



TRILLION DOLLAR SNAP SURVEY SEPTEMBER 17, 2007

These survey results represent the opinions of almost 60 of the nation's top money managers, investment strategists and professional economists.

They responded to CNBC's invitation to participate in our online survey. Their responses were collected between 10 am ET on Monday, September 17, 2007 and 10 am ET on Tuesday, September 18, 2007. Except for an opportunity to write comments at the end of the survey, participants were told their answers would be reported only in the aggregate unless CNBC requested and received permission to publicly reveal specific responses. Participants were not required to answer every question.

This is not intended to be a scientific poll and its results should not be extrapolated beyond those who did accept our invitation.

At its meeting tomorrow (Tuesday), what **will** the Federal Reserve decide to do with the **Fed Funds** rate?

Lower ½ percentage point	11%
Lower ¼ percentage point	86%
No Change	3%
Raise ¼ percentage point	0%

At its meeting tomorrow (Tuesday), what **should** the Federal Reserve decide to do with the **Fed Funds** rate?

Lower 1 percentage point	2%
Lower ¾ percentage point	0%
Lower ½ percentage point	33%
Lower ¼ percentage point	51%
No Change	14%
Raise ¼ percentage point	0%

At its meeting tomorrow (Tuesday), what **will** the Federal Reserve decide to do with the **Discount** rate?

Lower 1 percentage point	0%
Lower ¾ percentage point	2%
Lower ½ percentage point	42%
Lower ¼ percentage point	38%
No Change	18%
Raise ¼ percentage point	0%



TRILLION DOLLAR SNAP SURVEY

SEPTEMBER 17, 2007

At its meeting tomorrow (Tuesday), what **should** the Federal Reserve decide to do with the **Discount** rate?

Lower 1 percentage point	2%
Lower ¾ percentage point	11%
Lower ½ percentage point	38%
Lower ¼ percentage point	31%
No Change	18%
Raise ¼ percentage point	0%

Where do you think the Fed Funds rate will be six months from now?

Response	Sept. 17	Sept. 4	August 17	August 7
4.00% or less	3%	0%	2%	0%
4.25%	10%	6%	6%	2%
4.50%	43%	36%	10%	3%
4.75%	36%	32%	49%	15%
5.00%	7%	16%	16%	29%
5.25% (the current level)	1%	10%	16%	46%
5.50%	0%	0%	0%	3%
5.75%	0%	0%	0%	0%
6.00% or higher	0%	0%	0%	2%
Weighted Average	4.59%	4.72%	4.75%	5.08%

What is the probability of a U.S. recession over the next 12 months?

	Sept. 17	August 6
0%	0%	14%
25%	80%	75%
50%	17%	9%
75%	3%	2%
100%	0%	0%
Weighted Average	30.74%	24.75%



TRILLION DOLLAR SNAP SURVEY SEPTEMBER 17, 2007

In light of the nation's weak housing market and turbulent financial markets, over the next three months will U.S. consumers:

	Sept. 17	Sept. 4
Spend at the same rate as in recent years	10%	19%
Pull back spending a little	83%	81%
Pull back spending a lot	7%	0%

Are the current troubles in the credit/mortgage markets the result of Alan Greenspan's interest-rate policies during his tenure as Federal Reserve Chairman?

Greenspan gets 100% of the blame	5%
Greenspan gets 75% of the blame	12%
Greenspan gets 50% of the blame	35%
Greenspan gets 25% of the blame	35%
Greenspan gets none of the blame	13%
Weighted Average	40%

Comments:

Ernie Ankrim, Russell Investment Group: Inflation must continue to be the Fed's primary focus.

David Wyss, Standard & Poor's: People forget the panic after 9/11. Greenspan had little choice but to cut rates, even if in retrospect he overdid it.

Rob Morgan, Janney Montgomery Scott: The Fed has room to cut rates, but I feel they have not seen enough evidence of an economic slowdown in spite of the poor September 7th non-farm payroll report.

Michael Metz, Oppenheimer: A cut in rates here does nothing to alleviate the fundamental problem which is ongoing deflation in residential and commercial real estate.

Rich Steinberg, Steinberg Global: Fed is caught between rock and hard place and their decision this week may not please anyone. If only quarter point cut, we will hear the screams that it is not enough to jump start the housing, mortgage mess. It would help the weak dollar worries. A half point cut may accelerate dollar concerns, especially import price inflation. Another concern is inflationary pressures from oil and other commodities like wheat at new highs. The markets want a quick fix and it doesn't exist.

Paul Ashworth, Capital Economics: The Fed's statement will be just as important as the interest rate announcement. We anticipate that the Fed will cut rates by only 25bp, but try to



TRILLION DOLLAR SNAP SURVEY SEPTEMBER 17, 2007

placate those in the markets looking for a bigger reduction by indicating that rates will fall further in the coming months.

Charles Crane, Scotsman Capital Management: While perhaps the former Fed chairman deserves a little blame for making money so easy for so long, he wasn't the one making irresponsible loans or lying on loan applications about a family's household income. I have no idea if his powers include setting regulations for lenders and borrowers. I somehow doubt it, but if they do, the percentage of blame shifts up somewhat.

Nariman Behravesh, Global Insight: The risks to the U.S. economy are predominantly on the downside. Moreover, because growth is likely to be around 1.5% in the next three quarters, we will be vulnerable to any further shocks that might hit the economy.

Scott Anderson, Wells Fargo: The markets are expecting a lot from the Fed this week, perhaps anticipating a miracle. Unfortunately, the Fed's response is likely to come well short of these expectations. The Fed's ability to cure what ails the economy and markets is quite limited over the near-term.

Lincoln Anderson, LPL Financial Services: The Fed is not responsible for excessive risk taking in some parts of the credit market. Mortgage regulators, "hedge" funds that are really leveraged bettors on credit spreads (always a bad idea) and gullible investors are the real culprits.

Stanley Nabi, Silvercrest Asset Management: The Fed cannot abdicate its responsibility to keep inflation in check. The current level of interest rates is not punitive, and lowering them aggressively will not do much to address the current problems. It would merely make it more difficult for the Fed to return to a neutral policy in the future. A cut in the discount rate would make available a greater capacity to lend which would help bring a measure of stability to the credit markets.

John Clarke, Midtown Partners: Rates are great, but earnings drive the tape.

Subodh Kumar, Subodh Kumar & Associates: Reputations are built slowly but can be lost fast. The Fed needs to be seen as effective but not pliant--much as the Volker Fed was. A modest Fed Funds cut and more reliance on other tools like discount rates and liquidity would be optimal. It would allow markets to work in writing down credit debacles while also bottoming out earnings in 2H2007-2H2008. We favor healthcare, staples as well as info tech (communications) as sectors showing restructuring advantage.

Chris Varvares, Macroeconomic Advisors: Last question was misplaced. It was not the interest rate policies, it was the lack of oversight, even if ex officio. The Fed should have sounded the alarm with Congress to get regulatory authority over non-bank lenders.

J.F. Smith, W. Carolina Univ. & Parsec Financial Mgmt.: Chairman Bernanke could have gotten the FOMC to change anything Greenspan did wrong, so he'll bear the full burden if he doesn't convince market participants they're grossly overreacting to a small (\$50 billion max) problem.



TRILLION DOLLAR SNAP SURVEY SEPTEMBER 17, 2007

Mark Elenowitz, TriPoint Global Equities: The market volatility and pull back is a natural part of the cycles of tightening and loosening credit. There is an over reaction of the markets regarding the credit crisis and there are opportunities in some stocks that have been dragged down with the market as a whole.

Ram Bhagavatula, Combinatorics Capital: The central bank's primary remit is to manage inflation. Fears of deflation drove the Fed to tolerate 'too rapid' growth of nominal spending in 2004 and 2005. It has since made amends and we are now seeing the consequences.

Hugh Johnson: The conduct of lender of last resort functions (monetary policy) during a crisis is an art not a science and the Fed deserves very high marks for its conduct so far. Although the "race for exits" or move to safety will continue (by homeowner-speculators and by lenders-institutional investors), it is likely to continue to become increasingly more orderly as result of rather deft conduct of policy...both here and to a lesser extent, abroad.

Jim Meil, Eaton Corp.: Strength of overseas economies and low value of the dollar are behind the export strength offsetting housing weakness.

William T. Wilson, Keystone India: This will be the first interest rate cut in many years which will have NO impact on the credit markets or economic activity.

David Dietze, Point View Financial Services: One of the big risks the Fed and Wall Street faces is if, following the rate cut, turmoil and crunch in the credit markets persists. It will take time for financial institutions to figure out what they have, what it is worth, and for confidence to return. Thus, the accompanying statement from the Fed will be critical: It should emphasize that the Fed stands ready to do whatever it takes, for however long it takes, to restore stability to the credit markets.

Allen Sinai, Decision Economics: Very low, too low, short-term interest rates for too long fueled an explosion of nonbank financial institutions and housing-based mortgage and derivatives instruments that helped balloon housing and consumption to unsustainable levels -- a "boom" and now "bust." Policymakers have been too lax in supervisory rule of financial, especially nonbank, institutions, excessive risk-taking and lack of transparency now hitting home.