FEDERAL RESERVE BANK of ATLANTA

June 29, 2011

Financial Highlights

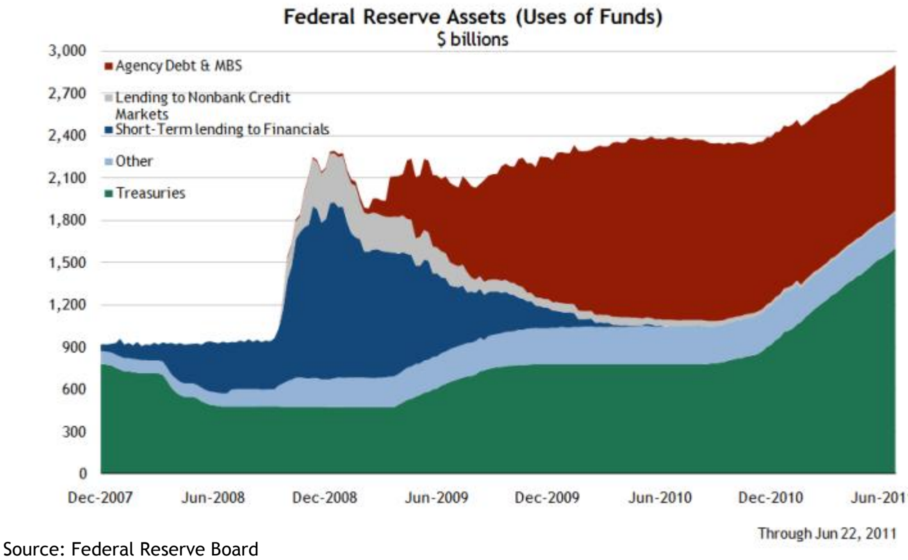
Federal Reserve

Summary

The balance sheet increased by $29 billion for the week ended June 22.

Since November 10, the balance sheet has increased $546 billion.

The $600 billion purchase program is expected to be completed by the end of June.



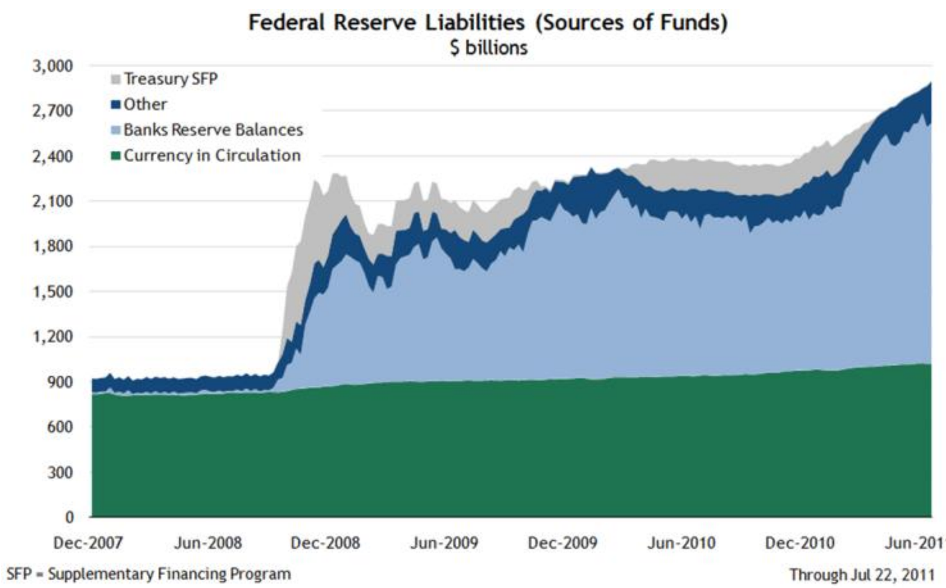
Source: Federal Reserve Board

- Treasuries increased by $26 billion while agency debt and MBS decreased $0.18 billion. Since November 10, Treasury securities have grown by $748 billion while agency debt and MBS have shrunk by $168 billion.
- According to the New York Fed's tentative outright Treasury operation schedule, the desk plans to purchase approximately $62 billion between mid-June and mid-July. $50 billion is the last of the $600 billion purchase program, and $12 billion is to replace the expected principal payments from agency debt and agency MBS.

Bank reserve balances with the Federal Reserve increased $28 billion while Treasury deposits with Federal Reserve banks (part of "Other") increased $3.8 billion.

The Treasury's Supplemental Financing Program (SFP) remained at $5 billion.

As of June 22, 2011, bank reserve balances are $1.6 trillion.



Source: Federal Reserve Board

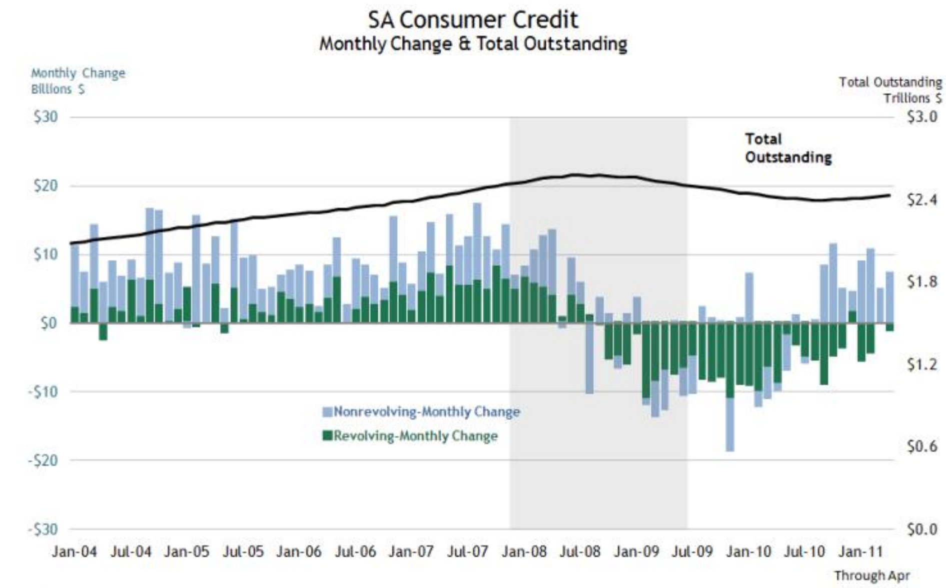
- The Treasury had announced that the Supplemental Financing Program (SFP) will be reduced to $5 billion to "provide flexibility" and delay the national debt from hitting the current ceiling of $14.29 trillion.
- The Treasury SFP was previously reduced from $200 billion to $5 billion over the period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

Consumer credit outstanding increased $6.3 billion in April to a level of $2.43 trillion.



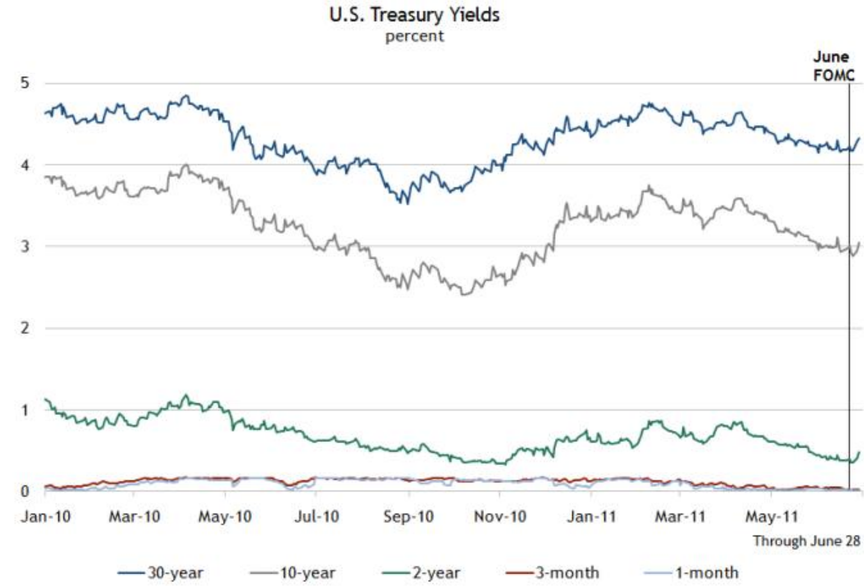
Source: Federal Reserve Board

- Nonrevolving credit increased $7.2 billion while revolving credit decreased $1 billion.
- Revolving credit has declined nearly 19 percent since its peak in August 2008. Non-revolving credit outstanding, on the other hand, reached an all-time high in April of $1.638 trillion.

Broad Financial Market Indicators

Summary

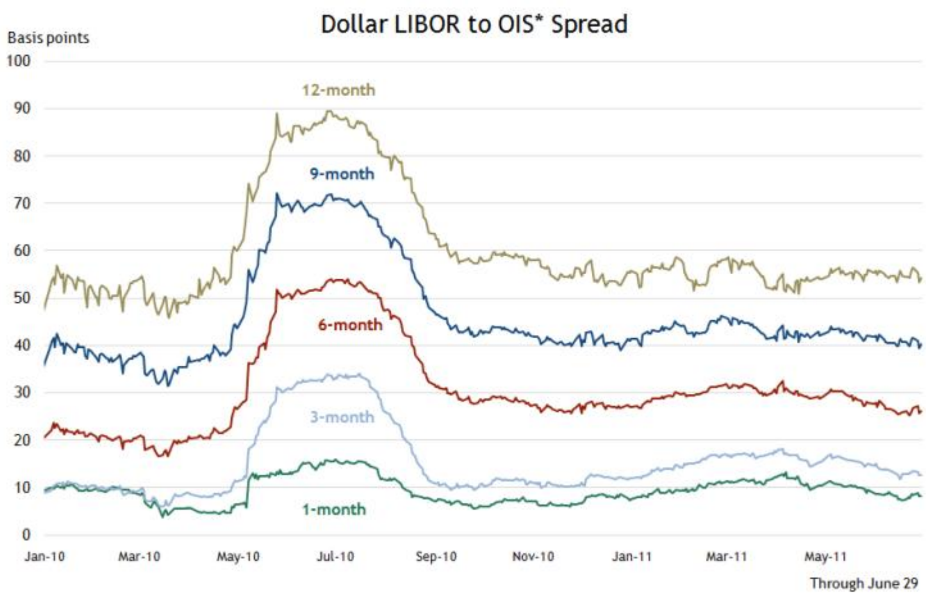
Since the June FOMC meeting last week, Treasury yields have moved higher.



Source: Federal Reserve Board/Haver Analytics

- Since the June FOMC meeting, the 30-year Treasury bond yield is up 12 basis points (bps) to 4.33 percent, the 10-year note's yield is higher by 6 bps to 3.05 percent, and the two-year note is up 8 bps at 0.48 percent.
- The three- and one-month T-bill rates are unchanged at 0.03 percent and 0.01 percent, respectively.

Since the April FOMC meeting, LIBOR to OIS spreads from one month to nine months have narrowed between 1.7 basis points (bps) and 2.7 bps, with the one- and three-month spreads currently at 8.3 bps and 12.6 bps, respectively. The 12-month spread has been essentially flat.



Source: British Bankers Association/Bloomberg

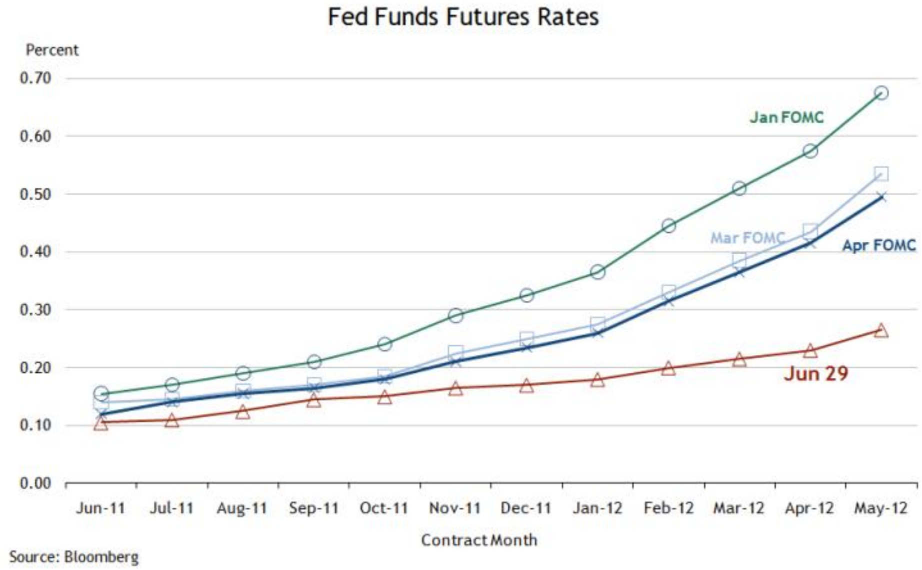
*Overnight Index Swap rate

Broad Financial Market Indicators

Summary

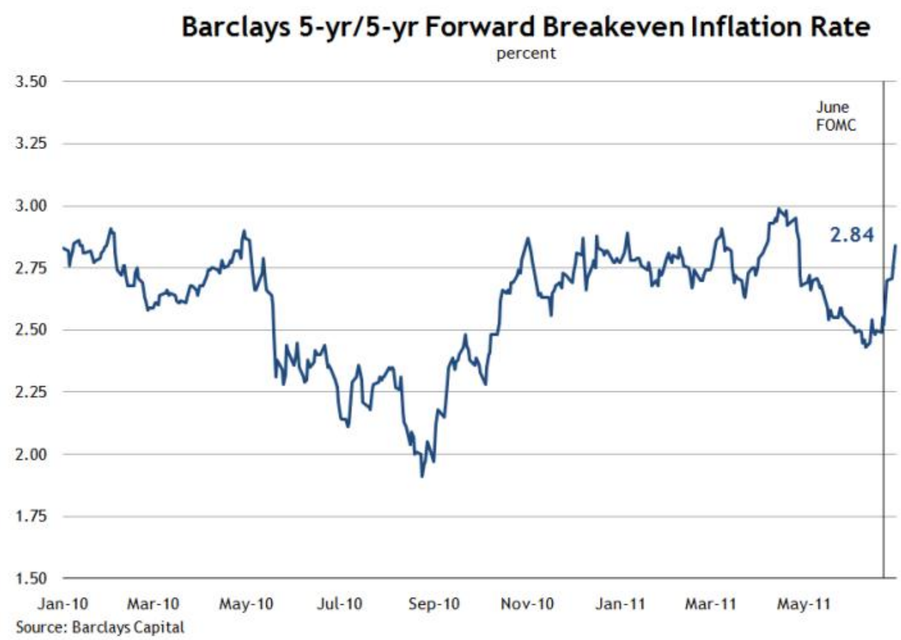
The long end of the curve of expected rates has moved significantly lower over the intermeeting period, with no rate increase expected in the next year.

The short end of the curve is lower, at least partially, as a result of the anticipated runoff of the SFP and the FDIC assessment change.



- As of June 29, 2011, the futures market for fed funds indicates an implied rate of about 27 bps for the May 2012 contract, about 23 bps lower since the April FOMC meeting.

Breakeven inflation rates are higher since the June FOMC meeting.



- Looking at one measure calculated by Barclays suggests investors see consumer price index inflation five to 10 years out as averaging about 2.84 percent as of June 29, 2011, which is 32 bps higher than a week ago, just before the June FOMC meeting.