



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

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

### ABCP Commentary

*Not too Hot, Not too Cold, But Certainly Not Just Right*

Goldilocks may have found the right temperature porridge but the ABCP market was unable to find that happy medium this week. The week was characterized by primarily light flows with some term interest, which is in line with what we expected coming into quarter-end and ahead of some potentially big news events (particularly the employment situation). LIBOR has finally resumed its downward descent as 1 month ended the week at 47 bps and 3 months at 116 bps. Spreads to LIBOR for issuers basically remained the same this past week, and some select issuers continued to enjoy historically low funding levels. Although the CPFF usage increased by \$8.3 billion this past week, it was not material enough to be overly concerned. Hopefully we will see volume pick up to a more robust pace next week before earnings season gets underway. As we all recall, we were in a nice soft spot in January before earnings season began and then the volume on the financial crisis radio was turned way up again.

The weekly CP data was as follows:

**Total CP** outstandings decreased by \$12.1 bn to **\$1.422 tn** for the week ending 4/1/09. The decline can be attributed to a drop in Corporate and Financial CP outstandings (down \$10.7 bn and \$8.4 bn, respectively).

Of the total CP market:

- Corporate outstandings decreased by \$10.7 bn for the week (\$152.6 bn vs \$163.3 bn last week)
- Financial outstandings decreased by \$8.4 bn for the week (\$633.9 bn vs \$642.4 bn last week)
- ABCP outstandings experienced a WoW increase of \$7.1 bn (\$634.2 bn vs \$627.1 bn last week)

**CPFF** usage had a WoW increase of \$8.3 bn to **\$248.2 bn** vs \$239.9 bn last week

**AMLF** usage decreased to **\$6.1 bn** from \$6.8 bn last week

The **MMIFF** continues to remain unutilized.

The **Fed's exposure** to the total CP market is **17.9%** through these two programs

(Source: Federal Reserve website)

### Corporate/Financial Commentary

It was a good week in the short end for LIBOR and therefore, issuing levels for issuers. Unfortunately, it was not such a good week in terms of liquidity. As the credit crisis fears seemed to alleviate a tad, the interbank market improved substantially. This improvement can be measured in the drop in LIBOR levels over the last 3 weeks. 3 month LIBOR on 3/10/09 peaked at 1.33125, as the stock market bottomed out this time around, and by 4/3/09, 3 month LIBOR dropped to 1.16. Issuing levels dropped dramatically for financials and there was buying from 1 through 3 months. The buying, however, was nowhere near the volume that had been seen over the past 3 weeks. Typically, as LIBOR drops, volume picks up as investors run to get yield. This time there seems to be no real urgency on the part of investors and perhaps a lot of the liquidity in the short-end has been spent already. Time will tell.

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## Headlines Affecting the CP Market (Bloomberg):

- 4/3 Unemployment in US Increases to 8.5%, 25-Year High
- 4/3 Fed Struggling to Win Over Investors Wary of 'Sharks' in TALF Aid Program
- 4/2 FASB Eases Fair-Value Rules Amid Lawmaker Pressure
- 4/1 S&P Publishes Liquidity/Credit Support Provider Names for ABCP Conduits

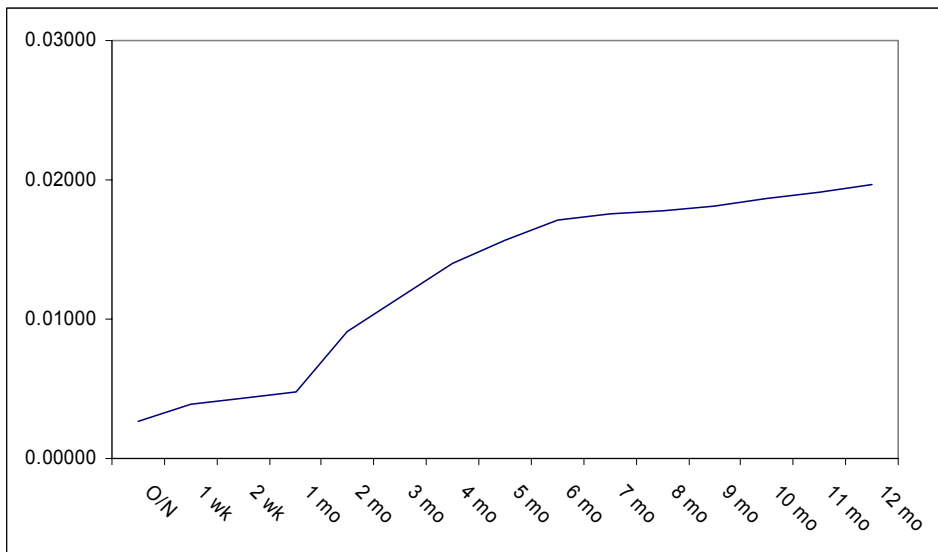
## Short-Term Fed Facility Usage:

All amounts in USD billions (except where noted)

<u>Facility</u>	<u>Current Week (4/3)</u>	<u>Prior Week</u>	<u>Peak</u>	<u>Facility Effective Date</u>
AMLF	6.085	6.845	152.1 (10/1/08)	9/19/08
CPFF	248.2 (face)	239.9 (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 (4/3/09):

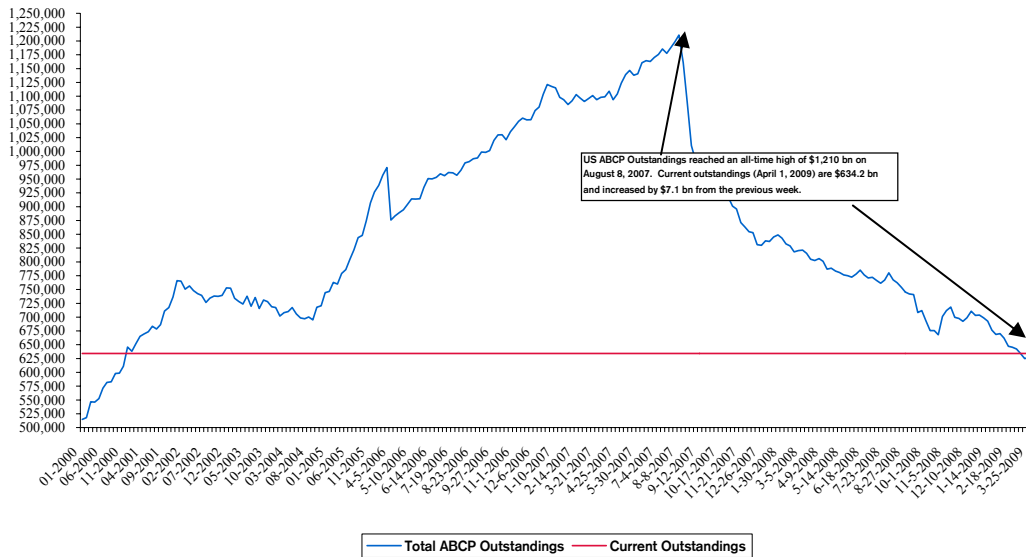


O/N	.27188%
1 wk	.38750%
2 wk	.43625%
1 mo	.47813%
2 mo	.91063%
3 mo	1.16094%
4 mo	1.39875%
5 mo	1.56688%
6 mo	1.71250%
7 mo	1.75063%
8 mo	1.78313%
9 mo	1.81563%
10 mo	1.86188%
11 mo	1.91563%
12 mo	1.96438%

## ABCP Outstandings

U.S. ABCP Outstandings increased by \$7.1 billion for the week ending April 1, 2009 to **\$634.2 bn** outstanding from \$627.1 billion outstanding (Source: Federal Reserve, *Not Seasonally Adjusted data*).

Total US ABCP Outstandings as of Wednesday, April 1, 2009  
(in millions)





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