Moody’s Economy.com issues report forecasting a crash in housing prices in many metropolitan areas, which may continue into 2008 and 2009.

Moody’s issues Special Comment noting that CDOs containing large concentrations of RMBS as collateral are likely to experience steep downgrades in the event that the subprime collateral defaults.

Moody’s and S&P downgrade hundreds of RMBS totalling to $5.3 billion in value and place CDOs backed by RMBS on watch for possible downgrade.


Moody’s releases report projecting cumulative losses of 6 to 8 percent for loans backing 2006 subprime RMBS.