



Congressional Oversight Panel

October 9,
2009

Metrics for the Troubled Asset Relief Program

Excerpted from the Congressional Oversight
Panel's October 2009 report, "An Assessment of
Foreclosure Mitigation Efforts After Six Months."

TARP Metrics

The Panel continues to monitor a number of metrics 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 September report.

- **Interest Rate Spreads.** Key interest rate spreads, a measure of the cost of capital, have continued to decline. Measures such as the LIBOR-OIS spread have largely returned to pre-crisis levels. Other important metrics such as the conventional mortgage rate spreads' 37 percent decrease since October 2008 also represents a positive indicator for the housing market and refinancing.⁴⁶³

⁴⁶³ White House Press Release, *Executive Office of the President's Council of Economic Advisors CEA Notes on Refinancing Activity and Mortgage Rates* (Apr. 9, 2009) (online at www.whitehouse.gov/assets/documents/CEAHousingBackground.pdf) ("For the week ended April 2, the conforming mortgage rate (the rate for mortgages that meet the GSEs' standards) was 4.78%, the lowest weekly rate since 1971 (when the data series begins), and likely the lowest widely-available mortgage rate since the 1950s.").

Figure 31: Interest Rate Spreads

Indicator	Current Spread ⁴⁶⁴ (as of 10/1/09)	Percent Change Since Last Report (9/1/09)
3 Month LIBOR-OIS Spread ⁴⁶⁵	0.13	(23.5)%
1 Month LIBOR-OIS Spread ⁴⁶⁶	0.1	11.1%
TED Spread ⁴⁶⁷ (in basis points)	19.9	(3.7)%
Conventional Mortgage Rate Spread ⁴⁶⁸	1.51	(9.04)%
Corporate AAA Bond Spread ⁴⁶⁹	1.71	(2.48)%
Corporate BAA Bond Spread ⁴⁷⁰	2.84	(7.79)%
Overnight AA Asset-backed Commercial Paper Interest Rate Spread ⁴⁷¹	0.26	8.33%
Overnight A2/P2 Nonfinancial Commercial Paper Interest Rate Spread ⁴⁷²	.14	(12.5)%

⁴⁶⁴ Percentage points, unless otherwise indicated.

⁴⁶⁵ Bloomberg, *3 Mo LIBOR-OIS Spread* (online at www.bloomberg.com/apps/quote?ticker=.LOIS3:IND) (accessed Oct. 1, 2009).

⁴⁶⁶ Bloomberg, *1 Mo LIBOR-OIS Spread* (online at www.bloomberg.com/apps/quote?ticker=.LOIS1:IND) (accessed Oct. 1, 2009).

⁴⁶⁷ Bloomberg, *TED Spread* (online at www.bloomberg.com/apps/quote?ticker=.TEDSP:IND) (accessed Oct. 1, 2009).

⁴⁶⁸ 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 Oct. 1, 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 Oct. 1, 2009) (hereinafter “Fed H.15 10-Year Treasuries”).

⁴⁶⁹ 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 Oct. 1, 2009); Fed H.15 10-Year Treasuries, *supra* note 468.

⁴⁷⁰ 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 Oct. 1, 2009); Fed H.15 10-Year Treasuries, *supra* note 468.

⁴⁷¹ 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 Oct. 1, 2009) (hereinafter “Fed CP AA Nonfinancial Rate”).

⁴⁷² 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,

- Commercial Paper Outstanding.** Commercial paper outstanding, a rough measure of short-term business debt, is an indicator of the availability of credit for enterprises. Two of the three measured commercial paper values increased since the Panel’s September report, and one decreased. Asset-backed, financial and nonfinancial commercial paper have all decreased with nonfinancial commercial paper outstanding declining by over 46 percent, and asset-backed commercial paper outstanding declining over 27 percent since October 2008.

Figure 32: Commercial Paper Outstanding

Indicator	Current Level (as of 9/30/09) <i>(billions of dollars)</i>	Percent Change Since Last Report (8/26/09)
Asset-Backed Commercial Paper Outstanding (seasonally adjusted) ⁴⁷³	\$522.3	14.09%
Financial Commercial Paper Outstanding (seasonally adjusted) ⁴⁷⁴	602.5	3.93%
Nonfinancial Commercial Paper Outstanding (seasonally adjusted) ⁴⁷⁵	106.2	(9)%

Frequency: Daily (online at www.federalreserve.gov/DataDownload/Choose.aspx?rel=CP) (accessed Oct. 1, 2009); Fed CP AA Nonfinancial Rate, *supra* note 471.

⁴⁷³ 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 Oct. 1, 2009).

⁴⁷⁴ 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 Oct. 1, 2009).

⁴⁷⁵ 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 Oct. 1, 2009).

- **Lending by the Largest TARP-recipient Banks.** Treasury’s Monthly Lending and Intermediation Snapshot tracks loan originations and average loan balances for the 22 largest recipients of CPP funds across a variety of categories, ranging from mortgage loans to commercial and industrial loans to credit card lines. Commercial lending, including new commercial real estate loans, continues to decline dramatically.

Figure 33: Lending by the Largest TARP-recipient Banks⁴⁷⁶

Indicator	Most Recent Data (July 2009) <i>(millions of dollars)</i>	Percent Change Since June 2009	Percent Change Since October 2008
Total Loan Originations	\$204,847	(9.7)%	(6.11)%
C&I New Commitments	32,169	(21.5)%	(45.4)%
CRE New Commitments	3,444	(6.96)%	(67.3)%

⁴⁷⁶ U.S. Department of the Treasury, *Treasury Department Monthly Lending and Intermediation Snapshot: Summary Analysis for July 2009* (Oct. 2, 2009) (online at www.financialstability.gov/docs/surveys/July%202009%20Tables.pdf). While the Treasury report is based upon the 22 largest CPP recipient banks, these data exclude two institutions – PNC and Wells Fargo – because they have made significant acquisitions since October 2008.

- 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.⁴⁷⁷ Total loans and leases outstanding at large banks have dropped by nearly 9 percent since last October.⁴⁷⁸ Also, commercial and industrial loans and leases outstanding at large banks have continued to decline, having decreased over 15 percent since the enactment of EESA.

Figure 34: Loans and Leases Outstanding

Indicator	Current Level (as of 9/23/09) <i>(billions of dollars)</i>	Percent Change Since Last Report (8/26/09)	Percent Change Since EESA Signed into Law (10/3/08)
Large Domestic Banks – Total Loans and Leases	\$3,692	(2.34)%	(8.92)%
Small Domestic Banks – Total Loans and Leases	2,474	(0.87)%	(1.73)%
Large Domestic Banks – Commercial and Industrial Loans	683	(4.11)%	(15.14)%
Small Domestic Banks – Revolving Consumer Credit	89	(3.71)%	9.01%

⁴⁷⁷ 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 Oct. 1, 2009).

⁴⁷⁸ 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 Oct. 1, 2009).

- Housing Indicators.** Foreclosure filings fell slightly from July to August; however, foreclosures are still up by over 28 percent from October 2008 levels. Housing prices, as illustrated by the S&P/Case-Shiller Composite 20 Index, improved slightly in August, increasing by over 1.2 percent. The index remains down nearly nine percent since October 2008.

Figure 35: Housing Indicators

Indicator	Most Recent Monthly Data	Percent Change From Data Available at Time of Last Report (9/1/09)	Percent Change Since October 2008
Monthly Foreclosure Filings ⁴⁷⁹	358,471	(.47)%	28.2%
Housing Prices – S&P/Case-Shiller Composite 20 Index ⁴⁸⁰	143.05	1.23%	(8.9)%

⁴⁷⁹ RealtyTrac, *Foreclosure Activity Press Releases* (online at www.realtytrac.com/ContentManagement/PressRelease.aspx) (accessed Oct. 1, 2009). The most recent data available is for August 2009.

⁴⁸⁰ 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_092955.xls) (accessed Oct. 1, 2009). The most recent data available is for July 2009.

- **Asset-Backed Security Issuance.** The ABS market slowed slightly in the third quarter with total issuance dropping by 1.25 percent. However, certain segments of the securitization market continued to improve in the third quarter. Auto ABS and home equity ABS have increased by over 700 and 180 percent respectively since October 2008. Through the first three quarters of 2009 there have been over \$118 billion in ABS issued compared with just under \$140 billion issued for the whole of 2008.⁴⁸¹

Figure 36: Asset-Backed Security Issuance⁴⁸²

Indicator	Most Recent Quarterly Data (3Q 2009) <i>(millions of dollars)</i>	Data Available at Time of Last Report (2Q 2009) <i>(millions of dollars)</i>	Percent Change From Data Available at Time of Last Report (9/1/09)
Auto ABS Issuance	\$19,056	\$12,026.8	58.5%
Credit Cards ABS Issuance	16,229.7	19,158.5	(15.3)%
Equipment ABS Issuance	578.8	2,629.1	(78)%
Home Equity ABS Issuance	486.6	707.4	(31.2)%
Other ABS Issuance	6,356.9	6,444	(1.35)%
Student Loans ABS Issuance	5,292.7	7,643.8	(30.8)%
Total ABS Issuance	⁴⁸³ 48,000.7	48,609.6	(1.25)%

⁴⁸¹ Securities Industry and Financial Markets Association, *US ABS Issuance* (accessed Oct. 1, 2009) (online at www.sifma.org/uploadedFiles/Research/Statistics/SIFMA_USABSIssuance.pdf).

⁴⁸² Securities Industry and Financial Markets Association, *US ABS Issuance* (accessed Oct. 1, 2009) (online at www.sifma.org/uploadedFiles/Research/Statistics/SIFMA_USABSIssuance.pdf).

⁴⁸³ \$18.8 billion was requested under the Term Asset-Backed Securities Loan Facility during the third quarter of 2009. 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).