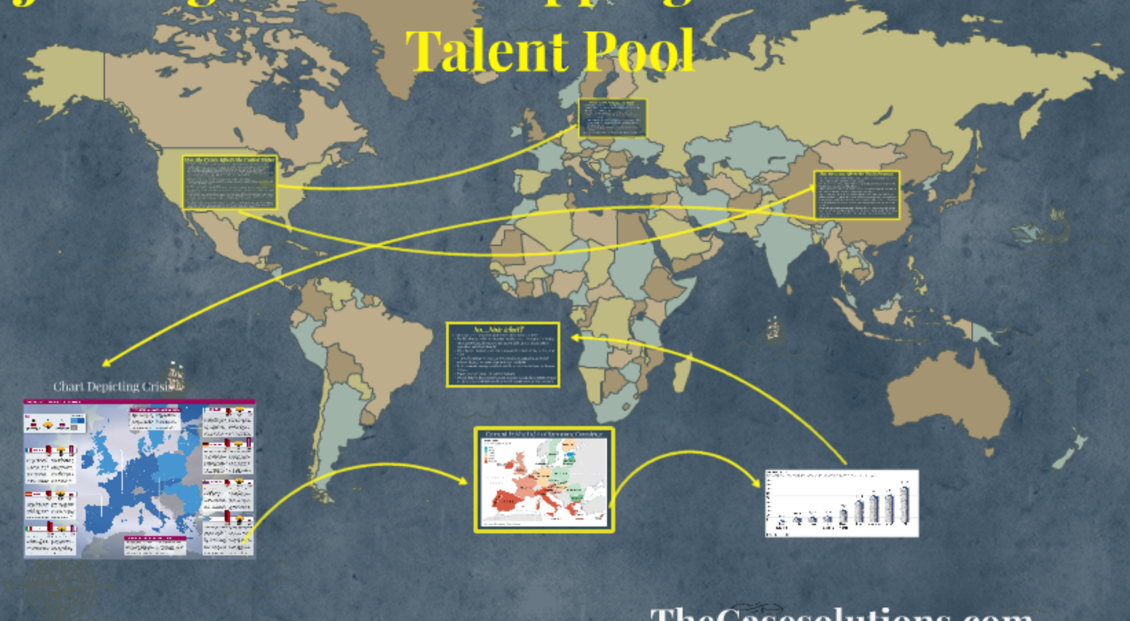
JPMorgan Chase: Tapping an Overlooked Talent Pool




JPMorgan Chase: Tapping an Overlooked Talent Pool
How the Crisis Affects the United States
How the Crisis Affects the World Economy
So...Now what?
Chart Depicting Crisis
Current Public Debt of Eurozone Countries
TheCasesolutions.com

WHAT IS THE EUROZONE CRISIS?

- The EuroZone crisis is a debt crisis that has swept the 17 European countries that use the Euro as currency that began around the same time as the US recession (2008)
- It consists of 3 major problems that have diverged into one
  - High amounts of government debt in certain countries (Spain and Greece especially)
  - Issues with the major banking systems of the region (some of the stronger banks (i.e. Germany) own bonds on weaker banks (i.e. Ireland and Greece)
  - Slow economic growth (around 10 European countries are in recession
- Greece is the major country hit, being the first country to receive a bailout

How the Crisis Affects the United States

- Business and Household Wealth
  - Most of the repercussions are very indirect with our country. The United States relies a lot on European countries for exports and inputs to our Stock Market, both could be greatly affected if European countries go downhill economically
  - Also, it would have a huge indirect impact on our financial systems because stocks would go down (since our Stock systems are highly correlative) and we would have to reprice a lot of commodities that we rely on Europe for.
  - Interest rates would fall drastically if the situation gets worse, and our exporting would be affected since much of Europe relies on us for goods, but they won't be able to pay for them if they are in serious debt
- In terms of Mortgage Rates for US Citizens
  - This aspect of our economy would not be greatly affected by the crisis occupying Europe
  - Since the companies are in compliance with the US government, the Fed and Treasuries would keep these rates low and out of reach of the Eurozone crisis
- Affecting the US Dollar and its worth and exports
  - Since the crisis began in 2009, the value of the Euro has dropped from $1.46 to $1.26 which is still a good index in accordance to our Exports level, meaning that our exchange with European countries will not be greatly affected, unless it continues to drop
  - It could shrink the customer base in Europe that we rely on to buy our goods. This is bad because Europe buys 22 percent of our goods which helps our economy. This could spiral into the dollar being worth more, as the Euro declines, making our products more expensive, forcing less countries worldwide wanting to buy our goods.
- Credit and Debt Crisis
  - Initially, the European countries in this situation owe a lot of money to other European countries that tried to help them out. The US decided to help out and take some of the debt from countries such as France, which Italy owes debt to. This tangled web could comprimise our banks if these debts never get paid back, in a huge domino effect.

How the Crisis Affects the World Economy

- The first country to be majorly hit by the crisis would be Great Britain because they do direct business with their European counterparts.
- It would also create a huge impact with the other world economic powers such as The United States, Japan, Russia, India, China, etc.
- Since China does so much business with the Eurozone, they are especially nervous for the decline of the Euro, and have considered lending money
- The IMF (International Monetary Fund) has had to deal with this issue and set aside billions of dollars to prepare for a bailout, which was already needed by Greece in 2012.
- Many African countries use currencies that are associated with the Euro, so if the Euro fails, then they would experience serious repercussions to their own economies and currency
- Many underdeveloped countries such as those in Africa, South America, and Asia that rely a lot on Europe for their exports to help their own economic growth will experince stunted growth because they won't be able to rely on these countries if they have a debt crisis