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Eye on the Market, May 10, 2011

In a world awash with money and in which risky assets of all kinds are recovering, one category has been left out: sovereign debt issued by Greece, Portugal and Ireland. While these three countries only make up 5% of European GDP, European bank claims on these countries, including sovereign debt, bank exposure and reported derivatives, is roughly half a trillion Euros. Given European Tier 1 Bank Capital of roughly 1.3 trillion Euros, the resolution of the peripheral debt situation is a challenge for the region. This week, a Peripheral Debt board game to understand the financial, economic and political machinations in Europe: *Snakes and Ladders*.

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