



ESCOLA
BRASILEIRA DE
ECONOMIA E
FINANÇAS

Macroeconomia e Mercados Financeiros

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2016 3º Trimestre

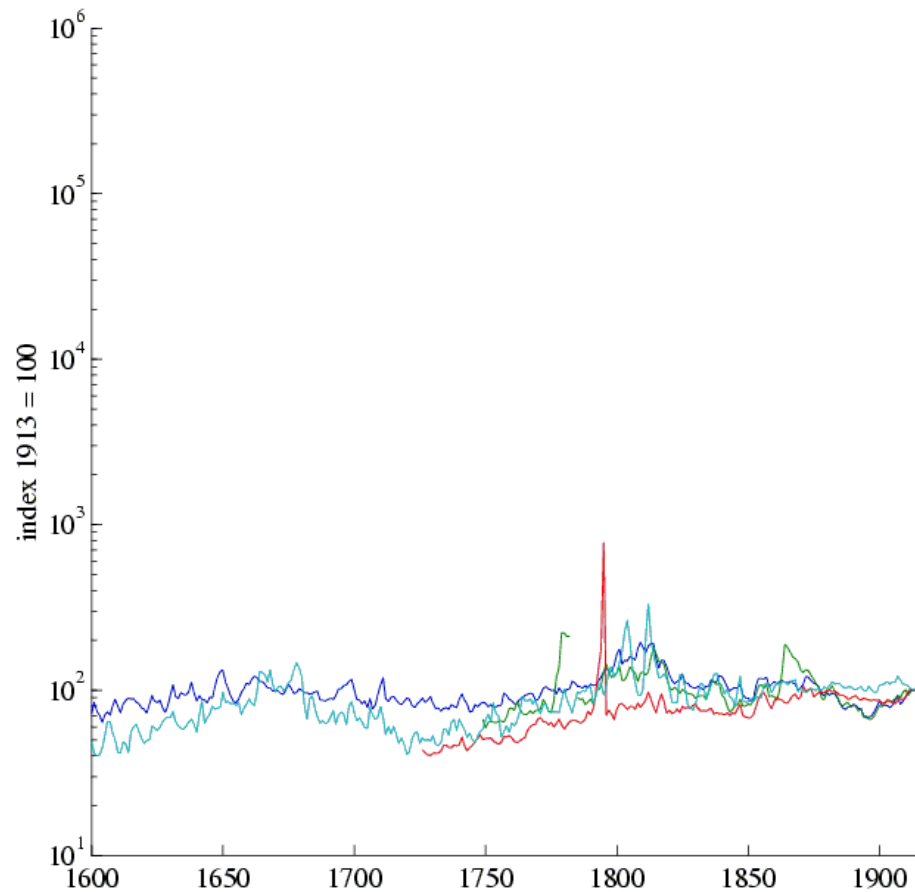
Monetary Policy and Fiscal Policy

Sovereign Debt Crises

Data

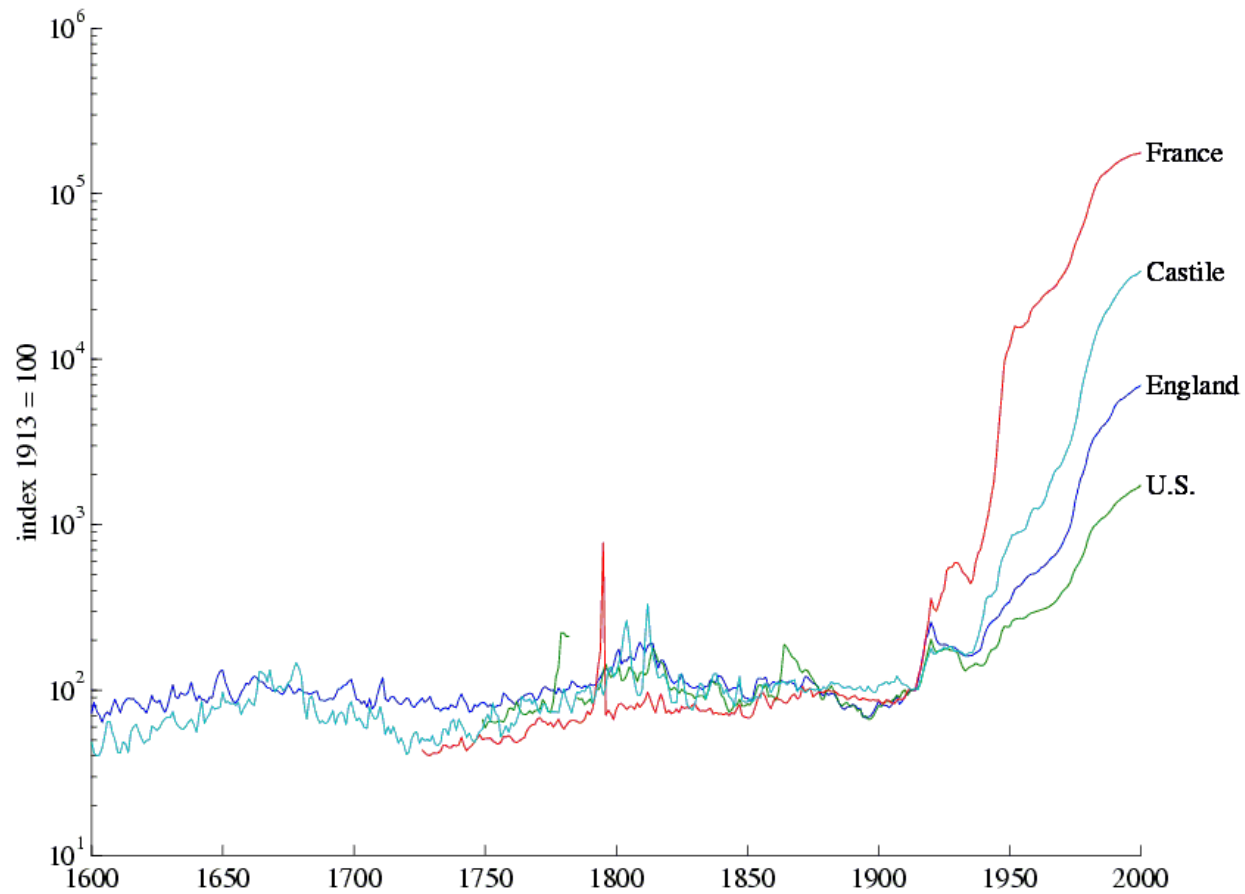
Data on the Price Level over the Very Long Run

Price Level over the Very Long Run



Source: Sargent

Price Level over the Very Long Run



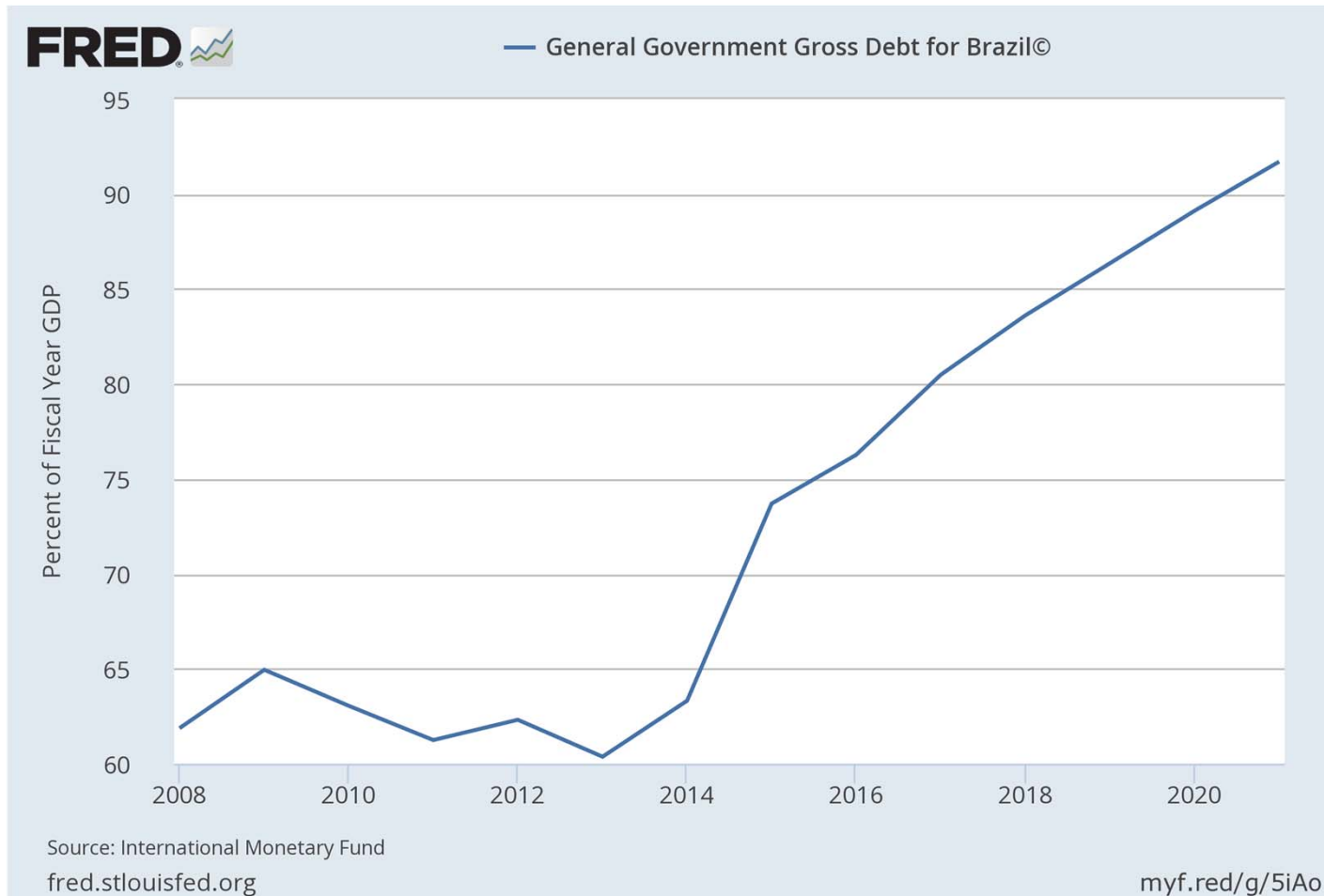
Source: Sargent

Data on the Debt-to-GDP Ratio

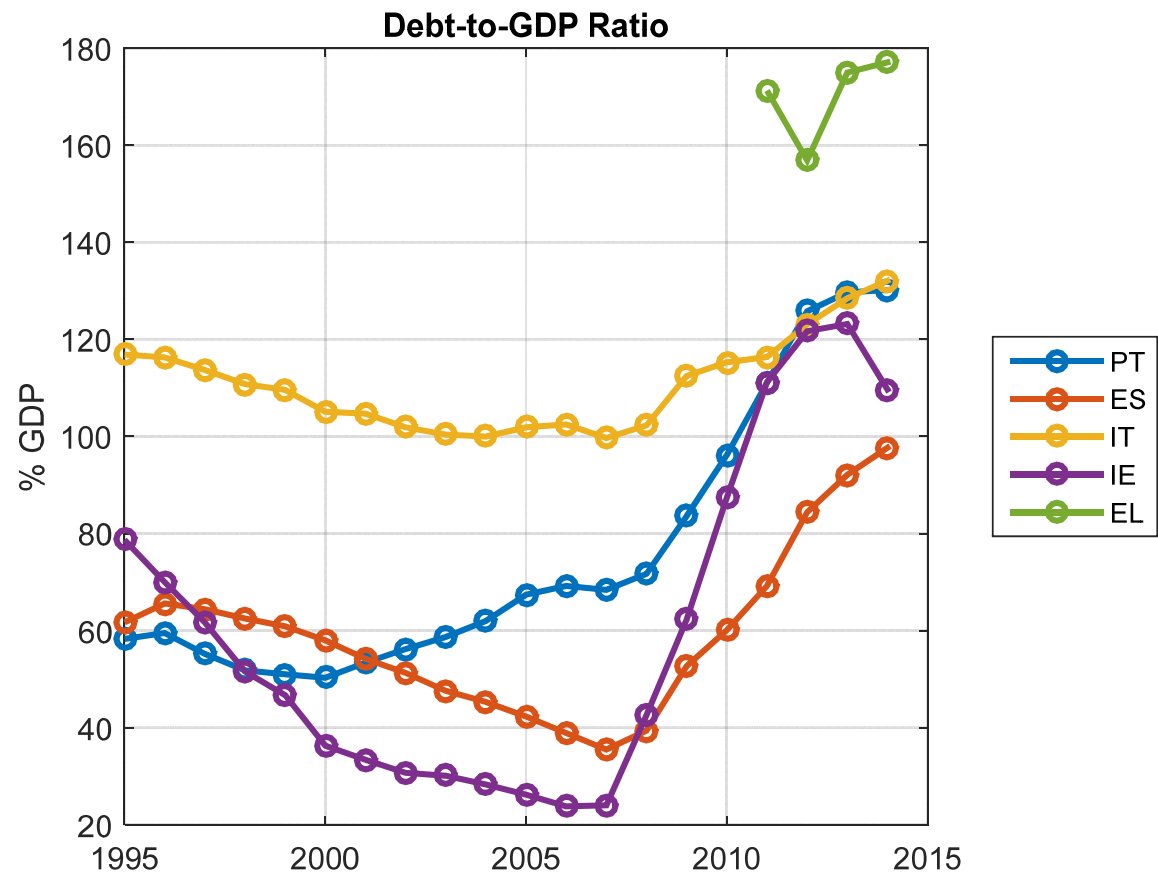
Brasil



Brasil

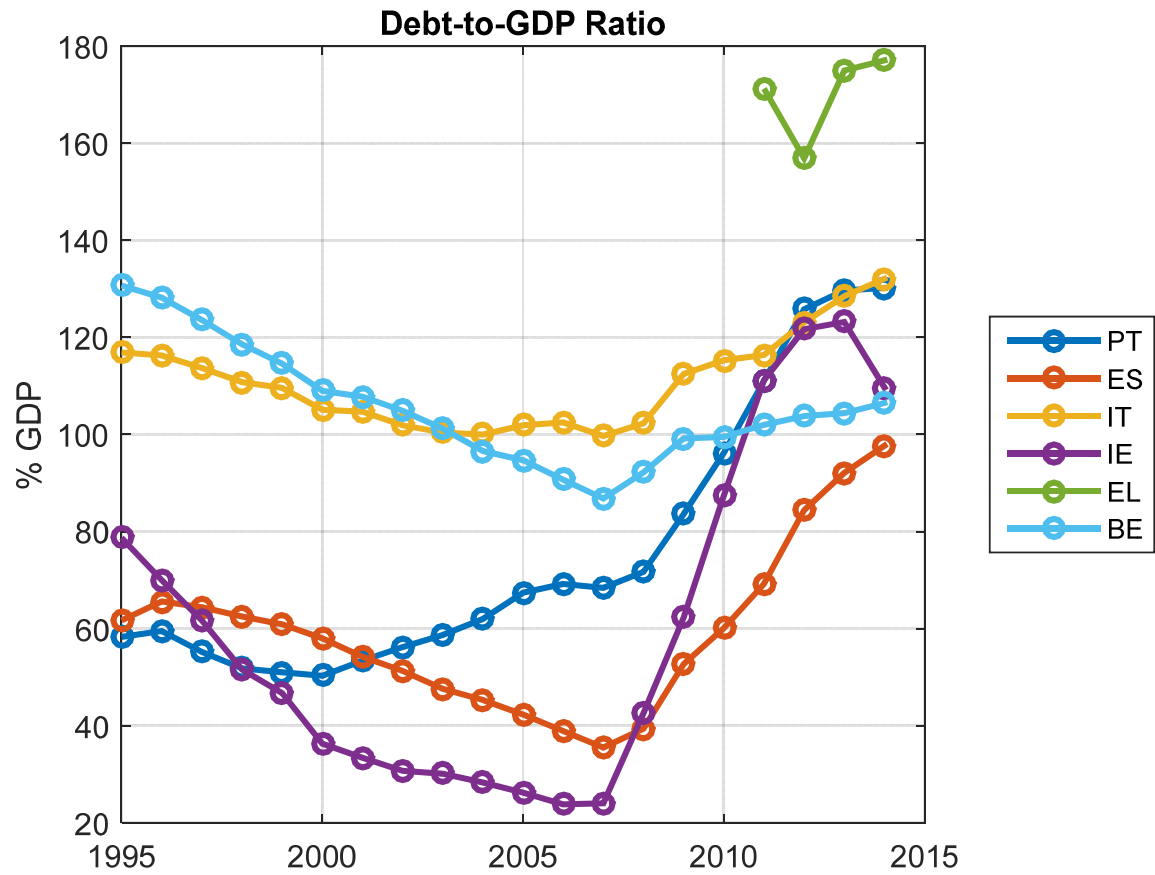


Portugal, Spain, Italy, Ireland, Greece



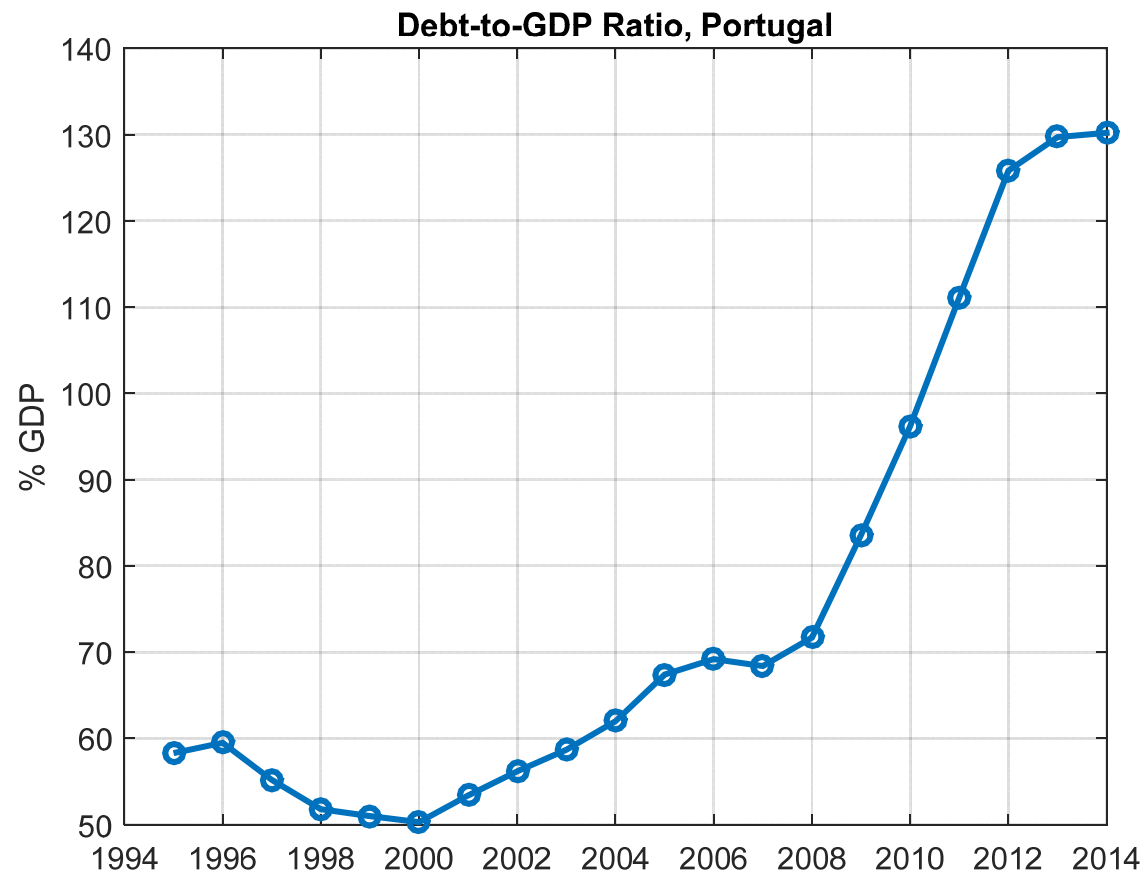
Source: Eurostat

With Belgium



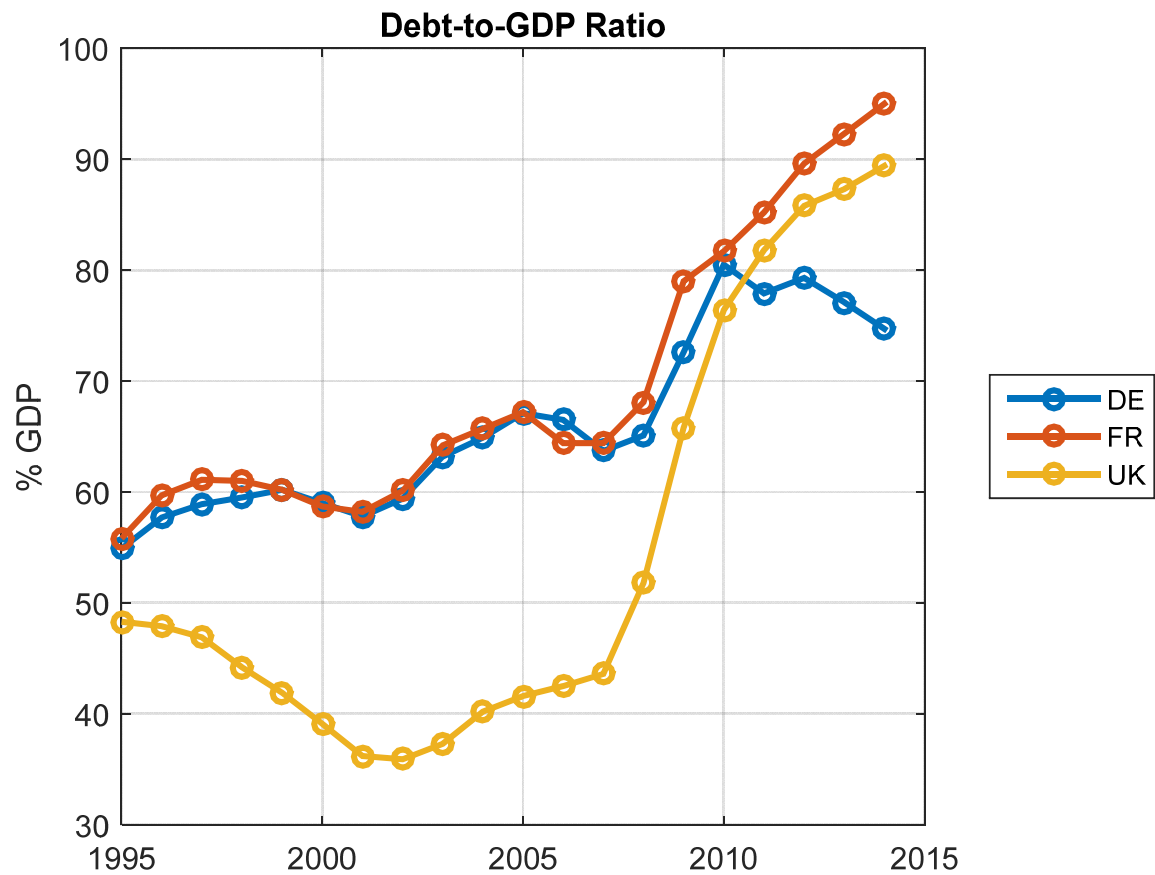
Source: Eurostat

Portugal



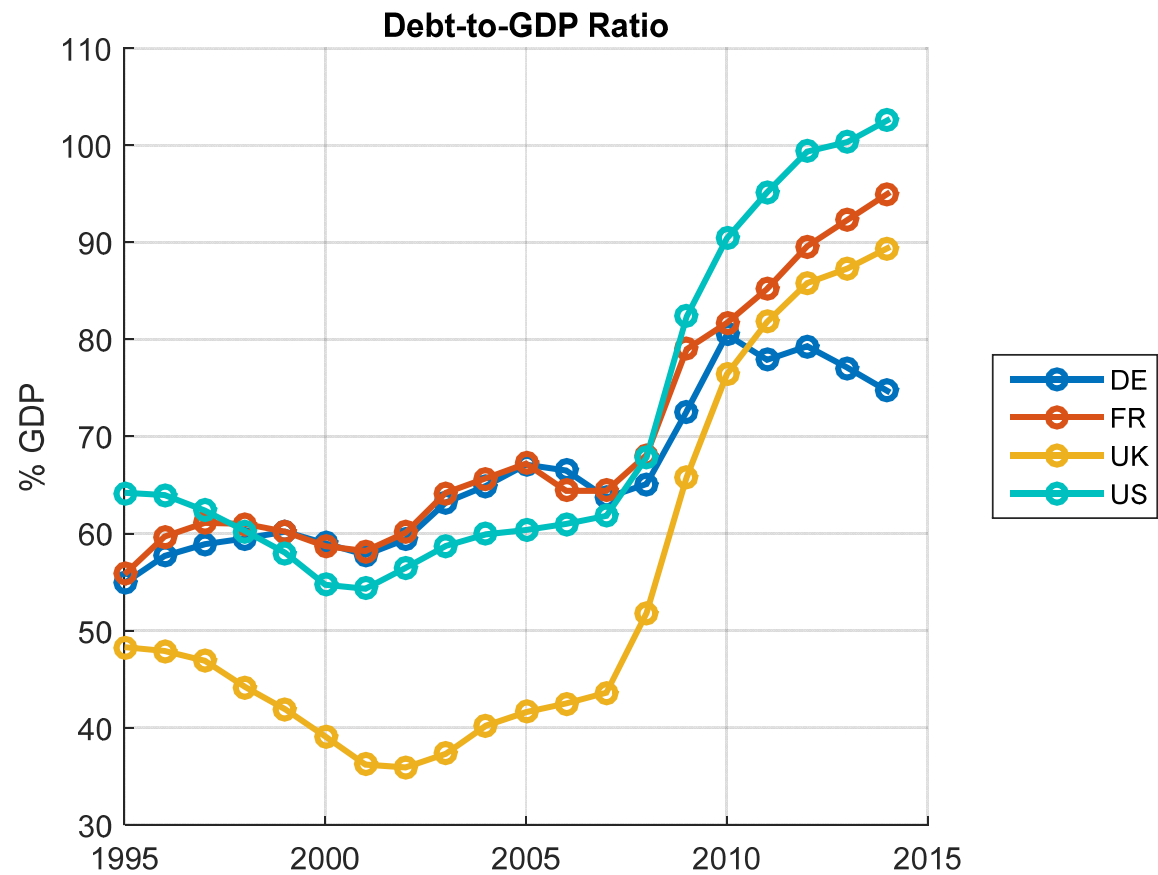
Source: Eurostat

Germany, France, UK



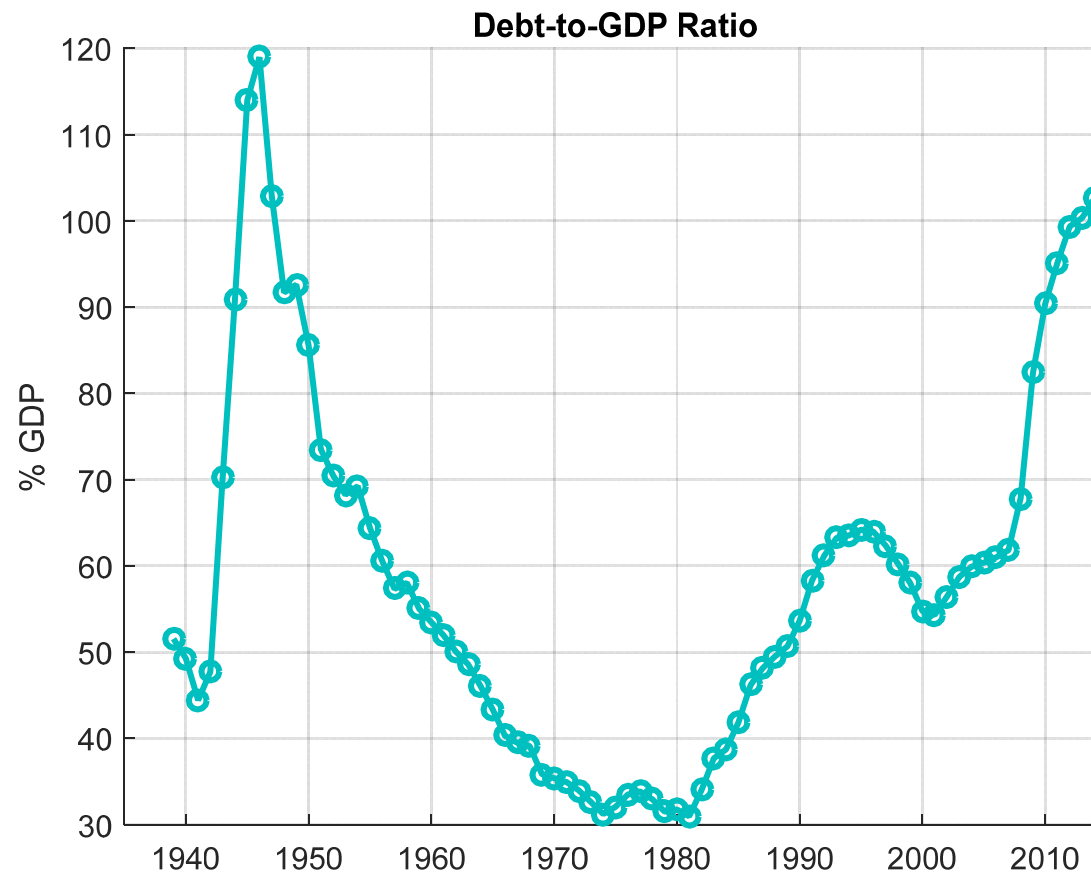
Source: Eurostat

Germany, France, UK, US



Source: Eurostat and Fed St. Louis. U.S. data from a different source

US, Long-Run Data

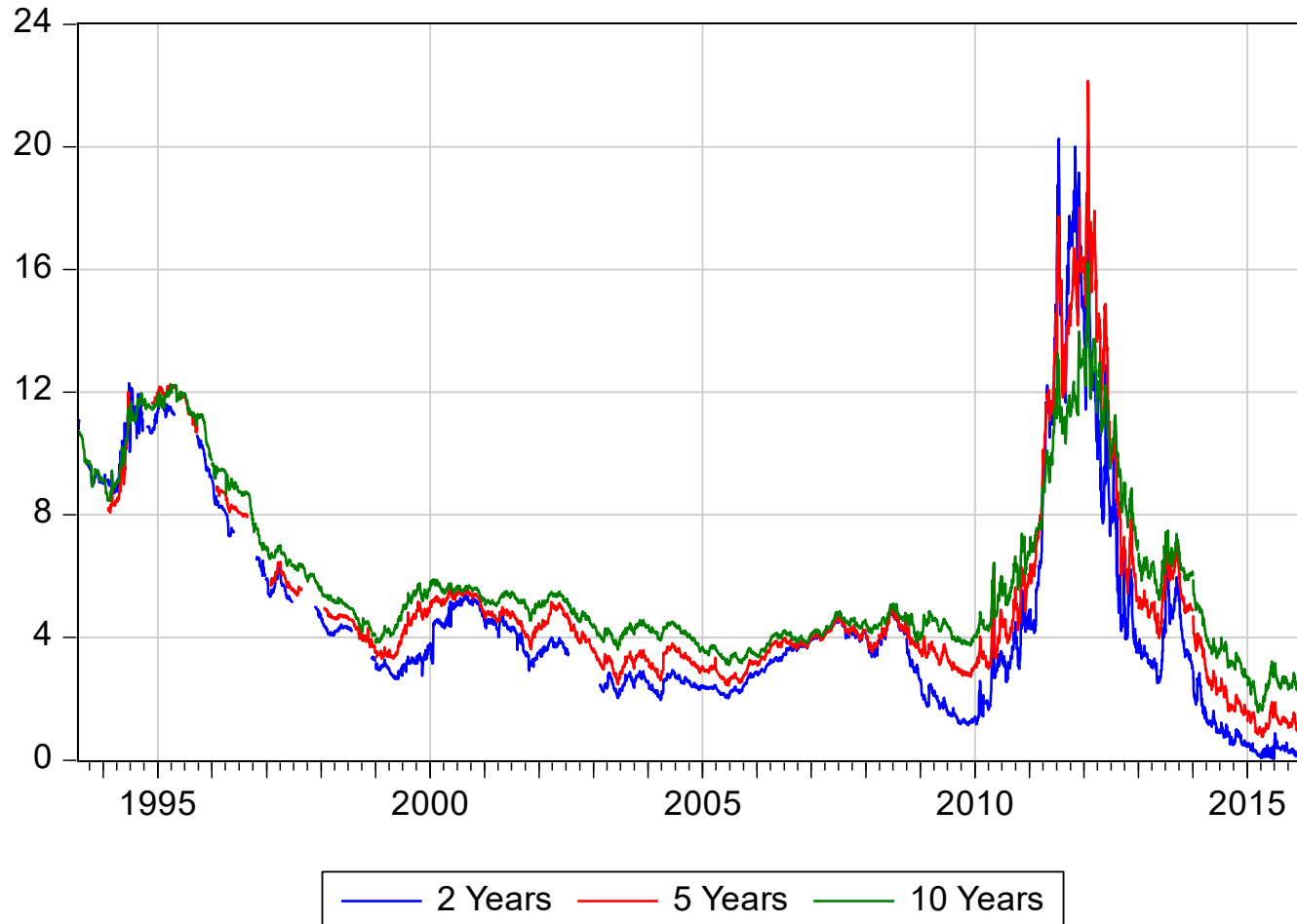


Source: Fed St. Louis

Data on Interest Rates paid by the Government

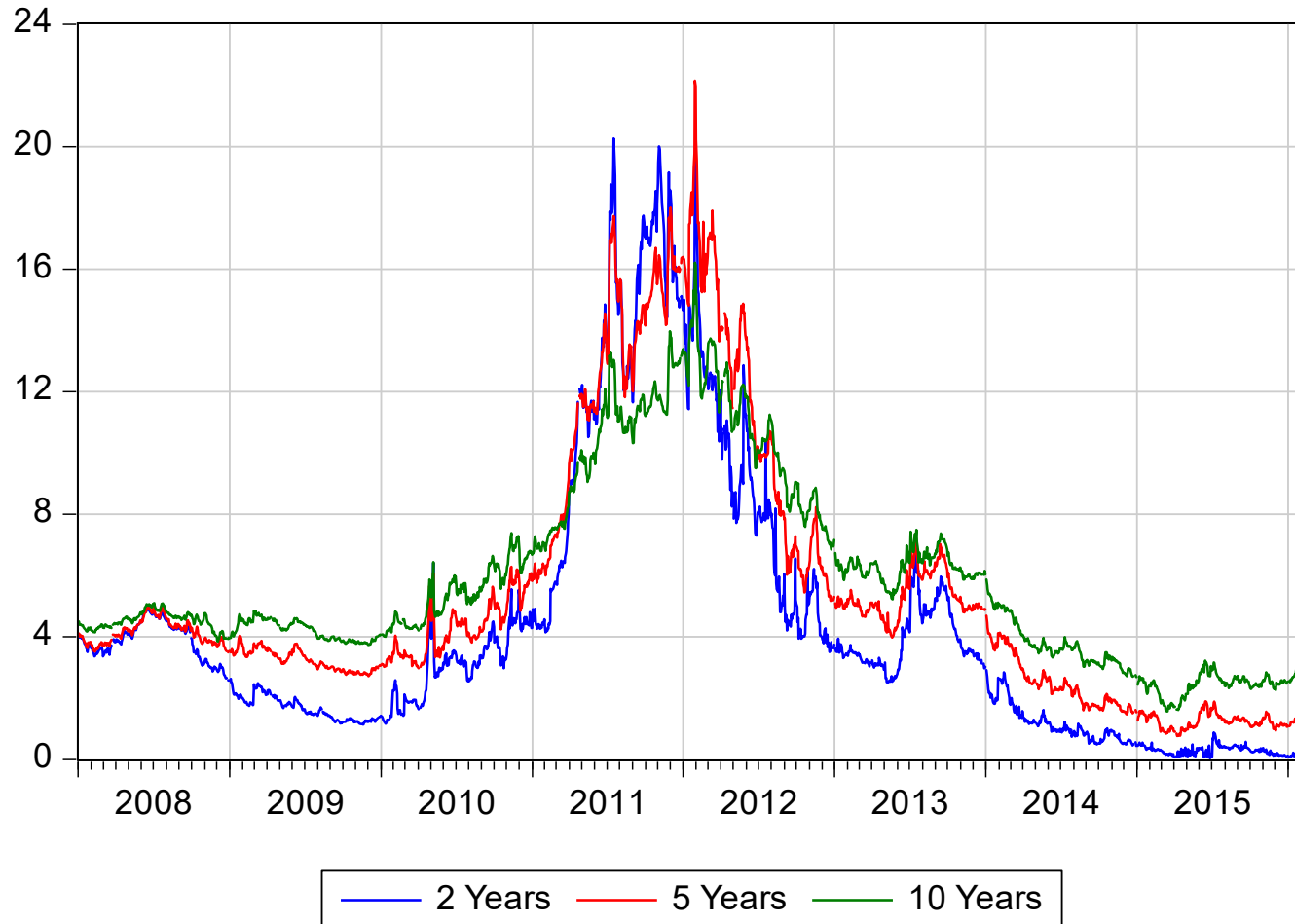
Government Bonds, Portugal

Jul/16/1993 - Feb/12/2016



Source: Banco de Portugal

From 2008



Source: Banco de Portugal

10-Year Government Bonds



Source: Banco de Portugal

10-Year Bonds, from 2012

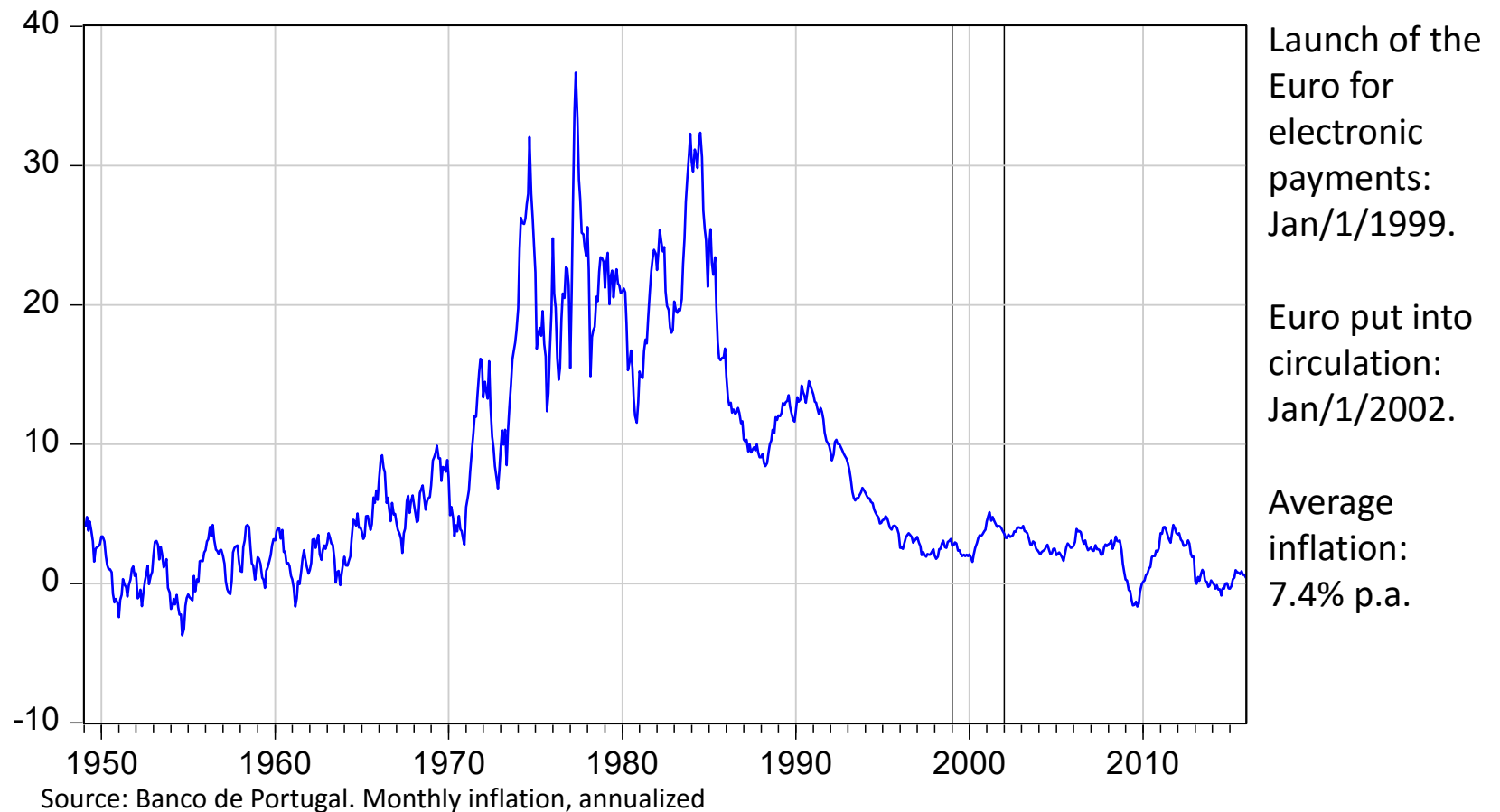


Source: Banco de Portugal

Inflation

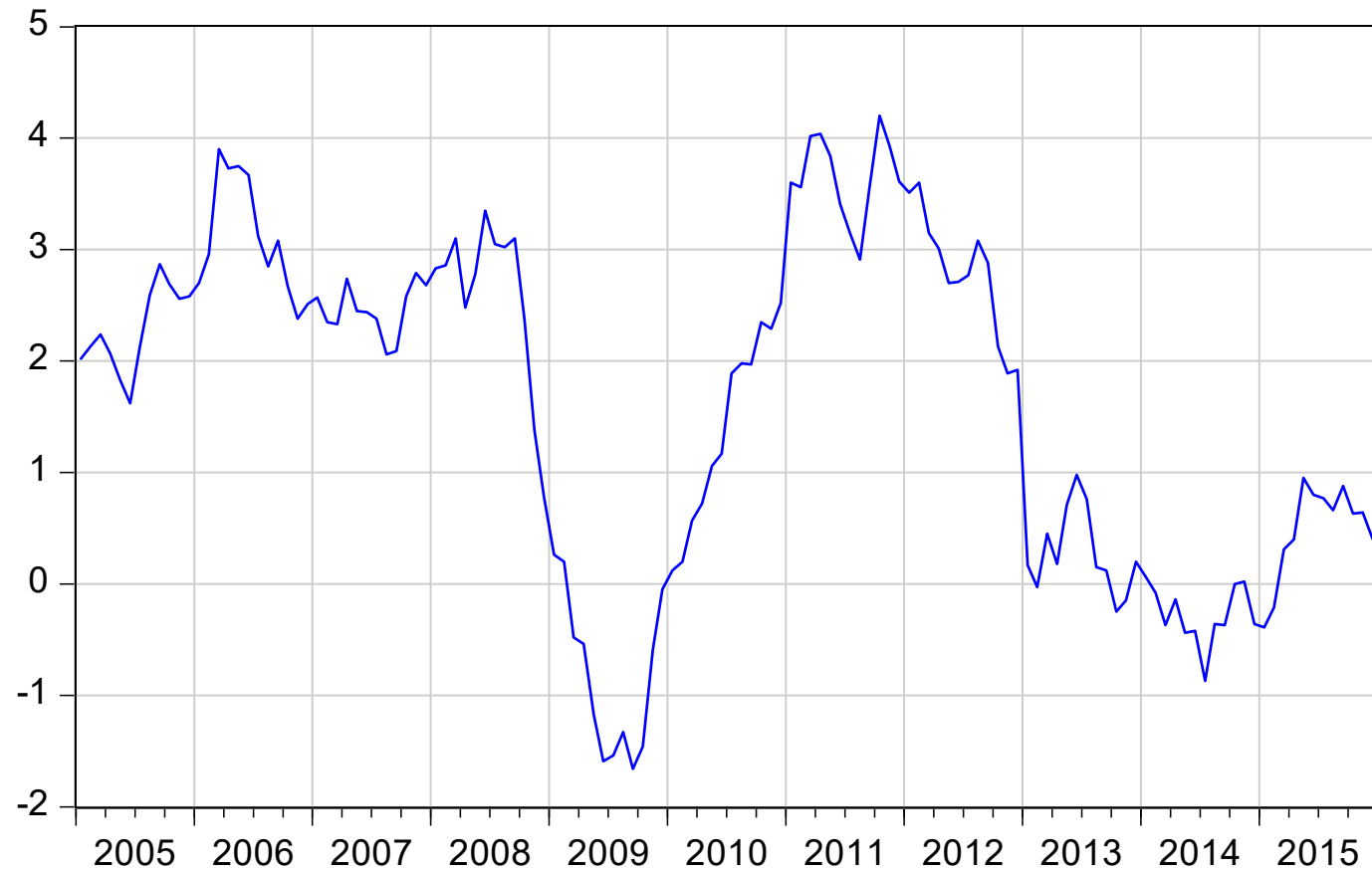
Inflation – Portugal

Inflation (CPI, % per year)



From 2005

Inflation (CPI, % per year)



Average
inflation:
1.6% p.a.

Source: Banco de Portugal. Monthly inflation, annualized

Idea

Relate financing needs with bonds, taxes, and inflation

If the financing needs increase beyond the counterpart of taxes and bonds, a crisis will take place

A crisis will take the form of a sovereign debt crisis or an increase in inflation

Next set of slides