

## Financial Highlights

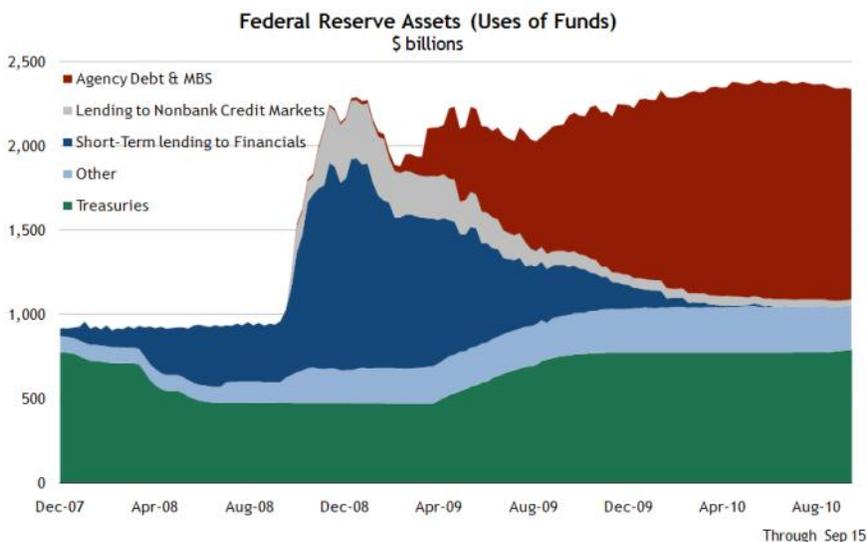
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# Federal Reserve

## Summary

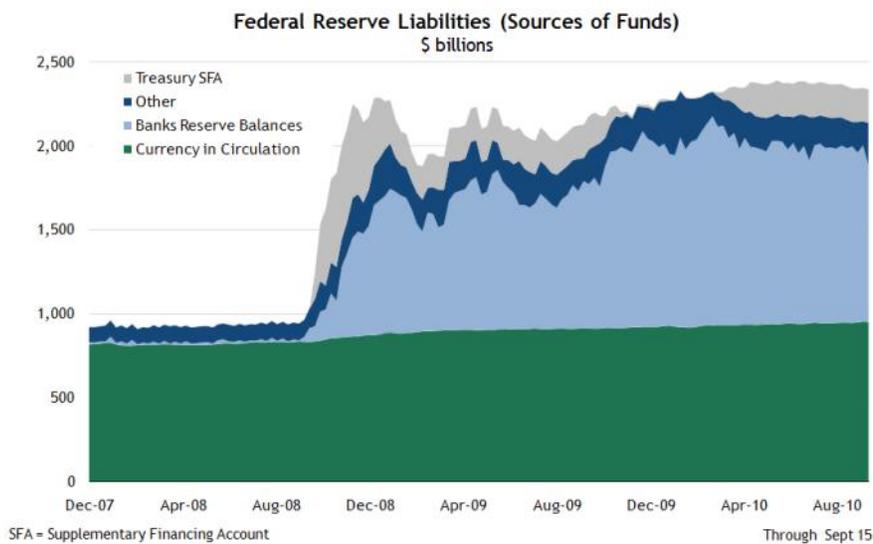
The balance sheet remained little changed, decreasing by \$9 billion for the week ended September 15.



Source: Federal Reserve Board

- MBS and agency securities on the balance sheet declined by nearly \$13 billion.
- Treasuries increased by \$4.8 billion.
- The TALF facility (part of lending to nonbank credit markets) declined by \$0.4 billion.

Bank reserve balances decreased \$118 billion, offset by a \$110 billion increase in Treasury deposits with Federal Reserve banks (part of “Other”).



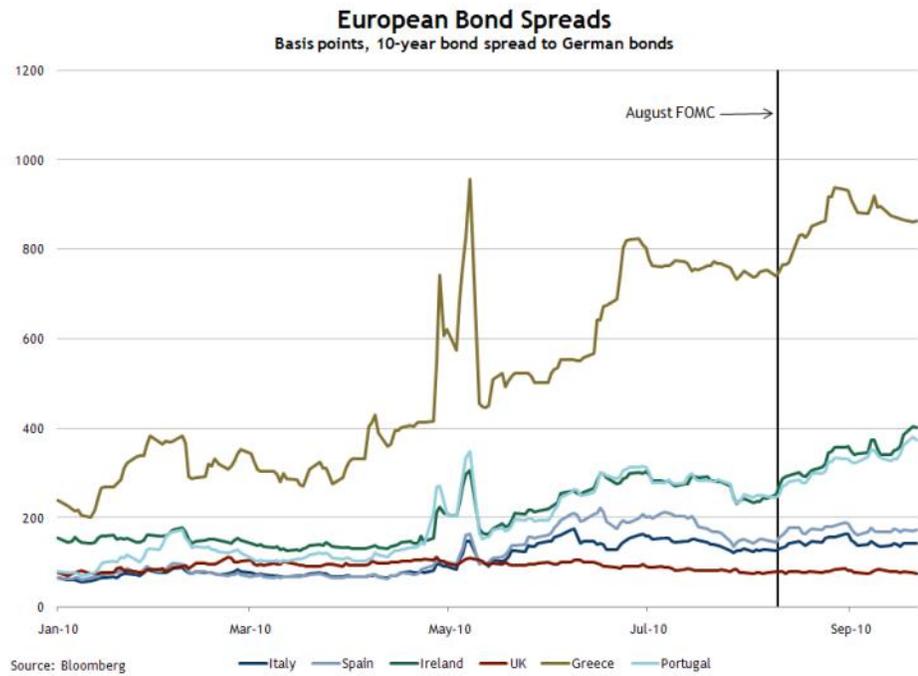
Source: Federal Reserve Board

**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.

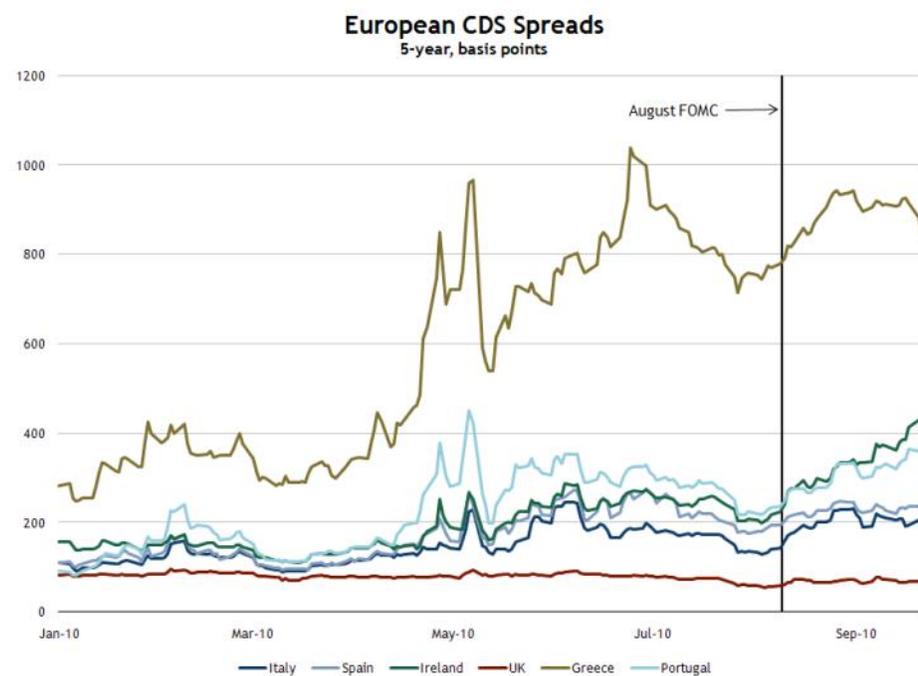
# European Debt

## Summary

European bond spreads have for the most part risen and remain elevated since the August FOMC meeting.



CDS spreads remain elevated for Greece and some other euro area countries.



Source: Bloomberg

# Consumer Credit

## Summary

Consumer credit outstanding declined for the 22nd consecutive month.

Seasonally adjusted revolving credit fell by \$3.6 billion, while nonrevolving increased by \$0.7 billion.

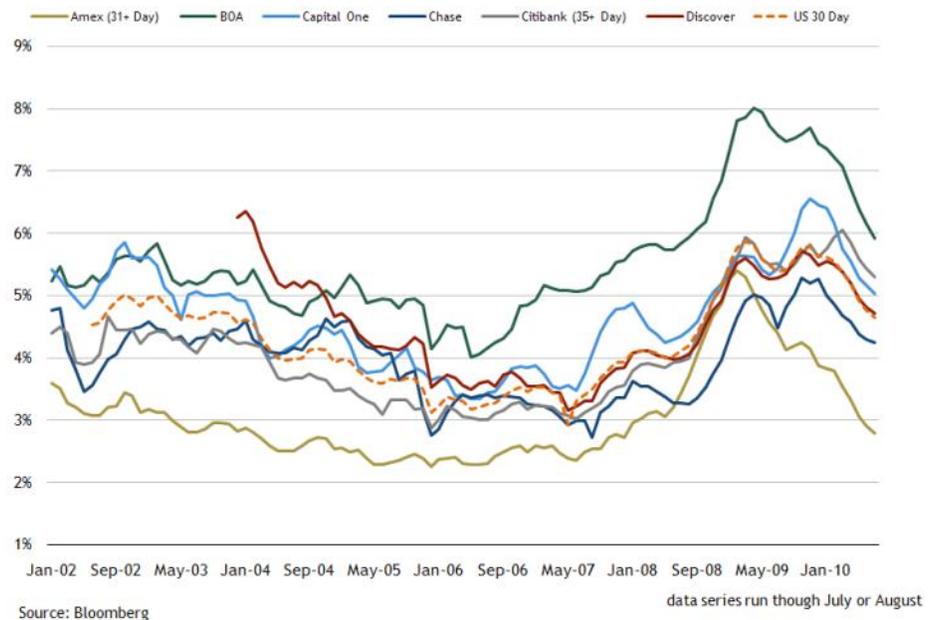
SA Consumer Credit - Monthly Change and Total Outstanding  
Billions \$



Thirty-day delinquency rates on credit cards have been declining across many of the major card issuers in the United States.

In July, the U.S. 30-day index was down 75 basis points from the year prior, to 4.6%.

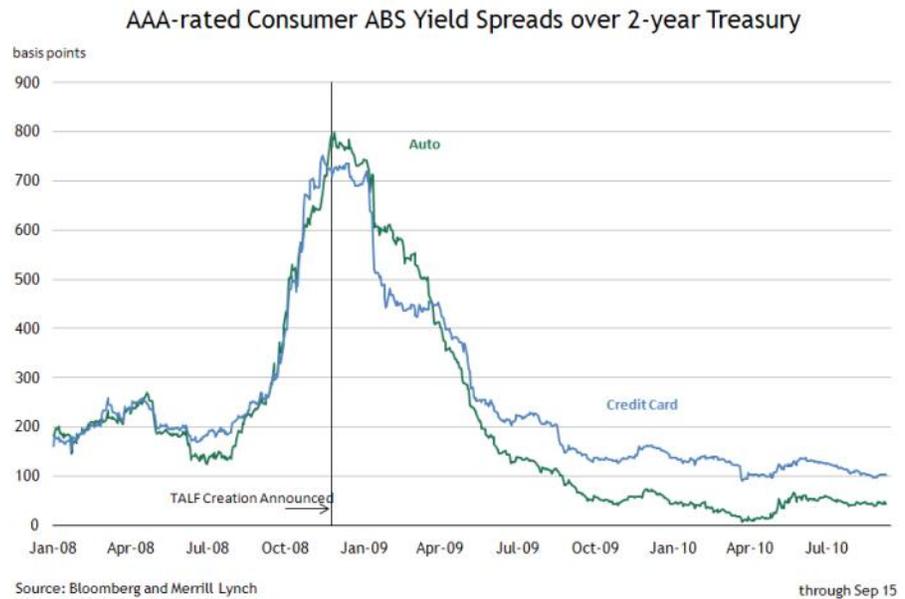
United States 30+ Day Delinquency Rates, by Bank



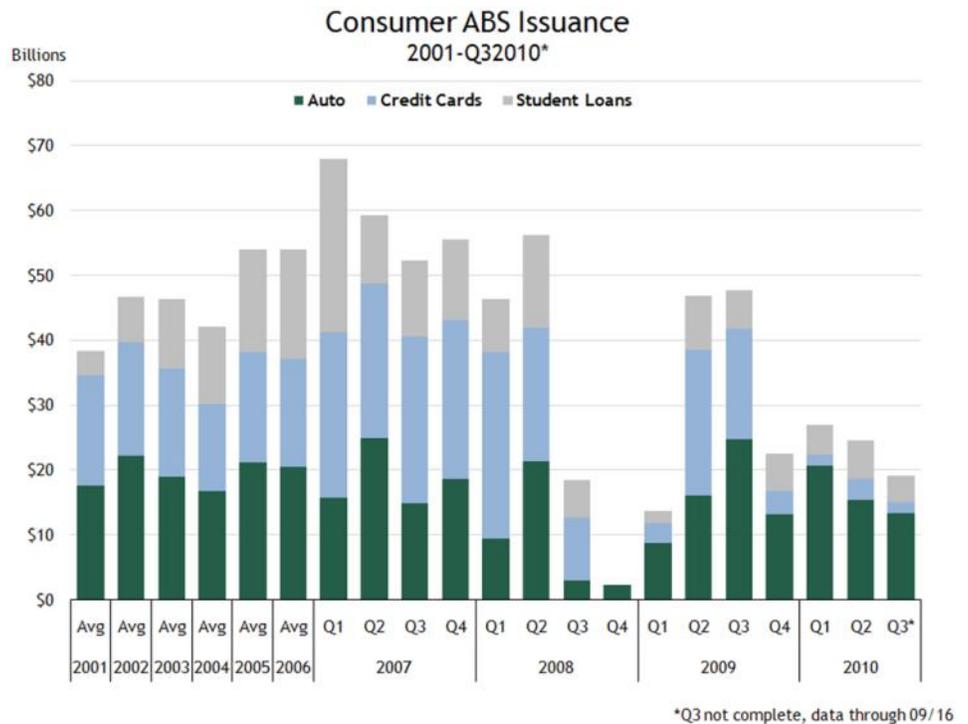
# Consumer Credit

## Summary

Yield spreads for AAA-rated consumer asset-backed securities remain stable.



Issuance of asset-backed securities related to consumer credit has hovered around \$25 billion per quarter for the past four quarters.

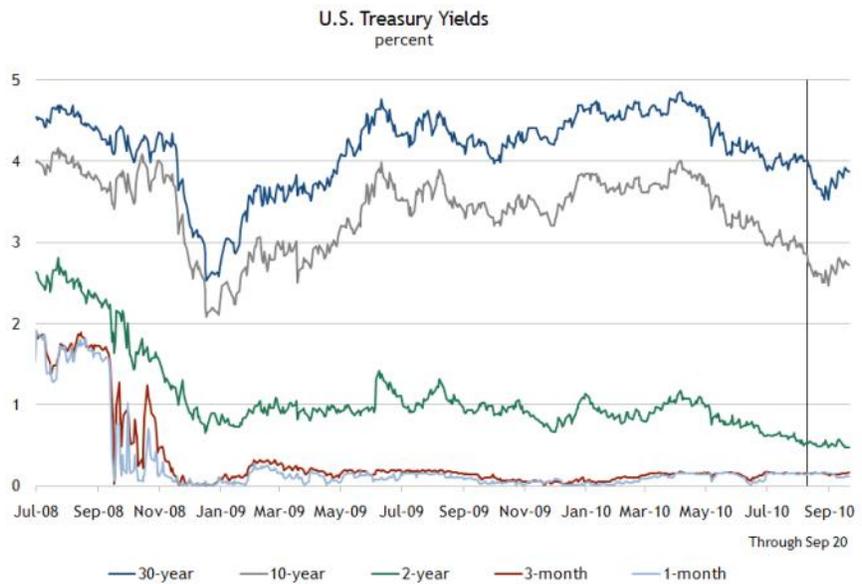


Source: SIFMA/Bloomberg

# Broad Financial Market Indicators

## Summary

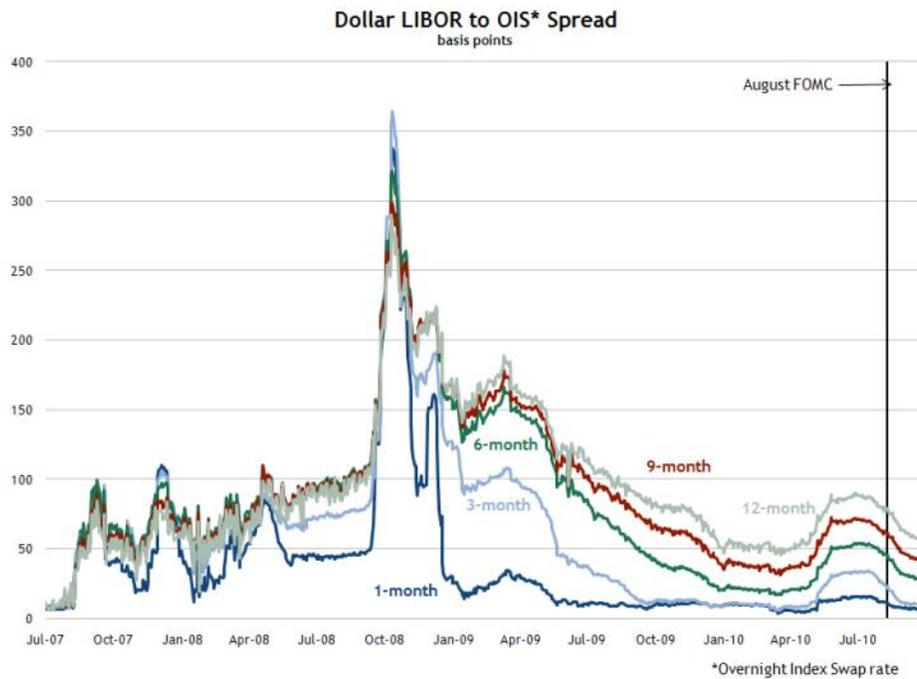
Longer-dated Treasury yields are slightly lower than the day of the August FOMC meeting.



Source: Federal Reserve Board/Haver Analytics

- Thirty-year Treasury bonds have declined 13 basis points (bps) to 3.87% since the August FOMC meeting; 10-year Treasury bonds have declined 7 bps to 2.72%.

LIBOR to OIS spreads have narrowed since the August FOMC meeting.

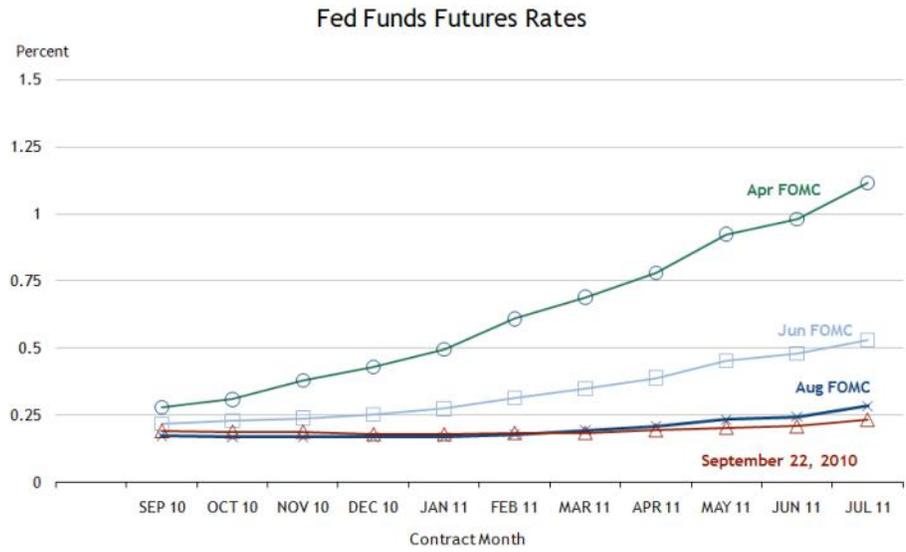


Source: British Bankers Association/Bloomberg

# Broad Financial Market Indicators

## Summary

The curve of expected rates from the fed funds futures market is practically unchanged since the August 10 FOMC meeting.



Source: Bloomberg

- The fed funds futures markets expect a rate increase around late 2011 or early 2012.
- As of September 22, the futures market for fed funds indicates an implied rate of about 24 bps for the July 2011 contract.