



Causes of and answers to the European slowdown

New York University – 16 October 2019

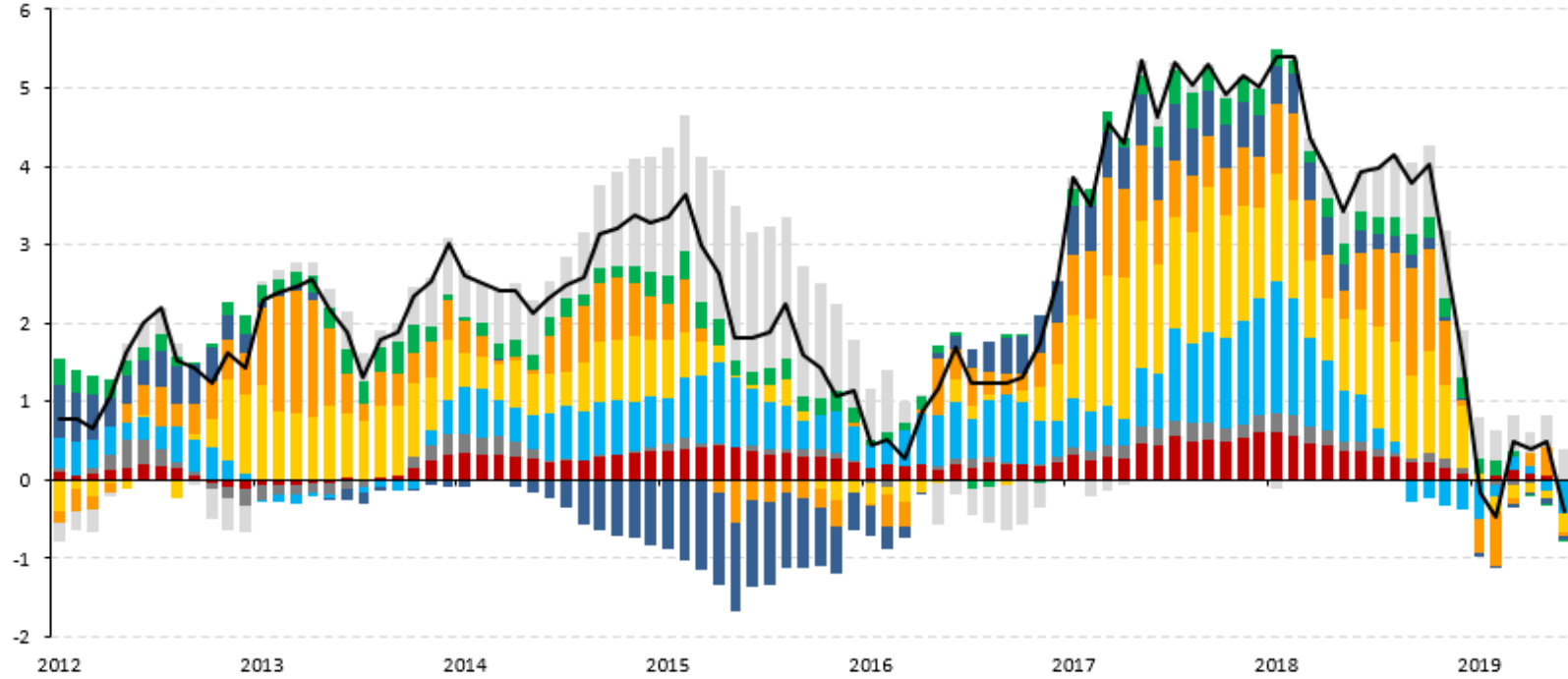
François VILLEROY de GALHAU, Governor of the Banque de France





A SIGNIFICANT SLOWDOWN IN GLOBAL TRADE

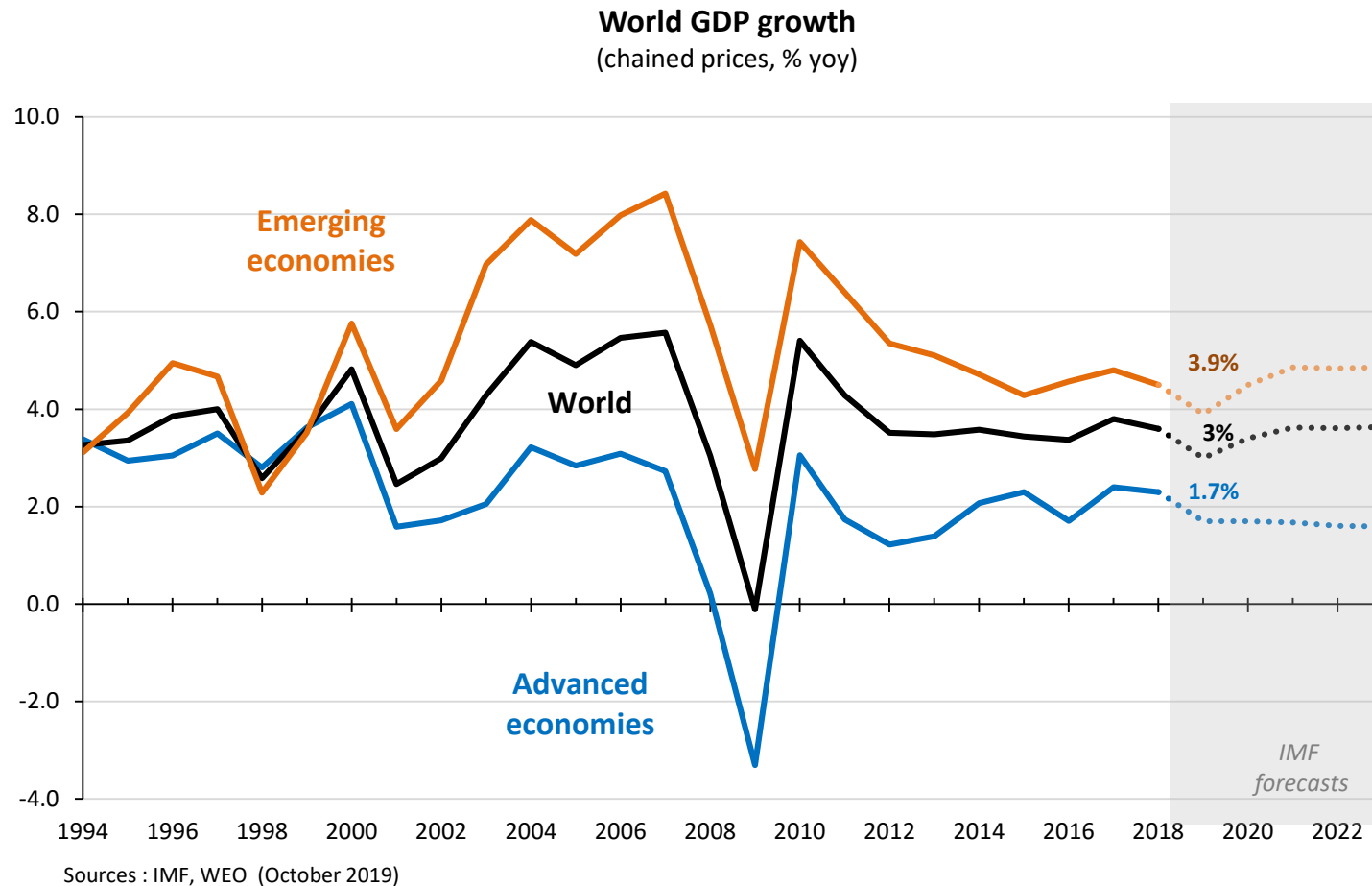
Real global trade (3 months moving average, yoy)
Source: CPB; last points : June 2019



United States Japan Euro area Emerging Asia (ex. China) China Eastern Europe Latin America Others World



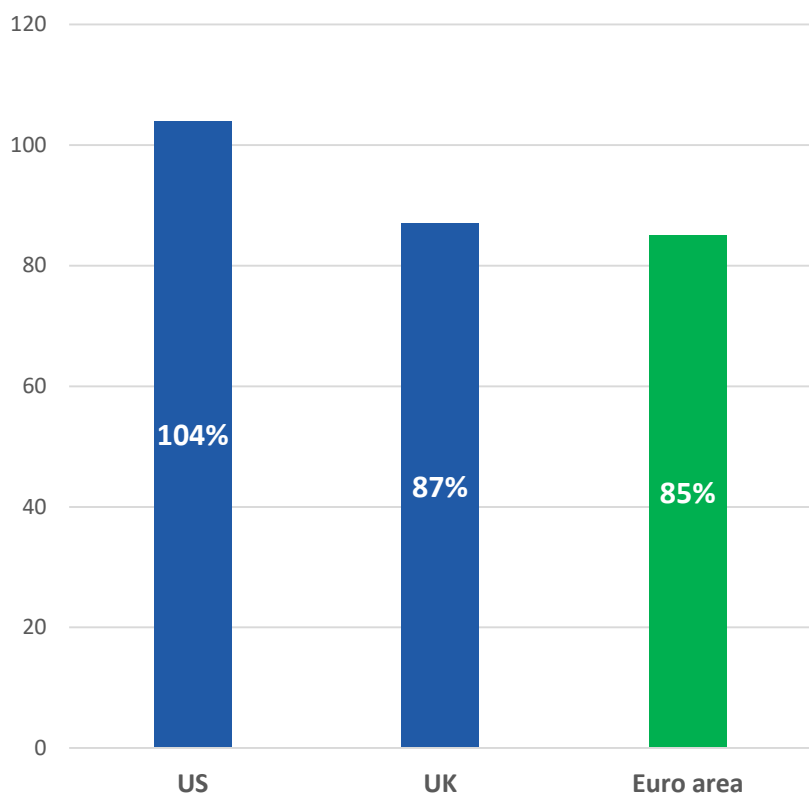
THE SLOWEST GLOBAL GROWTH SINCE 2008-2009





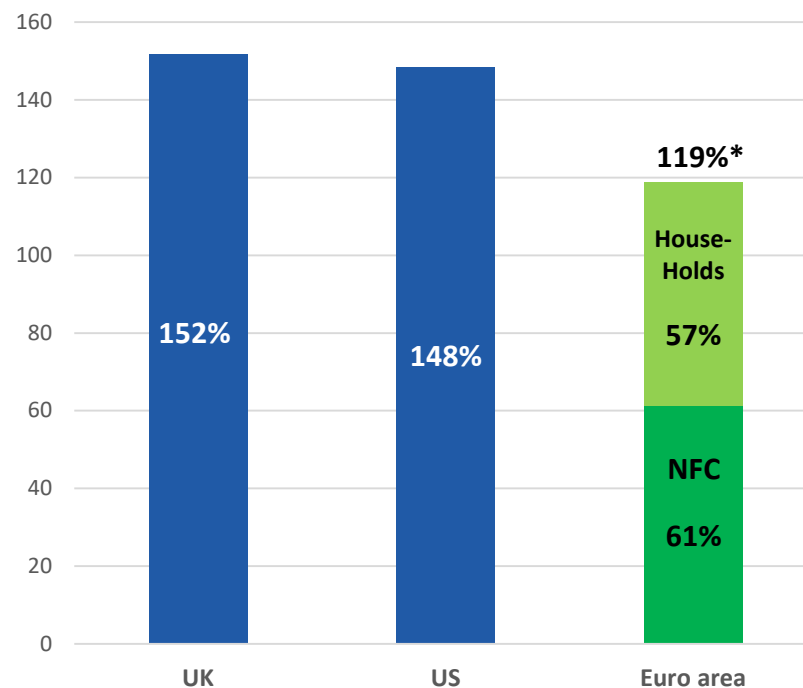
MONETARY POLICY IS NOT THE ONLY GAME IN TOWN

Public debt (2018 - in % of GDP)



Sources: IMF, Eurostat

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

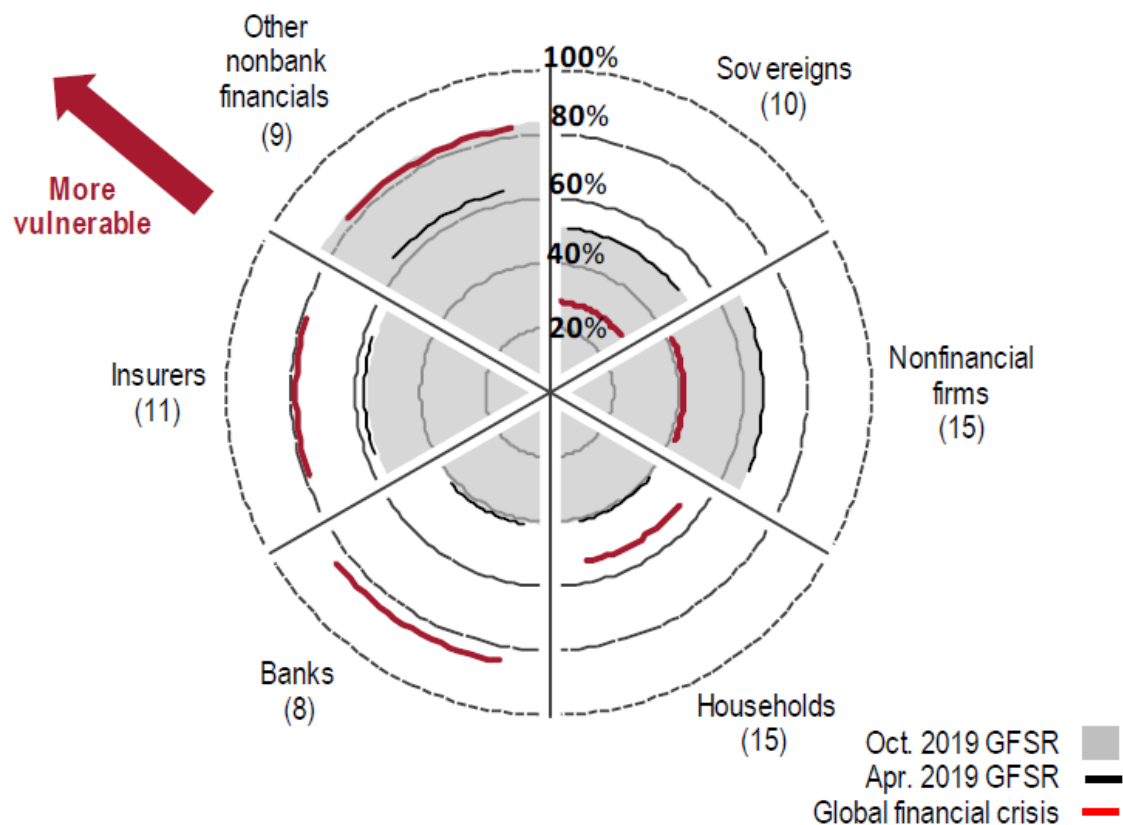


Source: Banque de France Stat Info
* 118.7 rounded up to the nearest percentage point

GLOBAL FINANCIAL VULNERABILITIES

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 (Percent 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

Capital Markets Union

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

Cross-border consolidation of European banks

Banking Union

Innovation and digitalisation

Scaling-up of SMEs

Green finance and energy transition

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