



- Wall Street Journal 1/2/07:

“The U.S. economy is poised to shake off the housing slump and regain momentum by the end of this year.”

- 60% of economists surveyed said the worst of the housing downturn “had passed.”

- Dow Jones on 1/2/07:

“Economic signs point to a relatively healthy 2007, with the rate of bankruptcy filings remaining low.”



- Ian Sheperdson of High Frequency Economics:  
2007 GDP of 2.25%

“My guess is that we’ll probably avoid a recession, but by the skin of our teeth.”

- Roopesh Shah of Goldman Sachs:

“There is a liquidity bubble. It can’t last.”

# Where would the S&P 500 finish 2007?

- Merrill Lynch:1570
- Goldman Sachs (Abby Joseph Cohen):1550
- Citigroup:1500

**Actual:1468**



# Where would the Dow finish 2007?

- Citigroup: 14,000 (July and October)
- Goldman Sachs (Abby Joseph Cohen): 13,500
- PNC Wealth Management: 13,400

**Actual: 13,265**

# What would the Fed Fund Rates be at the end of 2007?

- Prudential: 5.25%
- WSJ survey of 60 economists: 4.75%
- PNC Wealth Management: 4%-4.5%

**Actual: 4.25%**

## Housing Predictions for 2007:

- NAR-home starts to fall 9.4% (they fell 38%)
- NAR-existing home sales drop 1% (they fell 13%)

## Global Insight:

“Housing is in a recession. The good news is it isn't dragging down the rest of the economy.”

The background of the slide is a collage of various US dollar bills, including \$100, \$20, and \$50 bills, arranged in a somewhat chaotic pattern. The text is overlaid on this background.

## Abby Joseph Cohen:

- Areas of concern “involve lending institutions that were very aggressive. Think back to the Savings and Loan crisis in the 1990s.”
- Housing stocks are cheap, but “we’re going to need to see housing starts stabilize and then start to move up before we start to see the stocks recover.”

The background of the slide is a faded, semi-transparent image. It features the Statue of Liberty on the right side, with her crown and torch visible. Behind her and across the entire slide is a large American flag, showing the stars and stripes. The overall tone is patriotic and historical.

## Wall Street Journal:

**“Even people with shaky credit, whose tendency to default has proved greater than many investors expected, still have access to money.”**