
From:
Sent: 08/28/2007 11:27:54
To: Pat Leising at WORLD BANK; Fabiola Ravazzolo at FED NY;
Oakhill;
Cybele Suarez; daniel koerhuis;
M. Na; Pamel
Subject: USD libors

Today's USD libors have come out and they look too low to me. Lloyds for instance has printed 5.48% for 3 months. Probably the lowest rate you could attract liquidity in threes would be 5.55% and I am not too sure how much you would get at that level. For that reason I went 5.58%, perhaps a bit high but realistic. Again, 1 month libor came in at 5.5075%. Best offer in the market at the moment is 5.53% and that is not in a huge amount. Again, I was probably a tad cautious at 5.55% but, again, I think I have been realistic.

It is true to say that, if a lender has room for your name, you can achieve very attractive funding levels at a rate well below libor. It would however be imprudent to assume that it is always going to be the case that investors have credit open for your name, especially in view of the general reluctance to place money longer than one month

Draw your own conclusions about why people are going for unrealistically low libors

-----Original Message-----

From:
Sent: 28 August 2007 08:01
To: Pat Leising at WORLD BANK; Fabiola Ravazzolo at FED NY; Oakhill;
Cybele Suarez; daniel koerhuis;
Pamel M. Na;
Subject: Money Market liquidity commentary

Tuesday 28th

UNSECURED	GC REPO
O/N	
USD 5.37/33	5.125/5.00 (treasuries)
EUR 3.80/70	3.75/70
GBP 5.90/80	5.83/79

1WK	
USD 5.45/40	5.15/4.95 (treasuries)
EUR 4.12/06	3.96/92
GBP 6.05/5.95	5.81/77

1MTH	
USD 5.52/48	5.05/4.70 (treasuries)
EUR 4.42/37	4.03/3.99
GBP 6.45/35	5.83/79

3MTH FIXING (opening estimate)

USD 5.52	(Friday 5.50563)
EUR 4.715	(Monday 4.728)
GBP 6.60	(Friday 6.6125)

6MTH FIXING (opening estimate)

USD 5.43	(Friday 5.41125)
EUR 4.725	(Monday 4.745)
GBP 6.55	(Friday 6.56)

Increasingly we are seeing a wider range of Libor/Euribor reference rates from the contributor panel of banks, in Europe yesterday the range of 3mth Euribor contributions was 4.62 to 4.75.

USD: O/N rates feel firmer today, general lack of liquidity 1month and out.

EUR: Eonia fixed @ 3.82 yesterday as surplus reserve balances gradually come out into the Money Markets. The ECB will drain some of this excess liquidity at todays weekly Main Refinancing Operation which settles on Wednesday, our estimate is for an allotment amount of around 219 bio which would be 25 bio over the benchmark and down from 46 bio over at last weeks MRO, this should still keep day/day rates relatively low. The market remains illiquid in maturities of 1month and over.