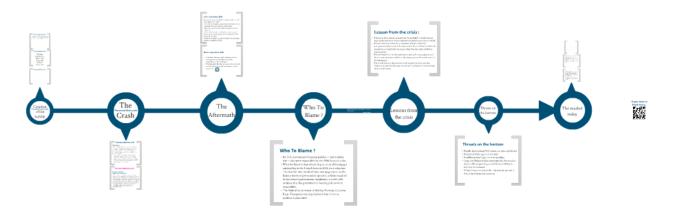
Subprime Tsunami on Indian Shores: Crisis Hits ICICI



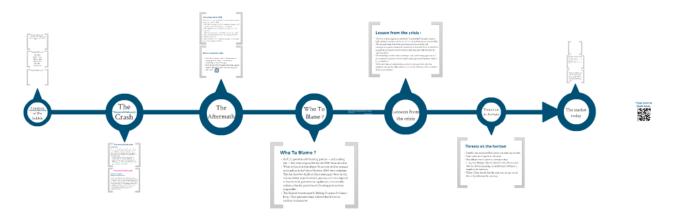
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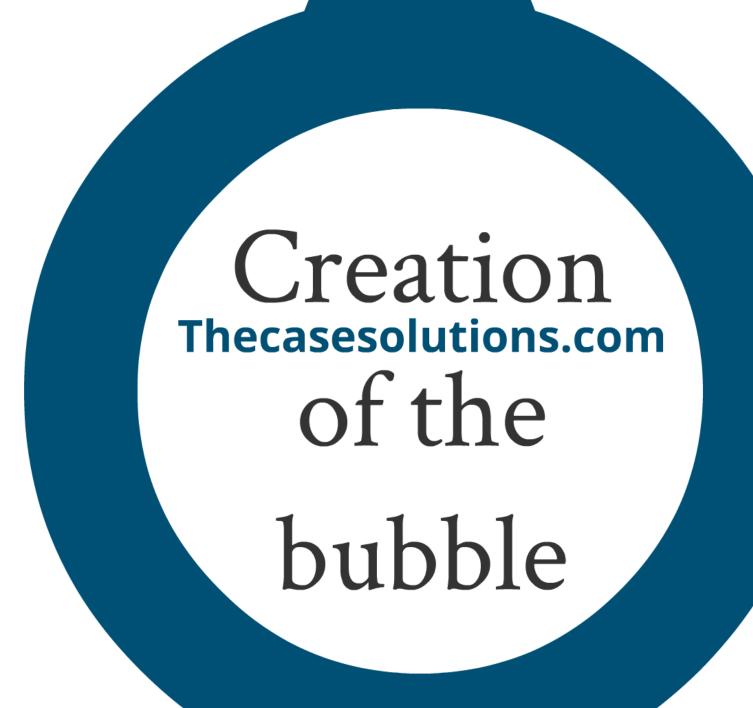


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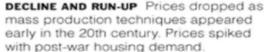




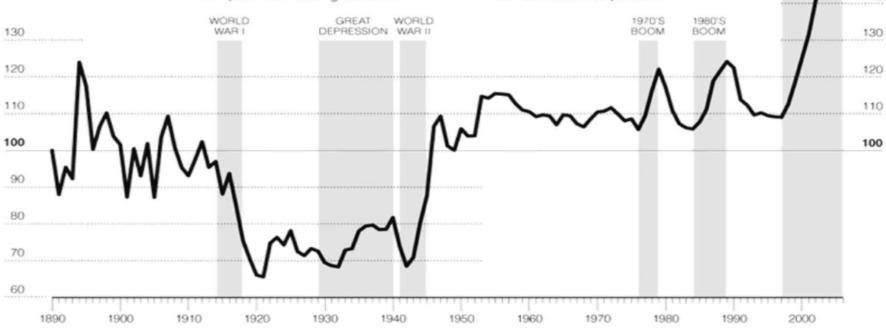
A History of Home Values

The Yale economist Robert J. Shiller created an index of American housing prices going back to 1890. It is based on sale prices of standard existing houses, not new construction, to track the value of housing as an investment over time. It presents housing values in consistent terms over 116 years, factoring out the effects of inflation.

The 1890 benchmark is 100 on the chart. If a standard house sold in 1890 for \$100,000 (inflation- adjusted to today's dollars), an equivalent standard house would have sold for \$66,000 in 1920 (66 on the index scale) and \$199,000 in 2006 (199 on the index scale, or 99 percent higher than 1890).



BOOM TIMES Two gains in recent decades were followed by returns to levels consistent since the late 1950's. Since 1997, the index has risen about 83 percent.



Source: "Irrational Exuberance," 2nd Edition, 2006, by Robert J. Shiller

Bill Marsh/The New York Times

CURRENT

200

190

180

170

160

150

140

Fall 2005 Summer 2006 Winter 2006 Spring 2007 Fall 2007 March 2008

In mid-2008, the 27 million subprime and Alt-A mortgages were held, guaranteed or had been securitized by the following entities, and had the following unpaid principal amount:

Entity	No. of loans	UPA
Fannie Mae and Freddie Mac	12 million	\$1.8 trillion
FHA and other Federal	5 million	.6
CRA and HUD	2.2 million	.3
Total Federal Govt	19.2 million	\$2.7 trillion
Wall Street PMBS	7.8 million	\$1.9 trillion
Total	27 million	\$4.6 trillion
		•



Stock Market:

All, the stock market in the united state have been decline as, we can see in the following figure. The Dow Jones industrial average (INDU) lost 777.68, surpassing the 684.81 loss on Sept. 17, 2001 - the first trading day after the September 11 attacks. However the 7% decline does not rank among the top 10 percentage declines.

• The Standard & Poor's 500 (SPX) index lost 8.8%, its seventh worst day ever on a percentage basis and the biggest one-day percentage drop since the crash of '87, when it lost 20.5%. The NASDAQ composite (COMP) fell 9.1%, its third worst day on a percentage basis and also its worst decline since the crash of '87.

- European contagion:
- Mergers and Acquisitions:

Initially the companies affected were those directly involved in home construction and mortgage lending such as Northern Rock and Countrywide Financial, as they could no longer obtain financing through the credit markets. Over 100 mortgage lenders went bankrupt during 2007 and 2008. Concerns that investment bank Bear Stearns would collapse in March 2008 resulted in its fire-sale to JP Morgan Chase. The financial institution crisis hit its peak in September and October 2008. Several major institutions either failed, were acquired under duress, or were subject to government takeover. These included Lehman Brothers, Merrill Lynch, Fannie Mae, Freddie Mac, Washington Mutual, Wachovia, Citigroup, and AIG.

Impact on Arab Area: