Causes of and answers to the European slowdown

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A SIGNIFICANT SLOWDOWN IN GLOBAL TRADE

Real global trade (3 months moving average, yoy)

Source: CPB; last points: June 2019


United States Japan Euro area Emerging Asia (ex. China) China Eastern Europe Latin America Others World
THE SLOWEST GLOBAL GROWTH SINCE 2008-2009

World GDP growth
(chained prices, % yoy)

Emerging economies

Advanced economies

IMF forecasts

Sources: IMF, WEO (October 2019)
MONETARY POLICY IS NOT THE ONLY GAME IN TOWN

Public debt
(2018 - in % of GDP)

- US: 104%
- UK: 87%
- Euro area: 85%

Non-financial private sector debt ratio
(Q1 2019 - in % of GDP)

- UK: 152%
- US: 148%
- Euro area: 119%*

Sources: IMF, Eurostat

* 118.7 rounded up to the nearest percentage point

Source: Banque de France Stat Info
Vulnerabilities have increased among nonbank financial institutions and remain high in the corporate sector.

1. Proportion of Systemically Important Economies with Elevated Vulnerabilities, by Sector
(Percents of countries with high and medium-high vulnerabilities, by GDP [assets for banks]; number of countries in parentheses)

Source: IMF, October 2019 Global Financial Stability Report
PRIVATE RISK-SHARING: A KEY AND UNDERESTIMATED COMPONENT

Savings exceed investment by €300bn, but fragmentation

Generate more Long-Term Savings and Investment opportunities

Massively develop Equity Markets

Increase financial flow fluidity between EU financial market places

Develop Debt, Credit and Forex financing tools to increase the international role of the Euro

Union for Savings and Sustainable Investment

Capital Markets Union

Cross-border consolidation of European banks

Banking Union

Innovation and digitalisation

Scaling-up of SMEs

Green finance and energy transition

Savings exceed investment by €300bn, but fragmentation

Equity/GDP: 79% in the EA, 122% in the US (Q1 2019)