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Saxo Bank predicts 2009 will hit all economic lows

London and Copenhagen – 17 December 2008: Crude trading at \$25. S&P 500 falls 50% to 500. China's GDP growth falls to zero. EURUSD falls to 0.95. Italy could leave the ERM. If Saxo Bank's 10 outrageous claims for the year ahead transpire, economic conditions will worsen dramatically in 2009. "The good thing is, overall, we predict 2009 will be a turning point because it can't get much worse" says Chief Economist David Karsbøl.

The Copenhagen-based [online trading and investment specialist's](#) predictions are an annual attempt to predict rare but high impact 'black swan' events that are beyond the realm of normal market expectations. Compiled as part of the bank's 2009 Outlook, the thought exercise this year present a dismal view of the global financial landscape.

Saxo Bank's Outrageous Claims for 2009:

- 1) There will be severe social unrest in Iran as lower oil prices mean that the government will not be able to uphold the supply of basic necessities.
- 2) Crude will trade at \$25 as demand slows due to the worst global economic contraction since the great Depression.
- 3) S&P will hit 500 in 2009 because of falling earnings, vaporizing housing equity and increased cost of funds in the corporate sector.
- 4) The EU is likely to crack down on excessive government budget deficits in several member states, and Italy could live up to previous threats and leave the ERM completely.
- 5) The AUDJPY will drop to 40. The decline in the commodities markets will affect the Australian economy.
- 6) EURUSD will fall to 0.95 and then go to 1.30 as European bank balances are under tremendous pressure because of exposure to the faltering Eastern European markets and intra-European economic tensions.
- 7) Chinese GDP growth drops to zero. The export driven sectors in the Chinese economy will be hurt significantly by the free-fall economic activity in the Global Trade and especially of the US.
- 8) Pre-In's First Out. Several of the Eastern European currencies currently pegged or semi-pegged to the EUR will be under increasing pressure due to capital outflows in 2009.
- 9) Reuters/ Jefferies CRB Index to drop to 30% to 150. The Commodity bubble is bursting, with speculative excesses so large they have skewed the demand and supply statistics.
- 10) 2009 will see the first Asian currencies to be pegged to CNY. Asian economies will increasingly look towards China to find new trade partners and scale down their hitherto US-centric agenda.

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David Karsbøl, Chief Economist at Saxo Bank, comments:

"It is not even outrageous to call this the worst economic crisis ever. We have, regrettably, been rather precise in almost all predictions from last year. What used to be outrageous now seems to be the norm", says Karsbøl.

"In a year when markets and economies have fluctuated more widely than ever before nothing seems out of the ordinary or impossible. We believe that 2009 will be equally unpredictable and therefore have made ten outrageous predictions largely focusing on what might happen to global indices and currencies. The good thing is, overall, we predict 2009 will be a turning point because it can't get much worse" says Karsbøl.

"In 2008 the S&P 500 has fallen well over 25% below its 1182 high of 2007, world oil prices got close to the predicted high of \$175, and UK growth has turned negative. Who knows which of our 2009 forecasts will prove to be right but judging by previous years some of them most certainly will," he adds.

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