

**FOR
AGENDA**

SM/08/73
Supplement 1

March 25, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **Global Financial Stability Report—Executive Summary, Chapter I,
and Statistical Appendix**

The attached supplement to the Executive Summary, Chapter I, and the Statistical Appendix of the Global Financial Stability Report (SM/08/73, 3/14/08), which is tentatively scheduled for discussion tomorrow, **Wednesday, March 26, 2008**, contains a revised Table 1.1. The table updates estimates of potential write-downs to holders of U.S.-origin securitized and unsecuritized debt, especially for recent downward adjustments in prices on asset-backed securities. This has raised the overall estimates of potential losses to \$945 billion.

Questions may be referred to Mr. Fiechter (ext. 35697), Mr. Dattels (ext. 37938), and Ms. Kodres (ext. 36161) in MCM.

This report will be revised for publication in light of the Executive Board discussion. An edited version of the report will be published on the IMF's external website, in preparation for the press conference scheduled for Tuesday, April 8, 2008 in Washington, D.C. If Executive Directors have additional comments, they may notify Ms. Kodres by **noon on Friday, March 28**.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

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Table 1.1. Estimates of Financial Sector Potential Losses, as of March 2008*(In billions of U.S. dollars)*

Estimates of Losses On Unsecuritized U.S. Loans			Breakdown of Losses on Unsecuritized Loans				
	Outstanding	Estimated Loss	Banks	Insurance	Pensions/ Savings	GSEs and Government	Other (Hedge Funds, etc.)
Subprime	300	45	20-30	<5	<5	10-15	5-10
Alt-A	600	30	15-20	<5	<5	5-10	<5
Prime	3800	40	15-20	<5	<5	15-20	<5
Commercial real estate	2400	30	15-20	<5	<5	<5	<5
Consumer loans	1400	20	10-15	<5	<5	-	<5
Corporate loans	3700	50	25-30	<5	<5	-	15-20
Leveraged loans	170	10	5-10	<5	<5	-	<5
Total for loans	12370	225	100-130	10-20	10-20	30-50	40-50

Estimates of Mark-to-Market Losses on Related Securities			Breakdown of Losses on Securities				
	Outstanding	Estimated Mark-to- Market Loss	Banks	Insurance	Pensions/ Savings	GSEs and Government	Other (Hedge Funds, etc.)
ABS	1100	210	85-100	20-35	35-45	20-35	20-45
ABS CDOs	400	240	145-160	35-50	15-25	0-25	15-50
Prime MBS	3800	0	-	-	-	-	-
CMBS	940	210	85-95	20-35	30-45	20-35	20-45
Consumer ABS	650	0	-	-	-	-	-
High grade corporate debt	3000	0	-	-	-	-	-
High yield corporate debt	600	30	10-15	<5	5-10	-	<5
CLOs	350	30	15-20	<5	<5	-	0-10
Total for securities	10840	720	340-380	95-110	70-120	40-90	70-150
Total for loans and securities	23210	945	440-510	105-130	90-160	70-140	110-200

Sources: Goldman Sachs; JPMorgan Chase & Co.; Lehman Brothers; Markit.com; Merrill Lynch; and IMF staff estimates.

Note: ABS = asset-backed securities; CDO = collateralized debt obligation; CLO = collateralized loan obligation;

CMBS = commercial mortgage-backed security; GSE = government-sponsored enterprise; MBS = mortgage-backed security.