FEDERAL RESERVE BANK of ATLANTA

November 4, 2009

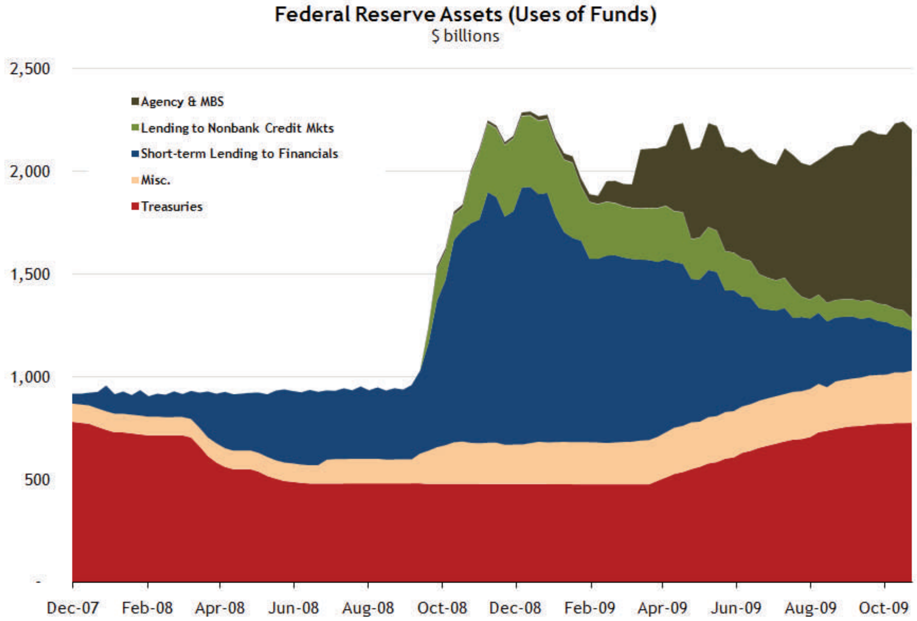
Financial Highlights

Federal Reserve

Summary

The size of the Fed's balance declined marginally to just over $2.2 trillion for the week ended October 28.

The balance sheet has remained close to the upper end of its range since March.

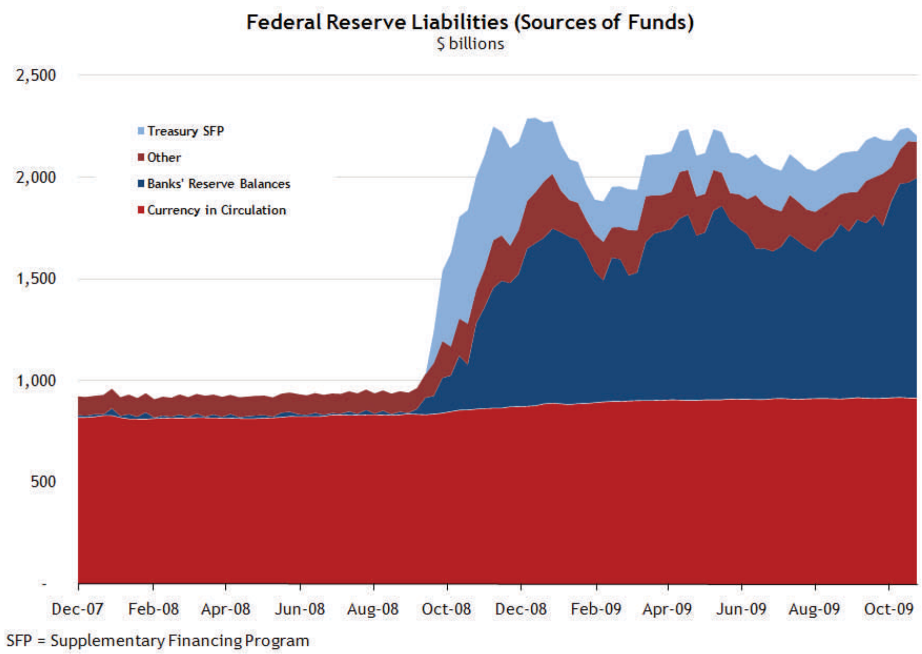


Source: Federal Reserve Board

- On its one-year anniversary, the net portfolio holdings of the Commercial Paper Funding Facility (CPFF) declined by about $20 billion to its lowest-ever level of $19 billion as of October 28. As funding conditions in the commercial paper market have improved, the size of the CPFF has steadily declined from its peak of about $351 billion in January 2009. Ongoing declines in the amount of TAF credit outstanding has also been significant, falling from about $493 billion in March 2009 to its current level of $139 billion. During most of the year, the declines in lending to nonbank credit markets and to financial firms have been offset by increases in holdings of Treasury securities, agency MBS, and agency debt. Thus, the overall size of the balance sheet has been roughly flat, remaining within a relatively narrow range of about $2.03 trillion to $2.24 trillion since March.

On the liabilities side, bank reserves increased to about $1.08 trillion as of October 28, marking the third consecutive week that reserves are above $1 trillion.

Reserves now constitute about 49% of the balance sheet.



SFP = Supplementary Financing Program

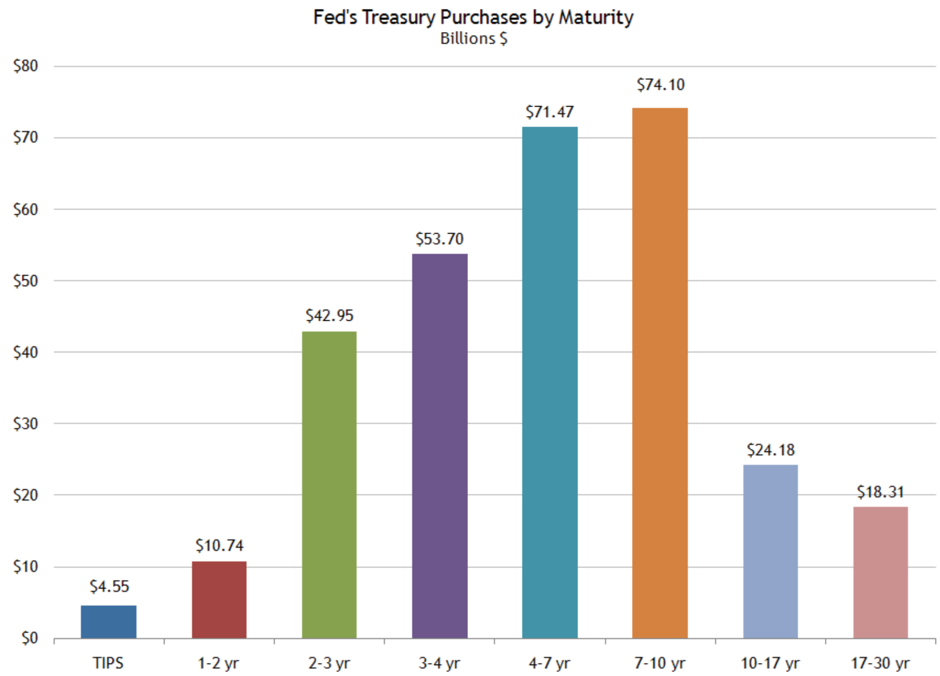
Source: Federal Reserve Board

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.

Federal Reserve

Summary

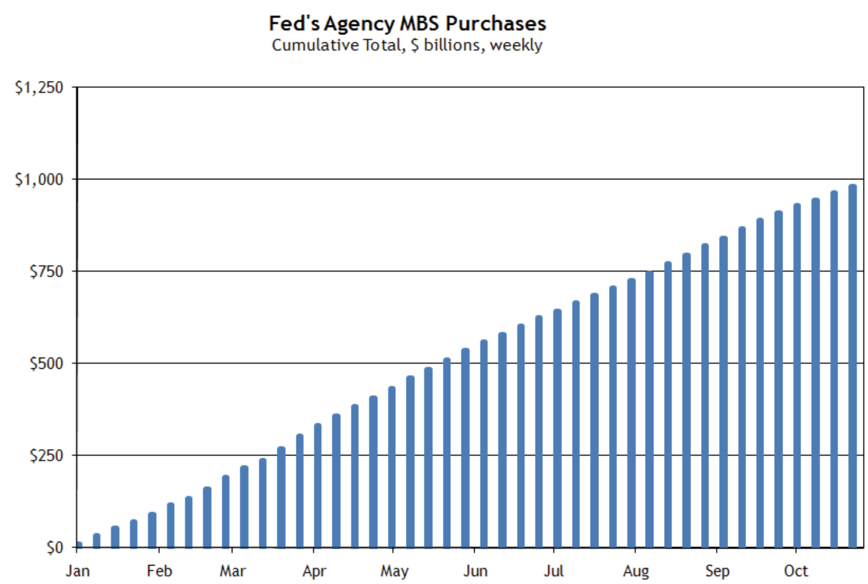
The Fed completed its $300 billion Treasury purchase program. Most of the securities purchased were in the four-to-seven-year and seven-to-10-year sectors.



Source: NY Fed

- On October 29, the Fed made its sixtieth and final operation to complete its $300 billion Treasury securities purchase program. It was for $1.936 billion in the four-to-seven-year sector.
- During the course of the program, the Fed made most of its purchases in the four-to-seven-year (24%) and seven-to-10-year (25%) sectors. Just over $4.5 billion of TIPS were also purchased.

The Fed purchased a net total of $18 billion of mortgage backed securities for the week ended October 28 and is approaching $1 trillion in the cumulative amount purchased.



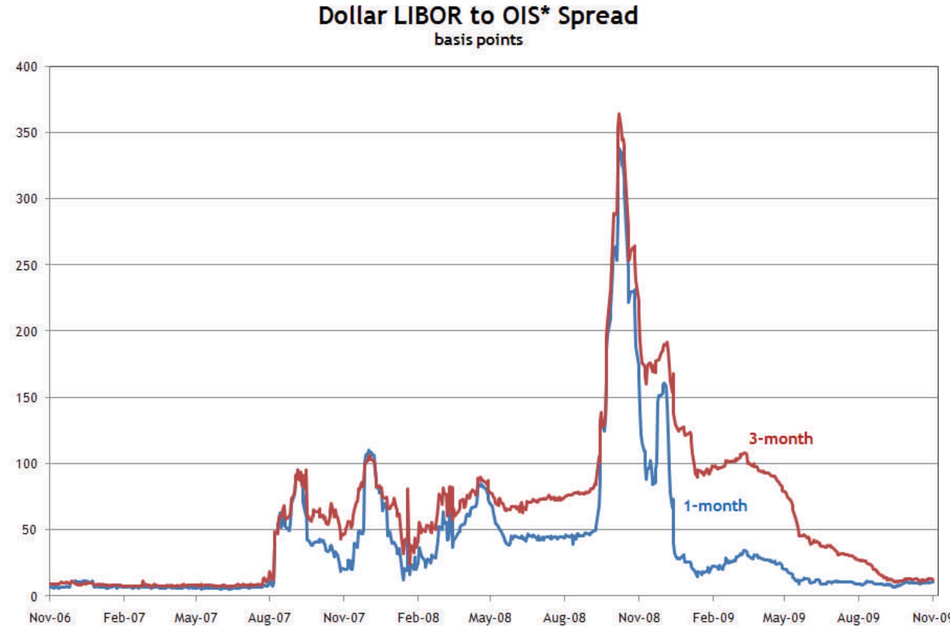
Source: NY Fed

- The Fed purchased a net total of $18.1 billion of agency-backed MBS between October 22 and 28, bringing its total purchases up to about $980.8 billion. By the end of the first quarter of 2010, the Fed will have purchased $1.25 trillion.

Treasury Yields and LIBOR

Summary

LIBOR-to-OIS spreads have widened only slightly since the last FOMC meeting.

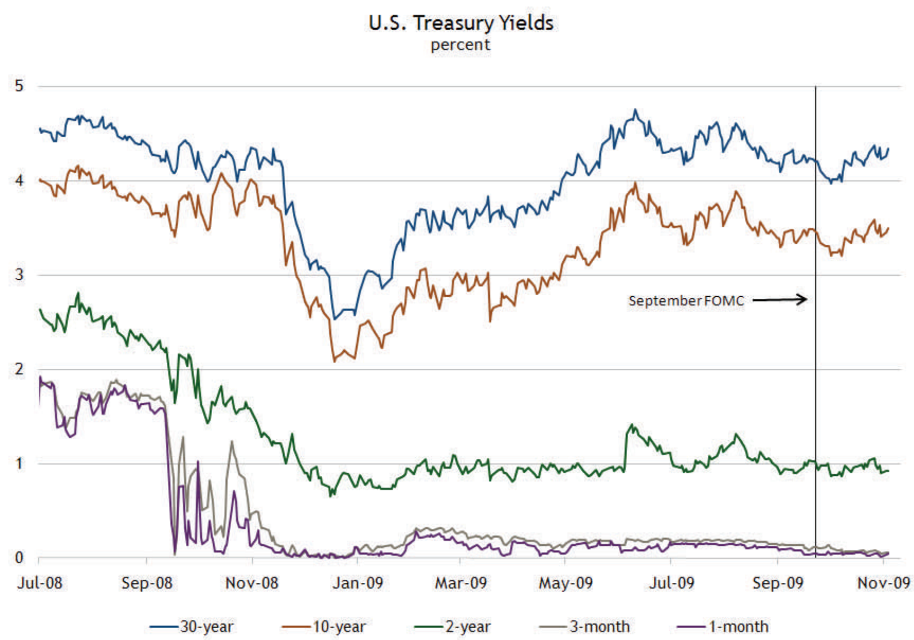


Source: British Bankers Association/Bloomberg

*Overnight Index Swap rate

- Since the last FOMC meeting on September 23, the one-month dollar LIBOR-to-OIS spread has increased 2.7 basis points (bps) to 10.5 bps while the three-month spread has risen 1.4 bps, to 12.6 bps.

Longer-dated Treasury yields have risen slightly during the same period.



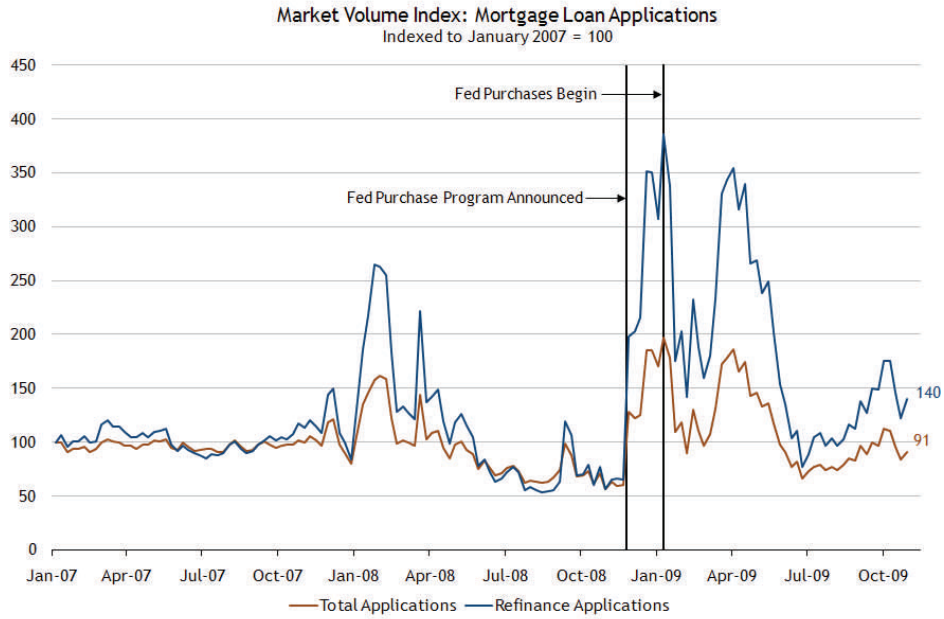
Source: Bloomberg

- Since the last FOMC statement on September 23, longer-dated Treasury yields have ticked up a bit: Through November 3, the 30-year bond is 13 bps higher to 4.34%, the 10-year note is up 6 bps to 3.50%, but the two-year note is down 4 bps to 0.92%.

Mortgage Market

Summary

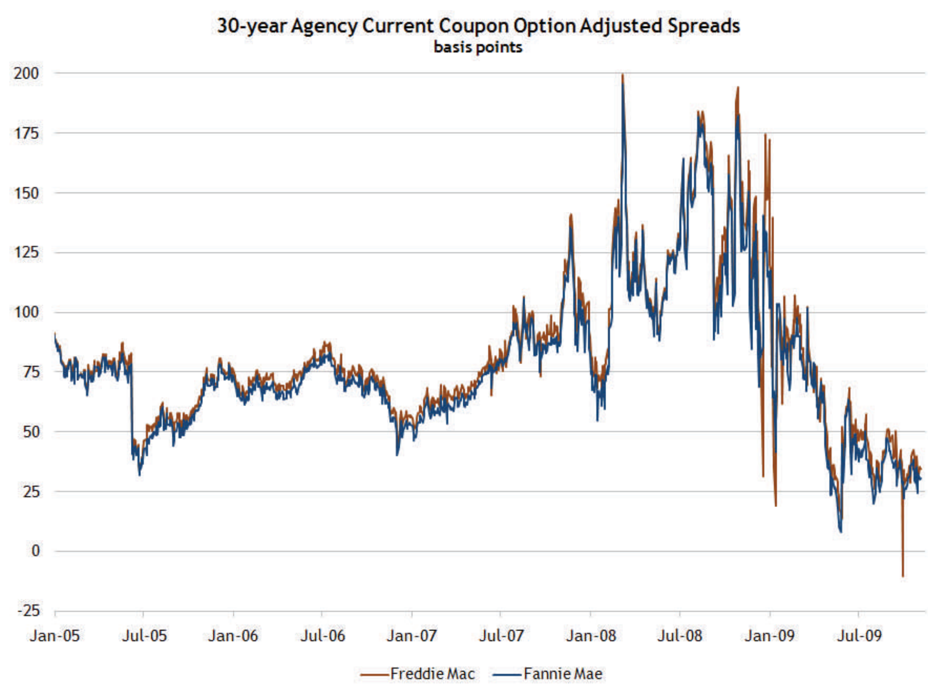
Total mortgage loan application volume and refinance application volume remain below their peaks in January and April.



Source: Mortgage Bankers Association/Haver Analytics

- For the week ending October 30, total mortgage application volume increased 8.2% over the previous week, and refinance application volume increased 14.5%. Both ticked upward following three weeks of declining volume but remain below the numbers from one month ago.
- In its weekly survey, the Mortgage Bankers Association reported that 30-year fixed mortgage rates fell to 4.97% from 5.04% the previous week; 15-year fixed rates decreased to 4.33% from 4.53% the previous week.

Option adjusted spreads (OAS) on current coupon agency MBS have trended down since August of last year.



Source: Bloomberg

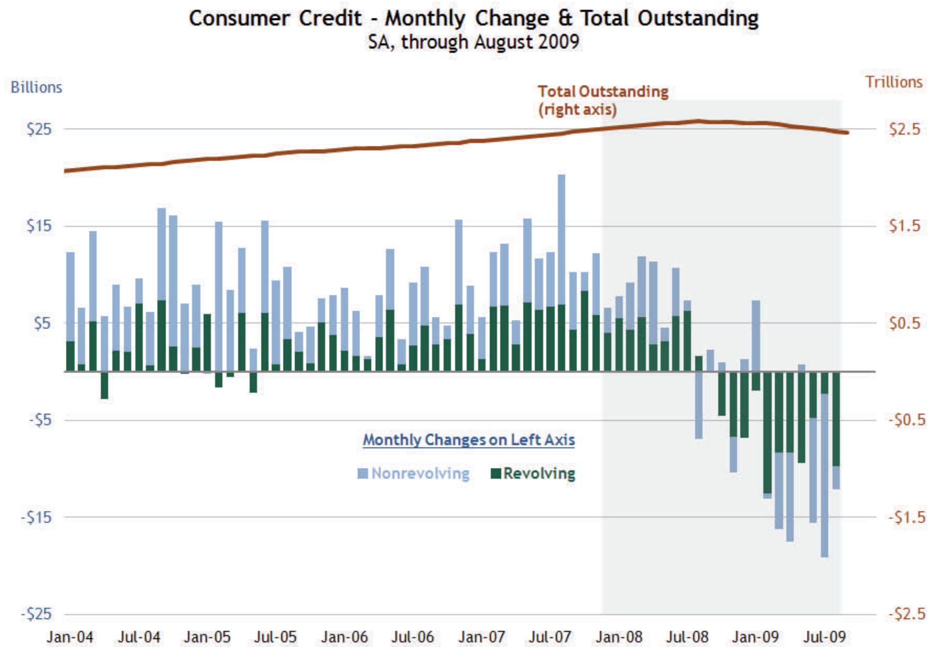
- On November 4, the 30-year Freddie Mac OAS was 34.3 bps, and the Fannie Mae OAS spread was 30.4 bps. Both spreads have narrowed considerably since this time last year, when the spreads were 164.7 bps for Freddie and 148.1 bps for Fannie.

Consumer Credit

Summary

Consumer credit, which is generally considered a lagging indicator, declined in August.

Since its peak in July 2008, total consumer credit outstanding has declined by $119 billion or 4.6%.

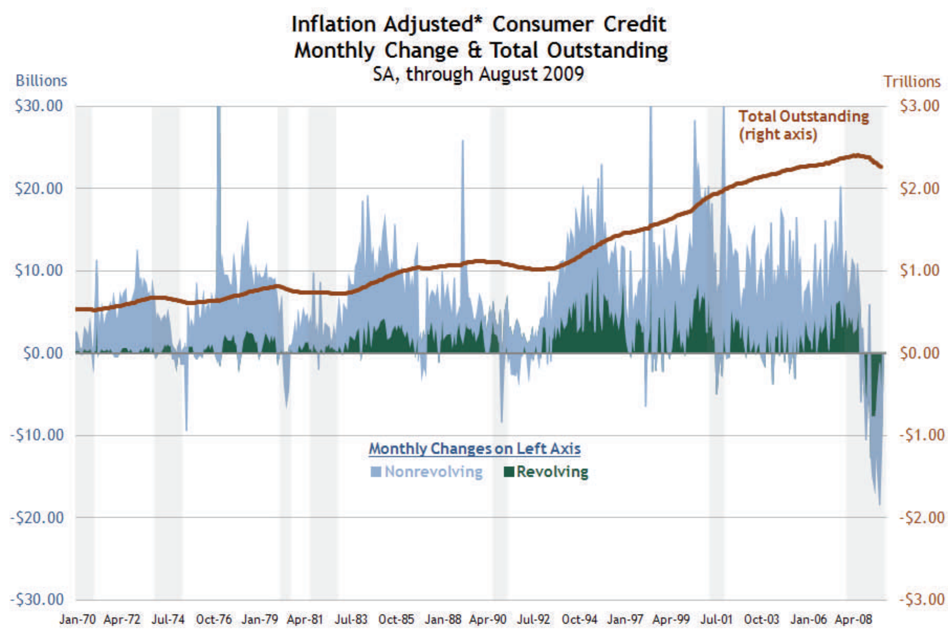


Source: Federal Reserve Board

- From July to August revolving credit fell $9.9 billion at an annualized rate of 13%, and nonrevolving credit fell $2.1 billion at an annualized rate of 1.6%

Monthly declines have been more prolonged in this recession compared with past recessions.

However, when comparing total outstanding peak-to-trough declines with past recessions, consumer credit contracted more in the recessions of the 1980s and 1990s.



*In 2005 Dollars

Sources: Federal Reserve Board and BEA

Inflation-Adjusted Peak-To-Trough Changes	
July ’08 to Aug. ’09	-5.99%
Dec. ’89 to Oct. ’92	-9.46%
Nov. ’79 to Feb. ’83	-10.92%

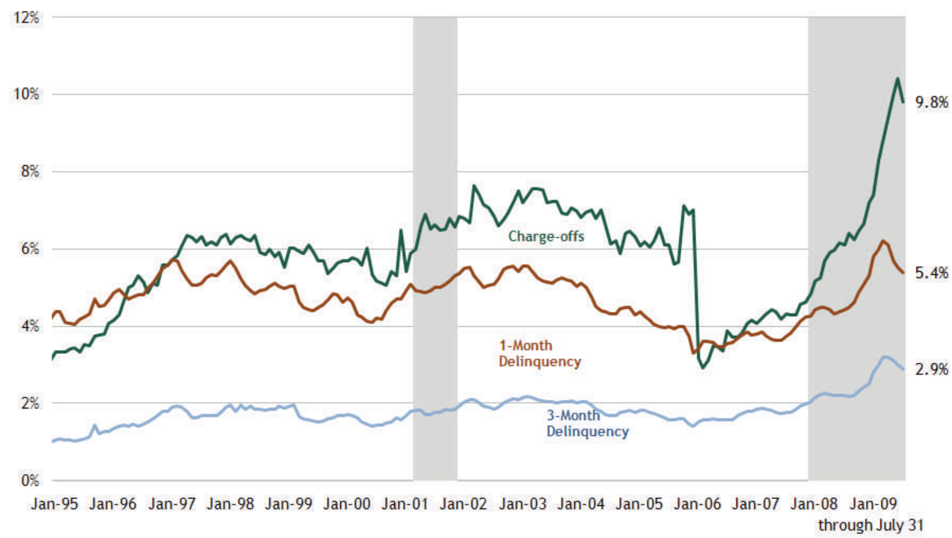
Consumer Credit

Summary

Charge-off rates fell in July after nine consecutive months of increases.

The charge-off rate was pulled down by several months of declining delinquency rates.

Credit Card Charge-off & Delinquency Rates

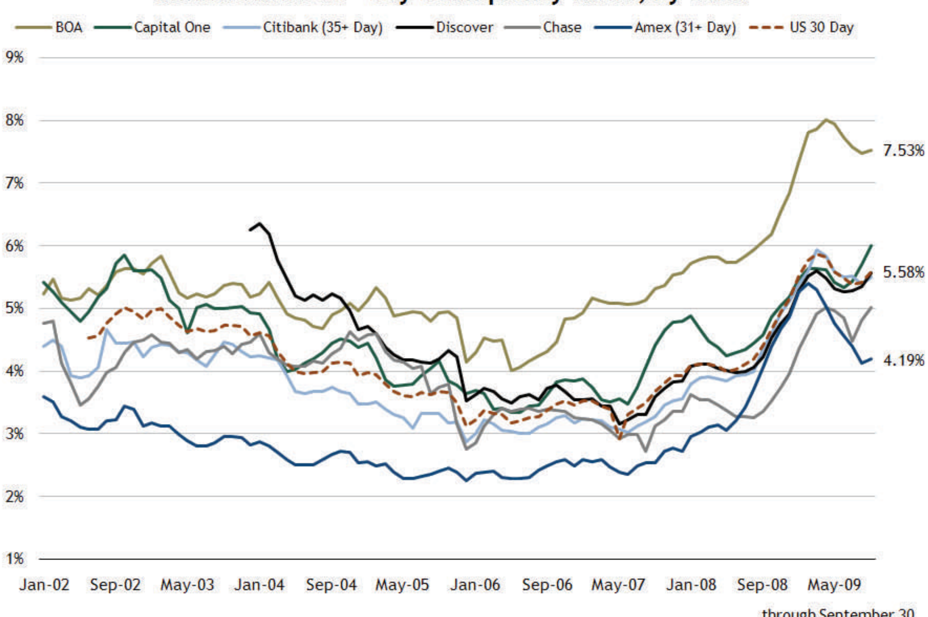


Source: Standard & Poors and Haver

The Bloomberg United States 30+ day delinquency rate index increased in August and September after falling in July.

The Bloomberg index, at 5.58% as of September 30, is composed of six banks whose 30+ day delinquency rates range from 7.53% (Bank of America) to 4.19% (American Express).

United States 30+ Day Delinquency Rates, by Bank



Source: Bloomberg

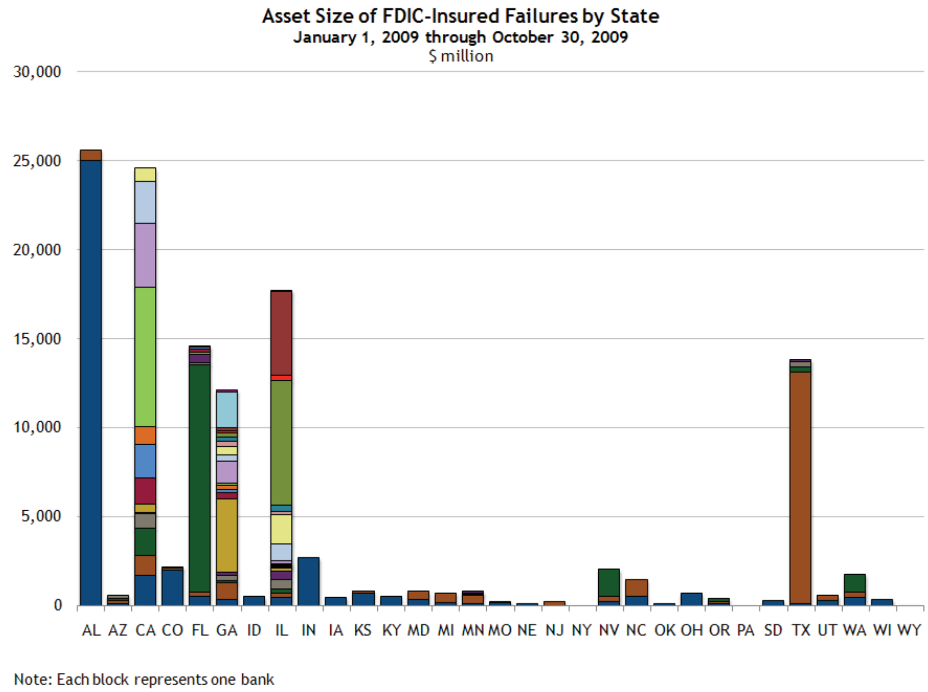
Banking Conditions

Summary

Under statutory authority granted by Congress in 1989, the FDIC may assess affiliated banks for losses incurred by the Deposit Insurance Fund from the failure of other banks.

With the failure of seven bank subsidiaries of FBOP Corporation last Friday, the FDIC assessed cross-guaranty liability on Park National Bank (Chicago) and Citizens National Bank (Teague, Texas), two healthy banks owned by FBOP; the two banks were unable to pay the amounts assessed and were closed by their chartering authorities.

The FDIC has previously assessed cross-guaranty liability in approximately six cases, all of which were in the early to mid-1990s.



Source: FDIC

- Federal and state regulators closed nine bank subsidiaries of FBOP Corporation, Oak Park, Illinois, on October 30.
- The nine banks were located in Arizona (1), California (3), Illinois (2), and Texas (3). As of Sept. 30, 2009, the banks had combined assets of $19.4 billion and deposits of $15.4 billion.