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Abrams Research Financial Media Survey – January, 2009

Top Journalists Predict Recession Will End Within A Year 73% Predict at Least 1-2 Fortune 1000 Indictments 68% Say Media Dropped the Ball in Lead-Up to Crisis

Abrams Research surveyed 100 top members of the business and financial media – from the *Wall Street Journal*, *New York Times*, *Fortune*, *Forbes*, *CNBC*, *CNN*, *Business Week*, *Portfolio*, *Silicon Alley Insider*, *Slate*, *Fast Company*, *MarketWatch*, *Financial Times* plus top financial bloggers – to see what they really thought would happen in the year ahead. Here's what we found:

- **The recession will end sooner rather than later.** The majority of respondents predict that the recession would be over within a year. 79% think the recession will be over within two years. Only 7% see this stretching out for the long haul.
- **It won't become a depression!** At least not according to 70% of respondents. On the whole, an optimistic group.
- **Optimistic, but not self-deluded:** 68% said that the media dropped the ball in the lead-up to the financial crisis...
- **... but when it comes to assigning blame, they let themselves off the hook:** Banks, regulators and consumers come in ahead of them on the fault scale. The banks and the regulators got most of the blame: 45% said the banks deserved most of the blame, and 44% said the regulators were mostly responsible. Greedy consumers got 9% of the blame; only 2% said the media were most at fault.
- **73% of respondents are expecting a perp walk:** When asked how many Fortune 1000 CEOs would be indicted, most thought 1-2 (31%) vs. 3-5 (20%), 6-10 (16%) and 10+ (6%). 27% think the road ahead will be perp-free.
- **Wildcard:** The experts predict on average that the Dow will be at 8639.12 in six months; the closest guess at that time will win \$500 to donate to his or her favorite charity.

The results are below, followed by some choice comments from some of the experts:



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The data reported herein reflects the survey responses of 100 top members of the business and financial media, received by 10:00 a.m. ET on Thursday, January 8, 2009.

1. When will the current recession officially end?

- | | |
|-----------------------|-------|
| A. By January 1, 2010 | (31%) |
| B. By June 30, 2010 | (26%) |
| C. By January 1, 2011 | (22%) |
| D. By June 30, 2011 | (14%) |
| E. After 2012 | (7%) |

2. Do you believe that the current recession will come to be officially defined as a depression?

- | | |
|--------|-------|
| A. Yes | (30%) |
| B. No | (70%) |

3. Did the media drop the ball during the lead-up to the ongoing financial crisis? Feel free to expand in the box below.

- | | |
|--------|-------|
| A. Yes | (62%) |
| B. No | (38%) |



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“If Enron and the tech bubble bursting taught reporters anything, it was not to believe the hype of good markets.”

“There was too much exuberant cheer leading on the part of the press. Why? Because stock market prices were high. They didn't pay attention to main street issues, which had been suffering for a long time. The cost of health insurance. The cost of attracting employees. Too much focus on the rich.”

“The media, like real life, is full of a diversity of opinions and stories. The warning signs were there, and stories were written about the looming dangers. I find it offensive that there's a notion that the entire business press can be criticized for a failure to see the future once we're in a troubled climate.”

“Always tempting to answer "yes" to a question like this one. But hindsight....well, you know the cliché. We were doing stories on the deterioration of the credit markets as early as Winter 2007.”

“Lots of people saw the various pieces of the crisis just fine; it was predicting the way that events unfolded that made everyone, including journalists, look foolish. As someone once said, ‘Predictions are hard, especially about the future’”.

“In much the way it dropped the ball during the dotcom era, the media ignored the law of gravity during the real-estate run-up: what goes up must come down. “

“There should have been more skepticism on the part of the media about the structure of the mortgage system - the buying and selling of loan packages invited lax risk management.”

“I blame myself in part. I wrote about many of the components of the bust, including the opacity of derivatives (where does the risk go?), the extremely low interest rates that fueled housing, and declining lending standards. But I failed to put it all together and see how really, really bad things would get.”

“Everybody dropped the ball. But the media doesn't have nearly as much blood on its hands as the financial industry and government do.”



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4. Who deserves the most blame for the financial crisis? Feel free to expand in the box below.

- | | |
|-------------------|-------|
| A. The media | (2%) |
| B. The banks | (45%) |
| C. The regulators | (44%) |
| D. The consumers | (9%) |

“The regulators in lieu of an all of the above option.”

“Look at Canada, or Spain, or India. If you have effective and strong bank regulation, you can avoid the worst of the crisis.”

“1) Banks that sold financial products but didn't understand them, 2) rated by rating agencies that didn't understand them, 3) not regulated by regulators that didn't understand them, 4) brokered by boiierrrooms too greedy and evil to care about them to 5) consumers too desperate and stupid to understand them, without the help of 6) a media too busy reporting on Lindsay Lohan's nipple slips to report on them.”

“The whole purpose of regulation is to restrain the excesses of the banks and the consumers. The media try to do that as well, but it's not actually what we get paid for.”

“Good money chasing bad ideas. They were lending money to people who couldn't afford to repay it. On the Street, they were rewarding people with outrageous bonuses for bad decisions. It was a nasty spiral of greed.”

“Everybody deserves a measure of the blame, but the banks are at a heart of it for a reason: They tossed out their best practices in search of enormous profits. They and they alone knew what their balance sheets were...”



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5. How many Fortune 1000 CEOs do you think will be indicted in connection with the financial crisis during 2009? Feel free to expand in the box below.

- | | |
|-----------------|-------|
| A. 0 | (27%) |
| B. 1-2 | (31%) |
| C. 3-5 | (20%) |
| D. 6-10 | (16%) |
| E. More than 10 | (6%) |

“1-2, if that. Maybe an AIG exec or two. Maybe.”

1-2: “Would love to see more, but doubt it will happen”

“I hope none. They have an obligation to make as much money as possible for shareholders, and if the lending environment allows them to extend loans and sell the bonds, they will. Money moves far faster than anyone can imagine.”

“Unfortunately, Obama will have to expend all of his political capital on things that really matter: (a) an ongoing energy supply crisis masked by demand-driven lowered commodity prices, (b) potentially a climate change crisis, and (c) radical tax reform to make it all happen without destroying the country with debt. If anything, the risk of prosecution will be used as leverage to move forward his energy and health agendas, but I doubt we will see any well-deserved retribution. Such a shame.”

“Just enough to give the people perp walks. Not a genuine flushing out of the people who created this mess.”

“Maybe WaMu or Countrywide, the most egregious offenders among the sub-primes. No indictments for sheer stupidity on Wall Street.”

“Who? Few did anything clearly illegal, even if dumb and/or dubious and expensive.”



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“Cover-up crimes come hand in hand with a panic.”

“While it's true no laws were broken, there may be some creative criminal negligence cases (depending on how bad things get). Enough people knew what was going on and could connect the dots - some of these people will be held accountable.”

“Unfortunately, stupidity and venality aren't criminal offenses.”

6. WILDCARD: Where do you think the Dow Jones Industrial Average will be on June 30, 2009?

The closest guess for this question will win a \$500 donation to the charity of his or her choice.

AVERAGE RESPONSE: 8639.12

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