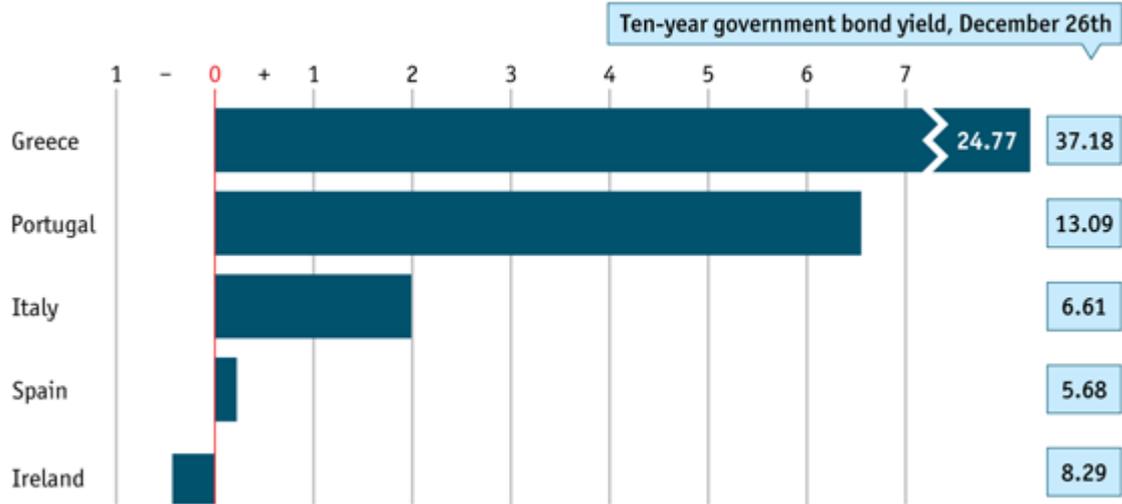


# 2011 revisited **Charting the year**

Dec 31st 2011 | from the print edition

## **Government bonds**

Percentage-point change in ten-year yields, January 3rd - December 26th



Source: Thomson Reuters

CHART 1

## **European bank funding**

Bank deposits held overnight at the ECB, €bn

Euribor-Eonia spread, basis points

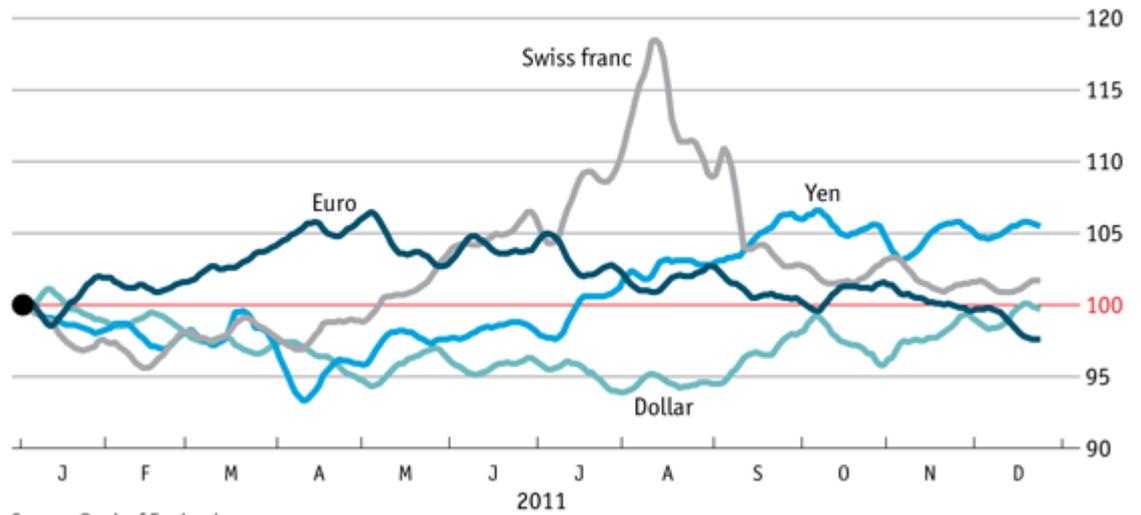


Sources: Bloomberg; ECB

CHART 2

## Trade-weighted exchange rates

January 3rd=100

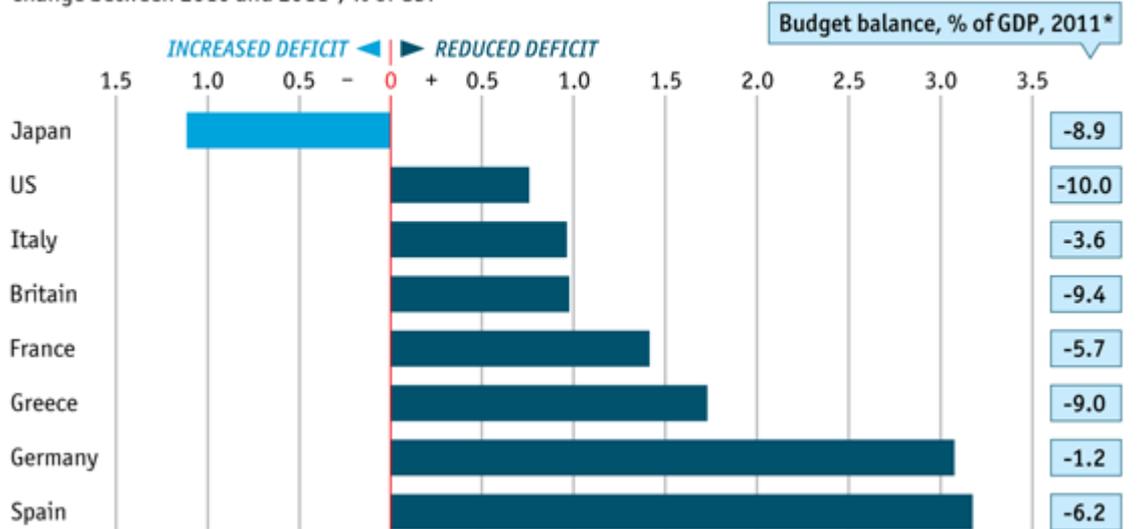


Source: Bank of England

CHART 3

## Government budget balance

Change between 2010 and 2011\*, % of GDP



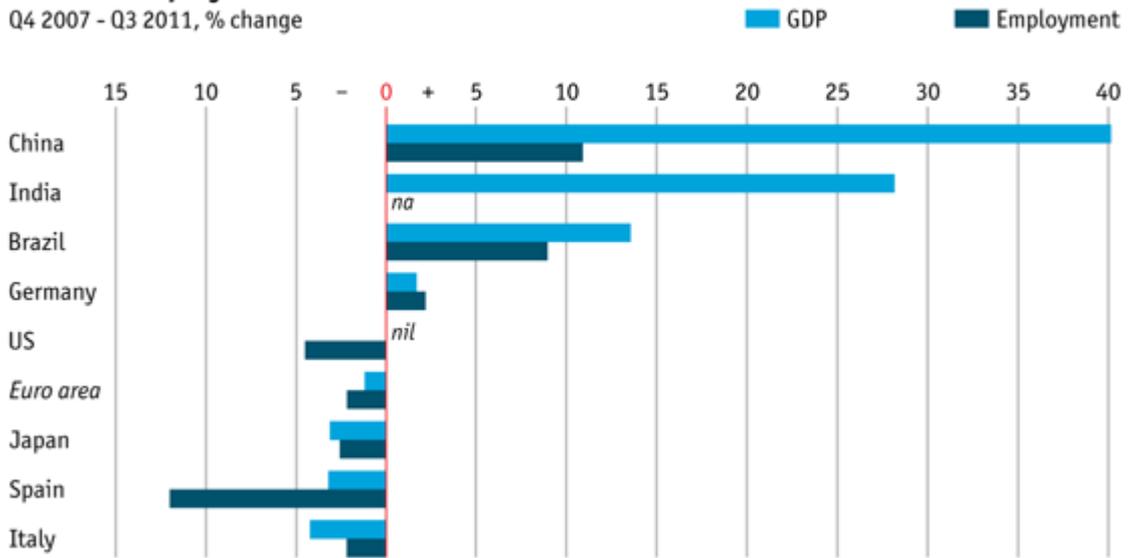
Source: OECD

\*Estimate

CHART 4

## GDP and employment

Q4 2007 - Q3 2011, % change

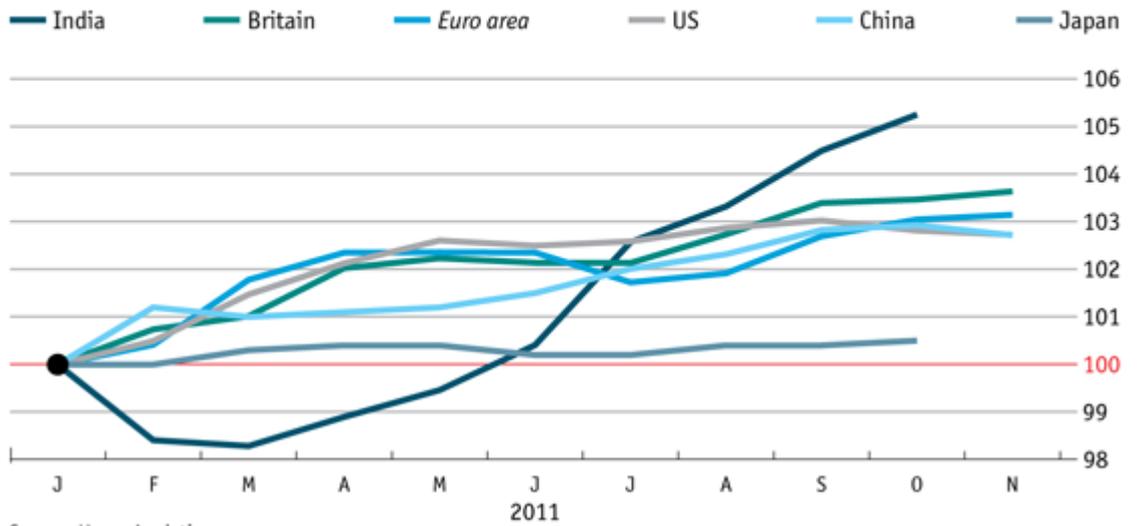


Source: Haver Analytics

CHART 5

## Inflation

Consumer prices, January=100



Source: Haver Analytics

CHART 6

## Capital markets

Total return index, January 3rd=100

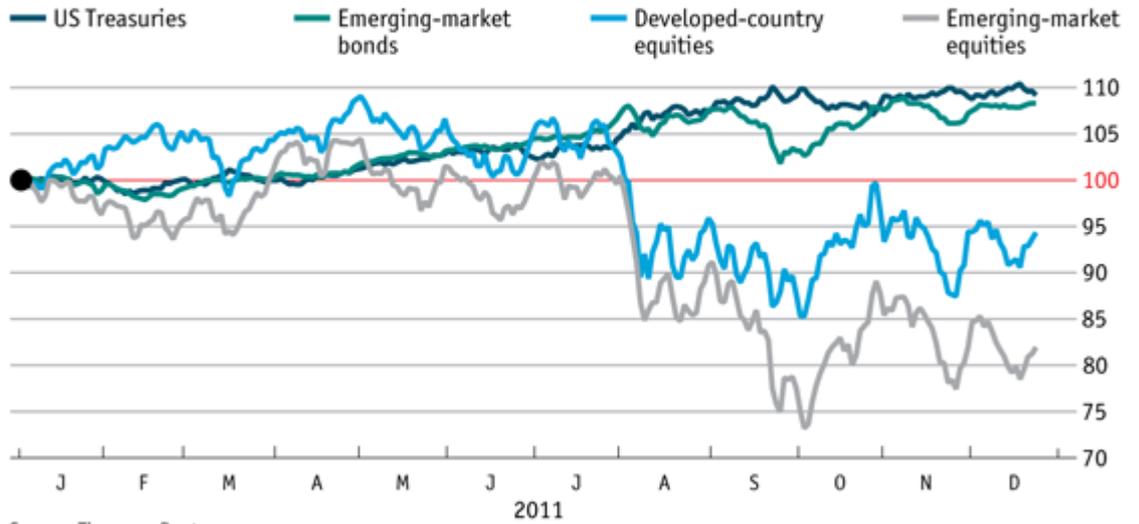


CHART 7

## Commodity prices

January 4th=100



CHART 8

## Fear indices

Google searches in US for "gold price", January 3rd=100

S&P 500 Volatility Index



Source: Google; Thomson Reuters

CHART 9  
1 / 9

IN 2008 banks were saved by governments. The question that dominated 2011 was how to save governments. The euro-area sovereign-debt crisis metastasised from a problem affecting small, peripheral states to one that threatens the single currency itself. The rise in Italian bond yields in particular marked a dangerous new stage in the saga (chart 1). European banks, stuffed full of government bonds, have suffered a severe funding squeeze since the summer (chart 2). The euro was oddly resilient against the dollar, but Switzerland and Japan intervened to hold down their currencies as investors sought shelter (chart 3).

Faced with skittish creditors, countries in Europe tried to instil confidence by cutting spending (chart 4). Austerity and growth do not mix, however. Euro-area GDP remains below its pre-crisis level. American output did at least regain that mark in 2011 (chart 5) but US unemployment remained very high.

### In this section

- [The war on terabytes](#)
- [Ever hopeful](#)
- [Hose and dry](#)
- [The bonds that tie](#)
- [»Charting the year](#)
- [How to get a date](#)

[Reprints](#)

---

### Related topics

- [United States](#)
- [Switzerland](#)
- [Japan](#)
- [The dollar](#)
- [Business](#)

The emerging economies again outshone their rich-world counterparts in terms of growth and jobs. But fears about inflation (chart 6) slowly gave way to fears about growth as the year went on and Europe's problems worsened. Emerging-market stocks dropped sharply in the summer as investors put their money into less risky assets (chart 7). Gold also benefited from another year of fear. The metal was set to post its 11th consecutive annual gain in 2011 (chart 8). Google searches for "gold price" rose whenever measures of market uncertainty did (chart 9). If governments aren't safe, after all, what is?