FEDERAL RESERVE BANK of ATLANTA

November 17, 2010

Financial Highlights

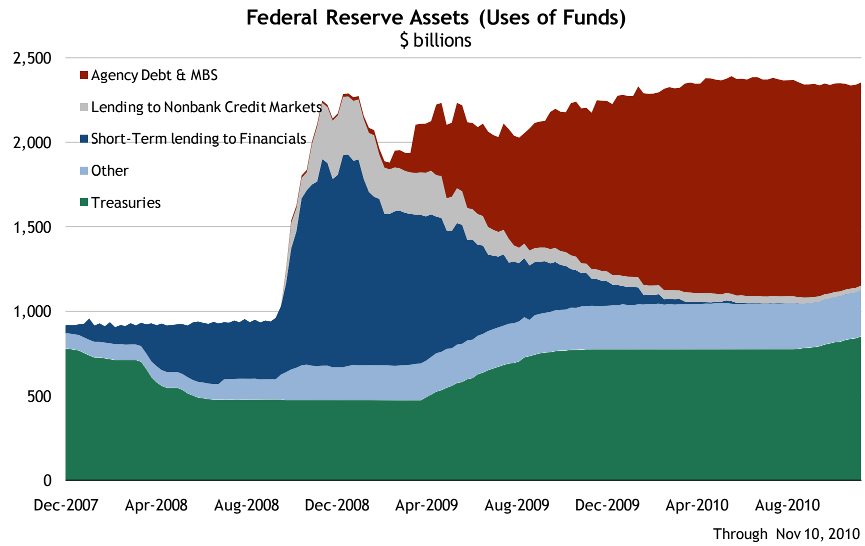
Federal Reserve

Summary

The balance sheet increased $12.7 billion for the week ended November 10.

At the latest FOMC meeting on November 2-3, the Federal Reserve announced its plans to continue its existing policy of reinvesting principal payments from agency debt and mortgage backed securities. Further, the committee intends to purchase $600 billion in longer-term Treasuries by the end of the second quarter of 2011.

The New York Fed will be conducting operations and posting them here.

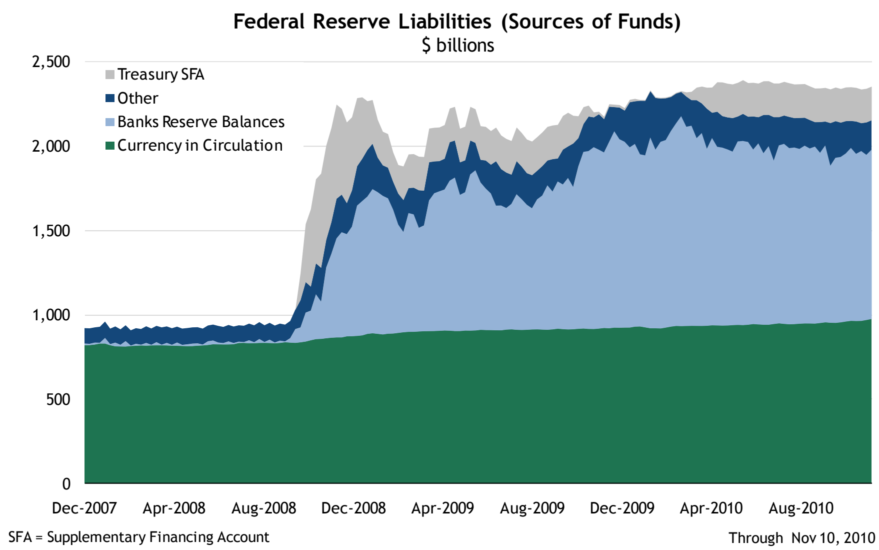


Source: Federal Reserve Board

- Treasuries accounted for the majority of the growth in the balance sheet, increasing $11 billion. Agency Debt & MBS was unchanged.

On the liabilities side of the balance sheet, bank reserve balances increased $24 billion while the Treasury's general account with the Fed fell $28 billion.

AIG-related assets and currency in circulation also grew by about $8 billion and $6 billion, respectively.



Source: Federal Reserve Board

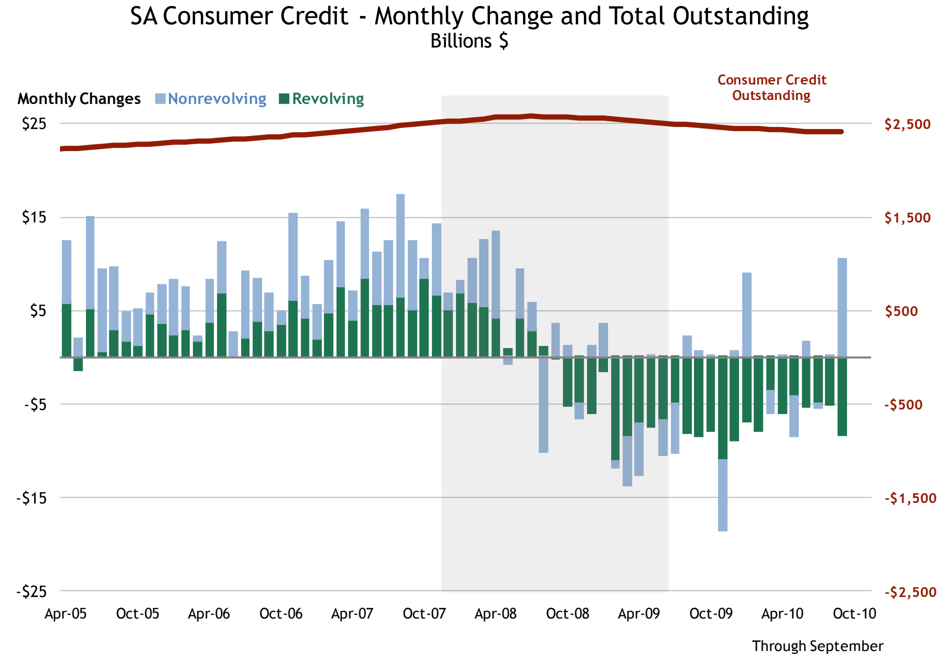
Assets: Lending to nonbanks—TALF, CPFF, AMLF, and MMIFF; Short-term lending to financials—discount window, TAF, currency swaps, PDCF, and repos; Misc.—Maiden Lanes I, II, and III, credit to AIG, and other Fed assets. **Liabilities**: Other—Reverse repos, Treasury cash holdings, and deposits with Federal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

Consumer Credit

Summary

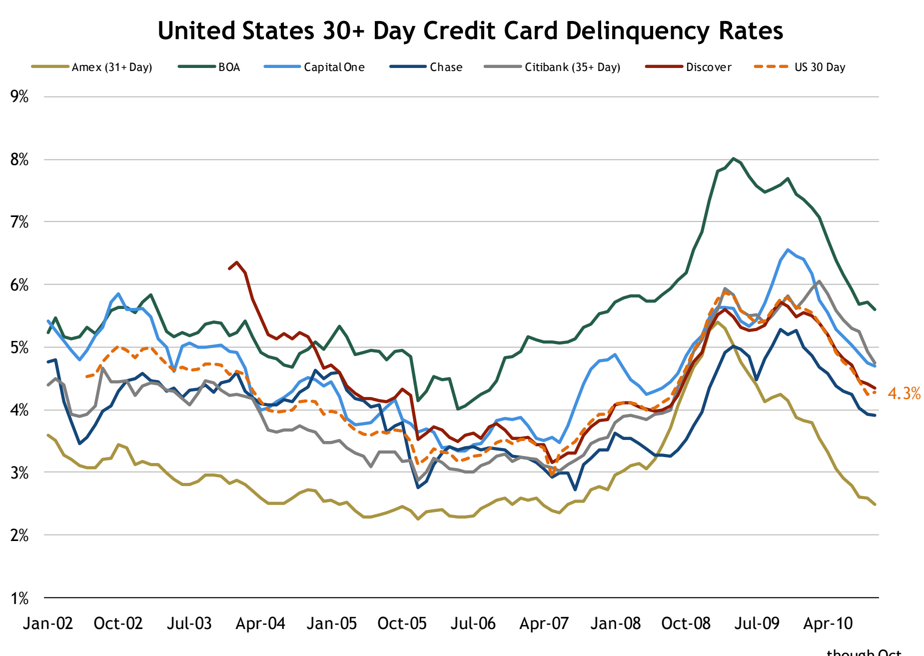
Consumer credit outstanding increased in September, reflecting a $10.4 billion increase in nonrevolving credit and a $8.3 billion decrease in revolving credit.

Revolving credit outstanding has now fallen for 25 consecutive months as consumers continue to reduce credit card debt.



Source: Federal Reserve Board

Credit card delinquency rates have been steadily declining since spring of 2009 for most major card issuers.



Source: Bloomberg

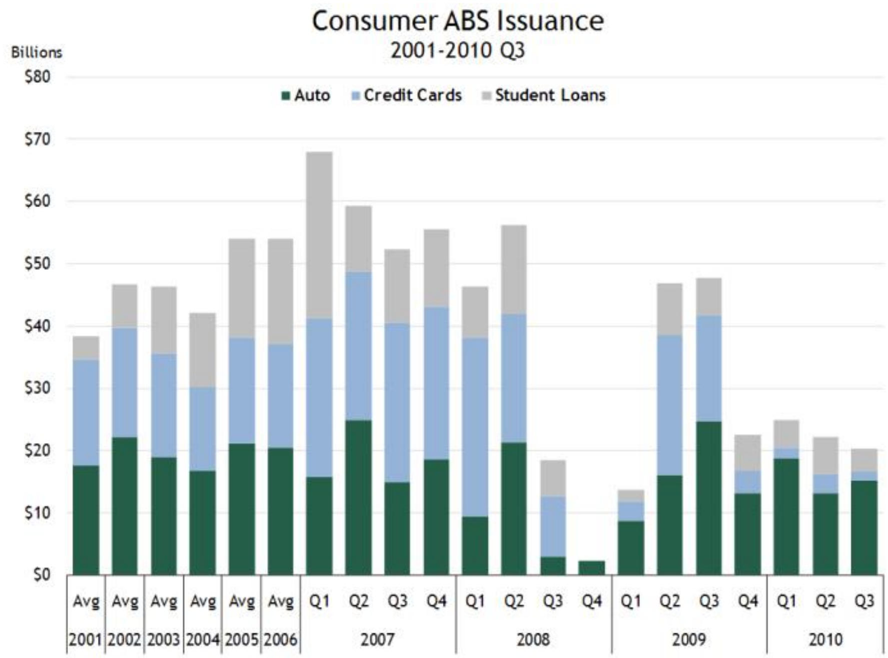
- Bloomberg's U.S. 30-day credit card delinquency index was 4.3% as of October 31, down from a high of 5.9% in March 2009.

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.

Consumer Credit

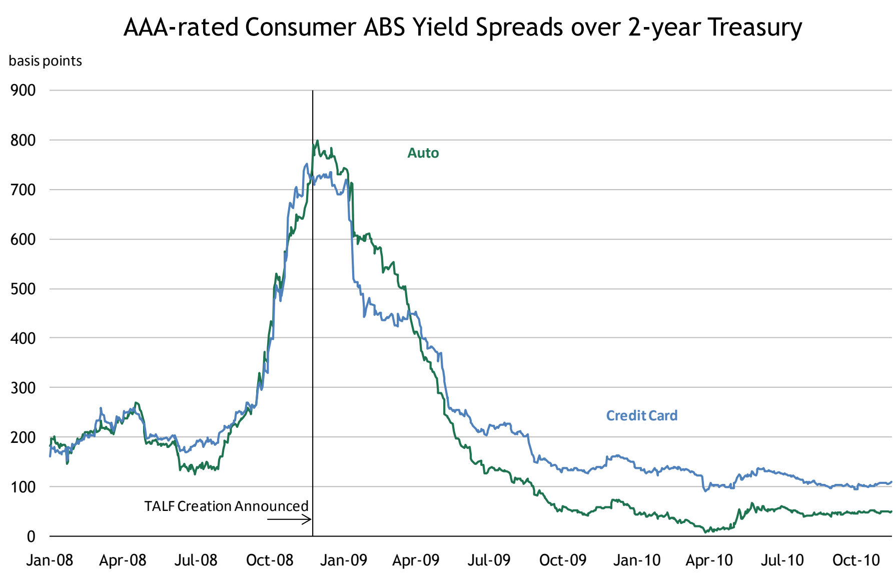
Summary

Issuance of consumer-related asset backed securities came in slightly below second-quarter levels.



Source: SIFMA/Bloomberg

Yield spreads on security issuance related to consumer debt remain stable.



Source: Bloomberg and Merrill Lynch

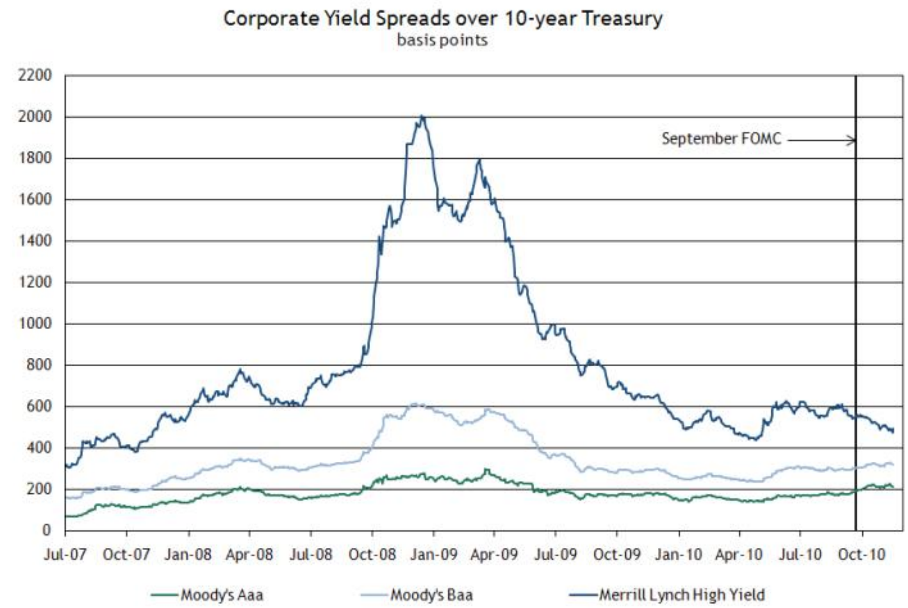
Through Nov 16

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

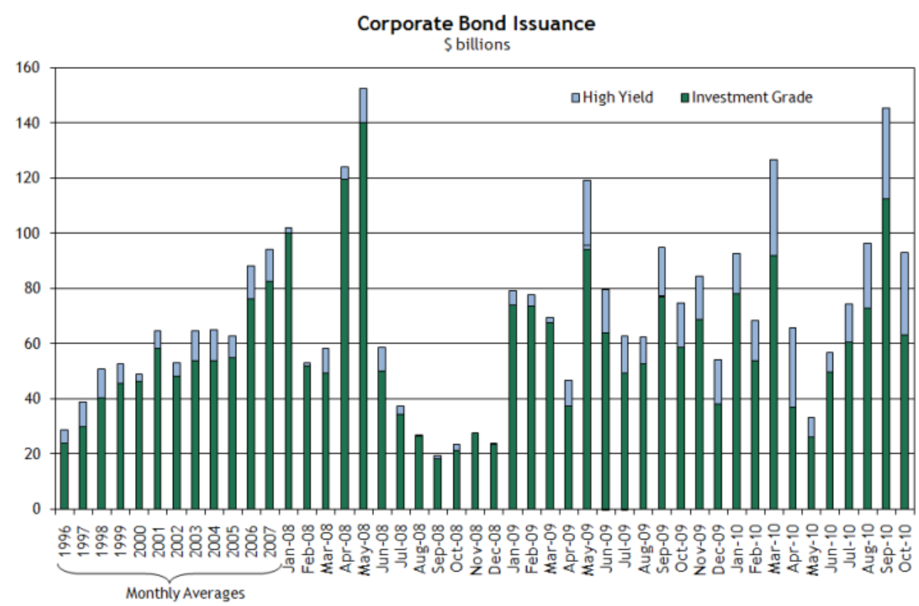
Corporate yield spreads have declined for riskier securities, while rising for Aaa- and Baa-rated ones.



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

- Since the September FOMC meeting, corporate yield spreads have narrowed by 55 basis points (bps) for the Merrill Lynch High Yield Index but have risen 15 bps for Moody's Baa-rated bonds. The Aaa-rated bonds were also up, by 19 bps.

U.S. corporations accessed the bond market for $93 billion in financing during October 2010.



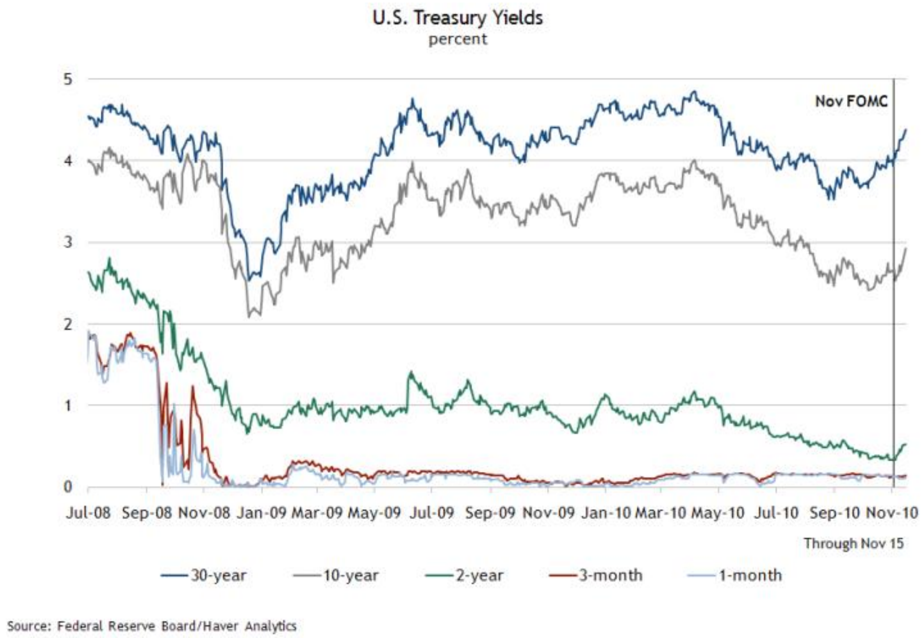
Source: SIFMA

- According to SIFMA, U.S. corporate bond issuance hit $93 billion in October 2010, and high-yield debt issuance was $30.1 billion of that amount.

Broad Financial Market Indicators

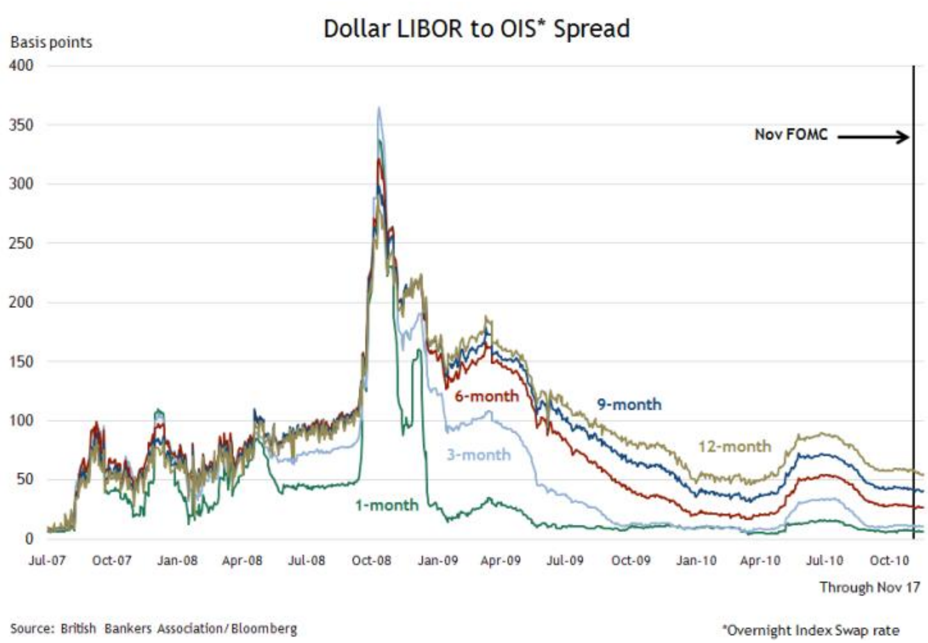
Summary

Longer-dated Treasury yields have risen sharply in the past week.



- Thirty-year Treasury bonds have risen 29 bps to 4.38% since November 3, the 10-year notes have risen 25 bps to 2.92%, and the two-year notes by 19 bps to 0.53%.

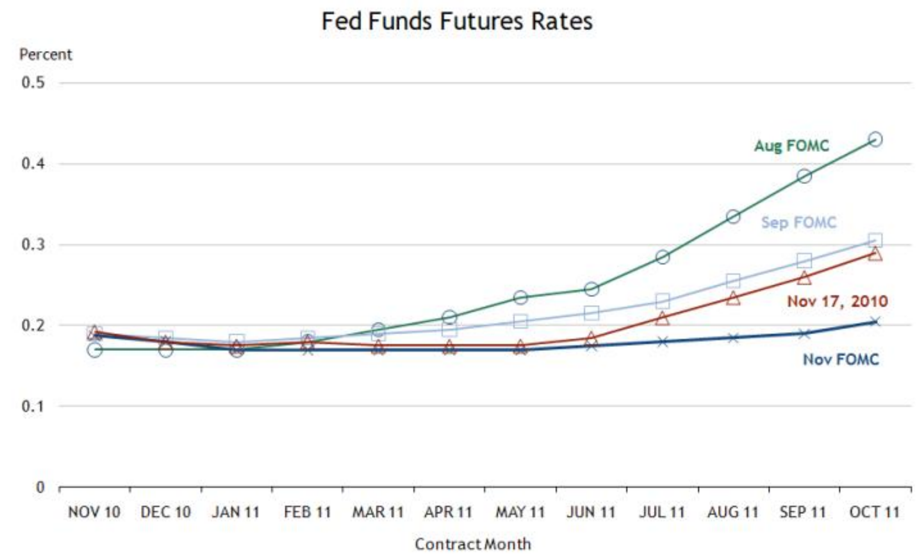
LIBOR to OIS spreads, after a period of normalization this summer, are relatively unchanged.



Broad Financial Market Indicators

Summary

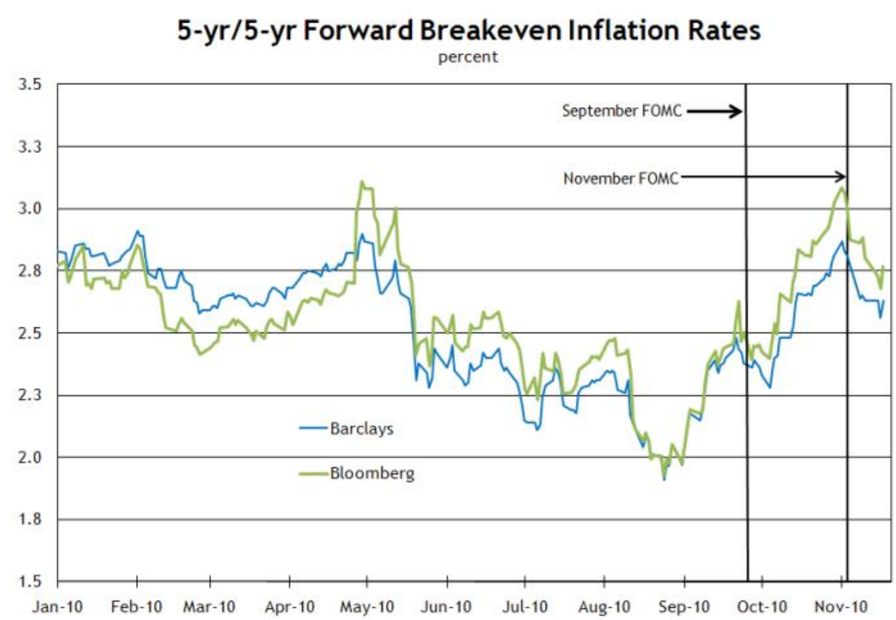
Since the November FOMC meeting, the curve of expected rates beginning in June 2011 has moved higher, according to the fed funds futures market.



Source: Bloomberg

- As of November 17, the futures market for fed funds indicates an implied rate of about 29 bps for the October 2011 contract, nearly 10 bps higher than what followed the November FOMC meeting.

Breakeven inflation rates rose strongly between the September and November FOMC meetings but since then have declined around 20 basis points.



Source: Bloomberg/Barclays

- Breakeven inflation rates have risen strongly between the September and November FOMC meetings but have since drifted lower by nearly 20 bps.
- Looking at one measure calculated by Barclays suggests investors see CPI inflation five to 10 years out as averaging about 2.63%, which is up 15 bps from the September FOMC meeting but is down from about 2.75% in the spring.