

Modern day Nostradamus??




















Hero or great predictor?

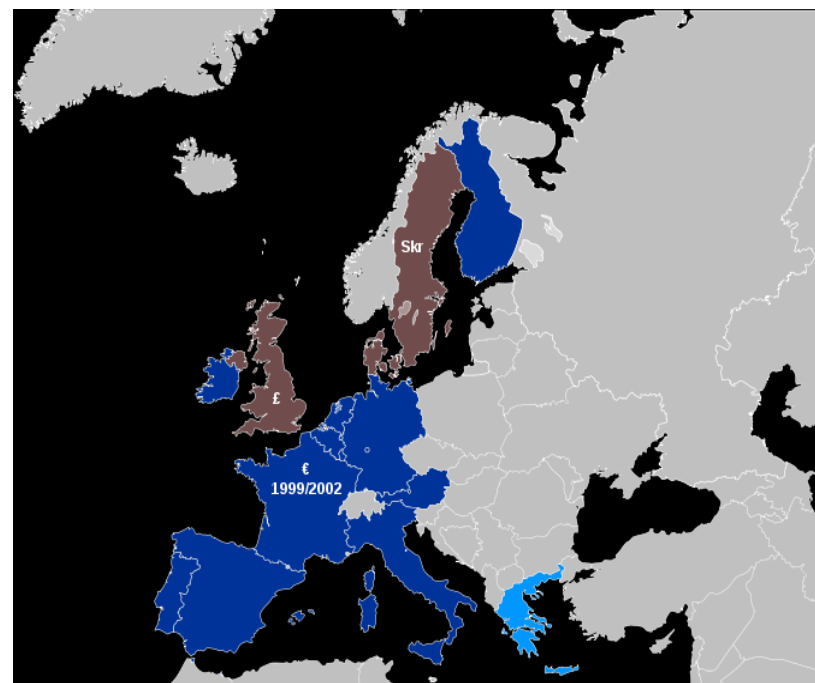
History of the Euro

1. With the underpinning of the Stability and Growth Act launched in 1997...designed strict sovereign budgetary discipline and a new exchange rate mechanism...a value proposition was created for the Euro
2. Launched January 1, 1999
3. Notes and coins circulated in 2002
4. Replaced ECU
5. EUR Rapidly adopted as host currency
6. Greece missed the initial cut, but was able to be folded in for the physical launch in 2002
7. Denmark and the UK both abandoned, through referendum, their intention of joining the EURO
8. A successful launch was achieved
9. By January 2, 2002, approximately 90% of all banks and ATMs were issuing EUROS and all change of local currency was made in EUROS



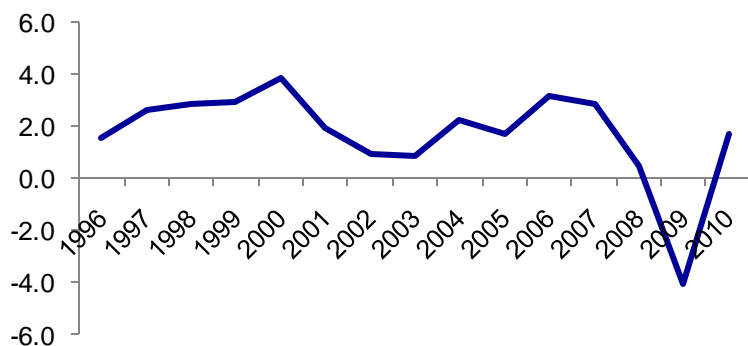
Euro Participants

Country	Previous Currency	Year Admitted	
Austria	ATS	1999	
Belgium	BEF	1999	
Netherlands	NLG	1999	
Finland	FIM	1999	
France	FRF	1999	
Germany	DEM	1999	
Ireland	IEP	1999	
Italy	ITL	1999	
Luxembourg	LUF	1999	
Portugal	PTE	1999	
Spain	ESP	1999	
Greece	GRD	2001	
Slovenia	SIT	2007	
Cyprus	CYP	2008	
Malta	MTL	2008	
Slovakia	SKK	2009	
Estonia	EEF	2011	

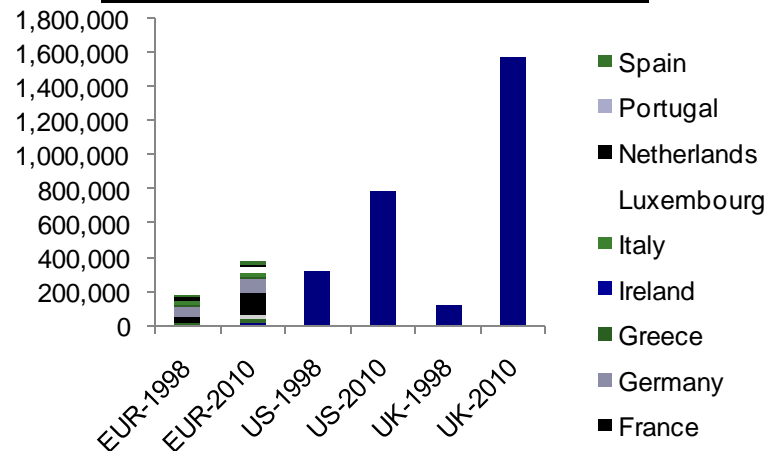


Benefits of the Euro

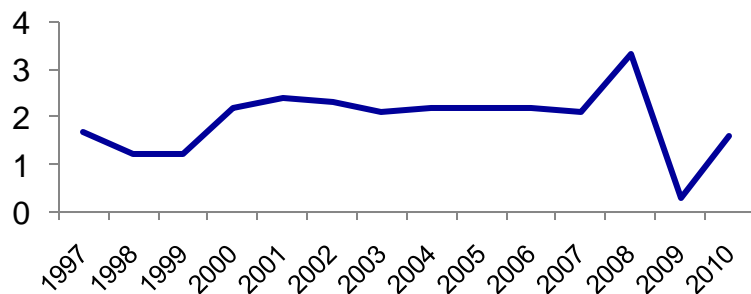
Real GDP Growth



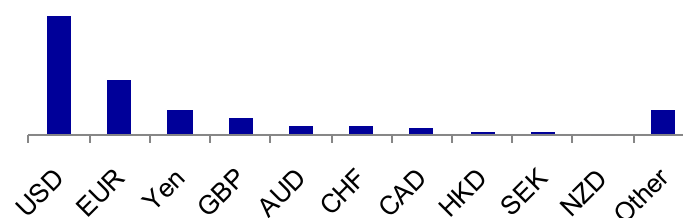
FX Trade Related Volumes, 000 USD



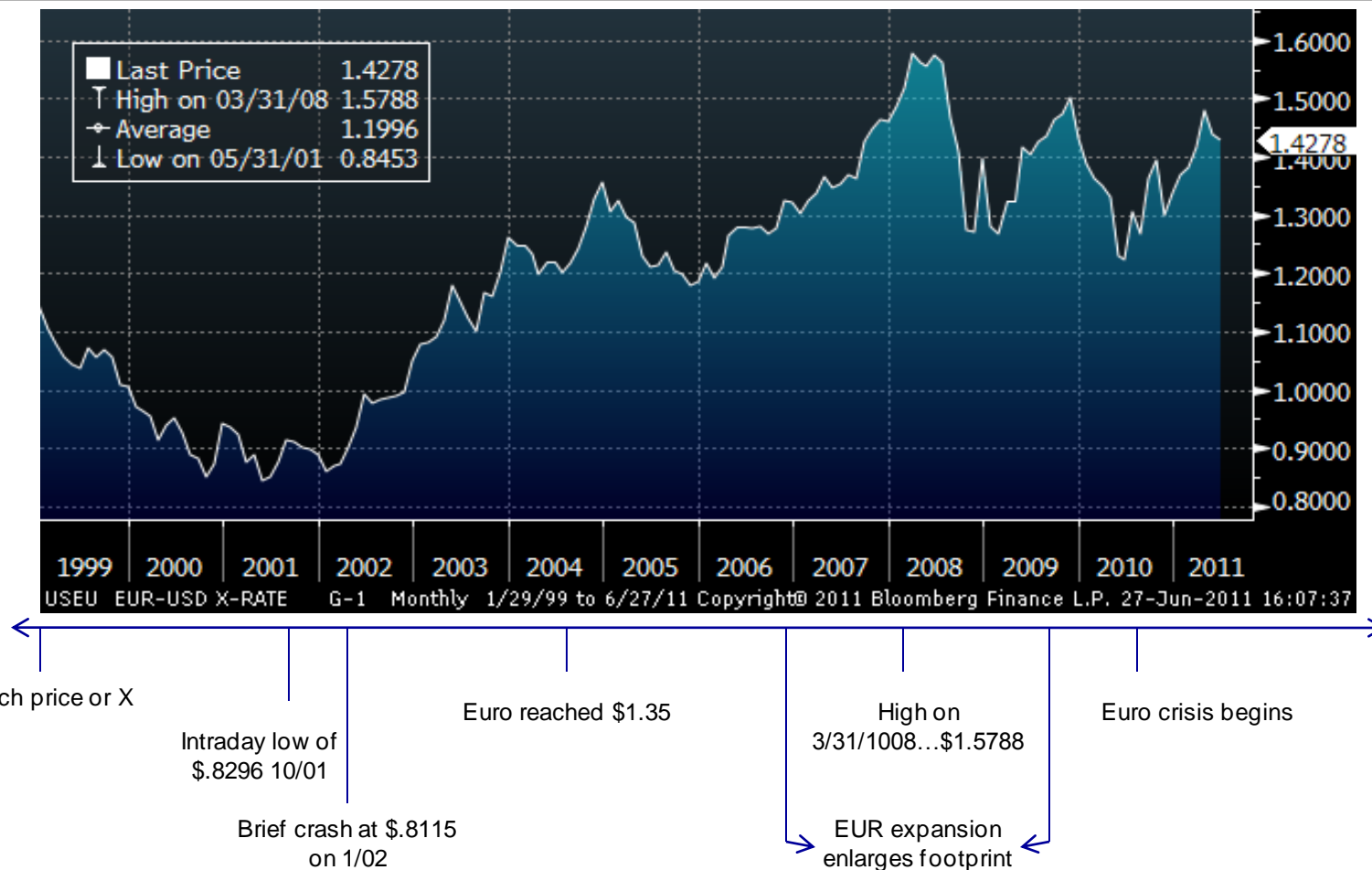
EURO Annual Avg. Inflation



Daily Market Share by %



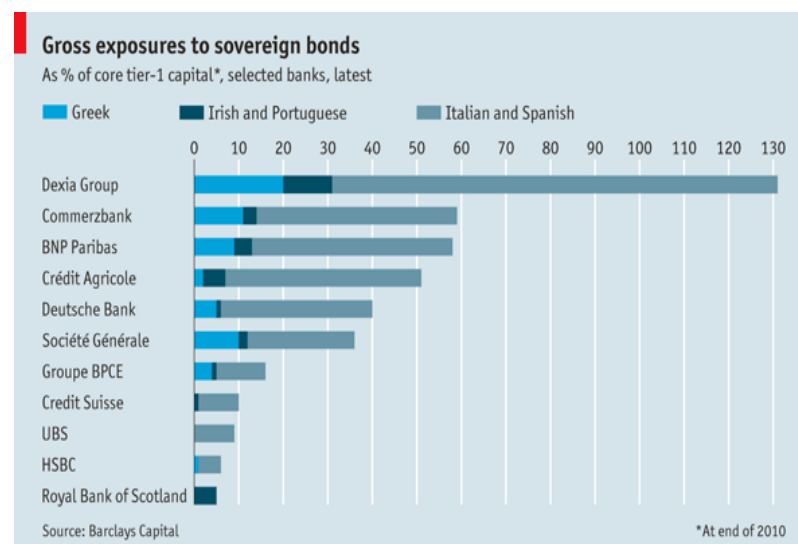
Lifetime EURO Performance Timeline



Courtesy of Bloomberg

A Brewing Storm

1. Greece's situation likely to get worse before better
2. You need the right team in place to deal with this situation
3. Limited opportunities...have to rely on everyone else
4. What happens next...
5. The giant Greek Sneeze has everyone coughing (choking)...trickle down would be significant
6. Long term impact on the internal Greece system and the people of Greece?



The Painful Choices

- The prolonged passing of the resolution is hurting everyone...the chance of a disorderly default and/or currency break to many seems inevitable
- A default will have disastrous effects on the Euro and the EU...Investors will lose confidence (ala Lehman) and there will be a mass exodus
- Banks in Greece will suffer immeasurable harm
- Banks and FDI will also see losses grow
- The Greek economy will take a generation to recover
- Other markets will invariably suffer from the contagion...Portugal, Ireland and Spain are realistic concerns...these bailouts will greatly increase the cost of a rescue.

Impose a rescue package or let Greece...devalue the currency (Argentina), and let them begin again

Was This Man Correct or Just Lucky??

Gordon Brown



Hero or great predictor?

Why Did Britain Not Join the Euro

October of 1997 UK mandated that membership of the European single currency would require passing five distinct economic tests:

1. Would having a single currency unit create better conditions to attract FDI?
2. Would a single currency unit affect or financial services?
3. Are business cycles and economic structures compatible, so that the UK and other single currency members could live comfortably with single currency interest rates on a permanent basis?
4. Is there sufficient flexibility to deal with problems when they emerge?
5. Will joining a single currency promote higher GDP growth, stability and lasting increases in jobs?



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