

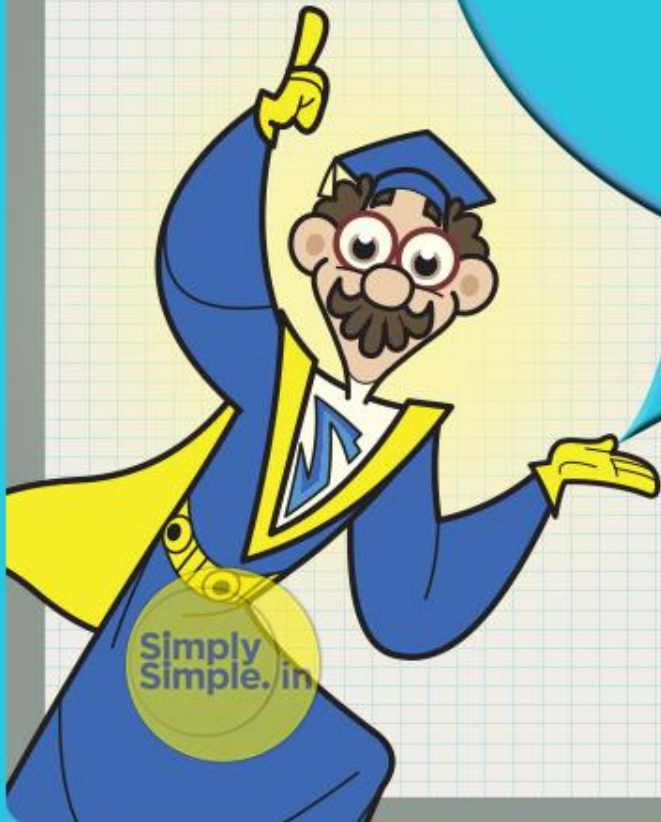
GREEN SHOOTS



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## GREEN SHOOTS

The current recession has given rise to a new term - “green shoots.”

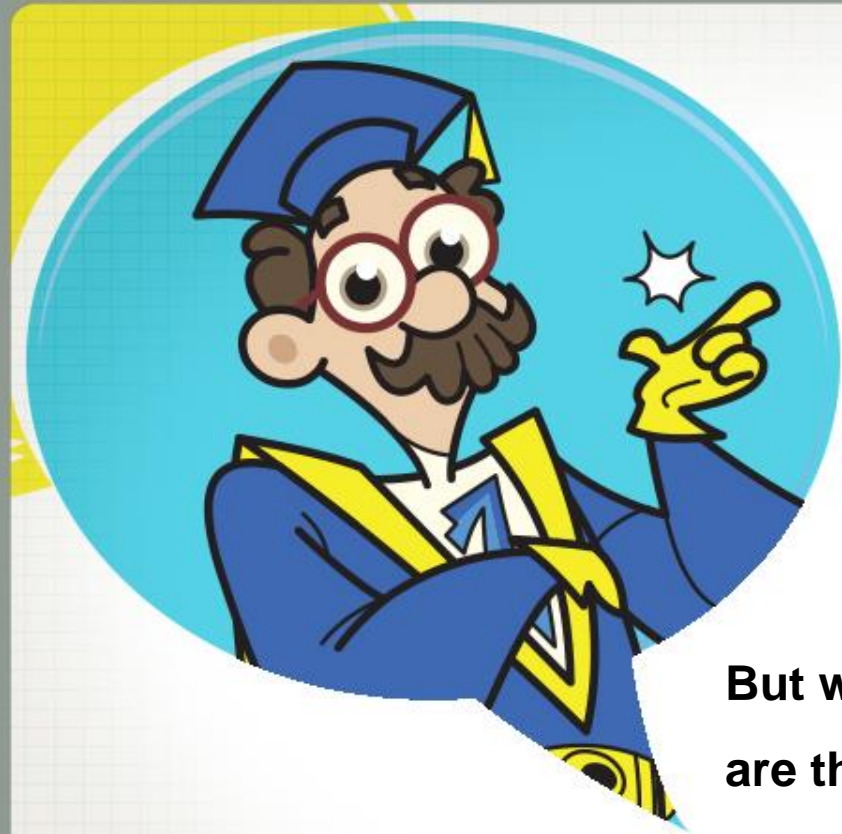


## GREEN SHOOTS

- ❑ Since Federal Reserve Chairman Ben S. Bernanke first uttered the words, “Green Shoots” almost four months ago to describe signs of a thaw in frozen credit markets, this term has grown in popularity by leaps and bounds.
- ❑ A Google search for “green shoots” returns 2.86 million hits (and counting!).



## GREEN SHOOTS



**But what are green shoots? And why are they being used as metaphors in the financial world these days?**

**Let me explain this by telling you about the importance of 'green shoots'...**



## GREEN SHOOTS

- ❑ In the traditional spirit of celebrating the rains, an agrarian custom, villagers in the Gangetic planes of eastern India sing a Bengali song that goes like this in English...

*Oh rain dear, pour at will*

*I'll give you rice by the fill.*

- ❑ Rice being a Bengali and Indian staple, it is the chosen food for offering to the Rain God in return for blessings in the form of water “to make the first shoots of grass appear”.
- ❑ It is hoped that these ‘green shoots’ of grass will one day grow to become tall, fruit-bearing trees, if nurtured correctly.



**From Green Shoots to Harvesting**  
– By Prof. *Simply Simple*



## GREEN SHOOTS

- ❑ Spring is the season of rebirth, so it was fitting that Ben Bernanke, chairman of the Federal Reserve Board, in mid-March told *60 Minutes* that he detected “green shoots” of economic recovery.
- ❑ This image of early, sprouting growth is an apt description because the global economy is, at best, now in the very early stages of recovery.



# GREEN SHOOTS

## In finance...

- ❑ **Green shoots is a term used colloquially these days to indicate signs of economic recovery during an economic downturn.**
- ❑ **It was first used in this sense by Norman Lamont, the then Chancellor of the Exchequer of the United Kingdom, during the 1991 Recession.**
- ❑ **Since then, the phrase 'green shoots' has sprouted and blossomed.**
- ❑ **Analysts and journalists, desperate for any sign of hope, have taken to repeating the phrase "green shoots" as a soothing mantra.**





## GREEN SHOOTS

But why the sudden optimism?

- ❑ In the US, banking firms such as Wells Fargo, Goldman Sachs, and JPMorgan Chase have pulled off a rare feat for banks lately: *making profits*.
- ❑ In India, the RBI governor D. Subbarao recently said that though the Indian economy's turnaround was linked to a global revival, the country's recovery would be "swifter and sharper".
- ❑ He said the economy was on course to achieve 6% growth in 2009-10.



# GREEN SHOOTS

## To Sum Up

- ❑ **What:** Green shoots is a term used colloquially in finance these days to indicate signs of economic recovery during an economic downturn.
- ❑ **Why:** This image of early, sprouting growth is an apt description because the global economy is, at best, now in the very early stages of recovery.



## GREEN SHOOTS



Hope you have now understood  
the concept of Green Shoots

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