FEDERAL RESERVE BANK of ATLANTA

March 9, 2011

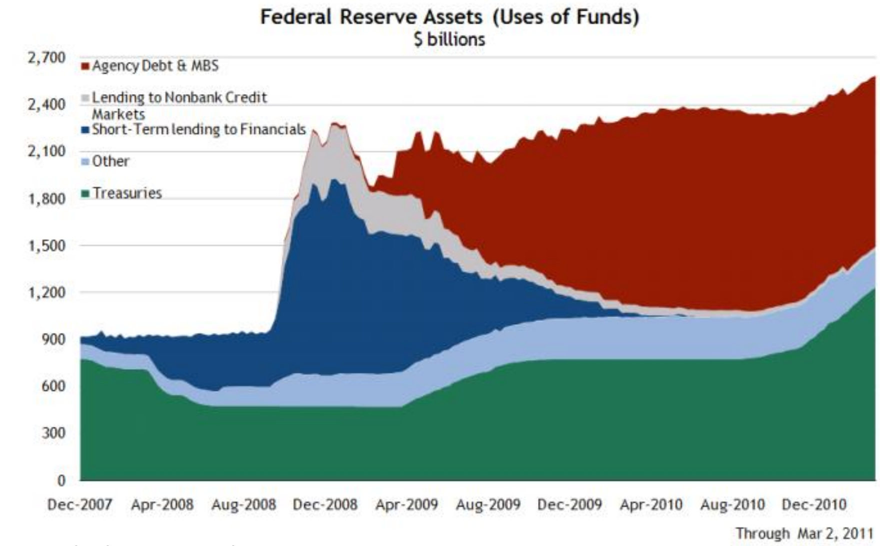
Financial Highlights

Federal Reserve

Summary

The balance sheet increased by $12.3 billion for the week ended March 2.

Since November 10, the balance sheet has increased by $233 billion.



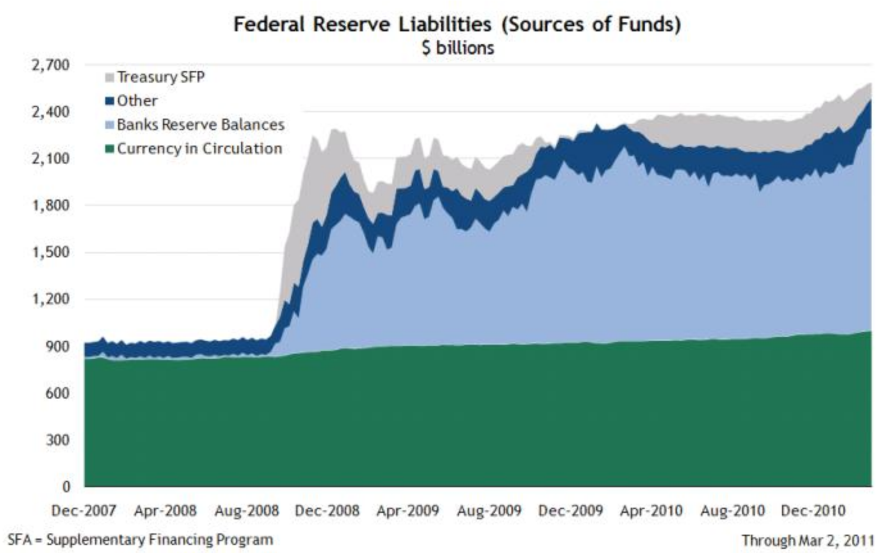
Source: Federal Reserve Board

- Treasuries increased by $22.8 billion while agency debt and MBS declined by $10.1 billion. Since November 10, Treasury securities have grown by $383 billion while agency debt and MBS have shrunk by $108 billion.
- According to the New York Fed's tentative outright Treasury operation schedule, the desk plans to purchase approximately $97 billion between mid-February and mid-March.
- Growth in the balance sheet will fluctuate from week to week as a result of the volatility of MBS prepayments.

Bank reserve balances with the Federal Reserve increased by $5.9 billion and Treasury deposits with Federal Reserve Banks (part of "Other") increased by $26.4 billion.

The Treasury Supplemental Financial account declined by $25 billion for the fourth consecutive week.

As of March 2, 2011, bank reserve balances are $1.3 trillion.



Source: Federal Reserve Board

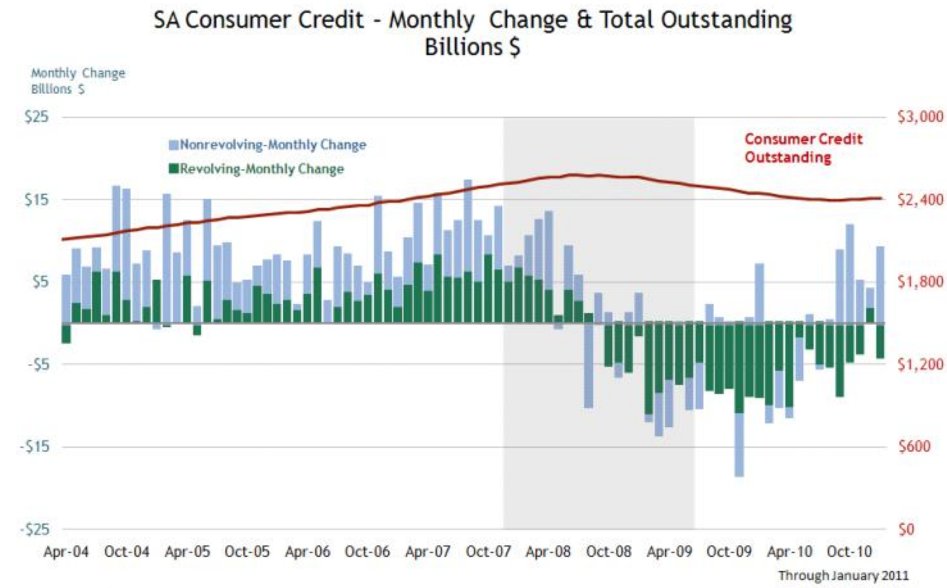
- The Treasury has announced that the Supplemental Financing Program (SFP) will be reduced to $5 billion to "provide flexibility" and delay the national debt from hitting the current ceiling of $14.29 trillion.
- The Treasury SFP was also reduced from $200 billion to $5 billion over the period September 23, 2009, to December 30, 2009, for the same reason.

Assets: Lending to nonbanks—TALF, CPFF, AMLF, and MMIFF; Short-term lending to financials—discount window, TAF, currency swaps, PDCF, and repos; Misc.—Maiden Lanes I, II, and III, credit to AIG, and other Fed assets. **Liabilities**: Other—Reverse repos, Treasury cash holdings, and deposits with Federal Reserve Banks other than reserve balances and excluding the Supplementary Financing Program.

Consumer Credit

Summary

Revolving credit outstanding decreased in January, following its increase the previous month (the lone such increase in more than two years).

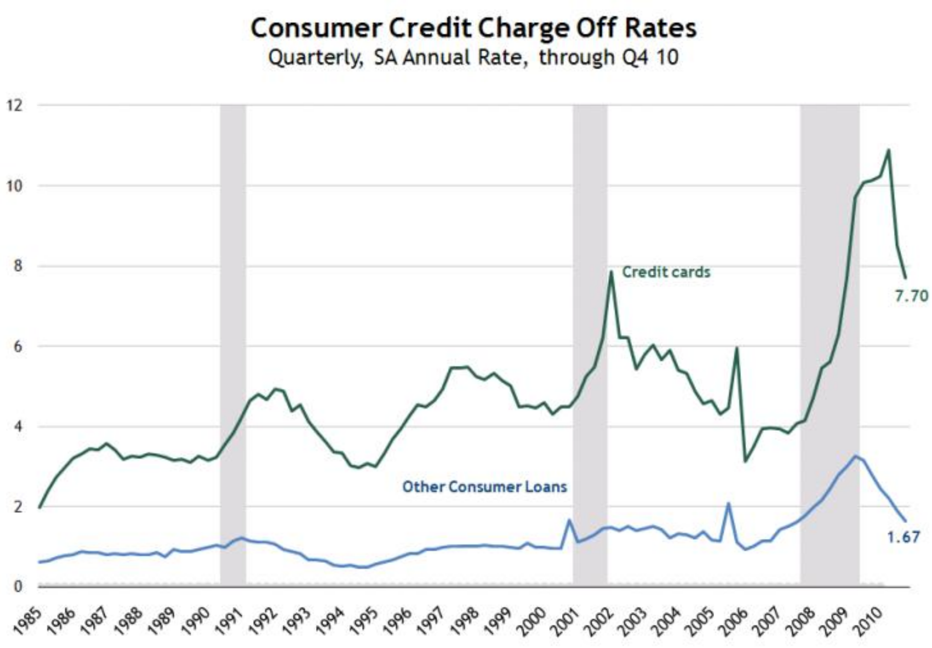


Source: Federal Reserve Board

- Total consumer credit outstanding increased $5 billion, reflecting a decrease of $4.2 billion in revolving credit and an increase of $9.2 billion in nonrevolving credit.

Charge-off rates on credit cards at commercial banks have been declining since June 2010, while charge-off rates on other consumer loans have been declining since June 2009.

Downward movements in the charge-off rates should to some degree increase the amount of consumer credit outstanding, as less debt is written off the books of commercial banks.

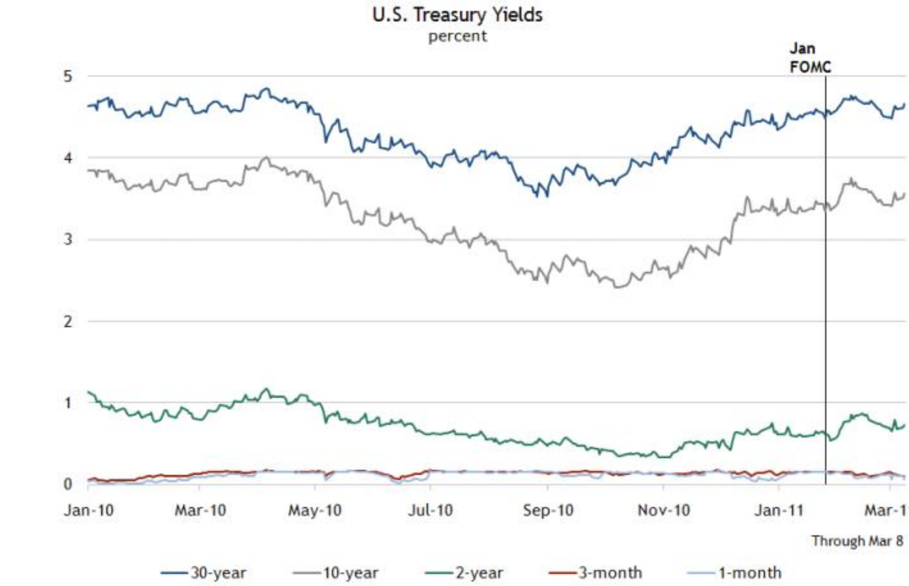


Source: Federal Reserve Board

Broad Financial Market Indicators

Summary

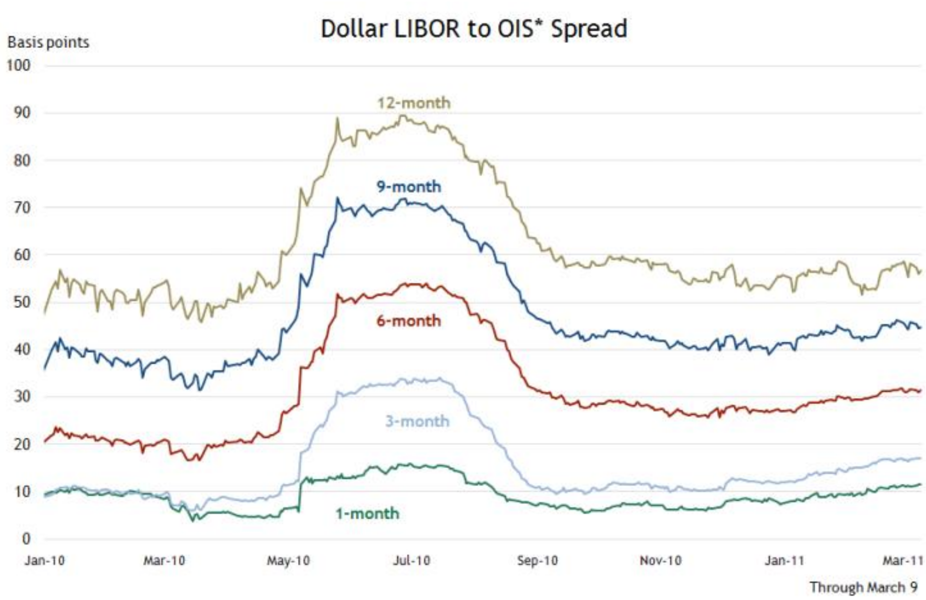
Treasury yields are slightly higher since the January FOMC meeting, even after a decline in yields from flight-to-quality flows during recent turmoil in the Middle East.



Source: Federal Reserve Board/Haver Analytics

- Since the January FOMC meeting, the 30-year Treasury bond yield is up 7 basis points (bps) to 4.66%, the 10-year note's yield is higher by 11 bps to 3.56%, and the two-year note is up 11 bps to 0.73%.

LIBOR to OIS spreads are up modestly, with the one- and three-month spreads each up by 3 basis points (bps), to 12 bps and 17 bps respectively, since the January FOMC meeting.



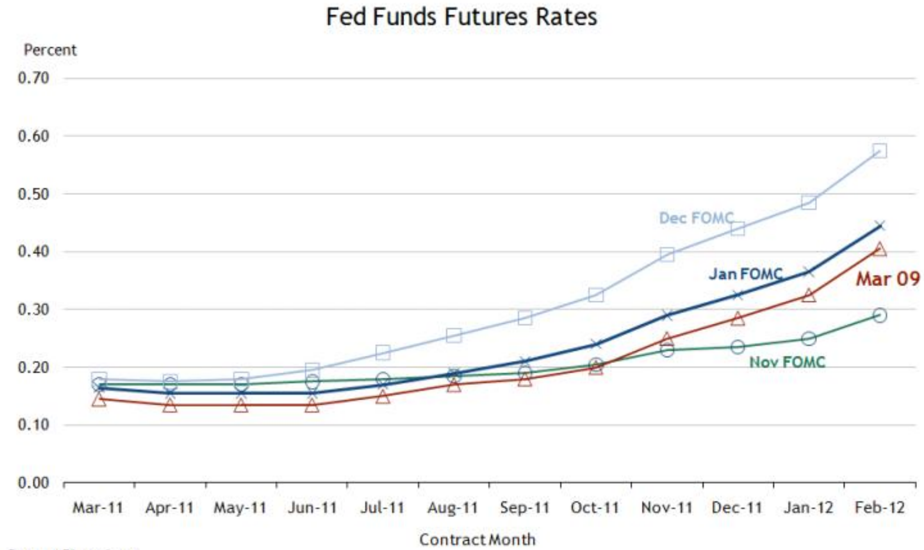
Source: British Bankers Association/Bloomberg

*Overnight Index Swap rate

Broad Financial Market Indicators

Summary

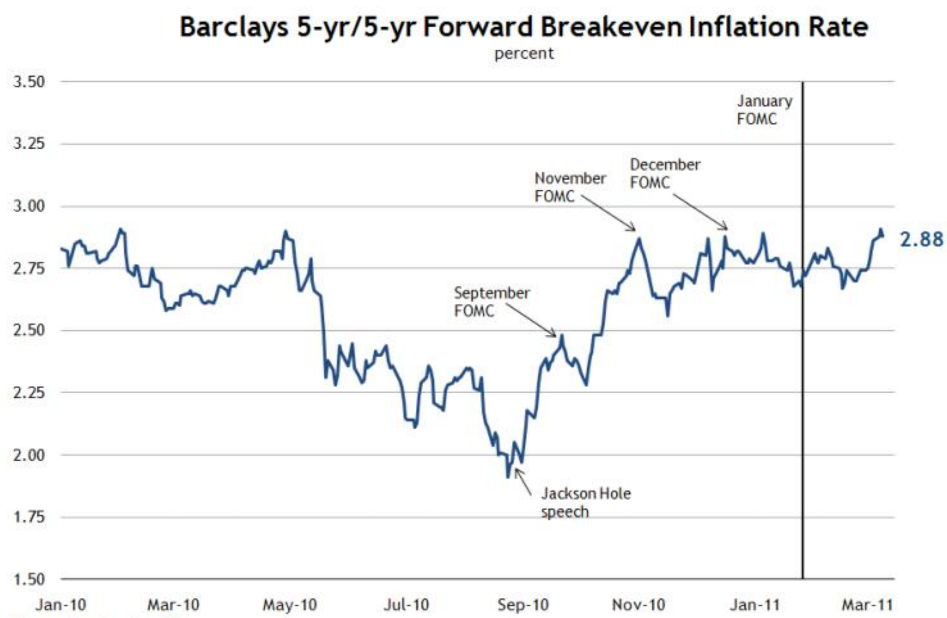
The curve of expected federal funds rates has been relatively stable in recent weeks, showing a lower path of interest rates than what prevailed at the last FOMC meeting.



Source: Bloomberg

- As of March 9, 2011, the futures market for fed funds indicates an implied rate of about 41 bps for the February 2012 contract, down 3 bps from the time of January's FOMC meeting.

Breakeven inflation rates have moved higher recently.



Source: Barclays Capital

- Using one measure calculated by Barclays, the TIPS market suggests investors see CPI inflation five to 10 years out as averaging about 2.88% as of March 9, 2011, which is higher by 9 bps over the past week.