

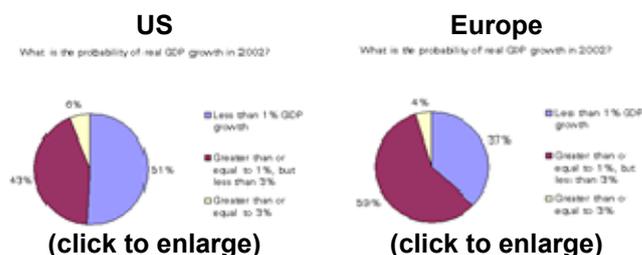
Swiss Re unveils findings from its second economic risk survey

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An international survey conducted by Swiss Re in November indicated that in the short-term, very weak growth is much more likely in the US than in Europe. These findings were a part of the second Swiss Re Economic Risk Survey, conducted by the company's Research & Consulting group.

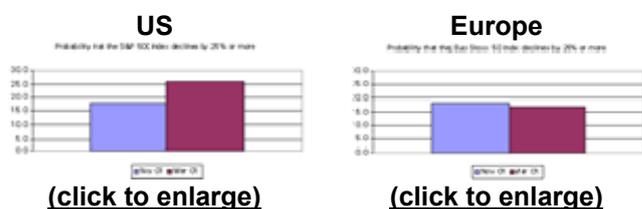
The 45 economists surveyed, from leading financial institutions, said that there is a 51 percent probability that real US gross Domestic Product (GDP) in 2002 will be less than 1 percent - far higher than 37 percent probability they assigned to Europe. This compares to 28 percent for the US and 8 percent for Europe in our last survey, conducted in February/March 2001, focusing on and concerning 2001.

Over a longer horizon, however, Europe's economy is seen as having a higher probability of 10 years of 1.5 percent growth or less (18 percent, up from 16 percent in our last survey), than the US, with only a 12 percent chance of low growth (up from 7 percent).



Other key findings of the survey include:

- According to the respondents, inflation risks have subsided and Europe is viewed as most likely to have lower inflation. In the last survey, the probability of inflation over 3.5 percent in the US was estimated to be 19 percent, but this fell to 8 percent in the latest survey. For Europe, inflation over 3.5 percent is given only a 6 percent chance, compared to 11 percent in the prior survey.
- Inflation below 1 percent has risen in probability in both Europe and the US. For Europe, the probability of 1 percent or less inflation increased from 6 percent in the March survey to 17 percent, while for the US the increase was from 8 percent to 14 percent.
- Over the longer term, deflation is not expected to be a problem, but its probability in the US and Europe has increased slightly. In both the US and Europe, the probability of deflation over the next five years is now estimated to be 4 percent, compared to 2 percent earlier in the year.
- The estimated probability of a stock market crash in 2002 - defined as a 25 percent decline in a major stock market index - has decreased in the US, but increased slightly in Europe. In our earlier survey, the respondents gave a US stock market crash a probability of 26 percent, but now say its probability is only 18 percent. Their view of the probability for a European market crash rose to 18 percent from 17 percent.



- A stock market decline of this magnitude would more likely slow economic growth in the US than in Europe, but the risk to Europe has risen more sharply in the last six months. In the event that the S&P 500 were to decline by 25 percent or more next week - and remain down for all of next year - the economists assign a 67 percent probability to real US GDP growth of under 1 percent, up from 51 percent in our last survey. For Europe, the probability of below 1 percent growth after a similar shock to the Euro Stoxx 50 is 52 percent, up from 22 percent in the last survey.
- Among those surveyed, the probability of high average inflation (more than 4.5 percent) over the next three years has increased to 9 percent in the US, from 7 percent in the earlier survey, but remained close to 5 percent in Europe, according to respondents.

- Respondents indicated that the likelihood of stock prices declining in 2002 and not recovering to 2001 levels until after 2011 stayed the same for Europe at 4 percent, but rose to 5 percent for the US, up from 3 percent previously.
- The risk of two years of negative growth rose in the US from 7 percent to 10 percent, while for Europe it increased to 11 percent from 6 percent. The risk of five years of negative growth rose to 4 percent for the US, up from 2 percent, while for Europe it increased to 5 percent, also up from 2 percent previously.

Swiss Re is one of the world's leading reinsurers with over 70 offices in more than 30 countries. In the 2000 financial year, gross premium volume amounted to CHF 26.1 billion (USD 15.4 billion) and the net income after tax reached CHF 3 billion (USD 1.8 billion). Swiss Re is rated "AAA" by Standard & Poor's, "Aaa" by Moody's and "A++" (superior) by A.M. Best.

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