



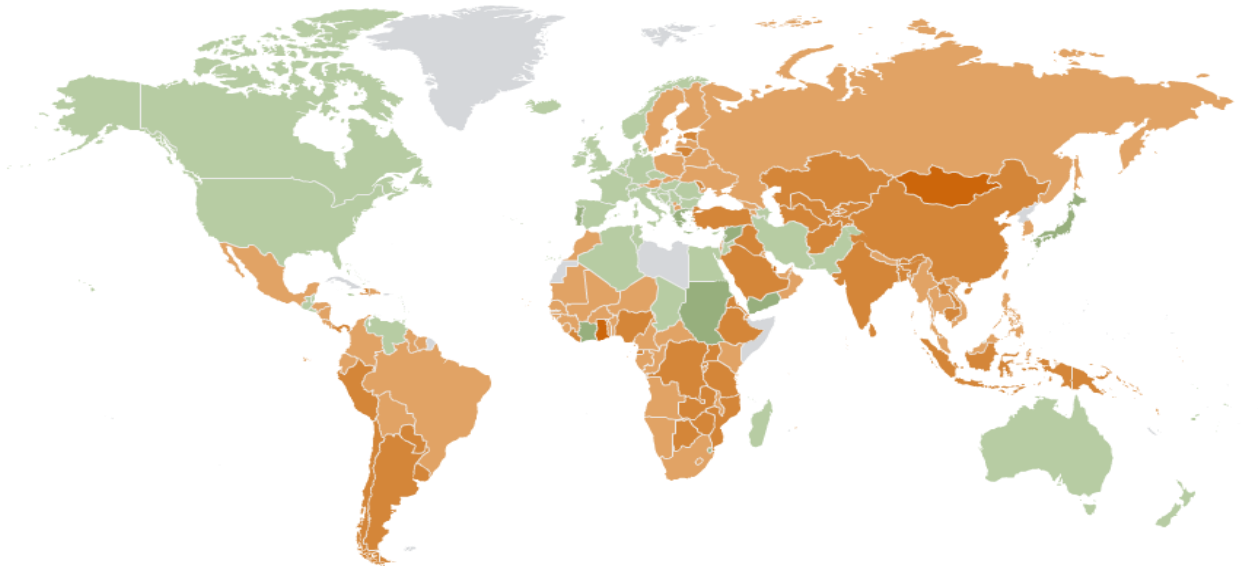
# Financing European Business

# World real GDP growth in 2011

*Annual percent change*



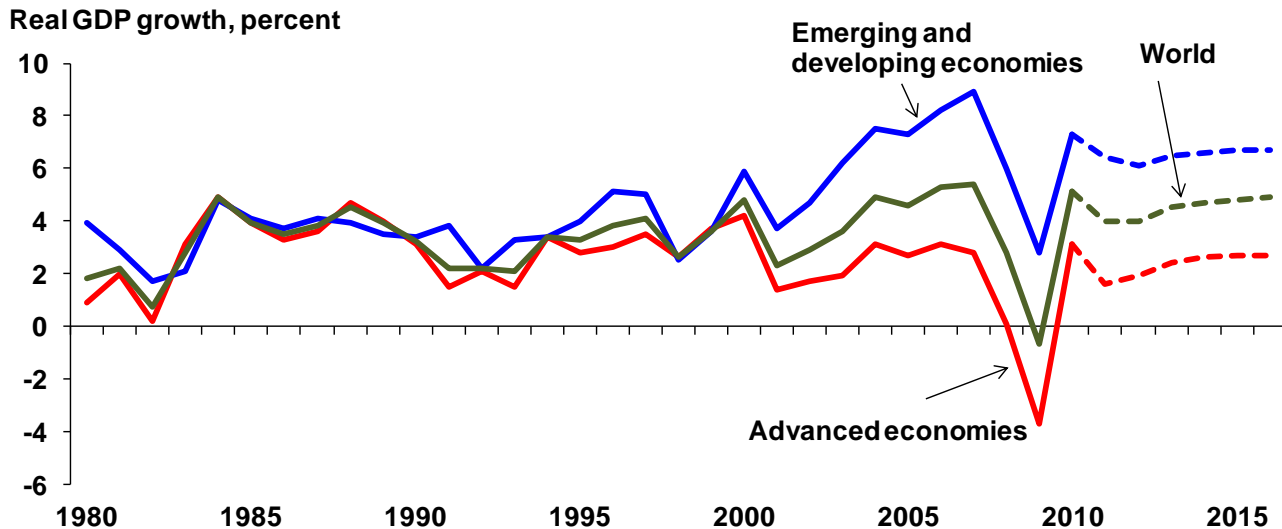
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- 10% or more
- 6-10%
- 3-6%
- 0-3%
- Less than 0%
- No data

Source: International Monetary Fund, September 2011.

# Recession to recovery: Double-dip ahead?



Source: World Economic Outlook, International Monetary Fund, September 2011 update.

# IMF lowers global growth forecasts

*Real GDP, percent change from previous year*



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	Projections			Difference from June 2011 WEO Projections	
	2010	2011F	2012F	2011	2012
<b>World</b>	<b>5.1</b>	<b>4.0</b>	<b>4.0</b>	<b>-0.3</b>	<b>-0.5</b>
<b>Advanced economies</b>	<b>3.1</b>	<b>1.6</b>	<b>1.9</b>	<b>-0.6</b>	<b>-0.7</b>
United States	<b>3.0</b>	<b>1.5</b>	<b>1.8</b>	<b>-1.0</b>	<b>-0.9</b>
Japan	<b>4.0</b>	<b>-0.5</b>	<b>2.3</b>	<b>0.2</b>	<b>-0.6</b>
United Kingdom	<b>1.4</b>	<b>1.1</b>	<b>1.6</b>	<b>-0.4</b>	<b>-0.7</b>
Euro area	<b>1.8</b>	<b>1.6</b>	<b>1.1</b>	<b>-0.5</b>	<b>-0.7</b>
<b>Emerging and developing economies</b>	<b>7.3</b>	<b>6.4</b>	<b>6.1</b>	<b>-0.2</b>	<b>-0.3</b>
Brazil	<b>7.5</b>	<b>3.8</b>	<b>3.6</b>	<b>-0.3</b>	<b>0</b>
China	<b>10.3</b>	<b>9.5</b>	<b>9.0</b>	<b>-0.1</b>	<b>-0.5</b>
India	<b>10.1</b>	<b>7.8</b>	<b>7.5</b>	<b>-0.4</b>	<b>-0.3</b>
Russia	<b>4.0</b>	<b>4.3</b>	<b>4.1</b>	<b>-0.5</b>	<b>-0.4</b>

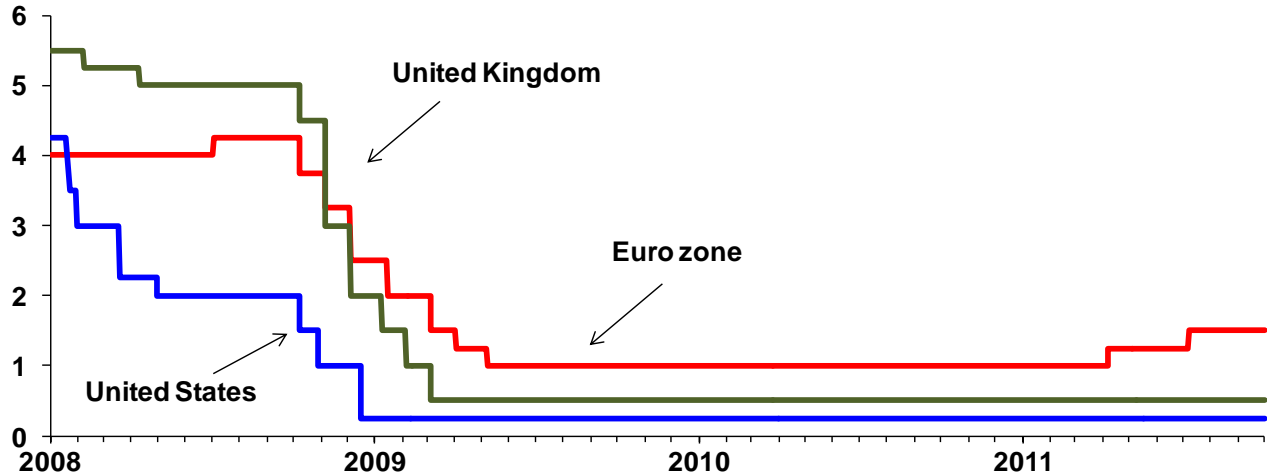
# Interest rates for advanced economies

## *Target interest rates of central banks*



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Policy interest rates, percent

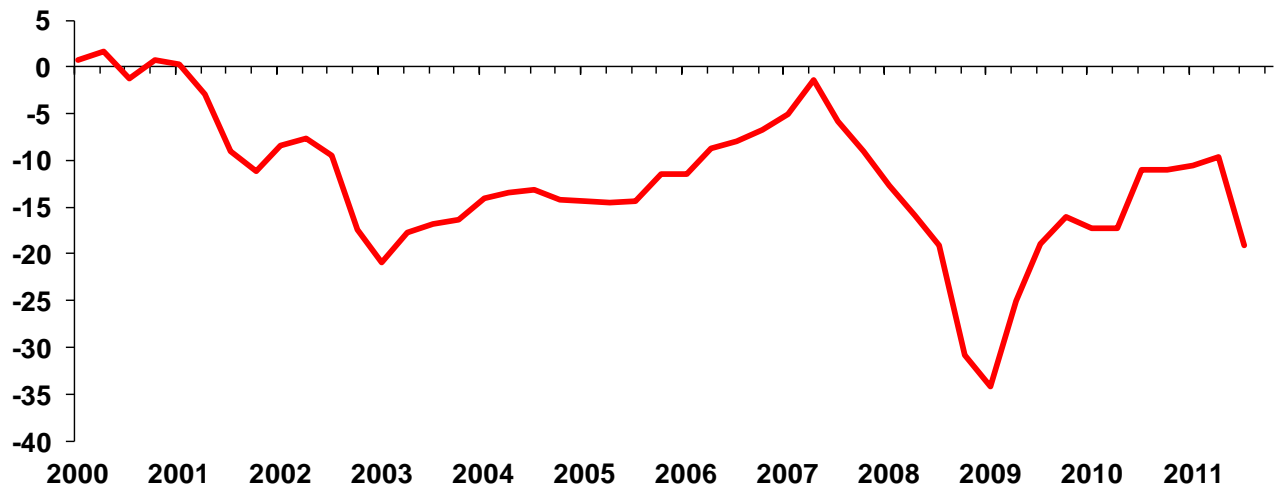


Source: Bloomberg.



# Consumer confidence index: Euro zone

Consumer confidence index

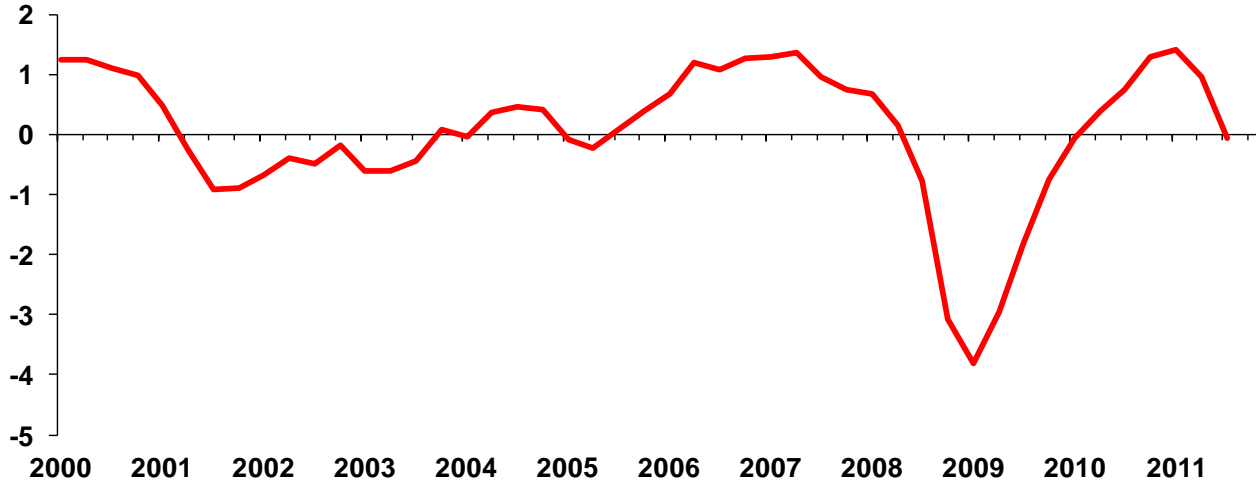


Sources: Eurostat, Bloomberg.



# Business climate indicator: Euro zone

Business climate indicator

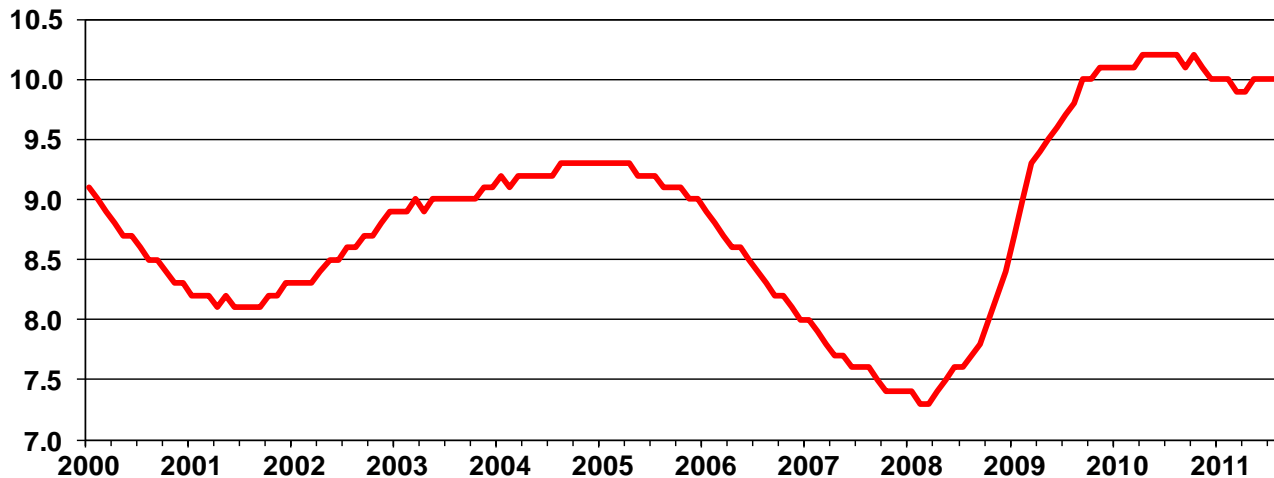


Sources: Eurostat, Bloomberg.



# Unemployment in the euro zone remains high

Unemployment rate, percent (seasonally adjusted)



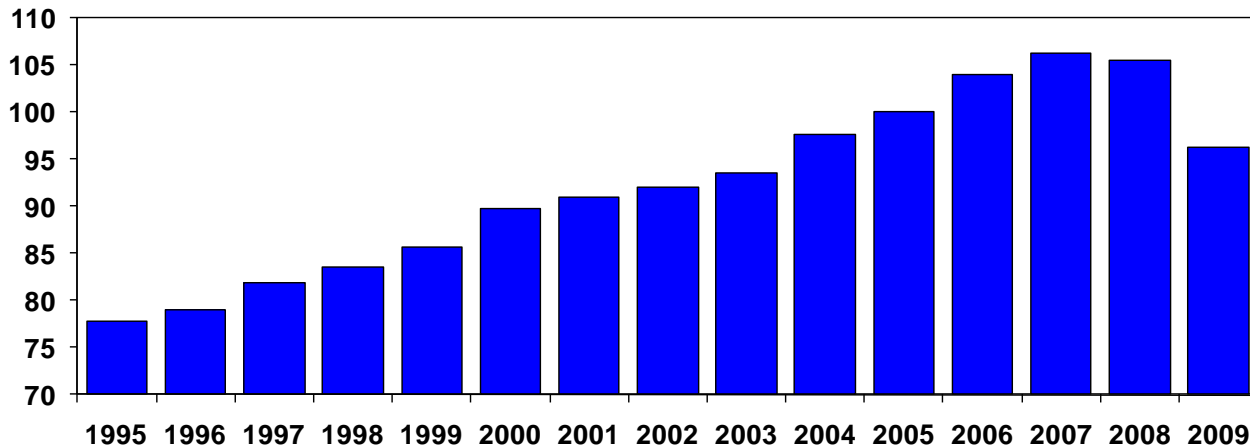
Sources: Eurostat, Bloomberg.





# Labor productivity in euro zone

Index, 2005=100



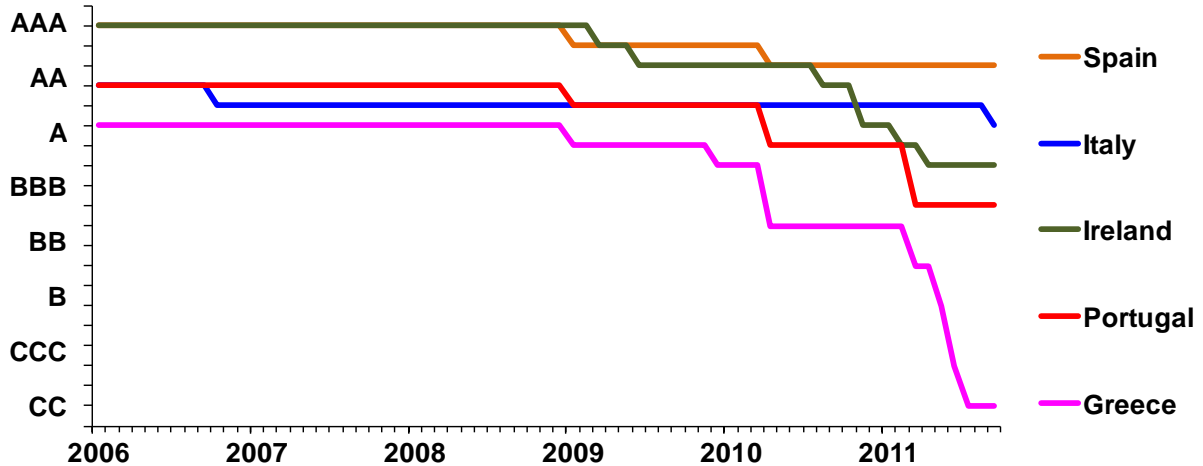
Source: OECD.

# Recent rating changes for selected European countries



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S&P's foreign currency long-term debt ratings

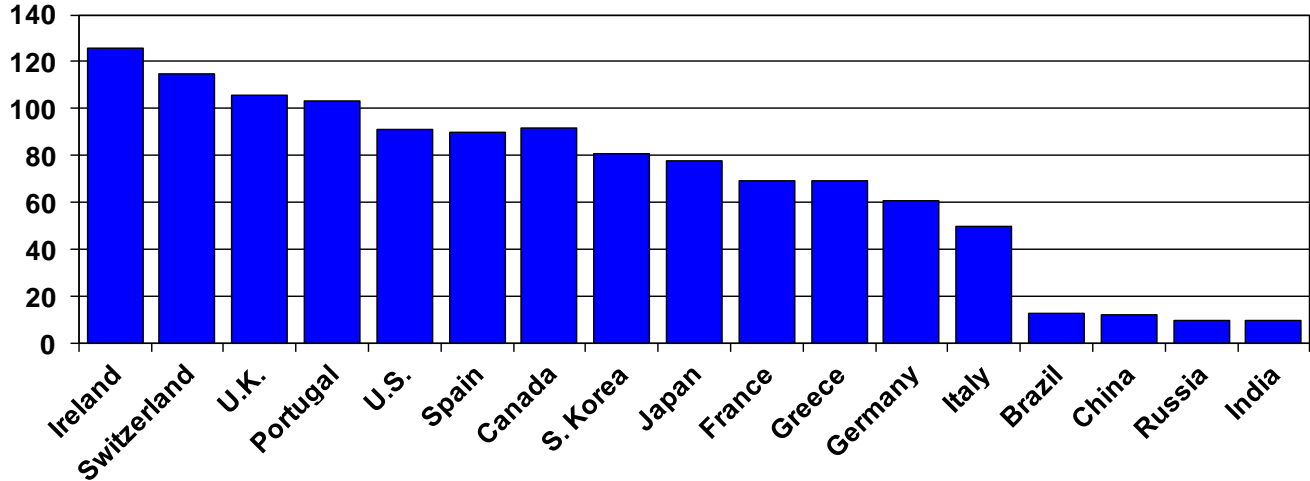


Sources: Bloomberg, Milken Institute.

# Leverage ratios are higher in advanced economies



Household debt-to-GDP ratios, percent



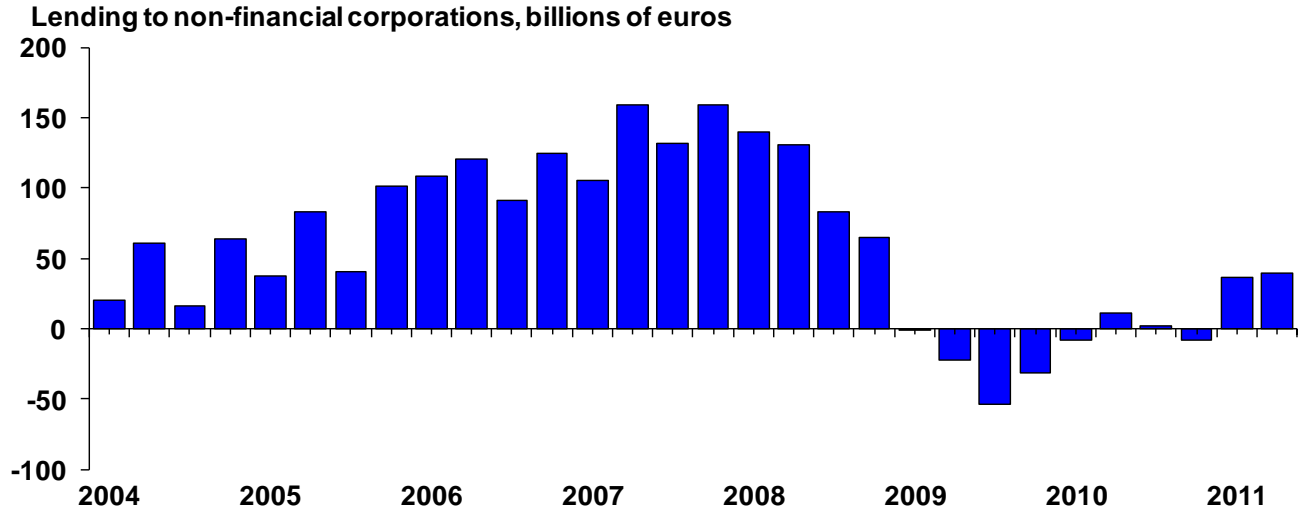
Source: International Monetary Fund.

# End of creditless recovery in Europe?

## *Lending to non-financial corporations*



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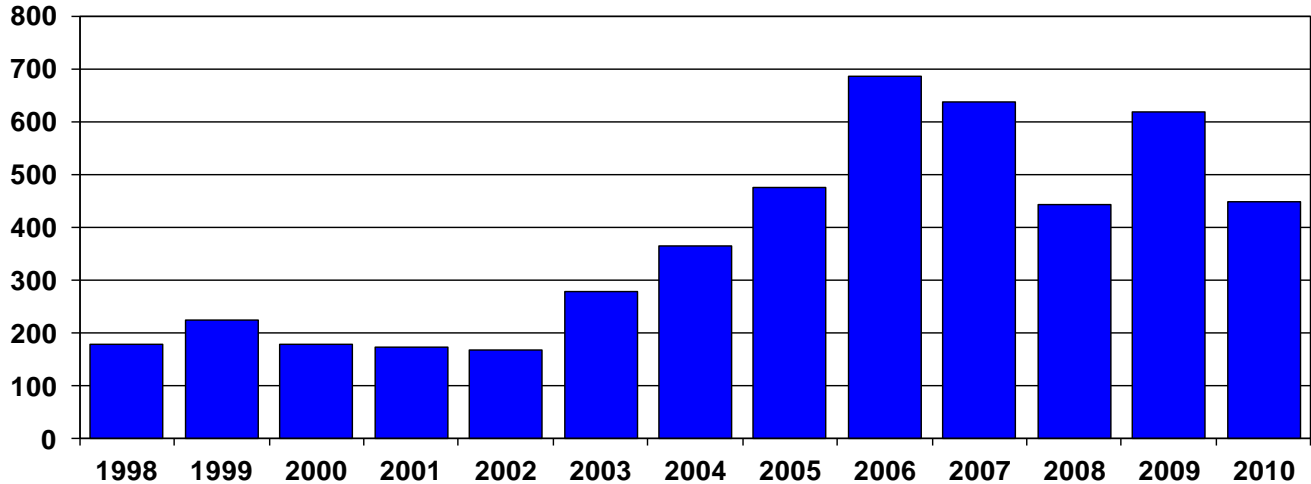


Source: European Central Bank



# European corporate bond issuance

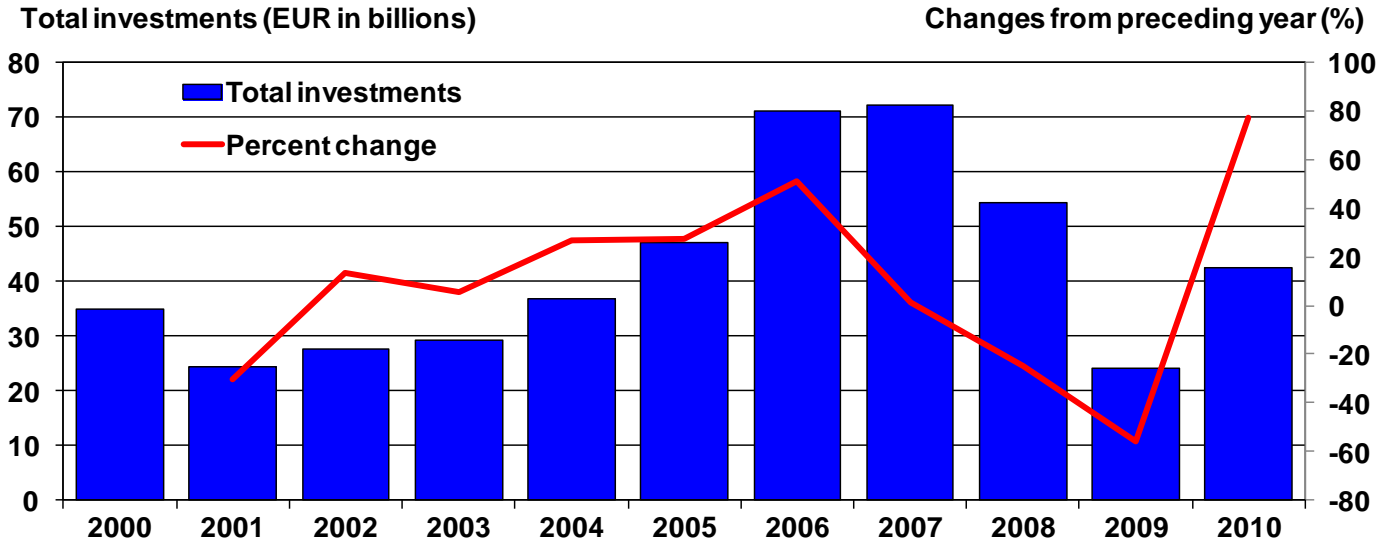
US\$ billions



Source: International Monetary Fund.

# European private equity market bounces back

*Total amount and change of private equity investments, 2000-2010*

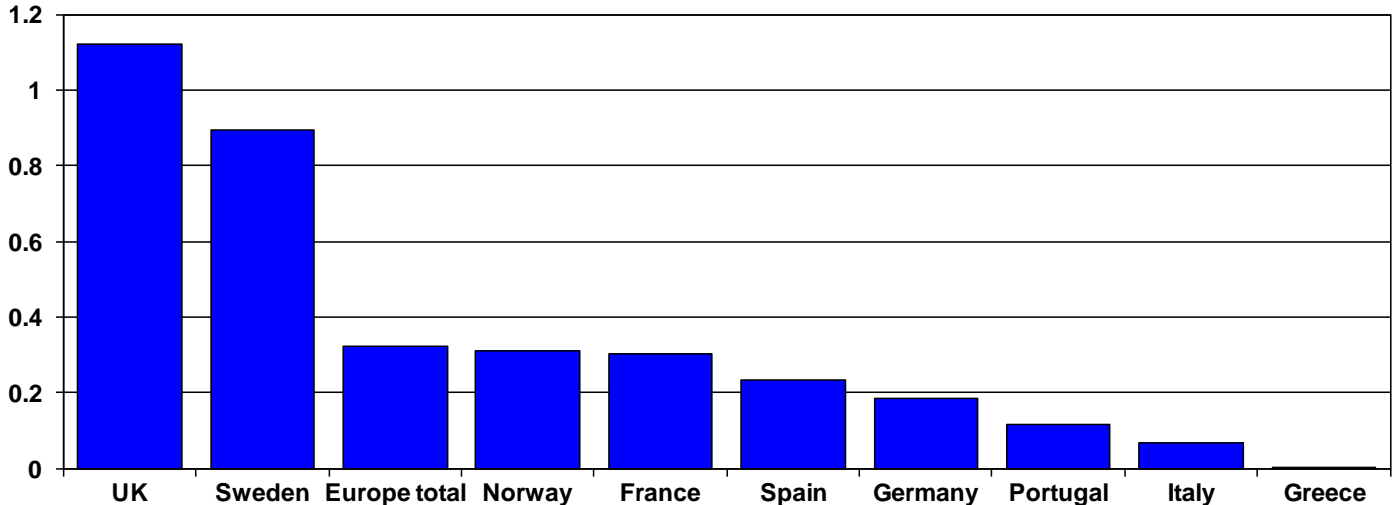


# United Kingdom has the highest share of private equity investments 2010



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Private equity investments (% of GDP)

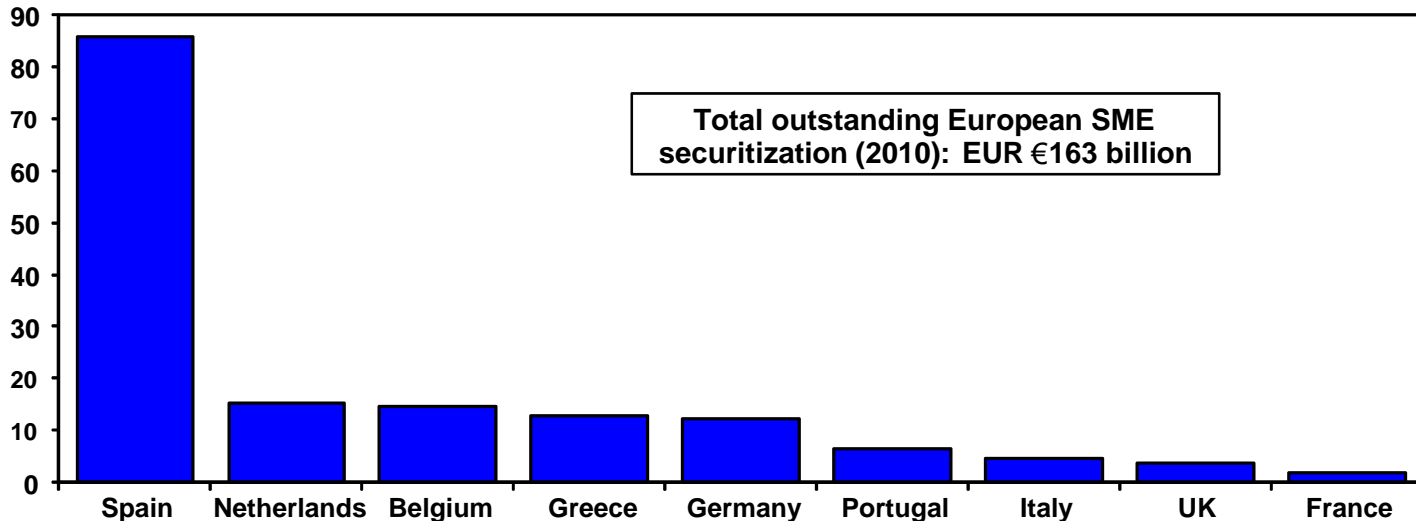


Source: European Private Equity and Venture Capital Association (EVCA).

# Spain dominates SME securitization market

## *Securitization of loans to small- and medium-size enterprises, 2010*

Outstanding SME loan securitization (EUR in billions)



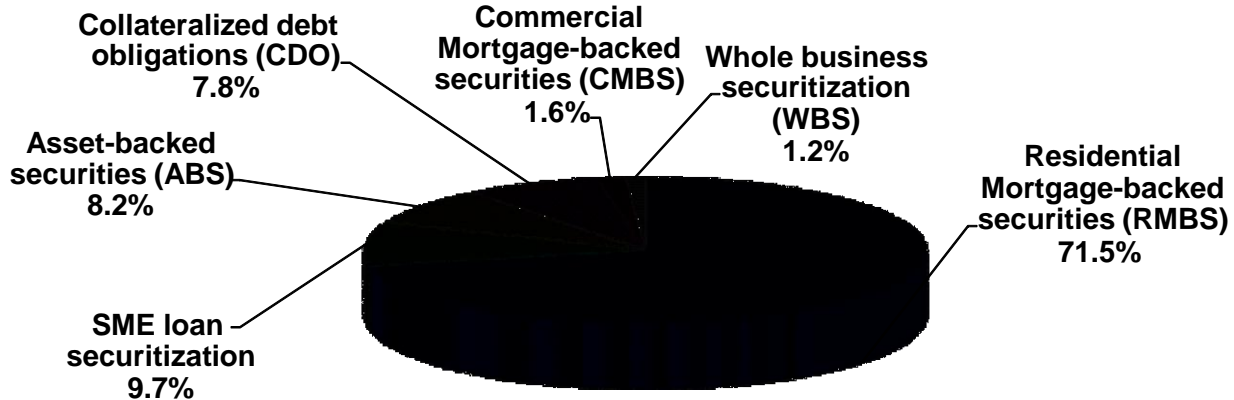
Note: SMEs are defined as non-financial firms with fewer than 250 employees. Firms with more than 250 employees are classified as large enterprises.  
Source: European Investment Fund.



# Over 70% of securitization focused on RMBS

## European securitization issuance by collateral, 2010

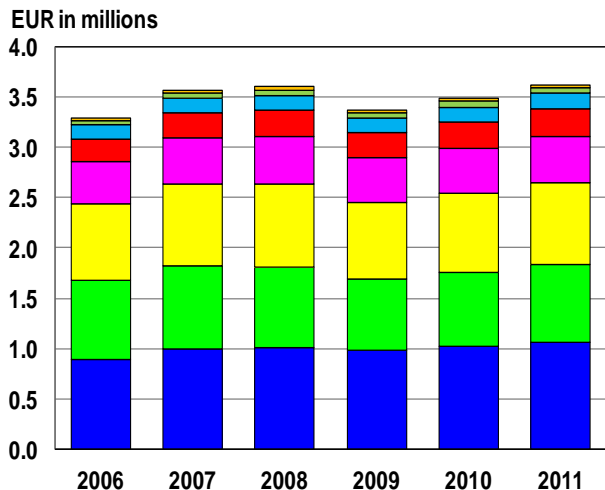
Total European securitization issuance (2010):  
EUR 380 billion



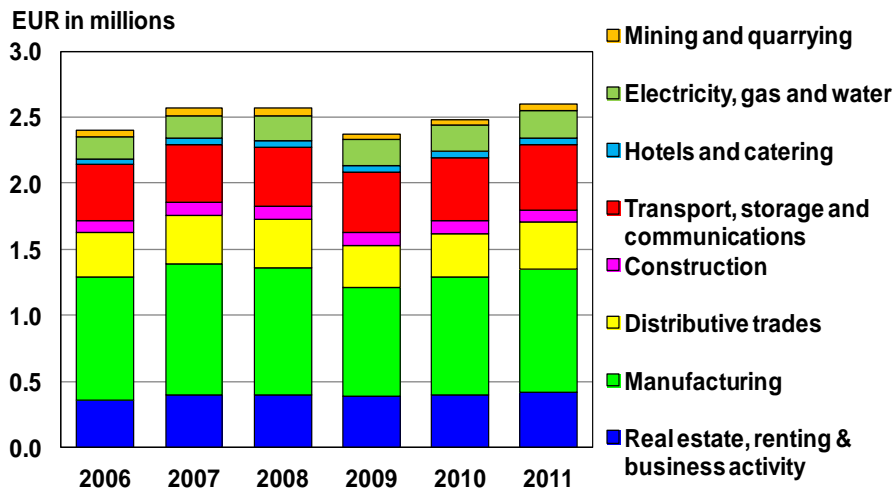
# Gross value added by different sizes of companies

*At factor costs by sector, 2006-2011*

## Small and medium enterprises



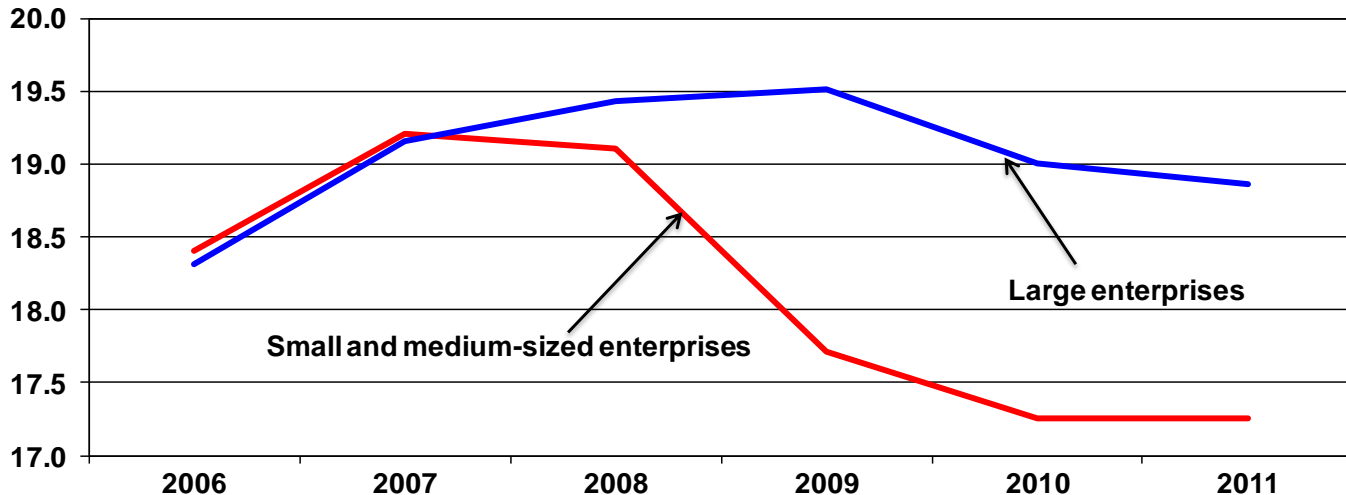
## Large enterprises



# Small enterprises are hesitant to invest after the crisis



Propensity to invest (%)



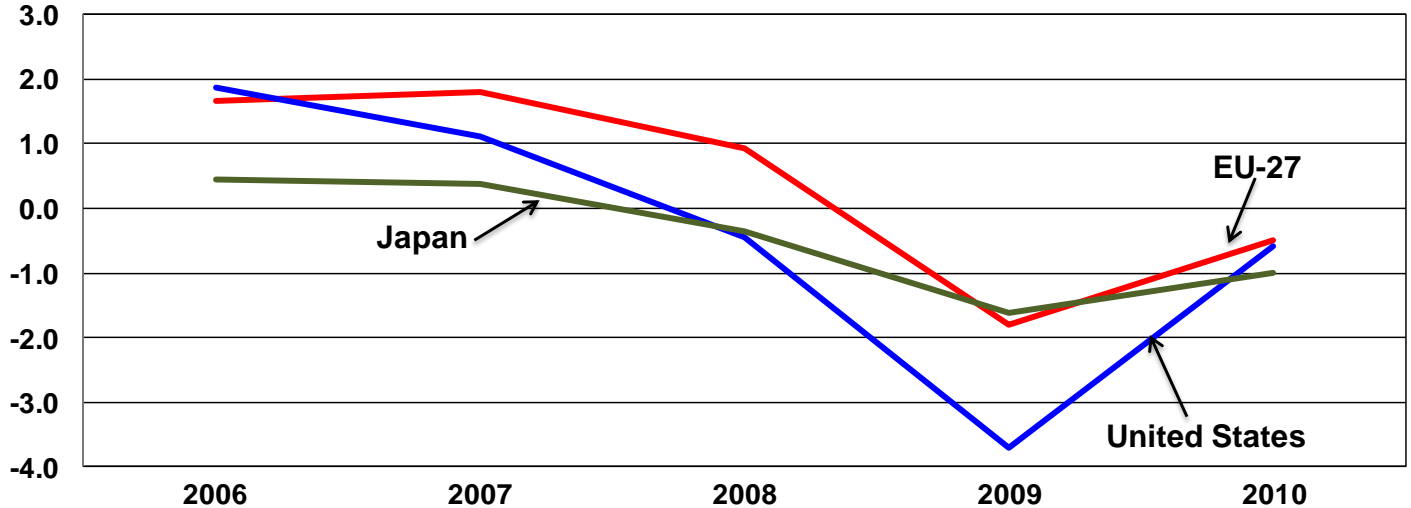
Note: Propensity to invest is defined as investment in tangible assets divided by Gross Value Added. Non-financial firms with less than 250 employees are classified as small and medium-sized enterprises.

Sources: Eurostat, Enterprises and Industry Directorate General of the European Commission.

# Employment grows slightly faster in the EU than in the U.S. or Japan



Employment growth rate (%)





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