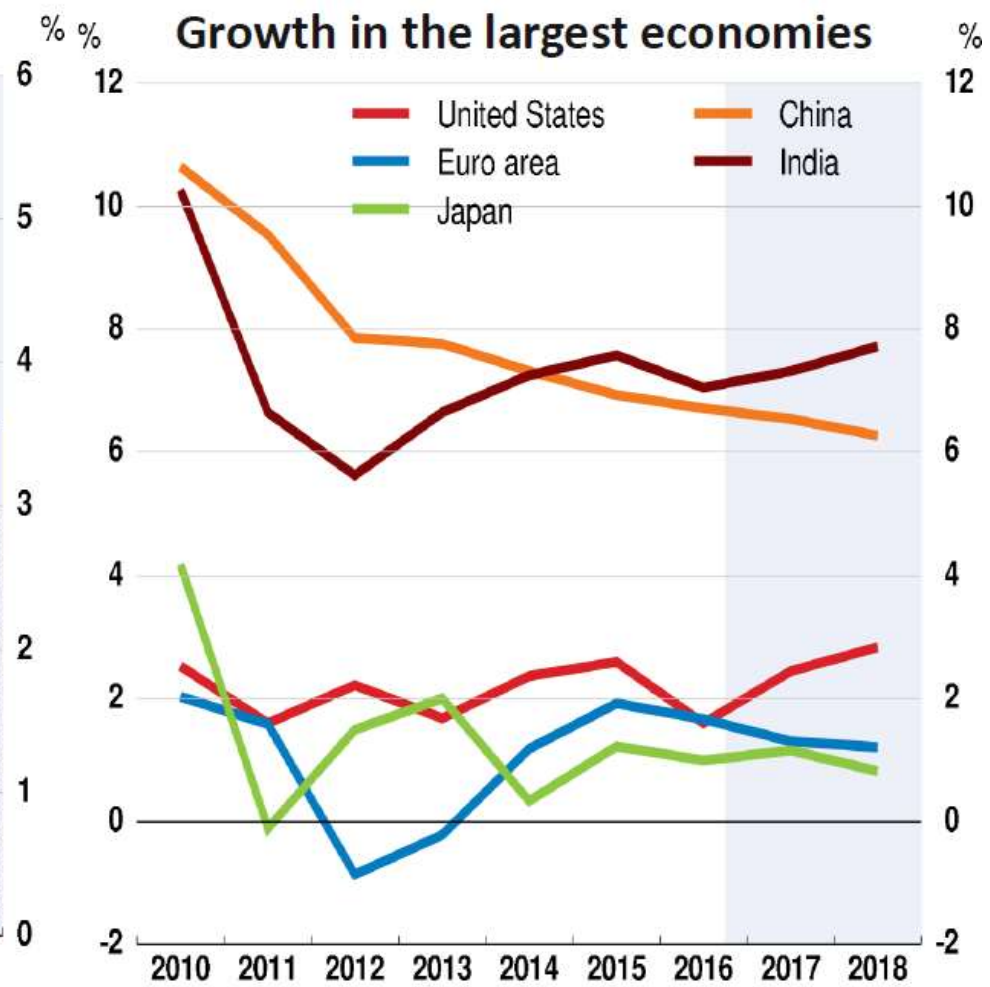
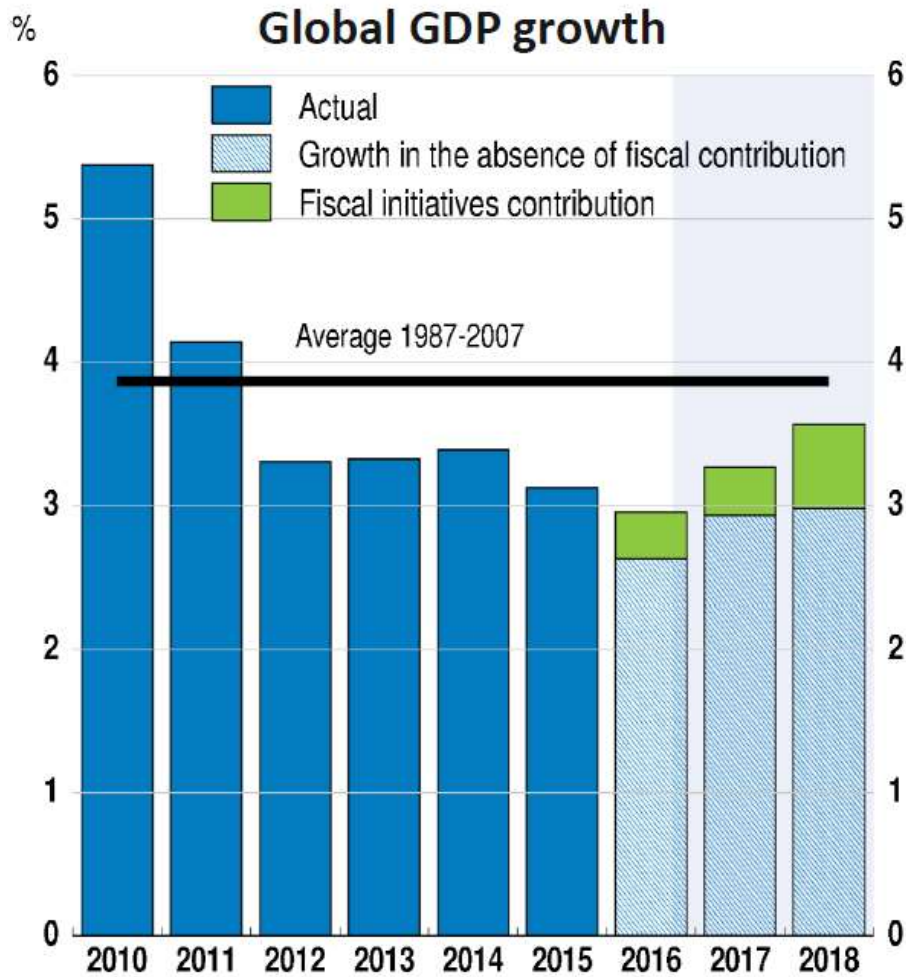


©IMF, 2017, Source: World Economic Outlook (April 2017)

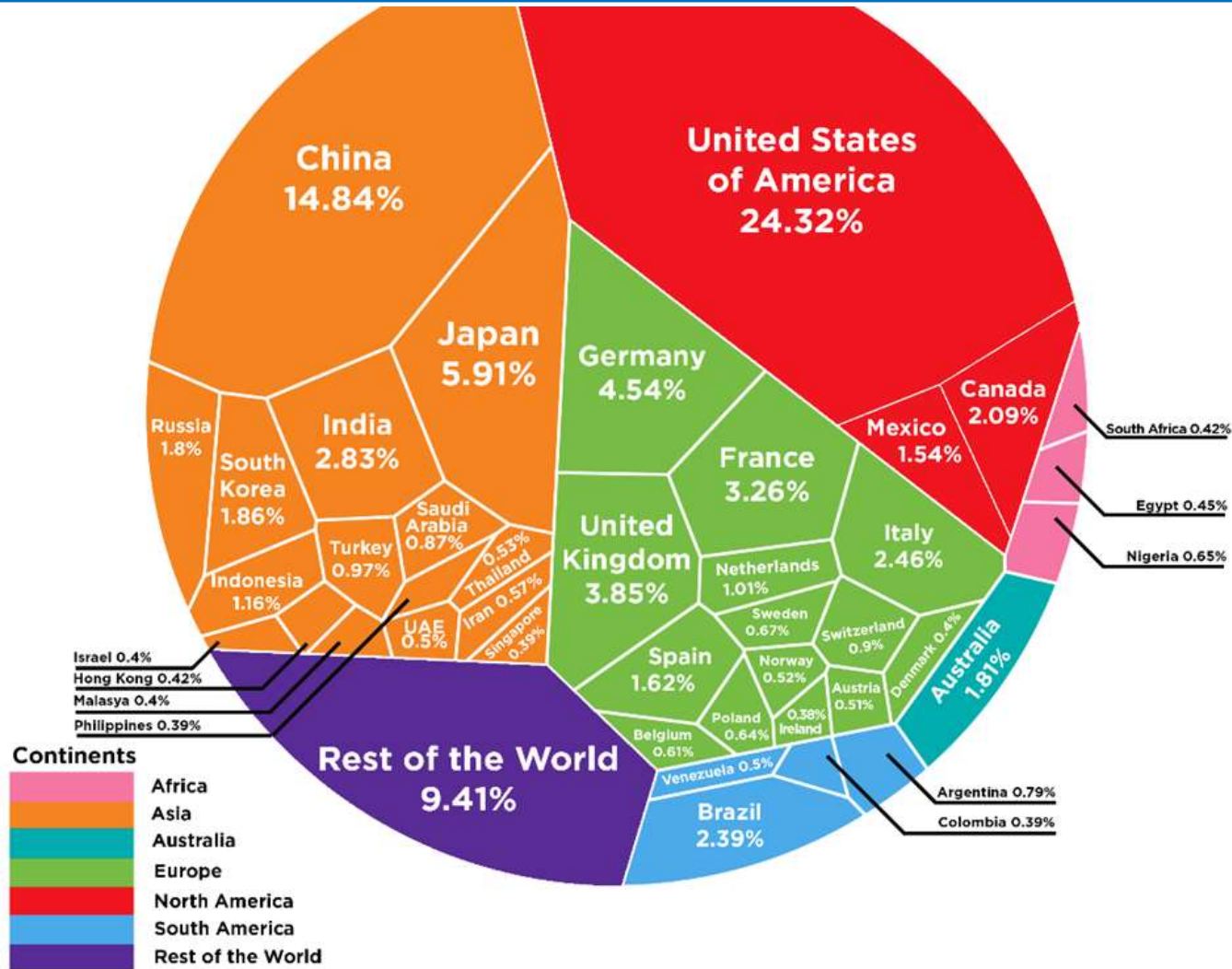
World economy: recovery

- 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, inflation
- BRIC: crisis in Russia and China, less influence than years ago

Global GDP growth pick up modestly



The Global Economy by GDP



GDP Growth Forecasts in Europe

2017

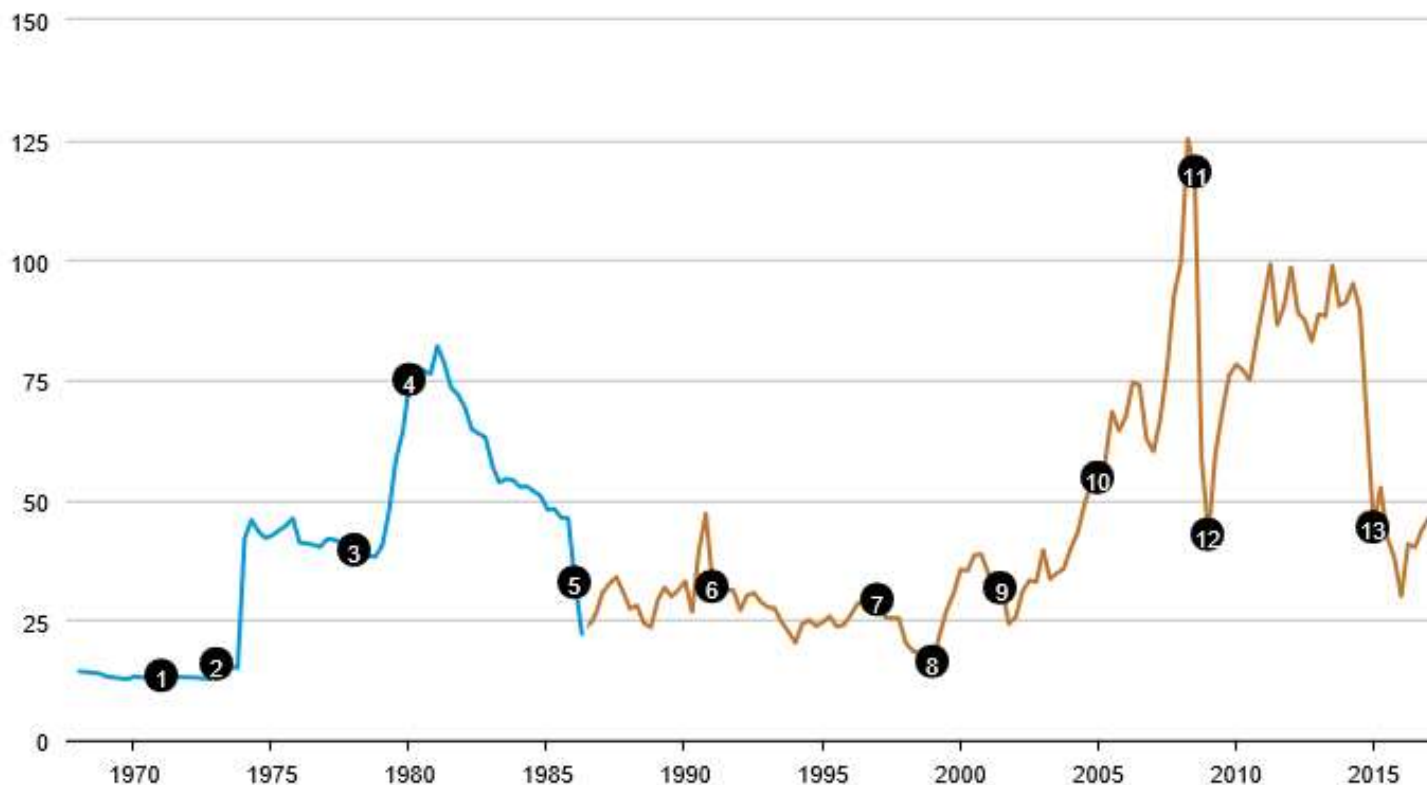


- Eastern European countries with higher growth rates
- Germany, France, Austria stable their speed
- In periphery countries (Spain, Ireland) recovery due to recovery programs and reform

Source: OECD 2017

Oil Prices and geopolitical events

\$/b (real 2010 dollars)



eia Source: U.S. Energy Information Administration, Thomson Reuters

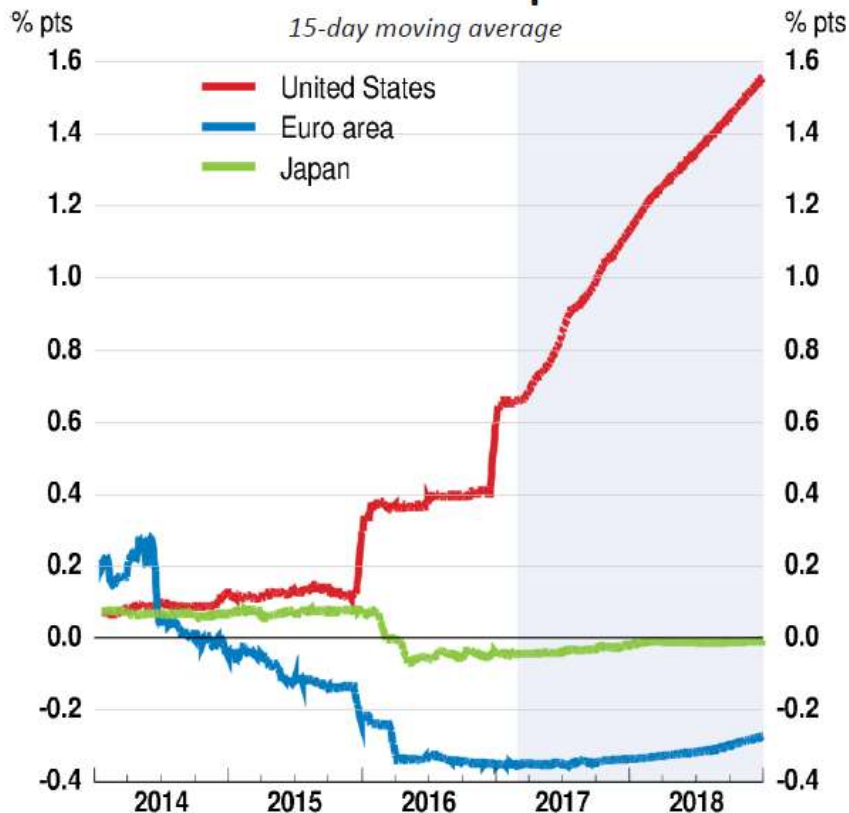
Updated: Quarterly | Last Updated: 03/31/2017

- 1: US spare capacity exhausted
- 2: Arab Oil Embargo
- 3: Iranian Revolution
- 4: Iran-Iraq War
- 5: Saudis abandon swing producer role
- 6: Iraq invades Kuwait
- 7: Asian financial crisis

- 8: OPEC cuts production targets 1.7 mmbpd
- 9: 9-11 attacks
- 10: Low spare capacity
- 11: Global financial collapse
- 12: OPEC cuts production targets 4.2 mmbpd
- 13: OPEC production quota unchanged

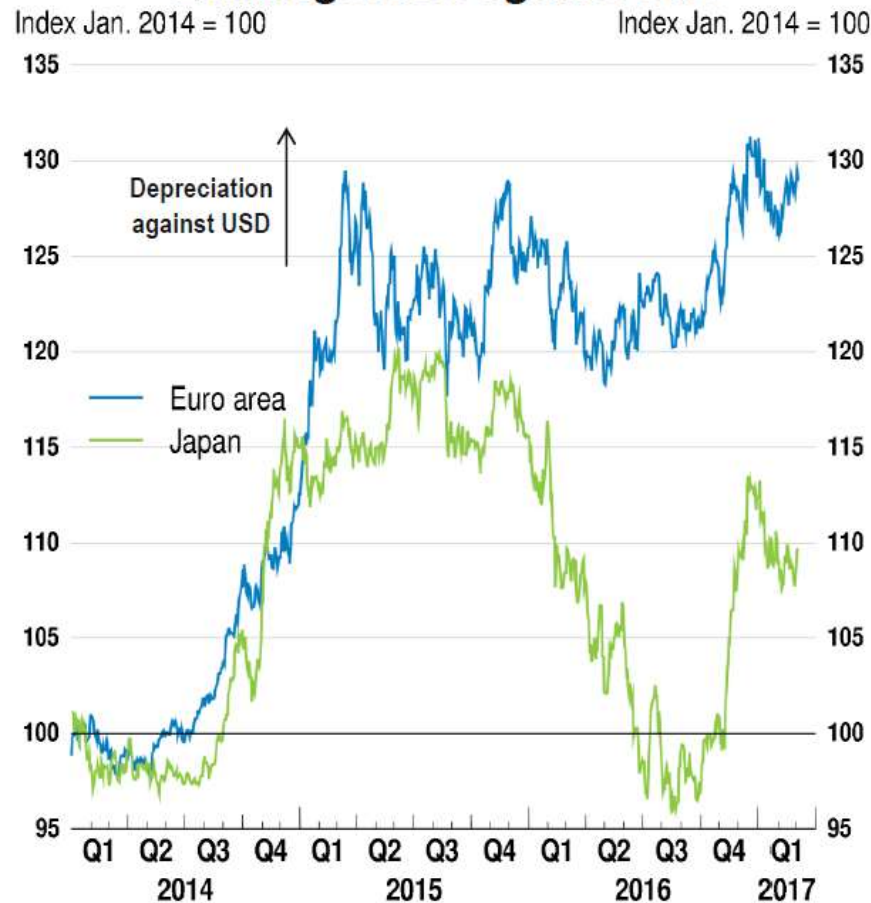
Divergence in interest rates

**Overnight interest rates:
actual and market expectations**



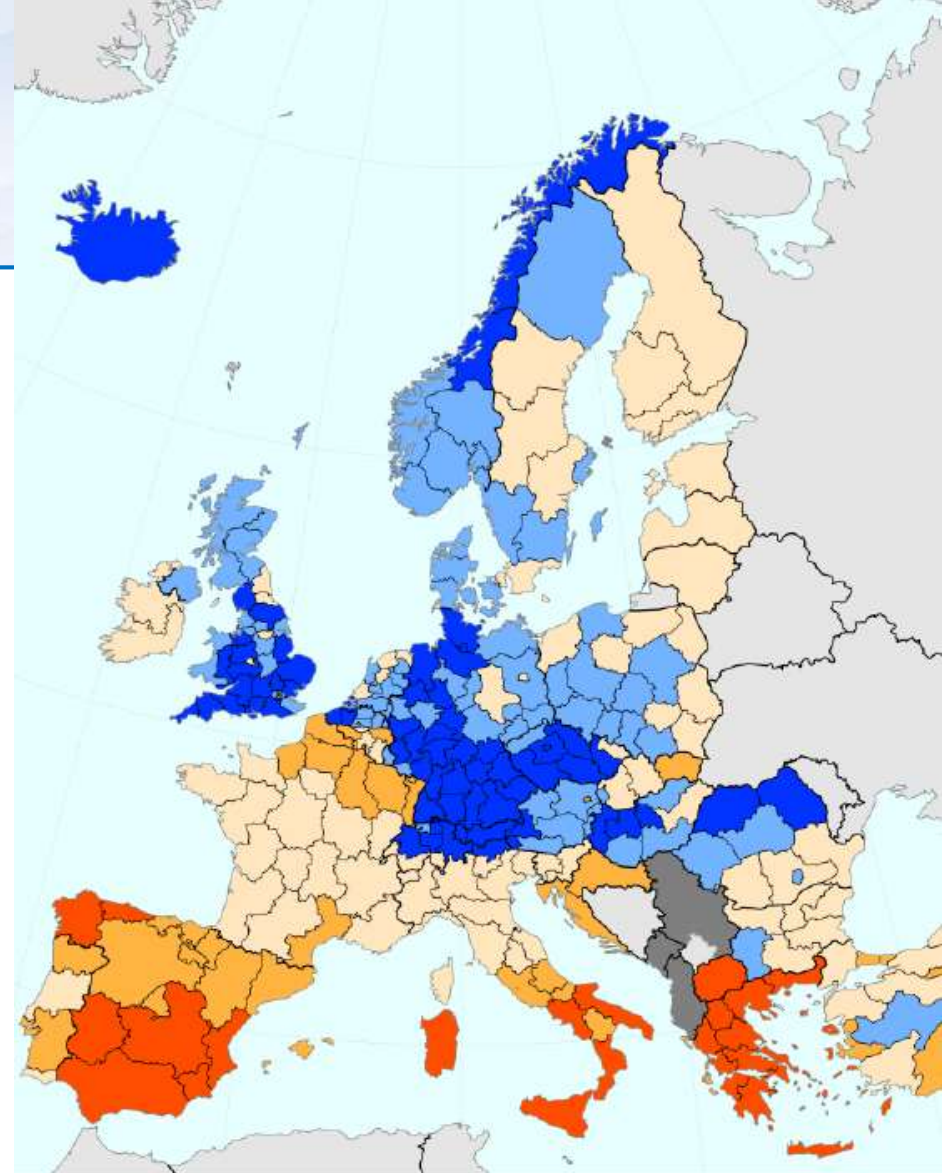
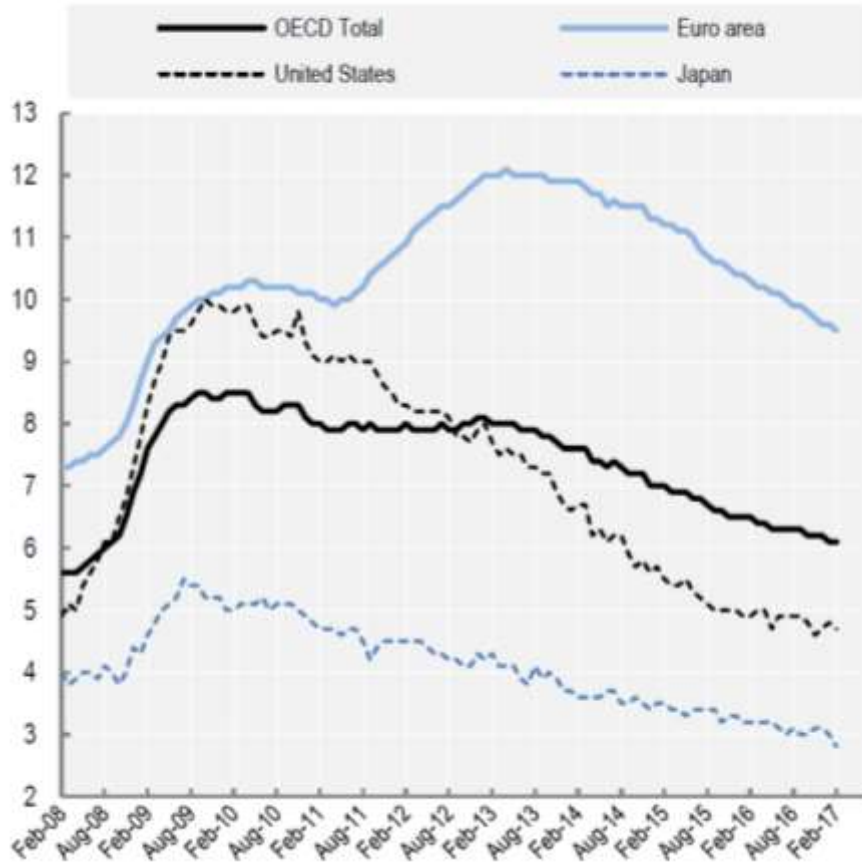
Note: Market expectations at 2 March 2017.

Exchange rates against USD

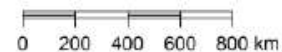


Unemployment falls, but from high levels

All persons



Administrative boundaries: © Eurostat
Cartography: Eurostat - GISCO, © Eurostat

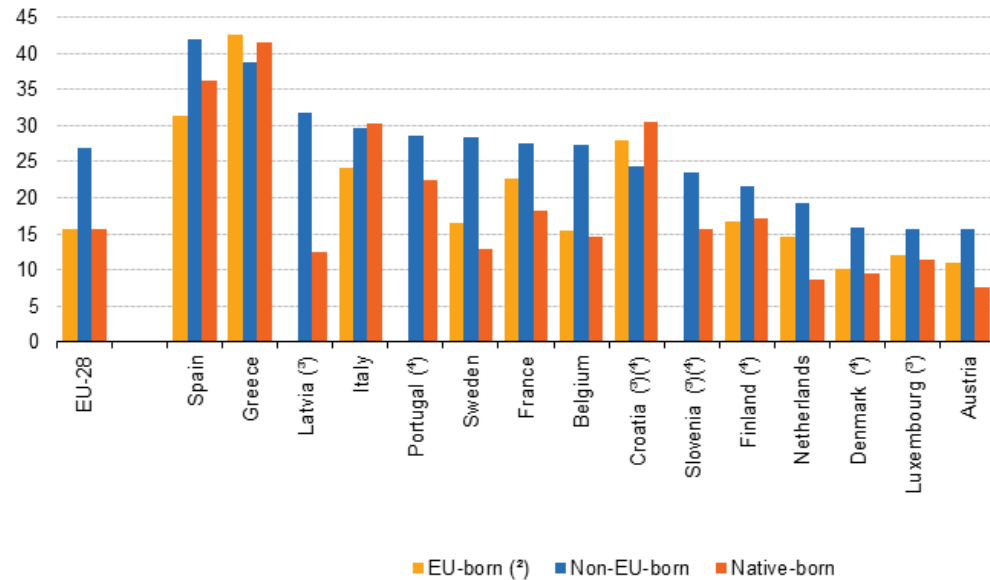
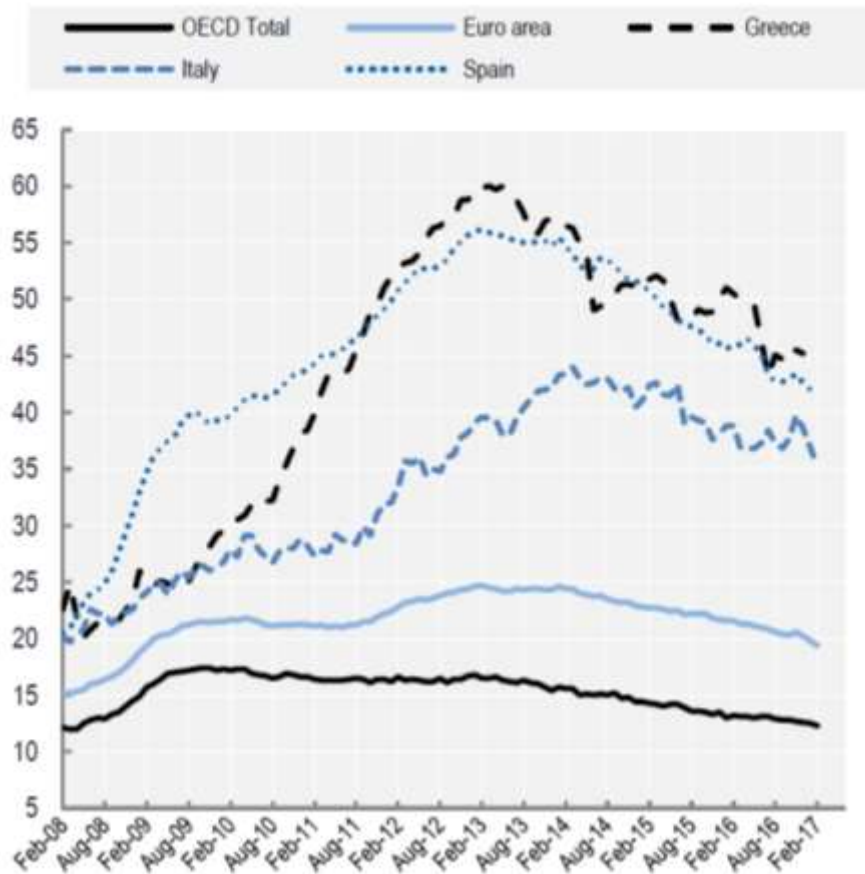


Youth Unemployment rate

Young people up to 25 years

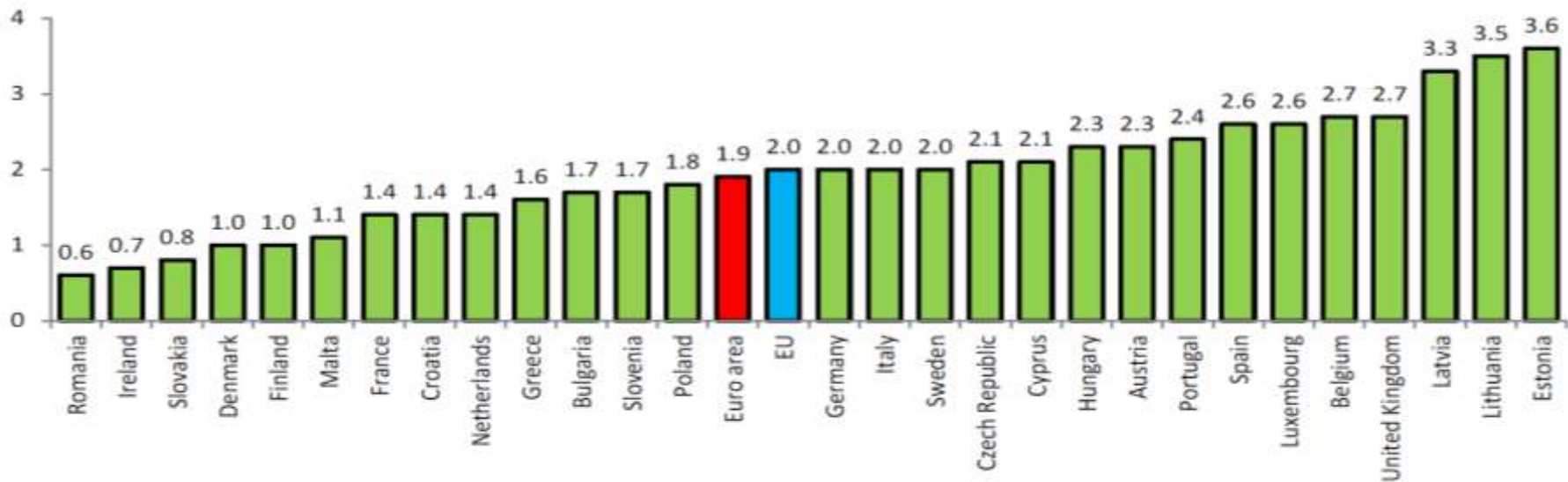
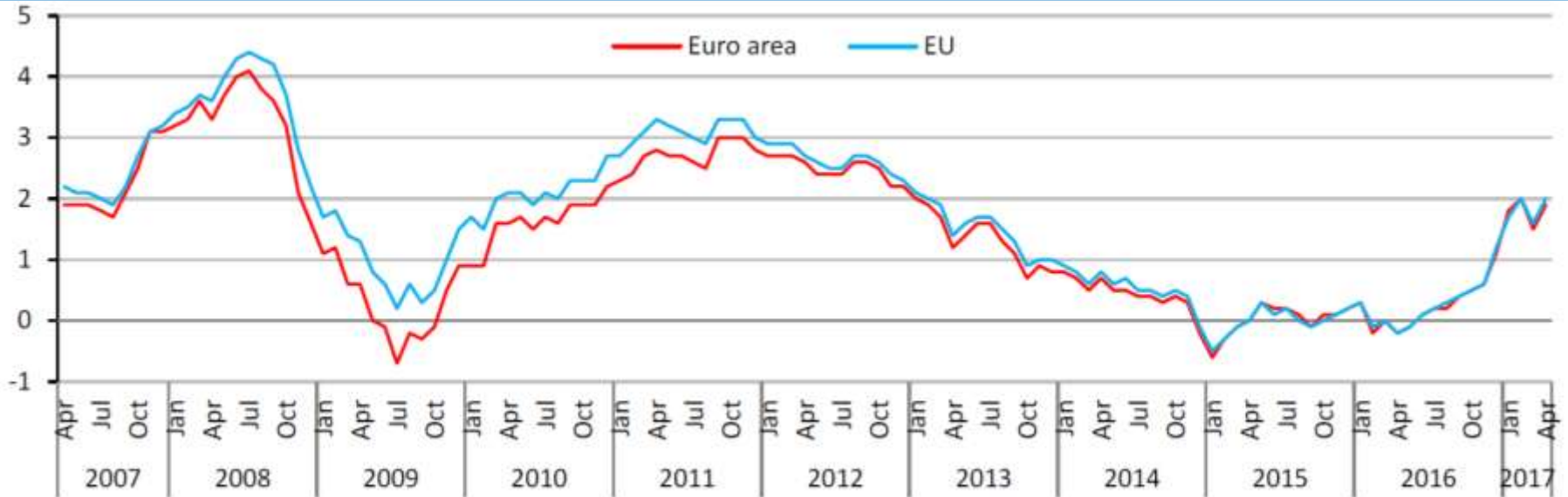


Youth

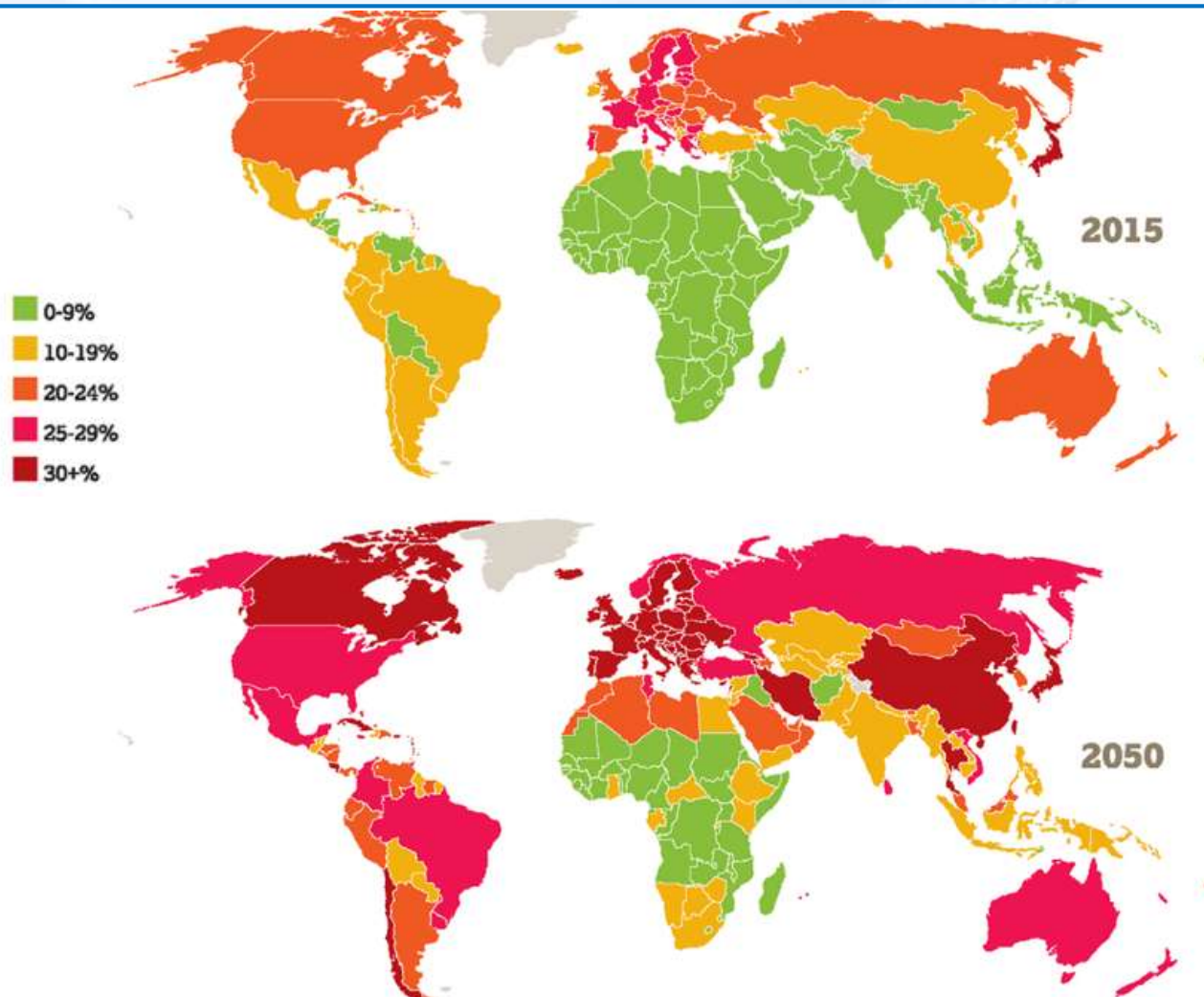


Increasing inflation in the euro area

historical data and April 2017



Speed at which population are ageing population aged 60 or over



Weather in 2017



- The global economy is expected to grow at a rate of 3,3%
- The election of the US president has increased uncertainty worldwide
- Europa is entering a period of political uncertainty, elections
- The Chinese economy appears to be stabilising but still has its problems

Weather forecast ... for 2018



- USA: 2,8%, strong dollar, exports are falling
- Eurozone: 1,6%, badly but improving, weak euro, oil prices
- Russia: 1,0%, out of recession
- China: 6,3%, but slowing down