



KKR Releases Report on Europe by Henry H. McVey and Aidan T. Corcoran

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Says Europe is “Returning to Normality”

NEW YORK--(BUSINESS WIRE)-- KKR, a leading global investment firm, today released a new outlook piece on the European economy by [Henry McVey](#), Member & Head of Global Macro and Asset Allocation, and Aidan T. Corcoran, who focuses on - European macroeconomics. In the report, [Thoughts from the Road: Europe - Returning to Normality](#), McVey and Corcoran discuss how lower oil prices, lower interest rates, and less fiscal austerity amid a weaker currency are helping improve the global macroeconomic backdrop in Europe.

“Overall, we continue to advocate our thesis of focusing on sectors and countries where the macro momentum has turned positive. However, the bigger picture conclusion we left with is that we believe European GDP is ‘Returning to Normality’ after several years of austerity, bank deleveraging, and current account narrowing,” Henry McVey, Member of KKR & Head of Global Macro and Asset Allocation, said.

Some high-level insights from the report include:

- **Europe remains on an economic upswing, and as such, we are now revising our 2015 European GDP forecast to 1.7% from 1.3%, against current consensus of 1.3%.** We see multiple ways for growth to “win” in Europe in 2015, including low rates, cheaper oil, less fiscal drag, and a weaker euro. Our quantitative GDP model is even more bullish, suggesting 2.4% growth over the next 12 months.
- **Mario Draghi has orchestrated a perfect time to launch Quantitative Easing (QE), in our view.**
- **In terms of credit conditions, the gap between some of the Haves and the Have-Nots has narrowed.**
- **We spent some time listening to a few experts talk about European capital market structure. We left unimpressed.** While banking union has become a reality, capital markets union remains so far an aspiration, ongoing opaqueness favors patient capital that can take advantage of arbitrary pricing and/or harness volatility.
- **Some of the well-informed macro and economic folks with whom we spoke view China’s slowing as more of a global risk than Greece. We tend to agree.**
- **Social unrest and political tension remain risks to the story.** Across Europe, we think that wage growth is likely to remain sluggish, while liberal benefit packages, including pensions, may continue to be slimmed down.

Links to access this note as well as an archive of previous publications:

- Read the latest Thoughts from the Road [on KKR’s website](#)
- Download a PDF of [Europe, Returning To Normality](#)
- [Archive of previous publications](#)

About KKR

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