



18th June 2012

Your D.I.Y. euro zone bulletin

“Sir, A brief word of praise for the cool head of Mariano Rajoy. As the Spanish bank bailout reached its climax over the weekend, he was faced with the toughest decision of his mandate so far. Without a second’s deliberation he opted to attend the Spain game at Euro 2012 over the alternative of watching Rafael Nadal in the final of the French Open.

“His choice was subsequently vindicated by the washout in Paris that saw the match running over to Monday. In these troubled times, Europe’s politicians could learn from this ability to take the tough decisions without flinching.”

- From Mr Nick Smith, Madrid, Spain, in a letter to the Financial Times.

As this piece was written before the results of the Greek elections were known, we have prepared a multiple-choice commentary for the benefit of readers – simply choose from the following options as applicable.

Following the [shock / expected / bizarre] election of [New Democracy / Syriza / die Nationalsozialistische Deutsche Arbeiterpartei], the Eurozone was returned to a state of [normality / bowel-clenching terror / North Rhine-Westphalia] today. With the political scene now clarified, Greece was reported to be [calm / closed / on fire]. The Eurozone debt crisis was revised by ratings agency Moody’s from [neutral / severe / hysterical] to [bad / very bad / worse]. Welcoming the Greek election results, Eurozone officials were said to be [elated / confused / sheltering in a storm drain]. In defiance of crude national stereotypes, the French responded to the Greek results by way of [fine dining / lowering the retirement age / surrendering]. Ahead of the EU summit on June 28, France called for [a stability pact / common Eurobonds / croissants].

Eurozone monetary policy continues to be [stimulative / alarming / absent]. Bored financiers and journalists were said to be particularly proud of their latest coinage, [Grexit / Grexodus / Spailout], although the Greeks themselves were said to be [concerned / outraged / scuttling over the border with bin-bags full of cash]. Spanish investors, on the other hand, were [resigned / bankrupt / moving their money to Deutsche Bank, Agnes-Bernauer-Straße 69b, Munich].

Spanish bond yields surged after the country’s request for emergency aid was met with [widespread indifference / \$100 billion of pretend money / German stormtroopers]. The aid request was viewed by analysts as a sign of [despair / realism / the times] and US Treasury Secretary Timothy Geithner called the bailout “a good, concrete signal and illustration” of [the end of days / an intensifying vortex of utter hopelessness / Europe’s commitment to move toward a

broader banking union]. Geithner subsequently revised his comments and admitted he was [drunk / overly optimistic / insane].

As investors across the Eurozone search desperately for [the truth / safe havens / money], yields on apparently riskless assets such as German Bunds have reached [zero percent / minus two percent / the earth's inner core]. This happens to be [pointless / silly / wrong]. Stock markets across the continent opened [briefly / down sharply / for a laugh] before they subsequently [rallied / collapsed / were shut forever]. Hedge fund managers were said to be mostly holding [cash / gold / their genitals].

Economic activity across Europe has [slowed / disappeared / gone to Asia] as the debt and banking crisis intensifies. As politicians call for heightened regulation of the banking system, bankers are requesting [bigger bonuses / an amnesty / political asylum]. On June 18-19 the Group of 20 nations will meet in [Los Cabos, Mexico / McDonalds / secret] to discuss the debt crisis. They are unlikely to [agree a plan of action / find a consensus / return].

The summit in Los Cabos will give European leaders a chance to [discuss their economic concerns with other progressive thinkers / void their bladders and bowels uncontrollably / resign]. Investors are unwilling to put their money into [Greece / Spain / France / Ireland / Portugal / Austria / Belgium / Cyprus / Estonia / Finland / Germany / Italy / Luxembourg / Malta / the Netherlands / Slovakia / Slovenia / a bank] on the basis that it might [be vulnerable to a modest decline in purchasing power / be vulnerable to unlimited credit and counterparty risk / explode].

Investors are also concerned that the Eurozone monetary authorities might hit them with [further orgies of unrestrained money-printing / capital and cross-border controls / sockfuls of wet sand]. Meanwhile, Bank of England Governor Sir Mervyn King was said to be in [denial / Barbados / tears].

Strategists pointed out that the debt crisis was not limited to the Eurozone, given that the rate of economic growth was slowing globally and that the US national debt, for example, was [over \$15 trillion / high enough on its own / not connected with the Eurozone]. Investors were advised to take [Krugerrands with them in their underpants / Ben Bernanke hostage / extreme care / Vicodin / to the hills].

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