



## Europe as vulnerable to the financial crisis as US

**Table 1. A scorecard for countries' vulnerability to the financial crises**

|                | Stocks* | Score | Housing* | Score | Current Account** | Score | Household debt*** | Score | Equity capital** | Score | Total Score |
|----------------|---------|-------|----------|-------|-------------------|-------|-------------------|-------|------------------|-------|-------------|
| <b>Spain</b>   | 146.7   | 7     | 76.3     | 8     | -9.8              | 8     | ****              | 8     | 96.9             | 4     | 35          |
| <b>UK</b>      | 67.7    | 1     | 46.4     | 6     | -2.9              | 6     | 30.6              | 7     | 51.4             | 8     | 28          |
| <b>France</b>  | 97.6    | 4     | 67.4     | 7     | -1.3              | 4     | 14                | 5     | 104              | 5     | 25          |
| <b>US</b>      | 68.4    | 2     | 45.6     | 4     | 5.6               | 7     | 25.9              | 6     | 115.2            | 6     | 25          |
| <b>Canada</b>  | 110.2   | 5     | 46.1     | 5     | 1.9               | 3     | 5.4               | 3     | 128.6            | 7     | 23          |
| <b>Italy</b>   | 84      | 3     | 37.1     | 3     | -2                | 5     | 10.5              | 4     | 52.6             | 1     | 16          |
| <b>Japan</b>   | 111.4   | 6     | -17.2    | 1     | 4.7               | 2     | -2.1              | 2     | 95.4             | 3     | 14          |
| <b>Germany</b> | 176.8   | 8     | 9.3      | 2     | 6                 | 1     | -7.2              | 1     | 65.4             | 2     | 14          |
|                |         |       |          |       |                   |       |                   |       |                  |       |             |
| <b>India</b>   | 293.3   | 2     |          |       | -2.1              | 4     |                   |       | 147.2            | 4     | 10          |
| <b>Brazil</b>  | 394.7   | 4     |          |       | 0.8               | 3     |                   |       | 120.5            | 2     | 9           |
| <b>Russia</b>  | 340.9   | 3     |          |       | 5.9               | 2     |                   |       | 88.6             | 1     | 6           |
| <b>China</b>   | 187.4   | 1     |          |       | 11.7              | 1     |                   |       | 127.9            | 3     | 5           |

*Source: OECD, Haver, DB Global Markets Research*

## Japan

- ☞ Japan is the 3rd largest economy in the world
- ☞ Accounted for 6.6% of the gross world product in 2007
- ☞ One of the highest GDP per capita, almost \$34,000, according to the International Monetary Fund
- ☞ Current Japanese Economic Situation

| Interest Rate | Inflation Rate | GDP Growth | Trade Balance | Unemployment Rate |
|---------------|----------------|------------|---------------|-------------------|
| 0.30%         | 2.10%          | 0.70%      | 88.50         | 4.00%             |

## Japan : Effects

- ☞ Japanese economy
- ☞ June 2008, exports fell by 1.7 % (first time in about 5 years)
- ☞ Exports to the US 15.4 % & EU 11.2 %
- ☞ Japan's trade surplus \$1.28 Bil
- ☞ Japan's economy 0.7 % in the 3rd quarter of 2008

## Serious global downturn

A deep financial crisis and continuing high commodity prices have led to fast deteriorating global growth.

(percent change, unless otherwise noted)

|                                   | Year-on-Year |            |            |
|-----------------------------------|--------------|------------|------------|
|                                   | 2007         | 2008       | 2009       |
| <b>World output</b>               | <b>5.0</b>   | <b>3.9</b> | <b>3.0</b> |
| Advanced economies                | 2.6          | 1.5        | 0.5        |
| United States                     | 2.0          | 1.6        | 0.1        |
| Euro area                         | 2.6          | 1.3        | 0.2        |
| Germany                           | 2.5          | 1.8        | —          |
| France                            | 2.2          | 0.8        | 0.2        |
| Italy                             | 1.5          | -0.1       | -0.2       |
| Spain                             | 3.7          | 1.4        | -0.2       |
| Japan                             | 2.1          | 0.7        | 0.5        |
| United Kingdom                    | 3.0          | 1.0        | -0.1       |
| Canada                            | 2.7          | 0.7        | 1.2        |
| Emerging and developing economies | 8.0          | 6.9        | 6.1        |
| Developing Asia                   | 10.0         | 8.4        | 7.7        |
| China                             | 11.9         | 9.7        | 9.3        |
| India                             | 9.3          | 7.9        | 6.9        |
| Western Hemisphere                | 5.6          | 4.6        | 3.2        |
| Brazil                            | 5.4          | 5.2        | 3.5        |
| Mexico                            | 3.2          | 2.1        | 1.8        |

Source: *World Economic Outlook*, October 2008.

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during August 18–September 15, 2008.