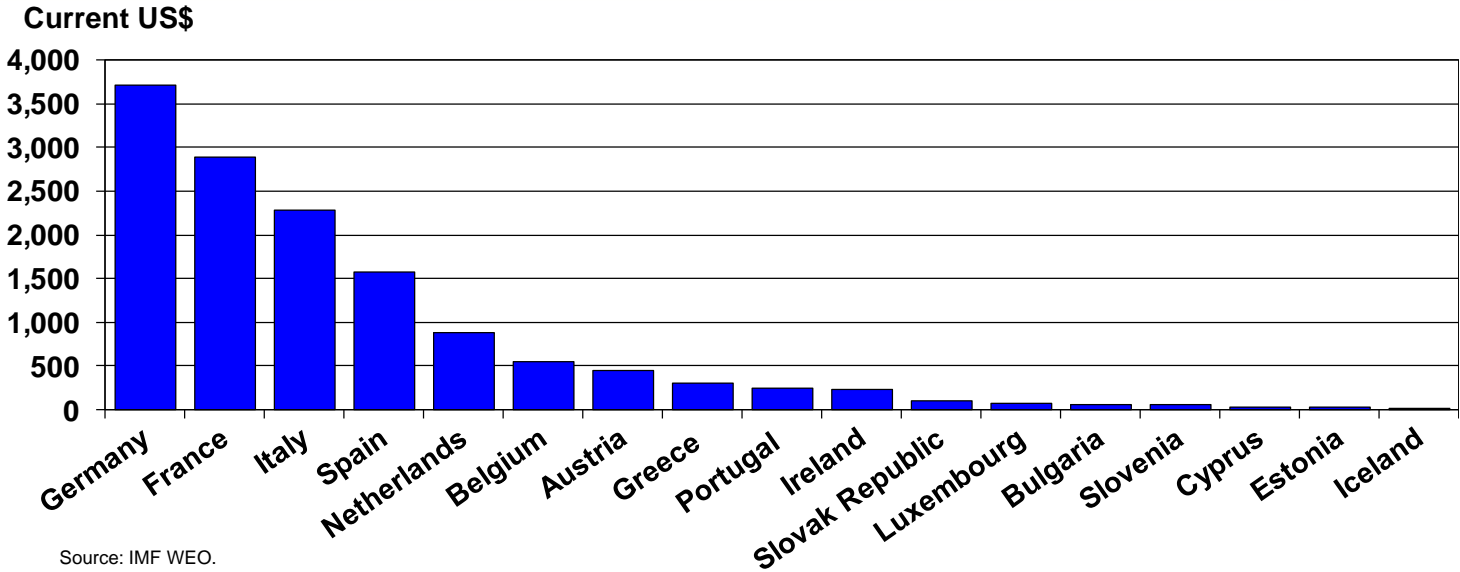




Europe at Crossroads

Euro zone GDP, 2011



Source: IMF WEO.

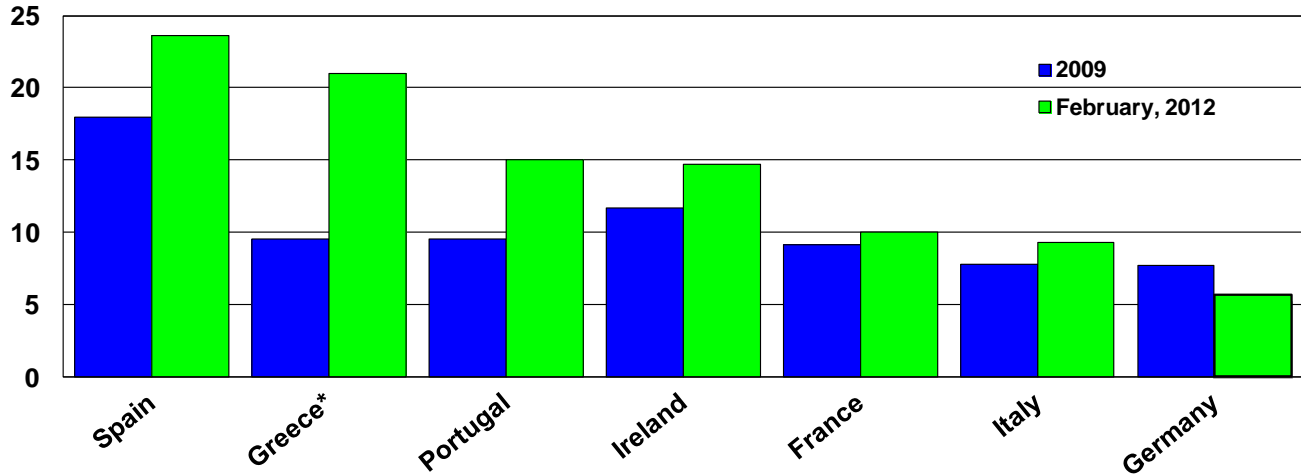
Euro zone unemployment rates

2009 vs. February 2012



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Percent of total labor force



Source: World Bank and Eurostat (* latest data from Dec 2011).

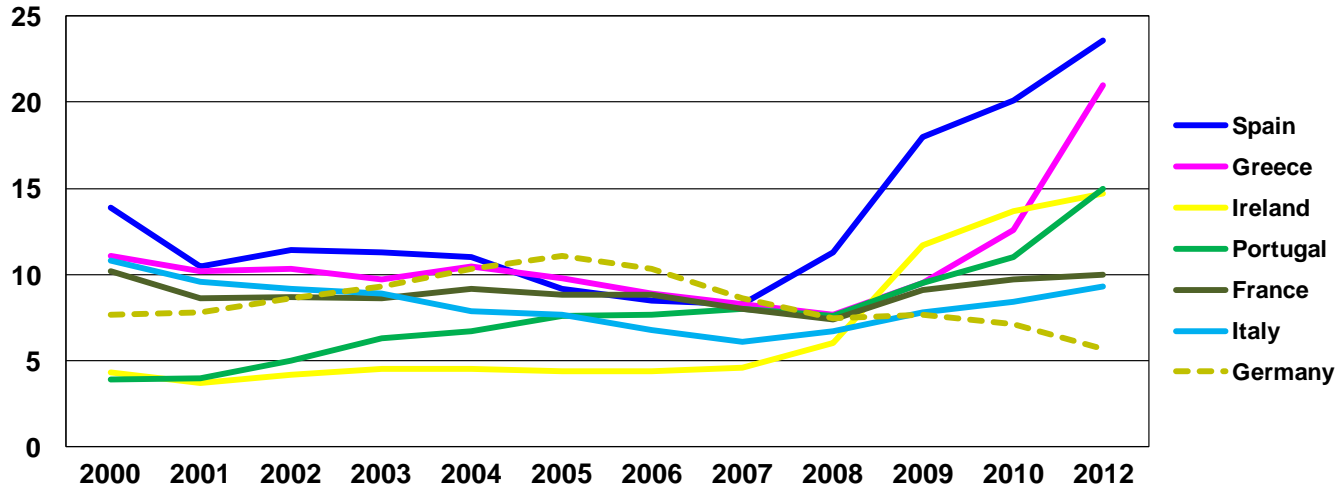
Euro zone unemployment rates



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GIIPS, France, and Germany

Percent of total labor force



Source: World Bank and Eurostat.

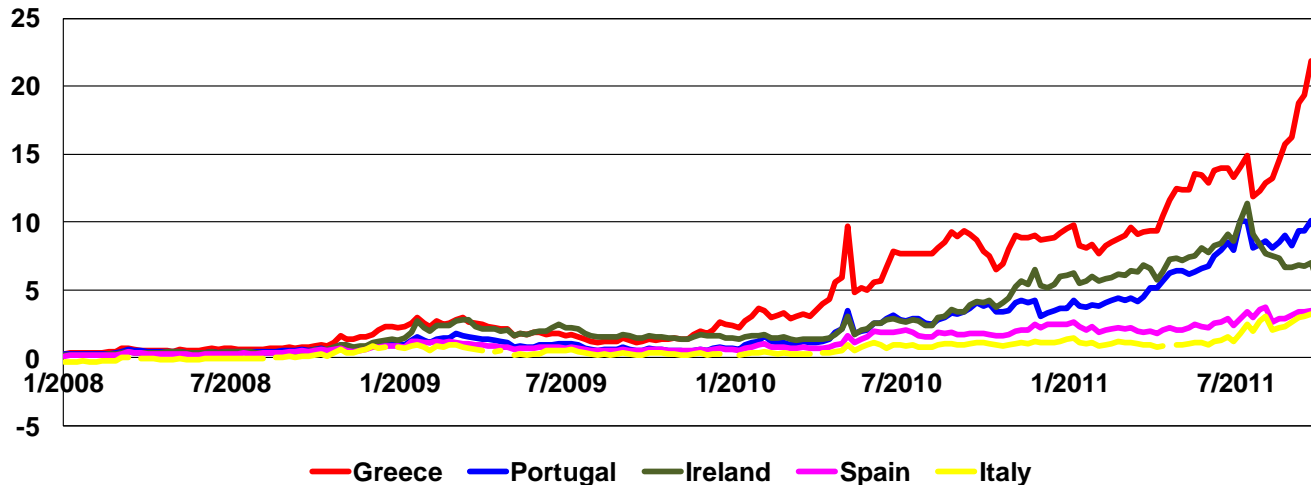
GIIPS yield spreads

Over 10-year German bonds



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Percentage points



Source: Bloomberg.

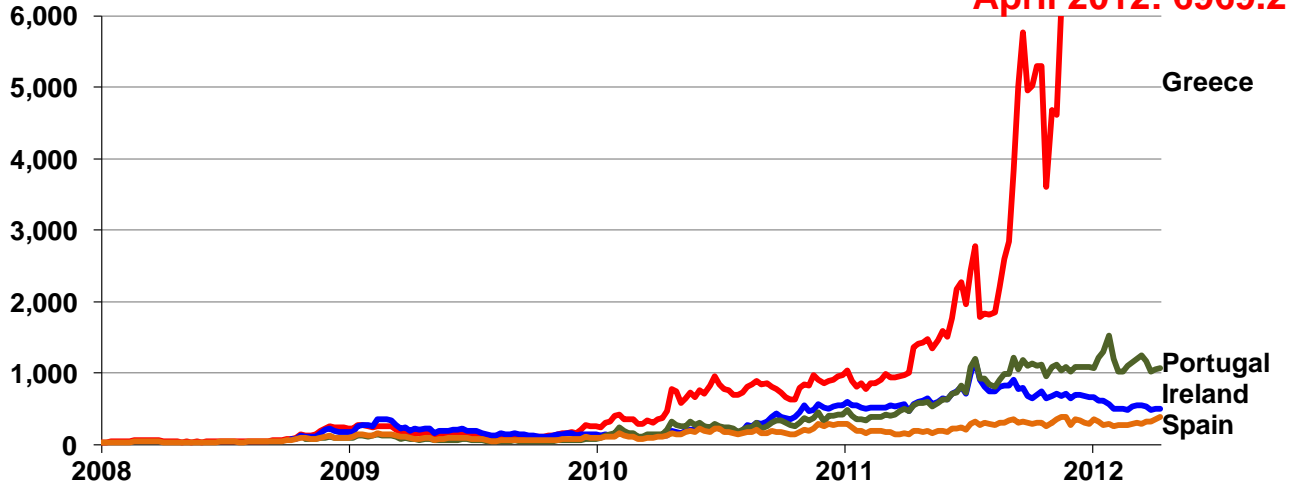
GIIPS debt risk

5-year senior sovereign CDS spreads



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Basis points



Source: Bloomberg.

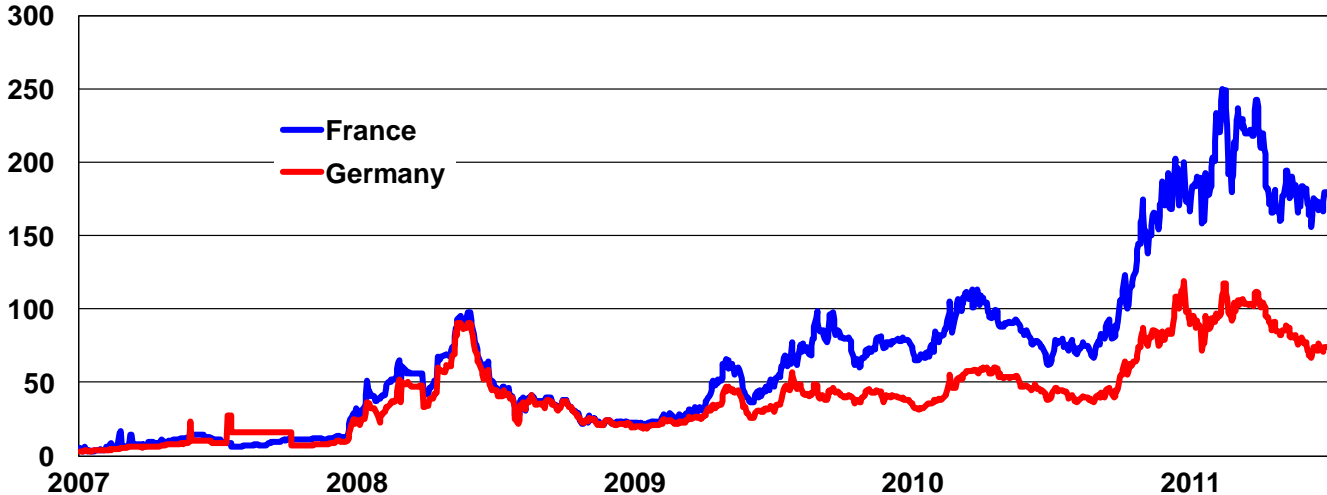
France and Germany debt risk

5-year senior sovereign CDS spreads



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Basis points



Source: Bloomberg.

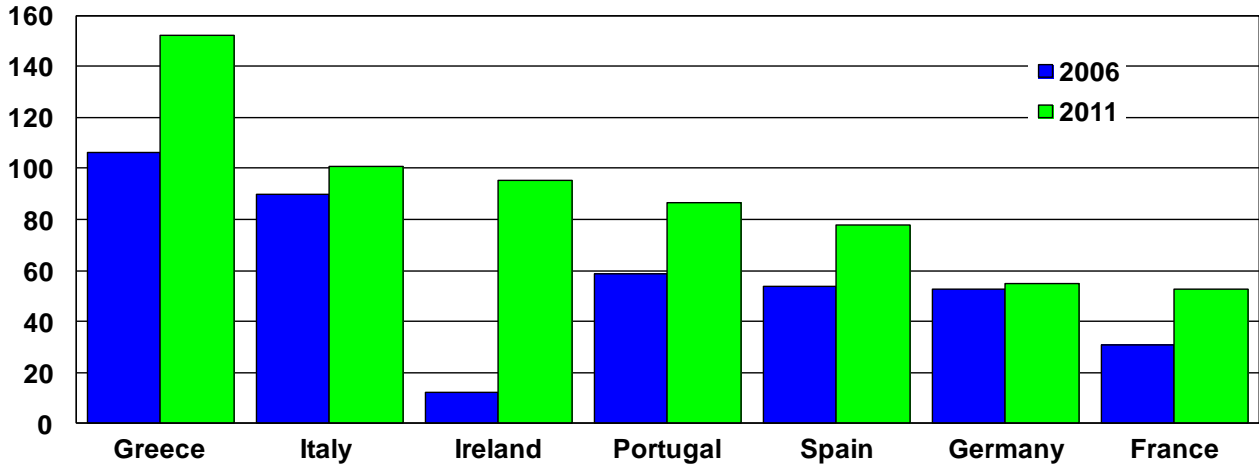
General government net debt 2006 and 2011



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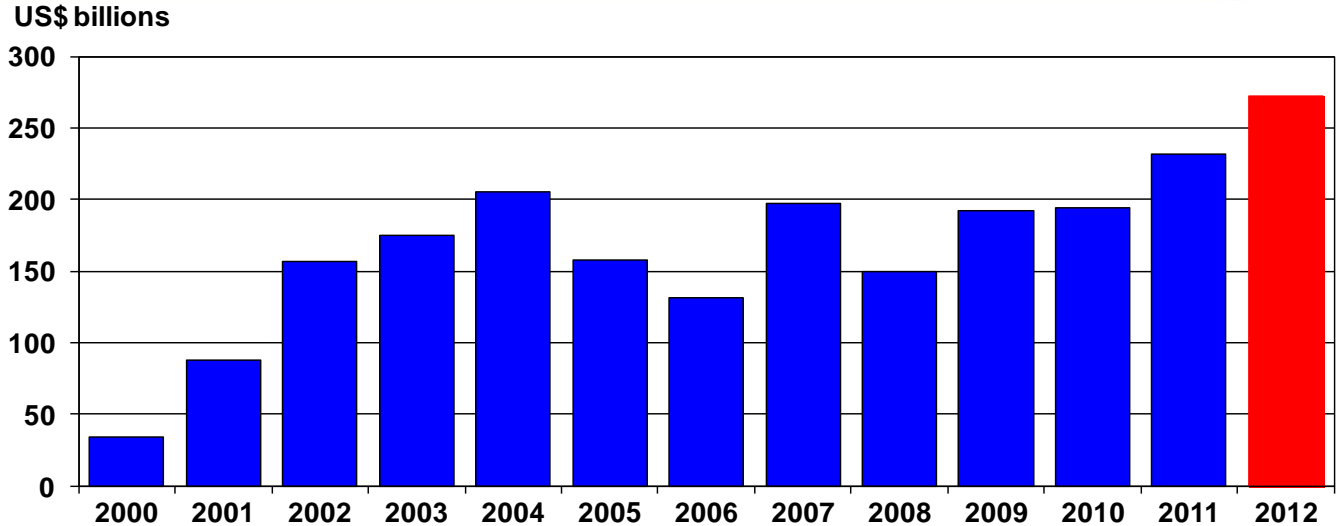
GIIPS, France, and Germany

Percent of GDP



Note: 2011 data are IMF projections. Source: IMF.

Euro zone balance of trade

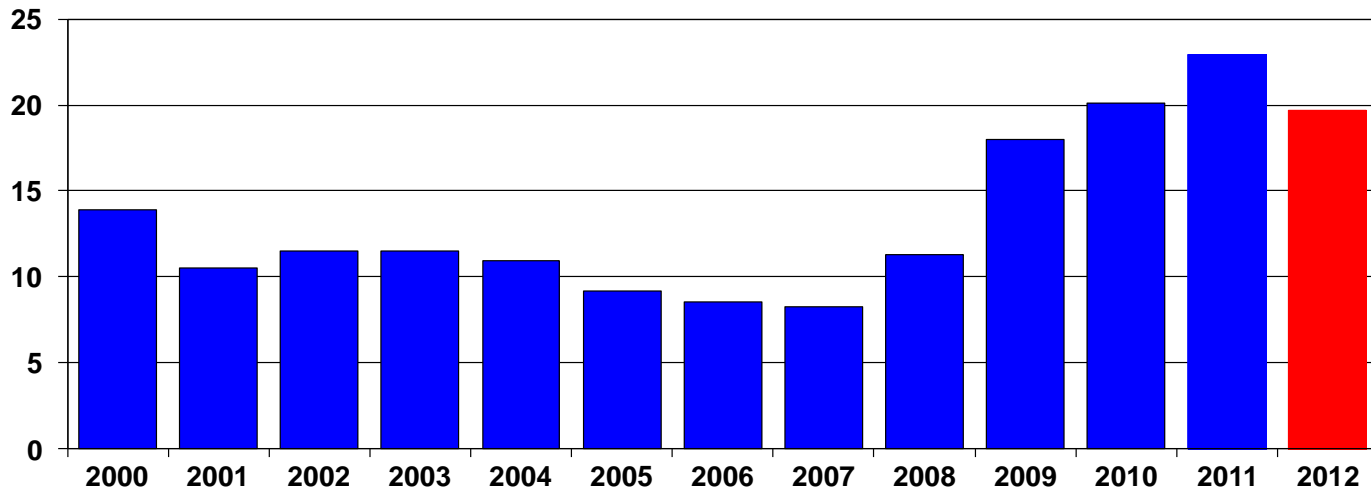


Note: Projections in red. Source: IMF World Economic Outlook database, September 2011.



Spain's unemployment rate

Percent of total labor force

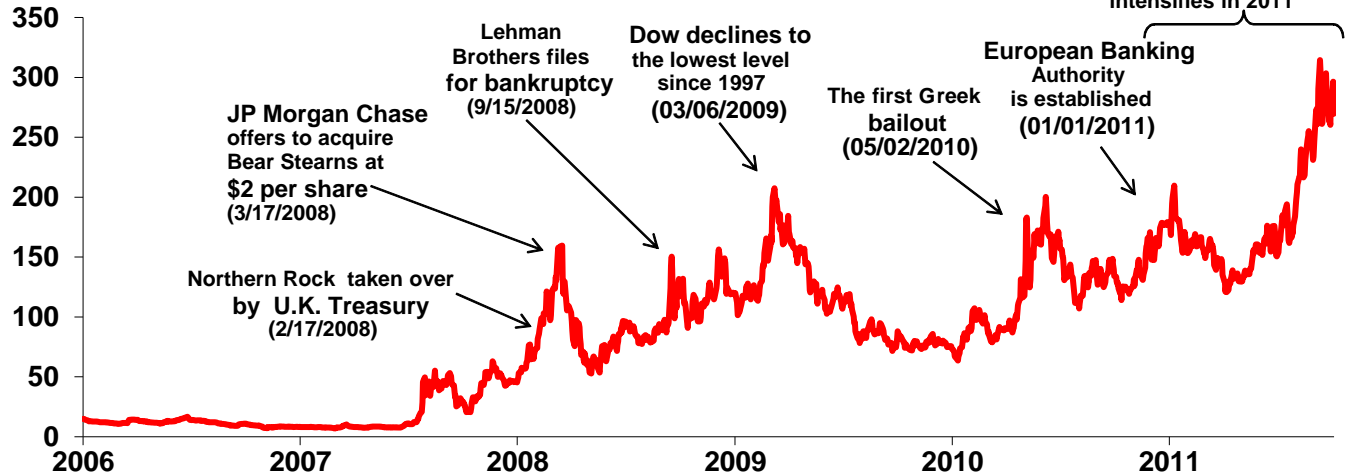


Note: Projections in red. Source: IMF WEO and Eurostat,



Europe's senior financial credit spreads

Basis points

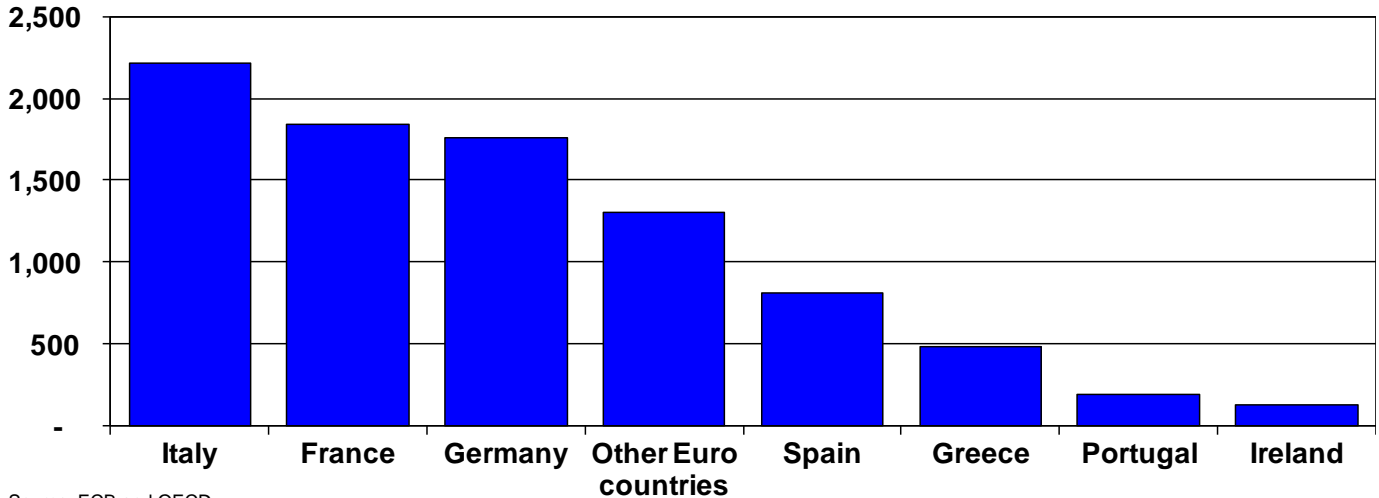


Source: iTraxx from Bloomberg, ECB and OECD.

Euro zone debt, 2011



US\$ billions



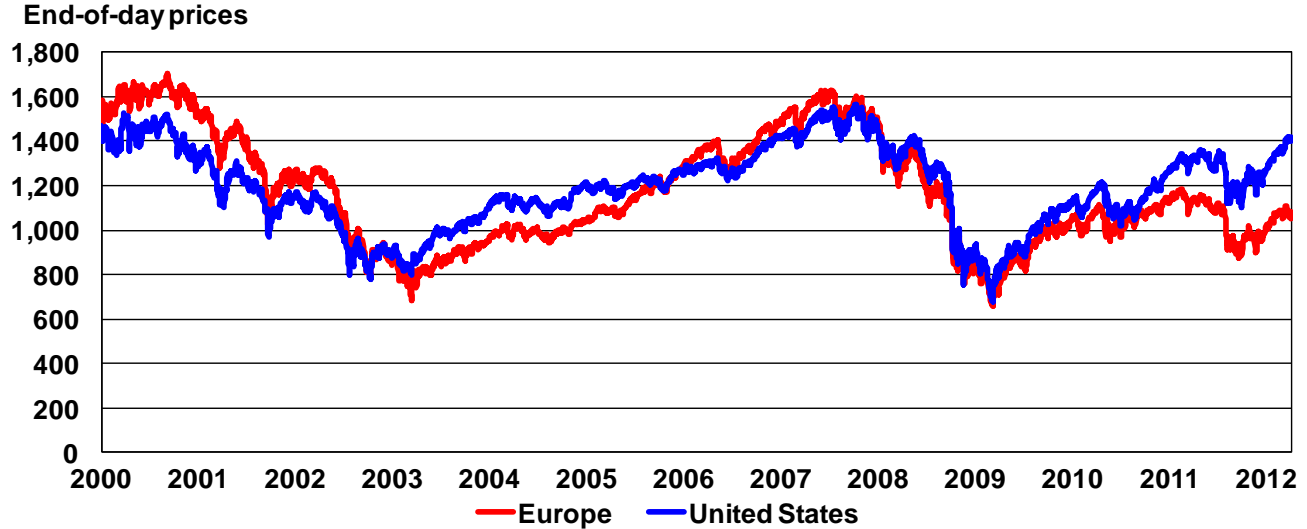
Source: ECB and OECD.

Stock indices U.S. and Europe

FTSE Euro First 300 Index vs. S&P 500 Index



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Source: Bloomberg.

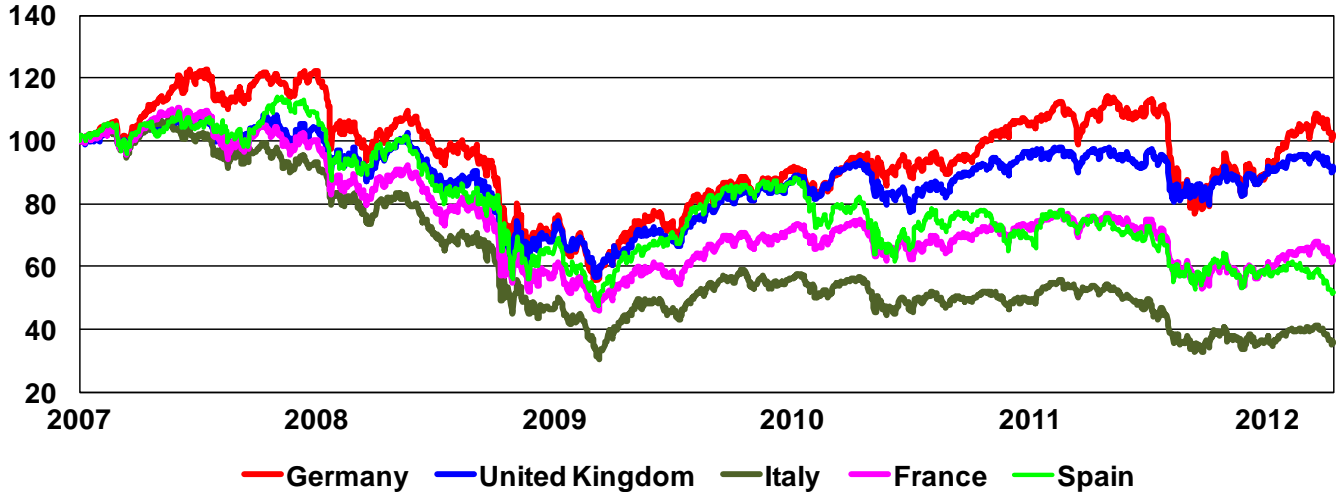
Select countries' stock indices in Europe

Stock market performance differs dramatically



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Index, 01/01/2007=100



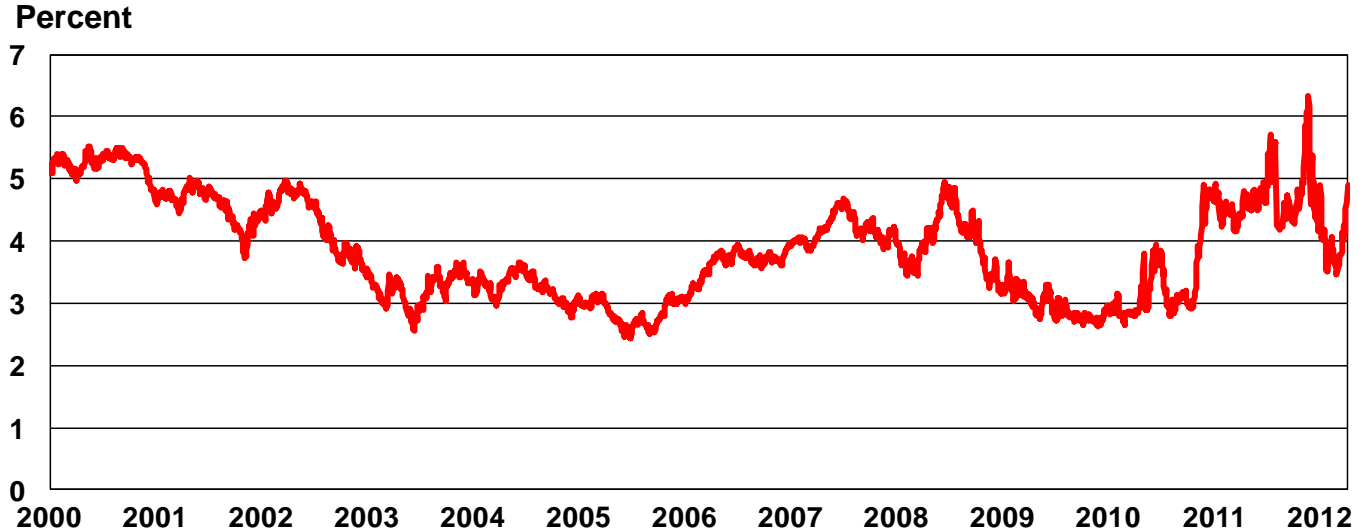
Source: Bloomberg.

Spain's borrowing costs

5 year government bond yield



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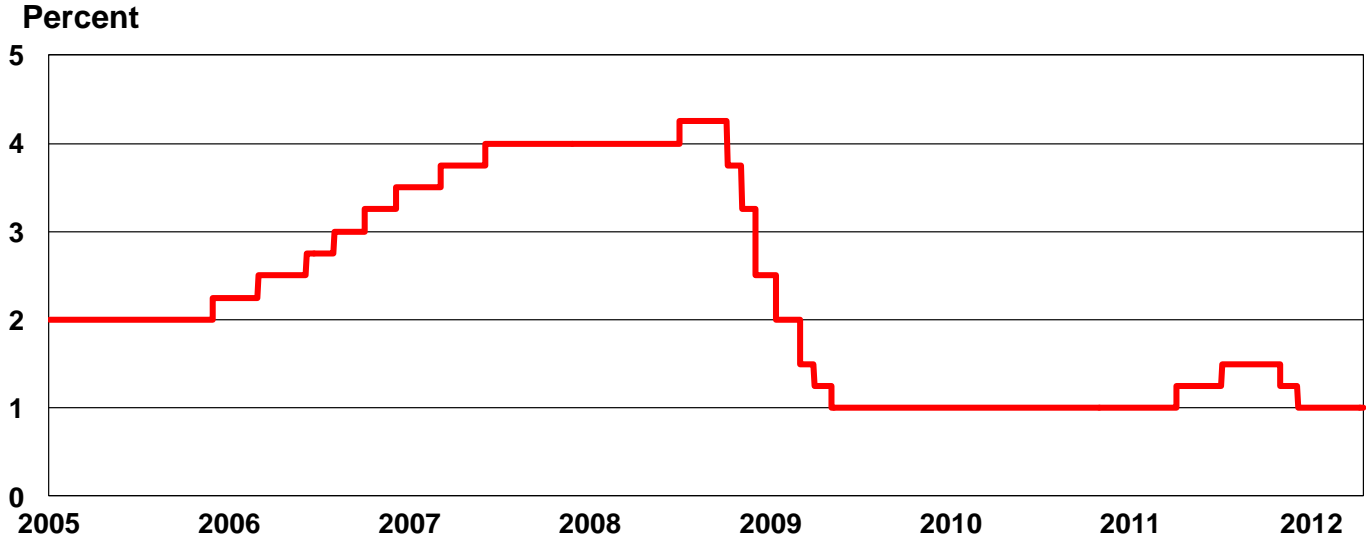


Source: Bloomberg.

ECB refinancing rate January 2005 – April 2012



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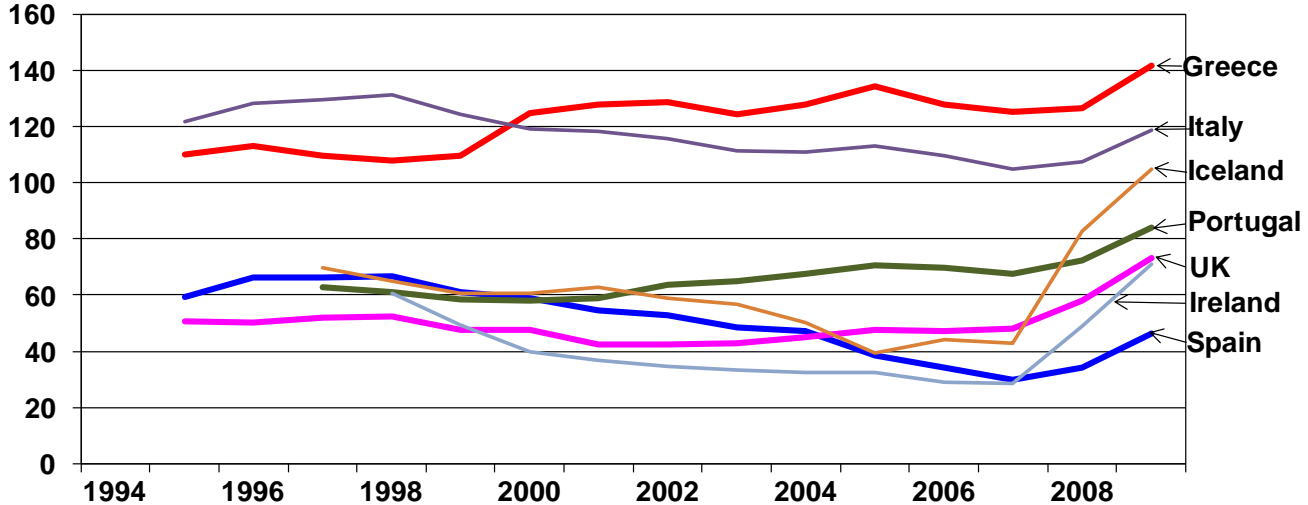
Source: Bloomberg.

Central government debt: Select European countries



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Percent of GDP



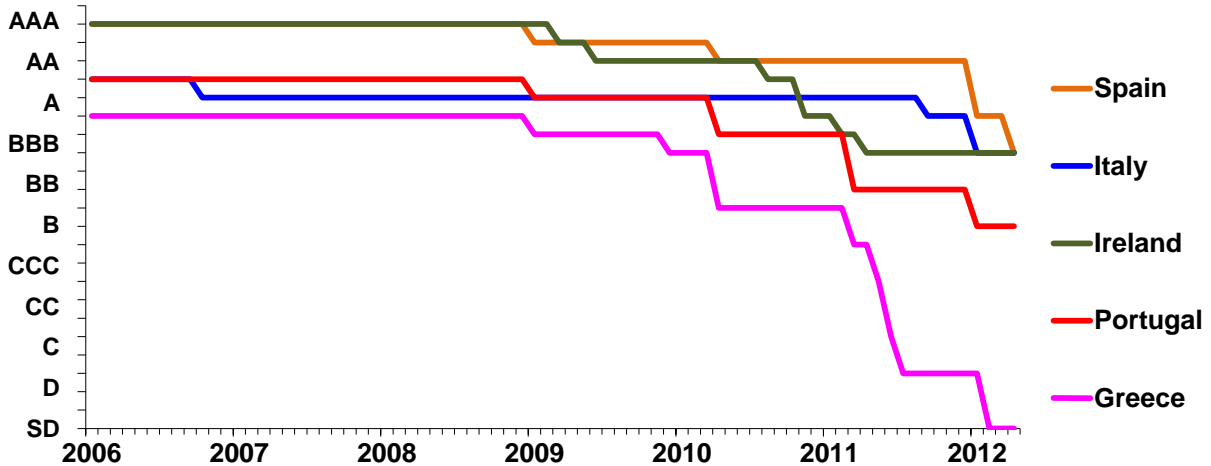
Source: World Bank.

Recent rating changes for selected European countries



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



Sources: Bloomberg, Milken Institute.