



Congressional Oversight Panel

March 11,
2010

Metrics for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight Panel's
March 2010 report, "The Unique Treatment of GMAC
Under TARP."

TARP Metrics

Each month, the Panel's report highlights a number of metrics that the Panel and others, including Treasury, the Government Accountability Office (GAO), the 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 EESA. This section discusses changes that have occurred in several indicators since the release of the Panel's February report.

- **Interest Rate Spreads.** Interest rate spreads have continued to tighten since the Panel's February report, further reflecting signs of economic stability. The TED spread, which measures the difference between 3 Month LIBOR and the 3 Month Treasury Bill yield, is used as a measure of the availability of liquidity in the market. As of March 1, 2010, the TED spread was 12 basis points, an 89 percent decrease since the enactment of EESA. The interest rate spread for AA asset-backed commercial paper, which is considered mid-investment grade, has decreased by nearly 13 percent since the Panel's January report. This measure is at its lowest level since July 2007.

Figure 18: Interest Rate Spreads

Indicator	Current Spread (as of 3/1/10)	Percent Change Since Last Report (1/29/10)
TED spread ⁵⁵³ (in basis points)	12	(29.4)
Conventional mortgage rate spread ⁵⁵⁴	1.36	3.03
Overnight A2/P2 nonfinancial commercial paper interest rate spread ⁵⁵⁵	0.11	(12.5)
Overnight A2/P2 nonfinancial commercial paper interest rate spread ⁵⁵⁶	0.12	10.7

⁵⁵³ *TED Spread*, SNL Financial.

⁵⁵⁴ 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 Mar. 1, 2010); 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 Mar. 1, 2010).

⁵⁵⁵ 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) (hereinafter “Federal Reserve Statistical Release: Commercial Paper”) (accessed Mar. 4, 2010); 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 Mar. 1, 2010). In order to provide a more complete comparison, this metric utilizes a five day average of the interest rate spread for the last five days of the month.

⁵⁵⁶ Federal Reserve Statistical Release: Commercial Paper, *supra* note 555 (accessed Mar. 4, 2010). In order to provide a more complete comparison, this metric utilizes a five day average of the interest rate spread for the last five days of the month.

- **Housing Indicators.** Foreclosure filings decreased by 9.7 percent from November to December, and are 13 percent above the October 2008 level. The S&P/Case-Shiller Composite 20 Index increased slightly in December, whereas another index that measures home prices, the FHFA House Price Index, decreased by nearly 2 percent in December.

Figure 19: Housing Indicators

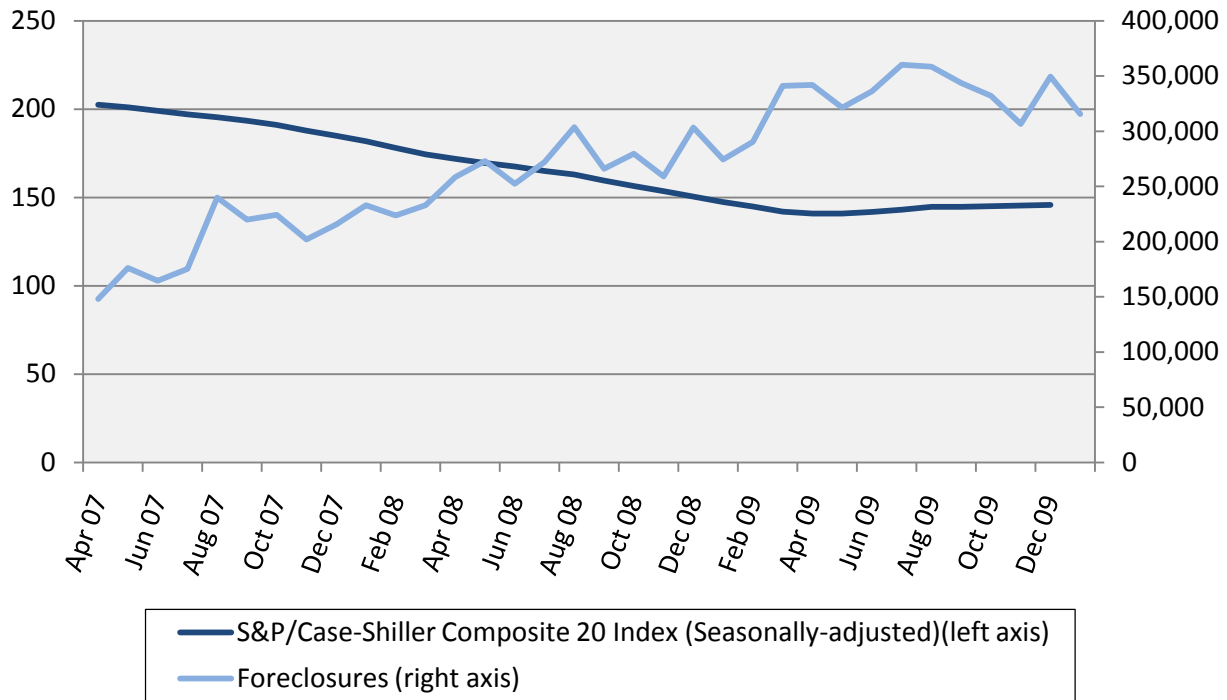
Indicator	Most Recent Monthly Data	Percent Change from Data Available at Time of Last Report	Percent Change Since October 2008
Monthly foreclosure filings ⁵⁵⁷	315,716	(9.7)	13
Housing prices – S&P/Case-Shiller Composite 20 Index ⁵⁵⁸	145.9	.32	(6.8)
FHFA Housing Price Index ⁵⁵⁹	196.1	(1.6)	(3.3)

⁵⁵⁷ RealtyTrac, *Foreclosure Activity Press Releases* (online at www.realtytrac.com/ContentManagement/PressRelease.aspx) (hereinafter “RealtyTrac Foreclosure Activity Press Releases”) (accessed Mar. 1, 2010). Most recent data available for January 2010.

⁵⁵⁸ Standard & Poor’s, *S&P/Case-Shiller Home Price Indices* (Instrument: Seasonally Adjusted Composite 20 Index) (online at www.standardandpoors.com/prot/servlet/BlobServer?blobheadername3=MDT-Type&blobcol=urldata&blobtable=MungoBlobs&blobheadervalue2=inline%3B+filename%3DSA_CSHomePrice_History_022330.xls&blobheadername2=Content-Disposition&blobheadervalue1=application%2Fexcel&blobkey=id&blobheadername1=content-type&blobwhere=1243656054400&blobheadervalue3=UTF-8) (accessed Mar. 4, 2010) (hereinafter “S&P/Case-Shiller Home Price Indices”). Most recent data available for December 2009.

⁵⁵⁹ Federal Housing Finance Agency, *U.S. and Census Division Monthly Purchase Only Index* (Instrument: USA, Seasonally Adjusted) (online at www.fhfa.gov/webfiles/15428/MonthlyIndex_Jan1991_to_Latest.xls) (accessed Mar. 4, 2010). Most recent data available for December 2009.

Figure 20: Foreclosure Filings as Compared to the Case-Shiller 20 City Home Price Index (as of December 2009)⁵⁶⁰



- Bank Conditions.** Data appear to show that commercial banks across the country are still being affected by the economic downturn and troubled loans. Figure 21 shows the percentage of net loan charge-offs has continued to increase since the crisis began. This percentage consists of the total number of charge-offs by domestic commercial banks over the total amount of commercial loans. This percentage, 2.2 as of the third quarter of 2009, has nearly tripled since EESA was enacted. U.S. commercial banks are also negatively affected by loans that are sliding toward default. Nonperforming commercial loans are loans that bank officials classify as 90-days or more past due or nonaccrual. Figure 22 shows nonperforming commercial loans as a percentage of total commercial loans. This ratio was 3.6 at the end of the third quarter of 2009, more than three times its level in October 2008.

⁵⁶⁰ RealtyTrac Foreclosure Activity Press Release, *supra* note 557 (accessed Jan. 27, 2010); S&P/Case-Shiller Home Price Indices, *supra* note 558. Most recent data available is for December 2009.

Figure 21: Commercial Net Loan Charge-offs Percentage (as of Q3 2009)⁵⁶¹

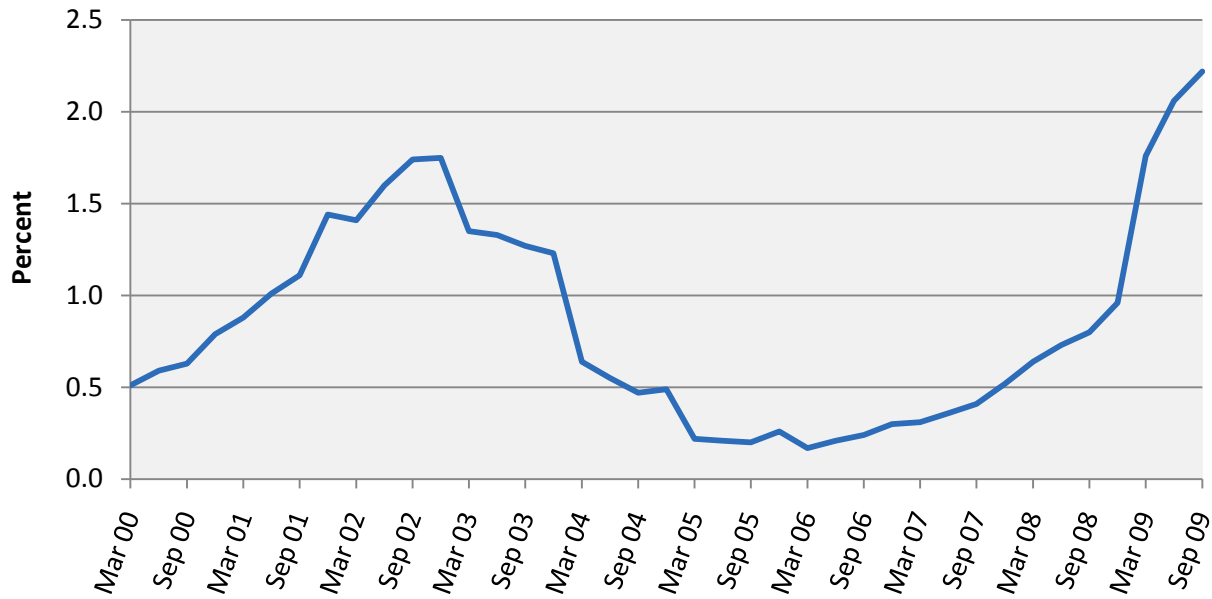
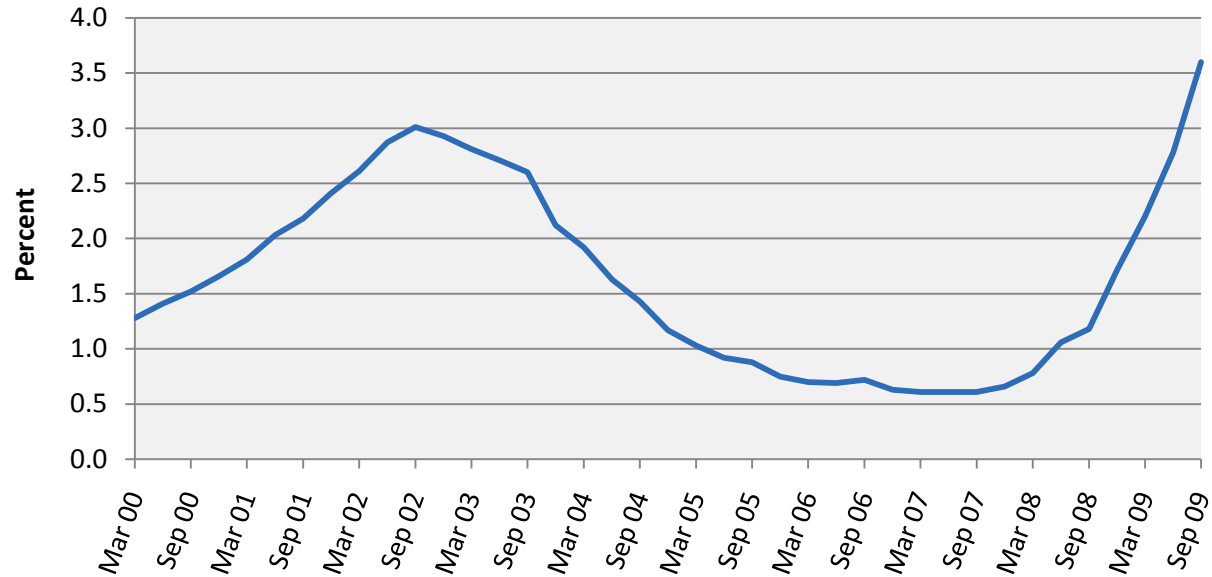


Figure 22: Nonperforming Loans as a Percentage of Total Loans (as of Q3 2009)⁵⁶²

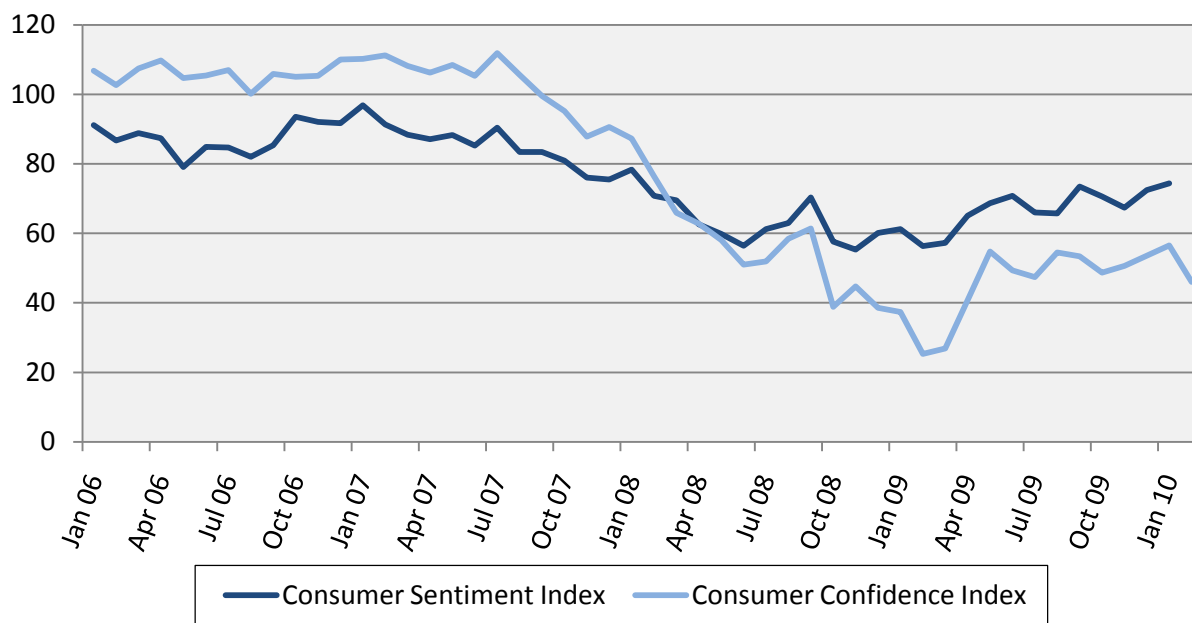


⁵⁶¹ Federal Reserve Bank of St. Louis, *Condition of Banking: Commercial Net Loan Charge-offs* (online at research.stlouisfed.org/fred2/series/NCOCMC?cid=93) (accessed Mar. 4, 2010).

⁵⁶² Federal Reserve Bank of St. Louis, *Condition of Banking: Nonperforming Commercial Loans* (online at research.stlouisfed.org/fred2/series/NPCMCM/downloaddata?cid=93) (accessed Mar. 4, 2010).

- Consumer Confidence.** There are mixed signs emerging regarding consumer confidence. The University of Michigan's Consumer Sentiment Index is based on a minimum of 500 telephone interviews and contains roughly 50 core questions.⁵⁶³ The Consumer Sentiment Index rose 10 percent in January.⁵⁶⁴ Another gauge of consumer attitudes is the Consumer Confidence Index. This index is administered by The Conference Board and is based off of a representative sample of 5,000 homes.⁵⁶⁵ This measure decreased 18 percent February. The Conference Board notes that a component of the survey, the Present Situation Index, was at its lowest level since February 1983.⁵⁶⁶ Both indices have increased significantly since EESA was enacted. As Figure 23 illustrates, the Consumer Sentiment Index has increased nearly 30 percent, while the Consumer Confidence Index is up 18 percent, since October 2008.

Figure 23: Consumer Attitudes⁵⁶⁷



⁵⁶³ University of Michigan, *Survey of Consumers* (online at www.sca.isr.umich.edu/documents.php?c=i) (accessed Mar. 9, 2010).

⁵⁶⁴ Federal Reserve Bank of St. Louis, *University of Michigan: Consumer Sentiment* (online at research.stlouisfed.org/fred2/series/UMCSENT/) (hereinafter “University of Michigan: Consumer Sentiment”) (accessed Mar. 3, 2010).

⁵⁶⁵ The Conference Board, *The Conference Board Consumer Confidence Index® Declines Sharply* (Feb. 23, 2010) (online at www.conference-board.org/economics/ConsumerConfidence.cfm) (hereinafter “Conference Board Consumer Confidence Index”).

⁵⁶⁶ Conference Board Consumer Confidence Index, *supra* note 565.

⁵⁶⁷ University of Michigan: Consumer Sentiment, *supra* note 564; Bloomberg Data.