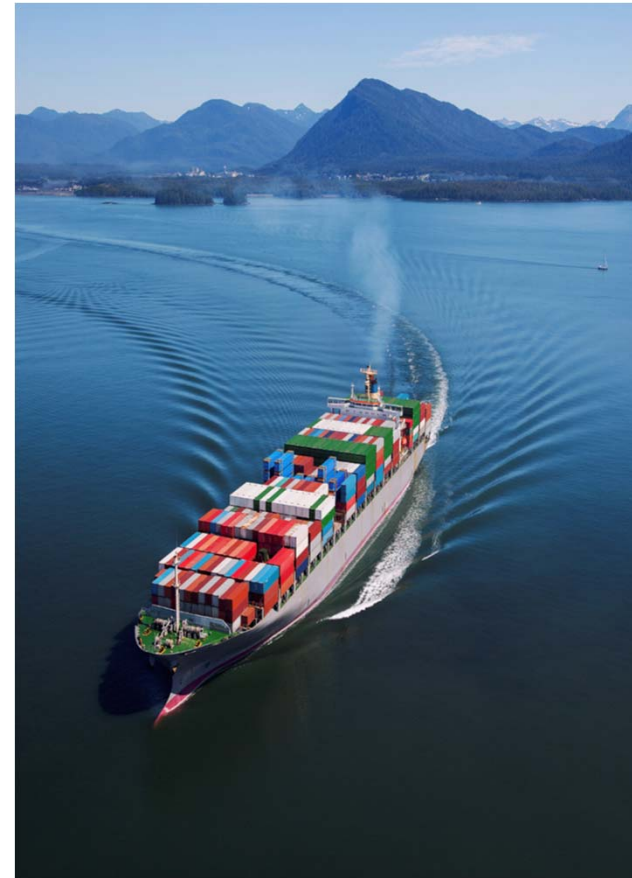




Slow turnaround

Are we in the middle of a paradigm shift?

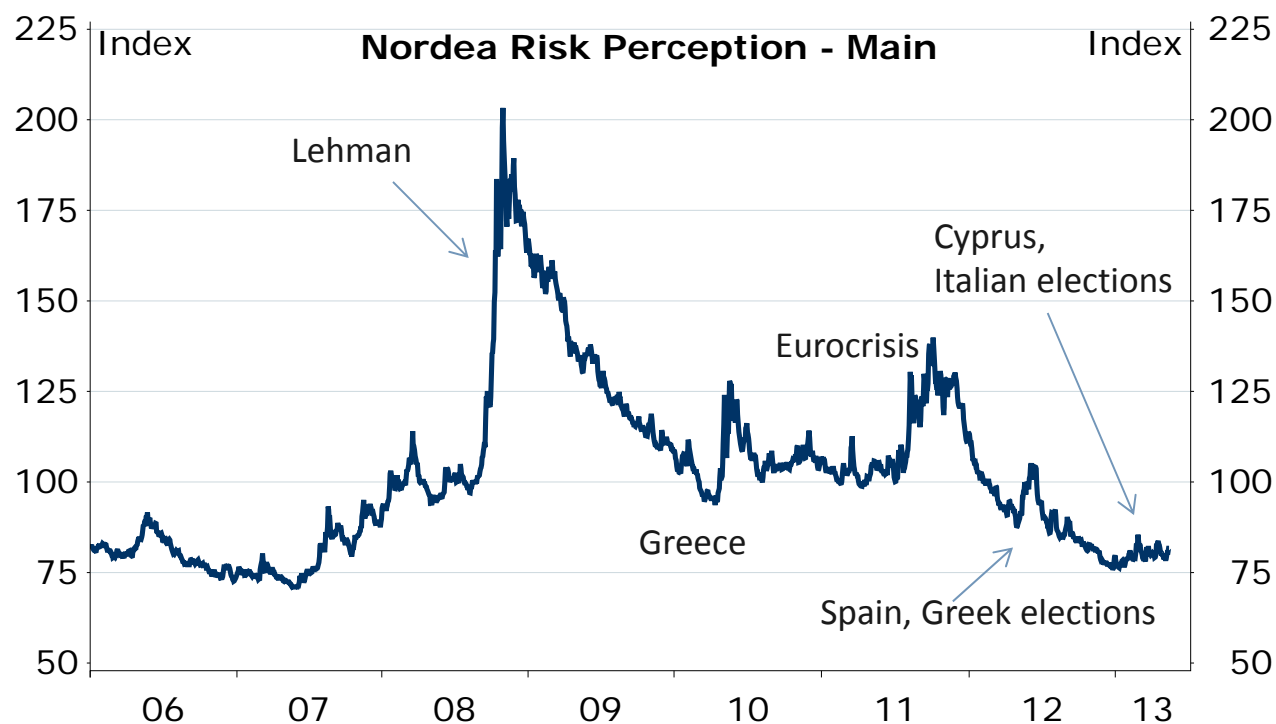
Global Chief Economist Helge J. Pedersen
ICMA Coference, Copenhagen 24h. May 2013



Wheel of crisis turning in its sixth year



Risk perception at pre Lehman levels



Source: Nordea Markets and Reuters Ecowin

Slow turnaround because of

- Crisis of confidence
- Tightening of fiscal policy
- High oil prices
- Deleveraging in the private and public sector
- New financial sector regulation

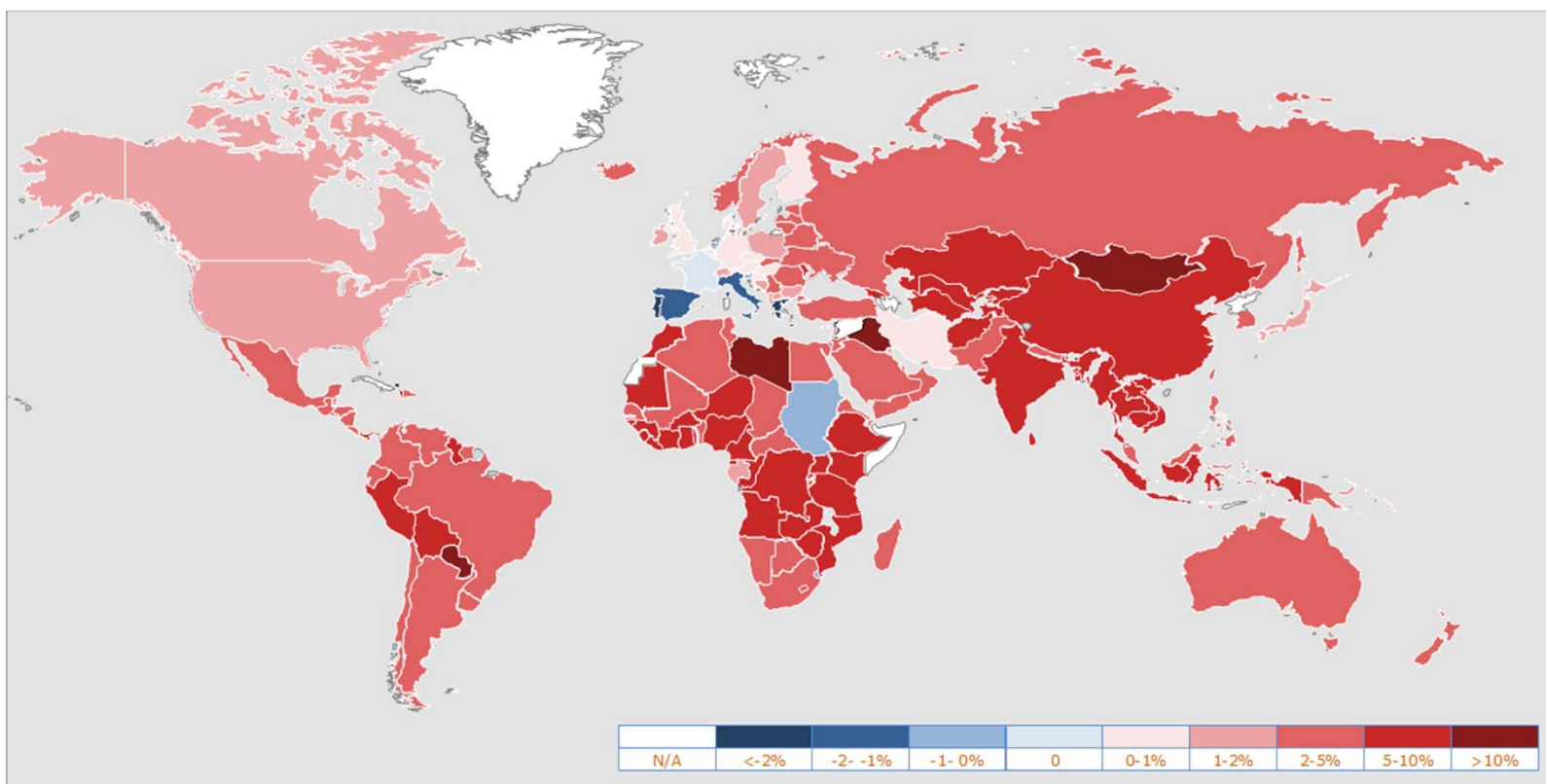
Macroeconomic consequences of Basel III on Denmark	
	DKKbn
Capital requirement	70
Liquidity and funding	210
Taxes and reporting	20
Yield demand	11%
Change in lending rate	2,2%-point
of which SME	>3%-point
GDP level (10-year period)	-1.75%

Source: The Danish Bankers Association

	GDP-level	DKKbn (2010- prices)
Foreign effect	-3%	
Derived GDP-effect via exports	-1%	
Total permanent effect	-2.75%	40-45

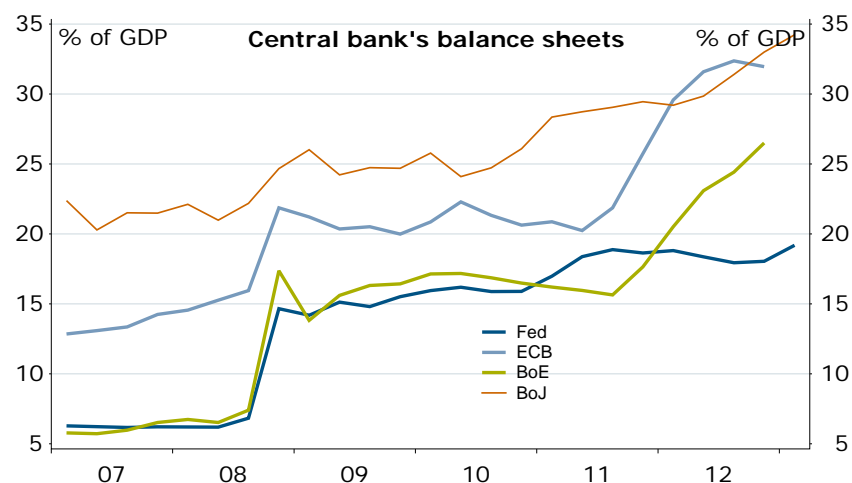
Source: IIF, DBA, own calculations

The 2013 economic heat map...

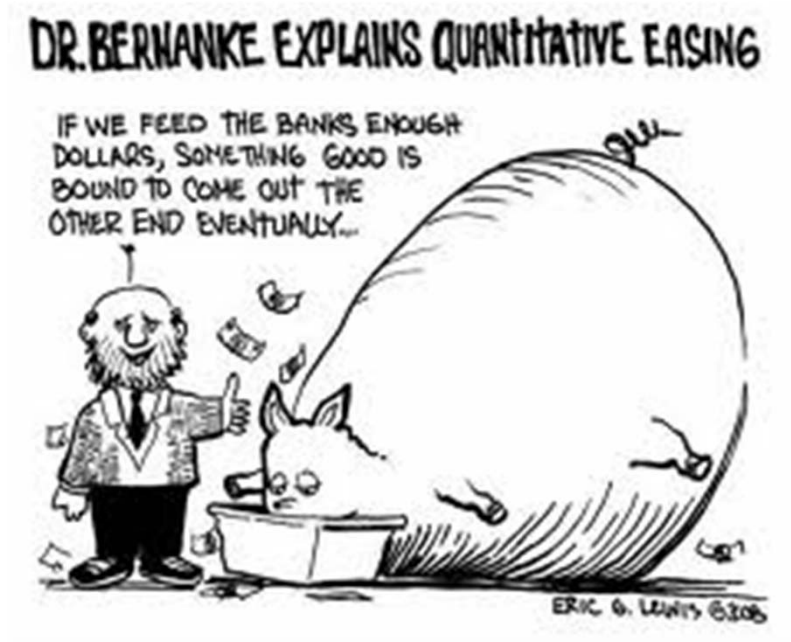


The 'old world' breathes in a monetary policy respirator...

- “Extraordinary times calls for extraordinary measures”

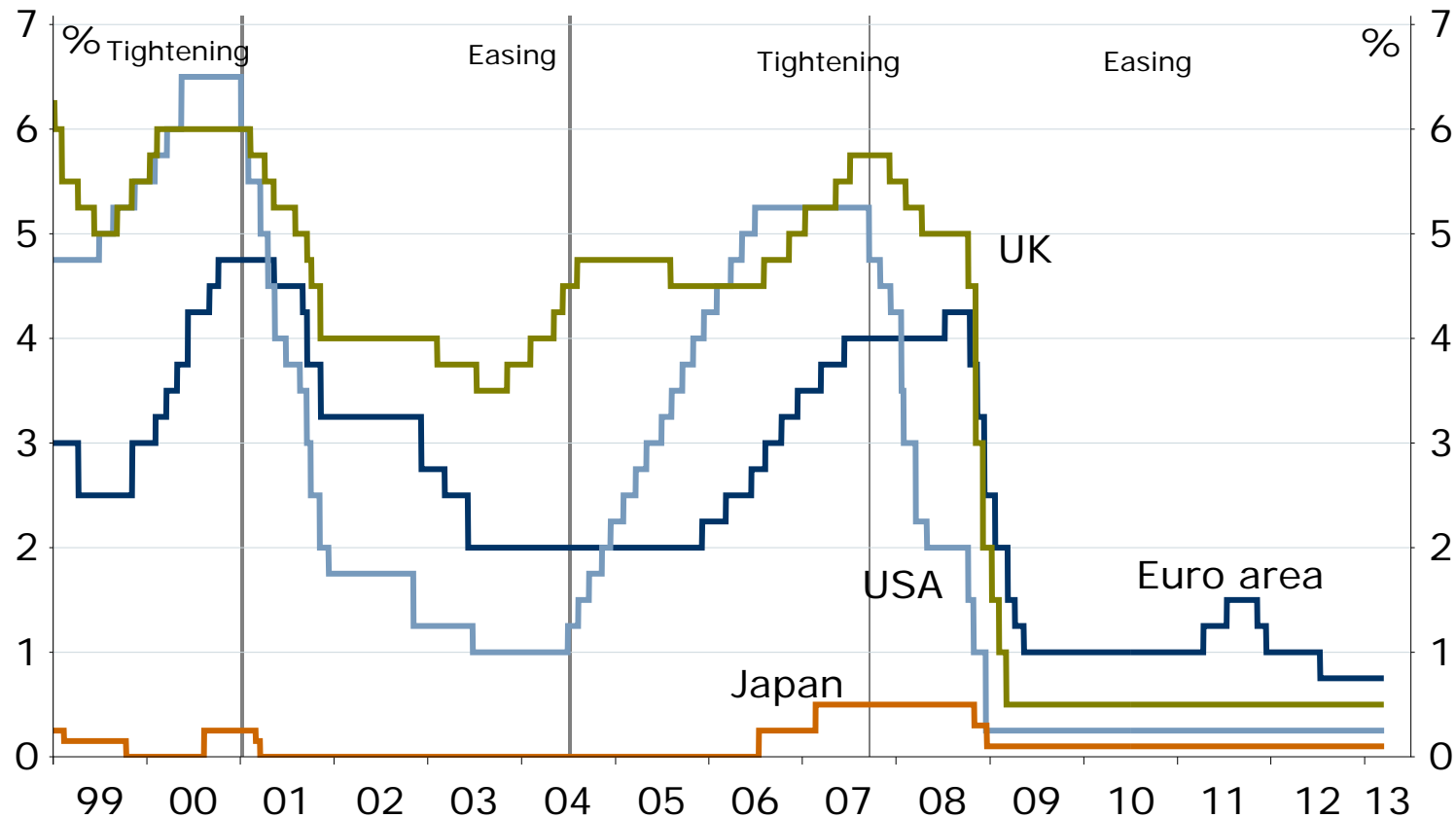


Source: Nordea Markets and Reuters Ecowin



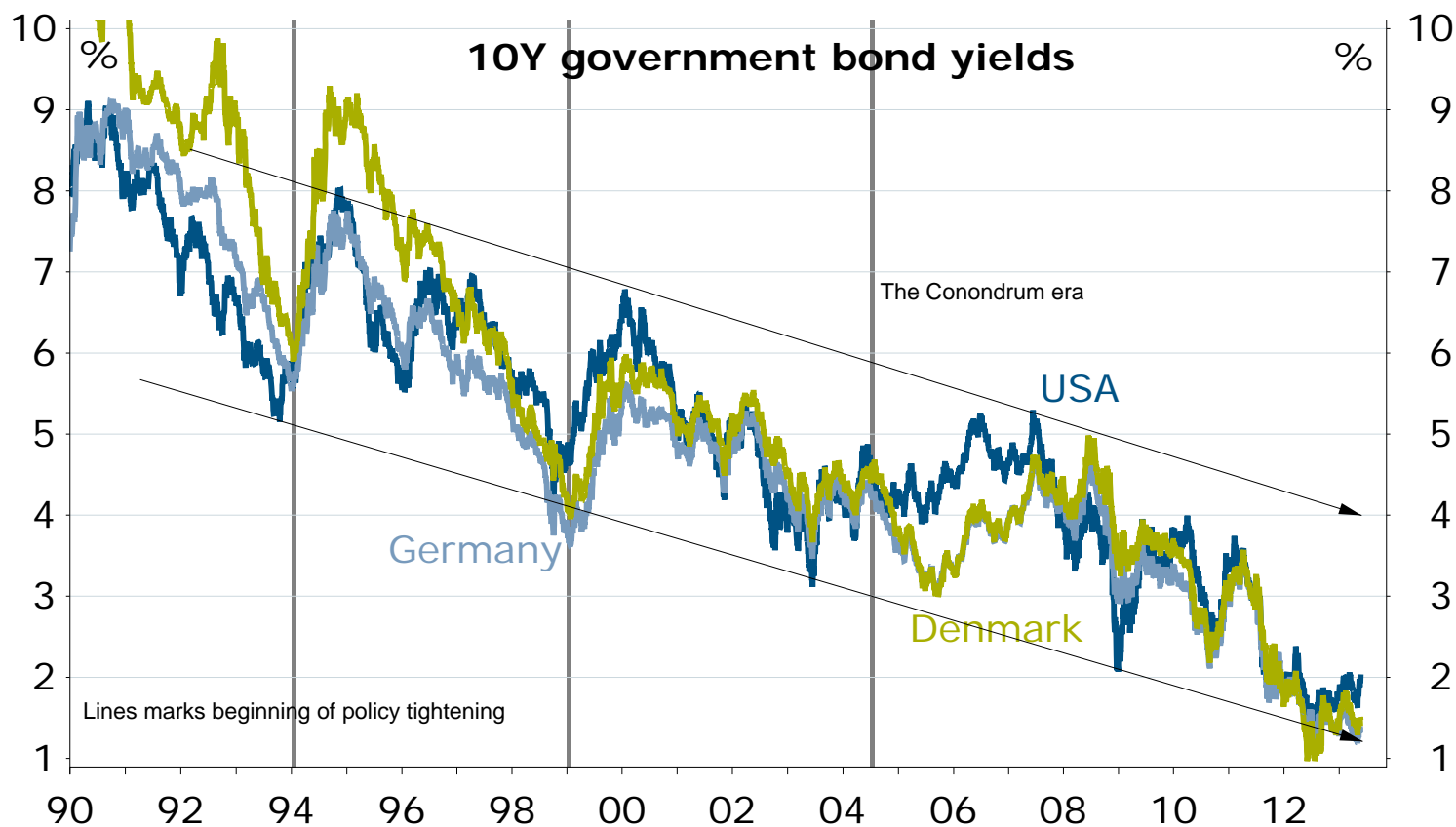
MP-plus: extraordinarily low interest rates and unconventional monetary policy measures

...why liquidity will be ample and rates extraordinarily low for long time yet



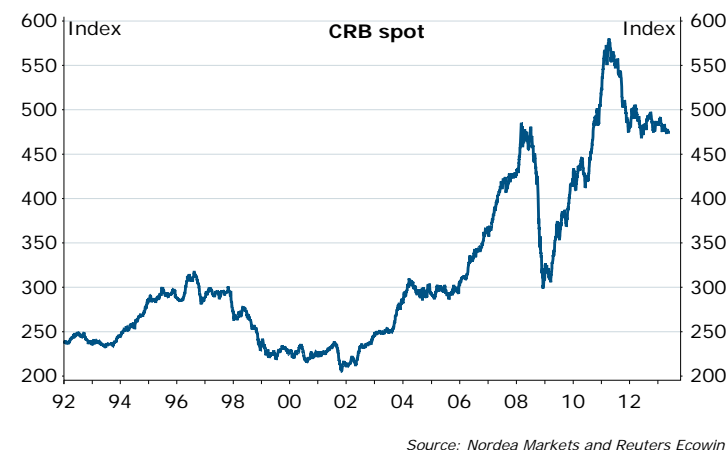
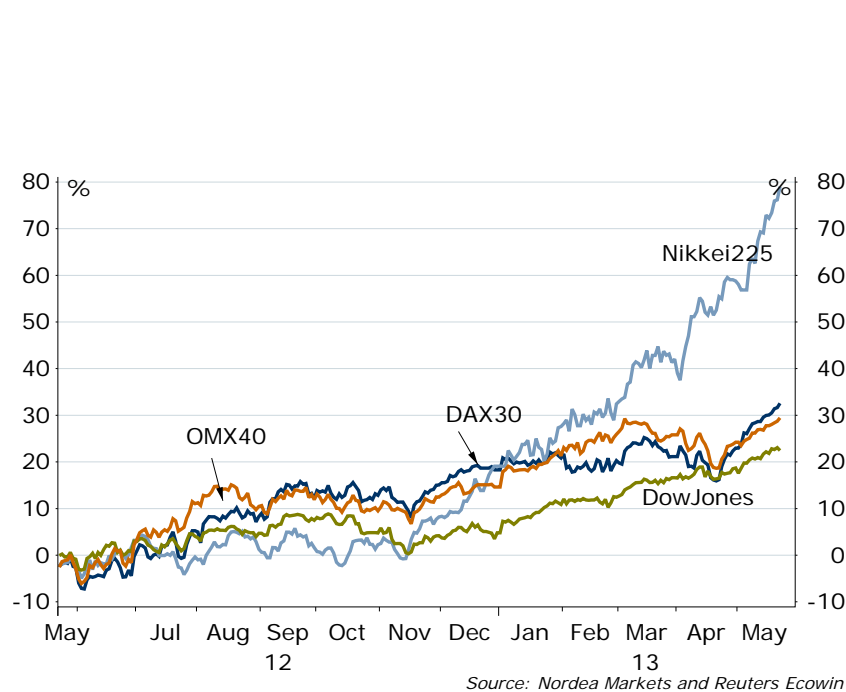
Source: Nordea Markets and Reuters Ecowin

...also on government bonds



Source: Nordea Markets and Reuters Ecowin

MP-plus is not without risks. Addiction and new bubbles?



- IMF warns about property prices in countries like Hong Kong, France, Brazil, Canada, Norway and Sweden

Conclusion

- Euro crisis is fading out
- Growth in East and West – but everywhere low for longer
- Monetary policy-plus for a long time yet

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Thank you!

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