no. 1189-1190

Macroeconomic, Risk and Insolvency Outlook

World heads for sixth year of crisis: something the Maya did not forecast !

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Economic Outlook

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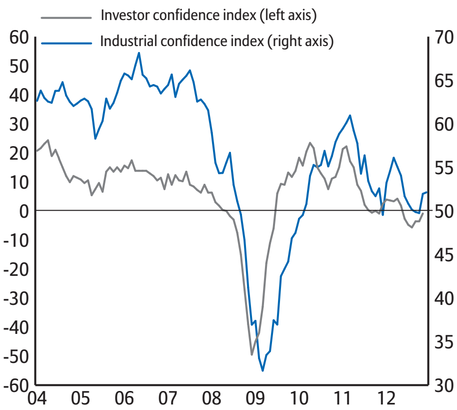
Editorial

If you are reading this, you have survived the Mayan apocalypse

What a relief! On the other hand, this is the only really good news at the end of 2012. Although the economic outlook for 2013 is far from cataclysmic, it nevertheless remains very weak. We are now entering the sixth consecutive year of crisis, a far shorter cycle than for the Mayan calendar (5125 years!) but every bit as worrisome in terms of impact on companies' balance sheets. And no, the worst is not behind us - or ahead of us, for that matter. We have actually been at the bottom for a while now, a little too long in fact. Among the risks to monitor in 2013 we obviously have in mind the extended recession in the eurozone as well as the number of company failures, which is soaring. Will the austerity plans finally help restore public finances and competit- iveness? It is possible, but these measures must be given time to work. The eurozone already lost one percentage point of growth in 2012 because of institutional flaws. The consolidation is a long time coming, and the industrial base is already weakened. This crisis is more Darwinian than Mayan! In 2013, there is also reason to be concerned about the resilience of emerging countries, which have already experienced setbacks due to faltering demand from Europe and the United States. The Asia bloc in particular will be marked by production overcapacity, which will make it more difficult to solve purely domestic problems. Also, the highly expansionary monetary policy raises the problem of inflation in the medium term, beyond the issues of financial stress and transmission of liquidity in the short term. This is the case in the United States, where the fear of the fiscal cliff has already put a damper on business investment. Lastly, with growing protectionism, the political risks will also become important factors in 2013. This inward-looking attitude will have an even more serious impact on business-to-business trade. *"Anne, ma soeur Anne, ne vois-tu rien venir* ?"* Perhaps a slight upswing in growth at the end of 2013? This is our scenario. With more encouraging figures for 2014, we believe the crisis will become regionalized, paving the way for new forces at work. While Europe continues to "try, try and try again", the rest of the world, beyond the BRICS, is evolving fast, often without a revolution, and this could open the door for new growth drivers. But is crucial to continue to invest in R&D, innovation and human capital, which are items in a balance sheet that are too often seen as fixed costs - and which are the first to be axed._*Ludovic Subran*

** Charles Perrault's tales : "Contes de ma mère l'Oye"*

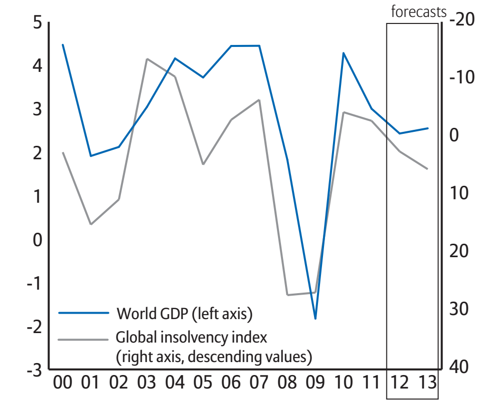
World business cycle indicators



Sources: Markit, Sentix, Euler Hermes

Insolvency and world GDP

Annual change in %



Sources: national statistics, Euler Hermes calculation and forecasts

Overview

The worst is not behind us - or ahead of us, for that matter

2012 outcome: mixed results

Global growth has slowed for the second consecutive year in 2012. GDP has lost twice as many percentage points of growth than in 2011, weakening a further 0.6 pp to come in at +2.4% in 2012. Emerging countries have slowed more (-1.3 pp) but continue to drive global growth, with a performance of +4.5% in 2012. GDP in advanced countries posted a more muted slowdown (0.2 pp) and remains only slightly in positive territory (+1.1%), with persistent marked disparities: the United States and Canada continue to stand out for their "satisfactory" performances (respectively at +2.2% and +2.0%); the United Kingdom and Japan, early and late in the year, respectively, have both had to face headwinds; and the eurozone has slipped into recession (-0.5%).

Among large advanced countries as of late 2012, only the United States, Canada, Australia and Germany have returned to their pre-crisis peak in production. Australia and Canada have easily surpassed it (+11.3% and +6.1%, respectively), in the back of solid fundamentals and the good resilience of export commodity prices. The United States, despite a difficult year end on the political front (elections, risk of fiscal cliff), has successfully maintained its vigor, with US GDP rising to 3% above its 2008 level. Of the four major eurozone economies, only Germany (+1.6%) has surpassed 2008 production levels: France is lagging somewhat (-1%), while Italy and Spain remain far below their 2008 levels (both at -7.3%). All in all, eurozone production has declined by -2.8% since 2008, slightly less than Japan (-3.0%) and the United Kingdom (-3.3%).

2013-2014 outlook: a gradual recovery is underway, but only from the second half of 2013

Global growth is expected to increase by +2.5% in 2013 before accelerating to +3.2% in 2014. Global growth will improve only slightly in 2013, mainly due to prospects for the eurozone, which are too bleak in 2013 but fairer in 2014 thanks to an overall recovery. More than half of global growth will actually be attributable to emerging countries, which will contribute nearly 1.9 pp in 2013 (75% of the total) and 2.1 pp in 2014 (60% of the total).
Differences among advanced countries are likely to persist in the short term. The United States will record a slight slowdown, weighed down by a delayed rebound in investment due to the uncertainty linked to the fiscal cliff, which in our scenario we consider as an obstacle that will be resolved in the short term. In the eurozone, the latest decisions regarding Greece (reduction in interest expenditures on the debt held by the private and public sectors) as well as the introduction of mechanisms to contain sovereign risk (and banking risk) reflect the political will to resolve the confidence crisis facing European debt and accelerate the reforms towards greater integration in the medium term. In light of the budgetary consolidation, however, activity is likely to decline by -0.1% in 2013 before picking up again in 2014 (+1.4%).

The latest indicators point to a gradual recovery only from mid-2013. Leading indicators point to the possibility of a fresh deterioration in the short term, with foreign trade and industrial production data signaling a weakening of activity linked to an under-performance by advanced countries, especially in the eurozone. ▶

Contribution to 2013 GDP growth*!

	GDP =	Domestic demand +	Net trade contribution
Australia	2.6%	2.6%	0.1%
Norway	2.2%	3.0%	-0.9%
Canada	2.1%	2.4%	-0.2%
USA	1.9%	1.9%	0.0%
Sweden	1.4%	0.9%	0.6%
Ireland	1.4%	-1.8%	3.2%
Switzerland	1.0%	0.8%	0.2%
Germany	0.8%	0.7%	0.1%
UK	0.8%	0.4%	0.5%
Finland	0.7%	-0.5%	1.1%
Denmark	0.6%	1.0%	-0.4%
Austria	0.5%	0.4%	0.1%
Belgium	0.3%	0.1%	0.2%
Japan	0.3%	0.8%	-0.5%
France	0.2%	0.3%	0.0%
Netherlands	0.1%	-0.2%	0.3%
Italy	-0.8%	-1.5%	0.7%
Spain	-1.6%	-2.6%	1.0%
Portugal	-1.7%	-3.6%	1.9%
Greece	-3.7%	-7.7%	4.0%

Sources: IHS Global Insight, Euler Hermes forecasts; * yearly average

Inflation*!

	2011	2012	2013
UK	4.4%	2.6%	2.2%
Portugal	3.6%	2.7%	0.8%
Belgium	3.5%	2.6%	2.1%
Finland	3.4%	2.8%	2.3%
Australia	3.3%	2.2%	2.9%
Austria	3.3%	2.4%	2.0%
USA	3.3%	2.2%	2.0%
Greece	3.1%	1.1%	0.3%
Spain	3.1%	2.5%	2.0%
Canada	2.9%	1.6%	2.0%
Italy	2.8%	3.0%	1.8%
Euro zone	2.7%	2.5%	1.9%
Denmark	2.7%	2.3%	1.7%
Sweden	2.6%	0.9%	1.0%
Netherlands	2.4%	2.7%	2.1%
Germany	2.2%	2.0%	1.9%
France	2.1%	2.0%	1.6%
Ireland	1.2%	2.0%	1.6%
Norway	1.0%	0.8%	1.5%
Switzerland	0.3%	-0.6%	0.3%
Japan	-0.3%	0.1%	-0.2%

Sources: IHS Global Insight, Euler Hermes forecasts; * yearly average

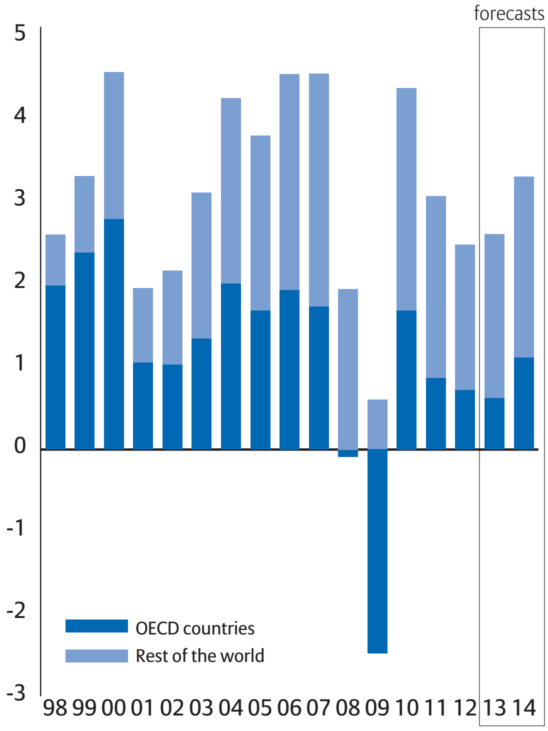
Unemployment rate*!

	2011	2012	2013
Spain	21.6%	25.1%	25.9%
Greece	17.7%	23.8%	25.5%
Portugal	12.9%	15.6%	16.2%
Ireland	14.4%	14.8%	14.7%
Euro zone	10.2%	11.4%	12.0%
Italy	8.4%	10.7%	11.3%
France	9.6%	10.4%	10.7%
USA	8.9%	8.1%	7.7%
UK	8.1%	8.0%	7.9%
Denmark	7.7%	7.8%	7.9%
Finland	7.8%	7.8%	8.2%
Sweden	7.6%	7.7%	8.2%
Belgium	7.2%	7.4%	7.7%
Canada	7.5%	7.3%	7.2%
Germany	6.7%	6.5%	6.5%
Netherlands	5.4%	6.4%	7.0%
Australia	5.1%	5.3%	5.3%
Austria	4.2%	4.4%	4.6%
Japan	4.6%	4.3%	4.3%
Norway	3.3%	3.1%	3.0%
Switzerland	3.0%	2.8%	3.0%

Sources: IHS Global Insight, Euler Hermes forecasts; * yearly average

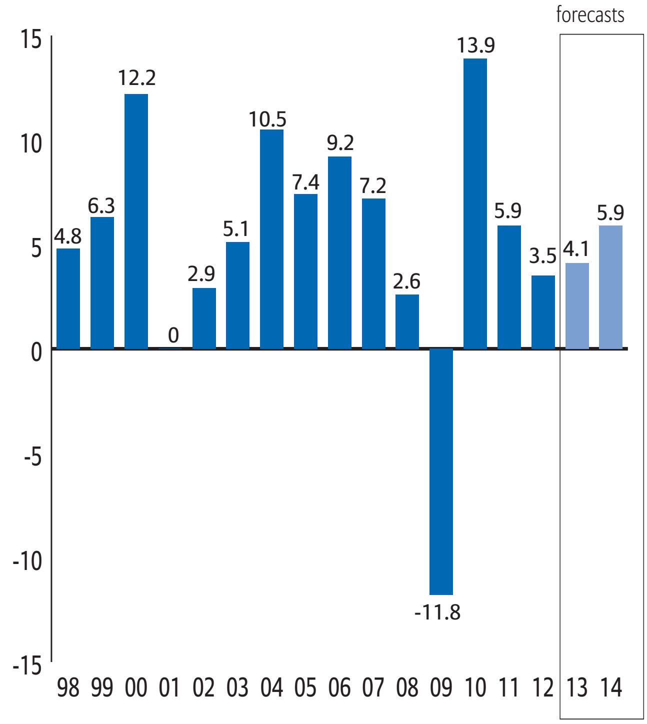
! countries selected and ranked by decreasing value of the indicator used

World economic growth
Annual average contribution to world growth, in %



Sources: IHS Global Insight, Euler Hermes forecasts

World trade in goods and services
Yearly change, in %



Sources: national figures, IHS Global Insight, Euler Hermes forecasts

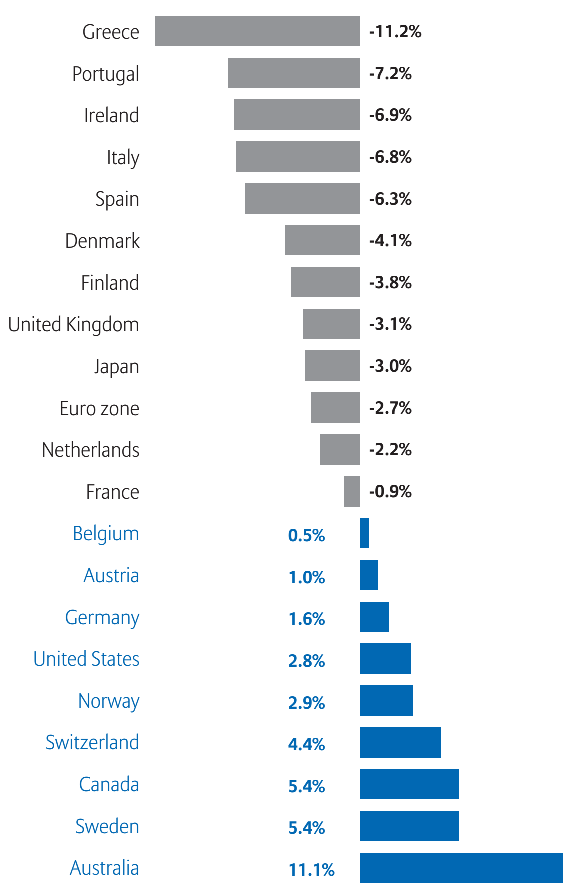
Economic forecasts

GDP	Share *	2011	2012	2013	2014
World	100.0	3.0%	2.4%	2.5%	3.2%
USA	22.5	1.8%	2.2%	1.9%	2.5%
Canada	2.6	2.6%	2.0%	2.1%	2.6%
Japan	8.8	-0.7%	1.7%	0.3%	0.8%
Australia	2.2	2.4%	3.5%	2.6%	3.2%
Euro zone	19.5	1.5%	-0.5%	-0.1%	1.4%
Germany	5.3	3.1%	1.0%	0.8%	1.9%
France	4.1	1.7%	0.1%	0.2%	1.2%
Italy	3.3	0.6%	-2.1%	-0.8%	0.6%
Spain	2.2	0.4%	-1.5%	-1.6%	0.6%
Netherlands	1.2	1.1%	-0.9%	0.1%	1.6%
Belgium	0.8	1.8%	-0.2%	0.3%	1.4%
Austria	0.6	2.7%	0.4%	0.5%	1.6%
Finland	0.4	2.7%	0.0%	0.7%	2.0%
Greece	0.4	-7.1%	-6.0%	-3.7%	-0.1%
Ireland	0.3	1.4%	0.2%	1.4%	2.0%
Portugal	0.4	-1.7%	-3.0%	-1.7%	0.8%
UK	3.6	0.9%	-0.1%	0.8%	1.3%
Sweden	0.8	3.8%	1.3%	1.4%	2.1%
Denmark	0.5	1.1%	-0.5%	0.6%	1.6%
Norway	0.7	1.3%	3.1%	2.2%	2.4%
Switzerland	0.9	1.9%	0.9%	1.0%	1.7%
Central and Eastern Europe	7.0	4.6%	2.4%	3.0%	3.4%
Russia	2.8	4.3%	3.8%	4.0%	4.0%
Asia (excluding Japan)	20.4	7.2%	5.9%	6.4%	6.7%
China	10.9	9.2%	7.6%	8.0%	8.2%
India	2.8	6.5%	5.5%	6.5%	7.0%
Latin America	8.3	4.2%	2.7%	3.5%	3.8%
Brazil	3.7	2.7%	1.0%	3.3%	3.8%
Middle East and Africa	2.6	3.3%	4.6%	3.4%	4.3%

forecasts

Change from one period to the next
Sources: IHS Global Insight, Euler Hermes forecasts
* GDP 2011 weighing at current exchange rates

GDP growth
Q3 2012 compared to Q1 2008



Sources: national statistics, IHS Global Insight

Nevertheless, the latest confidence surveys in industry point to a gradual improvement in production in the medium term and, with the exception of the eurozone and Japan, household confidence surveys are rather positive in late 2012, in the BRIC countries.

The global policy mix, which is pro-growth on the whole – outside the eurozone – should begin to bear fruit. The monetary easing in advanced countries continues, no longer through key policy rates that remain at historic lows but rather by an extension of unconventional monetary policy measures in the United States (with a fourth wave of quantitative easing), in Japan (with a new wave of quantitative easing of JPY 10 trillion), in the United Kingdom (with two further waves of GBP 50 billion and GBP 75 billion, respectively) and in the eurozone (LTRO2 and OMT). Within emerging countries, the monetary loosening continues: China has lowered its policy rates several times (-60 bp to 6%), Brazil has pressed ahead with the expansionary cycle that began in mid-2011, so that the policy rate is now at an all-time low of 7.25% (-200 bp in 2012) while monetary policy in India also eased (-150 bp to 4.5%). As regards fiscal policy, facing the economic slowdown, the major emerging countries opted to boost growth through infrastructure projects and measures to stimulate consumption. In the eurozone, the lines are shifting, with the beginning of a reduction in the pace of fiscal consolidation, notably in the countries the worst hit by the crisis (support for the poorest classes, downward revision of budgetary targets).

2013-2014 risks: loaded political agenda, management of excess liquidity

The (geo) political risk will mark the agenda in 2013. Political risks will be concentrated in the first half of 2013. First, in the United States, there is the

Focus

Eurozone

The consolidation is a long time coming

2012 will be remembered as a difficult year economically, socially and politically. It is now clear that 2012 will be the year when the eurozone slipped back into recession, in an environment of accelerated deleveraging by both public and private sectors. But 2012 will also be recognized as a year of crucial progress in terms of eurozone governance, including the ratification of the European Stability Mechanism (ESM), the introduction of the ECB/ESM firewall, the incipient easing of Greece's public debt burden through two restructuring operations and an agreement reached between the EU countries on the introduction of a joint banking supervisor for big banks.

Looking ahead, 2013 also promises to be turbulent. At the political level, legislative elections in Italy and Germany will continue to hold center stage. The former have already given rise to uncertainty in light of recent developments (weakening of the technocrat government and early departure of Monti due to a return of Berlusconi) and could be brought forward to February, two months prior to the scheduled date. In Germany, while Angela Merkel is expected to keep her position as Chancellor following the federal elections in September, probably as part of a "grand coalition", but the potential of rival Peer Steinbrück, a centrist and former Finance Minister between 2005 and 2007, should not be underestimated.

All this could make certain decisions on eurozone governance more difficult. At a time when many are hoping to see concrete progress in terms of financial integration, and also in terms of fiscal and political integration, there could be major disappointment should steps in this direction prove too slow and too small.

As a result, over the course of the next two years, the continuing excessive government borrowing requirements (especially in the Southern eurozone countries) are likely to continue to cast a shadow over the eurozone's economic outlook, in an environment without economic growth and with overly restrictive financing rates. Also, the improvement in competitiveness in the eurozone countries, which is already underway in most Southern eurozone countries, and the elimination of internal imbalances within the eurozone are likely to take another few years before their positive impact on economic growth is felt.

So it boils down to the same old question: how long will we have to wait before we see a real pooling of European debt (European Redemption Fund, Eurobills, Eurobonds, etc.)? How much longer without growth and without new jobs? There is a risk that optimism will become the last remaining weapon in the face of growing euroskepticism: make-up or break-up?_AB

Economic forecasts

Change over the period, unless otherwise indicated: * contribution to GDP growth
** EUR bn

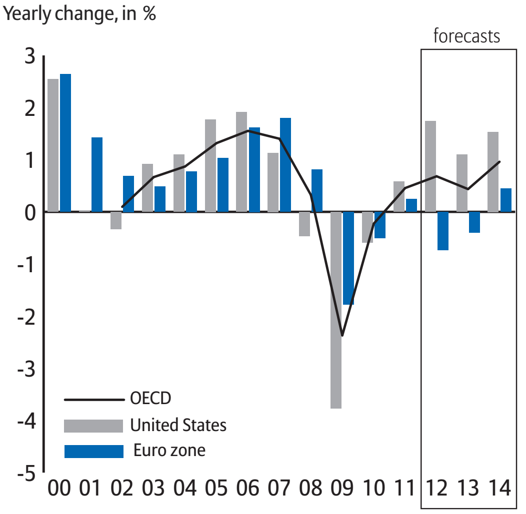
EUROZONE		share	2011	2012	2013	2014
GDP		**100%**	**1.5**	**-0.5**	**-0.1**	**1.4**
Consumer Spending		57%	0.1	-1.1	-0.4	0.6
Public Spending		21%	-0.1	-0.2	-0.6	-0.1
Investment		19%	1.6	-3.7	-1.0	2.3
Construction		6%	0.4	-5.0	-1.8	1.0
Equipment		14%	2.1	-3.1	-0.4	3.5
Stocks	*	1%	0.1	-0.7	-0.1	0.1
Exports		48%	6.5	2.8	1.9	4.5
Imports		45%	4.3	-0.6	0.9	3.7
Net exports	*	3%	1.0	1.6	0.5	0.6
Current account	**		9	87	74	66
Current account (% of GDP)			0.1	0.9	0.8	0.7
Employment			0.2	-0.7	-0.4	0.4
Unemployment rate			10.2	11.4	12.0	12.1
Wages			1.2	0.6	0.7	0.5
Inflation			2.7	2.5	1.9	1.8
General government balance	**		-386	-299	-250	-215
General government balance (% of GDP)			-4.1	-3.1	-2.6	-2.2
Public debt (% of GDP)			88	90	91	91
Nominal GDP	**		9,418	9,500	9,662	9,981

Sources: IHS Global Insight, Euler Hermes forecasts

forecasts

Employment

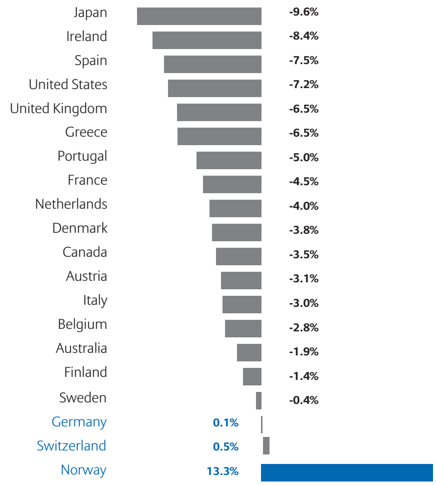
Yearly change, in %



Sources: national statistics, IHS Global Insight, Euler Hermes forecasts

Public deficits in 2012

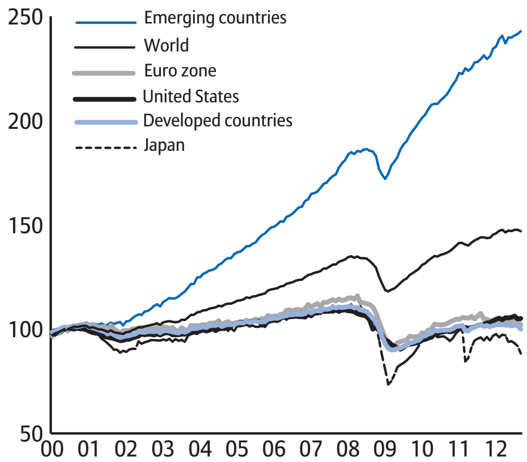
in % of GDP



Sources: national statistics, IHS Global Insight

Index of industrial output

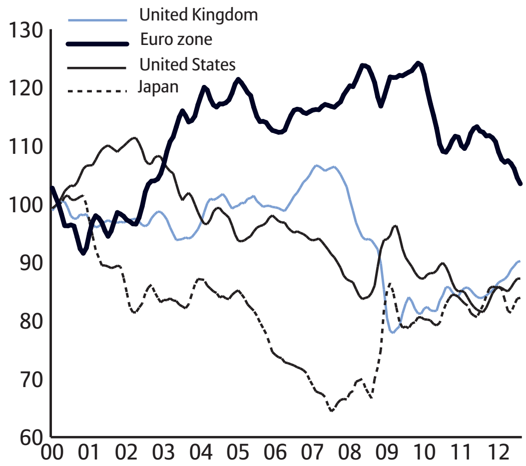
Basis, 2000=100



Source: CPB

Exchange rates

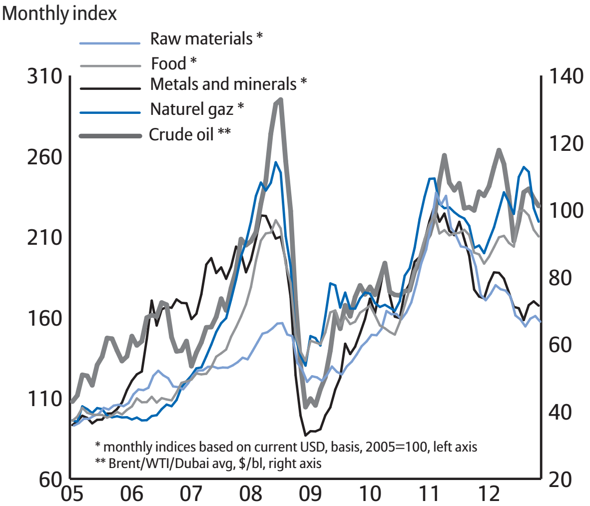
Real effective exchange rate, basis 100=Q1 2000



Sources: IMF, Euler Hermes

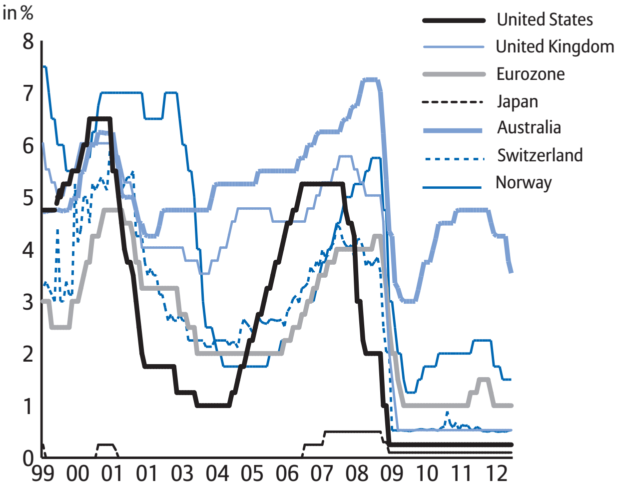
Commodities

Monthly index



Sources: World Bank, Euler Hermes

Key interest rates



Sources: national statistics, Euler Hermes issue of the fiscal cliff. In the event that no solution is found by the end of 2012, it would constitute the largest budgetary adjustment in the country's history (4.6% of GDP, compared with 3% in 1969 and around 2% in 1986) and an even greater risk for the global economy, given that the legal US debt ceiling could be reached in February/March 2013; the consensus, however, tilts in favor of a last-minute partial compromise. Second, in Italy, the elections scheduled in April but which will probably be brought forward to February due to the return of Berlusconi and the resignation of the Monti government – the latter having now lost the confidence of the Berlusconi's PdL party; the "post-Monti" phase is likely to be decisive in terms of retaining the markets' confidence in Italy's policy and the ongoing reforms implemented by the technocrat government since November 2011. Third, in Japan, the adoption of the 2013 budget in February, the end of the mandate of the Bank of Japan governor (Shirakawa) in April and the Upper House elections in late July 2013 are also key events to monitor. On the geopolitical front, the unfolding of Sino-Japanese tensions and the Iranian elections in June 2013 will be major events for the global production cycle (effect on the global supply circuit and the oil price).

In the more medium term, the management of excess global liquidity will constitute a currency risk and growth risk for emerging countries. The expansionary monetary policy should begin to bear fruit in mid-2013, paving the way for a gradual rebound in global growth, after which attention will be directed back to the issue of exit strategies. The excess liquidity accumulated since the onset of the crisis (up nearly 9% per year since 2009, versus 7% per year during the first half of the 2000s) will continue to increase the size of capital flows to emerging countries in the short term and fuel volatility in their exchange rates. For emerging countries, the risk of a resurgence of strong inflationary pressures is skewed on the upside in the medium term, whereas, for advanced countries, this constitutes a longer-term risk in light of the underutilization of production capacity. The monetary policy conducted thus far by advanced countries has led emerging countries to opt for increasingly low interest rates, thereby stimulating demand. When the global economy recovers, it is likely that demand for commodities in emerging countries will increase significantly, driving up prices and fueling global inflation.

The upturn in insolvencies could gather momentum in 2013 (+4% after +1% in 2012)

The fall in corporate insolvencies, following the worldwide surge in the wake of the 2008-2009 crisis (with a 57% leap between 2007 and 2009), was to be short-lived and limited in scale (9% over 2010 and 2011 combined). The decline in global activity that began in 2011, and continued into 2012 due to the drawn-out problems in the eurozone, quickly brought with it a trend break. Over the full year of 2012, our Global Insolvencies Index – *see our methodological note on page 48* – is expected to record a +1% rise, which is down slightly on our initial expectations (+3%). The two major expected trends are now confirmed: (i) on the one hand, a decline in insolvencies, slightly more rapid than expected, for the Americas (12%), where the rise in insolvencies in Brazil has been more than offset by pronounced falls in the United States and Canada, and for the Asia region, despite a few exceptions (Singapore, Australia, Taiwan); (ii) on the other hand, a rise in insolvencies in Europe, slightly less pronounced than expected yet significant for France (+2%), Northern Europe (+4%) and, especially, Mediterranean countries (+22%) – Germany (-1%) and the United Kingdom (-6%) are the main exceptions. Thus, at end-2012, the annual volume of corporate insolvencies still exceeds the average level observed between 2000 and 2007 – before the crisis – in more than half of the countries in our coverage universe: the notorious GIIPS (Greece, Ireland, Italy, Portugal and Spain), France and its regional peers (Belgium, Netherlands, Luxemburg, Switzerland), emerging European countries, the United Kingdom and the United States. For 2013, the downward revision in our macroeconomic forecasts suggests no overall improvement on the cards. On the contrary, forecasts for insolvencies have been adjusted upwards for all the world's regions, with the exception of Asia (-1 pp), where insolvencies could nevertheless pick up (slightly), albeit from a low level. In the Americas, the decline in insolvencies will continue at only half the pace of 2012, with the negative trend in Brazil continuing (+15%). In Europe, a return to growth promises at best to be either belated, in particular in the eurozone, or too small and patchy to give rise to any visible effects on the corporate fabric from 2013. Only four countries are likely to escape a rise (or stabilization) in insolvencies: the United Kingdom, Norway, Switzerland and, after seven years of rapid increase, Portugal. The rise in insolvencies is now expected to reach +2% in Northern Europe (+4 pp) and, above all, +19% in Southern Europe (+1 pp). All in all, our Global Insolvencies Index is likely to record another increase in 2013 (+4%), for the second year in a row, with the number of insolvencies once again far higher than the 2007 low, albeit without returning to the record level of 2009. For the Euler Hermes sample countries as a whole (enlarged with data from Romania), this should represent more than 347,000 insolvencies, versus 363,800 in 2009 (last peak) and less than 265,000 in 2007 (last low).*_AB/MI/ML*

Global insolvency index

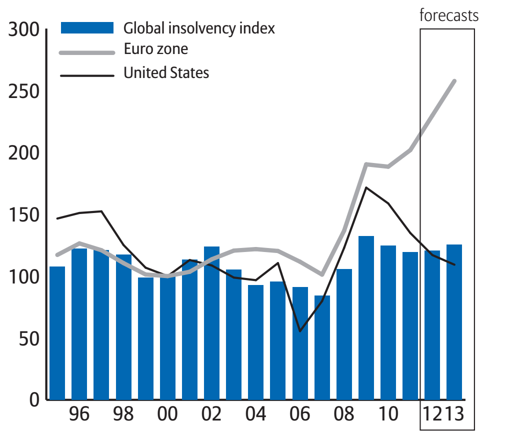
Annual change

	% of world GDP*	% of global insolvency index*	2010	2011	2012	2013
Global Insolvency Index	**84.1**	**100.0**	**-6%**	**-4%**	**1%**	**4%**
Americas Index	28.8	34.3	-8%	-15%	-12%	-6%
Asia-Pacific Index	25.0	29.7	-12%	-6%	-3%	2%
Northern Europe Index	13.0	15.4	-4%	-3%	4%	2%
Germany-Austria-Switzerland Index	6.9	8.2	1%	-4%	0%	1%
France Index	4.1	4.9	-2%	-3%	2%	2%
Mediterranean countries Index	6.3	7.5	1%	17%	22%	19%
Eurozone Index	19.2	22.8	-1%	7%	14%	12%

Sources: national figures, Euler Hermes calculation and forecasts, Base 100: 2000 forecasts
* GDP 2011 weighing at current exchange rates

Global insolvency index

Basis, 2000=100



Sources: national statistics, Euler Hermes forecasts

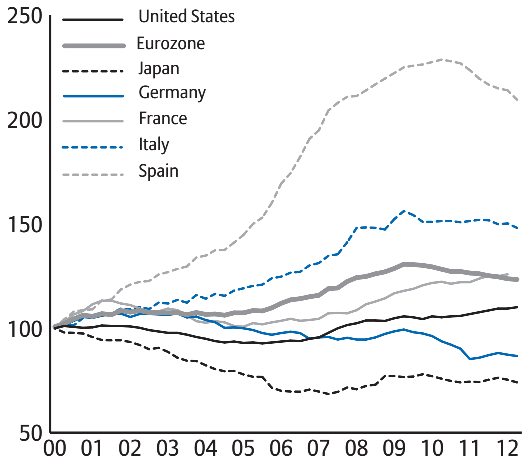
Statistics by country

	% of world GDP*	% of global insolvency index*	2011 Total	2011 Change	Forecasts 2012	Forecasts 2013
USA	22.5	26.8	47,806	-15%	-13%	-7%
China	10.9	12.9	3,043	-18%	-14%	2%
Japan	8.8	10.4	12,734	-4%	-3%	2%
Germany	5.3	6.3	30,099	-6%	-1%	1%
France	4.1	4.9	60,655	-3%	2%	2%
Brazil	3.7	4.4	2,800	-6%	32%	15%
UK	3.6	4.3	30,751	6%	-6%	-4%
Italy	3.3	3.9	12,094	7%	3%	2%
Russia	2.8	3.3	12,794	-20%	5%	3%
Canada	2.6	3.1	3,643	-11%	-10%	-3%
Spain	2.2	2.6	5,910	18%	24%	25%
Australia	2.2	2.6	10,481	9%	5%	3%
Korea (South)	1.7	2.0	1,359	-13%	-4%	1%
Netherlands	1.2	1.5	7,140	-1%	24%	2%
Switzerland	0.9	1.1	6,661	6%	2%	-1%
Sweden	0.8	1.0	6,958	-4%	9%	0%
Poland	0.8	0.9	740	7%	27%	10%
Belgium	0.8	0.9	10,224	7%	3%	10%
Norway	0.7	0.9	4,355	-2%	-13%	-5%
Taiwan	0.7	0.8	256	-4%	2%	4%
Austria	0.6	0.7	5,869	-8%	2%	3%
Denmark	0.5	0.6	5,468	-15%	-3%	3%
Greece	0.4	0.5	1,077	33%	30%	10%
Finland	0.4	0.5	3,446	1%	3%	3%
Singapore	0.4	0.5	113	-20%	30%	4%
Hong Kong	0.4	0.4	333	-24%	-4%	-3%
Portugal	0.4	0.4	4,746	19%	43%	-10%
Ireland	0.3	0.4	1,638	7%	3%	1%
Czech Republic	0.3	0.4	1,778	11%	9%	8%
Romania	0.3	0.3	22,650	4%	-2%	0%
Hungary	0.2	0.2	19,884	12%	10%	5%
Slovak Republic	0.1	0.2	990	12%	2%	5%
Lithuania	0.1	0.1	1,273	-22%	-3%	0%
Luxembourg	0.1	0.1	973	5%	13%	10%

Sources: national figures, Euler Hermes forecasts
* GDP 2011 weighting at current exchange rates forecasts

Rates of indebtedness among financial institutions

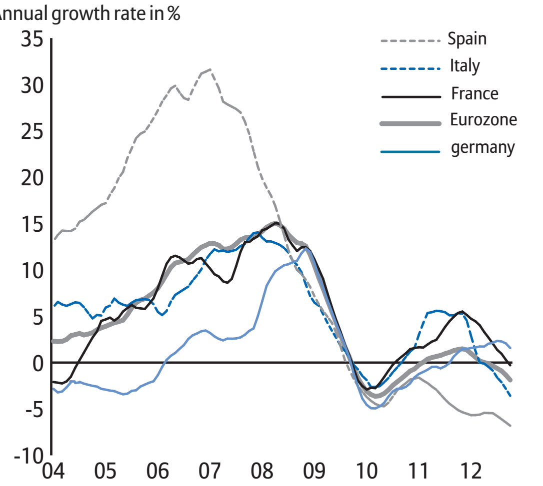
% of GDP, basis 2000=100



Source: Banque de France

Lending to businesses

Annual growth rate in %



Sources: ECB, Euler Hermes

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