

Focus

The economic growth experienced by the Netherlands and other nations has brought an increase in welfare in these countries. However, there is increasing criticism that the additional wealth has disproportionately gone to the rich. Is this observation correct?

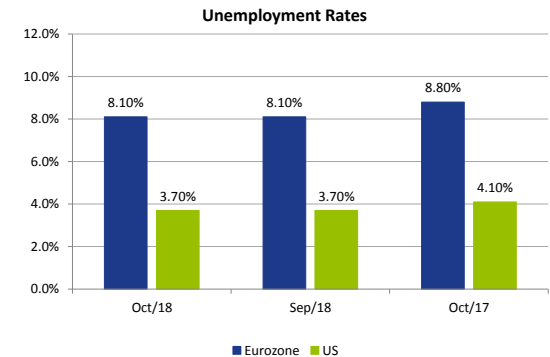
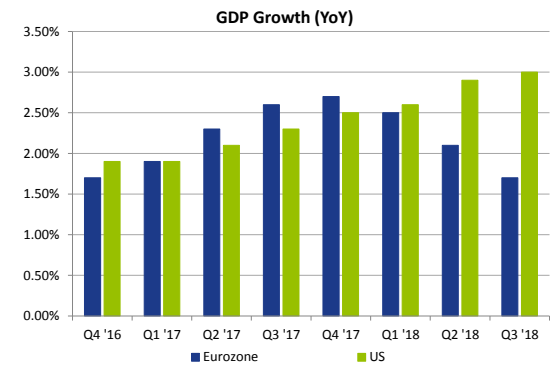
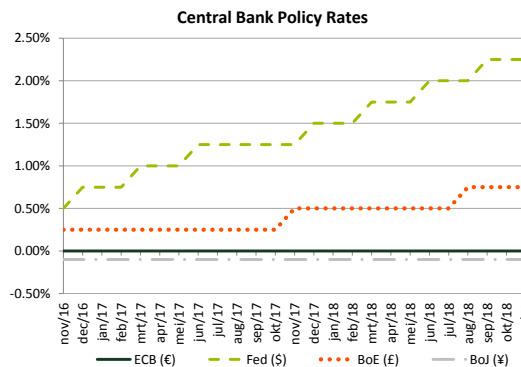
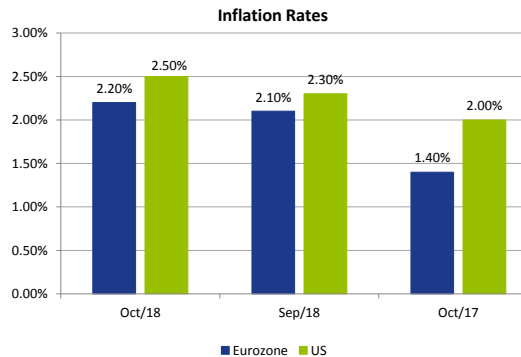
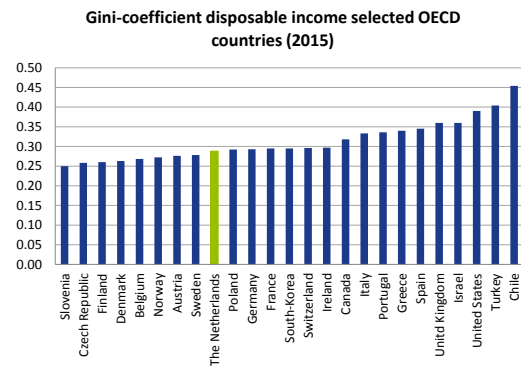
It is important to realize that there is much discussion amongst economists on the components that should be included as income in inequality calculations. An example is payments in kind. In addition, there are multiple ways to calculate inequality, which may give different results. The most common method is the Gini-coefficient. A coefficient of '1' means that there is perfect inequality, a value of '0' indicates full equality.

The Organization for Economic Co-operation and Development (OECD) has calculated the Gini coefficients for several countries (see graph). The Netherlands is one of the more equal countries in terms of income distribution. Furthermore, non-European countries have a more unequal income distribution and North- and Eastern European countries have more income equality than southern-European countries .

A second measure of inequality relates to equality in wealth distribution. Countries that have a high degree of income equality, such as Denmark and the Netherlands, conversely have a relatively high degree of wealth inequality. The level of inequality therefore strongly depends on the method used and is a important determinant for policymakers.

Review

In November 2018, oil prices worldwide decreased sharply. The price of a barrel of Brent oil decreased by 22.2% to USD 58.69, while the price of a barrel of WTI oil decreased with 21.9% to USD 50.69. The lower prices were partly caused by an OPEC report which stated that global oil demand will drop in 2019, a large scale up of the oil production in the United States (US) and the US commitment to 8 countries that it will not impose sanctions if these countries import Iranian oil. To counter the decrease in oil prices, OPEC is expected to lower its oil production. This will be discussed at the next OPEC meeting on 6 December in Vienna.



Country Ratings	S&P	Moody's	Fitch
Netherlands	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
France	AA	Aa2	AA
United Kingdom	AA	Aa2	AA
Russia	BBB-	Ba1	BBB-
United States	AA+	Aaa	AAA
Japan	A+	A1	A
China	A+	A1	A+
Australia	AAA	Aaa	AAA

Review

The OECD expects a decrease in the worldwide economic growth. In the new report, the OECD forecasts a growth rate of 3.5% for 2019, while it previously expected a growth of 3.7%. For 2020, the OECD expects a growth of 3.5%. The main reason for the lower growth rate is the introduction of import tariffs in the United States and China. In addition, the increased United States' interest rates cause a capital outflow from upcoming economies to the United States.

Monthly Preview

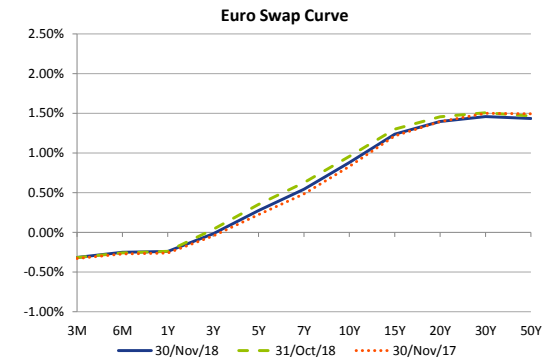
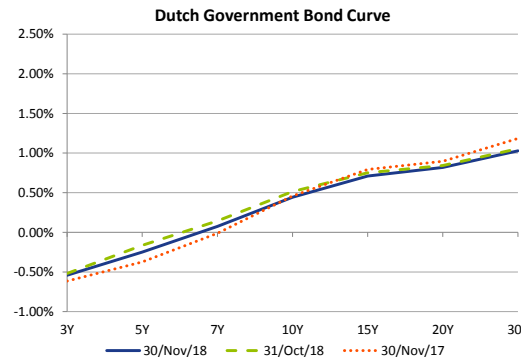
In December the market will be mainly focused on the Brexit decision. The Brexit agreement that Prime Minister Theresa May established with the European Union (EU) will become effected with the final decision of the British Parliament on December 11th ,2018. The parliamentarians are given a total of five days to express their views and conclude on the subject by giving their vote and on May's Brexit Agreement. The debate starts on 4th of December 2018.

Since the referendum, the exchange rate movements of the pound have been following the developments around the Brexit. Information that points to a soft Brexit increases the pound and with news pointing to the contrary the pound decreases. If the parliament votes against the Brexit, the pounding of the pound will be inevitable. If no decision is reached, economics expect that the pound will decrease by more than 10% compared to the current level.

The parliament of Ukraine declared the state of siege in various regions. The state of siege commences on November 28, 2018 at 09:00 local time and lasts for 30 days. The cause of the situation is that Russia shot and seized 3 Ukrainian navy ships. Ukraine reacts by threatening to close the gas supply, which runs from Russia through Ukraine to Europe. This can lead to an escalation of the situation which might lead to an increase in the Dollar exchange rate and in the gold and oil prices.

Timeline macroeconomic indicators:

- 07 December 2018: GDP growth European Union
- 11 December 2018: Parliament vote Brexit
- 13 December 2018: Interest rate decision ECB
- 19 December 2018: Inflation rate United Kingdom
- 19 December 2018: Interest rate decision United States
- 20 December 2018: Interest rate decision United Kingdom
- 21 December 2018: GDP growth United Kingdom
- 21 December 2018: GDP growth United States
- 28 December 2018: Inflation rate Germany



Bank Ratings	S&P	Moody's	Fitch
Rabobank	A+	Aa3	AA-
ING Bank	A+	Aa3	A+
ABN AMRO	A	A1	A+
BNG Bank	AAA	Aaa	AA+
NWB Bank	AAA	Aaa	n.a.
Deutsche Bank	BBB+	A3	BBB+
BNP Paribas	A	Aa3	A+
Barclays Bank	A	A2	A
Credit Suisse Int.	A	A1	A-

Currencies	30/Nov/18	31/Oct/18	30/Nov/17
EUR/USD	1.132	1.131	1.190
EUR/GBP	0.887	0.886	0.880
EUR/CHF	1.131	1.141	1.171
EUR/JPY	128.445	127.765	133.965
EUR/DKK	7.463	7.461	7.442
EUR/SEK	10.303	10.369	9.972
EUR/CAD	1.504	1.488	1.535
EUR/AUD	1.549	1.599	1.573
EUR/CNY	7.878	7.891	7.875

