



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

*Commentary by Credit Suisse's US ABCP Trading Desk*

**ABCP Commentary**

Another quiet week for ABCP where volumes were low and there was more demand than supply. Due to the quiet nature of the ABCP market this past week, both issuers and investors were afforded the time to watch the circus that was happening in Washington DC over the AIG compensation. Since most issuers came into the week fairly light in terms of their financing needs, some of the middle to lowered tiered names that would normally feel pressure and quite frankly struggle at quarter-end (especially the last few quarter-ends), actually benefited from the lack of supply in the market and fared quite well. Levels for some ABCP issuers have benefited from the current environment by 5 to 15 bps. Although the market is currently in the issuer's favor, we have all seen this turn on a dime and if supply does pick up, we would expect levels to increase, particularly for the top tiered names that have been experiencing extremely low rates. The weekly CP data continues to be benign and predictable. Next week, one would expect to see some pressure as we come into quarter-end and also face the all-important employment situation; however, if the current trend continues, it appears that the week will be largely uneventful.

The weekly CP data was as follows:

To recap the weekly Fed announcements with respect to CP:

**Total CP** outstandings increased by \$5.2 bn to **\$1.434 tn** for the week ending 3/25/09. The increase can be attributed to a rise in Financial CP outstanding (up \$12.7 bn).

Of the total CP market:

- Corporate outstandings decreased by \$9.7 bn for the week (\$163.3 bn vs \$173.0 bn last week)
- Financial outstandings increased by \$12.7 bn for the week (\$642.4 bn vs \$629.7 bn last week)
- ABCP outstandings experienced a WoW increase of \$2.2 bn (\$627.1 bn vs \$624.9 bn last week)

**CPFF** usage had a WoW increase of \$0.5 bn to **\$239.9 bn** vs \$239.4 bn last week

**AMLF** usage decreased to **\$6.8 bn** from \$7.6 bn last week

The **MMIFF** continues to remain unutilized.

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

(Source: Federal Reserve website)

**Corporate/Financial Commentary**

It was very busy week as investors had a lot of cash to spend across the curve. Non-headline financials were flooded with 2 to 3 month liquidity, causing them to tighten new issue levels by 5 to 8 bps as the week progressed. Even financials with some headline risk saw decent liquidity in short maturities (\$300-\$600MM ticket orders from overnight to 1 week). Both Tier 1 and Tier 2 corporates also saw good demand as investors sought out high quality names within each rating category. Tier 1 corporate levels tightened by 3 to 5 bps across the curve, while Tier 2s remained relatively unchanged (Tier 2s trade name specific, and saw a range of 1M LIBOR +30 to +100 bps). We'll see what next week brings as quarter-end comes and goes.

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## Headlines Affecting the CP Market (Bloomberg):

- 3/26 US Asset-Backed Commercial Paper Rises \$2.2 Bln In Week
- 3/27 Growth of U.S. Consumer Spending Slows as Rising Prices Erode Buying Power

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## Short-Term Fed Facility Usage:

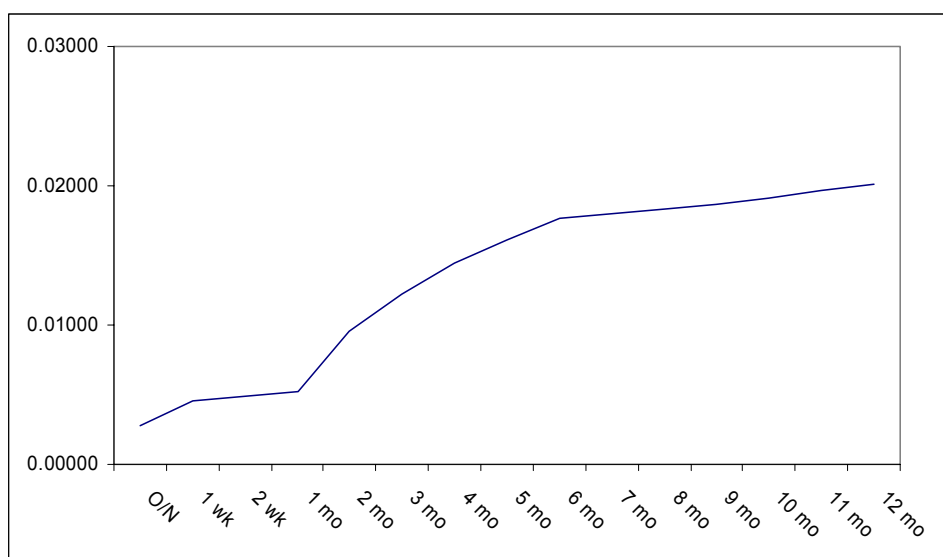
All amounts in USD billions (except where noted)

Facility	Current Week (3/25)	Prior Week	Peak	Facility Effective Date
AMLF	6.845	7.634	152.1 (10/1/08)	9/19/08
CPFF	239.9 (face)	239.4 (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>

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## LIBOR Curve (3/27/09):



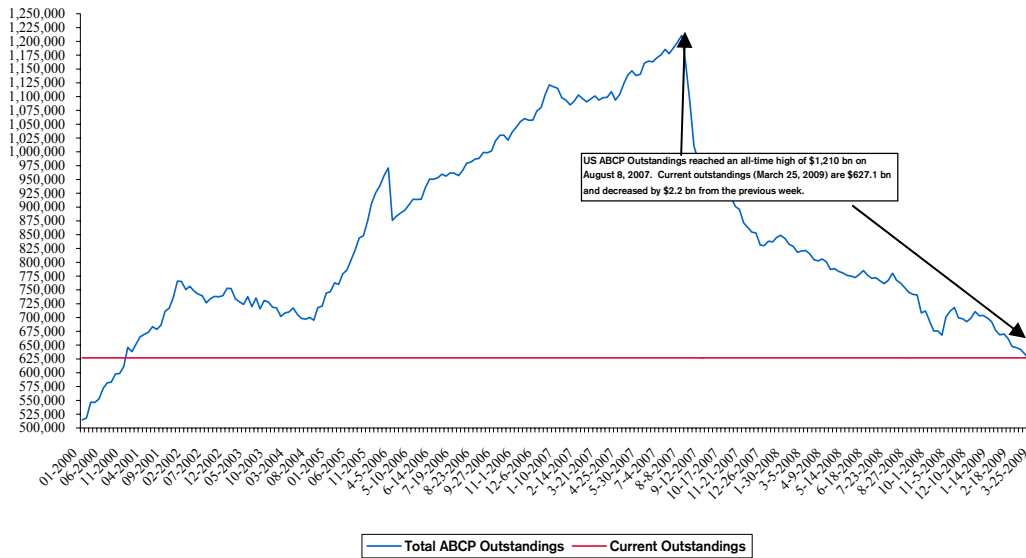
O/N	.27875%
1 wk	.46063%
2 wk	.48688%
1 mo	.51813%
2 mo	.95625%
3 mo	1.22000%
4 mo	1.44313%
5 mo	1.61000%
6 mo	1.76250%
7 mo	1.80000%
8 mo	1.83125%
9 mo	1.86625%
10 mo	1.91625%
11 mo	1.96250%
12 mo	2.01000%

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## ABCP Outstandings

U.S. ABCP Outstandings decreased by \$2.2 billion for the week ending March 25, 2009 to **\$627.1 bn** outstanding from \$624.9 billion outstanding (Source: Federal Reserve, *Not Seasonally Adjusted data*).

Total US ABCP Outstandings as of Wednesday, March 25, 2009  
(in millions)





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