FEDERAL RESERVE BANK of ATLANTA

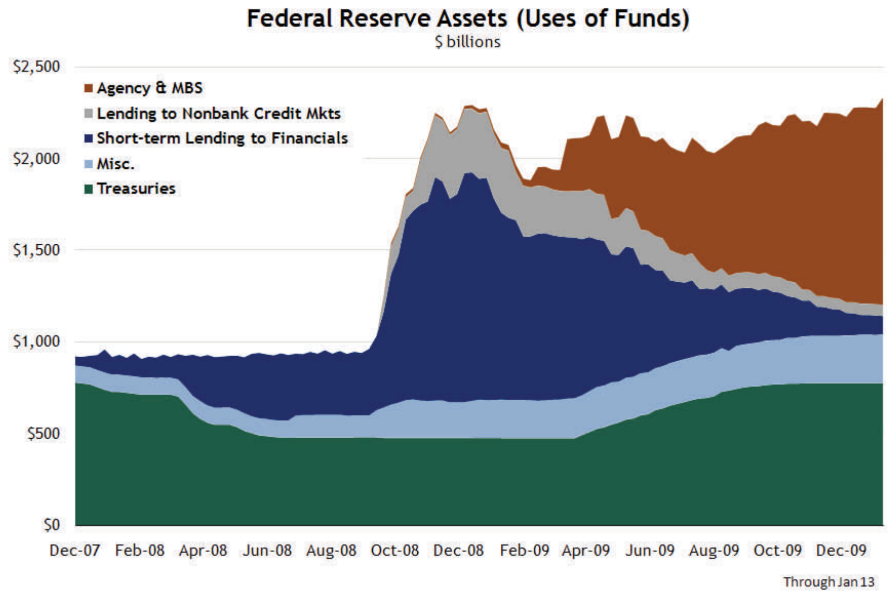
January 20, 2010

Financial Highlights

Federal Reserve

Summary

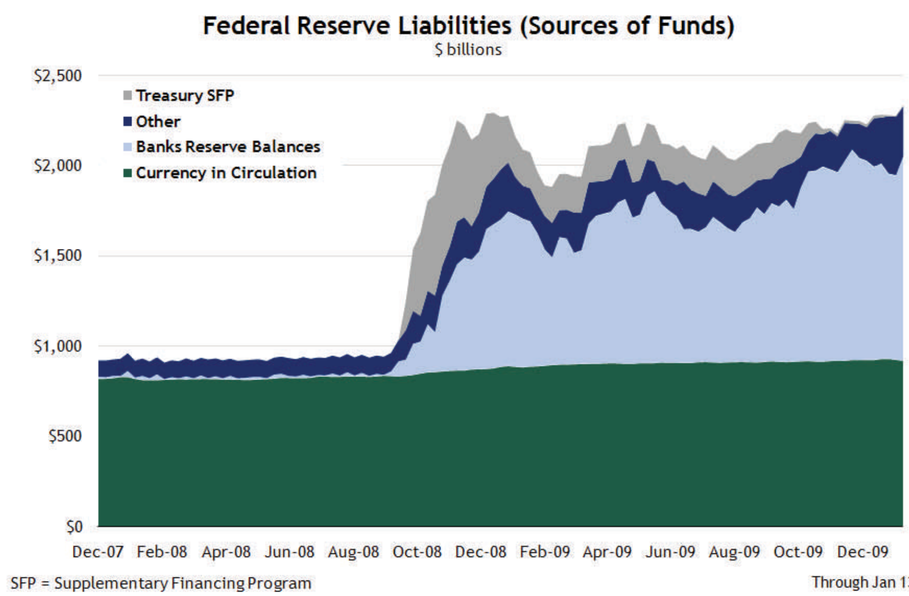
The balance sheet increased by $57 billion, to $2.3 trillion, for the week ended January 13.



Source: Federal Reserve Board

- Increases in the balance sheet came mostly from agency and settled MBS purchases, which grew by $60.8 billion. Outweighing some of the increases in agency and MBS purchases were declines in short-term lending to financials and lending to nonbank credit markets.
- The balance sheet is expected to peak during the first half of this year after the MBS purchase program is completed and purchases settle on the balance sheet.

On the liabilities side, banks reserve balances increased by $111 billion while other liabilities fell by $48 billion (most of the fall was the result of decreases in Treasury deposits with Federal Reserve Banks).



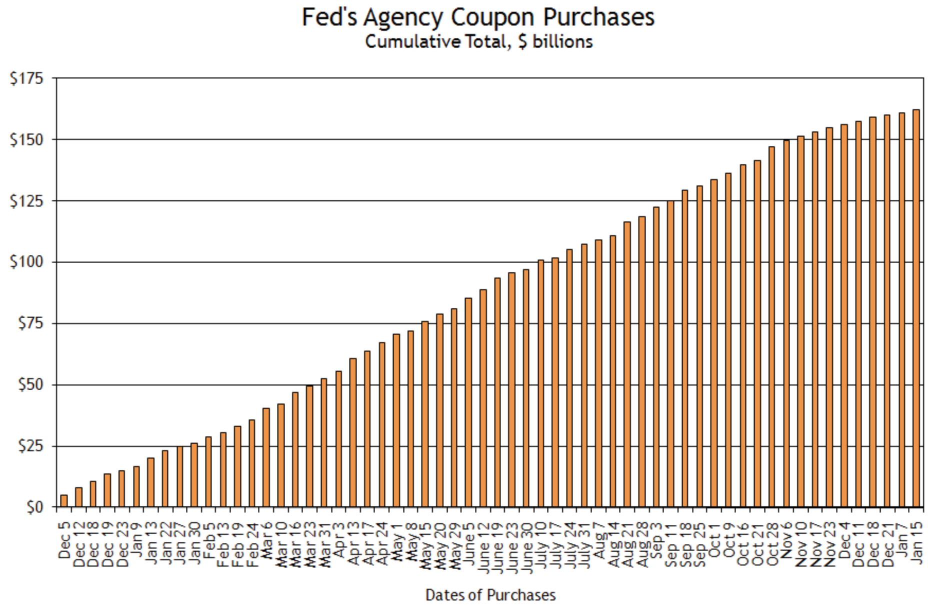
Source: Federal Reserve Board

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

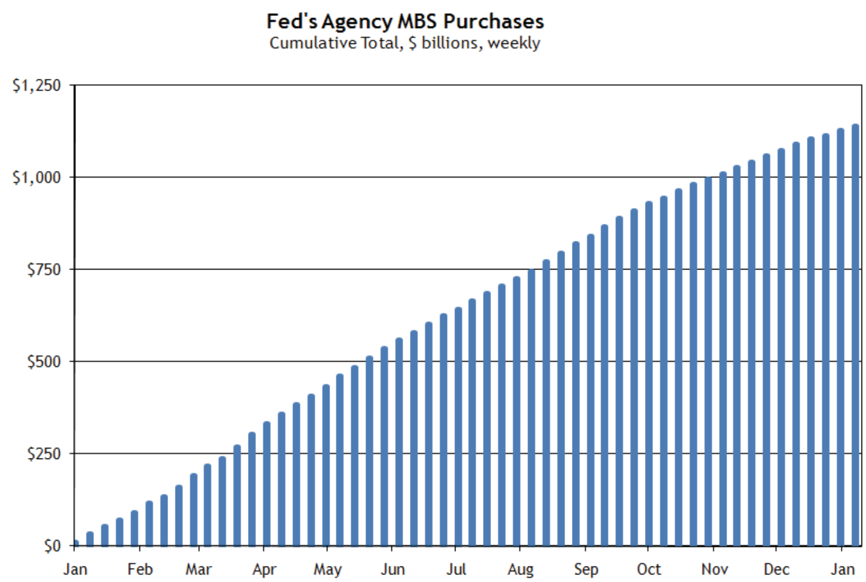
With its most recent agency debt purchase on January 15, the Fed is 93% of the way to its goal of $175 billion.



Source: NY Fed

- The Fed has completed $162.3 billion of its $175 billion agency debt purchase program through January 13 (making it 93% complete).
- The last purchase, on January 15, was made for $1.442 billion and had a bid-to-cover ratio of 3.33.

Similarly, the agency MBS purchase program nears its goal of $1.25 trillion.



Source: NY Fed

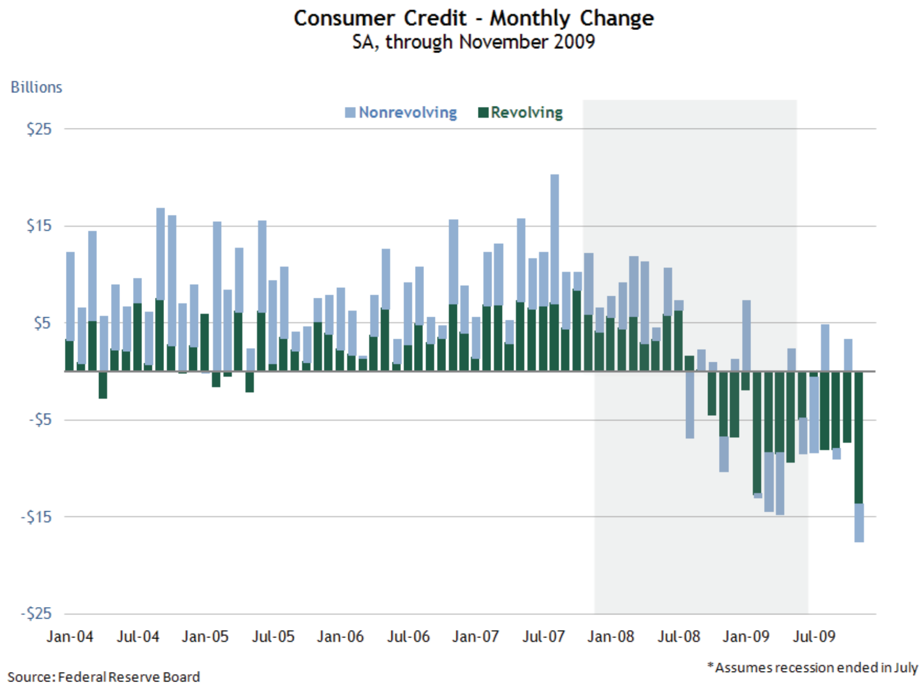
- The Fed purchased a net total of $14 billion of agency-backed MBS through the week of January 13. This brings its total purchases up to $1.14 trillion, and by the end of the first quarter 2010 the Fed will purchase $1.25 trillion (thus, it is 91% complete).

Consumer Credit

Summary

Consumer credit declined $17.5 billion from October to November at an annualized rate of 8.14%.

Most of the declines came from revolving credit. Since July revolving credit has declined $99.6 billion, and nonrevolving has declined $17.3 billion.



- Revolving credit contributed the most, declining $13.7 billion, at an annualized rate of 17%.
- Nonrevolving declined $3.8 billion at an annualized rate of 2.8%.

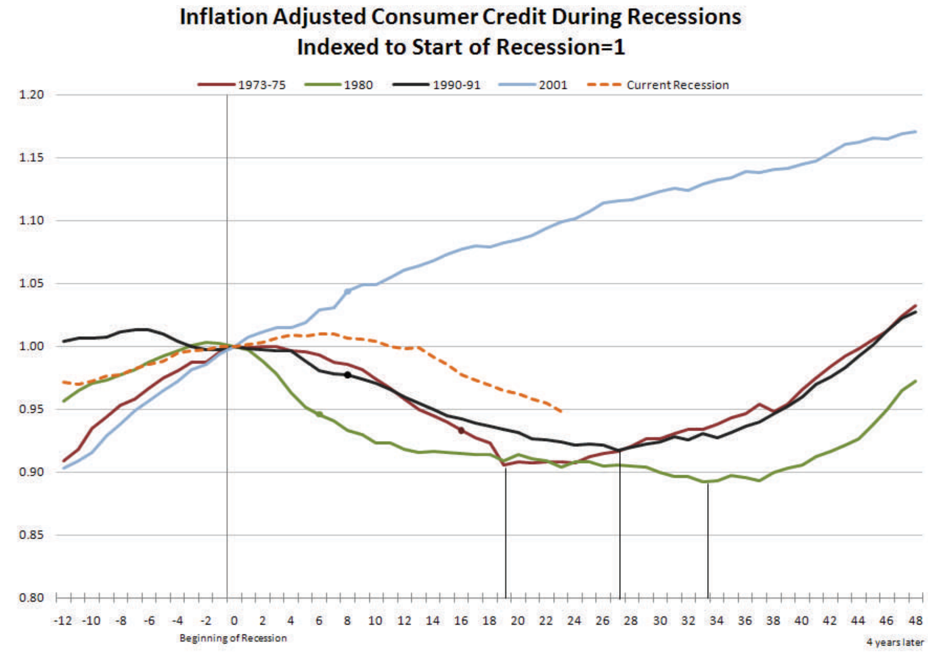
Consumer Credit

Summary

Consumer credit is generally a lagging indicator. In past recessions, it has taken three to four years to get back to prerecession levels.

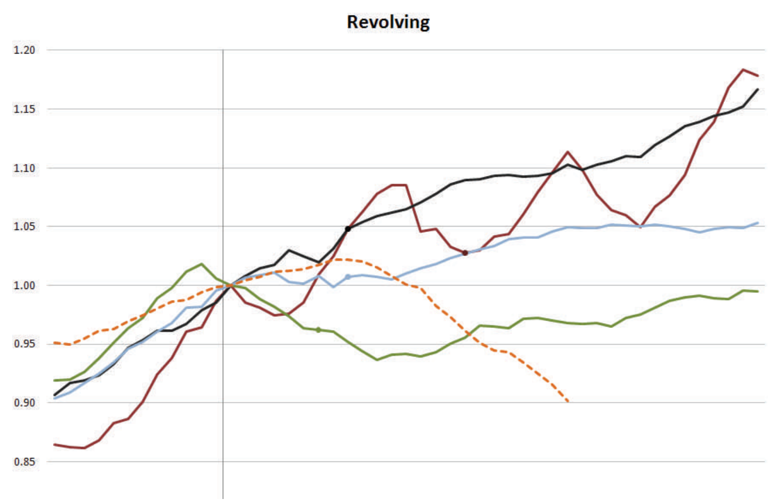
So far, trends in overall consumer credit look similar to past recessions.

However, trends in revolving credit versus nonrevolving credit look very different.

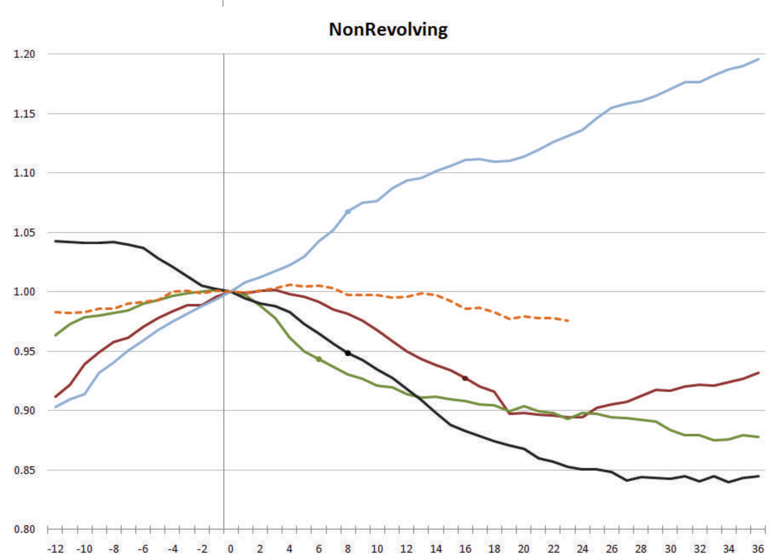


Sources: Federal Reserve Board, BEA, and NBER

Revolving credit has contributed to much of the decline in overall consumer credit and has fallen much more in percentage terms, and for a more prolonged period, than it did in past recessions.



Nonrevolving credit has remained almost flat, contributing very little to the decline in overall consumer credit.

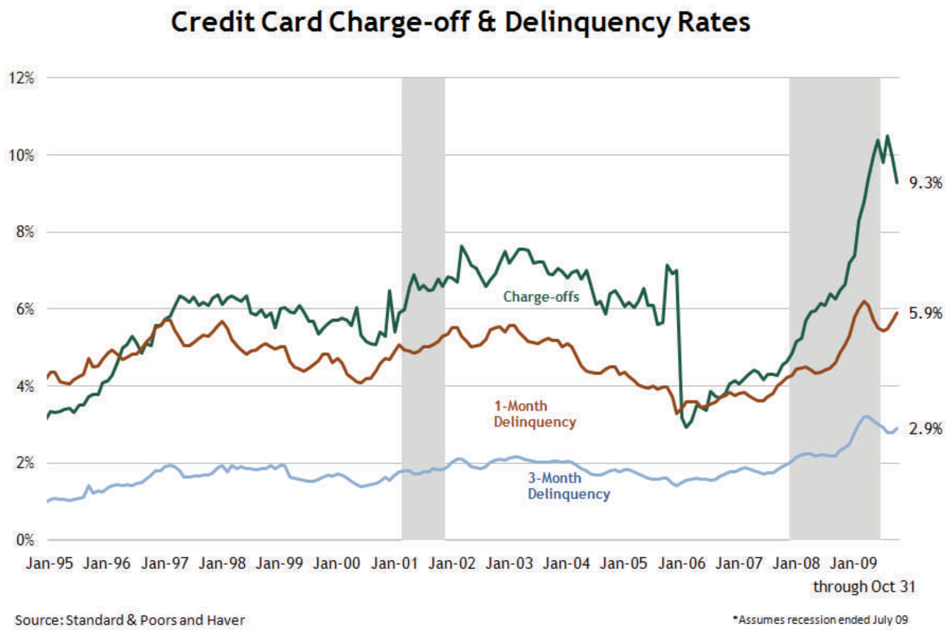


Consumer Credit

Summary

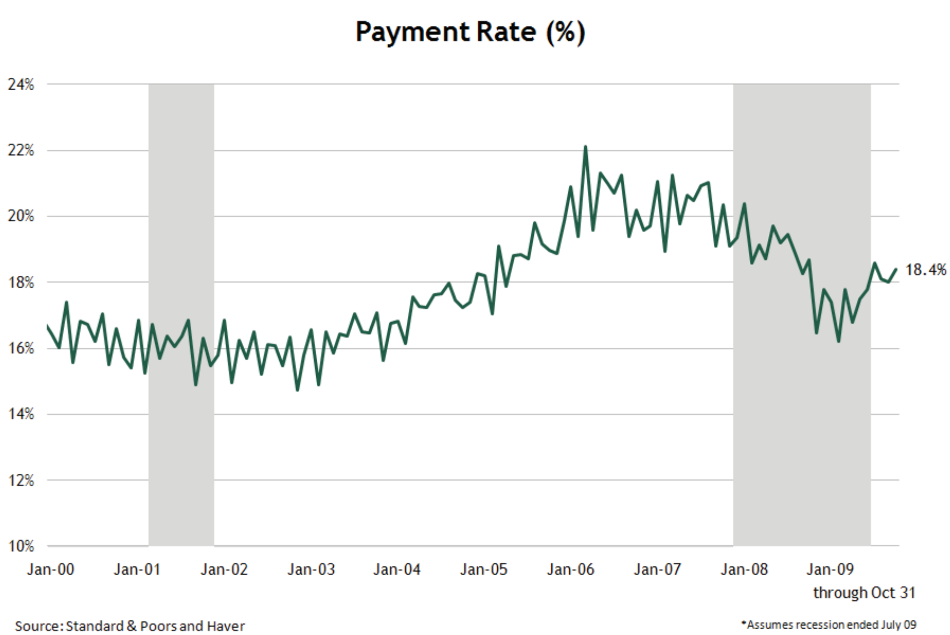
The charge-off rate moderated in October, dropping from 9.9% to 9.3%.

The one-month and three-month delinquency rates increased slightly, to 5.9% and 2.9%, respectively.



- Credit card companies continue to cut balances and increase rates to combat rising delinquencies.
- According to the S&P Credit Card Quality Index, amount outstanding has dropped from $453 billion in August to $401 billion in October. Over the same time frame the yield on the S&P index trust rose from 17.6% to 20.2%.

One sign of improvement in the credit card industry is the recent upward trend in the payment rate, which increased to 18.4% in October.

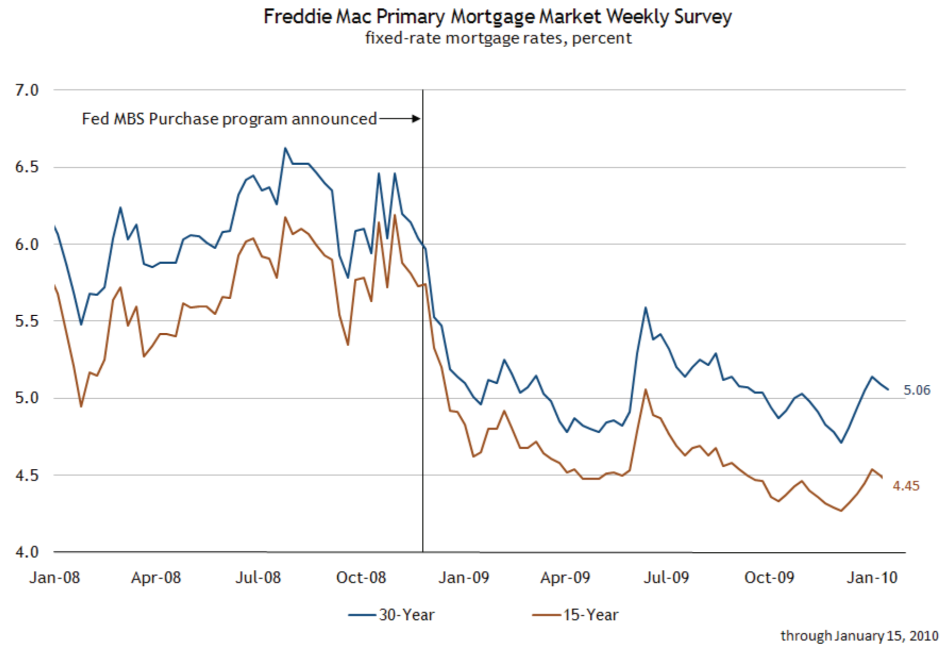


- The payment rate (monthly collections out of total outstanding) averaged 20% throughout 2007 but began falling in 2008. It hit a low of 16.2% in February 2009 and has been gradually increasing every month since.

Mortgage Market

Summary

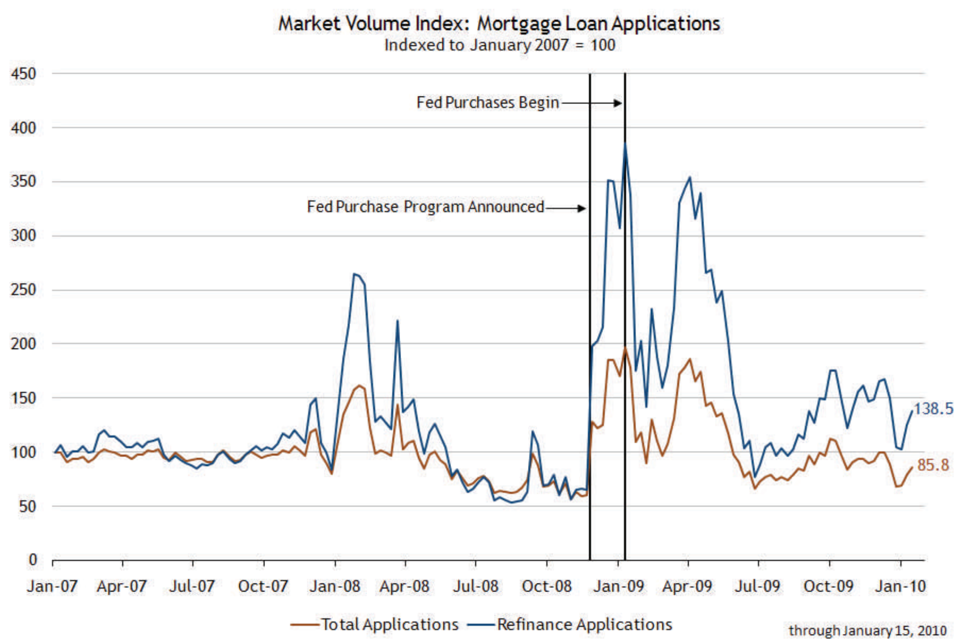
The 30- and 15-year fixed mortgage rates edged downward for the second week. Both rates remain above the record low rates set in early December 2009.



Source: Federal Home Loan Mortgage Corporation/Haver Analytics

- The 30-year fixed rate average 5.06 percent, down from 5.09 percent a week ago; the 15-year fixed rate averaged 4.45 percent, down from 4.5 percent a week ago.
- At this time last year, the 30-year fixed rate averaged 4.96%; the 15-year fixed rate averaged 4.65%.

Total mortgage loan application volume and refinance application volume remain well below the peaks set in January and April 2009.



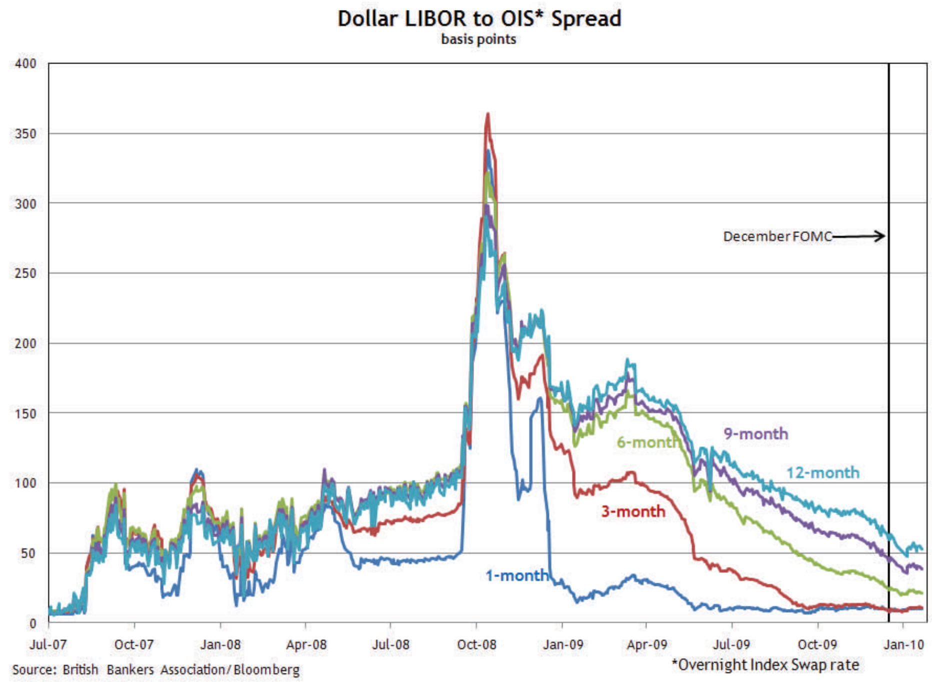
Source: Mortgage Bankers Association/Haver Analytics

- For the week ending January 15, total mortgage application volume and total refinance application volume increased over the previous week. Total mortgage application volume increased 9.1% from the previous week; total refinance application volume increased 10.7% from one week earlier.
- The refinance share of mortgage activity represents 71.7% of total applications.

Broad Financial Market Indicators

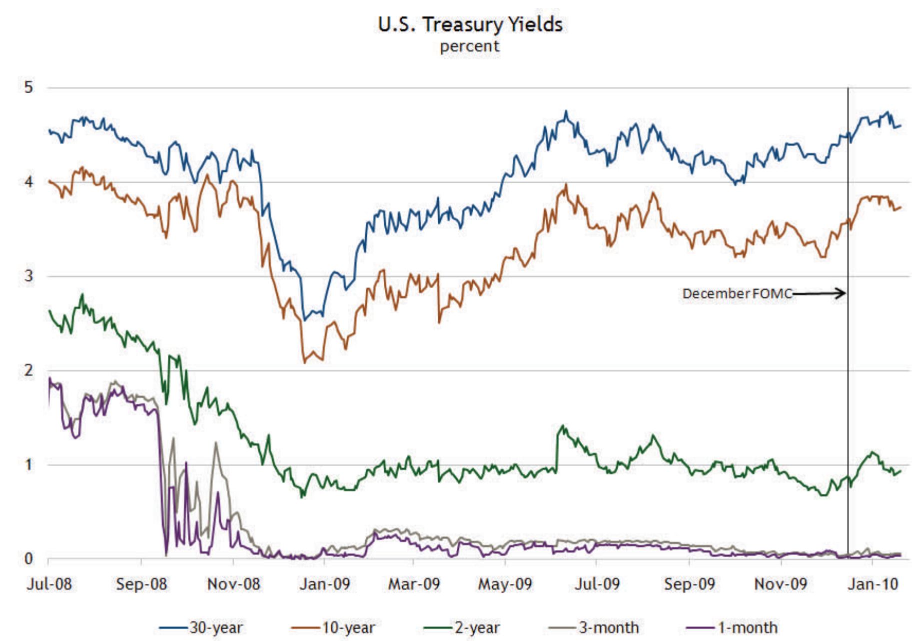
Summary

LIBOR to OIS spreads are up slightly for shorter horizons but have decreased further out since the December FOMC meeting.



- The one-month and three-month Dollar LIBOR to OIS spreads are up about 1 basis point to 9.9 and 10.7 basis points (bps), respectively, since the December FOMC meeting. But the 6-, 9-, and 12-month spreads have decreased 3, 6, and 8 bps, respectively.

Treasury yields have moved higher in the same period.



Source: Bloomberg

- Since the December FOMC meeting, longer-dated Treasury yields have moved higher: Through January 19, the 30-year bond is up 8 bps to 4.60%, the 10-year bond moved 12 bps higher to 3.73%, and the two-year note was up 8 bps to 0.93%.