



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

Commentary by Credit Suisse's US ABCP Trading Desk

ABCP Commentary

The ABCP market continues to roll on as investor interest in the product remains fairly robust for most issuers. The market is being helped by a slow decline in outstandings, as ABCP is now sitting at \$577 bn on an adjusted basis. Levels for most issuers have remained the same to slightly higher especially in the 1 month area. LIBOR has started to creep back up ever so slightly in the very front end and in a more pronounced fashion 3 months and out. We would expect rates to continue to creep upwards if the economic data released continues to not be as bad as it has been – until, of course, the market grows tired of “less bad”. The outstandings data this past week was as expected and benign.

The weekly CP data was as follows:

Total CP outstandings decreased by \$11.2 bn to **\$1.324 tn** for the week ending 6/3/09. The decline was the result of a drop in financial CP and ABCP outstandings.

Money market funds saw outflows of \$25.2 bn this week to \$3.763 trillion. Taxable (non-gov) assets fell \$7.97 bn to \$1.987 trillion.

Of the total CP market:

- Corporate outstandings increased by \$3.9 bn for the week (\$158.4 bn vs \$154.5 bn last week)
- Financial outstandings decreased by \$10.0 bn for the week (\$589.1 bn vs \$599.1 last week)
- ABCP outstandings experienced a weekly decrease of \$5.1 bn (\$577.1 bn vs \$582.2 bn last week)

CPFF usage declined again this week to **\$139.6 bn** vs \$146.5 bn last week.

AMLF usage decreased slightly to **\$23.6 bn** from \$25.9 bn last week.

The **MMIFF** continues to remain unutilized.

The **Fed's exposure** to the total CP market declined slightly this week to **12.3%** through these two programs.

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

Corporate/Financial Commentary

This week saw moderate flows in the corporate/financial space. Investors were willing to put money to work but at the right price. New issue levels were slightly cheaper this week due to moderate flows, high Fed Funds (.22 to .25 for most of the week) as well as the volatility in Eurodollar futures (including a significant sell off on Friday). Overall, investors seem cautious, trying to balance the market's seemingly bullish mood against the move in commodities and treasury yields. Next week, the market will be watching both short and long term rates as Treasuries auction off \$65 billion, including \$19 billion in 10 years and \$11 billion in 30 years.

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Headlines Affecting the CP Market (Bloomberg):

- 6/4 US Initial Jobless Claims Fall 4,000 to 621,000
- 6/5 Job Losses in US Slow More Than Estimated in Sign Recession is Abating
- 6/5 Treasuries Tumble as Jobs Report Renews Fed Rate Speculation

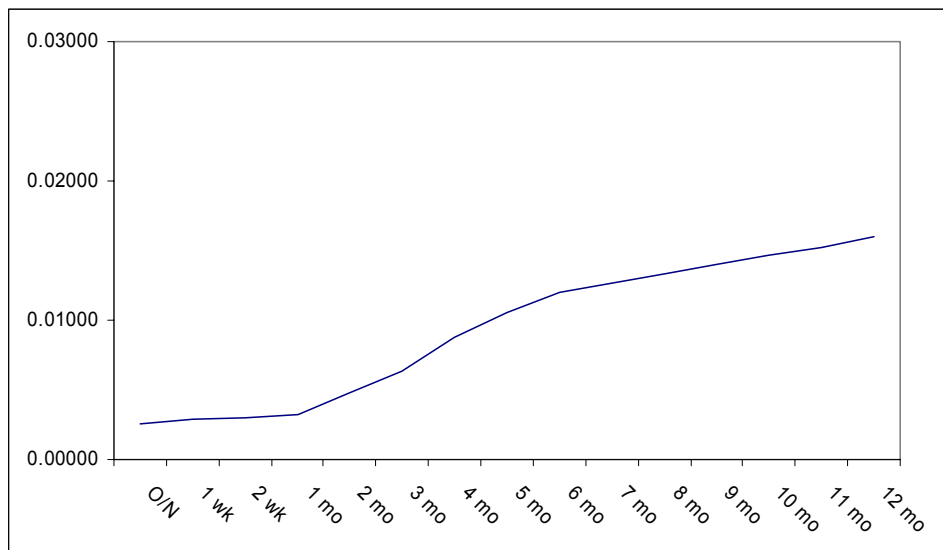
Short-Term Fed Facility Usage:

All amounts in USD billions (except where noted)

Facility	Current Week (6/3)	Prior Week	Peak	Facility Effective Date
AMLF	23.635	25.944	152.1 (10/1/08)	9/19/08
CPFF	139.6 (face)	146.5 (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 (6/5/09):

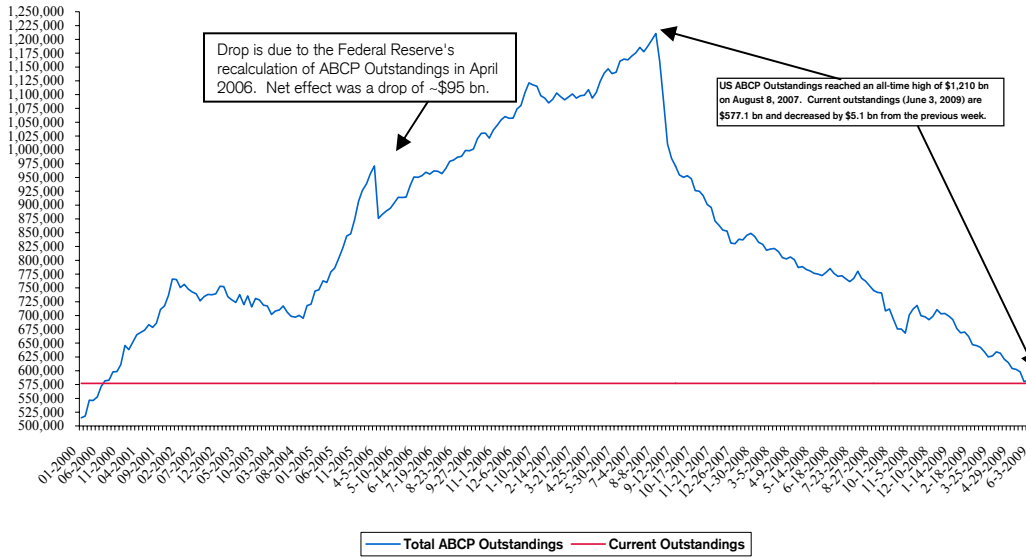


O/N	.26063%
1 wk	.29125%
2 wk	.30063%
1 mo	.32063%
2 mo	.47750%
3 mo	.63250%
4 mo	.88250%
5 mo	1.05875%
6 mo	1.20375%
7 mo	1.27000%
8 mo	1.33875%
9 mo	1.40250%
10 mo	1.46313%
11 mo	1.52750%
12 mo	1.59750%

ABCP Outstandings

U.S. ABCP Outstandings decreased by \$5.1 billion for the week ending June 3, 2009 to **\$577.1 bn** outstanding from \$582.2 billion outstanding (Source: Federal Reserve, *Not Seasonally Adjusted data*).

Total US ABCP Outstandings as of Wednesday, June 3, 2009
(in millions)



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