

EU debt crisis odyssey

#visualizingthecrisis

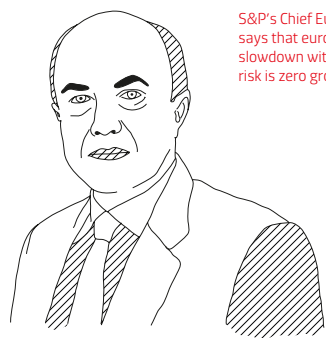
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7th April 2016
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Lab. di Design della Comunicazione AA 2015-2016

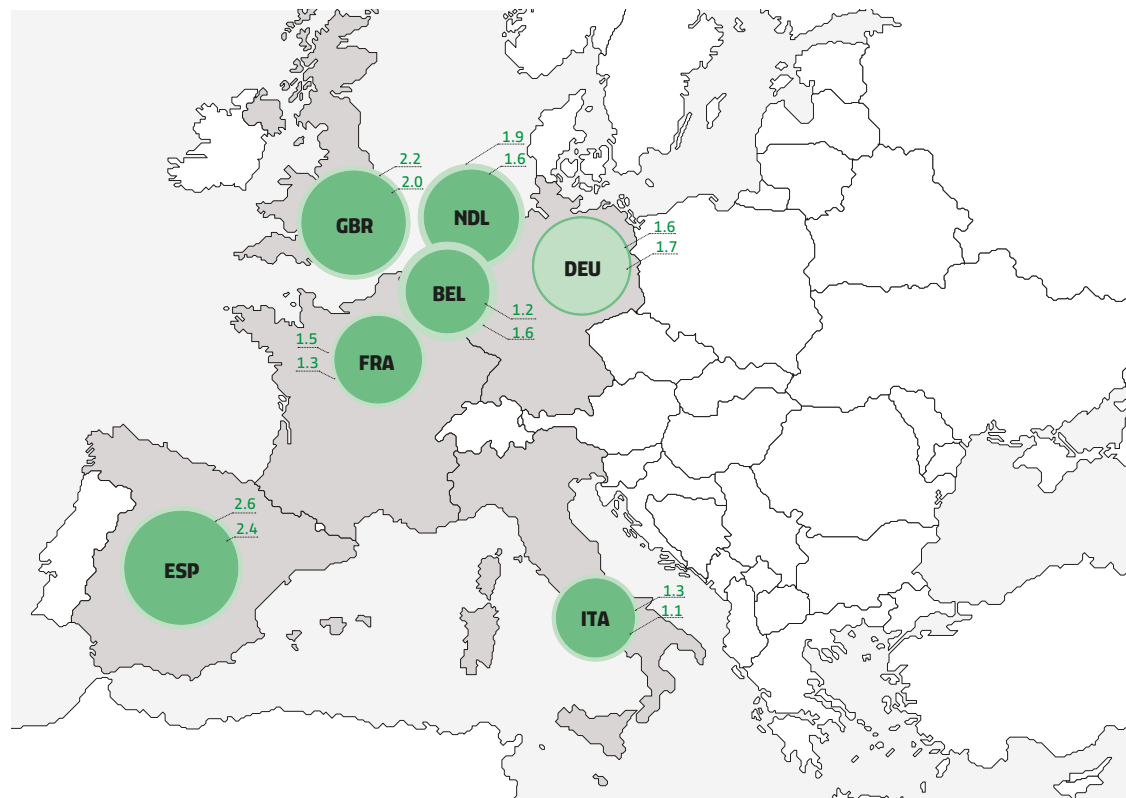


Eurozone is flying on one engine, says S&P's

The Eurozone economy is "flying on one engine" according to the ratings agency Standard and Poor's, which trimmed its growth and inflation forecasts for the euro zone. In his latest report S&P decided to cut GDP growth projection for Europe, against the forecasts they did in November, but they says also there are some reasons to hope that the economy will pick up altitude, a "pre-crisis flight path" of robust growth is not likely.



S&P's Chief European Economist Jean-Michel Six says that Europe must balance out export trade slowdown with domestic consumption growth. The risk is zero growth for European economy in 2017.



Map legend

- Involved countries
- S&P's November 2015 forecasts
- S&P's April 2016 forecasts

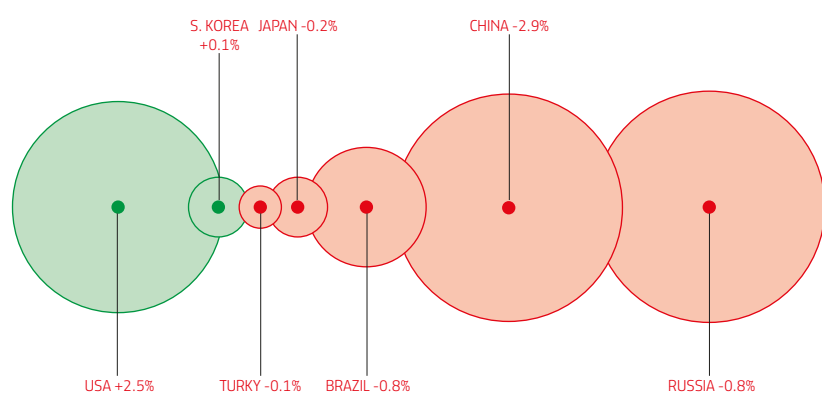
European export trades are having some trouble...

The main causes are geopolitical and economic problems of trade partners: Russia and Middle East have political conflicts, Brasil has structural weakness, China saw in 2015 economic slowdown.

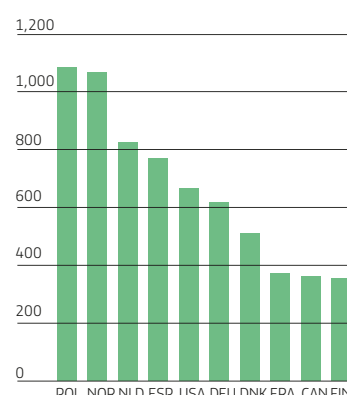
...But there is still hope

To balance trade loss EU has to increase domestic consumptions: that could be done only with the decrease of unemployment. Nowadays the situation in Europe is getting better in this respect.

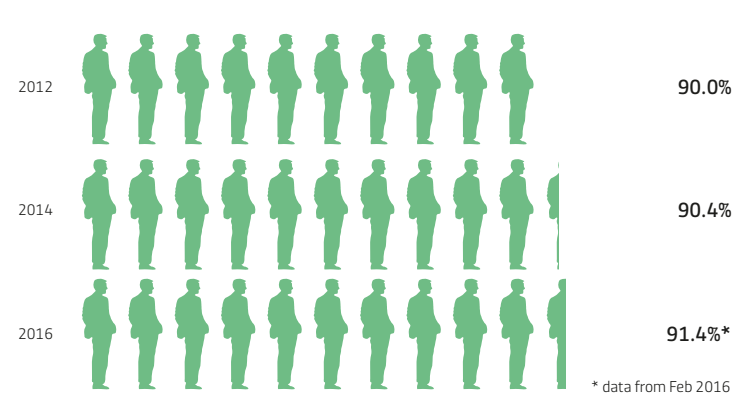
Top european trade partners
Export 2014-16



The countries hardest hit by Russia's trade ban
million of US dollars



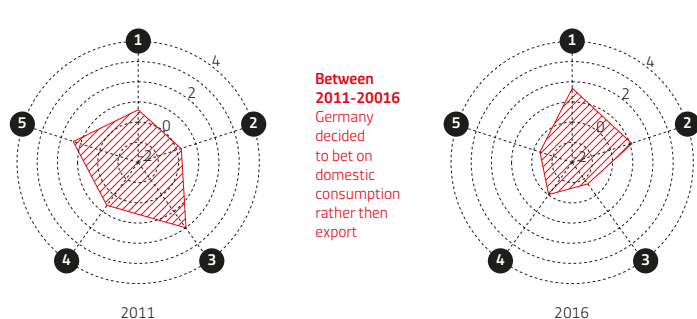
Employment in EU
2012 - 2016



Well, it works

Since 2013, Germany tried to balance export trade loss with the increase of domestic consumption. That is a good example of how to prevent economic slowdown caused by difficulty on trading goods.

Cause of economic growth
Data in %

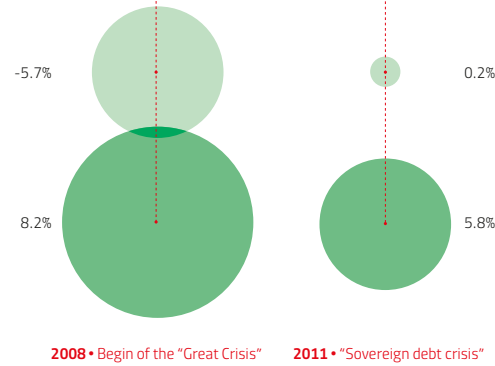
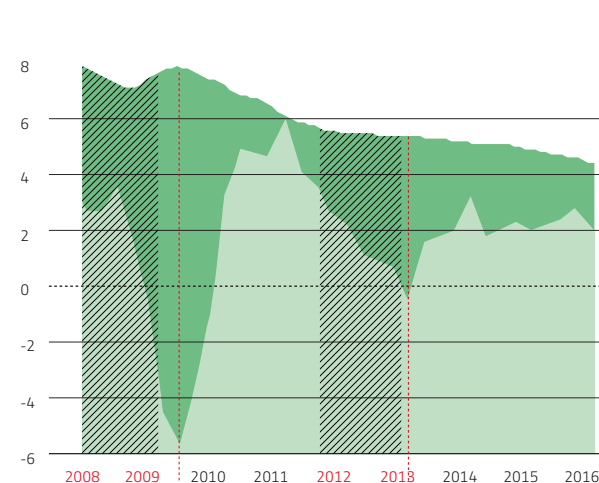


Angela Dorothea Merkel, Chancellor of Germany since 2005 and Leader of the Christian Democratic Union.

- Legend
- 1 Private consumption
 - 2 Public spending
 - 3 Investments
 - 4 Stocks
 - 5 Net exportation

GDP is still going up...

German GDP - Employment rate | 2008-16
Data in %

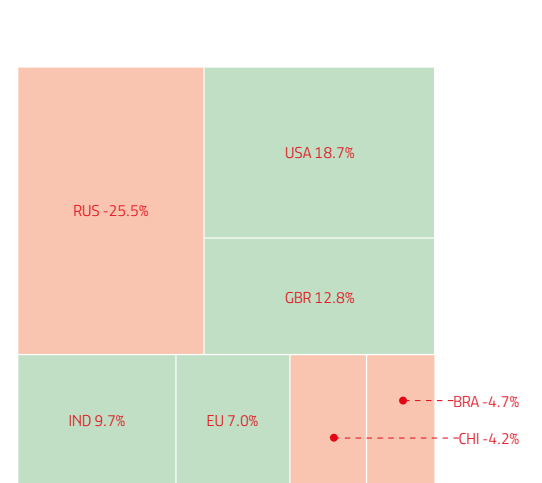


2008 • Begin of the "Great Crisis"

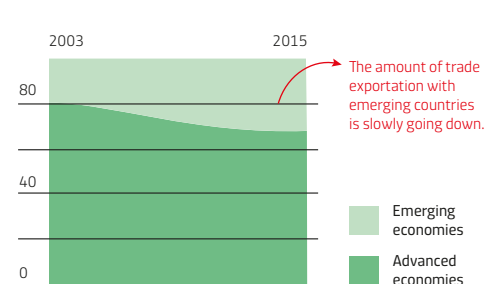
2011 • "Sovereign debt crisis"

...Even if export is going down

DEU trade partners | 2014-15
Data in %



German exportation | 2003-16
Data in %



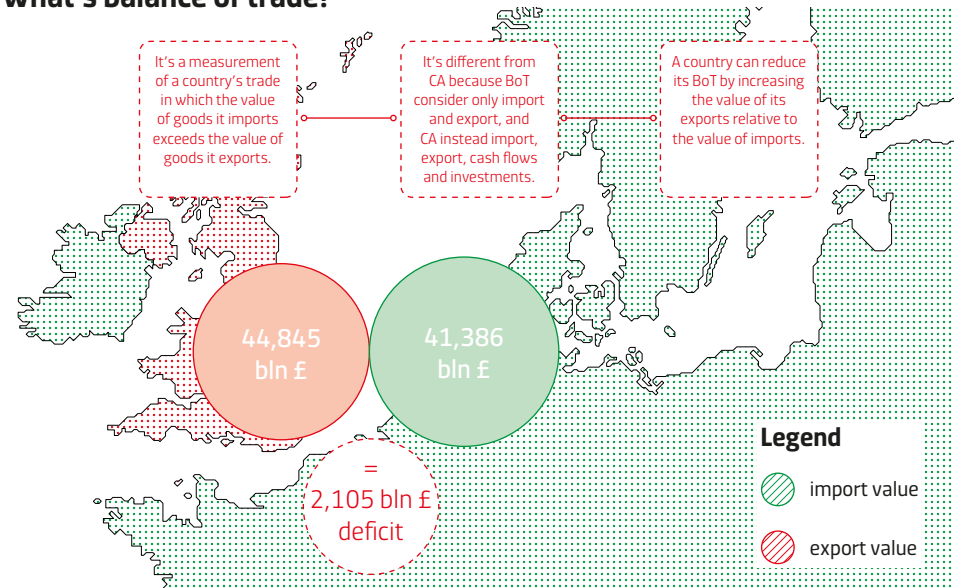
Sources: European Commission Directorate-General for Trade, CBCN, Coface, S&P, tradingeconomy, Wikipedia

GBR Deficit emergency in UK

The ONS has just announced the highest Current Account deficit on record for the British economy, at 5.2% of annual GDP (7.0% in the last quarter of 2015). The argument is that as the British economy recovers faster than its neighbours economies, Britain's income from overseas investments declined while foreigners income taken from the UK improved. This weighs negatively on GNP and widens the Current Account gap. Also, the Balance of Trade has a negative value because goods imported are higher than gods exported.

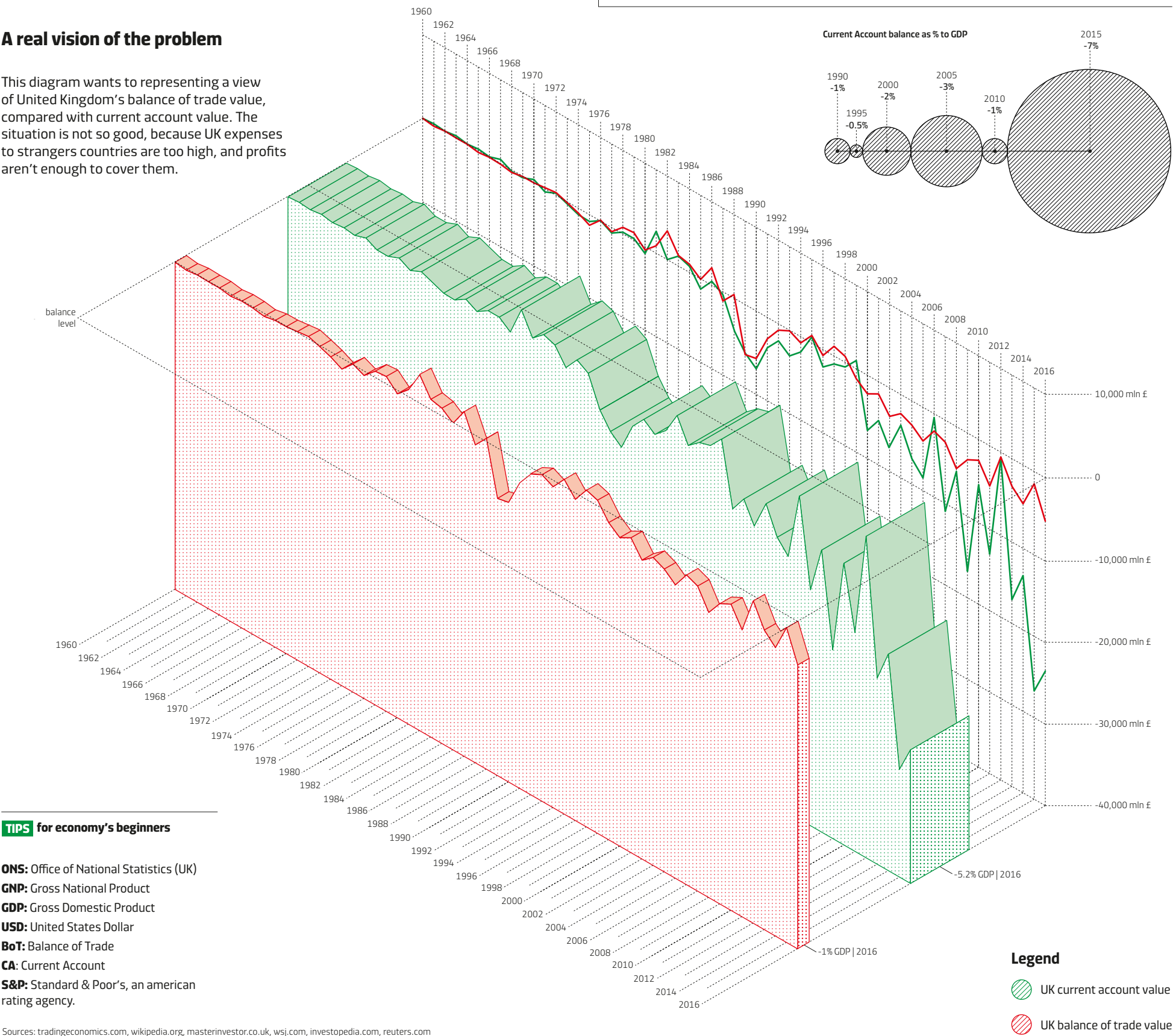


What's balance of trade?



A real vision of the problem

This diagram wants to representing a view of United Kingdom's balance of trade value, compared with current account value. The situation is not so good, because UK expenses to strangers countries are too high, and profits aren't enough to cover them.



TIPS for economy's beginners

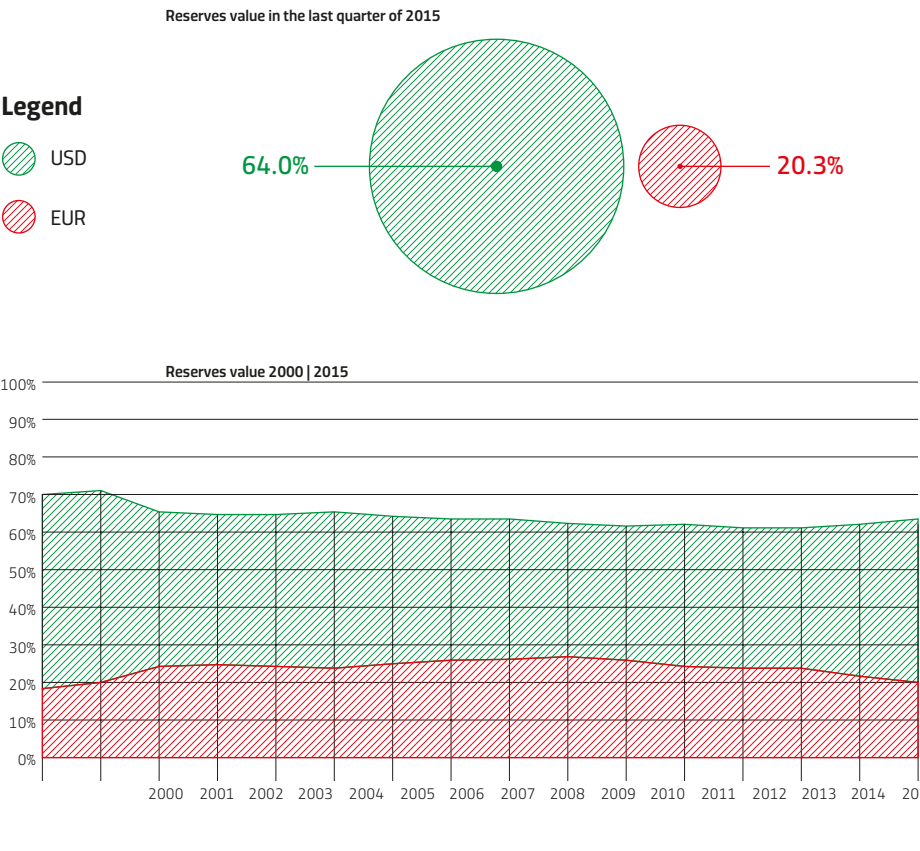
- ONS: Office of National Statistics (UK)
- GNP: Gross National Product
- GDP: Gross Domestic Product
- USD: United States Dollar
- BoT: Balance of Trade
- CA: Current Account
- S&P: Standard & Poor's, an american rating agency.

Sources: tradingeconomics.com, wikipedia.org, masterinvestor.co.uk, wsj.com, investopedia.com, reuters.com

EUR The World still loves the Dollar

The U.S. dollar continued to be the world's favorite reserve currency in 2015, while the euro's share of reserves fell to its lowest level since 2002. The data, known as Cofer for Currency Composition of Official Foreign Exchange Reserves, is released on the last business day of every quarter with a three-month lag.

Euro and US Dollar global reserves



Current Account balance as % to GDP

