

Rik's Picks

#1: A classic “chopped axis”

New home sales

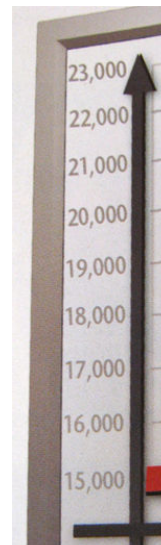
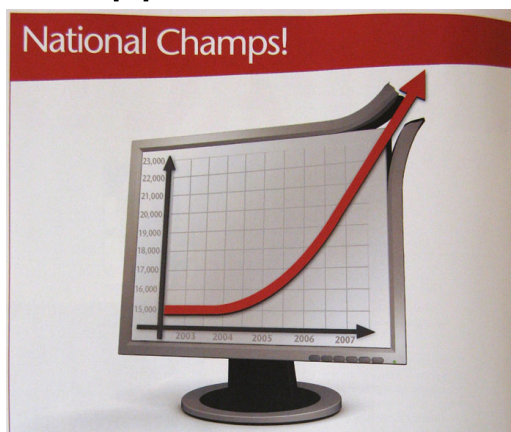
The housing sector is hurting from a glut of unsold homes and a tight mortgage market. If the Thursday report shows a decline in new home sales, along with falling prices, that could further pressure consumer confidence, writes Calyon Securities analyst Michael Carey.



This looks like a 20% change. It's really 3%.

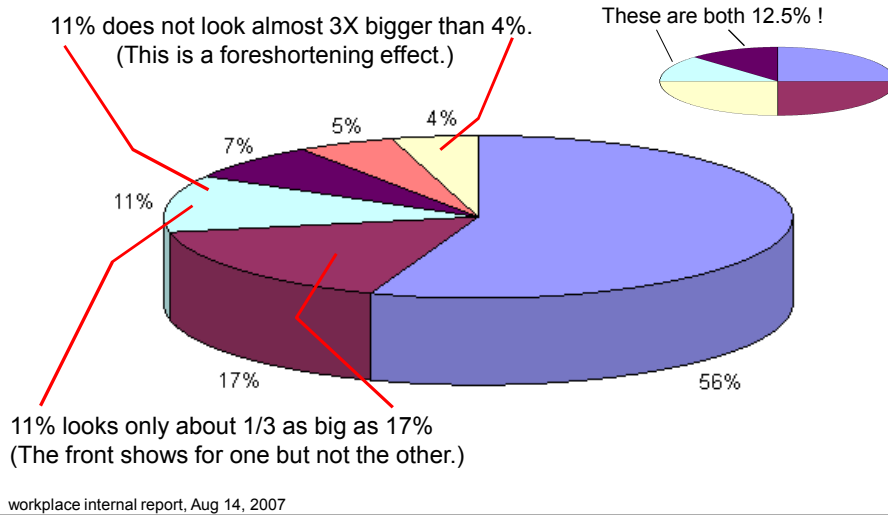
Tri-City Herald, Nov 24, 2007

#2: An obviously “spun” chopped axis



Washington State Gazine, Winter 2007-2008

#3: Behold the misleading pie

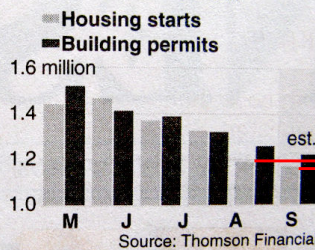


#4: I don't know what to think!

Housing starts and building permits

The housing industry is being squeezed, as tighter lending standards crimp demand, and home values weaken.

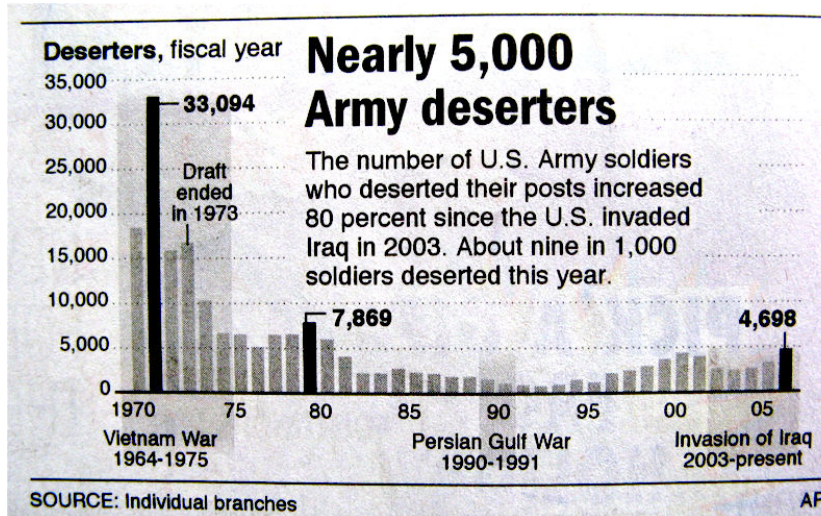
September's 10 percent drop in housing starts from the prior month included a 34 percent plunge in starts for multi-family housing, the fifth-largest monthly drop in the past 48 years, says Credit Suisse economist Jonathan Basile. Most analysts are looking for continued declines in October, but Basile says such steep drops as September's are often followed by an increase. He, though, still sees the housing market hurting "for the foreseeable future."



The text says "10 percent", but what's graphed is more like 2%.

Tri-City Herald, Nov 17, 2007

#5: Bravo – an excellent graph!



Associated Press article, Tri-City Herald, Nov 17, 2007

#6: “In Growth We Trust”

MORTGAGE MELTDOWN

Economy uncertain as failures continue

Default fallout may affect general economy

ASSOCIATED PRESS

NEW YORK — When Domenico Colombo saw that his monthly mortgage payment was about to balloon by 30 percent, he had a clear picture of how bad it could get.

His payment was scheduled to surge by an extra \$1,500 in December. With his daughter headed to college next fall and tuition to be paid, he feared ending up like so many neighbors in Ft. Lauderdale, Fla., who defaulted on their mortgages and whose homes are now in foreclosure and sporting “For Sale” signs.

Colombo did manage to renegotiate a new fixed interest rate loan with his bank, and now believes he’ll be OK — but the future is less certain for the rest of us.

In the months ahead, millions of other adjustable-rate mortgages like Colombo’s will reset, giving them a higher interest rate as required by the loan agreements and leaving many homeowners unable to make their payments. Soaring mortgage default rates this year already have shaken major financial institutions and the fallout from more of them, some experts say, could spread from those already battered banks into the general economy.

“We haven’t faced a downturn like this since the Depression,” said Bill Gross, chief investment officer of PIMCO, the world’s biggest bond fund. He’s not suggesting anything like those terrible times — but, as an expert on the global credit crisis, he speaks with authority.

“Its effect on consumption, its effect on future lending attitudes, could bring us close to the zero line in terms of economic growth,” he said.

About 2 million homeowners hold \$800 billion of subprime adjustable-rate mortgage loans that are due to reset at higher amounts in the next eight months. Not all these mortgages are in trouble, but homeowners who default or fall behind on payments could cause an economic shock of a type never seen before.

Colombo said the reset on his home would have “destroyed” his financial situation. He sought out a debt counselor to work with his lender.

“But many people in my neighborhood didn’t get help, and some have literally just walked away from their homes,” said Colombo. “There are over 100,000 homes on the market in Broward-Miami-Dade counties, and some of them were actually abandoned. People in this situation don’t like to talk about it, and end up getting hurt because they don’t.”

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“Meltdown” = “close to the zero line [of growth]” ???

Tri-City Herald, Nov 24, 2007