



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

Commentary by Credit Suisse's US ABCP Trading Desk

ABCP Commentary

This past week the ABCP market experienced sluggish volumes and widening levels with investors going back into a very defensive posture. It almost feels like rubbernecking where there were a few bad car accidents this past week and investors are watching the aftermath causing the flow of investing to slow or stop. As LIBOR has come under a bit of pressure, so have the levels for most issuers, with Top Tier issuers getting paper done anywhere from LIBOR less 60 to plus 20 bps in overnight through 3 month maturities. The CP data released this week was uneventful and we expect it to continue in this vein until the next big roll dates of the CPFF at the end of April/beginning of May. With the closely watched employment data behind us, hopefully next week we will see a bit more money as quarter-end is fast approaching and many issuers would prefer to stay away from financing during the last week of the month.

The weekly CP data was as follows:

To recap the weekly Fed announcements with respect to CP:

Total CP outstandings decreased by \$22.2 bn to **\$1.441 tn** for the week ending 3/4/09. The most significant portion of this drop came from financial CP (\$13.7 bn).

Of the total CP market:

- Corporate outstandings decreased by \$5.4 bn for the week (\$179.8 bn vs \$185.2 bn last week)
- Financial outstandings declined by \$13.7 bn for the week (\$618.0 bn vs \$631.7 bn last week)
- ABCP outstandings experienced a WoW decrease of \$3.1 bn (\$642.5 bn vs \$645.6 bn last week)

CPFF usage had a WoW decline of \$1.3 bn to **\$240.3 bn** vs \$241.6 bn last week.

AMLF usage decreased to **\$8.0 bn** from \$9.98 bn.

The **MMIFF** continues to remain unutilized.

The Fed's exposure to the total CP market remains at 17% through these two programs.

Corporate/Financial Commentary

This week could be summed up as consistent. Daily flows were consistently mediocre, LIBOR increased consistently, commercial paper outstandings decreased in a manner consistent with weeks' prior and the Dow sold off consistently with no real surprises. The short-end of the curve seems to be resuming its pre-Lehman two way trading but at a much lower volume. We are taking baby steps in the healing process, but the process is ongoing. Investors are willing to delve into credits that they are comfortable with and are getting paid for the risk that they are taking. As LIBOR backs up, the risk/reward becomes more and more attractive. At some point, the money sitting in the T-bill and agency market will find it much more attractive to come to the commercial paper market and that will start the wheels of finance going again.

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Headlines Affecting the CP Market (Bloomberg):

- 3/6 US Unemployment Rises to 8.1%, Highest in 25 Years, as 651,000 Jobs Lost
- 3/5 Commercial Paper Falls to \$1.48 trillion in Week

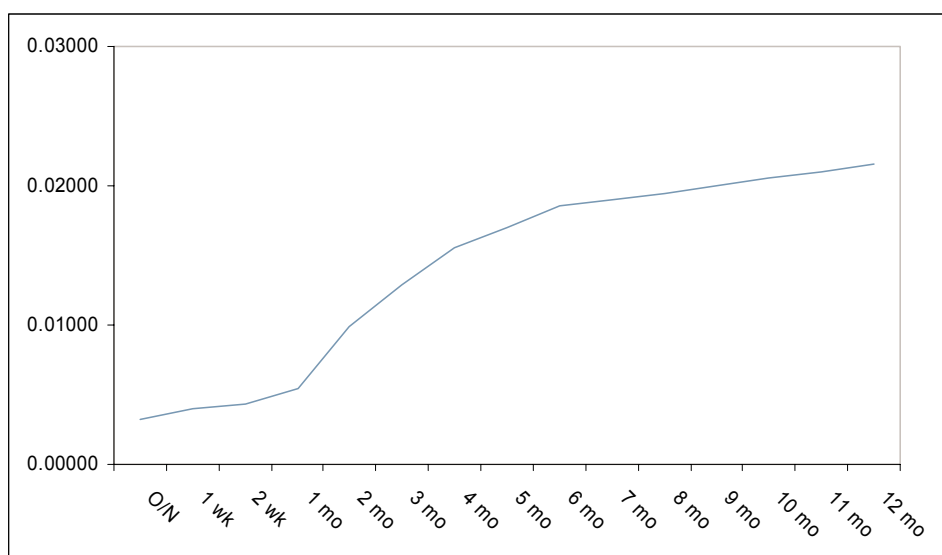
Short-Term Fed Facility Usage:

All amounts in USD billions (except where noted)

Facility	Current Week (3/4)	Prior Week	Peak	Facility Effective Date
AMLF	8.087	9.98	152.1 (10/1/08)	9/19/08
CPFF	240.3 (face)	241.6 (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 (3/6/08):

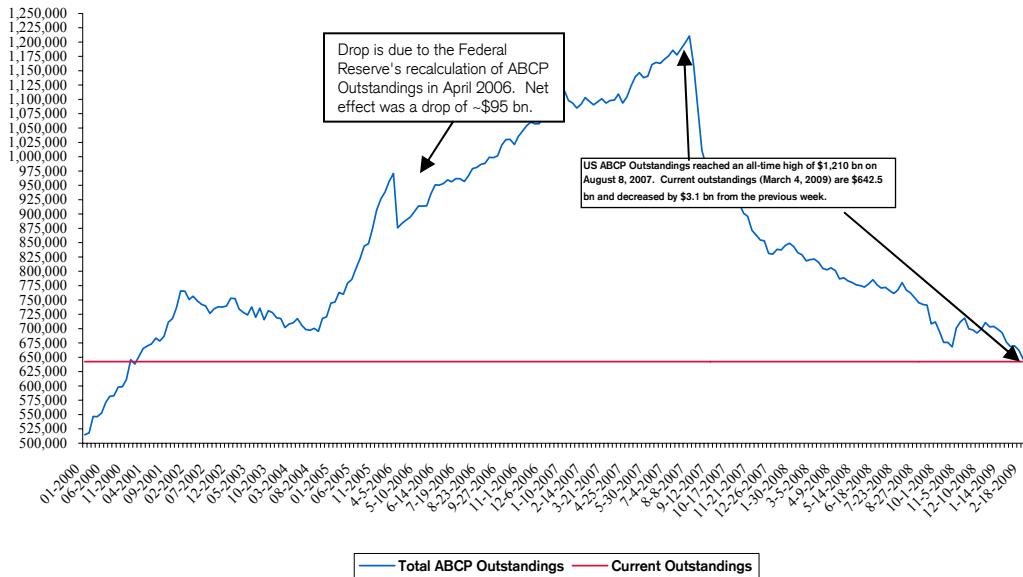


O/N	.32250%
1 wk	.39500%
2 wk	.43750%
1 mo	.54625%
2 mo	.98938%
3 mo	1.29250%
4 mo	1.55625%
5 mo	1.69500%
6 mo	1.85375%
7 mo	1.90125%
8 mo	1.95000%
9 mo	2.00250%
10 mo	2.05125%
11 mo	2.10250%
12 mo	2.15375%

ABCP Outstandings

U.S. ABCP Outstandings decreased by \$3.1 billion for the week ending March 4, 2009 to **\$642.5 bn** outstanding from \$645.6 billion outstanding (Source: Federal Reserve, *Not Seasonally Adjusted data*).

Total US ABCP Outstandings as of Wednesday, March 4, 2009
(in millions)



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