



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

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

**ABCP Commentary**

Another quiet week in the front end with assets in money market funds falling \$51.13 billion for the week. Flows were spotty with term trades here and there but there was no real consistent buying from investors. Even overnight trades moved slower than usual as investors continued to lose money to redemptions with no new money coming in for year-end.

Next week should be an even quieter week as it starts the beginning of the Holiday season with an early close on Thursday at 2:00 pm and the Christmas holiday on Friday. Trading will probably remain very short and liquid which is typical for quarter- and year-end.

As of December 16<sup>th</sup>, 77% of all ABCP outstanding had been placed over year end and 75% of all commercial paper outstanding in the market had been placed over the turn. Similar to the past several quarter-ends, we do not anticipate this quarter/year-end being problematic, particularly due to the low supply in the market.

The weekly CP data was as follows:

**Total CP** outstandings decreased by \$7.1 bn to **\$1.142 tn** for the week ending 12/16/09. All types of CP were down for the week.

Money market fund assets decreased by \$51 bn this week to \$3.26 trillion. Taxable (non-gov) assets decreased by just under \$30 bn to \$1.847 trillion, with a \$2.6 bn drop in retail assets and a \$26.6 bn decrease in institutional assets.

Of the total CP market:

- Corporate outstandings decreased by \$0.4 bn for the week (\$119.8 bn vs \$120.2 bn last week)
- Financial outstandings declined by \$5.6 bn for the week (\$575.6 bn vs \$581.2 bn last week)
- ABCP outstandings decreased by \$1.4 bn for the week (\$444.2 bn vs \$445.6 bn last week)

CPFF utilization remained unchanged from the prior week at \$9.440 bn.

The AMLF remained unutilized with \$0 outstanding.

The Fed's total exposure to the CP market through these two programs remained at less than 1%.

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

**Corporate/Financial Commentary**

It was the worst of times, it was the best of times...such was 2009. We started the year with 3 month LIBOR at 1.4125% and never looked back. Who would have thought that 3 month LIBOR would be at .25% by the end of the year? Liquidity was extremely difficult for all but the finest corporate credits at the beginning of 2009 and by the end, investors were taking on risk just to find some yield. The flight to

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quality became a flight to risk. But here we are, back to the good old days. As the year-ends, the question remains....WHAT ARE WE GOING TO DO NEXT YEAR?

### Short-Term Fed Facility Usage:

All amounts in USD billions (except where noted)

| Facility | Current Week (12/16/09) | Prior Week   | Peak            | Facility Effective Date |
|----------|-------------------------|--------------|-----------------|-------------------------|
| AMLF     | 0                       | 0            | 152.1 (10/1/08) | 9/19/08                 |
| CPFF     | 9.440 (face)            | 9.440 (face) | 350.3 (1/22/09) | 10/27/08                |

Data source: <http://www.federalreserve.gov/releases/h41/Current>

### Commercial Paper Maturing after December 31, 2009:

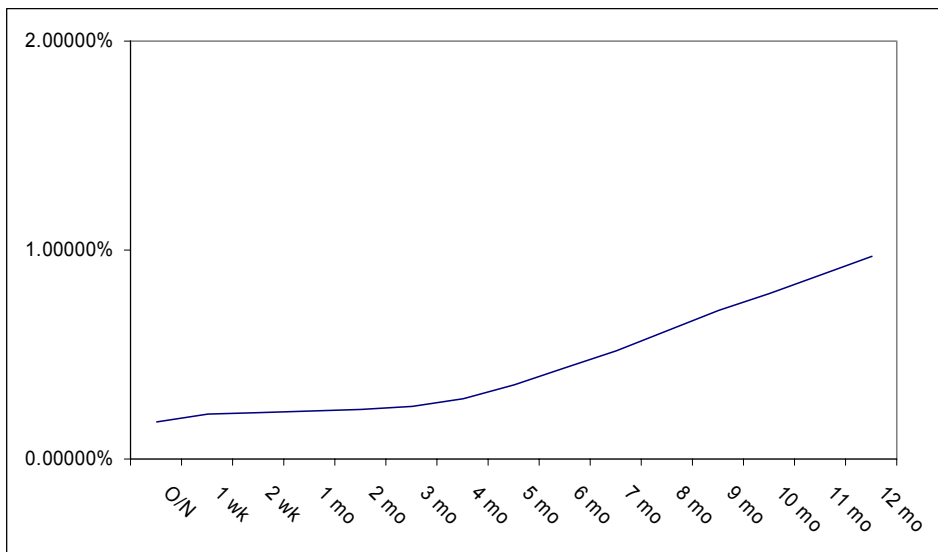
All amounts in USD billions; Percent of Total Current Outstandings for Category;

ABCP is also included in the Total, Tier 1 and Tier 2 categories

| CP Type | Current Week (12/16/09) | Prior Week      |
|---------|-------------------------|-----------------|
| ABCP    | \$342.0 (77.0%)         | \$282.4 (63.4%) |
| Tier 1  | \$713.4 (76.0%)         | \$616.9 (65.6%) |
| Tier 2  | \$18.2 (50.5%)          | \$14.4 (39.2%)  |
| Total   | \$859.7 (75.3%)         | \$739.6 (64.4%) |

Data source: <http://www.federalreserve.gov/releases/cp/yrend.htm>

### LIBOR Curve (12/18/09):

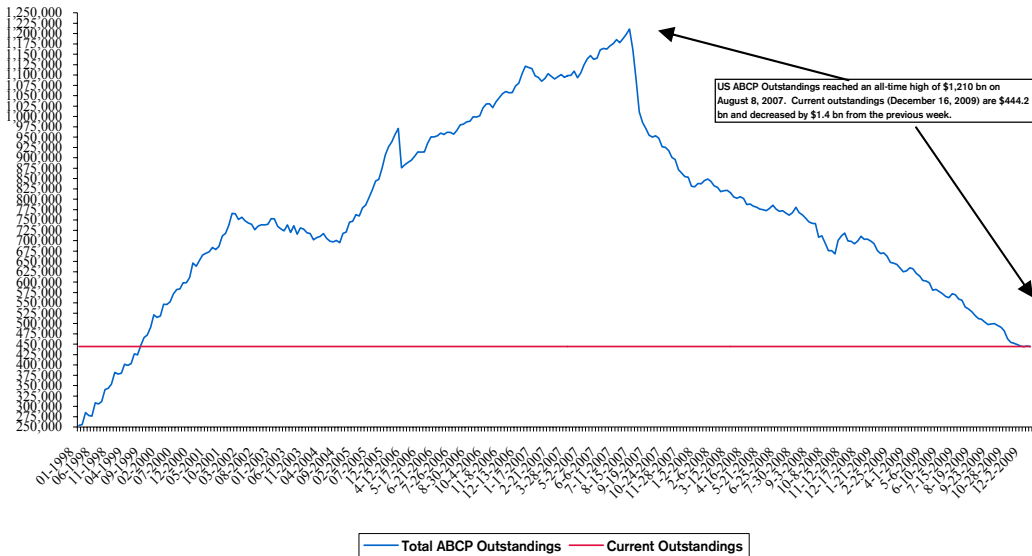


|       |         |
|-------|---------|
| O/N   | .17813% |
| 1 wk  | .21250% |
| 2 wk  | .22188% |
| 1 mo  | .23188% |
| 2 mo  | .24069% |
| 3 mo  | .25125% |
| 4 mo  | .29213% |
| 5 mo  | .35438% |
| 6 mo  | .43538% |
| 7 mo  | .51713% |
| 8 mo  | .61750% |
| 9 mo  | .70888% |
| 10 mo | .79325% |
| 11 mo | .87913% |
| 12 mo | .96838% |

## ABCP Outstandings

U.S. ABCP Outstandings decreased by \$1.4 billion for the week ending December 16, 2009 to **\$444.2 bn** outstanding from \$445.6 billion outstanding (Source: Federal Reserve, *Not Seasonally Adjusted data*).

Total US ABCP Outstandings as of Wednesday, December 16, 2009  
(in millions)





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