Bloomberg

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FINANCIAL CONDITIONS WATCH

GLOBAL FINANCIAL MARKET TRENDS & POLICY

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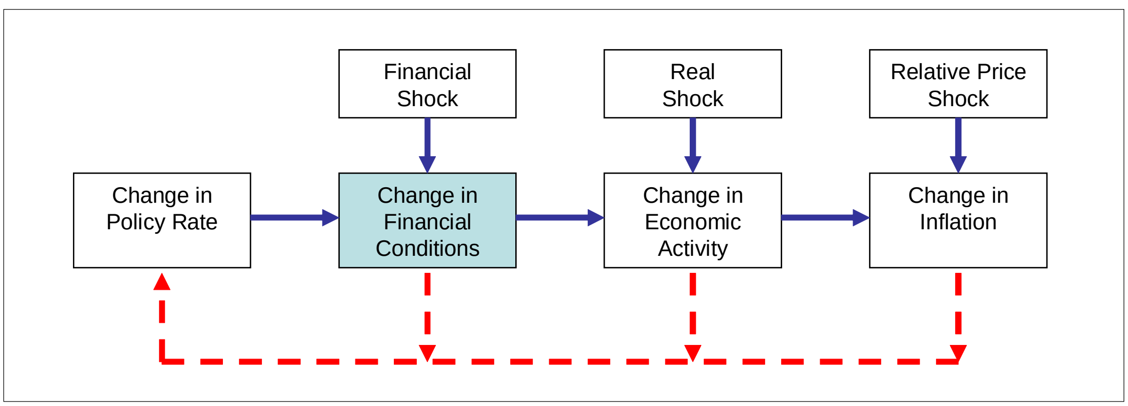
Inside This Issue:

Will the U.S. Financial Crisis Spill Over to the Rest of the World?



"Monetary policy works in the first instance by affecting **financial conditions**, including the levels of interest rates and asset prices. Changes in **financial conditions** in turn influence a variety of decisions by households and firms, including choices about how much to consume, to produce, and to invest."
Federal Reserve Chairman Ben S. Bernanke, March 2, 2007

Volume 1 No.2

Table of Contents

Yield Spread/Volatility Watch

Financial Conditions Relative to Pre-Crisis Average

	Latest	---- 2001-08 ---- Avg.	Std.Dev.	Z-Score
U.S. Money-Market Spreads				
TED Spread	224	45	39	4.60
Libor/OIS Spread	129	21	23	4.63
U.S. Yield Curve Spreads				
2-Yr./Fed Funds Spread	17	23	75	-0.08
10-Yr./3-Mo. Spread	281	150	134	0.98
10-Yr./2-Yr. Spread	161	103	96	0.60
U.S. Agency Bond Spreads				
2-Yr. Agency Spread	67	30	17	2.14
10-Yr. Agency Spread	55	57	21	-0.08
U.S. Municipal Bond Spreads				
AAA Muni/10-Yr. Spread	-18	-69	31	1.63
AA Muni/10-Yr. Spread	-11	-60	31	1.56
A Muni/10-Yr. Spread	107	29	48	1.62
Baa Bond/10-Yr. Spread	157	64	58	1.60
U.S. Investment-Grade Corporate Spreads				
AAA/10-Yr. Gov't Spread	168	144	49	0.48
AA/10-Yr. Gov't Spread	209	174	54	0.65
A/10-Yr. Gov't Spread	253	200	58	0.91
Baa/10-Yr. Gov't Spread	327	241	62	1.39
U.S. Swap Spreads				
U.S. 2-Yr. Swap Spread	110	49	19	3.20
U.S. 10-Yr. Swap Spread	61	63	23	-0.05
U.S. 1-Yr. Fwd. Swap Yld.(%)	4.5	5.4	0.8	-1.09
North American Credit Default Swap Spreads				
IBOX 5-Yr. Invest. Grade	188	61	32	3.92
IBOX Crossover Index	398	222	70	2.51
High-Yield Spreads				
High-Yield Corp. Spread	916	586	207	1.59
EMBI+ Spread	419	490	255	-0.28
U.S. Inflation Protected Bond Yields				
TIPS Bond Yield(%)	1.89	2.46	0.81	-0.71
Breakeven Inflation Rate (%)	1.90	2.16	0.36	-0.73
U.S. Equity Market				
S&P 500	1207	1222	182	-0.09
S&P Financials	273	391	62	-1.90
Ambac	6.67	60.0	22.1	-2.41
MBIA	14.00	49.7	15.3	-2.33
VIX Index	33.1	19.7	6.6	2.01
Fixed Income/FX Market Volatility				
Move Index	164	100	26	2.49
Swaption Volatility Index	112	103	14	0.62
Euro-Dollar Volatility	12.6	9.9	2.1	1.31
Dollar-Yen Volatility Index	13.5	9.7	1.7	2.28

Notes:
Unless noted otherwise, all indicators are basis-point yield spreads.
Indicators highlighted in orange are significantly above or below their 2001-08 average levels.

Financial Conditions Relative to Crisis-Period Average

	Latest	---- 52-Week ---- Avg.	Std.Dev.	Z-Score
U.S. Money-Market Spreads				
TED Spread	224	129	37	2.55
Libor/OIS Spread	129	71	16	3.65
U.S. Yield Curve Spreads				
2-Yr./Fed Funds Spread	17	-40	84	0.68
10-Yr./3-Mo. Spread	281	169	70	1.59
10-Yr./2-Yr. Spread	161	132	39	0.75
U.S. Agency Bond Spreads				
2-Yr. Agency Spread	67	64	13	0.23
10-Yr. Agency Spread	55	63	13	-0.67
U.S. Municipal Bond Spreads				
AAA Muni/10-Yr. Spread	-18	-21	29	0.11
AA Muni/10-Yr. Spread	-11	-13	29	0.08
A Muni/10-Yr. Spread	107	81	45	0.56
Baa Bond/10-Yr. Spread	157	124	53	0.62
U.S. Investment-Grade Corporate Spreads				
AAA/10-Yr. Gov't Spread	168	164	27	0.16
AA/10-Yr. Gov't Spread	209	203	30	0.21
A/10-Yr. Gov't Spread	253	235	36	0.51
Baa/10-Yr. Gov't Spread	327	292	46	0.76
U.S. Swap Spreads				
U.S. 2-Yr. Swap Spread	110	85	11	2.22
U.S. 10-Yr. Swap Spread	61	68	6	-1.11
U.S. 1-Yr. Fwd. Swap Yld.(%)	4.5	4.7	0.3	-0.74
North American Credit Default Swap Spreads				
IBOX 5-Yr. Invest. Grade	188	113	36	2.08
IBOX Crossover Index	398	293	59	1.79
High-Yield Spreads				
High-Yield Corp. Spread	916	683	122	1.92
EMBI+ Spread	419	267	42	3.65
U.S. Inflation Protected Bond Yields				
TIPS Bond Yield(%)	1.89	1.58	0.32	0.94
Breakeven Inflation Rate (%)	1.90	2.34	0.14	-3.13
U.S. Equity Market				
S&P 500	1207	1373	93	-1.79
S&P Financials	273	351	58	-1.35
Ambac	6.67	15.2	17.4	-0.49
MBIA	14.00	18.9	16.4	-0.30
VIX Index	33.1	23.0	3.7	2.72
Fixed Income/FX Market Volatility				
Move Index	164	130	22	1.54
Swaption Volatility Index	112	101	6	1.70
Euro-Dollar Volatility	12.6	9.4	1.3	2.34
Dollar-Yen Volatility Index	13.5	11.1	1.6	1.50

Notes:
Unless noted otherwise, all indicators are basis-point yield spreads.
Indicators highlighted in orange are significantly above or below their 52-week average levels.

Overview

Will the U.S. Financial Crisis Spill Over to the Rest of the World?

Bloomberg's Financial Conditions Index (BFCI Index GP <go>) has plummeted to a new all-time low (see Figure 1), following the bankruptcy of Lehman Brothers, the government bailout of AIG, and the merger of Bank of America and Merrill Lynch. Our Financial Conditions Index— which tracks the overall stress in the U.S. money, bond, and equity markets—now stands between four and five standard deviations below the norm of the past 16 years. This is due to the sharp decline in the U.S. equity market (see Figure 2) and the dramatic widening in U.S. money and bond market spreads (Figures 3-4). The new government plan to shore up U.S. banks, support money-market funds, and a ban on short-selling of financial shares should provide some relief in the days ahead.

Figure 1

U.S. Financial Conditions Index

(Composite Money, Bond, & Equity Market Index to Assess the Cost and Availability of Credit)

Source: Bloomberg

Figure 2

U.S. Equity Prices

(S&P 500)

Source: Bloomberg

With our Financial Conditions Index down so sharply, the risks are that U.S. banks will continue to tighten their lending standards going forward (see Figure 5). As Figure 6 shows, the trend in U.S. bank lending standards has been a reliable leading indicator of U.S. economic activity in the past. Assuming the relationship between bank lending standards and GDP growth continues to hold, this suggests there is a high probability that the U.S. economy might slip into an outright recession in the first half of 2009.

If the U.S. economy were to eventually succumb to the latest financial setback, the question becomes first, how deep and prolonged will the recession be? Second, what should be the correct policy response to combat the deleterious effects of an extended economic slowdown? Third, what are the chances that the acute financial stress and economic weakness in the U.S. will spill over into other markets and economies around the world?

Figure 3

U.S. Libor-OIS Spread

(Three-Month Libor less Overnight Rate)

Source: Bloomberg

Figure 4

U.S. Corporate Baa-Treasury Yield Spread

(Baa Corporate less 10-Year Treasury Yield)

Source: Bloomberg

Two recent studies—one published by the NBER's Carmen M. Reinhart (University of Maryland) and Kenneth S. Rogoff (Harvard University) entitled, "This Time is Different: Six Centuries of Financial Folly", and the second by the IMF's Stijn Claessens, M. Ayham Kuse, and Marco E. Terrones entitled "What Happens During Recession, Crunches and Busts"—shed light on these important questions.

Reinhart and Rogoff find that, on average, bank-centered financial crises in industrial economies often give rise to a significant decline in output growth, with "the average drop in (real per capita) output growth over two percent, and it typically takes two years to return to trend". In those episodes where financial stress was extremely elevated such as in Spain (1977), Norway (1987), Finland (1991), Sweden (1991) and Japan (1992), "the drop in annual output growth from peak to trough is over five percent, and growth remained well below pre-crisis trend even after three years." It remains to be seen whether the U.S. crisis follows the path of the "average" crisis or an "elevated" one.

After comparing the trend in leading crisis indicators during past episodes with those in the run-up to the 2007-08 U.S. financial crisis, Reinhart and Rogoff conclude that "if the United states does not experience a significant and protracted growth slowdown, it should either be considered very lucky or even more 'special' than most optimistic theories suggest."

The IMF paper by Claessens et al. studies the interaction of financial and business cycles for 21 OECD countries over the 1960-2007 period. Over this entire time span, the industrial economies experienced a total of 122 recessions, with the typical recession lasting around four quarters and with the average peak-to-trough drop in output amounting to roughly 2%. The study finds that "in almost one out of six recessions, there is also a credit crunch underway and, in about one out of four recessions, also a house price bust". According to Claessens et al., "recessions associated with housing busts and credit crunches are both deeper and longer-lasting than other recessions are."

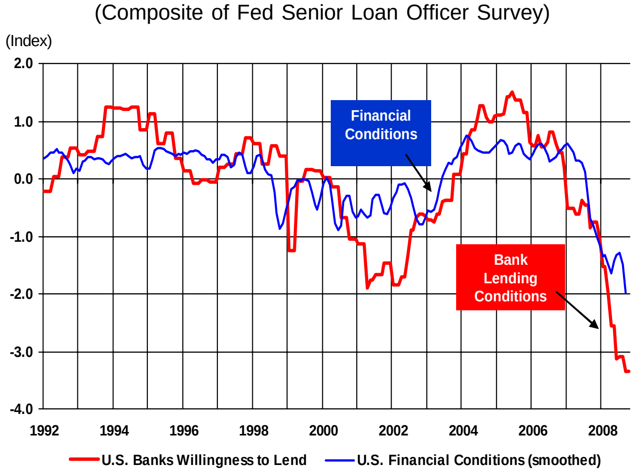
Given the already sharp declines in U.S. house prices coupled with the persistent weakness in U.S. financial conditions, Claessens et al. argue that "if a recession were to occur in the United States, its amplitude might be deeper and its duration longer than that of a typical recession." The IMF study notes, however, that "the heavy combination of expansionary fiscal and monetary policies already employed" by U.S. policymakers, "could mitigate the risk of an adverse outcome."

The Federal Reserve's response to the 2007-08 crisis has been particularly aggressive so far, with the Fed driving the nominal Fed Funds rate down from 5.25% to 2.0% in a very short time. This policy move has had the effect of pushing the real Fed Funds rate down into negative territory (see Figure 7). While some believe that the Fed has eased too much in this cycle, we believe that the Fed's course of action was the correct one to help offset the powerful financial headwinds hitting the U.S. economy.

Figure 5

U.S. Bank Lending Conditions & Financial Conditions

(Composite of Fed Senior Loan Officer Survey)

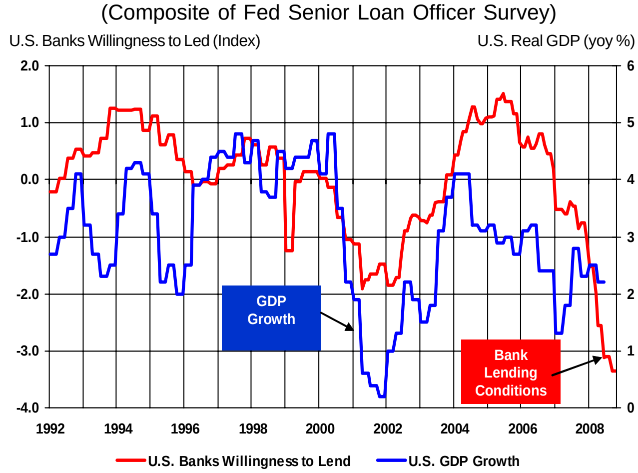


Source: Bloomberg

Figure 6

U.S. Bank Lending Conditions & U.S. GDP Growth

(Composite of Fed Senior Loan Officer Survey)



Source: Bloomberg

Those financial headwinds remain strong as evidenced by the depressed level of Bloomberg's Financial Conditions Index. We believe that as long as U.S. financial conditions remain this depressed, the Federal Reserve is likely to keep the real Fed Funds Rate trading close to or in negative territory.

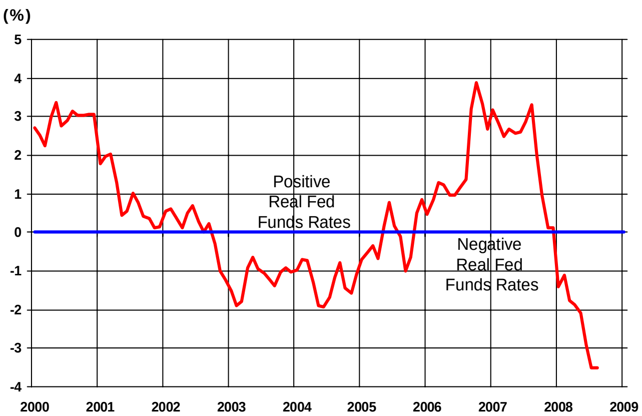
If anything, the risks point to additional rate cuts in the future. With the OECD leading indicator of the U.S. economy presently down 5.4% since last year (See Figure 8), the prospects for U.S. GDP growth do not look favorable heading into 2009. If U.S. growth slows further next year and the unemployment rate continues to climb, long-term relationships suggest that the real Fed Funds rate is likely to move deeper into negative territory (see Figure 9).

While aggressive Fed easing has helped prevent the U.S. economy from contracting up until this point, the strength of U.S. net exports has also provided a helping hand. Overseas growth has been particularly strong in recent years, and U.S. exports have risen commensurately. Unfortunately, this source of strength for the U.S. economy could begin to dissipate.

Figure 7

Real Fed Funds Rate

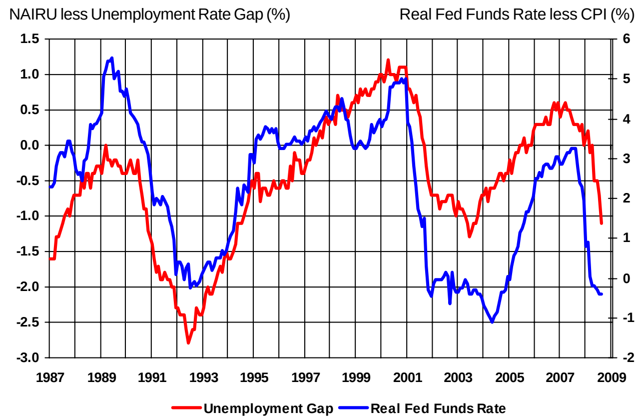
(Fed Funds Rate less CPI Inflation)



Source: Bloomberg

Figure 9

U.S. Unemployment Gap and the Real Fed Funds Rate

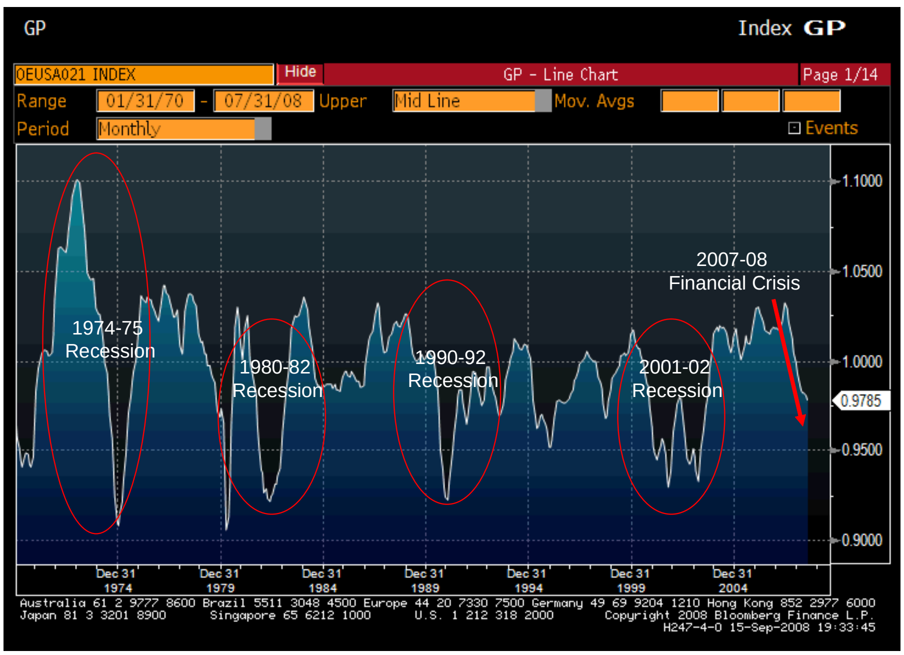


Source: Bloomberg

Figure 8

U.S. Leading Economic Index

(OECD Total Amplitude Adjusted Leading Economic Indicator for the U.S.)



Source: Bloomberg

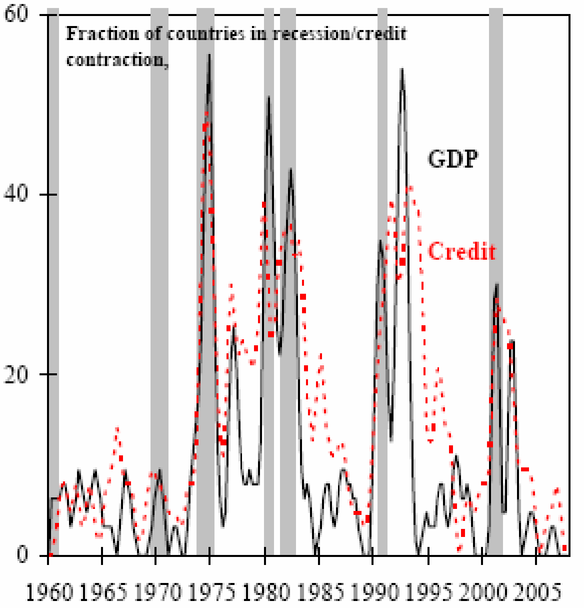
As we show in Figure 10, the OECD leading indicator of the industrialized economies has fallen considerably, with the leading index for the entire OECD area down 5% since last year. The decline in the OECD leading economic index reflects a widespread slowdown with significant declines posted by the Euro-area (-5.2%), the U.K. (-4.8%), Japan (-4.1%), and Canada (-3.9%). Signs of a downturn are even showing up in Asia, where the OECD leading economic index of the five largest Asian economies (China, India, Indonesia, Japan, and Korea) is down -1.5% since last year. Should overseas growth slow in the coming months, U.S. export growth will likely suffer and this could have a negative impact on overall U.S. economic growth.

Economists have been debating whether the rest of the world will be able to decouple from the slowdown underway in the U.S. economy. Both recent evidence and long-term historical relationships suggest that this is unlikely to be the case. The IMF study (discussed above) demonstrates that recessions tend to be highly synchronized across countries. As shown in Figure 11, the number of countries that were in recession during the 1974-75, 1980-82, and 1990-92 economic downturns exceeded 50% of all the OECD countries. In the most recent worldwide recession in 2001-02, about 25%-30% of the OECD economies experienced an outright downturn. For better or worse, globalization has increased the integration of the world's major economies and financial markets, which makes it easier for changes in economic activity and financial conditions to spill over from one country to another.

Figure 11

Fraction of Countries Simultaneously in Credit Crunches and Recessions

(1960-2008)

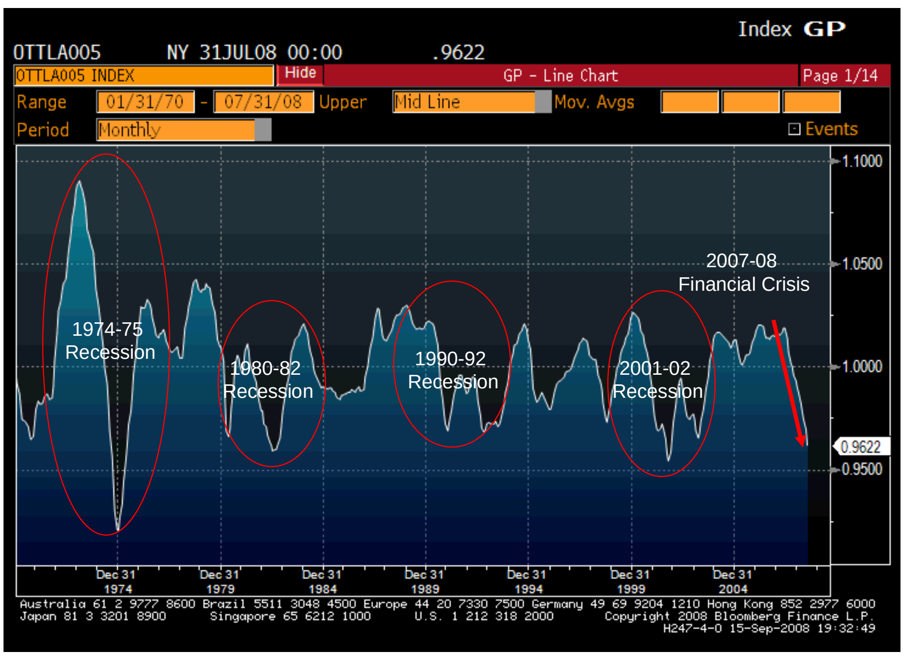


Source: Stijn Claessens, M. Ayham Kuse, and Marco E. Terrones, "What Happens During Recession, Crunches and Busts", "Financial Studies Division, Research Department, International Monetary Fund," August 5, 2008.

Figure 10

Leading Economic Indicator of the OECD Economies

(Total Amplitude Adjusted Leading Economic Indicator for the OECD Economies)



Source: Bloomberg

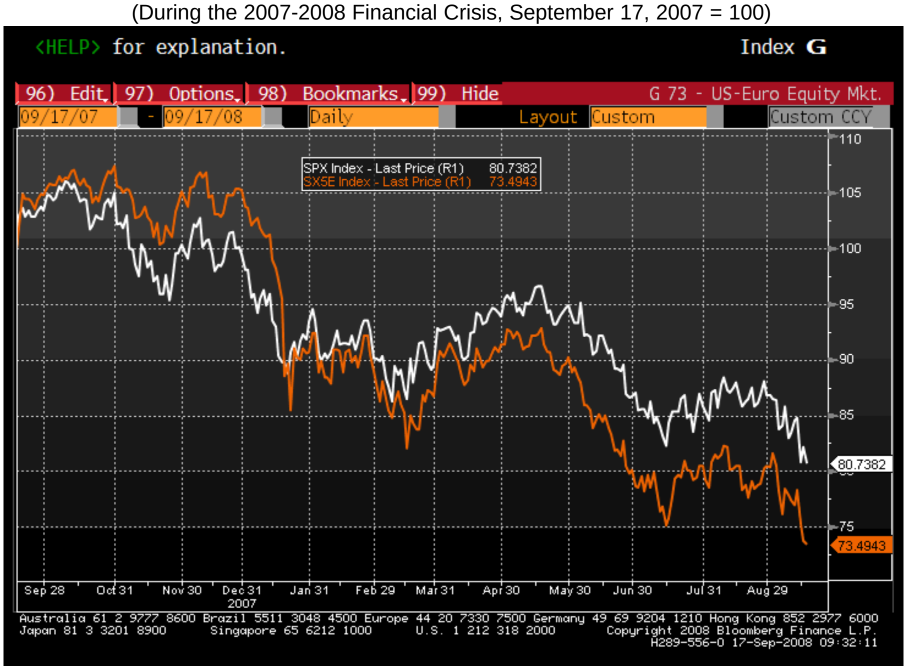
Indeed as we illustrate in Figures 12-15, the deterioration in U.S. financial conditions over 2007-08 has been matched by a deterioration in financial conditions in other markets.

Consider the Euro-area financial markets where the decline in Euro-area equity market has in fact exceeded the decline in the U.S. equity market in the past year (see Figure 12). Swap spreads in both the U.S. and Euro-area markets have widened significantly (Figure 13), and this is also the case with credit default swap spreads (Figure 14).

Figure 12

U.S. and Euro-area Equity Prices

(During the 2007-2008 Financial Crisis, September 17, 2007 = 100)

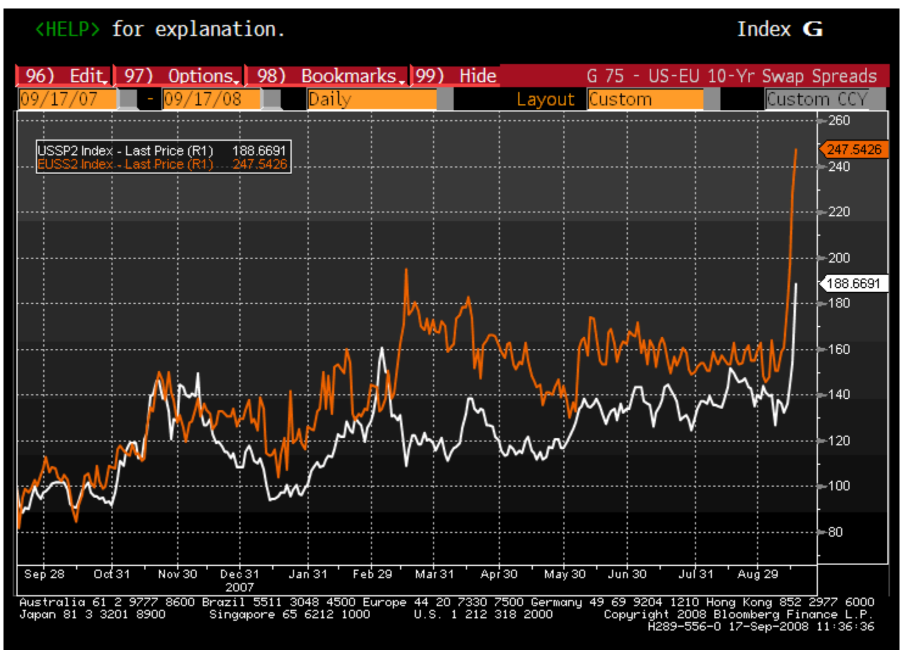


Source: Bloomberg

Figure 13

U.S. and Euro-Area Swap Spreads

(During the 2007-08 Financial Crisis, September 17, 2007 = 100)



Source: Bloomberg

Figure 14

U.S. and Euro-Area Credit Default Spreads

(During the 2007-08 Financial Crisis, September 17, 2007 = 100)

Source: Bloomberg

Furthermore, banks in both the U.S. and Euro-area have tightened their lending standards considerably (see Figure 15). While the U.S. may be the epicenter of the 2007-08 financial crisis, it has clearly transmitted shock waves far and wide.

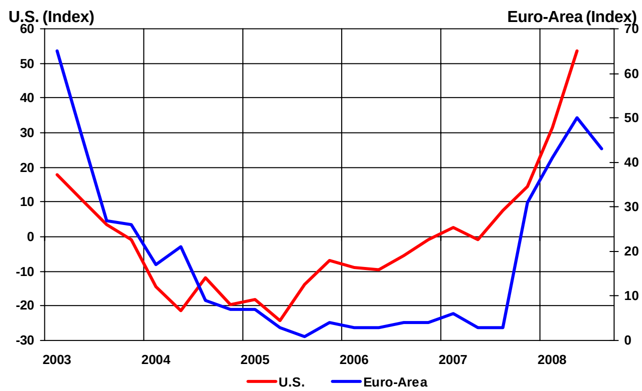
Figure 16 provides a stylized assessment of how the U.S. subprime mortgage shock was initially transmitted from U.S. financial conditions to Euro-area financial conditions, how policymakers in the U.S. and Euro-area have responded to the crisis, how those policy responses have affected the euro-dollar exchange rate, and finally how this has affected U.S. and Euro-area economic activity.

As shown, the subprime mortgage shock initially contributed to a deterioration in U.S. financial conditions. Because many Euro-area institutions also had significant exposure to U.S. subprime mortgages, there was a direct impact on the balance sheets of Euro-area financial institutions. A recent Deutsche Bank research report points out that bank losses reported by Euro-area banks ($227.6 billion) were not all that different from losses reported by U.S. banks ($260.5 billion).

Figure 15

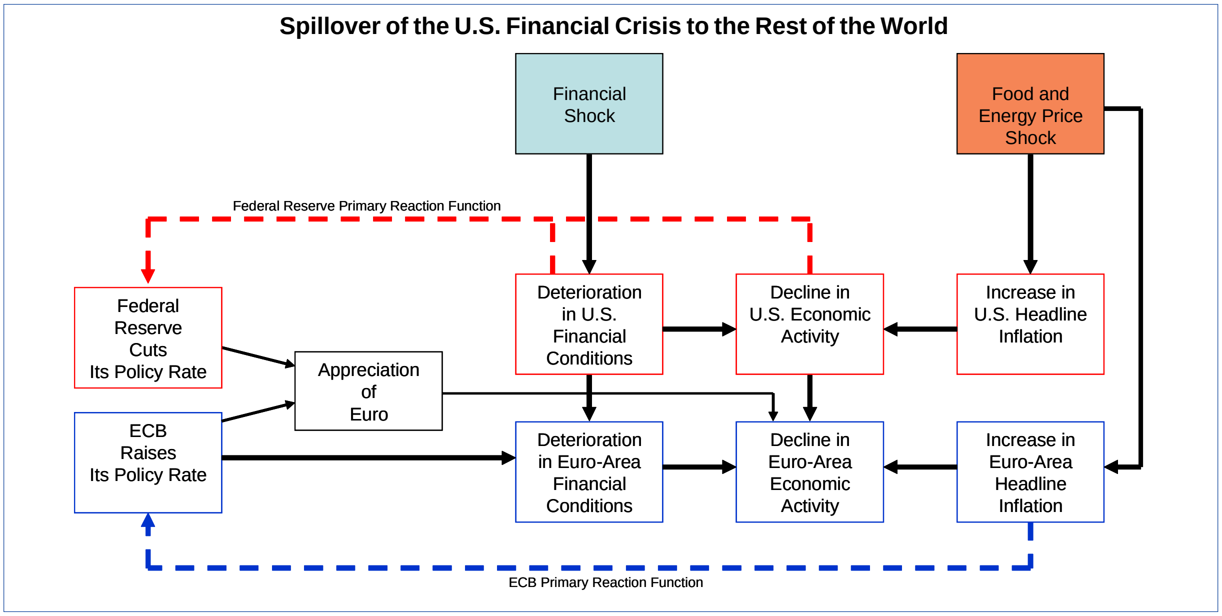
U.S. & Euro-Area Tightening of Bank Lending Standards

(Federal Reserve and ECB Bank Lending Surveys)



Source: Bloomberg

Figure 16



There were also powerful indirect effects on Euro-area financial conditions. For example, as the crisis gathered steam, U.S. banks scrambled to acquire dollars to meet growing liquidity needs. This not only drove U.S. Libor rates higher, but led to higher Euribor rates as well. This occurred as European financial institutions sought to borrow euros and convert those proceeds into dollars in the spot FX market, while simultaneously agreeing to swap those dollars back into euros at a later date. This action had the effect of driving Euribor rates higher. Hence, in highly integrated financial markets, a liquidity shortage in the U.S. rapidly spilled across the Atlantic to become a liquidity shortage in the Euro-area.

As illustrated in Figure 16, the deterioration in financial conditions in both the U.S. and Euro-area has exerted a drag on U.S. and Euro-area growth. But this has not been the only drag. Both the U.S. and Euro-area have had to cope with huge food and energy price shocks that lowered consumers' real spending power and at the same time contributed to higher headline inflation in both regions.

While both the U.S. and the Euro-area were hit by the same shocks, which impeded growth on both sides of the Atlantic, the policy responses in the two regions have differed. The Federal Reserve has a dual policy mandate of promoting price stability and maximum sustainable employment. With these two policy objectives coming into conflict, the Fed chose to place greater weight on promoting growth. The Fed responded aggressively to the deterioration in U.S. financial conditions and weaker growth prospects by cutting the Fed Funds rate sharply, hoping that inflation would come down on its own gradually over time.

The ECB, on the other hand, has only one primary policy objective and that is to promote price stability. With headline inflation running well above the ECB's inflation target, the ECB elected to tighten policy. With the Fed lowering its policy rate and the ECB raising its policy rate, short-term interest-rate spreads widened in favor of the Euro-area and this helped drive the euro higher versus the dollar.

If one considers the effects of the tightening in ECB policy, the stronger euro, the financial sector shock, and the food and energy price shock, it is easy to see why the Euro-area economy is now slowing sharply. In contrast, the weaker dollar and easier Fed policy stance have acted as an offset to the weakness in U.S. financial conditions and the food and energy price shock. Hence, U.S. growth has so far held up better than Euro-area growth.

There is growing evidence that the food and energy price shock is abating, which should be positive for both U.S. and Euro-area growth. The euro's recent decline versus the dollar should also offer some relief to the Euro-area's growth prospects. We believe, however, that the ECB will need to reverse its policy course and lower its policy rate in order to help neutralize the deterioration in Euro-area financial conditions.

Summing up, it appears that what started as a shock in the U.S. subprime mortgage market has not only spilled over into many other sectors of the U.S. financial market, but the initial subprime shock has now spilled over to other markets around the world. Policy responses to the crisis have so far differed, which could have a bearing on which countries will be able to weather the storm, and which ones will not.

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Bloomberg Financial Conditions Index

Bloomberg's composite Financial Conditions Index (BFCIUS Index) tracks the overall stress in the U.S. money market, bond market, and equity market and provides a useful gauge to assess the availability and cost of credit in the U.S. financial market.

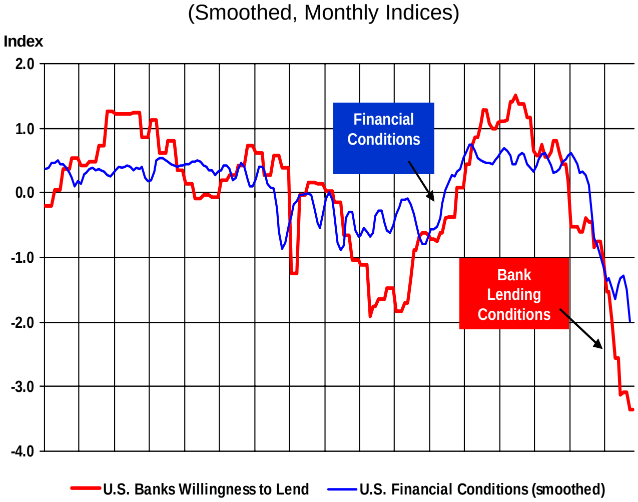
As the chart below shows, U.S. financial conditions are highly positively correlated with the trend in bank-lending conditions reported in the Federal Reserve's Senior Loan Officer Opinion Survey. The Fed's survey is available quarterly, while the Financial Conditions index is updated daily. So assuming that the two time series continue to track each other closely, our composite Financial Conditions Index should give us an early indication of bank-lending conditions, which in turn is a fairly good indicator of U.S. economic growth.

The table below lists the components and weights used to calculate the financial conditions index. The spreads and indices are normalized and combined, and then presented in BFCIUS Index as a z-score (defined as the number of standard deviations that financial conditions lie above or below the average level of financial conditions observed during the January 1992-June 2008 period).

Bloomberg's Financial Conditions Index
(BFCIUS Index, Daily Z-Score Values)

Source: Bloomberg

Bloomberg's Financial Conditions Index and Composite Bank Lending Standards
(Smoothed, Monthly Indices)



Source: Bloomberg

Recent Values of Bloomberg's Financial Conditions Index

	Z-Score
September 12, 2008	-2.95
September 15, 2008	-4.10
September 16, 2008	-4.24
September 17, 2008	-5.45
September 18, 2008	-5.43
September 19, 2008	**-4.63**

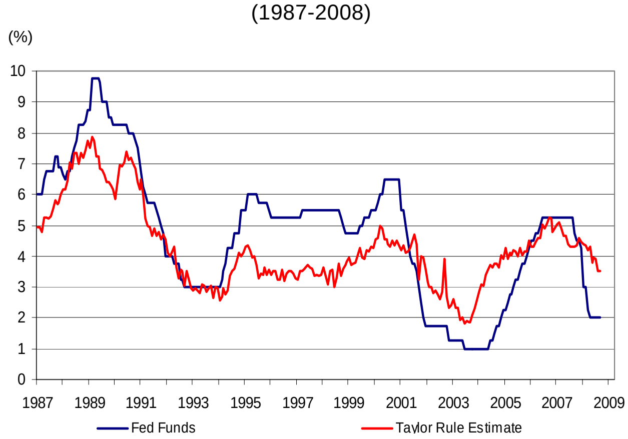
Bloomberg's U.S. Financial Conditions Index Components and Weights

	Index Weight
Money Market	
Ted Spread	11.1%
Commerical Paper/T-Bill Spread	11.1%
Libor-OIS Spread	11.1%
	33.3%
Bond Market	
Investment-Grade Corporate/Treasury Spread	6.7%
Muni/Treasury Spread	6.7%
Swaps/Treasury Spread	6.7%
High Yield/Treasury Spread	6.7%
Agency/Treasury Spread	6.7%
	33.3%
Equity Market	
S&P 500 Share Prices	16.7%
VIX Index	16.7%
	33.3%
Total	**100%**

Source: Bloomberg

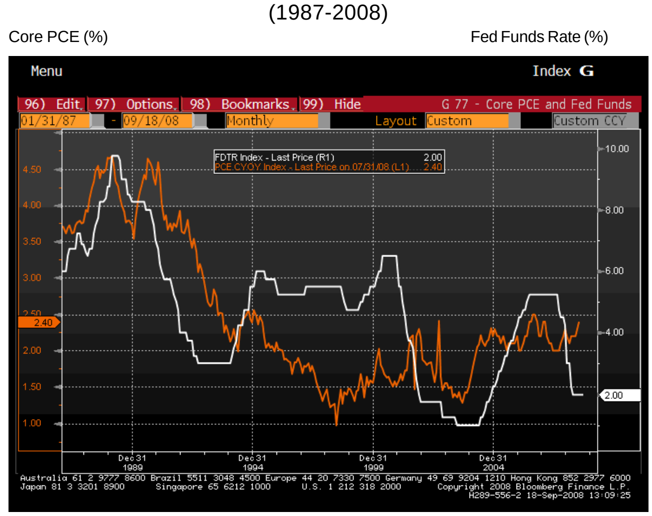
Federal Reserve Policy Watch

Taylor Rule Estimate of the Fed Funds Rate
(1987-2008)



Source: Bloomberg

Core PCE Inflation and the Nominal Fed Funds Rate
(1987-2008)



Fed Funds Rate Outlook Matrix
Taylor Rule Estimates of the Fed Funds Rate at Selected Levels of Inflation and Unemployment

Unemployment Rate

	5.25	5.50	5.75	6.00	6.10	6.25	6.50	6.75	7.00
1.50	3.00	2.75	2.50	2.25	2.15	2.00	1.75	1.50	1.25
1.75	3.38	3.13	2.88	2.63	2.53	2.38	2.13	1.88	1.63
2.00	3.75	3.50	3.25	3.00	2.90	2.75	2.50	2.25	2.00
2.25	4.13	3.88	3.63	3.38	3.28	3.13	2.88	2.63	2.38
Core PCE 2.40	4.35	4.10	3.85	3.60	3.50	3.35	3.10	2.85	2.60
2.50	4.50	4.25	4.00	3.75	3.65	3.50	3.25	3.00	2.75
2.75	4.88	4.63	4.38	4.13	4.03	3.88	3.63	3.38	3.13
3.00	5.25	5.00	4.75	4.50	4.40	4.25	4.00	3.75	3.50
3.25	5.63	5.38	5.13	4.88	4.78	4.63	4.38	4.13	3.88

Source: Bloomberg

U.S. Money-Market

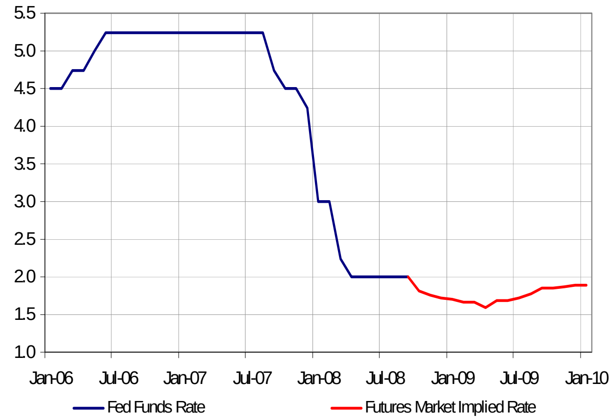
TED Spread

(Three-Month US$ Libor less Three-Month T-Bill Rate)

.TED Index GP <go>

Market Expectations of the Fed Funds Rate

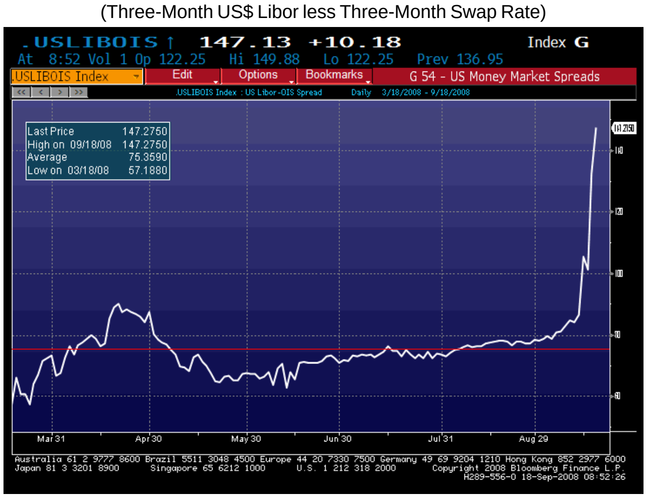
(Actual Fed Funds Rate and the Futures Implied Rate)



FFA Comdty CT <go>

U.S. Libor-OIS Spread

(Three-Month US$ Libor less Three-Month Swap Rate)



.USLIBOIS Index GP <go>

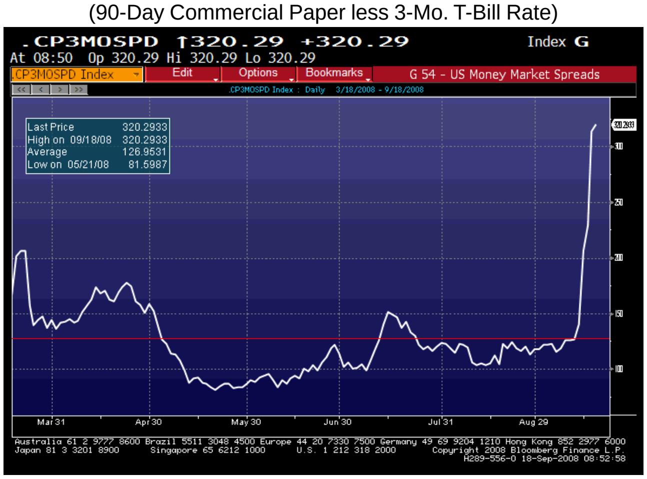
Market Expectations of the Three-Month Euro-$ Rate

(CME 90-Day Euro-$ Futures)

EDA Comdty GP<go>

Commercial Paper/Three-Month T-Bill Spread

(90-Day Commercial Paper less 3-Mo. T-Bill Rate)



.CP3MOSPD Index GP <go>

U.S. Treasury Yield-Curve Spreads

U.S. 2-Year/Fed Funds Rate Spread
(Two-Year Treasury Yield less Fed Funds Rate)

.US02YFED Index GP <go>

U.S. 10-Year/2-Year Spread
(10-Year less Two-Year Treasury Yields)

.US10Y02Y Index GP <go>

U.S. 10-Year/3-Month Spread
(10-Year Treasury Yield less Three-Month T-Bill Rate)

.US10Y03M Index GP <go>

U.S. One-Year Forward Swap Rate in Nine Years' Time
(2005-08)

USFS019 Index <go>

U.S. Real Yields and Inflation Expectations

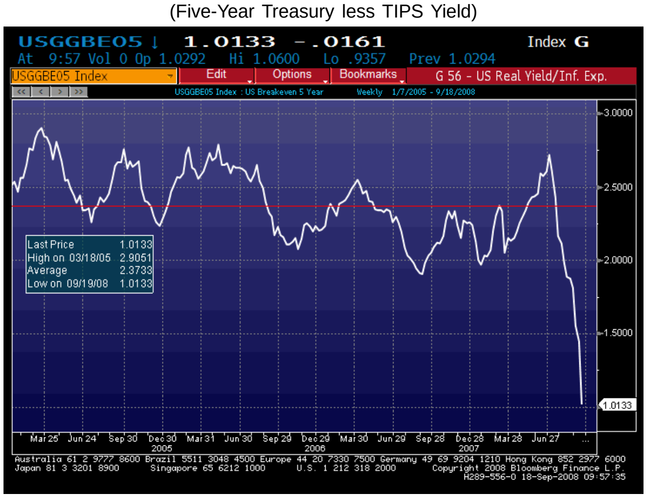
U.S. Five-Year TIPS Yield
(Five-Year Treasury Inflation-Protected Securities)

USGGT05Y Index GP <go>

U.S. 10-Year TIPS Yield
(10-Year Treasury Inflation-Protected Securities)

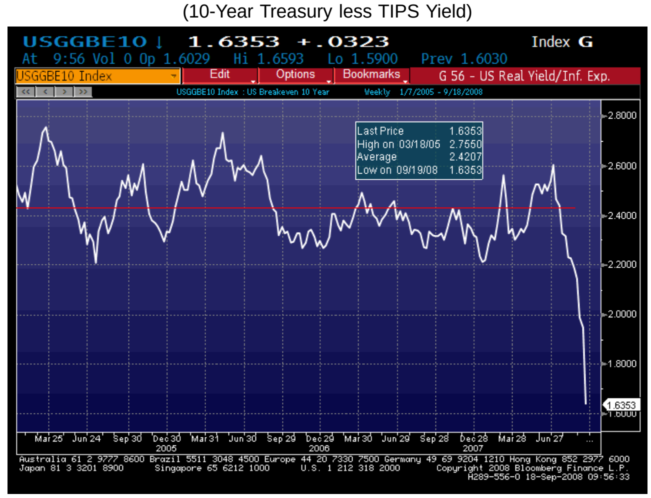
USGGY10Y Index GP <go>

U.S. Five-Year Implied Breakeven Inflation Rate
(Five-Year Treasury less TIPS Yield)



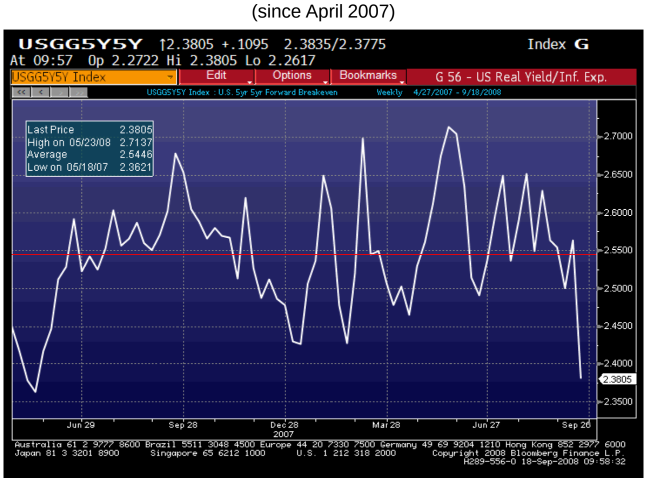
USGGBE05 Index GP <go>

U.S. 10-Year Implied Breakeven Inflation Rate
(10-Year Treasury less TIPS Yield)



USGGBE10 Index GP<go>

U.S. Breakeven 5-Yr. Yield/Inflation Rate in 5-Years' Time
(since April 2007)



USGG5Y5Y Index GP <go>

U.S. Agency-Bond Yield Spreads

U.S. Two-Year Agency Spread
(Two-Year Agency less Two-Year Treasury Yield)

AGGVNT2 Index GP <go>

U.S. 10-Year Agency Spread
(10-Year Agency less 10-Year Treasury Yield))

AGGVNT10 Index GP <go>

U.S. Swap Spreads

U.S. Two-Year Swap Spread
(Two-Year U.S. Swap less Two-Year Treasury Yield)

USSP2 Index GP <go>

U.S. 10-Year Swap Spread
(10-Year U.S. Swap less 10-Year Treasury Yield)

USSP10 Index <go>

U.S. Corporate-Bond Yield Spreads

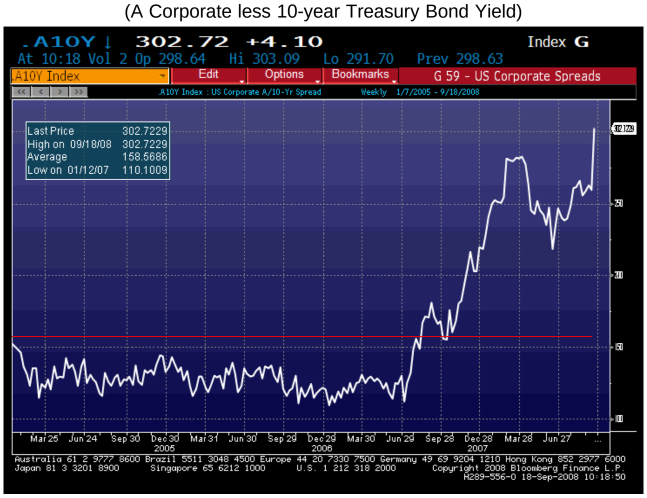
U.S. AAA Corporate Yield Spread
(AAA Corporate less 10-year Treasury Bond Yield)

.AAA10Y Index GP <go>

U.S. AA Corporate Yield Spread
(AA Corporate less 10-year Treasury Bond Yield)

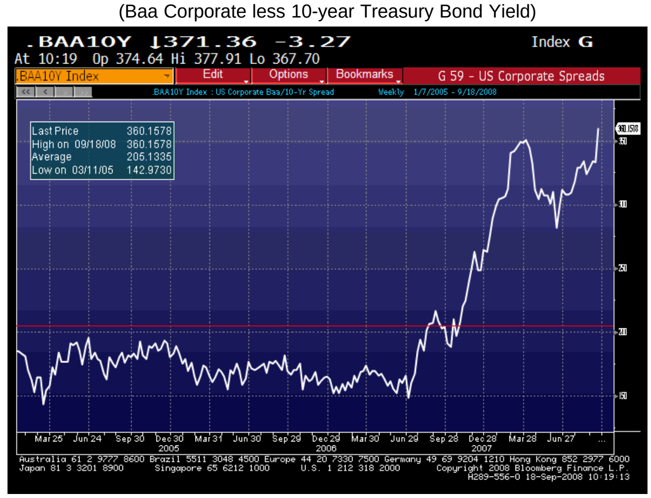
.AA10Y Index GP <go>

U.S. A Corporate Yield Spread
(A Corporate less 10-year Treasury Bond Yield)



.A10Y Index GP <go>

U.S. Baa Corporate Yield Spread
(Baa Corporate less 10-year Treasury Bond Yield)



.BAA10Y Index GP<go>

U.S. Credit Default Swaps

IBOX North American Five-Year Investment-Grade Index

(since October 4, 2005)

IBOXUMAE Index GP <go>

IBOX North American Crossover Index

(since September 22, 2006)

IBOXUXAE Index GP <go>

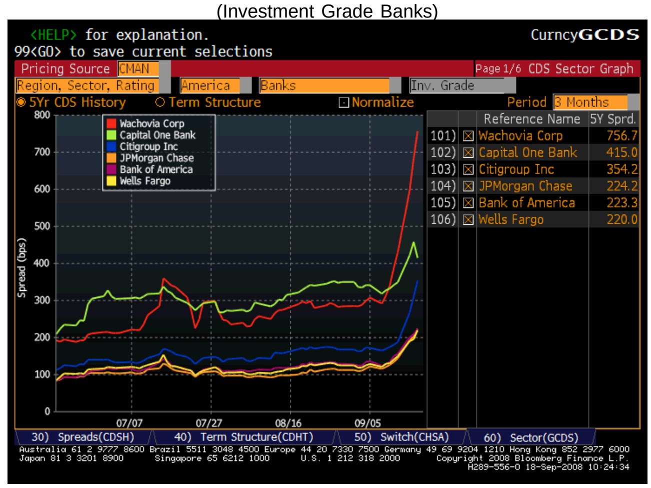
IBOX North American High-Yield Index

(since September 22, 2006)

IBOXHYSE Index GP <go>

CDS Banking Sector

(Investment Grade Banks)

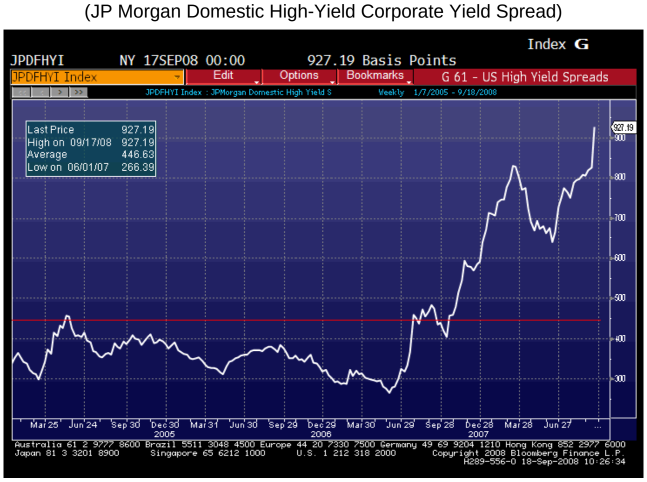


GCDS <go>

U.S. High-Yield Spreads

U.S. High-Yield Corporate Spread

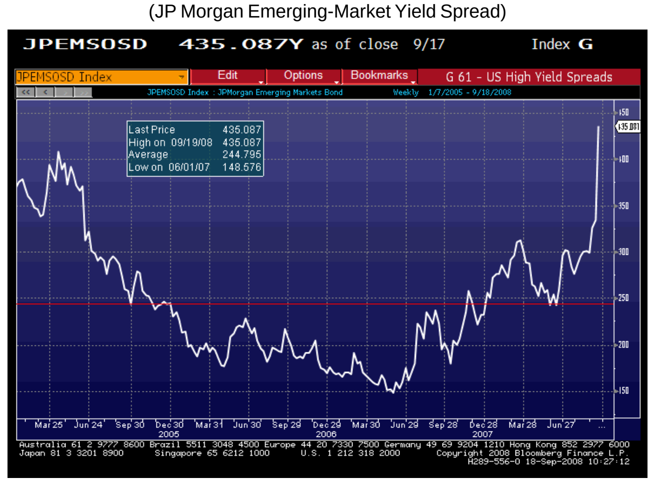
(JP Morgan Domestic High-Yield Corporate Yield Spread)



JPDFHYI Index GP <go>

EMBI+ Spread

(JP Morgan Emerging-Market Yield Spread)



JPEMSOSD Index GP <go>

U.S. Municipal-Bond Yield Spreads

U.S. AAA Muni Bond Spread
(AAA Muni less 10-Year Treasury Yield)

.MAAA10YIndex GP <go>

U.S. AA Muni Bond Spread
(AA Muni less 10-Year Treasury Yield)

.MAA10Y Index <go>

U.S. A Muni Bond Spread
(A Muni less 10-Year Treasury Yield)

.MA10YIndex GP <go>

U.S. Baa Muni Bond Spread
(Baa Muni less 10-Year Treasury Yield)

.MBAA10Y Index <go>

U.S. Equity Market — Trend, Volatility, and Valuation

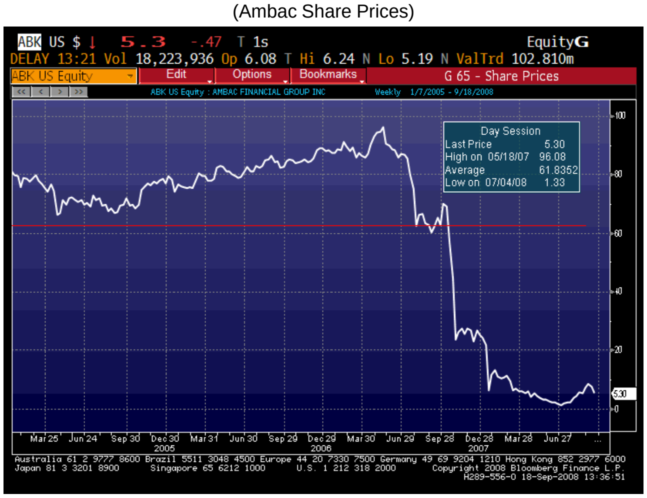
S&P 500 Index
(since January 2005)

SPX Index GP <go>

S&P Financials Index
(since January 2005)

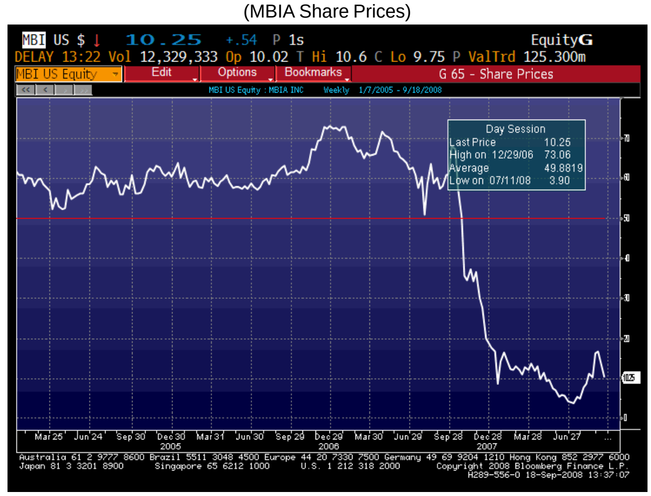
SPF Index GP <go>

U.S. Financial Monolines — Ambac
(Ambac Share Prices)



ABK Index GP <go>

U.S. Financial Monolines — MBIA
(MBIA Share Prices)



MBI Index GP<go>

U.S. Equity Market Volatility
(VIX Index of S&P 500 Volatility)

VIX Index GP <go>

S&P 500 Price/Earnings Ratio
(since January 2005)

USPESPPE Index GP <go>

Fixed Income and FX Market Volatility

Move Index

(Merrill Lynch One-Month Treaury Options Volatility Index)

MOVE GP <go>

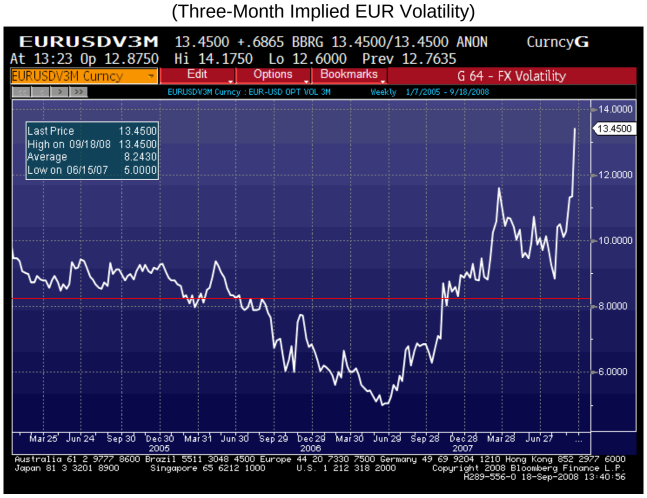
Lehman Brothers Swaption Volatility Index

(Implied Basis Point Volatility of Liquid Swaptions)

LBPX Index GP <go>

Euro-Dollar Volatility

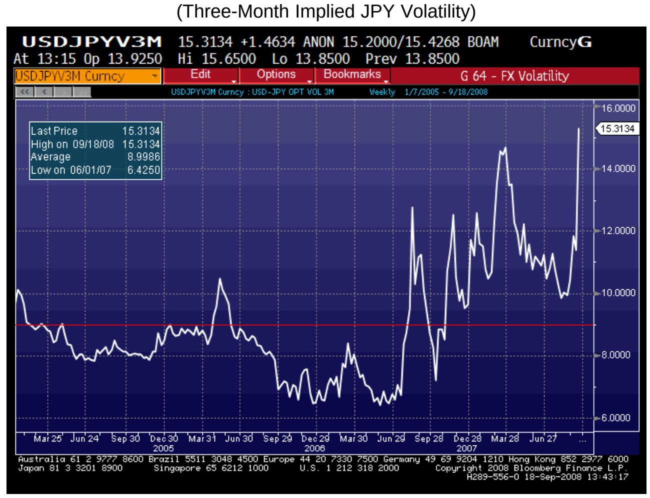
(Three-Month Implied EUR Volatility)



EURUSDV3M Index GP <go>

Dollar-Yen Volatility

(Three-Month Implied JPY Volatility)



USDJPYV3M Index GP<go>

U.S. Fed Senior Loan Officer Survey

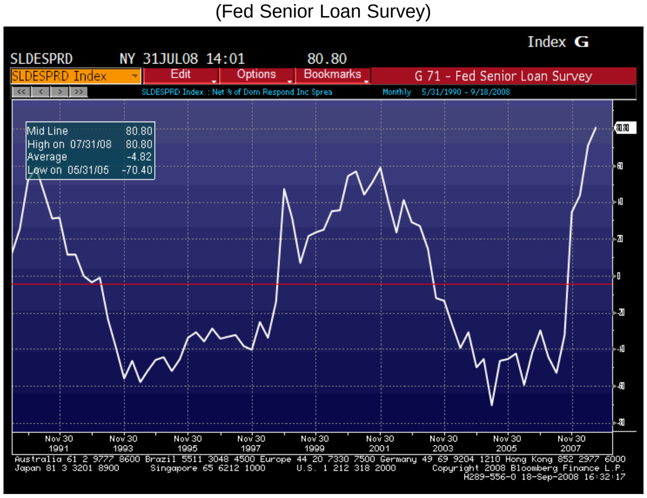
U.S. Banks Tighter Standards for C&I Loans to Large Firms
(Fed Senior Loan Survey)

SLDETIGT Index GP <go>

U.S. Banks Willingness to Lend to Consumers
(Fed Senior Loan Survey)

SLDECON Index GP <go>

U.S. Increasing Loan Rates for C&I Loans to Large Firms
(Fed Senior Loan Survey)

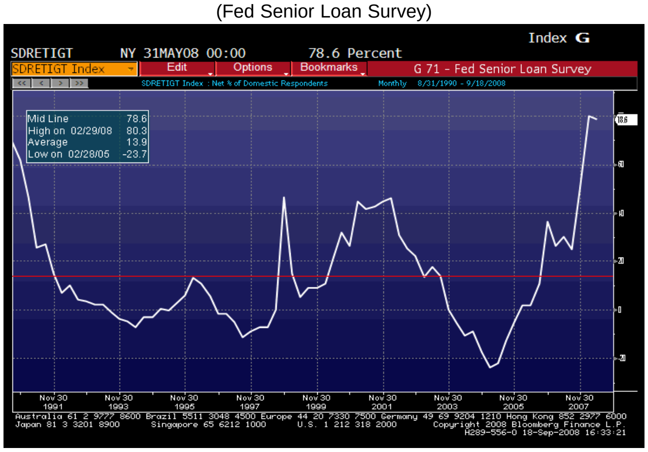


SLDESPRD Index GP<go>

U.S. Banks Tighter Standards for Mortgage Lending
(Fed Senior Loan Survey)

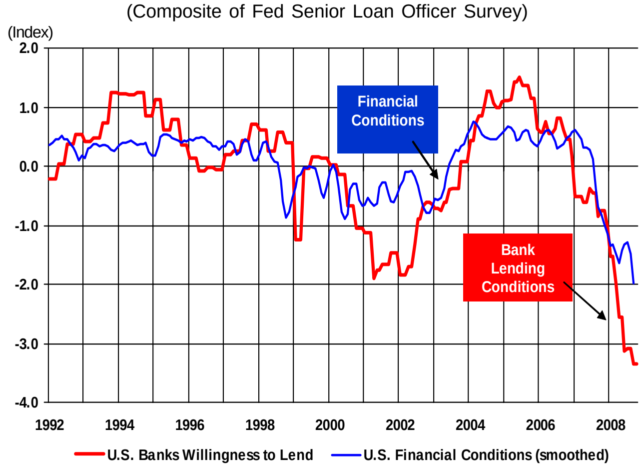
SDRMTGTA Index GP <go>

U.S. Banks Tighter Standards for Commercial Real Estate Loans
(Fed Senior Loan Survey)



SLRETIGT Index GP <go>

Financial Conditions Index & Bank Lending Standards
(Composite of Fed Senior Loan Officer Survey)



Source: Bloomberg

U.S. Money Supply Growth and Velocity

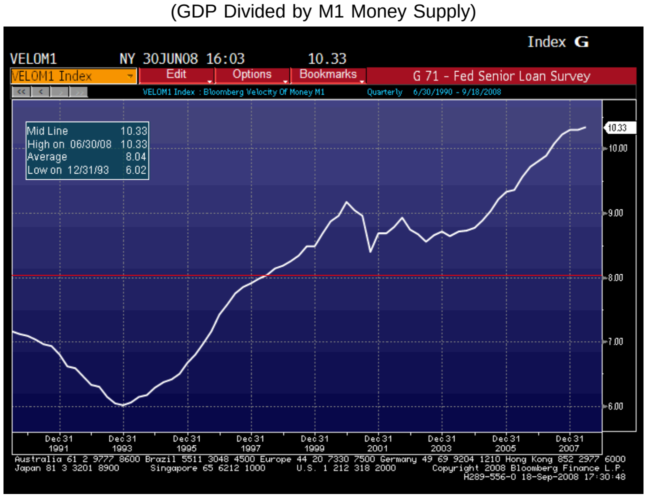
U.S. M1 Money Supply
(Year-over-Year % Change)

M1% YOY Index GP <go>

U.S. M2 Money Supply
(Year-over-Year % Change)

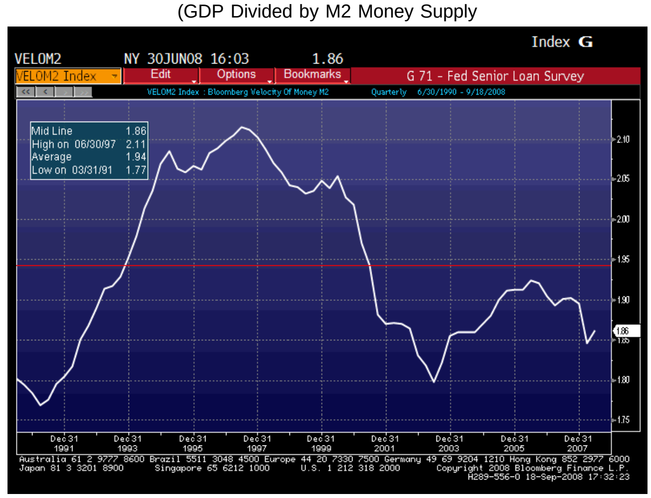
M2% YOY Index GP <go>

U.S. Velocity of M1 Money
(GDP Divided by M1 Money Supply)



VELOM1 Index GP <go>

U.S. Velocity of M2 Money
(GDP Divided by M2 Money Supply



VELOM2 Index GP <go>

U.S. Economic Indicator Watch

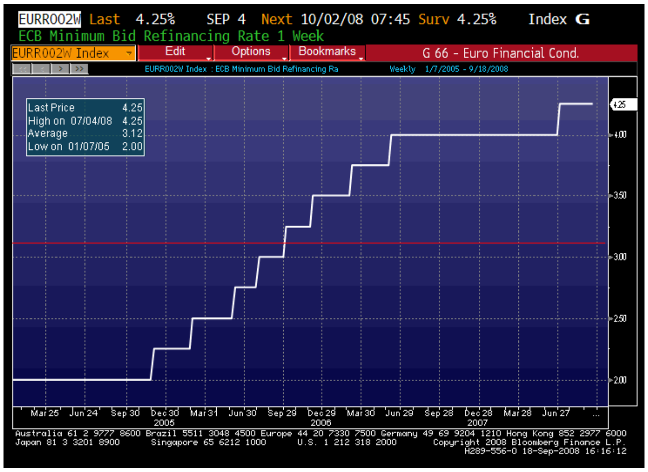
United States	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
National Accounts													
Real GDP (qoq % saar)	4.8	--	--	-0.2	--	--	0.9	--	--		--	--	
Real GDP (yoy %)	2.8	--	--	2.3	--	--	2.5	--	--		--	--	
Nominal GDP (US$ bn)	13951	--	--	14031	--	--	14151	--	--		--	--	
Personal Consumption (yoy %)	2.0	--	--	1.0	--	--	0.9	--	--		--	--	
Private Investment (yoy %)	3.5	--	--	-11.9	--	--	-5.8	--	--		--	--	
Gov't Spending (yoy %)	3.8	--	--	0.8	--	--	1.9	--	--		--	--	
Inventories (change) (US$ bn)	23.0	--	--	-21.1	--	--	-25.6	--	--		--	--	
GDP Price Deflator (qoq % saar)	1.5	--	--	2.8	--	--	2.6	--	--		--	--	
Core PCE Deflator (qoq % saar)	2.1	--	--	2.5	--	--	2.3	--	--		--	--	
Consumer Prices													
Consumer Price Index (yoy %)	2.8	3.5	4.3	4.1	4.3	4.0	4.0	3.9	4.2	5.0	5.6	5.4	
CPI less Food & Energy (yoy %)	2.1	2.2	2.3	2.4	2.5	2.3	2.4	2.3	2.3	2.4	2.5	2.5	
PCE Price Index (yoy %)	2.6	3.1	3.7	3.5	3.6	3.5	3.4	3.4	3.5	4.0	4.5		
Core PCE Index (yoy %)	2.0	2.1	2.2	2.3	2.2	2.1	2.2	2.2	2.2	2.3	2.4		
Consumer Price Index (mom %)	0.4	0.3	0.9	0.4	0.4	0.0	0.3	0.2	0.6	1.1	0.8	-0.1	
CPI less Food & Energy (mom %)	0.2	0.2	0.2	0.2	0.3	0.0	0.2	0.1	0.2	0.3	0.3	0.2	
Producer Prices													
PPI (Finished Goods) (yoy %)	4.4	6.1	7.3	6.2	7.4	6.5	6.7	6.4	7.2	9.2	9.8	9.6	
PPI (Intermediate Goods) (yoy %)	4.1	5.7	7.9	7.1	8.9	9.0	10.7	10.8	12.6	14.5	16.6	16.7	
PPI (Crude Materials) (yoy %)	11.3	26.8	20.9	19.8	30.8	24.6	29.7	34.5	41.5	45.5	51.2	38.1	
PPI ex-Food & Energy (yoy %)	2.0	2.6	2.1	2.0	2.4	2.4	2.5	2.9	3.0	3.0	3.5	3.6	
Producer Price Index (mom %)	0.5	0.5	2.6	-0.5	1.2	0.3	0.9	0.3	1.4	1.8	1.2	-0.9	
PPI ex-Food & Energy (mom %)	0.1	0.1	0.3	0.1	0.6	0.4	0.1	0.5	0.3	0.2	0.7	0.2	
Labor Market													
Unemployment Rate (%)	4.7	4.8	4.7	5.0	4.9	4.8	5.1	5.0	5.5	5.5	5.7	6.1	
Initial Jobless Claims (Weekly Avg)	319	330	340	345	334	346	375	364	369	391	393	440	445
Continuing Claims (Weekly Avg)	2553	2571	2623	2694	2723	2780	2906	3002	3099	3126	3198	3431	3473
Chg. in NonFarm Payrolls (mom 000)	81	140	60	41	-76	-83	-88	-67	-47	-100	-60	-84	
Chg. in Mfg. Payrolls (mom 000)	-22.0	-25.0	-3.0	-22.0	-35.0	-47.0	-46.0	-52.0	-21.0	-44.0	-38.0	-61.0	
Average Weekly Hours	33.8	33.8	33.8	33.8	33.7	33.7	33.8	33.8	33.7	33.7	33.7	33.7	
Employment/Population Ratio	62.9	62.7	63.0	62.7	62.9	62.7	62.6	62.7	62.6	62.4	62.4	62.1	
Non-Farm Payroll Diffusion Index	54.6	54.6	48.5	45.4	45.4	41.4	47.4	45.6	46.4	42.3	41.4	48.9	
Household Employment													
Job Openings Rate (yoy %)	2.9	2.8	2.8	2.8	2.7	2.7	2.6	2.6	2.6	2.5	2.4		
Job Hires (yoy %)	3.4	3.6	3.4	3.4	3.4	3.3	3.3	3.4	3.0	3.2	3.0		
Job Separations (yoy %)	3.2	3.3	3.4	3.2	3.2	3.3	3.2	3.2	3.1	3.2	3.1		
Help Wanted Index	24	22	21	22	22	21	19	18	17				
Challenger Job Cut Announcements (yoy %)	-28.5	-8.8	-4.7	-18.7	19.1	-14.2	9.4	27.4	45.6	46.7	140.8	11.7	
ADP Employment Change (mom 000)	73	110	185	42	119	-18	3	13	25	-77	1	-33	
Avg. Hourly Earnings (yoy %)	4.1	3.8	3.8	3.7	3.7	3.7	3.7	3.5	3.5	3.4	3.4	3.6	
Avg. Hourly Earnings (mom %)	0.3	0.1	0.3	0.3	0.3	0.3	0.3	0.1	0.3	0.3	0.4	0.4	
Employment Cost Index (yoy %)	3.3	--	--	3.3	--	--	3.3	--	--		--	--	
Unit Labor Costs (qoq % saar)	-2.4	--	--	4.5	--	--	1.2	--	--		--	--	
Non-Farm Productivity (qoq %)	5.8	--	--	0.8	--	--	2.6	--	--		--	--	
Economic Activity													
Industrial Production (yoy %)	0.3	-0.4	0.4	0.1	0.2	-0.3	-0.2	-0.5	-0.1	0.2	0.1	-1.1	
Capacity Utilization (%)	81.3	80.8	81.1	81.0	81.0	80.3	80.4	79.9	79.7	79.7	79.7	78.7	
Factory Orders (mom %)	-0.3	1.1	1.8	1.9	-2.4	-0.4	1.5	1.3	0.9	2.1	1.3		
Durable Goods Orders (mom %)	-1.5	0.1	-0.3	4.1	-4.7	1.1	-0.2	-1.0	0.1	1.4	1.3		
Business Inventories (mom %)	0.5	0.2	0.4	0.6	1.0	0.4	0.2	0.5	0.4	0.8	1.1		
Wholesale Inventories (mom %)	0.8	0.0	0.7	1.0	1.3	0.9	0.1	1.4	0.9	0.9	1.4		
NBER Business Cycle Indicators													
Real Personal Income (index)	8505	8508	8499	8495	8466	8465	8465.6	8454.6	8442.4	8401.9	8387.0		
Non-Farm Employment (000s)	137837	137977	138037	138078	138002	137919	137831	137764	137717	137617	137557	137473	
Industrial Production (index)	112.3	111.8	112.3	112.4	112.6	112.3	112.0	111.4	111.3	111.5	111.6	110.3	
Real Mfg. & Trade Sales (mn)	973028	979520	973785	963243	968367	954429	954909	965568	962889.0	960322.0	960322.0	960322.0	
Business Conditions													
ISM Composite Index	50.5	50.4	50.0	48.4	50.7	48.3	48.6	48.6	49.6	50.2	50.0	49.9	
ISM Prices Paid Index	59.0	63.0	67.5	68.0	76.0	75.5	83.5	84.5	87.0	91.5	88.5	77.0	
Philly Fed Business Conditions Index	9.2	8.4	7.5	-1.6	-20.9	-24.0	-17.4	-24.9	-15.6	-17.1	-16.3	-12.7	
Empire Mfg. Business Conditions Index	15.9	27.3	24.1	9.8	9.0	-11.7	-22.2	0.6	-3.2	-8.7	-4.9	2.8	
Richmond Fed Mfg. Index	14.0	-5.0	0.0	-4.0	-8.0	-5.0	6.0	0.0	-3.0	-12.0	-16.0	-16.0	
Chicago Purchasing Managers Index	53.2	50.9	53.6	56.4	51.5	44.5	48.2	48.3	49.1	49.6	50.8	57.9	
Milwaukee Purchasing Managers Index	70.0	63.0	60.0	62.0	58.0	53.0	47.0	48.0	45.0	39.0	44.0	43.0	
Fed Senior Loan Officer Survey													
Tighter Standards for C&I Loans for Large Fi	--	19.2	--	--	32.2	--	--	55.4	--	--	57.6	--	--
Tighter Standards for C&I Loans for Small Fi	--	9.6	--	--	30.4	--	--	51.8	--	--	65.3	--	--
Increasing Loan Rates over Cost of Funds to	--	34.6	--	--	43.6	--	--	71.0	--	--	80.8	--	--
Increasing Loan Rates over Cost of Funds to	--	21.1	--	--	40.1	--	--	63.6	--	--	71.1	--	--
Stronger Demand for C&I Loans by Large Fir	--	-17.3	--	--	-16.4	--	--	0.0	--	--	-3.8	--	--
Stronger Demand for C&I Loans by Small Fir	--	-7.7	--	--	-23.6	--	--	-16.1	--	--	-15.4	--	--
Stronger Demand for Consumer Loans Repo	--	-26.5	--	--	-35.8	--	--	-18.1	--	--	-30.0	--	--
More Willingness to Lend to Consumers Rep	--	-4.0	--	--	-15.1	--	--	-22.6	--	--	-34.0	--	--

United States	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Leading Indicators													
OECD Leading Indicator for U.S. (index)	106.9	106.6	105.9	105.4	104.9	104.7	104.1	104.1	104.1	104.1	104.0		
OECD Leading Indicator for U.S. (6-mo %)	0.2	-0.4	-1.8	-2.6	-3.3	-3.5	-4.3	-4.0	-3.5	-3.0	-2.7		
Conference Board Leading Indicator (index)	103.7	103.2	102.8	102.6	102.1	101.9	101.9	102.0	101.9	102.0	101.3	100.8	
Conf. Board Lead. Ind. (yoy %)	0.0	-0.7	-1.0	-1.7	-1.8	-1.7	-2.1	-1.8	-2.0	-1.8	-3.2	-2.7	
Conf. Board Lead. Ind. (mom %)	0.1	-0.5	-0.4	-0.2	-0.1	-0.2	0.0	0.1	-0.1	0.1	-0.7	-0.5	
Leading Indicator Components													
Average Work Week (hours)	41.4	41.2	41.3	41.1	41.1	41.1	41.2	41.0	41.0	41.0	41.0	40.9	
Jobless Claims (000)	318.4	330.0	340.1	344.6	339.2	346.0	374.8	367.3	369.0	390.5	420.1	439.9	
New Orders -- Consumers (index)	141.9	142.7	141.2	143.6	141.0	139.3	138.2	136.7	134.6	136.3	135.3	135.5	
Vendor Delivery Performance (index)	51.7	50.7	51.5	52.6	52.8	50.1	53.6	54.0	53.7	55.1	55.1	50.3	
New Orders -- Capital (index)	50.1	48.8	51.2	52.1	48.5	49.1	49.8	48.3	48.2	47.0	49.6	48.4	
Buidling Permits (000)	1261	1182	1187	1111	1052	981	932	982	978	1138	937	854	
Stock Prices (index)	1497	1540	1463	1479	1379	1355	1317	1370	1403	1341	1257	1281	
M2 Money Supply (index)	6221	6224	6209	6219	6231	6311	6356	6354	6333	6285	6277	6269	
Yield Curve Spread (%)	-0.4	-0.2	-0.3	-0.1	-0.2	0.8	0.9	1.4	1.9	2.1	2.0	1.9	
Consumer Expectations (index)	74.1	70.1	66.2	65.6	68.1	62.4	60.1	53.3	51.1	49.2	53.5	57.9	
Housing Market													
Housing Starts (000)	1185	1275	1179	1000	1064	1107	988	1004	982	1089	954	895	
Building Permits (000)	1277	1182	1187	1111	1052	981	932	982	978	1138	937	854	
New Home Sales (000)	694	723	629	600	597	572	513	542	514	503	515		
Existing Home Sales (mn)	5.1	5.1	5.0	4.9	4.9	5.0	4.9	4.9	5.0	4.9	5.0		
Existing Home Sales (mom %)	-7.1	-1.0	-0.8	-2.2	-0.4	2.9	-1.8	-1.0	2.0	-2.8	3.1		
Pending Home Sales (mom %)	2.4	2.2	-3.1	-1.2	0.3	-2.8	-1.0	7.1	-4.9	5.8	-3.2		
NAHB Housing Market Index	20	19	19	18	19	20	20	20	19	18	16	16	
MBA Mortgage Applications (avg weekly % c	0.6	1.7	4.8	-9.1	19.1	-10.2	3.7	-4.4	-6.2	-0.9	-2.8	1.3	12.7
Mortgage Delinquencies (% of Total Loans)	5.6	--	--	5.8	--	--	6.4	--	--	6.4	--	--	
S&P/Case-Shiller Composite Home Price Inc	-4.9	-6.1	-7.7	-9.0	-10.7	-12.7	-14.3	-15.2	-15.8	-15.9			
Retail Sales													
Retail Sales (yoy %)	0.6	0.2	1.2	-0.4	0.3	-0.6	0.2	-0.2	1.0	0.1	-0.5	-0.3	
Retail Sales less Autos (yoy %)	0.4	0.2	1.9	-0.8	0.6	-0.2	0.8	1.0	1.2	0.7	0.3	-0.7	
ICSC Chain Store Sales (yoy %)	1.7	1.6	3.5	0.7	0.5	1.9	-0.5	3.5	2.9	4.2	2.5	1.7	
Total Vehicle Sales (mn)	16.2	16.1	16.2	16.3	15.2	15.3	15.1	14.4	14.3	13.6	12.5	13.7	
Domestic Vehicle Sales (mn)	12.5	12.2	12.4	12.5	11.7	11.7	11.1	10.6	10.5	9.9	9.1	10.4	
Consumer Confidence													
Conference Board Index	99.5	95.2	87.8	90.6	87.3	76.4	65.9	62.8	58.1	51.0	51.9	56.9	
U. of Michigan Confidence Index	83.4	80.9	76.1	75.5	78.4	70.8	69.5	62.6	59.8	56.4	61.2	63.0	
ABC Consumer Confidence Index	-11.0	-15.0	-21.0	-20.0	-27.0	-37.0	-33.0	-41.0	-51.0	-43.0	-47.0	-50.0	
Personal Sector													
Personal Income (yoy %)	6.1	6.0	5.9	5.4	4.7	4.1	3.9	4.2	5.8	5.5	4.2		
Personal Income (mom %)	0.5	0.3	0.4	0.4	0.1	0.2	0.4	0.2	1.8	0.1	-0.7		
Pesonal Expenditure (yoy %)	3.2	2.7	2.8	2.2	1.4	1.2	1.5	1.4	1.5	1.3	0.7		
Pesonal Expenditure (mom %)	0.0	-0.1	0.4	-0.1	0.1	-0.2	0.3	0.1	0.3	-0.1	-0.4		
Personal Savings Rate (%)	0.6	0.7	0.1	0.4	0.1	0.3	0.2	0.2	4.9	2.5	1.2		
Consumer Credit (Net Change) (US$ bn)	13.2	7.9	13.1	4.0	9.1	11.3	12.6	10.3	7.1	11.0	4.6		
External Sector													
Current Account Bal. (US$ bn)	-173.0	--	--	-167.2	--	--	-175.6	--	--	-183.2	--	--	
Trade Balance (US$ bn)	-55.5	-56.3	-59.9	-57.6	-58.7	-61.4	-57.0	-61.5	-60.2	-58.8	-62.2		
Exports (yoy %)	15.1	14.7	14.1	14.6	17.1	20.9	15.7	19.6	18.2	19.9	20.1		
Imports (yoy %)	5.5	9.3	11.4	8.5	11.4	15.2	7.6	13.6	12.5	13.7	16.8		
Import Price Index (yoy %)	4.8	9.1	12.0	10.6	13.6	13.5	15.2	16.9	19.1	21.3	20.1	16.0	
Import Price Index (mom %)	0.6	1.5	3.2	-0.2	1.5	0.2	3.1	2.8	2.8	3.1	0.2	-3.7	
Net Long-Term TIC Flows (US$ bn)	13.9	128.9	90.3	54.9	60.5	62.1	77.1	116.1	83.2	53.4	6.1		
Total Net TIC Flows (US$ bn)	-29.0	102.6	136.3	82.4	34.9	47.0	-52.9	112.9	-4.1	59.9	-74.8		
Government Sector													
Gov't Surplus/Deficit (US$ bn)	111.6	-55.6	-98.2	48.3	17.8	-175.6	-48.2	159.3	-165.9	50.7	-102.8	-111.9	
Monetary Sector													
M1 Money Supply (yoy %)	0.4	0.1	-0.4	0.0	-0.4	0.4	0.4	-0.5	-0.6	1.5	2.4	1.6	
M2 Money Supply (yoy %)	6.5	6.0	5.9	5.7	5.6	6.7	7.0	6.5	6.4	6.1	6.3	5.4	
M3 Money Supply (yoy %) (disc.)													
Financial Indicators													
Fed Funds Rate (%)	4.75	4.50	4.50	4.25	3.00	3.00	2.25	2.00	2.00	2.00	2.00	2.00	
3-Month T-Bill Rate (%)	3.80	3.91	3.14	3.24	1.94	1.84	1.32	1.38	1.88	1.73	1.66	1.71	
10-Year Treasury Yield (%)	4.59	4.47	3.94	4.02	3.59	3.51	3.41	3.73	4.06	3.97	3.95	3.81	
Stock Prices Index (S&P 500)	1527	1549	1481	1468	1379	1331	1323	1386	1400	1280	1267	1283	
US$ Major Currency Index	75.9	73.9	72.2	73.7	73.1	72.6	70.3	70.5	70.7	71.4	70.9	74.1	

Source: Bloomberg

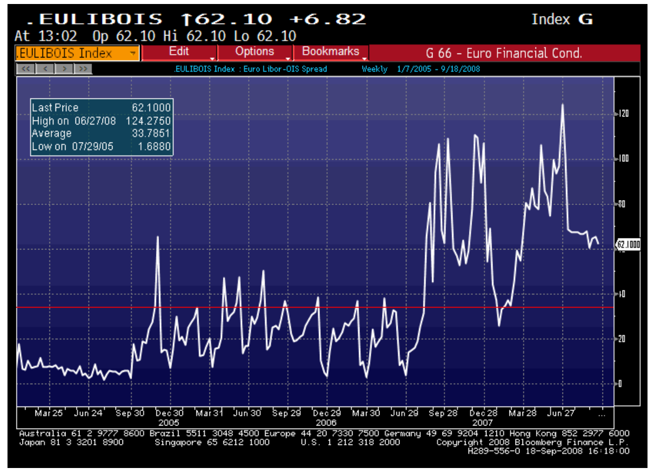
Euro-Area Financial Conditions

ECB Policy Rate
(ECB Refinancing Rate)



EURR002W Index GP <go>

EUIBOR-OIS Spread
(Three-Month Euribor Rate less Effective Overnight Swap Rate)

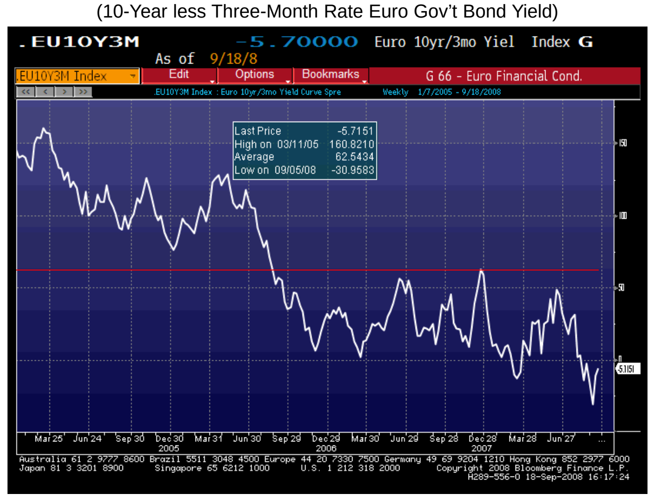


.EULIBOIS Index GP <go>

Euro-Area Equity Prices
(Dow-Jones Euro Stoxx Index)

SX5E Index GP <go>

Euro-Area Yield-Curve Spread
(10-Year less Three-Month Rate Euro Gov't Bond Yield)



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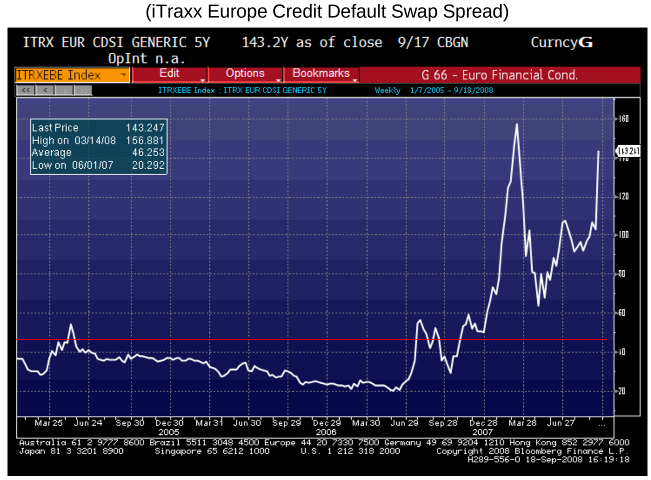
Euro 10-Year Swap Spreads

EUSS10 Index GP <go>

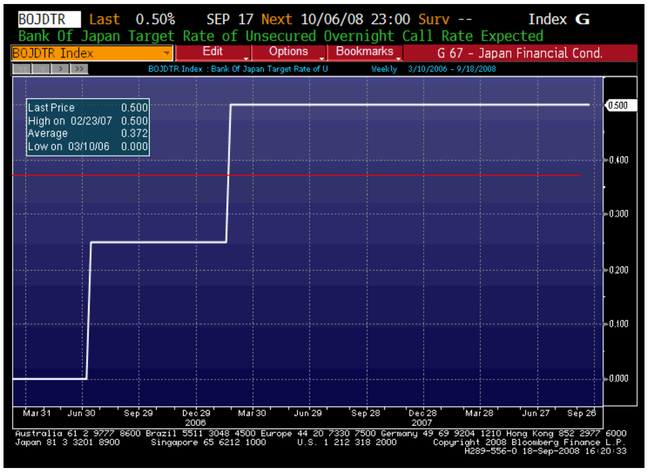
Europe Credit Default Swap Spreads
(iTraxx Europe Credit Default Swap Spread)



ITRXEBE Index GP<go>

Japan's Financial Conditions

Bank of Japan Policy Rate
(BoJ Overnight Call Target Rate)



BOJDTR Index GP <go>

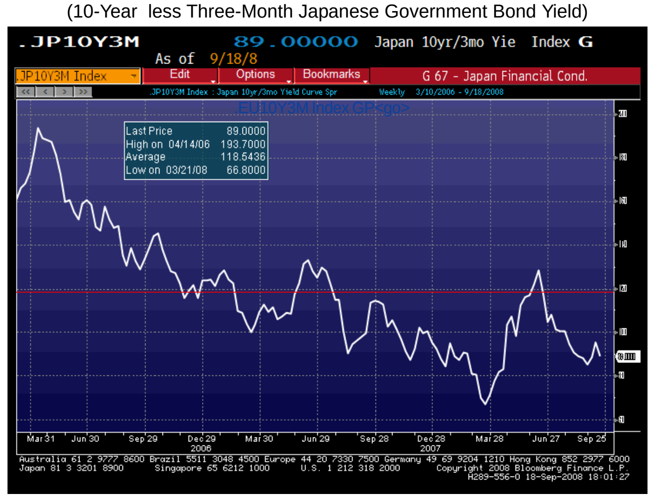
TIBOR-OIS Spread
(Three-Month Tibor Rate less Effective Overnight Swap Rate)

.JPLIBOISIndex GP<go>

Japanese Equity Prices
(Tokyo Stock Price/TOPIX Index)

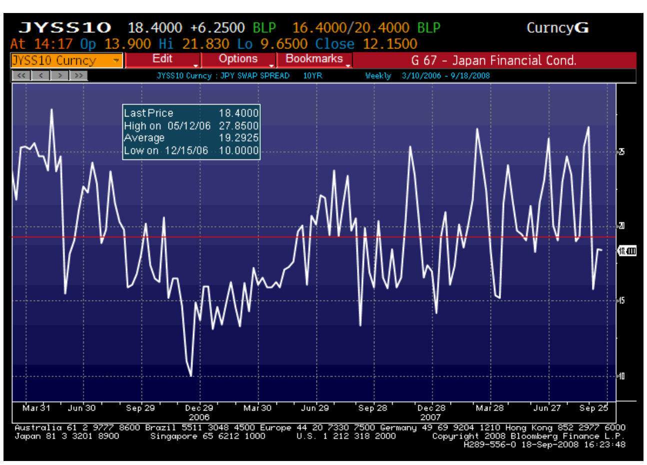
TPX Index GP <go>

Japan's Yield-Curve Spread
(10-Year less Three-Month Japanese Government Bond Yield)



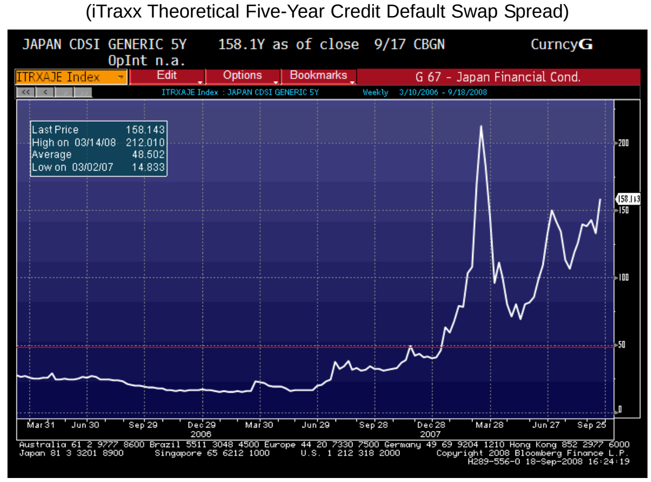
.JP10Y3M Index GP<go>

Japan 10-Year Swap Spreads



JYSS10 Index GP <go>

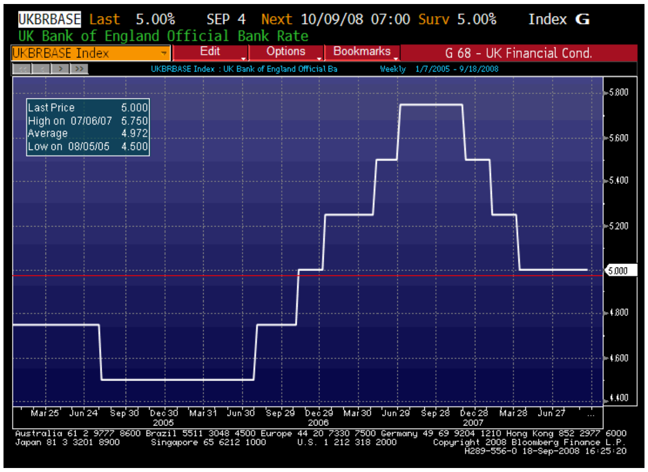
Japan Credit Default Swap Spreads
(iTraxx Theoretical Five-Year Credit Default Swap Spread)



ITRXAJE Index GP<go>

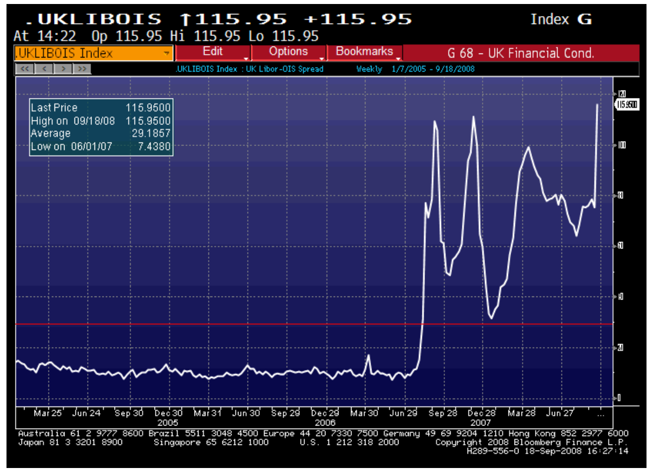
U.K. Financial Conditions

Bank of England Policy Rate
(BoE Base Rate)



UKBRBASE Index GP <go>

UK Libor-OIS Spread
(Three-Month Libor Rate less Effective Overnight Rate)

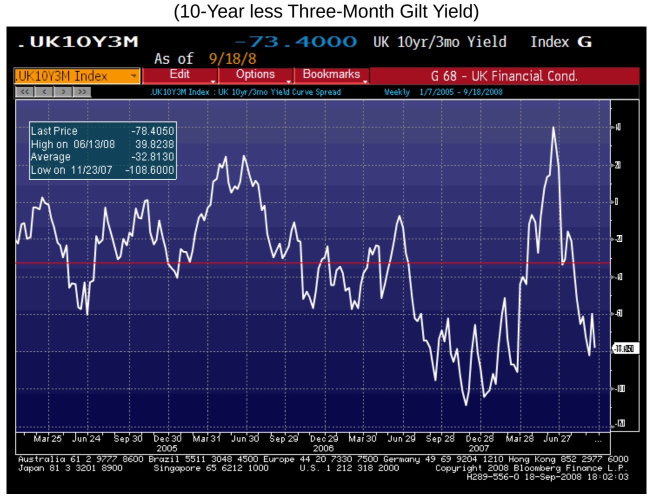


.UKLIBOIS Index GP<go>

UK Equity Prices
(FTSE 100 Share Price Index)

UKX Index GP <go>

U.K. Yield-Curve Spread
(10-Year less Three-Month Gilt Yield)



.UK10Y3M Index GP<go>

U.K. 10-Year Swap Spreads

BPSS10 Index GP <go>