



U.S. ABCP Market Outlook (CP Desk Comments)

Commentary by Credit Suisse's US ABCP Trading Desk

ABCP Commentary

Although this past week started off slow in terms of flows, with investors remaining in their defensive posture, the remainder of the week was slightly better with some rays of sunshine. We saw a pick-up in interest for most issuers 2 weeks and out and also saw the return of some 3 month buying. The Top Tiered issuers continued to enjoy the most liquidity; however, when those issuers fulfilled their financing needs, investors did reach down the spectrum and bought lower tiered names. LIBOR settled down from its recent rise as the week progressed, stopping out at 55 bps in 1 months and 1.31% in 3 months. Rates for issuers (even within the tiered categories) varied widely, with names in the Top Tiered category having a spread of 70 bps from the weakest to the strongest in certain terms. The weekly CP data remains predictable and we will have to wait for the government initiatives (TALF and Straight-A) to get underway to see what effect they have on the ABCP market. Next week we would expect the ABCP market to start out under a bit of pressure due to Corp. Tax Day, but that pressure should eventually subside as the week goes on and hopefully activity will increase.

To recap the weekly Fed announcements with respect to CP:

Total CP outstandings decreased by \$15.1 bn to **\$1.426 tn** for the week ending 3/11/09. The most significant portion of this drop came from ABCP (\$8.5 bn).

Of the total CP market:

- Corporate outstandings decreased by \$3.3 bn for the week (\$176.5 bn vs \$179.8 bn last week)
- Financial outstandings declined by \$3.4 bn for the week (\$614.6 bn vs \$618.0 bn last week)
- ABCP outstandings experienced a WoW decrease of \$8.5 bn (\$634.0 bn vs \$642.5 bn last week)

CPFF usage had a WoW decline of \$0.6 bn to **\$239.7 bn** vs \$240.3 bn last week.

AMLF usage decreased to **\$6.83 bn** from \$8.0 bn.

The **MMIFF** continues to remain unutilized.

The **Fed's exposure** to the total CP market is **17.3%** through these two programs.

Corporate/Financial Commentary

As the equity market does better, Euro-dollars do better, LIBOR drops and we are off to the races. It seems simplistic but that is what happened this week. After previously scary weeks filled with banks fears, again, and that fear pricing into the interbank market causing LIBOR to spike, this week started off strong in the equity markets. The fear that was so strong and weighed so heavily on the market the first week of March was quickly forgotten this week. As the fear dissipated, LIBOR started to drift lower. As offered levels dropped, investors came in looking for last week's levels. Since those were long gone, they raced after current levels before they too disappeared. We expect this trend to continue into next week. Demand for CP in corporate names and bank names has remained in the 1 to 3 month area.

Maureen Coen

212.325.3531

maureen.coen@credit-suisse.com

Joseph Soave

212.325.1802

joseph.soave@credit-suisse.com

Brian Rogers

212.325.1802

brian.rogers@credit-suisse.com

Stephanie Gentile

212.325.4713

stephanie.gentile@credit-suisse.com

Galit Kursman

212.325.3358

galit.kursman@credit-suisse.com

Emily Lao Chua

212.325.9817

emily.laochua@credit-suisse.com

Danielle Melchione

212.325.0943

danielle.melchione@credit-suisse.com

Headlines Affecting the CP Market (Bloomberg):

- 3/13 Jobless Rate Above 10% Defines Recession as Bernanke Predicted
- 3/12 US Commercial Paper Outstanding Rises by \$3.9 bln
- 3/12 FT: Why Letting Lehman Go Did Crush the Financial Markets
- 3/12 US February Retail Sales Decline Less than Forecast

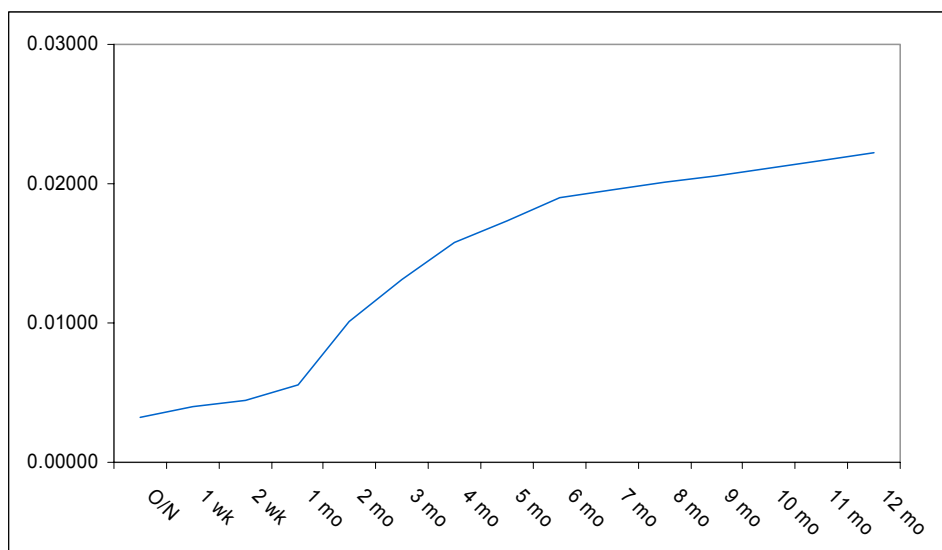
Short-Term Fed Facility Usage:

All amounts in USD billions (except where noted)

<u>Facility</u>	<u>Current Week (3/11)</u>	<u>Prior Week</u>	<u>Peak</u>	<u>Facility Effective Date</u>
AMLF	6.834	8.087	152.1 (10/1/08)	9/19/08
CPFF	239.7 (face)	240.3 (face)	350.3 (1/22/09)	10/27/08
MMIFF	0	0	n/a	11/24/08

Data source: <http://www.federalreserve.gov/releases/h41/Current>

LIBOR Curve (3/13/08):

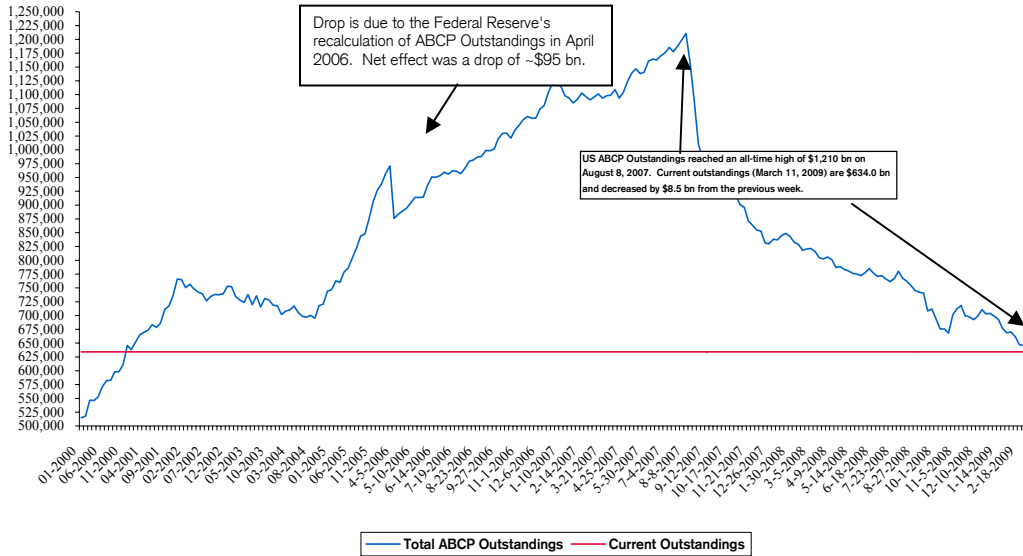


O/N	.32625%
1 wk	.40500%
2 wk	.44938%
1 mo	.55563%
2 mo	1.01125%
3 mo	1.31563%
4 mo	1.57500%
5 mo	1.73500%
6 mo	1.90188%
7 mo	1.95750%
8 mo	2.00625%
9 mo	2.06063%
10 mo	2.11563%
11 mo	2.16875%
12 mo	2.22688%

ABCP Outstandings

U.S. ABCP Outstandings decreased by \$8.5 billion for the week ending March 11, 2009 to **\$634.0 bn** outstanding from \$642.5 billion outstanding (Source: Federal Reserve, *Not Seasonally Adjusted data*).

Total US ABCP Outstandings as of Wednesday, March 11, 2009
(in millions)



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Eleven Madison Avenue
New York City, NY
10010
U.S.A.
www.credit-suisse.com

