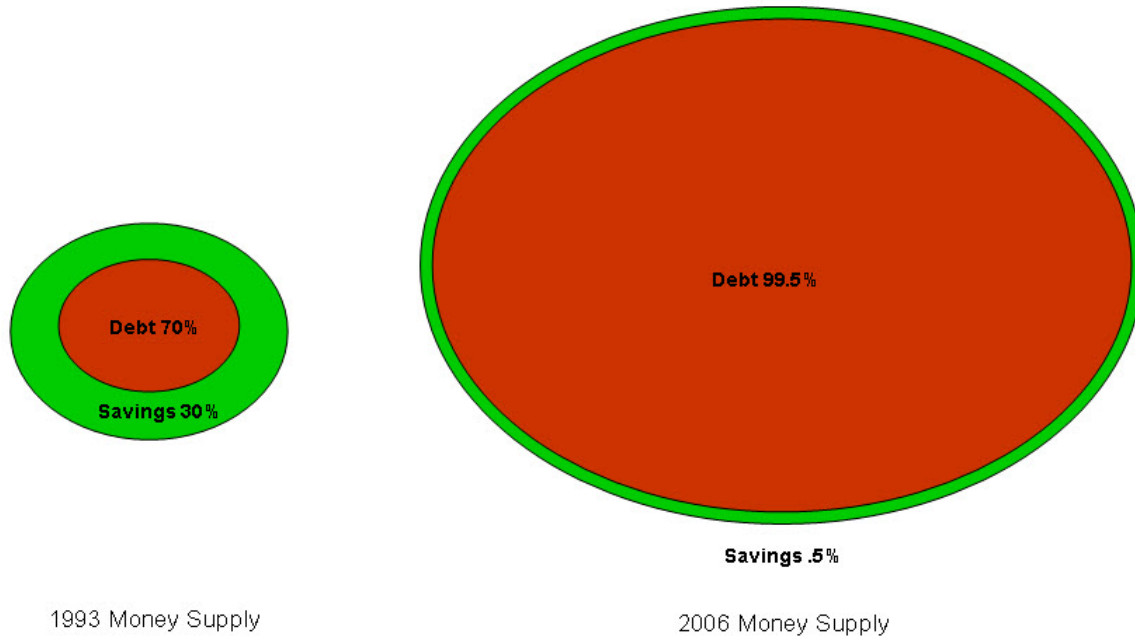


OTHER LOANS TO WORRY ABOUT WEB BUZZ 2008.07.21



Adapted from Minyanville.com

1. Junk Bonds

Defaults have risen for six months in a row. They are 2.3% now. The historical average is 5%. Could it be 10% this time?

2. Credit Default Swaps (CDSs)

Losses here could be as much as \$500B on junk bonds alone.

3. Leveraged Loans

These remain on the books of the investment firms and banks that didn't get sold to the public—in other words, junk undistributed.

4. Home Equity Loans

\$600B on the books of the banks. Their problem is that to collect, the bank must pay off the borrower's first mortgage.

5. Auto Loans

Securitized auto loans only amount to \$200B. There are, of course, multi-billions on the books of other financial entities. Used car prices are in the dumps, and many borrowers are upside down on their loans.

6. Credit Cards

Securitized loans are \$348B. In total, the average household has \$7,340 in credit card balances. Delinquencies and charge-offs are rapidly increasing.

7. Student Loans

Most of these loans, which amount to \$244B, are government guaranteed, so we taxpayers get to help here.

Adapted from Gary Shilling's July 2008 *Insights* Newsletter