FEDERAL RESERVE BANK of ATLANTA

October 27, 2010

Financial Highlights

Federal Reserve

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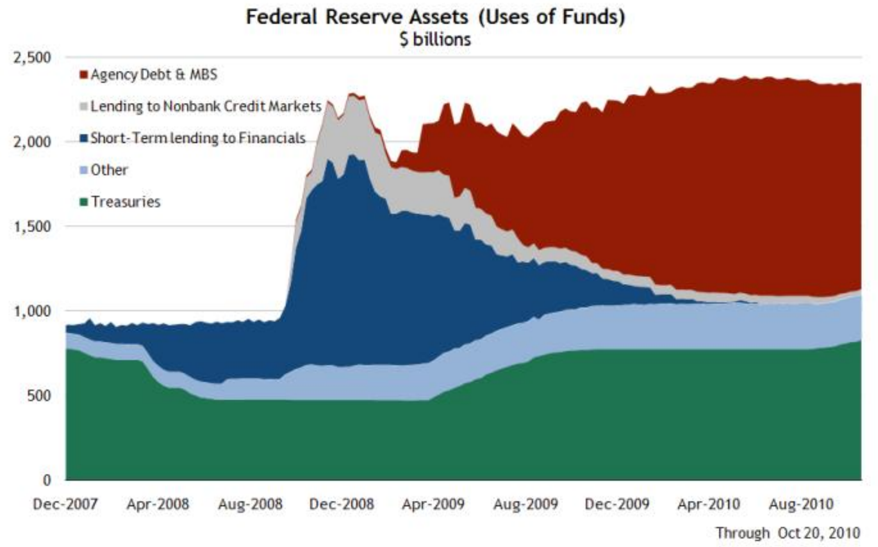
Summary

The balance sheet remained little changed, decreasing $3.5 billion for the week ended October 20.

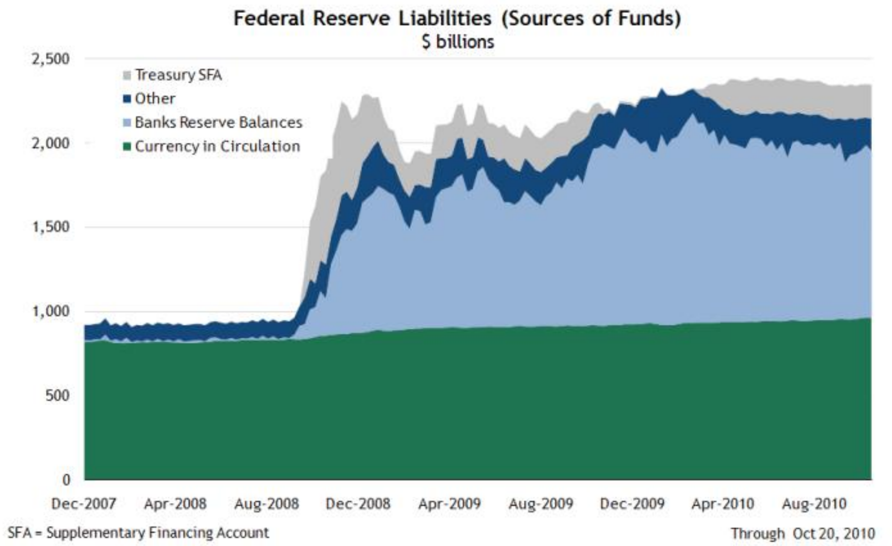


Source: Federal Reserve Board

- Treasuries continued to replace mortgage-backed securities (MBS) on the balance sheet, growing by $11 billion. Agency debt and MBS together declined $14 billion.

On the liabilities side of the balance sheet, bank reserve balances declined $34 billion.

The decrease was offset by a $36 billion increase in Treasury deposits with Federal Reserve banks.



Source: Federal Reserve Board

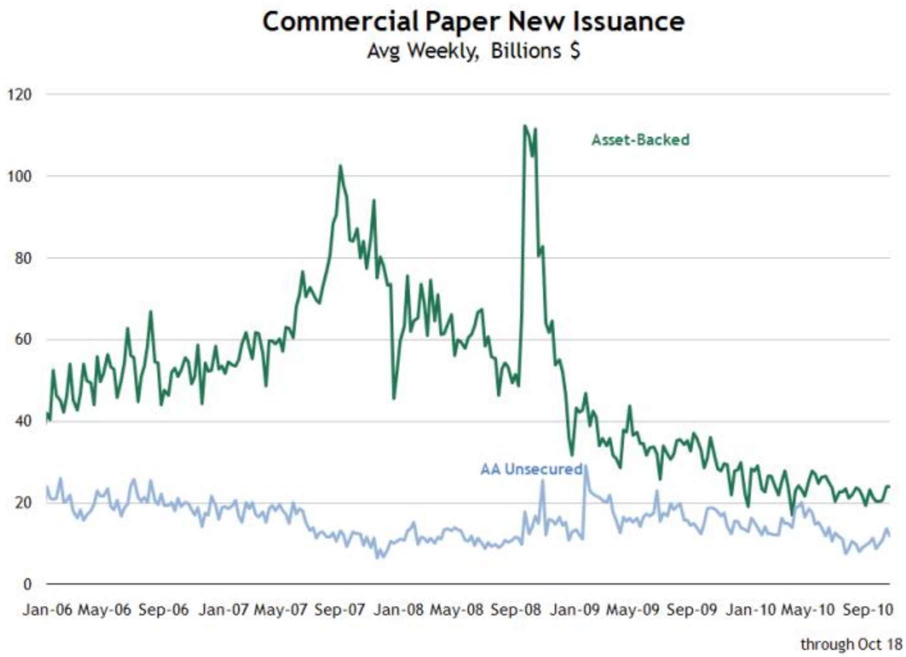
Assets: Lending to nonbanks—TALF, CPFF, AMLF, and MMIFF; Short-term lending to financials—discount window, TAF, currency swaps, PDCF, and repos; Misc.—Maiden Lanes I, II, and III, credit to AIG, and other Fed assets. **Liabilities**: Other—Reverse repos, Treasury cash holdings, and deposits with Federal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

Commercial Paper

Summary

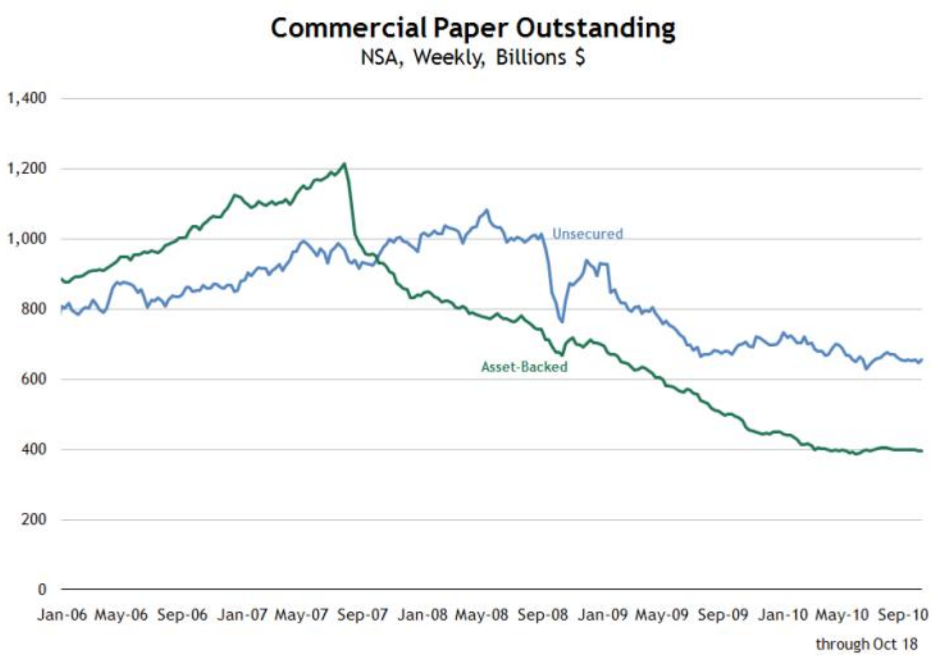
Issuance of asset-backed commercial paper appears to have stabilized at about $20 billion a week, far below levels seen before the financial crisis.

Issuance of AA unsecured paper remains stable at around $10 billion to $20 billion per week.



Source: Federal Reserve Board

As a result of recent issuance trends, commercial paper outstanding has stabilized in recent months.

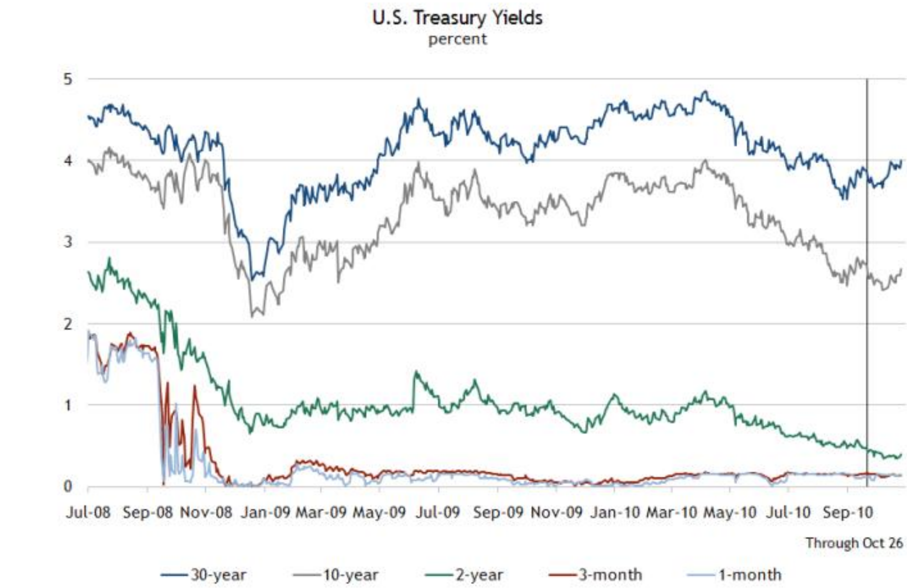


Source: Federal Reserve Board

Broad Financial Market Indicators

Summary

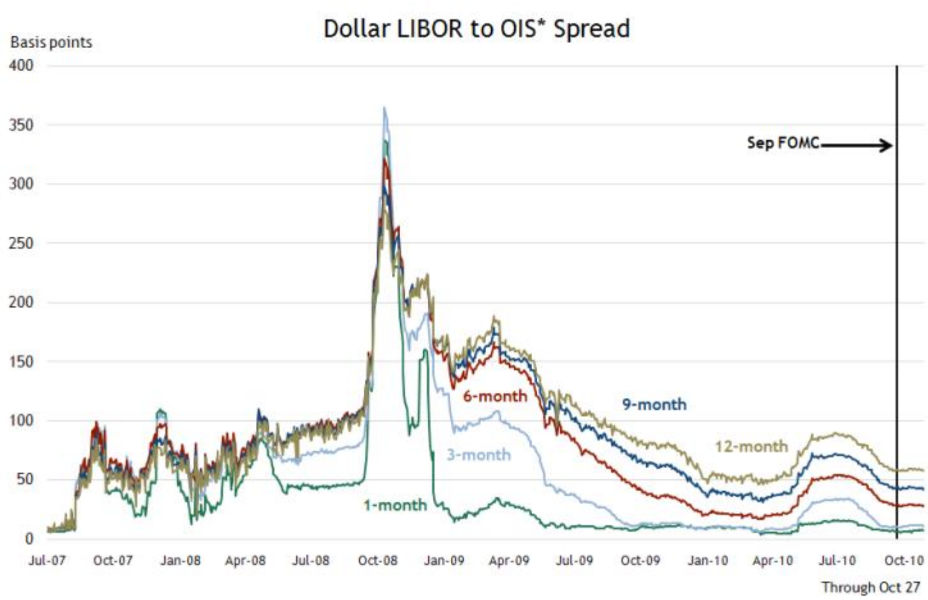
The two-to-30 year part of the yield curve has steepened further since the September FOMC meeting.



Source: Federal Reserve Board/Haver Analytics

- Thirty-year Treasury bonds have risen 21 basis points (bps) to 4% since the September FOMC meeting, while the 10-year notes are up only 6 bps to 2.67%, and the two-year note declined 3 bps to 0.40%.

LIBOR to OIS spreads are relatively unchanged since the September FOMC meeting, as all tenors have changed less than 2 basis points in either direction.



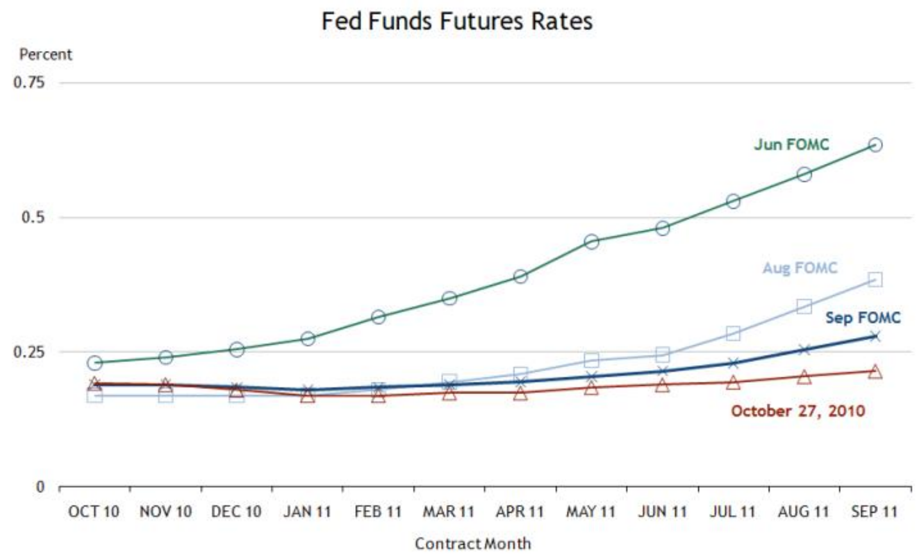
Source: British Bankers Association/Bloomberg

*Overnight Index Swap rate

Broad Financial Market Indicators

Summary

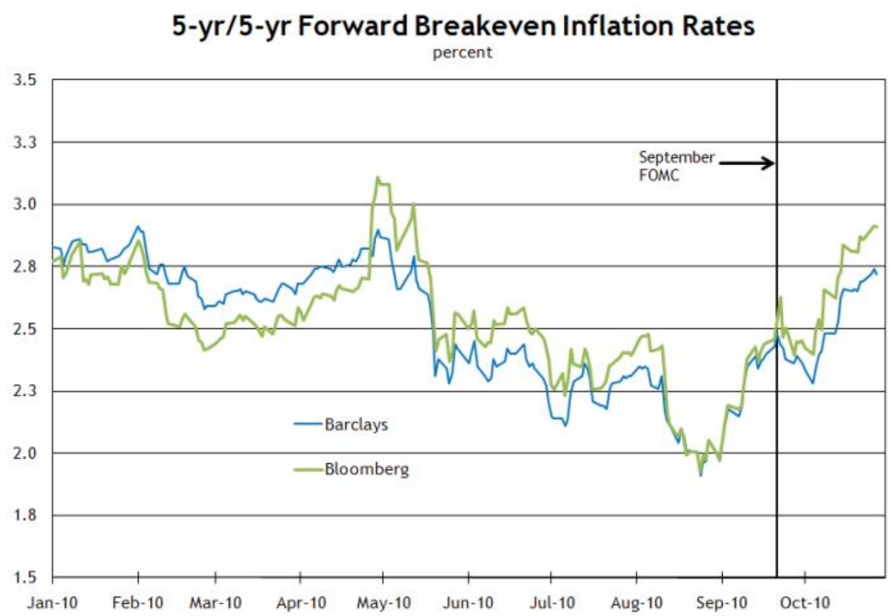
The curve of expected rates from the fed funds futures market has moved even lower since the September 21 FOMC meeting, though the far end of the curve is up very slightly from a week ago.



Source: Bloomberg

- The fed funds futures markets currently do not expect a rate increase in 2011.
- As of October 27, the futures market for fed funds indicates an implied rate of about 22 bps for the September 2011 contract, about 42 bps lower than what followed the June 2010 FOMC meeting. But the far end of the curve has shifted up slightly in the past week.

Breakeven inflation rates have risen about a quarter of a percentage point since the last FOMC meeting.



Source: Bloomberg/Barclays

- One measure calculated by Barclays suggests investors see CPI inflation five to 10 years out as averaging about 2.72%, which is up 24 bps from the last FOMC meeting.