FEDERAL RESERVE BANK of ATLANTA

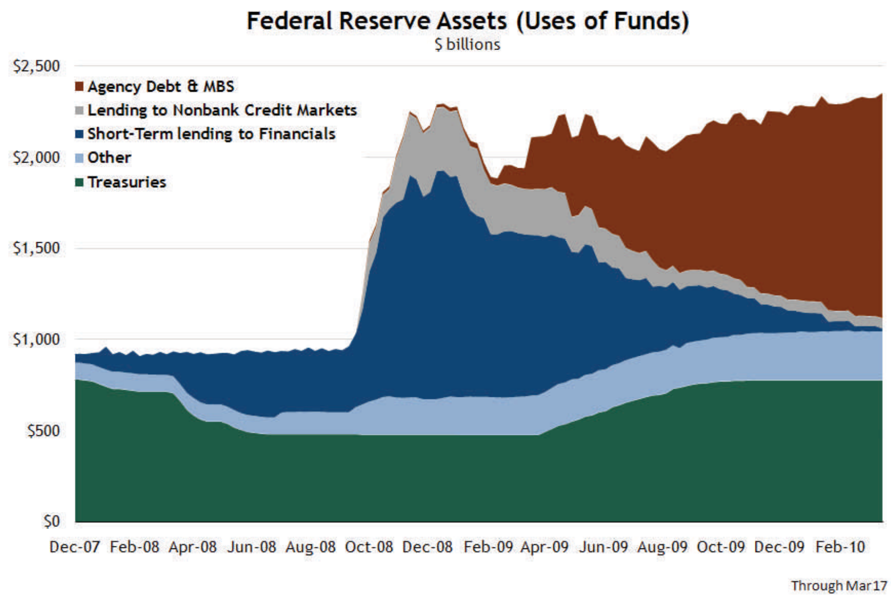
March 24, 2010

Financial Highlights

Federal Reserve

Summary

The balance sheet expanded $25 billion, to $2.3 trillion, for the week ended March 17.



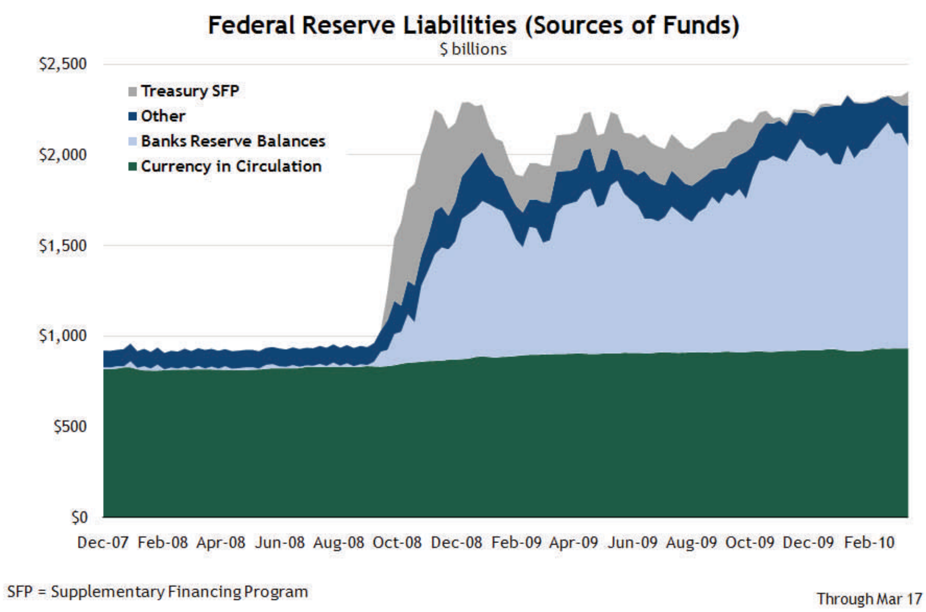
Source: Federal Reserve Board

- Holdings of agency debt and mortgage-backed securities increased by $35.7 billion while short-term lending to financials declined $14.6 billion.
- 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.

Bank reserve balances declined by $73 billion.

The U.S. Treasury continued to rebuild the supplementary financing account; it increased by $25 billion following similar increases in the previous two weeks.

The Treasury's general account with the Fed, part of "other," increased by $74 billion.



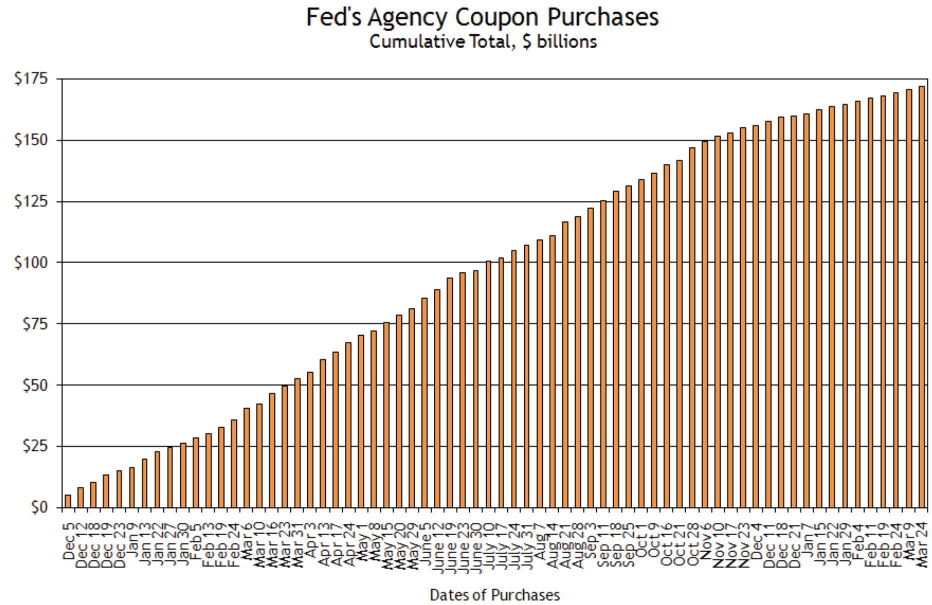
Source: Federal Reserve Board

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

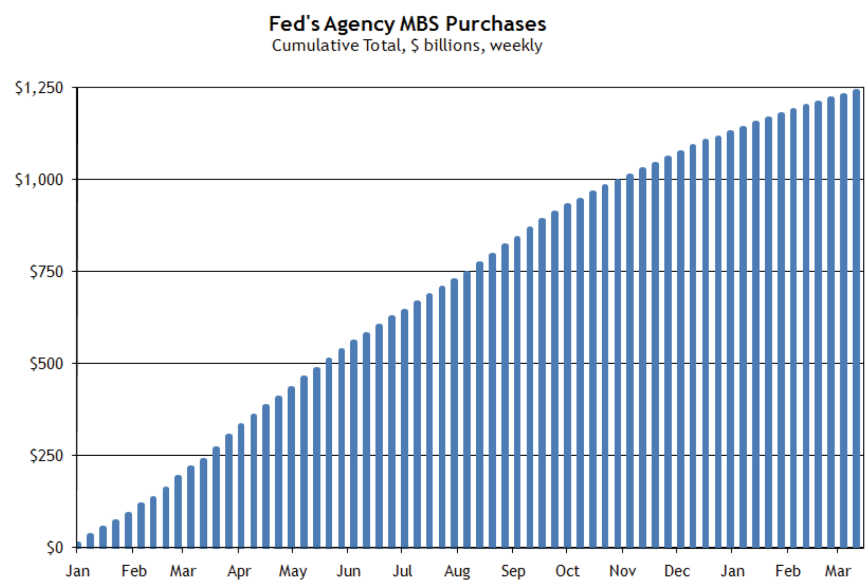
With its most recent agency debt purchase on March 24, the Fed is 98% of the way to its goal of $175 billion.



Source: NY Fed

- The Fed has completed $172.1 billion of its $175 billion agency debt purchase program through March 24 (making it 99% complete).
- The last purchase, on March 24, was made for $1.5 billion and had a bid-to-cover ratio of 4.52.

Similarly, the agency MBS purchase program nears its goal of $1.25 trillion, with the last three weeks seeing $10 billion in net purchases.



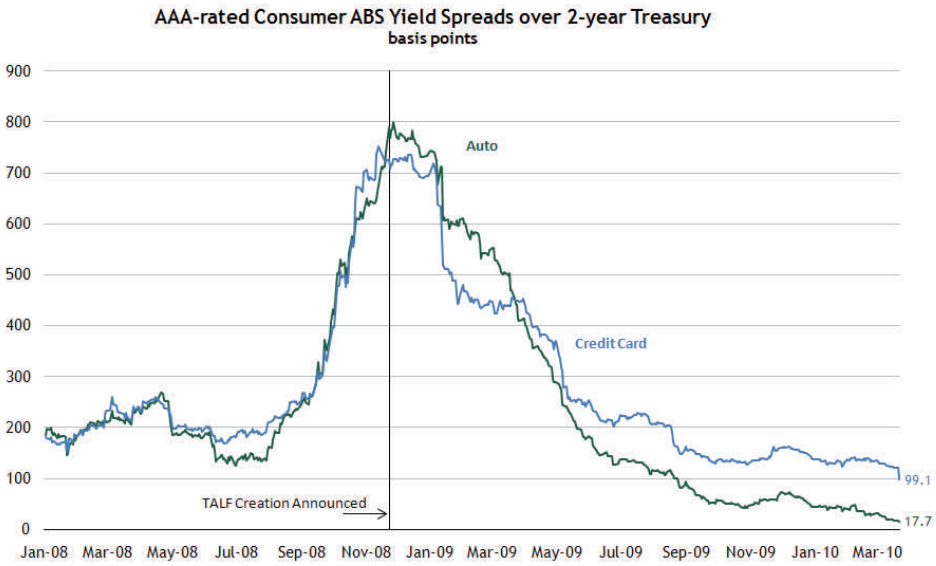
Source: NY Fed

- The Fed purchased a net total of $10 billion of agency-backed MBS through the week of March 17. This purchase brings its total purchases up to $1.24 trillion, and by the end of the first quarter of 2010 the Fed will have purchased $1.25 trillion (thus, it is 99% complete).

Asset-Backed Securities

Summary

Consistent with the ongoing improvement in the ABS market, risk spreads on consumer ABS continued to edge lower.

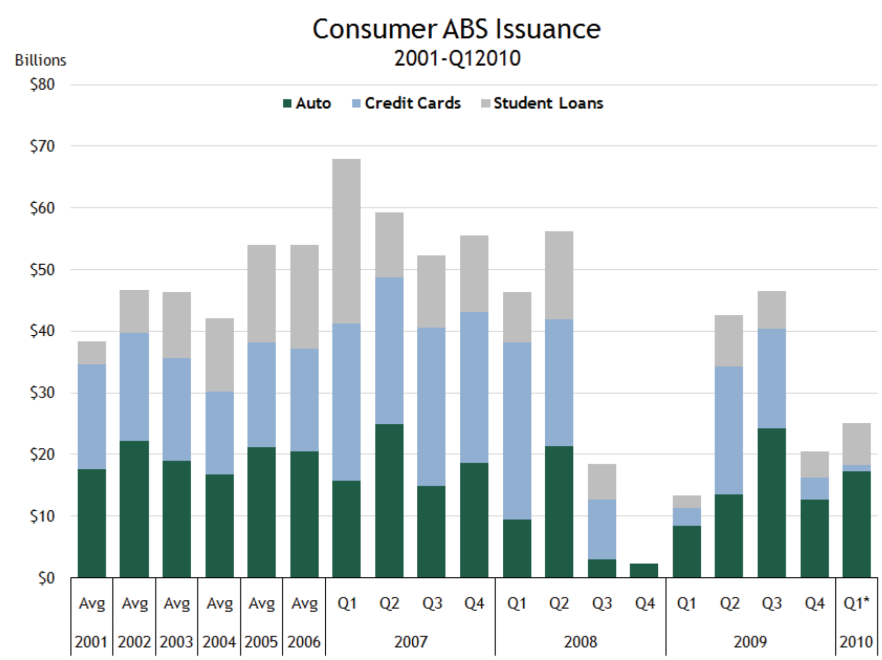


Source: Bloomberg and Merrill Lynch

- As of March 23, ABS backed by credit cards were 99 basis points (bps) higher than two-year Treasuries while ABS backed by autos were 18 bps higher than Treasuries.

Consumer ABS issuance for the first quarter of 2010 (as of March 23) has surpassed that of the fourth quarter of 2009.

First quarter Issuance backed by auto loans is comparable to averages of previous years, while issuance backed by credit cards remains very weak with only $1 billion so far this quarter.



Source: SIFMA, Bloomberg

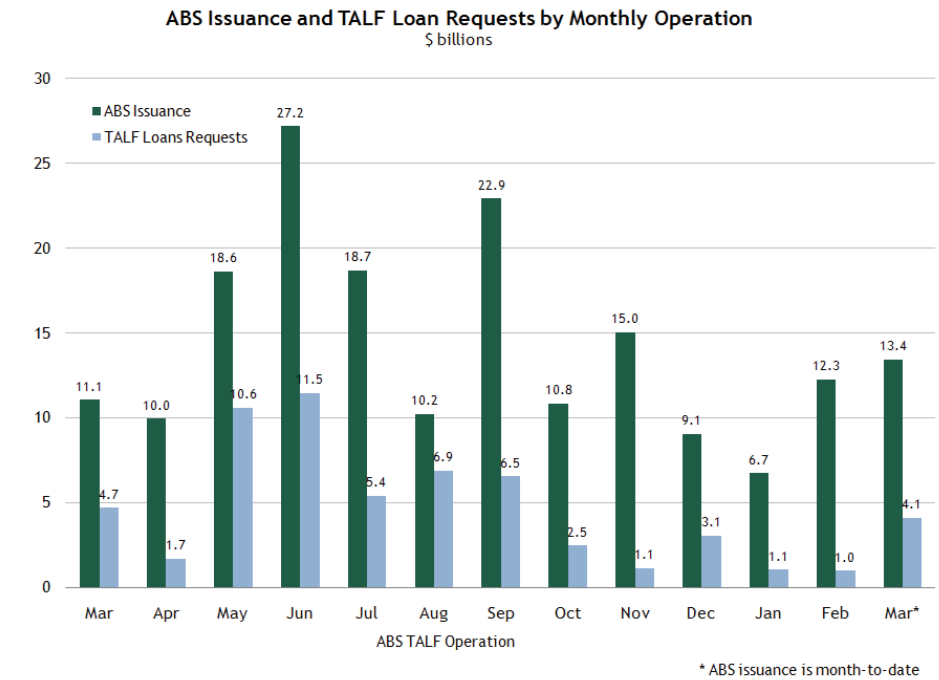
*Quarter to date

Asset-Backed Securities

Summary

A total of $4.1 billion in financing was requested in the March operation. This amount is much more than was requested last month but is only a small fraction of the $13.4 billion in total ABS issued so far in March.

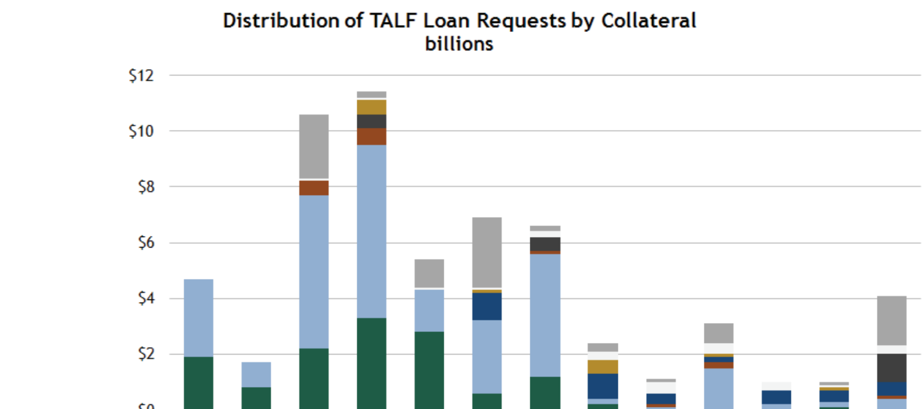
This should be the last TALF operation, as the non-CMBS TALF is set to expire March 31.



Source: Bloomberg/ NY Fed

TALF loan requests were dominated by securities backed by autos and credit cards, but the mix of loans has become more diverse in recent months.

ABS backed by student loans and premium finance (which are loans used to finance premiums for property or casualty insurance) made up the majority of loan requests in the March 11 operation.



	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Student Loan	0	0	2.3	0.2	1	2.5	0.2	0.3	0.1	0.7	0	0.1	1.8
Small Business	0	0	0.1	0.1	0.1	0.1	0.2	0.3	0.4	0.4	0.3	0.1	0.3
Servicing Advances	0	0	0	0.5	0	0.1	0	0.5	0	0.1	0	0.1	0
Premium Finance	0	0	0	0.5	0	0	0.5	0	0	0	0	0	1
Floorplan	0	0	0	0	0	1	0	0.9	0.4	0.2	0.5	0.4	0.5
Equipment	0	0	0.5	0.6	0	0	0.1	0	0.1	0.2	0	0	0.1
Credit Card	2.8	0.9	5.5	6.2	1.5	2.6	4.4	0.2	0.1	1.5	0.2	0.2	0.4
Auto	1.9	0.8	2.2	3.3	2.8	0.6	1.2	0.2	0	0	0	0.1	0

Source: NY Fed

Asset-Backed Securities

Summary

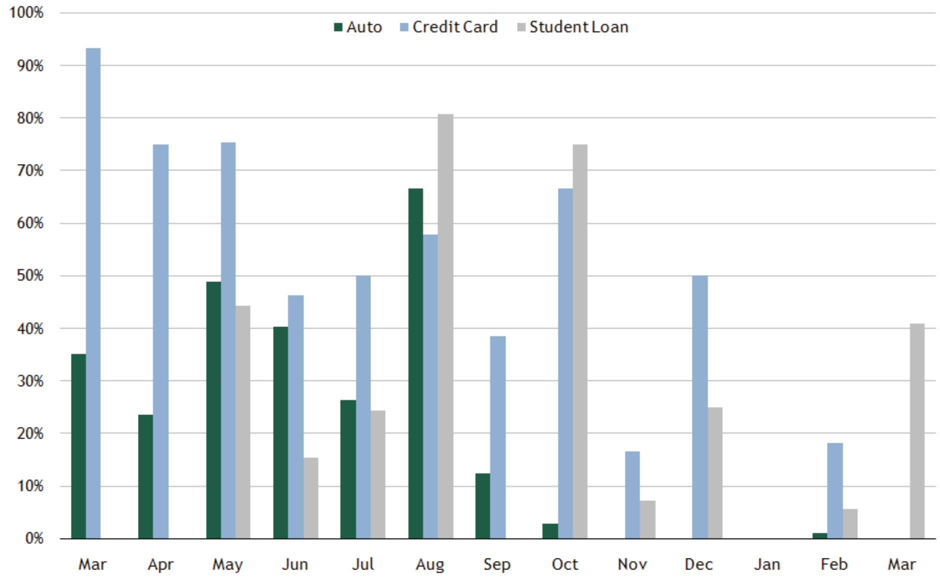
Consumer ABS markets were heavily supported by the TALF when the program first began.

The percent of ABS backed by autos financed through the TALF has significantly declined, even with robust issuance.

ABS backed by student loans still seems to be relying on the TALF as approximately 41% of issuance was financed through the TALF in March.

There has been no issuance of ABS backed by credit cards so far in March.

Approximate Percent of Consumer ABS Issuance Financed Through TALF*



*Total month's issuance / amount requested at TALF operation

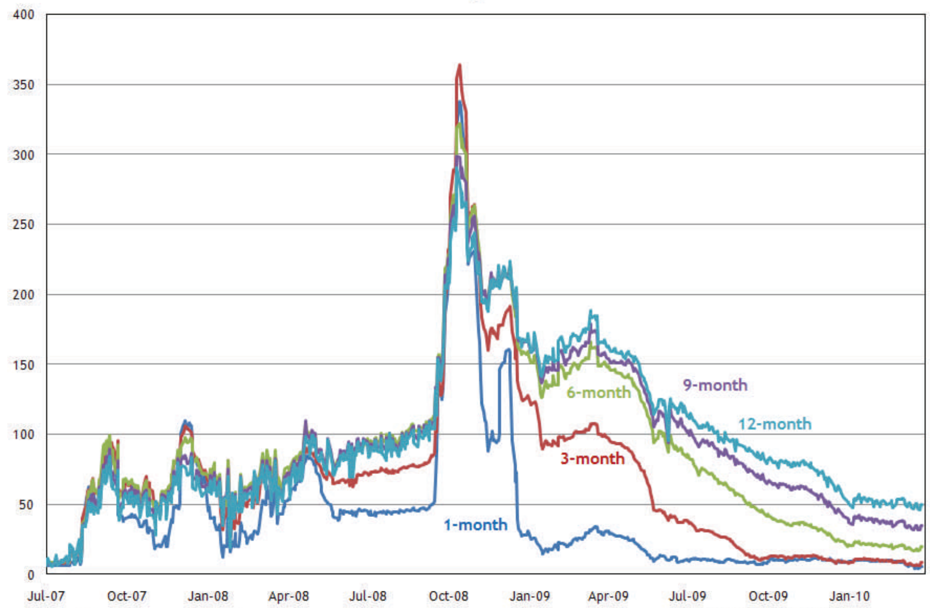
Source: Bloomberg/ NY Fed

Broad Financial Market Indicators

Summary

LIBOR to OIS spreads continue to be stable at shorter horizons, but less so farther out.

Dollar LIBOR to OIS* Spread
basis points



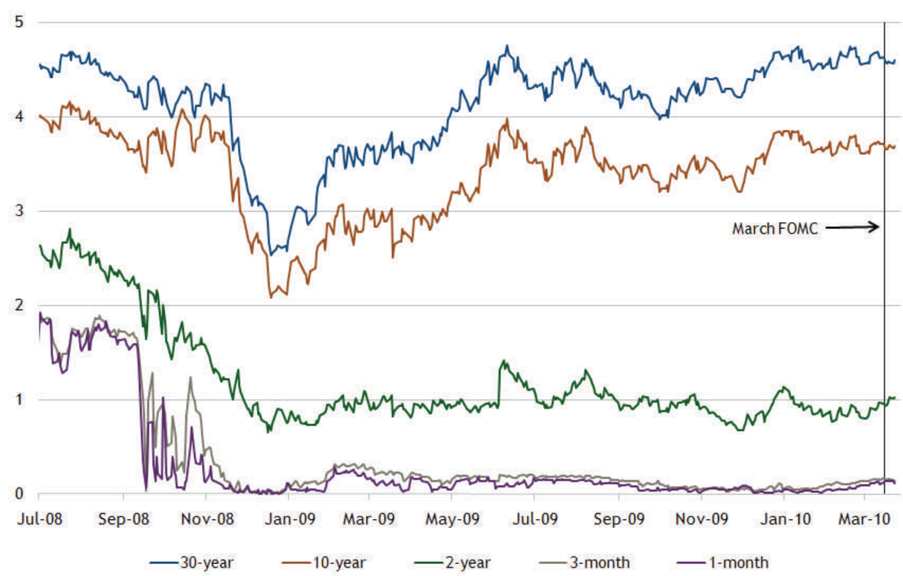
Source: British Bankers Association/Bloomberg

*Overnight Index Swap rate

- While the one-month dollar LIBOR to OIS spread is flat since the March FOMC meeting at 5.6%, the three– and six-month spreads are about 2 bps higher at 8.1% and 19.1%, respectively.
- Farther out, the nine– and 12-month spreads have decreased slightly to 34.3 and 46.7 bps, respectively.

Treasury yields are stable since the FOMC meeting last week, except for a jump in the two-year note.

U.S. Treasury Yields
percent



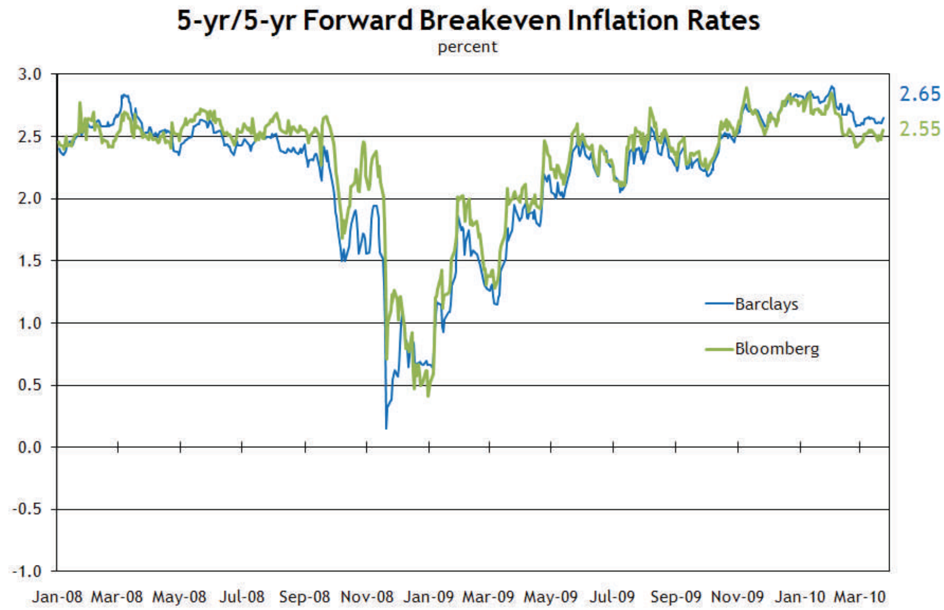
Source: Bloomberg

- Since the March 16 FOMC meeting, longer-dated Treasury yields are flat: Through March 23, the 30-year bond is up 1 bp to 4.60%, and the 10-year note is up 3 bps to 3.69%. But the policy-sensitive two-year note has risen 9 bps to 1.02%.

Broad Financial Market Indicators

Summary

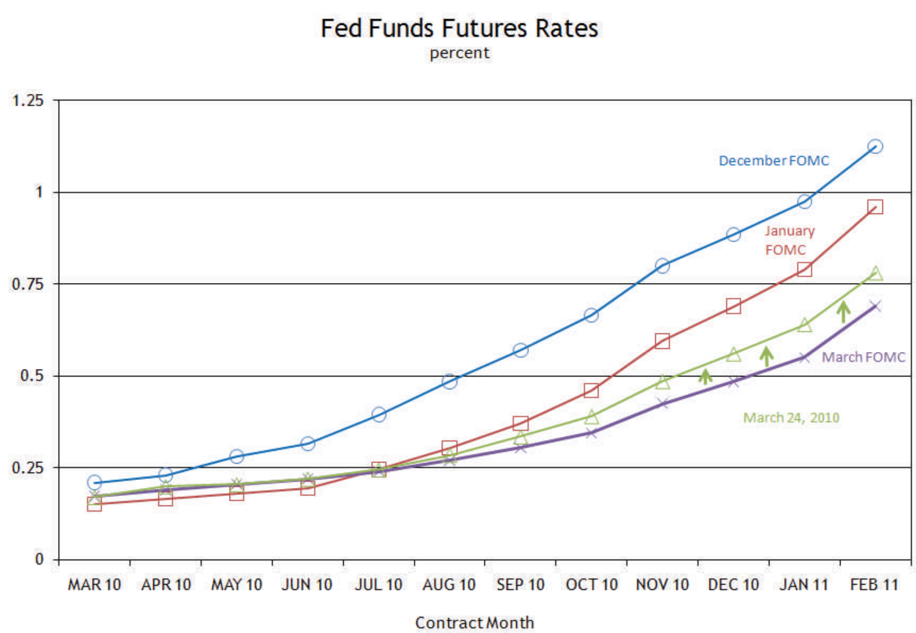
Expected inflation as derived from the TIPS breakeven rates has declined slightly since the recent peak in early February.



Source: Barclays Capital, Bloomberg

- Since the FOMC meeting on January 27, the Barclays 5-year/5-year forward breakeven inflation (BEI) rate has fallen 17 bps to 2.65%, as of March 24. This level is 3 bps higher from the March 16 FOMC meeting.
- A more generic market measure from Bloomberg shows a fall of 17 bps since the January FOMC meeting and a rise of 4 bps since the March FOMC meeting, settling at 2.55%

The fed funds futures market expectations for a potential rate hike had been pushed out further over the last few FOMC meetings, but since the March FOMC expectations have been moved up slightly.



Source: Bloomberg