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UK financial crisis 2007 | 2008 Where to next?

The UK is now experiencing a downturn. Nowhere is this more apparent than in the number of '50% Off' signs in shop windows. I don't remember the last time I saw such aggressive discounting before Christmas.

Meanwhile, the house price wheel of fortune has ground to a halt. This is in spite of strenuous efforts by the TV and media to keep it turning.

According to the Nationwide, the average UK house price has now fallen over two successive months. Whilst, in local property supplements, the 'reduced price' labels have been multiplying for over 6 months.

The ailing Northern Rock bank remains unsold, apparently the victim of its own success. Its share price has fallen from a high of over £12 in February to under £1 in November '07.

The Bank of England warns of hard times ahead, but talks less of its own contribution to today's unsustainable debt. The bank dropped the UK base rate repeatedly after the Dot Com crash of 2000. At July 2003 it was down to 3.5%, by which point house price inflation (12 monthly) had escalated to 20% - its highest level since the 1989 crash.

Predictably, the falling base rate prompted a resurgence of the borrow and spend mentality. In fact, by 2003 cheap loans were being offered with such wild abandon that just about every adult believed they could take on an overpriced property or, perhaps, a buy-to-let portfolio.

Recently, almost overnight, it seems that the media has been given the green light to openly expose the flip side of the equation. All of a sudden, the worry isn't just about the cost of Home Information Packs, or rising mortgage arrangement fees, or the availability of shared ownership schemes for key workers. The worry isn't even about the record numbers of people seeking debt counselling.

The fear now is that many people simply won't get a mortgage in 2008, and many of those on a 2 -3 year introductory deal will be crushed by the jump in repayments when their current deal expires.

Fear of job losses is also rising. According to Lloyds TSB's research, the number of consumers feeling insecure about their jobs is at a



six month high. Employers who rely on a buoyant house market (builders, building suppliers, estate agents, DIY stores) must all be revising their outlooks as first time buyers take fright and developers retreat.

As job losses begin, mortgage repayments will falter and, with no benefits safety net left to fall back on*1, repossessions will result.

As the media belatedly unveils the downside of the [boom bust cycle](#), the headlines now turn on stories of imminent bankruptcy amongst mortgage repayment insurers, of property fund withdrawals being suspended, of financial institutions seizing up as each one looks to reduce its own exposure to risk by refusing loans to others.

Lack of lending between banks has forced central banks in the US, UK and Europe to intervene on an unprecedented scale, offering the equivalent of hundreds of billions of dollars in 'emergency' loans to bail out banks. This is supposed to have the effect of rebooting interbank lending. But investors have responded by selling off their shares in banks and building societies.

To regain their footing, major financial institutions are now trying to raise fast cash by selling stakes of their businesses to foreign sovereign investment funds.

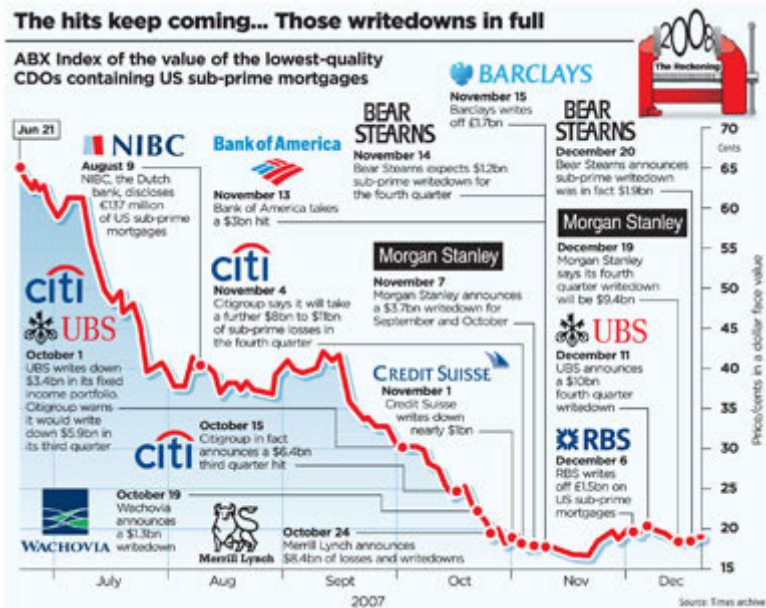
[Are the ever more generous central bank loans doing the trick?](#)

Perhaps not. In one way it just delays an inevitable 'correction'.

The current crisis is partly a result of investors over-confidence of access to never ending cheap loans and ever greater inflows of cash. This makes the central banks' auctions of virtually unlimited, ever-cheaper cash (with fewer and fewer strings attached), seem like a very strange medicine indeed.

The decline in the [carry trade](#)*2 partly explains the contracting liquidity in 2007. But complicated investment vehicles have also come unstuck. These bank sponsored creations have enabled banks to offload risk by creating a market in which third parties buy up or insure debt in return for high yields.

One approach has been to bundle up mortgages and to sell them to institutional investors in the shape of bonds. Now the housing market is heading south - surprise surprise - these bonds have become illiquid. Nobody wants to buy them. But, as a fire sale would kill the credibility of these investment vehicles (eg. CDOs), banks are eating humble pie and taking the risk back on their own books. This is forcing banks to absorb multi-billion dollar losses.



So, what is the outlook for 2008 and beyond?

As just about all desirable assets, including shares, have been super-inflated by the availability of cheap loans, the probability of any of them retaining their peak 2006/7 value is slim.

If the UK 1989 housing crash is anything to go by, property will become harder to sell, prices will drop sharply and repossessions will rise. Affordable loans will be less widely available, demand for non-essential goods and services will fall. Businesses and households will be forced to reduce costs. Full time permanent positions will be lost and demand for temps will rise. Wages will stagnate. A new escapist mind and mood altering drug will be embraced by youth culture – or not.

What shocks might be in store?

A sudden hike in UK interest rates at some point can't be ruled out, particularly given that the base rate since 1999 has been historically low*3. Economists may argue that high interest rates are history, but then Brown, you'll recall, said the same of boom and bust...

What is a safe investment right now?

My favourite investment of the moment is storable bulk food essentials, my daughter's nursery education, and a savings account in a mutual building society.

What opportunities might lie in store?

Some things are easier during a recession – like doing the unpredictable.

Living as cheaply as possible and saving might not be a bad option right now. The next few years could provide some of us with the opportunity to make a radical departure from what we are currently doing.

The emerging markets are enjoying plenty of incoming funds at present. It could be an exciting time to be somewhere else.

There might be an opportunity to go on that 12 month round the world sailing work adventure, or to write the book, the album, the play, the show.

There might be options to become a VSO or charity volunteer, to apply to study for a degree or part time course, or to do some part-time teaching.

Working out a better way to share resources within the local community might be time well spent.

And finally, if you are lucky enough to ride the recession with barely a bump, you might find that saving up money to put down on a house will serve you well. UK house prices should be affordable again in about 3 years time.

Whatever we wind up doing, let's do it with passion and persistence.

'Hard times' can also be, for all sorts of reasons, good times.

Happy New Year.

Ends | 29 Dec 2007 | The Leg

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Notes:

*1 In the aftermath of the 1989 crash, the state maintained UK homeowners' interest payments in the event of them losing their jobs. This facility has since been removed.

*2 The idea of the carry trade is simple. A major investor (bank, hedge fund, high net worth individual etc) takes out a short term loan from a bank in a country where the interest rate is next to nothing, or 0%. The investor then converts the loan into the relevant currency and deposits it in a savings account (or bond, commodity, property fund) in another country where the interest rate or promised rate of return is much higher. By doing nothing more than pay off the original lending bank on schedule, the investor pockets the interest or profit.

That's the theory. However, the Japanese carry trade has somewhat lost its sheen. Investors came unstuck when Japan's

base rate went up in July '06, after 5 years at 0%, and again in Feb '07. This forced the sale of assets in order to pay off the outstanding 0% loans, visible as dips in the Dow Jones and FTSE 100. Some writers argue that, by tempting speculators to take ever greater risks with the promise of free money, the carry trade is mainly to blame for today's financial crisis.

Postscript: The carry trade collapsed in 2008 as illustrated by this graph from the Financial Times (Oct 2009).

*3 Look back a bit and you find the average UK base rate for the years since 1975 is over 9%. The rate peaked at 16% in 1980, and hit a low of 3.5% as recently as 2003.



Essential Reading:

[Children of Thatcher, Cuts and Central Bankers](#)
[Reflections on the Great Depression of 2010](#)

Related Articles:

2013:

4 Dec: Hewlett Packard to cut 1124 UK jobs
 17 Jun: Co-op needs £1.5bn 'bail-in' due to Britannia bad debts
 3 Jun: UK company profits fell 30% in 2012
 19 May: UK worker insecurity at 20 year high
 16 May: New drug Sisa feeds addicts in Athens at 1Eur a hit
 19 Apr: Fitch joins Moody's in downgrading UK from AAA rating
 3 Feb: HMV to shut 100 stores
 19 Jan: Blockbuster to close 129 stores
 11 Jan: 1370 jobs lost as all Jessops stores close

2012:

16 Nov: Comet to close 40 stores - 1000 jobs under threat
 14 Nov: BoE forecasts gloomy - too many 'zombie' companies?
 13 Aug: Monetary Policy Committee projections remain clueless

25 Jul: 0.7% drop in UK GDP deepens double-dip recession
 22 Jun: Moody's downgrades RBS, Lloyds, Barclays, HSBC
 28 Jun: GDP data confirms UK now in double-dip recession
 24 Jun: Oh Dear - BIS warns that QE puts UK's credibility at risk
 15 Jun: £140bn more loose loans to banks refeeds speculation
 9 May: Clinton cards goes into administration - 8000 jobs at risk
 3 May: Mervyn King rejects criticism (and see 20/06/07 below)
 26 Apr: HSBC to cut 3167 UK jobs
 25 Apr: Britain back in recession (weakest recovery in 100 yrs)
 4 Apr: Amazon paid £0 tax on UK sales of £7.6bn over 3 years
 14 Mar: Older workers hit as unemployment rises to 2.67m

2011:

14 Dec: UK unemployment at 17 high
 16 Nov: Youth unemployed hit 1m for 1st times since 1986
 6 Oct: BoE Head launches further £75bn in quantitative easing
 2 Oct: Construction still suffering worse contraction since 1970s
 3 Aug: Holidays 4 U falls into administration
 5 July: 1400 jobs go at Bombardier despite PM's pledge to help
 30 June: Lloyds to cut 15,000 jobs to save £1.5bn
 28 June: Thorntons, Carpetright, TJ Hughes, Comet close stores
 26 June: Prepare for Demand Destruction. The BIS has spoken.
 24 June: 700 jobs to go as Habitat becomes part of Home Retail
 10 June: Survey says 40% of consumers made cutbacks in 2011
 8 June: Southern Cross to cut 3000 private care jobs
 11 Apr: Fall in discretionary spending as public sector cuts loom
 28 Mar: Northern Rock to axe 680 jobs to cut costs
 18 Feb: On its '09 profits Barclays paid 1% UK corporation tax
 1 Feb: Pfizer to shut UK factory with loss of 2400 jobs
 26 Jan: TalkTalk to cut 580 jobs

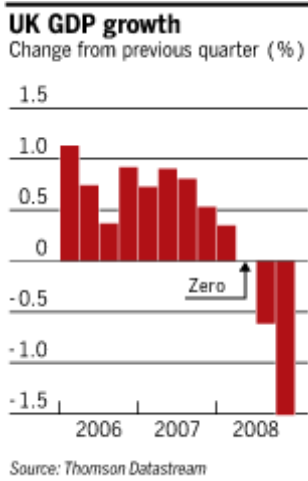
2010

8 Dec: BAE Systems to axe up to 1350 UK jobs
 13 Nov: Holiday firm Pontin's goes into administration
 13 Nov: Carillion reduces supplier base by 80%
 9 Nov: Rok put into administration - 3800 jobs at risk
 1 Oct: State safety net for homebuyers who lose jobs cut back
 21 Sep: Government borrowing in August highest since 1993
 14 Sep: Bankers hoping to revive old securitisation ways
 9 Sep: BAE Systems plans to cut 740 UK jobs
 7 Sep: Connaught calls in administrators - 1000s of jobs at risk
 2 Sep: RBS cuts 3,500 jobs (total lost as RBS & Lloyds = 45k)
 3 Aug: Defence company Qinetiq to cut further 325 jobs
 26 July: Connaught shares fall 70% on debt warning
 24 July: NHS asked to find £20bn in 'efficiency savings' by 2014
 17 July: Goldtrail UK holiday tour operator collapses
 12 July: 2008-9 Crisis - 6.4% fall in GDP more than original 6.2%
 30 June: Lloyds to cut 650 UK jobs
 13 May: UK trade deficit rises to £9.7bn - exports still weak
 22 Apr: Mephedrone ban doesn't mean the party is over
 18 Apr: MDAI - New synthetic drug set to replace mephedrone
 16 Apr: UK taxpayer shelled out £545m due to Goldman fraud?
 25 Mar: Jarvis goes into administration, threatening 2000 jobs
 17 Mar: Highest number of economically inactive since 1971
 4 Mar: Methedrone - the new escapist drug on the block
 26 Feb: Lloyds lost £6.3bn in 2009 (£24bn in loans went bad)
 25 Feb: RBS lost £3.6bn in 2009

17 Feb: Readers Digest UK magazine to fold
10 Feb: Ethel Austin retailer cuts 469 jobs
5 Feb: 134,000 Brits went bankrupt in 2009 (record number)
28 Jan: Toyota to cut 750 jobs in its UK factories
28 Jan: Ex-Littlewoods group cuts 1150 UK jobs
26 Jan: UK out of recession? 0.1% growth in Q4 of '09 reported
24 Jan: CIPD says 1.3m have lost jobs so far in the UK
20 Jan: Energy firm E.ON to axe 800 UK call centre etc jobs
15 Jan: Bosch - 900 job losses and Cardiff factory closure

2009

29 Dec: FTSE100 returned to pre-Lehman collapse level
22 Dec: UK economy still contracting (0.2% in Q3)
20 Dec: 1 in 5 supermarket items on special offer this xmas
4 Dec: Corus to cut 1700 jobs on Teeside
2 Dec: Yorkshire agrees takeover of Chelsea Building Society
26 Nov: Borders books go into administration. 1150 jobs lost
20 Nov: Threshers owner closes 381 stores. 2000 jobs lost
10 Nov: Lloyds to cut further 5000 jobs
6 Nov: UK personal insolvencies rise 28% to 49 year high
6 Nov: BA to cut further 3000 jobs
2 Nov: RBS to cut 3700 jobs
1 Nov: Economist warns about new 'mother of all carry trades'
29 Oct: Shell to cut 5000 jobs
21 Oct: MPC Chair worries at 'Moral Hazard' [8 years too late?]
19 Oct: Proposed FSA rules will make remortgaging harder
14 Oct: Lloyds wants government to buy £5bn worth of shares
11 Oct: RBS ATMS were monitored hourly during banking crisis
11 Oct: We now have 1 million unemployed 16 - 24 year olds
6 Oct: British Airways to cut 1700 jobs and impose pay freeze
30 Sep: Blacks Leisure to close 89 shops
25 Sep: UK car production falling in spite of scrappage scheme
22 Sep: Magna set to cut 1200 UK Vauxhall jobs
18 Sep: Public sector borrowing 62% higher in Aug 09 vs Aug 08
15 Sep: BAE to axe 1100 jobs and close site
21 Aug: Buy to let fraud hurts Chelsea Building Society
7 Aug: Personal insolvencies up 27% on same Q2 of 2008
6 Aug: BoE injects further £50bn - FTSE 100 gains, sterling falls
31 July: FSCS has paid out £21bn to UK savers over 6 months
21 July: UK budget deficit hit record high in June
16 July: Further Lloyds job cuts takes total to 8200
3 July: BT offers 10,000s of its workers holidays on quarter pay
26 June: 800bn gap between deposits and UK bank lending
24 June: Interest on UK 2 year fixed rate mortgages up to 5%
9 June: Lloyds to close 164 C&G branches shedding 1660 jobs
8 June: LDV van maker enters administration - 4000 jobs may go
5 June: Moody's downgrades Anglo Irish Bank to A3- rating
2 June: Barclays shares slide as Sheikh banks £1.4bn profit
17 May: West Bromwich Building Society in rescue talks



8 May: RBS's Q4 wiped out by £4.9bn in bad loans
 8 May: BoE injects £50bn & erhhmm....bank shares are rallying
 1 May: Company failures in Q1 up 56% vs Q1 of 2008
 30 Apr: Oversupply of flats resulted in falling rents
 22 Apr: Government budgets for big growth in national debt
 15 Apr: UK building societies downgraded by rating agency
 7 Apr: Ireland's emergency budget - tax rises & spending cuts
 7 Apr: UK manufacturing decline worst in 40 years
 7 Apr: RBS to cut 4500 UK jobs
 6 Apr: March UK new car sales down 30% on same month in '08
 2 Apr: Norwich Union cuts 1100 UK jobs
 1 Apr: Icelandic Carries: Borrow Yen at 3%, bank Krona at 15%
 31 Mar: Ireland's credit rating downrated from AAA to AA+
 31 Mar: Nestle CEO: Stimulus plan risks stoking inflation
 30 Mar: Collapse of Dunfermline results in its sale to Nationwide
 25 Mar: HSBC to cut 1200 UK jobs
 18 Mar: Home reposessions up two thirds in a year to 46,750
 18 Mar: UK unemployed climbs to 2 million
 16 Mar: UK households: owe £60,000 each - total debt £1.46 trn
 6 Mar: Lloyds to be 77% public owned with £260bn toxic assets
 5 Mar: Owner of Norwich Union lost £7.7bn after tax in 2008
 5 Mar: BoE drops interest rate to 0.5 & goes on buying spree
 2 Mar: FTSE 100 falls 5% in a day
 1 Mar: HSBC anticipates £17bn in loans gone bad
 27 Feb: Lloyds, like RBS is heading for state ownership
 26 Feb: RBS needs further £25.5bn of capital
 15 Feb: RBS £30bn loss will mean 20,000 job losses
 13 Feb: Barratts Shoes collapse puts 5450 jobs at risk
 13 Feb: £10bn HBOS loss sees Lloyds shares fall 34% in a day
 6 Feb: UK firms going into liquidation rose by 24% in 2008
 28 Jan: Property funds block investors from withdrawing funds
 26 Jan: Wolseley building supplier's debts rise to £3bn
 26 Jan: Footwear chains fall into administration
 26 Jan: Steel firm Corus to cut 2500 UK jobs
 23 Jan: Britain officially in recession for 1st time since 1991
 23 Jan: Sterling falls - 23 year low vs dollar, record low vs Yen
 21 Jan: BoE plans to keep increasing the money supply
 19 Jan: Government propping up of banks - a blank cheque?
 19 Jan: RBS shares at 11p as 2008 losses could reach £28bn
 17 Jan: Return of short-selling knocks 25% off Barclays shares
 16 Jan: Public debt to be used to give all banks a clean slate
 15 Jan: Irish government nationalises Anglo Irish Bank
 14 Jan: Bank shares sell off, RBS down 18%, Barclays 14%...
 13 Jan: Barclays to cut 2100 jobs worldwide

12 Jan: BoE seeks freedom to print money without declaring it
 8 Jan: Dell set to cut 1900 jobs in Ireland
 8 Jan: Nissan UK axes 1200 jobs
 8 Jan: BoE slashes interest base rate to its lowest ever 1.5%
 7 Jan: M&S to axe 1200 staff and close 27 stores
 5 Jan: State help for jobless with mortgages improved

2008:

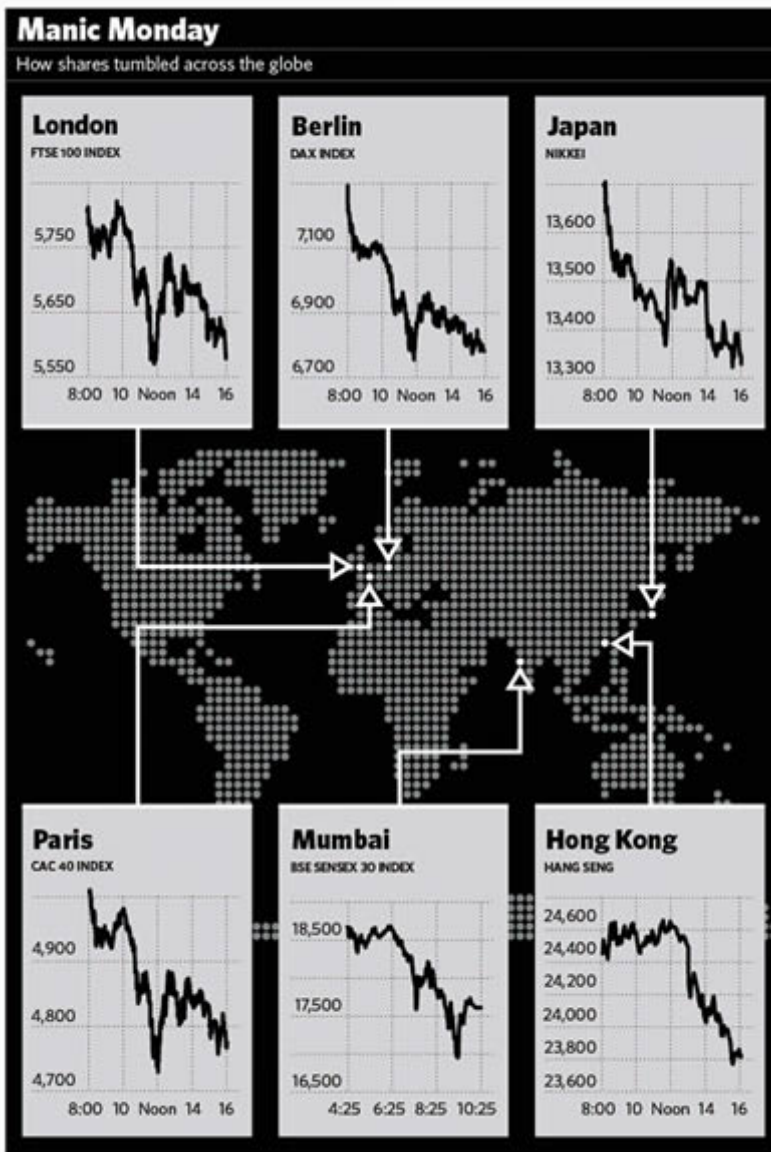
23 Dec: UK shops to launch biggest ever pre-Christmas sales
 22 Dec: Irish Government pours £5.13bn into 3 main banks
 17 Dec: All Woolworths stores to close by 5 January
 16 Dec: 50,000 jobs at risk in privatisation of Royal Mail
 4 Dec: BoE cuts interest base rate to 2%
 1 Dec: London Scottish bank goes into administration
 29 Nov: RBS bail out makes taxpayer majority shareholder
 29 Nov: Deep pre-xmas discounting in UK high Street stores
 26 Nov: MFI & Woolworths call in administrators
 10 Nov: HSBC takes £2.7bn hit on US loans in Q3
 25 Oct: Sterling's worst weekly fall against dollar for 37 years
 23 Oct: Asian markets drop as carry trade unwinds
 8 Oct: Carry traders buy back Yen to close positions - stocks fall
 6 Sep: FTSE 100 just fell almost 7%... in one week
 6 Sep: Oil price per barrel has fallen 30% now from its peak
 5 Sep: August new car sales fall to lowest since 1966
 16 Aug: 28, 568 repossession orders in 3 mths to end of June
 14 Aug: Pound falls and unemployment climbs
 6 July: UK housebuilders disclose 3200 job losses in one week
 2 July: M&S shares falls 25% in one day
 2 July: Taylor Wimpey shares fall 46% in one day
 28 June: Brits saved 1.1% of income in Q1, least since 1959
 28 June: FTSE 100 has fallen 14% so far in 2008
 28 June: UK households owe 173% of their incomes in debts
 21 June: 56% drop in house builds. Mortgage rates up to 7%
 11 June: Barratt shares: £12 in Feb 07, 72.5p today
 10 June: Barratt's shares lose 24% of their value in one day
 5 June: OECD predicts 200,000 jobs will go over next 18 mths
 4 June: Brits cutting back on non-essential spending?
 3 June: UK April mortgage approvals halved vs previous April
 24 May: IMF warns BoE it may have to raise interest rates
 21 May: Wolseley building supplies cuts 10,000 jobs in 18 mths
 16 May: Housebuilder Kier sure of "significant redundancies"
 13 May: Housebuilder Redrow axe 200 staff as orders shrink
 7 May: Manufacturing output unexpectedly fell 0.5% in March
 6 May: Services sector growth falls to 5 year low
 6 May: Housebuilder Bovis' order books just shrank by 30%
 6 May: Estate agencies close branches at rate of 150 a week
 3 May: Big jump in company going insolvent in first quarter
 1 May: BoE alert: risk of £5bn commercial property defaults
 30 Apr: "UK mortgage market is effectively frozen"
 24 Apr: Persimmon stops new house building as sales fall 24%
 16 Apr: JB Sports to close 72 stores this month
 10 Apr: Retail guru predicts more pain on the high street
 9 Apr: Housing downturn hits Ikea
 7 Apr: End of the 100% mortgage
 3 Apr: Co-op and Lehman Brothers pull 2 year mortgage deals
 2 Apr: Construction slows for first time since 2001
 2 Apr: First Direct shuts doors to new mortgage customers
 25 Mar: Iceland unexpectedly raises interest rates to 15%

- 15 Mar: Bear Stearns is broke - investment bank's shares fall 50%
- 14 Mar: London interbank lending rate rises to 5.93%
- 13 Mar: FTSE drops 2.5%, gold nears \$1000 per troy ounce
- 13 Mar: Carlyle Capital defaults on \$16bn of debt
- 11 Mar: Citigroup in \$1bn bailout of six internal hedge funds
- 11 Mar: It bad. Fed just promised to loan banks total of \$430bn!



- 11 Mar: Roubini predicts that a major bank could go bust
- 9 Mar: Cost of insuring company debt against default rockets
- 7 Mar: Fed to auction further \$100bn credit to ease liquidity
- 7 Mar: US employers cut jobs by the most in 5 years last month
- 7 Mar: Carlyle hedge fund has a liquidity problem
- 7 Mar: More hedge fund asset fire sales as banks call for cash
- 6 Mar: Confidence at rock bottom - £ at all time low vs Euro
- 6 Mar: Forced sales drive down prices as few buyers for risk
- 6 Mar: "Everything is telling you the financial system is broken"
- 5 Mar: 27 hedge funds have barred withdrawals since Nov 07
- 3 Mar: FTSE falls 1.8%, Nikkei 4.5%
- 3 Mar: Fed's rate cutting has failed to halt the downward spiral
- 2 Mar: HSBC raises dividend as it reveals £8bn in bad debts
- 1 Mar: Peloton Hedge Fund firesale to wipe out \$2bn of equity
- 1 Mar: UK banks wrote of £6.8bn in household debt in 2007
- 29 Feb: Dow falls 2.5% - insurer AIG posts \$5bn quarterly loss
- 28 Feb: Peloton crisis: Hedge Fund forced to sell assets
- 27 Feb: BoE fears the 'largest ever peacetime liquidity crisis'
- 22 Feb: Banks move to rescue bond insurer's triple-A rating
- 19 Feb: 51% of voters are pessimistic about economic outlook
- 19 Feb: Credit Suisse suspends traders over £1.5bn loss
- 18 Feb: Northern Rock shares suspended as bank nationalised
- 18 Feb: US banks just borrowed \$50bn from the Fed in 2 months
- 15 Feb: Private investors flee from funds perceived to be risky
- 14 Feb: UBS bank reports \$13.7bn fourth quarter loss
- 12 Feb: US insurer AIG admits to \$4.9bn loss for Oct & Nov 07
- 9 Feb: UK government debt - still stable and attractive?
- 8 Feb: A week in which the FTSE lost 4%
- 7 Feb: Northern Rock shows as £55bn cost on public accounts
- 5 Feb: BP announces that 5000 jobs will go
- 5 Feb: FTSE 2.6% fall led by commercial property stocks sell-off
- 2 Feb: 160,000 Egg customers to be stripped of credit cards
- 31 Jan: US banks in crisis: borrowed from Fed vs own reserves
- 31 Jan: Bond insurer MBIA reports \$2.3bn loss over 3 months
- 31 Jan: Fed drops US interest rate for second time in 8 days
- 30 Jan: UBS bank hit by further \$4bn loss

- 30 Jan: UK chancellor backs covert bank rescues
- 28 Jan: Switching en masse into cash & low-risk savings
- 28 Jan: Nikkei falls 4%, Shagnhai index 7%, FTSE 1.5%
- 27 Jan: Research says derivatives raise risk of bankruptcies
- 26 Jan: 10 hedge funds suspend redemptions after big losses
- 26 Jan: £15bn wiped off value of UK company pension schemes
- 25 Jan: Sovereign funds (\$3 tril. & growing) mark shift in power
- 24 Jan: Futures trader loses French bank £3.6bn
- 23 Jan: BoE predicts higher inflation & borrowing costs
- 23 Jan: Abbey raises rates to 8% on 100% mortgages
- 22 Jan: Scottish Widows blocks withdrawals from property funds
- 22 Jan: Fed's emergency 0.75% interest rate cut feeds panic
- 22 Jan: Nb: FTSE 100 shares have fallen 20% since July 2007

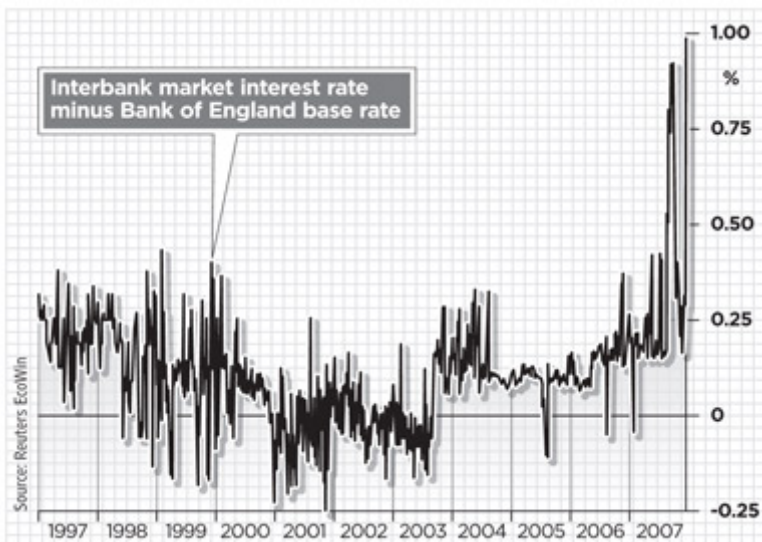


- 21 Jan: Global shares dive - FTSE 100 by 5.4%, Dax by 6.8%
- 19 Jan: Bush prescribes across the board tax cuts
- 19 Jan: Economy turns nasty
- 18 Jan: UK Banks & building societies desperate for cash
- 18 Jan: The high street just had its worst Christmas in 13 years
- 18 Jan: Scottish Equitable blocks withdrawals from property fund
- 18 Jan: Downgrade of bond insurer Ambac spells write downs
- 17 Jan: "Repayment holiday" idea to reduce/delay debt agony
- 17 Jan: Merrill Lynch posts \$7.8bn loss
- 16 Jan: FTSE100 & Nikkei 225 both fall 3% in a day
- 15 Jan: Citigroup - \$22.2bn losses and 24,000 jobs may go
- 14 Jan: EMI to axe 2000 jobs

12 Jan: One of N.Rock's best portfolios sold to JP Morgan
 12 Jan: Bank of America to buy stricken Countryside for \$4bn
 9 Jan: M&S shares dive 20% after poor xmas
 8 Jan: "shadow banking" (credit derivatives) may lose \$250 bn
 7 Jan: Sound as a pound?
 7 Jan: "witnessing the long-feared unwind of the carry trade"
 5 Jan: Dow & FTSE 100 fall 2% as US unemployment hits '5%'
 5 Jan: Furniture retailer's shares fall 48% after poor Christmas
 4 Jan: Getting a mortgage or business loan just got harder
 3 Jan: Estate agent jobs go - transactions drop 40% in 6 mths
 3 Jan: Electrical & DIY retailers' shares fall after poor xmas
 2 Jan: UK debt collection industry has trebled in size since 2003
 1 Jan: Door step lending London Scottish bank short of capital
 1 Jan: 2007 saw 6.1% drop in sterling vs basket of currencies

2007:

31 Dec: Shoe shops & clothing retailers hit by lower sales
 30 Dec: \$4.4bn from Singapore not enough for Meryll Lynch
 28 Dec: Report predicts unemployment in UK will jump in 2008
 21 Dec: Meryll Lynch seeks \$5bn cash injection
 21 Dec: Exodus from UK equity and commercial property funds
 20 Dec: Morgan Stanley reports 1st quarterly loss in 73 years
 19 Dec: €348bn ECB attempt to free up interbank lending
 15 Dec: Citigroup forced to take on risks associated with 7 SIVs
 15 Dec: Weak regs lent us here. Spencer's cure - weaker regs.
 15 Dec: UK: Retailers slash 36% off prices to attract shoppers
 14 Dec: Stanley, Lynch, Sachs: Outlook for 2008. Oh dear...
 13 Dec: UK shares drop 3%. BoE sees risk of -ve "feedback loop"
 12 Dec: \$100bn attempt to free up interbank lending
 10 Dec: 11% stake in UBS bank sold to deal with \$10bn loss
 9 Dec: BoE interest rate cut fails to free up interbank lending



Graph: The difference between what the BoE says is the interest rate and the lending rate banks are prepared to offer each other. This suggests that perceived risk of defaults is at its highest for 10 years.

3 Dec: Interbank lending falls to £249bn from 640bn in Aug 07
 30 Nov: BoE offers banks £10bn @ 5.75% as emergency funds
 27 Nov: BoE Chief Economist - this is the tip of the iceberg
 27 Nov: HSBC to refund \$35bn to investors in dead SIV funds
 23 Nov: Revealed: massive hole in Northern Rock's assets
 23 Nov: Market for bonds used to insure loans grinds to a halt
 21 Nov: UK interbank lending rate hits 2 mth high of 6.49%

15 Nov: Fed injects \$47bn to prop up banks - most since 9/11
15 Nov: Barclays admits £1.3bn loss, HSBC allows for \$3.4bn
15 Nov: BoE Governor predicts sharp fall in share prices
10 Nov: Value of UK banks has dived by £90bn in 9 months
8 Nov: GM's \$39bn second biggest loss in US corporate history
7 Nov: Downgrades = 'crushing blow' to municipal bond market
6 Nov: Markets fear banks have \$1 trillion in toxic debt
5 Nov: World's largest bank Citigroup must write off up to \$11bn
25 Oct: UK banks are 'vulnerable'. They may face a £150bn bill
24 Oct: Merrill Lynch takes \$8bn loss due to subprime CDOs
20 Oct: Dollar continues its descent against global currencies
18 Oct: Investment outflows from US were \$163bn in August
16 Oct: \$100bn fund aims to stop crash in mortgage securities
16 Oct: Are the triggers for a Wall Street crash back?
8 Oct: UK house price crash - quiet before the fall (2007)
8 Oct: IMF warns of economic slowdown
5 Oct: Vietnam & Qatar cut dollar reserves, Iran asks for euros
1 Oct: UBS bank announces \$3.4bn losses and 1500 job losses
28 Sep: US internet bank collapses - Netbank is bankrupt
24 Sep: No buyers for £225bn of loans banks committed to?
18 Sep: BoE offers £4.4 bn. UK banks bid for 80% more!
18 Sep: Banking contagion costs Alliance & Leicester £1.2bn
18 Sep: Banking crisis: fear spreads beyond Northern Rock
18 Sep: Rock's shares have crashed to £2.82, from £12 in Feb
18 Sep: Northern Rock- first bank run in UK since 1866
19 Sep: Fears of dollar collapse as Saudis take fright
16 Sep: Bail-out implies 'threat to stability of financial system'
14 Sep: Worst crisis for 20 years, say banks
14 Sep: One man's debt is the whole world's burden
13 Sep: First the credit crunch... now the spending squeeze
13 Sep: UK Chancellor attacks banks' reckless lending
13 Sep: Dollar's retreat raises fear of collapse
11 Sep: Dollar hits fresh 15 year low
7 Sep: Dollar & US stocks tumble as huge credit crunch looms
6 Sep: Is China quietly dumping US treasuries?
4 Sep: It's costing more than base rate for banks to borrow!
4 Sep: Barclays urges BoE to bail out money markets
3 Sep: Fed urged to cut rates or face recession
2 Sep: There's no black hole at Barclays, insists boss
2 Sep: Credit turmoil 'has hallmarks of bank run'
29 Aug: China seeks higher return on \$1.33 tn currency reserves
17 Aug: "Shares to fall further, banks will go bust"
15 Aug: Funds struggle to cope as investors dash for cash
14 Aug: CEO confidence at 5 year low
10 Aug : FTSE 100 fall is its worst in over four years
10 Aug: Market turmoil - views from the floor
10 Aug: World markets reel as contagion spreads
9 Aug: China threatens to trigger US dollar crash
9 Aug: Central banks bail out cash strapped lesser banks
6 Aug: The global stock markets meltdown is now underway
1 Aug : panic hits global markets - FTSE 100 drops further 2%
27 Jul: FTSE drops 3.2% - the worst one-day slide in 4 years
24 July: Anecdotal evidence that stock market crash is imminent
24 July: Morgan Stanley predict major stock market correction
23 July: Despair as money transfer firm collapses
19 July: Hedge funds have worrying sub-prime exposure?
9 July: Rating agencies hyped bonds backed by sub-prime
6 July: Shift of risk to pension funds fed reckless lending

- 29 June: Bank of England warns of risks of too leveraged lending
- 27 June: This boom has 80s echoes. We know how that ended
- 26 June: The trouble with interest-only mortgages
- 25 June: BIS warns of Great Depression dangers
- 20 June: Monetary Policy Committee figures it out (Sect. 14-16)