



## Spain is Greece... Only Bigger and Worse

Submitted by [Phoenix Capital Research](#) on 04/19/2012 17:10 -0400

On the Surface, Spain's debt woes have many things in common with those of Greece:

1. Bad age demographics
2. A toxic bank system

However, you'll note that as we tackle each of these, Spain is in fact in far worse fiscal shape than Greece.

Currently there is one person of non-working age (65 or older) for every four people of working age (15-64) in Spain. This is expected to worsen to one person of non-working age for every *three* people of working age by 2025 and an astounding more than one person of non-working age for every *two* people of working age by 2040.

These demographics alone set Spain up for a sovereign debt Crisis. According to

Jagadeesh Gohkale of the Cato Institute **Spain would need to have 250% of its GDP sitting in a bank account collecting interest *forever* in order to meet its unfunded liabilities without raising taxes or cutting government outlays.**

That, in of itself, is bad news for Spain. But Spain's banking system are what really set it apart. Let's consider the following facts about Spain's banking system:

- Total Spanish banking loans are equal to 170% of Spanish GDP.
- Troubled loans at Spanish Banks just hit an 18-year high of over 8%.
- Spanish Banks are drawing a record €316.3 billion from the ECB (up from €169.2 billion in February).

However, even these don't paint the real picture. Thanks to a property bubble that dwarfed the US in relative terms, Spain's economy and corporate arena are now literally saturated with debt.

Consider the following:

- Spanish non-financial corporations' gross debts outstanding are equal to 196% of Spain's GDP (this is worse than that of Greece, Portugal, even Japan)
- Spanish non-financial corporations sport debt to equity ratios of 152% (only Greece and Japan are worse here)
- Spanish household debt is equal to 90% of the country's GDP: much higher than the EU average of 70% and roughly inline with that of the US which has been running a credit bubble for 30+ years.

In simple terms, Spain is like Greece, only bigger and worse. According to the *Bank of International Settlements* worldwide exposure to Spain is north of \$1 TRILLION with Great Britain on the hook for \$51 billion, the US on the hook for \$187 billion, France on the hook for \$224 billion and Germany on the hook for a whopping \$244 billion.

However, as I have proven in previous articles, the *Bank of International Settlements'* estimates actually **underestimate** the *true* exposure EU nations pose to the financial system (for instance, the *Bank of International Settlements* claims German exposure to Greece is only \$3.9 billion... when Germany's Deutsche Bank alone has over **2.8 BILLION Euros' worth of exposure to Greek debt and businesses**). And Germany has TENS of other banks with exposure to Greece besides Deutsche Bank.

So it is safe to assume that global exposure to Spain is well north of \$1 trillion. So if Spain chooses in any way to stage a default/ messy debt restructuring, we're going to see:

1. A systemic crisis that would make Lehman look like a joke
2. The breaking up of the EU
3. A bear market in bonds (which we have not seen in roughly 30 years)

So if you're not already taking steps to prepare for the coming collapse, you need to do so now. I recently published a report showing investors how to prepare for this. It's called ***How to Play the Collapse of the European Banking System*** and it explains exactly how the coming Crisis will unfold as well as which investment (both direct and backdoor) you can make to profit from it.

This report is 100% FREE. You can pick up a copy today at: <http://www.gainspaincapital.com>

Best Regards,

Graham Summers

PS. We also feature numerous other reports ALL devoted to helping you protect yourself, your portfolio, and your loved ones from the Second Round of the Great Crisis. Whether it's a US Debt Default, runaway inflation, or even food shortages and bank holidays, our reports cover how to get through these situations safely and profitably.

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