Europe's PIIGS - Where are they now?

A few years back, the European debt crisis hit the "Piigs" with a resounding clout: Portugal, Italy, Ireland, Greece and Spain.
The European Union and the European Central Bank lent large sums to all these countries.
As we all know, Greece have defaulted and remains in a perilous position.Ireland, and to a lesser extent Spain, have recovered and resumed growth, whilst Portugal and Italy have not.
The Italian crisis is larger and more significant since it is a much larger economy than Portugal and Greece.
There is much concern for the Eurozone banking sector, as capitalisation is needed urgently.

Italy - after the UK referendum, Italy is the EU's most pressing concern. Italy has lost its competitiveness since joining the Euro zone and has lost two decades of economic growth. The country's banks are carrying huge bad debts (non performing loans). Italy's Prime Minister, Matteo Renzi, has called a referendum on constitutional reform for October this year. Defeat on this will incur a political and economic crisis.

Spain - in 2012, Spain looked to be in the most trouble when interest rates on its bonds rose to dangerously high levels. Since, Spain has performed well, and in the second quarter of this year, its economy grew by 0.7% compared to Italy's 0.1%. Spain has reduced its domestic costs and has taken advantage of the weaker Euro to increase its exports.

Portugal - Portugal's fiscal policy contravenes Euro zone rules and faces EU sanctions as a result. Similar to Italy, Portugal has a recent record of slow economic growth, weak productivity, and a fragile and shaky banking system. As in Italy, the public debt ratio is far too high for economic comfort, and continues to rise with no plan to mitigate.

Ireland - Of all these countries to receive a bailout during the crisis, Ireland has done the best. Strong economic growth resumed and unemployment has come down. However, two potential problems are hovering over the country. The first is the housing market has started to show signs of a property bubble again, which was the source of Ireland's fiscal problems during the crisis. The second concerns Ireland's close relationship to the UK, as it is the country most exposed to Brexit.

Greece - it is believed that a half a million Greeks have migrated since the crisis began. The main cause being unemployment which remains at 24%, the highest in Europe. In addition, the economy has shed more than a third of its total output in the last 6 years. Greece has received €326 billion in bailout loans since May 2010 which is the largest rescue programme in global economic history. Fears remain that Greece is locked in an economic "death spiral", confirmed further recently when the Eurobank announced that Greece's consumption and exports had fallen by 6.4% and 7.2% respectively in the second quarter of this year. The poorest 20% of the country's 11 million population have suffered a 42% drop in disposable income since 2009.

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