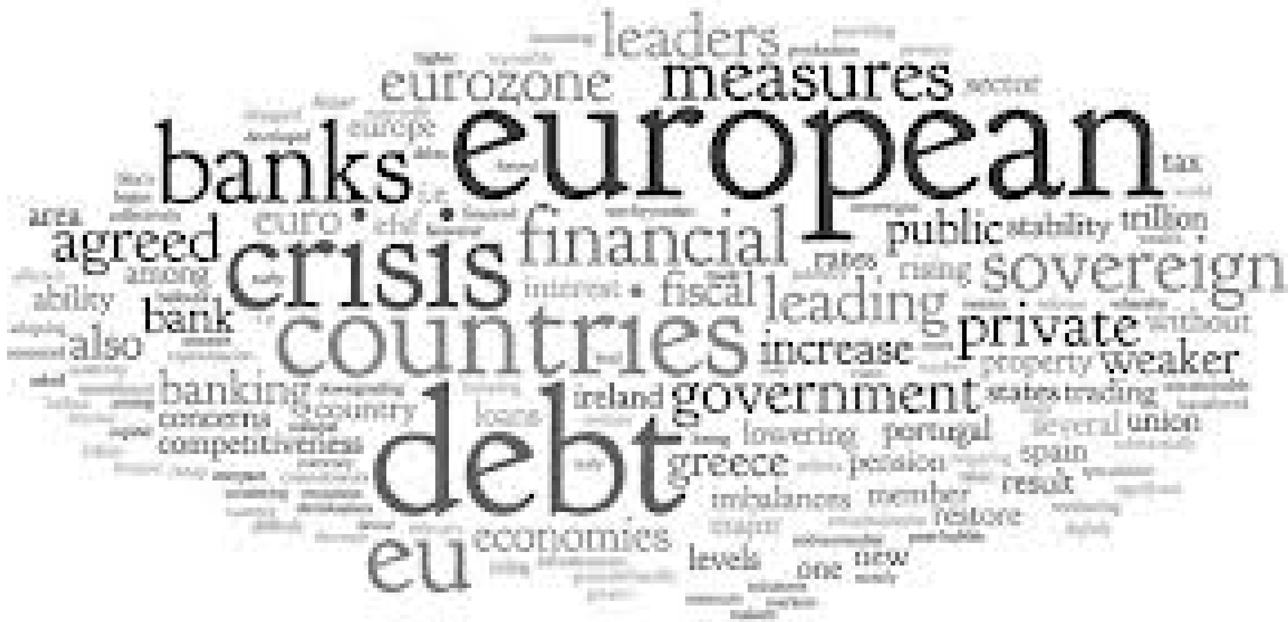
EURO CRISIS TIMELINE



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This timeline summarizes the events from the beginning of the Greek crisis in October 2009 to May 2013

Through them the Greek crisis was becoming the euro crisis.

2009

October 4th

PASOK leader Georges Papandreou defeats outgoing Prime Minister Kostas Karamanlis in the Greek Parliamentary elections.

October 16th

The new Greek government announces that the public deficit in 2009 would top 10% of GDP, a figure much larger than the deficit figures notified to Brussels. Two weeks later, it is officially estimated at 12.7% of GDP.

November

Debt crises in Dubai. The Emirate affected by the burst of a building bubble is unable to reimburse its Debt. Suddenly it appears that the sovereign debt is not a risk free asset. Fears that the same think can happen to Greece.

December 8th-22nd

The three main rating agencies – Fitch, Moody's, and Standard and Poor's – downgrade Greece's sovereign credit rating.

2010

January 14th

The Greek government unveils its deficit reduction plans, with a deficit target set at 2.8% of GDP in 2012.

March 25th

European leaders announce that they are willing to prepare a financial assistance package to Greece, in cooperation with the IMF.

However, they also announced that this assistance should be considered "ultima ratio", and would be provided at explicitly punitive interest rates to encourage a quick return to market financing.

They simultaneously task European Council`s president Hermann Van Rompuy with the preparation of a report on the strengthening of economic governance.

2010

March-April

Slow and confuse reaction of the euro members governments. Germany swings from promising conditioned help to threaten with the euro exit for those that do not fulfil the SGP . The Greek premium risk climbs above 1.200 b.p.

April 21st

Greece's 10-year borrowing costs reach 8.7%, an increase of 270 basis points compared to the previous month. On the 23rd of April, Prime Minister Georges Papandreou requests activation of the financial assistance package.

May 2nd

Euro area member states and the IMF announce a three-year programme for Greece, totaling €110bn, initially comprising €80bn in bilateral loans and €30bn from the IMF. The following day, the ECB announces that the Governing Council has decided to suspend minimum credit rating thresholds for Greek government debt used as collateral in Eurosystem refinancing operations.

2010

May 7th-9th

The euro area leaders announce that all the institutions of the euro area, including the ECB, commit to an overhaul of the European macroeconomic surveillance framework and that they have agreed to "use the full range of means available to ensure the stability of the euro area".

Following this meeting, Finance Ministers announce the creation of the European Financial Stability Facility (EFSF), with a total volume of up to 500 billion Euros.

At the same time[1], the ECB announces exceptional measures including secondary markets sovereign debt purchases (within the framework of the Securities Market Programme, or SMP). Initial purchases mainly focus on Greek government bonds.

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[1] €60bn will actually be assigned to the EFSM, a community mechanism guaranteed by the EU budget.

2010

May 10th

The ECB starts buying Public debt in the secondary financial markets.

May 10th

In a tense meeting the Economics Affairs Council requires Spain to implement urgently a severe adjustment plan.

May 12th

Premier Zapatero announces in the Parliament a radical change in its economic and social policy with an immediate austerity plan of 1,5 % of the GNP. This measure will have severe consequences for the Spanish socialist party.

May 12th

The EU Commission presents his proposals for an "European economic governance" and the reform of the SGP.

May 21st

First meeting of the Special Task Force chaired by H Van Rompuy to reinforce the budgetary discipline and economic governance.

2010

July 23rd

The results of the first pan-European stress tests of the banking system are published. Only seven banks fail the stress tests, with an aggregate capital shortfall of €3.5bn. Market analysts express skepticism at the results .

September 29th

The European Commission presents the "six-pack", a package of six legislative proposals (five regulations and one directive) aiming at reforming economic governance and strengthening the framework for preventing excessive imbalances and excessive deficits.

The package is endorsed by the Van Rompuy report on the strengthening of economic governance.

September 30th

The Irish government announces that the cost of rescuing Anglo-Irish Bank is much higher than expected – at least €30bn – and that other banks will also face additional capital needs.

2010

October 6th

Fitch, the rating agency, downgrades Ireland's sovereign credit rating. Moody's and Standard and Poor's both follow suit before the end of December.

October 18th

French President Nicolas Sarkozy and German Chancellor Angela Merkel meet in Deauville, France, and agree on a Treaty change to create a permanent crisis resolution mechanism (the future ESM) which will also provide for the possibility of sovereign debt restructuring.

October 26th

The Irish government announces that reaching its deficit targets for 2014 would require 15 billion measures of additional measures over four years, almost 10% of Irish GDP. In the following month, yields on 10-year government bonds increase by more than 250 basis points, reaching levels in excess of 9%.

2010

October 28tth-29tth

European leaders reach an agreement on the need to set up a permanent crisis mechanism to safeguard the financial stability of the euro area as a whole (the European Stability Mechanism, or ESM).

November 28th

European leaders and the IMF agree to grant an €85bn assistance package to Ireland, following the request made by Irish authorities on the 22nd of November.

2011

February 11th

Axel Weber, President of the Bundesbank, hands in his resignation, expressing disagreement with the actions of the European Central Bank. He had until then been seen as one of the most likely successors to Jean-Claude Trichet.

March 11th

Euro area leaders agree to lower the interest rates on Greek loans to 5% and to increase the maturity of programme loans to 7.5 years, in exchange for the swift completion of a €50bn privatisation plan.

Leaders also agree to make the EFSF's €440bn lending capacity fully effective, and to allow the EFSF and the ESM to intervene in the primary markets for sovereign debt, as an exception and only in the context of a financial assistance programme.

March 15th-29th

The three main rating agencies, Fitch, Moody's and Standard and Poor's, downgrade Portugal's sovereign credit rating (Standard and Poor's downgrades Portugal twice in one week, following news about the design details of the forthcoming European Stability Mechanism).

2011

March 23rd

Council approval of the "euro pact" proposed by France and Germany and finally called Euro Plus Pact.

May 17th

Having received a request from Portugal on 7 April, the European Council agrees on a financial assistance package totalling €78bn over three years (of which €26bn to be provided by the IMF).

May 25th

Reuters reports that the IMF has threatened to not allow disbursement of the next tranche of aid for Greece in June if the euro area member states do not reach an agreement on how to cover the country's financing needs for 2012.

2011

June 5th

Moody's downgrades Portugal's sovereign rating to junk status, citing potential consequences of on-going discussions related to private sector involvement in the case of Greece.

July 6th

Giorgio Napolitano, the Italian president, greenlights the governement's austerity package. Italian spreads begin to widen in the following days, amidst confusion and controversy as to the package's content and its perceived lack of ambition.

July 11th

The first ESM Treaty is signed by euro area member states.

July 15th

The results of the second round of pan-European stress tests are made public. Accompanying publications are more complete and detailed than in 2010.

2011

July 21st

Euro area Heads of State or Government and EU institutions decide on a new package of measures to end the crisis and prevent contagion, including:

- a new programme for Greece, initially amounting to an estimated €109bn (the figure was subsequently brought to €130bn in October);

- support from the private sector to strengthen Greek public finance sustainability, on a voluntary basis, with a net contribution estimated at €37bn (corresponding to a 21% haircut);

- a secondary market debt buyback programme for Greece;

- a lowering of the interest rate on assistance loans (to about 3,5%, equivalent to the lending rates on Balance of Payments facility loans to non-euro area countries)

- and a lengthening of maturities (from 15 to 30 years).

2011

July 21st

The agreement also includes measures to enhance the flexibility of stabilization tools by allowing the EFSF/ESM to act on the basis of a precautionary programme, to intervene in secondary markets, and to finance the recapitalization of financial institutions through loans to governments, including in non-programme countries.

July 25th-27th

Moody's and Standard and Poor's downgrade Greece's credit rating, following the 21st of July Summit decisions related to private sector involvement. Fitch had already downgraded Greece's credit rating for the same reasons.

August 4th

The ECB reactivates secondary market purchases and starts purchasing Italian and Spanish bonds in an attempt to ease market tensions.

2011

August 5th

The President of the European Central Bank, Jean-Claude Trichet, and his successor, Mario Draghi, send a confidential letter to Italian Prime Minister Silvio Berlusconi, urging him to adopt the measures necessary to bring public finances back on track. In the following days, however, the government coalition decides to backtrack on several of its budgetary commitments.

August 5th

Standard and Poor's downgrades the United States' sovereign credit rating, stripping the country of its triple-A status.

August 10th

French bank stocks slide on rumours that France might lose its triple-A credit rating and on worries about the financial health of French banks. During the month of August, banks throughout the euro area experience a significant and widespread deterioration of their financing conditions.

2011

August 17th

Angela Merkel and Nicolas Sarkozy call for strengthening economic governance in the euro area (including through the creation of a "European Economic Council") and closer coordination of economic policies.

The two leaders reject Eurobonds as a short-term solution to the crisis, saying that they may come only at the end of the process of European integration.

August 31st

The IMF claims that losses due to exposures to sovereign bonds could potentially reach €200bn for European banks.

2011

September

Under the initiative of Premier Zapatero the PSOE and the PP agreed on a quick reform of the Spanish Constitution.

It was implemented on a week, to introduce the "golden rule" that almost forbids the public structural deficits as required by Merkel and Trichet.

The debt payment will have full priority over any other kind of expenditure. This measure produces strong debates in the Spanish left.

September 6th

The Swiss Central Bank announces its decision to cap the Swiss franc's euro exchange rate, in an attempt to halts it appreciation.

According to the central bank, "the massive overvaluation of the Swiss franc poses an acute threat to the Swiss economy and carries the risk of a deflationary development". The SNB therefore will enforce the cap "with the utmost determination and is prepared to buy foreign currency in unlimited quantities".

2011

September 7th

The German Constitutional Court in Karlsruhe rules that the rescue packages agreed so far do not go against the German constitution.

However, the Court also states that the government must seek prior approval of the Bundestag for all future EFSF programs. Other elements of the Court's ruling are interpreted as precluding the creation of Eurobonds.

September 9th

Jürgen Stark, the German member of the ECB's Executive Board, resigns amid disagreement with the ECB's sovereign bond purchases.

September 16th

At a meeting of euro area Finance Ministers in Wroclaw, in Poland, Timothy Geithner, the United States Secretary of the Treasury, calls upon European leaders to find a quick solution the crisis and to increase the EFSF's firepower with the help of the ECB.

2011

September 19th

Standard and Poor's downgrades Italy's sovereign rating, citing worsening growth prospects and the fragile political environment. The government austerity package had been approved by Parliament only one month earlier.

September 20th

The European Council, the European Commission and the European Parliament finalize an agreement on the "six-pack" legislation.

September 22nd

Six G20 countries write a letter to G20 chairman Nicolas Sarkozy, in which they call upon European governments to provide a quick response to the crisis and accelerate implementation of the measures decided on the 21st of July. .

2011

October 3rd-4th

The Ecofin Council reaffirms that member states should adopt differentiated speed in fiscal consolidation.

Member states benefiting from financial assistance programs and member states facing market pressure are urged to stick to headline targets and adopt further measures if needed.

Member states with high deficits are asked to stick to headline deficits, even in the event of limited downside revisions to the macroeconomic scenarios.

Member states with no excessive deficit can let automatic stabilizers work around the path of structural fiscal adjustment.

October 4th-18th

Spain and Italy are hit by a wave of rating downgrades by the three main rating agencies. Stated motives include weak growth prospects, the intensification of the euro-area crisis, and political uncertainty in the case of Italy.

2011

October 27th

After a night of tense negotiations, European leaders agree on another comprehensive package of additional measures, focused on Greece and European firewalls.

On Greece, leaders agree on a 50% discount on Greek debt held by private investors (with the aim of bringing Greece's debt to GDP ratio down to 120% by 2020).

Leaders also agree to "optimize" the resources of the EFSF by introducing two leverage options, allowing the EFSF's firepower to be multiplied.

They also agree on measures to strengthen the governance of the euro-area and on a strengthening of budgetary discipline (adoption of balanced budget rules at a national level and stronger mechanisms for budgetary surveillance).

October 31st

Jean-Claude Trichet's term as President the European Central Bank ends. He is replaced by Mario Draghi, former governor of the Banca d'Italia.

2011

October 31st

Greek Prime Minister George Papandreou announces a referendum on the deal reached on the 26th of October. The referendum is called off on November 3rd, following strong political opposition in Greece and pressure from foreign governments.

November 4th:

The Cannes G20 is overshadowed by developments in the euro area, especially in Greece and Italy.

Angela Merkel and Nicolas Sarkozy tell George Papandreou that a referendum can only be on staying within the euro or leaving. Italy consents to an ad hoc monitoring of its budgetary and reform commitments by the EU and the IMF on the sidelines of the G20 Summit.

November 11th

Lucas Papademos, a former Vice President of the European Central Bank, is chosen to lead an interim coalition government in Greece, following George Papandreou's resignation.

2011

November 13th

Following Silvio Berlusconi's resignation Mario Monti, former EU Commissioner, is nominated by Italian President Giorgio Napolitano to head a caretaker technocratic government.

November 20th

In Spain, the right-wing People's Party (PP), led by Mariano Rajoy, defeats the outgoing socialist party PSOE in the general elections, scoring an absolute majority in Parliament.

November 23rd

The European Commission proposes two new regulations to strengthen budgetary surveillance and monitoring (the so-called "two-pack"), on top of the package of six legislative proposals already adopted.

The same day, the European Commission opens consultations on the feasibility of introducing "Stability Bonds", common issuances of sovereign bonds among the member states of the euro area.

2011

November 25th

After several weeks of tensions on markets, Spanish and Italian yields reach unprecedented levels.

The Italian yield curve inverts, with 2-year bonds yielding 7,65% compared to 7,3% for 10-year bonds. For the first time since the beginning of the crisis, the spreads of triple-A rated sovereigns also widen significantly.

November 30th

The ECB, the Fed, the Bank of Japan, the Bank of England and the Swiss National Bank announce agreement to enhance their ability to provide liquidity.

The agreement involves the extension of these arrangements to February 2013, and the possibility for each of the central bank to provide liquidity support in any of their currencies.

2011

December 1st

Mario Draghi, speaking before the European Parliament, calls for a "new fiscal compact", which would enshrine "the essence of fiscal rules", in much the same way that an independent central bank with an objective of maintaining price stability describes the essence of monetary policy.

Mario Draghi states euro area countries should keep all options open, including far-reaching Treaty changes, to move towards a genuine economic union.

December 4th

Mario Monti unveils a comprehensive package of measures to bring Italy's finances back on track and to enhance growth.

The package includes €30bn in new austerity measures and €10bn in growth-enhancing measures, as well as a plan to liberalize the Italian economy.

2011

December 8th– 9th

25 European leaders (representing all countries but the UK and the Czech Republic) agree on a new treaty-based "fiscal compact", containing the adoption of fiscal rules at national level, ex ante reporting of national debt issuance plans, and nearly-automatic sanctions for member states in breach of budgetary discipline.

Leaders also decide to strengthen and adjust the stabilization tools (by deploying the EFSF's leverage options, accelerating the entry into force of the ESM – by July 2012 -, reassessing the overall ceiling of the EFSF/ESM in March 2012, increasing the IMF's resources by up to €200bn, and reaffirming the "unique and exceptional" nature of the decisions concerning private sector involvement in Greece).

2011

December 8th

The ECB reduces its policy rate by 25 basis points and announces a package of measures to support the banking system.

These measures include increasing collateral availability for banks by enlarging the pool of eligible assets, and the decision to conduct two longer-term refinancing operations (LTRO) with a maturity of 36 months to provide liquidity to banks (the maximum maturity for refinancing operations, was until then of 12 months).

December 13th

The six-pack enters into force.

December 21st

The first 36-month LTRO takes place, with a take-up of 489.2 billion euros by 523 banks.

2011

December 24th

Cyprus signs a 2.5 billion euro loan agreement with Russia to cover its financing needs for 2012.

December 30th

Two weeks after taking office, Spanish Prime Minister Mariano Rajoy announces that the Spanish deficit for 2011 will exceed 8% of GDP, against a government official target of 6% of GDP.

The government decides to temporarily extend the 2011 budget, and adopts more than €15bn worth of new austerity measures.

2012

January 13th

Standard and Poor's carries out a sweeping downgrade of 9 euro area sovereigns (Austria, Cyprus, France, Italy, Malta, Portugal, Slovakia, Slovenia and Spain), two of which – Austria and France – are stripped of their triple-A status.

As justification for its decision, Standard and Poor's cites the inability of European leaders to provide an adequate response to the euro area crisis and the failure to recognize that not all of the euro area's troubles stem from fiscal profligacy in certain countries. Finland, Germany and the Netherlands keep their triple-A rating.

February 2nd

The new ESM Treaty is signed by euro area member states, incorporating all the decisions taken since July 2011.

Its entry into force is scheduled to take place when a sufficient number of member states have completed the relevant ratification, approval or acceptance processes.

2012

February 3rd

The Spanish government adopts a new set of measures to reform and strengthen the banking sector.

These measures include a cleaning-up balance sheets (by increasing provisions and capital by €50bn to cover problematic real-estate exposures) and incentives to continue banking sector restructuring through mergers and acquisitions.

February 12th

Amid fierce clashes between police and demonstrators, the Greek Parliament approves a new round of austerity measures to complete a package demanded by official creditors as a precondition for a new EU/IMF programme.

2012

February 21st

European leaders agree on the terms for a second rescue programme for Greece, with a marginally higher contribution from the private sector (a 53.5% haircut instead of the 50% agreed in October 2011).

Formal approval of the second programme is postponed until the completion of the PSI operation. Greece formally launches the exchange offer a few days after.

February 28th

The second 36-month LTRO takes place, with a take-up of 529.5 billion euros by 800 banks. The second operation brings to a total of 1018 billion euros the amounts allotted by the ECB in the two 36-month LTROs.

2012

March 2^{nd}

EU member states – with the exception of the United Kingdom and the Czech Republic – sign the Treaty on Stability, Convergence and Governance in the Economic and Monetary Union (the "fiscal compact"), which had been finalized by Members of the European Council in January.

March 2^{nd}

Spanish Prime Minister Mariano Rajoy unilaterally announces that his government is aiming for a deficit of 5.8% of GDP in 2012 – a far higher figure than Spain's initial target of 4.4%. On the 12th of March, the Eurogroup gets Spain to agree to an additional frontloaded effort of 0.5% of GDP in 2012. Spain's deficit target of 3% of GDP in 2013 remains unchanged.

March 5^{th}

Italian 10-year sovereign bond yields drop below Spain's for the first time since summer 2011.

2012

March 9th

The Greek Finance Ministry announces an 85,8% participation rate in the PSI operation, which the Eurogroup deems satisfactory. The second Greek rescue package is formally approved by the Eurogroup in the following days.

March 9th

The Eurogroup decides to go ahead with the second Greek assistance programme, following a positive report from the Troika on the implementation of the agreed prior actions and high private sector participation in the debt exchange offer.

March 30th

Three months into 2012 the Spanish government finally presents a budget for 2012, with €27.3bn of new austerity measures. The adjustment plans of Spain's Autonomous Communities, however, are still pending.

2012

March 30th

The Eurogroup increases the overall ceiling for EFSF/ESM lending to €700bn, up from €500bn previously (because of the EFSF's outstanding commitments, amounting to €200bn, the EFSF/ESM lending ceiling of €500bn would have entailed a 300bn maximum new lending ceiling).

April 20th-21st

The IMF receives $430bn in pledges from IMF member to increase its resources during the spring meetings in Washington, almost doubling the Fund's lending capacity.

April 23rd

Dutch Prime Minister Mark Rutte resigns, as talks break down within the government coalition on additional austerity measures. Downward revisions to the Netherlands' growth prospects had made it necessary to adopt extra measures to respect the country's deficit targets, and correct the excessive deficit by 2013.14

2012

April 30th

Standard and Poor's lowers the credit rating of 16 Spanish banks, including large international banks Santander and BBVA. The rating agency had downgraded Spain's sovereign credit rating the week before, citing risks for the banking sector.

May 6th

The second round of the French Presidential elections and the Greek legislative elections take place the same day. In France, left-wing candidate Francois Hollande defeats outgoing President Nicolas Sarkozy. In Greece, New Democracy led by Antonis Samaras comes out on top with almost 19% of votes, but does not have enough seats for a majority in Parliament.

In the following days, three main political parties fail to form a coalition.

2012

May 7^{th}

In Spain, Bankia CEO and former IMF Managing Director Rodrigo Rato resigns, after an auditing firm refuses to sign off on the bank's accounts. The Spanish government decides to nationalize Bankia, a conglomerate created out of several regional savings banks and Spain's fourth largest bank.

May 12^{th}

In a last-ditch attempt to reassure markets, the Spanish government adopts a new comprehensive package of measures to strengthen the banking sector.

The measures include €28bn in new provisions to cover real-estate exposures, compulsory transfers of problematic real-estate assets to Asset Management Companies (AMC's), easier access to the fund for bank restructuring (the FROB), and independent audits.

2012

May 23rd

Newly elected French president Francois Hollande makes his first significant foray into European discussions during the informal dinner of the European Council, dedicated to preparing the June summit.

The subjects of Eurobonds, growth and banking union are put on the table.

May 25th

Bankia's capital shortfall is estimated at €19bn, bringing the total cost of its rescue to €23.5bn (almost 2,5% of Spanish GDP).

2012

May 30th

The European Commission adopts a package of recommendations for budgetary measures and economic reforms within the framework of the European Semester, and recommends that the euro area make steps towards a "full economic and monetary union" including a banking union, integrated supervision and a common deposit insurance scheme.

The European Commission also publishes the conclusions of its in-depth reviews within the framework of the Macroeconomic Imbalances Procedure (a new surveillance procedure resulting from the sixpack). It concludes that although many member states have imbalances, none of them are excessive.

June 7th– 13th

Moody's and Standard and Poor's downgrade Spain's credit rating to one and two notches above "speculative" grade respectively, citing risks to the banking sector, poor economic prospects and worsening market access. Standard and Poor's had already downgraded Spain in April for similar reasons.

2012

June 8th

The IMF estimates that the aggregate capital shortfall of the Spanish banking sector, in a stressed scenario, would reach 37 billion euros. According to the IMF's findings, the core of the Spanish banking sector is resilient, with vulnerabilities mostly concentrated on a small number of former savings banks.

June 9th

Spain becomes the first country to request financial assistance to recapitalize its banking sector, within the framework of a €100bn programme focused on the banking sector only.

Market react negatively when it becomes apparent that the assistance will be channeled through the Spanish government, thereby increasing public debt, and that assistance provided under the ESM may have seniority status.

June 17th

New elections take place in Greece. New Democracy gets almost 30% of votes and succeeds in forming a coalition government.

2012

June 19th

At the G20 Summit in Los Cabos in Mexico, Europeans pledge to consider "concrete steps towards a more integrated financial architecture, encompassing banking supervision, resolution and recapitalization, and deposit insurance".

June 25th

Cyprus formally requests financial assistance from the EU and the IMF.

June 28th-29th

In order to break the banking/sovereign feedback loop, euro area countries endorse the concept of banking union and open the door to possible direct bank recapitalizations by the ESM once an effective single supervisory mechanism for banks in the euro area is established.

2012

June 28th-29th

Leaders also agree to abandon the ESM's preferred creditor status for the financial support granted to Spain. The European Council adopts a "growth compact" and tasks the President of the European Council, the President of the Commission, the President of the Eurogroup and the President of the ECB (the "Four Presidents") with developing a specific, time-bound roadmap for the achievement of a genuine Economic and Monetary Union 16.

July 5th

Ireland's ten-year sovereign bond yields drop below Spain's.

July 11th

The Ecofin Council decides to grant Spain an extra year to correct its excessive deficit, pushing back the deadline for returning below the 3% to 2014. Deficit targets for 2012 and 2013 are adjusted accordingly.

July 11th

Spanish Prime Minister Mariano Rajoy underpins the deficit targets for 2013 and 2014 with a new €65bn austerity package.

2012

July 12th

The Troïka confirms that Ireland's implementation of its economic adjustment programme is on track. A similar statement had been released on Portugal one month earlier.

July 26th

ECB President Mario Draghi says that the ECB, within its mandate, will do "whatever it takes to preserve the euro". "Believe me, it will be enough", he adds, triggering a market rally.

August 2nd

ECB President Mario Draghi announces that the ECB may consider interventions on secondary debt markets focusing on the short-term end of the yield curve, "of a size adequate to meet its objectives", in order to restore the functioning of monetary policy. To unlock these interventions, governments must have entered into an agreement with the EFSF/ESM.

2012

August 21st– 25th

Antonis Samaras, the newly elected Greek Prime Ministers, tours European capitals to convince European leaders that the new Greek government is fully committed to implementing the adjustment programme.

September 6th

The ECB provides details on its new bond purchasing programme, dubbed "Outright Monetary Transactions (OMTs)", mostly confirming the information provided in August.

September 12th

The German Constitutional Court in Karlsruhe allows ratification of the ESM and TSCG Treaties, clearing the way for the entry into force of the Eurozone's permanent rescue mechanism. The Treaty formally enters into force on September 27th.

2012

September 12th

The European Commission unveils its proposal for a single supervisory mechanism for banks, following the June 28/29th Council decision to move ahead with banking union.

September 25th

The Finance Ministers of Germany, the Netherlands and Finland publish a joint statement widely interpreted as ruling out retroactive direct recapitalizations for Spain, seen as one of the most likely beneficiaries of the July 28/29th agreement (despite the fact retroactivity was not explicitly mentioned). 10-year yields on Spanish bonds leap by 30 bps the following day.

2012

September 27th-28th

Spain, widely seen by markets as the most likely to benefit from the ECB's new instrument, unveils new cuts as part of the 2013 budget as well as a wide-ranging agenda of structural reforms, in line with Council recommendations.

Markets interpret these announcements as signaling that ECB intervention might be near, although regional elections in October are seen as an obstacle to a programme request by Spain.

October 9th

After Spain in July, another country – Portugal – is given an extra year to correct its excessive deficit, owing to downward revisions to the country's growth prospects.

2012

October 9th

German Chancellor Angela Merkel visits Athens for the first time since the beginning of the European debt crisis in 2009, and declares that Germany "hopes, and wishes" that Greece remain a partner in the Eurozone.

Germany's position had appeared to soften in September, after a summer where adjustments to the programme seemed to be entirely off the table.

October 10th

A two-page box in the IMF's latest World Economic Outlook report captures attention as the IMF admits that fiscal multipliers, that measure the effects of fiscal consolidation on growth, have been grossly under-estimated since the beginning of the crisis.

2012

October 15^{th}– 26^{th}

The first review mission of the financial assistance programme for Spain finds that programme implementation is fully on track; banking recapitalizations are still pending, however.

October 18^{th}– 19^{th}

During the European Council, EU leaders discuss the completion of the Economic and Monetary Union on the basis of an interim report presented by Van Rompuy and agree to have the legal framework for the single supervisory mechanism in place by the 1st of January 2013.

November 7^{th}

The European Commission presents its autumn forecasts, depicting a gradual return to GDP growth in 2013 for the EU economy and showing a large improvement in the budgetary situation of many Member States. Spain, however, is forecast to largely overshoot its targets.

2012

December 12th

B Bernanke announces that will not increase rates until unemployment falls below 6,5 %.

M Draghi never could have said such an statement that links explicitly monetary policy and employment.

December 13th

The Eurogrup agrees to unlock 49.100 millions euros to Greece in order to avoid the bankruptcy of the country.

16.000 millions will be for bank recapitalization and 11.300 to re-buy Greek debt in order to reduce its amount to 170 % of the GNP.

December 13th-14th

European Council agrees on the first step toward the Banking Union and the creation of a SSM (single supervisory mechanism).

The ECB will act as a single supervisor authority for the biggest banks (200 over 6.000 european banks).

2013

January 3rd

The FMI recognises that has underestimated the impact of the austerity policies. The fiscal multiplier was much bigger that they have calculated. Close to 1,5 instead to 0,5.

January 10th

Juncker alerts about the tragedy of the high levels of unemployment and criticises the attitude of the northern countries.

January 11th

The risk premium of the Spanish debt falls to 330 bp., half the maximum reached on July 24.

January 12th

Premier Cameron threatens to abandon the EU.

2013

January 15th — *The German economy affected by the slowdown .Only 0,7 % growth in 2012,the lowest data since 2009.*

January 22nd — *Eleven countries of the Eurogroup decided to create a financial transaction tax to be applied from January 2014 to collect 35.000 millions euros.*

January 23rd — *Speech of Cameron about the new relations between UK and EU. Proposes a referendum in 2017.*

January 24th — *Nicos Anastasiadis wins the elections in Cyprus.*

February 4th — *Corruption scandals in Spain. The risk premium climbs to 382 bp.*

2013

February 7th

M Draghi alerts of the effect of the exchange rate of the euro on economic growth. Ireland reaches an agreement with the ECB to restructure its Debt.

February 7th-8th

European Council agrees on the Multiannual Financial Framework 2014 2020 limited to less than 1 % of the European GNP.

February 16th

Rajoy asks Merkel for economic stimulus to boost growth. Spanish public debt reaches 84 % of the GNP.

February 20th

The European Parliament, the Council and the Commission agrees on the Two Pack after a delay of 9 months of long discussions New power for the Commission to reinforce fiscal discipline.

2013

March 7th — *The ECB maintains the interest rate at 0,75 %.*

March 12th — *Ireland back to the capital market paying less than Spain.*

March 14th-15th — *European Council starts a discreet turn toward growth and not only austerity.*

March 16th — *Crisis in Cyprus. The bail out do not respect the guarantee on the first 100.000 euros deposits in the current accounts.*

2013

March 17th

Confusion in Brusells. EU Rectification. The first 100.000 euros will not be penalized.

March 19th

The Parliament of Cyprus votes against the bail out and ask Russia for financial support.

April 5th

The Portuguese Constitutional Court annuls several points of the austerity measures.

April 6th

Japan launches the Abenomics and duplicate the central bank balance sheets to stimulate the economy and fight against deflation.

April 10th

The Commission points out the excessive macroeconomic disequilibrium in Spain.

2013

May 2nd *The ECB reduces the interest rate to 0,5 %. But do not take any other measures in order to reactivate the credit to the firms.*

May 5th *Confrontation between Berlin and Paris about austerity and growth.*

May 8th *The commission gives 2 more years to Spain and France to reduce the deficit to 3 % of GNP and closes the procedure for excessive deficit to Italy and Belgium.*

May 20th *New unemployment records and slow growth in Europe, especially in Spain and France.*

2013

May 22nd

European Council devoted to the fight against fiscal heavens and energy policy.

Joint press conference of Merkel and Hollande announcing their willing to act together against young unemployment in Europe.

May 28th

Meeting of the labour and economic ministers of Germany and France to prepare a "new deal for Europe".

May 30th

Meeting of Merkel and Hollande in Paris Announcement of measures to boost jobs creations for young people and new proposals for an economic government of Europe. The German/ French engine seems to restart again.

Merkel and Hollande will chair a big conference in Berlin the 3th of July about competitivity, growth and jobs creations.

Thanks for your attention