

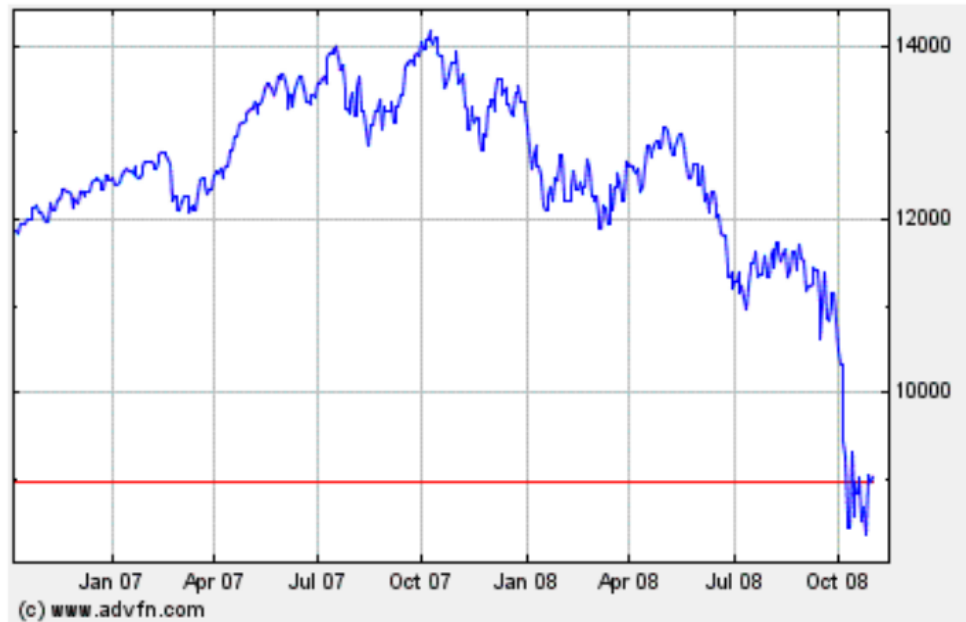


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Causes of the Crisis

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- Housing Market
- Financial Institutions
- Mortgage Backed Securities



Dow Jones stock price chart from
Jan. '07-Oct. '08

Housing Market

- Housing bubble
- Adjustable rate mortgages
- Sub prime lending

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Financial Institutions

- Easy to get loans
- Underwriting practices
- Over leveraging
- Mortgage-Backed securities

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Consequences of Global Financial Crisis

- Stock market
- Housing market
- Consumers' Wealth
- Failure of key businesses



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Stock Market

- In November 2008 S&P 500 was around 50% of its value last year
- Global economic shock
- Decline in European Markets
- Failure of economic structures

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Real Estate

- Housing Bubble : low prices for houses and high default on a mortgages rate
- Financial Institution in critical position because the assets cost less than initial investment
- Homeowner's wealth declines

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Consequences of Global Financial Crisis

Consumers' Wealth

- Correlation between wealth of consumers and expenditures
- Vicious cycle
- Decrease in GDP
- Higher unemployment rate

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