FEDERAL RESERVE BANK of ATLANTA

February 9, 2011

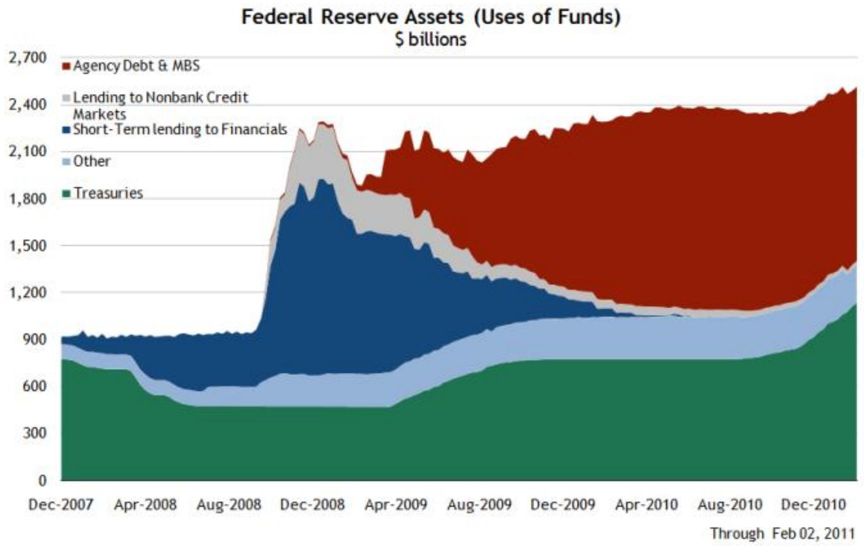
Financial Highlights

Federal Reserve

Summary

The balance sheet increased $25.8 billion for the week ended February 2.

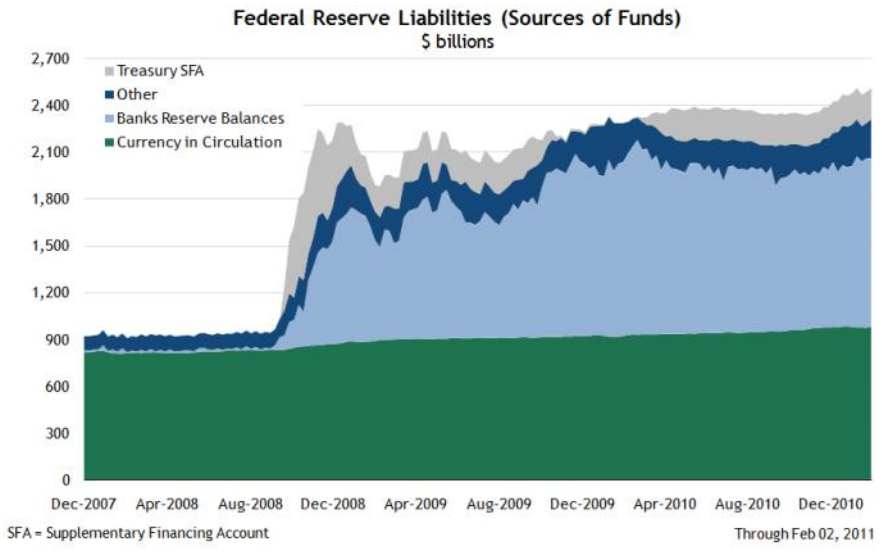
Since November 10, the balance sheet has increased $157 billion.



Source: Federal Reserve Board

- Treasuries increased by $23.7 billion while agency debt and MBS remained the same. Since November 10, Treasury securities have grown by $285 billion while agency debt and MBS shrank by $91 billion.
- According to the New York Fed's tentative outright Treasury operation schedule, the desk plans to purchase approximately $112 billion between mid-January and mid-February.
- 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 decreased $5 billion, and Treasury deposits with Federal Reserve Banks (part of "Other") increased $23.7 billion.



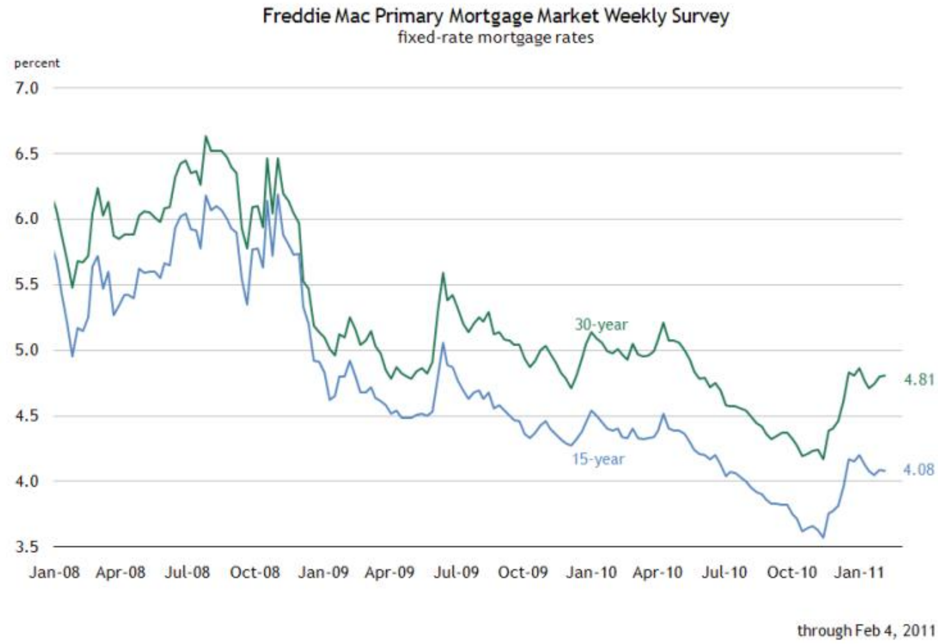
Source: Federal Reserve Board

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.

Mortgage Market

Summary

Rates for fixed-rate mortgages remained relatively stable for the week ended February 4.



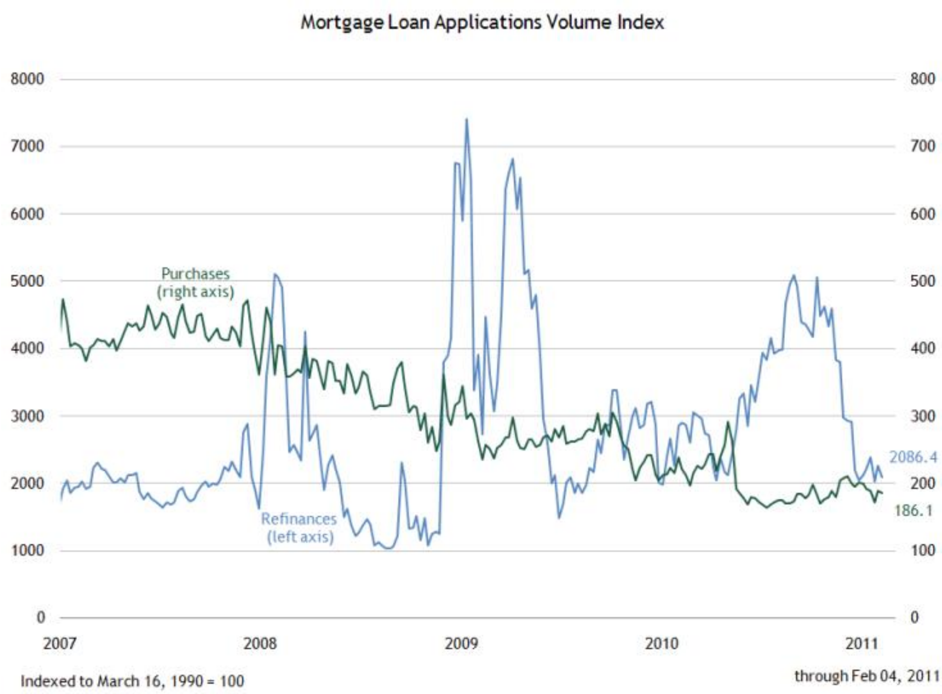
Source: Federal Home Loan Mortgage Corporation/Haver Analytics

- The 30-year fixed rate averaged 4.81%, up slightly from 4.80% a week ago. At this time last year the 30-year fixed rate averaged 5.01%.
- The 15-year fixed rate averaged 4.08%, down slightly from 4.09% a week ago. At this time last year the 15-year fixed rate mortgage averaged 4.40%.

Mortgage loan application volume decreased for the week ending February 4, 2011.

The refinance index declined 7.7% from the one week earlier. The purchase index also fell 1.4% from the previous week.

The purchase index and refinance index are measures of loan application volume reported in the MBA's Weekly Application Survey. The survey has been conducted weekly since 1990 and covers more than 50 percent of all U.S. retail residential mortgage applications.



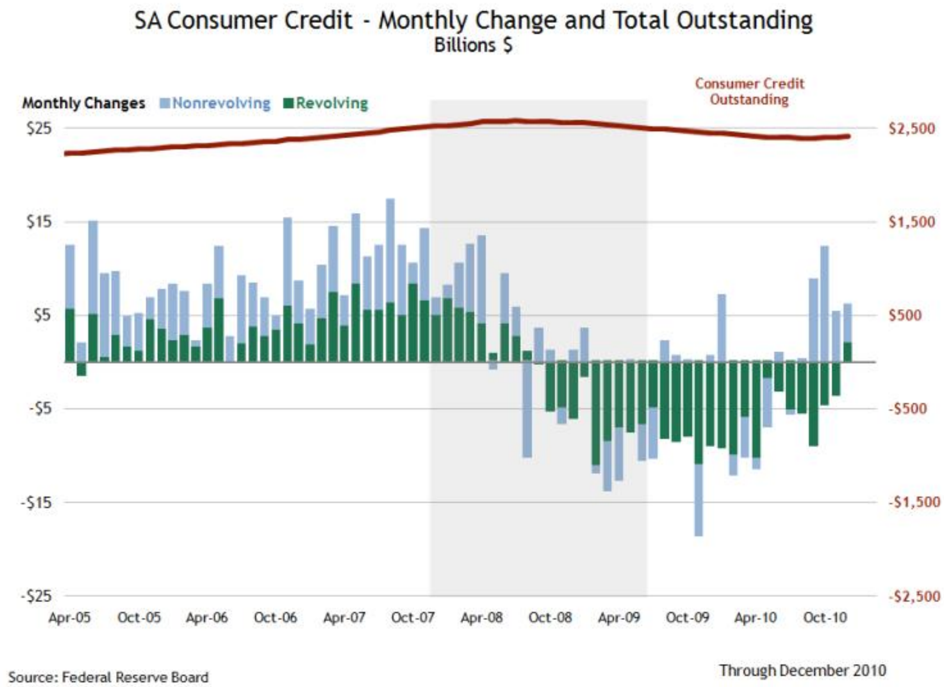
Source: Mortgage Bankers Association/Haver Analytics

- The refinance share of mortgage activity decreased to 66.6% from 69.3% the previous week and is the lowest refinance share since May 2010.

Consumer Credit

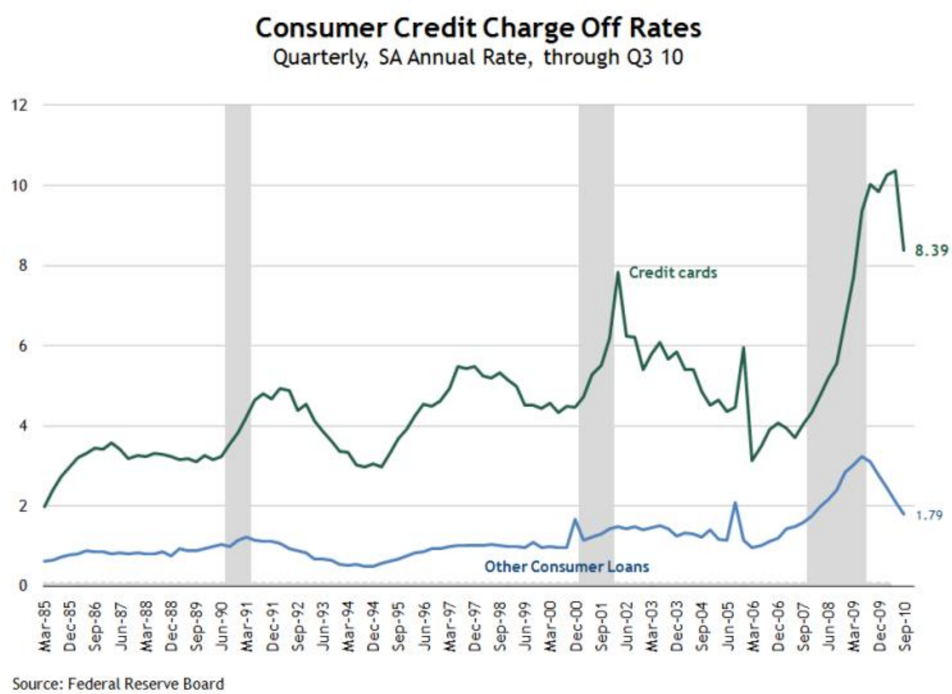
Summary

Revolving credit outstanding increased for the first time in over two years. The last month there was an increase was August 2008.



- Total consumer credit outstanding increased $6.1 billion, reflecting an increase of $2.3 billion from revolving and $3.8 billion from nonrevolving.

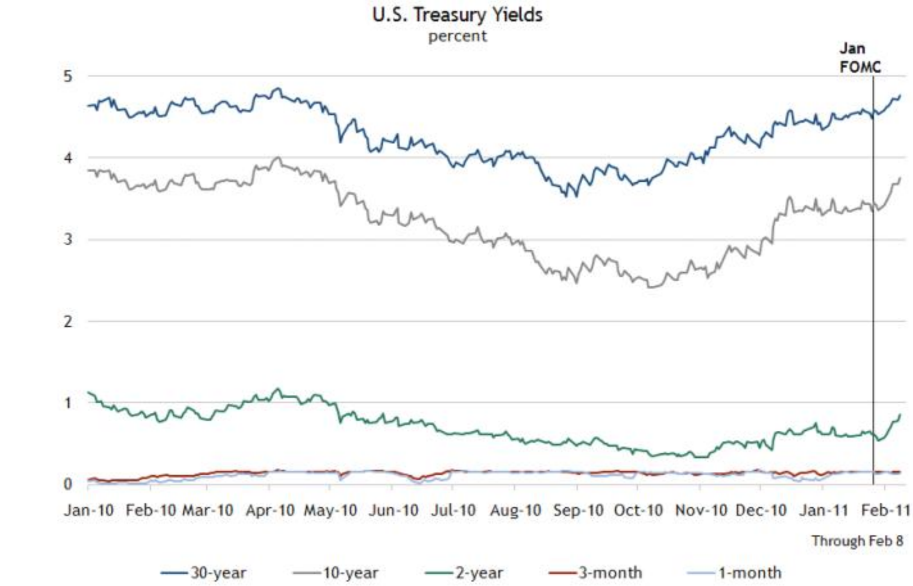
Declining charge-off rates partly contributed to the rise in consumer credit outstanding, as less credit card debt and less consumer loans debt have been written off the books of commercial banks.



Broad Financial Market Indicators

Summary

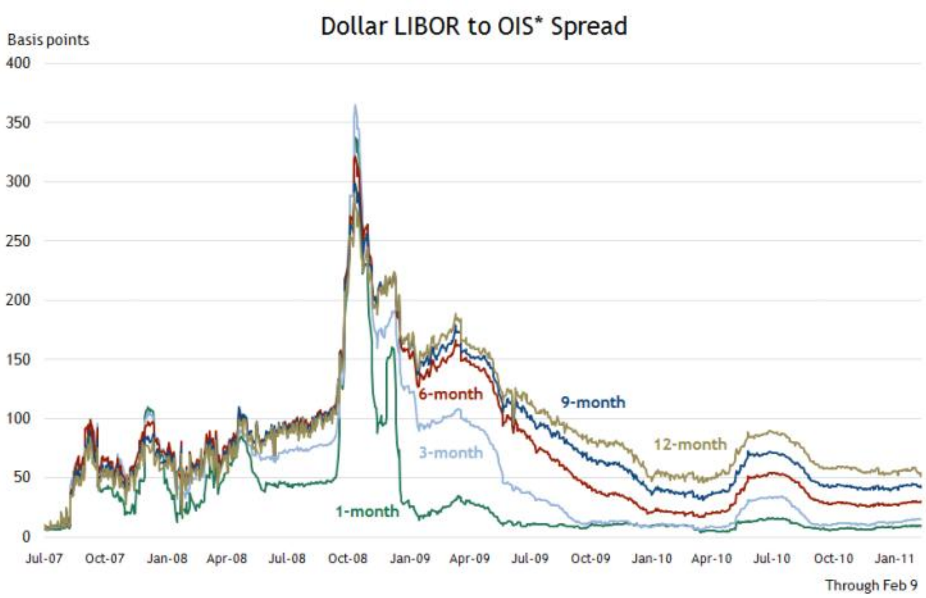
Treasury yields have risen strongly since the January FOMC meeting.



Source: Federal Reserve Board/Haver Analytics

- Since the January FOMC meeting, the 30-year Treasury bond yield is up 17 basis points (bps) to 4.76%, the 10-year note's yield is higher by 30 bps to 3.75%, and the two-year note is up 24 bps at 0.86%.

LIBOR to OIS spreads continue to be stable, with the one- and three-month spreads at 9 basis points (bps) and 15 bps, respectively, up 0.5 bps and 1 bp since the December FOMC meeting.



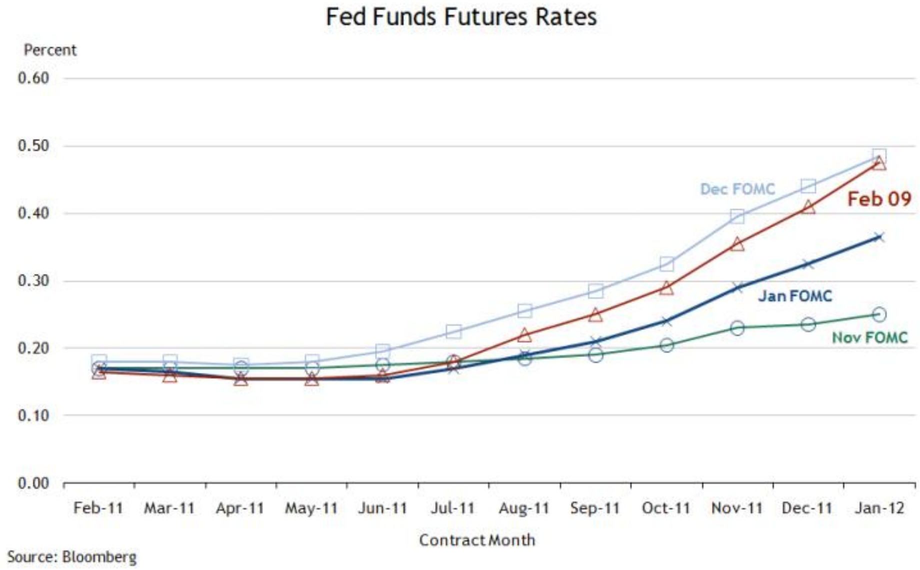
Source: British Bankers Association/Bloomberg

*Overnight Index Swap rate

Broad Financial Market Indicators

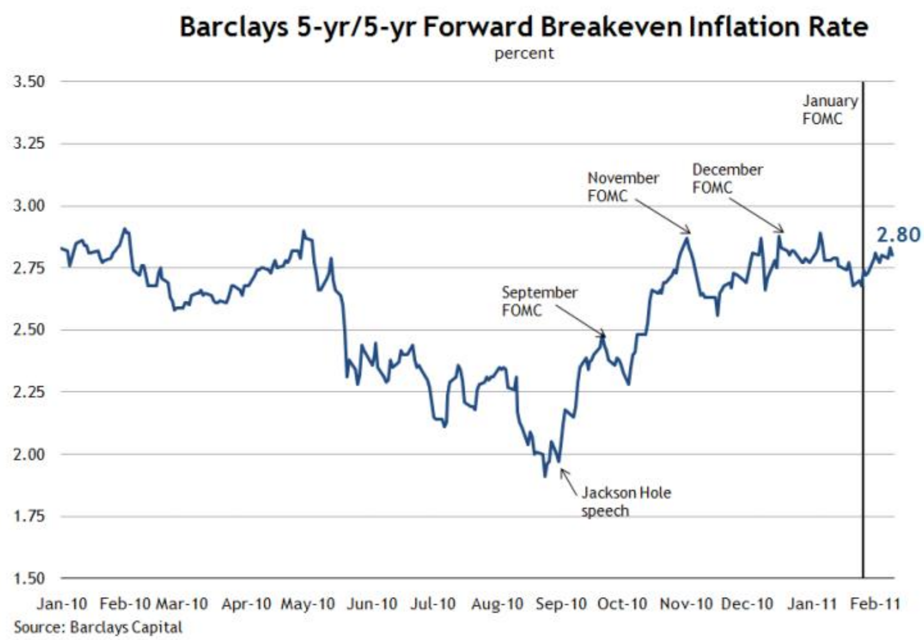
Summary

The curve of expected rates in the second half of 2011 has moved higher over the last week.



- As of February 9, 2011, the futures market for fed funds indicates an implied rate of about 47 bps for the January 2012 contract, nearly 9 bps higher than last week and near what followed the December 2010 FOMC meeting. Since the January 2011 meeting, it has moved 22 bps higher.

Breakeven inflation rates are up slightly since the January FOMC meeting.



- After breakeven inflation rates rose strongly between the August and November, they have since stayed within the range of 2.7% to 2.9%.
- Looking at one measure calculated by Barclays suggests investors see CPI inflation five to 10 years out as averaging about 2.8%, as of February 9, 2011, which is higher by 6 bps since the January 2011 FOMC meeting.