

# Timeline of Relevant Events

## 2004

- *U.S.*: Federal Reserve raises interest rates for first time in four years (June)
- Basel Committee on Banking Supervision issues Basel II standards (June)
- *IMF*: Rodrigo de Rato becomes Managing Director (MD) (June)
- *IMF*: Biennial Surveillance Review message: financial sector and markets analysis not integrated into bilateral surveillance (July)
- *U.S.*: Annual rate of increase for home prices peaks at over 20 percent (July)
- *U.S.*: SEC suspends net capital rule for the “big five” investment banks (August)

## 2005

- *U.S.*: Greenspan notes signs of froth in local markets and calls home prices unsustainable (June)
- *IMF*: Rajan Jackson Hole speech notes financial development has made the world riskier, incentives in financial sector are skewed; paper predicts low probability high-cost downturn (August)

## 2006

- *IMF*: MD directs that analysis of financial sector and balance sheet vulnerabilities be integrated into staff reports (March)
- *IMF*: DMD says Fund work moving to less of fire-fighter and more of (preventive) doctor (June)
- *U.S.*: Home prices peak (July)
- *U.S.*: Federal Reserve maintains interest rates for first time after two years of increases (August)
- *U.K.*: *Daily Telegraph* predicts credit crunch (September)

- *IMF*: ICM/MFD merger effective to form new department, MCM (December)

## January–June 2007

- *U.S.*: Subprime mortgage market collapses
  - Freddie Mac announces no purchase of risky subprimes/MBS (February)
  - Beginning of forced sale of Countrywide and other mortgage lenders (February)
  - New Century Financial Corp. files Chapter 11 (April)
- *IMF*: Multilateral Consultation on Global Economic Imbalances (April)
- *IMF*: Executive Board reviews 1977 Decision on Surveillance (January–June)
- *U.S.*: Moody’s downgrades 100 subprime-backed bonds (June)
- *U.S.*: Bear Stearns suspends redemptions on hedge funds (June)

## July–December 2007

- *U.S.*: Financial sector under stress
  - S&P credit watch on 612 securities backed by subprime mortgages
  - Bear Stearns liquidates two MBS hedge funds (July)
  - American Home Mortgage Invest. Corp. files Chapter 11 (August)
- Global financial markets show signs of stress; diminished liquidity in interbank markets (August–September)
  - BNP Paribas halts redemptions on three funds
  - European Central Bank (ECB) injects €95 billion into market

- U.S. Federal Reserve reduces discount rate (August), federal funds rate (September)
- *U.K.*: Bank of England liquidity support for Northern Rock
- *IMFC*: strong fundamentals, robust emerging markets/developing country growth (October)
- *IMF*: Dominique Strauss-Kahn becomes MD (November)
- *U.S.* FOMC initiates temporary swaps for six months (ECB, SNB) (December)
- *MD*: Messages (December)
  - External: Fund has key role to play in “credit crunch”
  - Internal: cut \$100 million, move ahead with downsizing effort

### January–August 2008

- *IMF*: Working Group on Financial Crises of the Future headed by FDMD (January)
- *U.K.*: Northern Rock taken into state ownership by U.K. Treasury (February)
- *U.S.*: Federal Reserve announces financing for JPMorgan Chase to acquire Bear Stearns (March)
- *IMF*: Executive Board discusses turmoil; approves new income model (March), administrative restructuring/downsizing (April)
- *U.S.*: Government auctions, existing swap lines increased (May)
- *IMF*: Public release of MD statement noting shift from internal issues to focus on key global economic and financial concerns (July)
- *U.S.*:
  - Office of Thrift Supervision places IndyMac into receivership (July)
  - Temporary authorization to purchase Fannie/Freddie equity if needed (July)
  - FOMC announces “downside risks to growth have increased appreciably” (August)

### September 2008

- *U.S.*: Critical financial market events
  - Fannie/Freddie placed in government conservatorship (September 7)
  - Lehman Brothers files for bankruptcy (September 15)
  - Government provides emergency loan to AIG (September 16)
- Money market run begins/credit markets freeze (September 16–17)