

Global credit crunch timeline

2006 U.S. housing market slows after two years of interest rate rises. Defaults on subprime loans – high risk mortgage lending – increase



Feb 2007 **HSBC** sets aside funds to cover bad debts in U.S. subprime loans

Jun U.S. investment bank **Bear Stearns** reveals two of its hedge funds – once worth \$1.4bn – now worthless due to subprime-backed securities

Jul German industrial bank **IKB** announces U.S. subprime-related losses

Aug **Federal Reserve**, **European Central Bank** pump funds into markets as interbank lending dries up. Germany's **Bundesbank** announces rescue plan for **IKB**. Fed cuts discount rate by half point – stock markets surge. Britain's **Barclays Bank** borrows £1.9bn from **Bank of England** emergency funds



Sep UK's fifth largest mortgage lender, **Northern Rock**, struggles to raise funds from lenders – Bank of England injects \$55bn, UK government forced to guarantee deposits after run on bank by worried savers

Oct Swiss bank **UBS** writes down \$3.4bn, **Citigroup** announces \$6.5bn loss, **Merrill Lynch** records \$8.4bn loss

Nov Citigroup write down increases to \$11bn. Fed pumps \$47.25bn into banking system – biggest injection of funds since September 11 attacks. Dollar sinks to record low against euro, 26-year low against sterling

Dec Central banks, including Fed and ECB, inject \$40bn into money markets. **Bear Stearns** takes \$1.9bn write-down

Jan 2008 **President Bush** unveils \$150bn stimulus plan. French bank **Société Générale** loses \$7.2bn in fraudulent trading

Mar **Bear Stearns**, overwhelmed by spike in demand from lenders, bailed out by Fed and **JPMorgan Chase**. JPMorgan buys Bear Stearns for just \$2 per share – \$236 million

