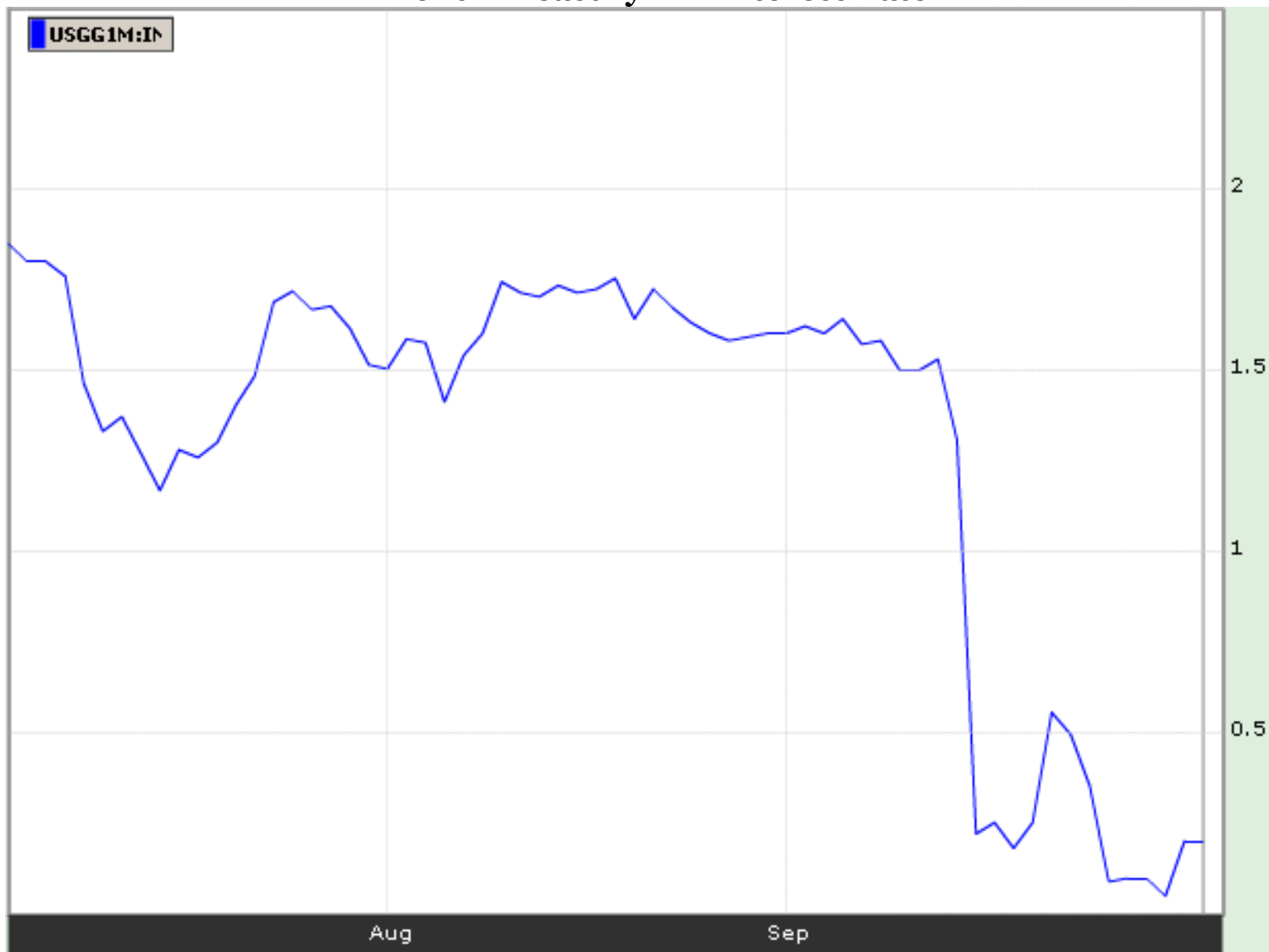


# US Treasury Rates Plummet

1 Month Treasury rates are **near zero** as investors show they are willing to accept virtually no return for giving their money to the government. This “flight to quality” happens when investors shy from all risky assets and put money into the safest bet around.

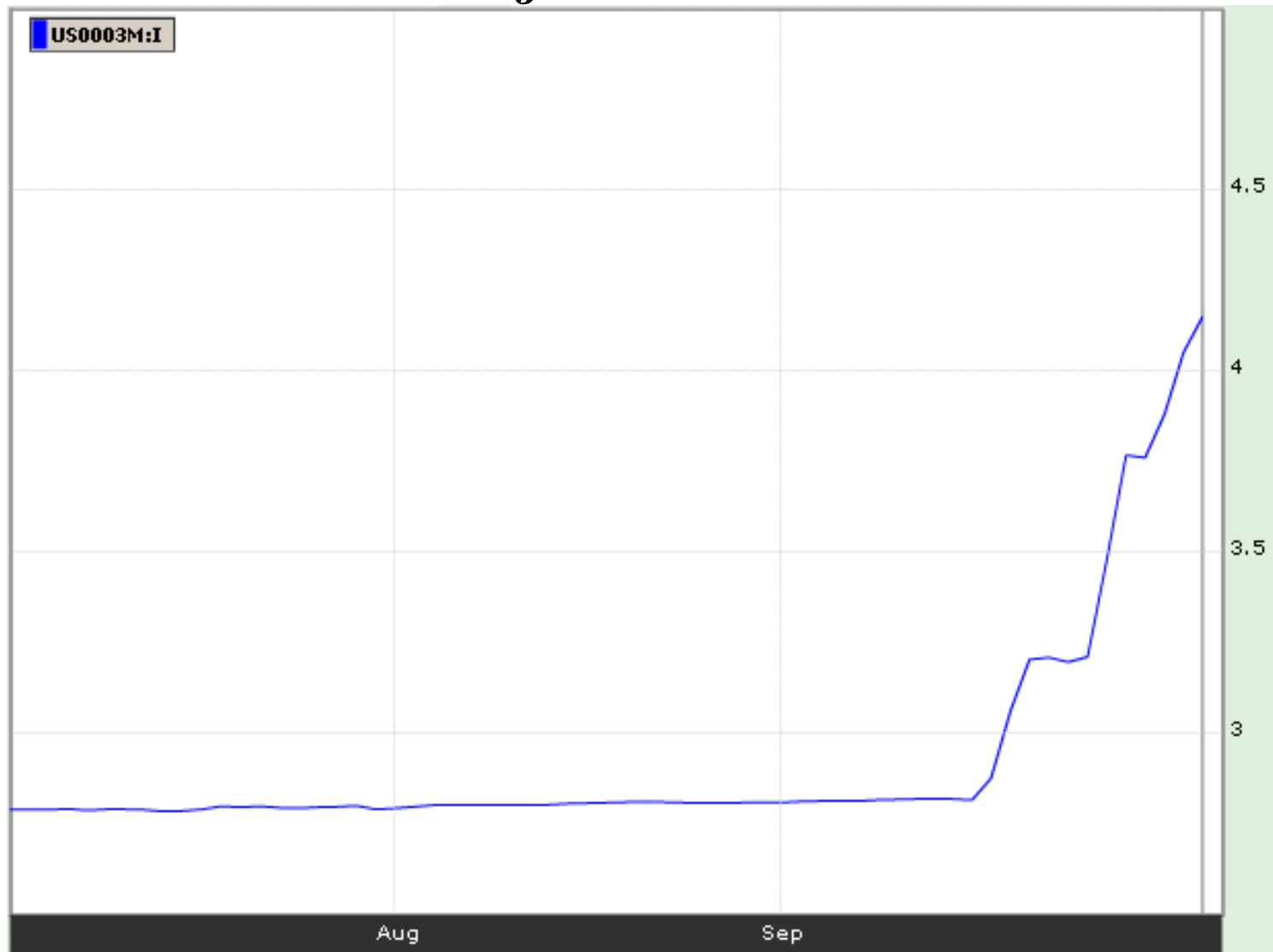
**1 Month Treasury Bill Interest Rate**



# Banks Borrowing at Record High Rates

The overnight London Interbank Offer Rate (LIBOR) reached an **all-time high** this week. LIBOR is the rate that banks charge one another, and is the baseline rate from which most other interest rates are derived. Longer term bank lending rates have also soared to historic highs.

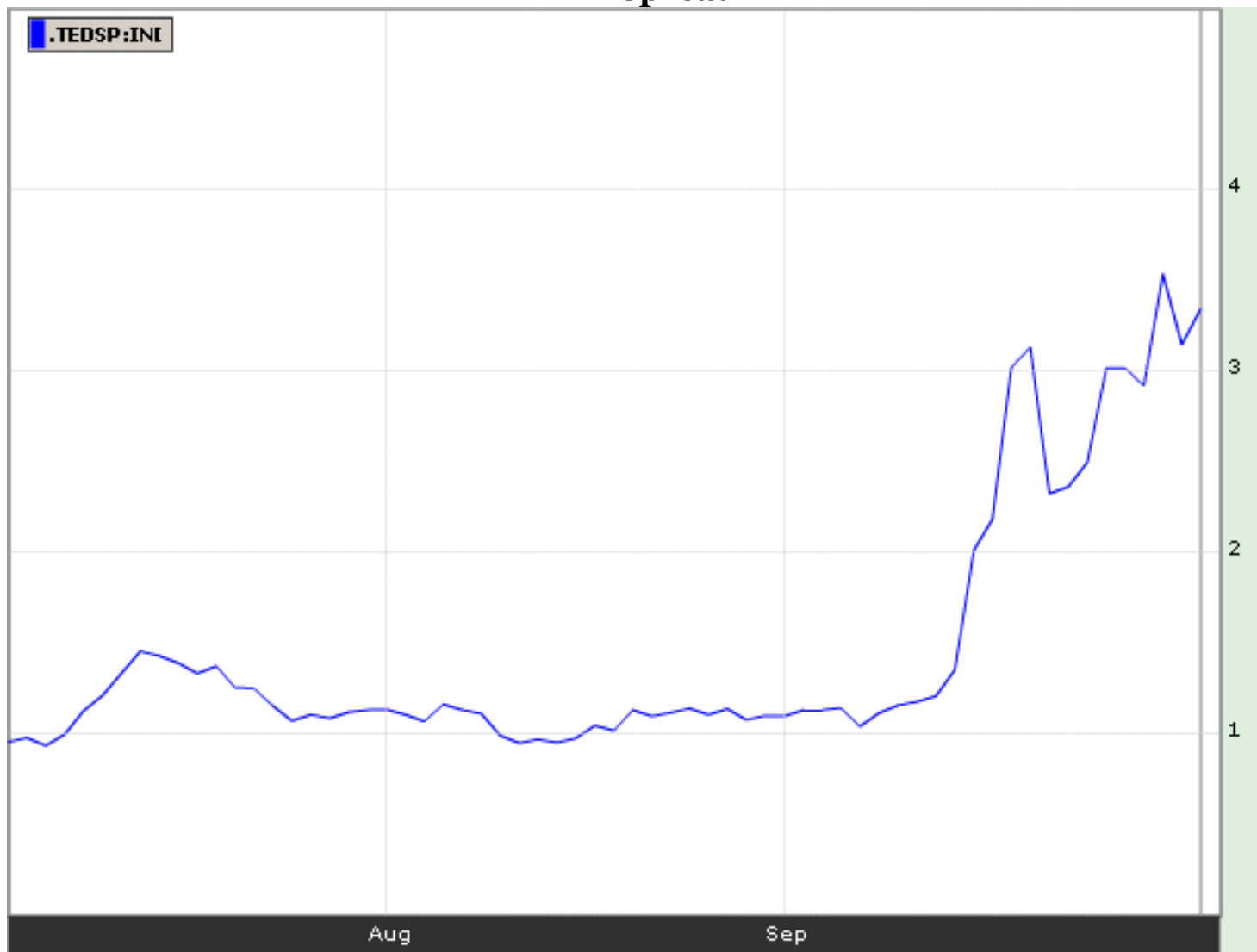
## 3 Month LIBOR



# Premium on Bank Borrowing Highest Ever

The TED Spread is the premium that banks charge each other above the “riskless” Treasury rate. The higher the rate, the less willing banks are to lend to one another. It, too, hit a **record high** today of over 3.6%. If banks can't borrow, they can't lend.

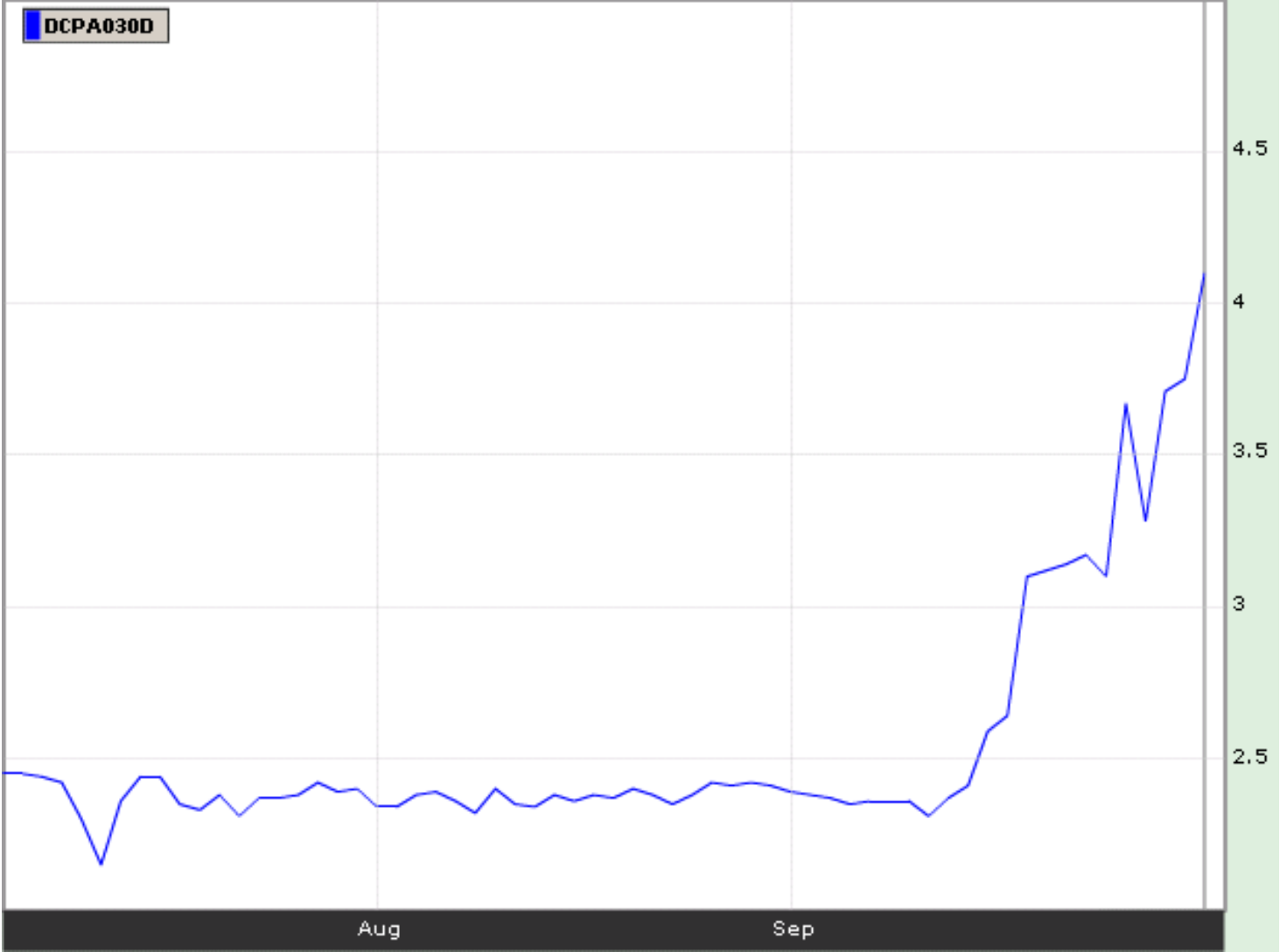
TED Spread



# Businesses' Cost of Borrowing Skyrockets

The lack of lending between banks has pushed up the cost of borrowing for businesses, as well. Interest rates for businesses have shot up in recent days.

**1 Month Commercial Paper Interest Rate**



# As a Result Loans are Drying Up

Because bank lending is frozen, all available funds have rushed to safe Treasury bills, and commercial paper rates are at historic heights, the availability of business loans is cratering. Outstanding commercial paper dropped nearly \$100 billion this week alone.

**Value of outstanding Commercial Paper (\$ billions)**

