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# **POLITICAL REFORM AND CHANGE IN THE EZ**

## HOW MUCH SHOULD INVESTORS CARE?

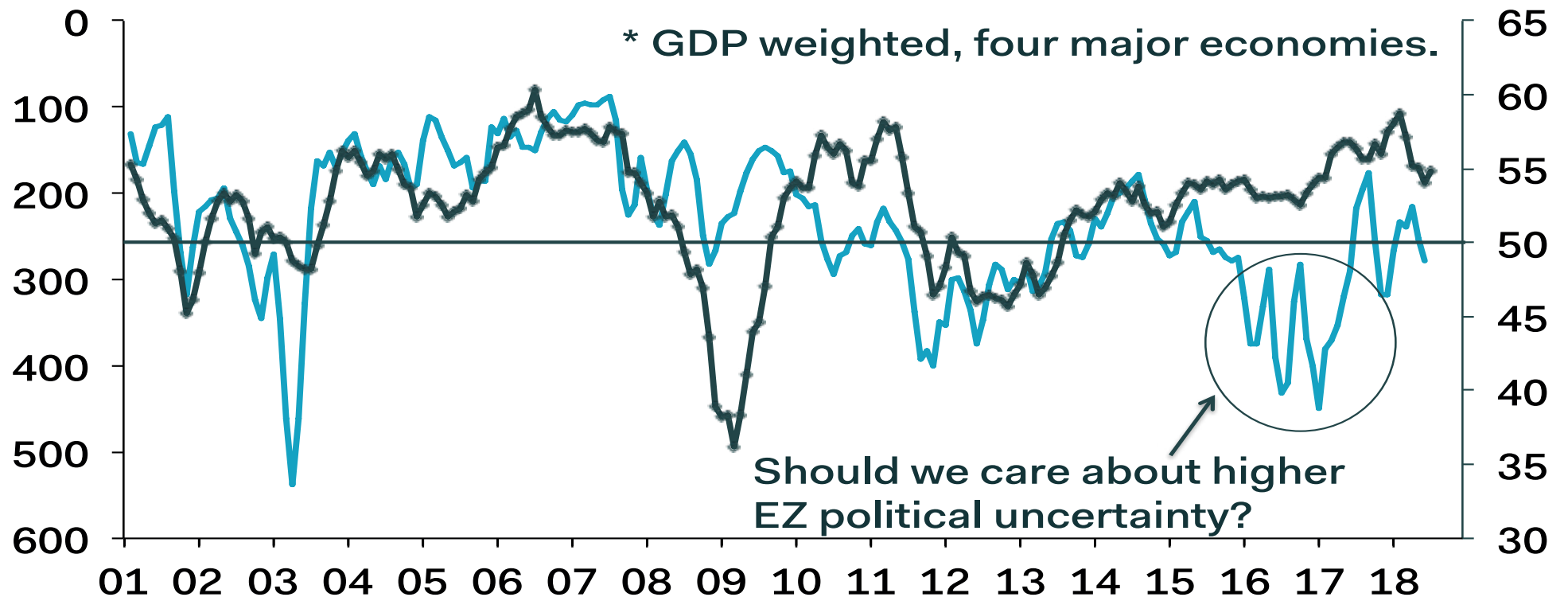
**EUROZONE WEBINAR, 11 JULY 2018**

CLAUS VISTESEN, CHIEF EUROZONE ECONOMIST  
[WWW.PANTHEONMACRO.COM](http://WWW.PANTHEONMACRO.COM) |



## 1. HOW IMPORTANT IS POLITICAL UNCERTAINTY FOR EZ INVESTORS?

- Eurozone, uncertainty index\*, Baker, Bloom and Davis, inverted, (Left)
- Eurozone composite PMI, (Right)

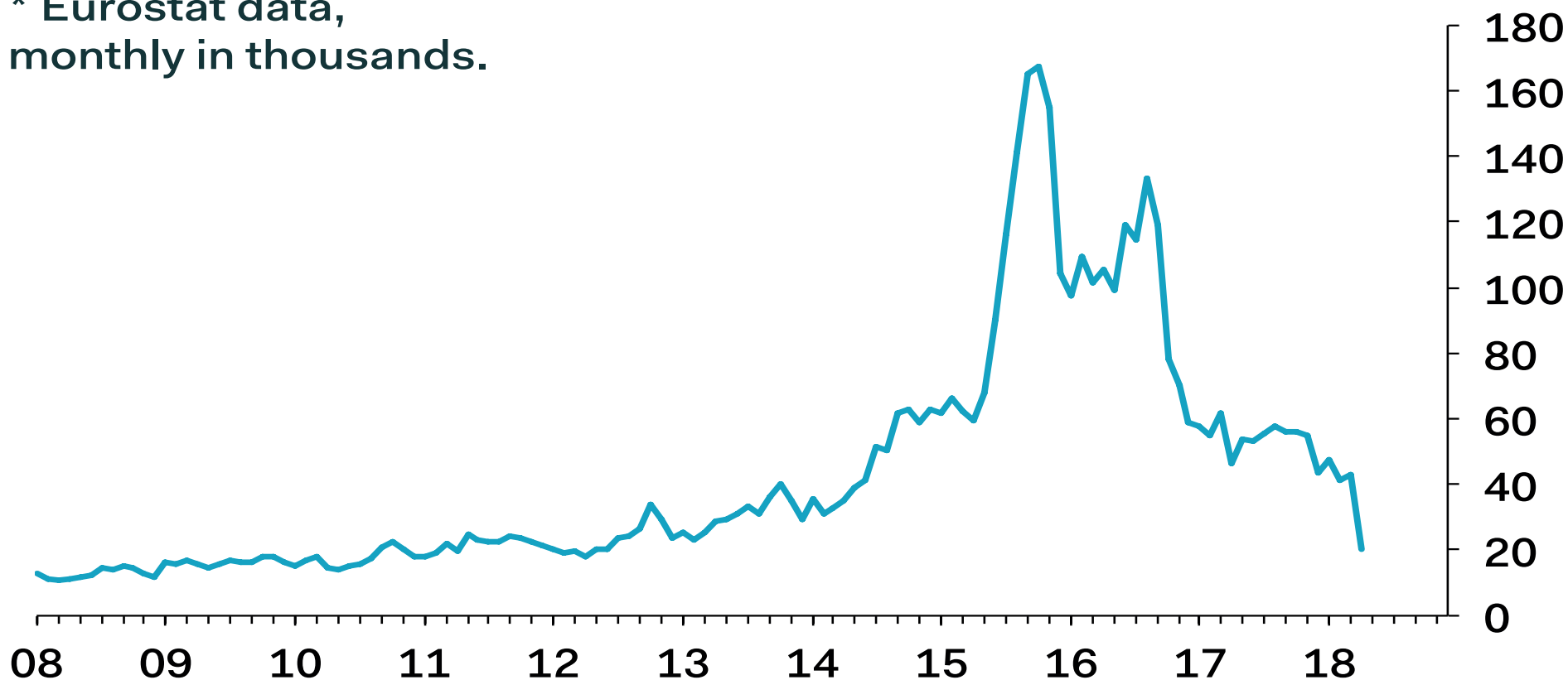




## 2. THE EU CLAMPS DOWN ON MIGRATION, JUST AS THE FLOW IS RECEDING

### — First-time asylum applications, EU 28\*

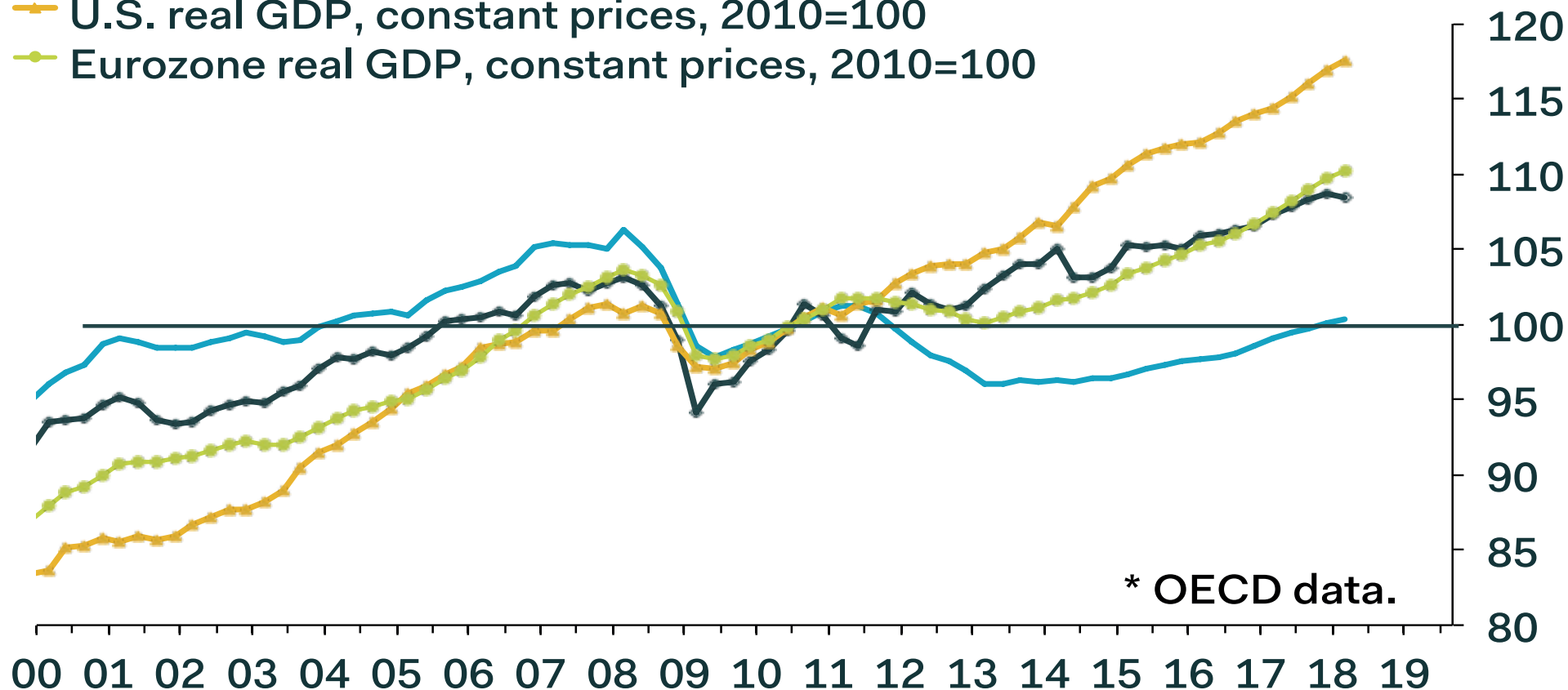
\* Eurostat data,  
monthly in thousands.





### 3. WILL ITALY BLOW A HOLE IN THE EUROPEAN PROJECT?

- Italy real GDP, constant prices, 2010=100
- Japan real GDP, constant prices, 2010=100
- U.S. real GDP, constant prices, 2010=100
- Eurozone real GDP, constant prices, 2010=100

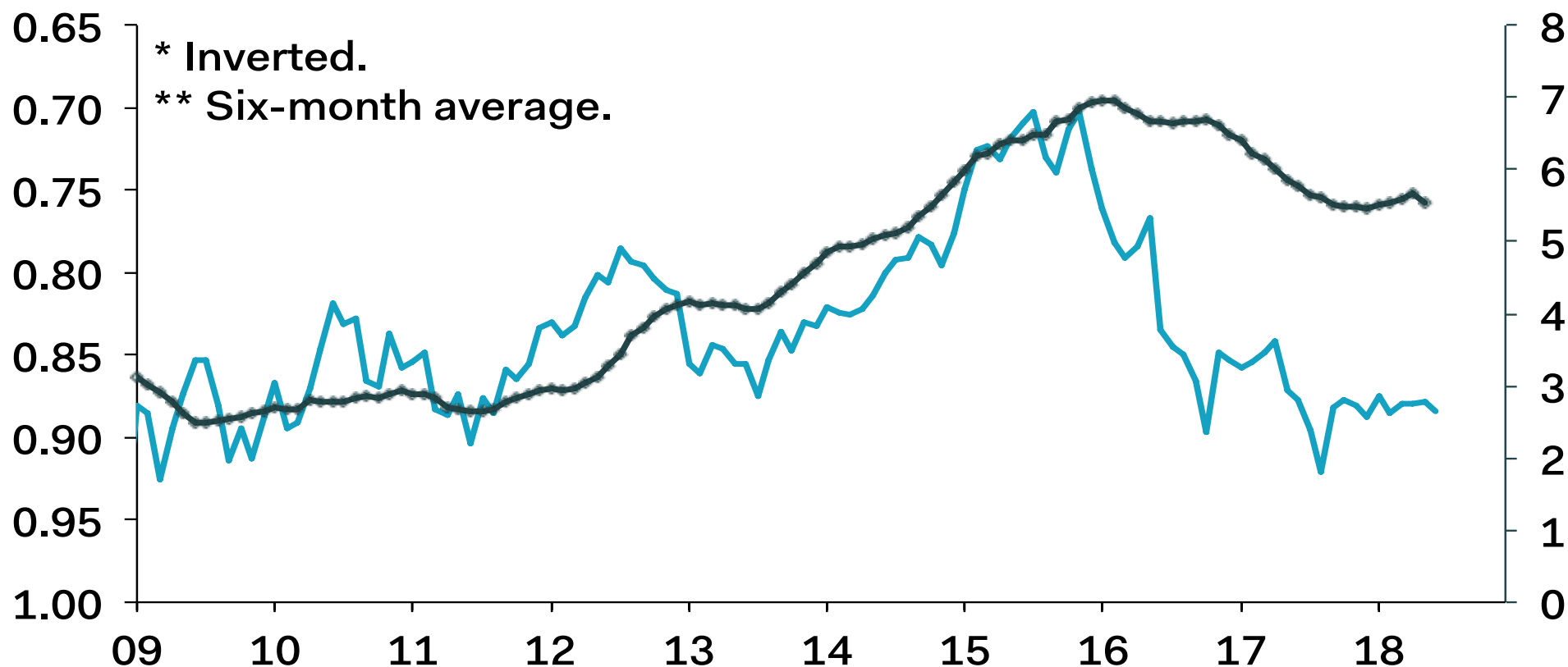




## 4. ON A SCALE FROM 1 TO 10; HOW MUCH DOES THE EU CARE ABOUT BREXIT?

— EURGBP (Left)\*

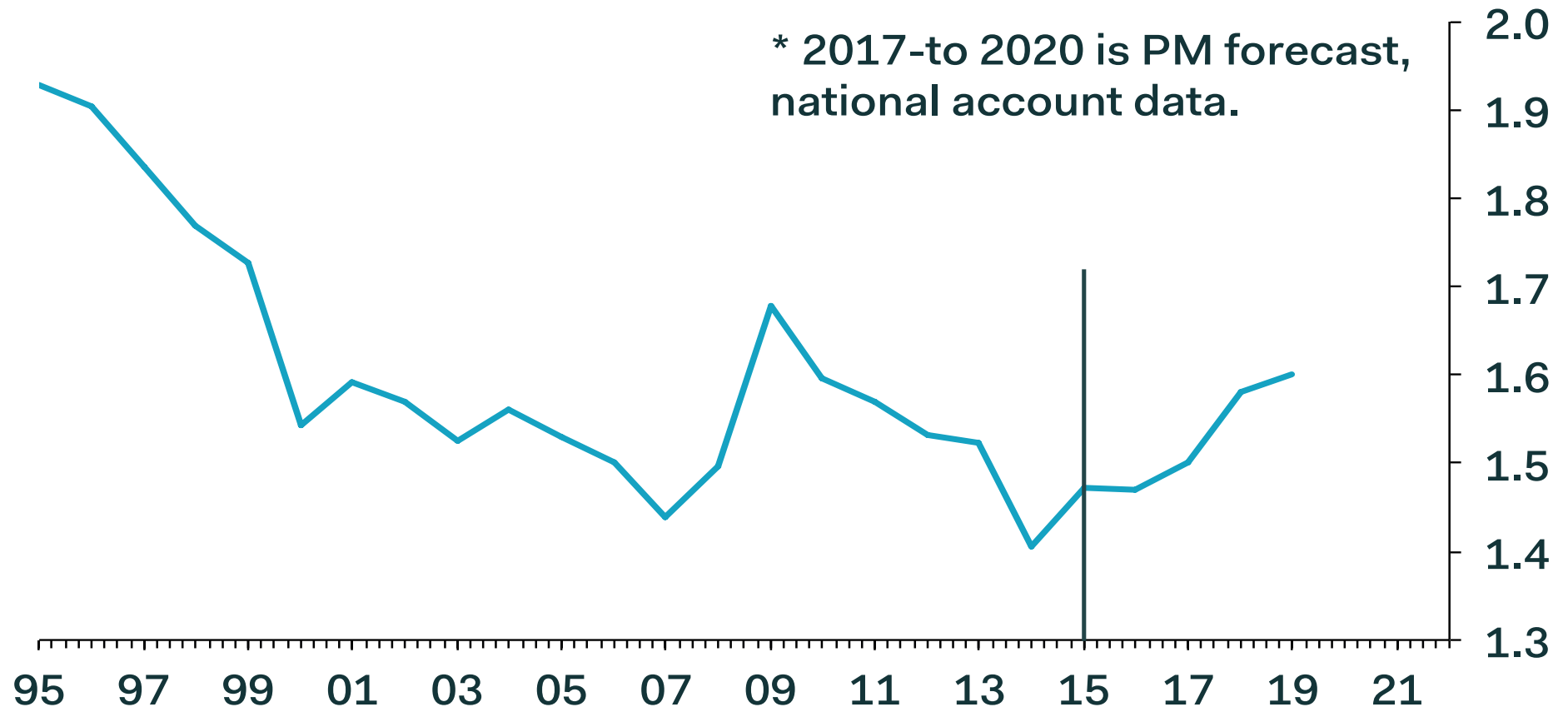
— Major EZ economies, trade surplus with the U.K., €B (Right)\*\*





## 5. EUROPE'S ACHILLES HEEL, BUT IS CHANGE COMING?

— Defence spending and capex, EZ majors, % of GDP\*





## 6. HOW WILL THE ECB LOOK AFTER THE TENURE OF MR. DRAGHI?

### — ECB Balance Sheet, €B

QE of €80B per month until end March 2017, €60B until December 2017, a reduction to €30B starting January 2018 until September, and then a taper to zero at the end of the year.

