FEDERAL RESERVE BANK of ATLANTA

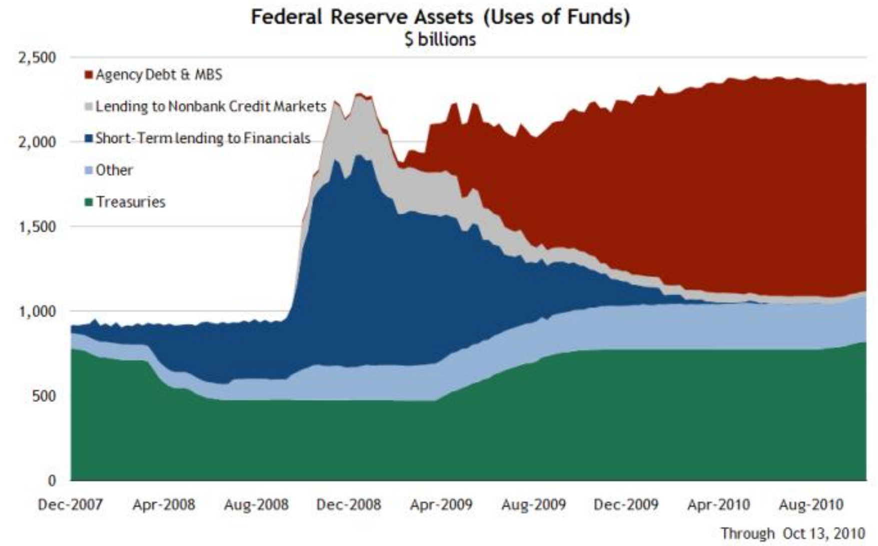
October 20, 2010

Financial Highlights

Federal Reserve

Summary

The balance sheet remained little changed, increasing $1 billion for the week ended October 13.

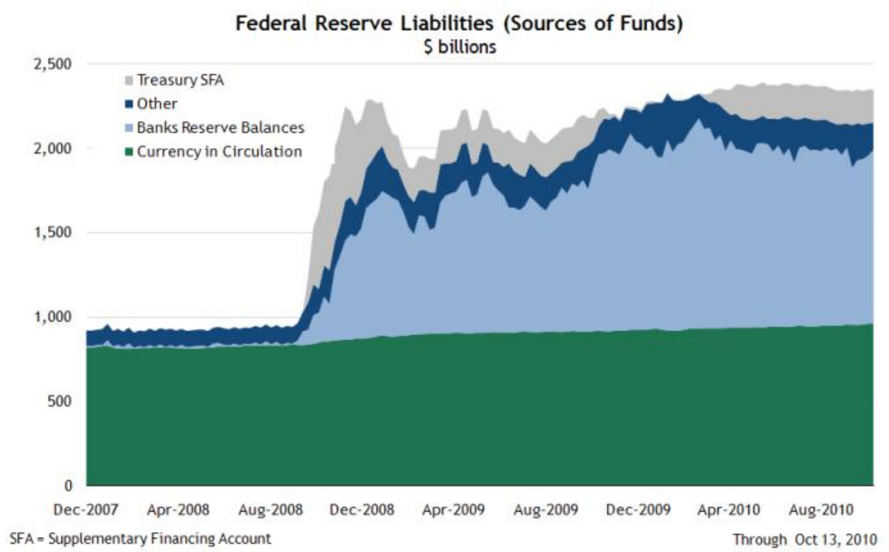


Source: Federal Reserve Board

- Treasuries continued to increase, growing by $2 billion while agency debt declined $2 billion. Agency MBS remained unchanged from the week prior.

On the liabilities side of the balance sheet, bank reserve balances and currency in circulation both grew, increasing $28.8 billion and $4 billion, respectively.

The increase was offset by other liabilities, which decreased $31.7 billion, mostly as a result of declines in Treasury deposits with Federal Reserve banks and reverse repurchase agreements.



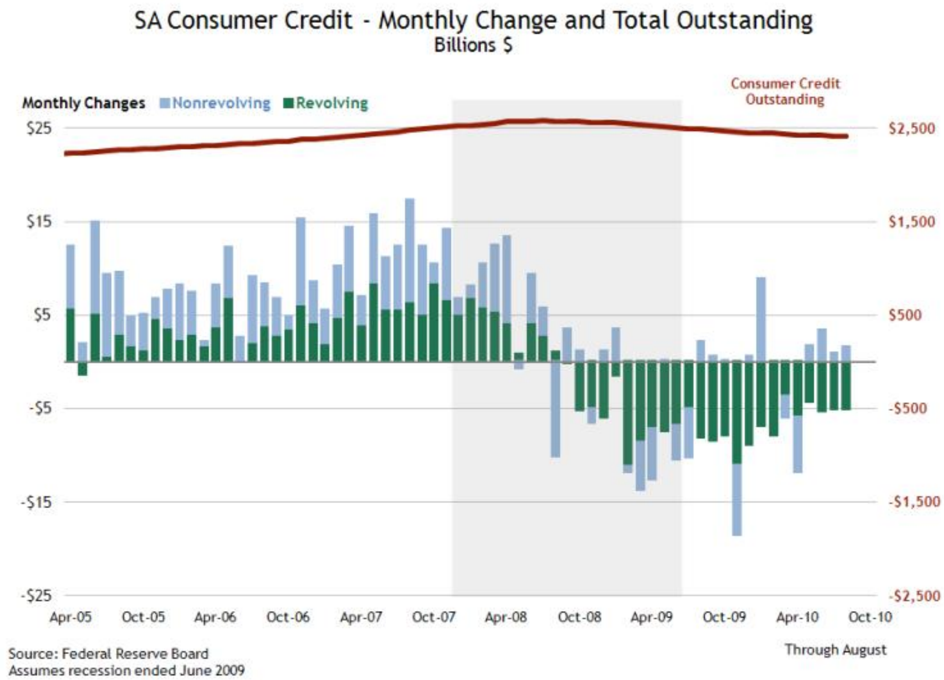
Source: Federal Reserve Board

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.

Consumer Credit

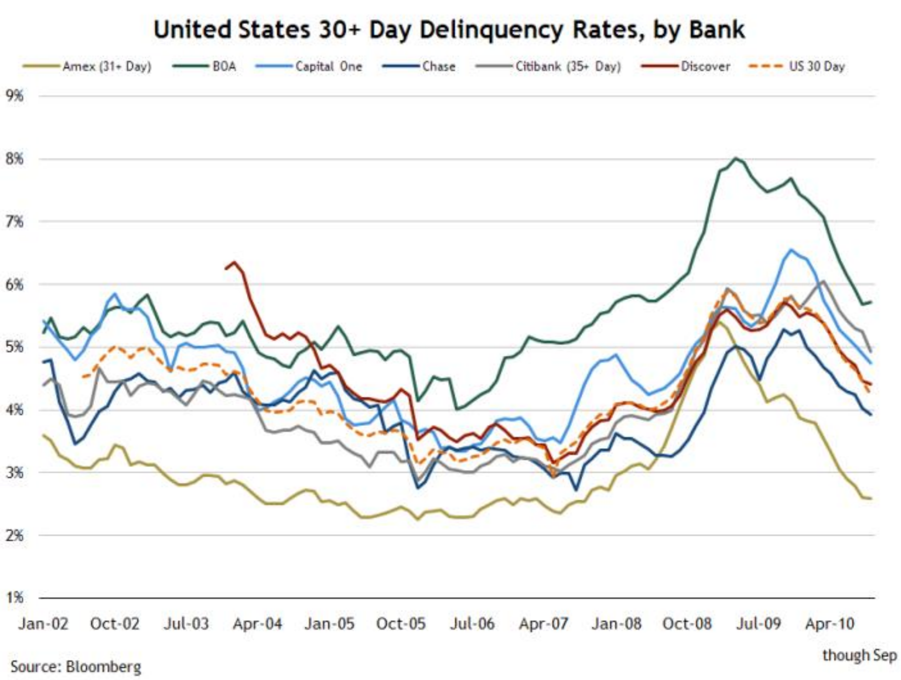
Summary

Consistent with recent trends, nonrevolving consumer credit outstanding increased in August while revolving credit fell.



- Nonrevolving consumer credit outstanding increased $1.6 billion.
- Revolving consumer credit outstanding declined $5 billion.

Thirty-day delinquency rates for major credit card issuers in the United states continue to decline.



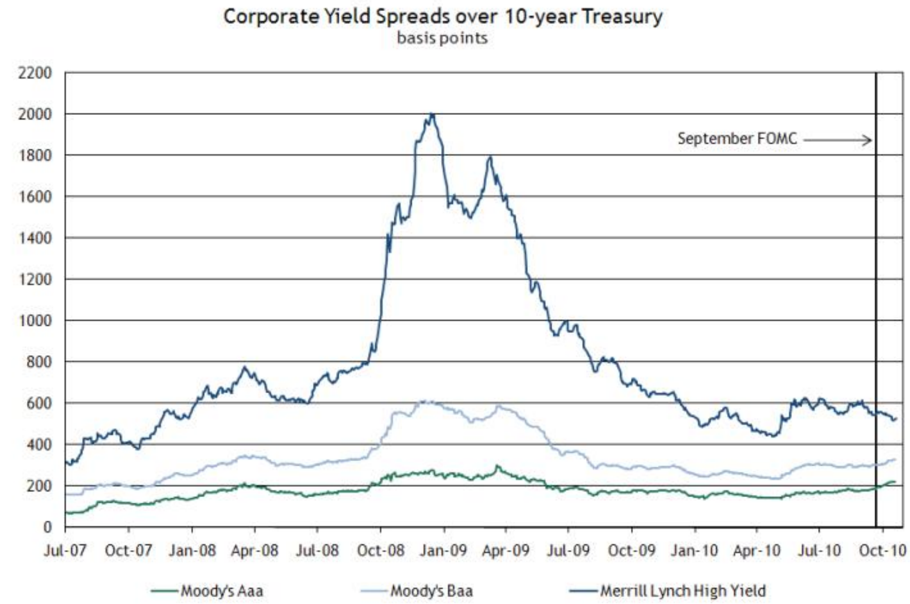
- The U.S. 30-day credit card delinquency index was 4.24% as of September 30, down from a high of 5.87% in March 2009.

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.

Corporate Bonds

Summary

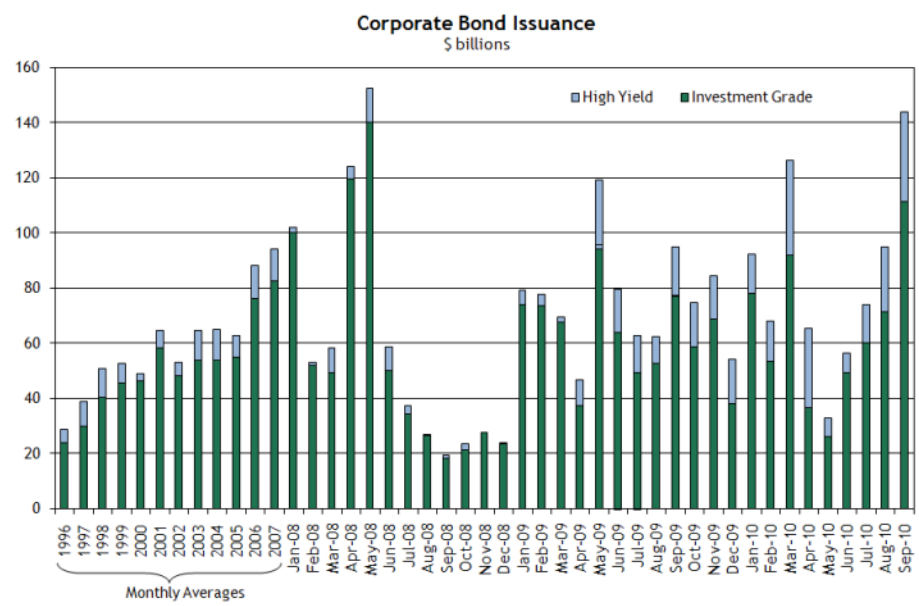
Corporate yield spreads have declined for riskier securities, while rising for Aaa- and Baa-rated ones.



Source: Merrill Lynch, Moody's, Federal Reserve Board

- Since the September FOMC meeting, corporate yield spreads have narrowed by 25 basis points (bps) for the Merrill Lynch High Yield Index, but have risen 21 bps for Moody's Baa-rated bonds. The Aaa-rated bonds were also up 26 bps.

U.S. corporations accessed the bond market for nearly $145 billion in financing during September 2010, the largest number since May 2008.



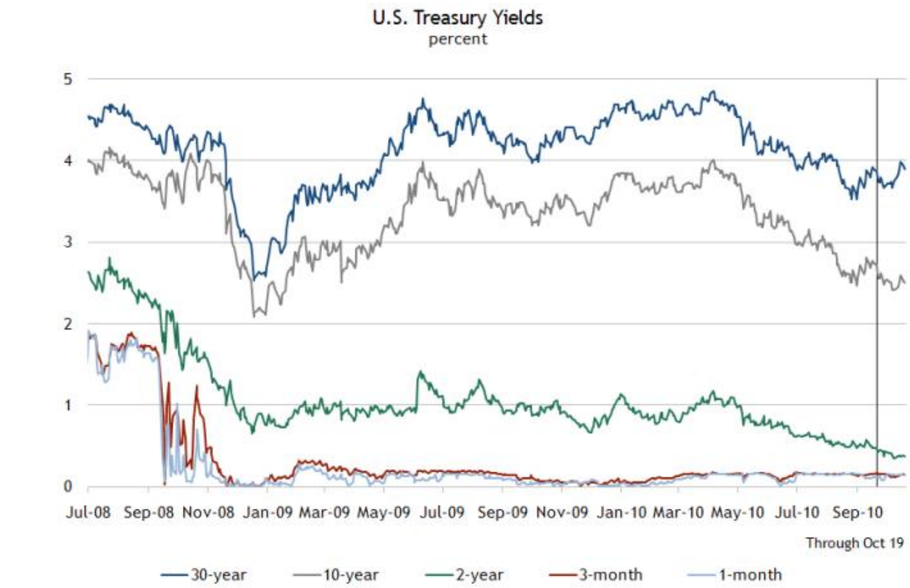
Source: SIFMA

- According to SIFMA, U.S. corporate bond issuance hit $143.9 billion in September 2010, and high-yield debt issuance was $32.8 billion of that amount. The overall amount was the highest since May 2008, while the high-yield total was the highest since March 2010.

Broad Financial Market Indicators

Summary

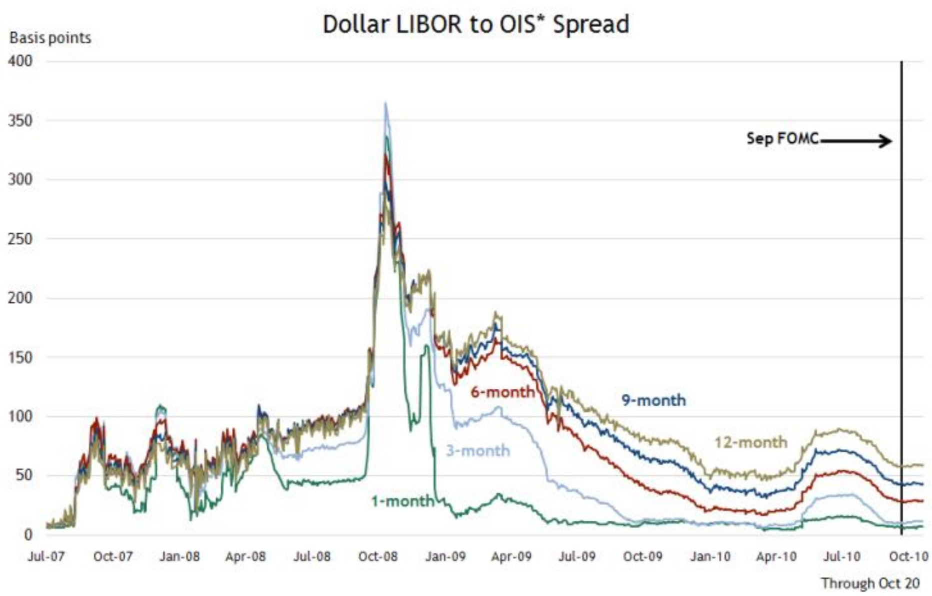
The yield curve has steepened further since the September FOMC meeting.



Source: Federal Reserve Board/Haver Analytics

- Thirty-year Treasury bonds have risen 11 bps to 3.90% since the September FOMC meeting, while the 10-year notes have declined 11 bps to 2.50%.

LIBOR to OIS spreads, after a period of normalization this summer, are relatively unchanged since the September FOMC meeting.



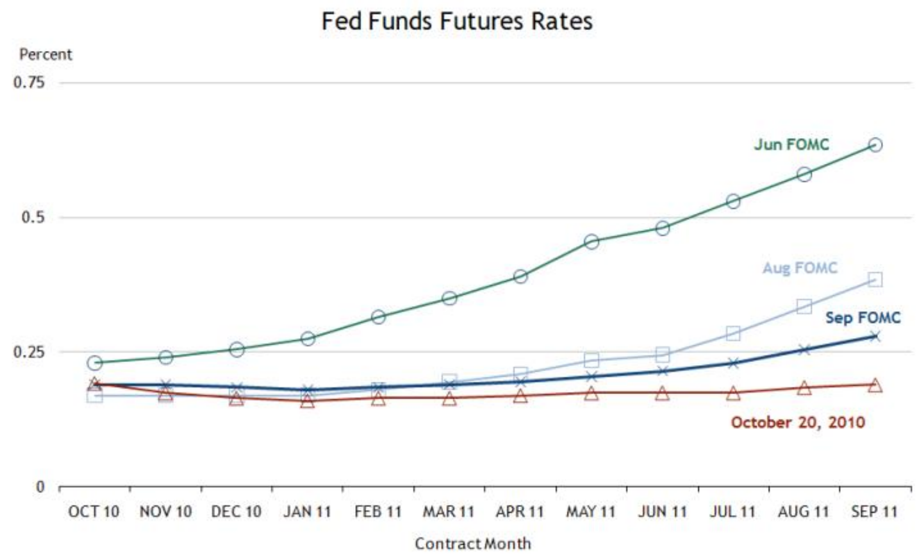
Source: British Bankers Association/Bloomberg

*Overnight Index Swap rate

Broad Financial Market Indicators

Summary

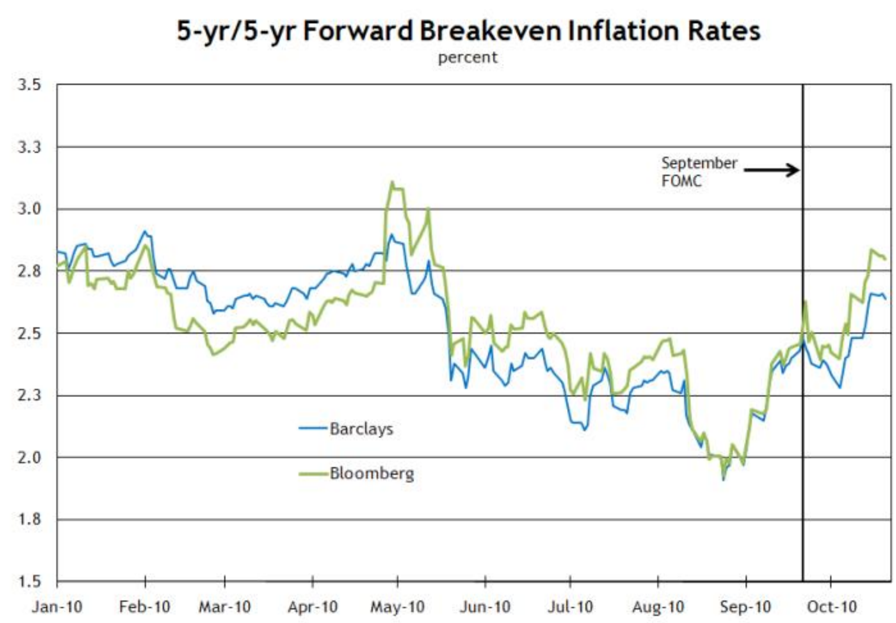
The curve of expected rates from the fed funds futures market has moved even lower since the September 21 FOMC meeting.



Source: Bloomberg

- The fed funds futures markets currently do not expect a rate increase in 2011.
- As of October 20, the futures market for fed funds indicates an implied rate of about 19 bps for the September 2011 contract, about 45 bps lower than what followed the June 2010 FOMC meeting.

Breakeven inflation rates have risen since the last FOMC meeting.



Source: Bloomberg/Barclays

- Looking at one measure calculated by Barclays suggests investors see consumer price index inflation five to 10 years out as averaging about 2.65%, which is up 16 bps from the last FOMC meeting.