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Fed Watch

US

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Economic Analysis

US

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LSAP Scorecard: Week 28

Mixed signals across different market indicators

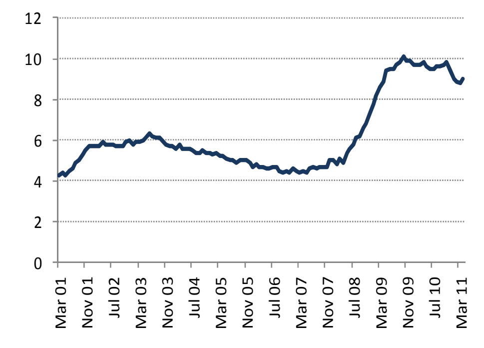
- Fed funds futures decline on reaction to slow progress in industrial production and capacity utilization, while volatility indicators remain low
- Commodities indices stabilize after a correction, while headline non-seasonally-adjusted inflation index perks upwards from past commodity spike. Pass-through from the previous spike to core inflation remains limited.
- Slow progress in survey-based measures of the labor market contrast with simmering improvements in payrolls.
- Commercial bank lending to businesses returns to an upward trend, while residential credit remains in the doldrums

Table 1
Large Scale Asset Purchases (LSAP) Scorecard

	Latest available	Post QE2 11/3//10-present	Recovery-preQE2 7/09-10/10	Crisis 12/07-6/09	Pre-Crisis 3/03-11/07
10yr Treasury (%)	3.07	3.10	3.34	3.49	4.41
3mo Treasury (%)	0.05	0.12	0.13	1.06	3.02
Slope (bp)	302	298	321	243	139
10yr Inflation Indexed (%)	0.76	0.90	1.34	1.77	2.06
Implicit 10yr Inflation exp. (%)	2.31	2.20	2.00	1.72	2.35
5yr Breakeven inflation expectations (%)	2.56	2.59	2.38	2.15	2.41
VIX (Index)	16.1	19.3	23.7	33.6	15.8
S&P500 (Index)*	1326	1243	1093	1109	1462
Real effective exchange rate ($, Index)	95.9	98.8	102.5	102.9	111.2
Corporate Spreads (BAA bp)	264	282	287	409	201
30yr Mortgage sprd (bp)	33	28	57	155	115
3M Libor-Treasury (bp)	19	17	22	128	36
Monetary aggregate M2 (yoy %)	4.9	4.1	3.8	7.8	5.4
Mutual Fund Flows Domestic ($M)	-1505	-269	-1884	-	-
Mutual Fund Flows Foreign ($M)	1480	1484	919	-	-
Mutual Fund Flows Taxable ($M)	6445	2760	6393	-	-
Mutual Fund Flows Muni ($M)	63	-1544	1105	-	-
Commercial Paper issuance ($bn)	83.2	79.5	88.3	134.2	173.8
Intial Claims (4wk avg)	406	421	494	479	341
Unemployment rate (%)	9.0	9.2	9.7	6.8	5.2
Private Payrolls (K monthly)	268	185	-14	-396	119
Consumer confidence (Index)*	65	62	53	53	98
Retail sales ex bldg, autos & gas (yoy %)	4.6	5.5	1.6	-0.6	5.3
Industrial production (yoy %)	5.0	5.7	0.2	-7.0	2.3
Capacity Utilization (%)	77	77	72	75	79
ISM Survey (Index)	60.4	59.6	55.7	44.0	54.0
Consumer Prices (12m %)*	3.2	1.9	1.0	2.2	2.9
Core Consumer Prices (12m %)*	1.3	1.0	1.2	2.1	2.0
Bank Mortgage loans ($bn)*	2049	2091	2106	2060	2013
Bank CRE loans ($bn)*	1456	1484	1611	1676	1574
Bank C&I loans ($bn)*	1265	1232	1269	1522	1418
Bank Consumer loans ($bn)*	1076	1092	990	837	786

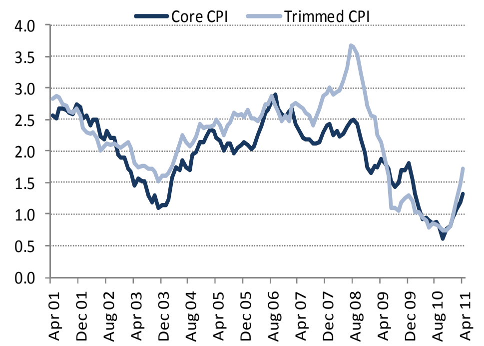
* Pre-Crisis = Nov 2007
BBVA Research & Haver Analytics.

Chart 1
Unemployment rate, %



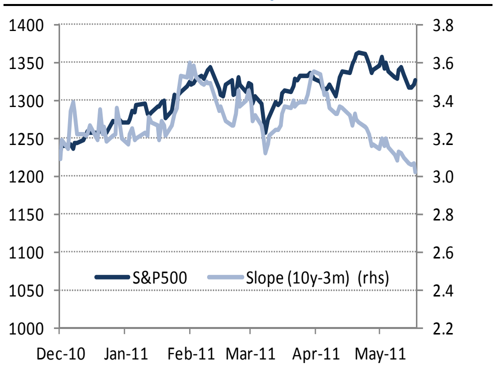
Source: Haver Analytics & BBVA Research

Chart 2
Inflation, 12m % change



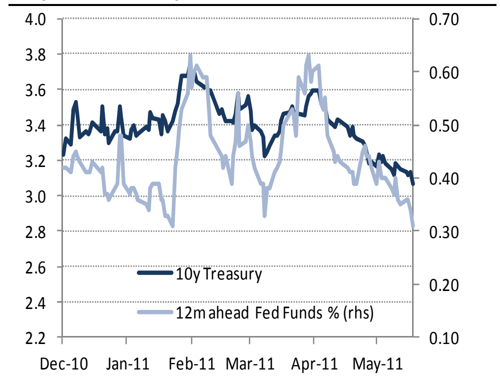
Source: Haver Analytics & BBVA Research

Chart 3
S&P500 & Yield curve slope, (index & %)



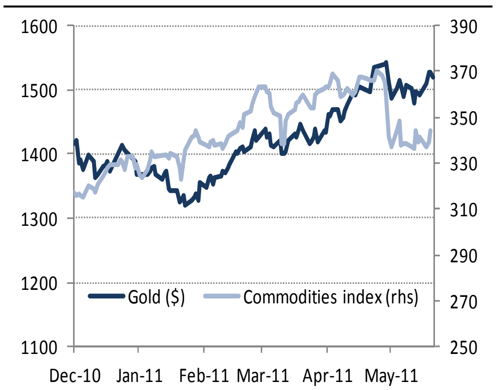
Source: Haver Analytics & BBVA Research

Chart 4
10 year Treasury & Fed Funds futures, %



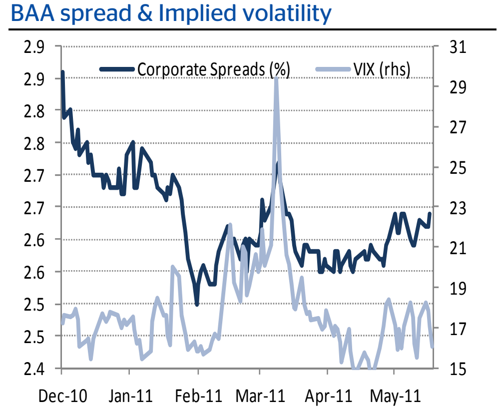
Source: Haver Analytics & BBVA Research

Chart 5
Gold & Commodities



Source: Haver Analytics & BBVA Research

Chart 6
BAA spread & Implied volatility



Source: Haver Analytics & BBVA Research