Mortgage Meltdown: The Saga Continues

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The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
The U.S. economy is in recession.

Real GDP Growth

Annualized percent change from previous quarter

Source: Bureau of Economic Analysis and Blue Chip Economic Indicators
Aggregate demand will need to rebound.

Personal Consumption Expenditures

Annualized percent change from previous quarter

Source: Bureau of Economic Analysis and Blue Chip Economic Indicators
Will World Growth Rebound as Expected?

World GDP Growth

Annual Percent Change

Source: International Monetary Fund, October 2008
Total Employment Growth
(October 2007 to October 2008)

Source: BLS

-1.0% to -3.0%
-0.5% to -0.9%
-0.4 to 0%
0.1% to 1.0%
1.1% to 3.3%

FEDERAL RESERVE BANK OF KANSAS CITY
Regional, Public, and Community Affairs
U.S. Single-Family Home Price Appreciation  
(Percent change 2007:Q1 to 2008:Q3)

Source: OFHEO

FEDERAL RESERVE BANK OF KANSAS CITY  
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Photos courtesy of USDA
Rural areas are fairing better than their metro peers.

Metro and Non-Metro Employment Growth

Annual Percent Change (three month moving average)

Source: BLS
Rural Home Price Appreciation since Q1:2007
(Existing Single-Family Homes)

Source: OFHEO
Rural areas have fewer foreclosures and are further along in resets.

Total Subprime Loans (as of April 2008)

- Currently in Foreclosure
- 90+ Days Delinquent

Subprime ARM Loans (as of April 2008)

- Already Reset
- 0-11 months
- 12-23 months
- 24+ months

Source: Federal Reserve Board of Governors
Falling Asset Prices and High Debt Levels are a Recipe for Bankruptcy.

Domestic Business Debt Outstanding

Source: Federal Reserve Board of Governors
Financial market stress remains elevated.

LIBOR-OIS Spread

Basis Points

Source: Federal Reserve Board of Governors
Federal Reserve Bank of Kansas City
Omaha Branch

Presentation available at
www.kansascityfed.org/omaha