



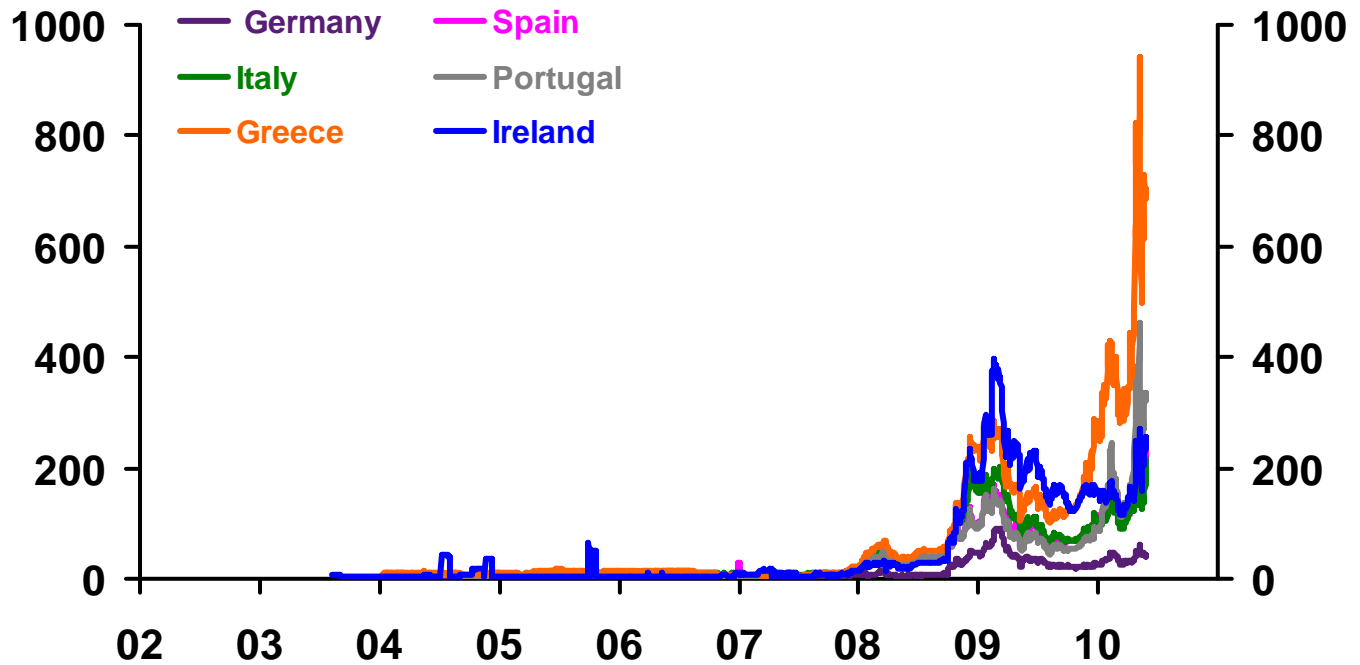
# The problems in terms of asset allocation and balance sheet management faced by financial institutions



*Patrick ARTUS, Chief Economist - Natixis*

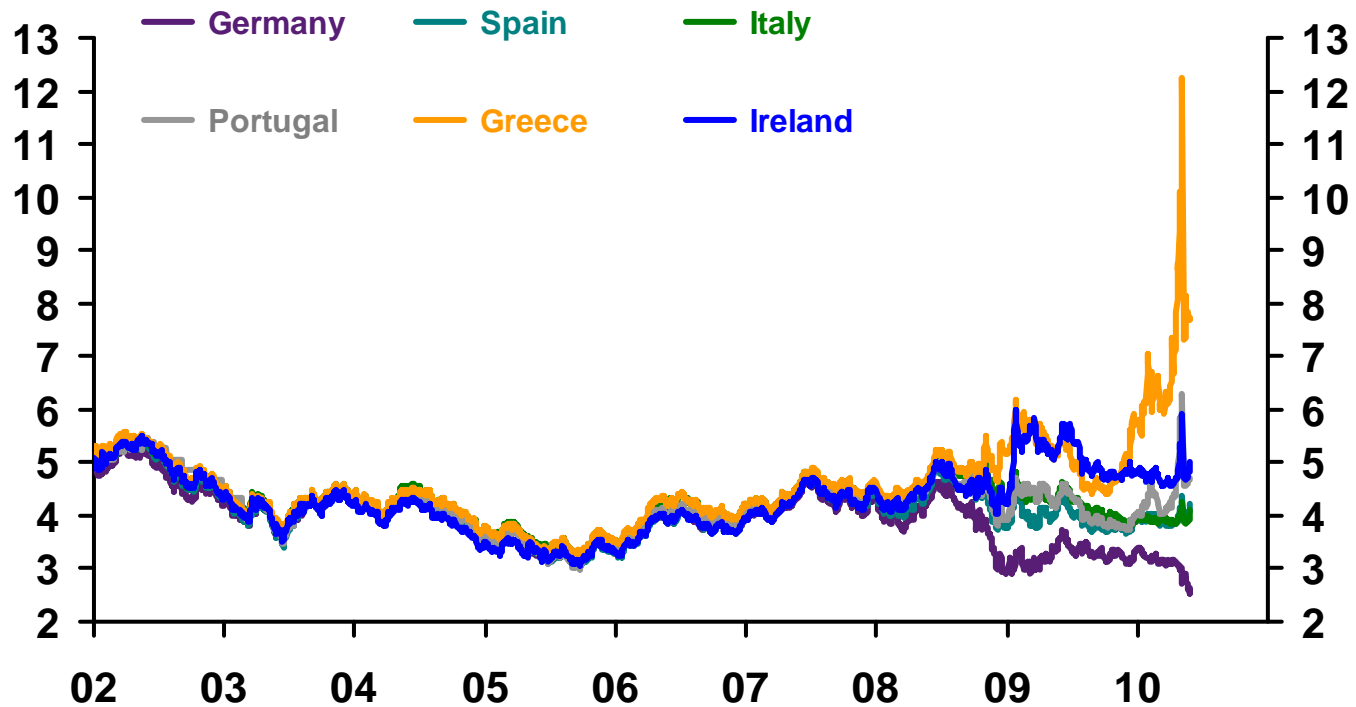
AFGAP /ALMA Summer Conference  
Chantilly – June 4, 2010

# Country CDS (5-year, bp)



Sources: Datastream, NATIXIS

# 10-year interest rate on government bonds



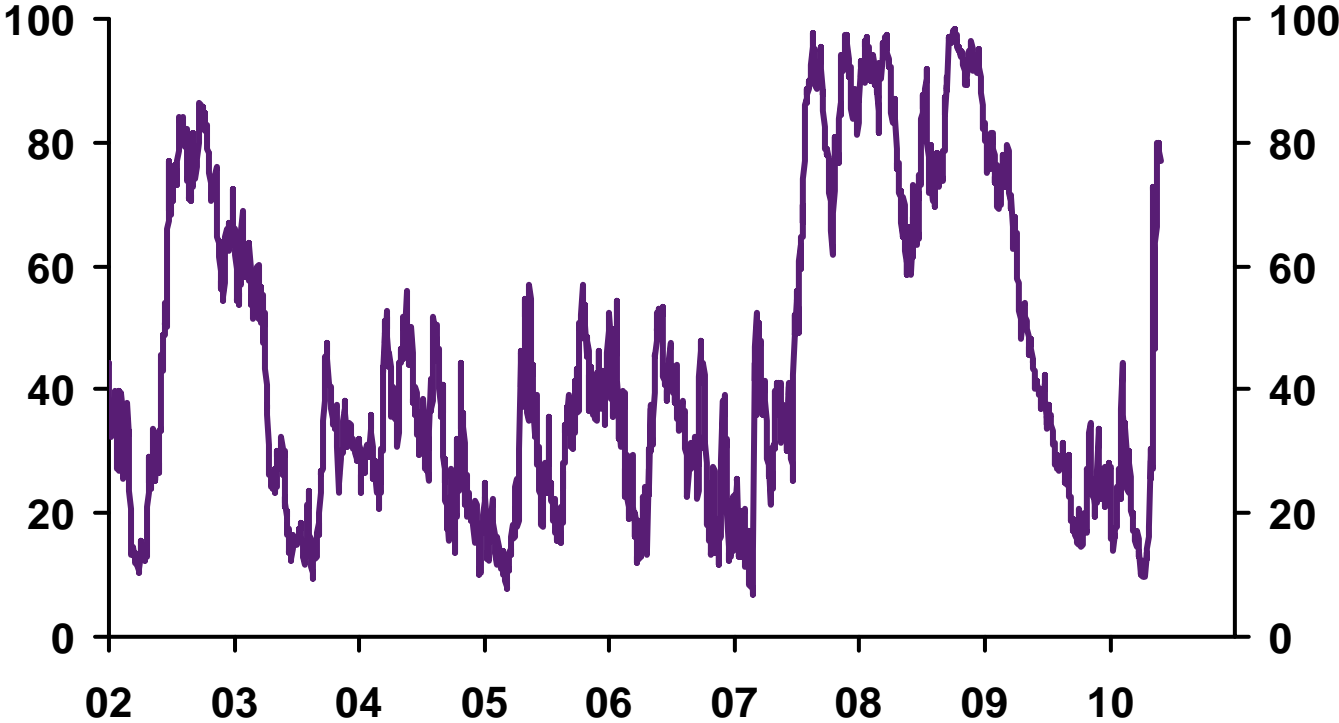
Sources: Datastream, NATIXIS

# Government forecasts of fiscal deficits

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>United States</b>	-6.5	-9.9	-10.6	-8.3	-5.1	-4.2	-3.9	-3.9	-3.9	-3.7	-3.6
<b>United Kingdom</b>	-7.1	-12.6	-12	-9.1	-7.3	-5.7	-4.6	-	-	-	-
<b>Germany</b>	0	-3.2	-5.5	-4.5	-3.5	-3	-	-	-0.35	-	-
<b>France</b>	-3.4	-7.5	-8	-6	-4.6	-3	-	-	-	-	-
<b>Italy</b>	-2.7	-5.3	-5	-3.9	-2.7	-2.2	-	-	-	-	-
<b>Spain</b>	-4.1	-11.2	-9.3	-6.5	-5.3	-3	-	-	-	-	-
<b>Netherlands</b>	0.7	-4.9	-6.1	-5	-4.3	-	-	-	-	-	-
<b>Greece</b>	-7.7	-13.6	-8.7	-5.3	-2.8	-2	-	-	-	-	-
<b>Portugal</b>	-2.7	-9.3	-7.8	-6.1	-4.1	-2.8	-	-	-	-	-
<b>Ireland</b>	-7.3	-14.3	-11.6	-10	-7.2	-4.9	-2.9	-	-	-	-
<b>Austria</b>	-0.4	-3.5	-4.7	-4	-3.3	-2.7	-	-	-	-	-
<b>Belgium</b>	-1.2	-5.9	-4.8	-4.1	-3	-	-	-	-	-	-
<b>Finland</b>	4.4	-2.2	-3.6	-3	-2.3	-1.9	-	-	-	-	-

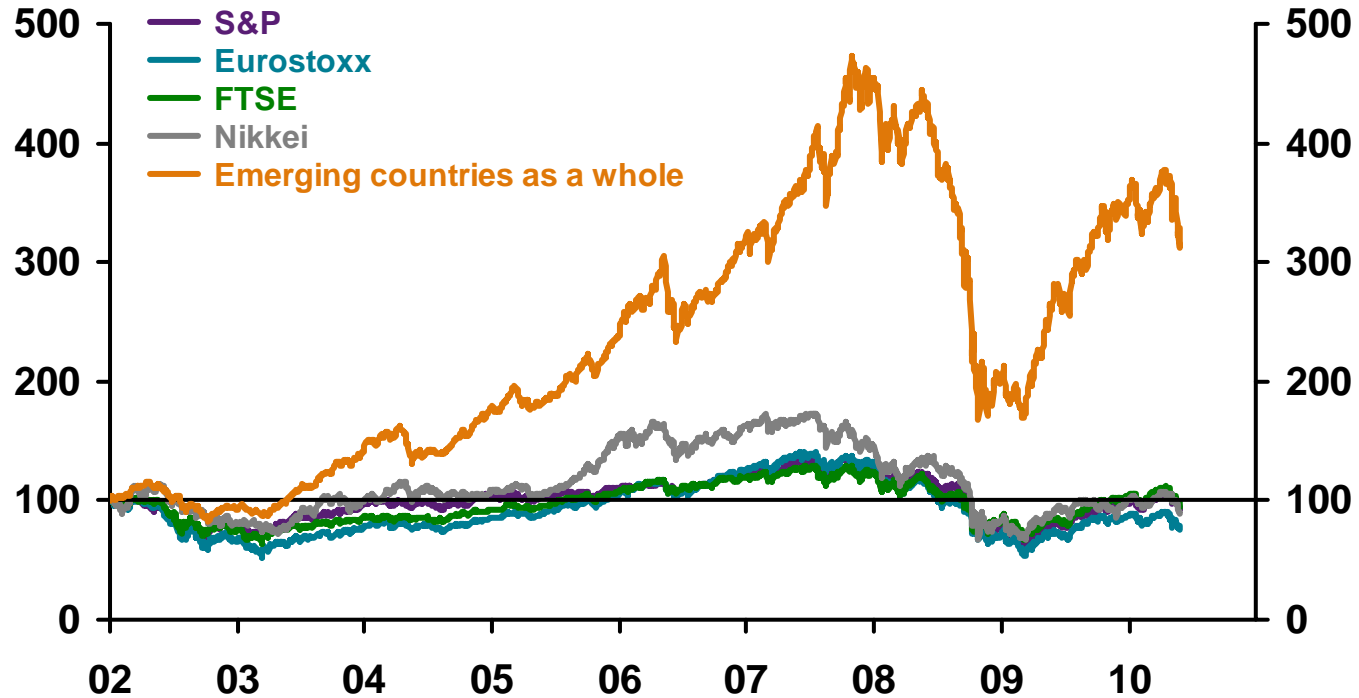
Sources: OMB, HM Treasury, Eurostat, Natixis

# Risk perception index



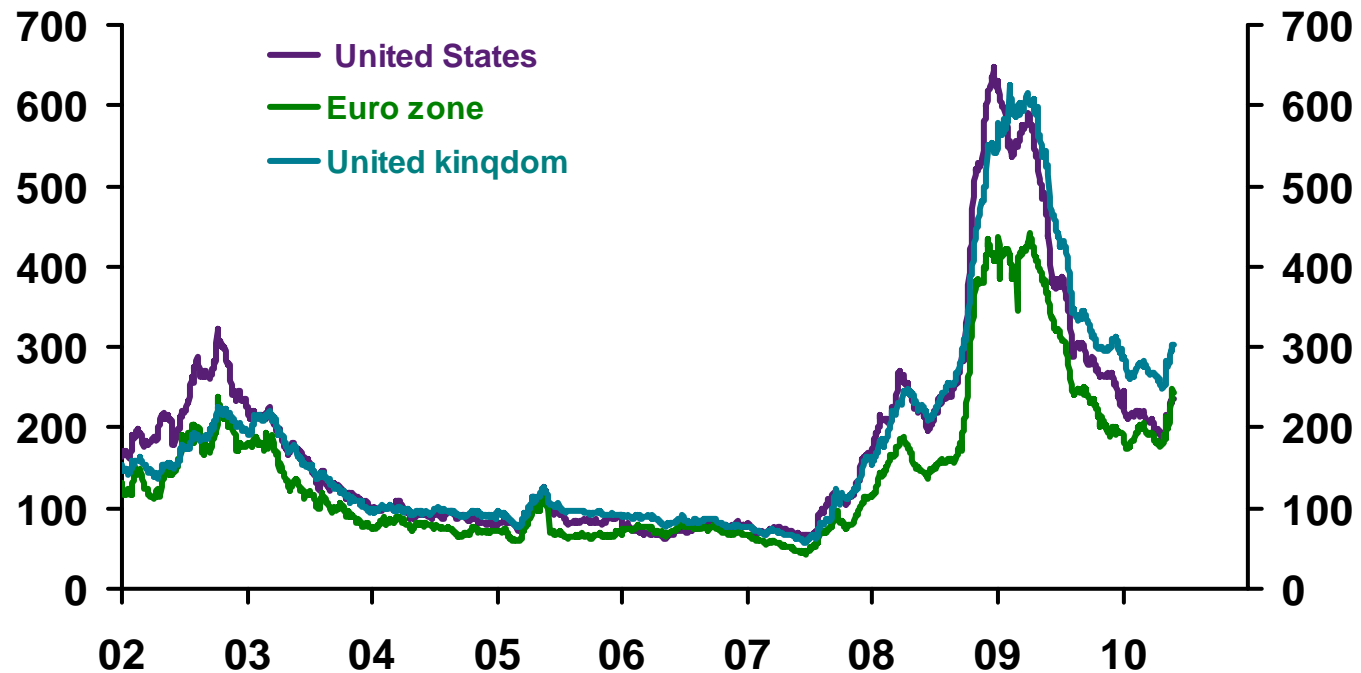
Sources: Datastream, NATIXIS

# Stock market indices (2002:1 = 100)



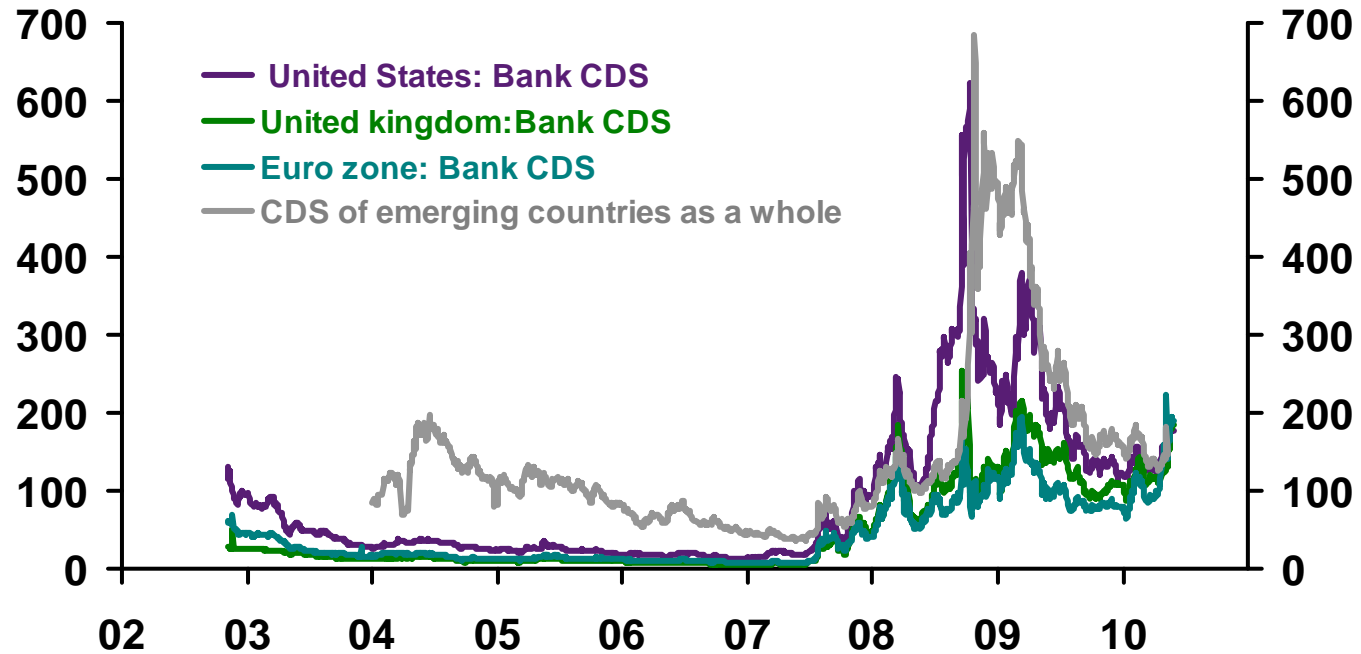
Sources: Datastream, NATIXIS

# BBB credit spread (asset swaps, bp)



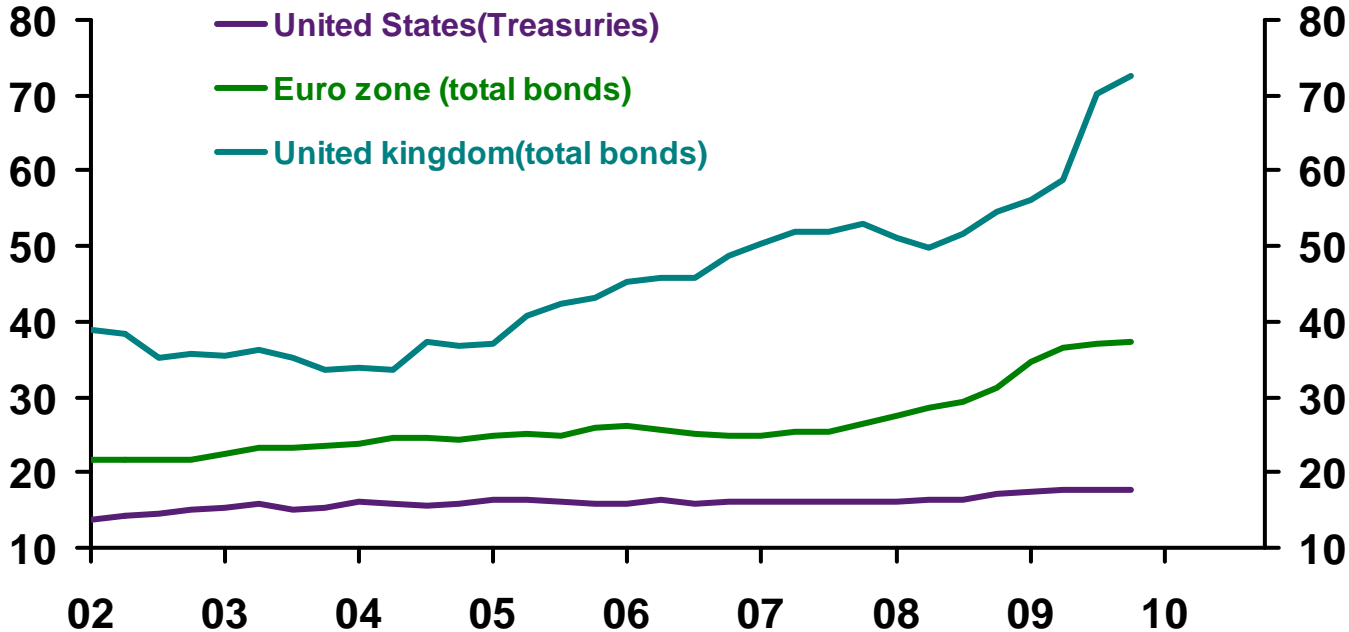
Sources: Datastream, IBOXX, Merrill Lynch, NATIXIS

# CDS (5-year, bp)



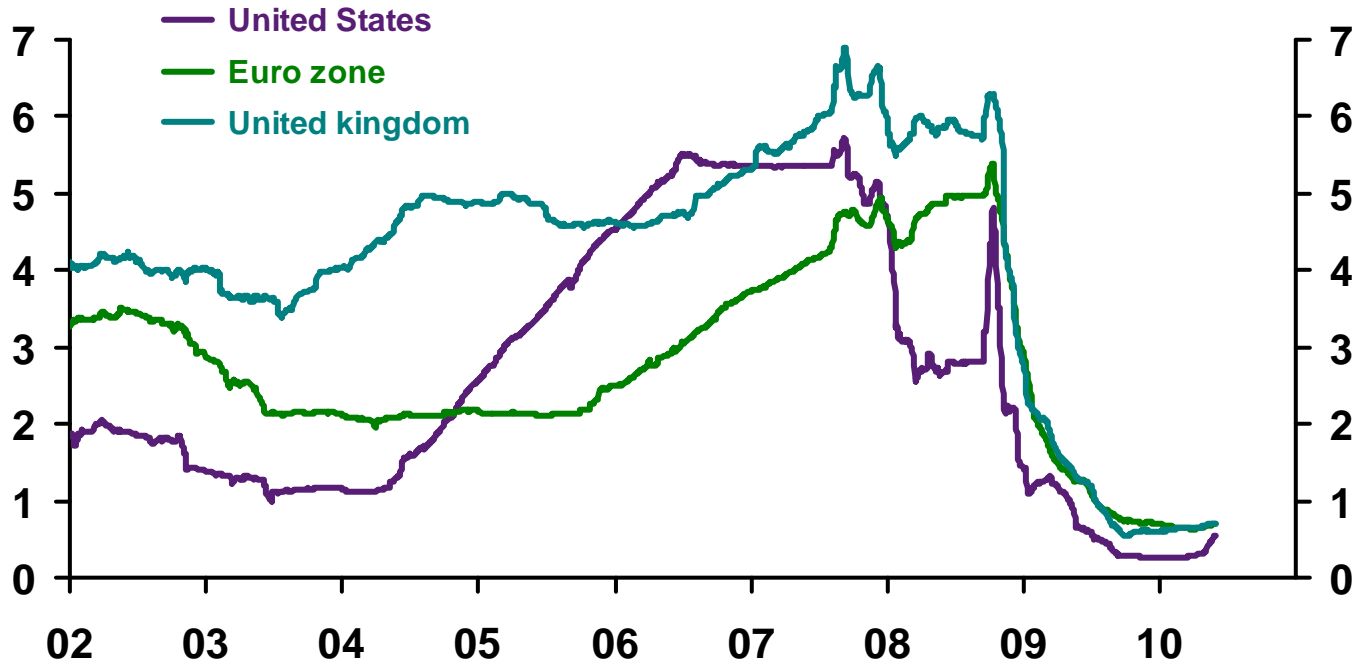
Sources: Datastream, NATIXIS

# Total outstanding bonds held by banks (as % of GDP)



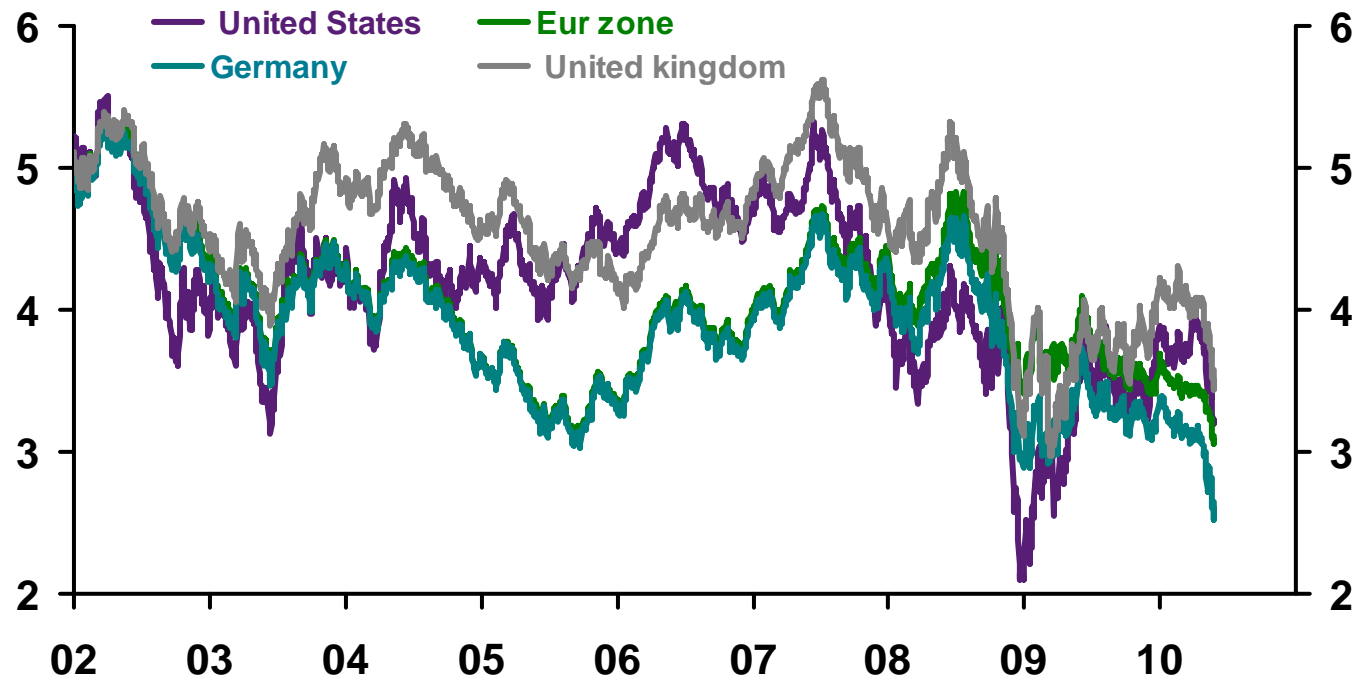
Sources: FoF, BCE, BOE, NATIXIS

# 3-month interest rate



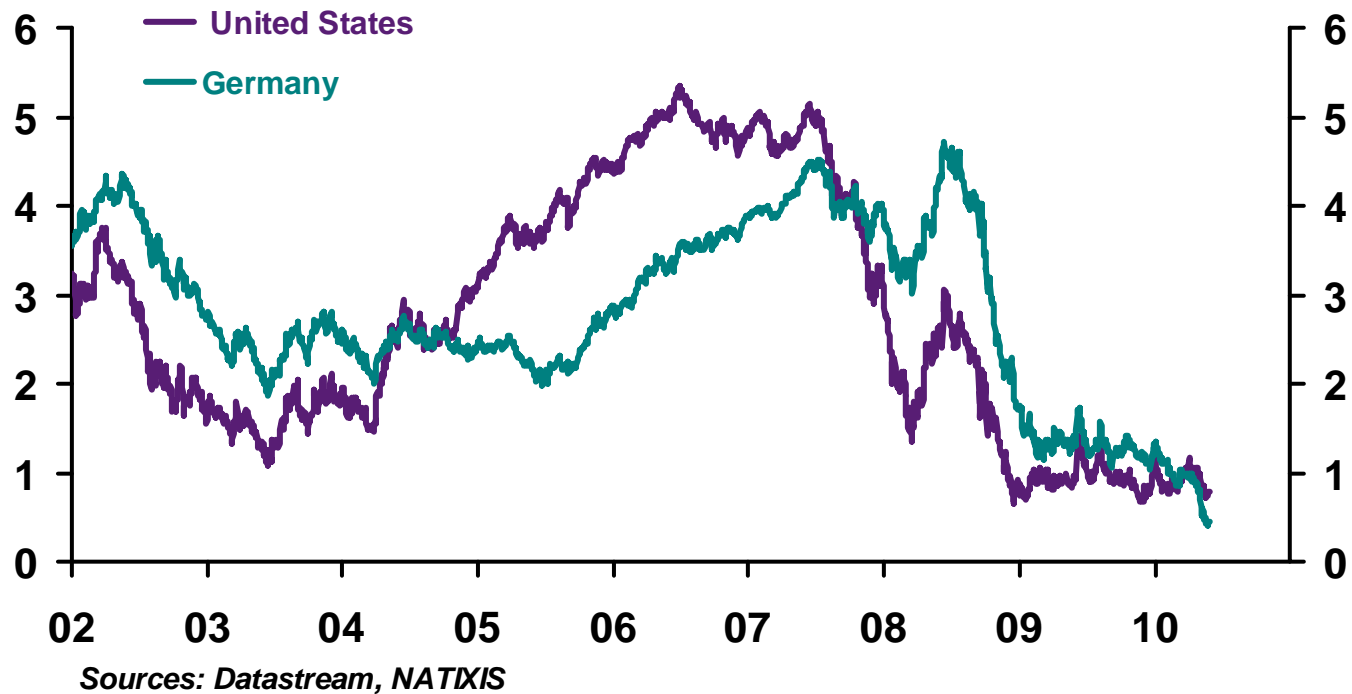
Sources : Datastream, NATIXIS

# 10-year interest rate on government bonds

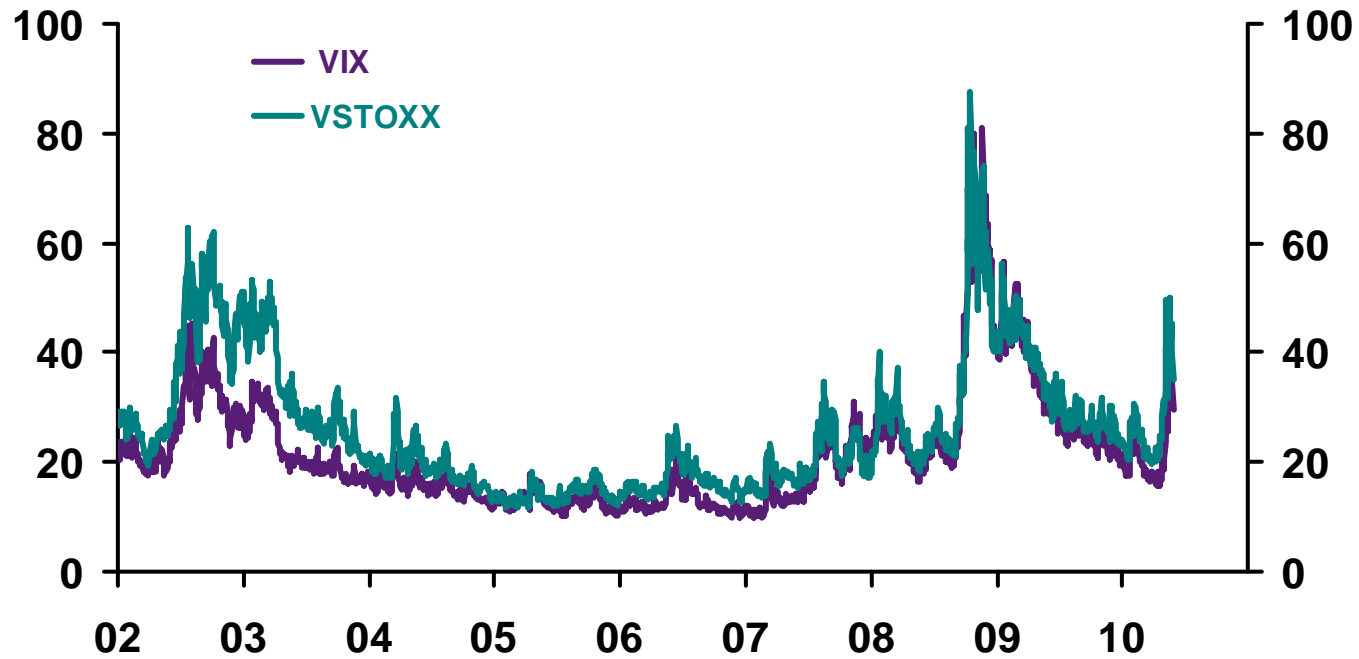


Sources: Datastream, NATIXIS

## 2-year interest rate on government securities

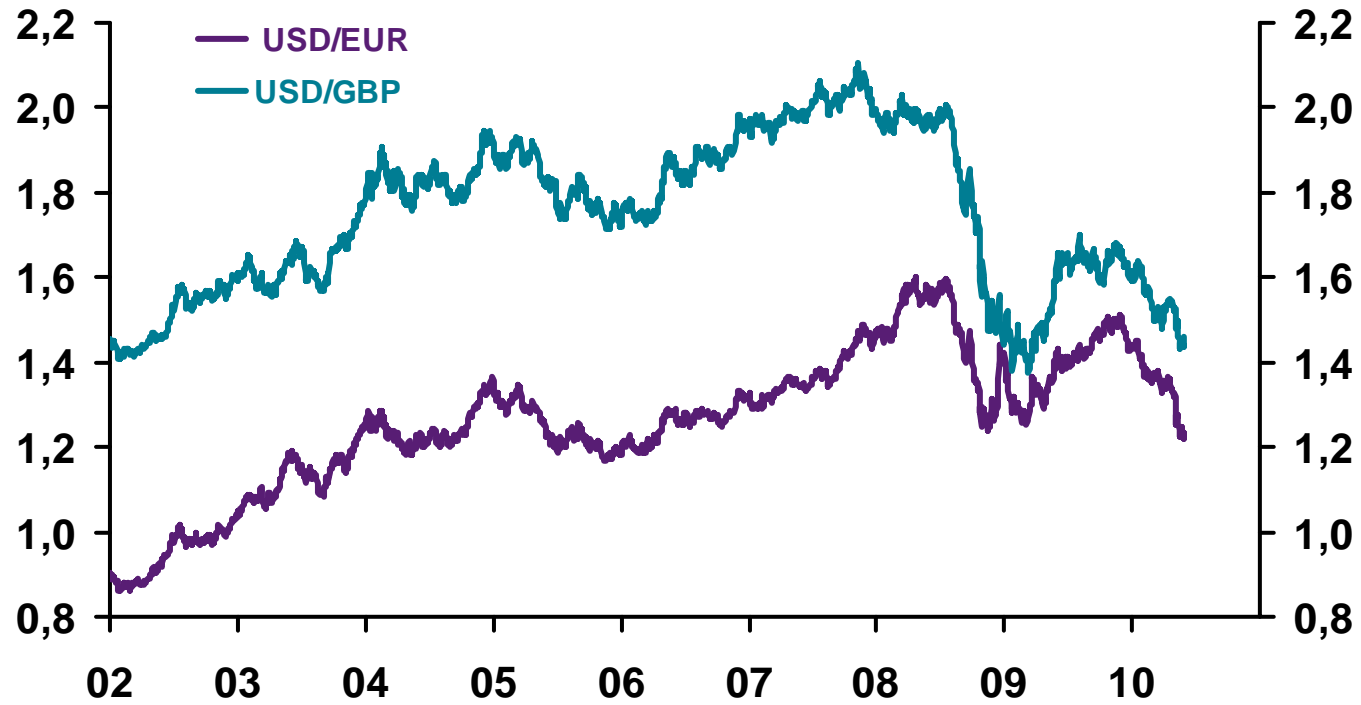


# Implied equity volatility



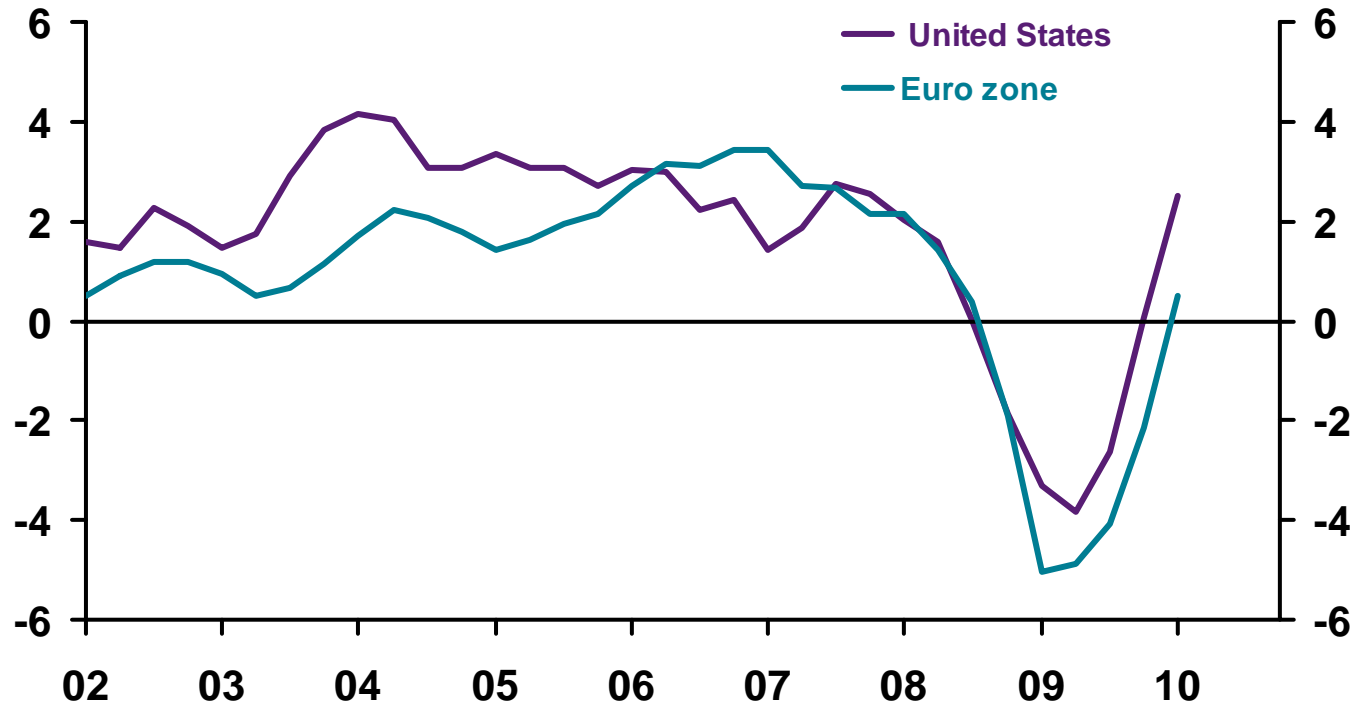
Sources: Datastream, NATIXIS

# Exchange rates



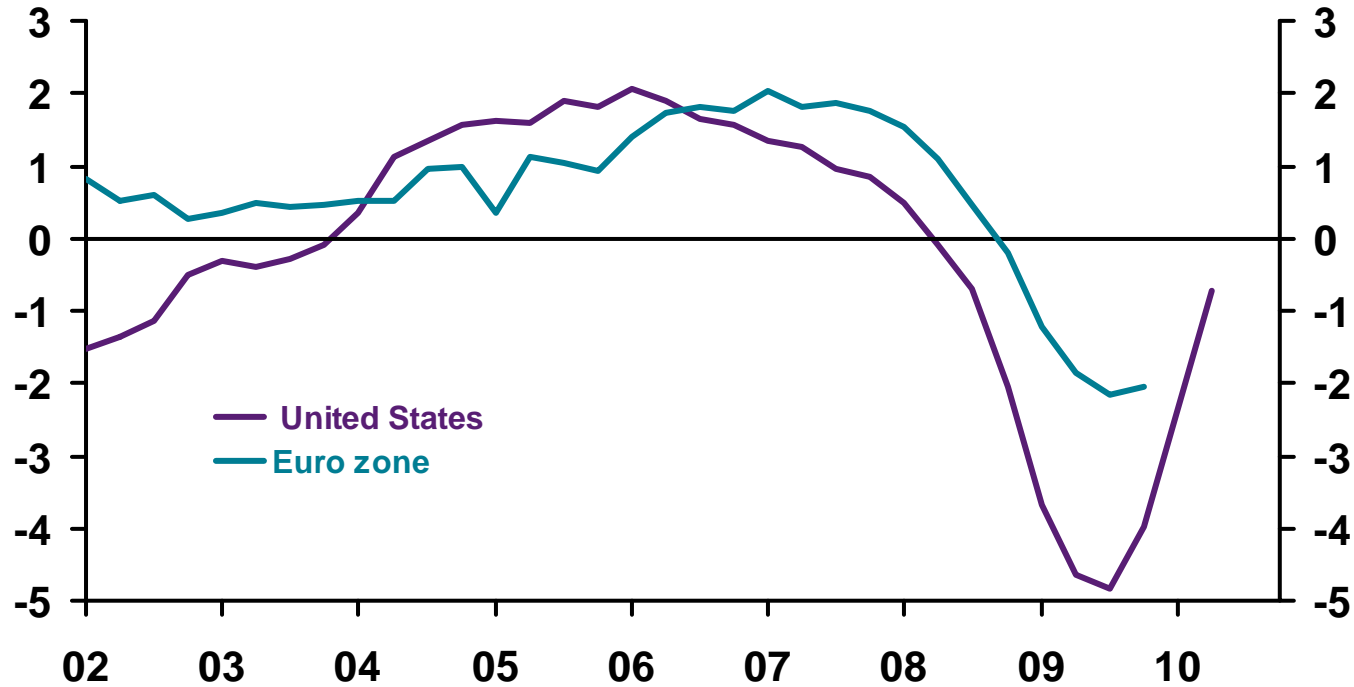
Sources: Datastream, NATIXIS

# Real GDP growth (Y/Y as %)



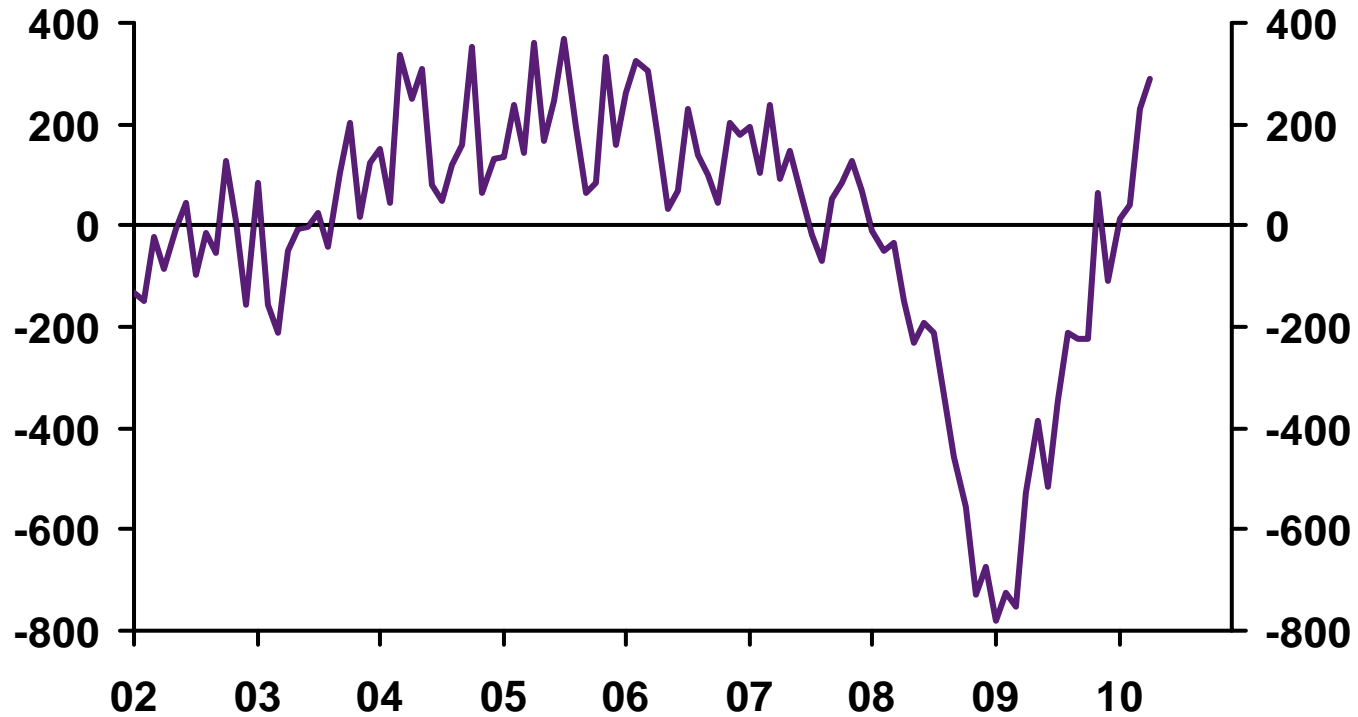
Sources: Datastream, BEA, BCE, NATIXIS

# Total employment (Y/Y as %)



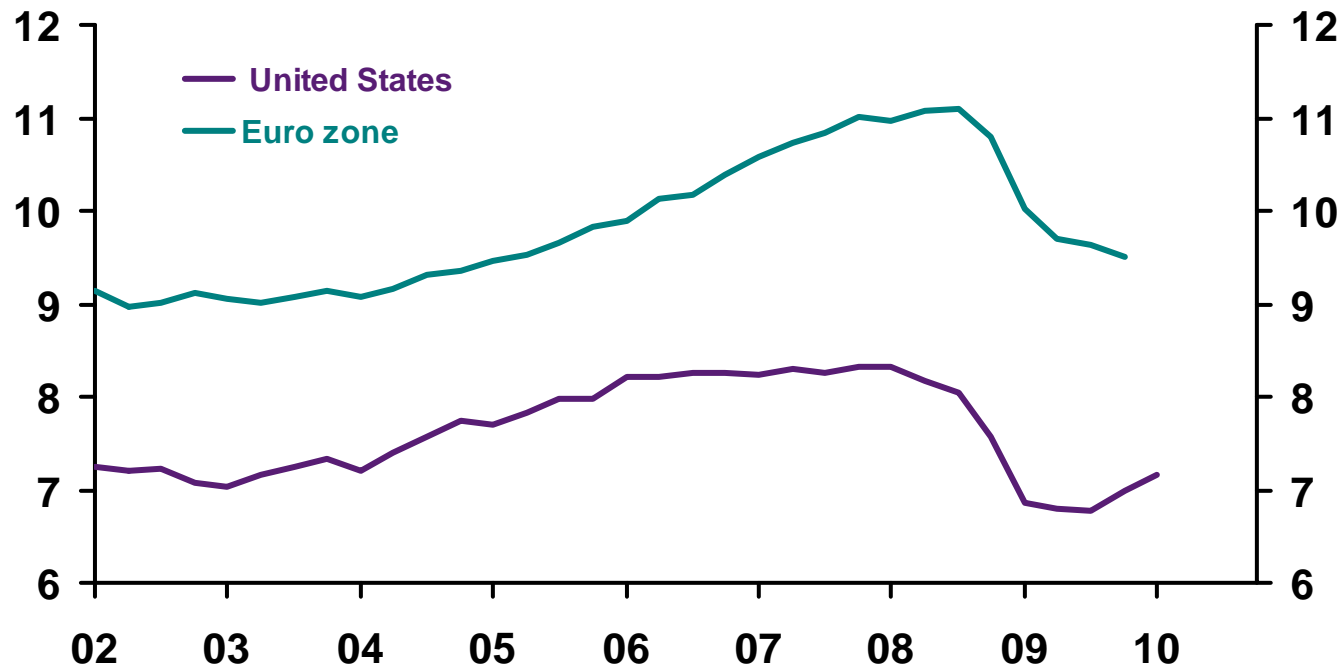
Sources: Datastream, BLS, BCE, NATIXIS

# United States: Month-on-month change in employment (non-farm, in thousands of persons)



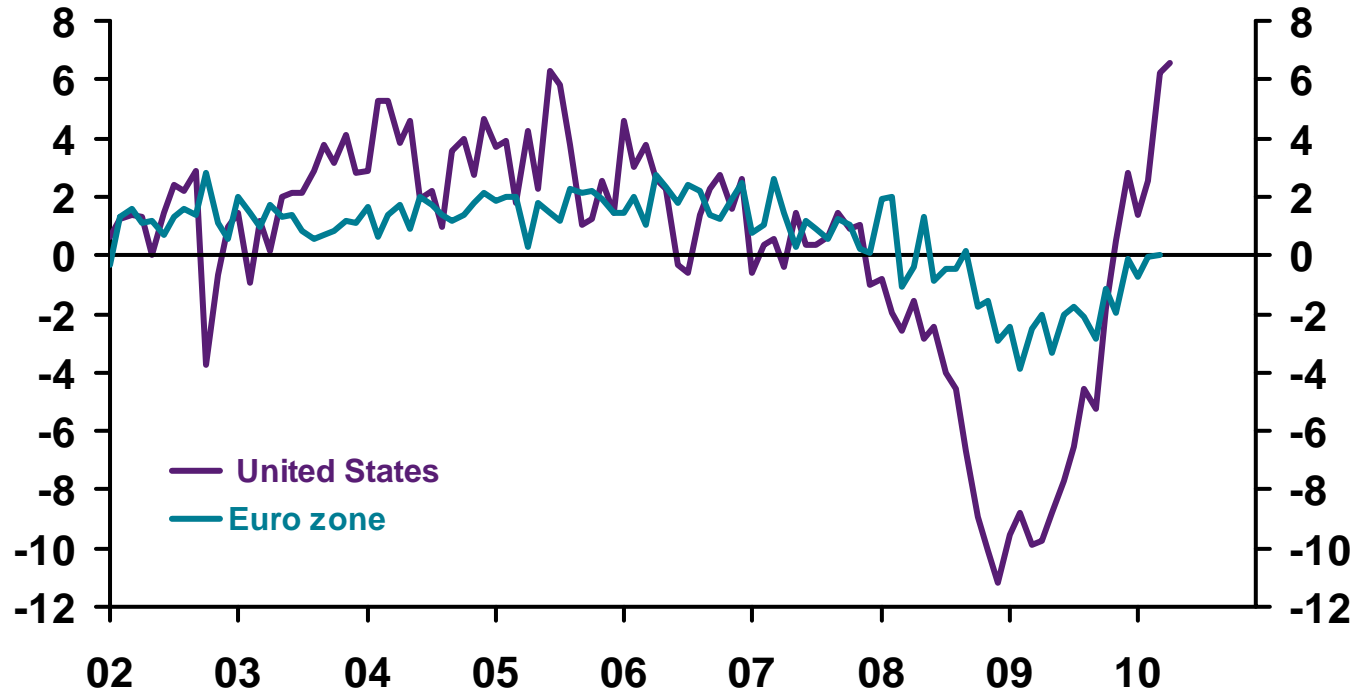
Sources: Datastream, BLS, NATIXIS

# Productive investment (in volume terms, as % of GDP)



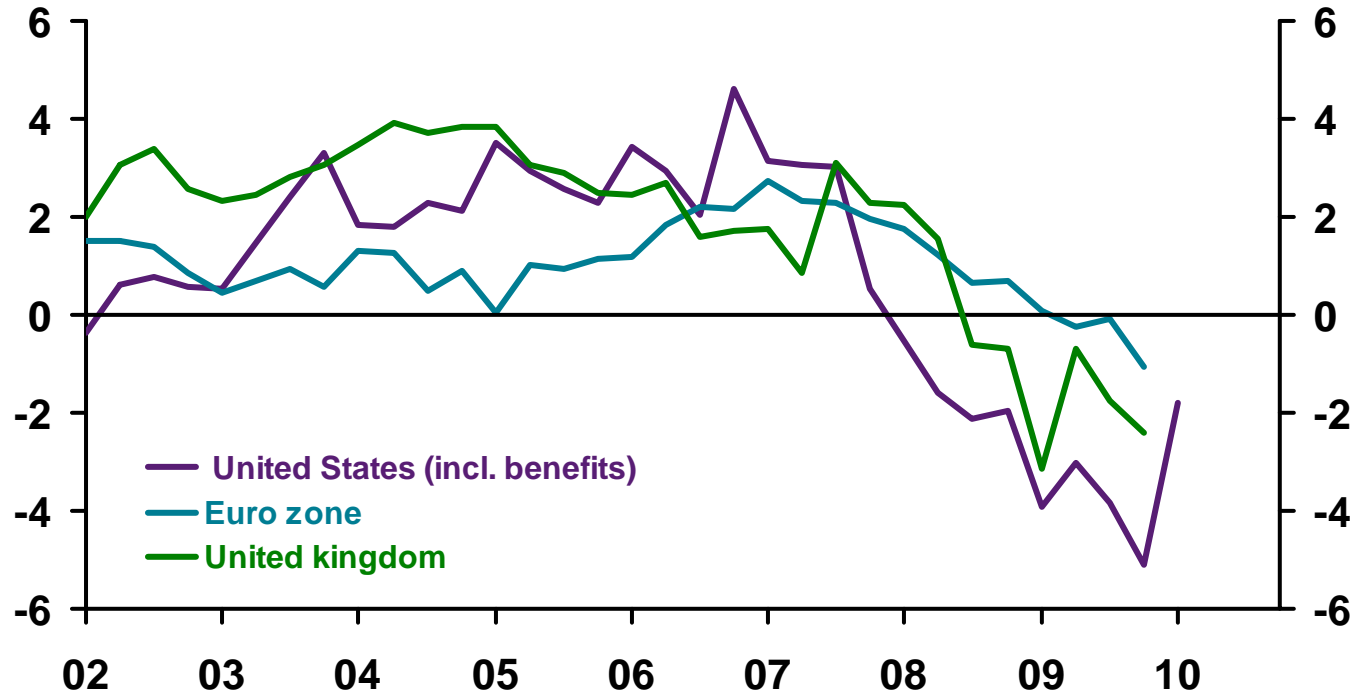
Sources: Datastream, BEA, NATIXIS

# Retail sales (in volume terms, Y/Y as %)



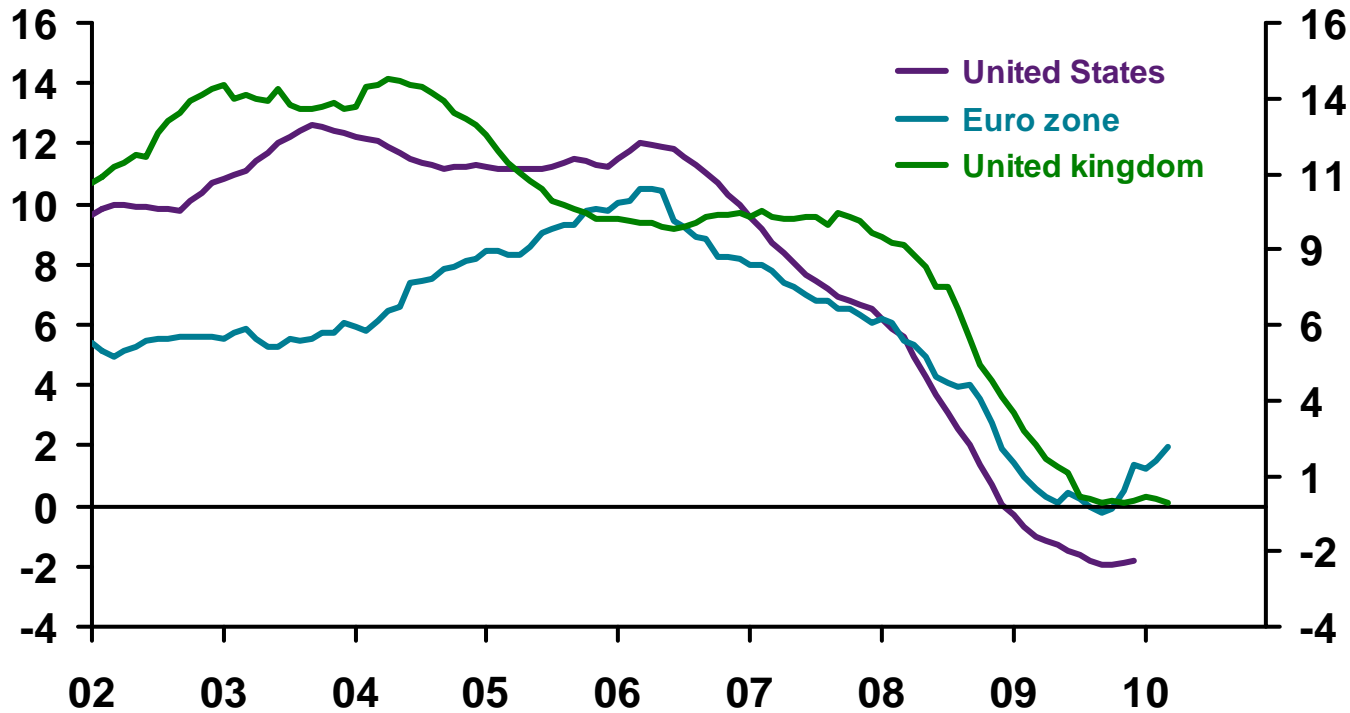
Sources: Datastream, Census Bureau, Eurostat, NATIXIS

# Real payroll received by households (consumer price deflator, Y/Y as %)



Sources: Datastream, BLS, BCE, ONS, NATIXIS

# Bank loans to households (Y/Y as %)



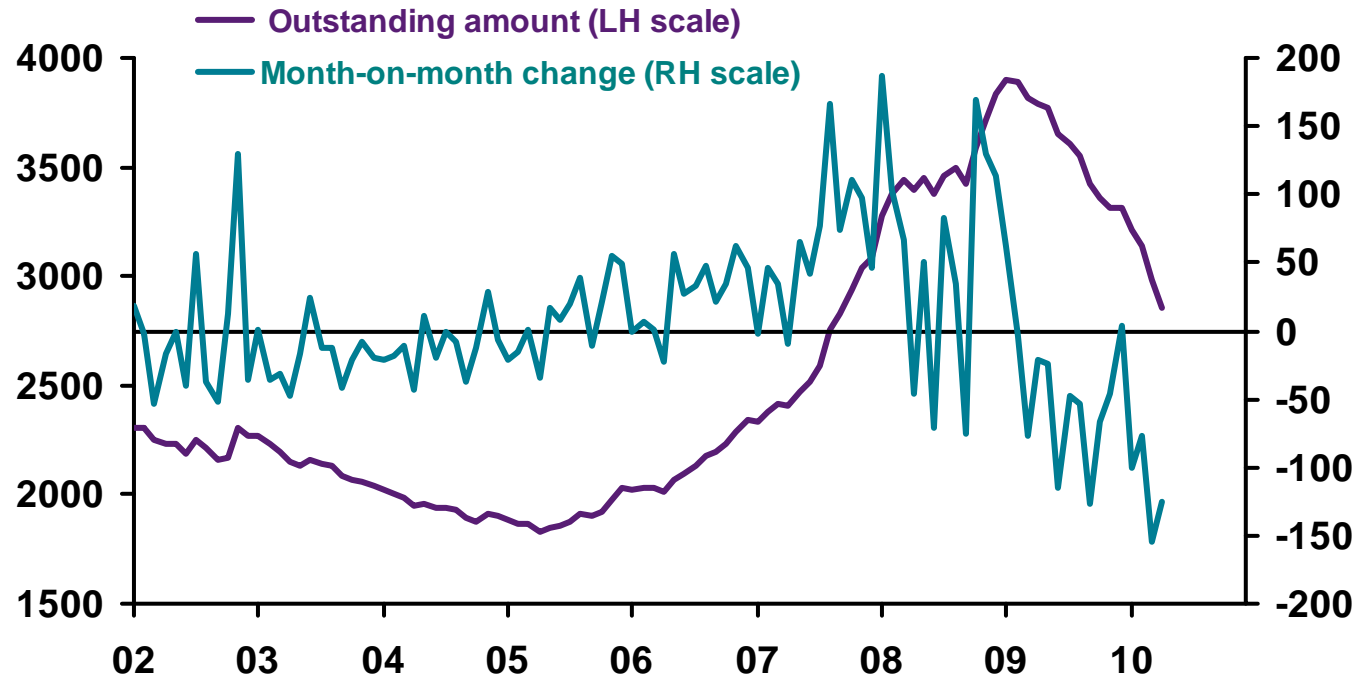
Sources: Datastream, FoF, BCE, NATIXIS

# United States: Net household savings rate



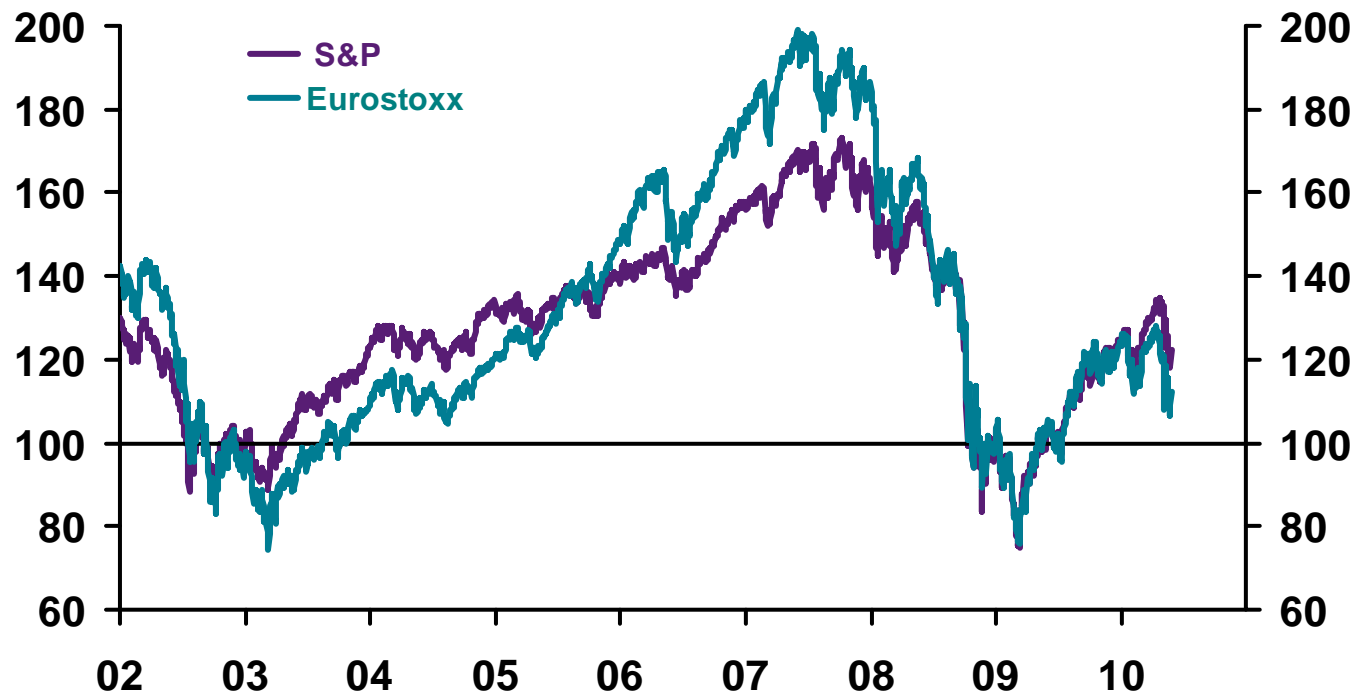
Sources: Datastream, BEA, NATIXIS

# United States: Money market funds (USD bn)



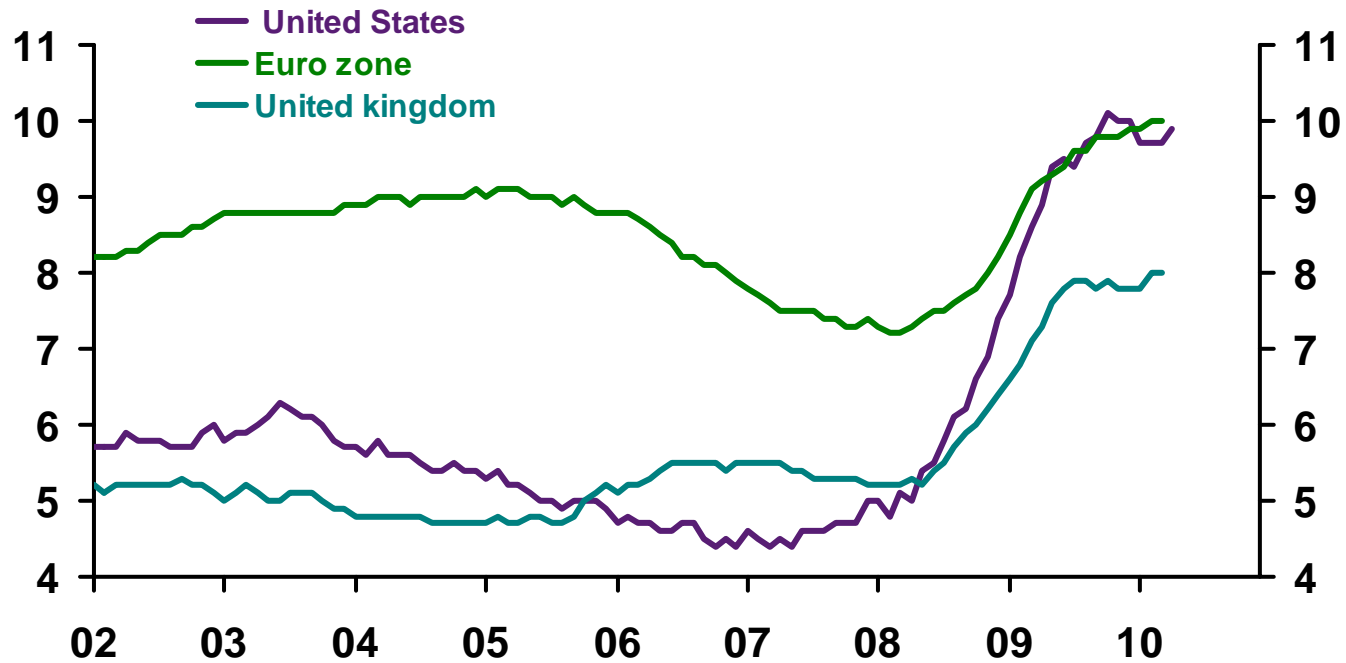
Sources: Datastream, Investment Company Institute, NATIXIS

## Stock market indices (2009:1 = 100)



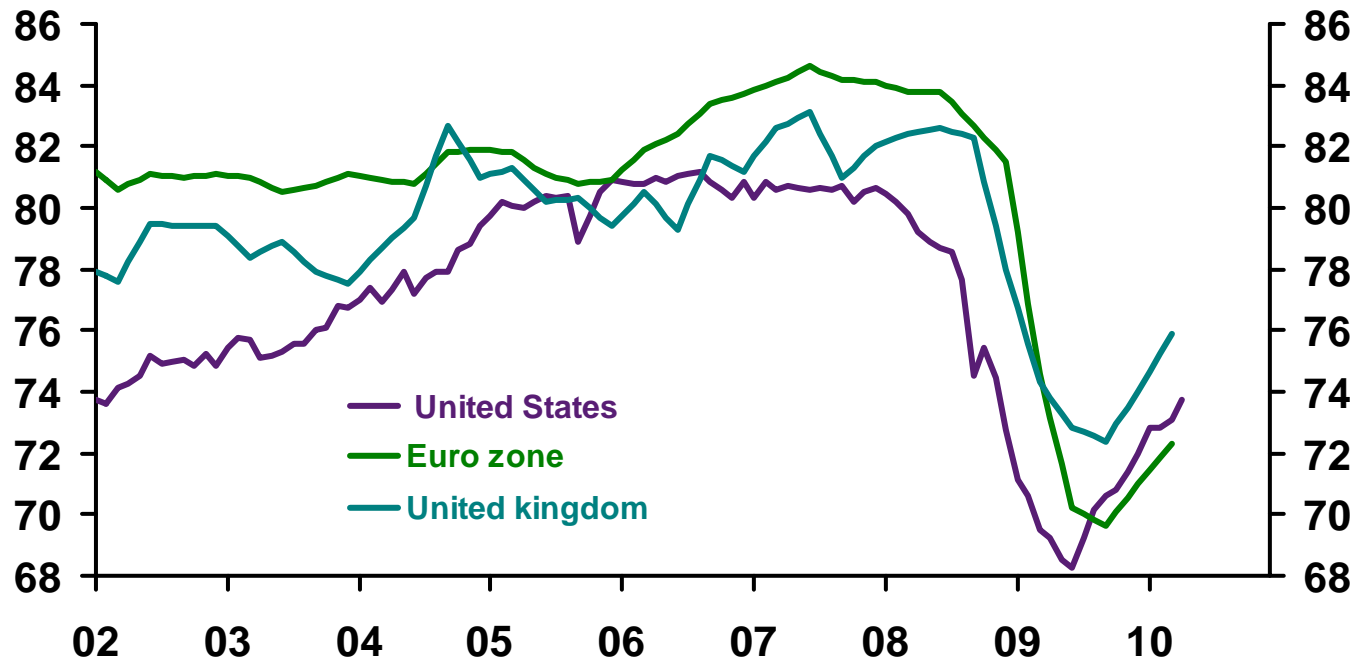
Sources: Datastream, NATIXIS

# Unemployment rate (as %)



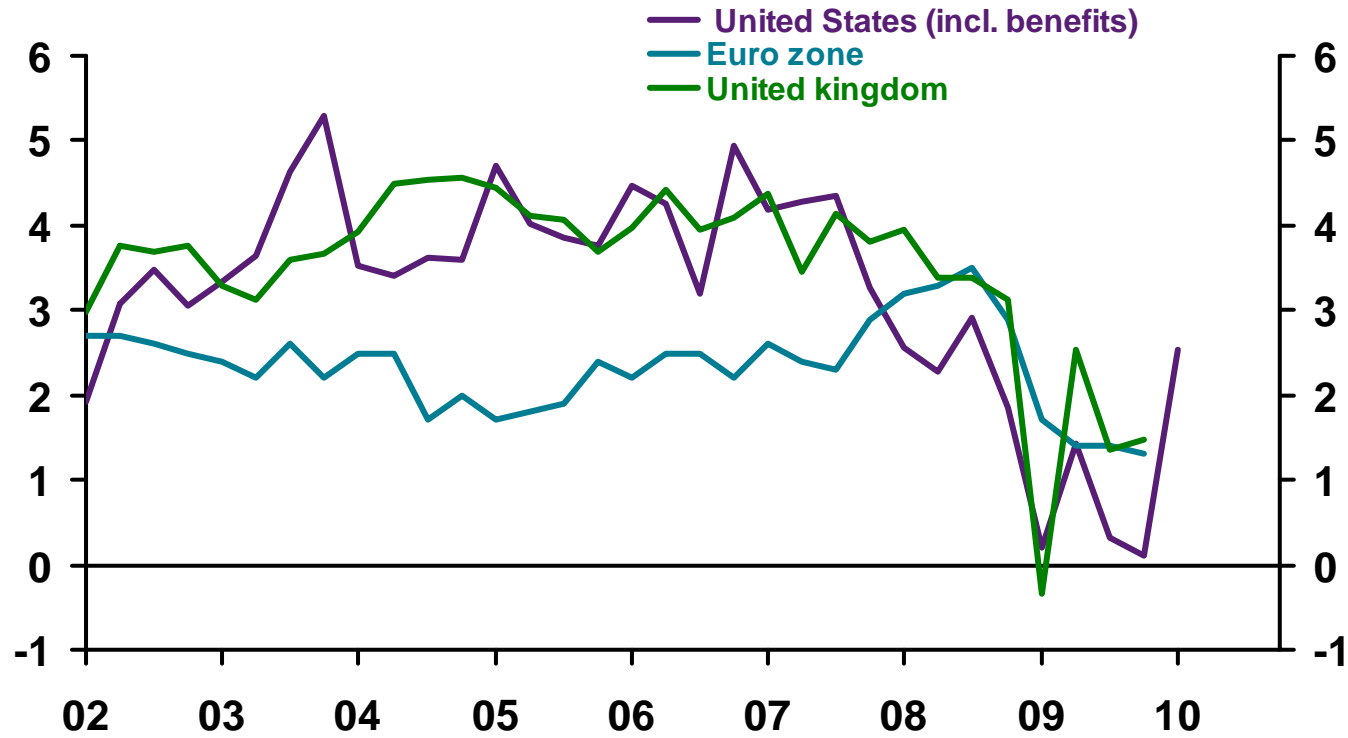
Sources: Datastream, BLS, ONS, BCE, Bureau Of MIC, NATIXIS

# Capacity utilisation rate



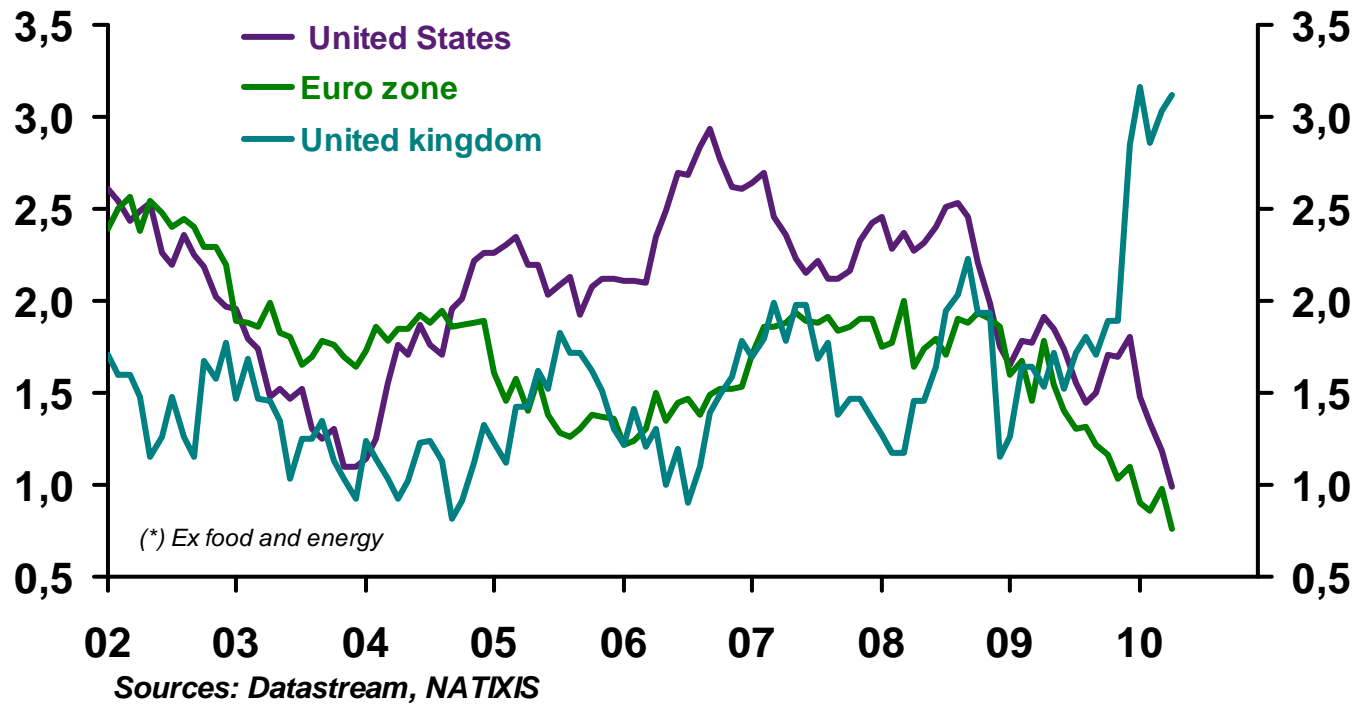
Sources: Datastream, NATIXIS

# Nominal per capita wage (Y/Y as %)

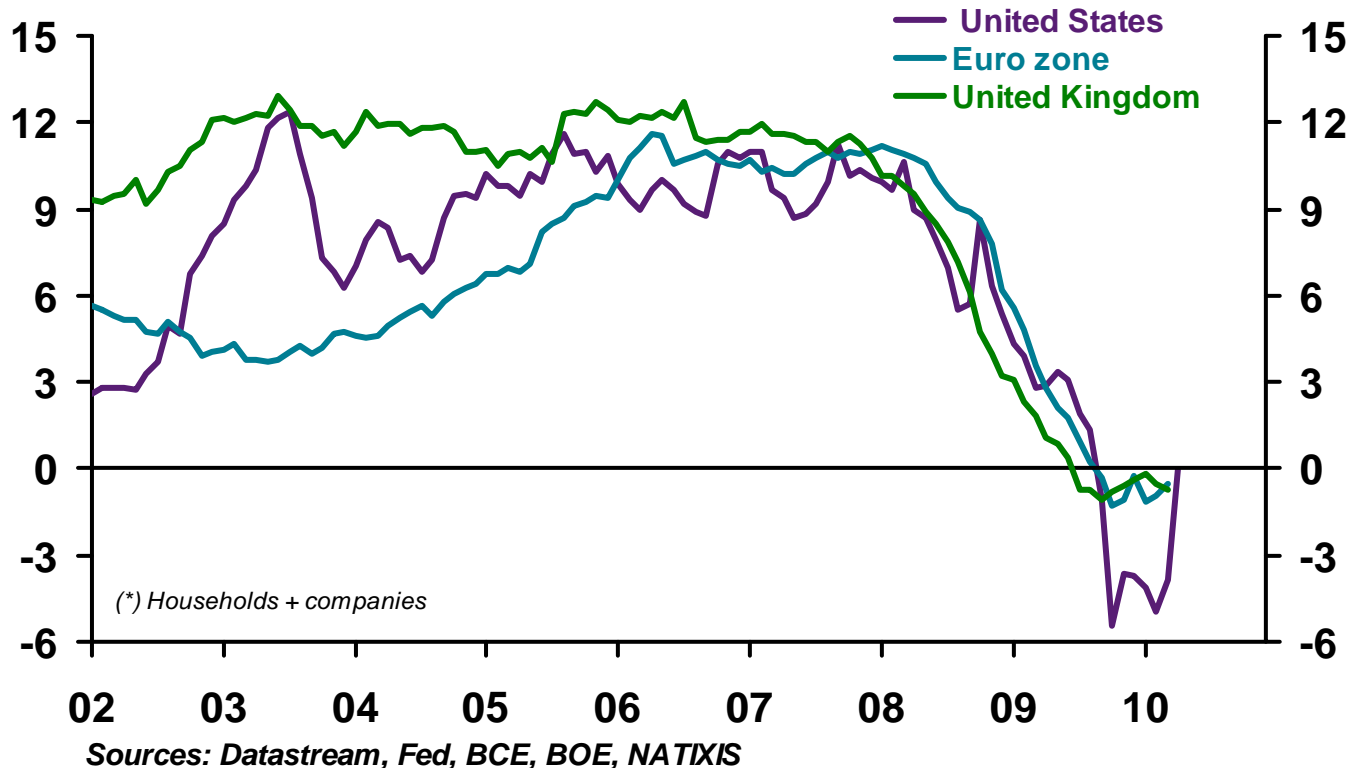


Sources: Datastream, NATIXIS

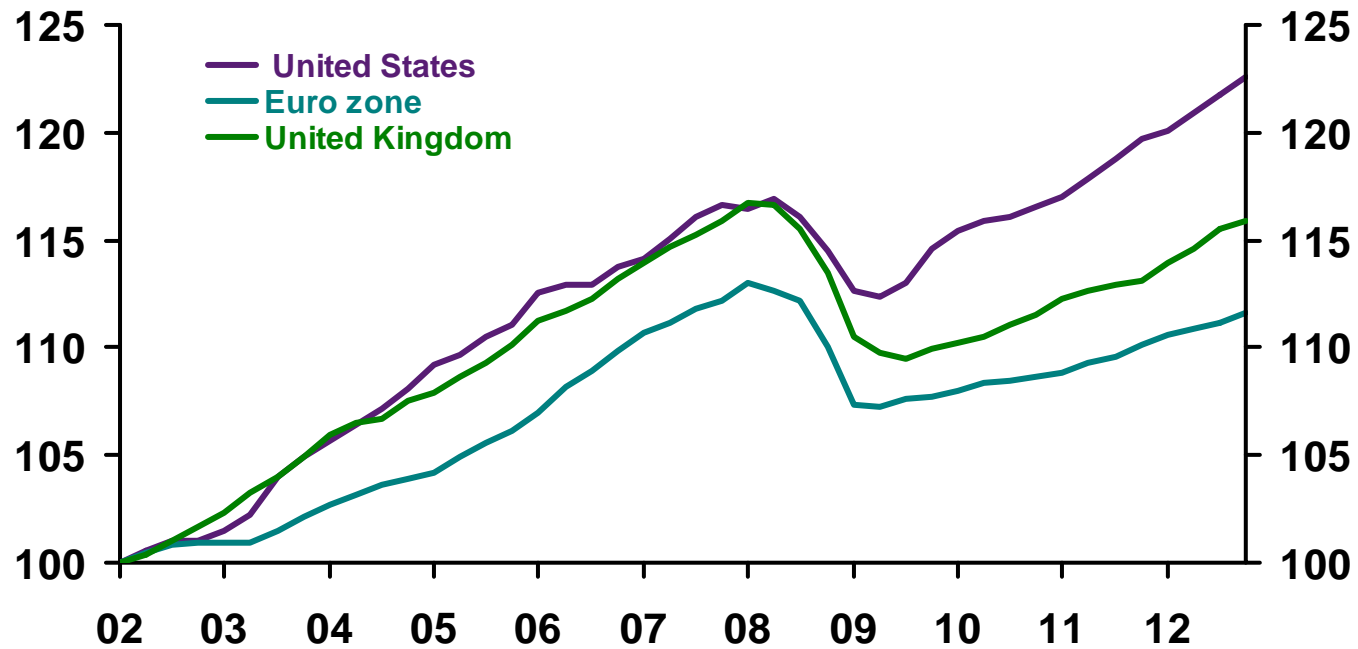
# Core\* CPI (Y/Y as %)



# Bank lending to the private sector \* (Y/Y as %)

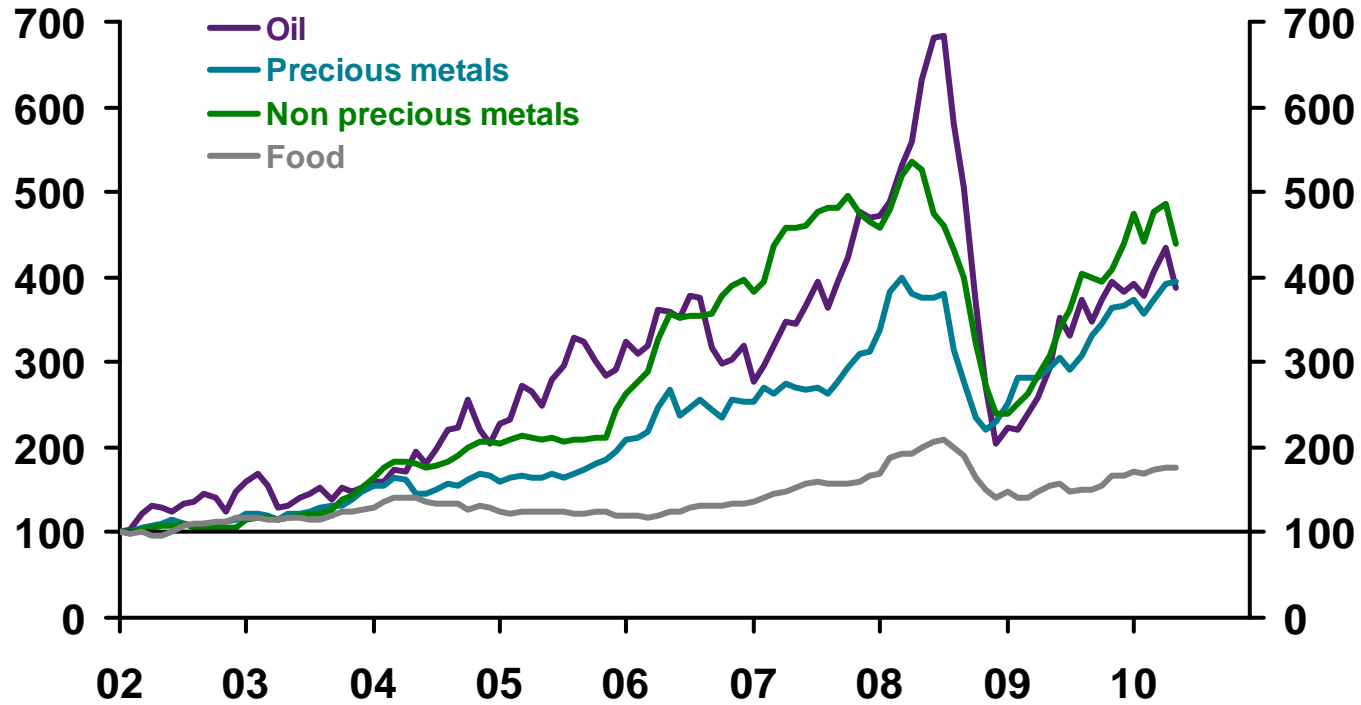


## Real GDP (2002:1 = 100)



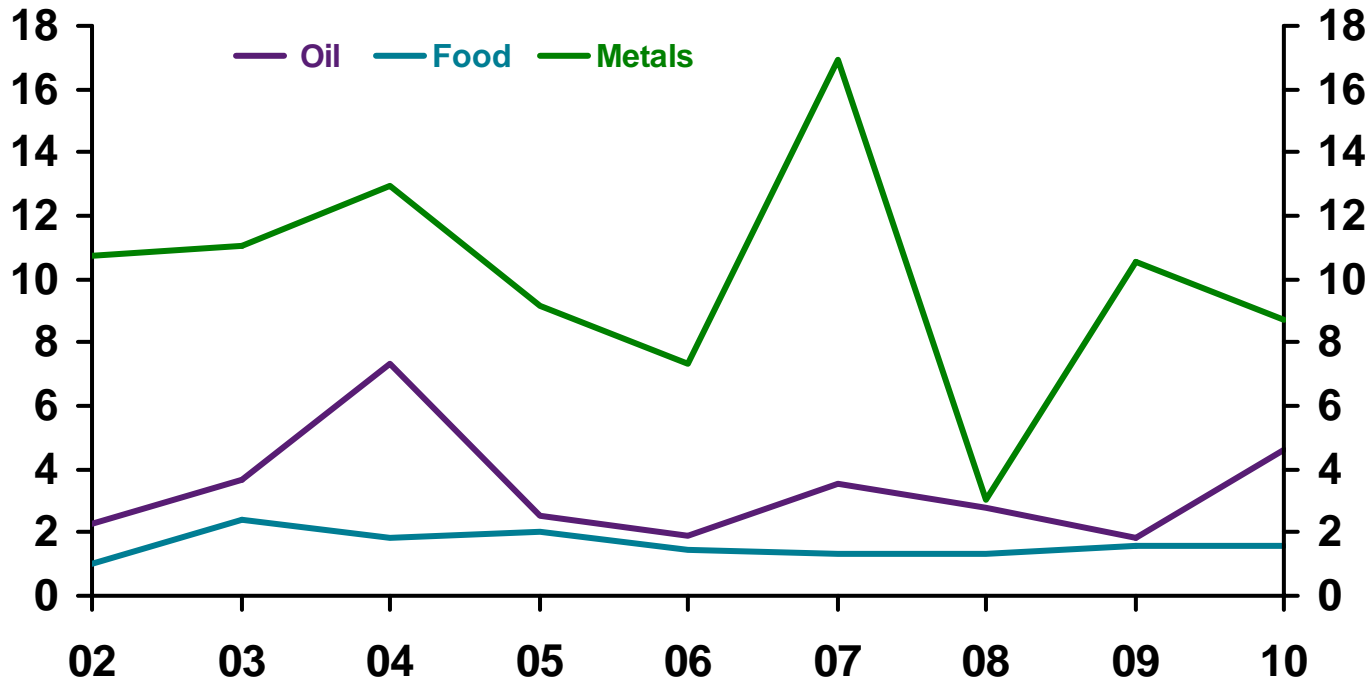
Sources: Datastream, BEA, BCE, prévisions NATIXIS

# Spot commodity prices in dollars (2002:1 = 100)



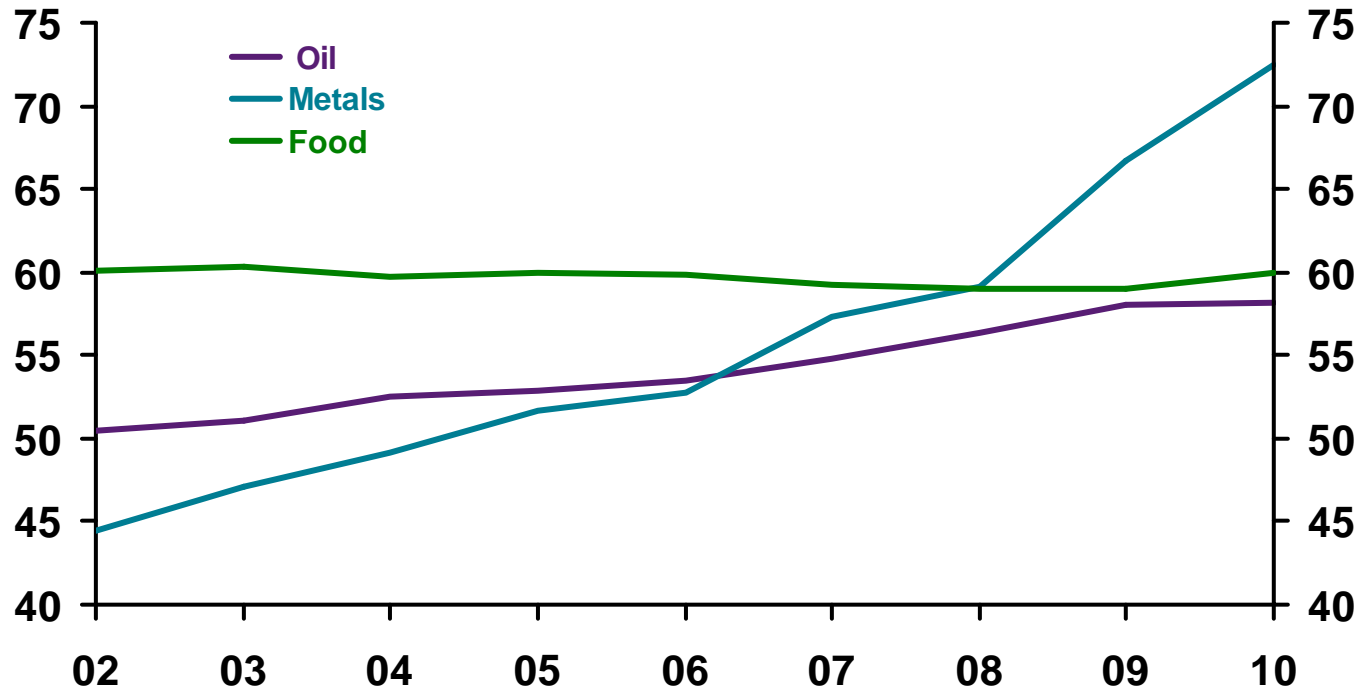
Sources: Datastream, NATIXIS

# Emerging countries as a whole including Russia and OPEC: Commodity consumption (as % per year)



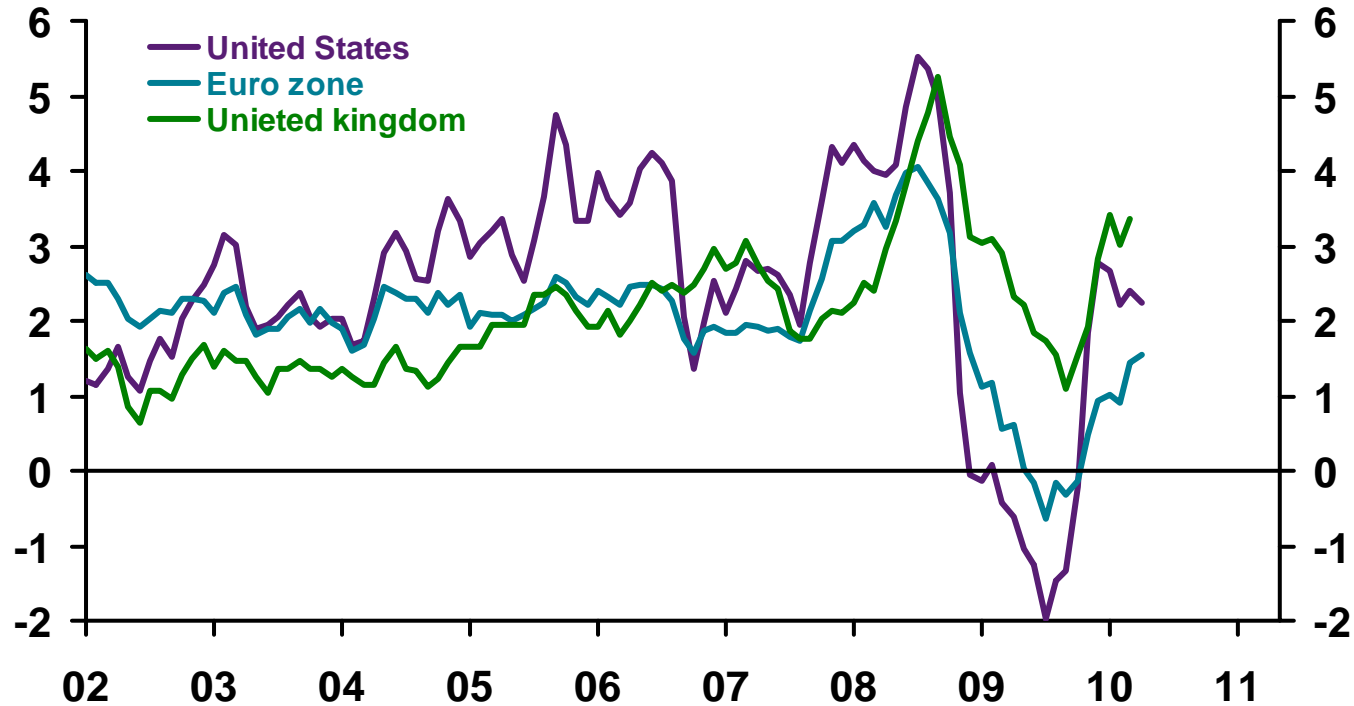
Sources: Oil Intelligence, Bureau of Metal Statistics, OECD, Natixis forecasts

# Emerging countries as a whole including Russia and OPEC: Weight in global consumption (as %)



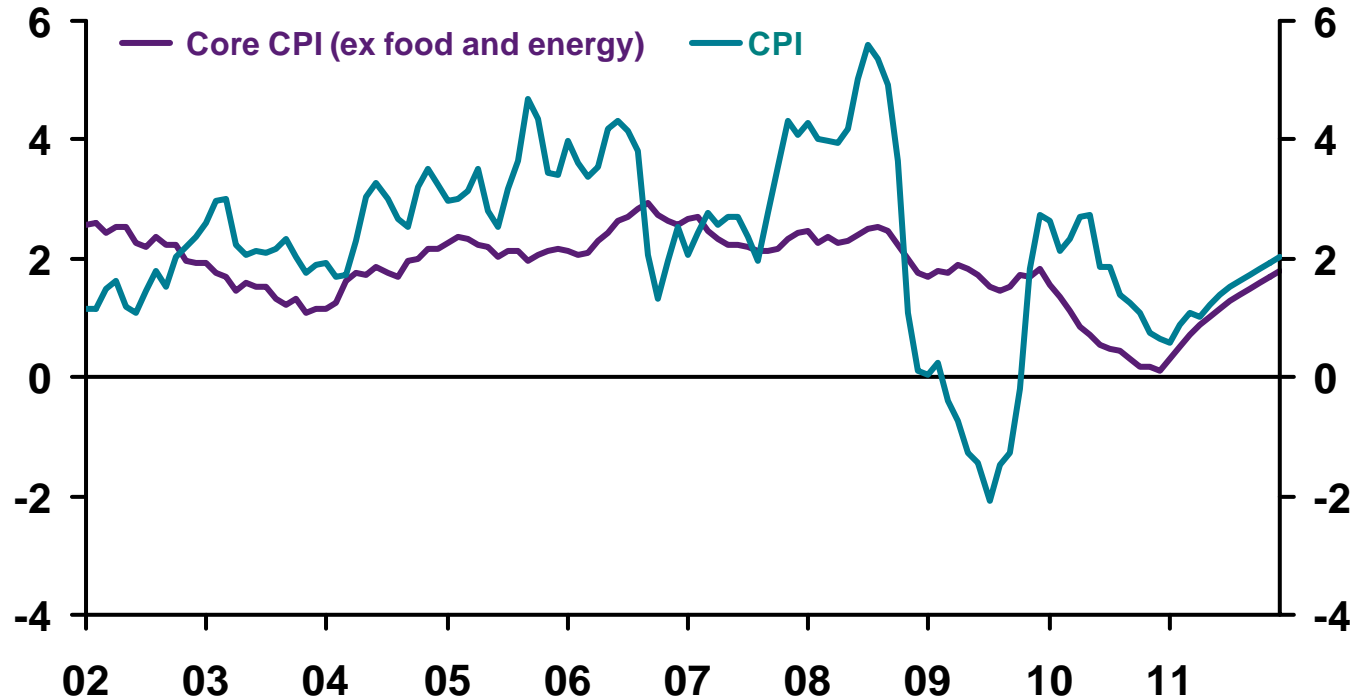
Sources: Oil Intelligence Market, Bureau Statistics of Metal, OCDE, prévisions NATIXIS

# Inflation (CPI, Y/Y as %)



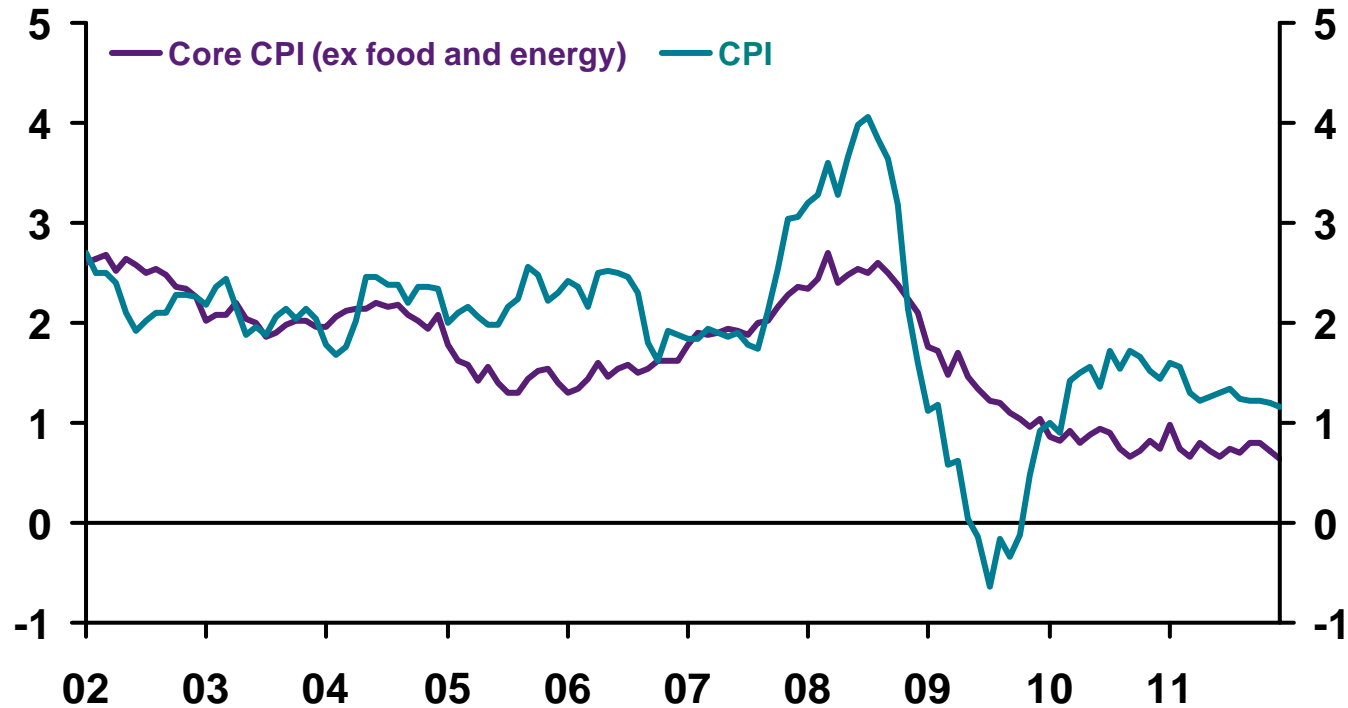
Sources: Datastream, NATIXIS

# United States: CPI and core CPI (Y/Y as %)



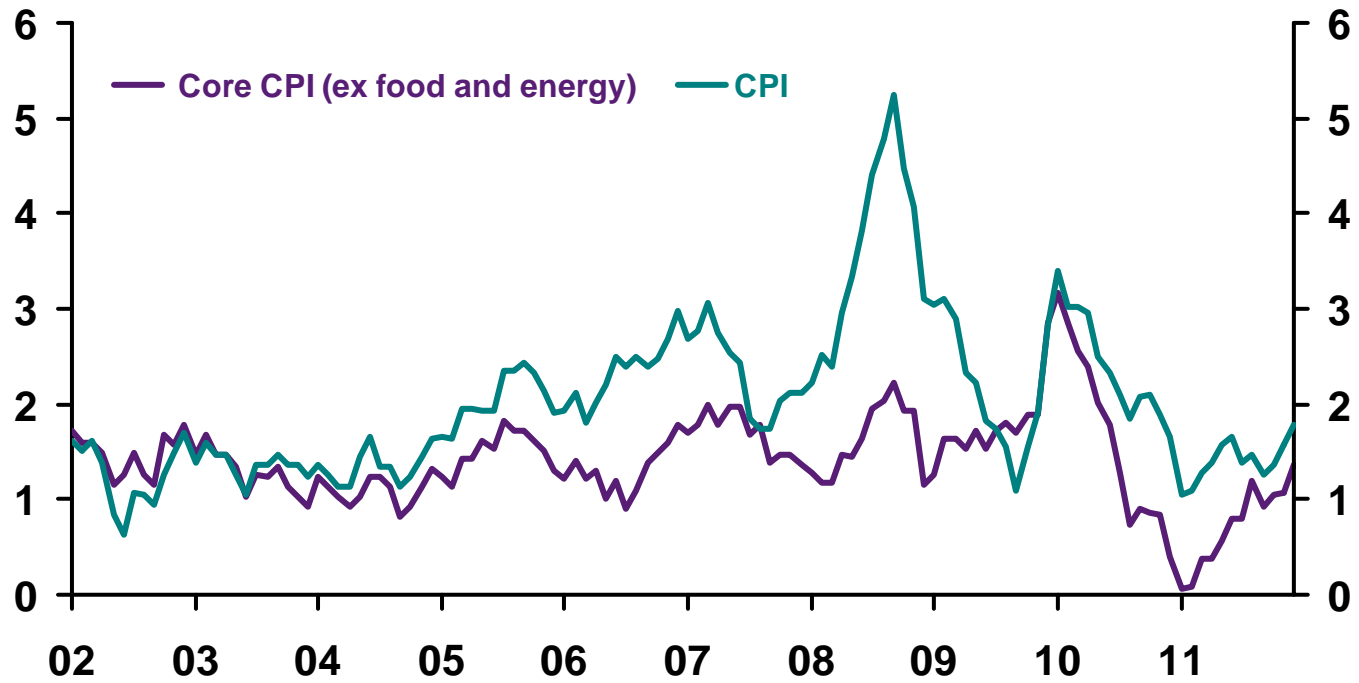
Sources: Datastream, Prévisions NATIXIS

# Euro zone: CPI and core CPI (Y/Y as %)



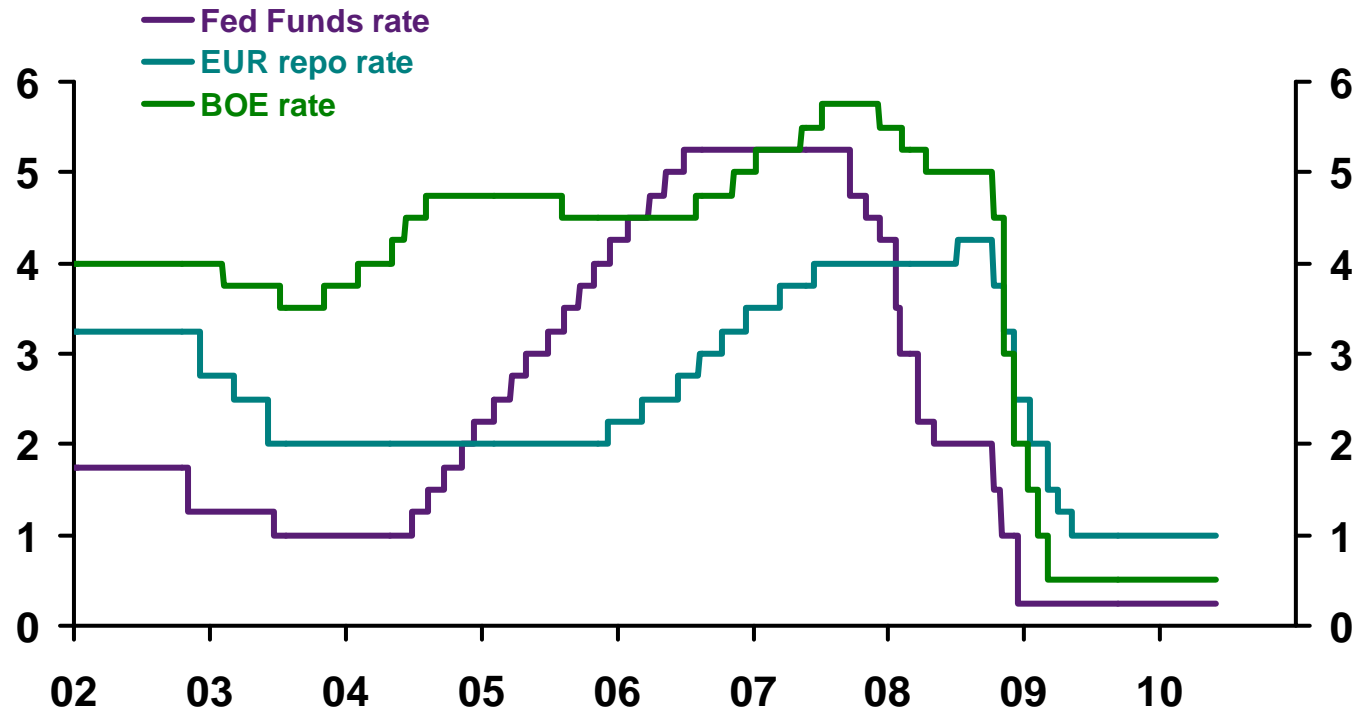
Sources: Datastream, Prévisions NATIXIS

# United Kingdom: CPI and core CPI (Y/Y as %)



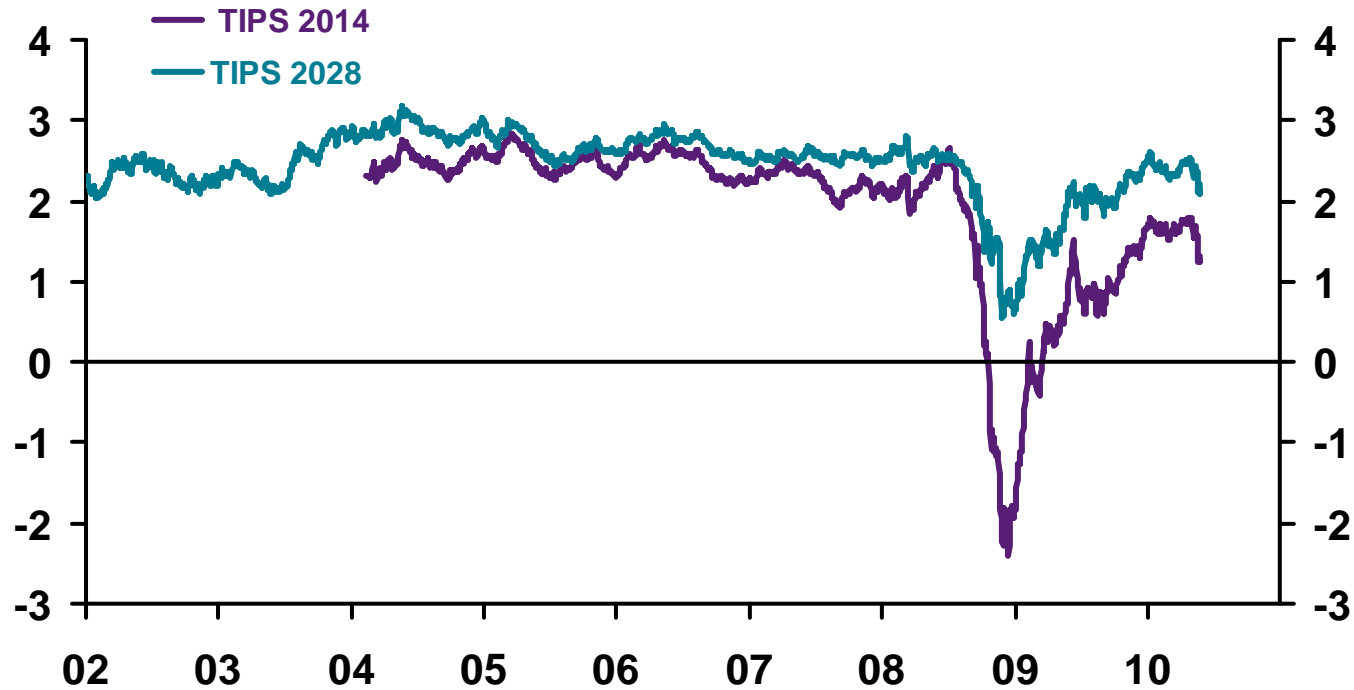
Sources: Datastream, Prévisions NATIXIS

# Key intervention rates



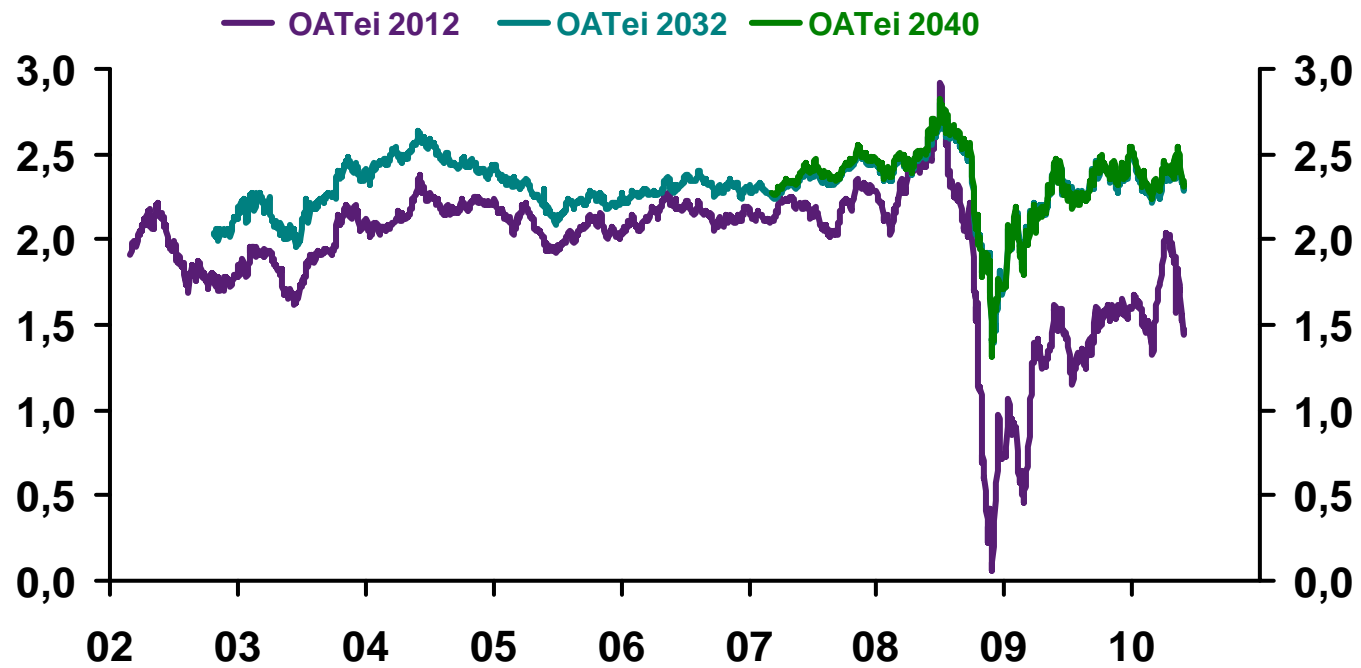
Sources: Datastream, BoE, NATIXIS

# United States: Breakeven inflation



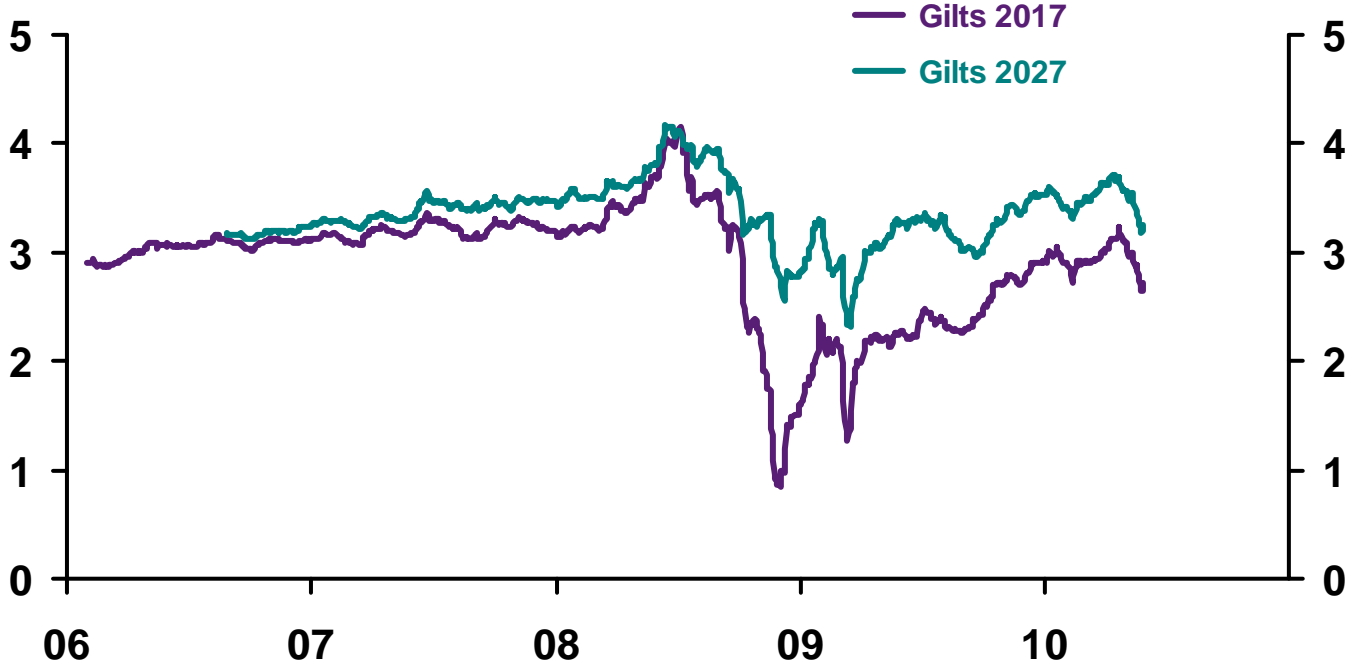
Sources: Datastream, Bloomberg, NATIXIS

# Euro zone: Breakeven inflation



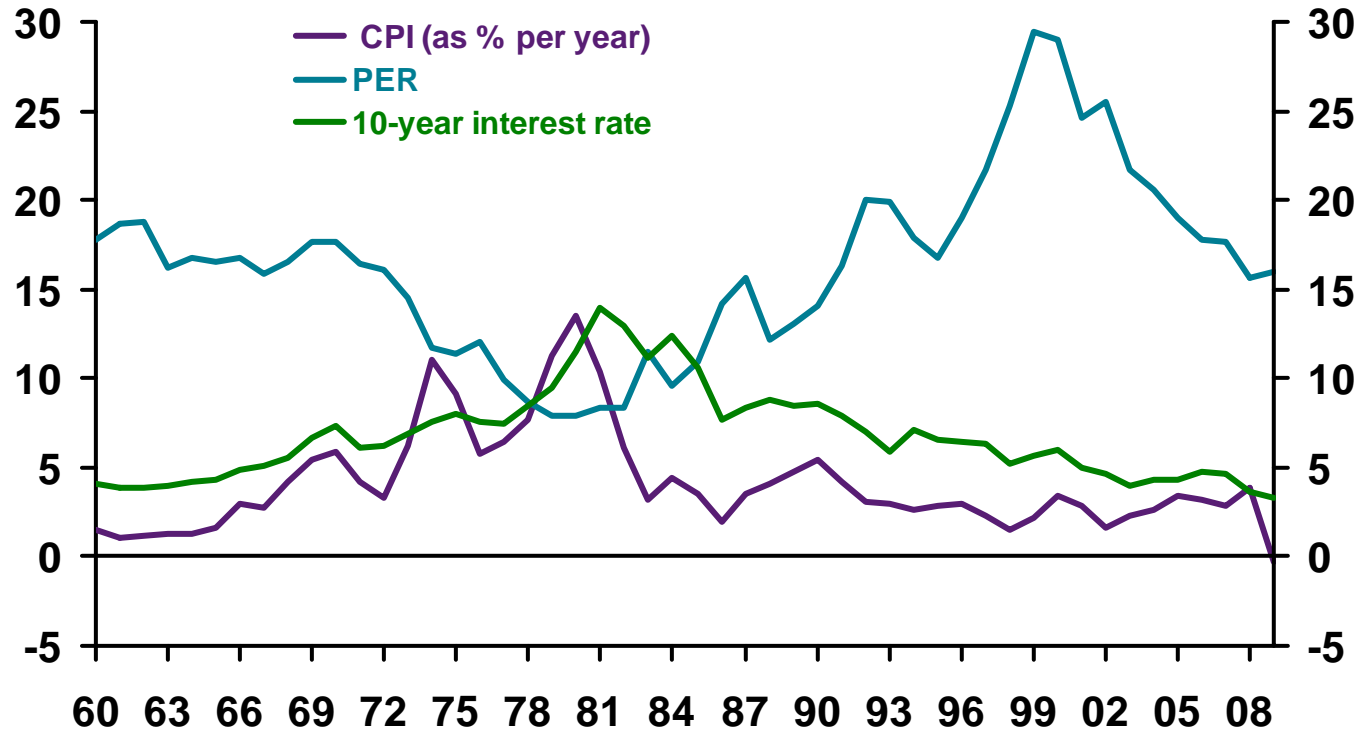
Sources: Datastream, Bloomberg, NATIXIS

# United Kingdom: Breakeven inflation



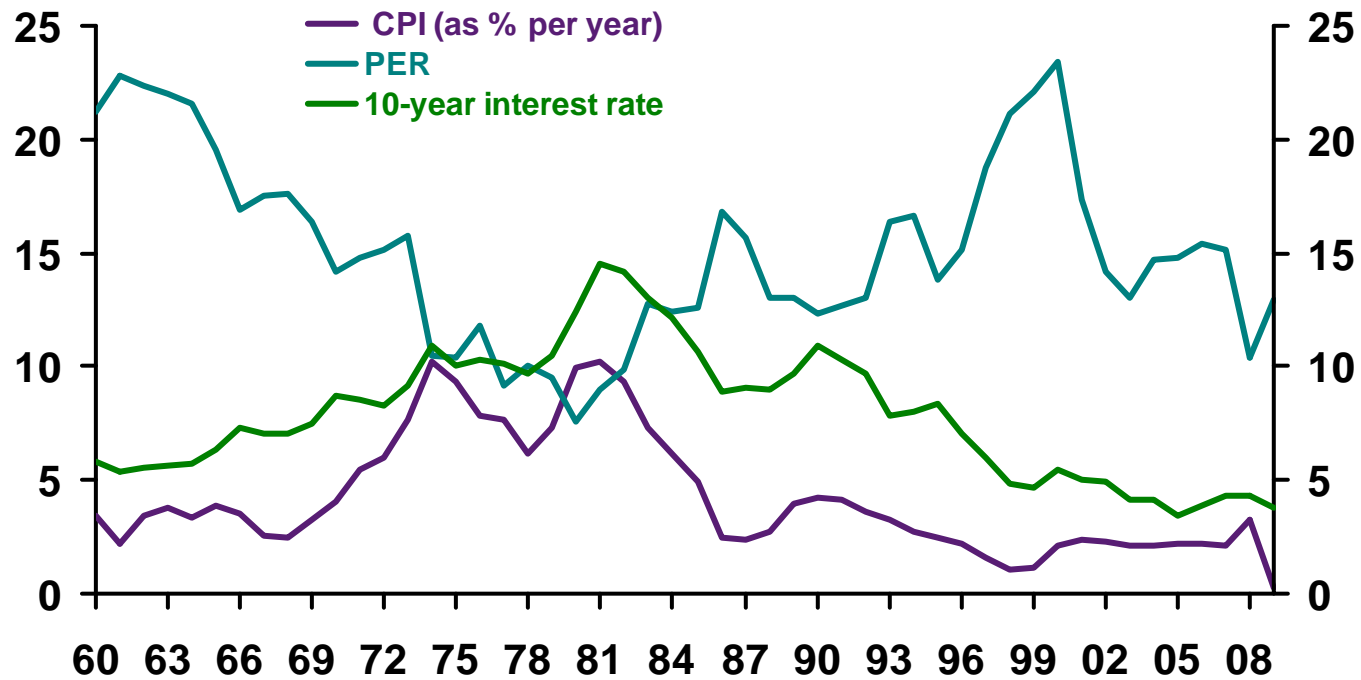
Sources: Datastream, Bloomberg, NATIXIS

# United States: PER, CPI and interest rate



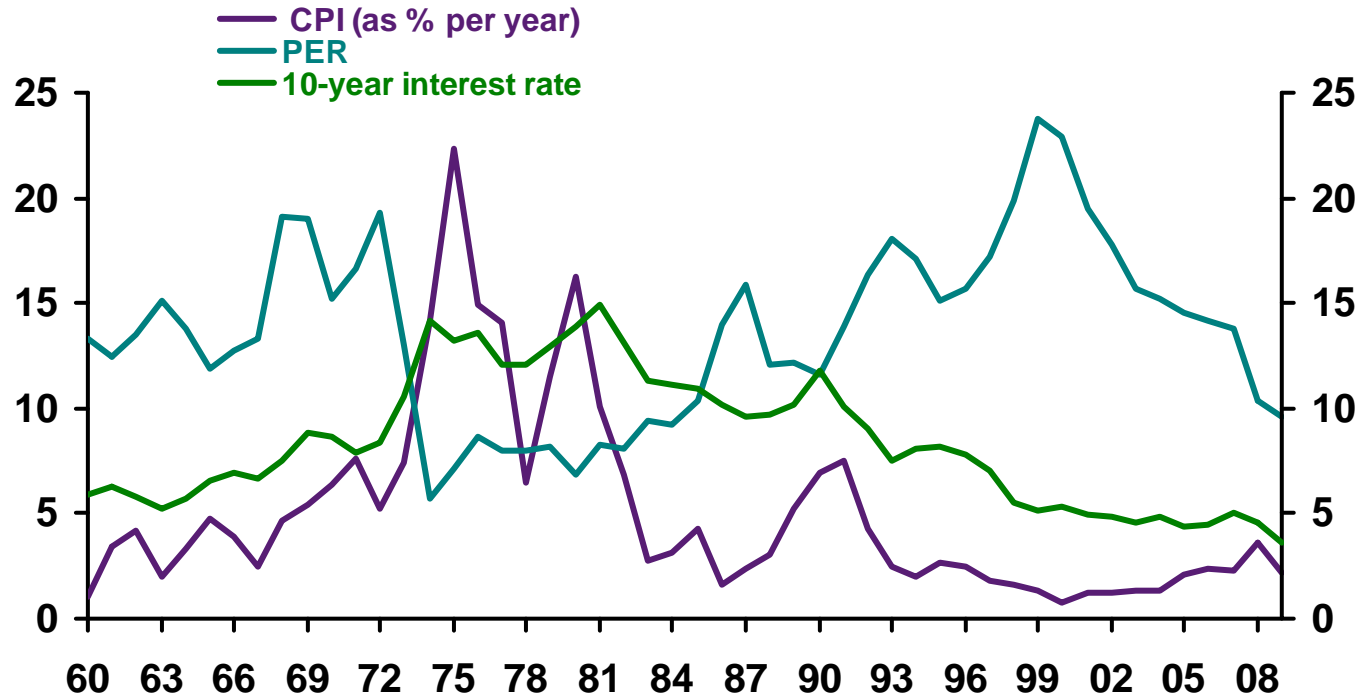
Sources: Datastream, OCDE, NATIXIS

# Euro zone: PER, CPI and interest rate



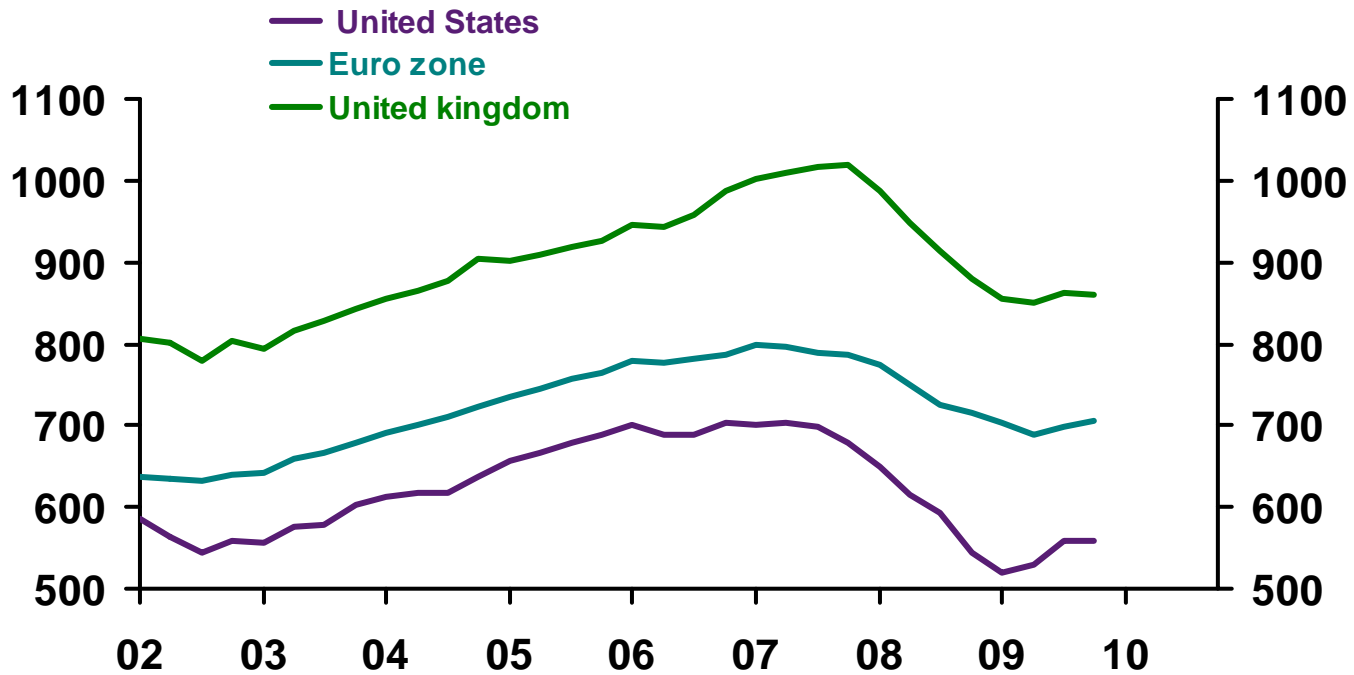
Sources: Datastream, OCDE, NATIXIS

# United Kingdom: PER, CPI and interest rate



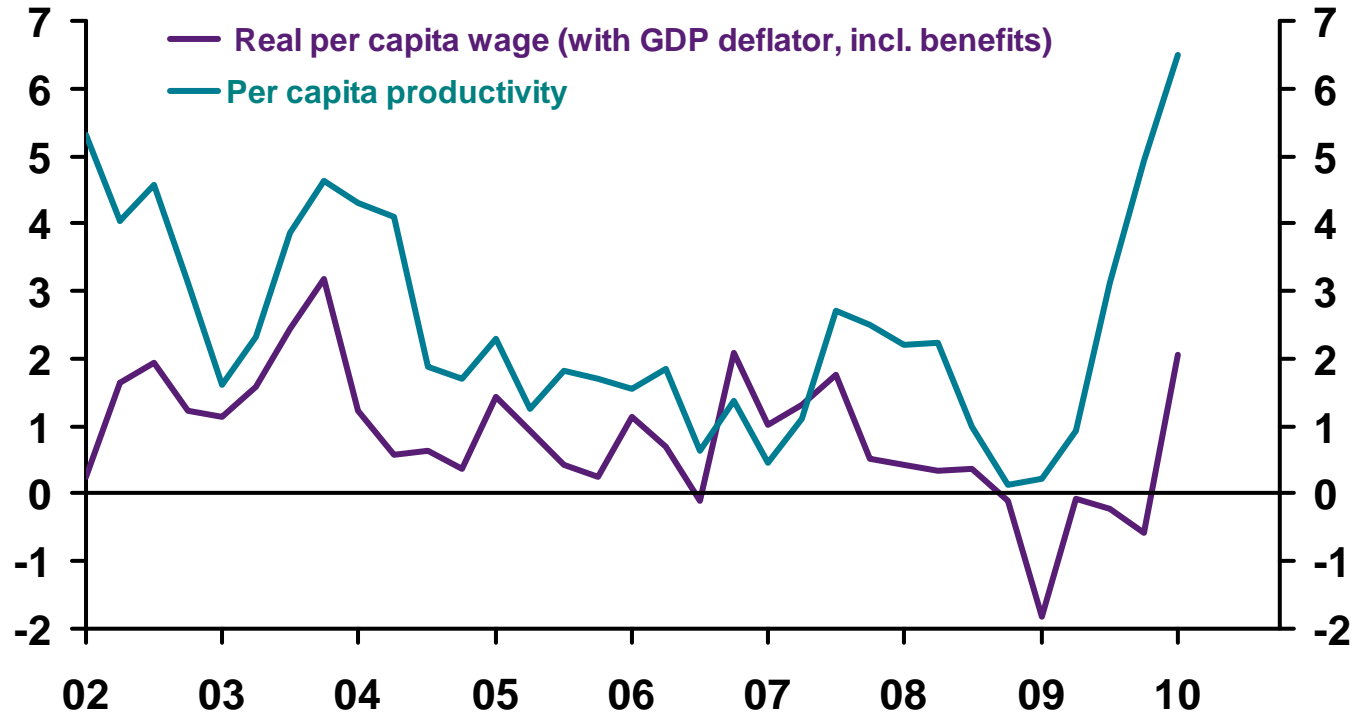
Sources: Datastream, OCDE, NATIXIS

# Household financial and property wealth (as % of GDI)



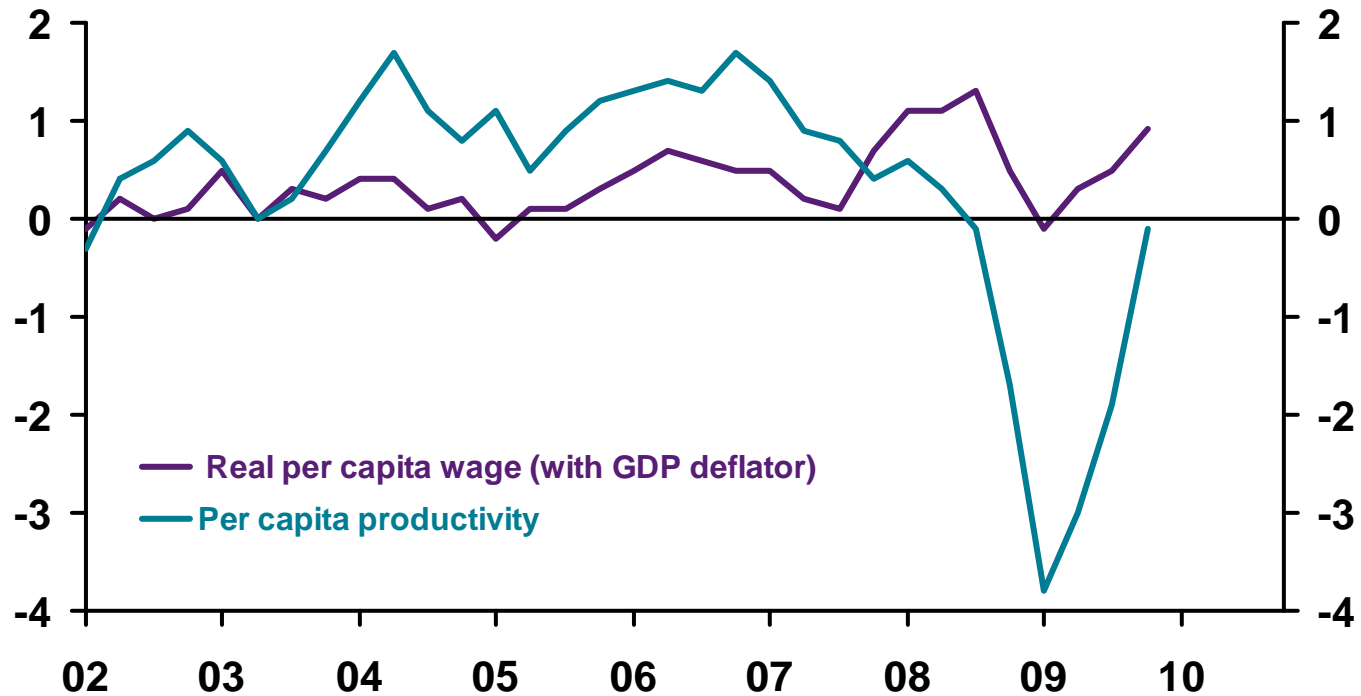
Sources: Datastream, FoF, BCE, BOE, NATIXIS

# United States: Per capita productivity and real wage (Y/Y as %)



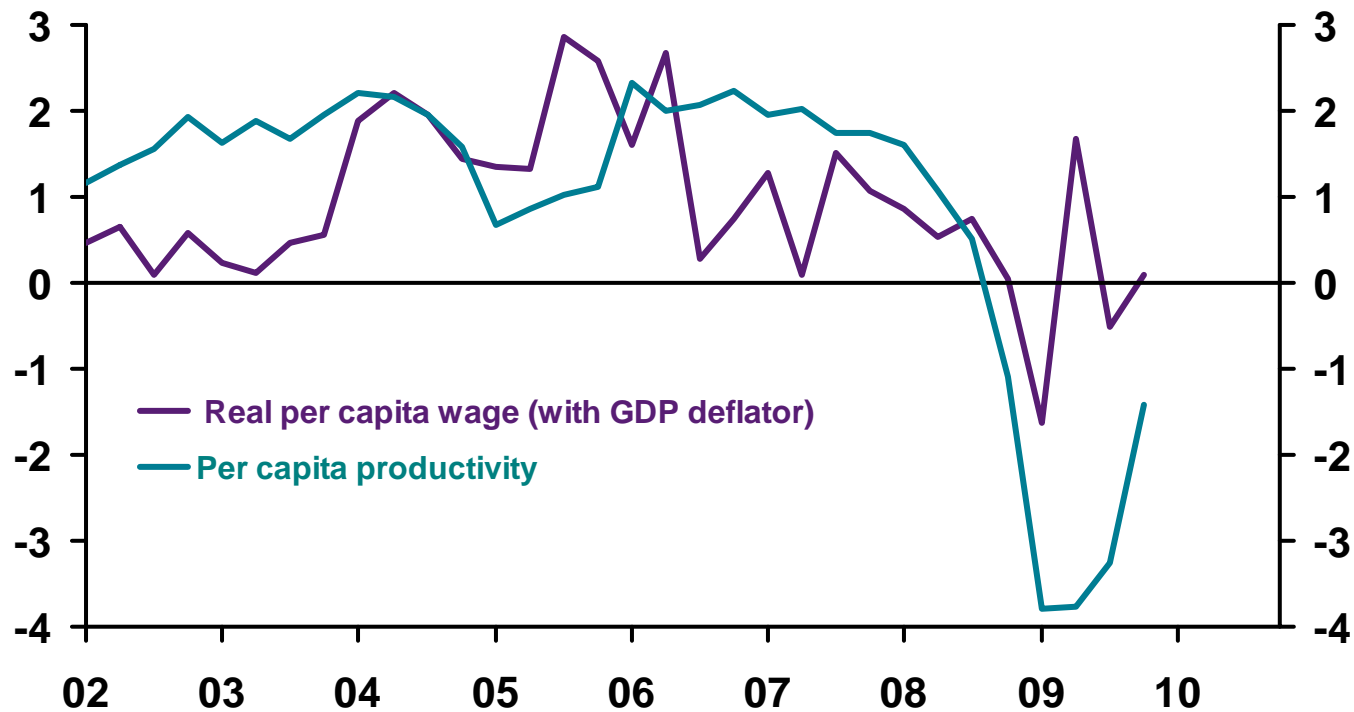
Sources: Datastream, NATIXIS

# Euro zone: Per capita productivity and real wage (Y/Y as %)



Sources: Datastream, BCE, NATIXIS

# United Kingdom: Per capita productivity and real wage (Y/Y as %)



Sources: Datastream, NATIXIS

## Total EPS growth (average, as % per year)

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	S&P	Eurostoxx	FTSE
2006	17.4	14.7	13.7
2007	-7.1	6.6	21.7
2008	-36.4	-26.8	-20.3
2009	10.8	-17.7	-34.9
2010	31.4	22.0	39.6
2011	19.8	17.3	24.3
2012	14.9	8.9	11.1

Sources: Consensus JCF, Natixis