

EU debt crisis odyssey

#visualizingthecrisis

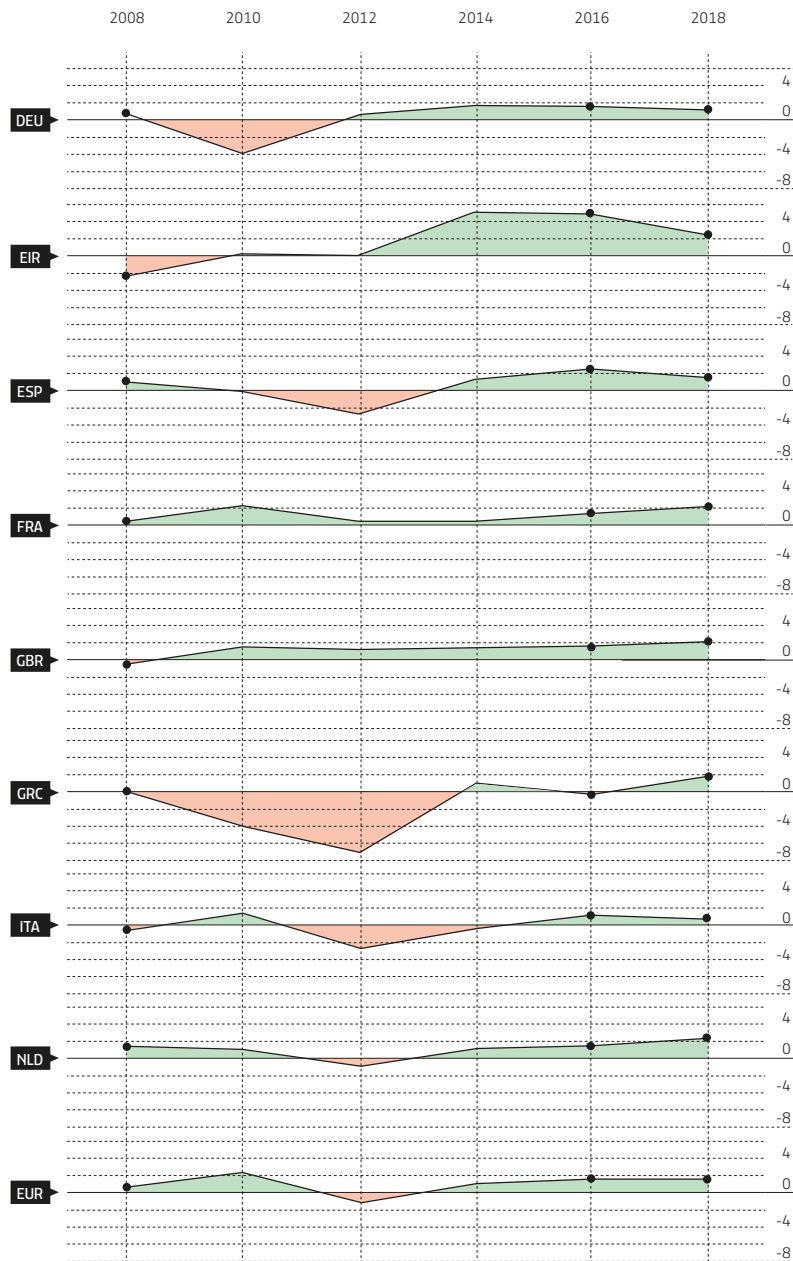
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21st April 2016
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Lab. di Design della Comunicazione AA 2015-2016

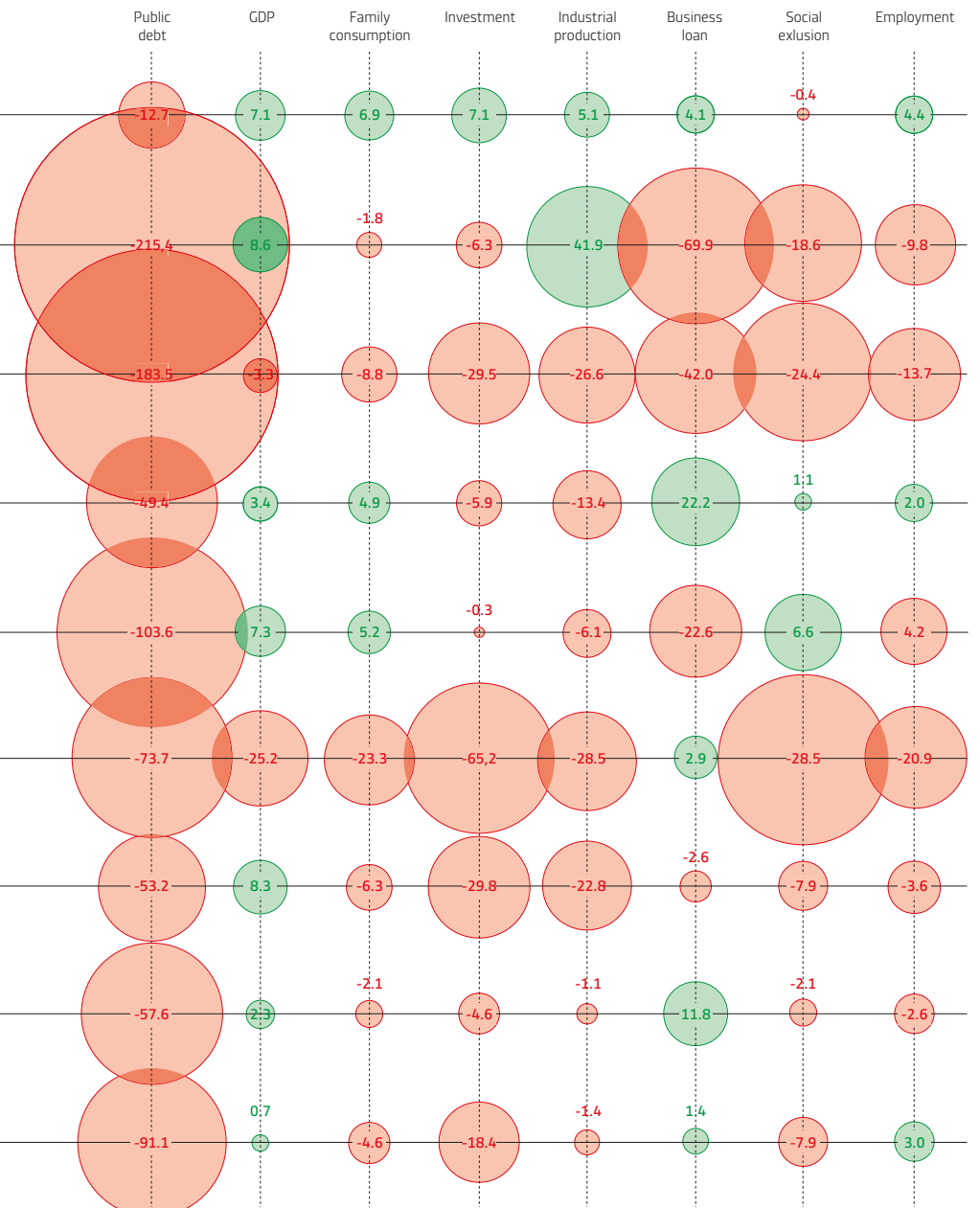
IMF: recovery is "too low for too long"

The IMF revised down its forecast for global growth in 2016 for the fourth consecutive year, citing loss of growth momentum in advanced economies, the turbulence in financial markets and political and natural forces. Also EU has negative forecast, economic recovery was "too low for too long".

European growth outlook forecast
2008-2018 | Data in %



Economic recovery in Europe
2008 - 2015 | Data in %



ITA Renzi is wrong, says IMF

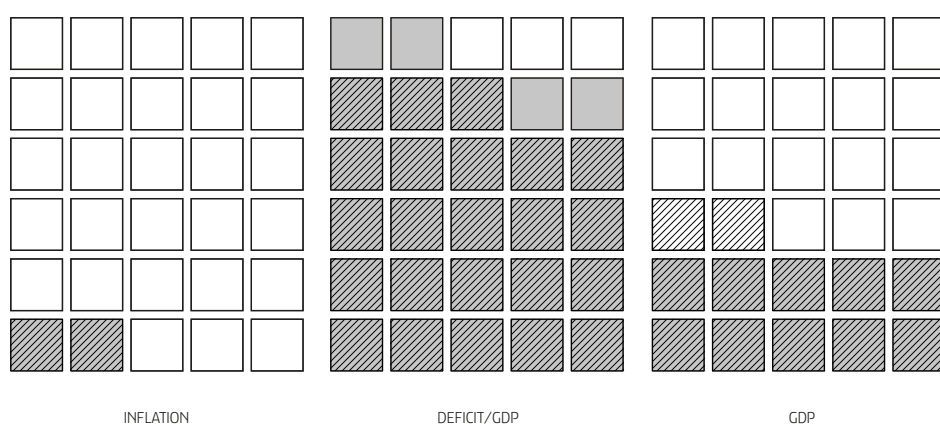
The International Monetary Fund (IMF) has updated also its Italian economy estimates for the current year: the result is that IMF forecast are considerably different from DEF ("Documento di Economia e Finanza") published by Italy. The IMF sweeps estimates that Renzi did: growth is less than half and debt is still rising.

IMF compared to DEF forecast | 2016
Data in %



"(...) Predictions are so many nowadays. Last year we grew by 0.8%, more than expectation. (...) The truth is that sum should be done only at the end. If someone asks me if I am worry, I say no."

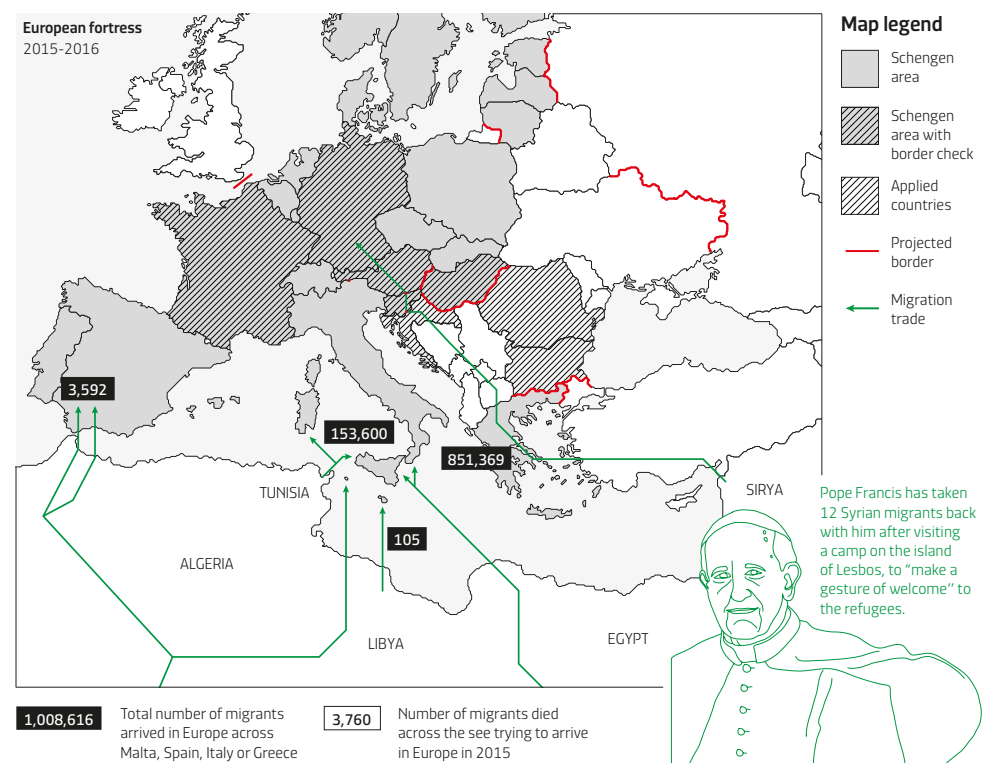
- Matteo Renzi against IMF



Sources: Financial Times, Eurostat, Focus economics, CER, Brookings - TIGER, IMF, WisdomTree, Trading economy, theguardian, BBC

Is this the end of Schengen Agreement?

The free movement of persons is a fundamental right guaranteed by the EU to its citizens, thanks to Schengen Agreement, signed in 1990. But in the past 18 months, mainly because of migrants crisis, perspectives have darkened: some countries want to close their border destroying what Schengen Agreement built many years ago.



ESP

GRC

Greece and Spain: target achieved?

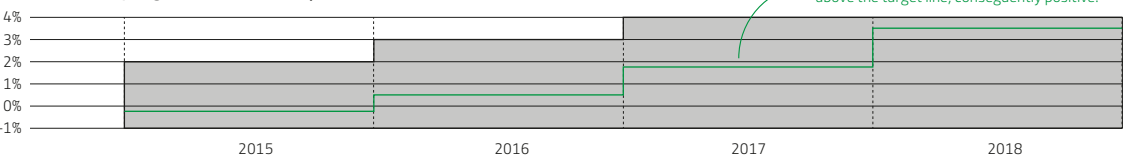
The International Monetary Fund raised doubts about Greece’s ability to meet the budget surplus target of 3.5 % of gross domestic product within two years, because debt is too high for realize that goal. Meanwhile, Spain is supposed to reduce its budget shortfall to 2.8 %of GDP this year, but for EU commission this target will be missed.

Greece's and Spain's goals & forecasts

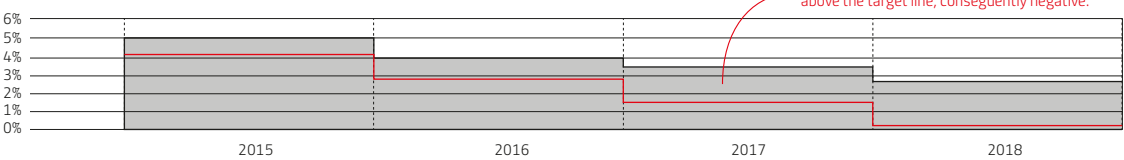
Legend

- Forecast
- Deficit goal
- Surplus goal

Greece's fiscal surplus goals & forecasts 2015 | 2018



Spain's fiscal deficit goals & forecasts 2015 | 2018



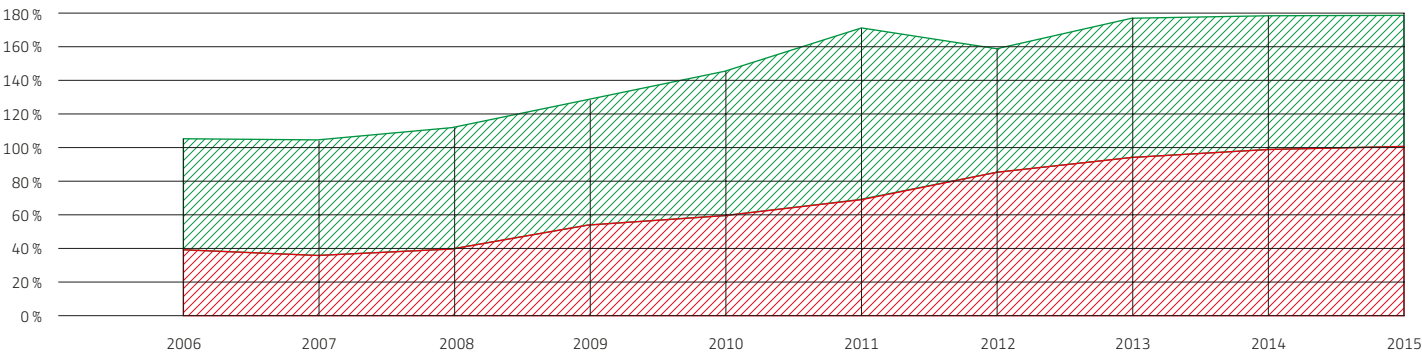
Actual situation

Spain, the euro area’s fourth largest economy, has been under the commission’s excessive-deficit procedure since 2009 (Greece too). Actually deficit value is high, but never as Greece’s debt.

Legend

- Greece's debt
- Spain's debt

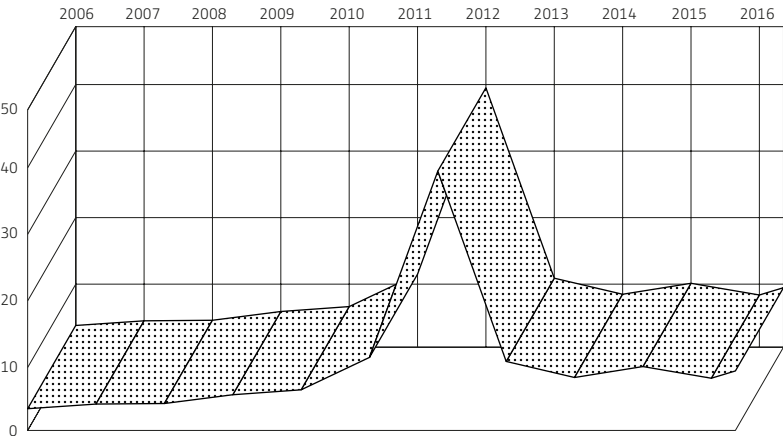
Spain & Greece Debt to GDP 2006 | 2015 comparison



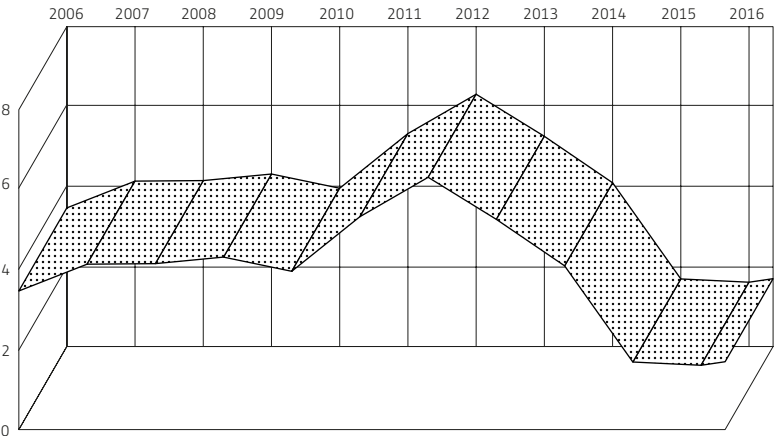
Actual situation

Greece’s bond interest rate is too high and unsustainable, actually around 9% (although value is lower compared to 2012). Instead, pain’s bond interest rate is actually around 3%. Regarding forecasts for 2020, we can see a very negative projection: revenues will never be higher than deficit value.

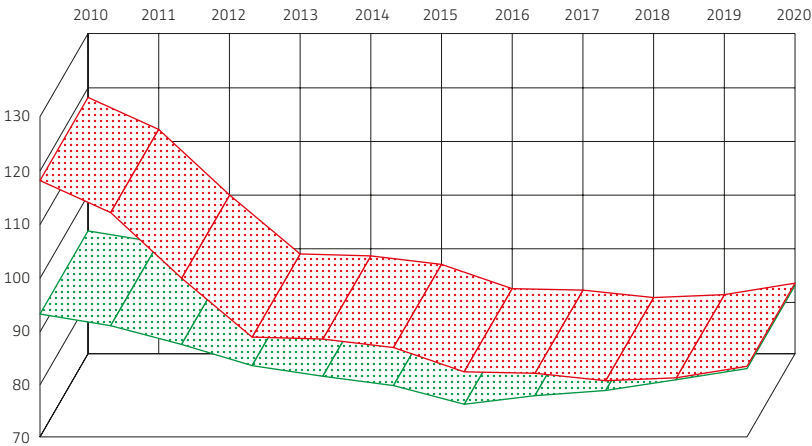
Greece Government Bond 10 years 2006 | 2016 (%)



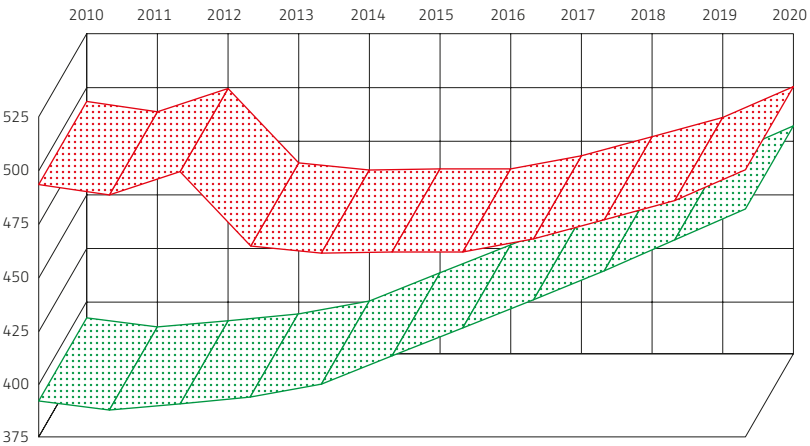
Spain Government Bond 10 years 2006 | 2016 (%)



Greece Revenue/Spending Forecasts 2010 | 2020 (bln €)



Spain Revenue/Spending Forecasts 2010 | 2020 (bln €)



Legend

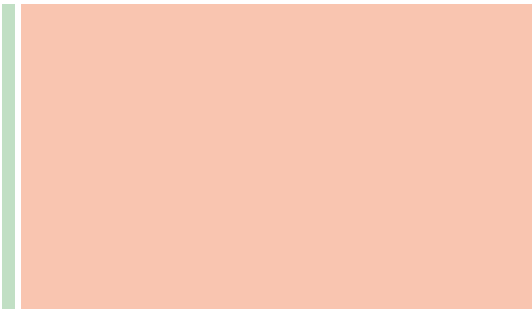
- Revenue value
- Deficit value

Sources: Bloomberg.com, Tradingeconomics.com, European Commission

Two different capital flows

External investments in Greece are in (slowly) growing in the last month: they’ve a value of 241.33 million €. Unfortunately in Spain situation isn’t the same: capital flow have a negative value of -9,813.00 million €.

GRC 241.33 mln €



ESP -9,813.00 mln €

TIPS for economy’s beginners

IMF: International Monetary Fund
ERI: Economic Recovery Index
DEF: Economy and Finance Document (in italian, “Documento di Economia e Finanza”), wrote yearly by italian government.
GDP: Gross Domestic Product

Presidents Vs. presidents



GRC

“Currently the debt is not sustainable and what is required is a debt operation,” said International Monetary Fund Managing Director Christine Lagarde.

VS.



GRC

On Thursday, president of the Eurogroup Jeroen Dijsselbloem rejected this notion: “We did already a lot to make it more sustainable”, he said.



ESP

Economic Affairs Commissioner Pierre Moscovici realizes Spain may need more time to cut its budget deficit (objectives are too hard to reach/achieve).

VS.



ESP

Spain’s Prime Minister Mariano Rajoy, want the commission to give Spain two extra years to bring its deficit below the European Union’s 3 percent limit