FEDERAL RESERVE BANK of ATLANTA

April 13, 2011

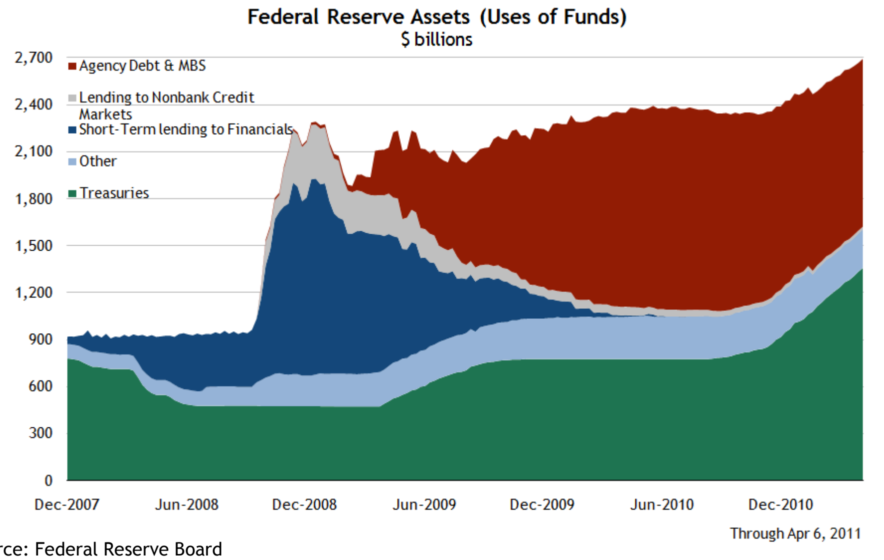
Financial Highlights

Federal Reserve

Summary

The balance sheet increased by $26 billion for the week ended April 6.

Since November 10, 2010, the balance sheet has increased $337.6 billion.



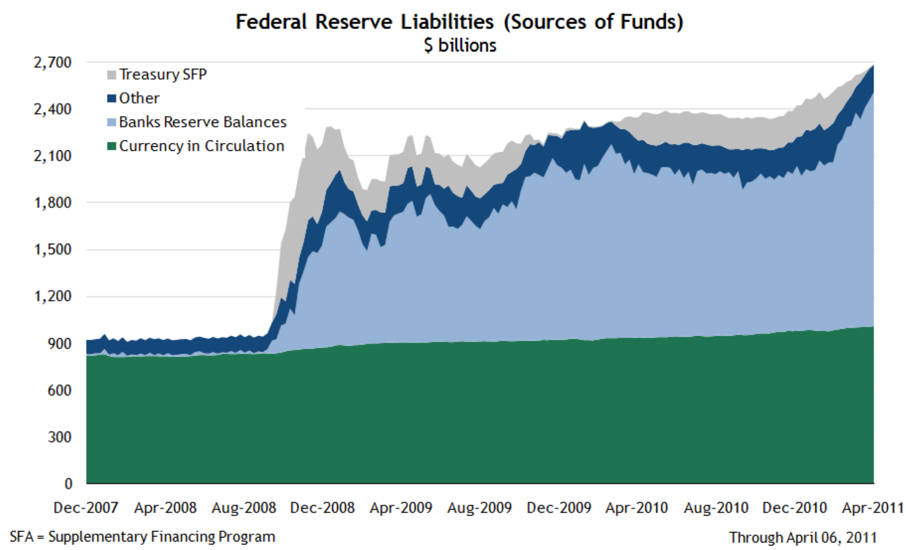
Source: Federal Reserve Board

- Treasuries increased by $25 billion while agency debt and MBS remained the same. Since November 10, Treasury securities have grown by $505 billion, while agency debt and MBS have shrunk by $131 billion.
- According to the New York Fed's tentative outright Treasury operation schedule, the desk plans to purchase approximately $102 billion between mid-March and mid-April.
- 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 $47 billion, while Treasury deposits with Federal Reserve banks (part of "Other") declined $18 billion.

The Treasury Supplemental Financing remained at $5 billion.

As of April 6, 2011, bank reserve balances are $1.5 trillion.



Source: Federal Reserve Board

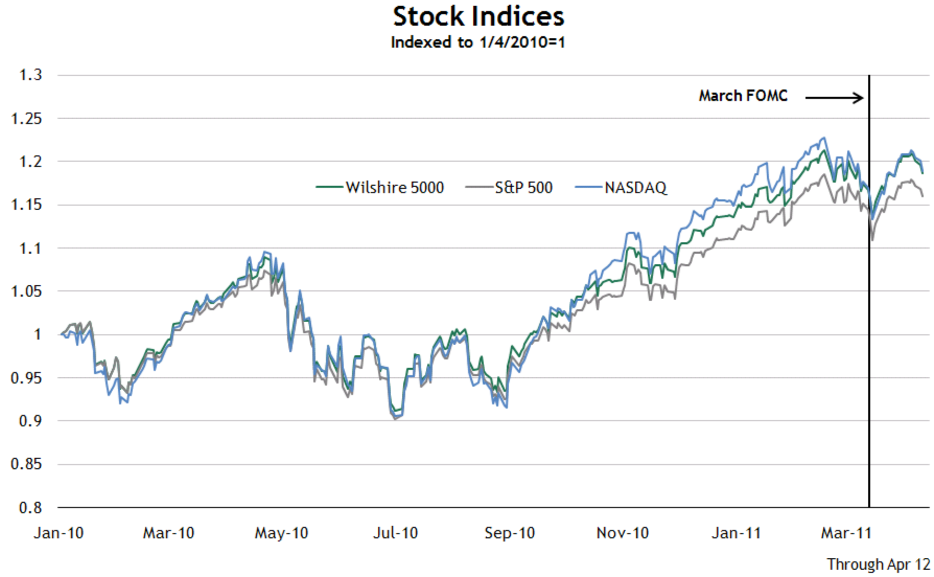
- The Treasury has announced that the Supplemental Financing Program (SFP) will be reduced to $5 billion to "provide flexibility" and delay the national debt from hitting the current ceiling of $14.29 trillion.
- The Treasury SFP was also reduced from $200 billion to $5 billion over the period September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

Bond and Equity Markets

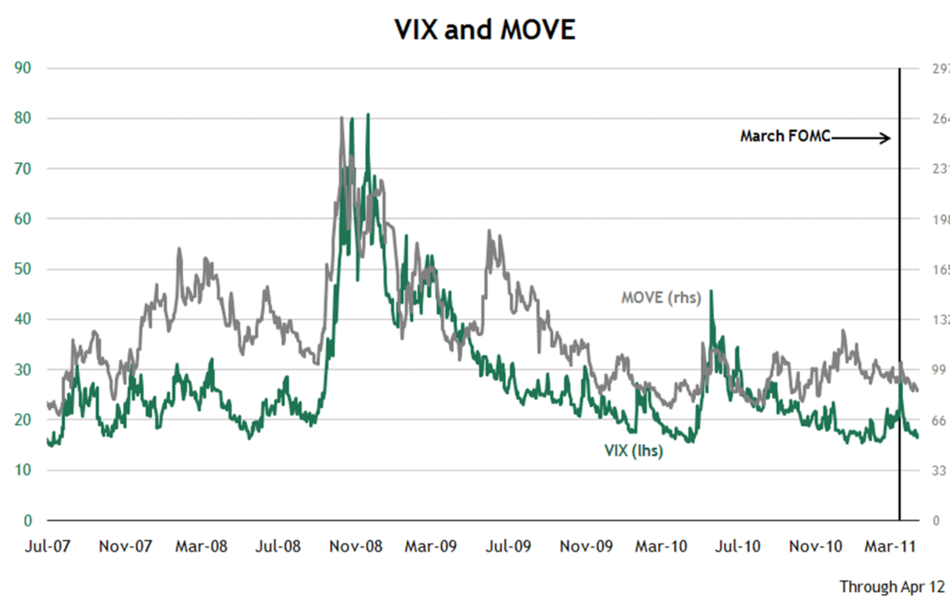
Summary

Equity markets have risen around 2.5% to 3% since the March FOMC meeting.



Source: Dow Jones, NY Times, WSJ

The Merrill Lynch MOVE index shows bond market volatility declined nearly 10% since the March FOMC meeting, and the VIX "fear index" from the Chicago Board Option Exchange indicates equity market volatility is lower by 30%.



Source: Merrill Lynch, Wall Street Journal

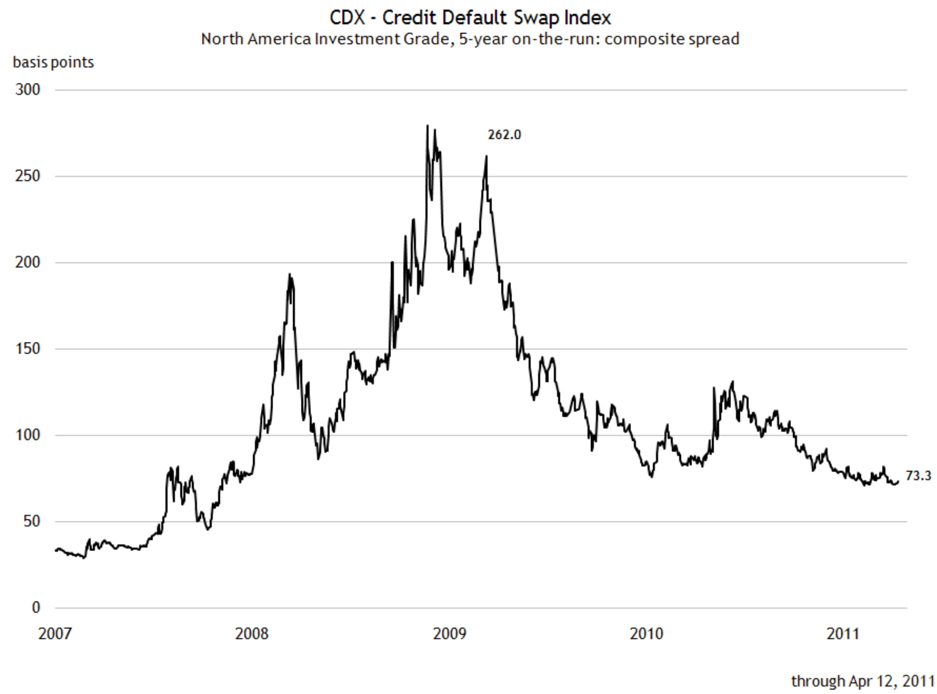
Bond and Equity Markets

Summary

The NAIG Credit Default Swap Index closed at 73.3 basis points (bps) on Tuesday.

Investors use the CDX to hedge against losses on corporate debt or to speculate on creditworthiness. A decline in the CDX generally signals an improvement in the perception of credit quality.

One basis point equates to $1,000 annually on a contract protecting $10 million in debt.

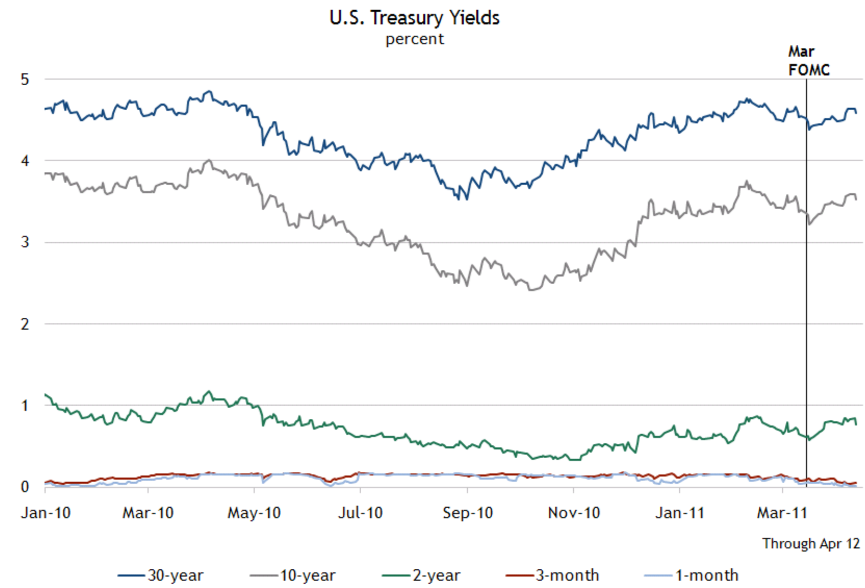


Source: Markit Group Limited/Haver Analytics

Broad Financial Market Indicators

Summary

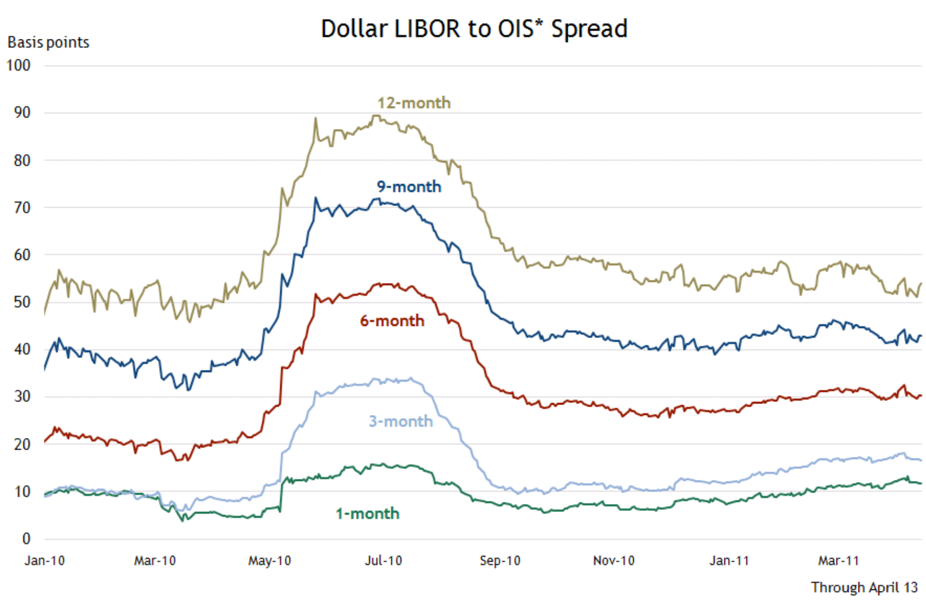
Longer-term Treasury yields have risen since the March FOMC meeting.



Source: Federal Reserve Board/Haver Analytics

- Since the March 15 FOMC meeting, the 30-year Treasury bond yield is up 11 basis points (bps) to 4.58%, the 10-year note's yield is higher by 19 bps to 3.52%, and the yield on the two-year note is up 14 bps to 0.77%.

LIBOR to OIS spreads relatively unchanged since the March FOMC meeting, with the one- and three-month spreads at 11.8 bps and 16.7 bps, respectively.



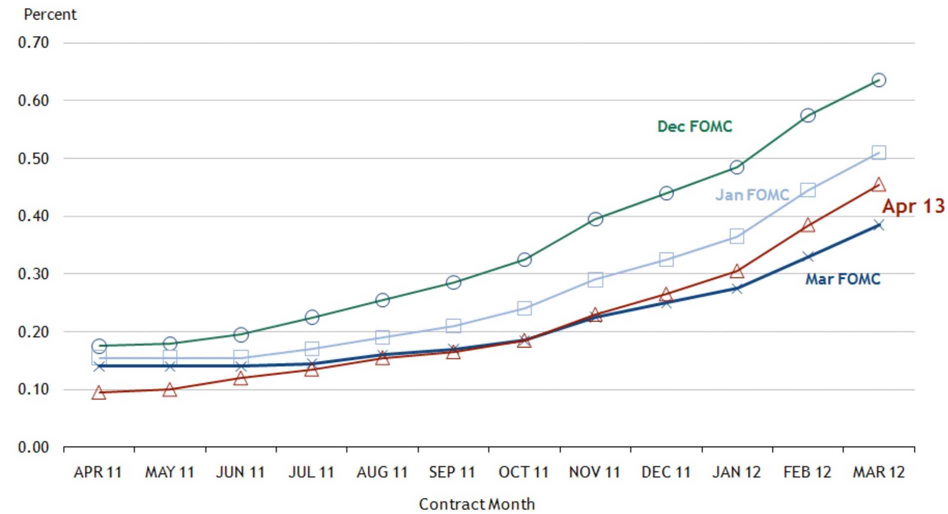
Source: British Bankers Association/Bloomberg

*Overnight Index Swap rate

Summary

The long end of the curve of expected rates has moved lower over the past week but is higher since the March FOMC meeting. Meanwhile, the short end of the curve is lower as a result of the anticipated runoff of the SFP and the FDIC assessment change.

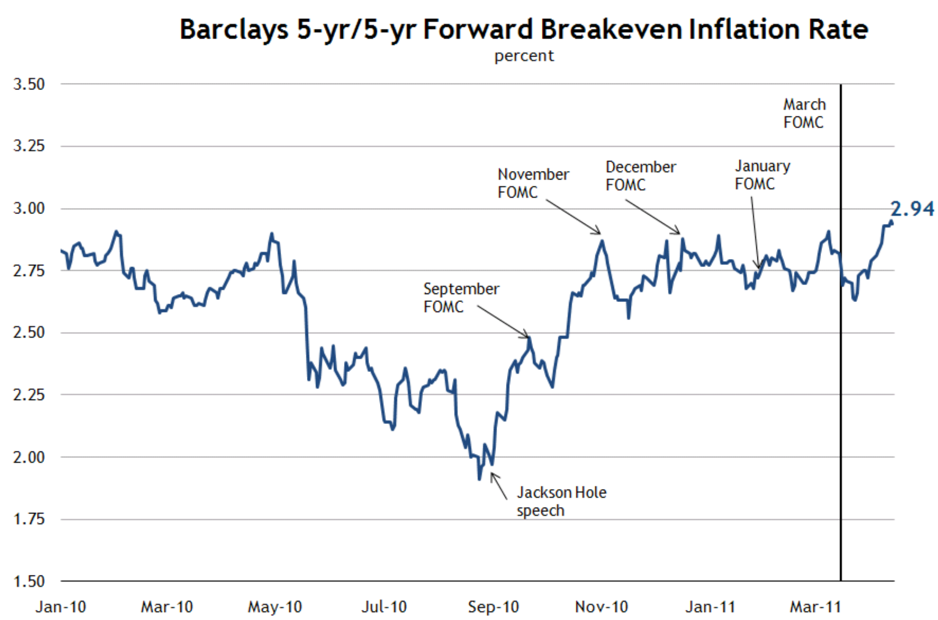
Fed Funds Futures Rates



Source: Bloomberg

- As of April 13, 2011, the futures market for fed funds indicates an implied rate of about 45 bps for the March 2012 contract, up 6 bps from the March FOMC meeting but 6 bps below the rate seen in January.

Breakeven inflation rates have risen strongly since the March FOMC meeting and in the past two weeks in particular.



Source: Barclays Capital

- One measure calculated by Barclays suggests investors see CPI inflation five years to 10 years out as averaging about 2.94% as of April 13, 2011, which is 19 bps higher than what followed the March FOMC meeting.