Keynote Presentation: Economic Forces Impacting the European Cold Chain

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ING

21ST EUROPEAN COLD CHAIN CONFERENCE
14-16 MARCH 2018 | ANTWERP
Global Cold Chain Alliance
Science will win, simply because it works
Imposing new US tariffs on steel and aluminum will improve Americans’ welfare
Another year of strong growth?

Steven Trypsteen
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March 2018

Empowering people to stay ahead in life and in business
Market correction, but largely recovered
What do you consider the biggest “tail risk”?

- Inflation and Bond Crash
- Fed/ECB policy mistake
- Market structure
- Geopolitical tensions
- Chinese debt crisis
- US-China trade war
- Tech bubble
- Other

February 2018
January 2018
It was a different story a few months ago

- EU disintegration risk
- Delay in US corporate tax reform
- Trade war
- Crash in global bond markets
- Chinese credit tightening
- Other
- Liquidity/funding risk

April 2017 | March 2017
But the political uncertainty was not translated into higher market volatility
IMF increased its growth forecast for the first time in a long time
Chinese real estate market cools down

Source: Thomson Reuters Datastream, ING Economic Research
The US economy still has momentum

GDP growth 2017: 2.3%
GDP growth 2018: 3.0%
GDP growth 2019: 2.6%

Source: Thomson Reuters Datastream, ING Economic Research
...and Trumps tax plan supports 2018 even further
US inflation is at a turning point

19M lead of ISM PURCHASING MANAGERS INDEX (MFG SURVEY) : United States
1Y % change of CPI - ALL ITEMS LESS FOOD & ENERGY (CORE) : United States (RH Scale)

Source: Thomson Reuters Datastream, ING Economic Research
Fed will continue to tighten its monetary policy
The long term rate already rose
Nice growth in the Eurozone in 4Q

QoQ GDP growth

- Eurozone: 0.6
- Italy: 0.3
- Belgium: 0.5
- Germany: 0.6
- France: 0.6
- Portugal: 0.7
- Spain: 0.7
- Netherlands: 0.8
The crisis is history for most countries...

GDP level in Q1 2018 = 100
Filled order books point to strong growth

GDP growth 2017: 2.3%
GDP growth 2018: 2.4%
GDP growth 2019: 1.8%

Source: Thomson Reuters Datastream, ING Economic Research
Core inflation will increase very gradually
Monetary policy will remain loose

Source: Thomson Reuters Datastream, ING Economic Research
QE programme keeps long term rates low

Impact QE

Theoretical rate on 10Y German government bond

Market rate on 10Y German government bond

Source: Thomson Reuters Datastream, ING Economic Research
The euro could strengthen even further
What are the political events of 2018?
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Structural downward trend of real rates

Source: Rachel and Smith (2014)
... and it looks like they will remain low

Source: Rachel and Smith (2014)
Key messages

United States
• Expansion is not over yet
• Fed will continue to hike in coming months

Eurozone
• Momentum continues, but inflation remains too low
• ECB will keep its loose monetary policy

China
• Cooling down of real estate market and deleveraging could lead to a slow down.