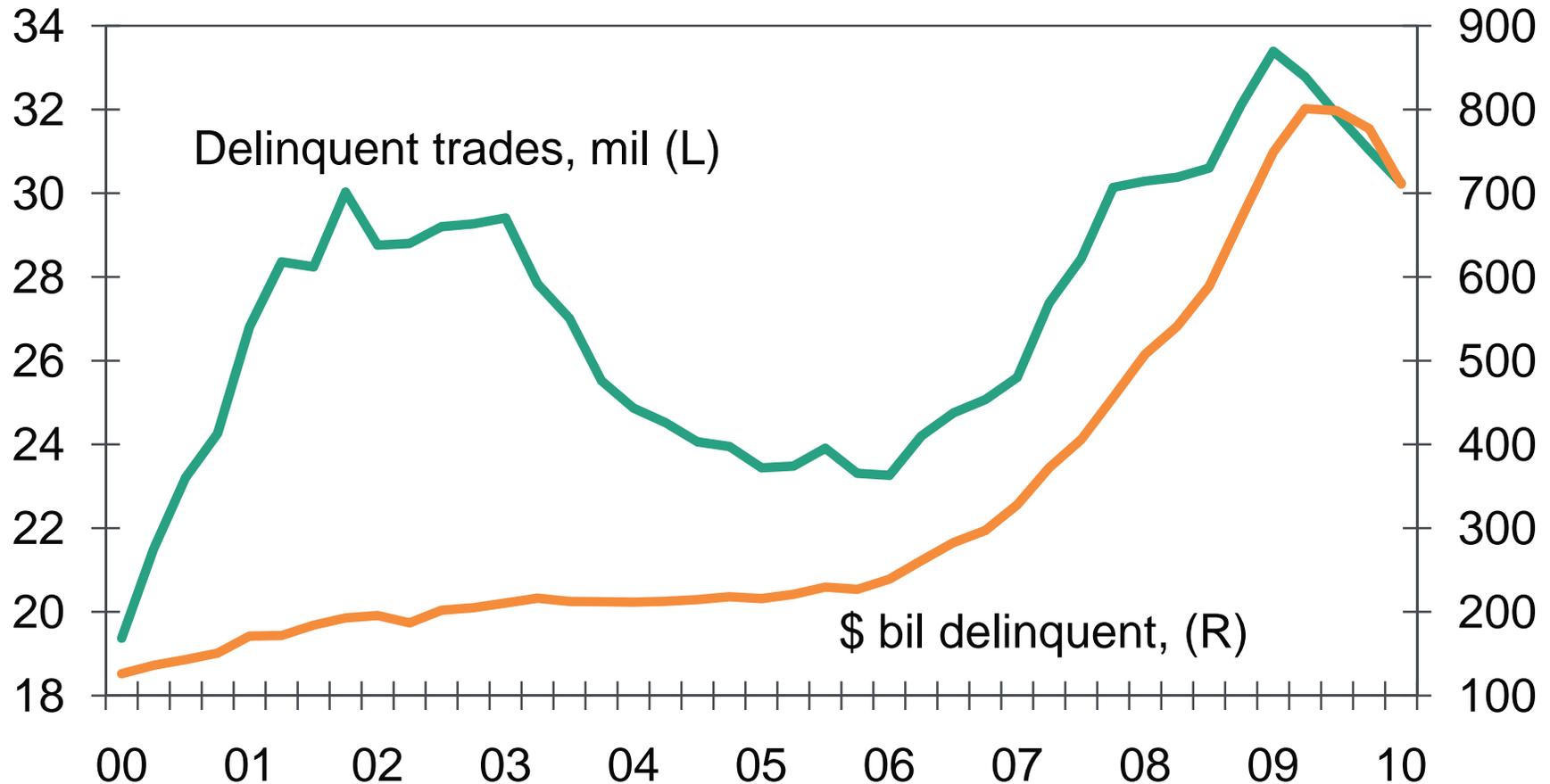


The Credit Cycle Turns Up

MARK ZANDI, CHIEF ECONOMIST

The Worst of the Credit Cycle Is at Hand...

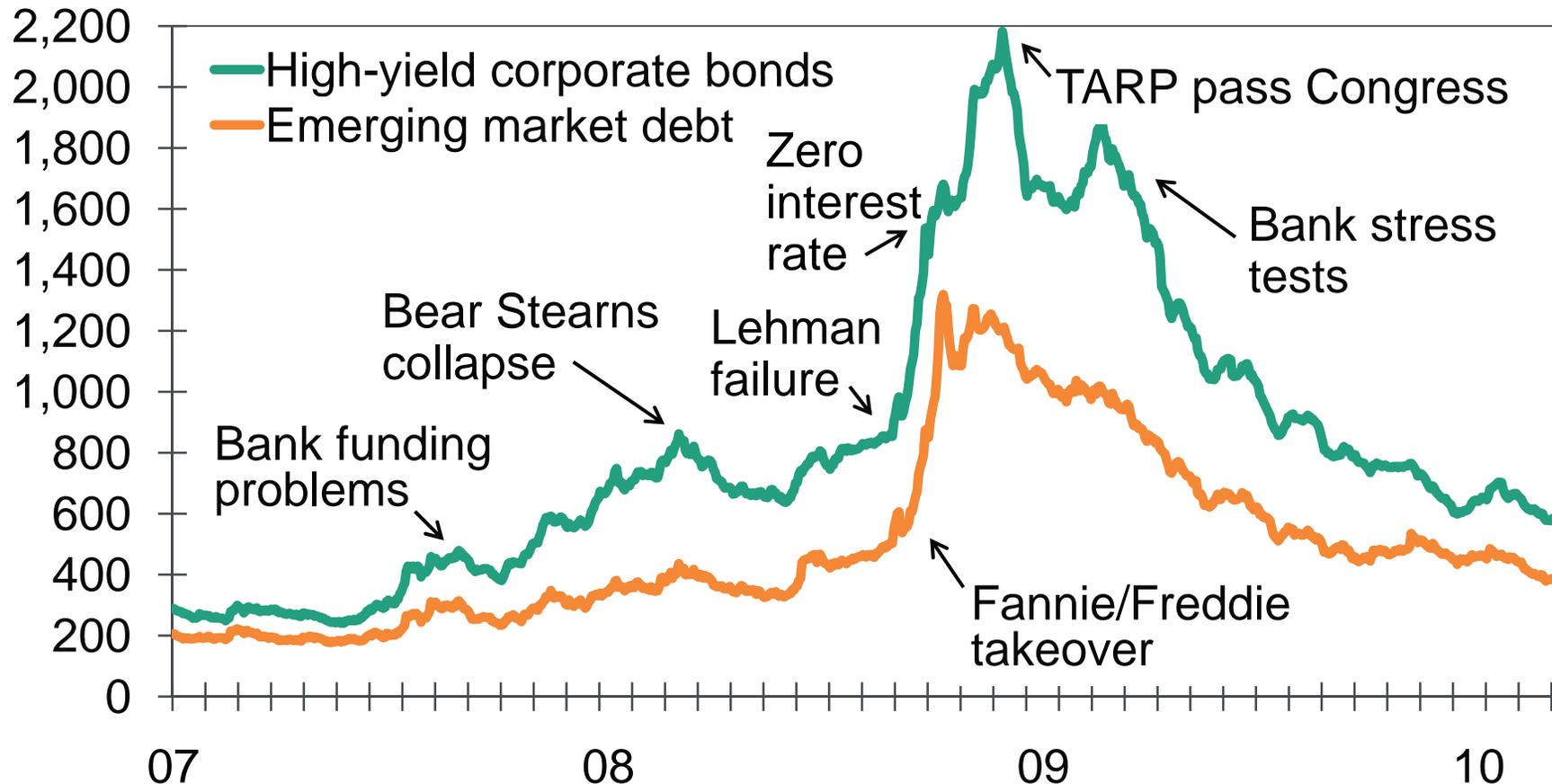
Delinquent consumer trades



Sources: Equifax, Moody's Economy.com

...And Investors Believe It

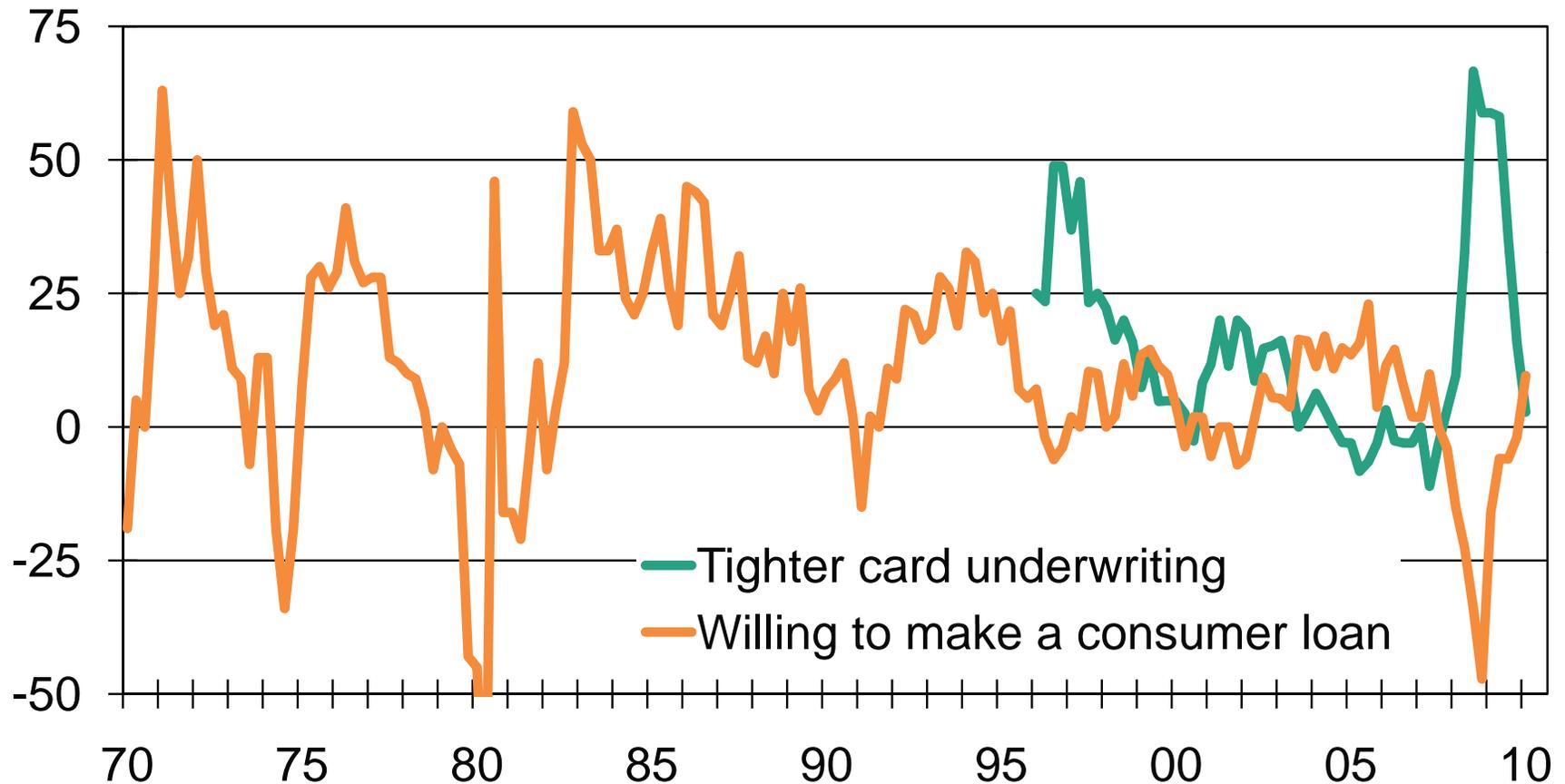
Difference between 3-mo Libor and Treasury bill yields



Sources: Bloomberg, Moody's Economy.com

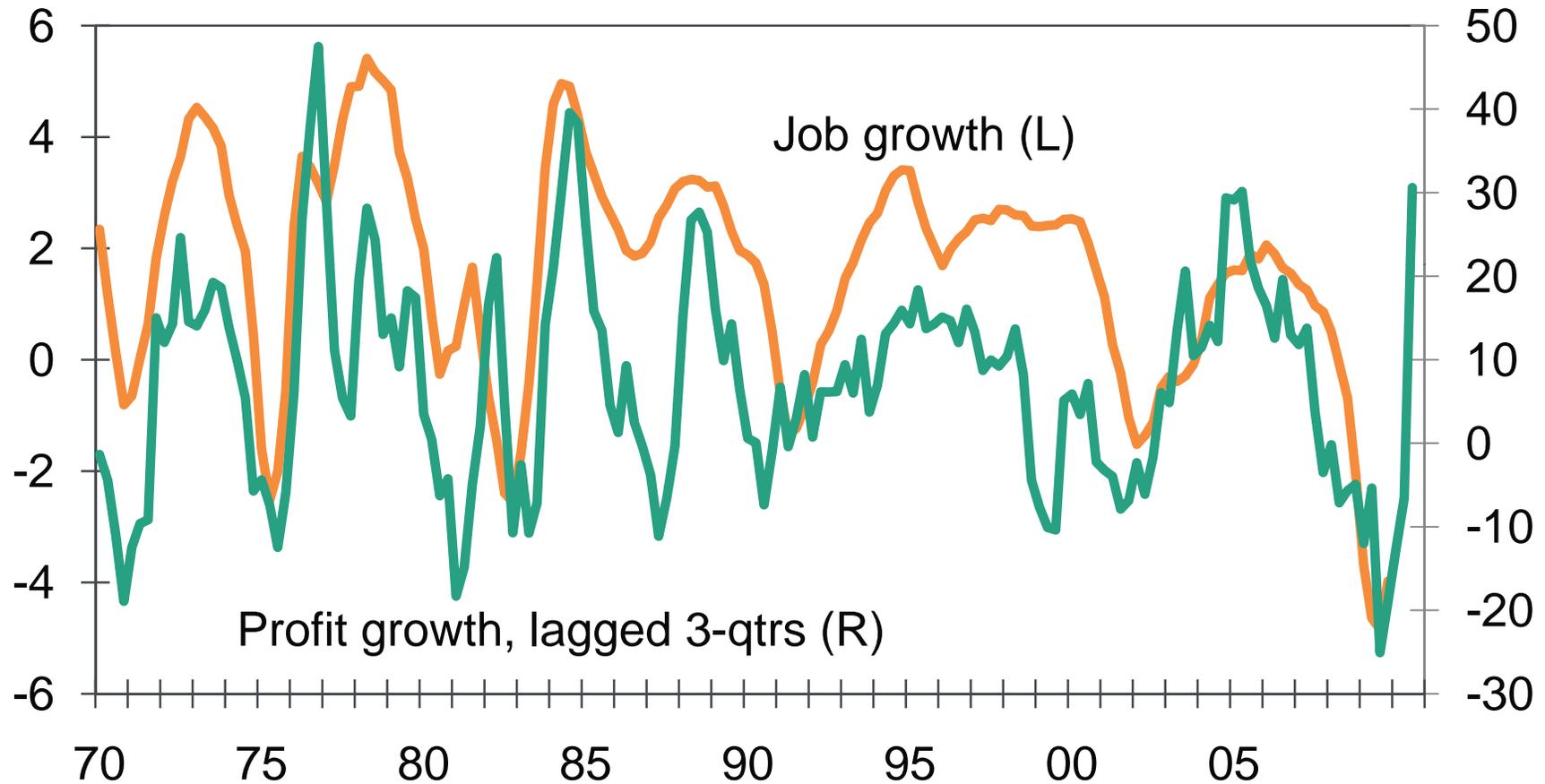
Lenders Batten Down the Hatches

Net % of senior loan officers



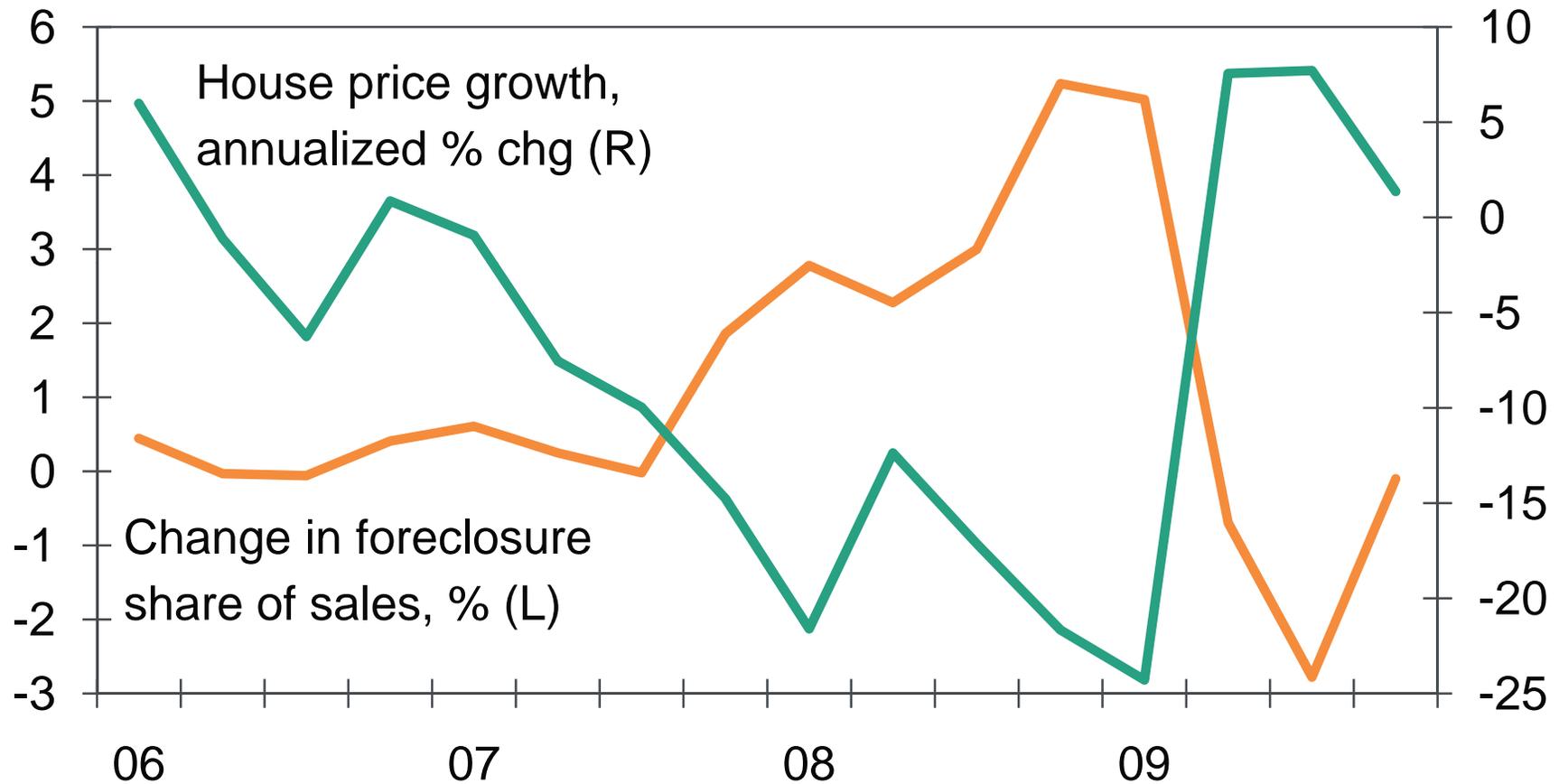
Sources: Federal Reserve Board, Moody's Economy.com

Profits Surge, Jobs Should Follow



Sources: BLS, BEA

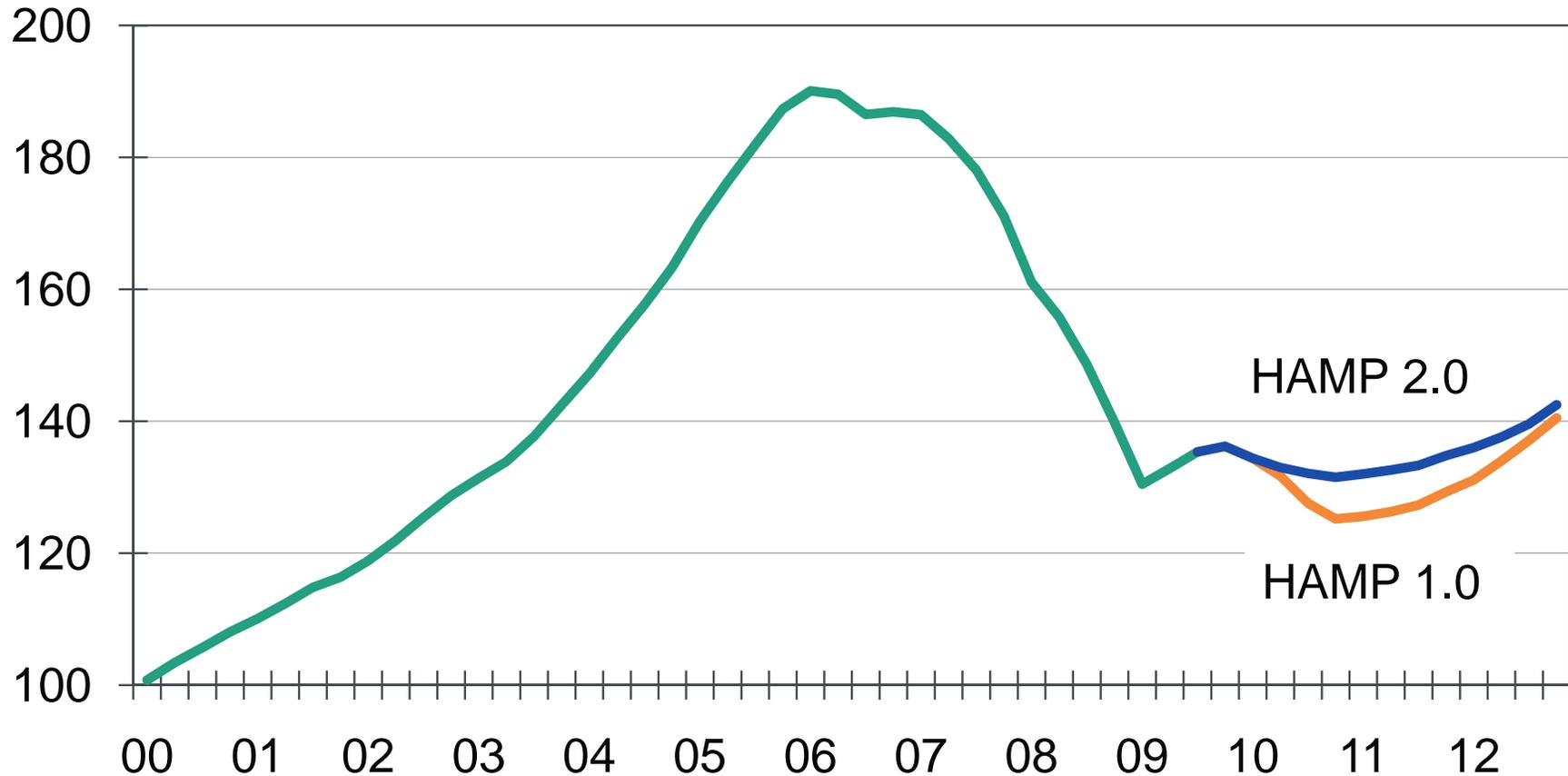
Foreclosure Crisis Remains a Threat



Sources: Fiserv, Zillow, Moody's Economy.com

...But HAMP 2.0 Will Help

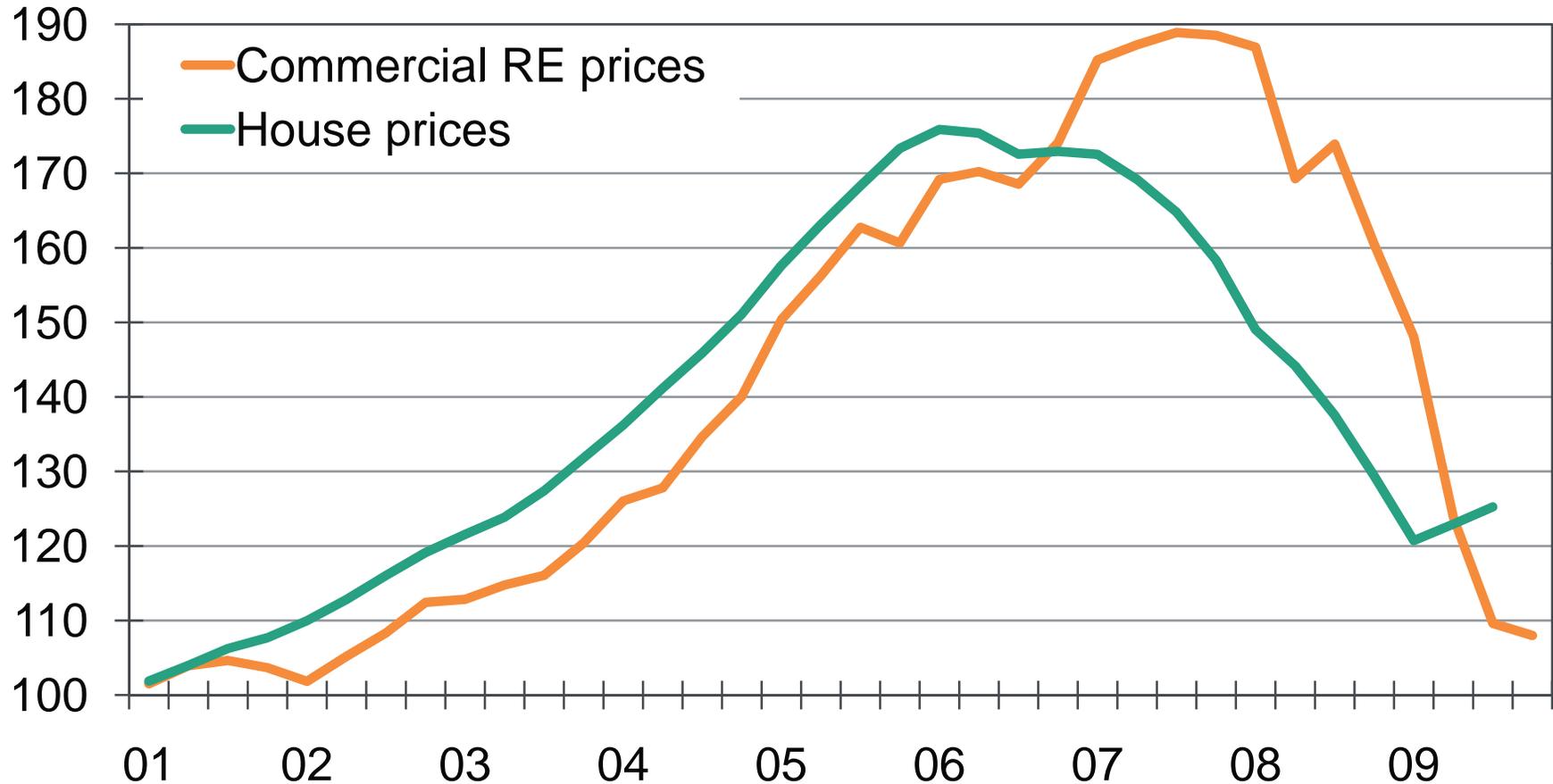
Case Shiller[®] Home Price Index: 2000Q1 = 100



Sources: Fiserv, Moody's Economy.com

CRE Boom and Bust

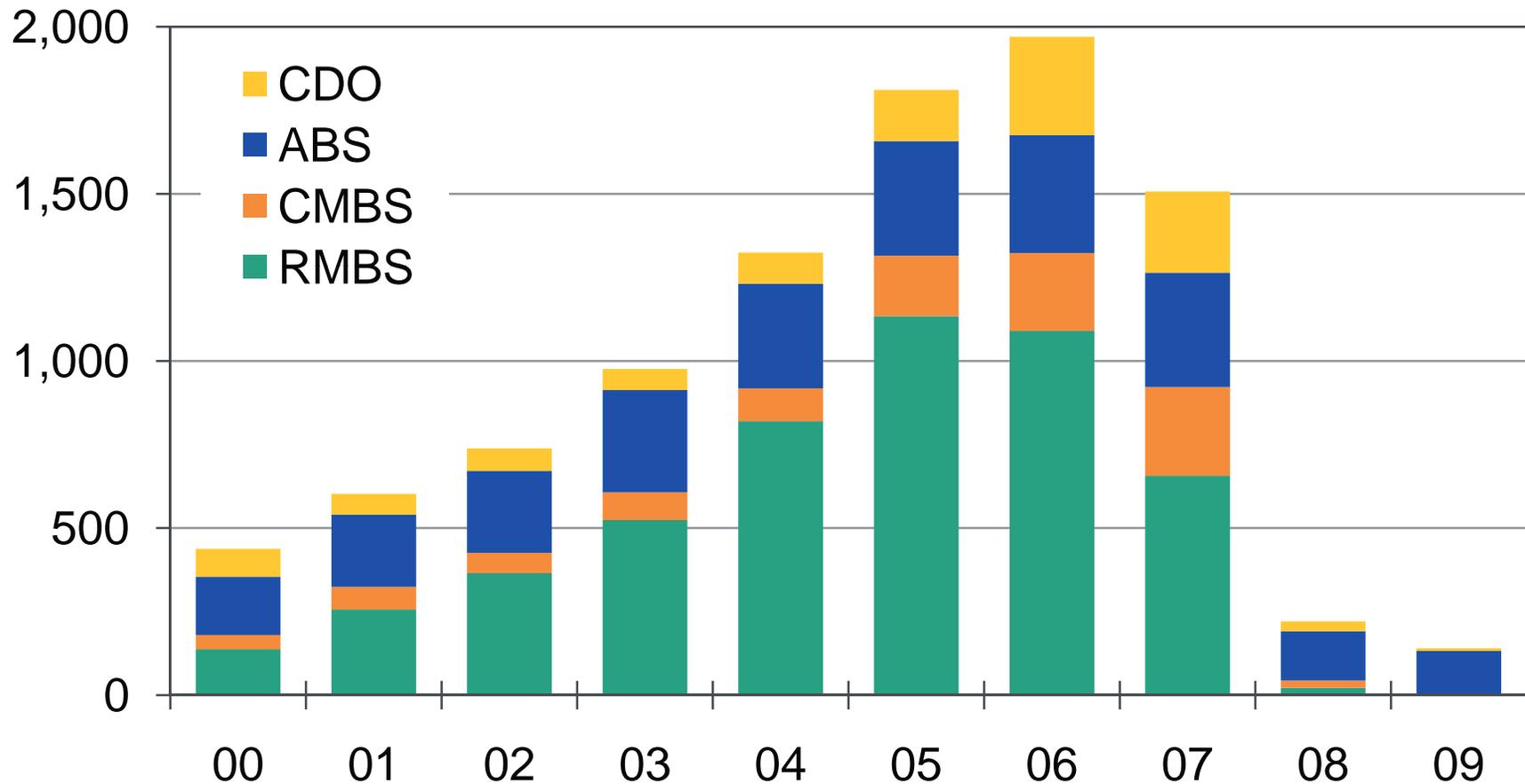
Repeat-sales indices: 2000Q4=100



Sources: Moody's Investors Service, REAL, Fiserv

Credit Markets Remain Troubled...

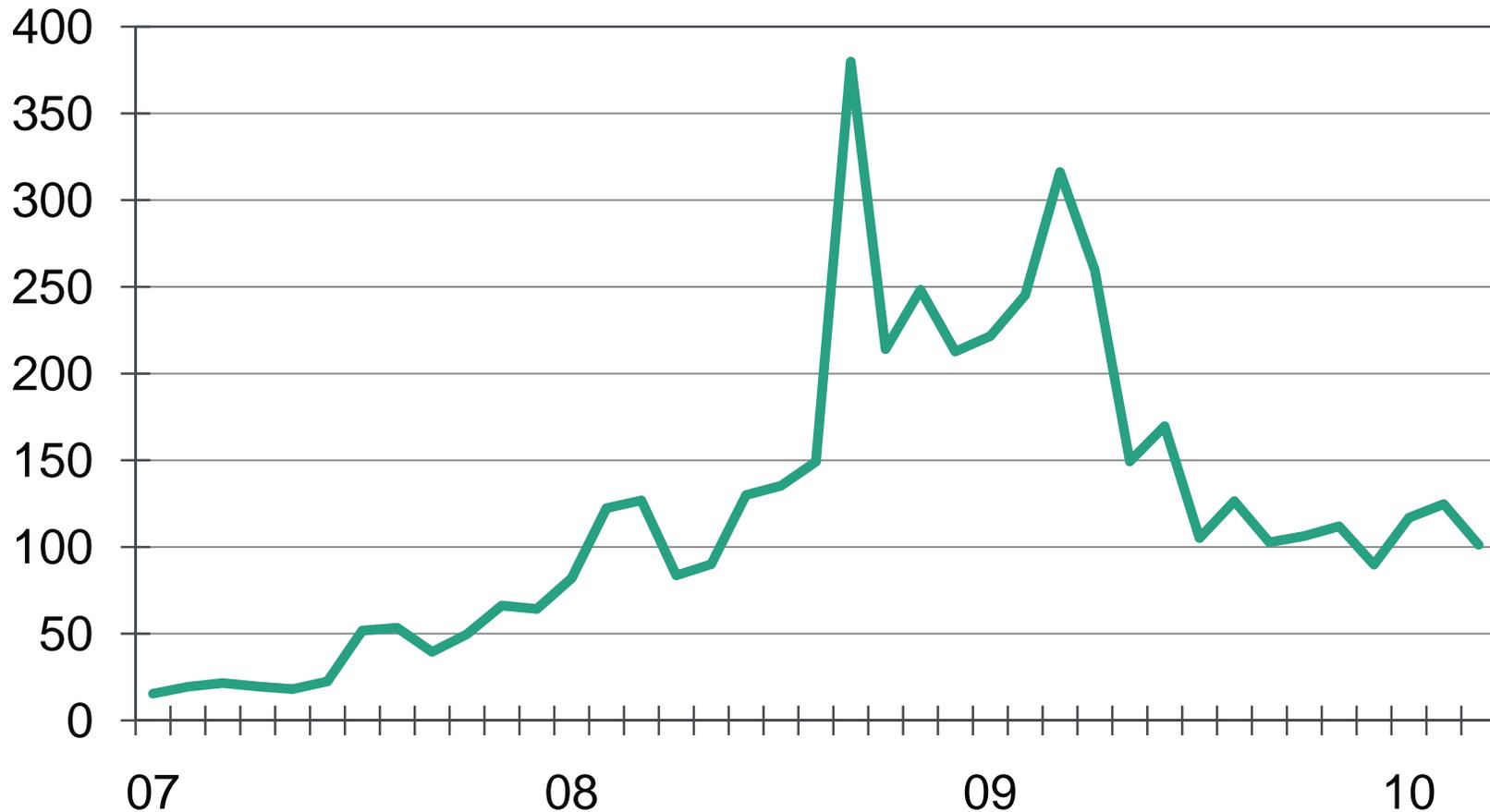
Bond issuance, \$ bil, annualized



Source: Thomas Reuters

...And the Banking System Remains on Edge

Average CDS spread, BofA, JPMorgan, Goldman, MS, and Wells

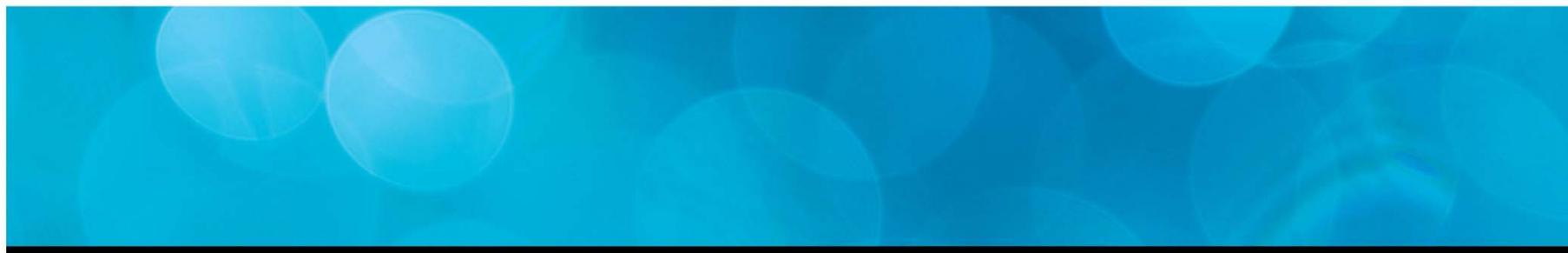


Sources: Bloomberg, Moody's Economy.com

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