

Who May Hire Amidst A Global Meltdown

Over 3,05,000
jobs lost in last
90 day in the US

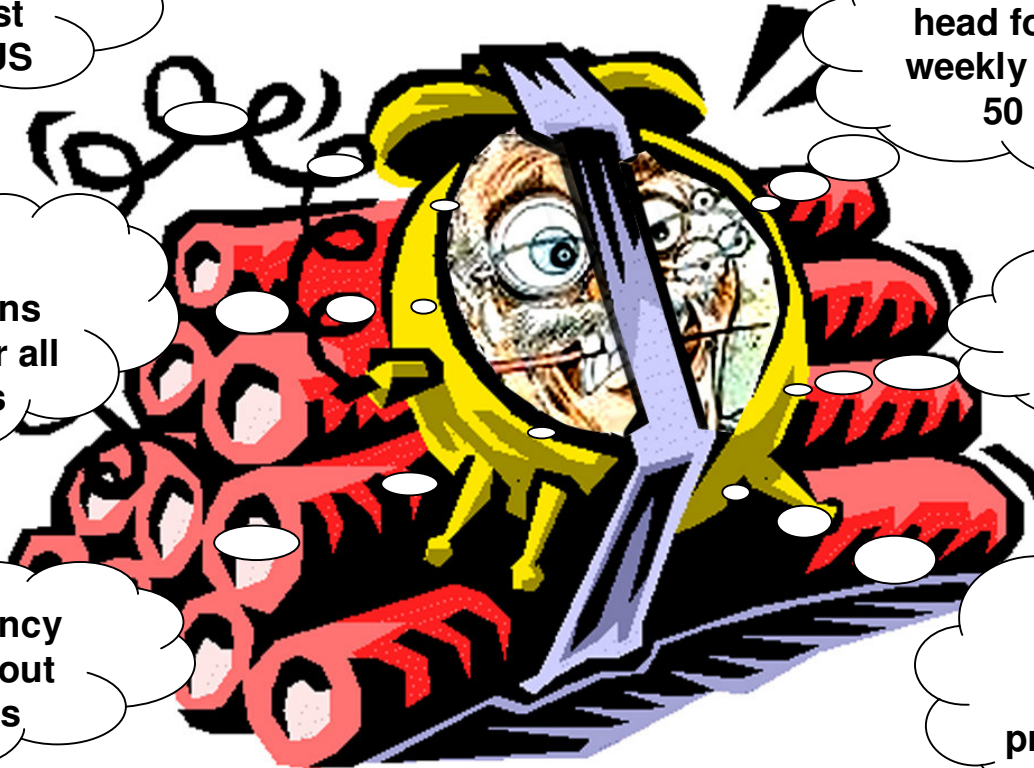
Commodity Prices
head for biggest
weekly decline in
50 years

Hiring
Projections
decline for all
sectors

US
unemployment
peaks at 6.7%

EU contingency
fund to bail out
their banks

Chinese
Housing
Meltdown
predicted round
the corner



TMI
GROUP

A Thought Sharing Exercise into Current Global Scenarios

Rajesh Kumar, TMI First, 2008 December.

About the current crisis

- The US market is worlds largest trading entity. It is said that when the US markets sneeze, the world markets gets a cold !
- For years the US markets had very low interest rates and the world economy enjoyed high growth.
- Due to very low PLRs, and stringent Sub Prime Lending Norms, banks extended huge loans to bulk mortgage lenders.
- These lenders lent money at higher interest to people who were not all that eligible for these loans (due to their assumed ability/inability to repay)
- And then the interest rates went up by a couple of percentages due to tighter liquidity.
- The monthly EMI's went up proportionately.

About the current crisis-contd

- Millions of customers who had availed sub-prime loans requested liquidation of their collaterals (house in most cases) due to inability to repay
- The housing markets crashed!
- The parent banks saw huge decline in their asset valuation
- Their market cap took a hit, collaterals were liquidated, they filed for bankruptcy protection
- Some got wiped off. (Lehman Brothers)

Who is Affected?

- Information Technology: Large companies new investments into tech up gradation
- Infrastructure: New investments slow to a trickle due to liquidity crunch and high interest rates
- Retail: People start indulging less in luxury and concentrate on need based spending
- Manufacturing: Global consumption declines
- Telecom: NSA declines, new corporate led boost comes to a stand still, competition increases

Who Makes Money

- Every coffin maker relies on someone to die for him to live !!
 - Consulting: This is the time when the strong will eat up the weak. M&A will keep consulting firms busy.
 - NGOs: Under the PPP partnership, schemes by the government will continue, so will money flow to the NGOs.
 - Micro-finance firms: Though at a lesser rate, their growth will continue
 - Power: An irreversible process
 - Life Insurance: Always makes more money in times of uncertainty

Thank You

