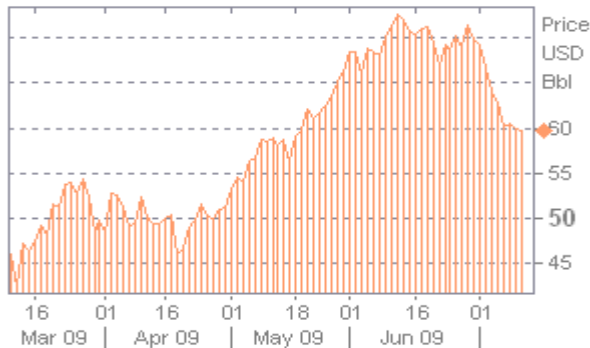


## CHART OF THE DAY

### Crude Oil



Oil prices slipped to below \$59 a barrel, extending last week's losses to languish at a two-month low, as lingering concerns about the pace of a global economic recovery encouraged a further sell-off.

## TODAY'S TOP NEWS

- Whitney ups Goldman, says BofA cheapest bank
- CIT says remains in discussions with regulators
- Geithner sees growth resuming but risks ahead
- U.S. June budget gap \$94.32 bln, record for June
- U.S. lawmakers reject tax to pay for health reform
- U.S. judge gives GM nod to buy Delphi assets
- Over \$200 bln debt cut to junk status this year-S&P
- **For more stories please click here**

## ECON WATCH FOR TUESDAY JULY 14

ET	Indicators	Unit	Reuters	Prior
4:30	GB CPI M/M	%	0.3	0.6
4:30	GB CPI yy	%	1.8	2.2
4:30	GB RPI M/M	%	0.4	0.6
4:30	GB RPI-X (retail prices) mm	%	0.4	0.6
5:00	EZ Industrial production mm	%	1.2	-1.9
5:00	DE ZEW econ sentiment	ind	47.8	44.8
5:00	DE ZEW current conditions	ind	-88.0	-89.7
8:30	US Producer prices mm	%	0.9	0.2
8:30	US PPI inflation y/y, NSA	%	-5.2	-5.0
8:30	US PPI, core mm	%	0.1	-0.1
8:30	US Retail sales mm	%	0.4	0.5
8:30	US Retail sales ex-autos mm	%	0.5	0.5
10:00	US Business Inventories mm	%	-0.8	-1.1
-	JP BOJ 2-day meet starts			

### Thomson Reuters LPC Webinar:

Thomson Reuters LPC offers a series of online forums that examine trends in the syndicate loan market. **For more please click here**

## MARKETS TODAY

**TODAY'S TOP STORY:** Prominent banking analyst Meredith Whitney upgraded Goldman Sachs Group Inc to "buy" and said Bank of America Corp was the cheapest among big banks based on its tangible book value, triggering a rally in the sector. **For more please click here**

**TREASURIES:** U.S. Treasury prices fell as stock market advanced following an upgrade of Goldman Sachs Group and bullish comments from an influential analyst.

- 30-yr bond fell 25/32 in prices for a yield of 4.24 pct from 4.19 pct.
- 10-yr Treasury traded 16/32 lower in prices yielding 3.36 pct from 3.3 pct on Friday.
- 2-yr Treasury yield rose to 0.92 pct from 0.9 pct.
- 2-10's part of yield curve steepened by about 4 bps to 244 bps.

**FOREX:** The dollar edged up against the yen, rebounding from a five-month low, and the euro rose broadly as hopes that U.S. corporate earnings may not be as weak as initially feared sparked gains on Wall Street.

- The dollar hit a five-month trough of 91.75 yen, before recovering to trade at 92.92 yen, up about 0.53 pct. The euro rose 0.85 pct to 130.06 yen.
- The euro rose 0.37 pct versus the dollar to \$1.3996.

**CORPORATES:** U.S. corporate bond spreads tightened as equities market rallied after analyst sparked hopes corporate quarterly results in the financial sector may be surprisingly strong.

- The CDX-IG.12 index tightened by about 3 bps to 142 bps.
- Moody's cut CIT's senior unsecured credit rating four notches, to 'B3' from 'Ba2'.
- CIT's 5-yr CDS traded at 41 percent upfront, versus a mid-level of 37.5 percent on Friday.

**STOCKS:** The Dow industrials rose more than 2 percent as stocks extended gains in late trading, boosted by bullish comments on financials from analyst Meredith Whitney. The S&P was also up more than 2 percent.

- Dow rose 2.27 pct to 8,331.68, S&P was up 2.49 pct to 901.04 and Nasdaq gained 2.12 pct to 1,793.21.
- S&P financials index jumped 6.42 pct, S&P technology index rose 2.12 pct and S&P energy index gained 1.61 pct.
- KBW banks index rose 6.53 pct.
- Goldman Sachs shares rose 5.34 pct to \$149.44, CIT's shares dropped 11.76 pct to \$1.35.

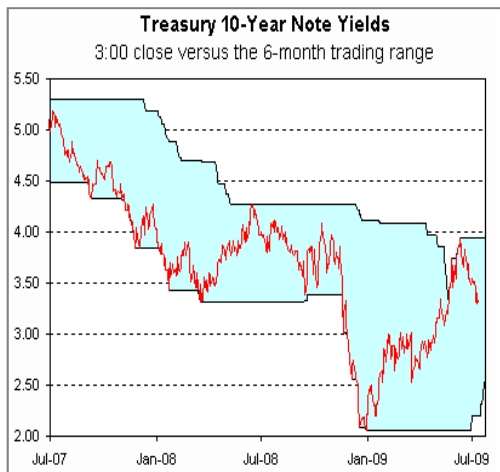
**C & E:** Oil prices slipped, briefly touching their lowest level in almost two months on concerns over the state of the global economy.

- U.S. crude fell 0.07 pct to \$59.85 a barrel.
- Gold rose 0.78 pct to \$919.25 an ounce.
- The Reuters-Jefferies CRB index was up 0.04 pct to 233.61.

- For MARKET SNAPSHOT click here
- For NEXT UP click here
- For DEEP DIVE click here



MARKET SNAPSHOT as of 3:00 pm EST



TREASURIES <5> <500>

	BID	ASK	YIELD	CHANGE
1-Mo Bill	0.155	0.125	0.157	-0.002
3-Mo Bill	0.180	0.170	0.183	0.006
6-Mo Bill	0.265	0.255	0.269	0.017
1-Year	0.453	0.445	0.460	0.024
2-Year	100.414	100.445	0.912	-0.004
3-Year	100.242	100.273	1.418	-0.020
5-Year	101.688	101.734	2.264	-0.180
7-Year	101.938	101.984	2.940	-0.266
10-Year	98.094	98.156	3.354	-0.375
30-Year	100.234	100.297	4.236	-0.578

EQUITIES

	INDEX	CHANGE
DJIA	8324.04	177.52
NASDAQ	1789.93	33.90
S&P 500	899.87	20.74

OIL

	PRICE	CHANGE
NYMEX	60.0	0.1
BRENT	60.9	0.4

EURODOLLAR FUTURES

	CLOSE	CHANGE
Jul-09	99.503	0.000
Sep-09	99.415	-0.005
Dec-09	99.195	-0.015
Mar-10	99.015	-0.015

REPURCHASE AGREEMENTS

G/C		MORTGAGE REPOS	
O/N	0.250	O/N	0.250
2-Week	0.250	2-Week	0.300
1-Month	0.300	1-Month	0.300
3-Month	0.300	3-Month	0.350
AGENCY REPOS		i-REPO <sup>SM</sup> INDEX	
O/N	0.250	10:00 AM	0.150
2-Week	0.300	3:00 PM	0.155
1-Month	0.300		
3-Month	0.350		

IR SWAPS <19901>

	SPREAD		RATE	
2-Year	40.25	44.25	1.31	1.33
3-Year	47.75	51.75	1.89	1.90
5-Year	43.00	47.00	2.69	2.69
7-Year	22.25	26.25	3.16	3.16
10-Year	18.00	22.00	3.53	3.52
30-Year	-25.75	-21.75	3.98	3.96

FUTURES

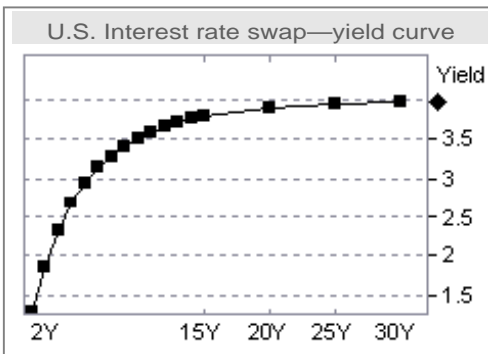
	PRICE	CHANGE
CBOT 5 yr	116.27	-0.25
CBOT 10 yr	118.23	-0.47
CBOT 30 yr	119.91	-0.81

CURRENCIES

	BID	ASK
Euro	1.3981	1.3984
Sterling	1.6213	1.6218
JP Yen	92.84	92.88
Swiss Franc	1.0828	1.0832
Can Dollar	1.1529	1.1534
Mexico	13.7597	13.7658

EURODOLLAR DEPOSITS & OIS STRIPS (ASKED)

	BID	ASK	BID	ASK
O/N	0.160	0.200	-	-
1-Month	0.250	0.600	0.189	0.199
3-Month	0.400	1.050	0.190	0.200
6-Month	0.800	1.200	0.223	0.233
12-Month	1.300	2.000	0.405	0.415



FED FUNDS NYFR<sup>SM</sup> - 10AM

Open	0.1700	1m	0.2989
High	0.1900	3m	0.5278
Low	0.0625		

ACTIVE FANNIE MAE AGENCIES

TERM	COUPN	MATURITY	YIELD-SPREAD	YIELD
2-Year	1.375	28/04/2011	5 4	0.95
3-Year	1.75	15/06/2012	21 20	1.63
5-Year	3	28/07/2014	43 42.5	2.66
7-Year	5	15/03/2016	0 31	-
10-Year	-	-	- -	-
30-Year	6.625	15/11/2030	0 55.5	-

ACTIVE FREDDIE MAC AGENCIES

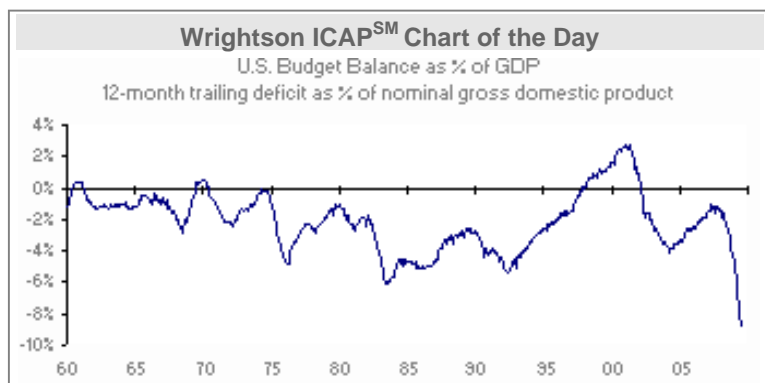
TERM	COUPN	MATURITY	YIELD-SPREAD	YIELD
2-Year	1.625	26/04/2011	4.5 4	0.94
3-Year	1.75	10/08/2012	30 29	1.71
5-Year	2.5	15/05/2014	37.25 36.75	2.64
7-Year	4.75	19/01/2016	35.75 35	3.3
10-Year	3.75	27/03/2019	42 0	3.76
30-Year	6.25	20320715	53.75 53.25	4.78

Active MBS 15YR

	CPN	BID	ASK	YIELD
FNMA	5.0	104.0370	104.0570	3.387
FHLMC	5.0	104.0070	104.0270	3.386
GNMA	5.0	104.0820	104.1020	3.691

Active MBS 30YR

	CPN	BID	ASK	YIELD
FNMA	5.5	103.1970	103.2170	3.605
FHLMC	5.5	103.2070	103.2270	3.591
GNMA	5.5	104.0050	104.0250	4.126



## TODAY'S TOP NEWS

**Analyst Whitney ups Goldman, says BofA cheapest bank**

Prominent banking analyst Meredith Whitney upgraded Goldman Sachs Group Inc to "buy" and said Bank of America Corp was the cheapest among big banks based on its tangible book value, triggering a rally in the sector.

The analyst provided reassuring comments on the sector; saying in an interview with CNBC that legislative changes to the banking industry will lead to the "mother of all mortgage quarters."

Whitney said she expects BofA to have a "humungous" quarter in mortgages and sees tangible book value well in excess of \$12.

The recent joint venture between First Data and Bank of America Merchant Services will add much more than \$2 billion to BofA earnings, she said in the interview.

Whitney made her first "buy" call since founding her own firm Meredith Whitney Advisory Group, in upgrading Goldman from "neutral." She set a price target of \$186 for the Wall Street bank. She expects Goldman to be the key competitor in some of the most unpredictable markets, including government, corporate and municipal debt.

Whitney expects Goldman Sachs to post quarterly earnings of \$4.65 a share compared with the consensus estimate of \$3.48 a share.

**U.S.'s Geithner sees growth resuming but risks ahead**

There is a good chance that the United States and other leading economies will start growing again over the next few quarters, but significant risks to the outlook remain, U.S. Treasury Secretary Timothy Geithner said.

"In my view there are still significant risks and challenges ahead," Geithner said when asked if he was concerned about the possibility of a double-dip recession.

He said the world's major economies were largely in agreement on the steps needed to boost economic activity and policies taken so far had helped provide a base for recovery.

"I think we have remarkably strong consensus in place on core elements," Geithner said.

He said there had been "substantial progress" in stabilizing the financial sector but it would take time to reach the end of the process and progress would be uneven.

Geithner and Darling said leaders of industrialized nations would discuss the measures they are taking when the G20 meets in Pittsburgh in September.

**U.S. judge gives GM nod to buy Delphi assets**

A U.S. bankruptcy judge gave General Motors Corp permission to buy several assets of bankrupt auto parts supplier Delphi Corp as part of a deal with a private equity firm that could take Delphi out of bankruptcy.

Judge Robert Gerber of U.S. Bankruptcy Court in Manhattan gave "Old GM," now known as Motors Liquidation Corp, permission to buy Delphi's steering business and a number of its plants, deemed essential to GM's ability to build cars.

If GM's partner in the bid for Delphi, private equity firm Platinum Equity, won the auction for Delphi that is set for later this week, "New GM" or General Motors Co would reimburse Old GM and receive the Delphi assets.

In a court document, GM had said it expected the transaction to cost \$3.9 billion, including a payment of \$1.1 billion to Delphi's creditors and a \$2 billion equity stake in Parnassus, a unit of Platinum, which has submitted the only bid so far to take Delphi out of bankruptcy.

**CIT says remains in discussions with regulators**

CIT Group Inc which provides financing to many small and mid-sized businesses, said it remains in talks with regulators to find ways to improve liquidity, after losses resulted in a capital crunch.

CIT said it is also discussing how it can bolster its finances if it fails to win access to the Federal Deposit Insurance Corp's Temporary Liquidity Guarantee Program. It said there is no assurance it will be granted access.

The delay in getting FDIC approval has driven CIT deeper into a liquidity crunch. Over the weekend, the WSJ said the company had hired top law firm Skadden, Arps, Slate, Meagher & Flom LLP to explore a possible bankruptcy filing.

The government has made it clear that a possible bankruptcy is not seen as a systemic risk to the financial system, the Journal said, as other lenders including JPMorgan Chase & Co and Deutsche Bank AG can take on many of the same loans in which CIT specializes.

To boost liquidity, CIT said it is discussing a transfer of assets into its CIT Bank unit by obtaining a waiver of a Federal Reserve rule that limits such transactions.

**U.S. June budget gap \$94.32 bln, record for June**

The U.S. government rang up a \$94.32 billion budget deficit in June, a record for the month, as the price tag for efforts to prop up the economy, banks and automakers mounted and revenues weakened.

The Treasury Department said that June marked the ninth straight month in which the government had run a deficit. In June 2008, the budget enjoyed a \$33.55 billion surplus.

In June, receipts totaled \$215.36 billion, down from \$259.91 billion in June 2008, the 14th straight month in which monthly receipts have been lower than the previous same month for a year ago, a department official said.

Outlays totaled \$309.68 billion, a record for June and compared with \$226.37 billion in June 2008.

Outlays included \$5.4 billion in purchases of MBS from major U.S. mortgage finance sources Fannie Mae and Freddie Mac, which the Treasury has undertaken to help reduce mortgage rates.

**U.S. lawmakers reject tax to pay for health reform**

U.S. lawmakers on Sunday criticized a plan to raise taxes on the wealthy to pay for a \$1 trillion healthcare overhaul and warned Congress was unlikely to meet President Barack Obama's goal of passing the measure by August.

Republican Senator Judd Gregg said finishing a healthcare bill by Congress' August recess was "highly unlikely" because the Senate Finance Committee had not yet completed a draft. Senator John Kyl, the Republican whip, said there was "no chance" it would be done before the break.

Representative Charlie Rangel, head of the House Ways and Means Committee, said the bill would include a tax on Americans earning more than \$350,000 per year that would raise \$540 billion over 10 years. The tax would begin in 2011 and have higher rates at the \$500,000 and \$1 million income levels.

**Over \$200 bln debt cut to junk status this year-S&P**

Ratings on 15 companies worldwide were cut to junk status in June, the third-highest total since at least 1987, as weak economies, the housing slump and heavy debt took a toll, S&P said. Companies cut to junk status, so-called fallen angels, are rela-



## TODAY'S TOP NEWS

tively rare but have surged amid the global recession. Year to date, 60 issuers have been cut to junk status, affecting \$209 billion of debt, S&P said in a statement.

Another 75 issuers with \$255 billion in rated debt are teetering on junk status, the rating agency said.

Nineteen banks and finance companies have been cut to junk status this year, more than any other industry, as fallout from the global financial crisis lingered. Another 17 are vulnerable to a downgrade to junk, S&P said.

#### U.S. trial delay seen bringing UBS tax deal nearer

A federal court judge in Miami approved a delay in a high-profile trial in which U.S. tax authorities hoped to force UBS AG to reveal the identities of thousands of Americans suspected of using the Swiss bank to evade taxes.

The postponement was requested in a joint motion from UBS and the U.S. Justice Department on Sunday as the parties announced for the first time that they were engaged in talks for a possible out-of court settlement of the case centering on Switzerland's jealously guarded tradition of bank secrecy.

Presiding Judge Alan Gold of U.S. District Court for the Southern District of Florida agreed to the request to delay the trial's opening until Aug. 3 and said he would gladly give further extensions on request "to assist in accomplishing any goal of settlement."

A source familiar with the situation told Reuters the talks, now led by the U.S. and Swiss governments, were aimed at finding a way to allow the transfer of bank client data without breaching Swiss law. The source did not rule out a payment from UBS.

#### Microsoft takes on Google as Office moves to Web

Microsoft Corp will release three versions of its dominant Office software that users can access over the Web, catching up with products that rival Google launched three years ago.

It is the latest salvo in an intensifying war between Microsoft and Google.

"Microsoft is finally making the conversion through the Web-based world. First, we saw that through Bing. Now we are seeing that through Office," said Jefferies & Co analyst Katherine Egbert.

Microsoft will offer for free to consumers Web-based versions of its Office suite of programs, including a word processor, spreadsheet, presentation software and a note-taking program.

#### Euro zone lending may take time to pick up-Trichet

Commercial banks may need time to digest the ECB's massive 12-month liquidity boost and pass it on in extra lending, ECB President Jean-Claude Trichet said.

Trichet urged banks to remember their responsibilities to lend to firms and households. However, he signaled that the ECB is prepared to give them time to adjust and is not poised to rush in new policy steps to force further lending.

Nevertheless, Trichet also rejected suggestions that it is too early to start thinking about ways to unwind economic support provided by central banks and governments, saying this was "plain wrong".

In a separate report, rising unemployment risks blowing a 100-billion-euro hole in Germany's public finances over the five years to the end of 2013, calculations made by parliamentarians in the ruling coalition show.

The calculations show the Federal Labour Office would need some 52 billion euros more from the federal government over the five-year period than originally planned.

#### Japan raises economic view for 3rd month

Japan's government upgraded its economic assessment for the third straight month in July as private consumption gets modest support from government stimulus efforts, such as one-time payments to individuals.

In the report, the government also upgraded its view of consumer spending for a second straight month as shoppers snap up low-emissions cars, flat-panel TVs and other home appliances that consume less energy and are eligible for subsidies under the government's stimulus plan.

Japan's consumer confidence index stood at 37.6 in June compared with 35.7 in May, marking a sixth straight month of gains.

Separately, Li Dongrong an assistant governor of the People's Bank of China said, China will strengthen oversight of bank lending to ensure that credit is "reasonably" controlled and properly channeled.

## NEXT UP

#### POLL-U.S. June retail sales seen up 0.4 percent

U.S. retail sales likely rose modestly in June as the weak labor market discouraged spending and unusually cool weather damped sales of seasonal items, according to a Reuters poll.

But some analysts also said a substantial amount of any sales gain would be due to higher prices for gasoline, which drove up sales totals at gasoline and service stations.

A poll of 67 economists by Reuters produced a median forecast of a 0.4 percent rise in June retail sales from May, after a May increase of 0.5 percent.

Estimates ranged from a drop of 1.0 percent to a rise of 1.0 percent. Sales excluding auto transactions were estimated to have risen 0.5 percent in June from the prior month after a 0.5 percent May increase, according to 61 economists surveyed.

#### PREVIEW-UK inflation set to fall below BoE target in June

Inflation looks set to fall below the Bank of England's target for the first time in almost two years in June due to falling energy costs and favorable base effects.

The median of economists polled by Reuters is for annual CPI inflation to fall to 1.8 percent in June from 2.2 percent in May. Annual retail price inflation, a broader measure which includes mortgage costs, is forecast to fall to -1.5 percent from -1.1 percent.

Downward pressure is likely to come from food, where the rate of increase is likely to be considerably smaller than the 2 percent jump seen in the same month last year. Utility bills and air fares are also likely to have had a dampening impact.

Petrol prices rose around 5 percent last month, similar to June 2008, implying little impact on the annual rate.

Michael Saunders, an economist at Citigroup, predicts consumer price inflation will trough at around 1 percent in September and says there is little risk Britain will experience the negative CPI rates seen in the United States and Japan.



## DEEP DIVE Commentary and Analysis

**CIT troubles could hurt; widespread impact uncertain**

By Chelsea Emery

Financial difficulties at commercial lender CIT Group Inc could hurt small businesses that depend on credit to fund their growth and operations, though many of CIT's units serve an important function and are unlikely to disappear if the company restructures in bankruptcy court.

The company, which lends to small- and medium-sized businesses, is scrambling to devise a plan to assure clients and investors it can work its way out of a deepening liquidity crunch, the Wall Street Journal reported on Sunday.

On Saturday, the paper reported that CIT was preparing for a possible bankruptcy filing.

A CIT spokesman declined to comment on Sunday.

CIT said on Friday it is in active talks with the U.S. government to gain access to a key lending program, but there is no guarantee the Federal Deposit Insurance Corp FDIC will allow CIT to join the Temporary Liquidity Guarantee Program.

The government has made it clear that a possible bankruptcy by CIT is not seen as a systemic risk to the financial system, the Wall Street Journal reported, since other lenders including JPMorgan Chase & Co or Deutsche Bank AG can take on many of the same loans in which CIT specializes.

"I don't think it (a possible bankruptcy) would have a wide impact. We're not talking about a systemic issue," said on Sunday a restructuring adviser with extensive experience working with companies in the financing sector. The adviser declined to be named due to the sensitivity of the topic.

A U.S. Treasury Department spokesman declined to comment on Saturday when asked if the administration might consider coming to CIT's aid.

If the company does restructure its operations in bankruptcy court, some clients could suffer, though its most important units will survive.

"CIT has been an important provider of credit to not only retailers and retail suppliers, but a vast array of businesses for over 100 years," said Scott Avila, a partner for corporate restructuring adviser CRG Partners, which is not doing business with CIT. "So whatever restructuring they go through, I expect CIT or some portion of CIT to continue in the future."

In particular, CIT's factoring business is vital to the retail industry and unlikely to disappear.

Factors buy the right to collect on the invoice of a retailer or other company at a discount to the value of the invoice. Then the factor assumes the risk that the invoice will not be paid.

Still, there could be some pain to the company's smallest clients in the retail industry.

"It's a difficult lending environment, and those small retailers that have seen sales slow to a minimum already may have a hard time securing lending sources until spending picks up," said Melinda Crump, a spokeswoman for Sageworks Inc, which tracks and collates the financials of thousands of privately held U.S. companies, in an email.

Businesses that require substantial working capital depend on credit. Changes in financing options could force small businesses into tough choices such as having to fund a portion of their growth from cash flow until other sources of lending were to become available, she said.

Among its services, CIT provides financial products and advice to small and middle market businesses. It has more than \$60 billion in finance and leasing assets and operates in more than 50 countries across 30 industries.

The lender became a banking company in December and obtained \$2.33 billion of funds from the federal Troubled Asset Relief Program.

But it has lost close to \$3.3 billion since the end of 2007, and in a May regulatory filing said it had \$10 billion of funding needs to address in the year ending March 31, 2010.

On Wednesday, Fitch Ratings downgraded CIT deeper into "junk" status, a move that affected \$35 billion of CIT debt.

**ANALYSIS-For Obama, healthcare failure is not option**

By John Whitesides

For President Barack Obama, failure on healthcare is not an option.

With the economy struggling and his poll numbers dipping, the president who made "change" his campaign mantra cannot afford to come up empty on his top legislative priority -- a long-sought overhaul of the costly and complex U.S. healthcare system.

The gathering debate in the Democratic-controlled Congress will be the biggest test yet of Obama's ability to work with lawmakers and deliver on promises. Failure would spark new doubts about a president still seeking a signature accomplishment.

"The guy made big promises and said, 'Yes, we can,' but the question still is, 'Can he?'" Democratic consultant Doug Schoen said. "Failure begets failure, and failure here would raise questions about his ability to lead on a lot of issues."

He takes his effort to win public backing for his plan to a town hall meeting in Warren, Michigan, on Tuesday, a state where closed factories and the highest unemployment rate in the country have left many without private health insurance and struggling to pay healthcare bills.

Analysts said the dire consequences for Obama and his fellow Democrats of not passing a healthcare measure make it very likely a bill will be passed in some form, even as the political battle heats up over its cost and scope.

Obama and his administration have jacked up expectations with optimistic proclamations "the stars are aligned" for reform, and congressional leaders have been working for months to fashion a proposal.

"The Democratic leadership and the president cannot end all this fervor without having some sort of healthcare reform bill," said Bob Blendon, a health policy and political analysis professor at Harvard University.

"The bill could be more modest than some of the things being discussed but there has to be a bill because the Democratic Party would pay a huge price if there isn't. They learned that lesson in 1994," Blendon said.

That year's collapse of the healthcare reform effort, led by then-first lady Hillary Clinton, is still fresh in the minds of many Democrats, who lost control in both chambers of Congress later that year in a Newt Gingrich-led Republican landslide.

All 435 members of the House of Representatives and one-third of the 100 senators are up for re-election next year.

'FIRST GINGRICH, NOW LIMBAUGH'

"The last time they failed on healthcare they got Gingrich," said Len Nichols, director of the Health Policy program at the New America Foundation.

"This time if they fail they might get Limbaugh," he said in a reference to influential conservative radio host Rush Limbaugh, a harsh Obama critic. "So they are highly motivated."

Obama wants lawmakers to curb costs and expand health insurance coverage to many of the 46 million uninsured Americans. In a shift of strategy from the Clinton effort, however, he left it to Congress to put the bill together.

But keeping Democrats happy while attracting Republicans has proven a difficult balancing act. Congressional leaders have



## DEEP DIVE Commentary and Analysis

struggled to trim costs and find ways to cover its estimated price tag of at least \$1 trillion.

Republicans object to plans for a government-run healthcare option that would compete with private insurers, fearing its impact on the insurance industry and the employer-based insurance model used by most Americans.

Obama aides have signaled they would be willing to reduce or change the public plan to win support from at least a few Republicans, drawing criticism from liberal Democrats.

A group of fiscally conservative Democrats, meanwhile, objected to the House bill on Thursday because it did not have enough cost savings. They said it should be revamped before they can support it, creating the latest in a series of challenges.

"There are going to be some tough negotiations in the days and weeks to come but I'm confident that we're going to get it done," Obama said while traveling in Italy on Friday.

The healthcare debate comes at a critical juncture for Obama,

who faces growing criticism that his economic prescriptions are failing.

He managed early victories in Congress on a \$787 billion economic stimulus package, a financial rescue package and bailouts for endangered firms and industries, but his approval ratings have slipped in recent polls as unemployment rises and the economy continues to stumble.

The latest Gallup poll put Obama's approval rating at a still-high 57 percent, down from 64 percent in early June. In other polls, it ranges from the mid-50s to mid-60s.

"The Obama administration is desperate for accomplishments on the big issues," said Schoen, the White House pollster under former President Bill Clinton.

"The reason he is trying to do as much as he can as quickly as he can is he knows his approval rating is a depreciating asset. As soon as that goes below 50 percent he is in trouble."

## Thomson Reuters LPC Webinar:

## 2nd Quarter Review and 3rd Quarter Preview - Better Times Ahead?

Thomson Reuters LPC offers a series of online forums that examine trends in the syndicate loan market.

This month Diana Diquez, Senior Analyst for Thomson Reuters LPC, will present a review of middle market lending and provide some insight as to what the 3rd quarter may bring.

Date: Thursday, July 16th, 2009

Time: 11 am - 12 pm Eastern Standard Time

## Each webinar offers:

- An audio presentation
- Complete downloadable and printable presentation with graphs and charts
- Interactive polls and a question and answer session

Cost of the webinar is \$149 per person per session.

## Topics include:

- Overall secondary market rallies; how are smaller names performing?
- Non-sponsored lending stays afloat: What are the new terms ad structures?
- Sponsored lending is at a standstill, what deals are coming to the market?
- With limited new issue, amendments dominate. What are issues getting and giving in return?
- A look ahead: How big is the refinancing cliff in the middle market? What are the expectations?

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