

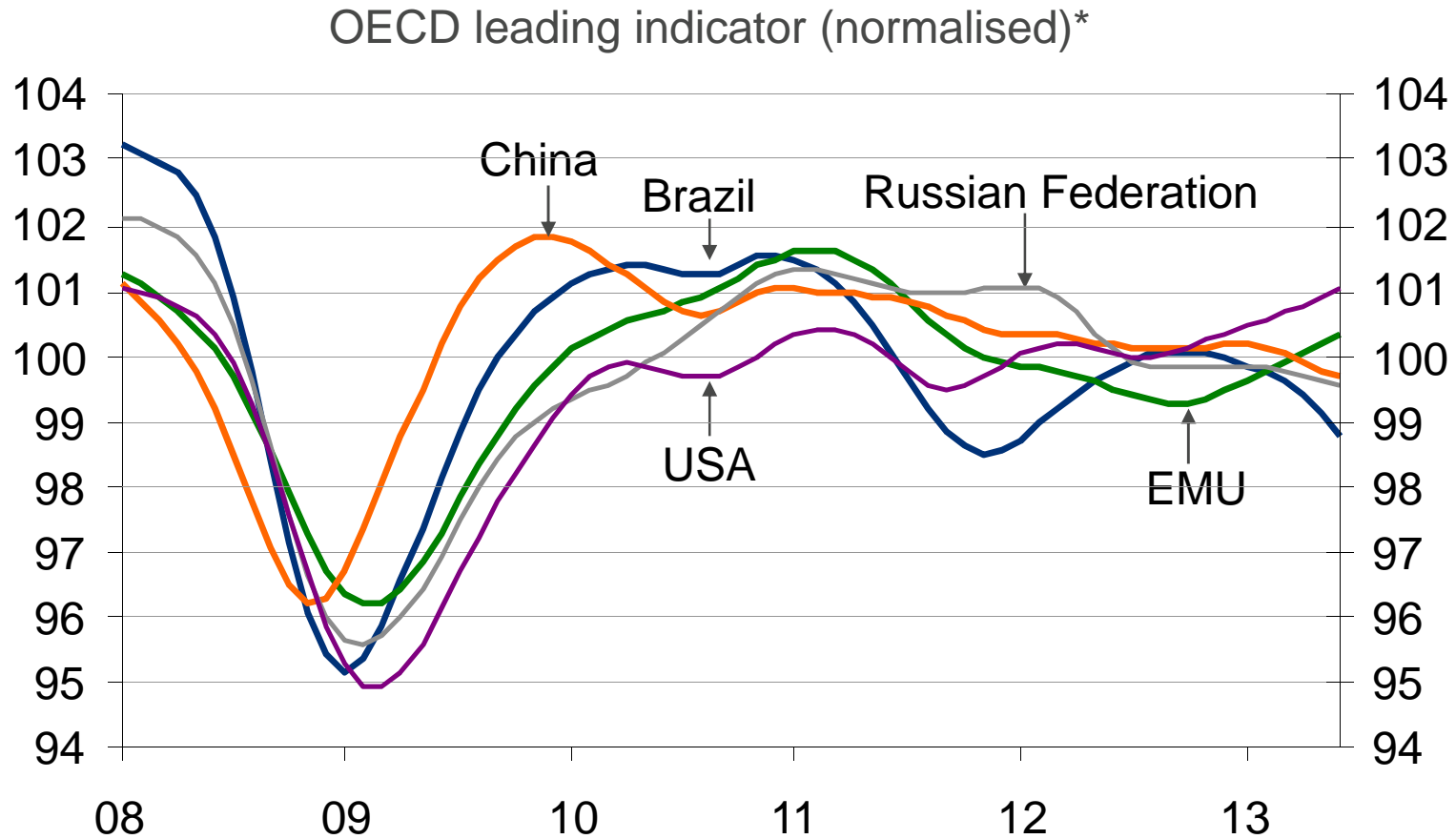


Risquée est la route vers la reprise  
*peut-on dès lors se passer de dopage monétaire?*

Philippe Ledent

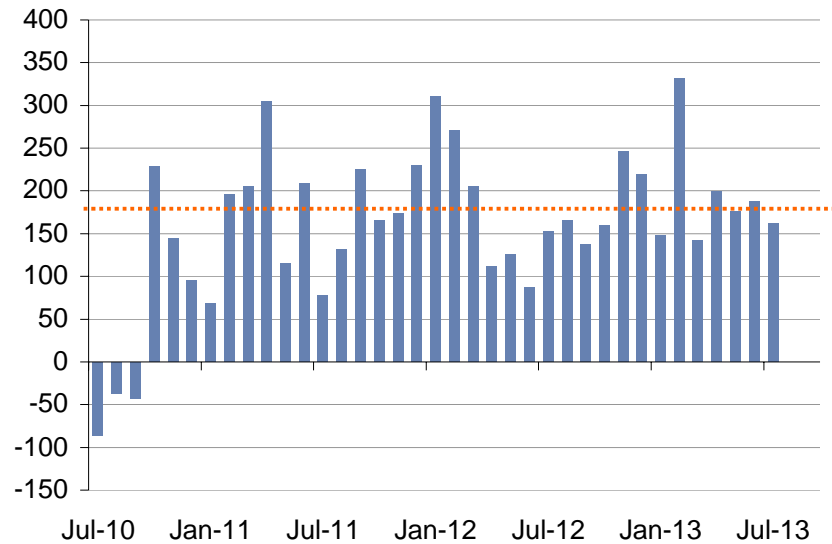
Senior Economist ING Belgium

# Les économies développées sont de retour...



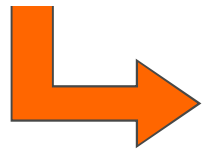
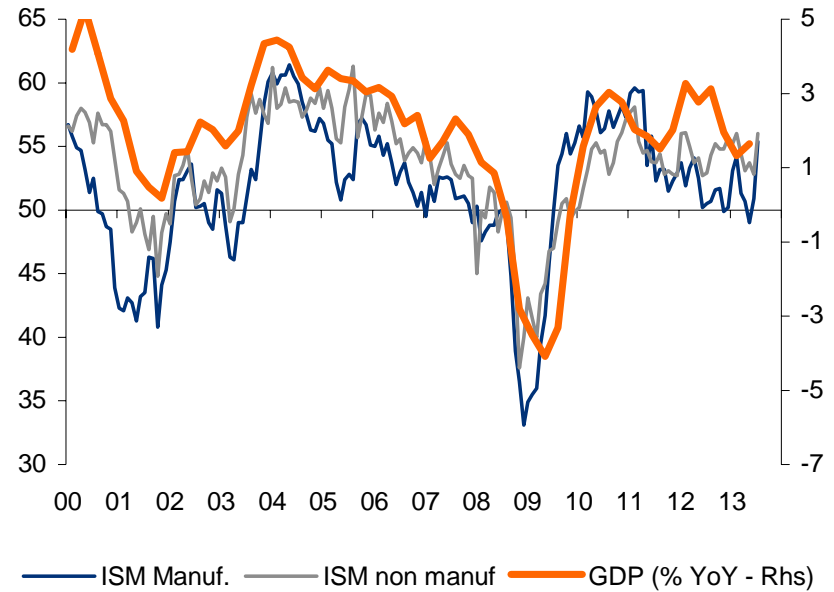
\* Source: OECD, Last data: June 2013

Jobs are created...



■ Payrolls ('000s per month)

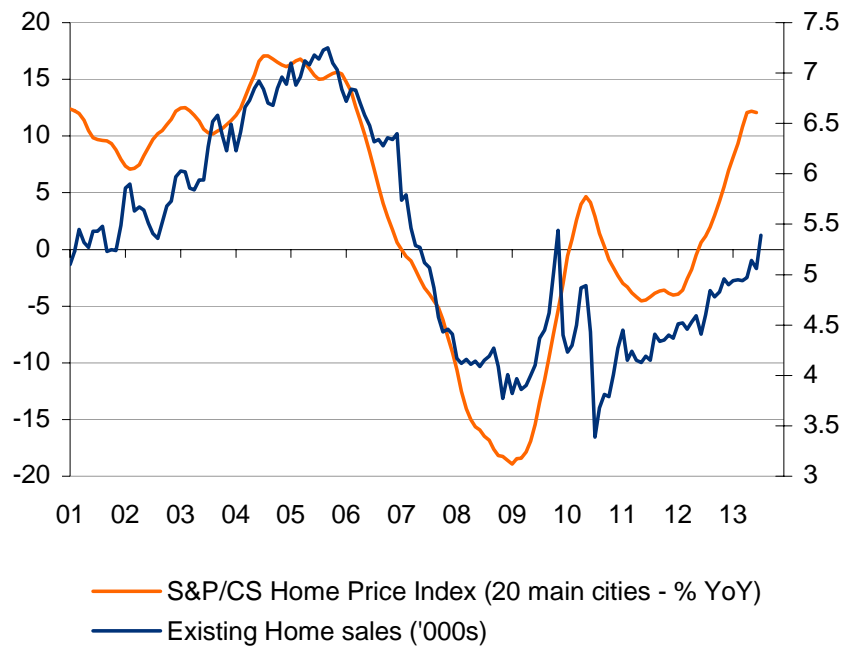
But confidence still has to improve



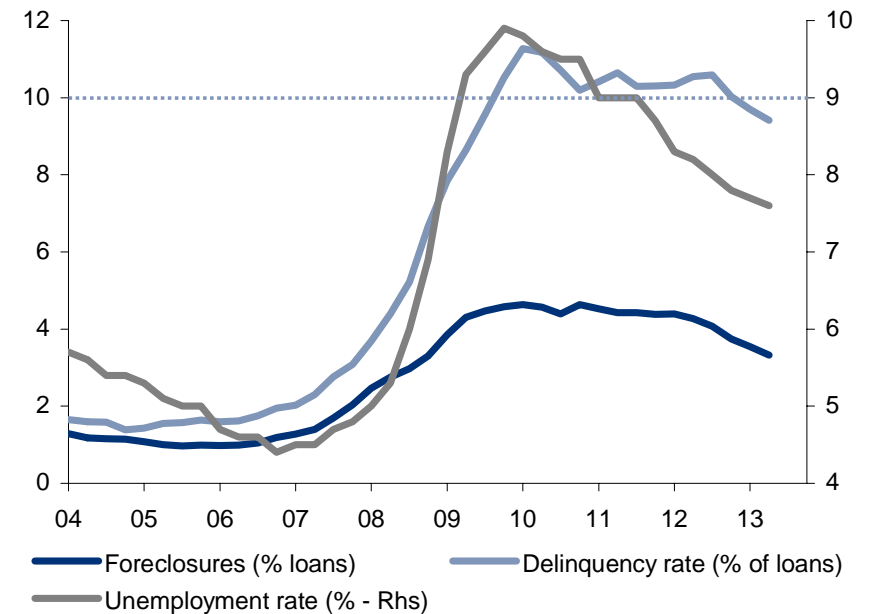
+ Energy boom supports reindustrialisation

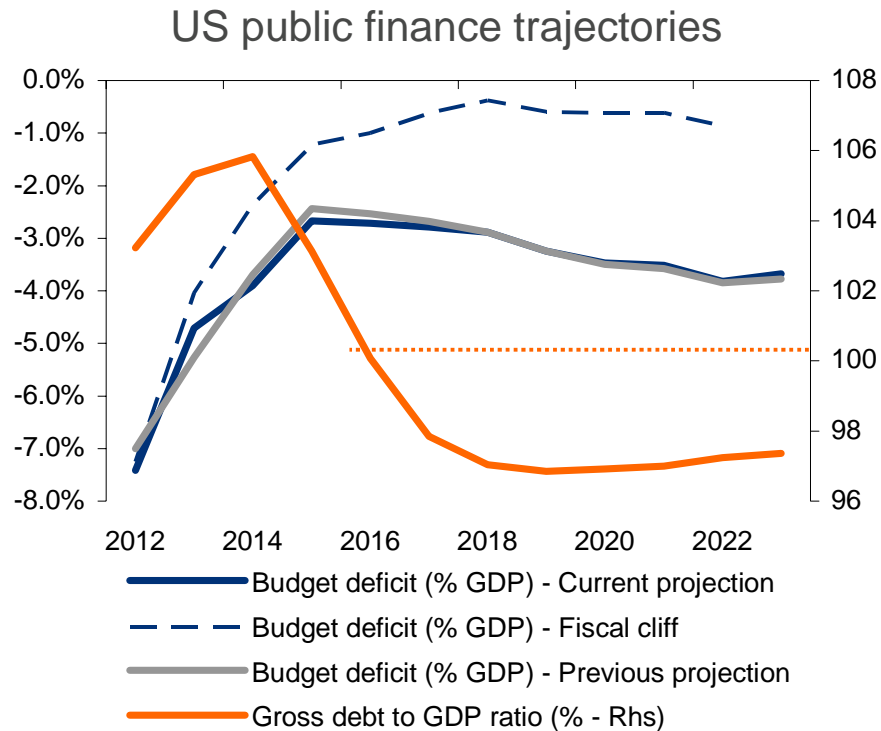
# Le marché immobilier s'améliore (trop) vite?

More transactions at higher prices...



...but delinquency rate remains high





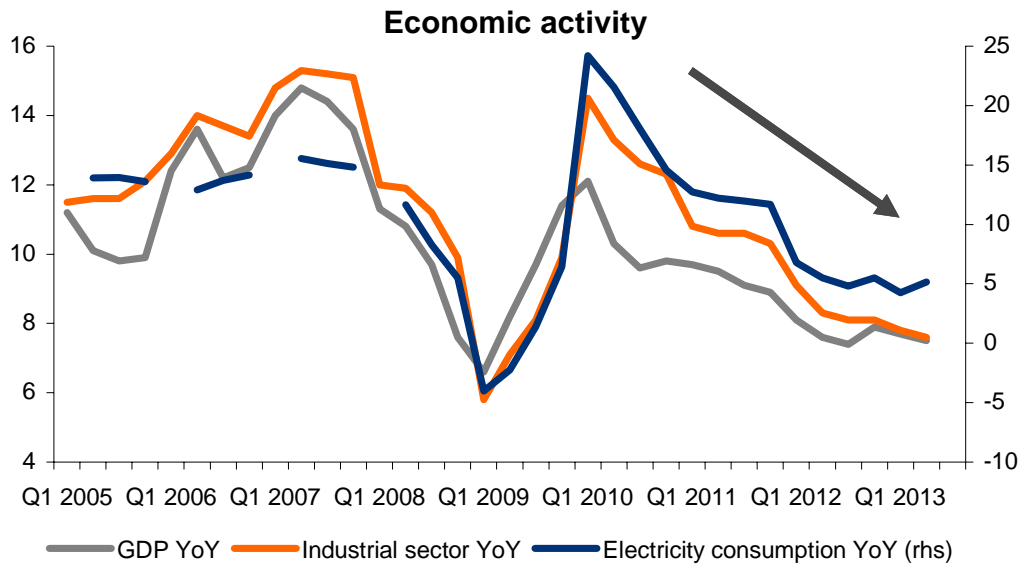
**19/5/13:** last debt ceiling deadline passed. Reported to **02/09/2013** (end of “dead issuance suspension period”)

➔ **Rocky political September**

The 2013 budget deficit should reach 4.7% (vs 5.3% in Febr) of GDP, against 7% in 2012 and 4% under the fiscal cliff plan

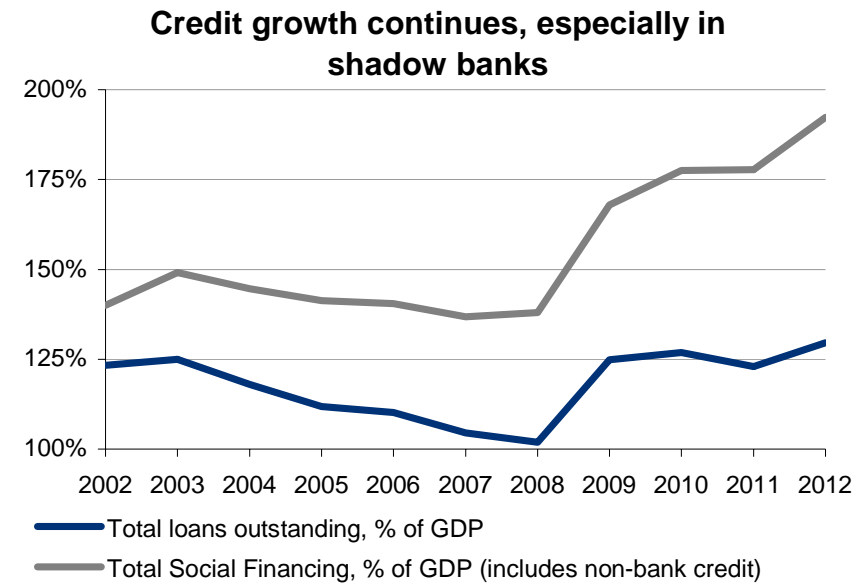
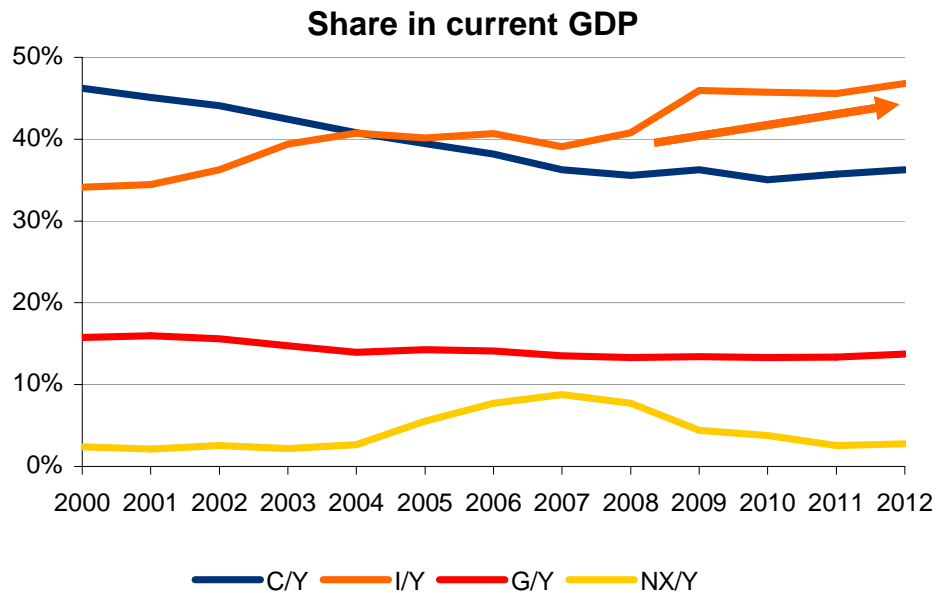
Obama’s budget (if voted) would add 27Bn\$ and 115 bn\$ to the deficit in 2013 (4.9% of GDP) and 2014

**Fiscal measures cut growth by 0.5% to 0.8% in 2013**

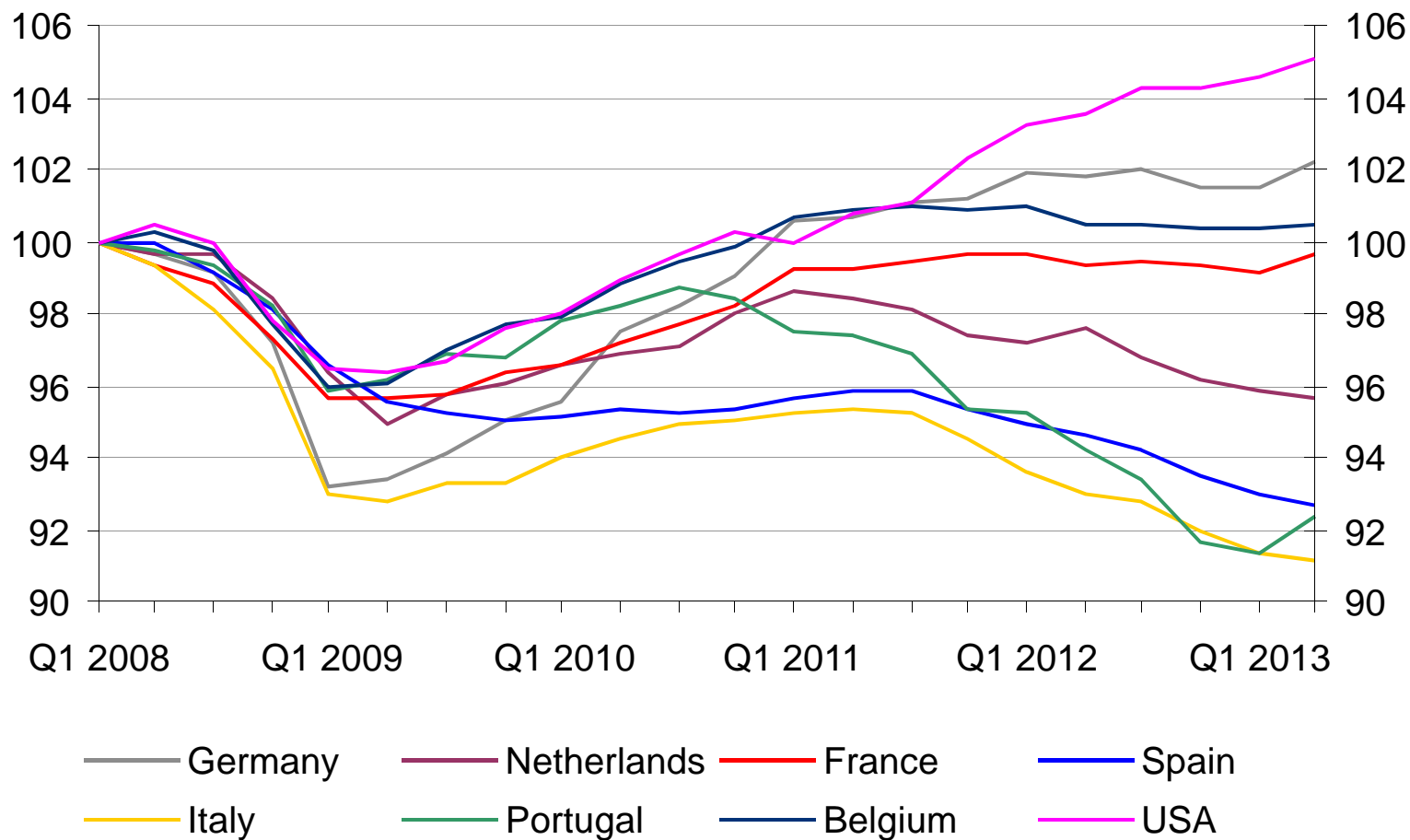


Source: Thomson Reuters

## Investment and credit keeps on rising, threatening financial stability



GDP index (2008Q1 = 100)

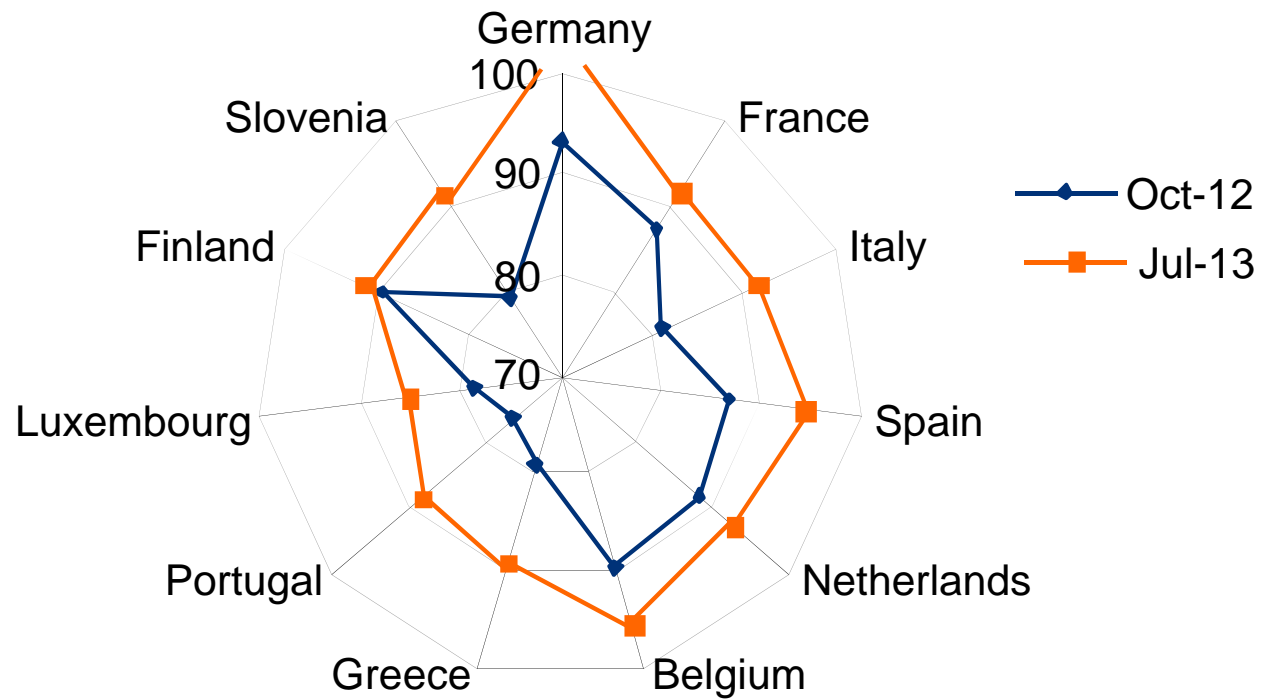


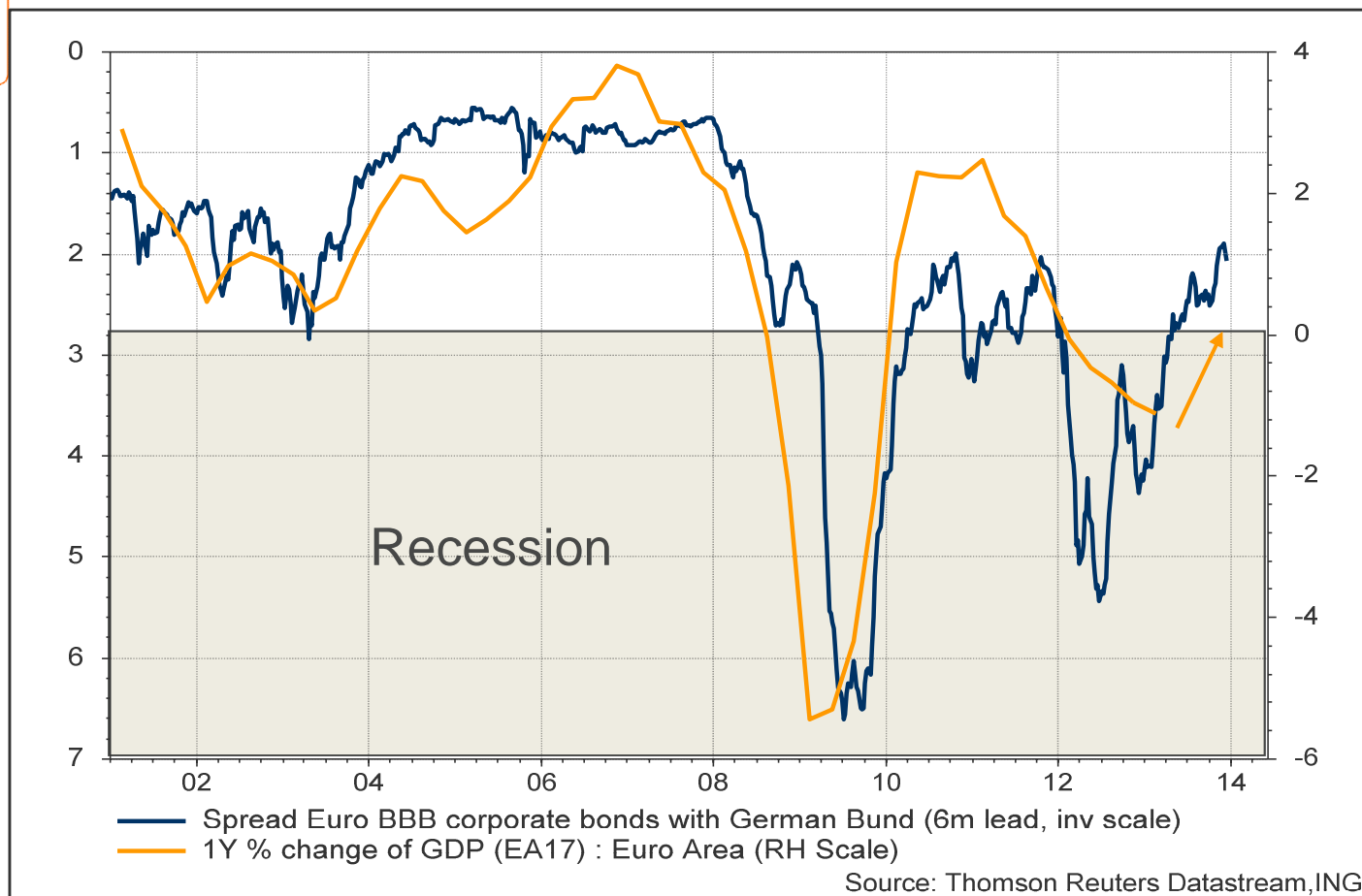
Source: Eurostat, OECD (last data: Q2 2013)



...menés par une meilleure confiance...

Economic Sentiment Index (LT average = 100)





- + Some limited external impulse
- + More gradual austerity policies
- + Low inflation, supporting real incomes

	2012	2013	2014	2015
USA	2.2	1.7	2.6	2.7
Eurozone	-0.6	-0.2	1.1	1.4
Belgium	-0.3	0.0	1.1	1.5
Japan	1.9	2.4	2.4	1.5
China	7.8	7.5	7.5	7.5



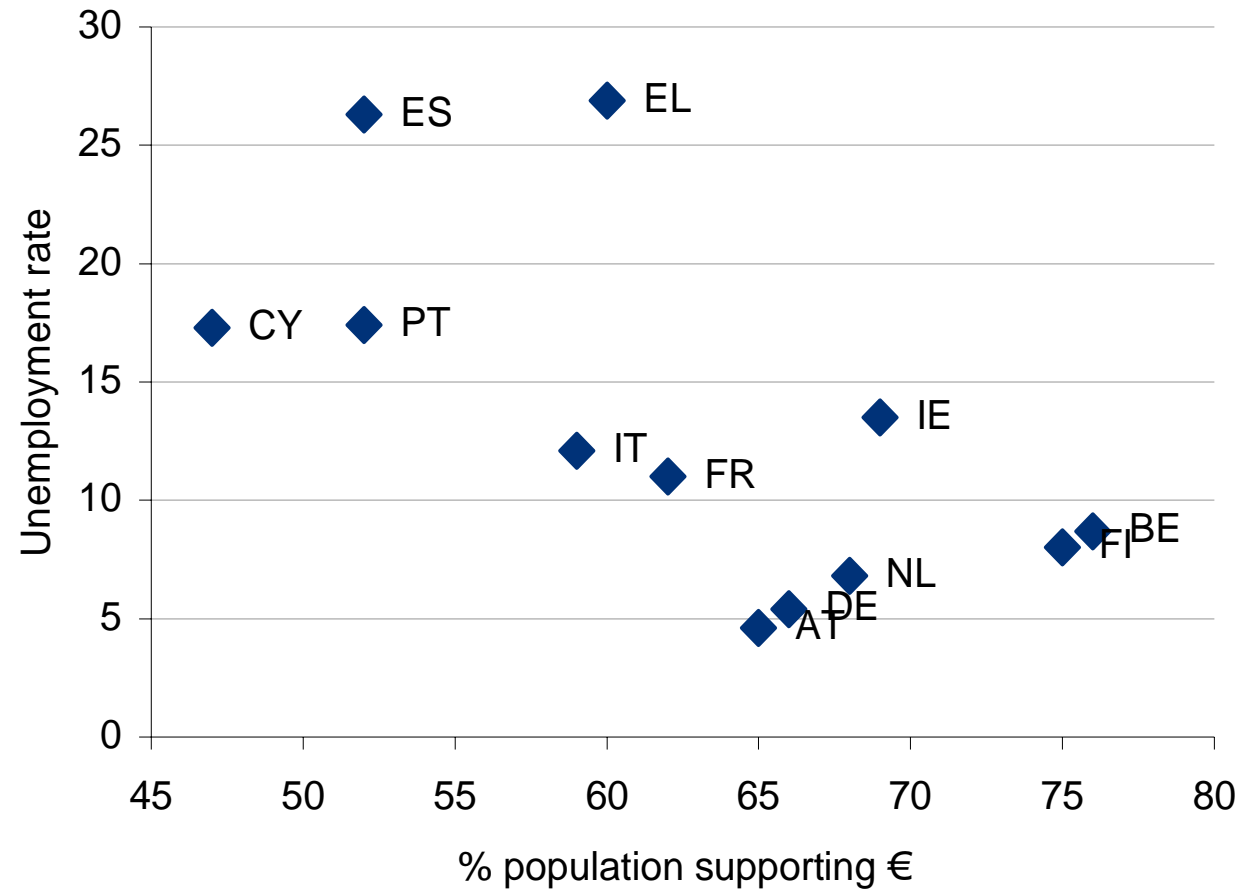
...il y a encore de  
(gros) obstacles  
à franchir...

## Zone euro: après les élections allemandes, retour à la réalité!



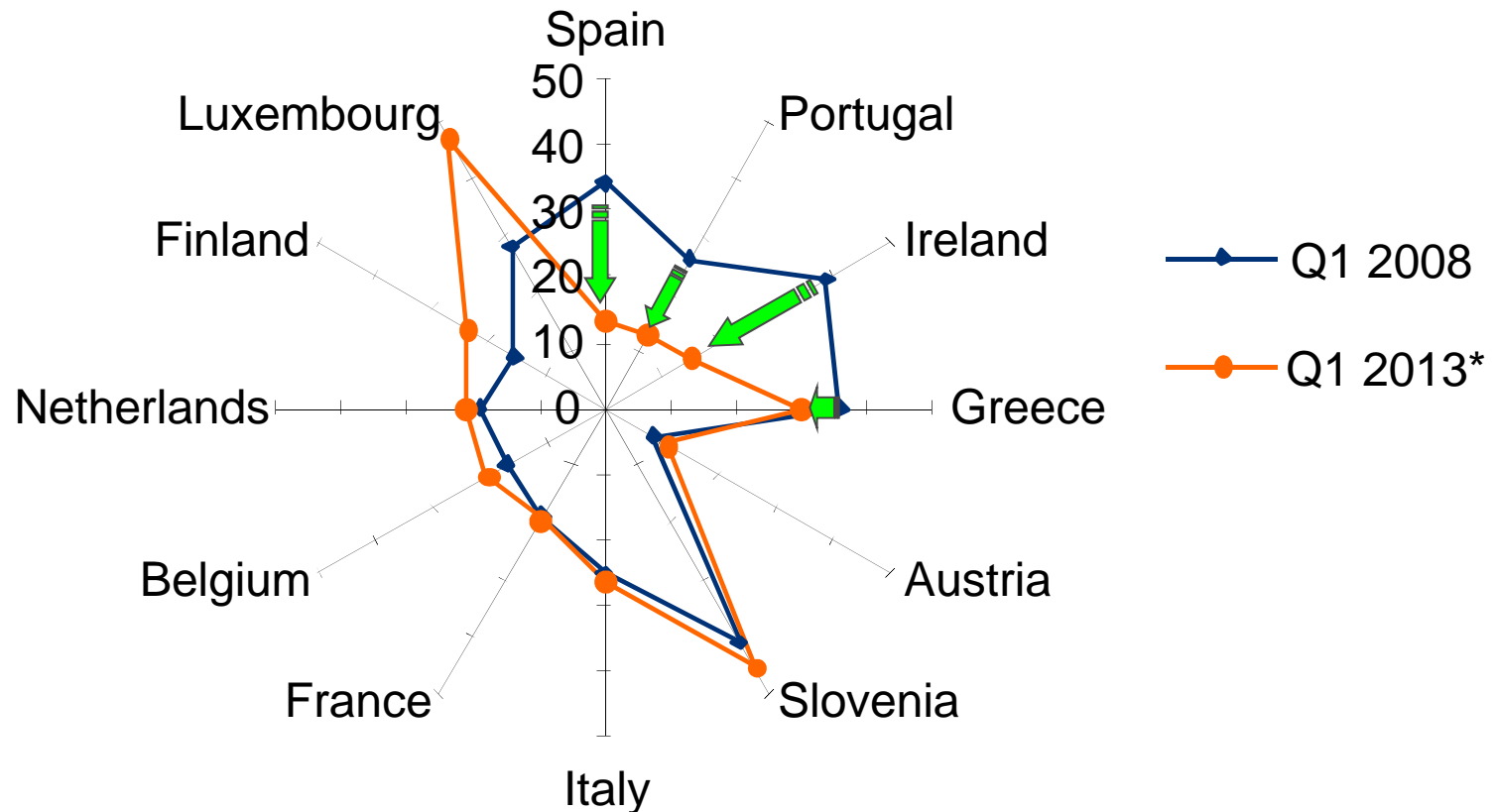
- **Greece:** will need a third plan: more austerity? Debt forgiveness?
- **Portugal:** need for a second bail-out plan?
- **Ireland:** precautionary program in order to benefit from OMT?
- **Spain:** still negotiating a lengthening of the period during which the 100 Bn of European funds for its bank recapitalisation program are available

## Le niveau du chômage est un risque pour la stabilité de la zone euro



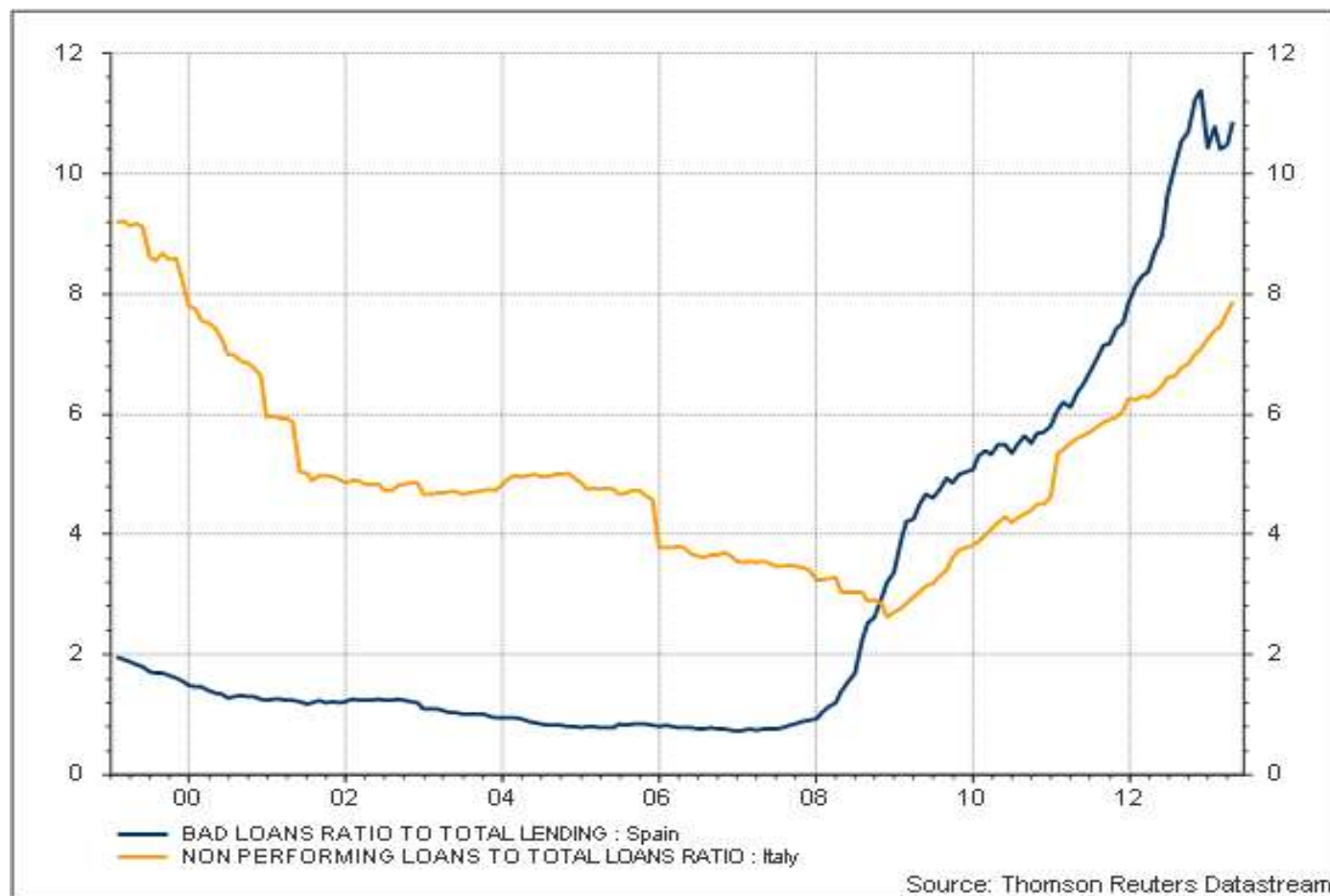
## Heureusement, on observe un peu de convergence...

Nominal Unit Labor Cost differential vs Germany (2000 = 0)



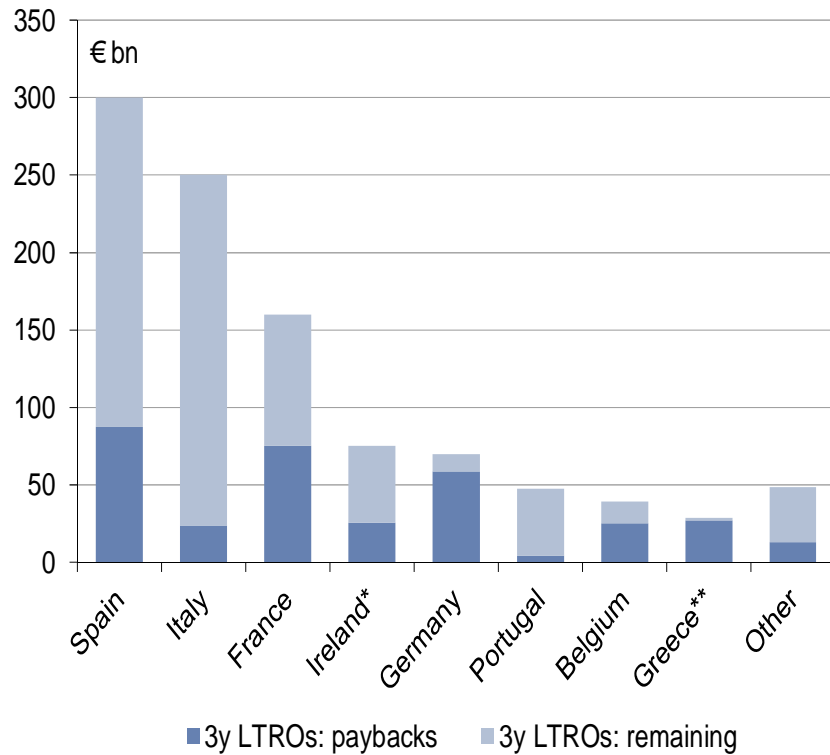
Greece: Q1 2011

## Le système bancaire de la périphérie demeure vulnérable...

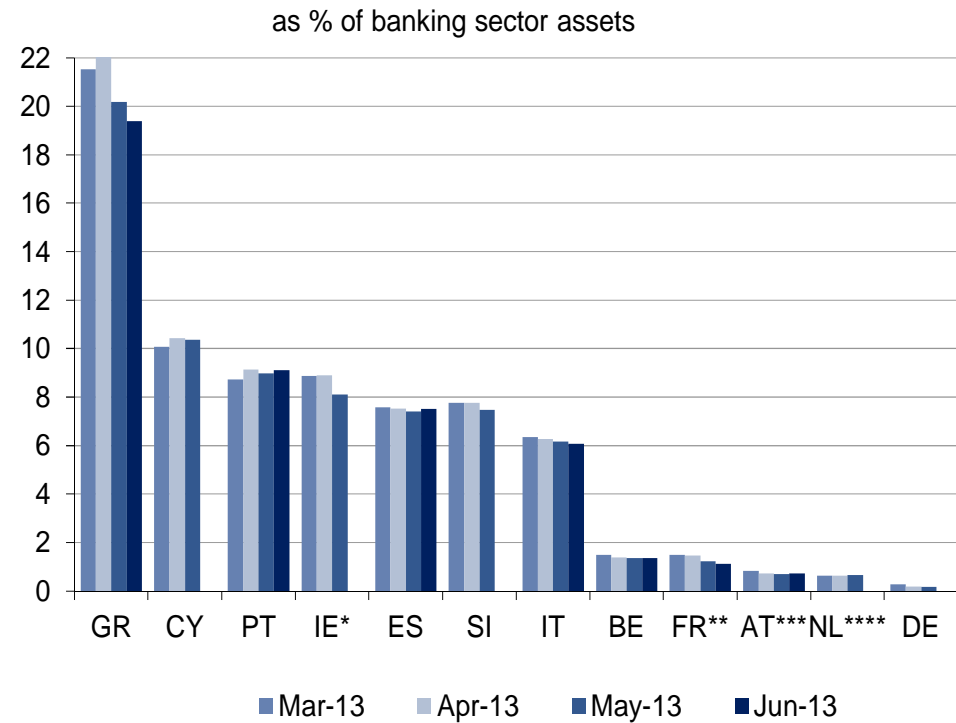




Paybacks of LTRO money

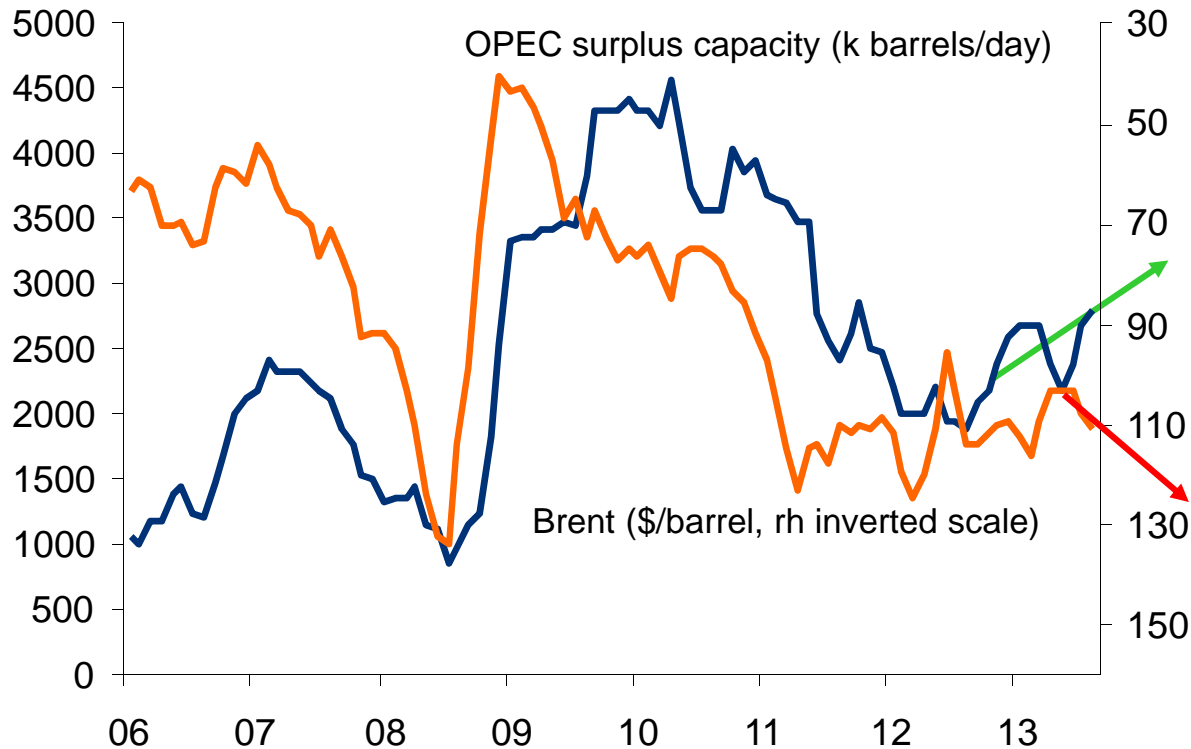


Dependency to ECB





Risque d'inflation?

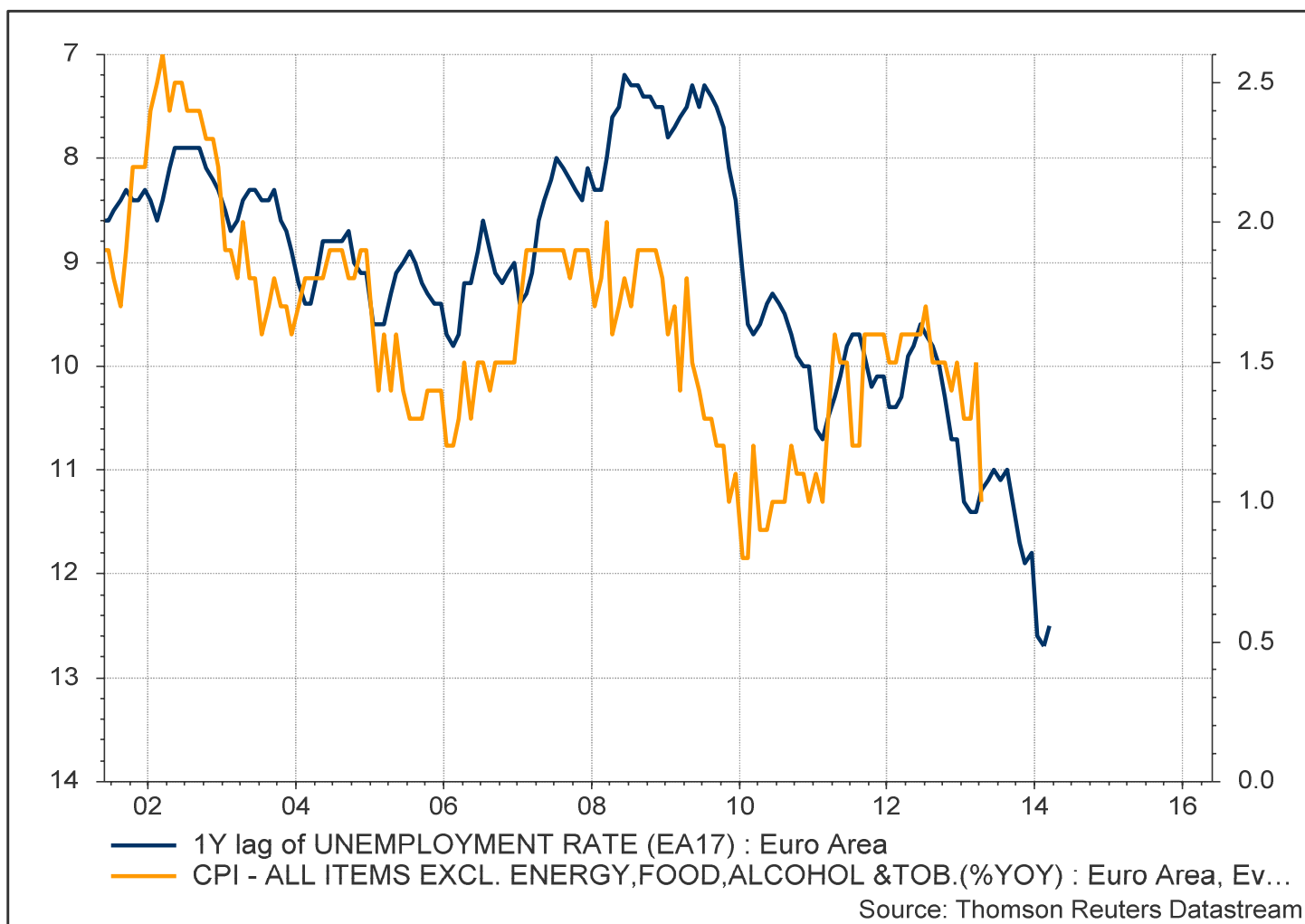


Higher surplus capacity (due to shale gas and lower growth in emerging markets) should maintain oil price at lower levels...

...but geopolitical risk increases the risk premium

— OPEC surplus capacity — Brent (\$/barrel, rh inverted scale)

...Mais les pressions inflationnistes restent faibles...



## ...Et la croissance de la masse monétaire décelère dans l'OCDE



## De plus, le Japon exporte de la déflation



	2012	2013	2014	2015
USA	2.1	1.7	1.8	2.0
Eurozone	2.5	1.5	1.7	1.7
Belgium	2.8	1.4	1.9	2.1
Japan	0.0	-0.1	1.7	1.7
China	2.6	2.6	2.6	2.6



Reprise graduelle...  
...mais les marchés émergents  
ralentissent

Pas de pression inflationniste...  
...mais plus de risques sur le  
pétrole

Plus de confiance dans la zone  
euro...  
...Mais la périphérie a besoin  
d'aide

→ Prions pour de bonnes décisions...

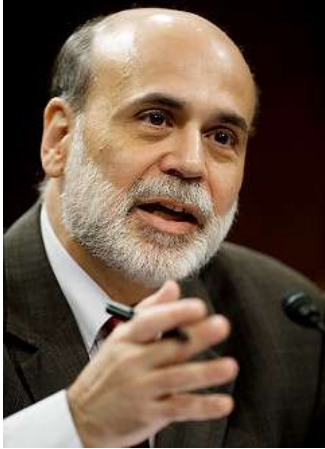




- Our monetary policy stance will remain accommodative for as long as necessary. The Governing Council confirms that it expects the key ECB interest rates to remain at present or lower levels for an extended period of time
- Continue conducting the main refinancing operations (MROs) as fixed rate tender procedures with full allotment for as long as necessary, and at least until 8 July 2014
- The groundwork for venturing into negative territory for the deposit rate has been done
- We will monitor all incoming data closely and stand ready to act.

More unconventional measures possible, first rate hike Q3 2015

## La “forward guidance” de la fed

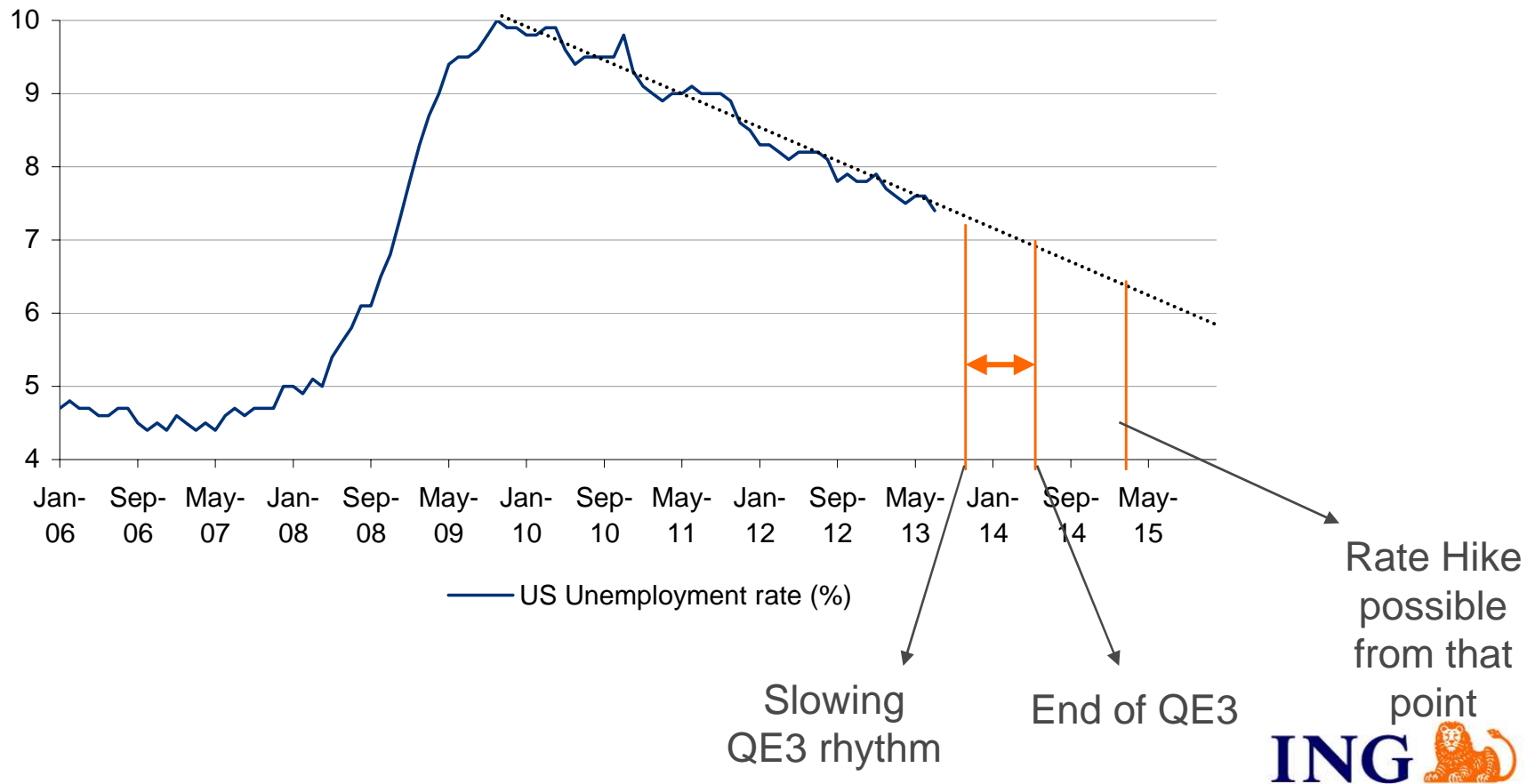


- If the incoming data are broadly consistent with the forecasts, the committee currently anticipates that it would be appropriate to moderate the monthly pace of purchases later this year ...
- ... we would continue to reduce the pace of purchases in measured steps through the first half of next year, ending purchases around mid-year
- A premature tightening would endanger the recovery.

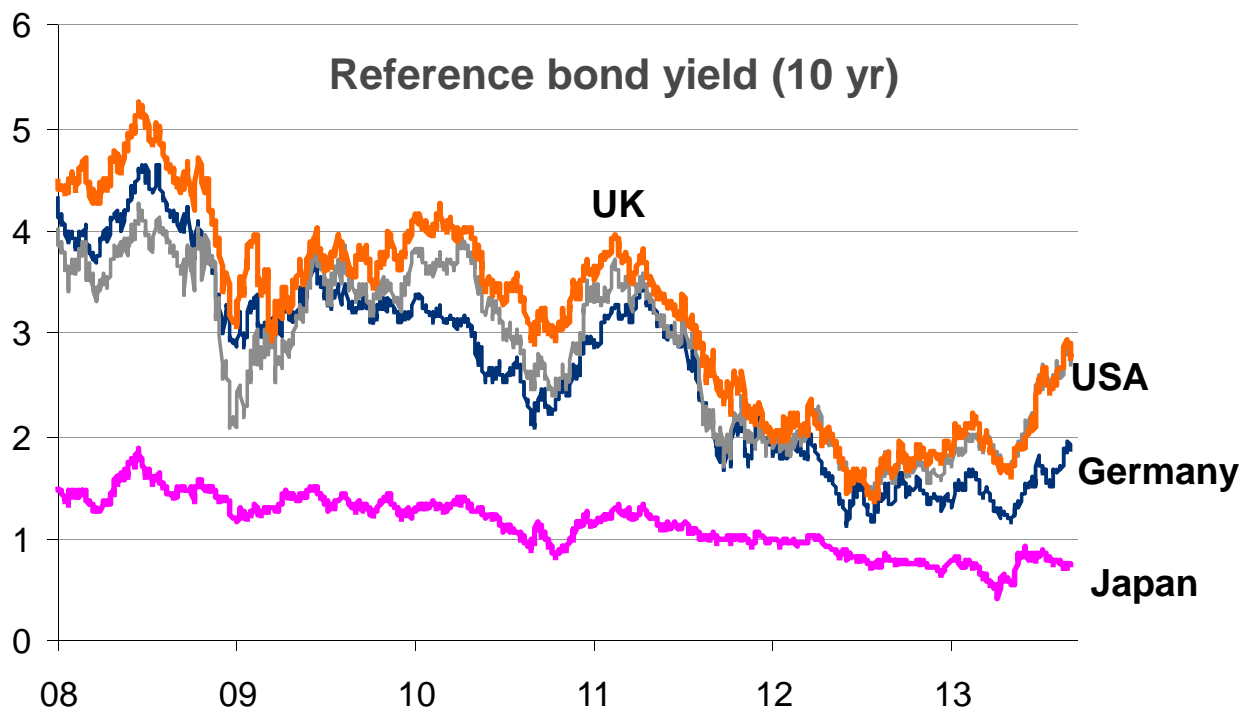
Gradual winding down QE from Q4 2013 onwards, first rate hike H2 2015

## Tout dépend de la reprise...

- The central tendency of unemployment rate for the fourth quarter of this year is 7.2 to 7.3 percent, declining to 5.8 to 6.2 percent in the final quarter of 2015.

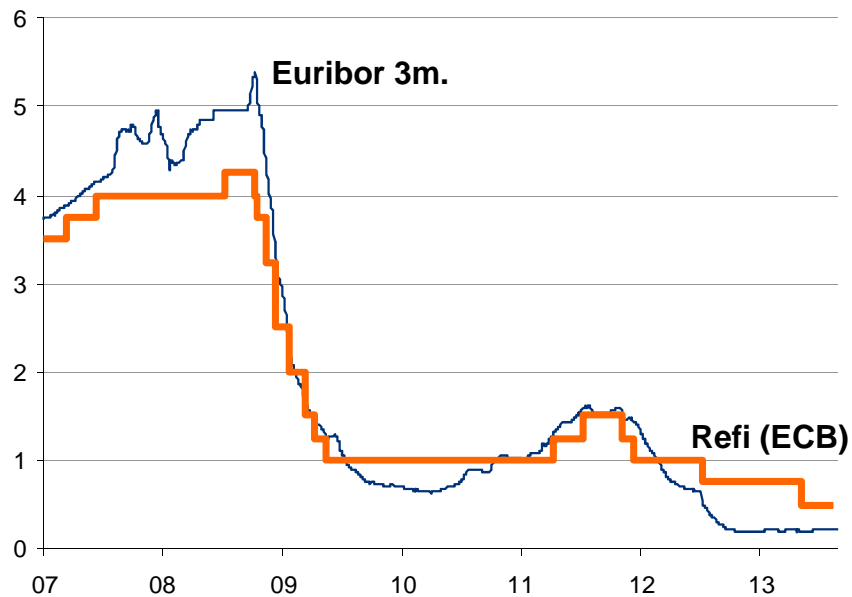


## Réaction forte face à la Fed

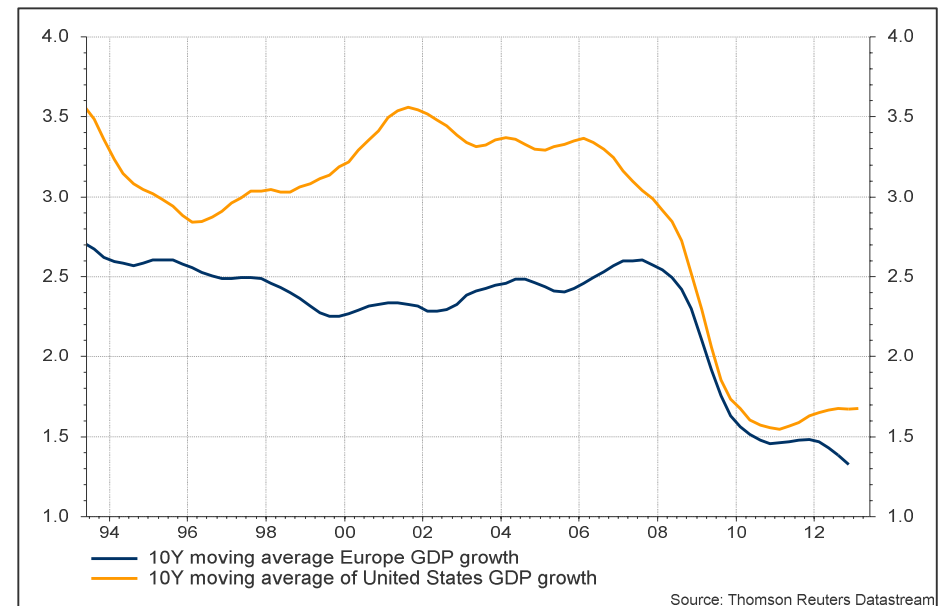


	2012	2013	2014	2015
USA	1.6	3.2	3.5	3.9
Eurozone	1.3	2.0	2.2	2.6
Japan	0.8	1.0	1.3	1.5
UK	1.8	3.0	3.8	4.0

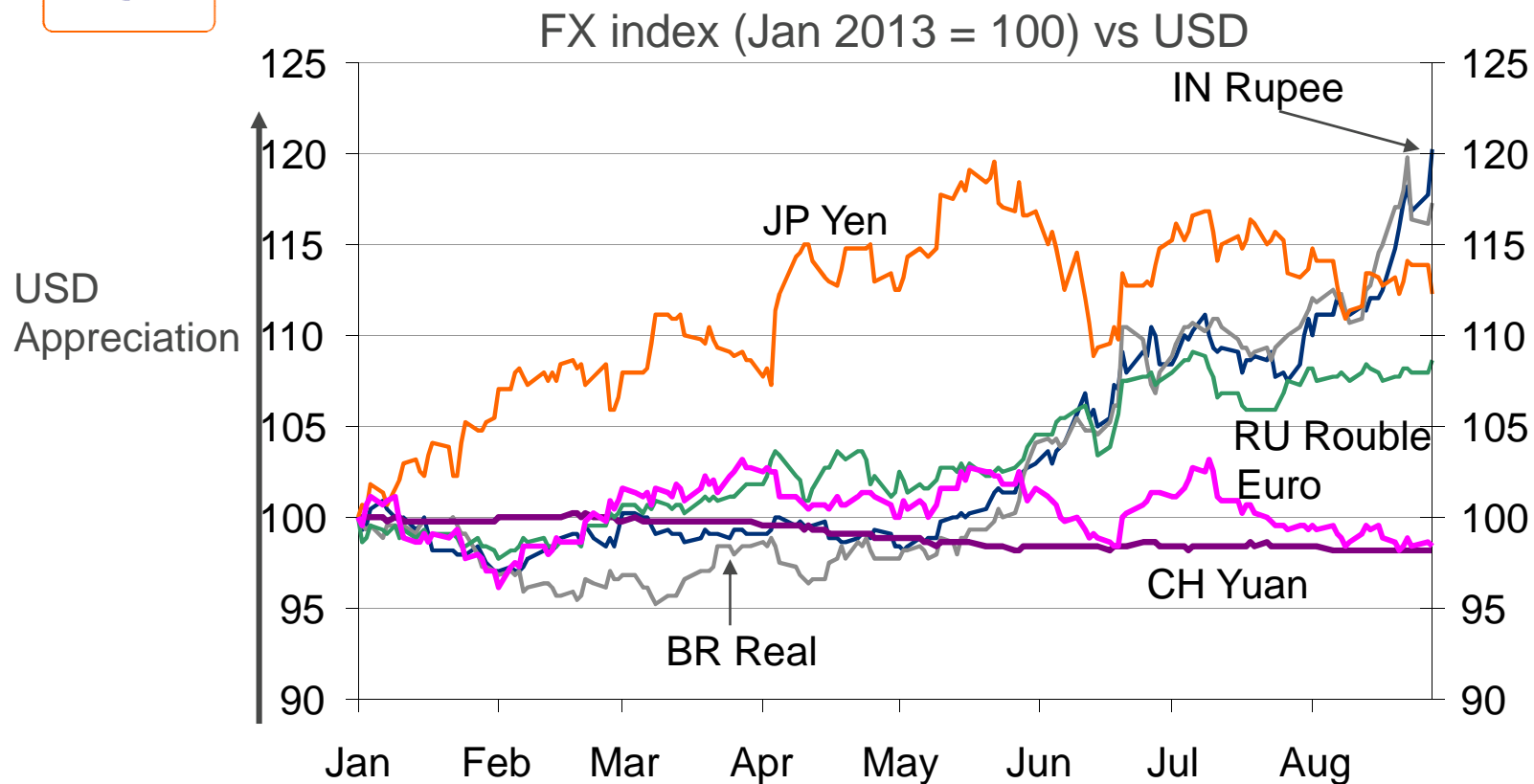
Short term interest rates will remain low...



...and trend growth is bound to be lower



## Dépréciation forte des devises face au dollar



Due to:

- QE tapering
- Lower growth perspectives in emerging markets

# La BCE souhaiterait garder l'euro sous la barre des 1.30



Euro exchange rate = downward risk to inflation

No mention of exchange rate anymore

## Conclusion

- Lente et graduelle reprise en zone euro
  - Beaucoup de risques:
    - Atterrissage brutal de la Chine? ?
    - Pas d'accord budgétaire aux USA?
    - Divergence européenne: Portugal, Grèce, Espagne,...
    - Choc extérieur.
- ➔ Mais nous gardons un scénario de « verre à moitié rempli » car la probabilité que tous ces risques se matérialisent en même temps est quand même très faible.



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