

# Challenges for the global economy

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**Container Owners Association**

Rotterdam, November 14 2016



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# FIVE THINGS YOU PROBABLY DID NOT KNOW ABOUT ABN AMRO

# 1. Dutch State Owned Bank



## 2. 7<sup>th</sup> Birthday but over 250 years of history



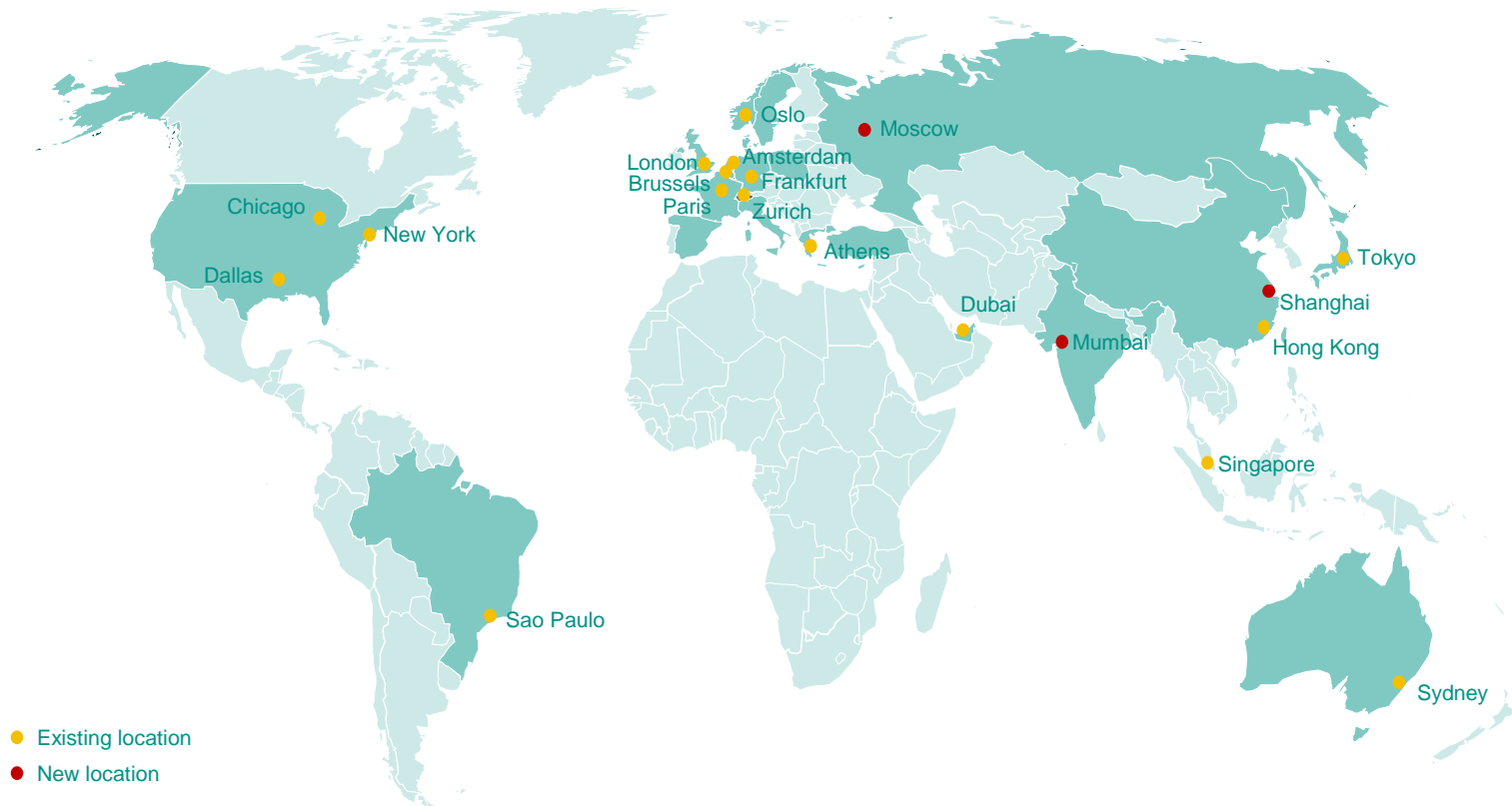
Re-established in 2009

Originally established in 1765



# 3. Worldwide presence

ABN AMRO operates in **30** countries and in all major financial centres worldwide



## Americas

- Brazil
- United States

## EMEA

- Belgium
- Denmark
- France
- Germany
- Greece
- Guernsey
- Italy
- Isle of Man
- Ireland
- Jersey

- Luxemburg
- Netherlands
- Norway
- Poland
- Spain

- Turkey
- UAE
- UK
- Sweden
- Switzerland

## Asia Pacific

- Australia
- China
- Hong Kong
- India
- Japan
- Singapore

# 4. Leading in certain in niche areas

Energy



Commodities



Transportation



Energy, Commodities and Transportation Clients -  
*a core sector for ABN AMRO*

# 5. ABN AMRO

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Algemene Bank Nederland

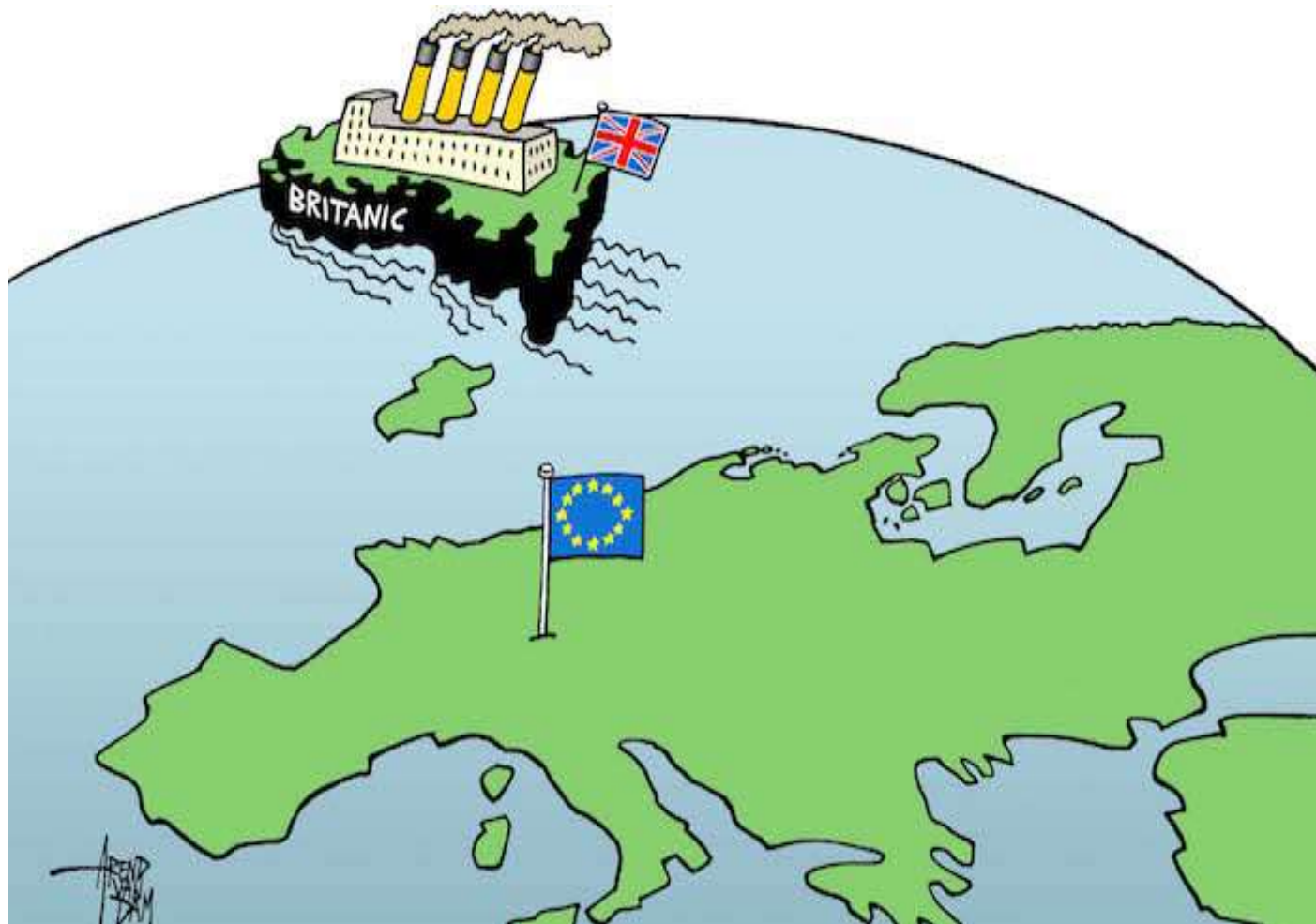
Amsterdam Bank & Rotterdam Bank





## BUT ALSO IN EUROPE!

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# AND IN SHIPPING!



## EVEN IN SPORTS!



# HOW TO BECOME A MILLIONAIRE!





# How do you feel about 2017??!

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- A. 2017 will be worse than 2016
- B. 2017 will be more or less equal
- C. 2017 will be better
- D. 2017 will be much better



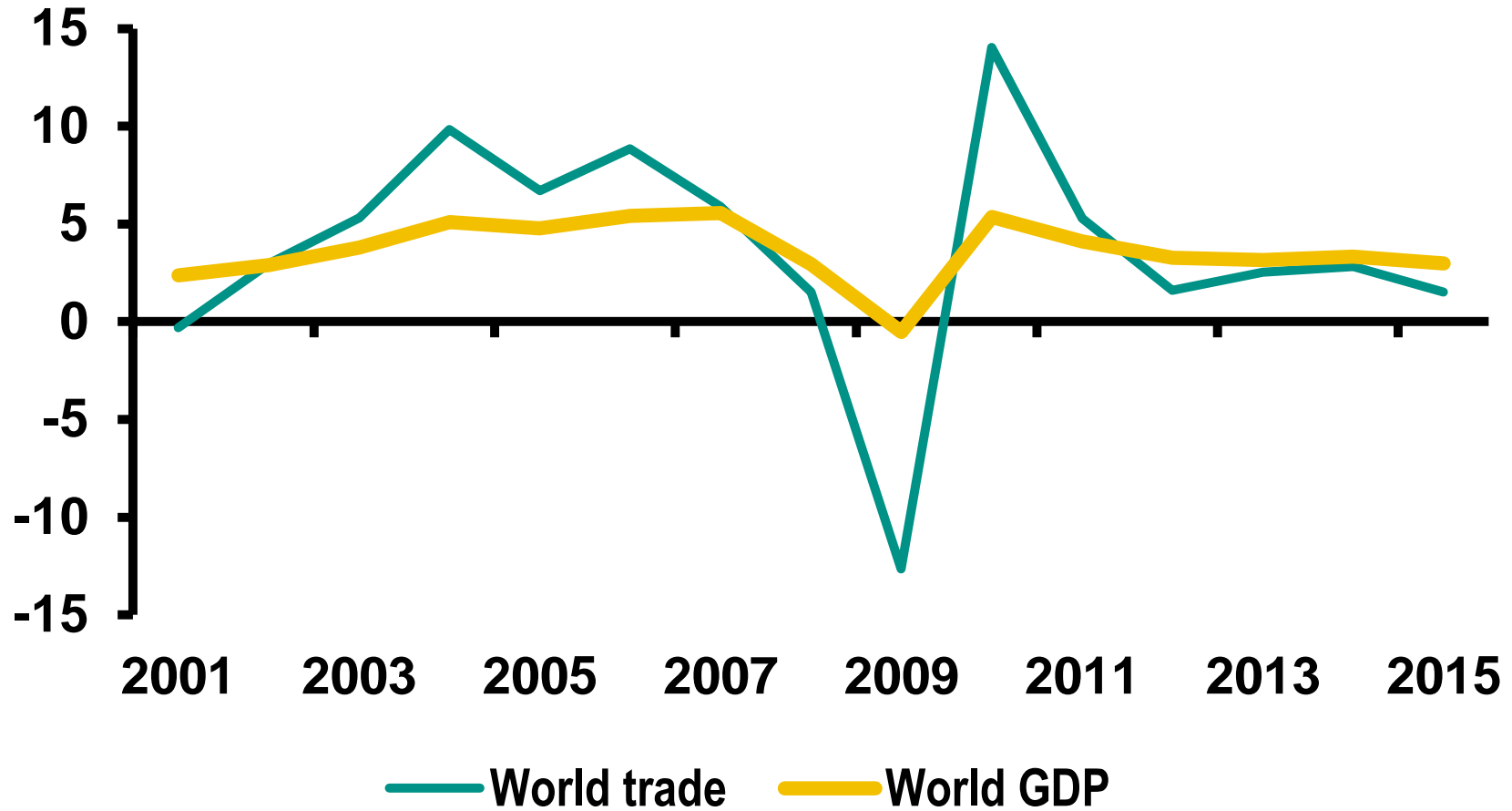
## Challenges for the global economy...where do I start??

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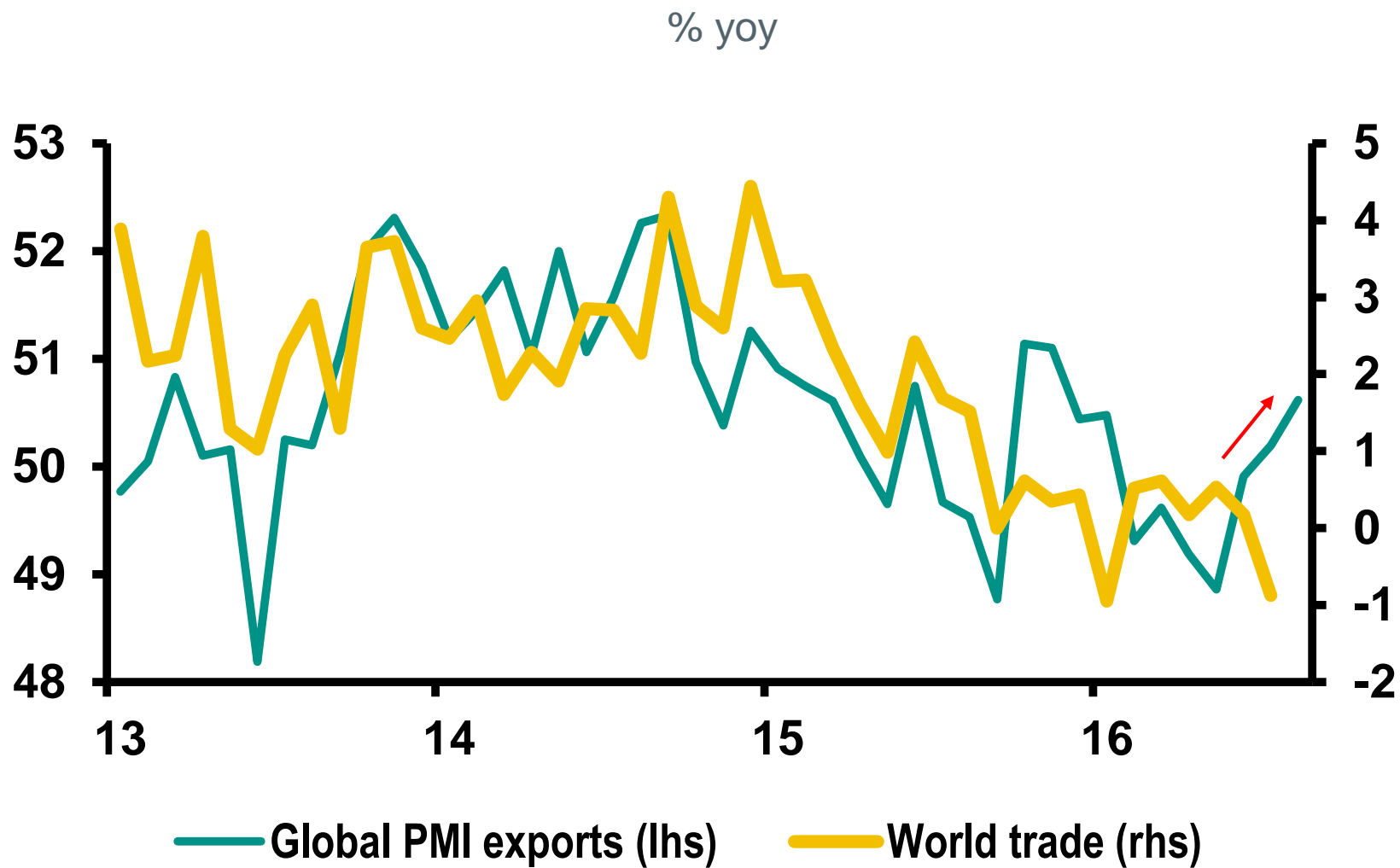
- Weak global growth and even weaker world trade
- Structural factors dampening growth and trade
- USA will start re-discussing trade agreements (NAFTA, Europe)
- Monetary policy is overburdened
- Political risks across the OECD
- Uncertainty surrounding the Nuclear treaty with Iran
- The Fed and emerging markets

# Global growth and trade is weak

% yoy



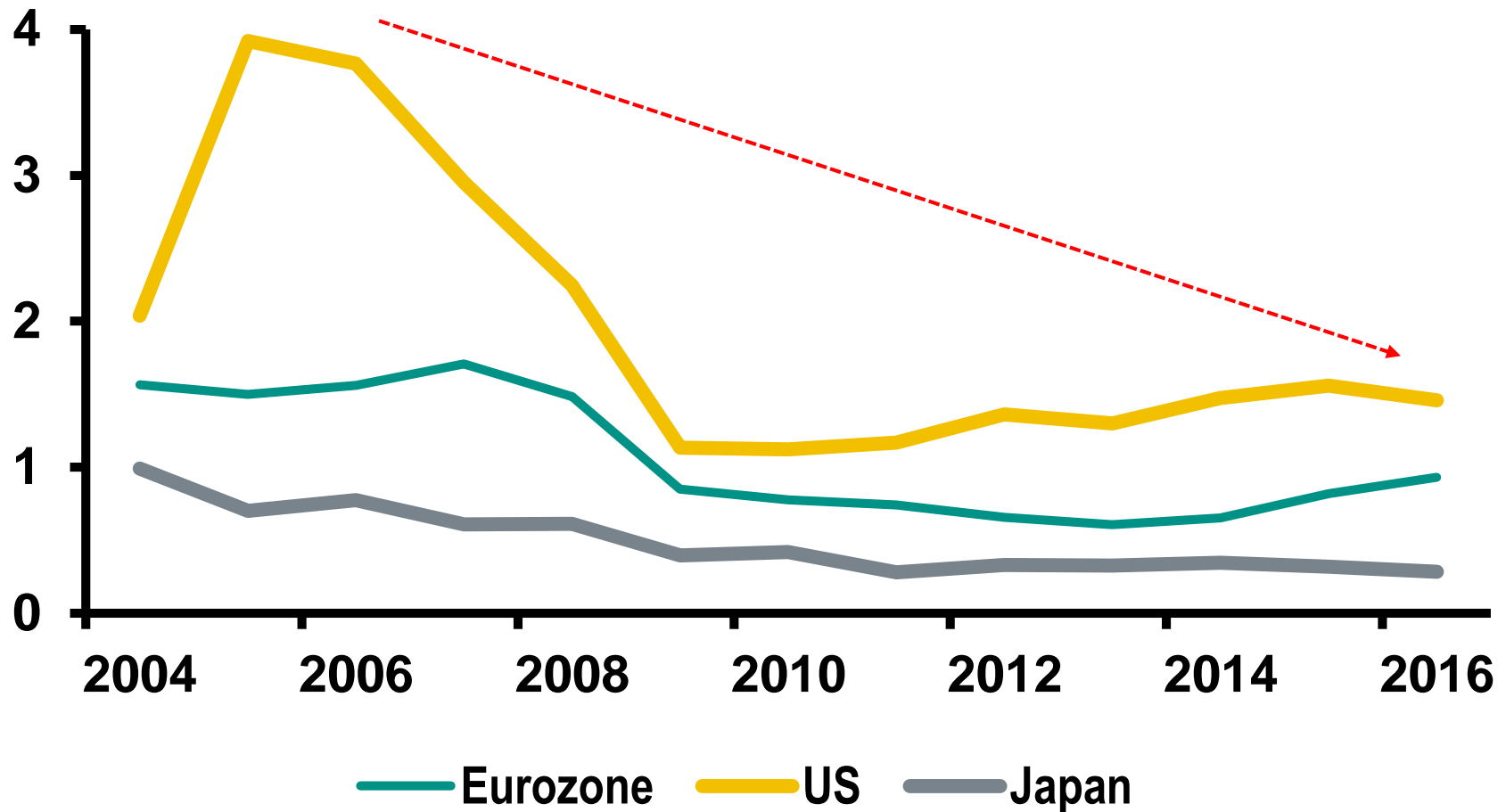
## Some signs of improvement but growth still low





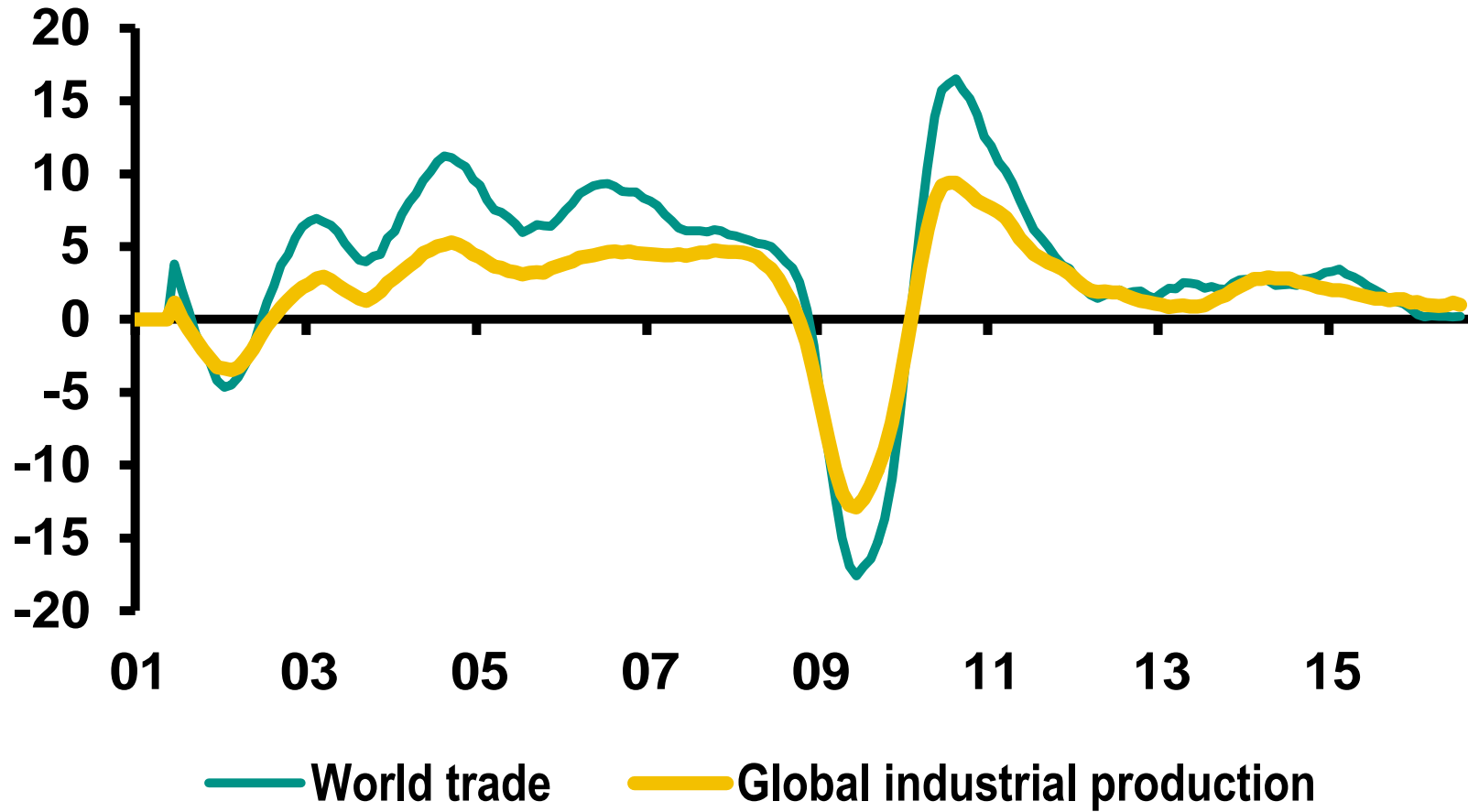
# Potential GDP growth lower in OECD on ageing, productivity weakness

% yoy



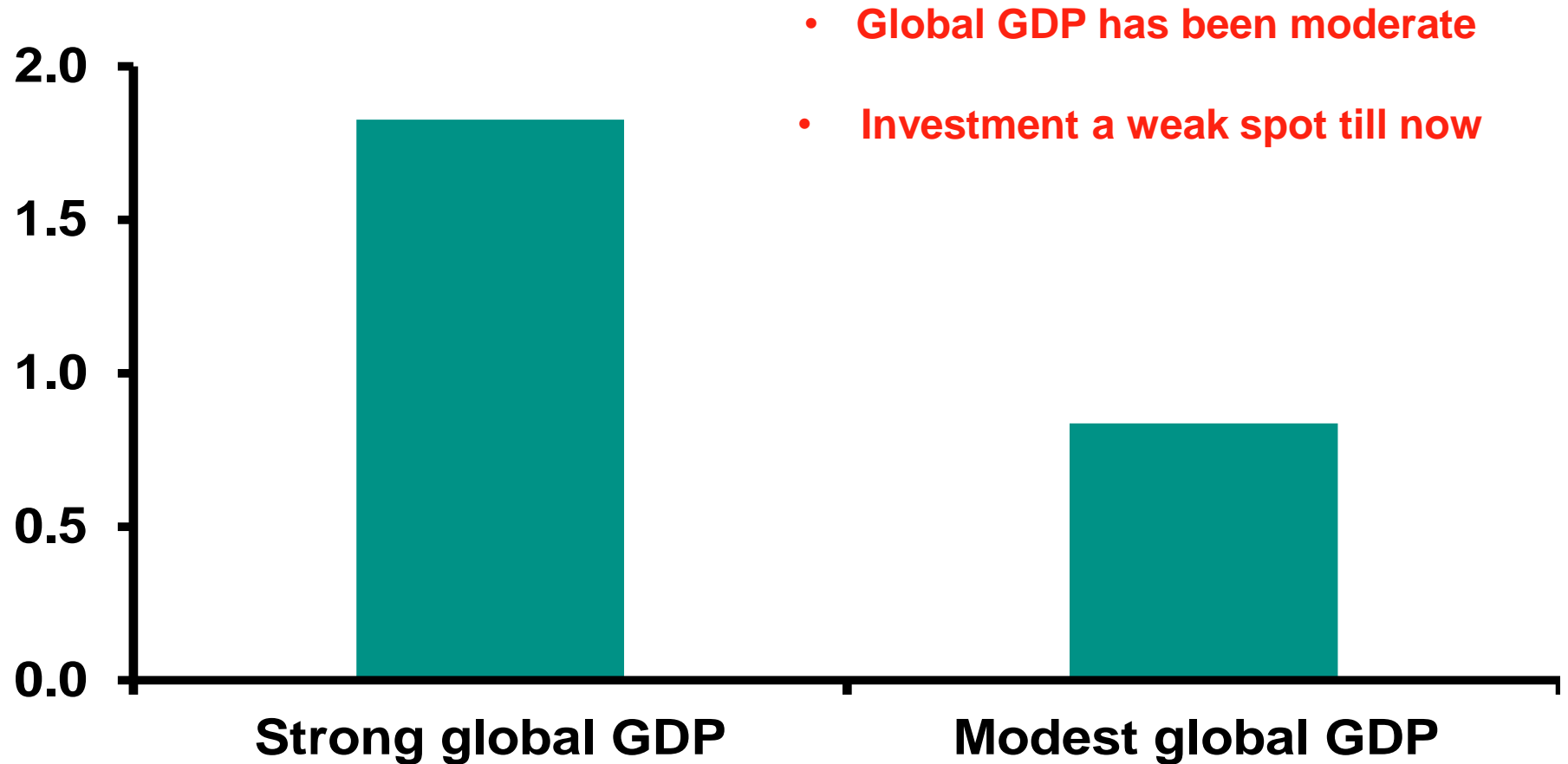
# Global trade has suffered structural downshift vs. production

% yoy



# Cyclical factors are partly at play...

Ratio of world trade to world GDP, since 1997



# ...but also structural: peak 'globalisation'?



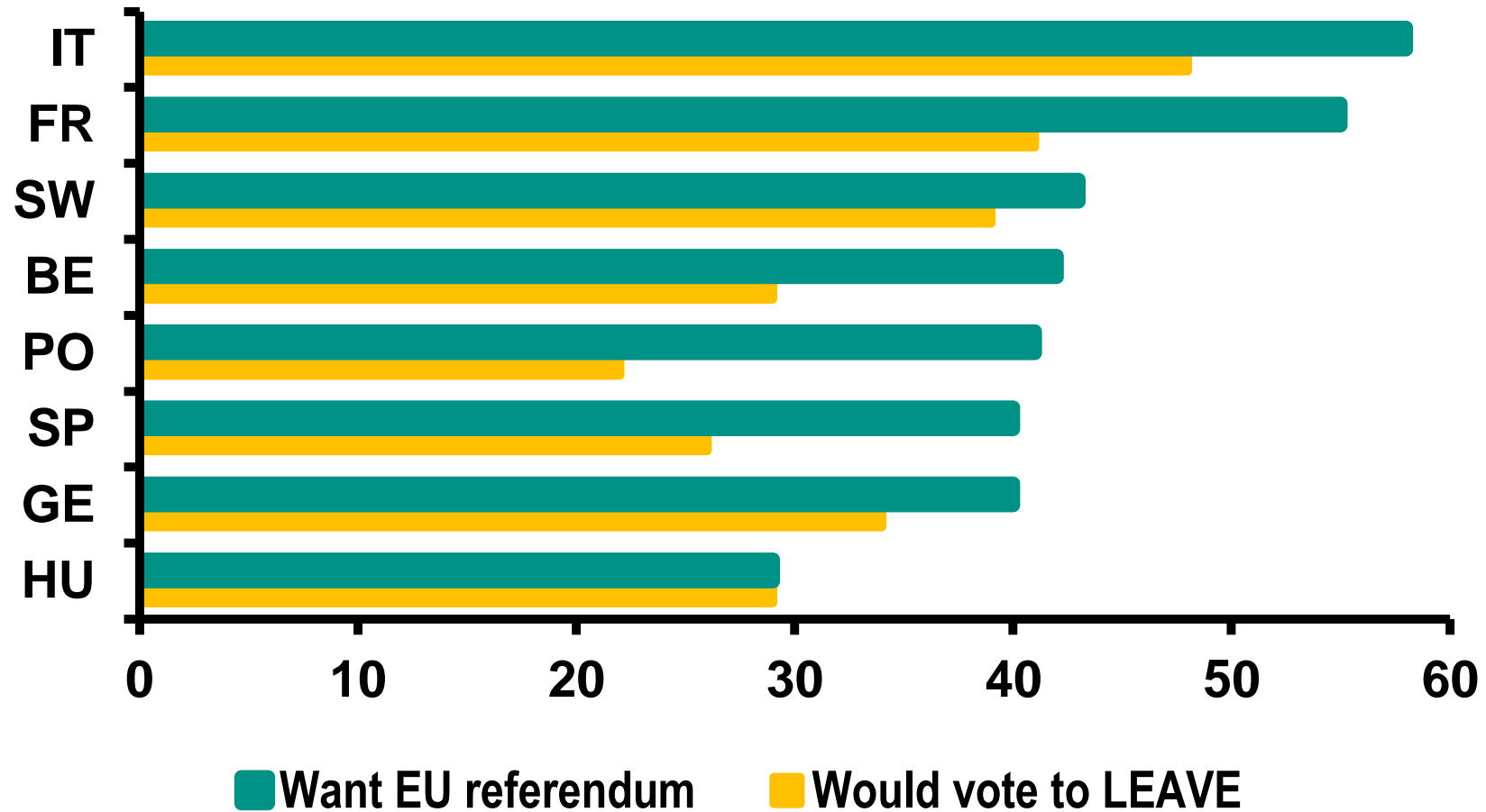
- **Maturing global value chains (peak fragmentation)**
- **Share of imports of parts & components in China exports has fallen**
- **Increased trade protection**

## Even super heroes have their limits

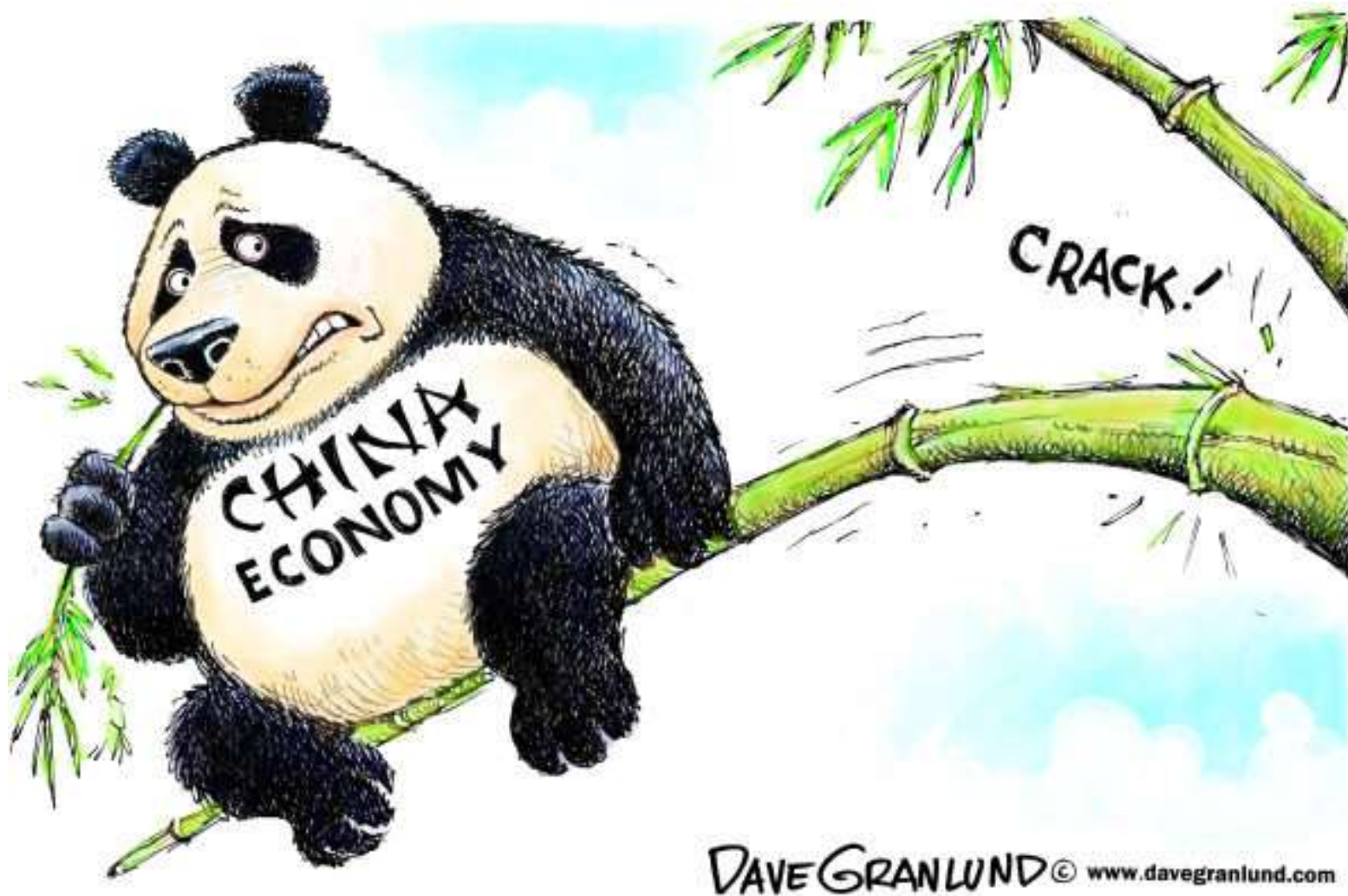


# Brexit: risk of contagion

% of public in poll

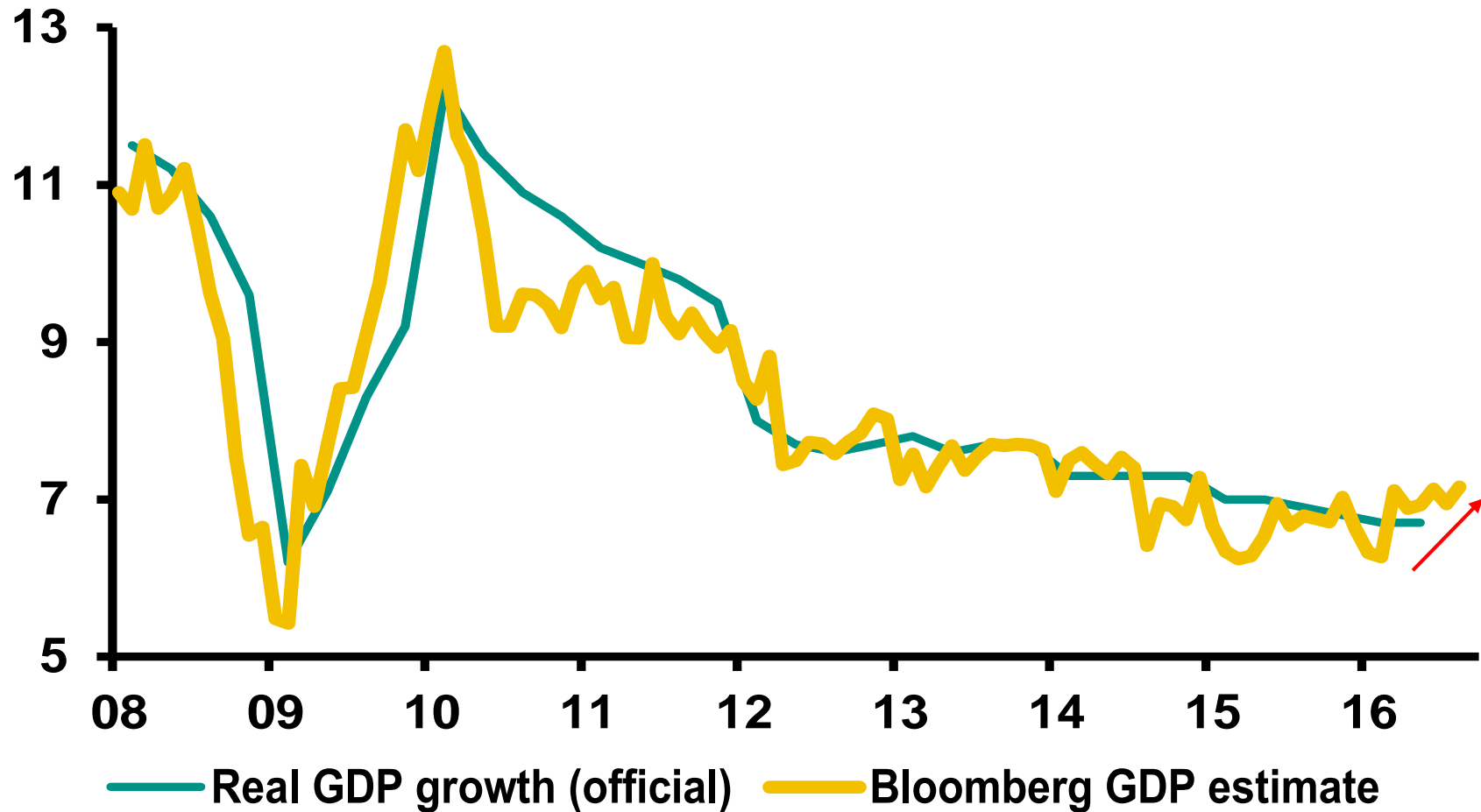


## China balance growth and the debt mountain



# China's economic growth has picked up

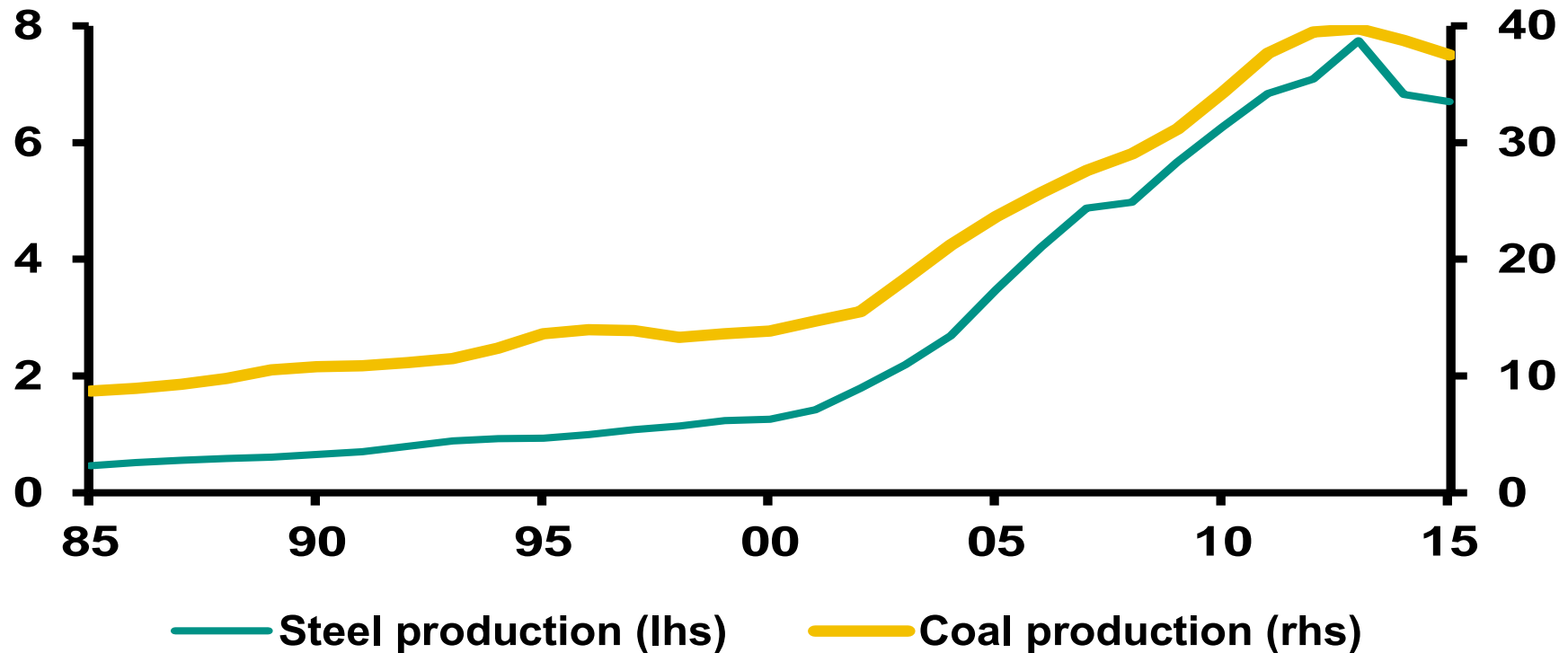
% yoy





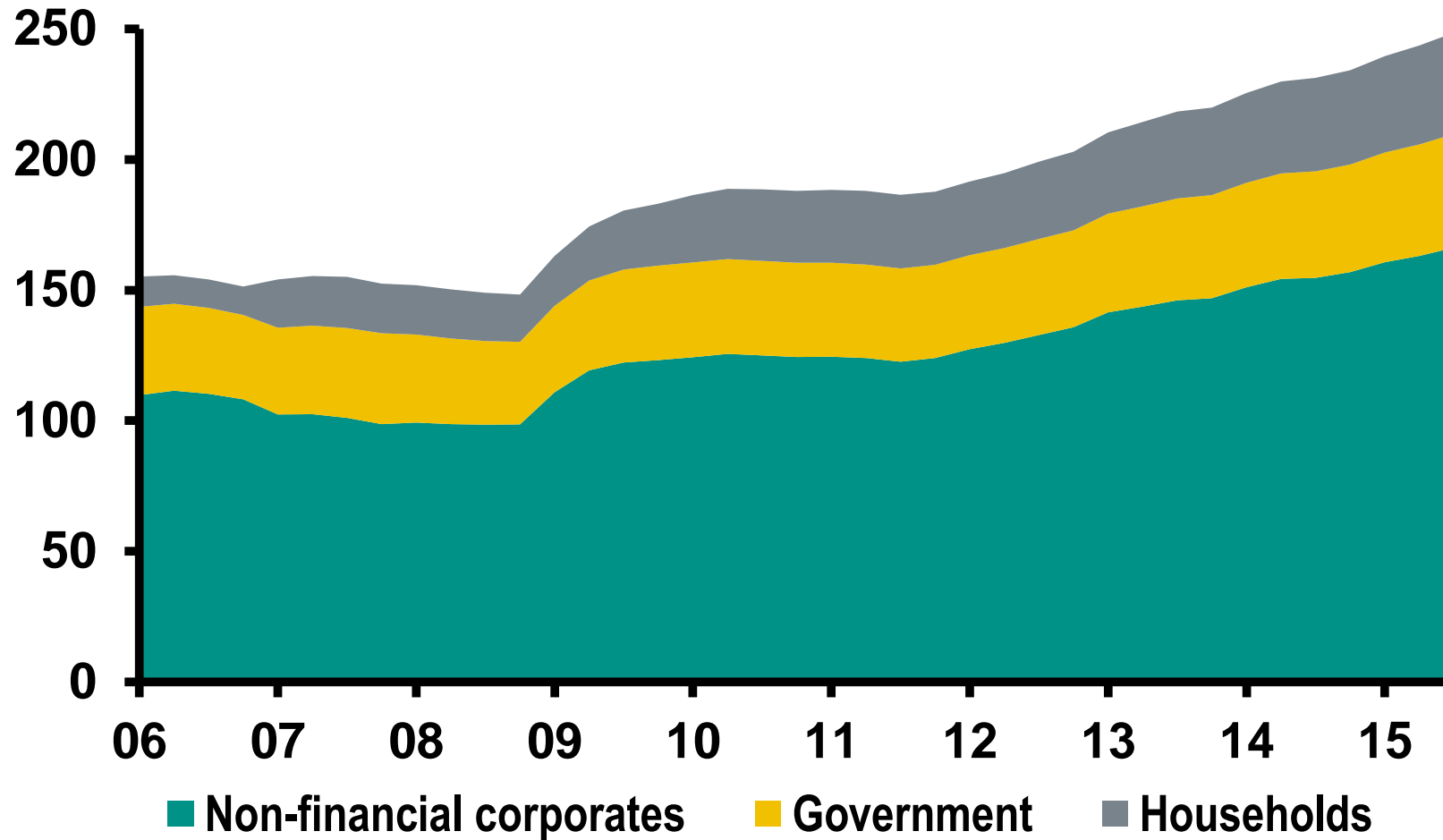
# Overcapacity reduction is proceeding gradually

100 mln metric tonnes

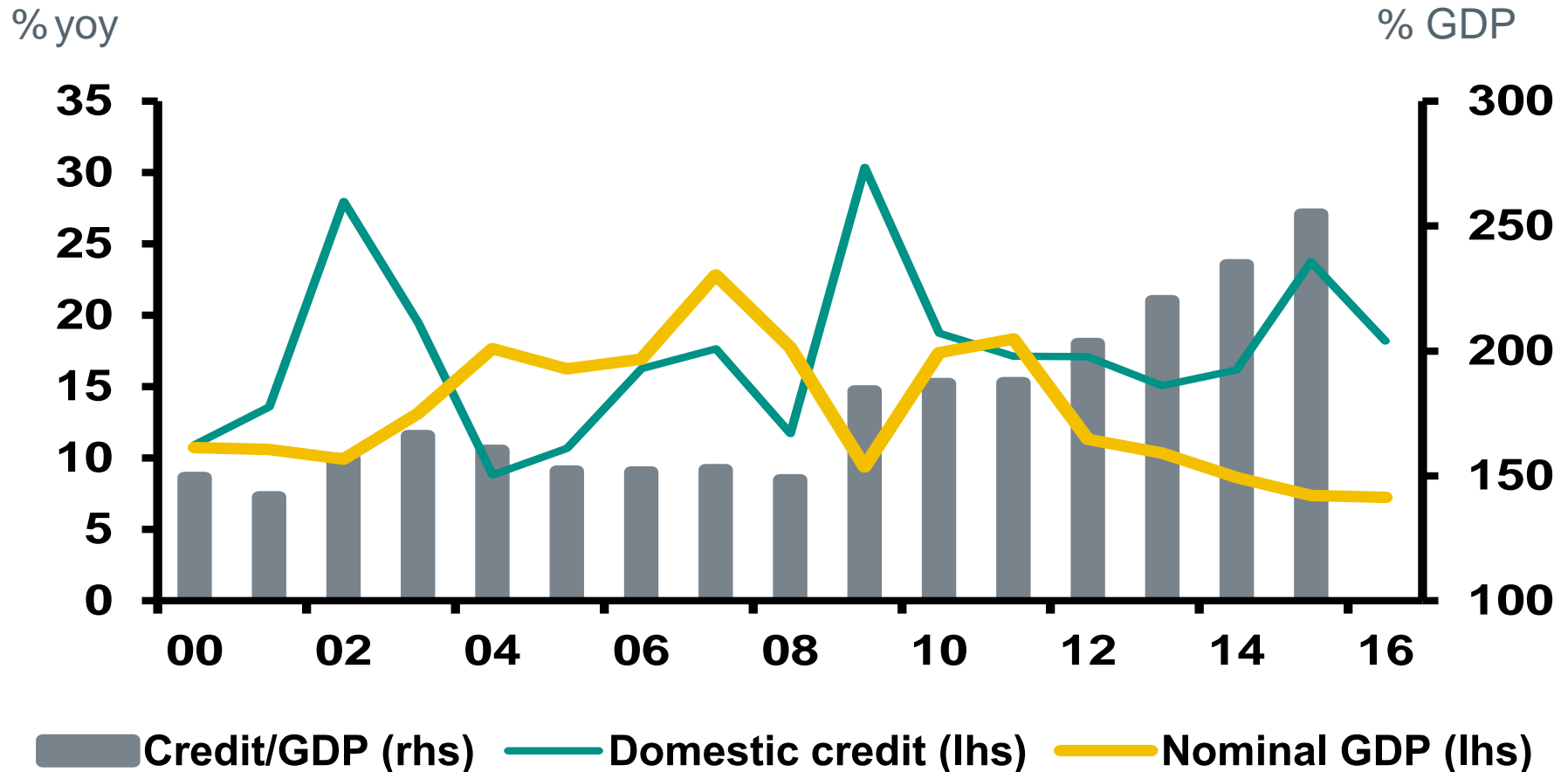


# China's debt mountain

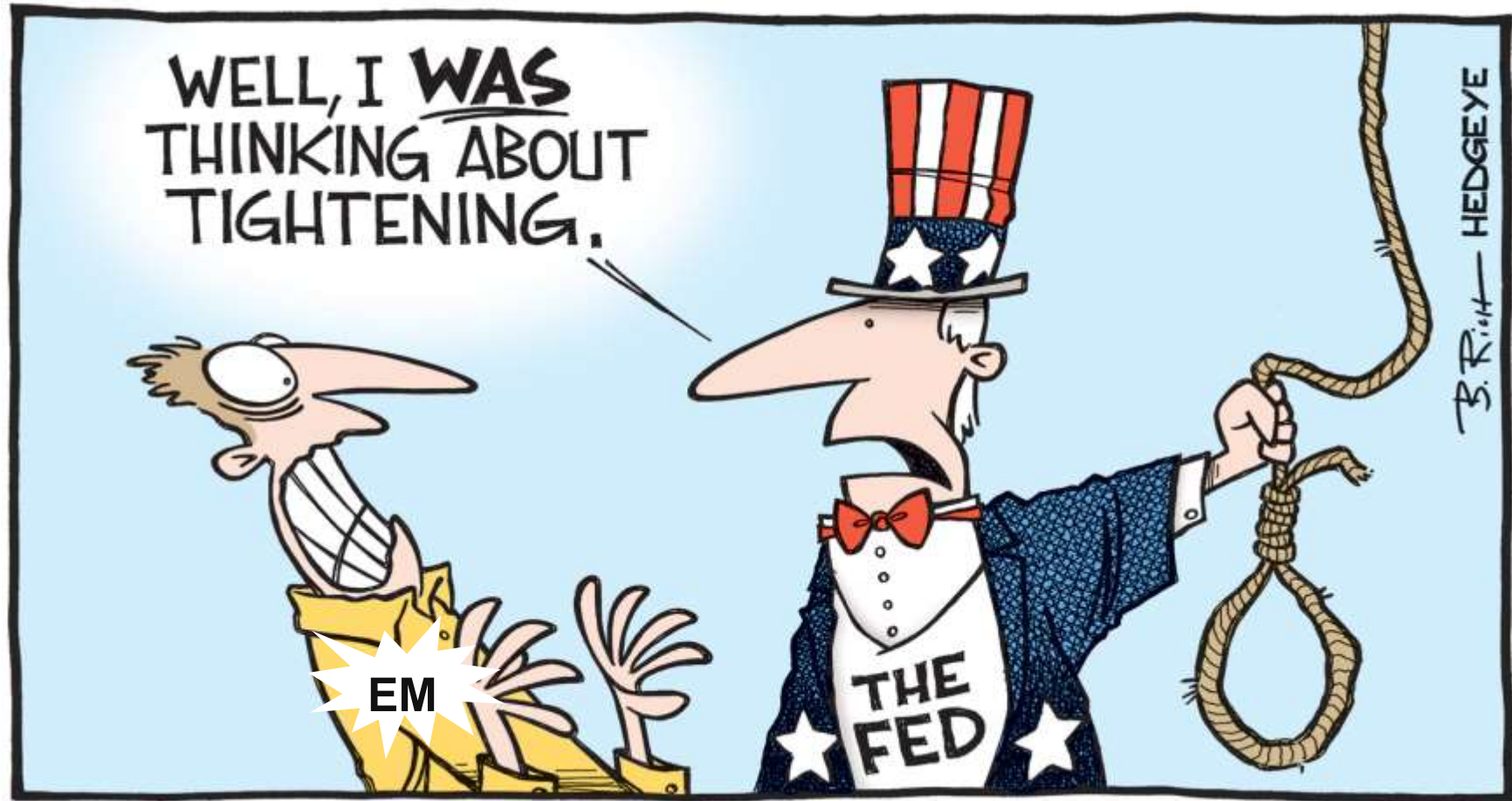
Total debt, % GDP



## ...and the debt just keeps on rising



## Emerging markets ready for Fed rate hikes?



“

They're keeping the rates down so that everything else doesn't go down."

—Donald Trump on the Federal Reserve



## FOMC signalling very slow rate hike cycle

*After one hike in 2015, one in 2016, and two in 2017*



## Our views in numbers

<b>Economic outlook</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Global GDP	2.9	3.1	3.2
US	2.6	1.5	1.9
Eurozone	1.9	1.5	1.3
China	6.9	6.5	6.0
<b>World trade</b>	<b>2.2</b>	<b>0.5</b>	<b>2.5</b>

<b>Rates and FX</b>	<b>Spot</b>	<b>3m</b>	<b>2017</b>
USD 3-M Libor rate	0.88	0.90	1.40
US 10-Y Treasury yield	1.77	1.60	1.80
EUR/USD	1.09	1.10	1.10

## Important information

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### ABN AMRO Group Economics on the internet

<https://insights.abnamro.nl/en>

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