

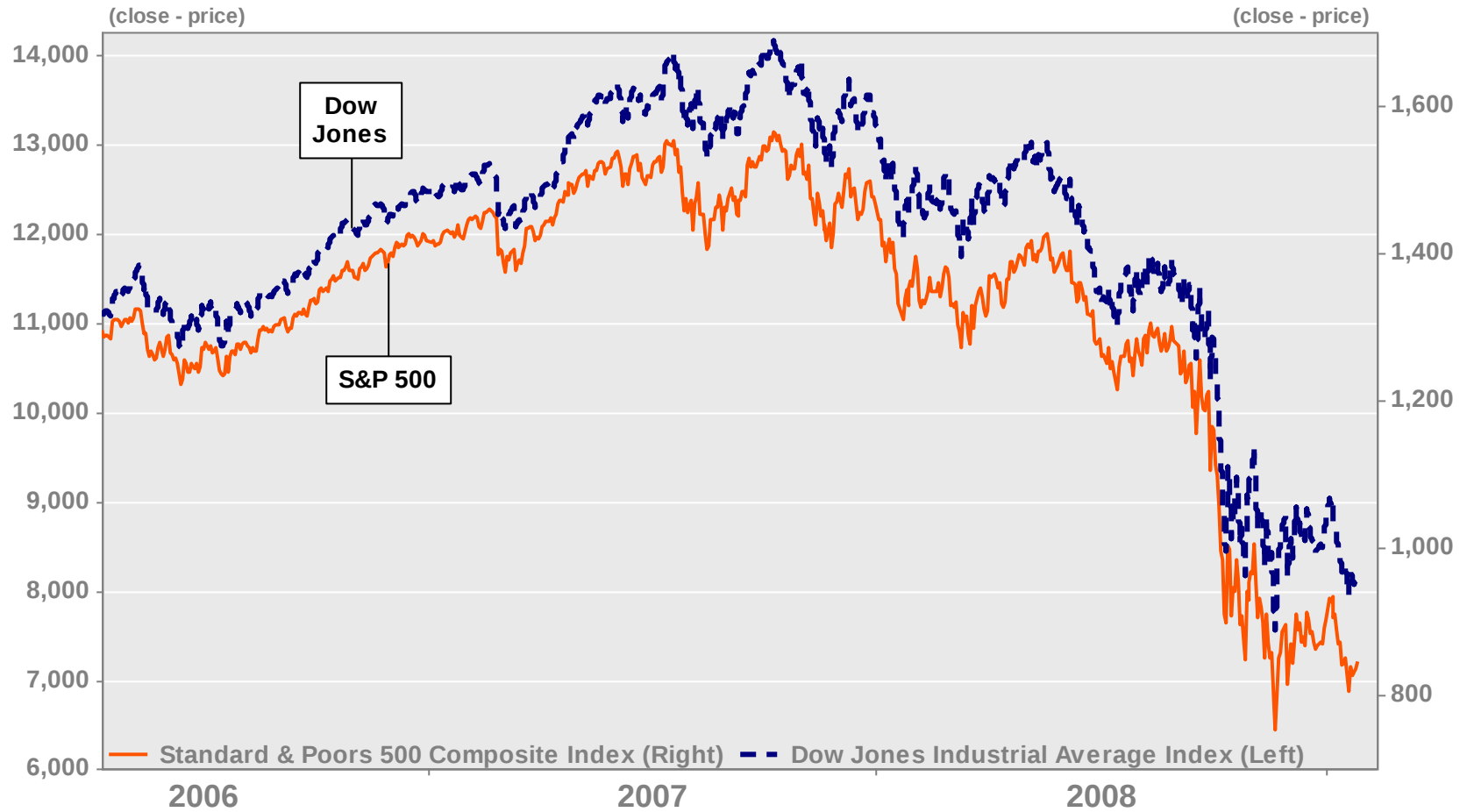
The World Economic & Financial System: Risks & Prospects

Prof. Jacob A. Frenkel

Vice Chairman AIG, Chairman G30

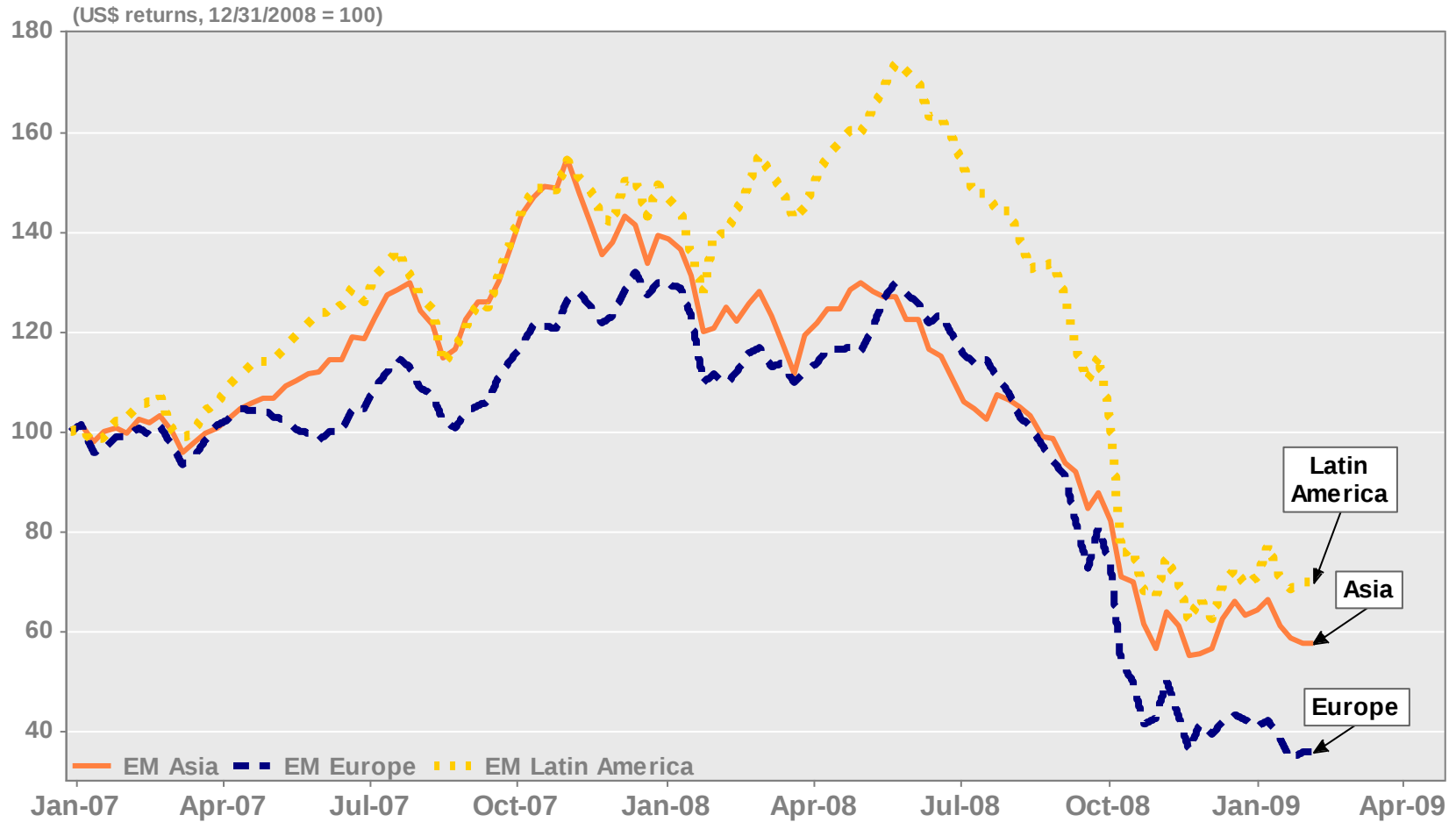
Former Governor, Bank of Israel

Global Equity Markets



Source: Bloomberg, Market Data, Last Update Jan 27 2009

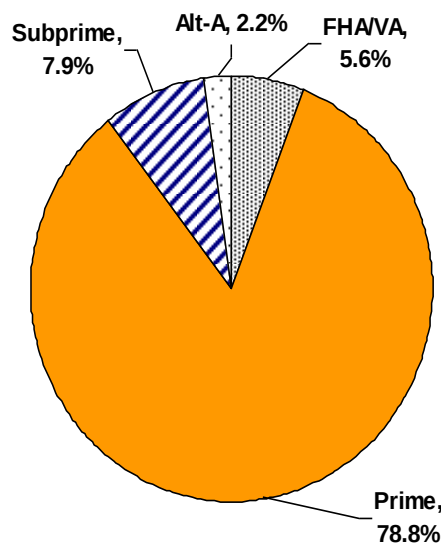
Global Equity Markets



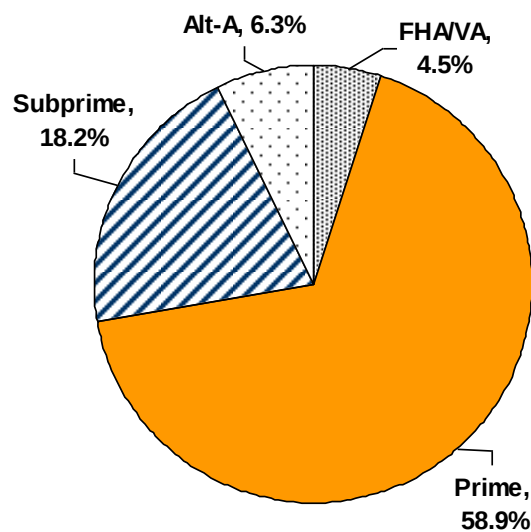
Source: Bloomberg, Market Data, Last Update Jan 27 2009

U.S. Mortgage Market: 2003-2005

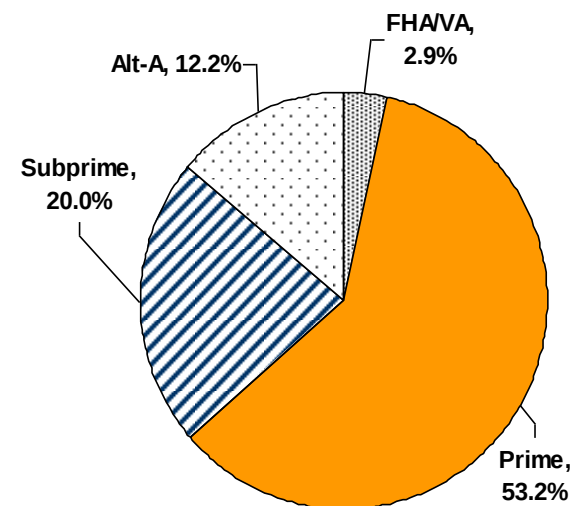
2003



2004



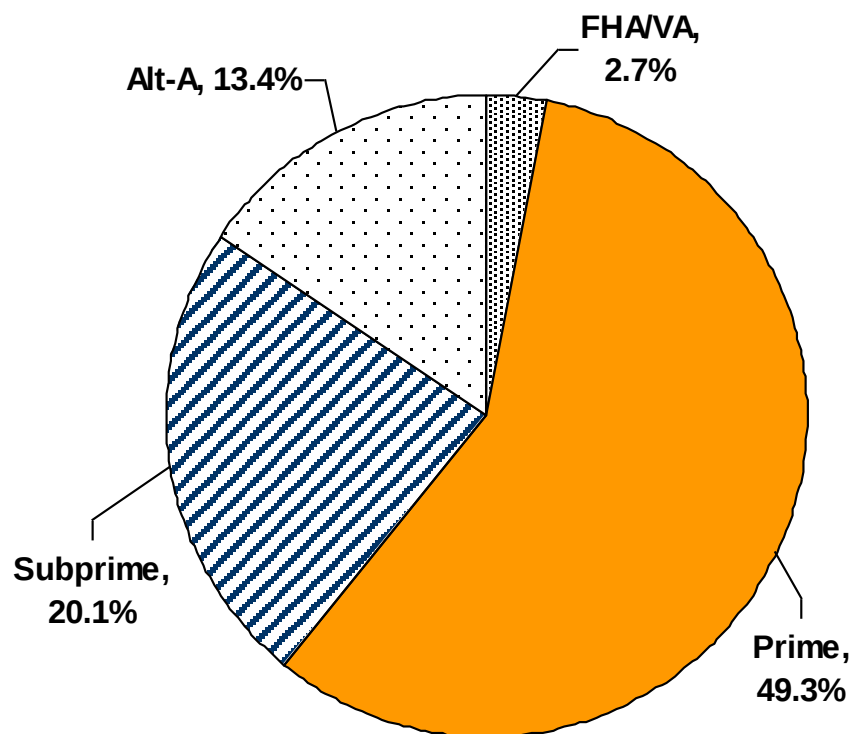
2005



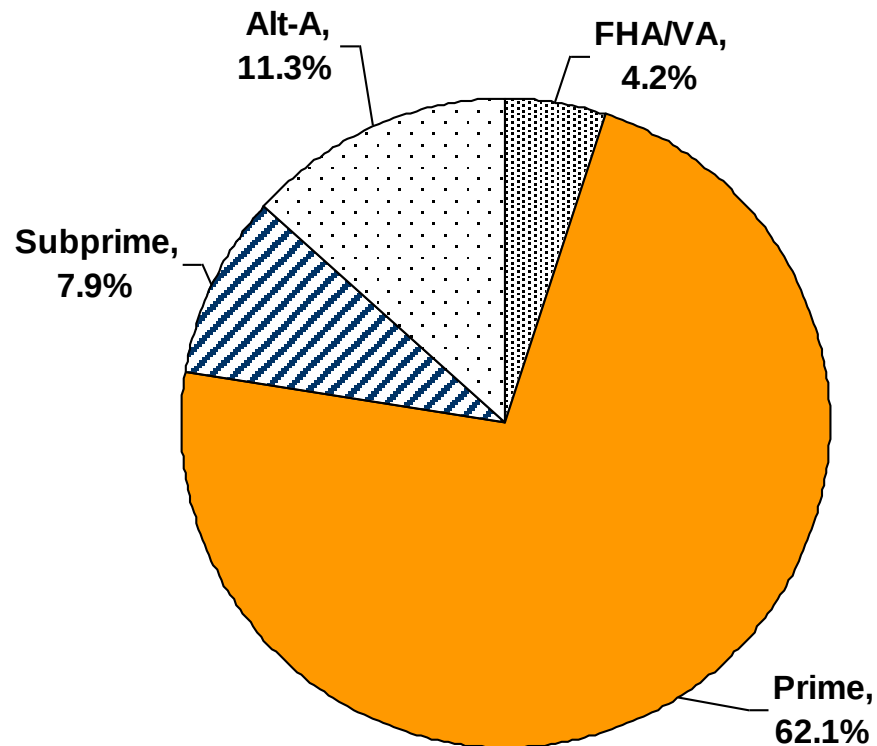
Source: Inside Mortgage Finance, Last update February 8, 2008

U.S. Mortgage Market: 2006-2007

2006

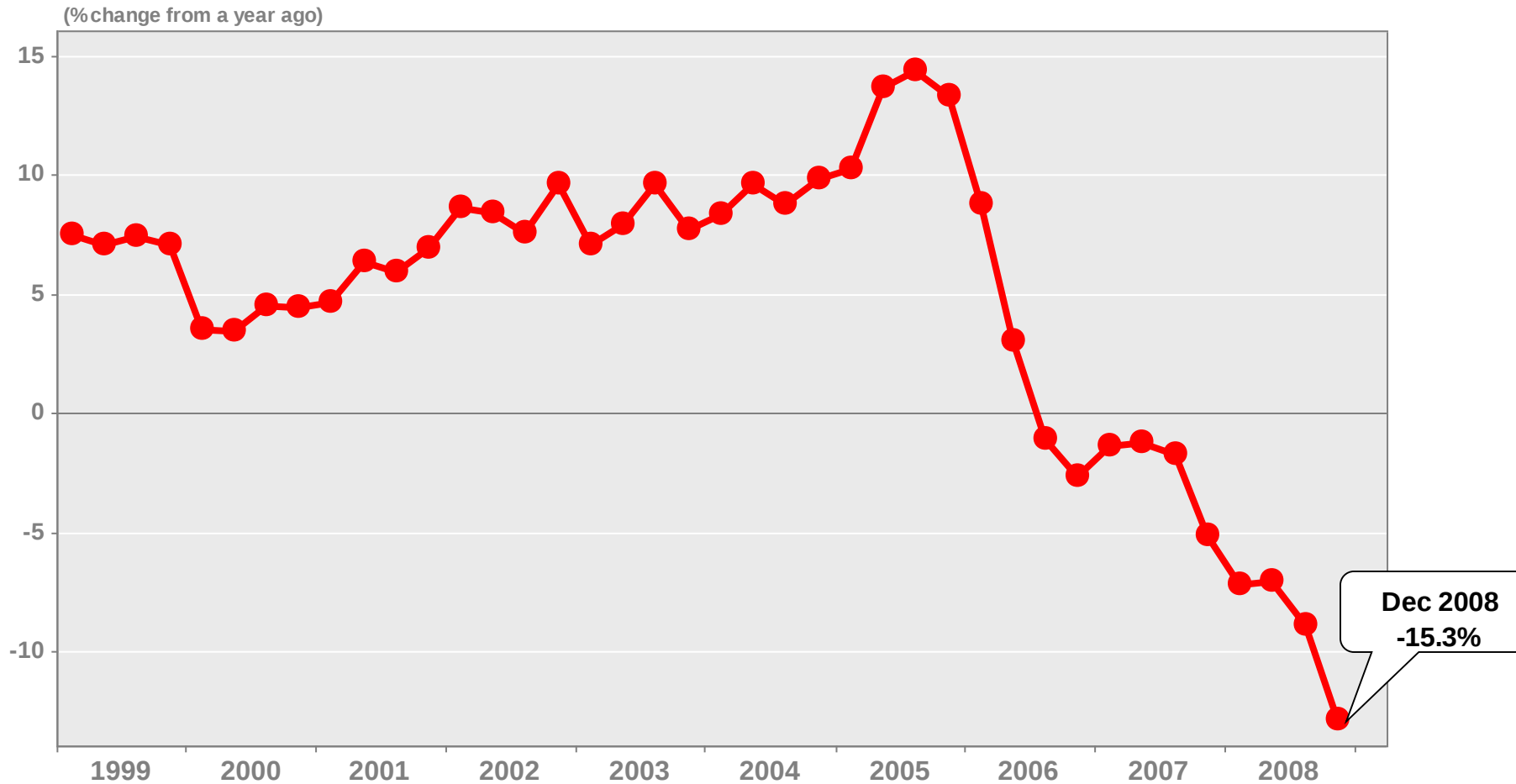


2007



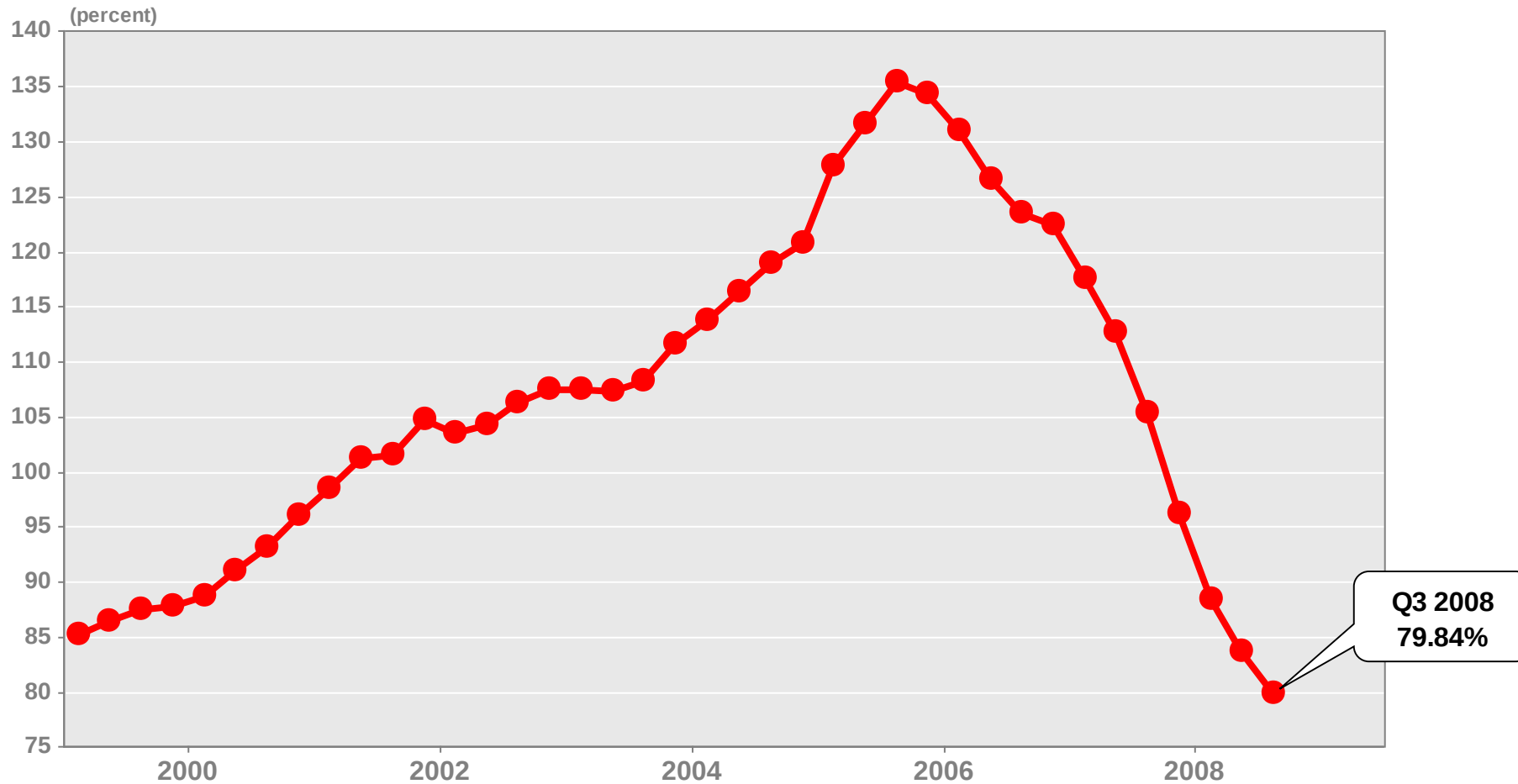
Source: Inside Mortgage Finance, Last update February 8, 2008

Changes in U.S. Home Prices



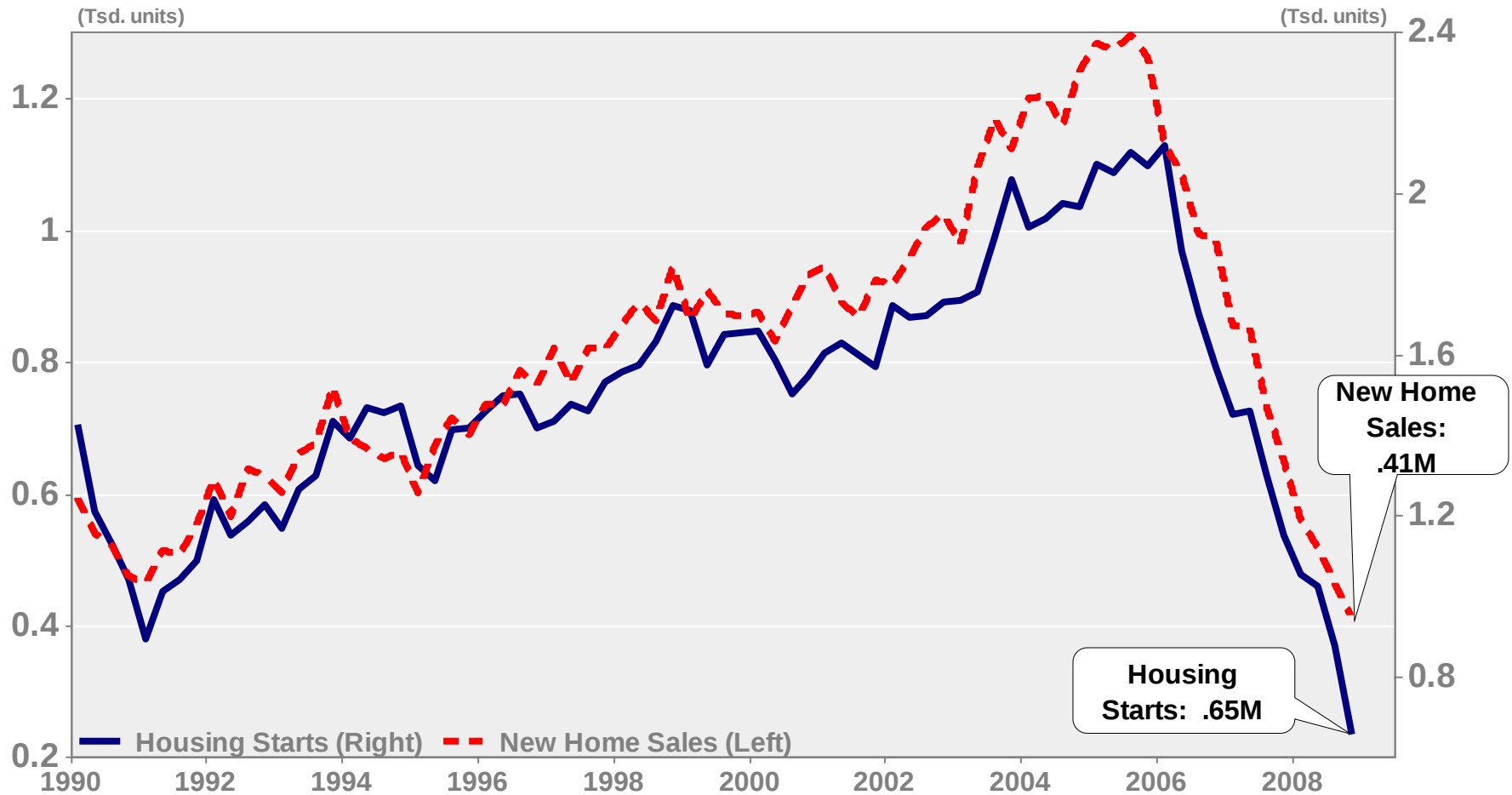
Source: Nat'l Association of Realtors, quarterly averages, last observation 12/2008

U.S. Household Real Estate Wealth



Source: Federal Reserve, last observation Q3/2008

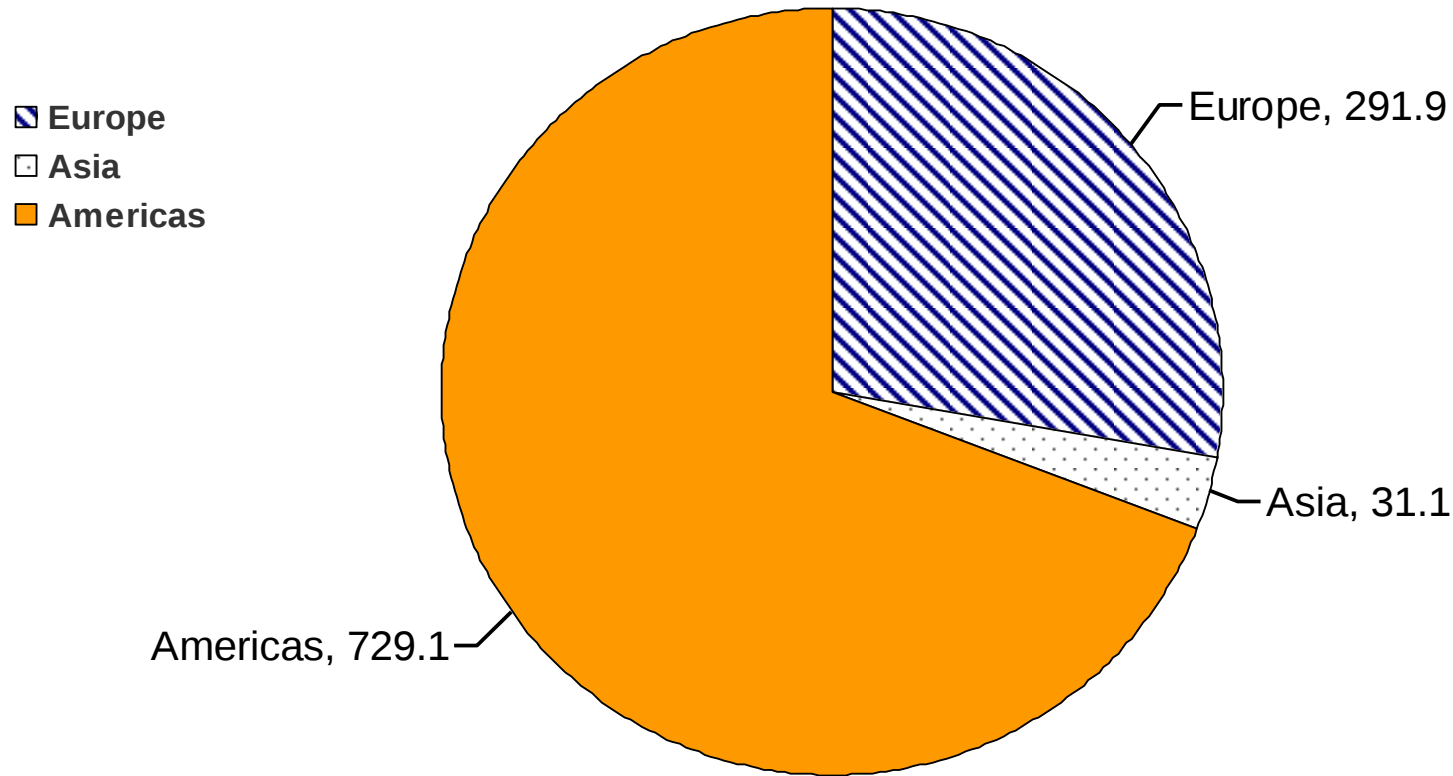
U.S. New Home Sales and Housing Starts



Source: US Dpt. Commerce, Nat'l Assoc. of Realtors, quarterly avg., last observation 11/2008 (Sales), 12/2008 (Starts)

Credit Market Losses: All Financials (bill. Usd)

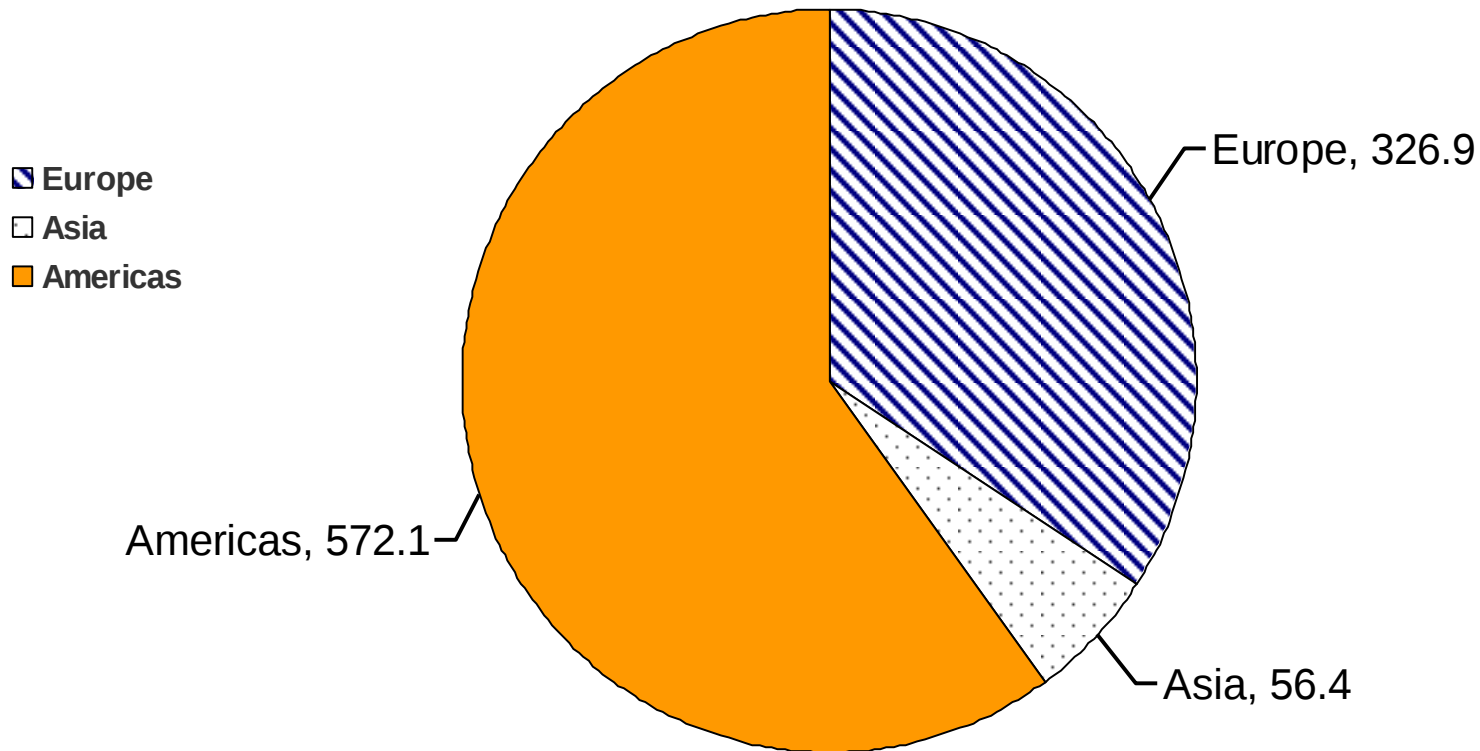
Credit Turmoil Losses Since Beginning of 2007



Source: Bloomberg, Quarterly, Last update Jan 9, 2009

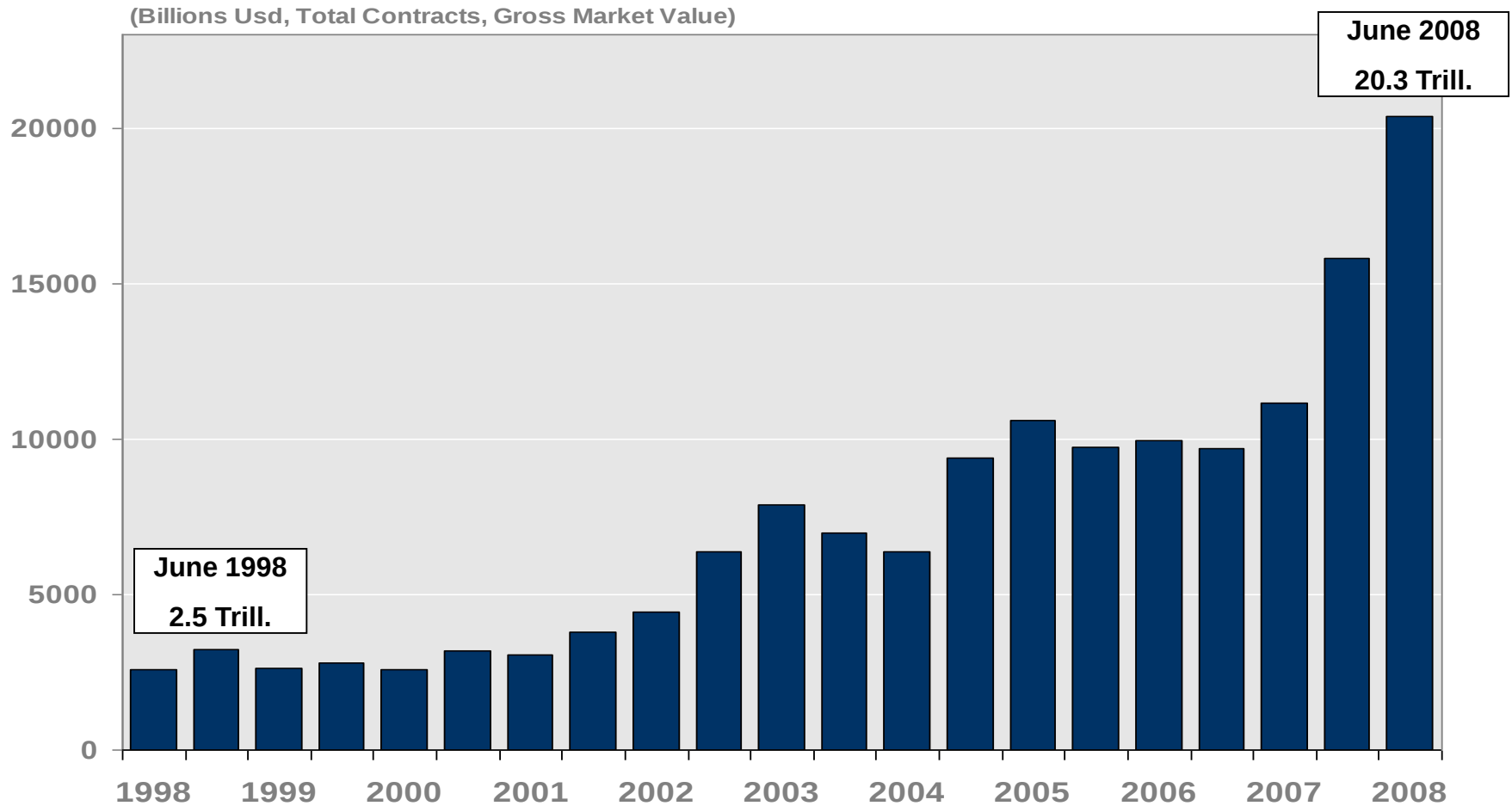
Capital Raised: All Financials (bill. Usd)

Capital Raised Since Beginning of 2007



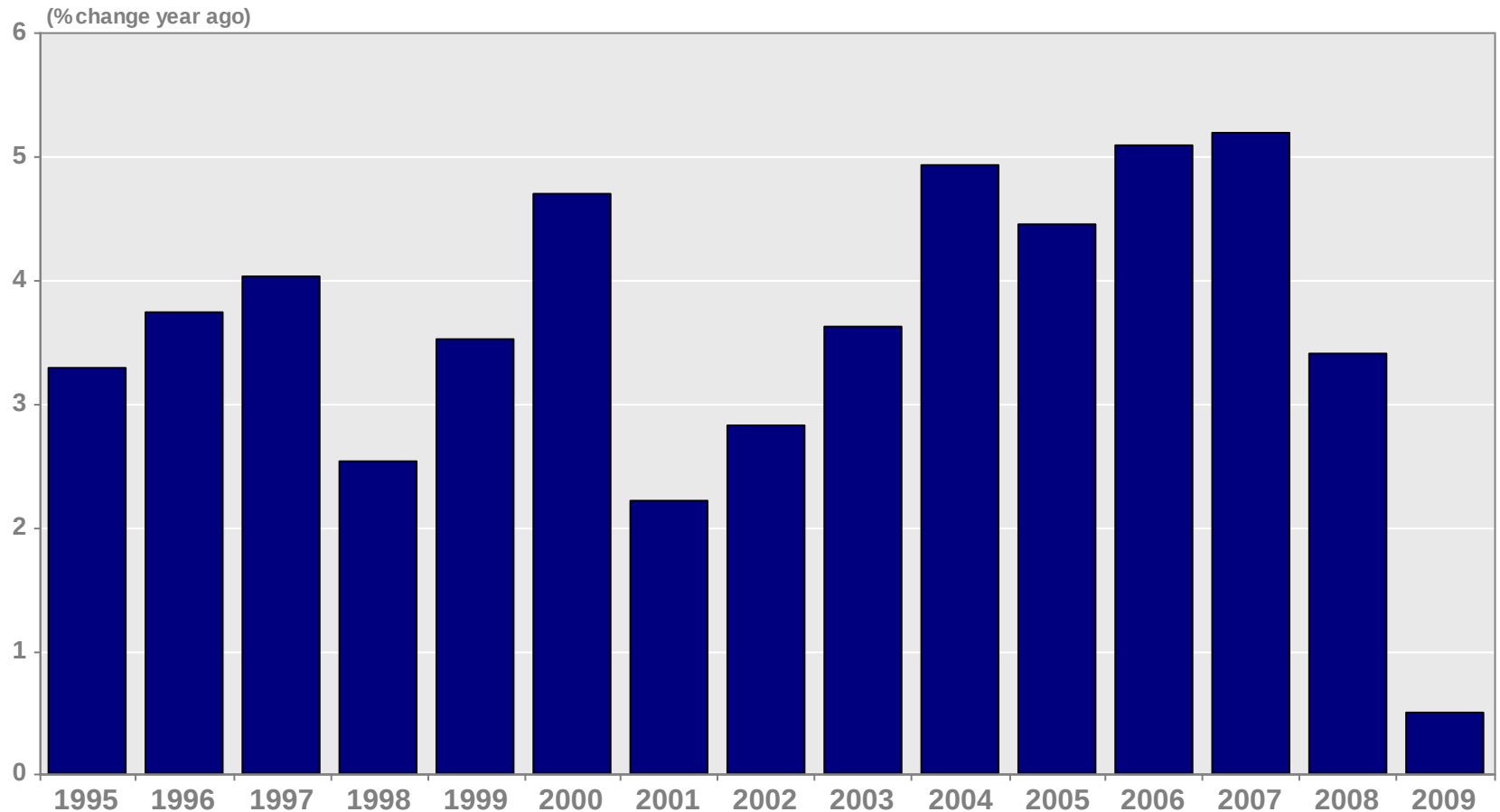
Source: Bloomberg, Quarterly, Last update Jan 9, 2009

Size of the Derivatives Markets



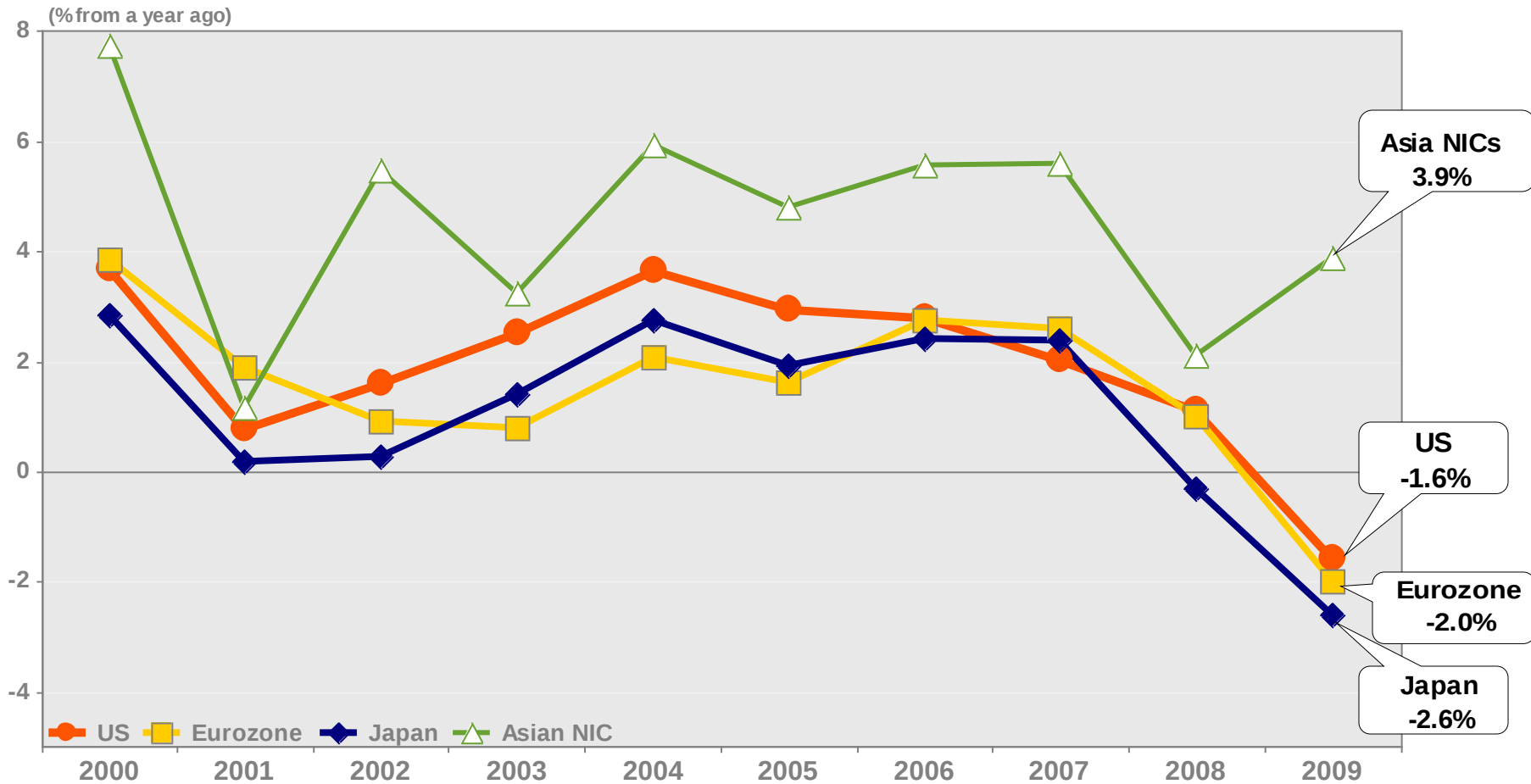
Source: BIS, 6 month levels, Last Observation Jun 2008

Global GDP Growth (%)



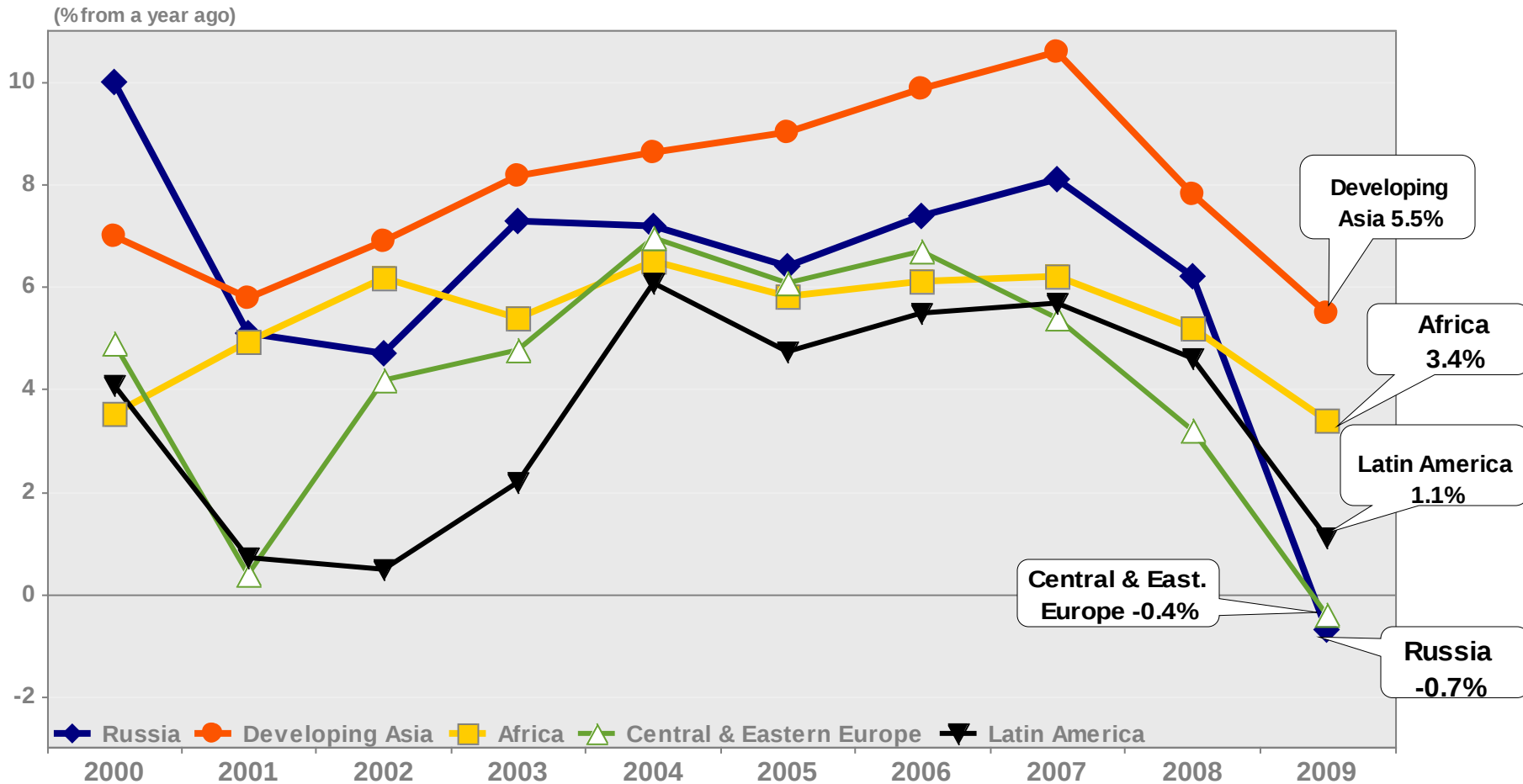
Source: IMF, av. Annual growth rates, last update Jan 28 2009, WEO (2008 Estimate, 2009 forecast)

Real GDP Growth (%) Industrial Countries



Source: IMF, av. Annual growth rates, last update Jan 28 2009, WEO (2008 Estimate, 2009 forecast)

Real GDP Growth (%) Developing Countries



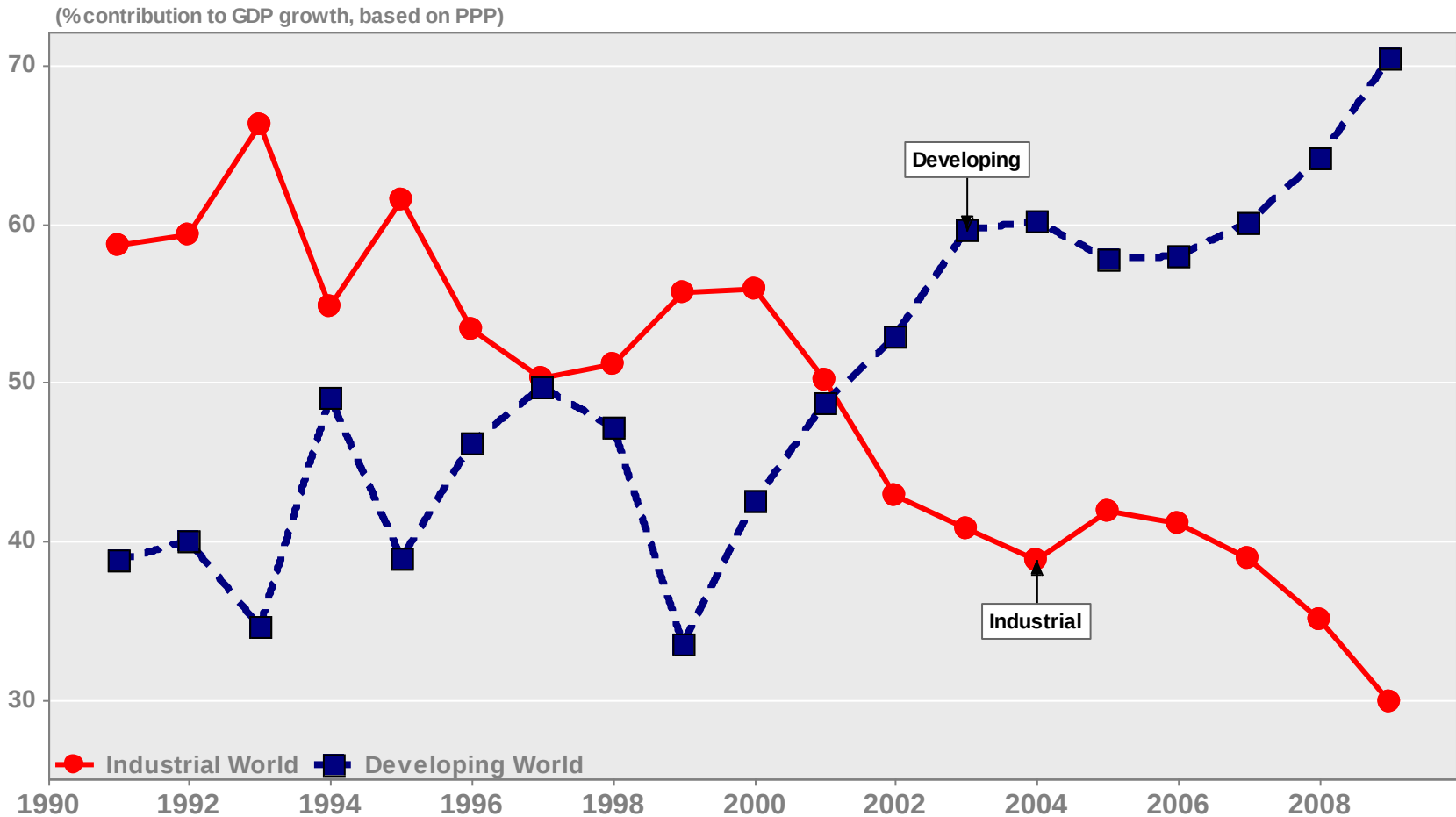
Source: IMF, av. Annual growth rates, last update Jan 28 2009, WEO (2008 Estimate, 2009 forecast)

Real GDP Growth (%) World Economy

Country	2003	2006	2007	2008	2009
<i>World</i>	3.6	5.1	5.2	3.4	0.5
<i>Industrial Countries</i>	1.9	3.0	2.7	1.0	-2.0
<i>Developing Countries</i>	6.3	7.9	8.3	6.3	3.3

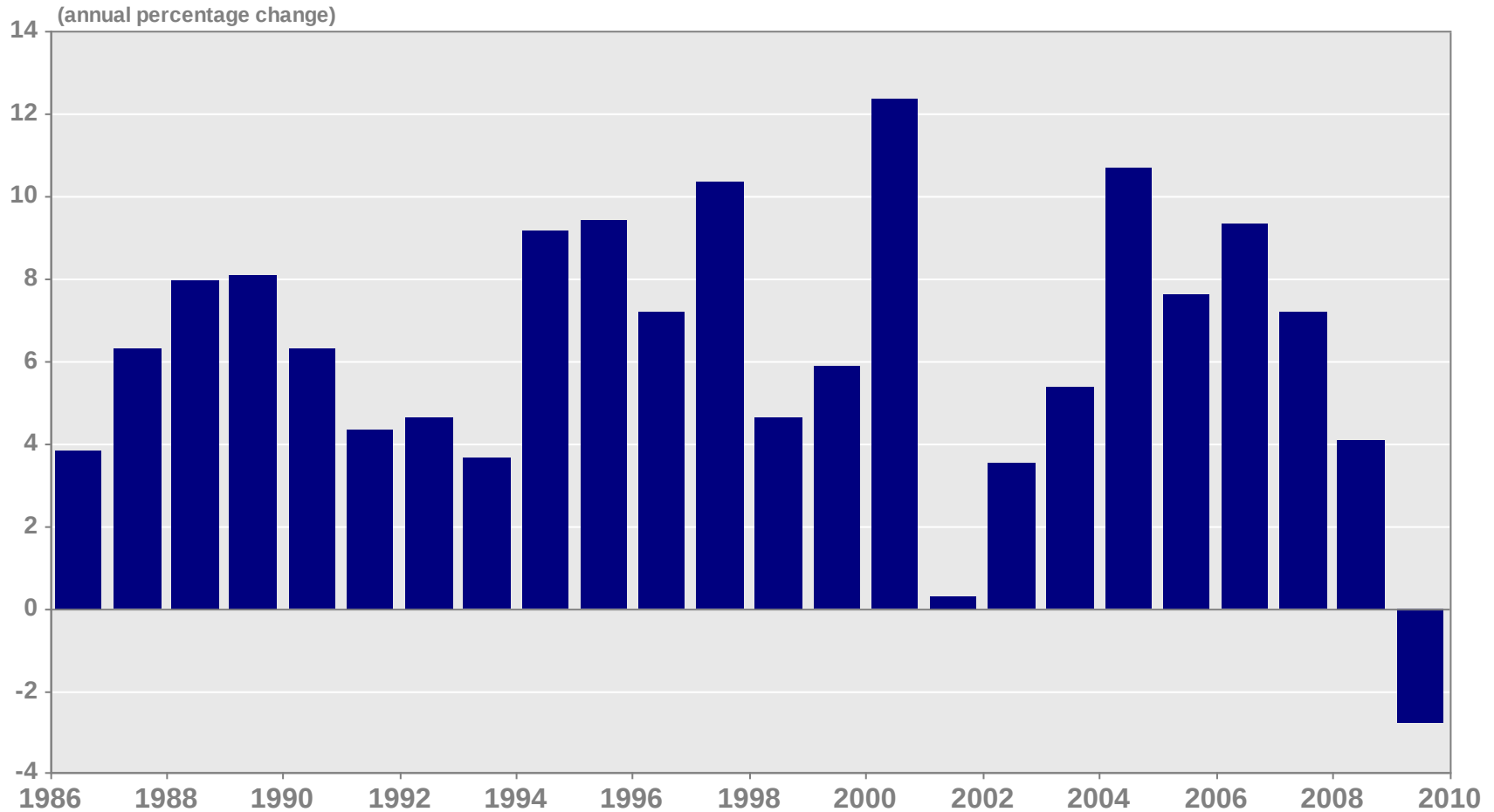
Source: IMF, av. Annual growth rates, last update Jan 28 2009, WEO (2008 Estimate, 2009 forecast)

Global Growth Contributions



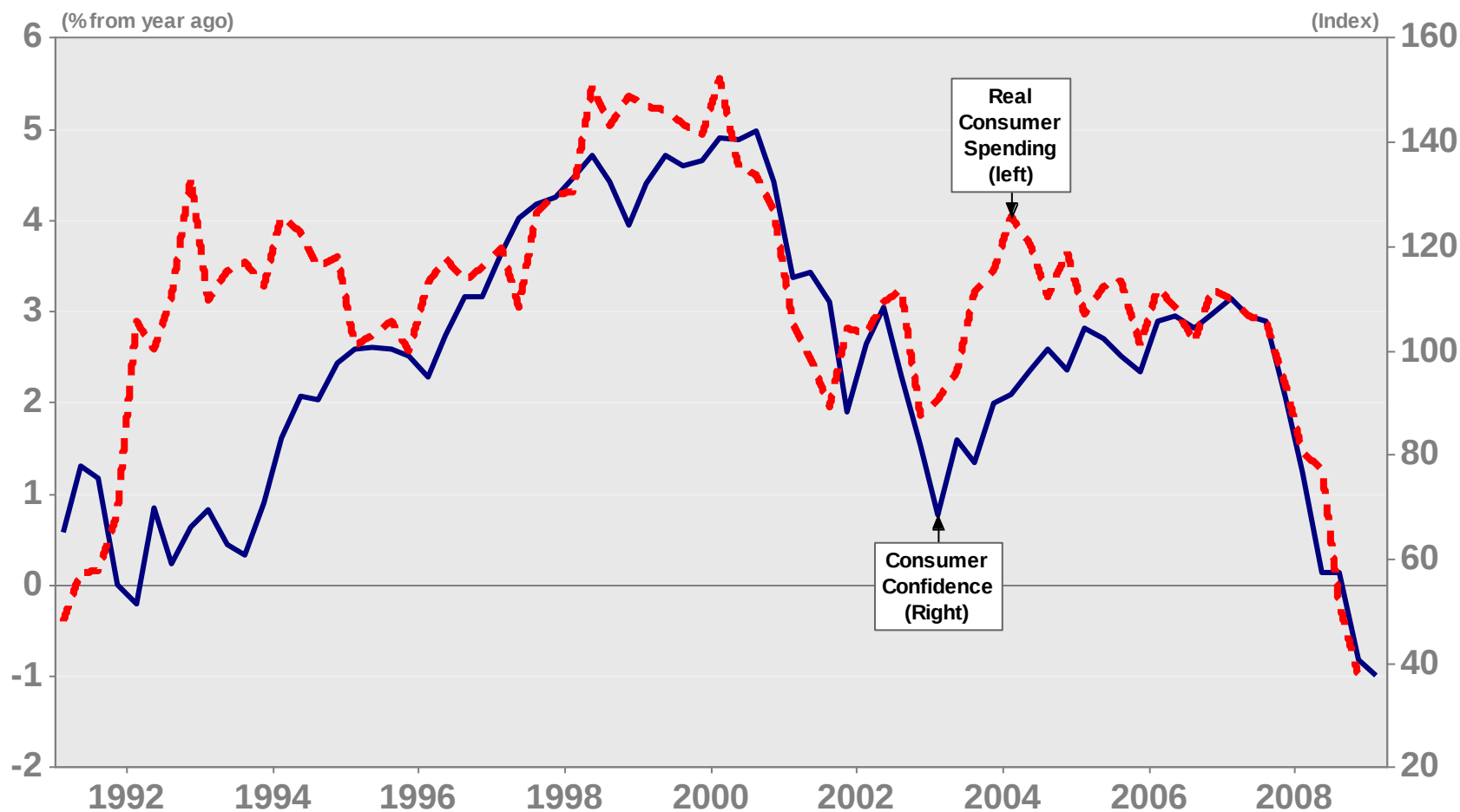
Source: IMF, av. annual growth rates, last update October 9 2008

World Trade Volume (annual change)



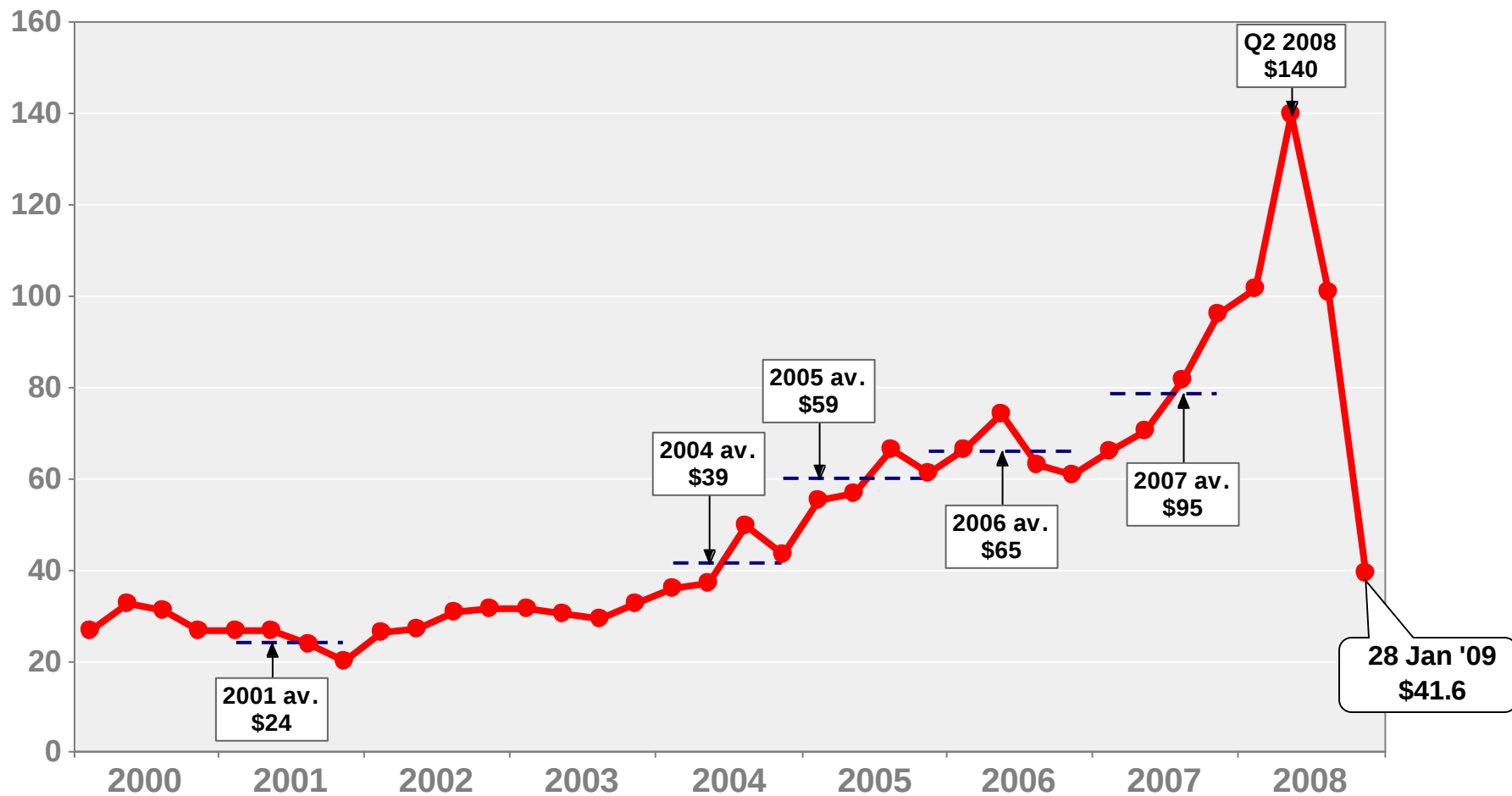
Source: IMF, av. Annual growth rates, last update Jan 28 2009, WEO (2008 Estimate, 2009 forecast)

U.S. Consumer Confidence and Spending



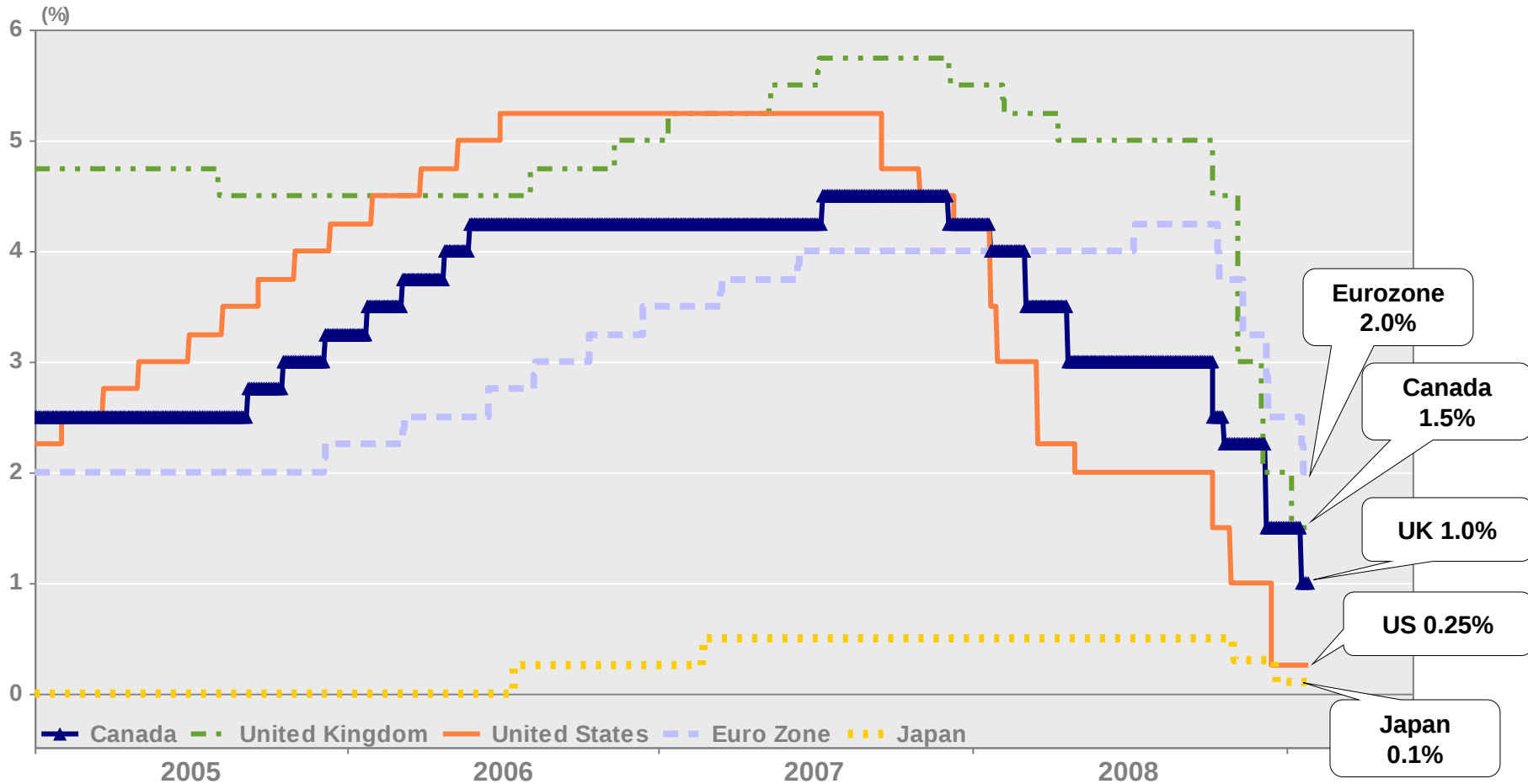
Source: Conference Board, BEA, Qrtly averages; last observation Consumer Spending (11/08), consumer confidence (1/2009)

Oil Price per Barrel



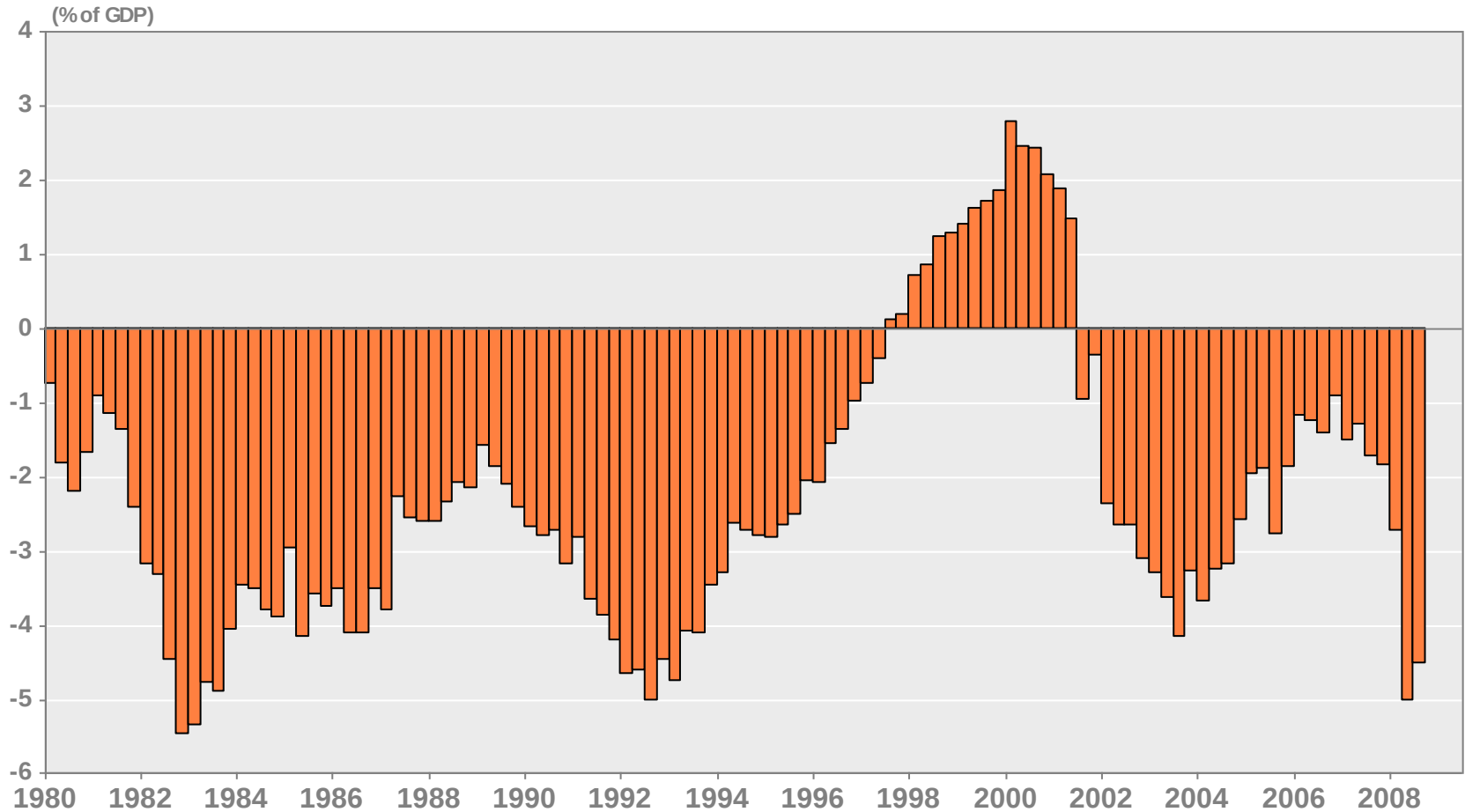
Source: Reuters, Gold, USD/troy oz, Last observation Jan 28 2009

Coordinated Global Rate Cuts



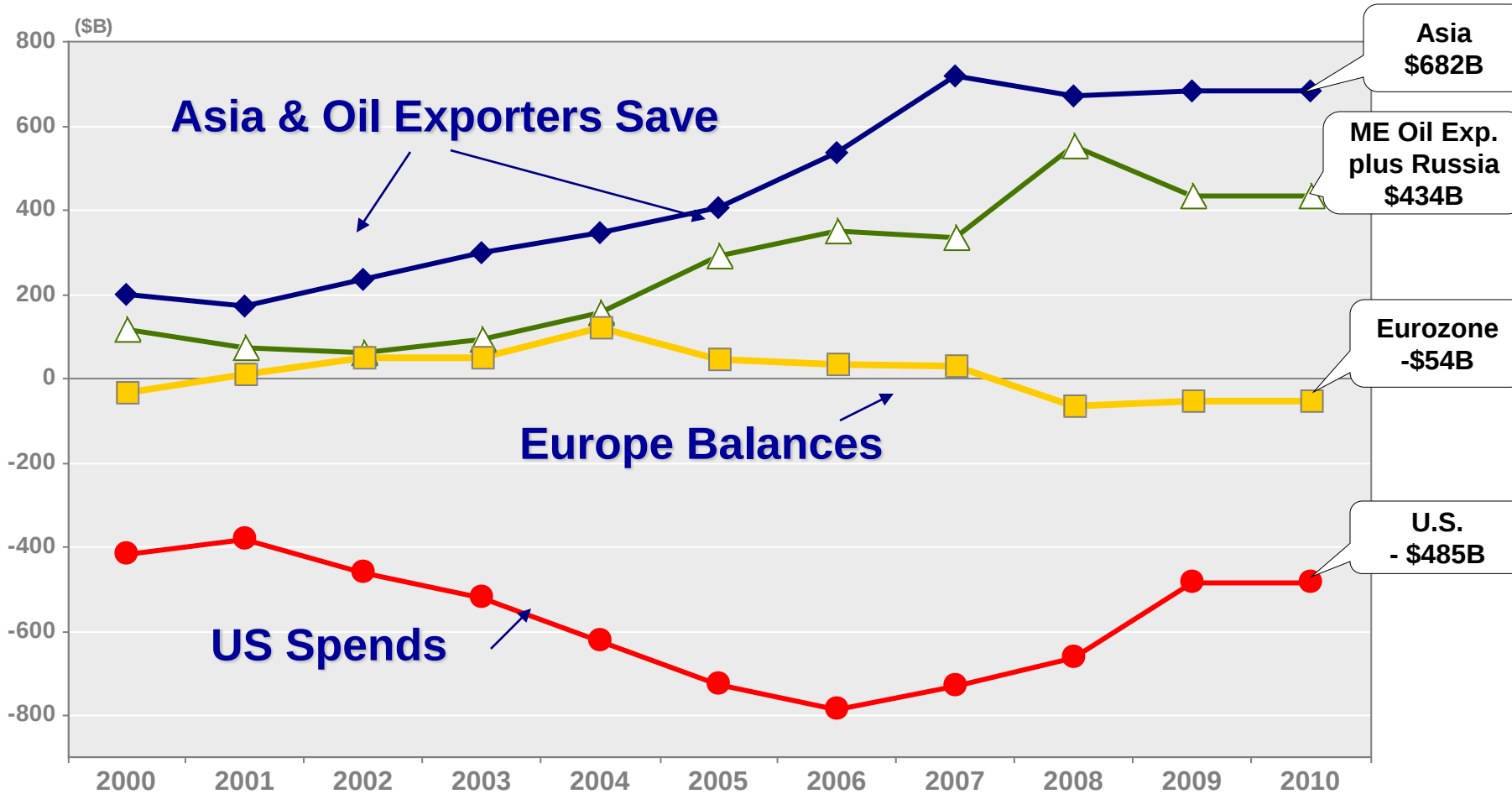
Source: Bloomberg, Market Data, Last Update Jan 27 2009

U.S. Government Deficit as % of GDP



Source: Federal Reserve, US Department of Commerce, last observation Q3/2008

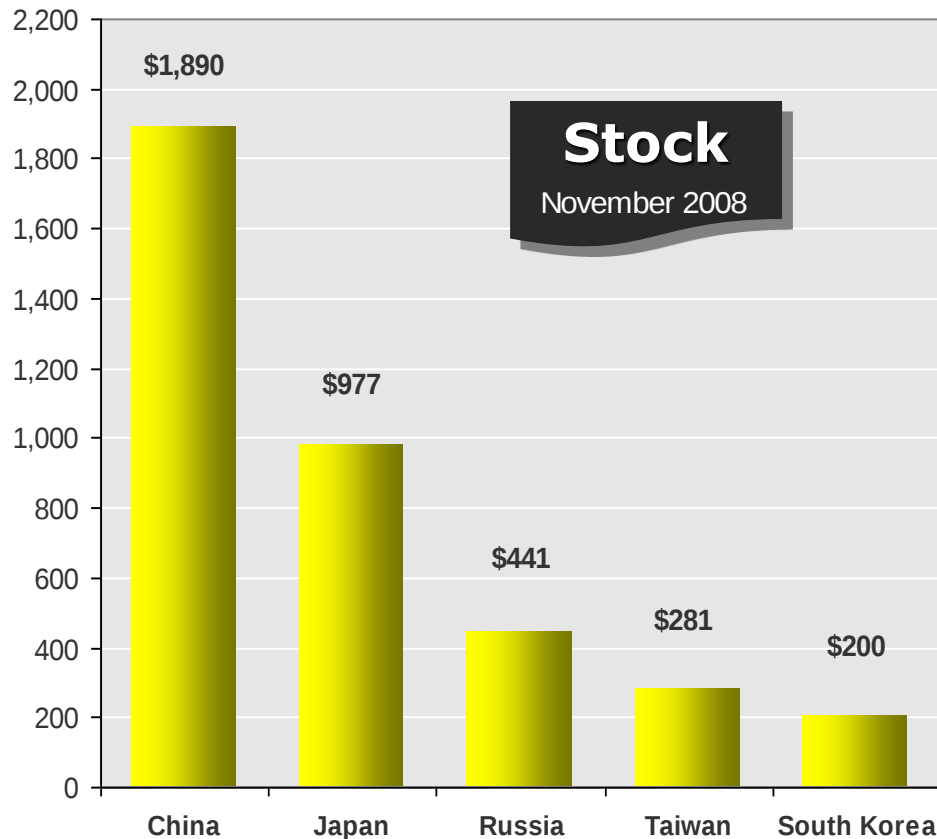
Current Account of Balance of Payments



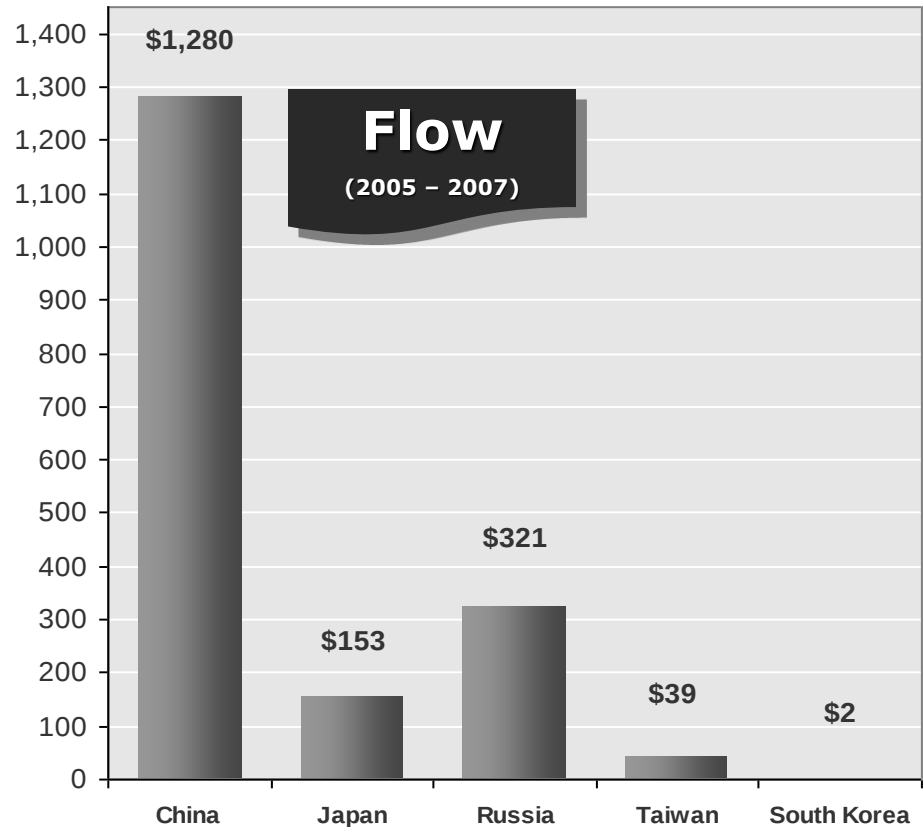
Source: IMF, av. annual growth rates, last update October 9 2008, WEO (2008 estimate, 2009 forecast)

Accumulation of Foreign Exchange Reserves (\$B)

(\$B)

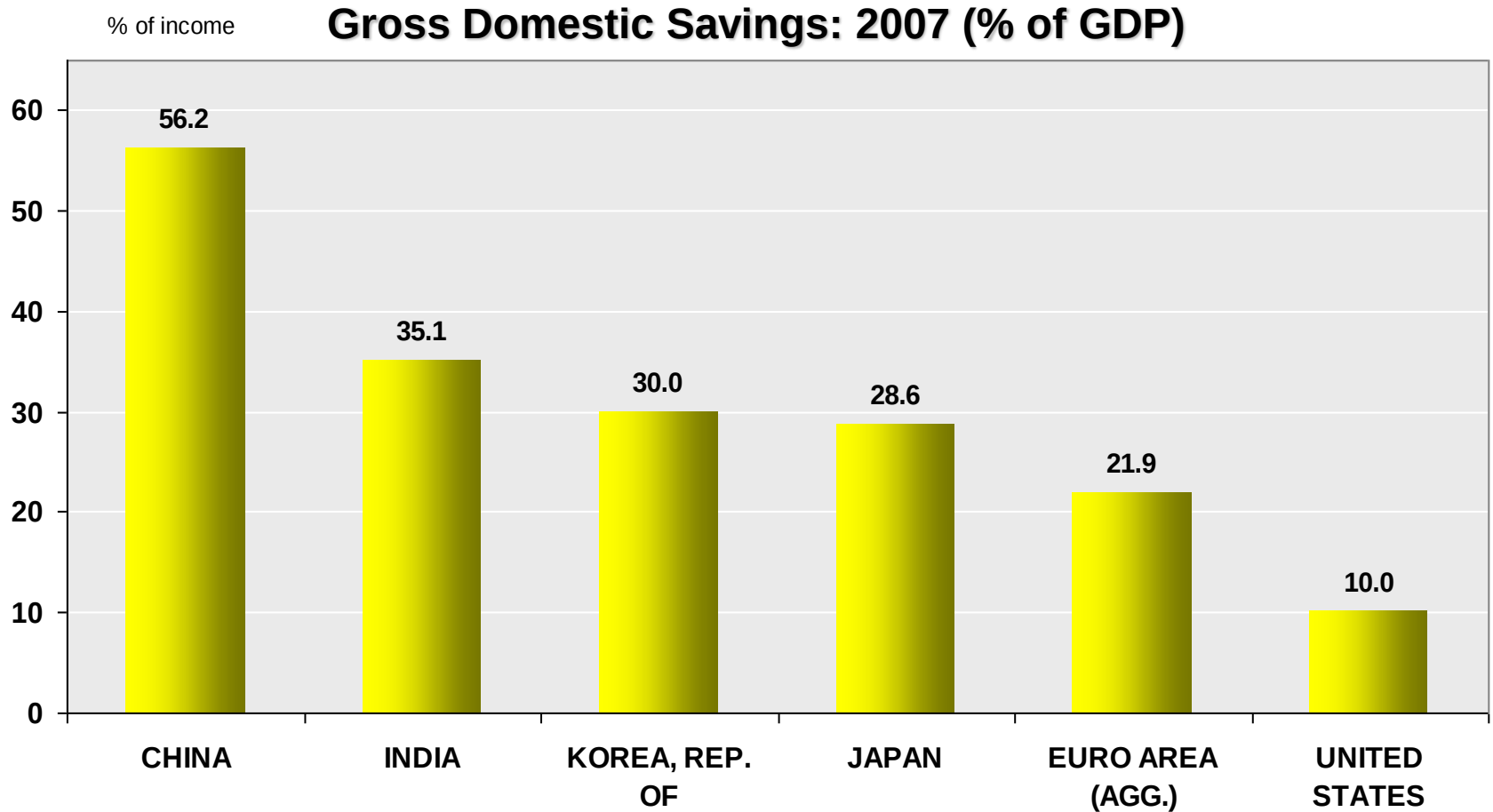


(\$B)



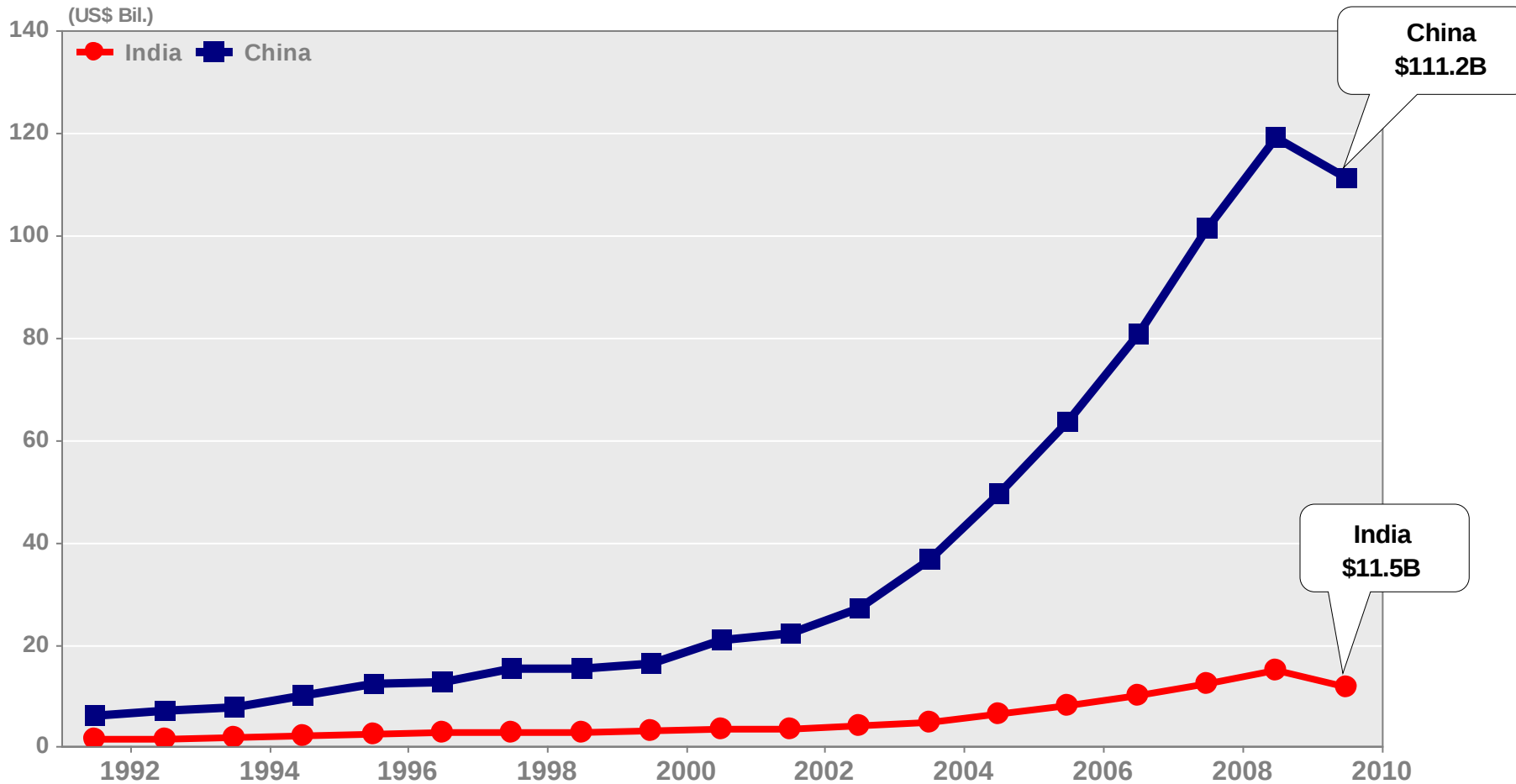
Source: Nat'l Statistical Institutes 11/2008 (China 12/2008), Foreign-Exchange Reserves ex. Gold

National Savings Rate Comparison



Source: EIU estimates, annual average rates, Last update 3/2008

Export Strategy: China and India



Source: yearly avg., National Bureau of Statistics, Ministry of Commerce and Industry, (01/2009)