Financial giants tumble
Merrill Lynch sold; Lehman nears end
Worldwide worry

Ominous signs in pullback by businesses

Markets tumble amid doubts on US stability

Financial shocks go global

U.S., foreign markets plunge on fears of worldwide recession

PANIC ENGULFS MARKETS

Trading chaotic, worldwide Dow drugs below 10,000
Figure 1
Employment / Population Ratio
January 1980 - April 2010

Source: BLS, NBER / Haver Analytics
Figure 2
Employment / Population Ratio: Change from Level at Business Cycle Peak

Last Four Recessions

Percentage Point Difference from Level at Peak

Source: BLS, NBER / Haver Analytics
Figure 3
Employment / Population Ratio: Change from Level at Business Cycle Peak

Source: BLS, NBER / Haver Analytics
Figure 4
Real Growth in First Three Years of Recovery

Last Three Recoveries

Source: BEA, NBER / Haver Analytics
Figure 5
Growth in Real GDP and Real Final Sales
2009:Q3 - 2010:Q1

Source: BEA / Haver Analytics
Figure 6
Estimates of Annual Real GDP Growth Needed to Return to 5% Unemployment Rate

Source: BEA, NBER / Haver Analytics and author’s calculations
Figure 7
Inflation Rate: Core and All-Items
Consumer Price Index

January 1959 - April 2010

Source: BLS, NBER / Haver Analytics
Figure 8
Change in Inflation Rate (Core CPI) from Inflation Rate at Business Cycle Peak

Last Four Recessions

Percentage Point Difference from Rate at Peak

Months Before (-) and after Peak

Source: BLS, NBER / Haver Analytics
Figure 9
Federal Reserve System Assets: Selected Temporary Operations

March 19, 2008 - May 26, 2010

Source: Federal Reserve Statistical Release H.4.1
## Figure 10
Loan Growth at Commercial and Savings Banks

2009:Q1 - 2009:Q4

<table>
<thead>
<tr>
<th>Percent Change from Previous Quarter</th>
<th>2009:Q1</th>
<th>2009:Q2</th>
<th>2009:Q3</th>
<th>2009:Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Loans</td>
<td>-1.6</td>
<td>-0.1</td>
<td>-2.6</td>
<td>-0.5</td>
</tr>
<tr>
<td>Commercial Real Estate Loans</td>
<td>0.0</td>
<td>-0.8</td>
<td>-1.6</td>
<td>-2.1</td>
</tr>
<tr>
<td>Commercial and Industrial Loans</td>
<td>-4.2</td>
<td>-4.7</td>
<td>-6.2</td>
<td>-4.4</td>
</tr>
</tbody>
</table>

Source: Bank Call Reports and author’s adjustments for mergers and failed-bank acquisitions.
Figure 11
Employment Cost Indexes for Civilian Workers
March 1983 - March 2010

Source: BLS, NBER / Haver Analytics