

European sovereign debt crisis

Finance



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European Sovereign Debt Crisis The European Sovereign Debt Crisis is an economic crisis that has occurred throughout Europe since 2009. The crisis has had a tremendous impact on employment figures, as well as containing important implications for the bond market, and other markets, such as equity, derivatives, commodities, Forex, and gold. In these regards, one considers that:

The bond markets have witnessed considerable fluctuations and valuations attempt to gauge the tumultuous political complexity of the debt talks, with emotion being perhaps the driving force of the market. Among these the Greek bond is the most volatile (Wöhrmann, 2011).

The Forex market is recognized to witness a further devaluation of the euro in relation to other foreign currencies. Still, the Swiss Franc and German Deutsche mark are believed to appreciate in future contexts.

In terms of the equity market, economists have noted that while there is a downward trend in this market, investors have continued to remain in the market investing in companies with strong export reliance ("Focus on Europe," 2011)

The derivative market has also witnessed a downturn as investors have moved investing from European derivatives to emerging markets ("European sovereign bond," 2010).

As one might expect, gold has highs in the recent market as investors attempt to escape the volatility of currency exchange in the face of the debt crisis ("Gold futures," 2011).

References

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