



ASSET BACKED COMMERCIAL PAPER WEEKLY NEWSLETTER

4.24.2009

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

Commentary by Credit Suisse's US ABCP Trading Desk

ABCP Commentary

It was a quiet week for the ABCP market in terms of supply leading into month-end and this led to issuers again being able to fill their needs very quickly. We continue to see good investor demand out to three months, with a few six month trades starting to mix in. The stronger names are not only getting done but have also been able to tighten their spreads to LIBOR. LIBOR dropped 1 to 3 basis points across the curve by week's end, and the Fed Funds rate stayed right at the .15 level for the week. The results of the bank stress tests are expected to come out next week and it will be interesting to see how the market digests this information.

The weekly CP data was as follows:

To recap the weekly Fed announcements with respect to CP:

Total CP outstandings increased by \$6.8 bn to **\$1.420 tn** for the week ending 4/22/09. The increase can be attributed to a rise in Financial CP outstandings (up \$17.7 bn).

Of the total CP market:

- Corporate outstandings decreased by \$5.0 bn for the week (\$157.4 bn vs \$162.3 bn last week)
- Financial outstandings increased by \$17.7 bn for the week (\$646.7 bn vs \$629.0 bn last week)
- ABCP outstandings experienced a WoW decline of \$6.0 bn (\$614.8 bn vs \$620.8 bn last week)

CPFF usage had a WoW increase of ~\$3.8 bn to **\$240.4 bn** vs \$236.6 bn last week

AMLF usage decreased to **\$804 mn** from \$2.0 bn last week. The Fed announced changes to the AMLF this week, most notably that A-1, P-1, or F1 rated programs on negative watch are ineligible (must be rated A-1, P-1, or F1 or higher).

The **MMIFF** continues to remain unutilized.

The **Fed's exposure** to the total CP market is **16.9%** through these two programs.

(Source: Federal Reserve website)

Corporate/Financial Commentary

Although LIBOR continues to fall and risk avoidance is abating, the amount of cash in the hands of short term investors seems to be dwindling. Until this week, flows were strong and demand for all types of short term instruments was strong. The liquidity in the short-end appeared plentiful and banks around the world were able to fund at levels they have not seen in a long time and in durations they have not been able to achieve in recent memory. Ticket sizes were large and inventory was scooped up quickly. This week, the tone changed 180 degrees. Banks' funding needs were low this week, thus their posted levels were 50 and 60 basis points through LIBOR. These levels seemed to entice no one. Corporations, as well, have gotten term funding and their needs are very small. On the investor side, the large tickets in term left less funds to invest which seemed to reduce investor demand. All of these issues have left us with a slow and boring short-end market. Given that the maturities bought were long, we do not expect much in the way of maturing paper anytime soon and the condition of the market to remain about the same next week.

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Headlines Affecting the CP Market (Bloomberg):

- 4/23 Fed Balance-Sheet Assets Rise to 2009 High on Purchase of Debt
- 4/24 Stress-Tested Banks May Struggle as Bad Assets Triple

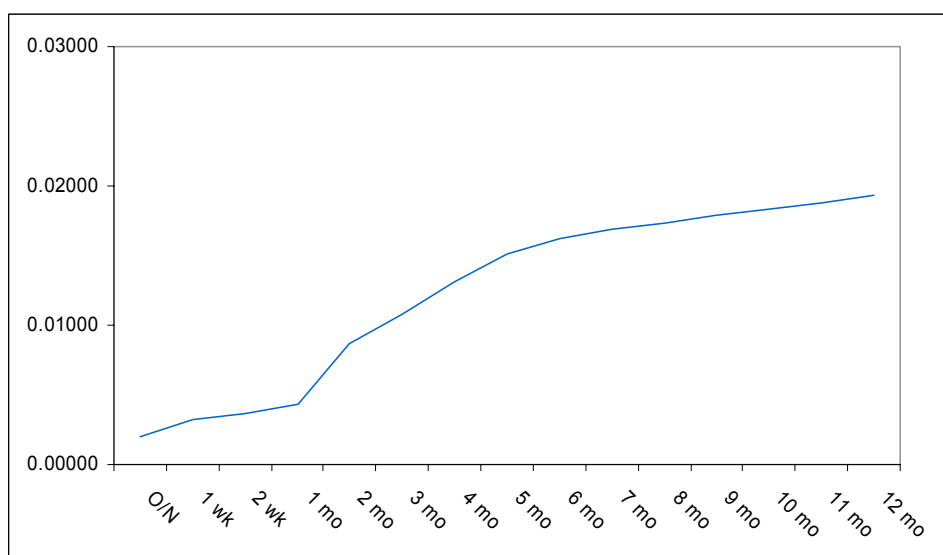
Short-Term Fed Facility Usage:

All amounts in USD billions (except where noted)

Facility	Current Week (4/24)	Prior Week	Peak	Facility Effective Date
AMLF	0.804	2.013	152.1 (10/1/08)	9/19/08
CPFF	240.4 (face)	236.6 (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 (4/24/09):

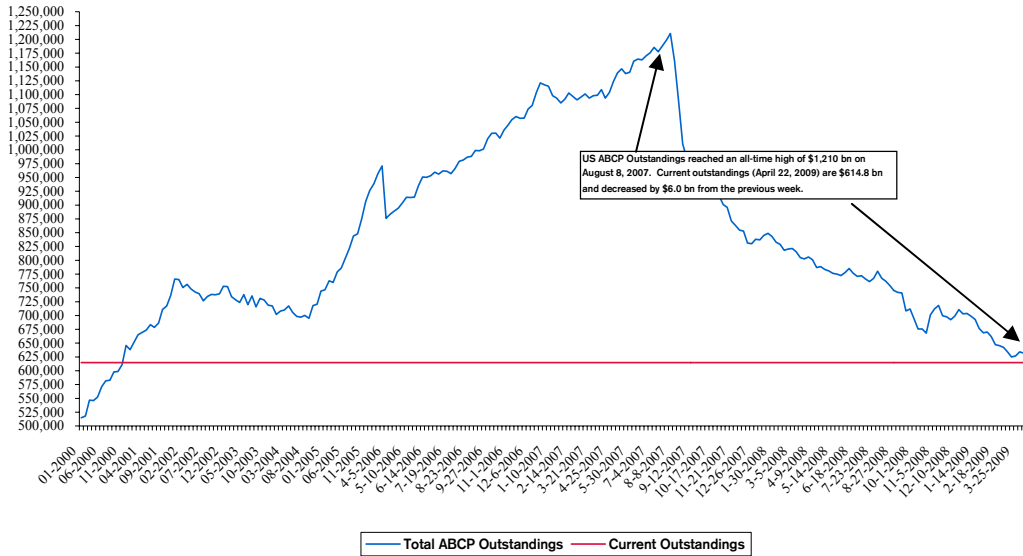


O/N	.20500%
1 wk	.32125%
2 wk	.36875%
1 mo	.43500%
2 mo	.86188%
3 mo	1.07250%
4 mo	1.30938%
5 mo	1.50750%
6 mo	1.62125%
7 mo	1.68563%
8 mo	1.73625%
9 mo	1.78625%
10 mo	1.83313%
11 mo	1.88063%
12 mo	1.93063%

ABCP Outstandings

U.S. ABCP Outstandings decreased by \$6.0 billion for the week ending April 22, 2009 to **\$614.8 bn** outstanding from \$620.8 billion outstanding (Source: Federal Reserve, *Not Seasonally Adjusted data*).

Total US ABCP Outstandings as of Wednesday, April 22, 2009
(in millions)



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