

Charts to Accompany

***The Post-Crisis Fix:
Regulatory or Monetary Policy Remedies?***

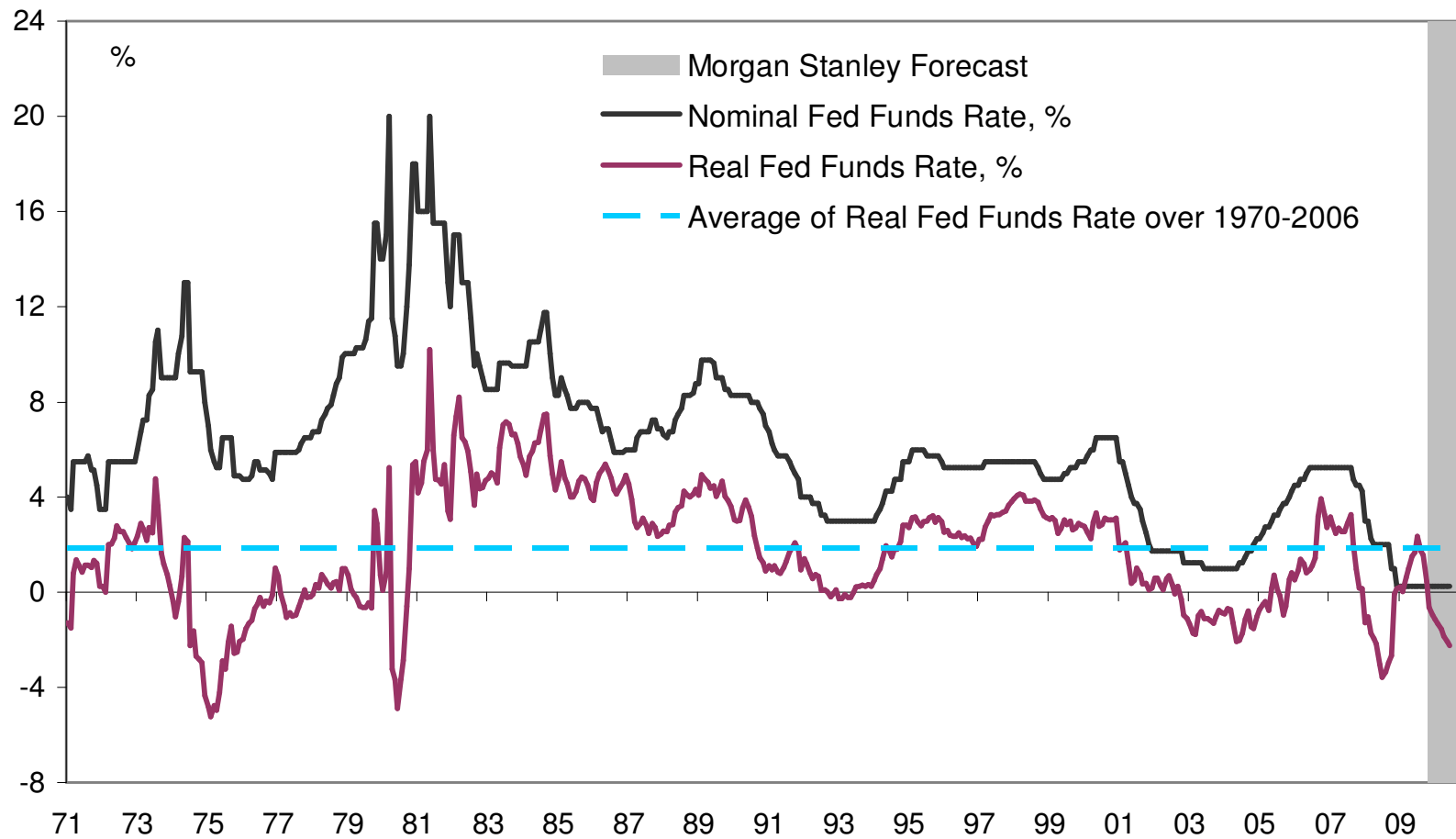
Stephen S. Roach
Chairman
Morgan Stanley Asia

Presented to
Reserve Bank of India
First International Research Conference 2010
Mumbai, India
February 12, 2010

Figure 1. The Asymmetries of Fed Policy

DATE	FED FUNDS TARGET
January 2001	6.50%
December 2001	1.75%
Reduction	475 bps
Number of Cuts	11 over 12 months
Average Reduction	43 bps
Speed Per Month	-40 bps
June 2004	1.00%
June 2006	5.25%
Increase	425 bps
Number of Hikes	17 over 24 months
Average Increase	25 bps
Speed Per Month	+18 bps
August 2007	5.25%
December 2008	0 to 0.25%
Reduction	500 to 525 bps
Number of Cuts	10 over 17 months
Average Reduction	51 bps
Speed Per Month	-30 bps

Figure 2. The Fed's Policy Rate



Source: Haver Analytics, Morgan Stanley Research

Disclosures

This communication is not a product of Morgan Stanley's Research Department and is not a research report but it may refer to a Morgan Stanley research report or the views of a Morgan Stanley research analyst. We are not commenting on the fundamentals of any companies mentioned. Unless indicated, all views expressed herein are the views of the author's and may differ from or conflict with those of the Morgan Stanley's Research Departments or others in the Firm. For additional information, research reports and important disclosures, see <https://secure.ms.com>.

The information provided herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities or instruments mentioned or to participate in any particular trading strategy. This information is based on or derived from information generally available to the public from sources believed to be reliable. No representation or warranty can be given with respect to the accuracy or completeness of the information, or with respect to the terms of any future offer or transactions conforming to the terms hereof.

This report does not provide individually tailored investment advice. It has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages them to seek a financial adviser's advice. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. Morgan Stanley Research is not an offer to buy or sell any security or to participate in any trading strategy. The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized.

Copyright © by Morgan Stanley 2010, all rights reserved.