

## Financial Highlights

---

### Federal Reserve

Balance Sheet 1

### Consumer Credit

Revolving and Nonrevolving Outstanding 2

Credit Card Delinquency Rates 2

### Broad Financial Market Indicators

LIBOR-OIS Spread 3

Euribor-Eonia Spread 3

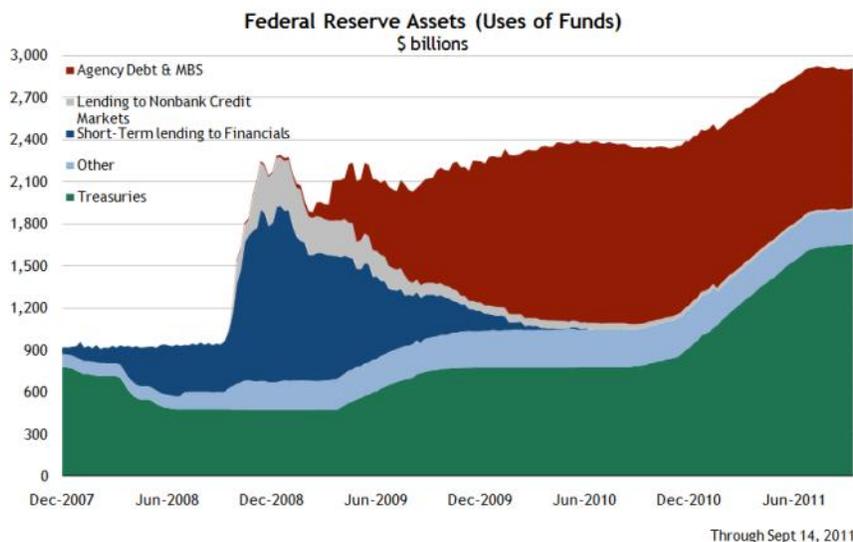
Treasury Yields 4

Breakeven Inflation Rates 4

# Federal Reserve

## Summary

The balance sheet increased by \$5.4 billion for the week ended September 14, 2011.

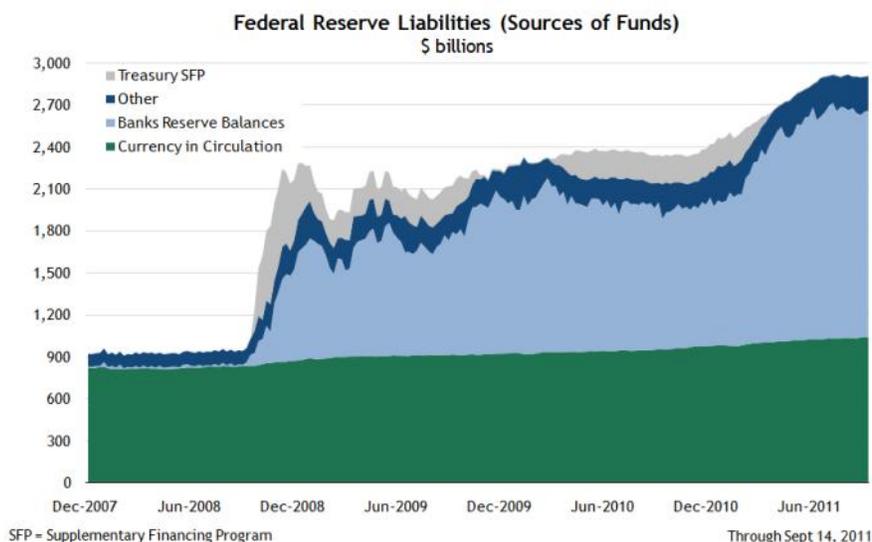


Source: Federal Reserve Board

- Treasuries increased by \$3.4 billion while agency debt and MBS were unchanged.
- According to the [New York Fed's tentative outright Treasury operation schedule](#), the desk plans to purchase approximately \$16 billion between mid-September and mid-October. This amount represents how much is needed to replace the expected principal payments from agency debt and agency MBS over this time period.
- The Federal Reserve Bank of New York's statement outlining the implementation of the Maturity Extension Program and changes in the reinvestment program for mortgage-backed securities can be found [here](#). A schedule of operations for October will be released on September 30.

Bank reserve balances with the Federal Reserve increased \$10.4 billion. The Treasury's general account decreased \$6.8 billion and nonreserve deposits (both part of "Other") increased \$14.1 billion.

As of September 14, 2011, bank reserve balances are \$1.6 trillion.



Source: Federal Reserve Board

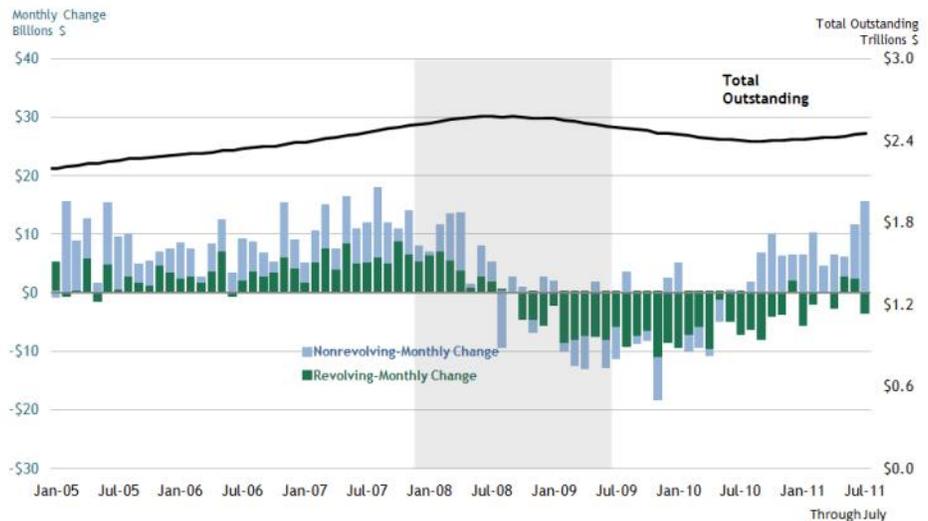
**Assets:** Lending to nonbanks—TALF, CPFF, AMLF, and MMIFF; Short-term lending to financials—discount window, TAF, currency swaps, PDCF, and repos; Misc.—Maiden Lanes I, II, and III, credit to AIG, and other Fed assets. **Liabilities:** Other—Reverse repos, Treasury cash holdings, and deposits with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

# Consumer Credit

## Summary

Consumer credit outstanding increased \$12 billion in July, the largest increase since August 2007.

SA Consumer Credit  
Monthly Change & Total Outstanding



Source: Federal Reserve Board

- Nonrevolving increased \$15.4 billion while revolving decreased \$3.4 billion.
- Revolving consumer credit outstanding is 18 percent lower than it was in July 2008.
- Nonrevolving credit outstanding, however, is now 3 percent higher than the level in July 2008.

Delinquency rates on credit cards continued to decline in July among all card issuers in the Bloomberg U.S. index of credit card balances 30 days or more delinquent.

United States 30+ Day Credit Card Delinquency Rates



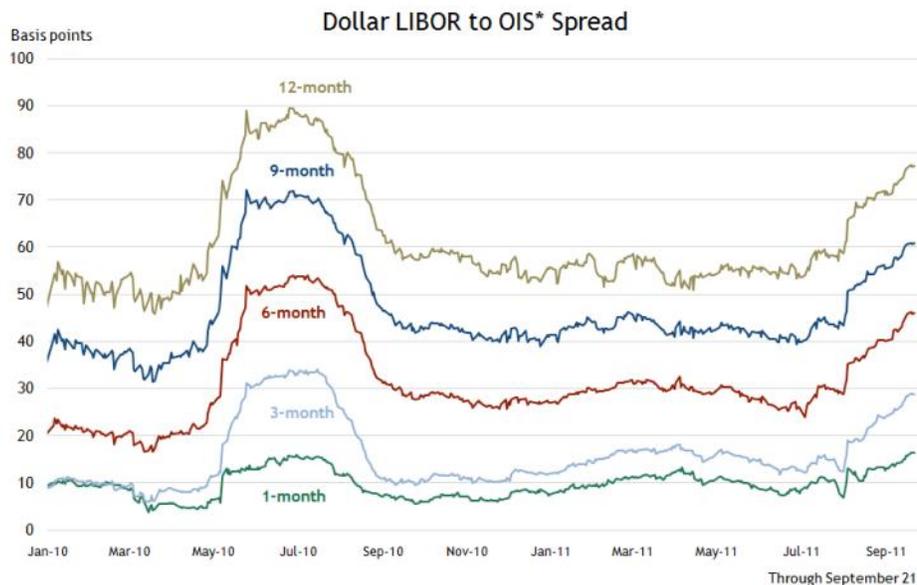
Source: Bloomberg

- According to Bloomberg, 2.9 percent of U.S. credit card balances are 30 days or more delinquent.

# Broad Financial Market Indicators

## Summary

LIBOR to OIS spreads for all tenors have widened since the August FOMC meeting, but particularly for longer tenors. Since August 9, spreads are nearly 9-10 basis points (bps) higher for the three- to 12-month tenors, and about 4 bps higher for the one-month tenor.

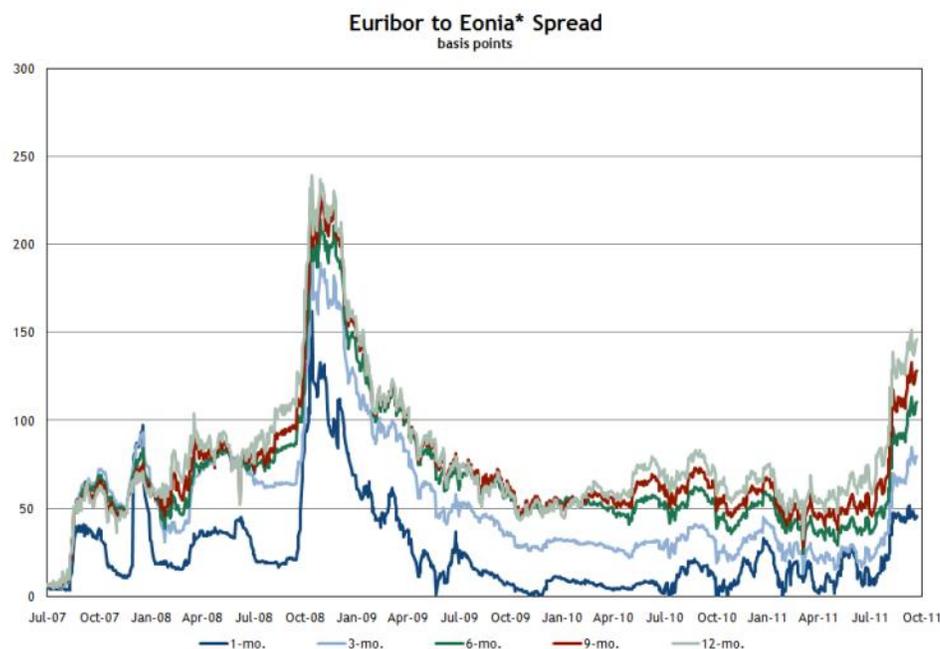


Source: British Bankers Association/Bloomberg

\*Overnight Index Swap rate

- The LIBOR-OIS series shown above is denominated in U.S. dollars and reflects the spread between interbank lending rates offered and the overnight index swap rate (OIS). The LIBOR panel used to create the rate is made up of 19 large international banks based in the United States, Europe, and elsewhere. The OIS rate is a proxy measure for the expected effective rate on fed funds held over a given maturity.

The euro-based Euribor-to-Eonia spread has increased dramatically since early August. The largest change occurred on August 4, when the spread rose between 10 bps and 25 bps overnight and across all tenors.



Source: Bloomberg

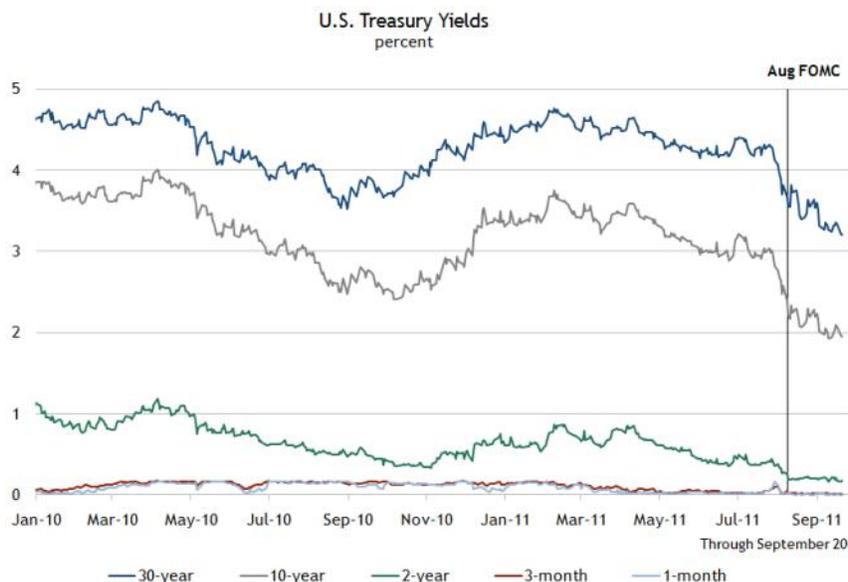
\*Euro OverNight Index Average (EONIA) is the European-equivalent of the overnight interest rate

- The Euribor rates are offered interbank lending rates, denominated in euros and for a set of given maturities. The Euribor rate is determined by surveying 44 banks with the highest volume of business in the euro area, including four non-European banks. Eonia is the Euro Overnight Index Average rate on unsecured interbank lending in the euro area.

# Broad Financial Market Indicators

## Summary

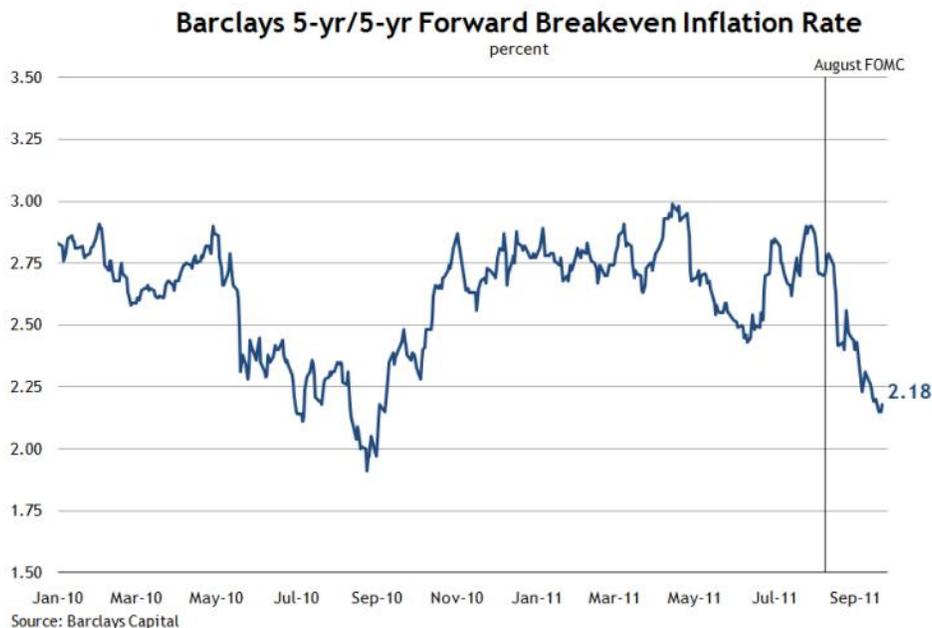
In the intermeeting period, longer-dated Treasury yields declined considerably.



Source: Federal Reserve Board/Haver Analytics

- Since August 9, the 30-year Treasury bond yield is down 36 basis points (bps) to 3.20 percent, the 10-year yield is 25 bps lower to 1.95 percent, but the two-year yield is down just 1 bp, to 0.18 percent. The three- and one-month T-bill rates have both inched down to between 0.01 percent and 0 percent.

Breakeven inflation rates have moved sharply lower since the August FOMC meeting.



- One measure calculated by Barclays suggests investors see CPI inflation five to 10 years out as averaging about 2.18 percent as of September 21, 2011, which is 4 bps lower over the week and 53 bps lower since the August FOMC meeting. Current breakeven rates are approaching the lowest point seen since last fall.