

Presentation by:

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Global Economic Outlook

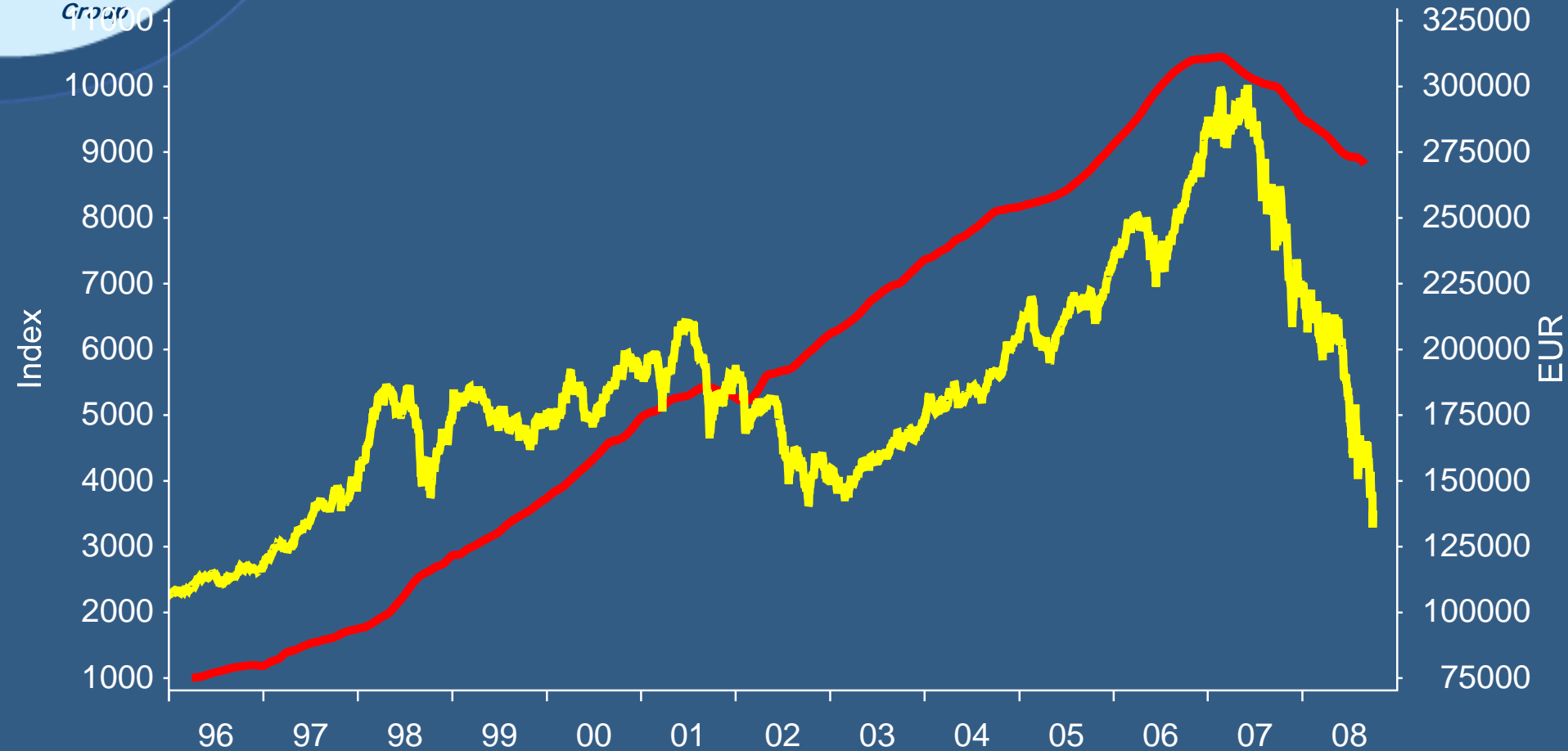


Great News For People Who Only Like Bad News

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Ireland, European Economic and Monetary Union (EMU), Euro



- House Prices, Permanent tsb, National, standardised
- Irish SE, ISEQ Index, Price Return, Close

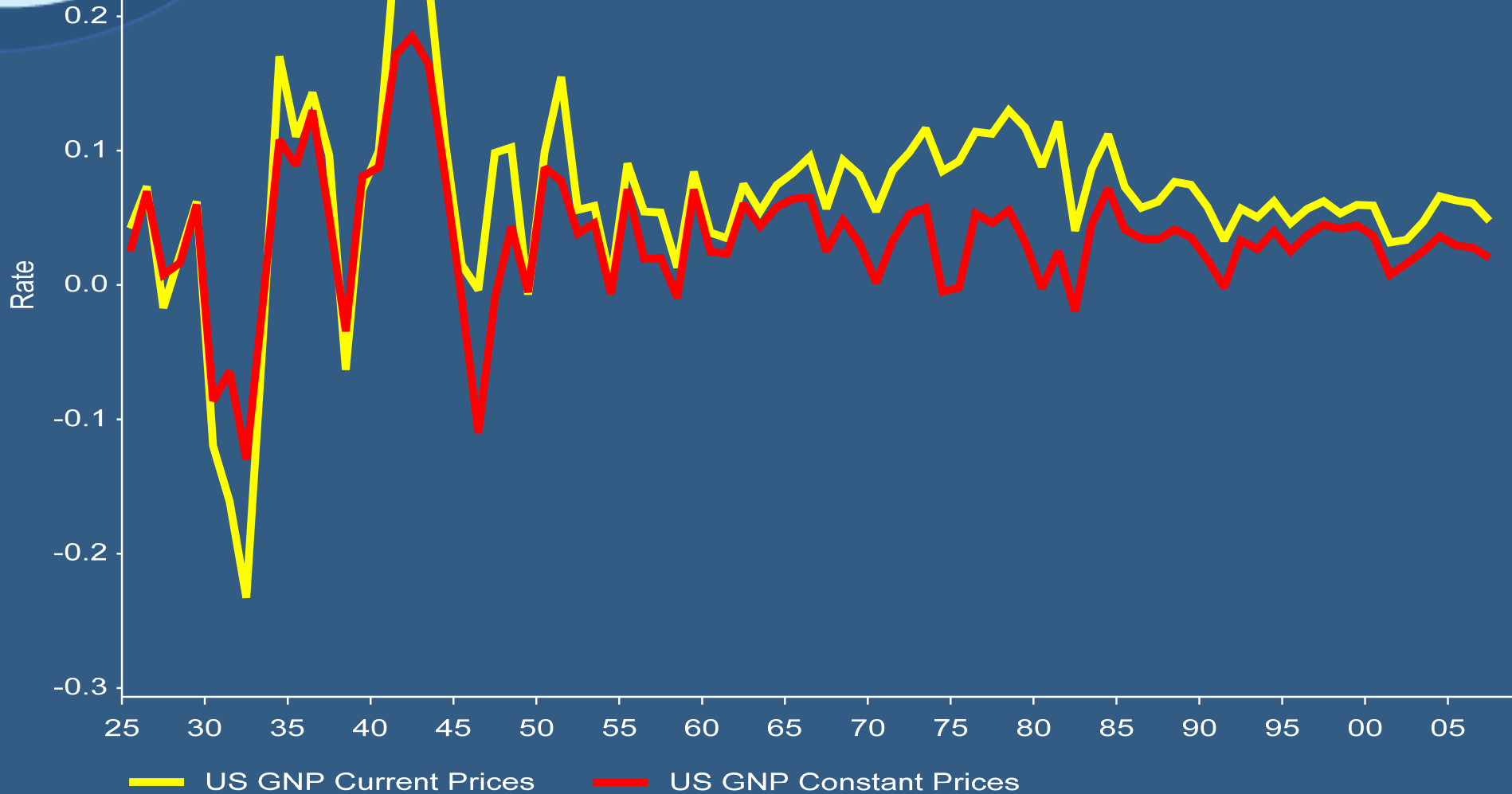
Whatever Happened to the Great Moderation? ⁽¹⁾

Part of the



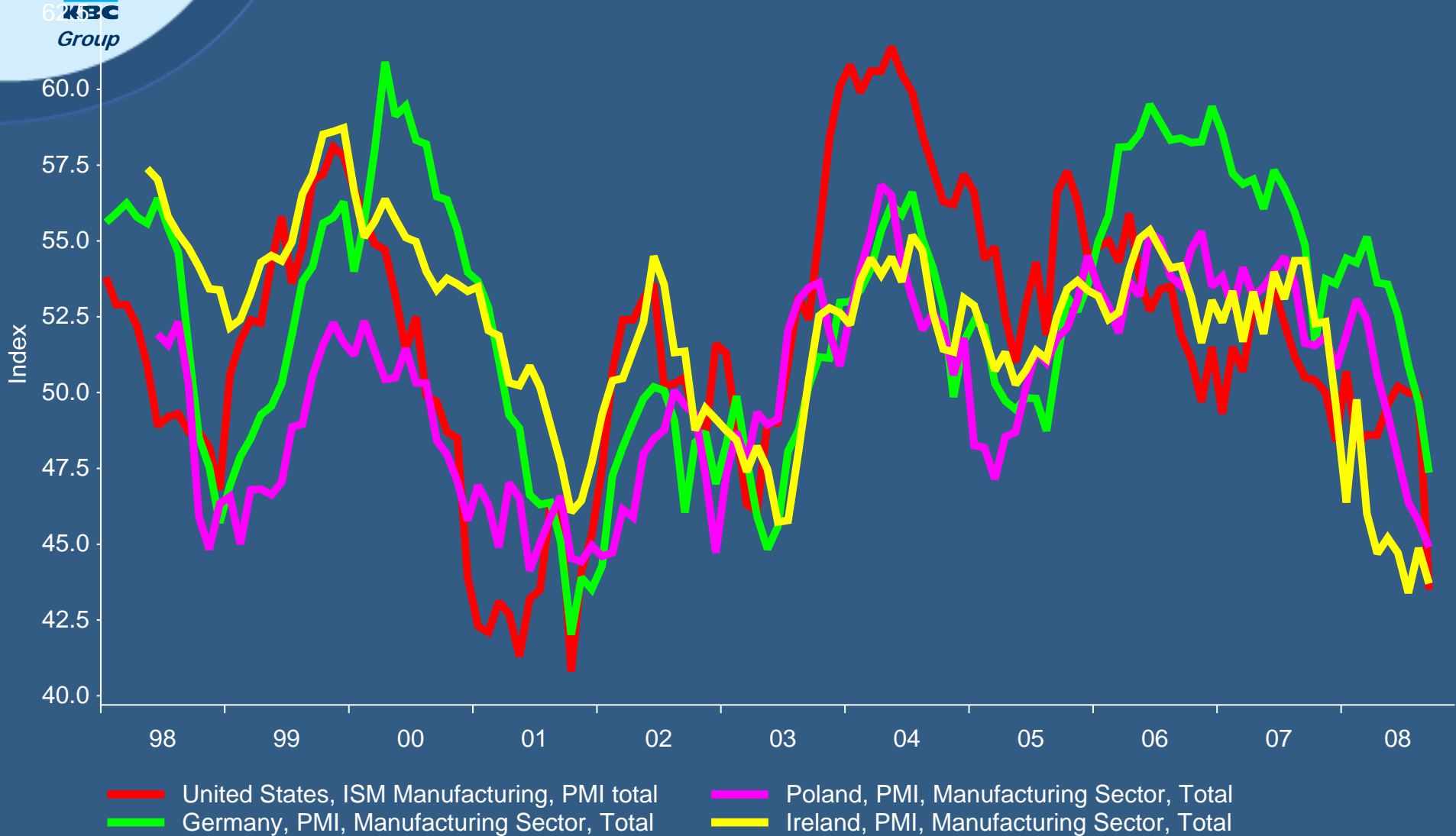
Whatever Happened to the Great Moderation? (2)

Part of the



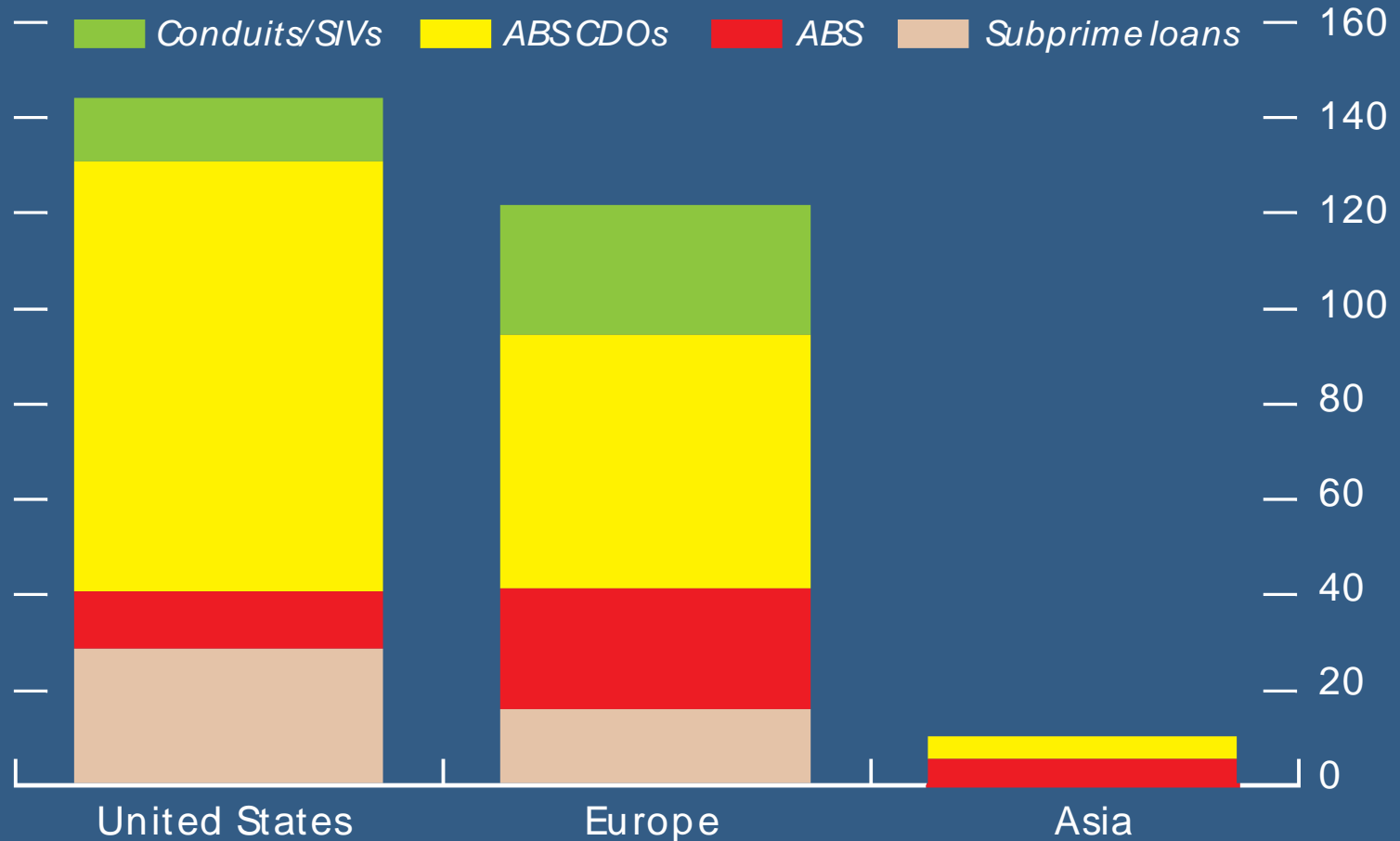
One World

Business Surveys, SA



Where are the problems?

Expected Bank Losses as of March 2008
 (In billions of U.S. dollars)



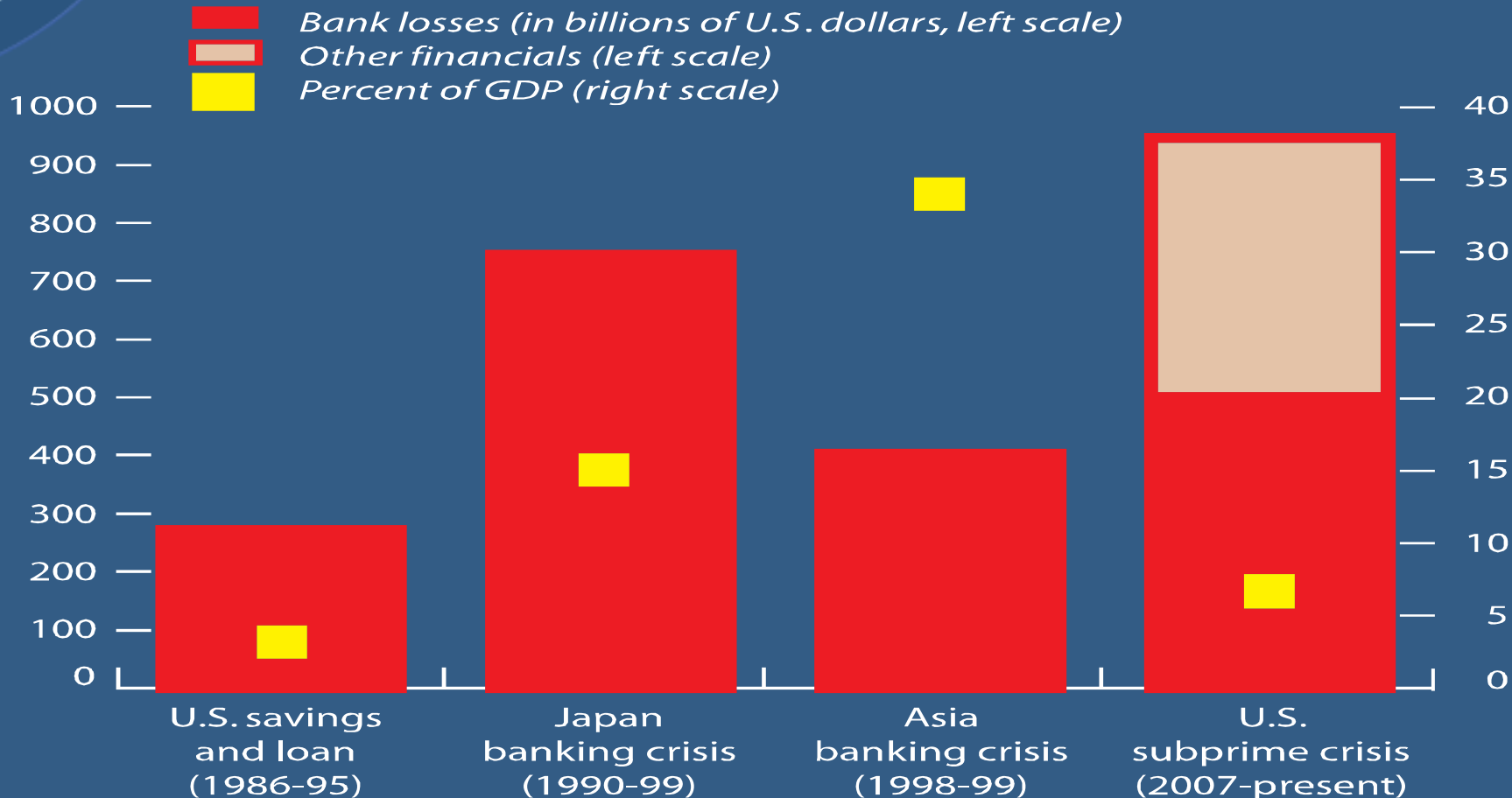
Sources: Goldman Sachs; UBS; and IMF staff estimates.

Note: ABS= asset-backed security; CDO = collateralized debt obligation;

SIV= structured investment vehicle

Is it the end of the world?

Comparison of Financial Crises



Sources: World Bank; and IMF staff estimates

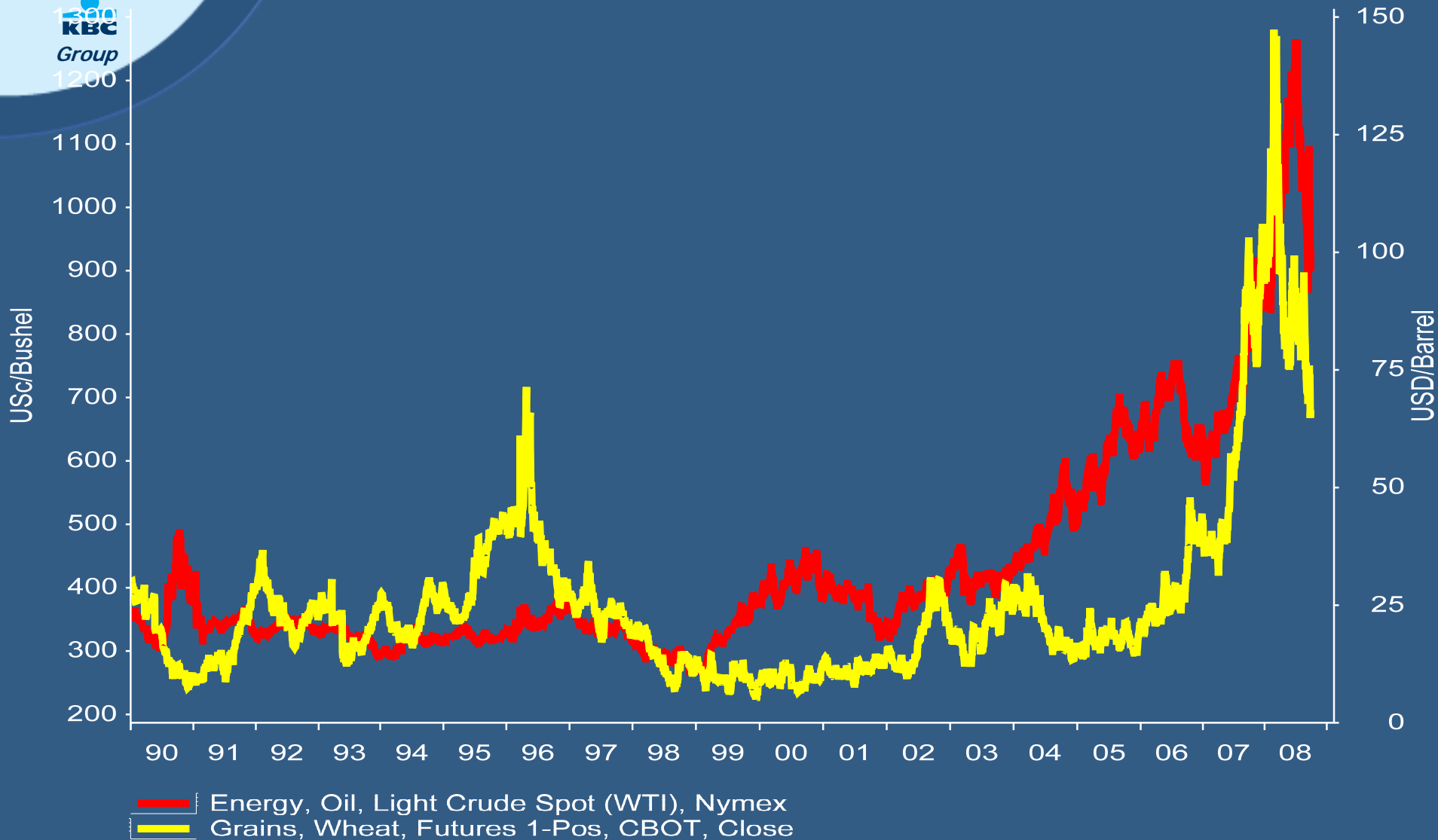
Note: U.S. subprime costs represent staff estimates of losses on banks and other financial institutions from Table 1.1. All costs are in real 2007 dollars. Asia includes Indonesia, Korea, the Philippines, and Thailand.

The Only Constant Is Change

Part of the

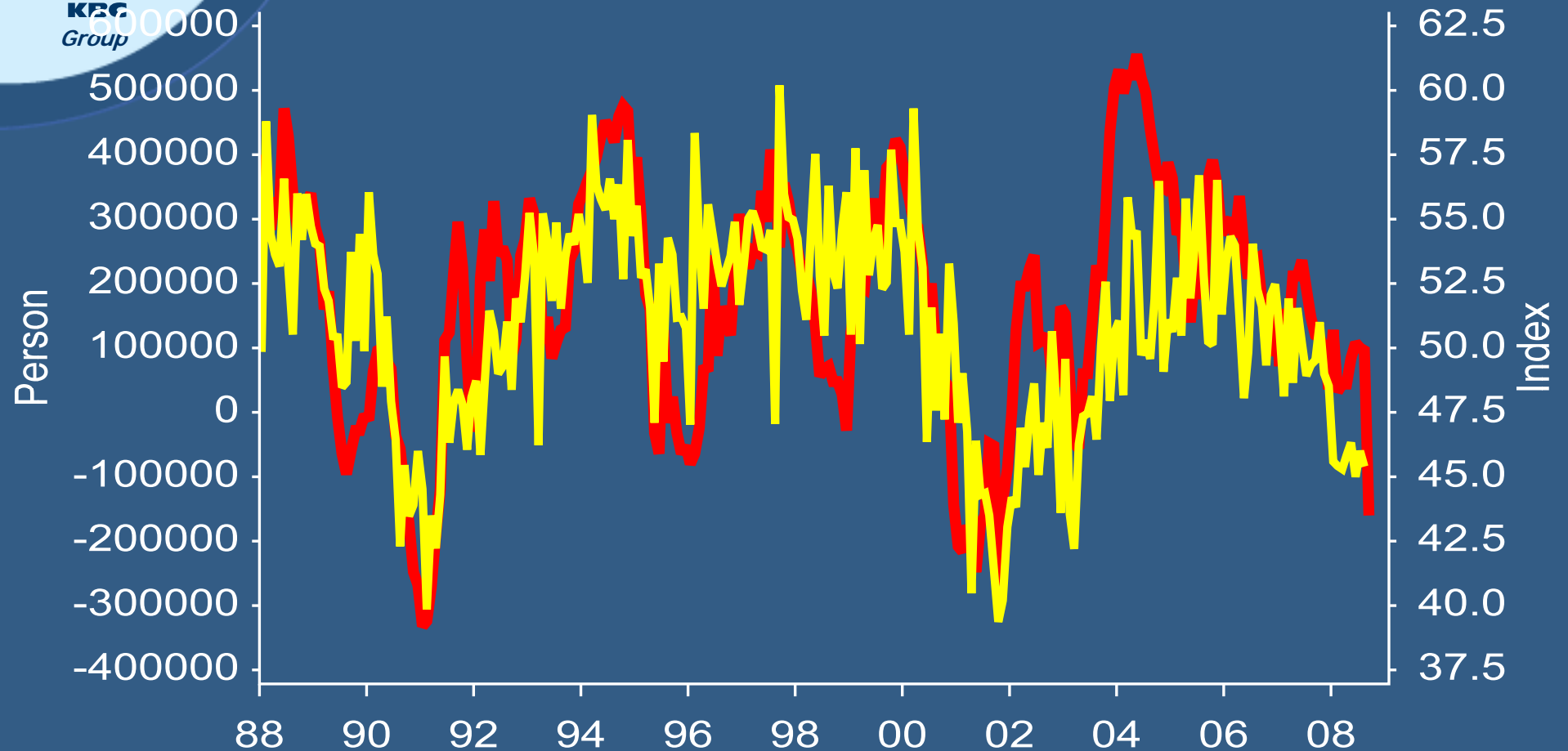
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World, US Dollars



How Much Worse For How Long?

United States, SA



- Business Surveys, ISM Manufacturing, PMI total
- Employment, Overall, Nonfarm payroll, total [c.o.p val 1 mo]

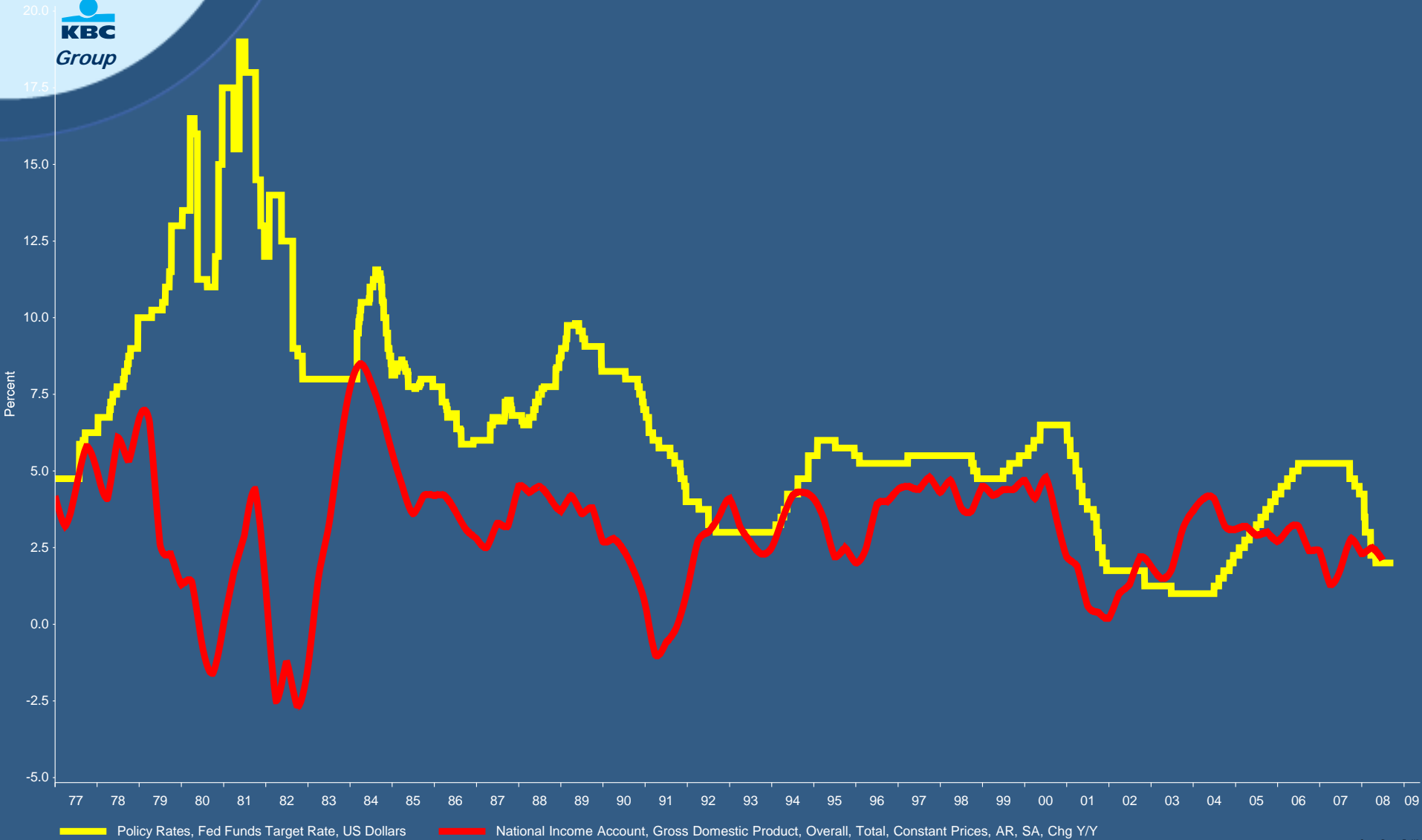


Get cape, wear cape, fly

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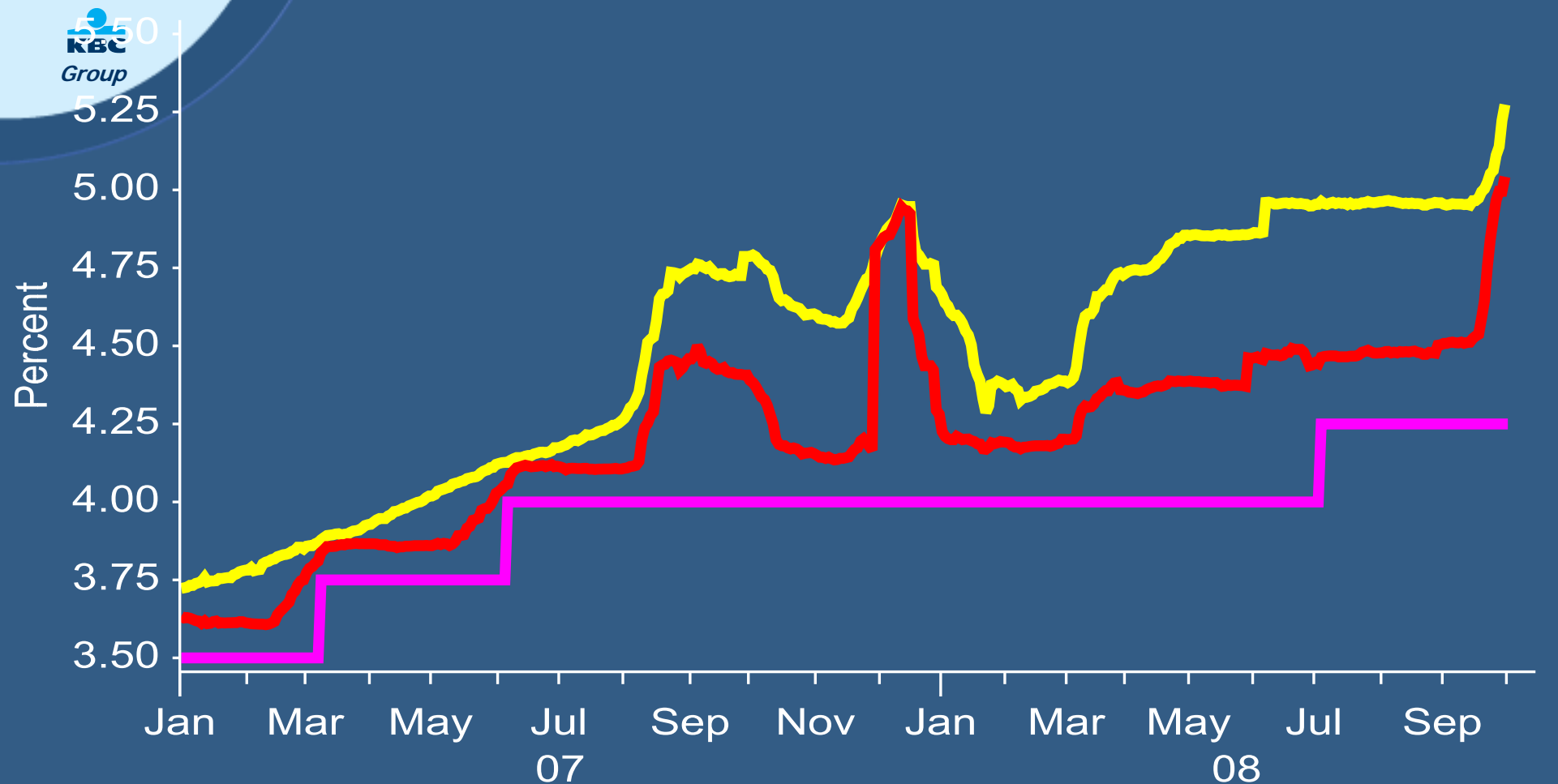
United States



A Problem With The Plumbing

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Euro Zone



- Interbank Rates, BBA LIBOR, 3 Month, Fixing, European Economic Community
- Interbank Rates, BBA LIBOR, 1 Month, Fixing, European Economic Community
- Policy Rates, ECB Minimum Bid Rate (Announcement Dates)

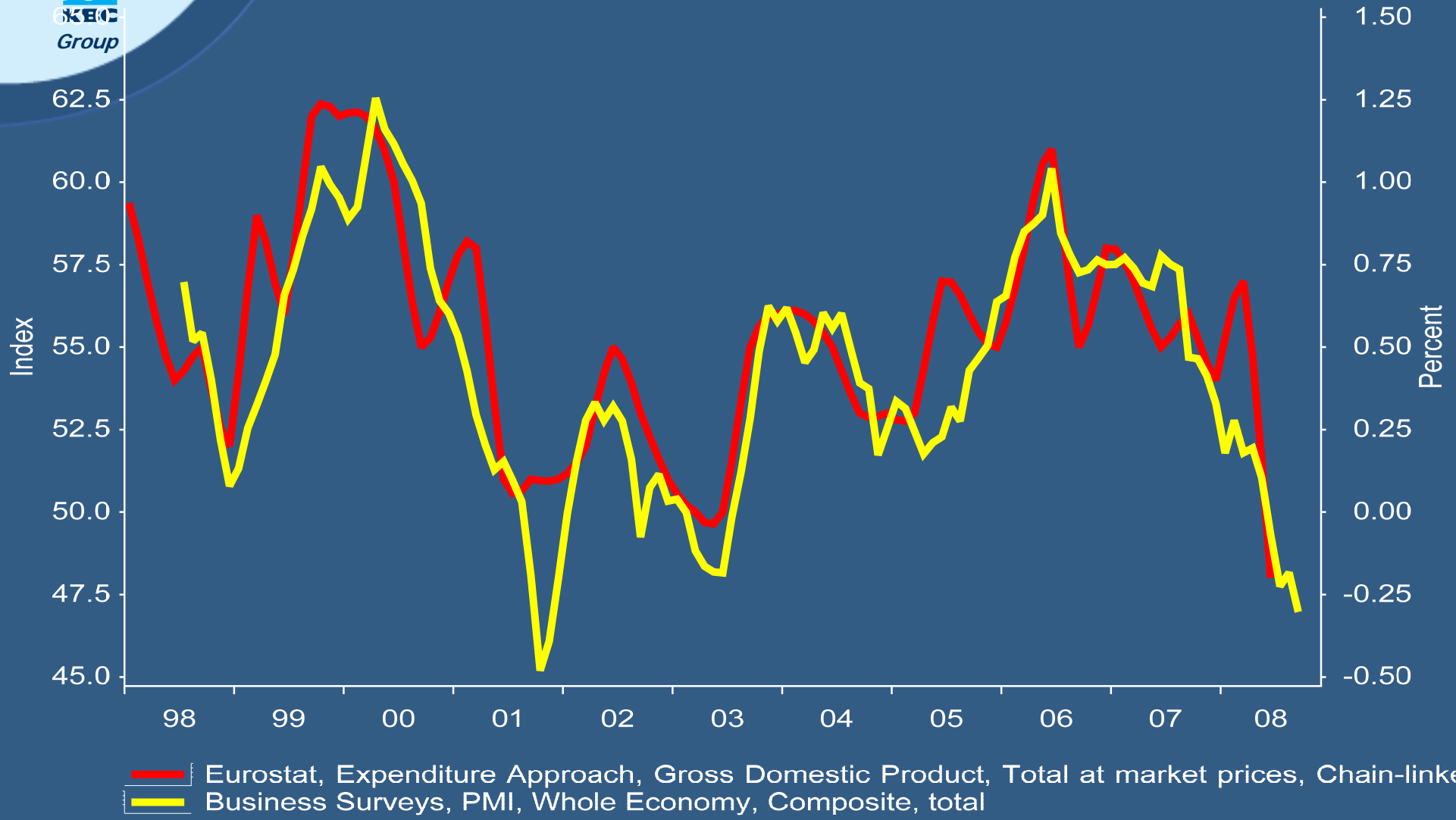
Europe Getting Weaker and Looking Bleaker



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Euro Zone, SA



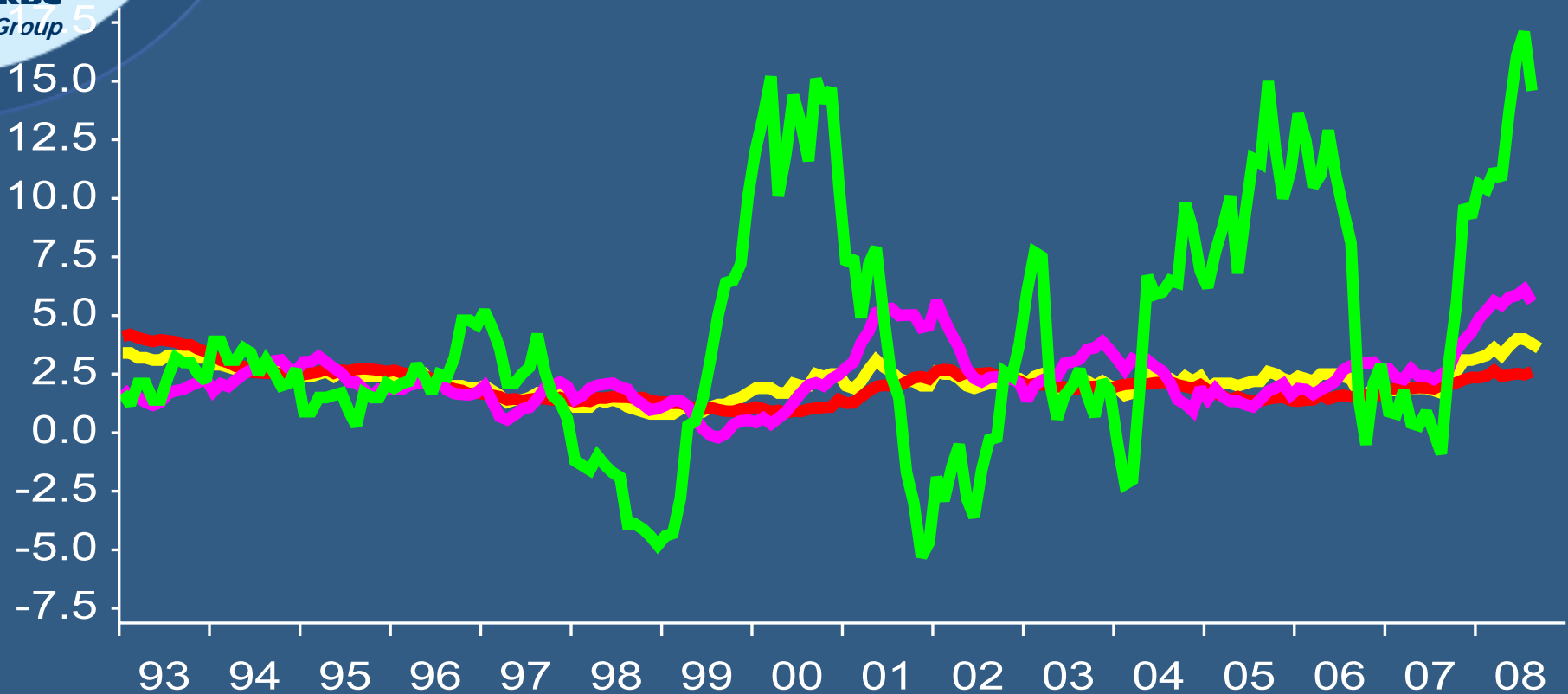
Legend:
Red line: Eurostat, Expenditure Approach, Gross Domestic Product, Total at market prices, Chain-linked
Yellow line: Business Surveys, PMI, Whole Economy, Composite, total





How Threatening Is Inflation?

Euro Zone, Consumer Prices

Part of the

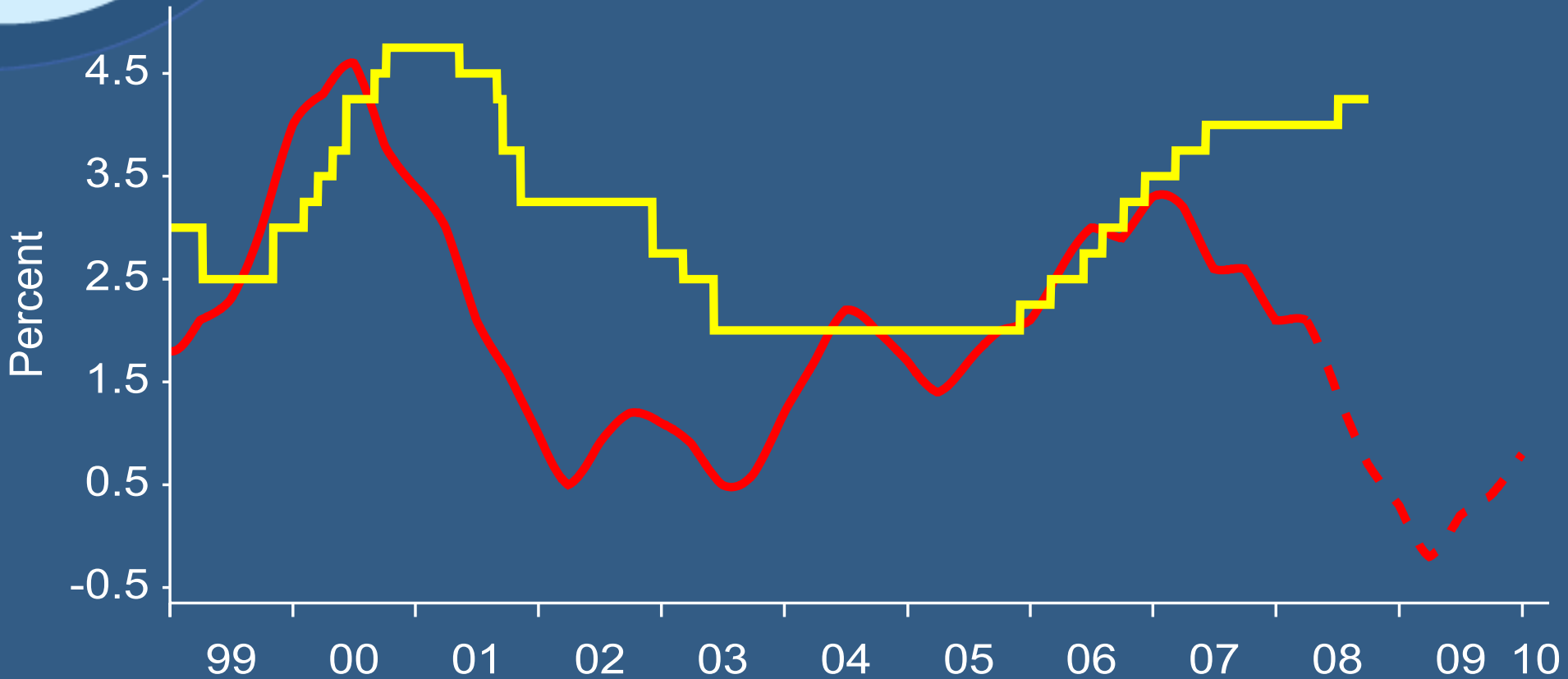
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-  Eurostat, All Items, Total, Chg Y/Y
-  All Items, All-items excluding energy and unprocessed food (ECB), SA, Index
-  All Items, Food including alcohol and tobacco (ECB), SA, Index
-  Eurostat, Special Indexes, Energy, Chg Y/Y

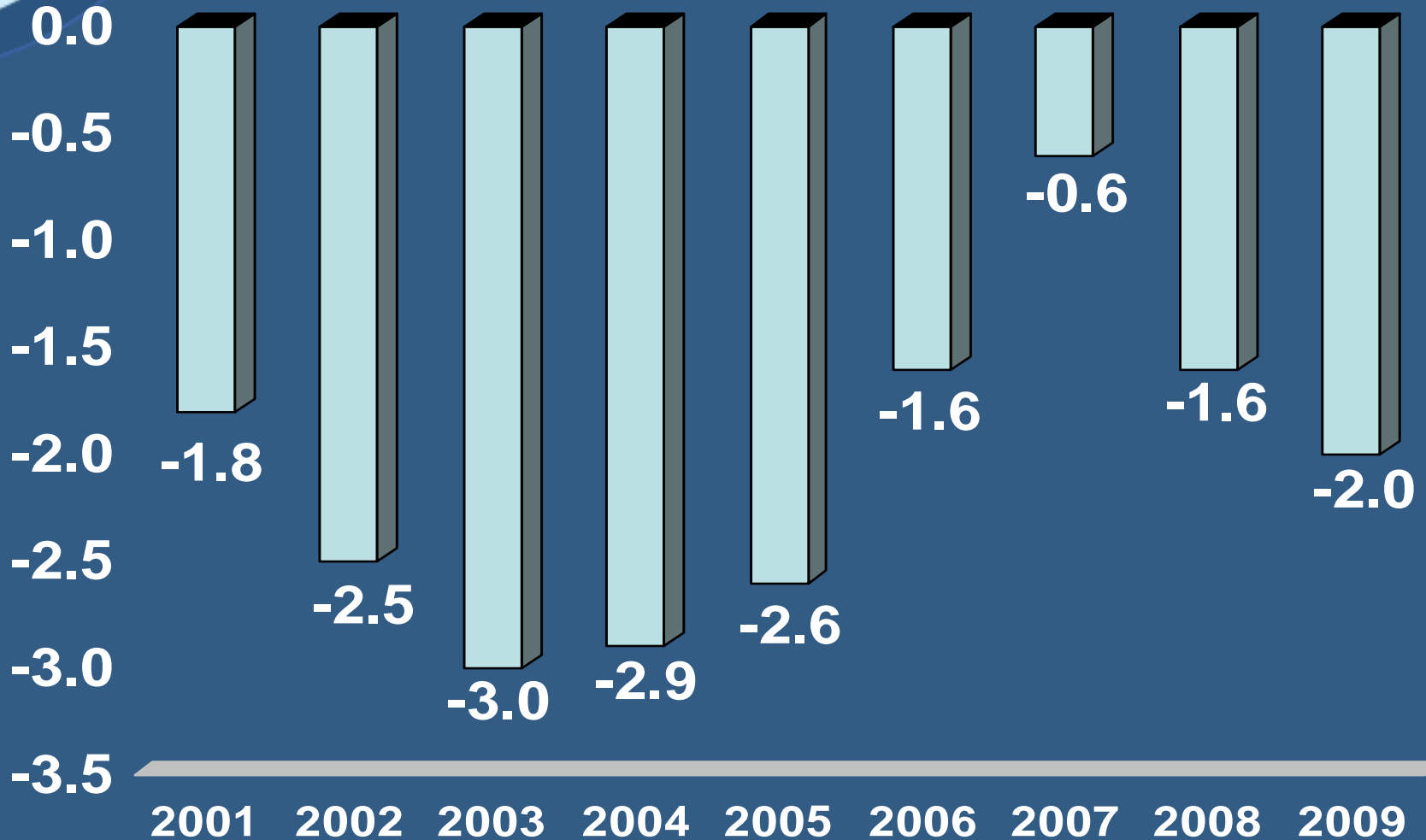
What Will Move The ECB

Euro Zone



-  Eurostat, Expenditure Approach, Gross Domestic Product, Total
-  Policy Rates, ECB Minimum Bid Rate (Announcement Dates)

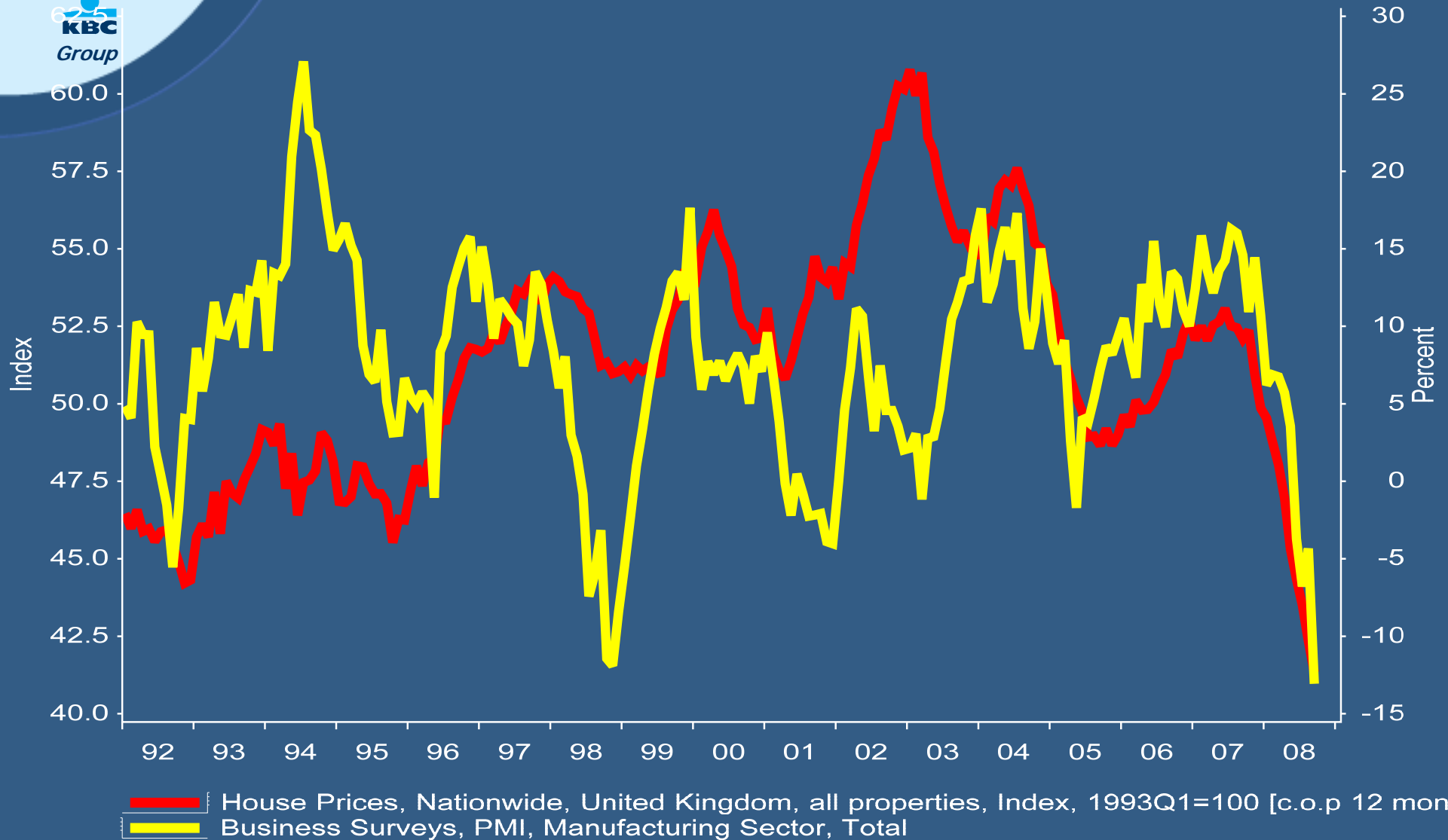
Maastricht Doesn't Matter



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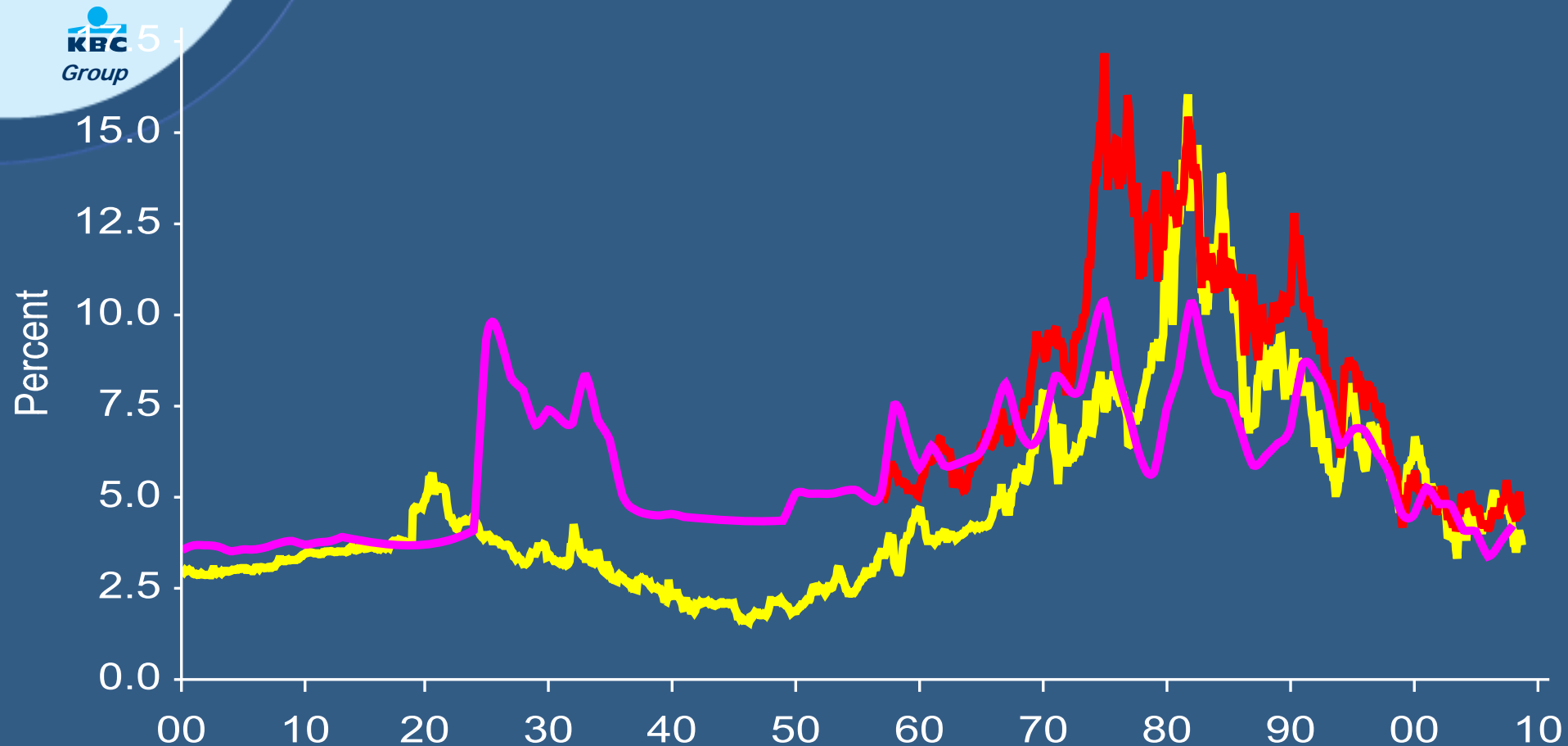


United Kingdom, SA



Back to Cheap Money and... ?

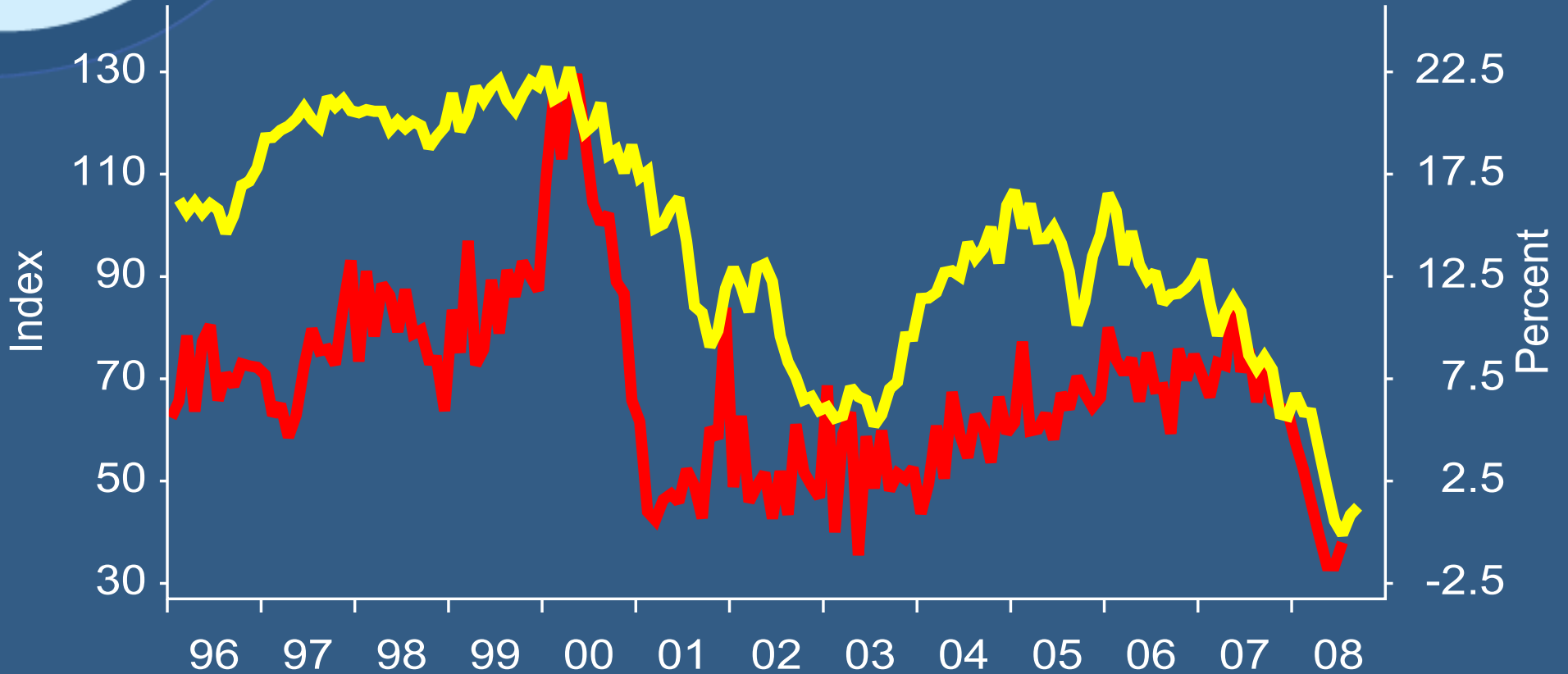
Government Benchmarks, Bid, 10 Year, Yield



- United States, Average, US Dollars
- United Kingdom, End of Period, Pounds Sterling
- Germany, Average, European Economic and Monetary Union (E)

Feel bad Leads To Weaker Footfall

Ireland, Index



Retail Sales, All businesses, Linked and Rebased, Current Price

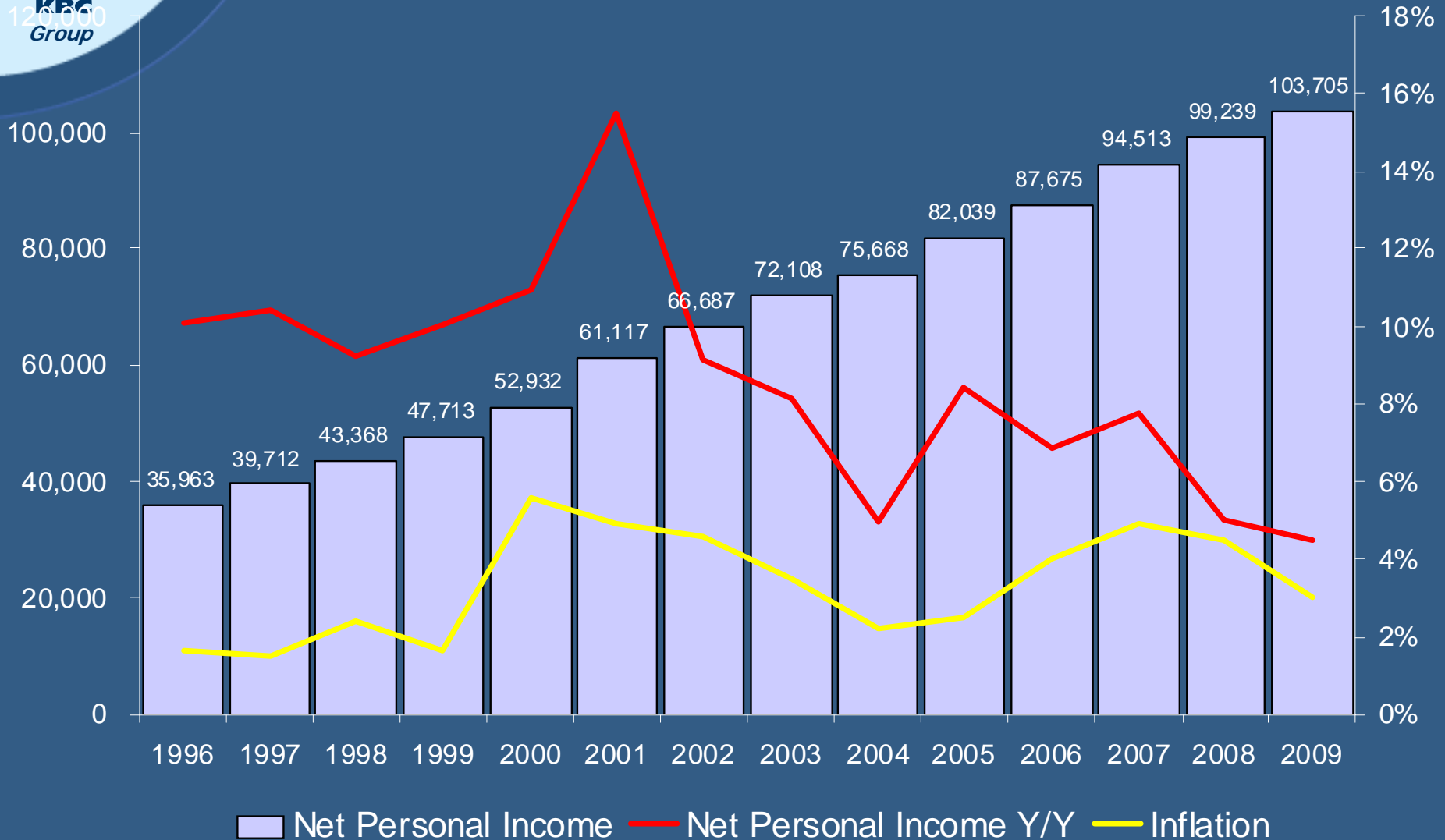
Consumer Surveys, Consumer Sentiment Index (IIB Bank/ESR)



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Spending Power Is Being Squeezed

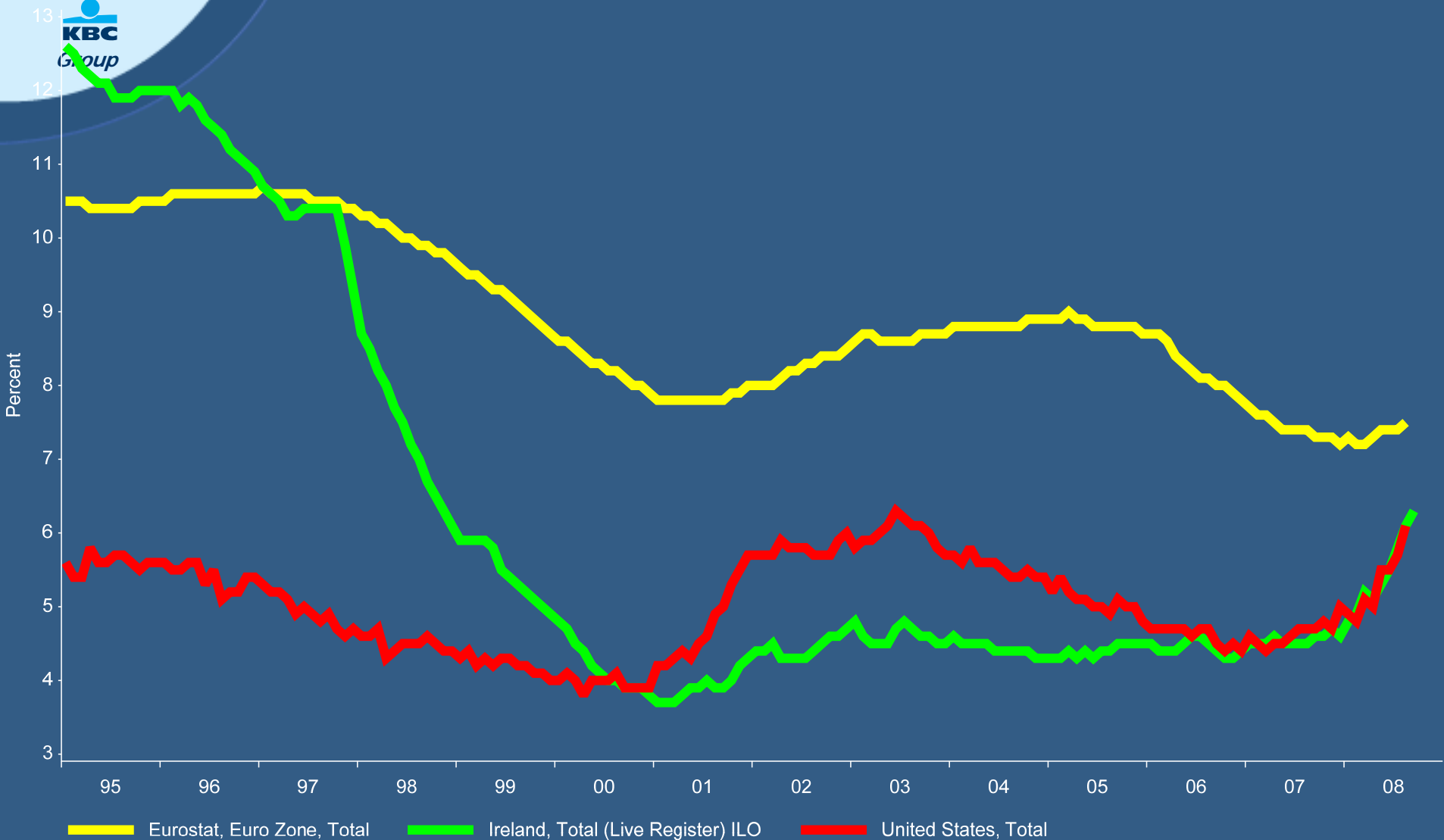


Flexible Can Mean Painful Too

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Unemployment, Rate, SA



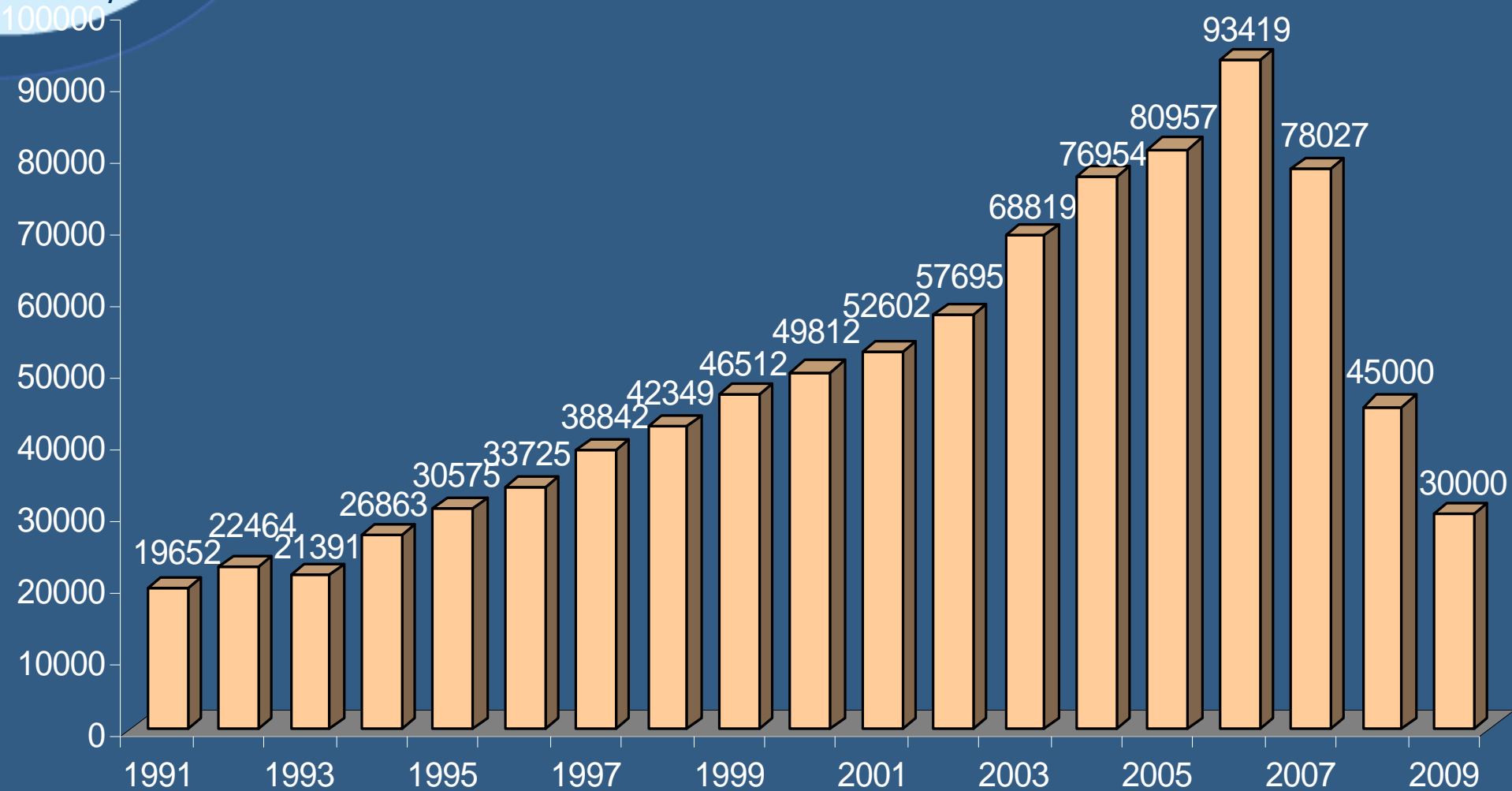


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Housing Horror?

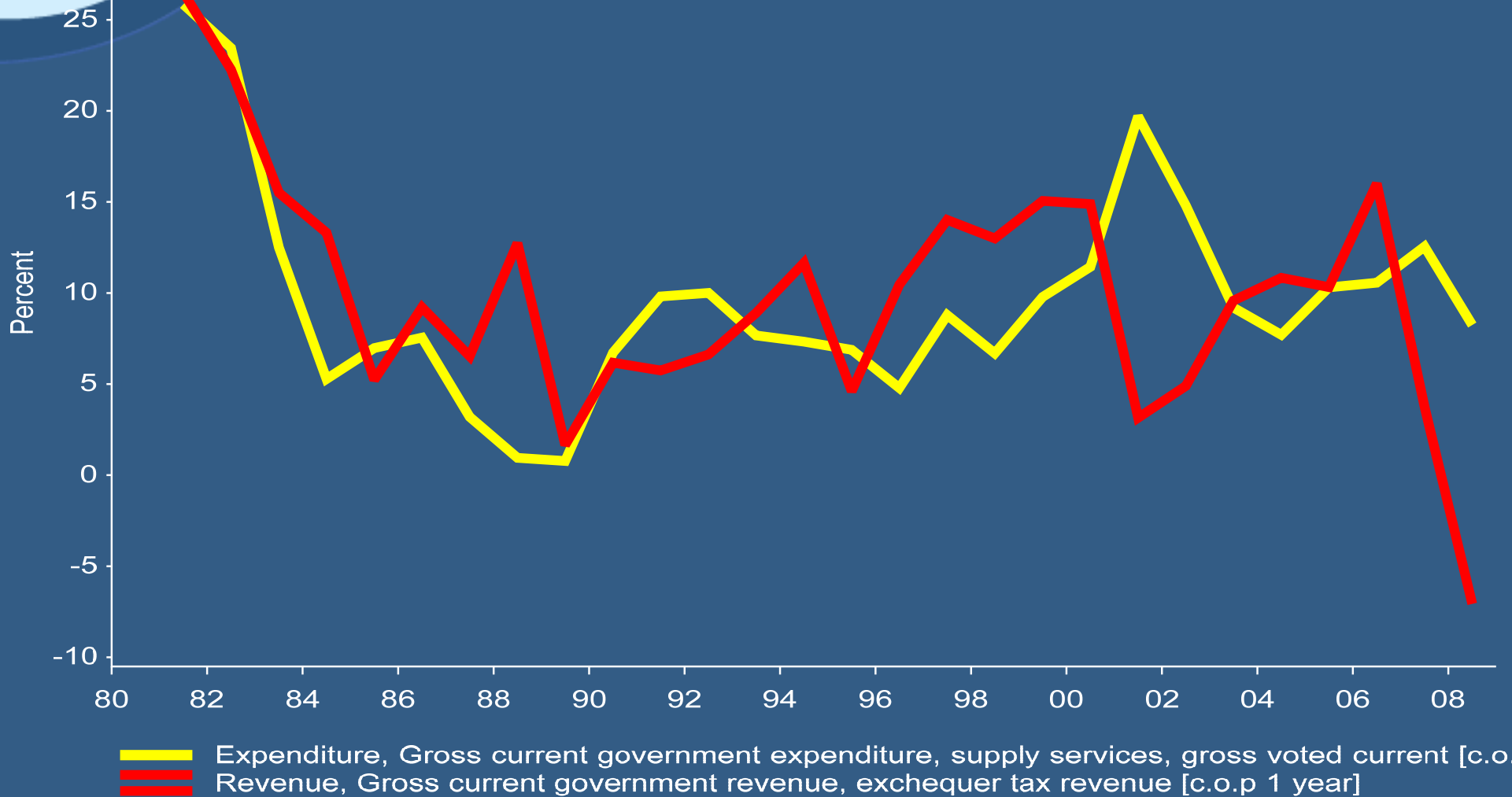
New House Completions





The Spending Slowdown Clobbers the Government

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Ireland, European Economic and Monetary Union (EMU), Euro



Summary

- Tarpaulin?
- Inflation past the inflexion point
- The answer is cheap money – what was the question?
- The life of Brian
- Can we rely on markets?