

The United States Subprime Crisis

IOANA CHITU (*Academy of Economic Studies – Bucharest Faculty of Finance, Insurance, Banking and Stock Exchange, Romania, ioana_chitu_ase@yahoo.com*)

The paper talks about the current crisis from the United States and its impact on the world markets.

However something bad happens, it doesn't take too long before blame starts to appear. In the instance of subprime crisis, there is no single corporation or individual to blame for what happened. So who's to blame?

At present, this scenario begins to change and looks like the one in September 2001. But now, there are different causes. The United States crisis began to spread from the real estate market to the import of goods, affecting the sales of many companies. The rise of credit costs has affected the markets all around the world and it has a big impact on the stock markets.

The subprime crisis diffuses from United States of America to Europe and to all major financial and stock markets. Some mortgage credit institutions have to protect the most dubious loans, transferring the risk to the commercial banks and hedge-funds in America and the Old Continent.

The subprime crisis is based on the securitization – the „packaging” and selling of risk, based on ratings. Two factors underlie the process of securitization - external ratings and internal ratings. Both have become the subject of important debates, marking a collapse of the whole current concept regarding securitization.

The collapse of the financial titles in the United States had caused great losses for credit institutions all over the world. The international financial crisis, which has caused serious problems to some of the strongest financial institutions in the world, turns over Romania too. It is expected that the credit conditions should be harsh and their costs should increase.

The evolution of the subprime crisis shows that there is still a "winning" technique for settlement and reducing its effects, as that there is no estimation that this crisis could stop.

This article comes to show the impact of the United States Crisis and to propose some measures to keep out all the effects of the international crisis.