

Picking up the pieces

Outlook for the global and UK economies

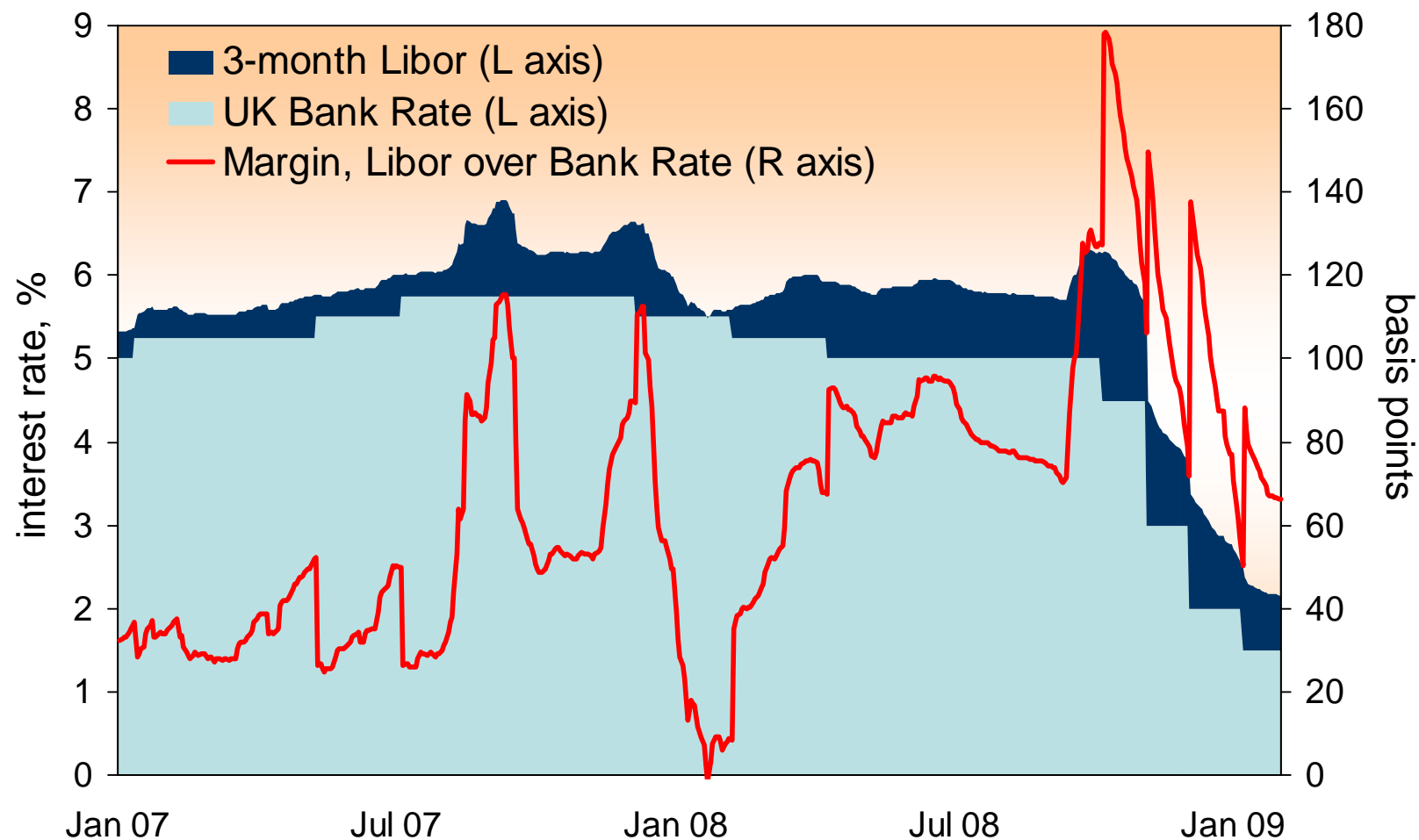
February 2009

Mark Berrisford-Smith

HSBC Bank plc

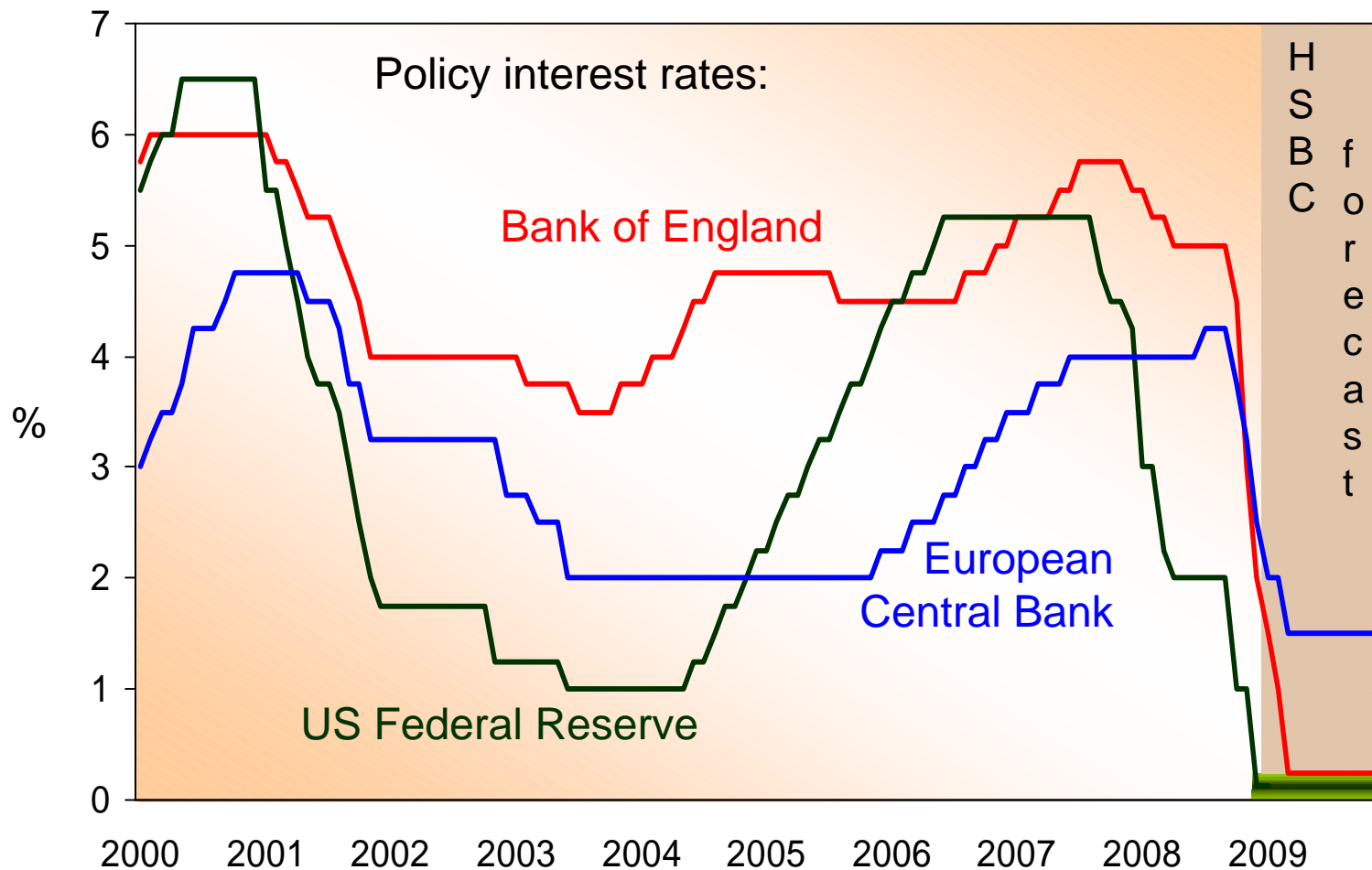


The slow thaw



Source: Bank of England, BBA

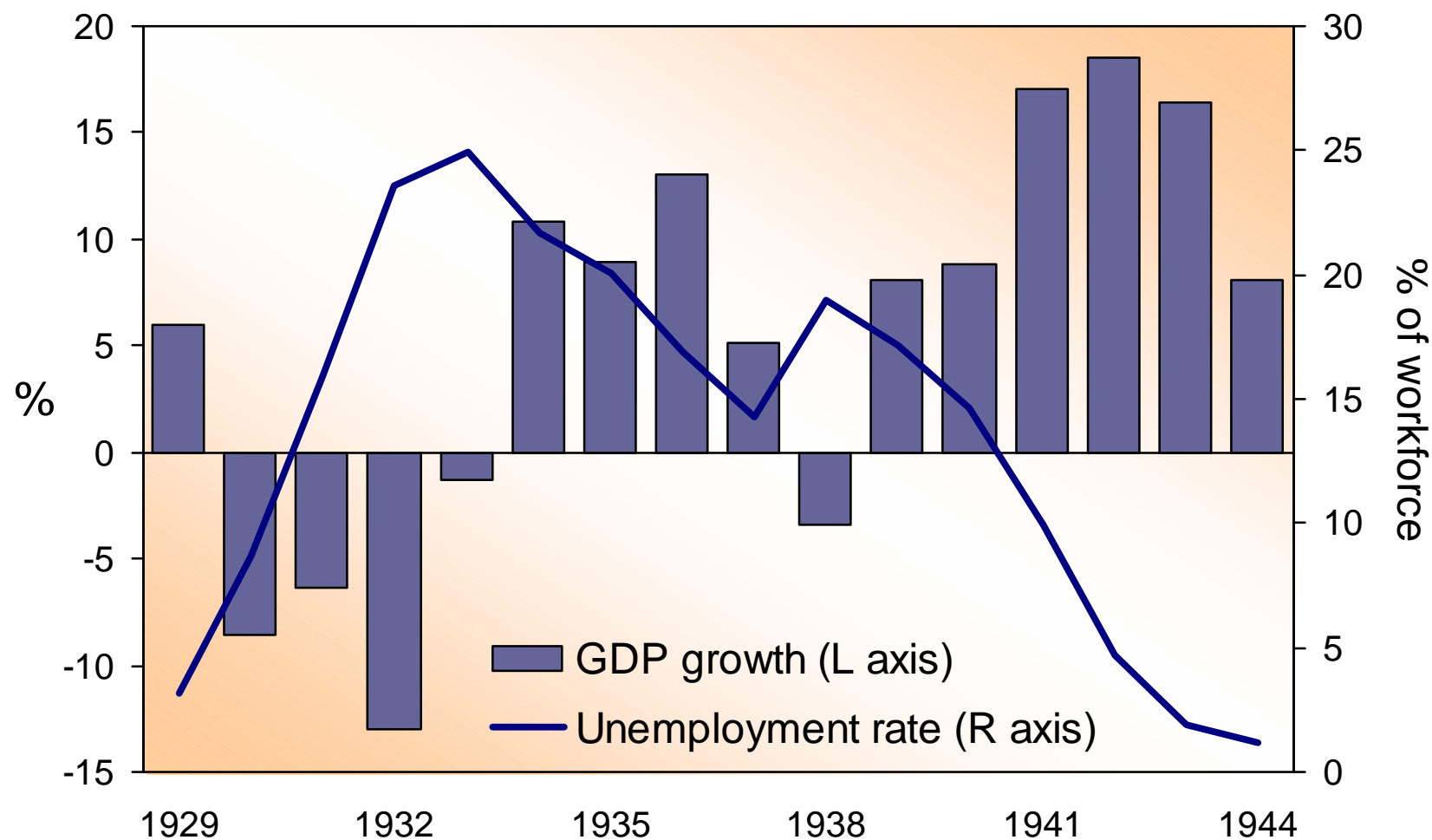
The plumbers take radical measures



Source: Bank of England, US Federal Reserve, ECB, HSBC

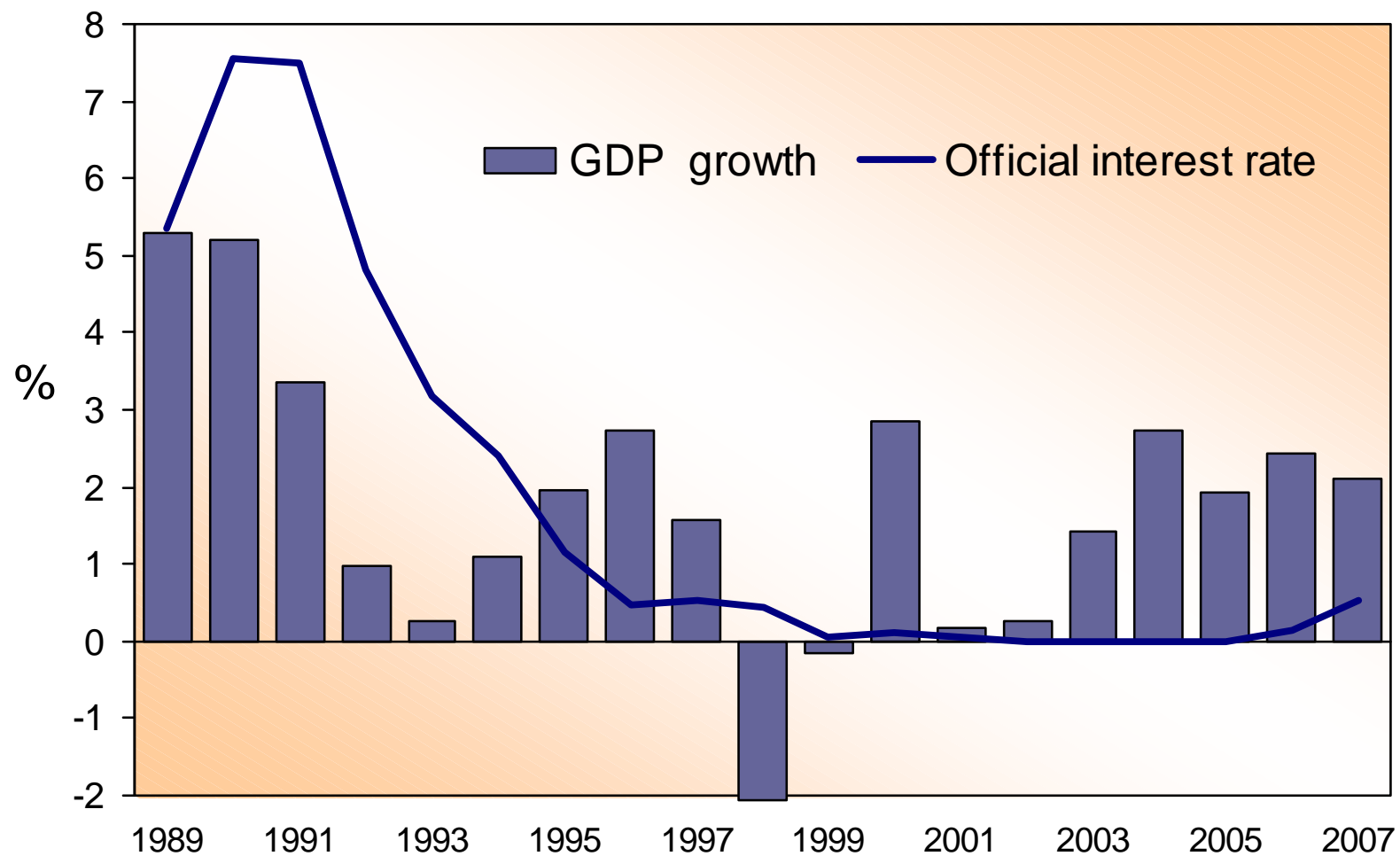
Looking over the precipice ...

America: the Great Depression



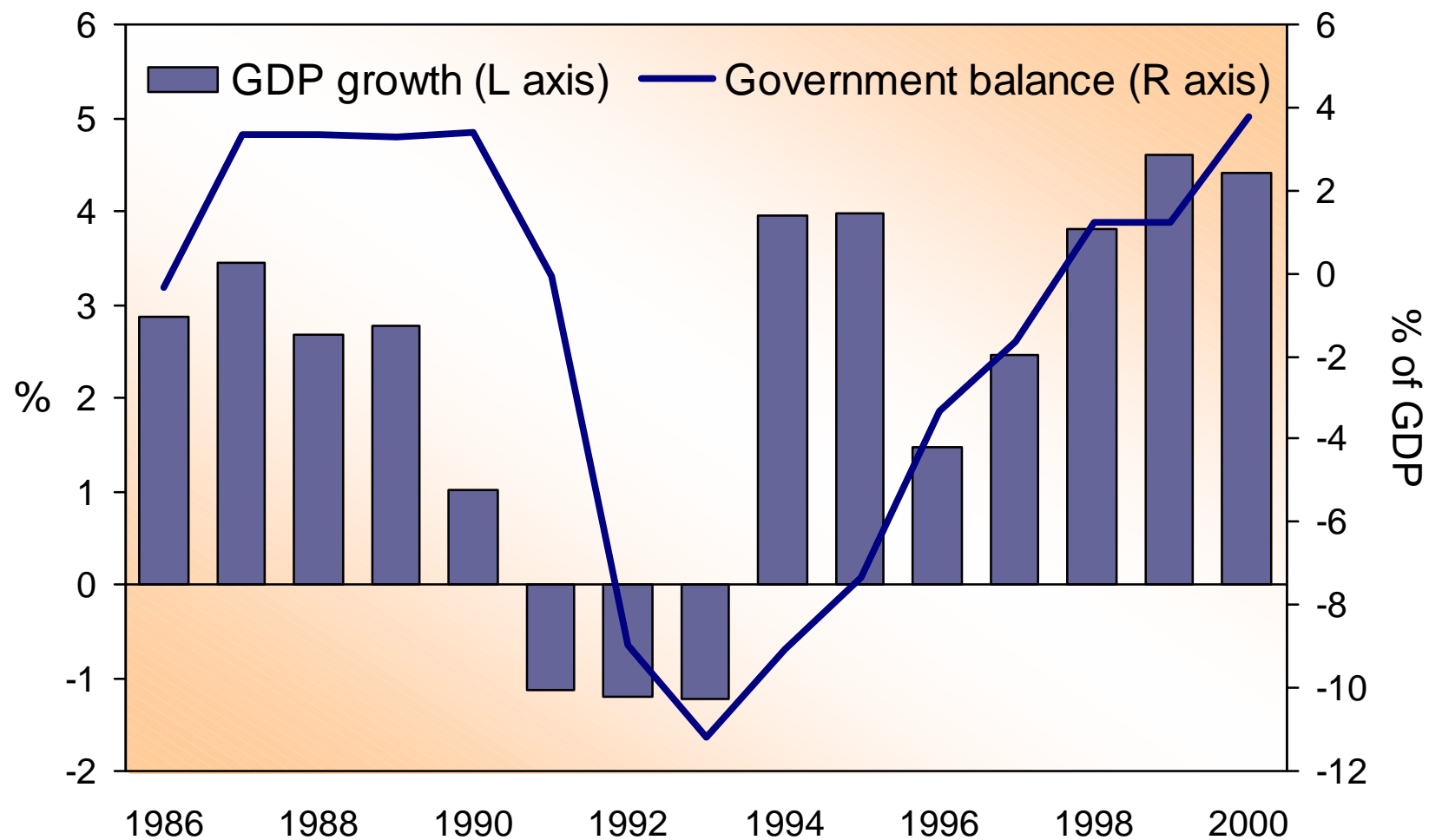
Source: US Federal Reserve

Japan: the quicksands of deflation



Source: Thomson Datastream

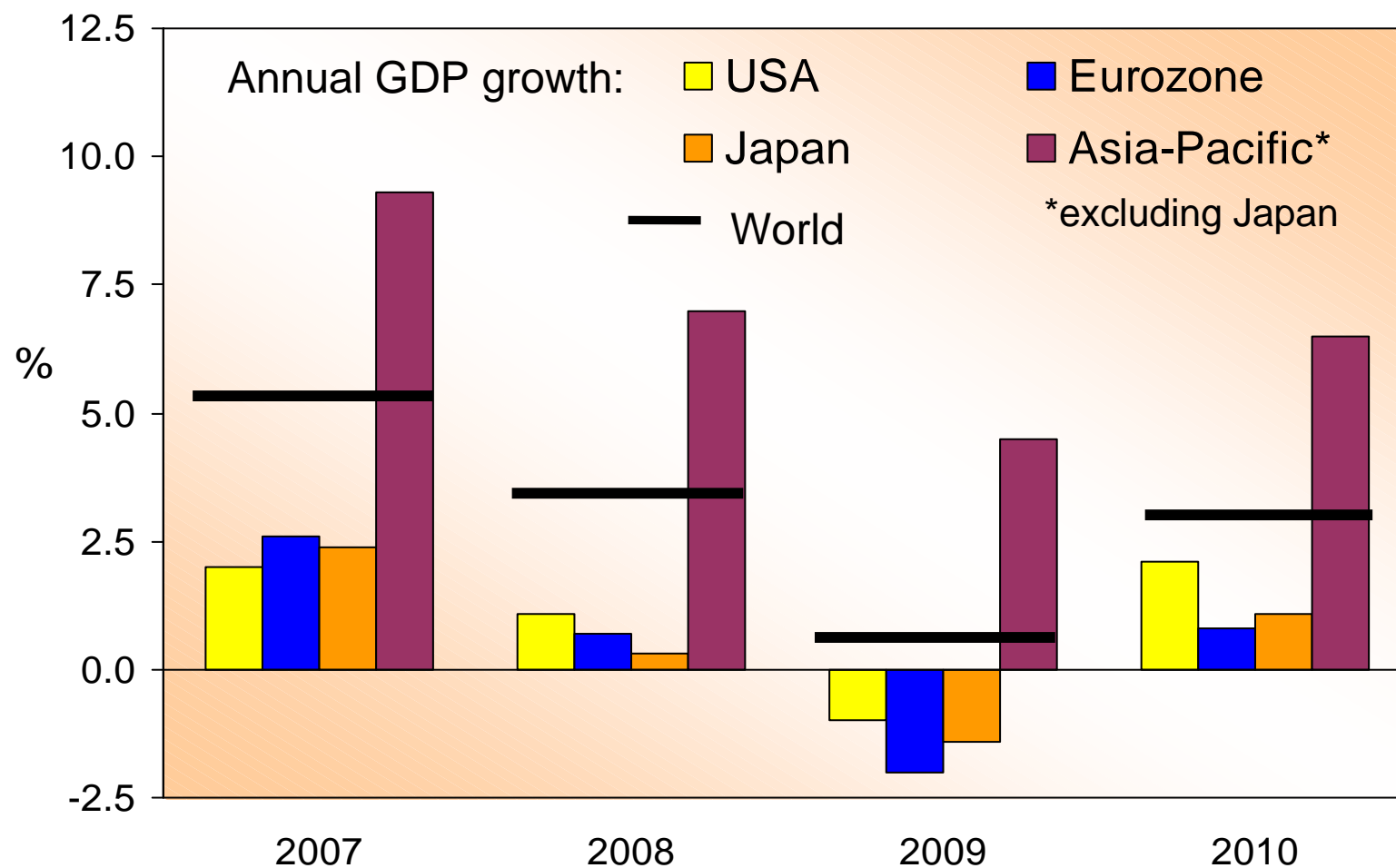
Sweden: a short sharp shock



Source: Thomson Datastream

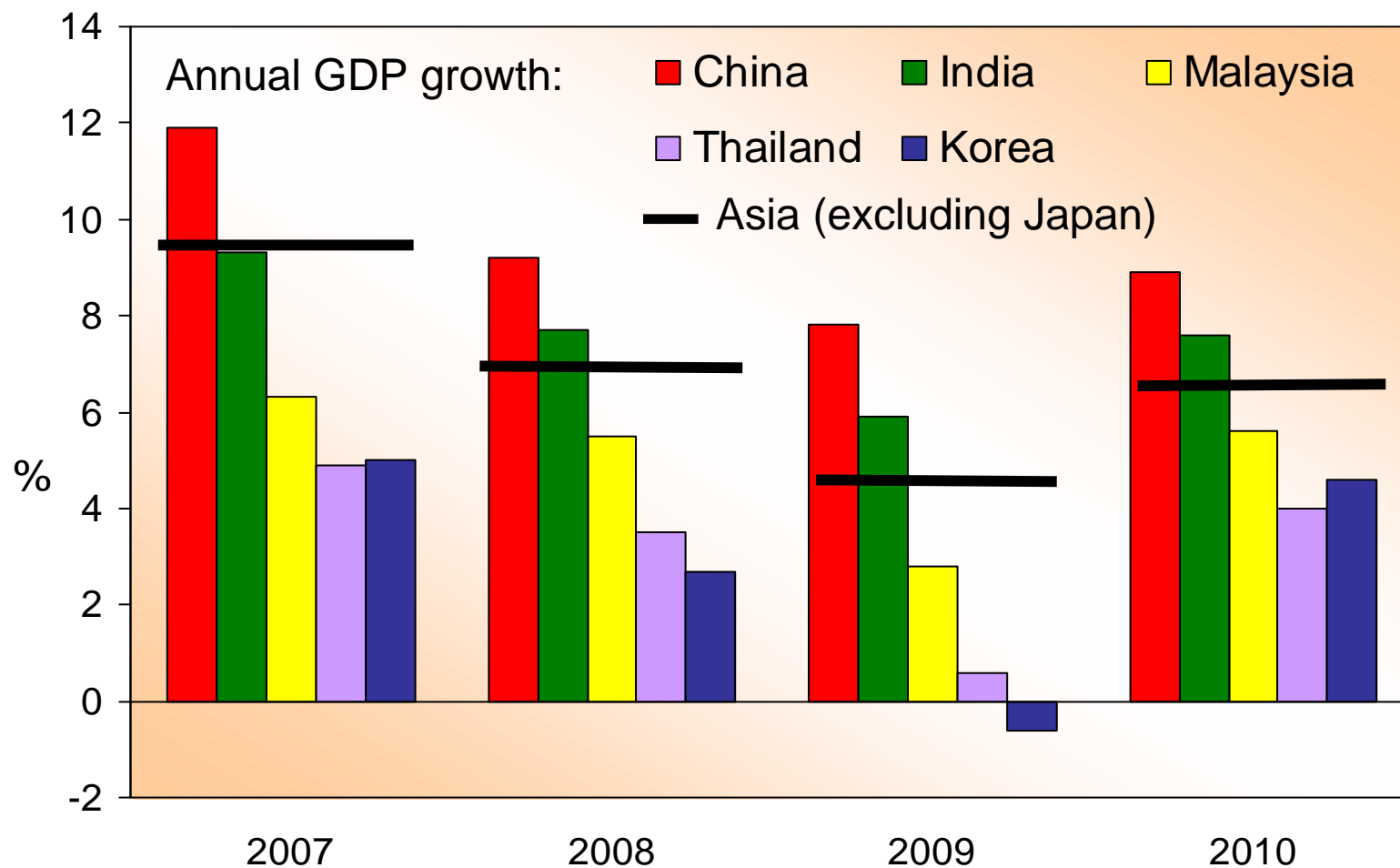
A world of two halves ...

The end of the golden years



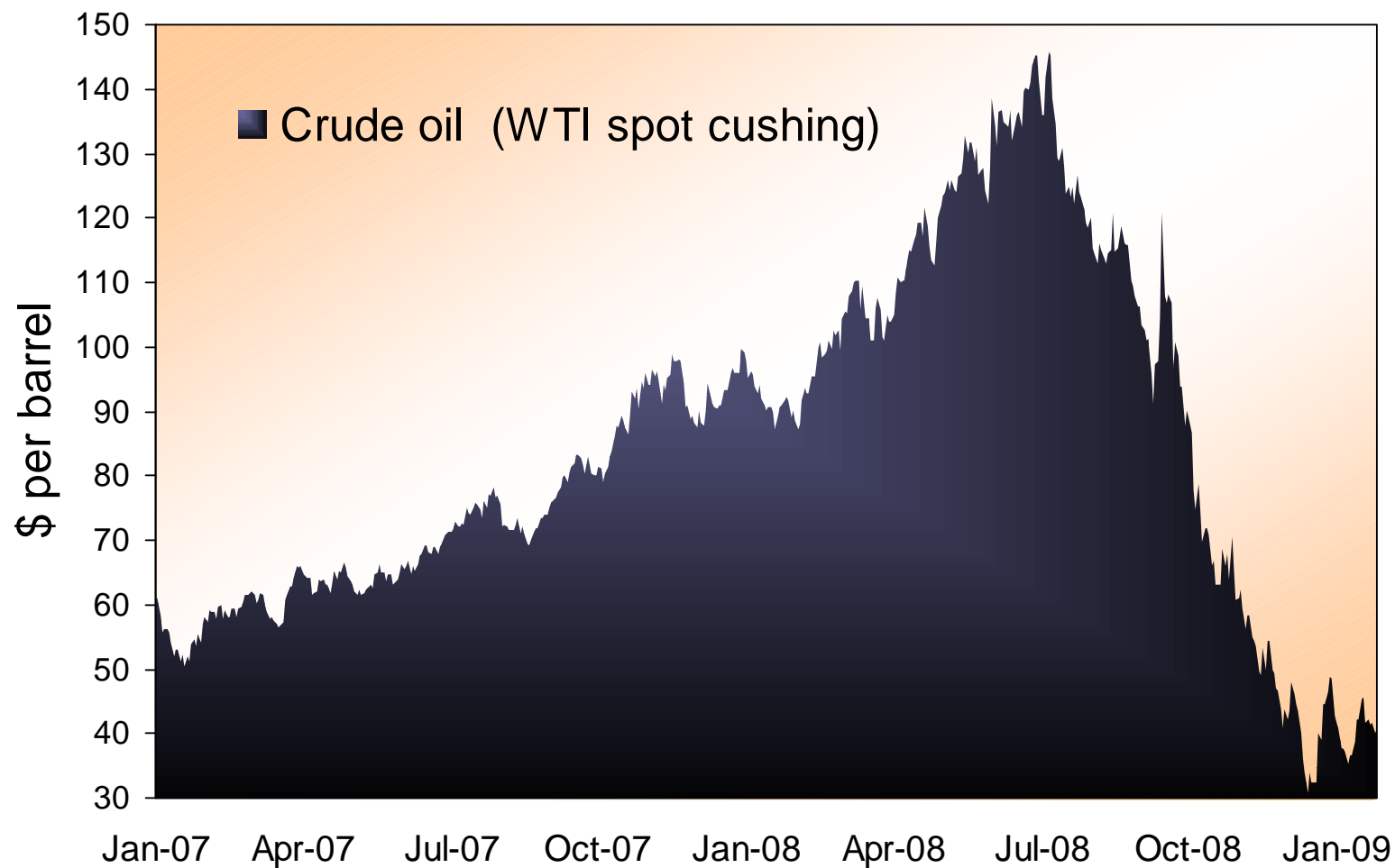
Source: IMF, HSBC

Asia's superpowers falter



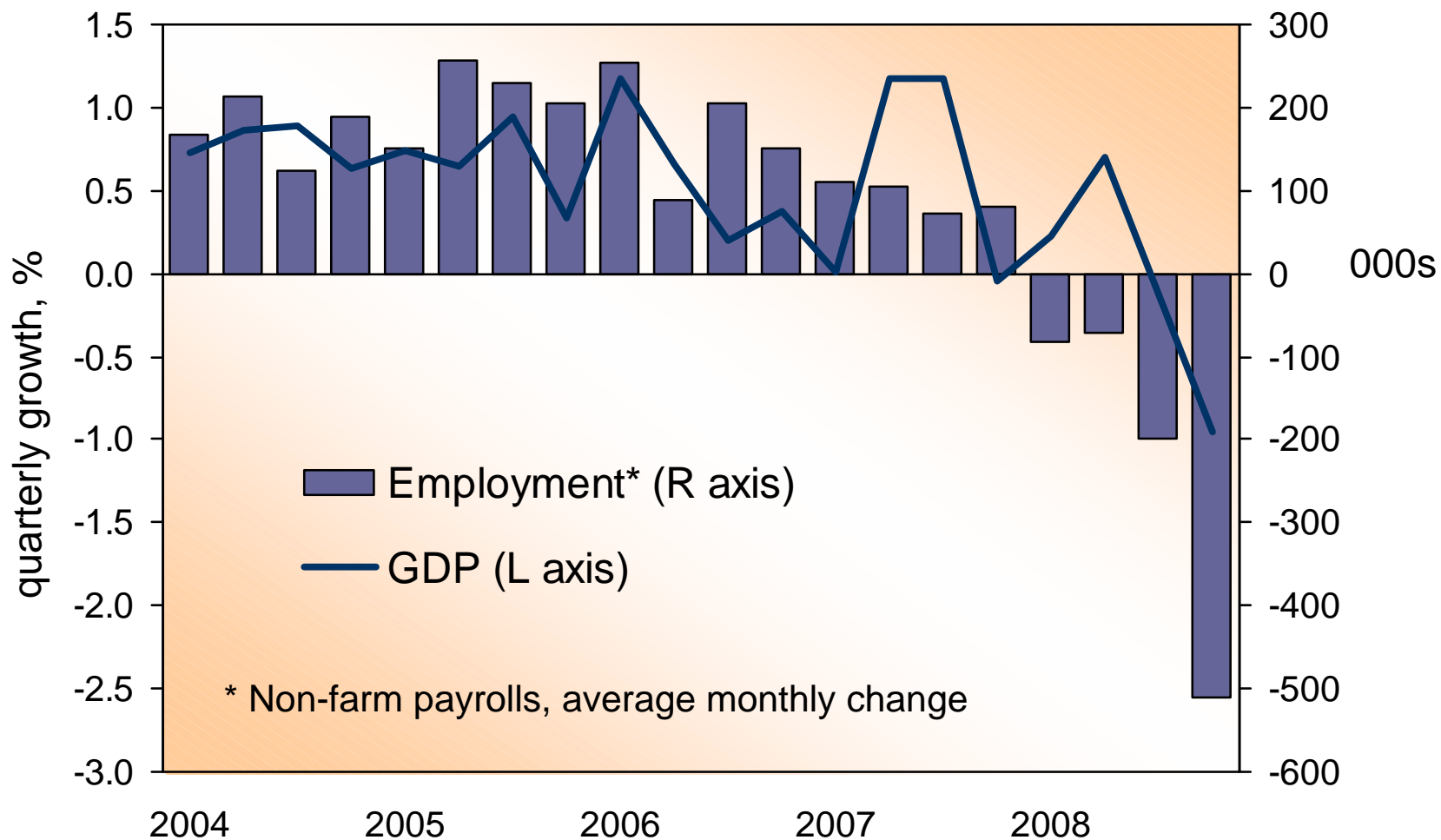
Source: IMF, HSBC

Oil – froth and fundamentals



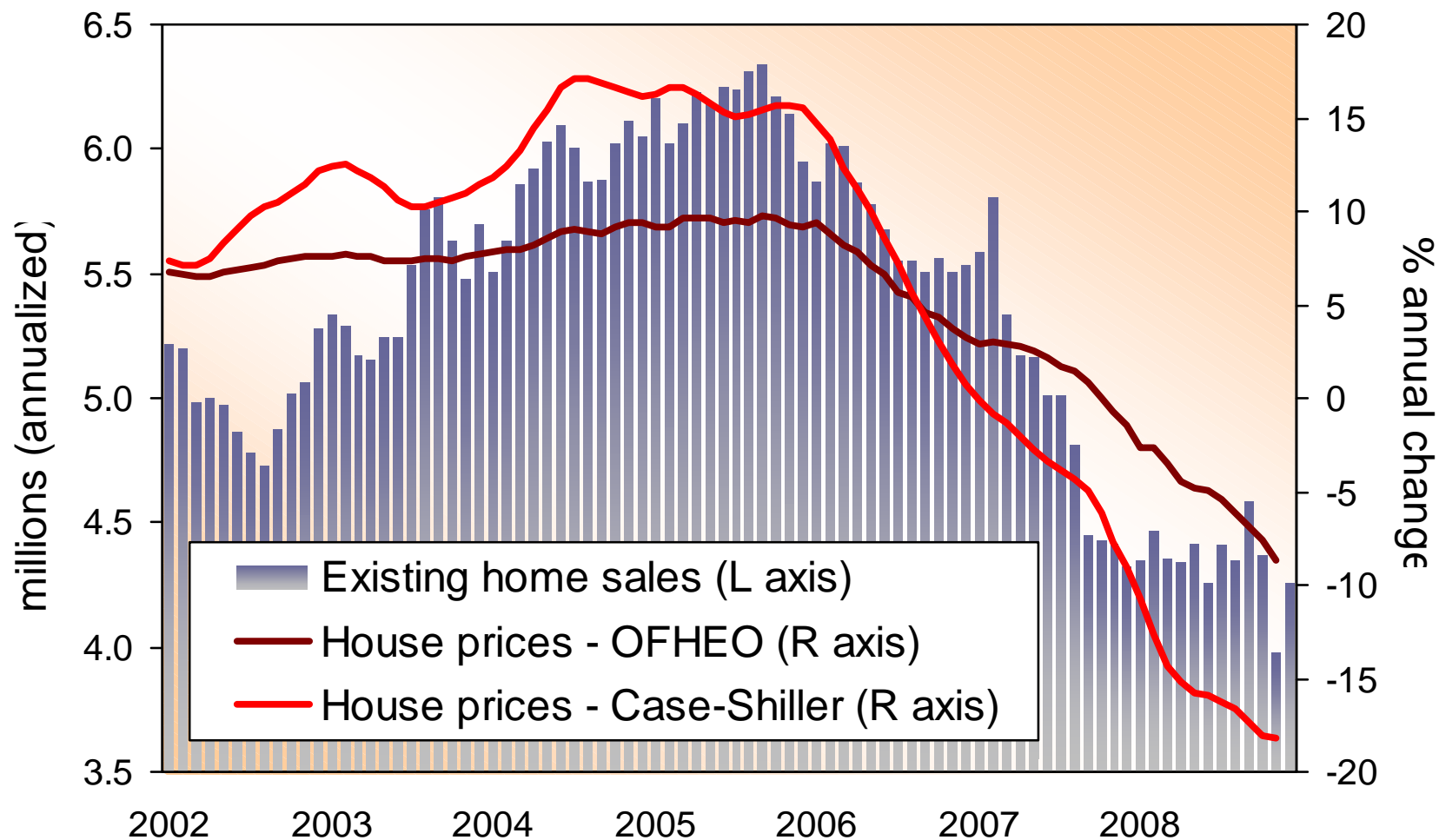
Source: Thomson Datastream

Over two million jobs lost last year



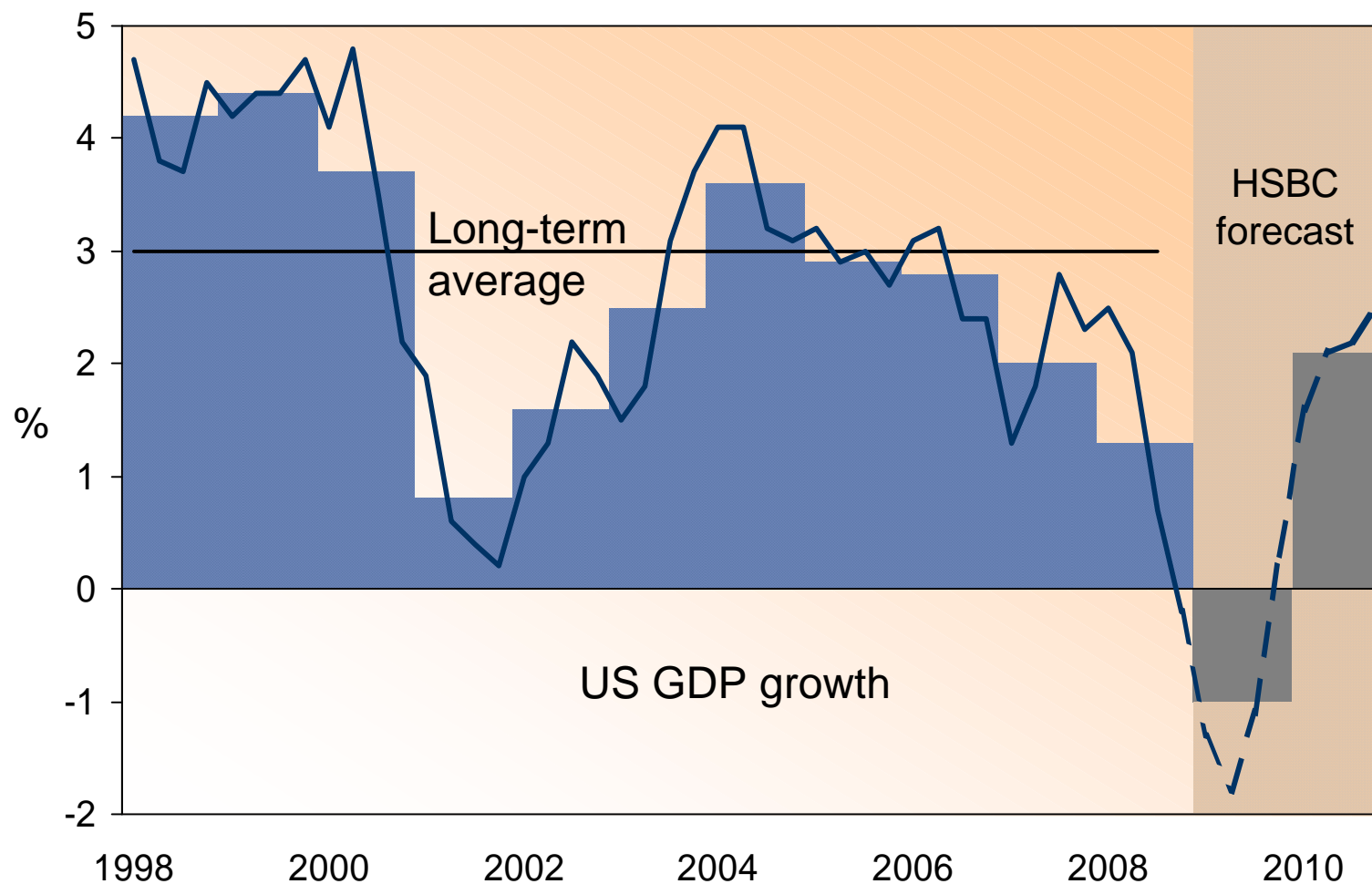
Source: BLS, BEA

The US housing market – state of collapse



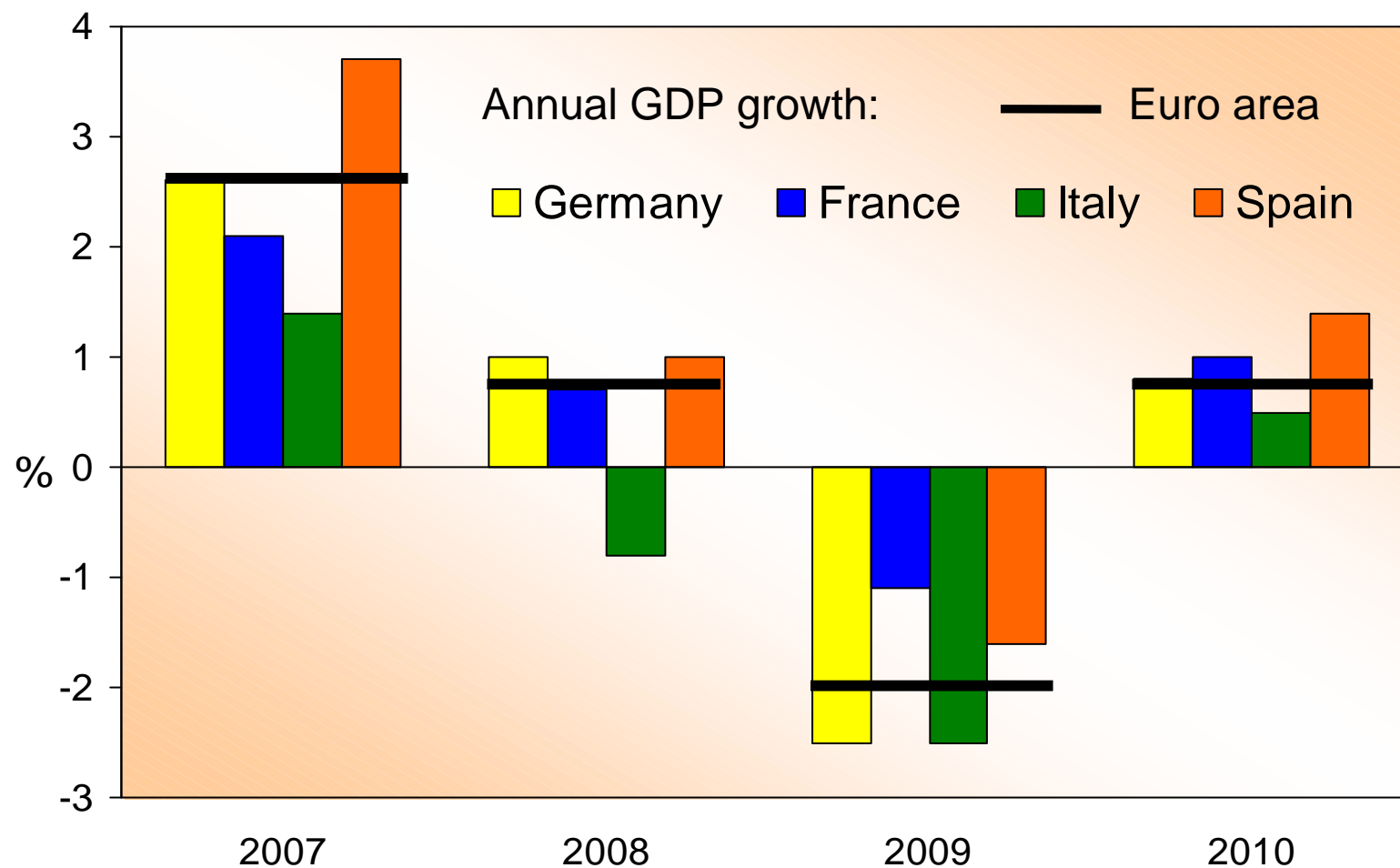
Source: Thomson Datastream

Waiting for the Obama stimulus



Source: BEA, HSBC

The Euro Area – feet of clay

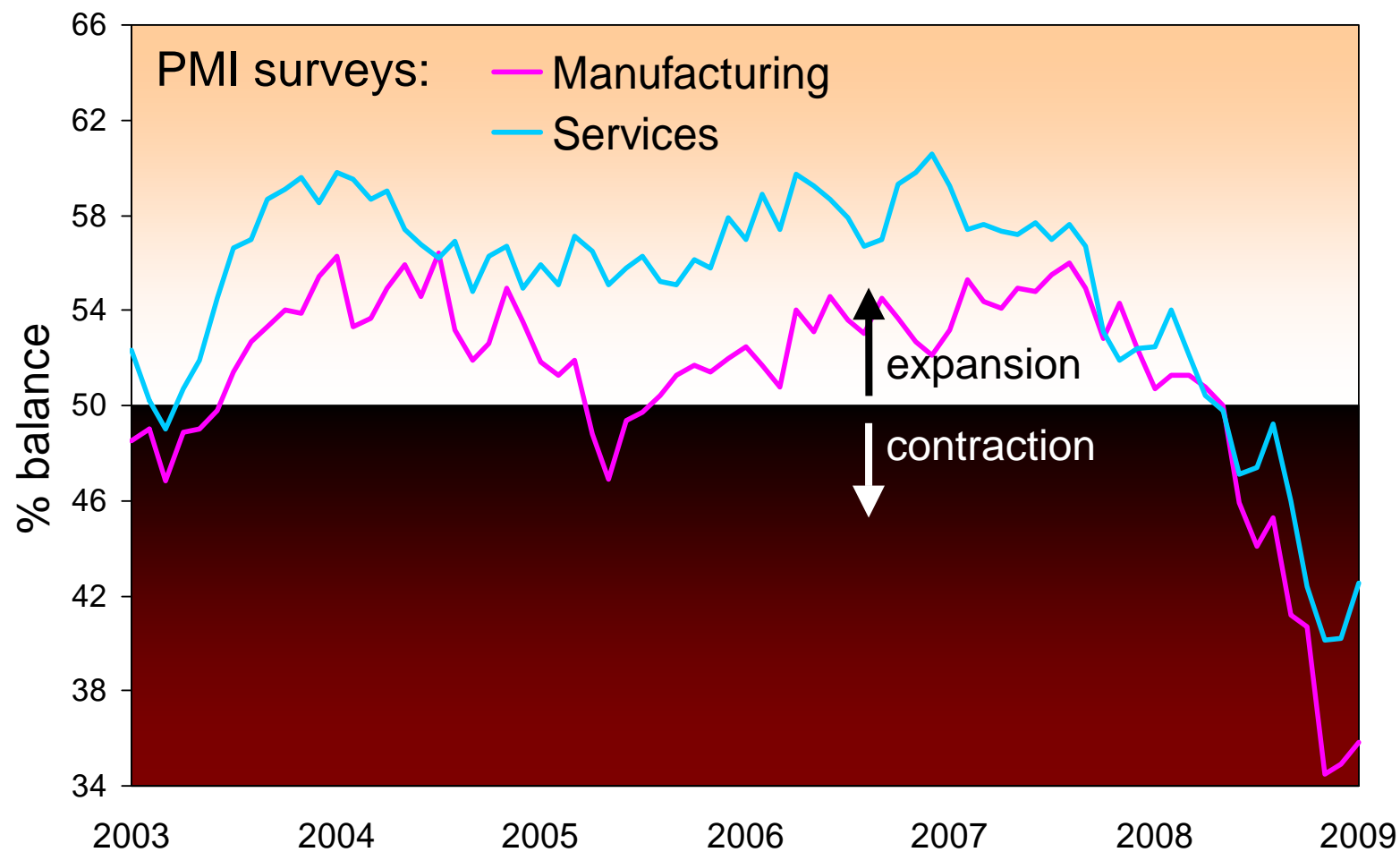


Source: Eurostat, HSBC

Hitting the UK now ...

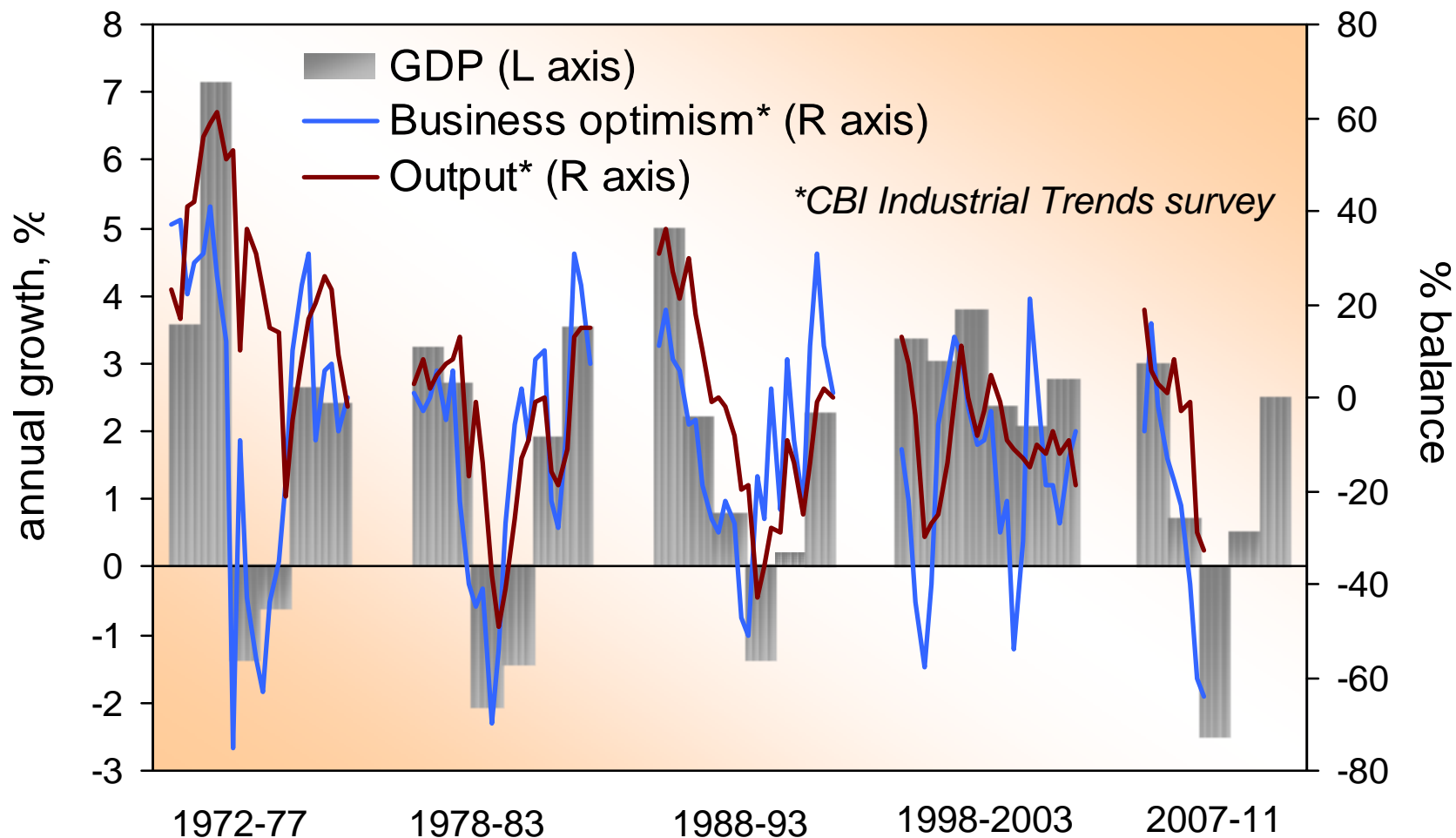
- Consumers are retrenching in the face of a shortage of credit and the housing market slump
-

Business surveys – from dismal to awful



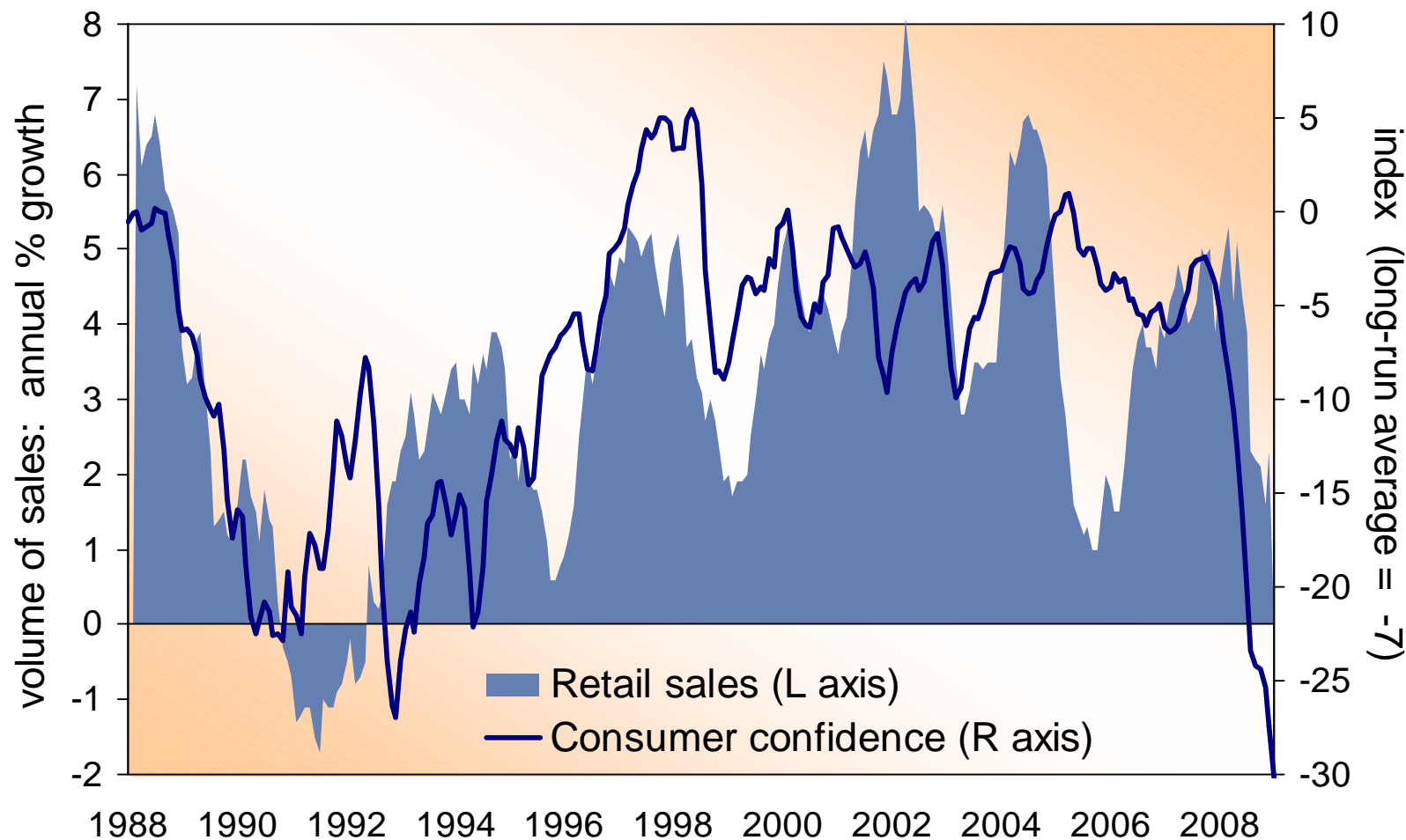
Source: Markit

A long-run perspective



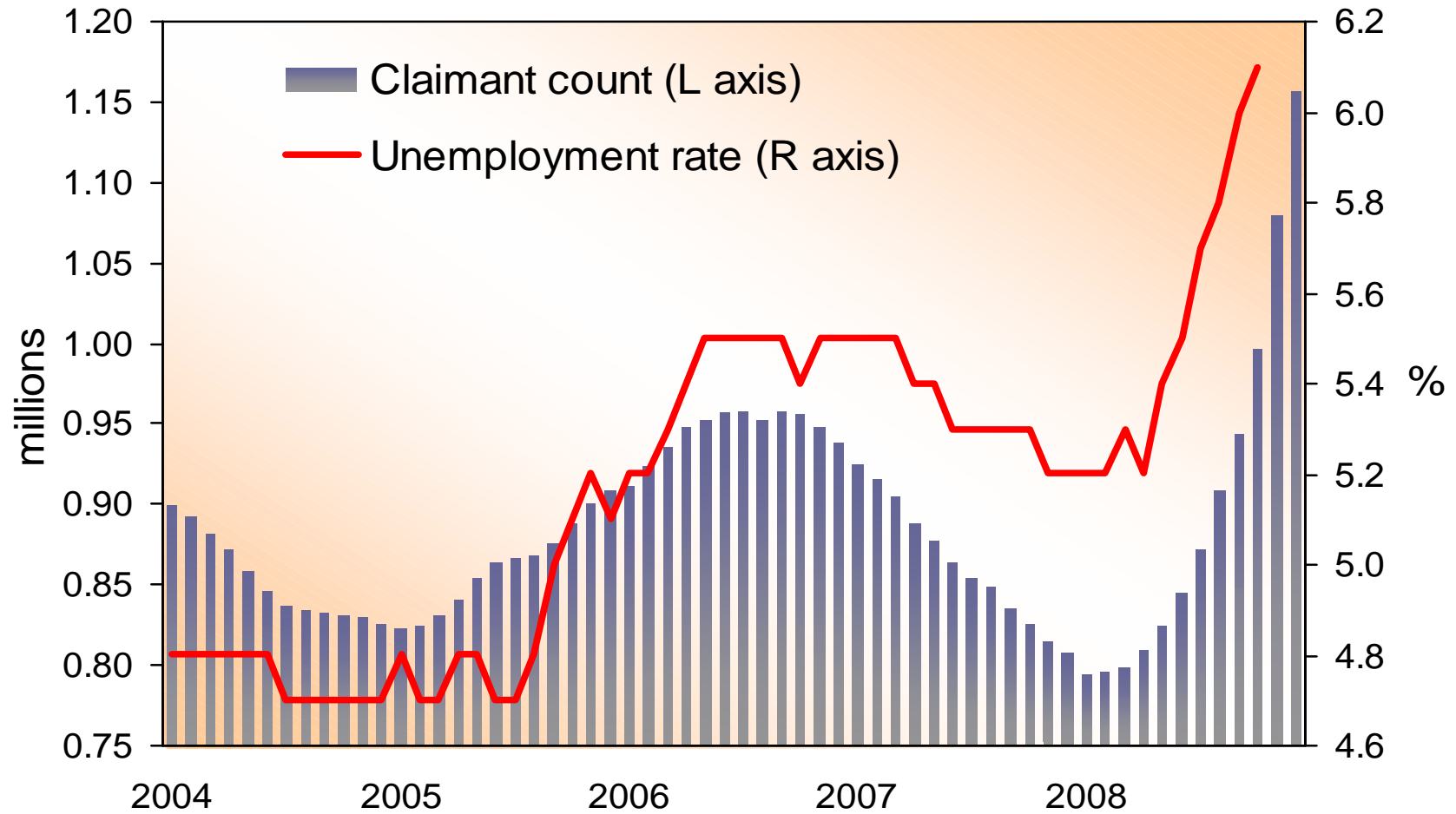
Source: ONS, CBI

Confidence and spending – retrenchment rules



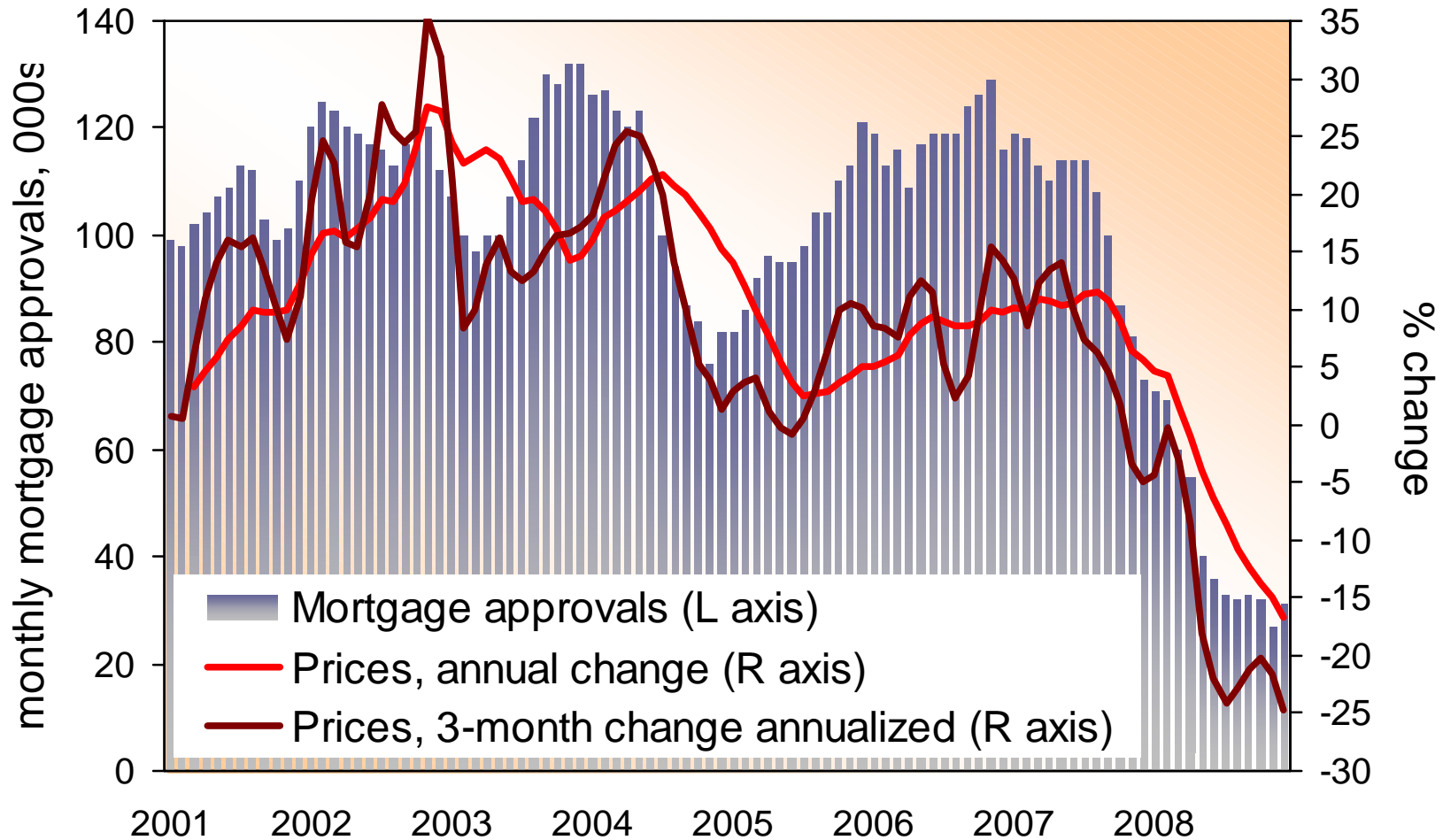
Source: ONS, Thomson Datastream

The labour market – turning nasty



Source: ONS

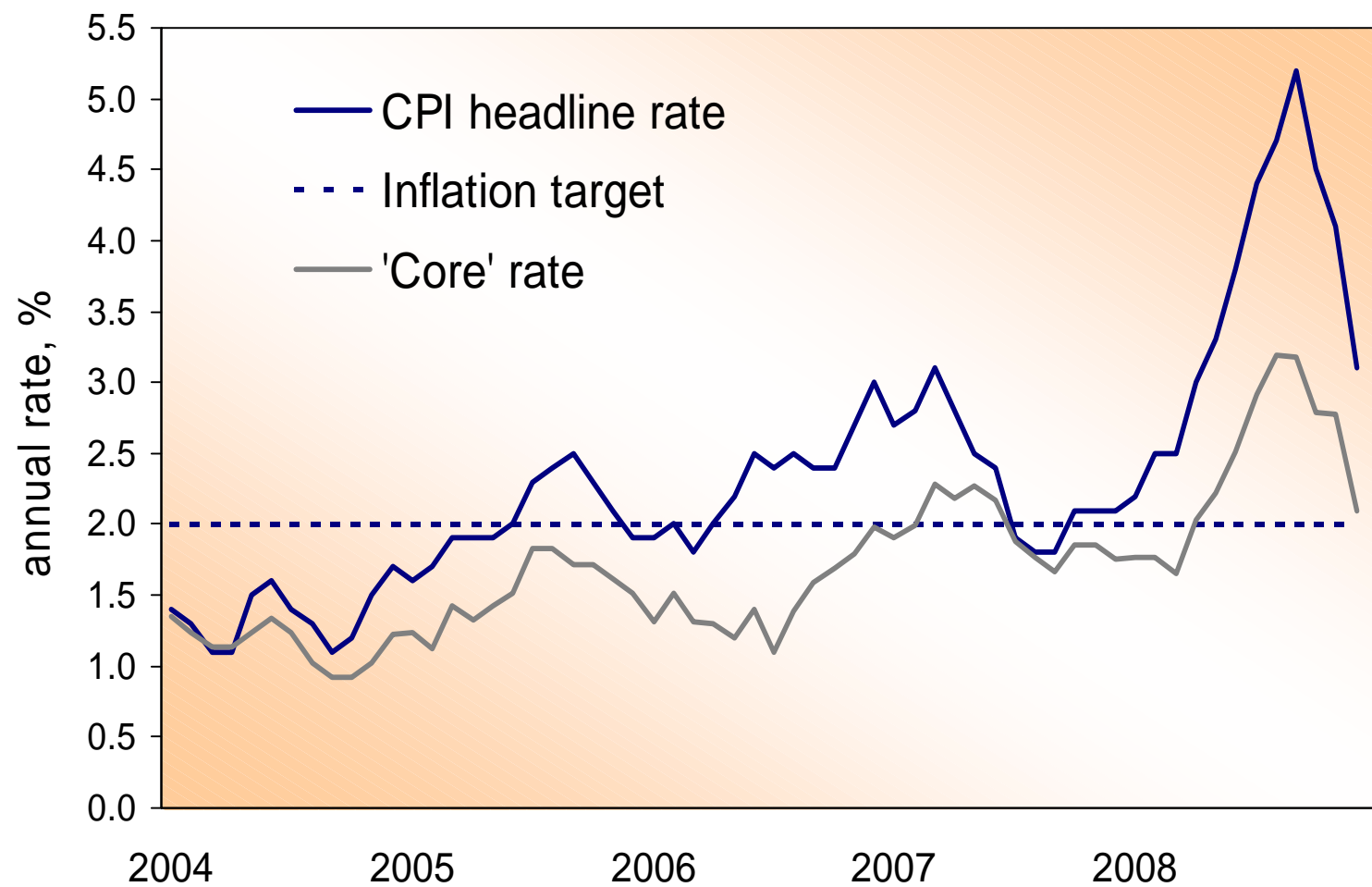
House prices – down to earth with a crash



Source: Bank of England, Halifax

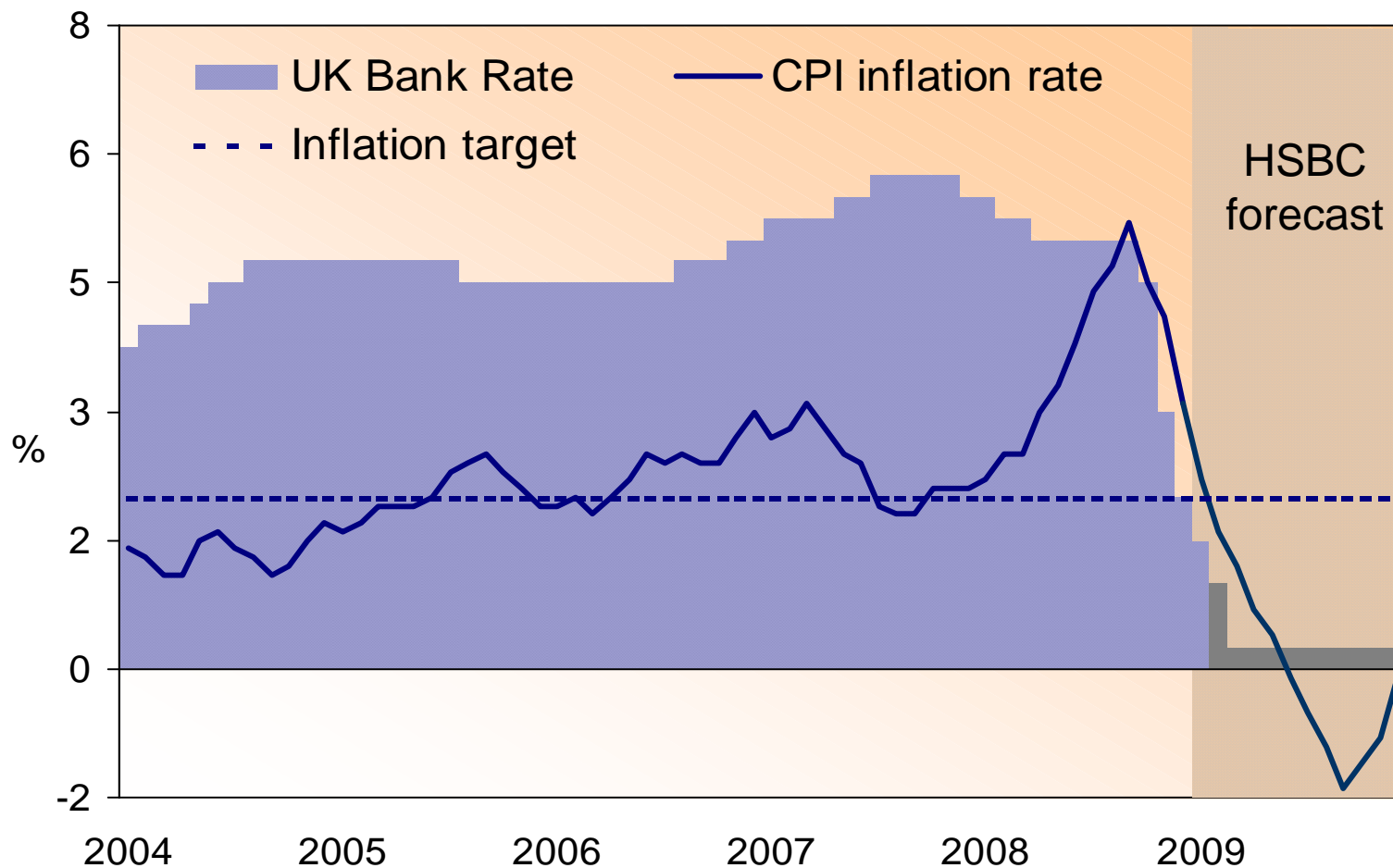
- Consumers are retrenching in the face of a shortage of credit and the housing market slump
 - Monetary and fiscal policy are both being deployed
-

Inflation – yesterday's story



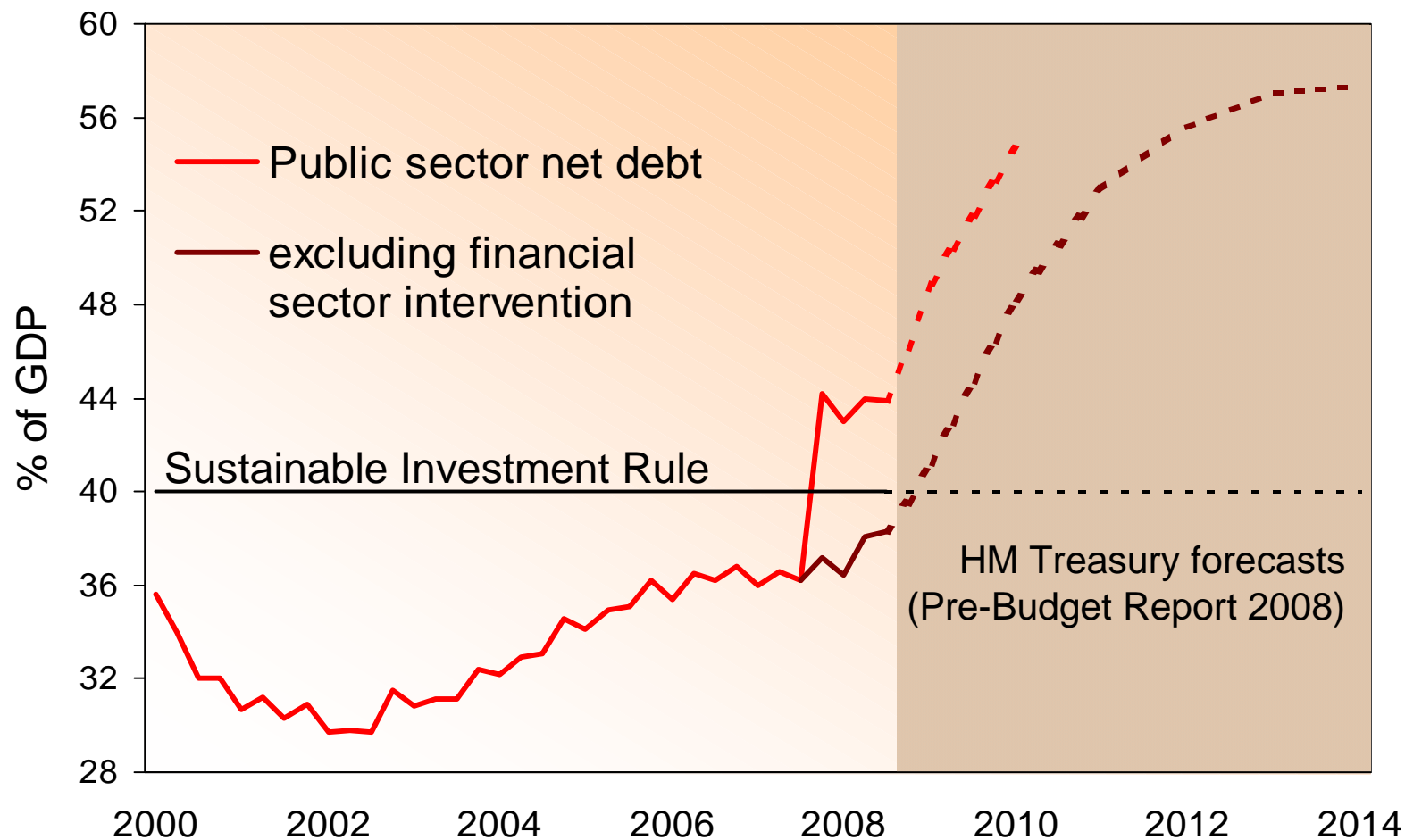
Source: ONS

The MPC – bold action



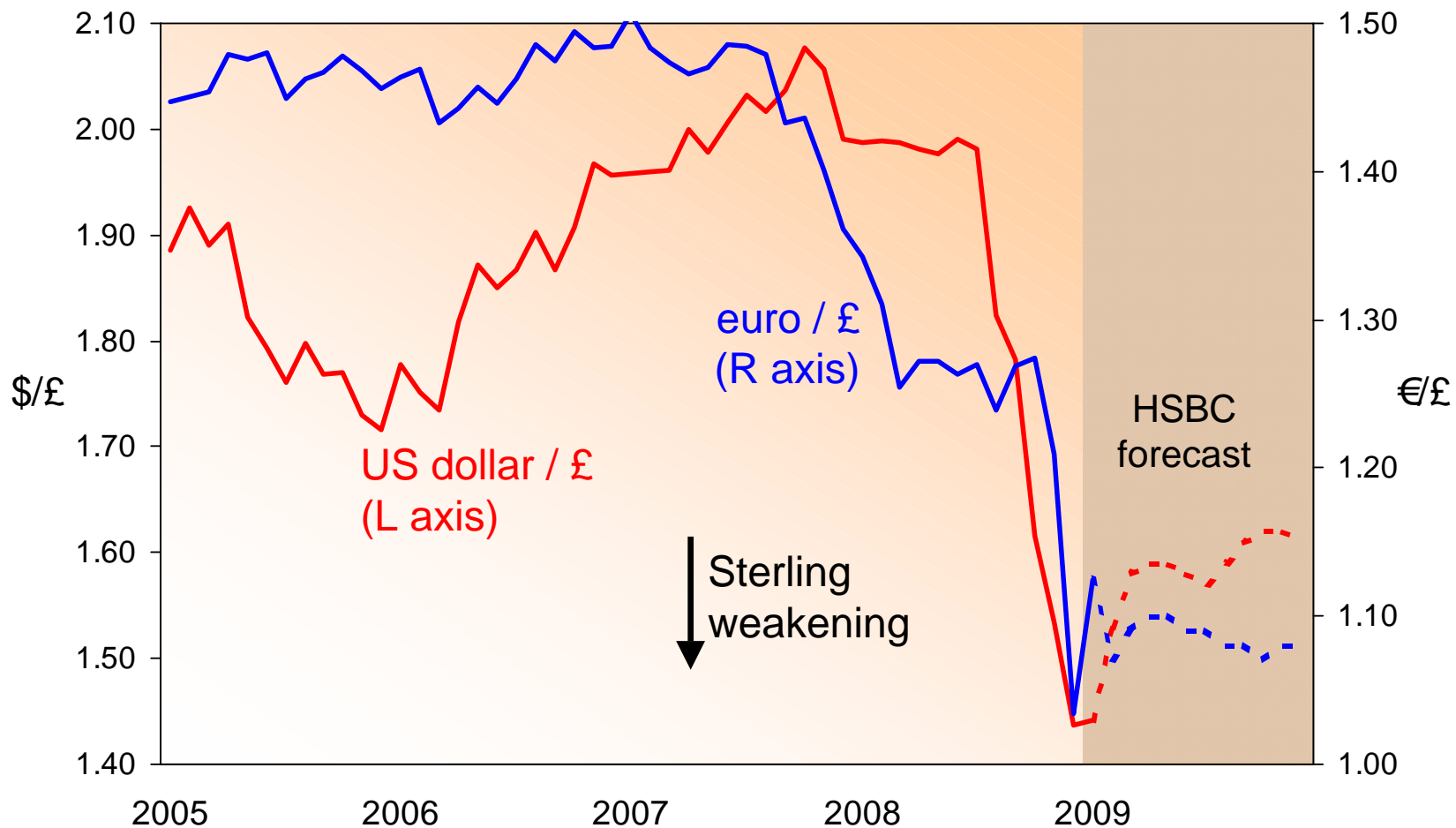
Source: Bank of England, ONS

Breaking the elastic



Source: ONS, HM Treasury

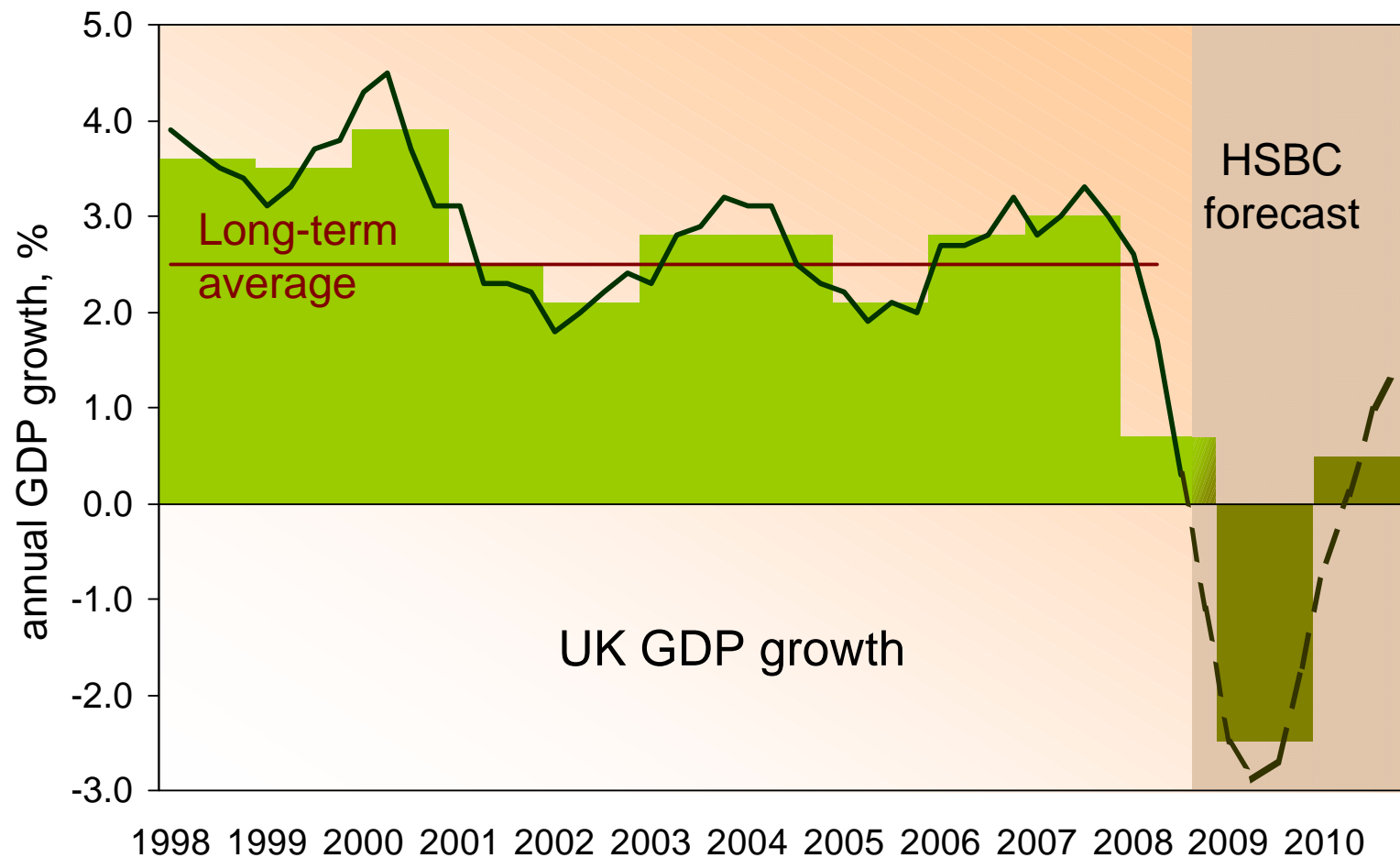
Sterling takes a pounding



Source: Thomson Datastream

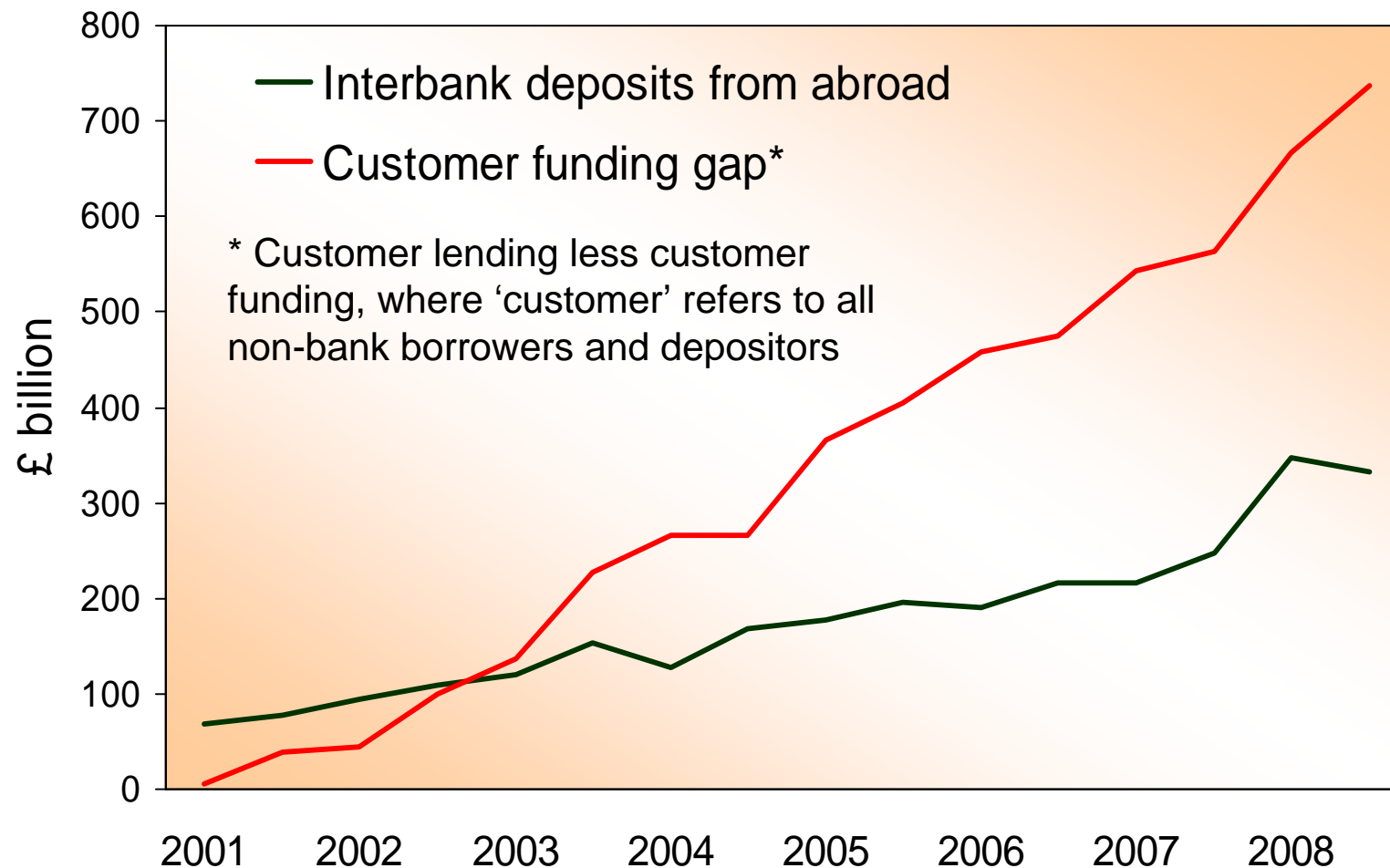
- Consumers are retrenching in the face of a shortage of credit and the housing market slump
 - Monetary and fiscal policy are both being deployed
 - A nasty bout of recession is unavoidable, exacerbated by an ongoing shortage of credit
-

A deep recession



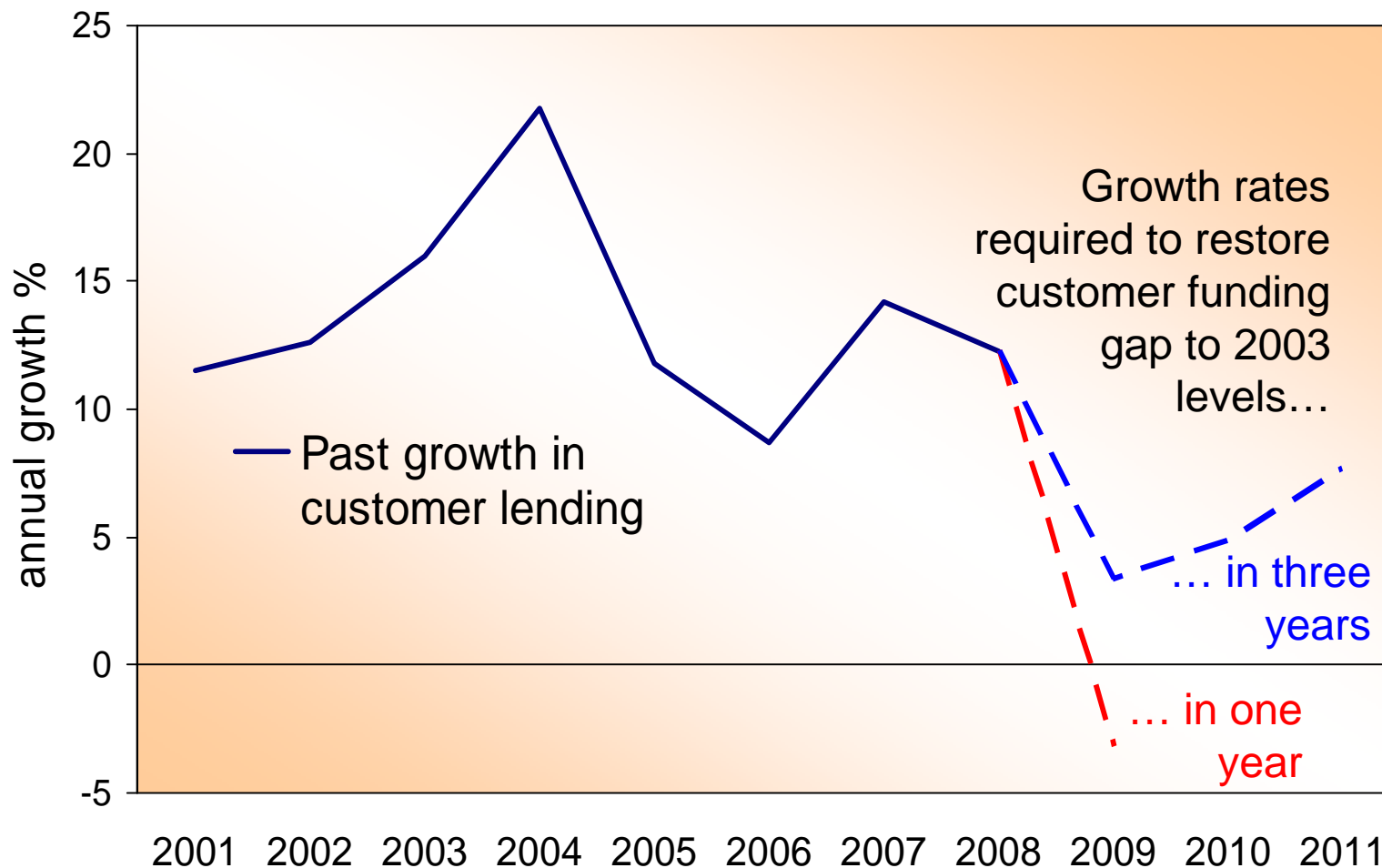
Source: ONS

Mind the gap!



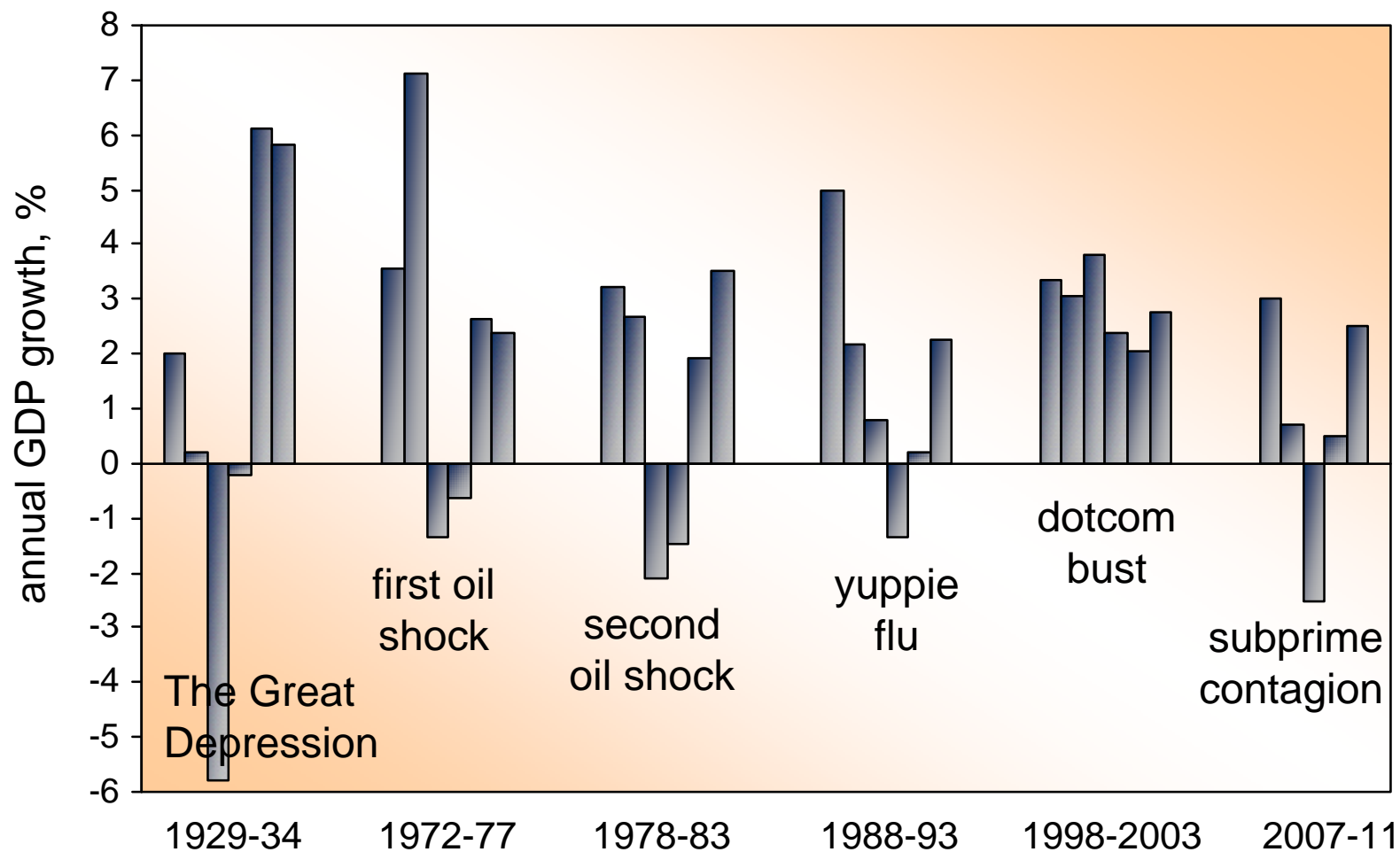
Source: Bank of England Inflation Report October 2008

Closing the gap



Source: Bank of England Inflation Report October 2008

A historical perspective



Source: ONS, HSBC

HSBC 