

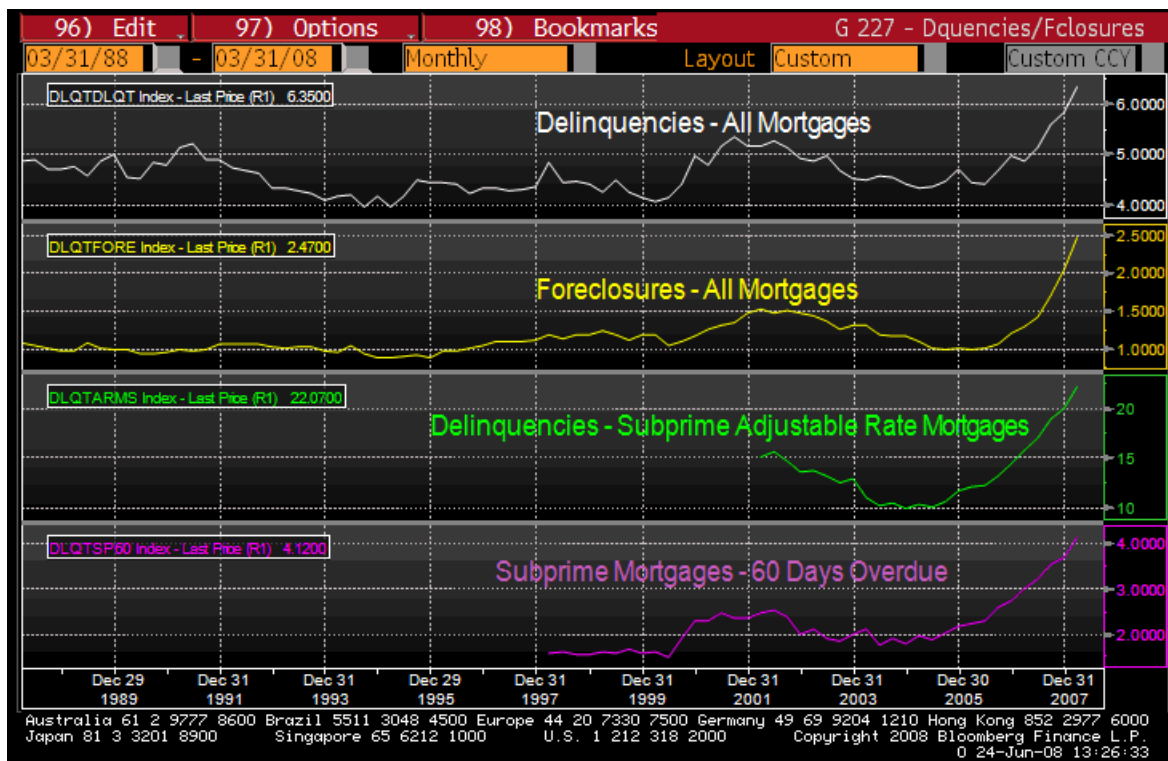
## Faster Inflation May Unleash 'Financial Tsunami': Chart of Day

By Mark Gilbert

June 24 (Bloomberg) -- Rising consumer prices will leave more U.S. consumers unable to pay their debts and may lead to a "financial tsunami," according to Bennet Sedacca, president of money manager Atlantic Advisors LLC in Winter Park, Florida.

"Whether it is anecdotal or statistical evidence, I see inflation everywhere, and this is where the financial tsunami cometh," Sedacca wrote in a report published yesterday. "A battered, over-indebted consumer, if forced to retrench, could create even more problems for the banking system as loan delinquencies would begin to rise even further. All sorts of delinquencies are rising. This is now a systemic issue."

The four-part chart of the day shows how U.S. householders are struggling to pay their home loans.



The top white chart shows the surge in delinquencies on all mortgages, while the yellow one measures foreclosures. The green chart tracks delinquencies on subprime adjustable-rate mortgages, and the purple one shows subprime mortgages that are 60 days behind on their payments.

Sedacca wrote that current financial-market conditions remind him of "someone standing on a lonely beach, armed with

only a small bucket, trying to stop a rare tsunami that hits the shores. It is how I feel about our markets and the tools being utilized by the Federal Reserve, the European Central Bank and other regulatory bodies. They are overmatched for what they are facing and, worse yet, they helped create the mess in the first place by being far too easy with money and debt creation."

--Editors: David Henry, James Greiff.

To contact the reporter on this story:

Mark Gilbert in London at +44-20-7073-3051 or  
magilbert@bloomberg.net

To contact the editor responsible for this story:

James Greiff at +1-212-617-5801 or jgreiff@bloomberg.net

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