

Financial Highlights

Federal Reserve

Balance Sheet	1
---------------	---

Consumer Credit

Revolving and Nonrevolving Outstanding	2
--	---

Consumer Credit Charge-off Rates	2
----------------------------------	---

Broad Financial Market Indicators

LIBOR to OIS Spreads	3
----------------------	---

Euribor to Eonia Spreads	3
--------------------------	---

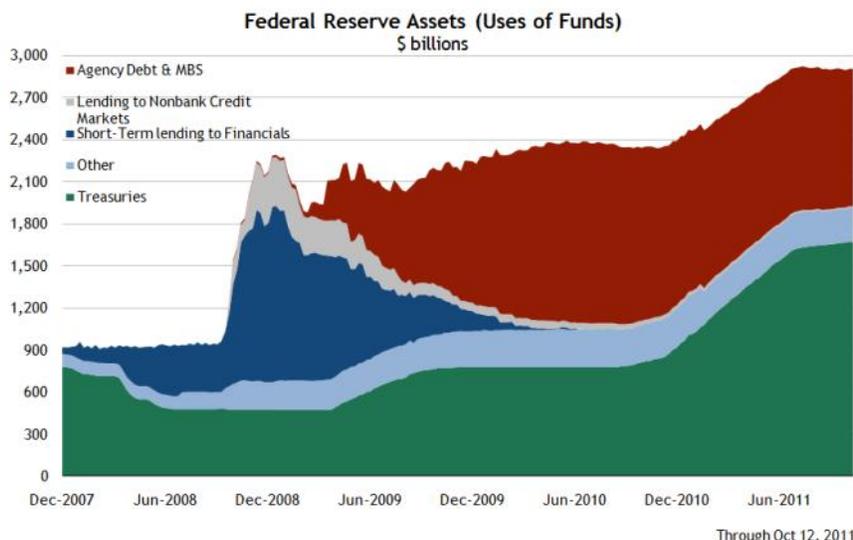
Treasury Yields	4
-----------------	---

Breakeven Inflation Rates	4
---------------------------	---

Federal Reserve

Summary

Between October 5 and October 12, the balance sheet increased by \$187 million, remaining at \$2.9 trillion.

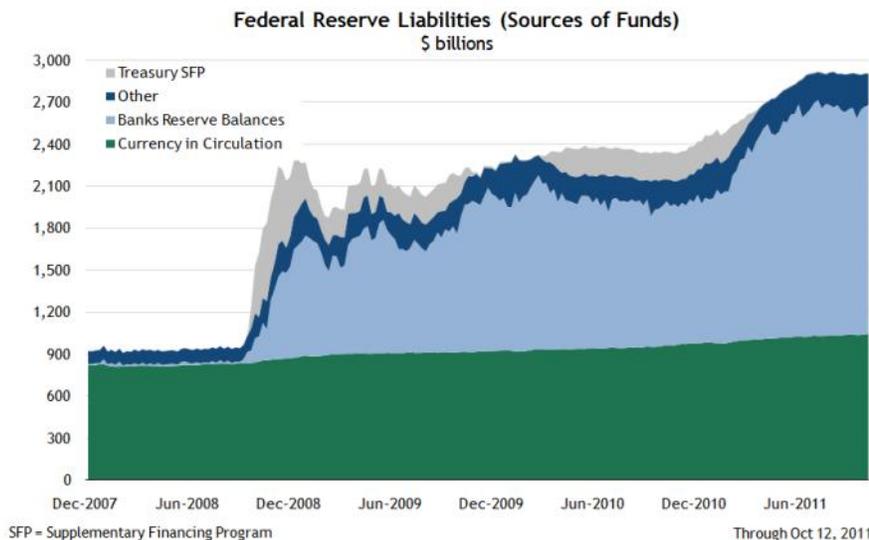


Source: Federal Reserve Board

- Treasuries decreased \$3 billion while agency debt and MBS were unchanged.
- According to the [New York Fed's tentative outright Treasury operation schedule](#), and in line with the newly announced [maturity extension program](#), the desk plans to purchase approximately \$44 billion in Treasury securities with remaining maturities of six to 30 years and sell approximately \$44 billion in Treasury securities with remaining maturities of three years or less during October.
- As of October 3, 2011, principal payments from agency debt and agency MBS will be reinvested into agency MBS instead of into Treasuries.

Bank reserve balances with the Federal Reserve increased \$8.8 billion. The Treasury's general account decreased \$13.9 billion and nonreserve deposits (both part of "Other") increased \$11.2 billion.

As of October 12, 2011, bank reserve balances are \$1.6 trillion.



Source: Federal Reserve Board

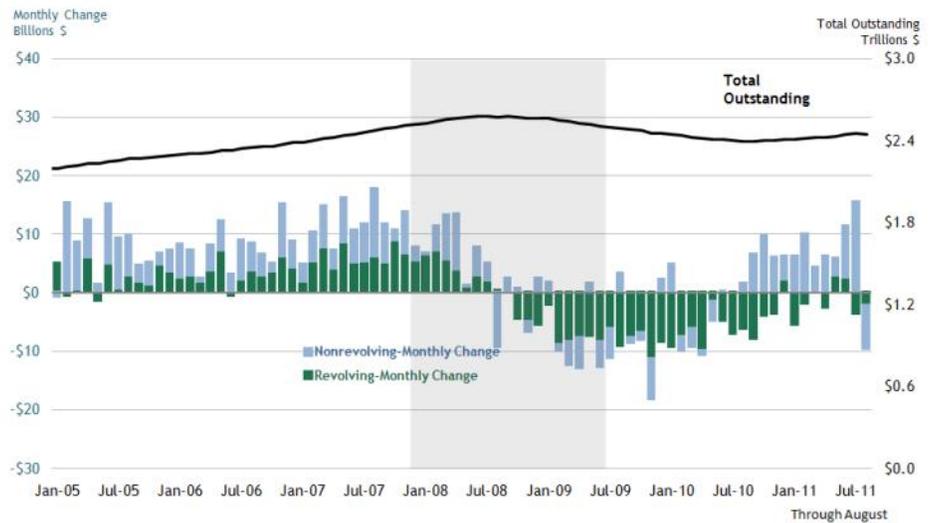
Assets: Lending to nonbanks—TALF, CPFF, AMLF, and MMLFF; Short-term lending to financials—discount window, TAF, currency swaps, PDCF, and repos; Misc.—Maiden Lanes I, II, and III, credit to AIG, and other Fed assets. **Liabilities:** Other—Reverse repos, Treasury cash holdings, and deposits with Federal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

Consumer Credit

Summary

Consumer credit outstanding decreased \$9.5 billion in August. An \$8 billion gain was expected, according to a Bloomberg survey.

SA Consumer Credit
Monthly Change & Total Outstanding

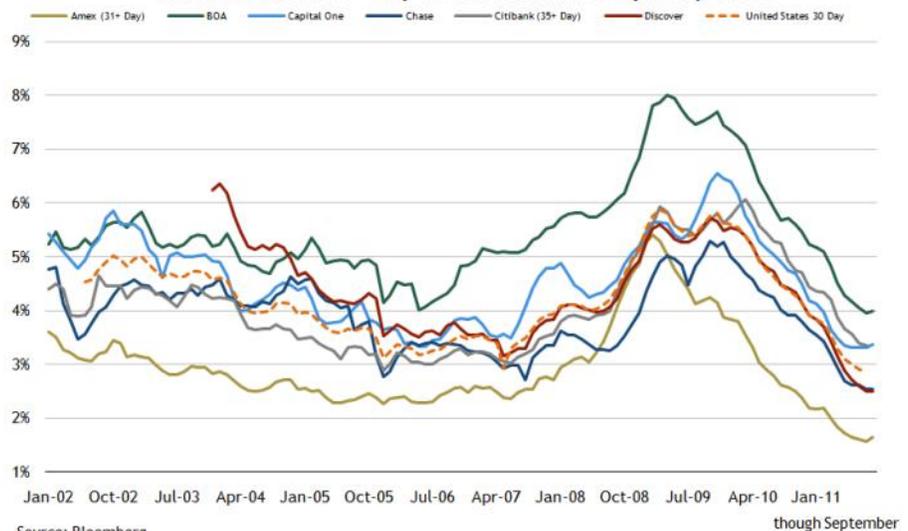


Source: Federal Reserve Board

- Nonrevolving consumer credit outstanding decreased \$7.3 billion while revolving fell \$2.2 billion.
- Relative to the peak in July 2008, revolving is 19 percent lower, and non-revolving is 3 percent higher.

Delinquency rates on credit cards ticked up slightly in September, according to the Bloomberg 30+day U.S. credit card delinquency index.

United States 30+ Day Credit Card Delinquency Rates



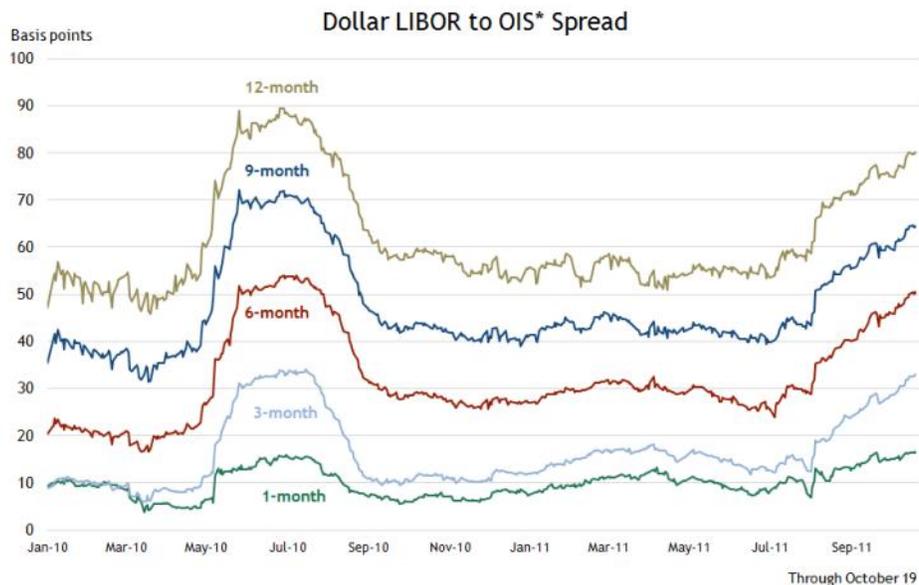
Source: Bloomberg

- According to Bloomberg's 30+day delinquency index, 2.9 percent of credit card balances are 30 days or more delinquent.

Broad Financial Market Indicators

Summary

Interbank funding spreads have continued to widen in recent weeks and have neared (or surpassed) recent highs from last summer. The one-month spread hit 16.52 basis points (bps) on October 18, which was the highest rate since May 2009.

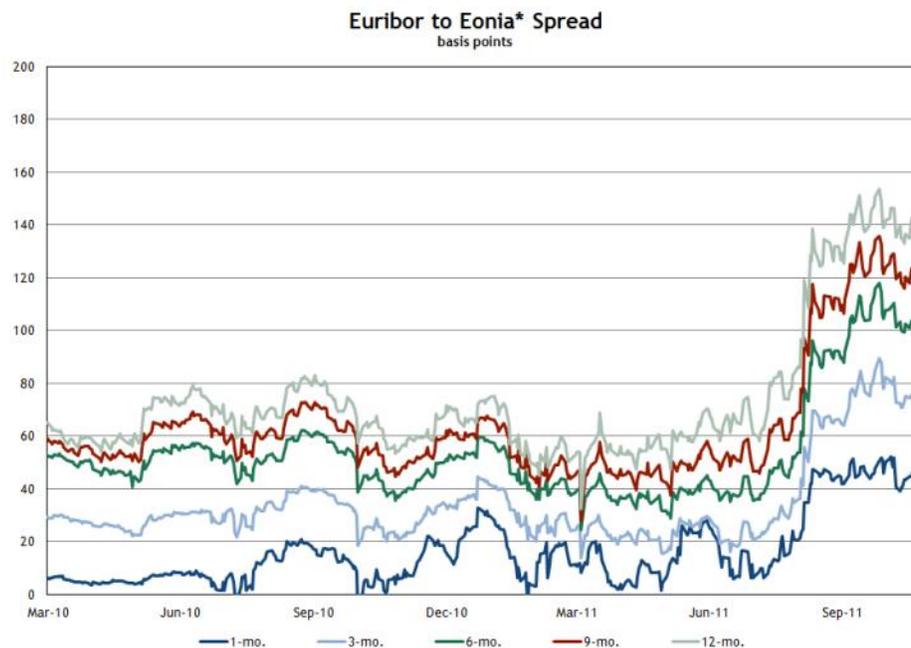


Source: British Bankers Association/Bloomberg

*Overnight Index Swap rate

- The LIBOR to OIS series shown above is denominated in U.S. dollars and reflects the spread between interbank lending rates offered and the overnight index swap (OIS) rate. 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 federal funds held over a given maturity.

The euro-based Euribor-to-Eonia spreads remain elevated following their spike in August.



Source: Bloomberg

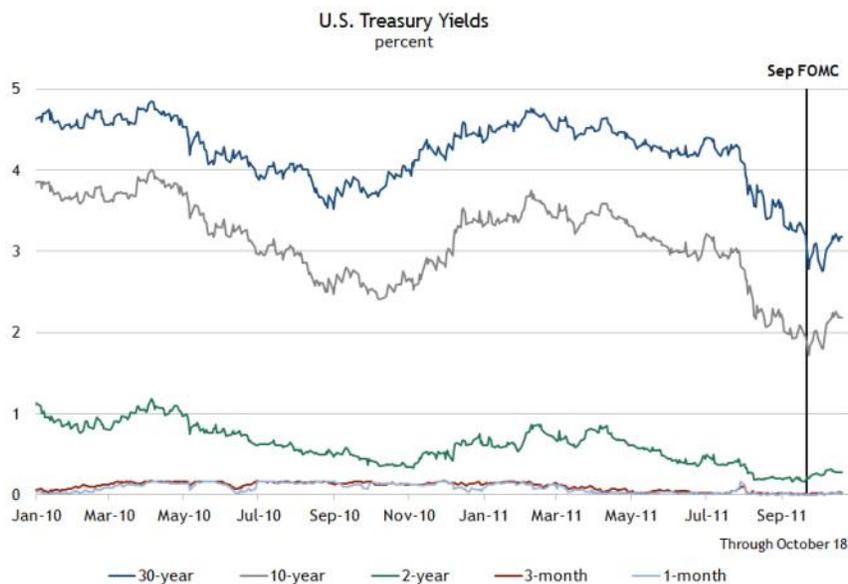
*Euro OverNight Index Average (EONIA) is the European-equivalent of the overnight interest rate

- 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 swap rate on unsecured interbank lending in the euro area.

Broad Financial Market Indicators

Summary

Longer-dated Treasury yields have moved higher since the September FOMC meeting but are little changed on the week.

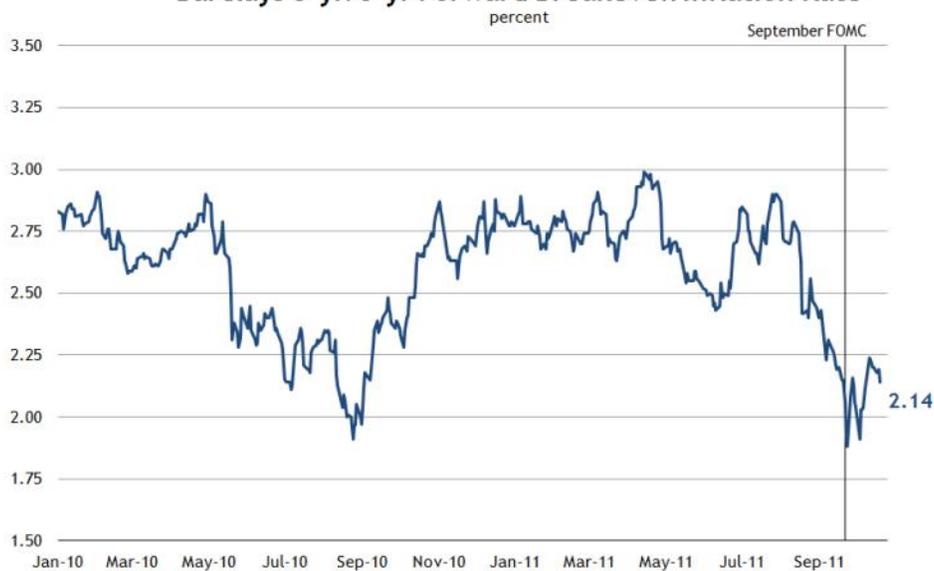


Source: Federal Reserve Board/Haver Analytics

- Since September 21, the 30-year Treasury bond yield is up 14 basis points (bps) to 3.17 percent, the 10-year bond is 30 bps higher to 2.18 percent, and the two-year bond is up 7 bps to 0.28 percent. The three- and one-month T-bill rates are both little changed at 0.03 percent and 0.01 percent, respectively.

The five-year breakeven inflation rate continues to be very volatile. After declining to a recent low of 1.88 percent on September 23, it has risen to 2.14 percent through October 19.

Barclays 5-yr/5-yr Forward Breakeven Inflation Rate



Source: Barclays Capital

- Looking at one measure calculated by Barclays suggests investors see CPI inflation 5 to 10 years out as averaging about 2.14 percent as of October 19, 2011, which is about 10 bps lower over the week and 8 bps higher since the September FOMC meeting.