

What the Fed Did and Why

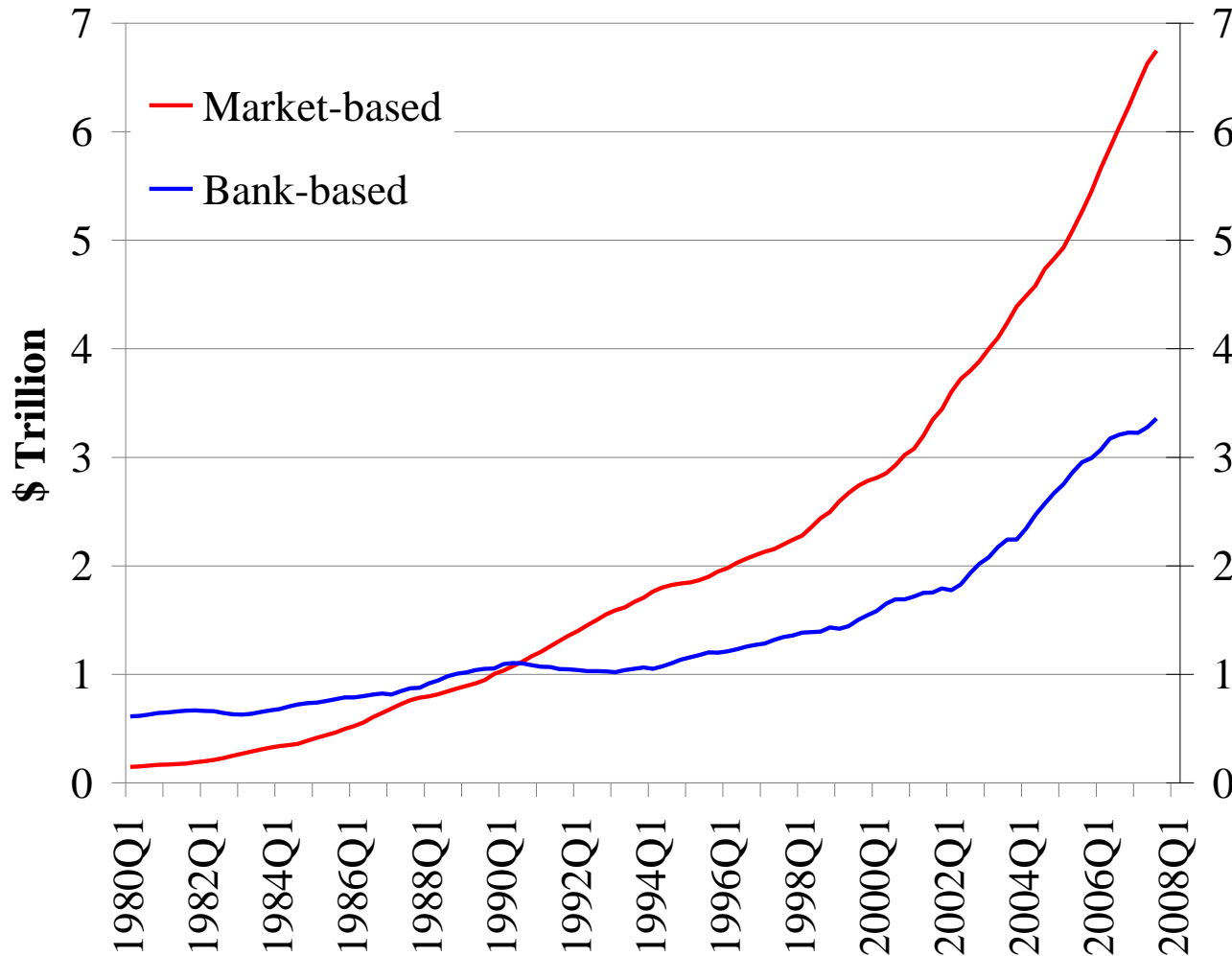
Joseph Tracy

Federal Reserve Bank of NY



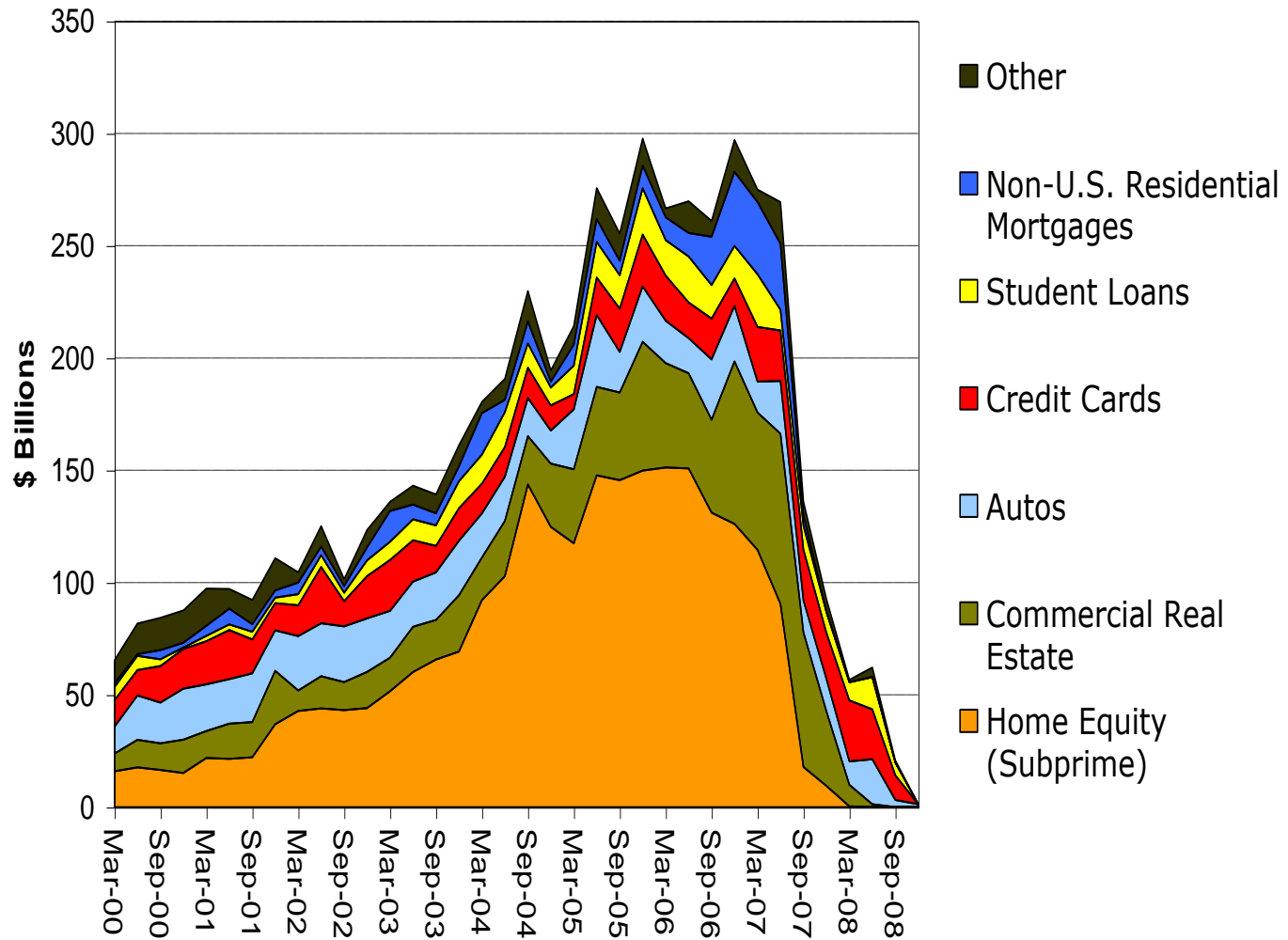
The views of the speaker are his own and do not necessarily reflect the views of the Federal Reserve Bank of New York or Federal Reserve System.

Chart 1: Market Based and Bank Based Holding of Home Mortgages



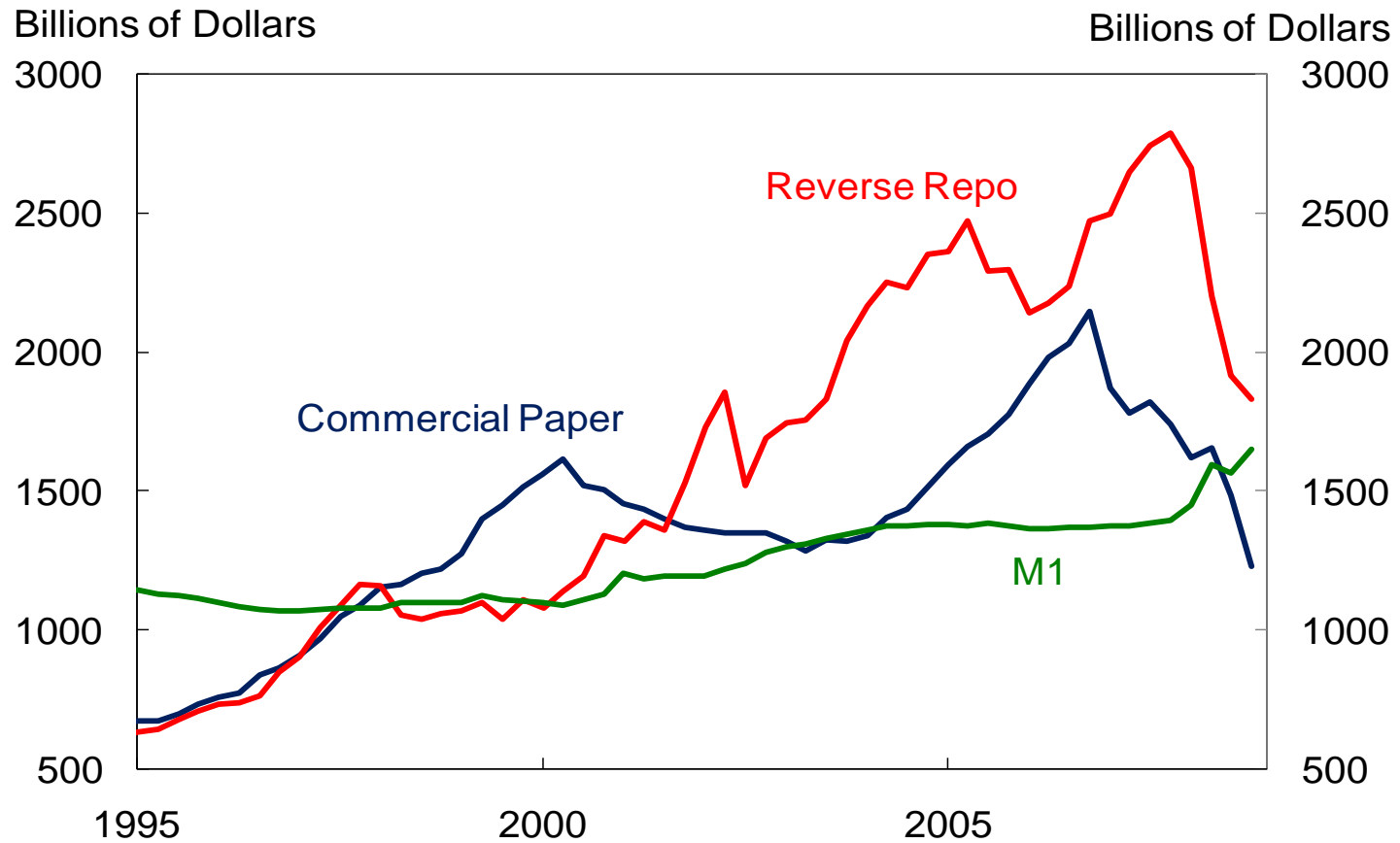
Source: Tobias Adrian and Hyun Song Shin. 2010. "The Changing Nature of Financial Intermediation and the Financial Crisis of 2007-2009." Federal Reserve Bank of New York, *Staff Reports*, no. 439, Revised April, Figure 4 page 3

Chart 2: ABS Issuance Growth and Collapse



Source: JP Morgan

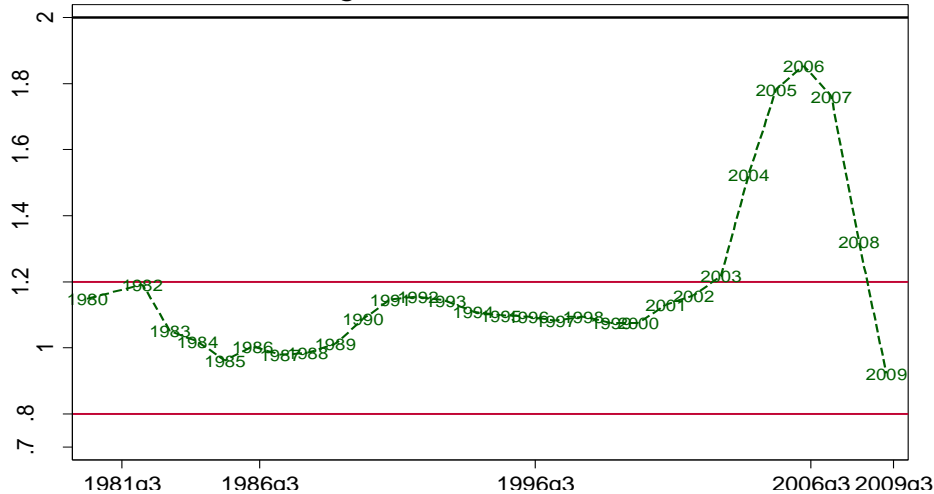
Chart 3: Short Term Funding: CP, Repo, M1



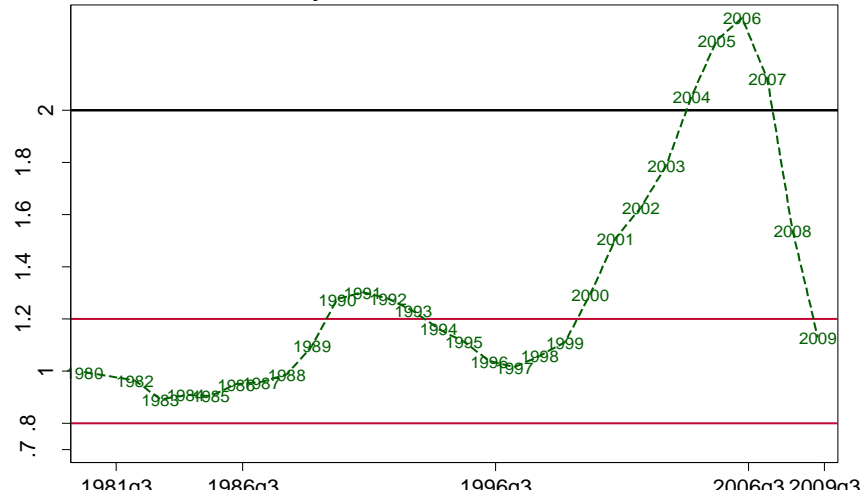
Source: Federal Reserve Board

Chart 4: Housing Boom Cities

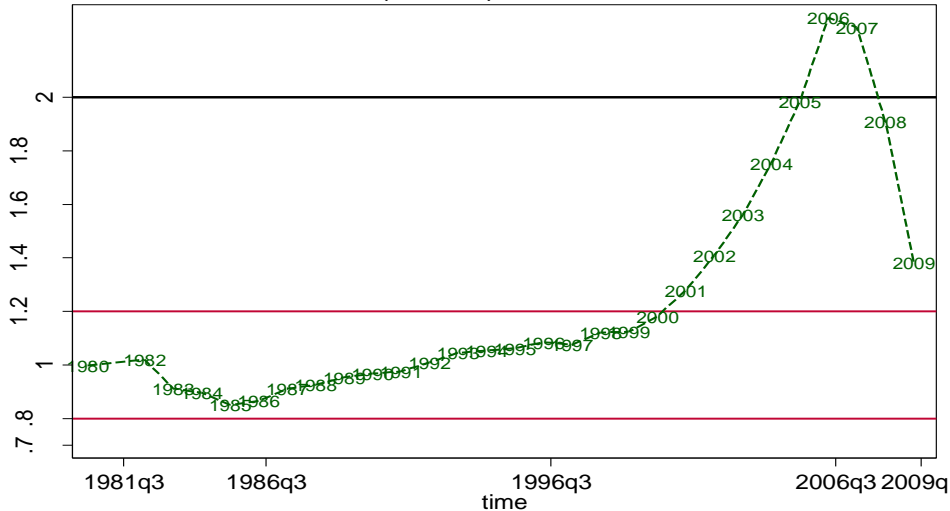
Las Vegas, NV: FHFA Price/MPPC



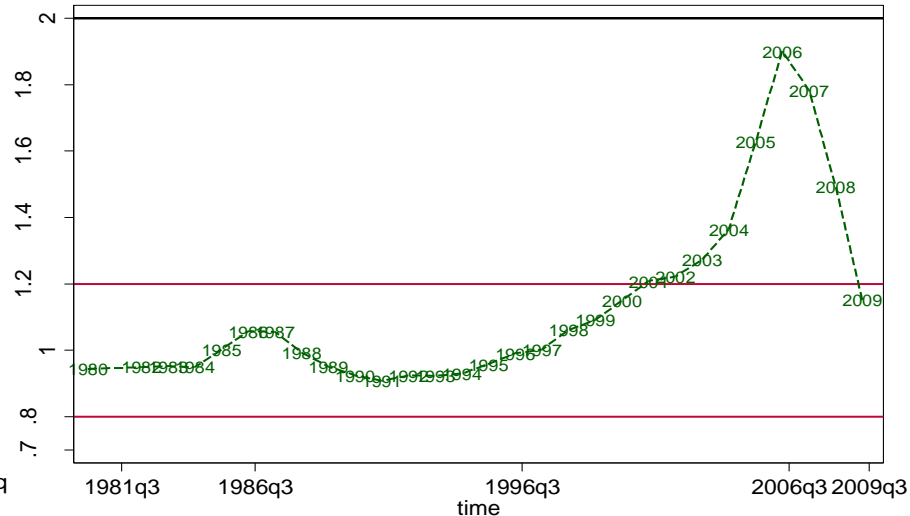
Vallejo, CA: FHFA Price/MPPC



Miami, FL (MSAD): FHFA Price/MPPC

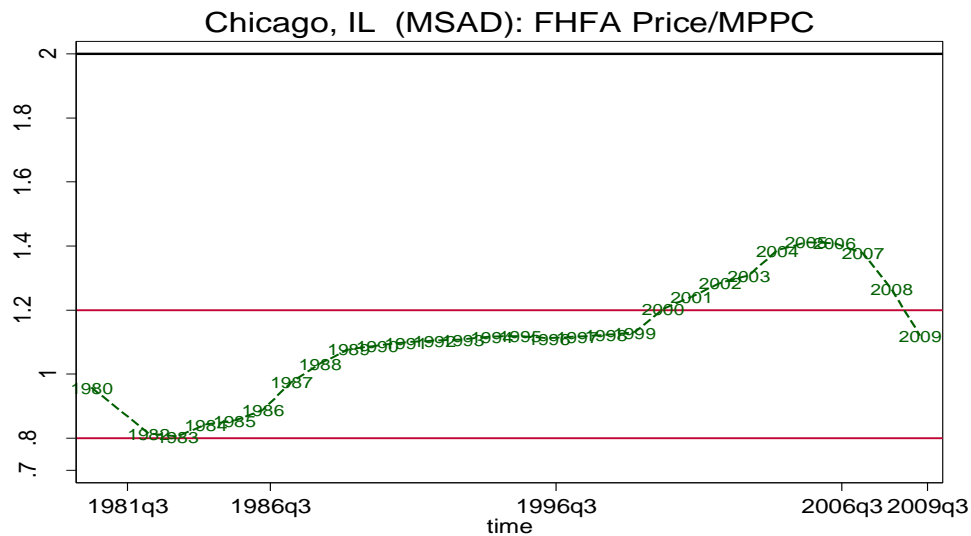
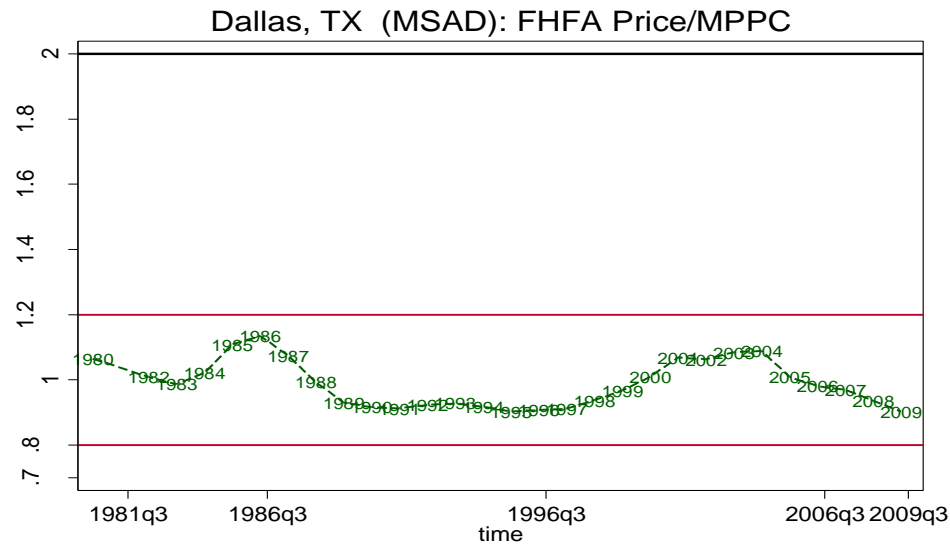


Phoenix, AZ: FHFA Price/MPPC



Source: Joseph Gyourko, Wharton Real Estate Group, University of Pennsylvania

Chart 5: Cities without a Housing Boom



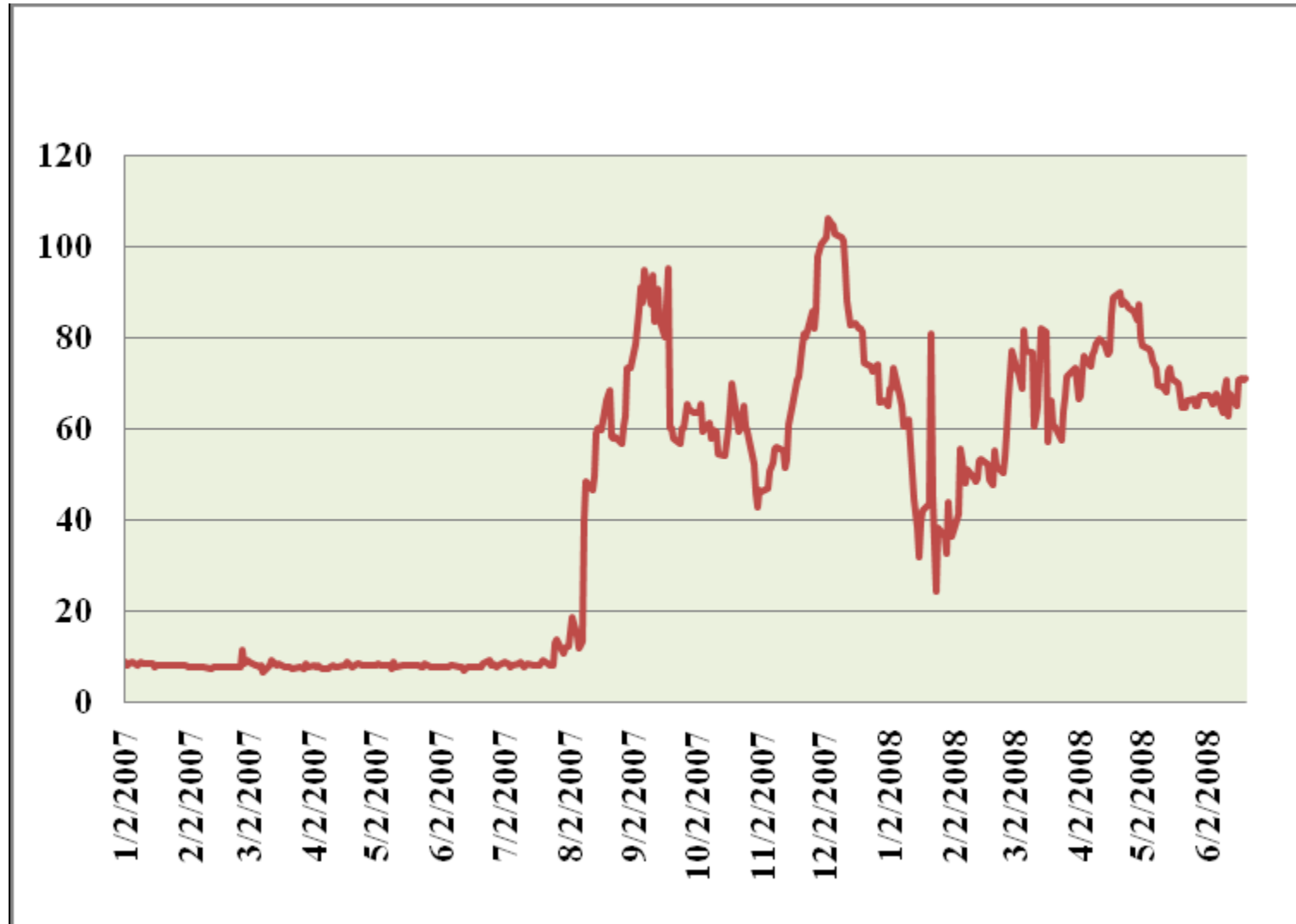
Source: Joseph Gyourko, Wharton Real Estate Group, University of Pennsylvania

Chart 6: Repo Haircuts

		Haircuts (%)			Spreads		
		May-07	May-08	May-09	May-07	May-08	May-09
Corporate Debt	A	5	10	20	86	235	364
Corporate Debt	Baa	5	20	30	115	278	508
ABS	Aaa	10	25	35	73	327	350
Corporate Debt	Ba	25	30	40	177	433	833
Corporate Debt	B	25	40	50	239	618	996
Corporate Debt	Caa	25	100	100	396	932	1573

Note: Credit spreads are option adjusted. Haircuts are for triparty repos.
Source: DTCC, Bloomberg.

Chart 7: 3-Month Libor-OIS Spread (bps)



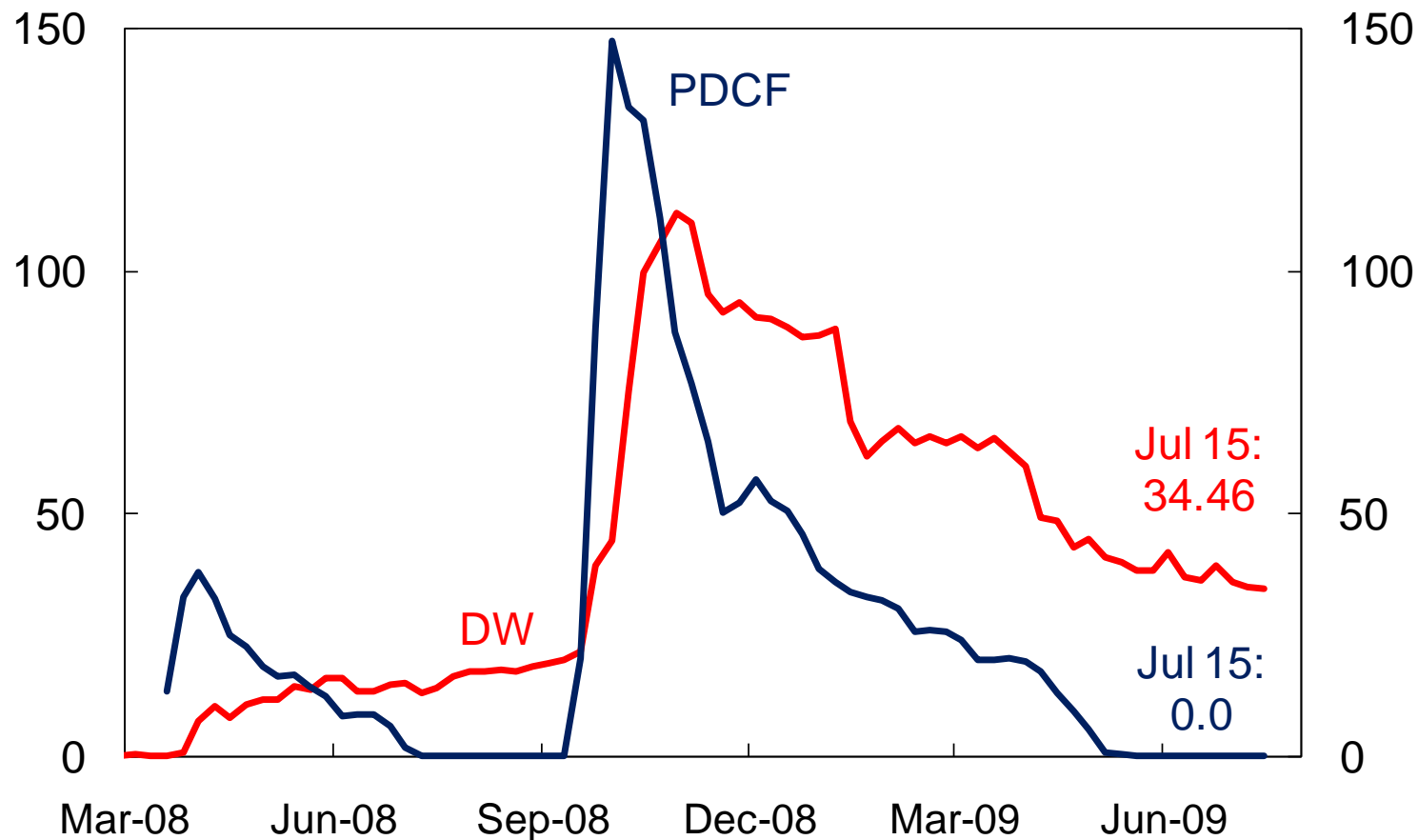
Source: Bloomberg

Chart 8: Discount Window and PDCF

Discount Window and PDCF Borrowing

Billions of Dollars

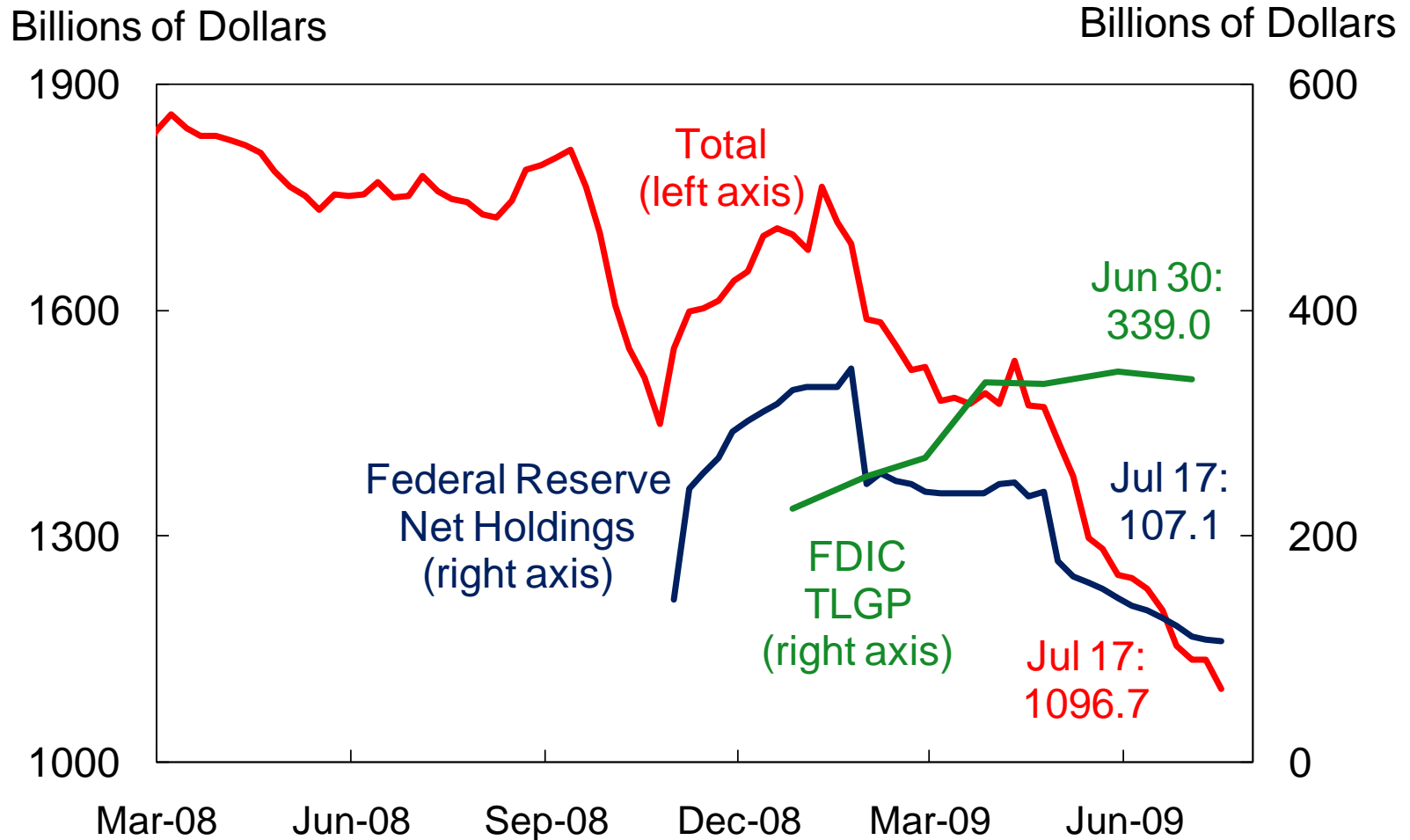
Billions of Dollars



Source: Federal Reserve Board

Chart 9: Commercial Paper Funding Facility (CPFF)

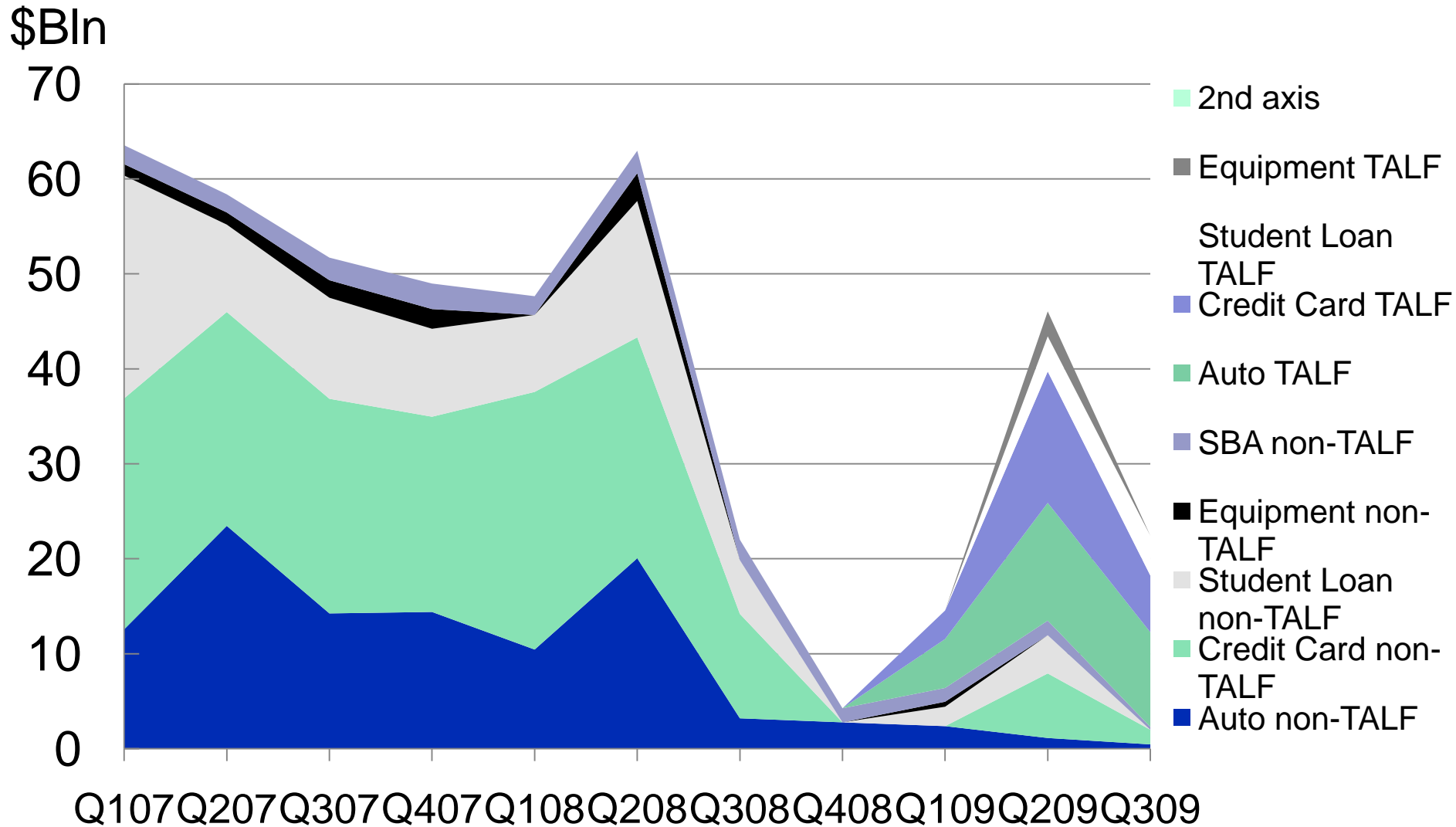
CPFF and Commercial Paper Outstanding



Sources: Federal Reserve Board, Haver

Appendix Slides

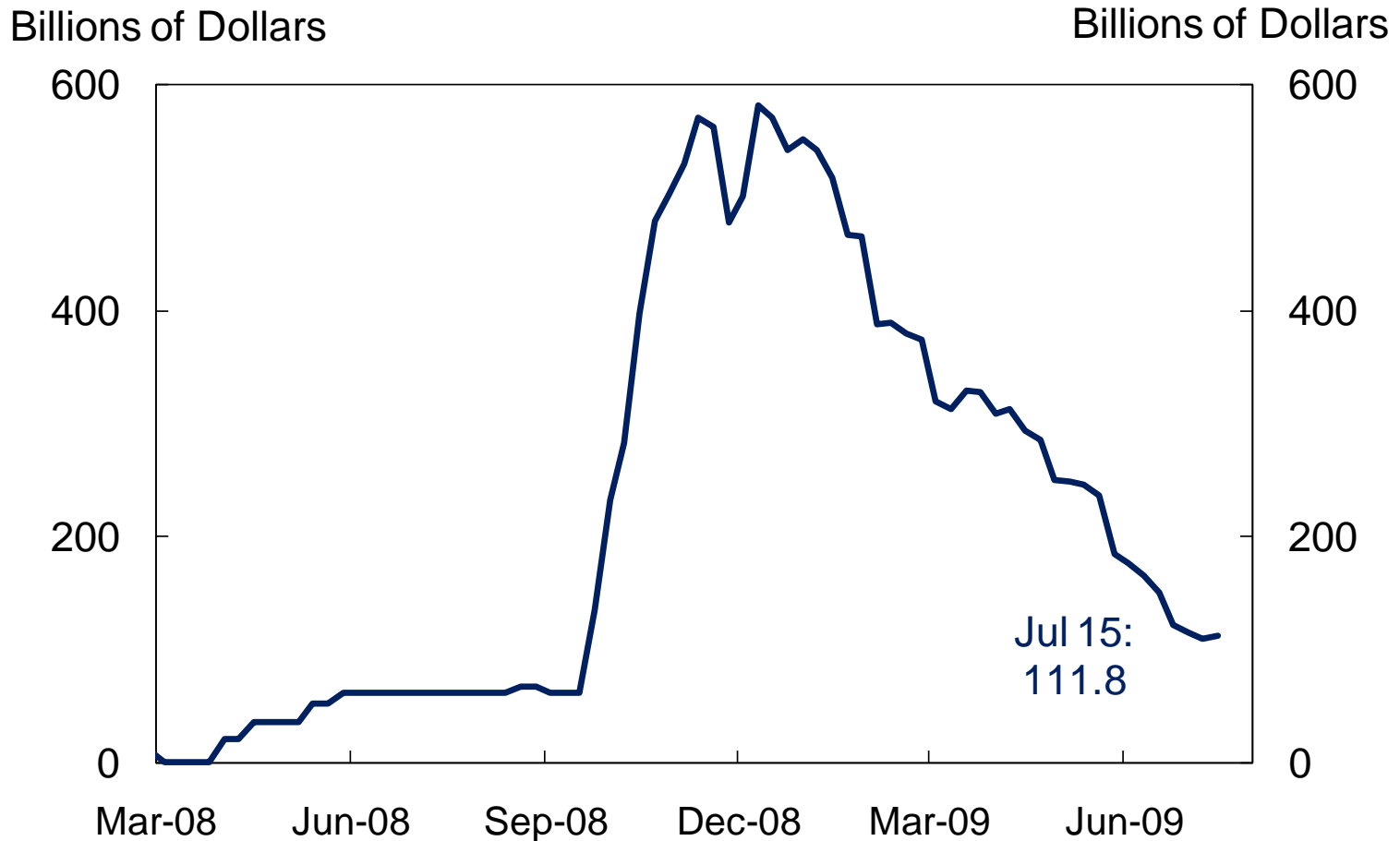
Chart 10: ABS Issuance and TALF



Source: JPMorgan

Chart 11: Central Bank Liquidity Swaps

Central Bank Liquidity Swaps



Sources: Federal Reserve Board, Bloomberg