



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

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

**ABCP Commentary**

It was a very quiet week leading into quarter-end and the Easter Holiday weekend. Most investors stayed in the overnight market as Fed Funds traded between 0.18%-0.19% for most of the week (except for Wednesday, the last day of the quarter). On Wednesday March 31<sup>st</sup>, Funds opened at 0.12% and quickly moved down to 0.0625%. Government overnight repo was offered at -0.02% (yes negative 2 basis points) and ABCP traded between 0.05%-0.10% overnight, giving issuers a one day windfall.

The market remained quiet on Thursday as nothing very newsworthy came out and all awaited Friday's employment announcement. Equity and commodity markets were officially closed on Good Friday but the bond market remained open with such an important economic release coming out. Most trading desks were closed or had a small skeleton crew working.

Next week should be quiet in the beginning as Europe will be closed on Monday for Easter but flows should increase later in the week as new cash enters the market (typical for the beginning of the month).

The weekly CP data was as follows:

**Total CP outstandings** decreased by \$4.5 bn to **\$1.081 tn** for the week.

Of the total CP market:

- Corporate outstandings** decreased by \$1.1 bn for the week (**\$108.7 bn** vs \$109.8 bn last week)
- Financial outstandings** increased by \$0.1 bn for the week (**\$566.2 bn** vs \$566.2 bn last week)
- ABCP outstandings** experienced a weekly decrease of \$4.2 bn (**\$401.4 bn** vs \$405.6 bn last week).

Money market fund assets decreased by \$30.4 bn this week to \$2.983 trillion. Taxable (non-gov) assets decreased by \$25.9 bn to \$1.721 trillion, with a \$4.4 bn decrease in retail assets and a \$21 bn decrease in institutional assets.

Both the AMLF and CPFF expired on February 1, 2010. As of March 31, 2010, the CPFF had \$2.966 bn outstanding.

(Source: Federal Reserve website, Investment Company Institute website)

**Corporate/Financial Commentary**

Flows were surprisingly good this week despite it being both month-end/quarter-end. The heaviest volume day was on Wednesday, March 31<sup>st</sup>, when Fed Funds dropped to 0.12%. Investors took advantage of the wider levels for bank names and extended out. It seemed like the sweet spot was around 0.25% or better in 3 months. In corporates, a good number of issuers were in the market this

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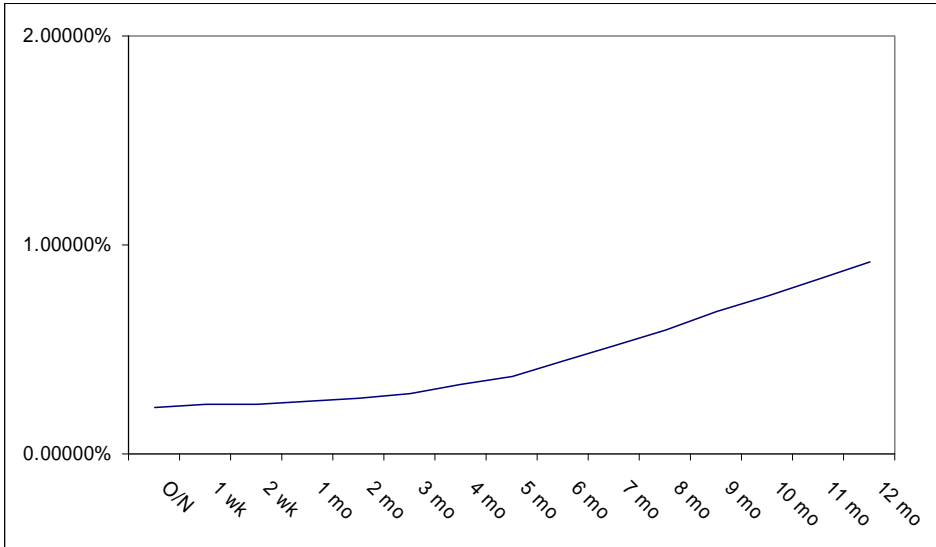
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quarter-end. Tier 1 corporates traded around 0.17% in 1 month, 0.19% to 0.20% in 2 months and 0.22% to 0.23% in 3 months. Tier 2 corporate levels did not change week over week and stayed around 0.27% to 0.32% for 1 month maturities. Next week brings in a new quarter and we'll see if flows and rates begin to stabilize.

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### LIBOR Curve (4/2/10):

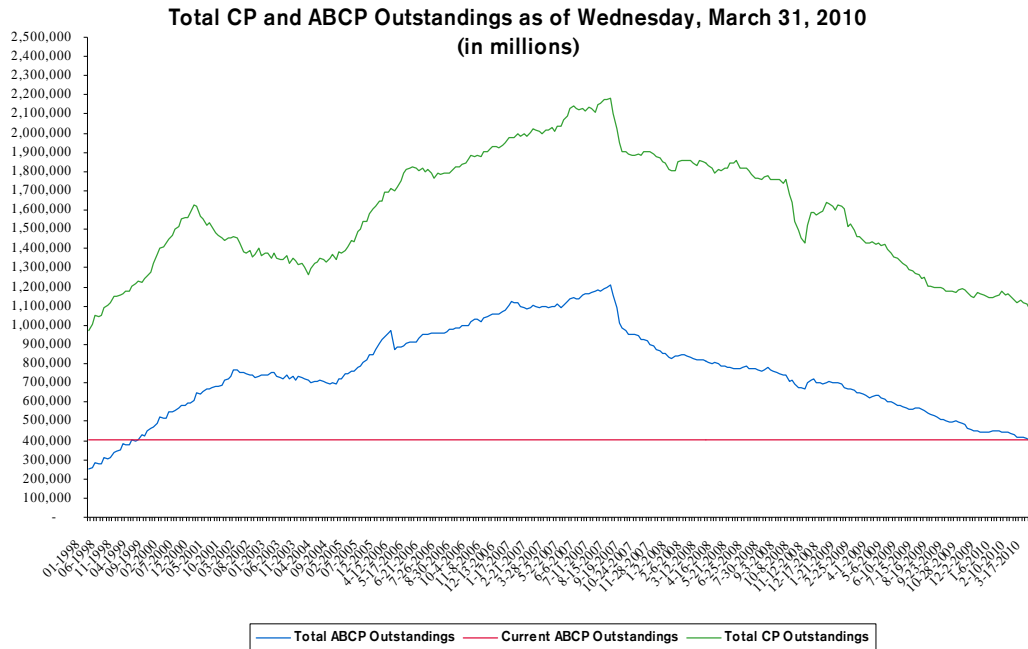


O/N	.22513%
1 wk	.23388%
2 wk	.23713%
1 mo	.24863%
2 mo	.26669%
3 mo	.29150%
4 mo	.33100%
5 mo	.37313%
6 mo	.44438%
7 mo	.51938%
8 mo	.59531%
9 mo	.67875%
10 mo	.75531%
11 mo	.84000%
12 mo	.92000%

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## Outstandings

Total US CP Outstanding decreased by \$4.5 billion for the week ending March 31, 2010 to **\$1.081 trillion**. US ABCP outstanding decreased by \$4.2 billion to **\$401.4 bn** outstanding from \$405.6 billion outstanding (Source: Federal Reserve, *Not Seasonally Adjusted data*).





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