Giulia Fracas Francesca Polini Font: Brevier by Riccardo Olocco / CAST Foundry

# #visualizingthecrisis

<del>-Governors Of Demand</del> World goes negative

26.03.2016

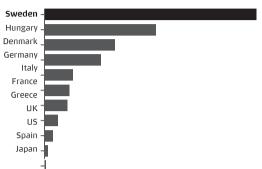
IUAV Infodesign course held by M. Ferrari and I. Williams A.A. 2015 / 2016

## **A** SWEDEN

#### The less european country ever

To tow the Swedish economy were mainly two factors: interest rates kept very low by the central bank and a strong increase in public and private spending to meet migrants emergency.

## Asylum seekers per million of population in 2014



The Swedish economy advanced a seasonally adjusted **0.5%** on the quarter in the three months to March of 2016, following an upwardly revised

1.6% expansion in the previous period and missing market expectations of **0.7% growth**. In 2014 both private and public spending rebounded, as well as fixed investment which grew the most in seven years Imagine a bank that pays negative interest. Crazy as it sounds, several of Europe's central banks have cut key interest rates below zero and kept them there for more than a year. Now Japan is trying it, too. For some, it's a bid to reinvigorate an economy with other options exhausted. Others want to push foreigners to move their money somewhere else. Either way, it's an unorthodox choice that has distorted financial markets and triggered warnings that the strategy could backfire. If negative interest rates work, however, they may mark the start of a new era for central banks.

## **A** DENMARK

In Denmark, the central bank, Nationalbanken, doesn't have an inflation target. Its goal is to keep its currency steady against the euro to **protect trade** with the eurozone. With the euro falling in recent years, the Danish central bank cut rates repeatedly, going negative for the first time in mid-2012 in a bid to keep its currency in check. The policy has achieved its main objective because appreciation pressure on the krone has "disappeared completely."

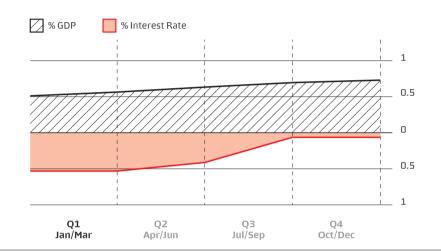
verv weak data recorded in Q3 2015. However, the economy is likely to grow below 1% for 2016 as a whole. Nevertheless, employment growth continues to be strong, with private sector adding 3,200 employees in January, Inflatior in January had decelerated as expected but seems positive.

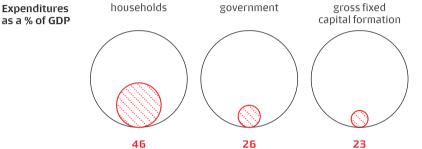
Denmark's GDP

growth rebounded slightly after the

## Kinds of negativity

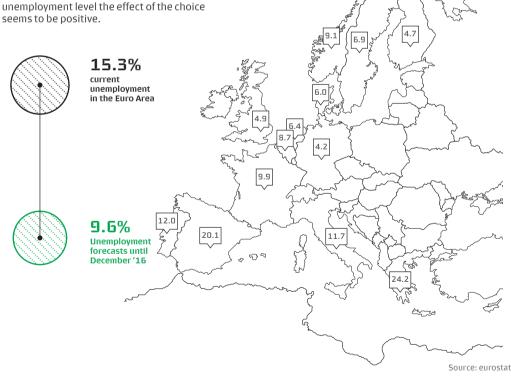
- A best one
- B little improvements
- ( worst one





## **©** EURO AREA

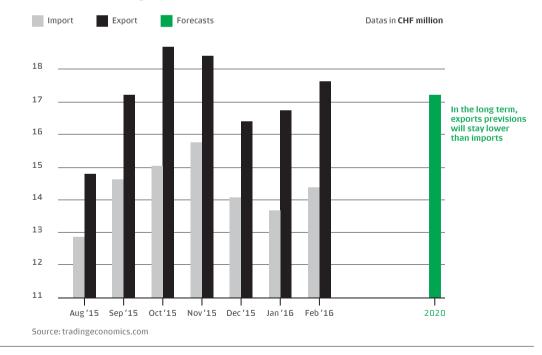
## Unemployment Even if ECB needs time to reach a lower seems to be positive.



## **©** SWITZERLAND

#### Import / export

Export-oriented industrial sector has been particularly hard hit by the franc, which finished last year 10% stronger. Sulzer AG, a pump and mining drill manufacturer, is closing its plant north-east of Zurich.



## JAPAN

Last week, the State decided to go in negative for increasing its insecure economy. Unfortunately, this financial measure didn't work very well. Japanese currency is becoming a **super-currenc**y, because many people invest in Yen and this process don't help State's economy.

# Japanese Yen / US Dollar

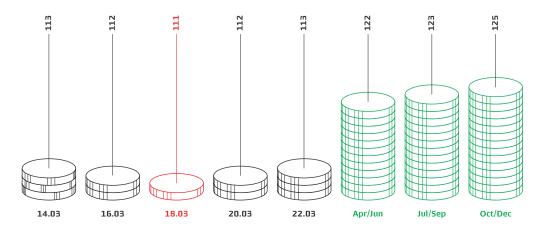


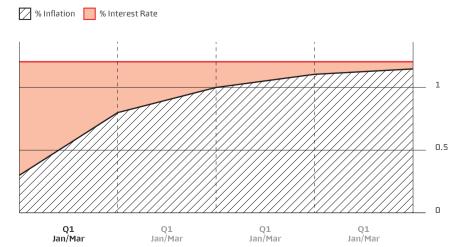
## **(a)** HUNGARY

## Trend of negative?

On March 22nd the National Bank of Hungary decided to adopt a negative rate. The State's inflation is increasing but it's not enough, this is the reason why it changed in negative. Many other States are thinking about negative interest rate. Is it a new tendency? What can it do for the economy situation?

Hungary is prefixing to reach the inflation rate of 3% during 2020





#### 13 17 13 18 16 15 11 14 11 14 The negative Year 2016 Number of meetings interest rate era per month MAR APR JUN JUL AUG-SEP OCT NOV-— DEC — By mid-2016, some **500 million** people in a quarter of the world economy were living with rates RON in the red. Unthinkable before the 2008 financial crisis, the idea RSD is to jolt lending, spur inflation and reinvigorate the economy KRW after other options have been exhausted. It's an unorthodox BDT **move** that has distorted financial markets and triggered complaints IDR that the strategy is backfiring. GBP PLN PEN CLP How to read it MZN Months TRY SEK rate KES BRL PYG meeting MYR O positive interest rate o negative interest rate EUR ∅ deposit rate ILS negative forecasts AOA • past/future meetings HUF NGN USD NZD CHF EGP UAH . MDL. ZAR RUB $\mathsf{TTD}$ 17.0 KZT $\mathsf{CAD}$ AUD NAD ТНВ GEL ALL JPY MXN ISK Impossible. ZMK unnatural KG5 or just unusual? NOK We find that the impact on profitability declines with the level of interest rates LKR and the slope of the yield curve, ie that there are MAD significant non-linearities. This indicates that the PHP impact of interest rates on bank profitability is TWD particularly large when they are low. All this INR suggests that, over time, unusually low interest COP rates and an unusually flat term structure erode bank profitability. Negative UAH rates could cripple banks' margins, profitability and DNK resilience. The markets cannot be expected to CZK ignore such profound effects on the financial FJD system. PKR 13 march 2016