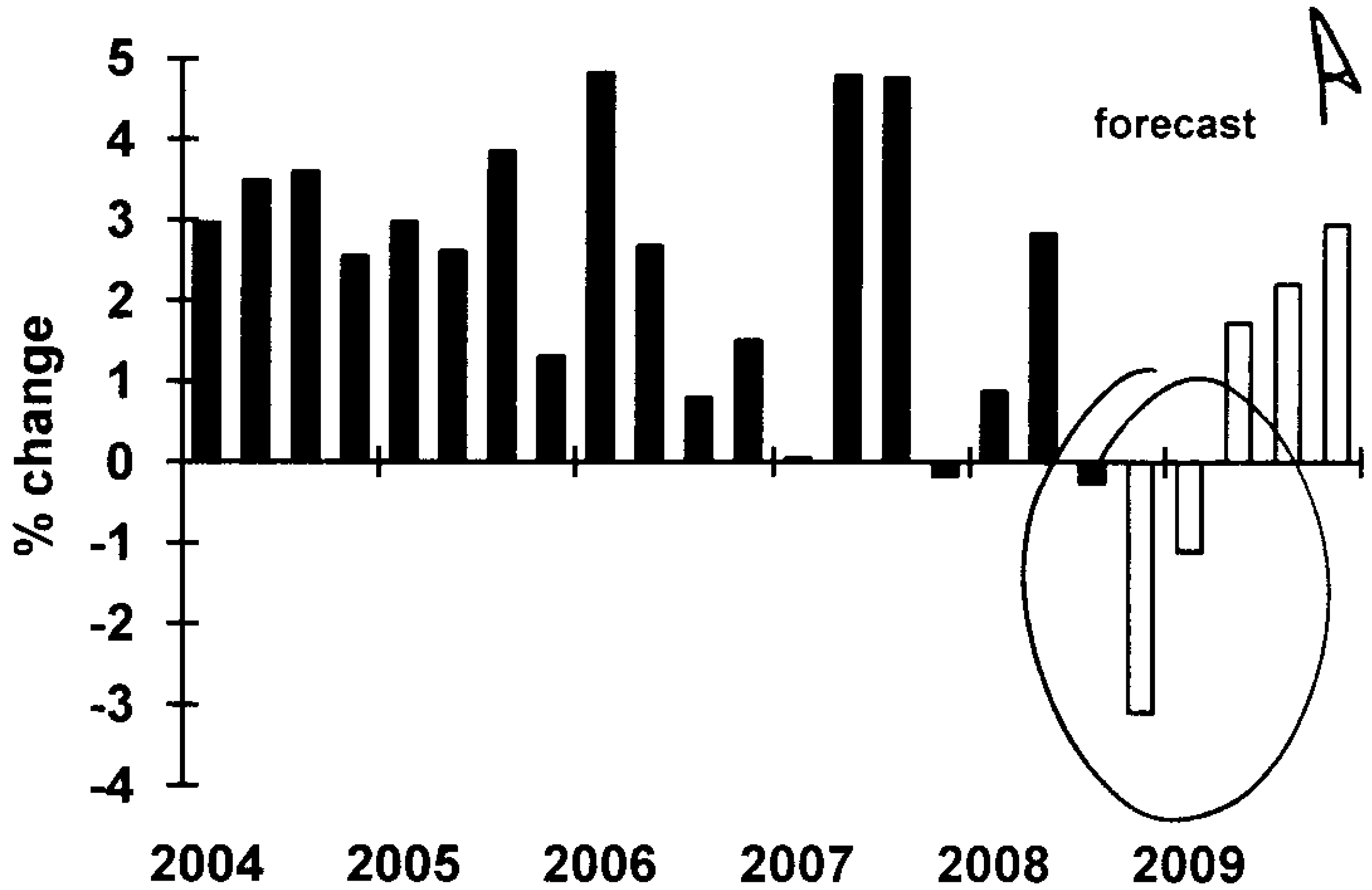
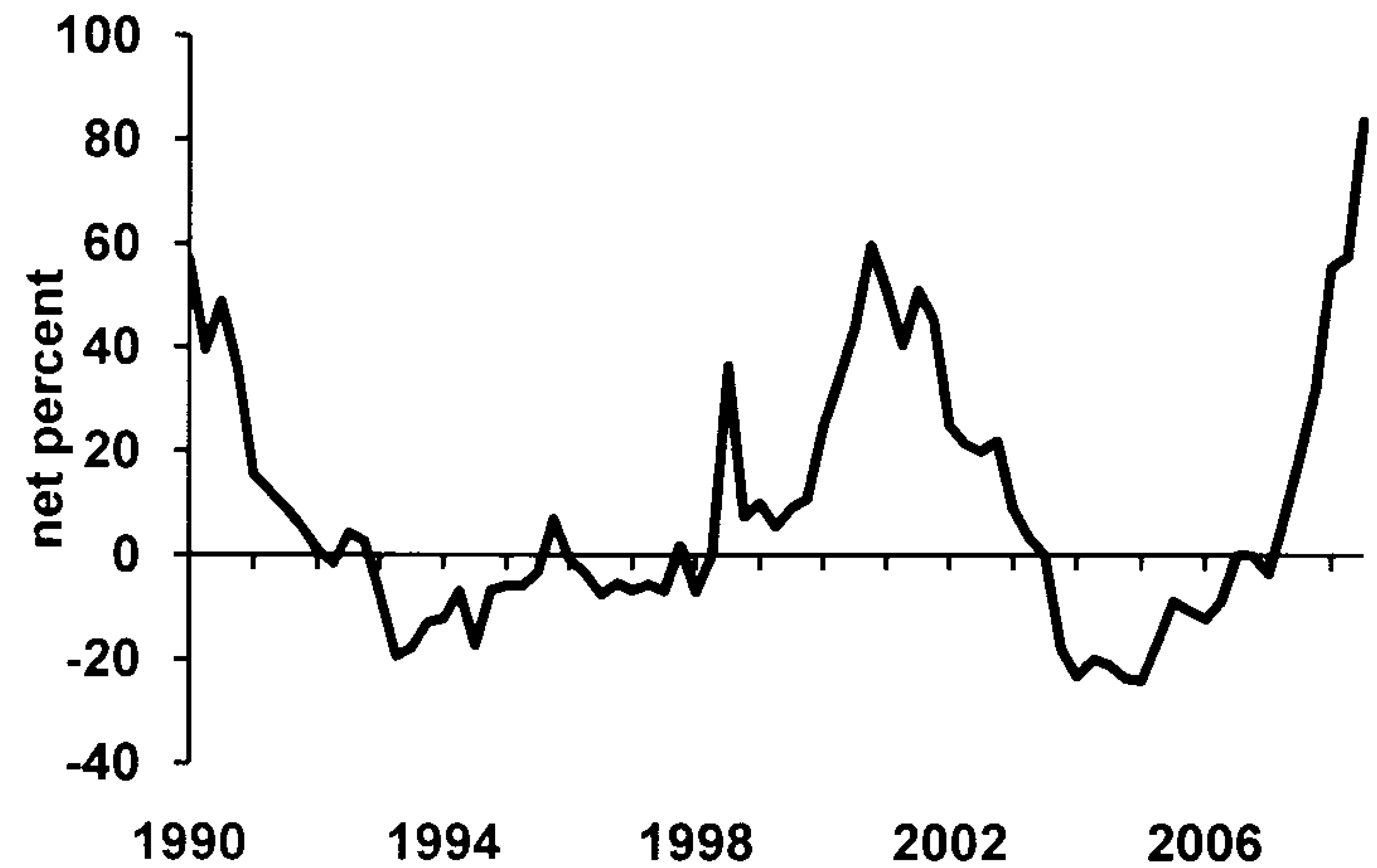
GDP Growth
Inflation Adjusted



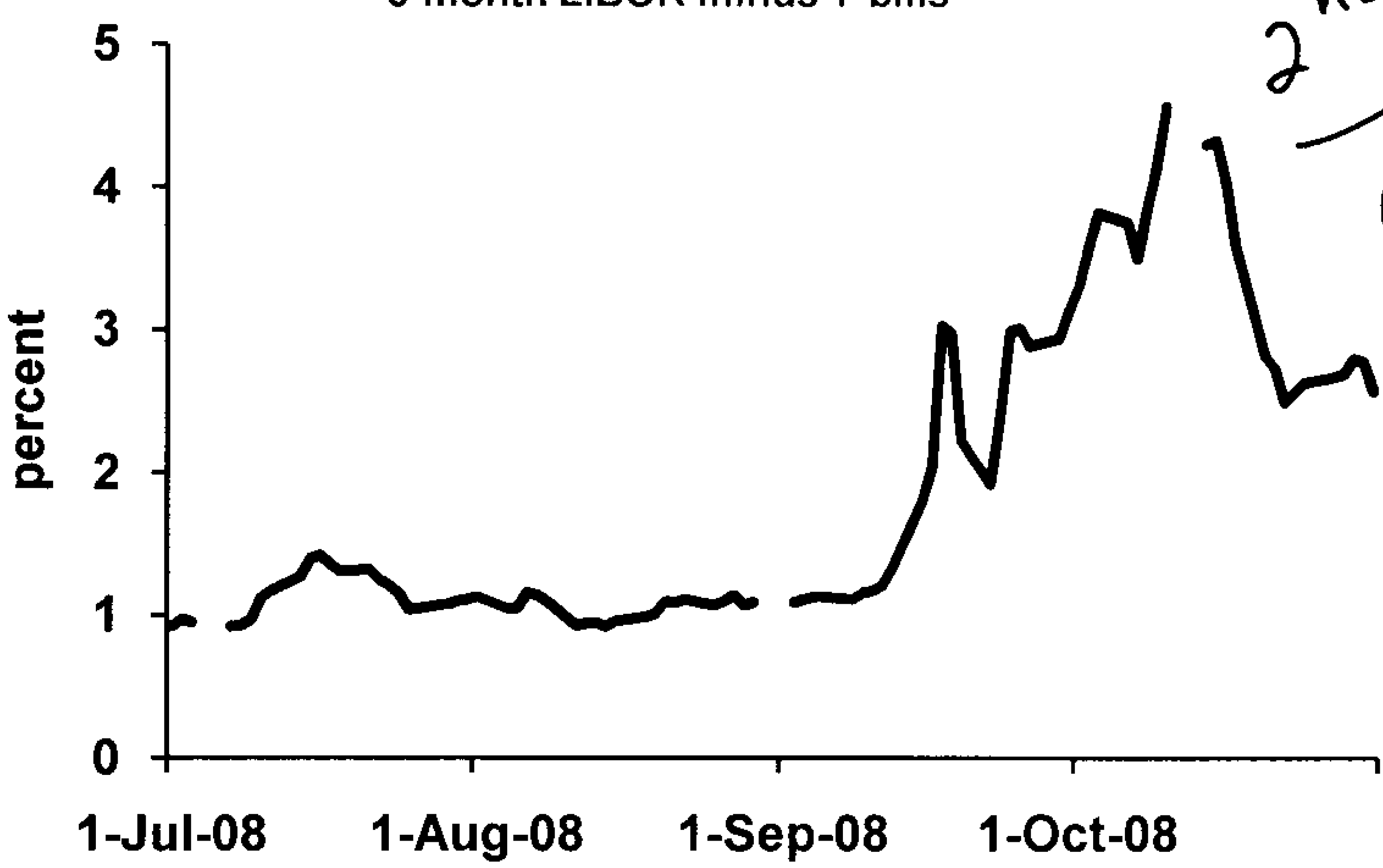
A recession until spring

Banks Tightening Credit
for Commercial & Industrial Loans



1st reason for credit crunch

TED Spread
3-month LIBOR minus T-bills



2nd reason
Cost of money for banks has shot up

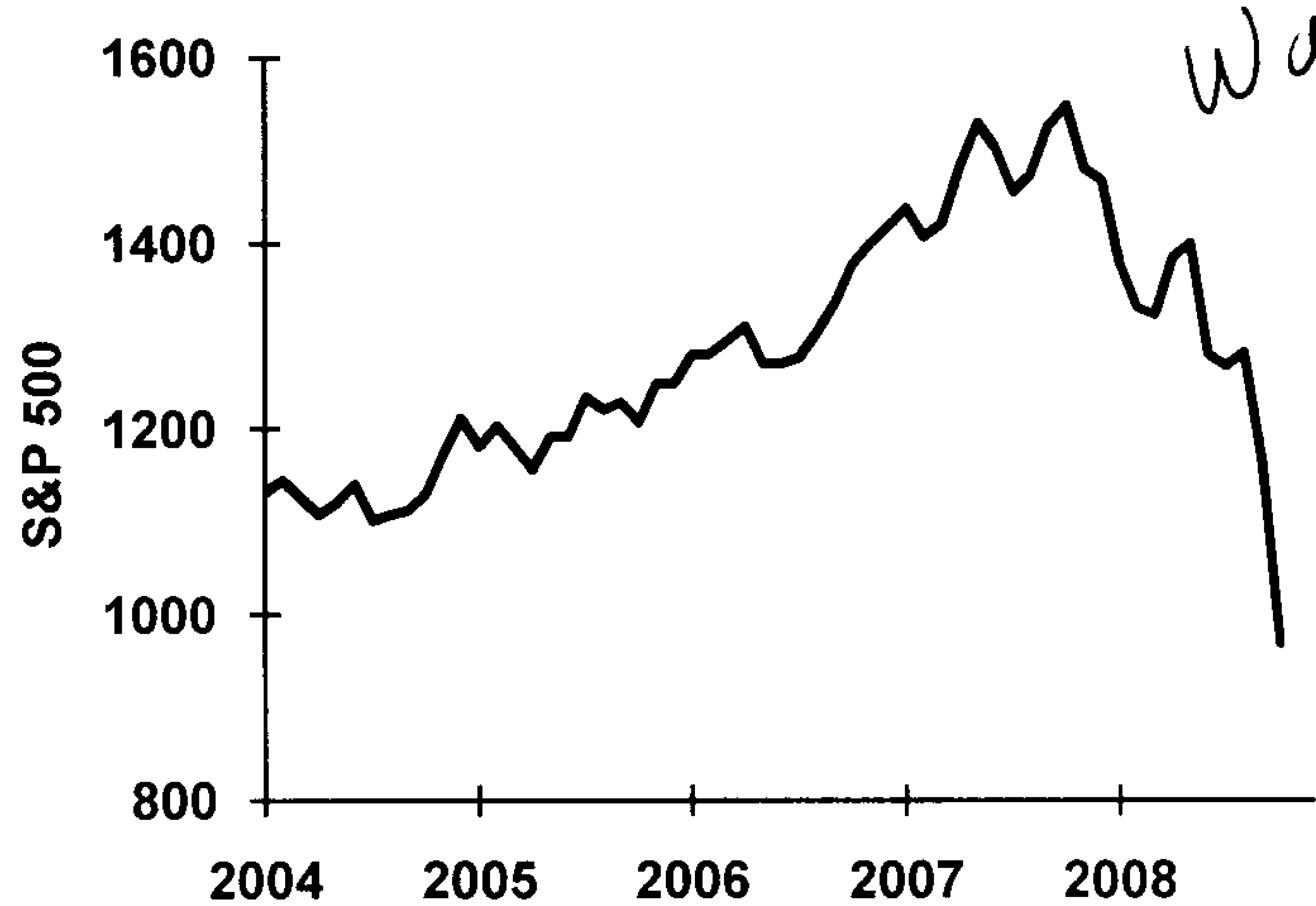
Commercial Banks

3rd reason

	percent of assets as of June 30
Core capital	7.9
needed to be "well capitalized"	6.0
Real estate loans	36.0
Mortgage backed securities	9.9

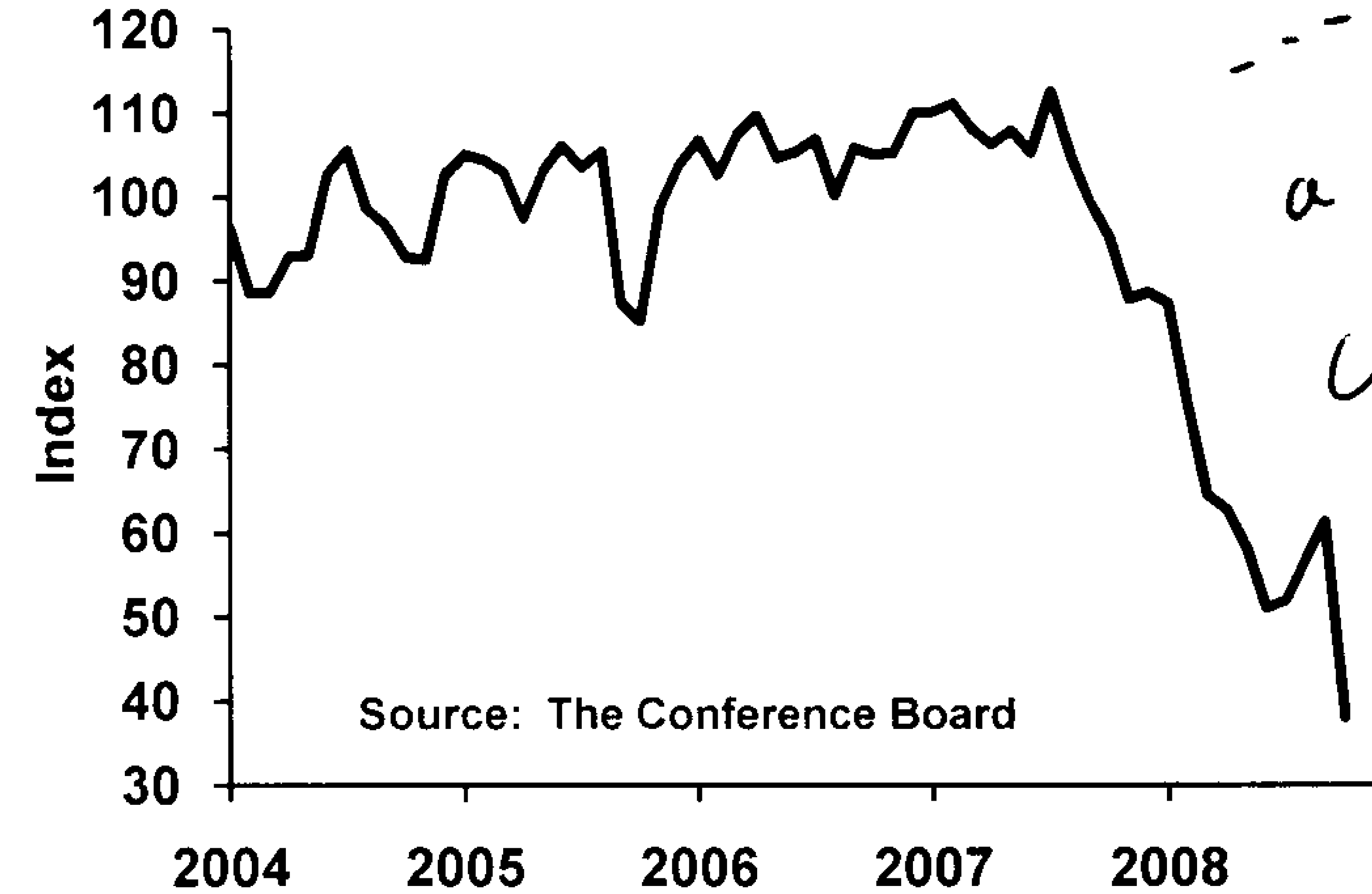
since end of quarter 2, bank capital has fallen

Stock Market



Wall Street's collapse ---

Consumer Confidence



--- has taken a toll on consumer attitudes.

How Will We Recover?

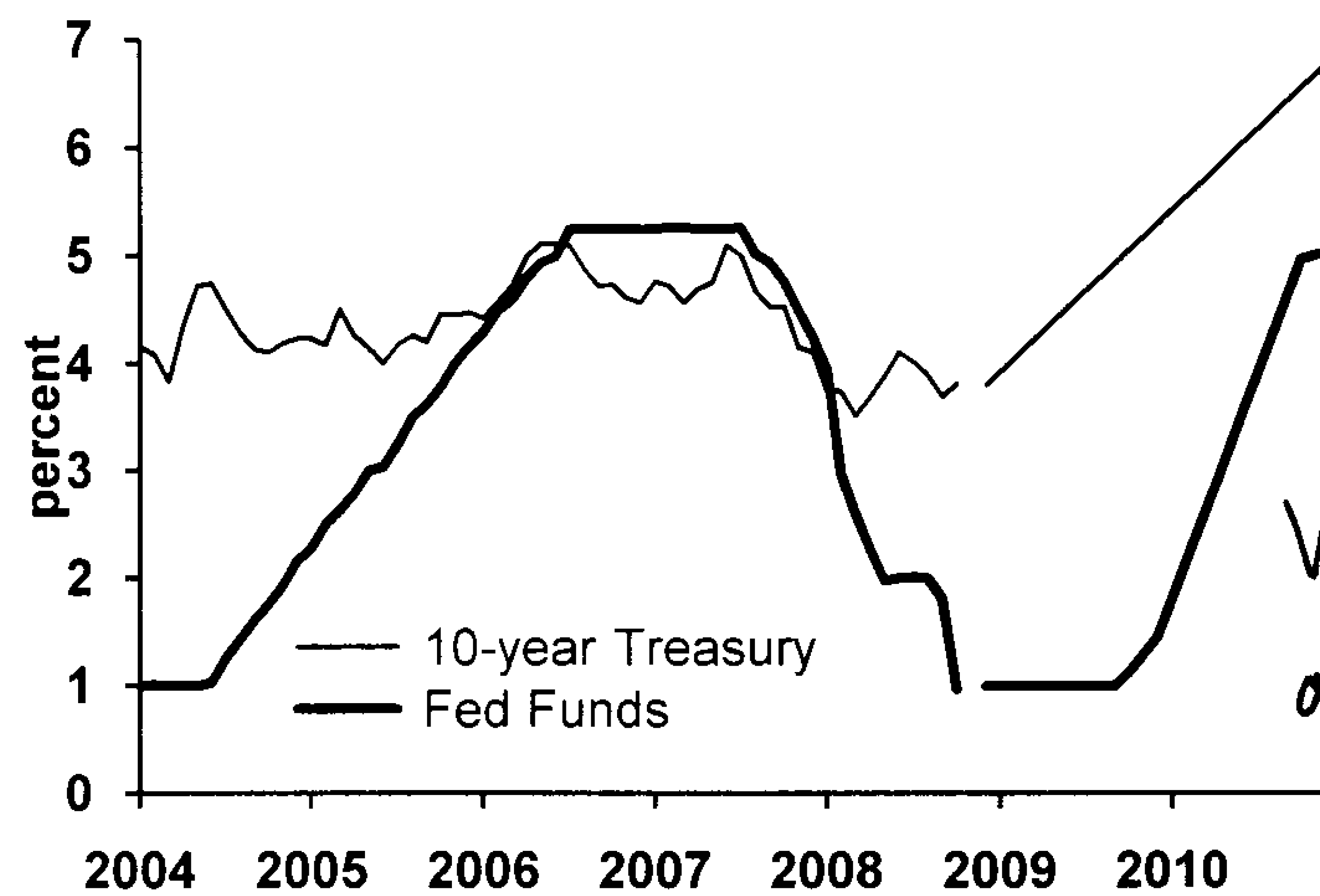
1 Monetary policy very stimulative now.
(But remember the time lag: 6 to 12 months)

2 Bailout plan provides liquidity, capital to banks
(but banker attitudes will take some time to change)

3 After consumers cut back spending for a few months
money will burn holes in pockets

4 Exports, especially to Asia, will continue strong

Interest Rates



In a year's time, the Fed will have to absorb the liquidity they've been spreading around.