



Congressional Oversight Panel

August 11,
2009

Metrics for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight
Panel's August 2009 report, "The Continued
Risk of Troubled Assets."

TARP Metrics

The Panel continues to monitor a number of financial market indicators that the Panel and others, including Treasury, the Government Accountability Office (GAO), Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and the Financial Stability Oversight Board, consider useful in assessing the effectiveness of the Administration’s efforts to restore financial stability and accomplish the goals of the EESA. This section discusses changes that have occurred since the release of the Panel’s July report.

- **Interest Rate Spreads.** Key interest rate spreads have leveled off following precipitous drops between the Panel’s May and June oversight reports. Spreads remain well below the crisis levels seen late last year, and Treasury and Federal Reserve officials continue to cite the moderation of these spreads as a key indicator of a stabilizing economy.²²⁶

Figure 18: Interest Rate Spreads

Indicator	Current Spread ²²⁷ (as of 8/05/09)	Percent Change Since Last Report (7/9/09)
3-Month LIBOR-OIS Spread ²²⁸	0.27	(12.9)%
1-Month LIBOR-OIS Spread ²²⁹	0.09	(18.18)%
TED Spread ²³⁰ (in basis points)	29.26	11.17%
Conventional Mortgage Rate Spread ²³¹	1.58	(0.63)%
Corporate AAA Bond Spread ²³²	1.73	(7.49)%

²²⁶ See Allison Testimony, *supra* note 37 (“There are tentative signs that the financial system is beginning to stabilize and that our efforts have made an important contribution. Key indicators of credit market risk, while still elevated, have dropped substantially”).

²²⁷ Percentage points, unless otherwise indicated.

²²⁸ *3 Mo LIBOR-OIS Spread*, Bloomberg (online at www.bloomberg.com/apps/quote?ticker=.LOIS3:IND) (accessed Aug. 5, 2009).

²²⁹ *1 Mo LIBOR-OIS Spread*, Bloomberg (online at www.bloomberg.com/apps/quote?ticker=.LOIS1:IND) (accessed Aug. 5, 2009).

²³⁰ *TED Spread*, Bloomberg (online at www.bloomberg.com/apps/quote?ticker=.TEDSP:IND) (accessed Aug. 5, 2009).

²³¹ Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release H.15: Selected Interest Rates: Historical Data* (Instrument: Conventional Mortgages, Frequency: Weekly) (online at www.federalreserve.gov/releases/h15/data/Weekly_Thursday_/H15_MORTG_NA.txt) (accessed Aug. 5, 2009); Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release H.15: Selected Interest Rates: Historical Data* (Instrument: U.S. Government Securities/Treasury Constant Maturities/Nominal 10-Year, Frequency: Weekly) (online at www.federalreserve.gov/releases/h15/data/Weekly_Friday_/H15_TCMNOM_Y10.txt) (accessed Aug. 5, 2009) (hereinafter “Fed H.15 10-Year Treasuries”).

²³² Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release H.15: Selected Interest Rates: Historical Data* (Instrument: Corporate Bonds/Moody’s Seasoned AAA, Frequency: Weekly) (online at www.federalreserve.gov/releases/h15/data/Weekly_Friday_/H15_AAA_NA.txt) (accessed Aug. 5, 2009); Fed H.15 10-Year Treasuries, *supra* note 232.

Corporate BAA Bond Spread ²³³	3.24	(11.23)%
Overnight AA Asset-backed Commercial Paper Interest Rate Spread ²³⁴	0.21	16.67%
Overnight A2/P2 Nonfinancial Commercial Paper Interest Rate Spread ²³⁵	.18	(33.33)%

²³³ Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release H.15: Selected Interest Rates: Historical Data* (Instrument: Corporate Bonds/Moody's Seasoned BAA, Frequency: Weekly) (online at www.federalreserve.gov/releases/h15/data/Weekly_Friday_/H15_BAA_NA.txt) (accessed Aug. 5, 2009); Fed H.15 10-Year Treasuries, *supra* note 232.

²³⁴ Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release: Commercial Paper Rates and Outstandings: Data Download Program* (Instrument: AA Asset-Backed Discount Rate, Frequency: Daily) (online at www.federalreserve.gov/DataDownload/Choose.aspx?rel=CP) (accessed July 9, 2009); Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release: Commercial Paper Rates and Outstandings: Data Download Program* (Instrument: AA Nonfinancial Discount Rate, Frequency: Daily) (online at www.federalreserve.gov/DataDownload/Choose.aspx?rel=CP) (accessed Aug. 5, 2009) (hereinafter "Fed CP AA Nonfinancial Rate").

²³⁵ Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release: Commercial Paper Rates and Outstandings: Data Download Program* (Instrument: A2/P2 Nonfinancial Discount Rate, Frequency: Daily) (online at www.federalreserve.gov/DataDownload/Choose.aspx?rel=CP) (accessed Aug. 5, 2009); Fed CP AA Nonfinancial Rate, *supra* note 235.

- **Commercial Paper Outstanding.** Commercial paper outstanding, a rough measure of short-term business debt, is an indicator of the availability of credit for enterprises. All three measured commercial paper values decreased since the Panel’s July report. Asset-backed, financial and nonfinancial commercial paper have all decreased since October 2008 with nonfinancial commercial paper outstanding declining by over 44 percent.

Figure 19: Commercial Paper Outstanding

Indicator	Current Level (as of 7/31/09) <i>(billions of dollars)</i>	Percent Change Since Last Report (7/9/09)
Asset-Backed Commercial Paper Outstanding (seasonally adjusted) ²³⁶	\$437.8	(4.15)%
Financial Commercial Paper Outstanding (seasonally adjusted) ²³⁷	517.5	(6.62)%
Nonfinancial Commercial Paper Outstanding (seasonally adjusted) ²³⁸	110.4	(11.99)%

²³⁶ Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release: Commercial Paper Rates and Outstandings: Data Download Program* (Instrument: Asset-Backed Commercial Paper Outstanding, Frequency: Weekly) (online at www.federalreserve.gov/DataDownload/Choose.aspx?rel=CP) (accessed Aug. 5, 2009).

²³⁷ Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release: Commercial Paper Rates and Outstandings: Data Download Program* (Instrument: Financial Commercial Paper Outstanding, Frequency: Weekly) (online at www.federalreserve.gov/DataDownload/Choose.aspx?rel=CP) (accessed Aug. 5, 2009).

²³⁸ Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release: Commercial Paper Rates and Outstandings: Data Download Program* (Instrument: Nonfinancial Commercial Paper Outstanding, Frequency: Weekly) (online at www.federalreserve.gov/DataDownload/Choose.aspx?rel=CP) (accessed Aug. 5, 2009).

- Lending by the Largest TARP-recipient Banks.** Treasury’s Monthly Lending and Intermediation Snapshot tracks loan originations and average loan balances for the 21 largest recipients of CPP funds across a variety of categories, ranging from mortgage loans to commercial and industrial loans to credit card lines. Mortgage originations – excluding refinancing – increased by over 8 percent from April to May; further, mortgage originations have increased by more than 75 percent since October of 2008. The dramatic drop in commercial real estate has continued from the previously reported period. The data below exclude lending by two large CPP-recipient banks, PNC Bank and Wells Fargo, because significant acquisitions by those banks since last October make comparisons misleading.

Figure 20: Lending by the Largest TARP-recipient Banks²³⁹

Indicator	Most Recent Data (May 2009) <i>(millions of dollars)</i>	Percent Change Since April 2009	Percent Change Since October 2008
Total Loan Originations	\$200,298	.51%	(8.19)%
Total Mortgage Origination	77,792	8.06%	75.64%
C&I New Commitments	33,482	3.06%	(43.20)%
CRE New Commitments	2,971	(14.38)%	(71.77)%
Mortgage Refinancing	52,682	(7.50)%	180.71%
Total Average Loan Balances	3,337,318	(0.62)%	(2.50)%

²³⁹ On July 10, 2009 the Federal Reserve announced that it had made changes to the data in its H.8 release, which has changed previously reported figures. In order to represent measured trends accurately, the Panel has updated its figures to reflect the latest reported Federal Reserve data. See Board of Governors of the Federal Reserve System, H8: Changes to Data and Items Reported on the Release for July 1, 2009 (July 10, 2009) (online at www.tradingurus.com/index2.php?option=com_content&do_pdf=1&id=17314).

- **Loans and Leases Outstanding of Domestically Chartered Banks.** Weekly data from the Federal Reserve Board track fluctuations among different categories of bank assets and liabilities. Loans and leases outstanding for large and small domestic banks both fell last month.²⁴⁰ Total loans and leases outstanding at large banks have dropped by over 5.8 percent since last October.²⁴¹

Figure 21: Loans and Leases Outstanding²⁴²

Indicator	Current Level (as of 8/05/09) (billions of dollars)	Percent Change Since Last Report (7/9/09)	Percent Change Since ESSA Signed into Law (10/3/08)
Large Domestic Banks – Total Loans and Leases	\$3,817.8	(1.41)%	(5.81)%
Small Domestic Banks – Total Loans and Leases	2,517.4	(0.63)%	(0.01)%

- **Housing Indicators.** Foreclosure filings increased by over four percent from May to June, in turn raising the rate to twenty percent above the level of last October. Housing prices, as illustrated by the S&P/Case-Shiller Composite 20 Index, continued to decline in April. The index remains down over ten percent since October 2008.

Figure 22: Housing Indicators

Indicator	Most Recent Monthly Data	Percent Change From Data Available at Time of Last Report (8/05/09)	Percent Change Since October 2008
Monthly Foreclosure Filings ²⁴³	336,173	4.57%	20.25%
Housing Prices - S&P/Case-Shiller Composite 20 Index ²⁴⁴	140.1	(0.16)%	(10.82)%

²⁴⁰ Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release H.8: Assets and Liabilities of Commercial Banks in the United States: Historical Data* (Instrument: Assets and Liabilities of Large Domestically Chartered Commercial Banks in the United States, seasonally adjusted, adjusted for mergers, billions of dollars) (online at www.federalreserve.gov/releases/h8/data.htm) (accessed Aug. 5, 2009).

²⁴¹ Board of Governors of the Federal Reserve System, *Federal Reserve Statistical Release H.8: Assets and Liabilities of Commercial Banks in the United States: Historical Data* (Instrument: Assets and Liabilities of Small Domestically Chartered Commercial Banks in the United States, Seasonally adjusted, adjusted for mergers, billions of dollars) (online at www.federalreserve.gov/releases/h8/data.htm) (accessed Aug. 5, 2009).

²⁴² These figures differ from the amount of total loans and leases in bank credit cited in section B of this report because FDIC data include all FDIC-insured institutions whereas the data above measure only the loans and leases in bank credit for domestically chartered commercial institutions.

²⁴³ RealtyTrac, *Foreclosure Activity Press Releases* (online at www.realtytrac.com/ContentManagement/PressRelease.aspx) (accessed Aug. 5, 2009). The most recent data available is for June 2009.

Figure 23: Asset-Backed Security Issuance²⁴⁵

Indicator	Most Recent Quarterly Data (2Q 2009) <i>(millions of dollars)</i>	Data Available at Time of Last Report (1Q 2009) <i>(millions of dollars)</i>	Percent Change from Data Available at Time of Last Report (7/9/09)
Auto ABS Issuance	\$12,026.8	\$7,574.4	58.8%
Credit Cards ABS Issuance	19,158.5	3,000	538.6%
Equipment ABS Issuance	2,629.1	514.7	410.8%
Home Equity ABS Issuance	707.4	782.1	9.55%
Other ABS Issuance	6,444	2,386.5	170%
Student Loans ABS Issuance	7,643.8	1,955.8	290.8%
Total ABS Issuance	²⁴⁶ 48,609.6	16,213.5	199.8%

²⁴⁴ Standard & Poor's, *S&P/Case-Shiller Home Price Indices* (Instrument: Seasonally Adjusted Composite 20 Index) (online at www2.standardandpoors.com/spf/pdf/index/SA_CSHomePrice_History_063055.xls (accessed Aug. 5, 2009). The most recent data available is for May 2009 (seasonally adjusted).

²⁴⁵ Securities Industry and Financial Markets Association, *US ABS Issuance* (accessed Aug. 5, 2009) (online at www.sifma.org/uploadedFiles/Research/Statistics/SIFMA_USABSIssuance.pdf).

²⁴⁶ Of this amount, \$23 billion was supported under the TALF. See Federal Reserve Bank of New York, *Term Asset-Backed Securities Loan Facility: Announcements* (accessed Aug. 5, 2009) (online at www.newyorkfed.org/markets/talf_announcements.html).