Focus

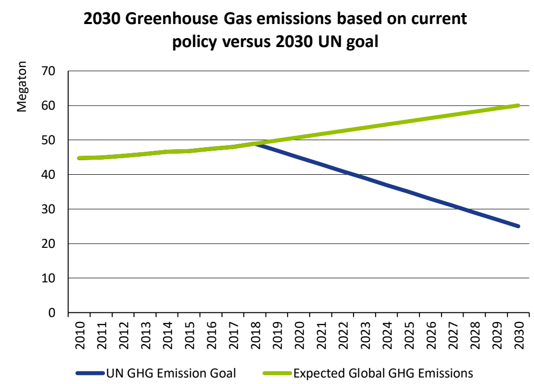
In 2015, the signing of the Paris Agreement has set a new course in the campaign against global climate change. In an effort to "significantly reduce the risks and impacts of climate change", the agreement calls for limiting the global average temperature increase well below 2°C during this century, while continuing to aim for a cap of 1.5°C. However, UNEP's Emissions Gap Report 2020 shows that despite a brief drop in CO2 emissions as a result of the corona pandemic, the world is still heading for a temperature increase of more than 3°C. The corona crisis has forced governments to take large-scale fiscal action, often accompanied by the suggestion that this should be directly used to improve sustainability. How has the European Union (EU) used the corona crisis to combat climate change?

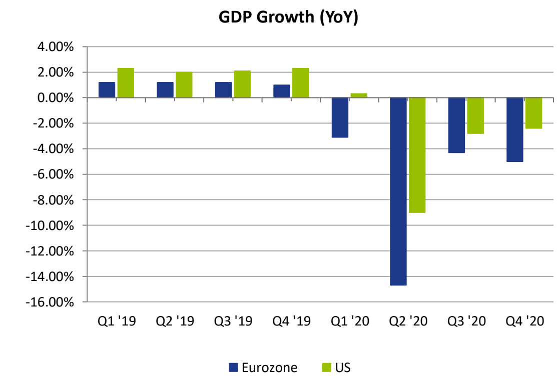
So far, the EU is leading the way when it comes to investing in green recovery. Around 30% of the EU-wide stimulus plan of EUR 750 billion and the budget of EUR 1.1 trillion for the period 2021-2027 will be spent on climate-friendly investments. This means that over EUR 550 billion will be spent on climate from the EU over 2021-2027. This recovery package will be broken down into five climate-friendly components.

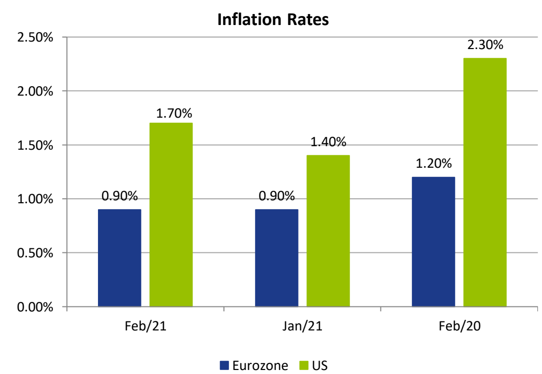
Doubling the annual renovation of existing buildings is one of these components. Renovating old buildings can be a quick way to stimulate the economy, while reducing carbon emissions from these buildings and lowering electricity bills. Another component is investment in clean technology. This includes renewable energy, energy storage, hydrogen and batteries. Installing one million charging points in the EU for electric vehicles is another component. Possibly the most complex component concerns the approach to food, agriculture and the land, in which, in addition to paying extra attention to food waste, pesticides and fertilisers, a shift towards healthier and more sustainable diets will be encouraged. Finally, the focus of the last component is on regions depending on the fossil fuel industry. EUR 44 billion will be allocated to a fund aimed at ensuring a fair transition to support workers who lose their jobs.

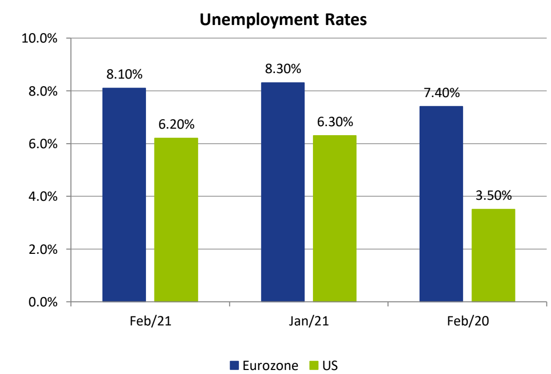
The EU reports that using the recovery package for sustainability will create almost 2.5 times more jobs than investing in the fossil fuel industry. The EU has also indicated that if Member States do not commit to the 2050 objective, they will only receive 50% of the allocated amount. The other 50% will be provided if the commitment to the objective is accepted.

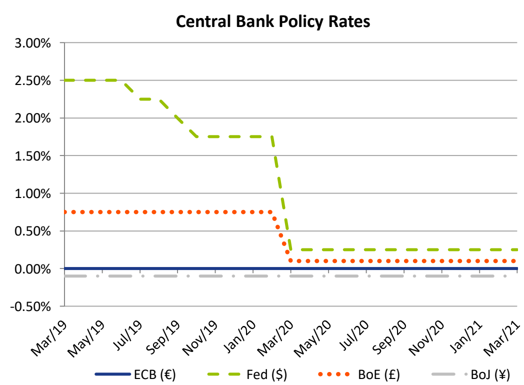
Although EUR 550 billion is a very large sum, according to researchers from the consultancy Climate & Company and the think tank Agora Energiewende, as much as EUR 2.4 trillion is needed up to 2027 to meet the EU climate targets. The question remains how much the global economy will lose if no action is taken due to increasing droughts, floods and crop failures. The Economist Intelligence Unit's (EIU) Climate Change Resilience Index of November 2019 predicted that, if no action is taken, global GDP will be 3% lower in 2050 equivalent to USD 7.9 trillion. The next conference where the agreements off all countries will be on the agenda, is currently scheduled for November 2021 in Glasgow.











Country Ratings	S&P	Moody's	Fitch
Netherlands	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
France	AA	Aa2	AA
United Kingdom	AA	Aa3	AA-
Russia	BBB-	Baa3	BBB
United States	AA+	Aaa	AAA
Japan	A+	A1	A
China	A+	A1	A+
Australia	AAA	Aaa	AAA

Review & preview

The European Central Bank (ECB) decided on March 11th to leave its policy rates unchanged and to continue the bond buying program. The decision of the ECB is in line with analysts' expectations. The ECB does expect, however, that the speed of the purchases of the pandemic buy-back program will be increased significantly in order to continue to guarantee favourable financing conditions. The ECB has indicated that it will buy in accordance with market conditions.

After the pandemic, the finance ministers of the 19 euro countries want to focus on reducing the government debts which have increased rapidly as a result of the fiscal measures and economic downturn. "Once the recovery is firmly underway, euro area member states should address the increased public debt levels.", they wrote in a joint statement on March 15th. However, this is expected not to start until 2022, when the economy has returned to a similar level as before the corona crisis and support measures are no longer necessary.

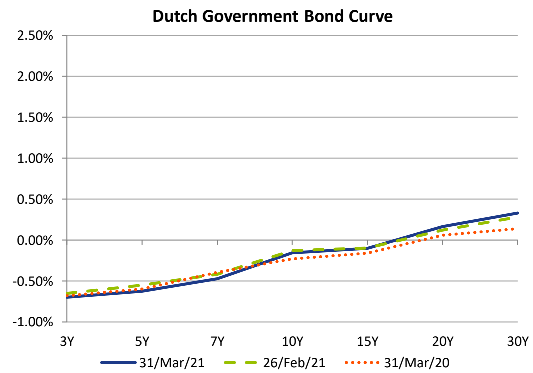
The VVD is the winner of the Dutch general elections of March 17th, remaining the largest party for the fourth time in a row, with 34 seats. The current coalition consisting of VVD, CDA, D66 and ChristenUnie have obtained 78 seats and could therefore retain its majority. The right-wing and populist parties of PVV, JA21 and Forum for Democracy obtained a combined 28 seats, the latter gaining the most seats with an increase of 6 seats compared to 2017. The traditional left-wing parties PvdA, GroenLinks and SP saw a sharp decrease and will have a combined 26 seats, 11 less than the last elections.

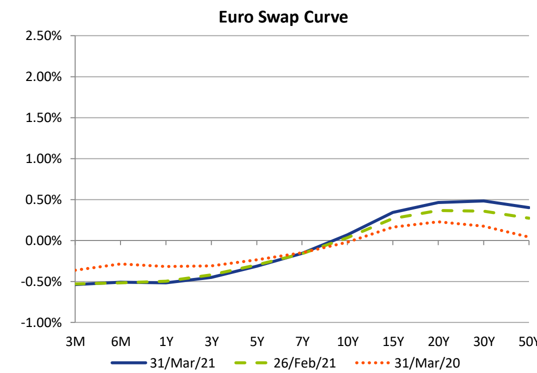
The number of bankruptcies in the Netherlands will increase sharply this year, according to figures from credit insurer Atradius. More companies are expected to go bankrupt in 2021 than before the corona pandemic. The number of bankruptcies is forecast to increase by 44.0% compared to the lowest level in 2020. Main reason for the increase is the delayed effect of the corona crisis. For a lot of companies the impact of the corona-crisis has been postponed thanks to financial aid by the government. A lot of this support is ending this year, thrusting a large amount of companies back into financial turmoil.

The Organisation for Economic Cooperation and Development (OECD) increased their forecast on expected growth of the global economy to 5.6% in 2021, and 4.0% in 2022. This is a significant increase compared to their last analysis in December, when global economic growth was projected to be 4.2% in 2021 and 3.7% in 2022. The adjustment of the growth figures is due to the increased speed of COVID-19 vaccines rollouts in several countries, and a sizeable new stimulus package announced by the United States.

Agenda

13 April	Inflation United States
20 April	Unemployment United Kingdom
21 April	Inflation United Kingdom
22 April	Interest rate decision ECB
28 April	Interest rate decision Fed
31 April	Inflation Eurozone





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

Currencies	31/Mar/21	26/Feb/21	31/Mar/20
EUR/USD	1.173	1.207	1.103
EUR/GBP	0.851	0.867	0.888
EUR/CHF	1.107	1.097	1.060
EUR/JPY	129.860	128.670	118.640
EUR/DKK	7.438	7.436	7.466
EUR/SEK	10.241	10.187	10.929
EUR/CAD	1.474	1.538	1.551
EUR/AUD	1.544	1.567	1.799
EUR/CNY	7.687	7.817	7.816