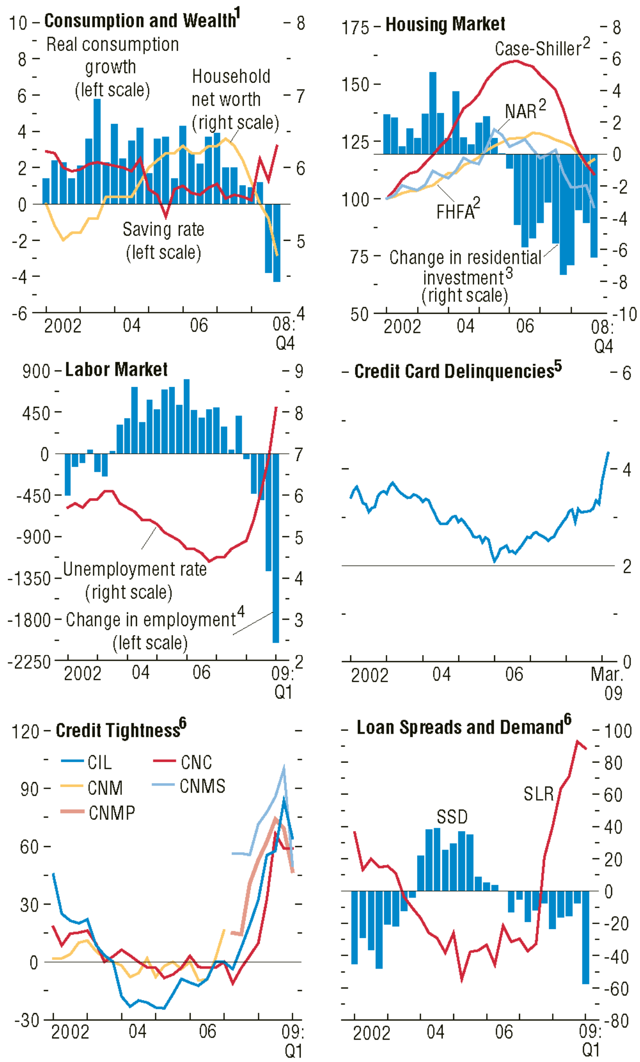
Figure 2.1. United States: The Center of the Crisis

Falling wealth, tight credit markets, and heightened uncertainty about job security and earnings are reining in private demand. Declining output and employment are causing declines in loan repayments. The damage to bank balance sheets is tightening access to credit, feeding back into private investment and consumption.



Sources: Haver Analytics; Fitch Ratings; Federal Reserve Board of Governors; and IMF staff estimates.

[1]Real consumption growth and saving rate are in percent; household net worth is ratio to disposable income.

[2]Index: 2002:Q1 = 100. National Association of Realtors (NAR); three-month moving average of 12-month percent change; Federal Housing Finance Agency (FHFA).

[3]Quarterly change in percent.

[4]Quarterly change in total nonfarm payrolls, thousands.

[5]Fitch's Prime Credit Card Delinquency Index.

[6]All series come from Senior Loan Officer Survey. CIL: banks tightening C&I loans to large firms; CNC: banks tightening standards for consumer credit cards; CNM: banks tightening standards for mortgages to individuals; CNMS: banks tightening standards for subprime mortgages to individuals; CNMP: banks tightening standards for prime mortgages to individuals; SSD: net percentage of domestic respondents reporting stronger demand for C&I loans for small firms; SLR: net percentage of domestic respondents increasing spreads of loan rates over banks' cost of funds for small firms.