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## ITALY COULD 'SINK LIKE TITANIC' WARN BANKS IN DOOMSDAY ECONOMIC WARNING

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Financial experts from Citi, Barclays and Credit Suisse agree Rome is nearing a new economic crisis that could bring the country to its knees.

The main ingredients would be the countrys new euroscepticism, the reforms promised by its populist government and Romes long-standing financial weaknesses.

The paper, drafted by Citi, drew a worrying comparison between the tragedy of the Titanic and the economic and political situation in Rome.

It said: Investors should keep in mind that in the sinking of the Titanic the fate of first-class passengers was not very different from that of those traveling in the third class.

The US-based banking giant believe the country is in a similar situation to the one it was in 2011, when Italy was suffering the worst consequences of the 2008 crisis.

The report, aimed at investors operating in Italys financial market, added: "Italy is not in a better position than in September 2011, when it was at the height of the crisis that led to the dismissal of Silvio Berlusconi.

The anti-europeism which now characterises the once europhile country is a great source of concern for the markets, according to another report by Credit Suisse, published on July 6.

The analysts believe the appointment of Alberto Bagnai and Claudio Borghi, two eurosceptic and anti-euro personalities, has determined the rise in the spread in June".

Barclays agreed the anti-euro views of the new anti-establishment government could damage the country.

In a report dated June 29, experts said the coalition Cabinet of Lega and Five Star Movement (M5S) will eventually "adopt a pragmatic approach to the country's European and public finance constraints, since both can benefit from staying in government rather than attempting early elections.

Among the measures deemed as dangerous, there are the hefty flat tax and the basic income laws, which earlier this month vice-prime minister Luigi Di Maio branded vital and said had to be approved immediately.

When asked how the government will proceed with its announced financial measures, Mr Di Maio said: We have in mind an ambitious Budget law.

There is no need to cut our links to the EU, but we will have to have an effective and sincere dialogue to be able to obtain some things we deemed vital.

We have two emergencies in Italy, the flat tax, which needs to be done, and the level of poverty.

"Five million people are living in a situation of extreme hardship.

Citi's financial experts believe other main factors that could lead Italy to a new crisis are a highly unbalanced mixture of public debt (very high), private wealth (very high) and low market capitalisation.

In addition to this, the report also considers the stark imbalances between the richer northern parts of the country and the underdeveloped regions in the south.

<https://www.express.co.uk/news/world/1002731/italy-news-economy-eurosceptic-five-star-citi-barclays-credit-suisse-report>

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