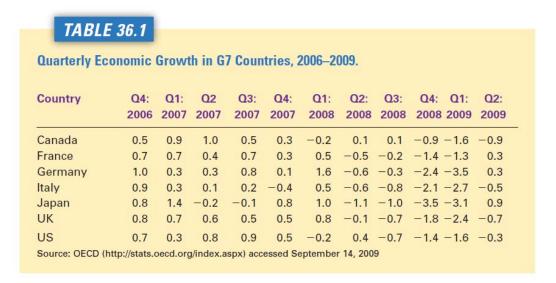
## Chapter 36

1. Look at Table 36.1 reproduced below and answer the questions.



- a) Which country was the first to enter recession and when?
- b) From the data, which country suffered the most severe recession and why?
- 2. Is it inevitable that a period of rising house prices will suffer a correction?
- 3. Why did the market for credit default swaps seem to be associated with lower risk?
- 4. Briefly describe the main stages to show how an increase in defaults on sub-prime mortgages led to the financial crisis.