

# World economic situation and economic forecast 2008-2009

*Fédération Européenne de la Manutention*  
*September 2008, 20th*



**Coe-Rexecode**

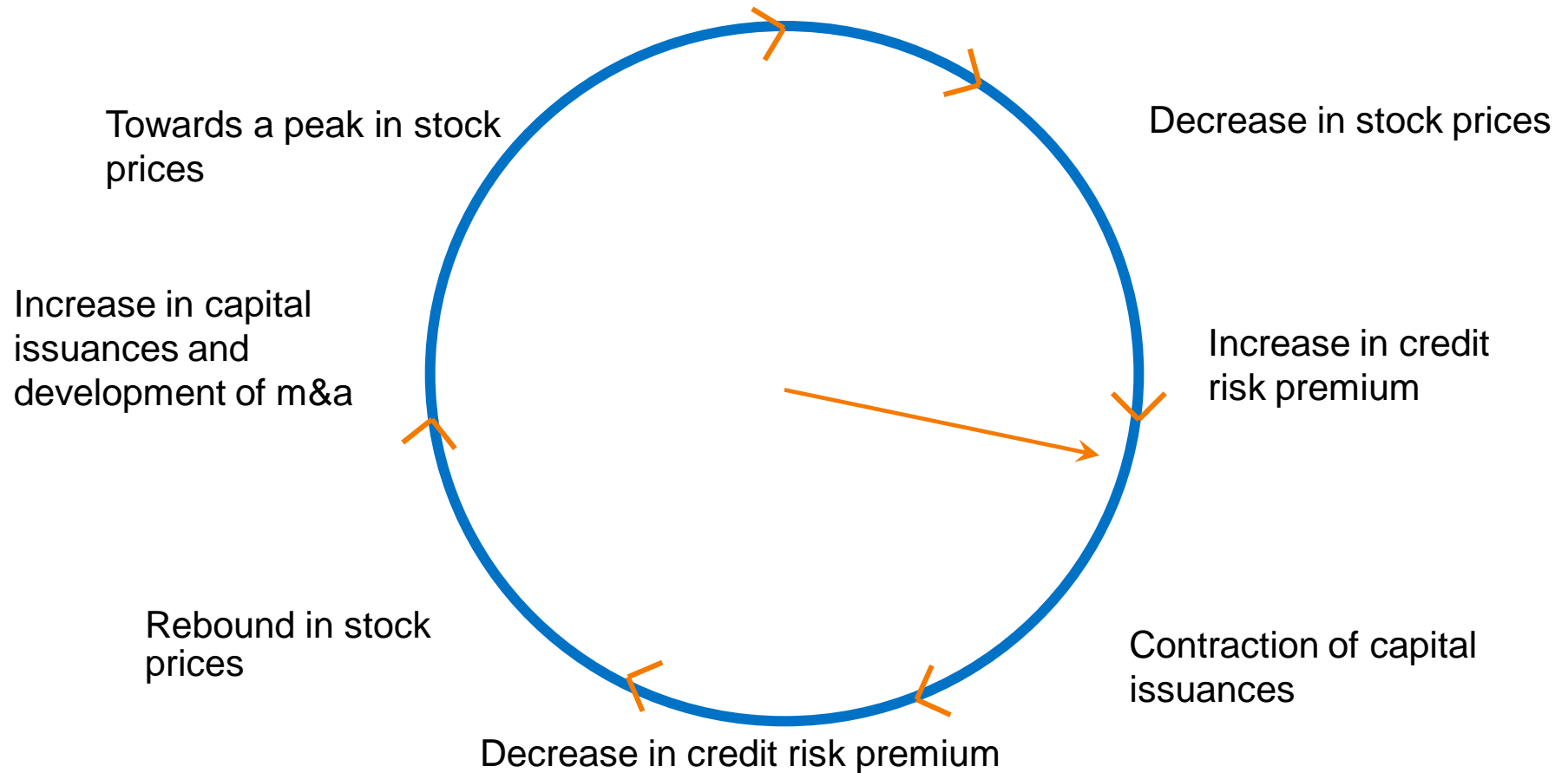
# World economic situation in Summer 2008 : a three-step slowdown.

---

- ❑ A five year long expansion phase of the business cycle is over.
- ❑ The slowdown originates from the burst of the housing bubble in the US in 2006. It proceeds along a reappreciation of the risk and a clear tightening of credit conditions.
- ❑ This slowdown has been extended to Europe and Japan in 2008. Europe has been impacted late Spring by the confluence of adverse shocks : raw materials prices, appreciation of the euro, financial crisis, housing crisis in Spain and UK.
- ❑ Next step of the world economic slowdown : towards the end of the decoupling phase for emerging countries ?

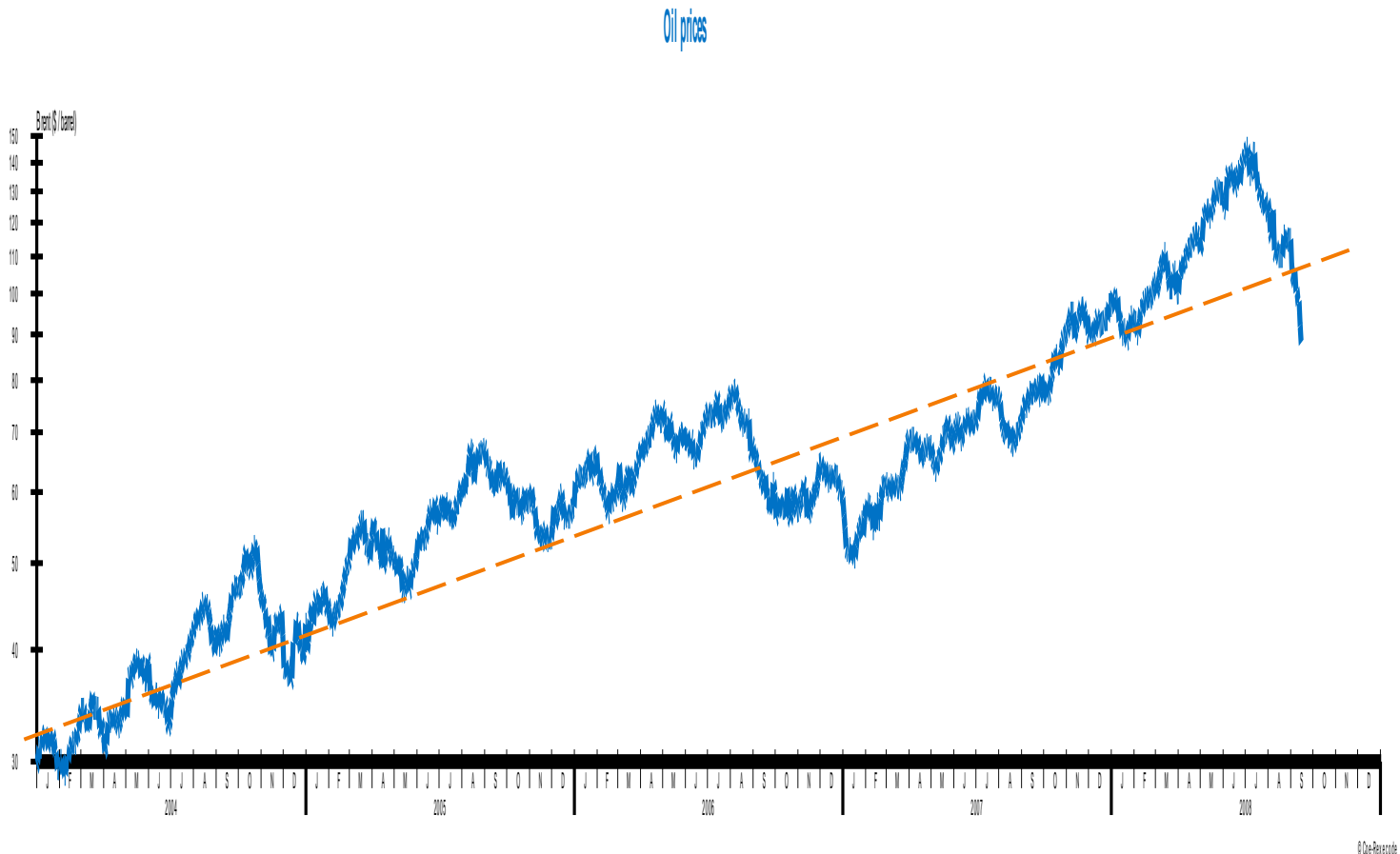
# The position of the financial cycle clock

---



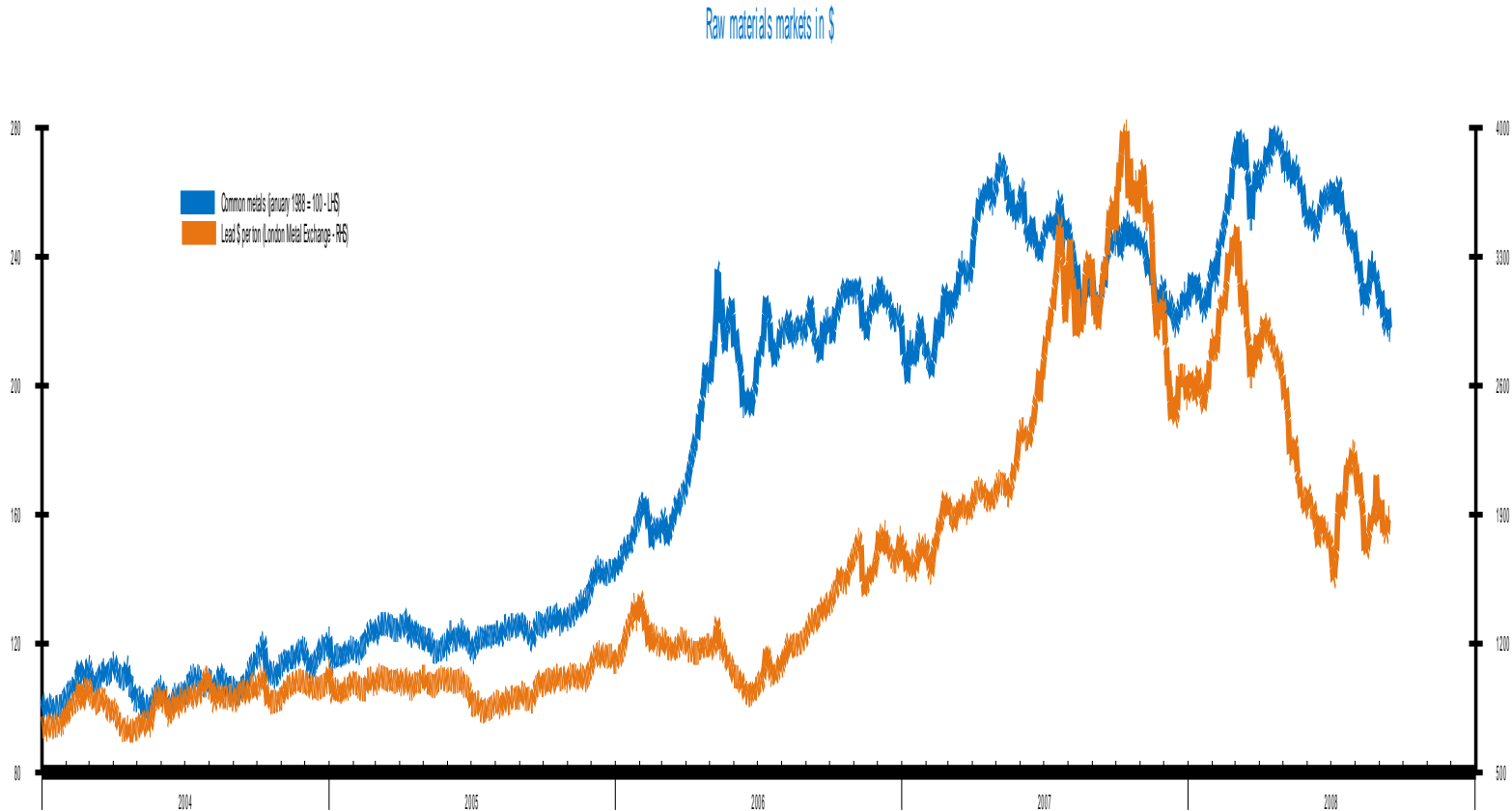
# Impressive decrease in oil prices. But its trend is probably still positive.

---



# Raw materials prices are on a downward trend reflecting the slowdown in world demand as well as an increase in inventories on LME.

---

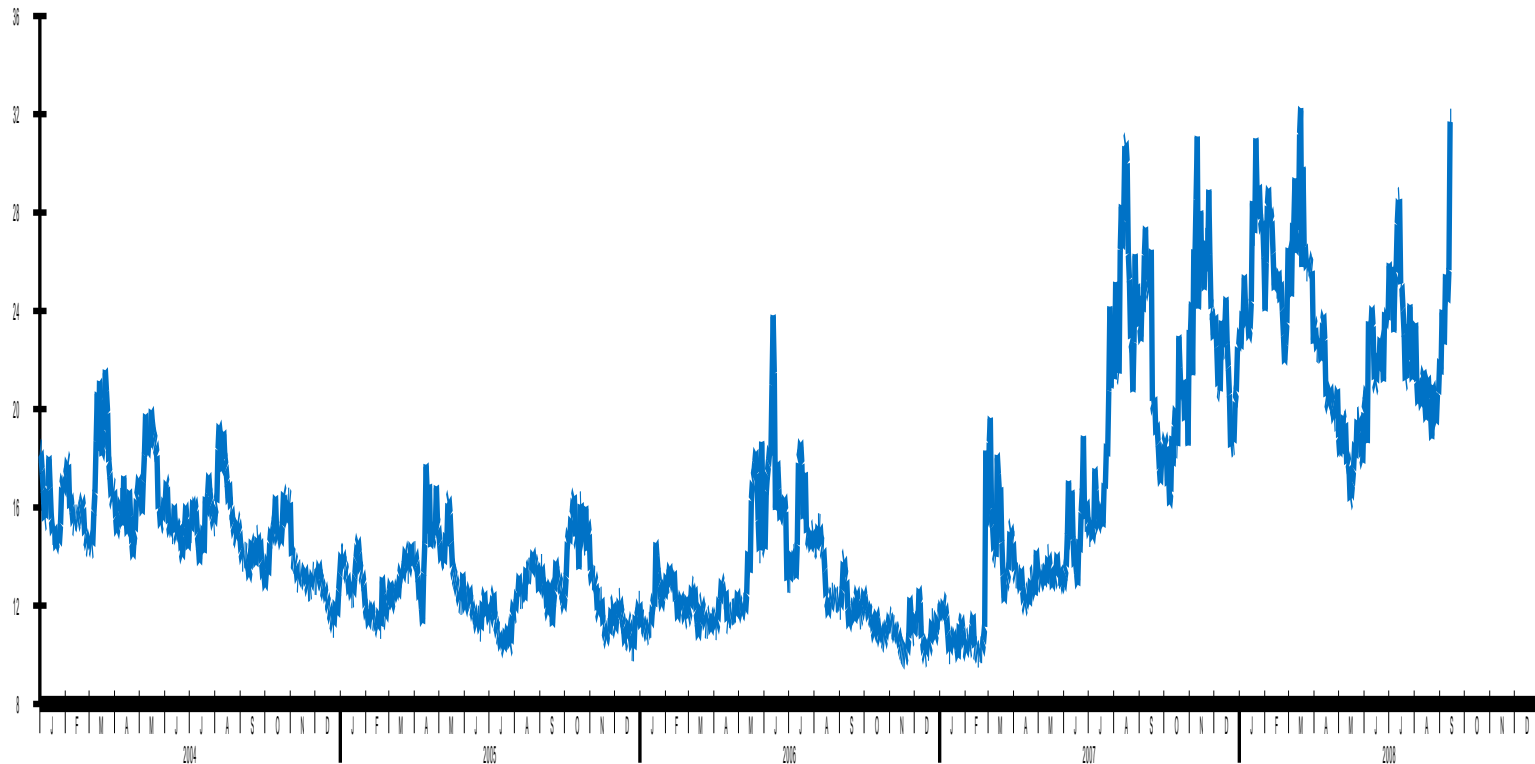


© De Minck

# High volatility of stock markets.

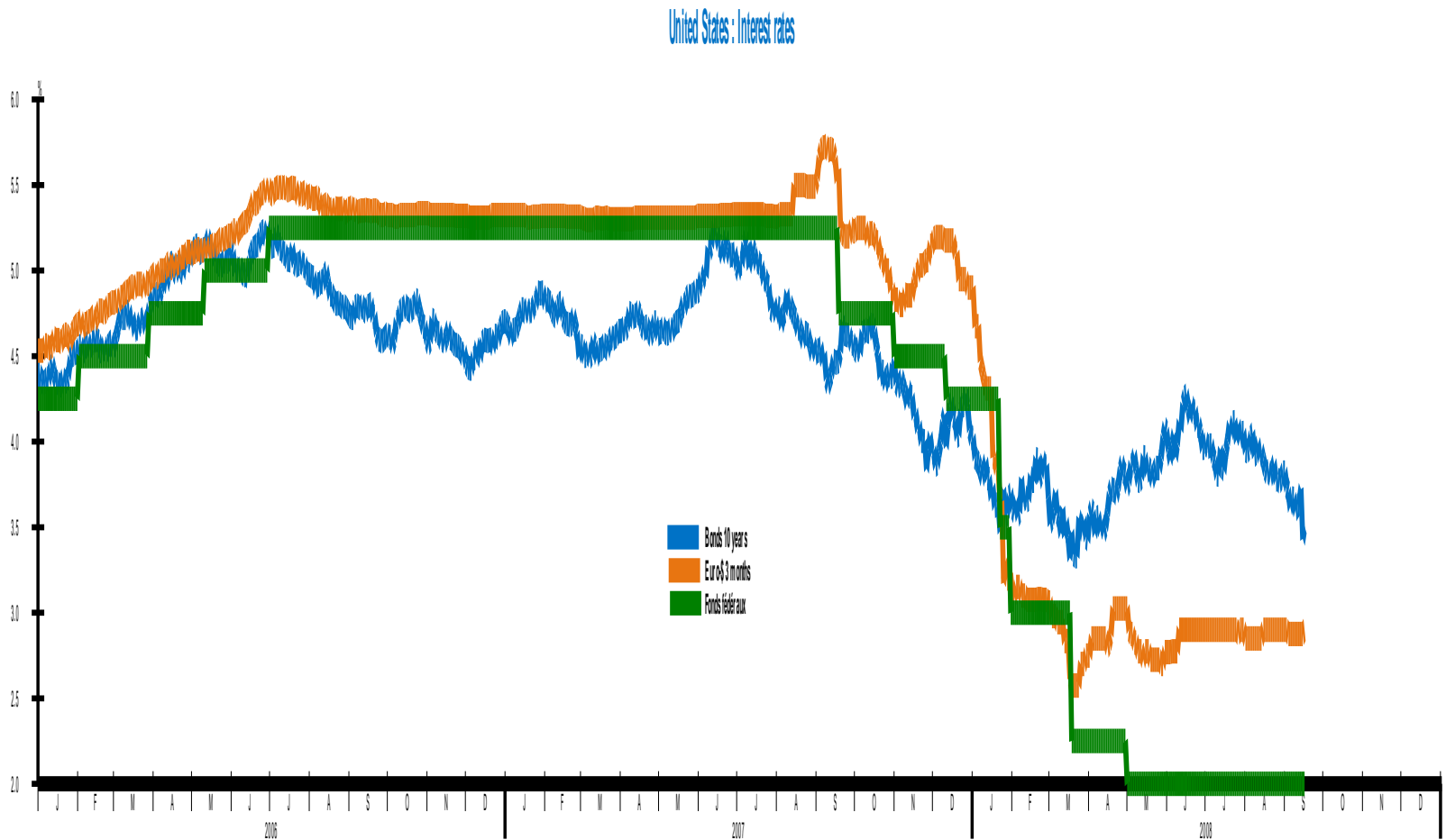
---

Implicit volatility index S&P500 (one month, VIX)



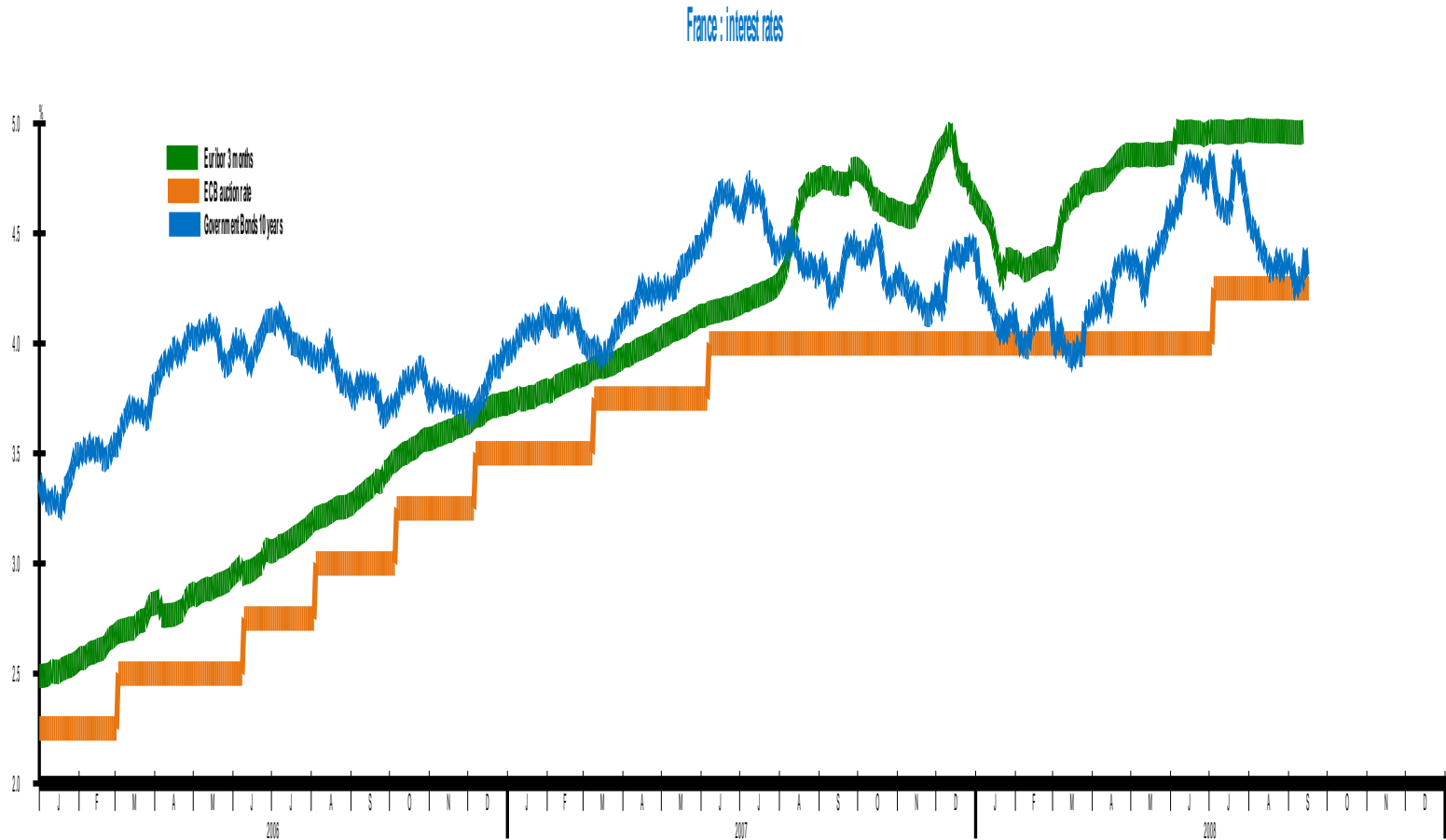
©Dow-Jones

# Stability of short-term interest rates in the US.



© Our-Hercode

# A inverted interest rate curb in Europe.

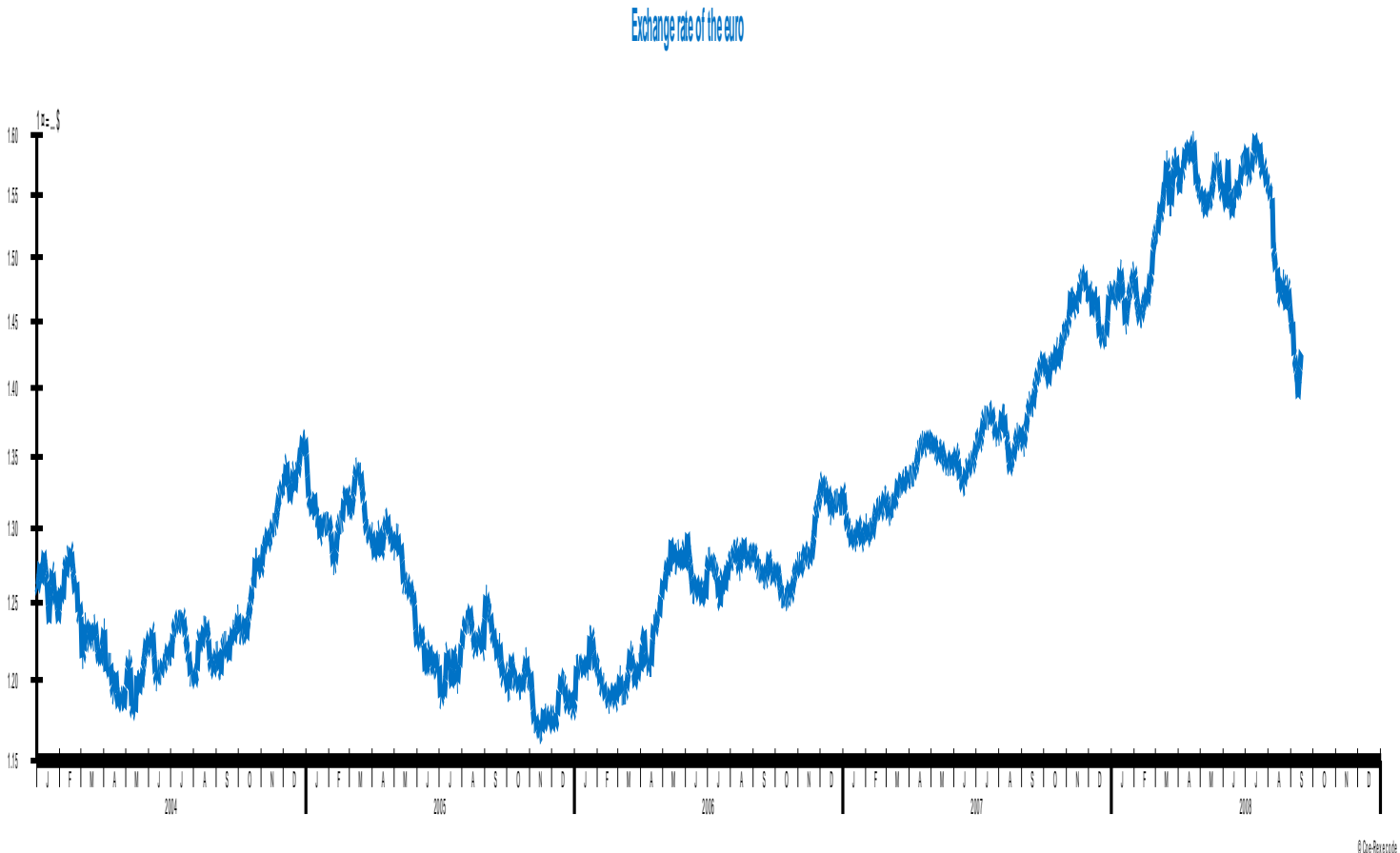


© Oue-Recode



# Impressive depreciation of the euro.

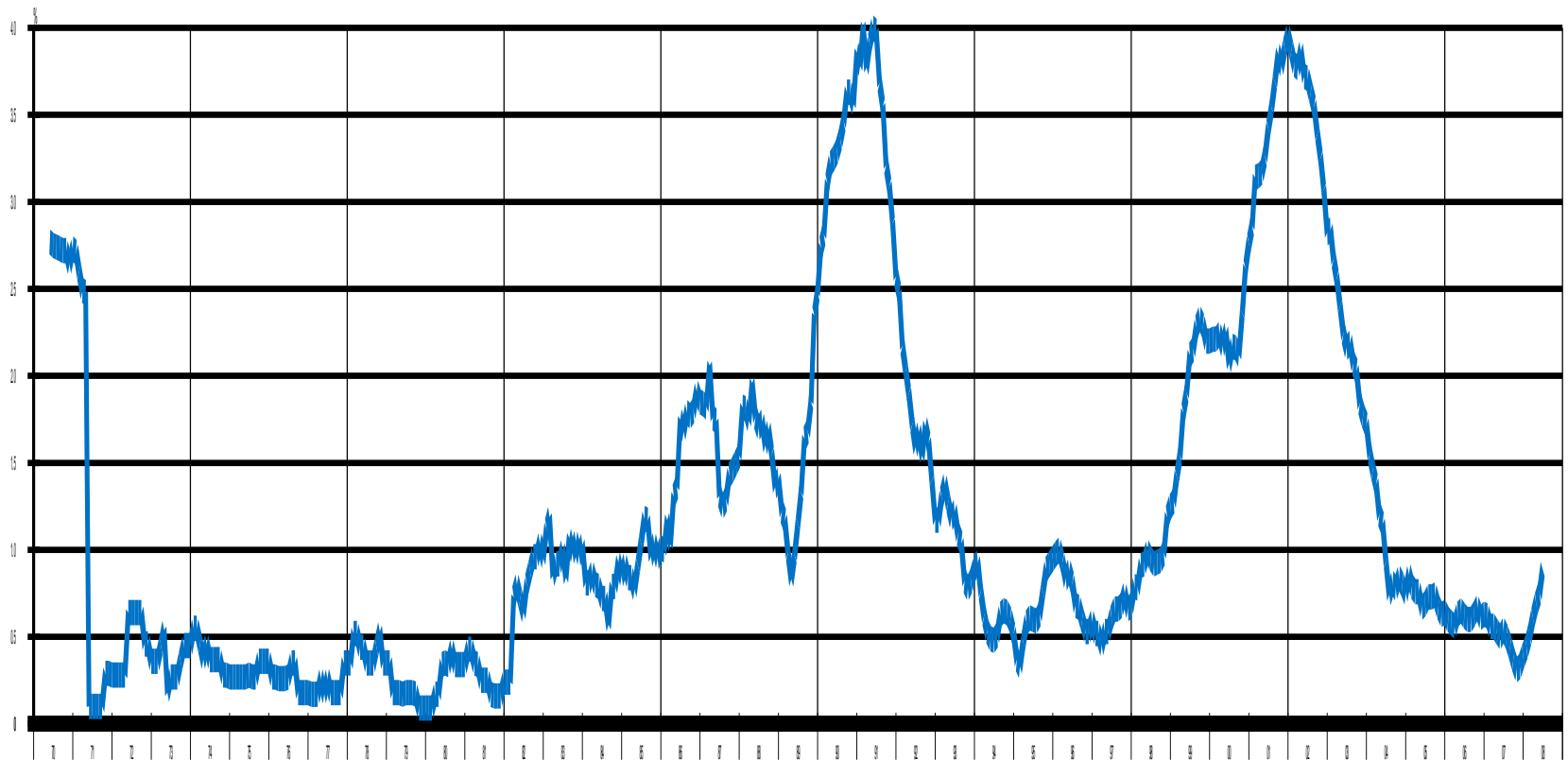
---



# The default rate of corporate bonds is still low. This rate will increase.

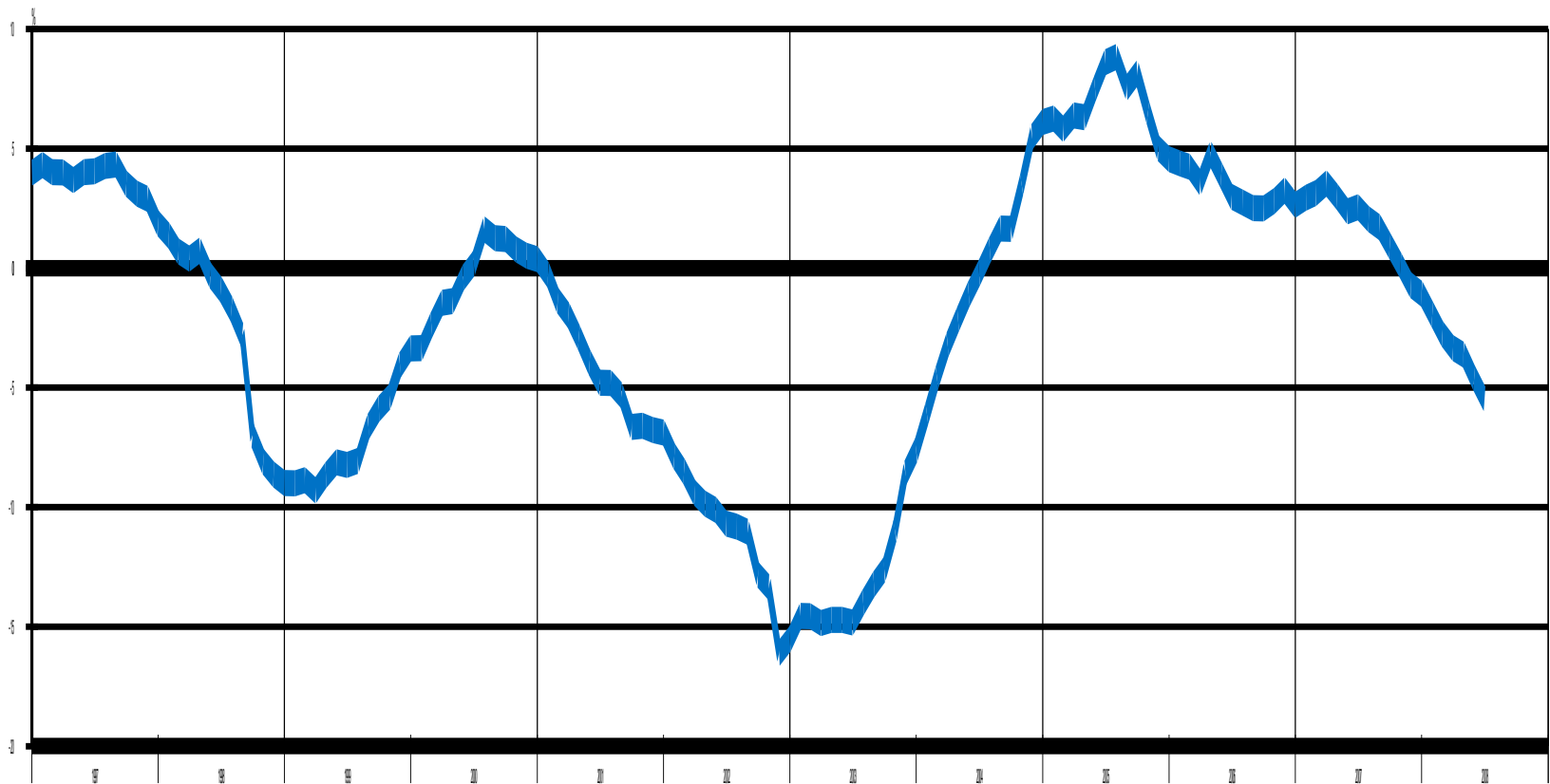
---

WD DEFAULT RATE-ALL CORPORATE BONDS  
TRAILING 12MTH.ISSUER WEIGHT



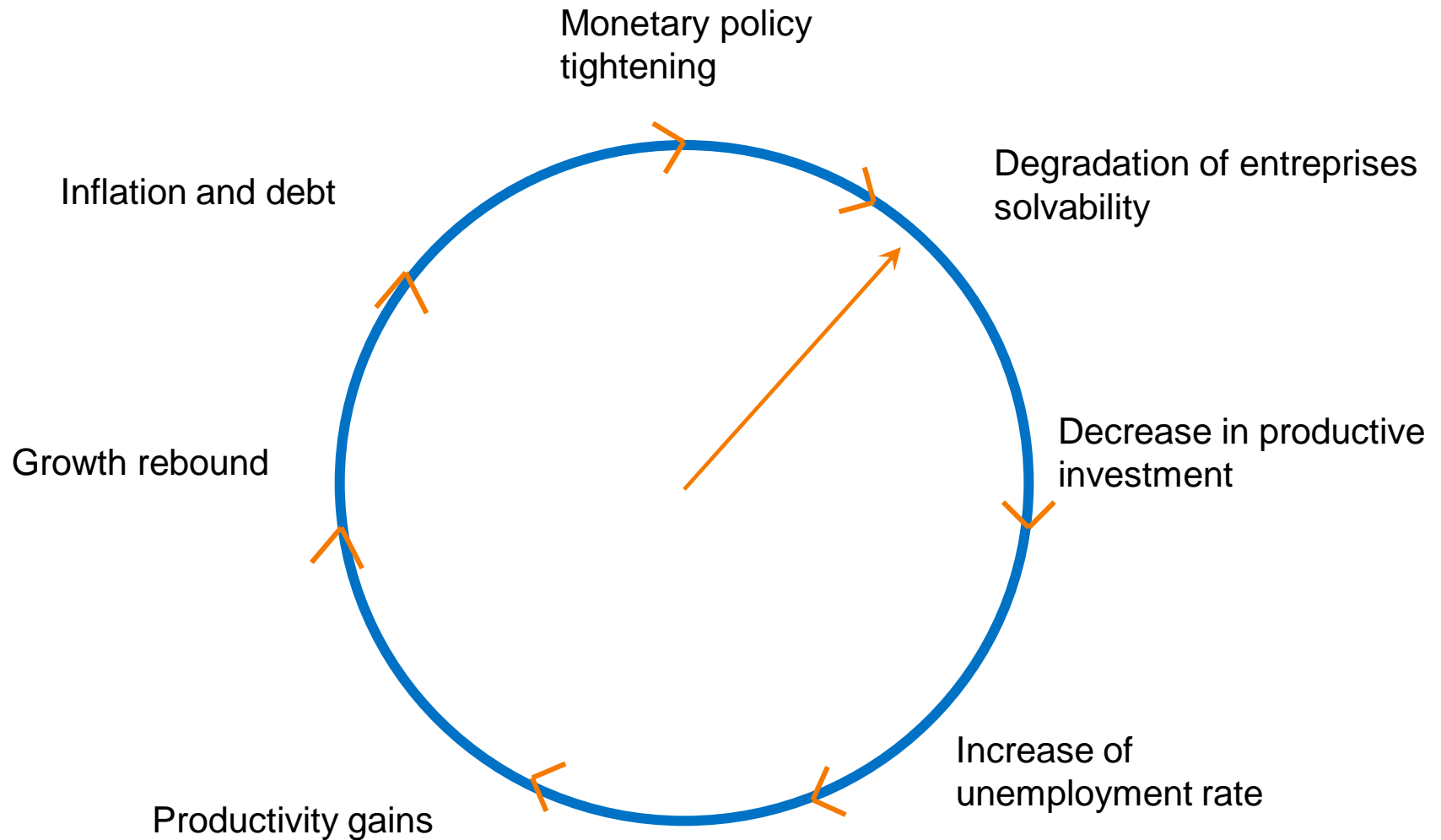
# The spread between « Upgrades » and « downgrades » is increasing (Moody's).

WD MOODY'S RATING DRIFT  
UPGRADES MINUS DOWNGRADES / RATED ISSUERS

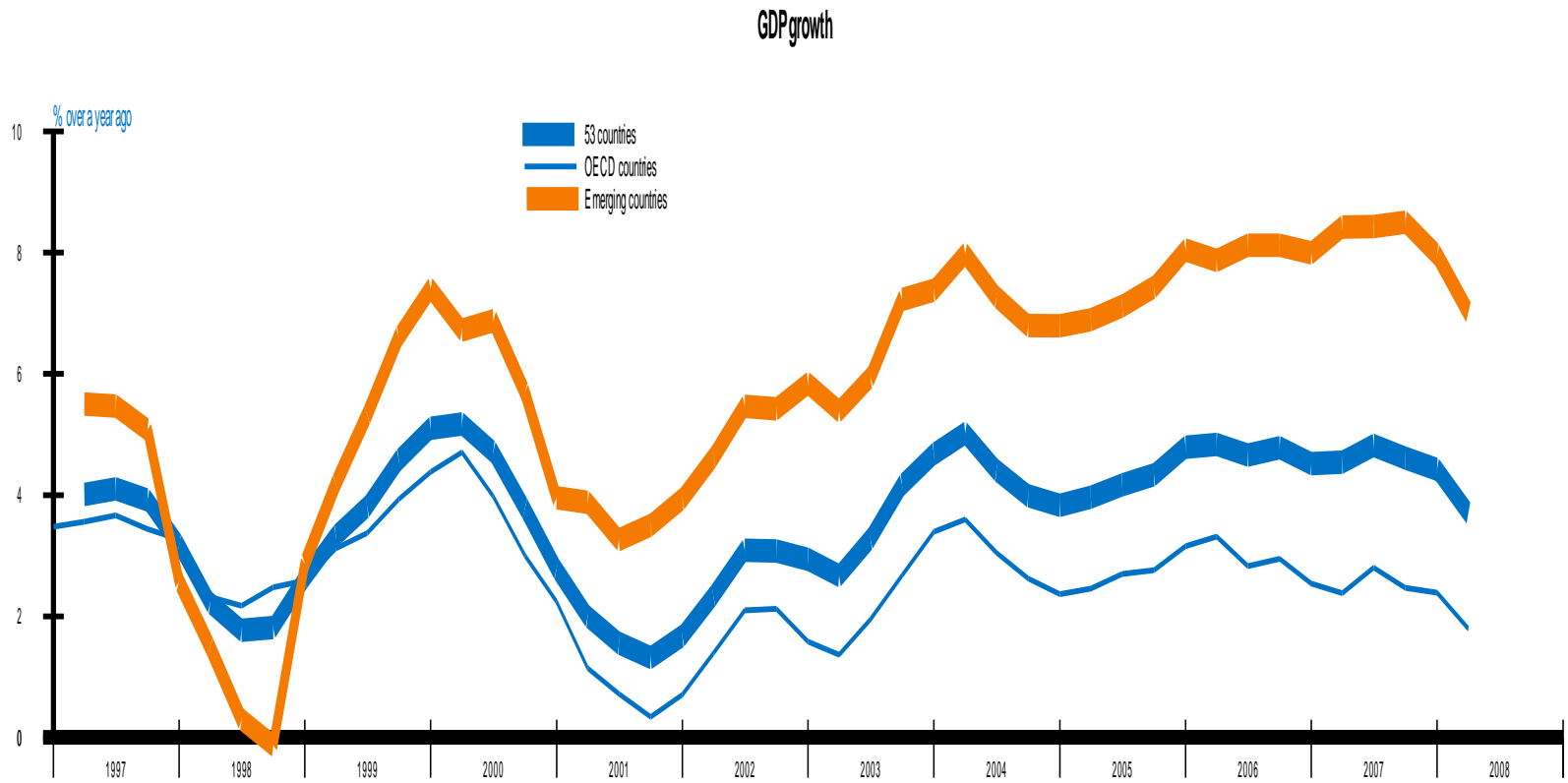


# The position in the business cycle

---

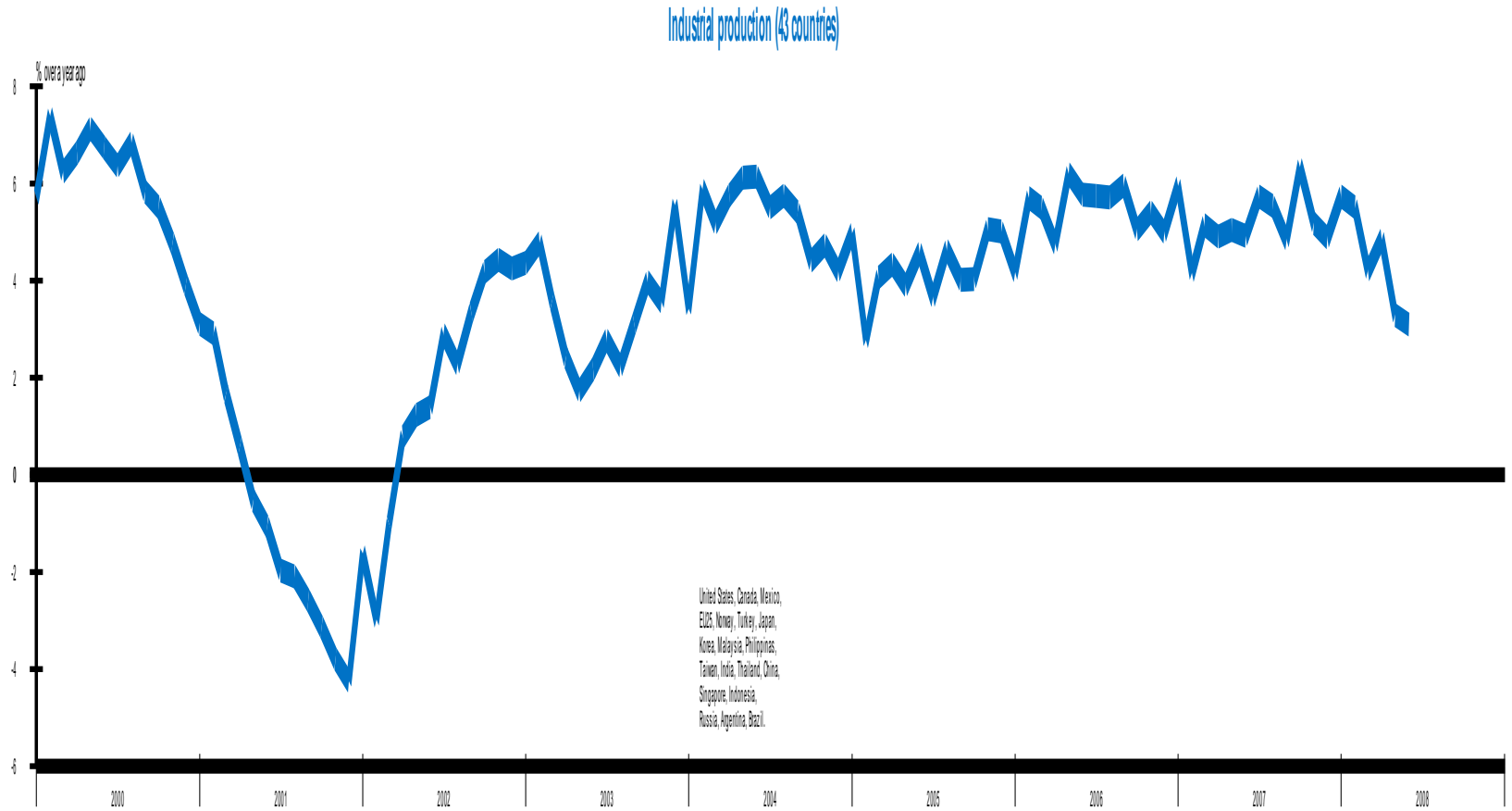


# Slowdown of world GDP growth.

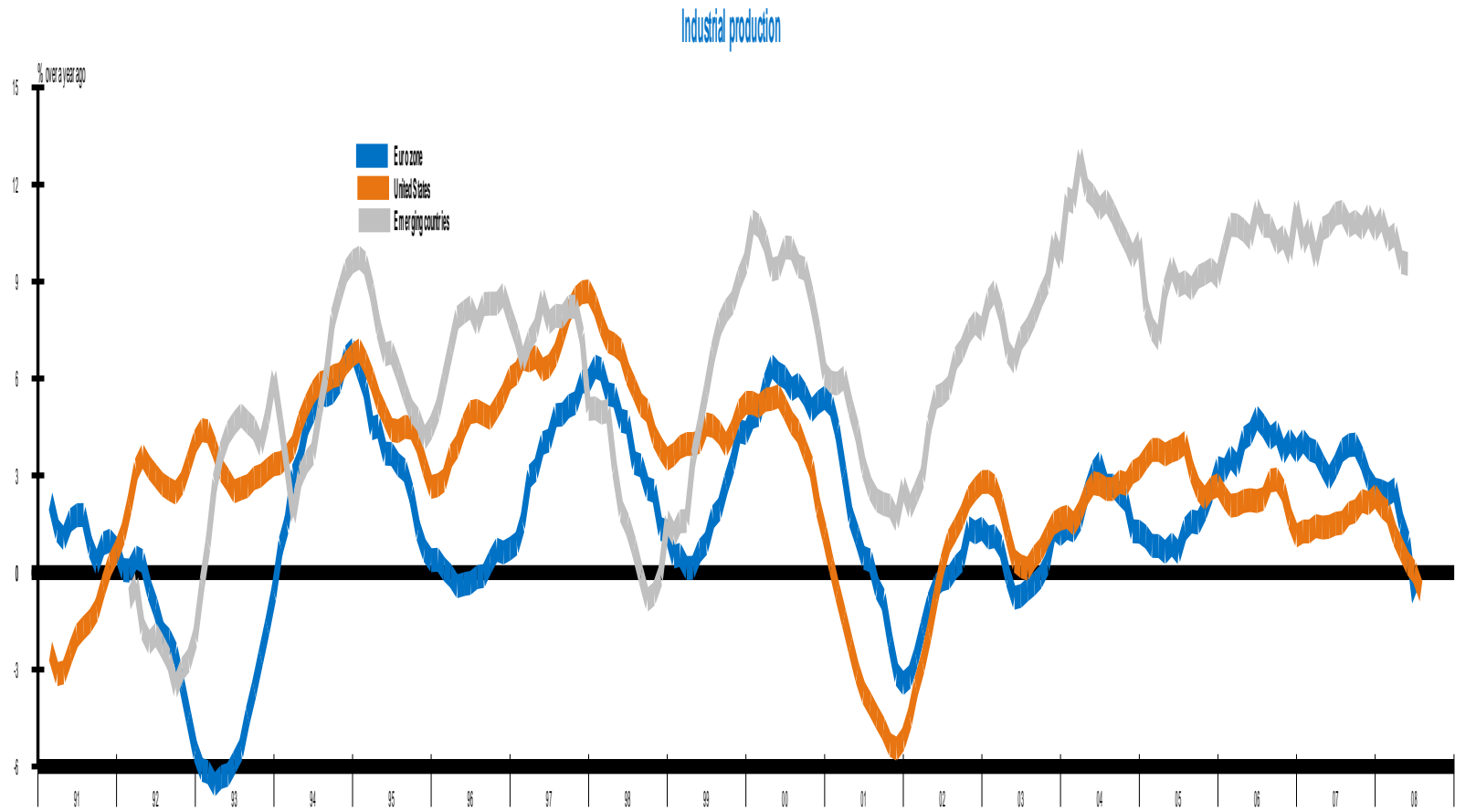


© Coe-Rexcode

# Slowdown of world industrial production...



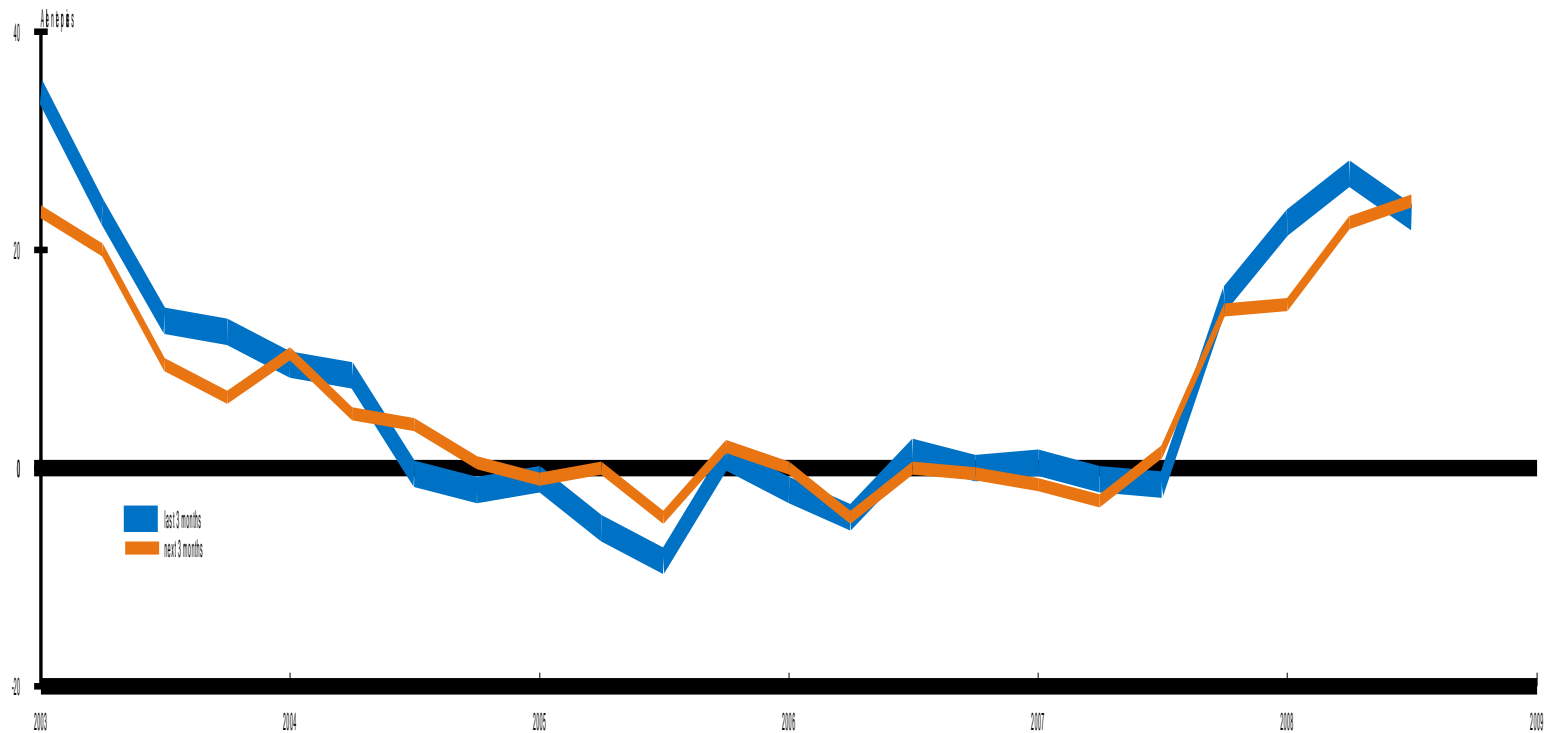
... at least in western countries.



© Dae-Revscode

# Credit standards for enterprises has already been tightened in euro zone.

Bank lending survey in the euro zone  
Lending to enterprises : Credit standards



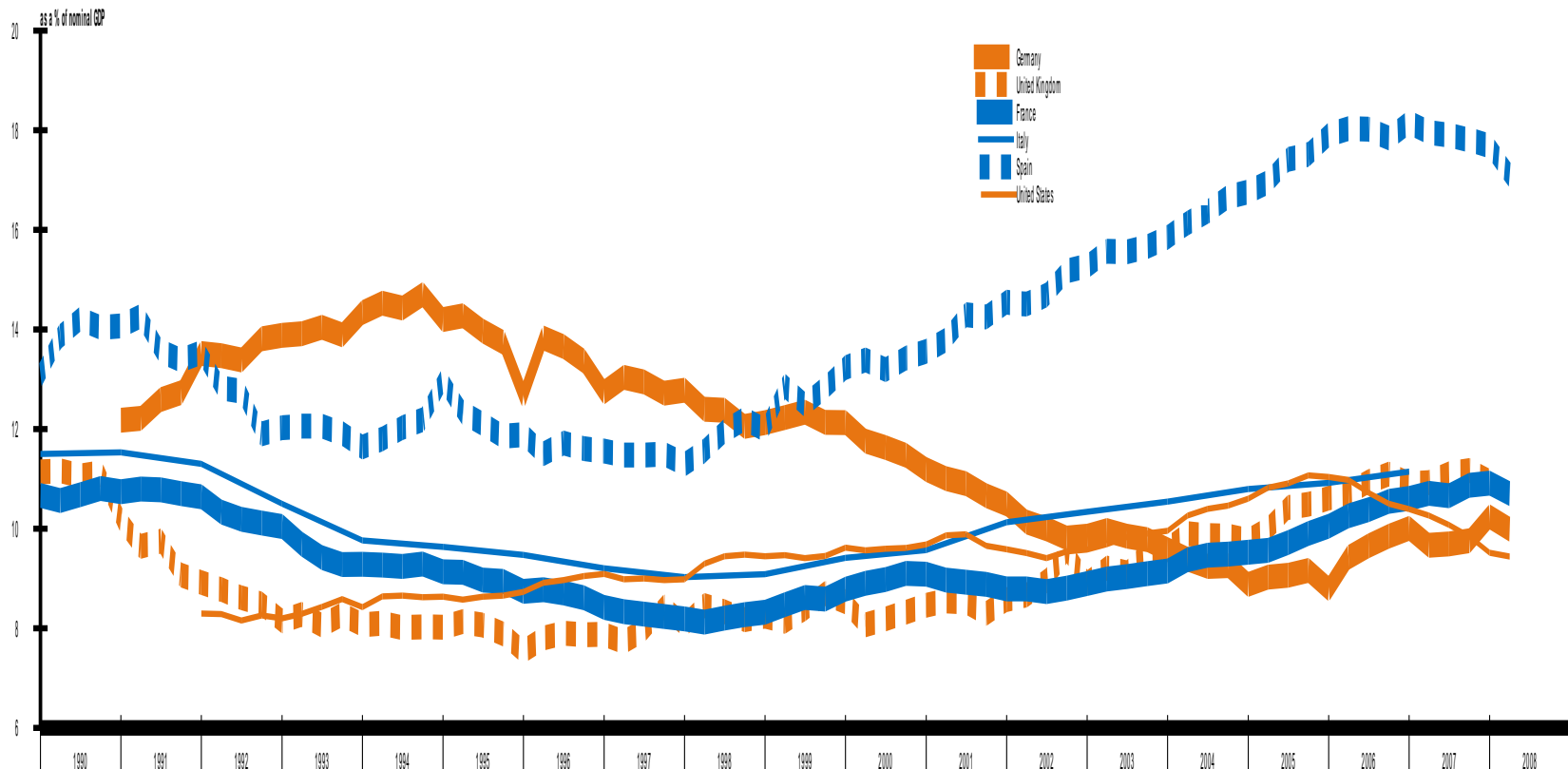
Source : ECB  
A positive value indicates a trend towards a tightening of credit standards

© Cae-Recherche



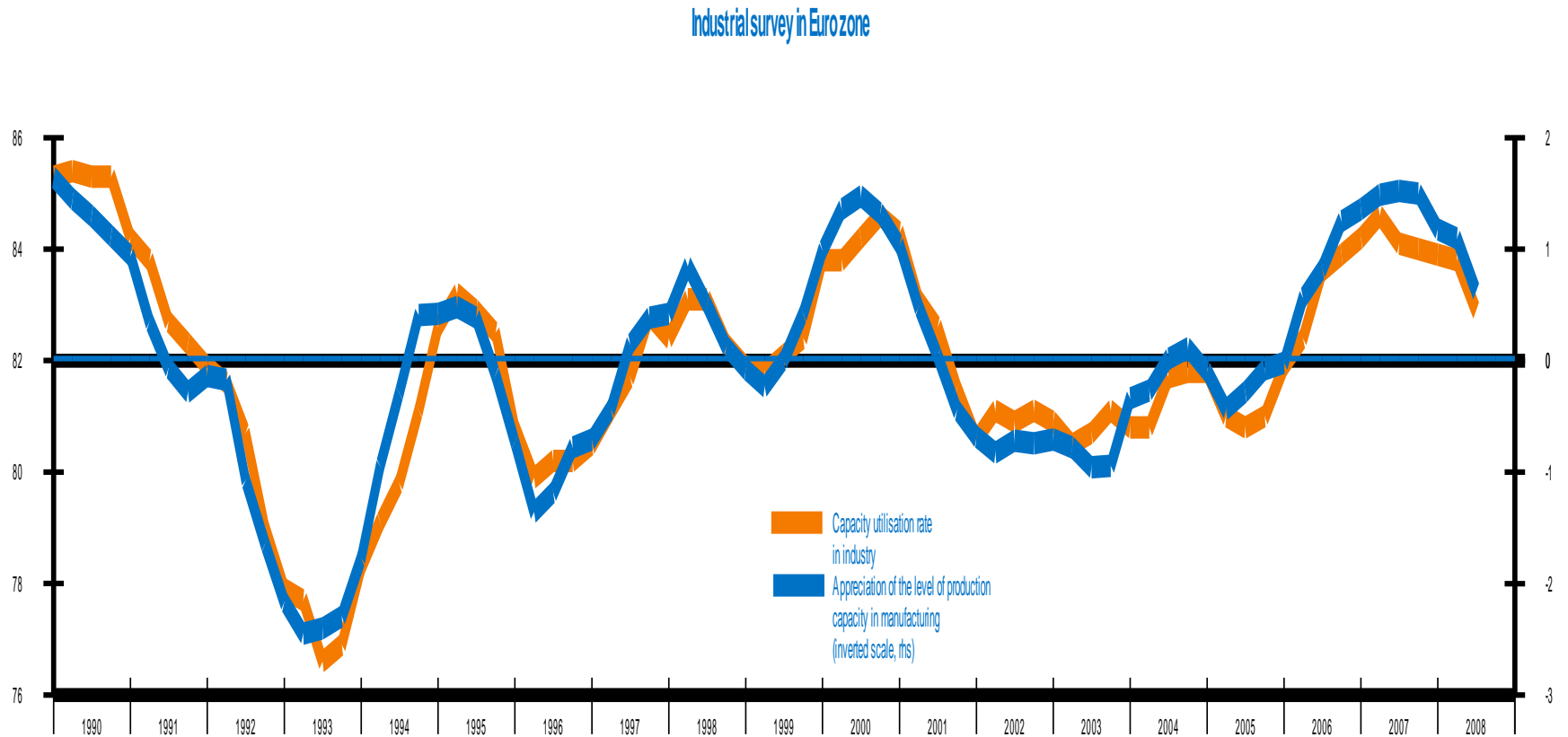
# The correction of investment rate in construction in Spain will put a drag on European growth.

Investment rate in construction



© Cae-Revecode

# The productive investment in Euro zone has entered the decreasing phase of the cycle.

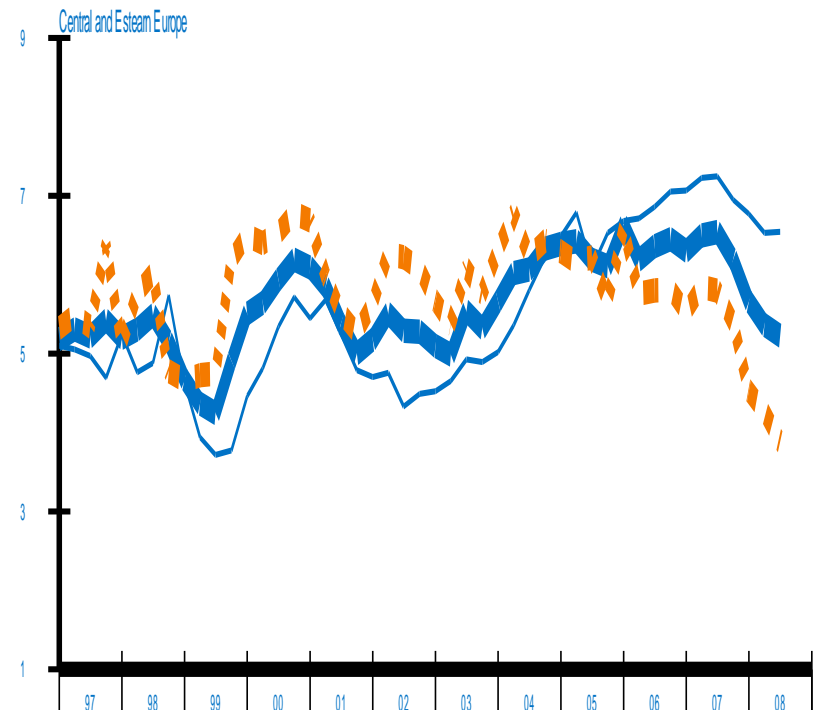
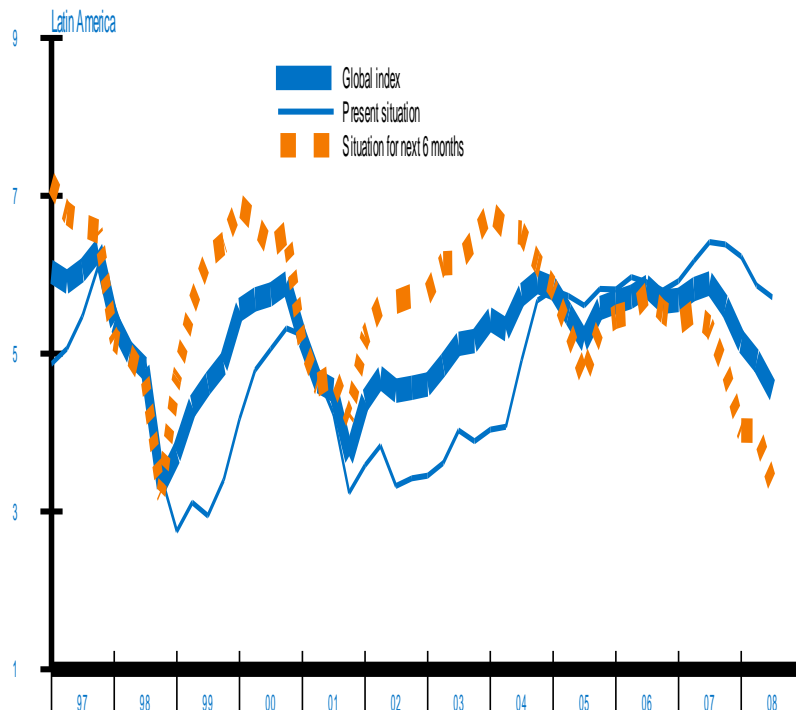


Sources : Eurostat and European Commission survey

©Coe-Rexcode

# Business climate indicators are on a downward trend in emerging countries.

Business Climate Indicator - IFO

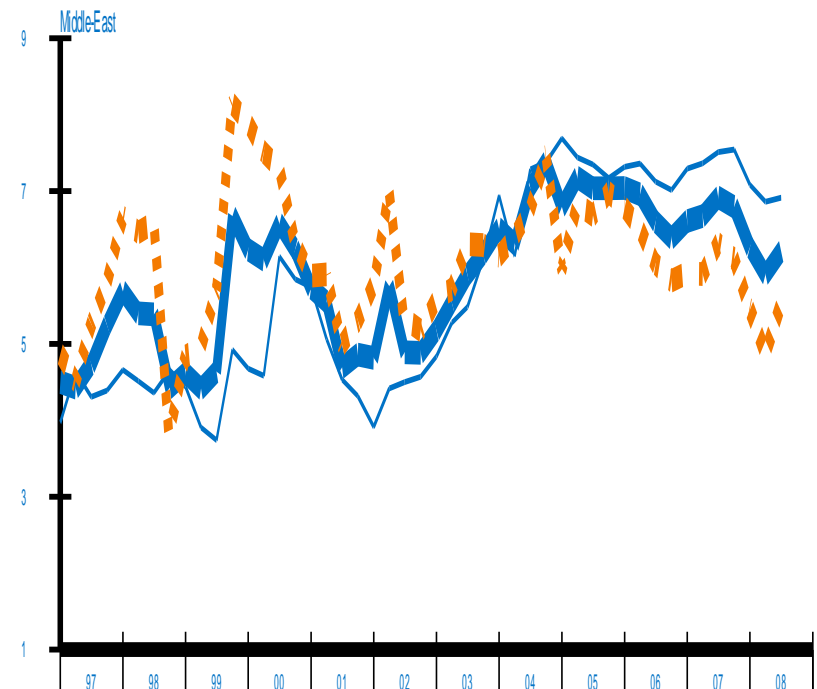
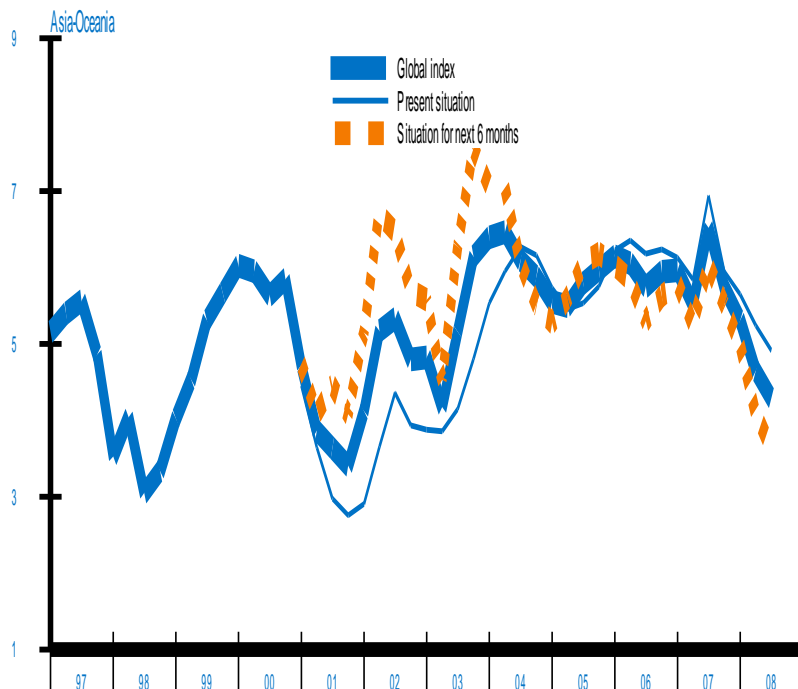


Source : Cefifo, World Economic Survey

© Coe-Rexcode

# Business climate indicators are on a downward trend in emerging countries.

Business Climate Indicator



Source : Enquête IFO, World Economic Survey

© Coe-Rexcode

# A brief typology of emerging economies.

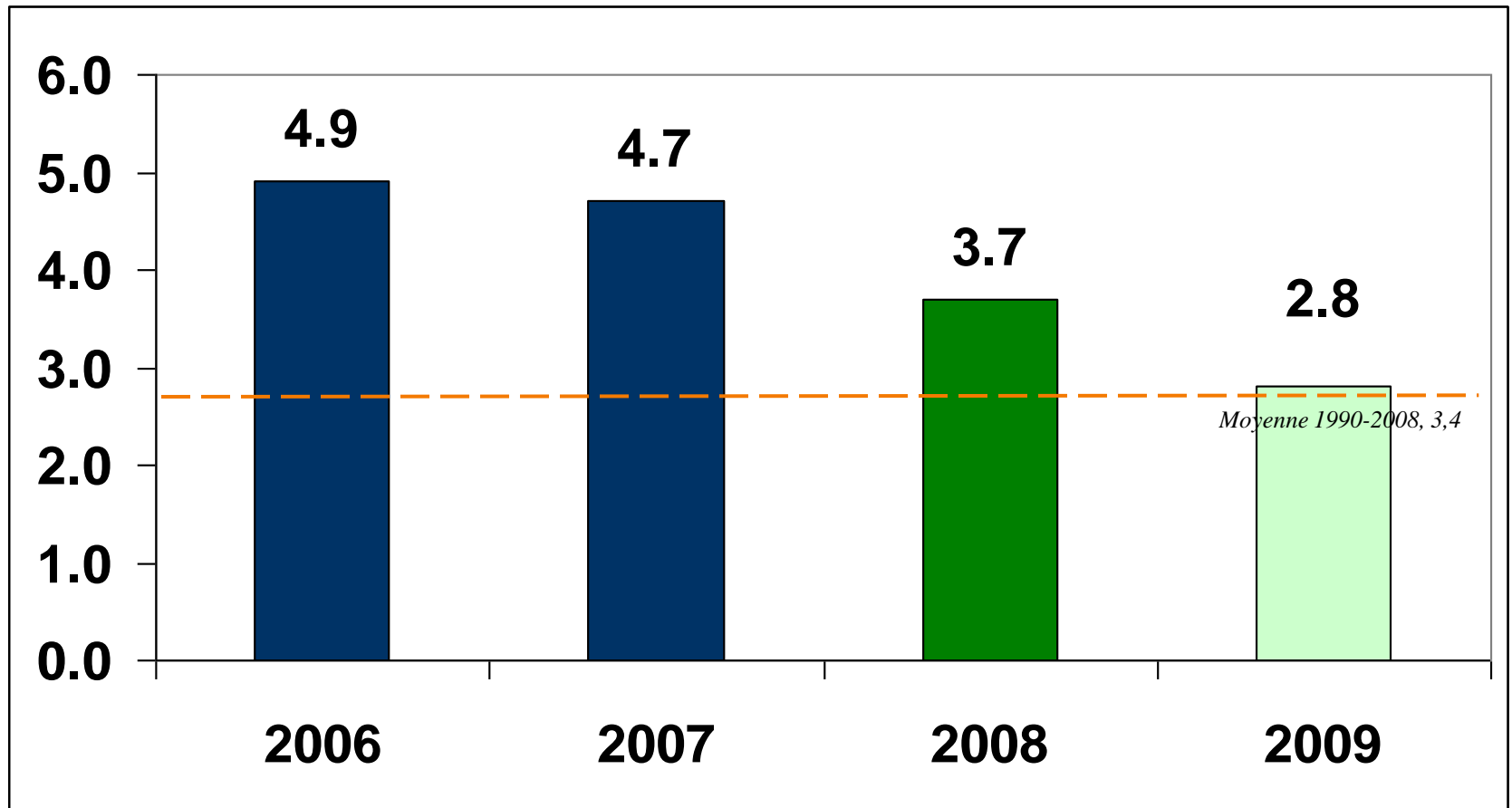
---

- ❑ Resilience of growth : Poland, Czech R., Slovak R., Brazil, China, Middle East.
- ❑ Still high growth but increasing risks : Russia, Argentina, Turkey.
- ❑ Growth slowdown, low financial risk : Mexico, Chile, Korea, Taiwan, Thailand, Malaysia.
- ❑ Growth slowdown and riskier environment : Hungary, Romania, Bulgaria, Ukraine, India, Philippines, Vietnam
- ❑ Recession phase : Baltic states.

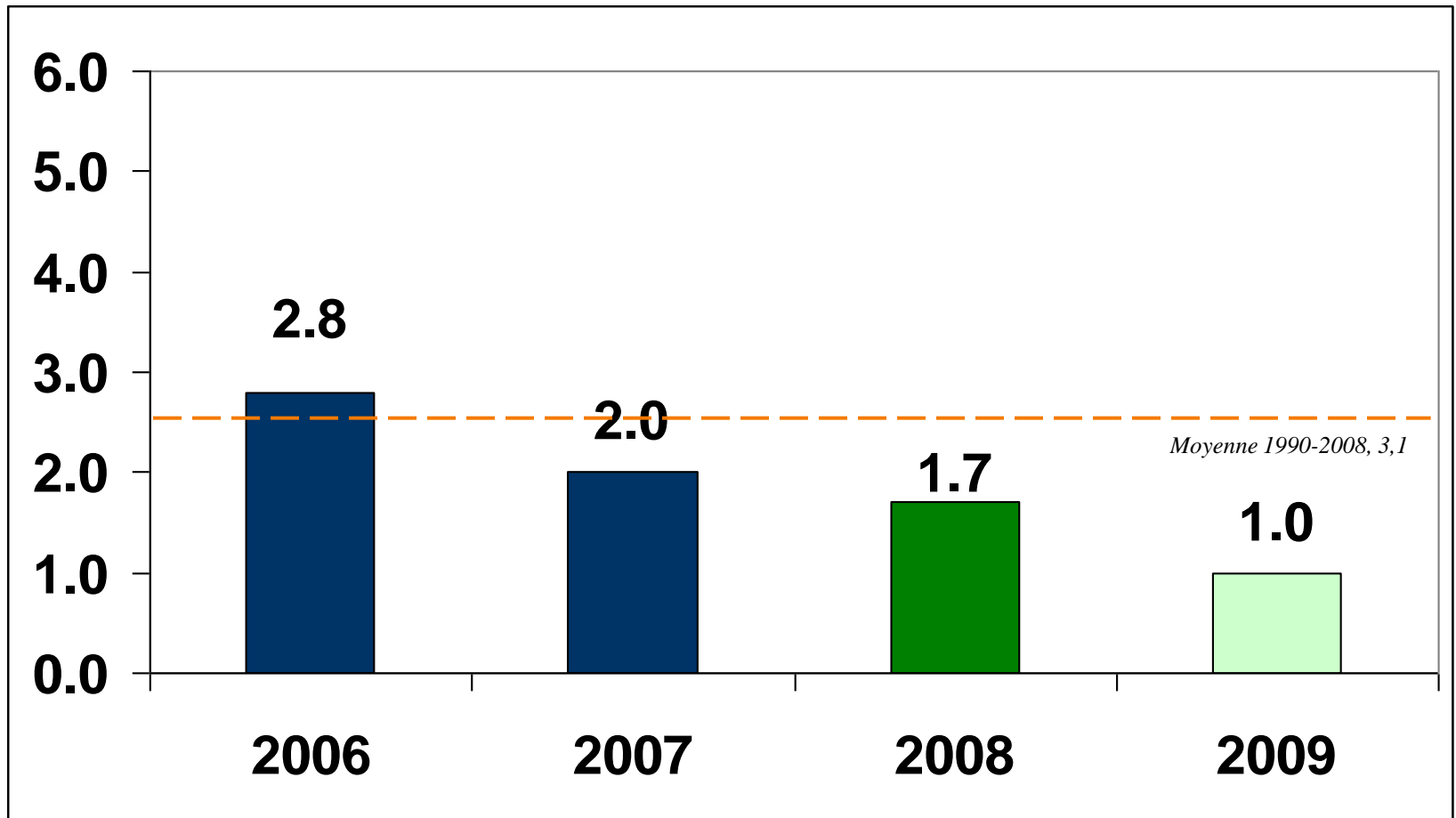
# Economic forecast

---

# World GDP growth

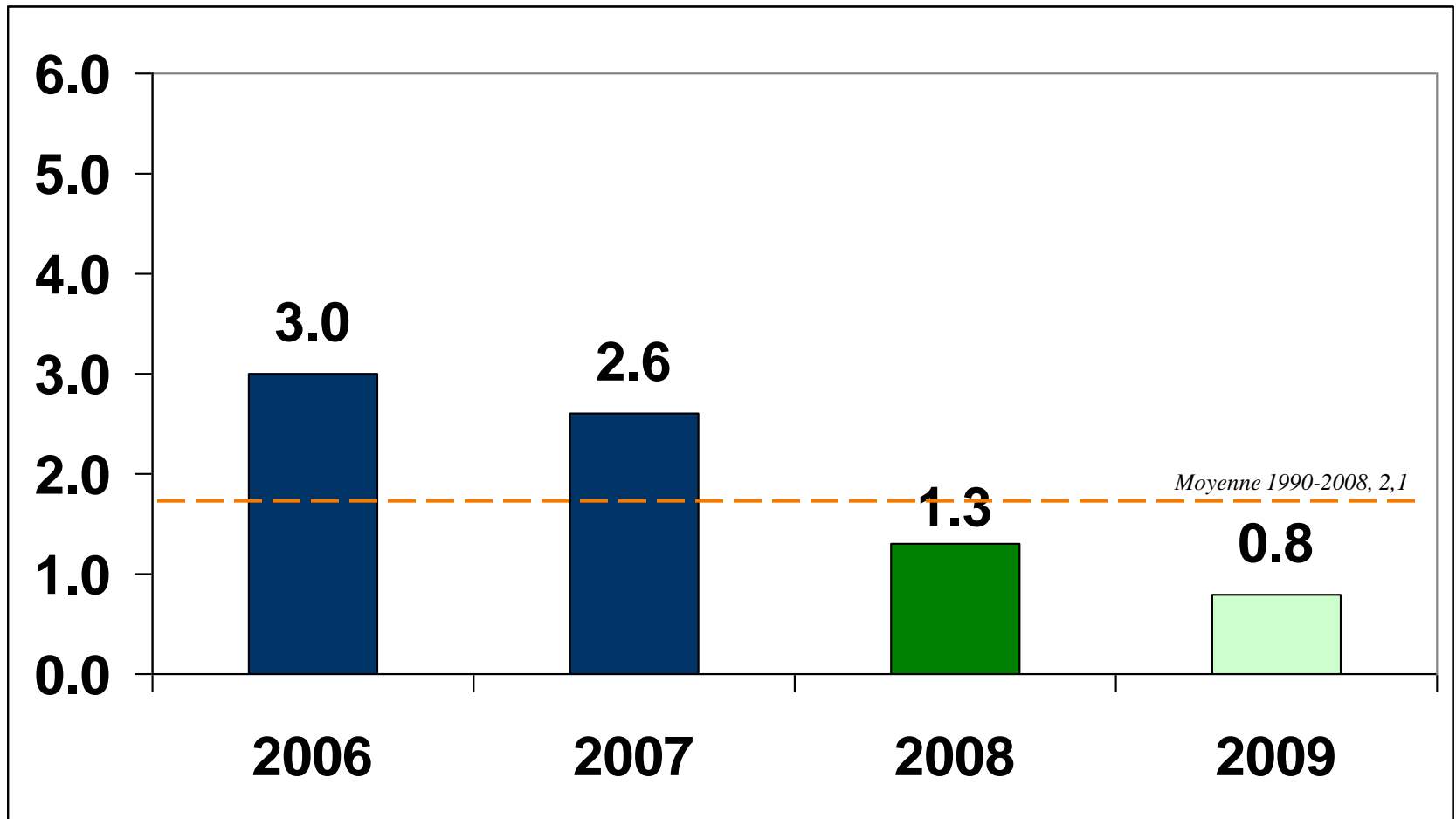


# Growth in the United States





## Growth in the euro zone



# Financial markets

---

- Inflation : 3 % in the US  
2 % in euro zone
- Interest rates
  - United States : stability up to mid-09 then increase
  - Euro zone : decrease starting next Winter
- Exchange rates : Appreciation of the US dollar vs main currencies
- Increase in volatility on financial markets and in defaults rates