



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

Commentary by Credit Suisse's US ABCP Trading Desk

ABCP Commentary

It was an uneventful quarter-end in the ABCP market as most issuers had financed themselves over the turn the previous week. Levels for issuers as we started the new month were basically unchanged. LIBOR seems anchored for 2 months and in while it continues to trickle lower for 3 months and out. The week ended with an unemployment situation that was slightly lower than expected, but probably won't be fully digested until next week due to the long holiday weekend and what was effectively an early close (even though it was not official). Next week, we would expect to see normal flows return Tuesday through Thursday and get most of our volatility through corporate earnings. The weekly CP data came in as expected and was benign.

The weekly CP data was as follows:

Total CP outstandings decreased by \$10.7 bn to **\$1.270 tn** for the week ending 7/1/09. The sharpest weekly decline was seen in Corporate CP outstandings.

Money market fund assets decreased by \$45 bn this week to \$3.663 trillion. Taxable (non-gov) assets fell \$15.19 bn to \$1.959 trillion, with a \$3.77 bn drop in retail assets and an \$11.42 bn decline in institutional assets.

Of the total CP market:

- Corporate outstandings decreased by \$11.1 bn for the week (\$134.3 bn vs \$145.3 bn last week)
- Financial outstandings decreased by \$9.5 bn for the week (\$564.3 bn vs \$573.8 bn last week)
- ABCP outstandings experienced a weekly increase of \$9.8 bn (\$571.9 bn vs \$562.1 bn last week)

CPFF usage declined again this week to **\$111.1 bn** vs \$120.6 bn last week.

AMLF usage decreased to **\$14.8 bn** from \$15.4 bn last week.

The **MMIFF** continues to remain unutilized.

The **Fed's exposure** to the total CP market declined to just under 10% through these two programs.

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

Corporate/Financial Commentary

As expected, it was a slow week given the July 3rd close for most broker dealers and quarter-end. Although we didn't see large ticket size buyers this week, we saw good demand from middle market accounts. There was good flow for corporate paper for both Tier 1 and Tier 2 issuers with ticket sizes ranging from \$25 million to \$75 million. Some banks also saw liquidity in the two weeks to 1 month space, although most of the buying was in overnights. The ADP employment data release on Wednesday kicked off a Eurodollars rally, taking out the Fed for the foreseeable future. LIBOR continued to soften, ending the week at .30, .40 and .56 for 1 month, 2 month and 3 month, respectively.

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Headlines Affecting the CP Market (Bloomberg):

- 7/2 Payrolls Fall More than Forecast, Unemployment Rises

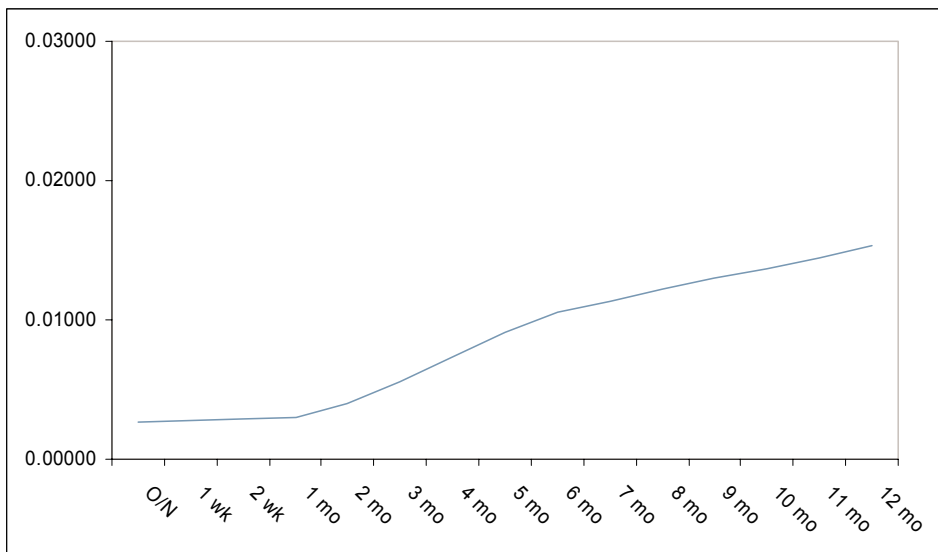
Short-Term Fed Facility Usage:

All amounts in USD billions (except where noted)

Facility	Current Week (6/17)	Prior Week	Peak	Facility Effective Date
AMLF	14.807	15.476	152.1 (10/1/08)	9/19/08
CPFF	111.126 (face)	120.603 (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 (7/03/09):

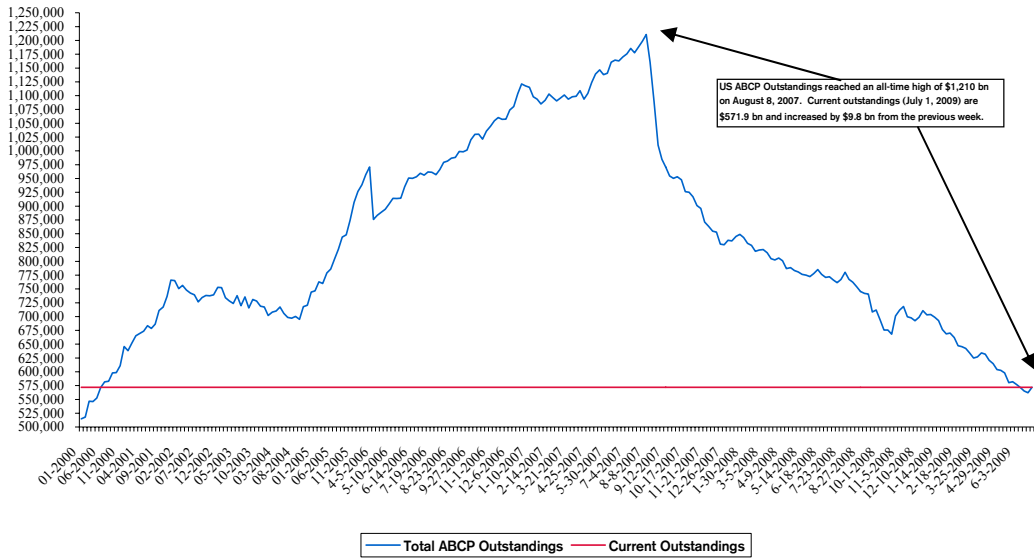


O/N	.26688%
1 wk	.28250%
2 wk	.28938%
1 mo	.30125%
2 mo	.39875%
3 mo	.55875%
4 mo	.73625%
5 mo	.90875%
6 mo	1.05125%
7 mo	1.13750%
8 mo	1.22125%
9 mo	1.29750%
10 mo	1.37125%
11 mo	1.44938%
12 mo	1.53125%

ABCP Outstandings

U.S. ABCP Outstandings increased by \$9.8 billion for the week ending July 1, 2009 to **\$571.9 bn** outstanding from \$562.1 billion outstanding (Source: Federal Reserve, *Not Seasonally Adjusted data*).

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



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