

THEMA

Which way will the wind
blow in 2009 ?

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Stimulus packages on every side



Are operators convinced of the positive effects of the fiscal and monetary stimulus packages launched on every continent ?

All the macroeconomic indicators confirm the very gloomy economic outlook for all countries. The market, however, seems better inclined to absorb this flow of bad news and risk aversion indicators are on the whole gradually improving. The Madoff affair, the biggest stock market fraud on record, has apparently had only a very limited negative impact.

Having exhausted its entire interest rate arsenal, bringing target rates to between 0 % and 0.25 %, the US Federal Reserve (Fed) has stepped up its action. It is now injecting huge amounts of cash into the economy. The impact is already visible in the rapid growth in money supply, warding off fears of deflation. The next step in the Fed's policy will be to make large scale purchases of long-term securities so as to act directly on long rates, which have a greater influence on the economy, notably on the real estate sector. A total of USD 500 billion has been announced for the first half

As far as stimulus package is concerned, the present States activism is unprecedented.

of 2009. The newly-elected US president, Barack Obama has also announced an unprecedented stimulus package of more than USD 800 billion, from which at least USD 600 billion will be used in 2009. This money will be invested mainly in long-term projects, with a focus on infrastructure and renewable energy.

In Europe, where the budgetary leeway is smaller, packages are on a less ambitious scale than in

the United States. The United Kingdom leads the way with a package representing 1.4 % of GDP, ahead of France and Spain. The European Union is targeting a global stimulus of EUR 200 billion for all its 27 members. All in all, the packages launched in Europe are expected to add 0.5 % to growth in 2009 and 0.7 % in 2010. The emphasis is on infrastructure, which is expected to absorb 45 % of the total funding. A quarter will be dedicated to boosting investment rapidly while the remainder will be dedicated to favouring employment by aiding the worst-hit sectors: construction and automobile. These packages will also benefit the telecom and new technology sectors, but to a lesser extent. Neither have households been forgotten, with the UK announcing a cut in the VAT rate designed to boost consumption.

No matter how ambitious they may be, these numerous packages will not improve the economic environment overnight.

Japan, mired in economic gloom and faced with plummeting exports, has little room for manoeuvre: public debt stood at 177 % of GDP in 2007. The Bank of Japan has lowered its base rate to 0.10 % and is ensuring the market's liquidity. The government's stimulus package focuses mainly on households and small industry, and already looks inadequate given the scale of the crisis in Japan.

Faced with falling exports, China and India have launched numerous measures: interest rate cuts, bank recapitalisations, investments in major infrastructure projects. The aim is to boost the economy and contain the social unrest that could result from the rapid rise in unemployment.

No matter how ambitious they may be, these numerous packages will not improve the economic environment overnight. US economic indicators are still in the red and no return to growth is expected before the end of 2009. In Europe the recession could last longer. Lastly, Asia (excluding Japan) has not been spared. However, stronger economic fundamentals and more limited deleveraging are genuine advantages.

Growth forecasts

	2009	2010
USA	-2.3	2.1
Eurozone	-0.8	1.1
Asia ex-Japan	4.8	6.4
Japan	-1.1	0.7

Source : CISA

Yield curves set to steepen in 2009



Central banks have been visibly under pressure in recent months, with recession looming ever closer and larger: they responded by slashing interest rates on an unprecedented scale. In December the Swedish central bank (Riksbank) cut its base rate by 175bp in a single move. The European Central Bank (ECB) cut its base rate by 75bp. Up to then it had not cut rates by more than 50bp at a time. The Bank of England (BoE) has repeatedly lowered its base rate: by 100bp in November, 150bp in December and 50bp in January. At 1.5%, the BoE base rate is now at its lowest level since 1964. Lastly, the US Federal Reserve (Fed) has opted for a target rate of between 0 and 25bp, rather than a set rate. This is very close to a zero interest rate policy.

What do the bond markets hold in store for 2009 with such exceptionally low interest rates?

The macroeconomic indicators are gloomy. Confidence indices are falling, consumption has plunged and companies are cutting costs in response to the depressed demand. The result is a rise in unemployment.

A slight upturn in 2009 cannot be ruled out, however, given the large number of stimulus plans. There is therefore a risk that long rates may rise, in particular in the United States where the stimulus packages are most ambitious, and this may lead to some steepening in the USD yield curve. If the

economic environment improves, even just a little, long rates will begin to rise. In addition, long rates generally anticipate the movements in short rates.

The beginning of a decline in risk aversion?

As these are close to zero in the US, they can only rise. Also, financing the stimulus packages will result in numerous issues of sovereign debt. US sovereign debt is traditionally held by international investors (contrary to Japanese debt, which is held mainly by domestic investors) and is therefore difficult to control. One way of reducing the burden of this debt is to generate inflation, a traditional source of upward pressure on rates. This upward trend will be further fuelled by reduced aversion to risk. The markets currently seem better able to cope with bad news flows which could herald a decline in risk aversion. In the United States in particular, several factors seem ripe for a rise in yields. The risk of a bond market crash in the US cannot be ruled out as bond prices trend in the opposite direction from yields.

The movements in the US yield curve traditionally have repercussions on EUR yields. However, there is less risk of a bond market crash in the Eurozone than in the US. As the budgetary room for manoeuvre is more limited, the packages rolled out are less ambitious. Also, the European economic cycle lags the US cycle. Lastly, with a base

rate of 2.50% the ECB still has leeway to lower rates, unlike its US counterpart. Such a policy would sustain yields along the 3-5 years portion of the curve.

UK short rates are lower than in the Eurozone: 1.50% versus 2%. The January rate cut of 50bp could well be followed by further cuts. The BoE is generally more inclined to take action than the ECB. Given the more significant rate cuts, the UK yield curve is likely to perform better than the EUR curve.

There is less risk of a bond market crash in the Eurozone

2009 will therefore feature a steepening in the yield curve, through the rise in long rates in the US and the drop in short rates in the Eurozone and the UK. Strategies that make the most of the significant yield spreads between long and short maturities are the most appropriate for this type of curve.

Shape of yield curve: steepening or flattening

A yield curve can steepen through a fall in short rates (with no change in long rates), through a rise in long rates (with no change in short rates) or through the combined effect of a fall in short rates and a rise in long rates. Bull steepening is the term used to describe a situation where bond prices rise under the effect of a fall in short rates.

Similarly, a flattening of the curve is also caused by any of three scenarios and the terms 'bull' (up) and 'bear' (down) in this context describe trends in bond prices.

panorama

Asset Allocation of Crédit Agricole Luxembourg as of 31/12/2008

Bond Investment

The central banks seem prepared to do everything within their means to contain the crisis. US interest rates have been cut to close to zero. The Eurozone and UK central banks may cut their base rates further. We are negative for the US market over the medium and long-term and prefer the Eurozone and UK markets. Within the Eurozone, we are diversifying our positions to take advantage of the expected tightening of spreads for some countries resulting from renewed investor confidence. We expect renewed appetite for risk to push down the present illiquidity premium on corporate bonds. It is therefore worth maintaining positions in corporate bonds, while diversifying widely so as to cushion any possible defaults. We are also playing a rise in real rates through inflation-linked bonds.

Equity Investment

Despite the very mediocre economic outlook, the market seems more willing to absorb the flow of bad news than before. On the whole, the risk aversion indicators are improving. We continue to be unoptimistic for the medium term (3-6 months) as the main long-term indicators are still trending down. We are more optimistic for the shorter term given the scale of the correction. We are still more positive about the United States than Europe. Asia, which is less affected by the crisis and whose fundamentals are stronger, also offers opportunities. We continue to invest in China. In terms of sector, we favour manufacturing so as to take advantage of the stimulus packages theme. We are also invested in oil stocks (the fall in oil prices could be coming to an end given the worsening geopolitical situation) and telecom stocks. We remain underweight on banks. Overall, our allocation favours "value" stocks with sound financial structures.

Alternative & Currency Investment

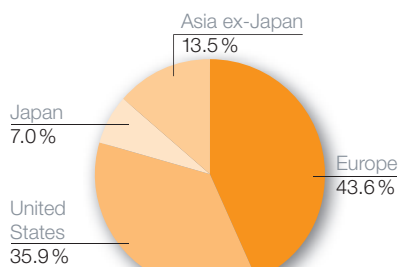
We no longer have any alternative investment positions in our portfolios. Given the drastic fall of the major currencies against the euro in December, we decided to take profits on our USD and GBP hedges against the euro. We have taken a position in gold (via trackers). We view it as protection against the potential inflationary risk generated by the current surge in liquidities and the excessive monetization of central bank balance sheets. Moreover, this investment seems particularly attractive in view of the diversification offered by gold and the low level of money market yields.

Asset Allocation

	Prudent	Balanced	Growth
Equities	9.6%	30.3%	55.5%
Bonds	53.0%	37.9%	19.4%
Structured Products	3.0%	3.1%	0.0%
Alternative	8.7%	9.7%	6.6%
Monetary Funds	16.5%	10.0%	11.5%
Cash	9.2%	9.0%	7.0%
Total	100.0%	100.0%	100.0%

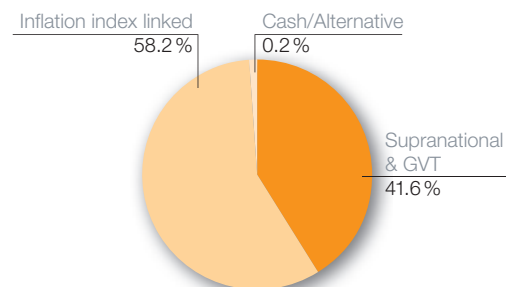
Equity Portfolio

Geographical breakdown



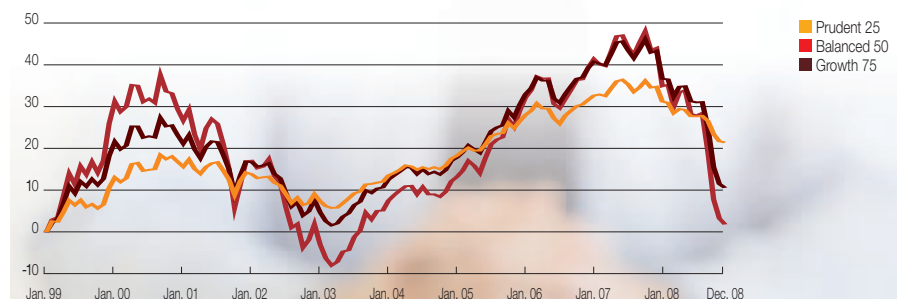
Bond Portfolio

Breakdown by product type



Performance as of 31 December 2008

Performances euro	YTD 2008	2007	2006	2005	2004	2003	2002	2001	2000
Prudent 25	-9.88%	2.40%	2.84%	8.28%	4.19%	5.80%	-5.70%	-1.58%	2.32%
Balanced 50	-22.91%	2.98%	4.73%	12.96%	4.69%	7.57%	-10.36%	-3.67%	-0.39%
Growth 75	-29.36%	3.32%	5.56%	16.80%	5.33%	10.94%	-17.23%	-7.65%	-3.49%



Performance as of 31 December 2008

CREDIT AGRICOLE LUXEMBOURG

Discretionary Management Mandates EUR	Currency	NAV	YTD%	1 year %	5 years %
INCOME 0	EUR	-	-3.78	-3.78	1.51
PRUDENT 25	EUR	-	-9.88	-9.88	1.38
BALANCED 50	EUR	-	-22.91	-22.91	-0.34
GROWTH 75	EUR	-	-29.36	-29.36	-1.07
DYNAMIC 100	EUR	-	-36.03	-36.03	-2.48
Managed Fund Portfolio Best Select (MFP) EUR					
PRUDENT 25	EUR	-	-6.13	-6.13	n.a.
BALANCED 50	EUR	-	-17.39	-17.39	n.a.
GROWTH 75	EUR	-	-25.56	-25.56	n.a.
DYNAMIC 100	EUR	-	-33.42	-33.42	n.a.
Managed Fund Portfolio Robeco (MFP) EUR					
PRUDENT 25	EUR	-	-5.08	-5.08	n.a.
BALANCED 50	EUR	-	-16.81	-16.81	n.a.
GROWTH 75	EUR	-	-27.68	-27.68	n.a.
DYNAMIC 100	EUR	-	-38.60	-38.60	n.a.
Managed Fund Portfolio Best Select (MFP) USD					
PRUDENT 25	USD	-	-6.32	-6.32	n.a.
BALANCED 50	USD	-	-16.90	-16.90	n.a.
GROWTH 75	USD	-	-27.13	-27.13	n.a.
DYNAMIC 100	USD	-	-33.16	-33.16	n.a.

CREDIT AGRICOLE LUXEMBOURG FUNDS

Money Market and Short Term Funds					
Lion Intergestion - Monétaire Euro -P-	EUR	1263.96	4.06	4.06	2.59
International Multi-Manager Court Terme Dynamique	EUR	1005.6	-8.01	-8.01	n.a.
Asset Allocation Funds					
LIS Income - SRI	EUR	1178.7	1.62	1.62	1.64
LIS Prudent - SRI	EUR	1129.89	-5.00	-5.00	1.29
LIS Balanced - SRI	EUR	963.57	-16.47	-16.47	-0.31
LIS Growth - SRI	EUR	808.46	-25.84	-25.84	-1.57
LIS Dynamic - SRI	EUR	599.45	-34.80	-34.80	-3.22
Multi-Manager Funds					
International Multi-Manager 50	EUR	1089.74	-23.10	-23.10	-0.15
International Multi-Manager 75	EUR	990.86	-33.16	-33.16	-1.78
International Multi-Manager 100	EUR	932.97	-38.79	-38.79	-2.37

FUNDS SELECTED LIST

Money Markets						
EUR	CAAM Funds Euro Reserve	EUR	12.24	4.08	4.08	2.48
USD	CAAM Interinvest Short Term USD	USD	113.28	2.22	2.22	n.a.
Fixed Income						
GLOBAL	CAAM Obligations Internationales	EUR	112.79	8.10	8.10	n.a.
	CAAM Funds Global Bond	USD	18.41	0.44	0.44	3.92
	Rorento	EUR	43.08	-0.99	-0.99	2.12
EUROPE	CAAM Obligations 1-3 Euro	EUR	22 638.09	4.76	4.76	2.73
	CAAM Crédit 1-3 Euro	EUR	22 678.03	-1.05	-1.05	1.53
	CAAM Oblig Etat Euro	EUR	4 912.27	9.21	9.21	4.20
	Fidelity Funds European High Yield	EUR	6.99	-37.61	-37.61	-3.75
	JPMF Emerging Markets Bond Fund	USD	200.41	-28.89	-28.89	1.72
CONVERTIBLES	Morgan Stanley Global Convertible Bond Fund	EUR	26.45	-29.92	-29.92	-3.46
Equities						
GLOBAL	Fidelity Funds World	EUR	7.01	-37.29	-37.29	-2.67
	ING (L) Invest Global High Dividend	EUR	180.39	-44.24	-44.24	-2.36
	JPMF Europe Small Cap Fund	EUR	7.27	-54.05	-54.05	n.a.
EUROPE	Oyster European Opportunities	EUR	192.19	-45.08	-45.08	1.95
	ING (L) Invest Europe High Dividend	EUR	208.86	-40.69	-40.69	n.a.
	ING (L) Invest US High Dividend	USD	199.30	-33.45	-33.45	n.a.
USA	SGAM US Equities Relative Value	USD	49.31	-44.53	-44.53	-6.09
	Fidelity American Growth	USD	6.08	-45.72	-45.72	n.a.
ASIA PACIFIC X JAPAN	Aberdeen Global Asia Pacific	USD	32.45	-46.46	-46.46	5.20
	Comgest Magellan	EUR	898.95	-43.72	-43.72	7.99
EMERGING MARKETS	JPMF Eastern Europe Equity Fund	EUR	7.40	-71.93	-71.93	n.a.
	CAAM Funds Latin America Equities	USD	294.25	-52.82	-52.82	17.06
	Fidelity ASEAN Fund	USD	8.68	-48.52	-48.52	n.a.
JAPAN	Axa Rosenberg Japan Equity	JPY	601.44	-42.93	-42.93	-3.67
Thematic funds						
AGRICULTURE	Parvest Agriculture	EUR	83.13	-27.66	-27.66	n.a.
WATER	SAM Sustainable Water Fund	EUR	100.44	-41.62	-41.62	0.45
NATURAL RESSOURCES	JPMF Global Natural Resources Fund	EUR	8.33	-66.29	-66.29	n.a.
INFRASTRUCTURE	Clariden Leu Infrastructure Fund H Eur	EUR	71.16	-48.91	-48.91	n.a.
REAL ESTATE	Morgan Stanley Asian Property	USD	10.18	-47.66	-47.66	4.49
BIOTECH	Pictet Fund Biotech HP Eur hedged	EUR	218.84	-15.10	-15.10	n.a.

MARKET INDICES

EONIA	EUR	137.93	4.03	4.03	2.11
EFFAS Euro Govt All	EUR	158.76	9.35	9.35	4.68
MSCI World CR	USD	920.226	-38.96	-38.96	-4.65
Dow Jones Industrial Average	USD	8776.39	-34.34	-34.34	-3.68
Nikkei 225 CR	JPY	8859.56	-42.12	-42.12	-3.66
Dow Jones Euro Stoxx 50	EUR	2447.62	-44.13	-44.13	-2.35
MSCI EM (Emerging Markets) CR	USD	567.042	-54.53	-54.53	5.02

Capitalisation shares. Sources: Lipper Hindsight, CAL, Bloomberg.

This document is not a prospectus and does not constitute an offer to sell or buy any security, including shares of the funds featured. Shares of these funds are offered on the basis of their respective prospectuses only. The past performance of investments is not necessarily a guide to future returns. Changes in rates of exchange and other factors may cause the value of an investment to go up or down. Additional risk factors are described in the fund prospectuses. The Alternative Investment Funds are invested in "non-traditional" investment funds, whose managers have the flexibility to hold short positions, to invest in non-transferable securities or to use substantial leverage in addition to holding traditional long side investments. Alternative investment funds may also hold illiquid securities which result in difficulties establishing a fund's net asset value.

zoom

Indolux Bonds Plus: diversifying your corporate bond investments



Indolux Bonds Plus, gives you access to a very diversified selection of investment grade corporate bonds and euro-denominated bonds issued by emerging countries.

Central bank activism, a myriad of stimulus packages, reduced market sensitivity to bad news and very attractive equity market prices all argue in favour of a slight regain in investors' appetite for risk.

The enthusiasm towards the end of the year for new issues of bonds, convertibles and emerging bonds reflects this new-found appetite for risk. Governments and financial regulators are doing all they can to contain the crisis and some companies seem better equipped than others to cope with the crisis in terms of liquidity and credit ratios. These companies have begun to issue on the primary market again.

Is the time right for investing in corporate bonds?

Several factors argue in favour of corporate bonds. Governments have taken numerous steps to boost lending. As well as cutting short rates and injecting liquidity, central banks have extended their range of action further. The Fed has decided to lend directly, without going through the banks. Given their priority ranking in the capital structure, the bonds issued by a company offer greater

security than the shares it issues. Bonds usually rebound more quickly than equities when markets begin to recover.

Investing in Indolux Bonds Plus enables you to diversify your investments, thus protecting them better against the risk of issuer default. Indolux Bonds Plus is invested in some 30 direct lines as well as in other funds diversified across more than 200 stocks.

This gives you a very broad exposure to the corporate market in terms of issuers.

Each issuer is carefully selected by our fund managers based on qualitative and quantitative analyses. An issuer will first be examined with regard to its sector of activity. The cyclical nature of the sector and its short to medium-term growth potential are key factors. The company will then be rated according to size and market position. Lastly, the company's financial situation and operating profitability are minutely examined.

Indolux Bonds Plus invests in large capitalisations. The substantial size of Indolux Bonds Plus's investments allows it to access the primary market (new bond issues), not generally accessible to individual investors, and thus benefit from better prices.

Indolux Bonds Plus ensures absolute transparency by investing only in clearly identifiable issuers and

securities. For example, the portfolio contains no structured products or perpetual debt.

	Portfolio	Index (1)
Average rating	A2	A1
Average duration	3.49	4.00
Average yield	6.08	6.56
Average coupon	5.57	5.07
Average spread	299.73	318.93

(1) Index: Merrill Lynch EMU Corporate Bonds.

Investing in a fund spares you the worry of reinvesting coupons and securities that have reached maturity. The investment is also liquid as the shares in the fund can be sold rapidly without charge.

Lastly, Indolux Bonds Plus is outside the scope of the European Savings Taxation Directive.

ISSUER	CPN	MATURITY	RATING	YIELD	WEIGHT
E.ON INTL FINANCE BV	5.5	19/01/2016	A2	4.93	2.82
VOLKSWAGEN FIN SERV AG	6.875	15/01/2014	A3	6.24	2.81
BNP PARIBAS	4.75	04/04/2011	AA1	3.36	1.94
ENI SPA	5.875	20/01/2014	AA3	4.45	1.93
SCHNEIDER ELECTRIC SA	6.75	16/07/2013	A3	5.88	1.88
INTESA SANPAOLO SPA	5.375	19/12/2013	AA3	4.81	1.87
CREDIT AGRICOLE SA	5.1	30/01/2012	AA3	4.13	1.87

patrimonial

Choosing a direct corporate bond investment

Reduced market volatility, a slight regain in investors' appetite for risk and new issues have opened new opportunities in the corporate bond market. With spreads versus the risk-free rate historically high, this type of asset has strong performance potential.

The renewed appetite for risk has since the end of 2008 been reflected in investors' enthusiasm for new bond issues, notably of convertible and emerging bonds. Some companies seem better equipped than others to cope with the crisis in terms of liquidity and credit ratios. These companies have begun to issue debt again on the "primary" market.

New issues currently abound and what is more, this type of asset is underpriced.

Credit spreads – i.e. yield spread with default risk – are historically high (contrary to bond prices).

With spreads expected to narrow, new opportunities are to be found in the corporate bond market despite the still gloomy economic environment.

The risk premium on a corporate issuer – i.e. the additional yield relative to the risk-free rate – is composed of various elements that look set to evolve in the near future:

- the risk premium linked to interbank rates: this premium rose sharply up to mid-October. Since then, the numerous measures taken by governments have led to some easing in the corporate market.

- the risk premium linked to issuer default: up to now tightly correlated to the equity markets, this premium is also expected to decrease. The equity markets are currently less volatile and have already factored in the deterioration in economic conditions.

- lastly, the liquidity premium: this can be expected to move in the same direction once investor confidence returns. A diversified selection of issuers,

notably in terms of credit quality, will further reduce the default risk. Similarly, the liquidity premium can be reduced by choosing simple issues (fixed-rate vanilla bonds, for example) with large amounts. As an example, three issues in our present selection of corporate bonds seem of particular interest: Schneider Electric (capital goods), France Telecom (telecommunications) and Danone (food).

Our selection of corporate bonds can help guide your choice.

Schneider Electric

Capital goods

Schneider Electric has two main business lines:

- Electrical distribution: Schneider Electric is the global number two in medium-voltage electrical distribution and world leader in low-voltage distribution.
- Automation and Control: world leader in industrial controls, number two in installation systems and number three in automation.

Unsurprisingly, the present economic conditions began to affect the group's growth in the third quarter. Organic growth came to 7% in Q3 versus 10.60% in the first quarter.

S&P upgraded the group's rating from BBB+ to A- at the end of November to reflect its solid operational performance, capacity to generate high cash flows and more prudent financial policy in the wake of its latest acquisitions.

France Telecom

Telecommunications

France Telecom is the main French telephone operator and also has operations in Poland and North Africa.

There are few factors of risk on this operator. Only Orange's exposure in Spain and in the United Kingdom could drag on earnings.



However, M&A risk should not be ruled out given the present management.

The group nonetheless conserves a defensive profile (State support if necessary) thanks to its low exposure to emerging countries and the absence of pension fund-related fears, contrary to other European operators such as British Telecom and Portugal Telecom.

Danone Group

Food

Danone is a leading food company. It is the global leader in dairy products (Danone, Actimel, etc.) and number two in bottled water (Evian and Volvic). Smaller than giants such as Nestlé, Unilever and Kraft, Danone's strategy is focused on segments with strong growth potential, linked to health and a balanced diet.

ISSUER	ISSUER INDUSTRY	COUNTRY	CPN	MATURITY	RATING	DURATION	PRICE	YIELD
Schneider Electric Sa	Capital goods	France	6,75	16/07/2013	A-	3,757	104,46	5,58
France Telecom	Telecom	France	5	22/01/2014	A-	4,334	103,75	4,15
Groupe Danone	Food	France	5,5	06/05/2015	A-	5,027	105,26	4,51

flash

The euro celebrates its tenth anniversary



On January 1st, 1999, the euro became the official currency of eleven European countries. At the time it was still a more or less virtual currency, used only for electronic payments.

Notes and coins were introduced on January 1st, 2002 when the euro replaced each of the national currencies of the countries concerned for once and for all. The Eurozone was born. Ten years later, the Eurozone welcomed its sixteenth member, Slovakia.

For the sixteen countries concerned the prerequisites for joining the Eurozone were price and foreign exchange rate stability, moderate interest rates, low fiscal deficits and public debt ratios, and a legislation that is compatible with European law.

Sixteen countries and 329 million people use the new currency on a daily basis. The euro now represents 27 % of global foreign exchange reserves, just behind the dollar.

For European countries, the euro has put an end to foreign exchange crises and currency devaluations, all too common in the past - notably during recessions. During the last ten years (1997-2007), the average fiscal deficit in the Eurozone was 0.6 % of aggregate gross domestic product

(GDP), while the same figure still amounted to 4 % in the 1980s and 1990s. The cost of money has also decreased. Long rates now rarely top 4 %, half the level they were in the 1990s. With inflation averaging 2.1% over the past 10 years, the euro has also procured a certain price stability. Lastly, the euro's strong appreciation against the other major currencies in recent weeks points to its status as a relatively safe haven.

What is the situation after ten years?

Despite all this, support for the euro is still not unanimous. Some Europeans remain sceptical, often viewing adoption of the euro as synonymous with price rises. It is regrettable that there is as yet no common Eurozone economic policy to accompany the euro, a single currency. Admittedly, the creation of the Eurogroup (group of Eurozone finance ministers) paves the way for convergence between economies but there is still a long way to go. There are still differences in economic growth. Germany often seems the engine of growth, while other countries tend to lag behind.

In reality, the euro has benefited from particularly favourable conditions and a positive economic

environment over these past ten years. The bursting of the real estate bubble and the credit crisis mark the start of a new page in its short history. It could be put to the test. The rules linked to the euro in terms of fiscal deficit, public debt and competition, for example, could be stretched. Similarly, some members are critical of the European Central Bank's policy, accusing it of a lack of responsiveness or excessive independence.

Could these criticisms of the euro prompt member states to leave the Eurozone? Despite some declarations of intent, this seems unlikely.

Withdrawing from the Eurozone could be very costly. It would notably imply a sharp rise in interest rates, a fall in exchange rates and therefore a deterioration in terms of trade.

Although opinion is still far from unanimous, the euro has nonetheless emerged stronger from the recent crisis, which highlighted its protective role. The Eurozone may therefore be headed for further enlargement...

news

Slovakia joins the Eurozone.

The reverse side of the new one euro coin features the Slovak national emblem, a double cross overlooking three hills.

Slovakia opened a new page in its history on 1st January 2009 when the euro replaced the crown as its national currency. Slovakia thus became the sixteenth country to join the Eurozone and the first former Eastern bloc country to do so. Of the ten countries that joined the European Union in 2004, four have adopted the euro. The Slovak government hopes adoption of the euro will temper the impact of the financial crisis, help it support pressure on the markets and increase stability.



Content and production

Marketing Opérationnel
of Crédit Agricole Luxembourg

Edited 5 January 2009

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Getty Images / Corbis