

## **PRESS RELEASE**

### **FOR IMMEDIATE RELEASE**

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### **Forth Capital Announce the End of the Credit Crunch**

**Geneva, 20/05/2009**

**Forth Capital have called the end of the credit crunch this week as the continuing decline in the London interbank offered rate (Libor) signalled a return to normality for the credit markets for the first time since May 2007.**

This short-term interest rate that banks charge to borrow from each other fell to a record low on dollar, euro and pound-denominated loans.

Forth Capital's Managing Partner, Tom Tracy, hails this as a sure sign that the credit crunch is behind us. "This marks a return to normality and indicates that the banks are well capitalised again - there should be no more surprises. It is an extremely encouraging development and shows that trust is returning between banks. We believe that the banking system is functioning again and that central banks can continue with the job of running the broader economy with confidence."

Several indicators have reached significant points this week, including the Ted spread which illustrates the difference between the interest rate charged on US treasuries and the dollar Libor rate. This fell on Monday to its lowest since August 2007 – which is when the Credit Crunch hit – and serves as a key measure of banking confidence.

#### **This week's reasons for optimism:**

- **Ted spread falls to 62.47 points, reaching the upper boundary of normality. During the period of stability between December 2005 and May 2007 the spread ranged from 20 to 62.**
- **Vix Index (a key measure of share-price volatility in the US) falls by almost 7% to 30.83. This index stood at 55 in March 2009.**
- **Pound Sterling rises 0.93 cents to €1.1335 and 0.5 cents to \$1.5306.**
- **Libor falls for 3 month loans in all 3 major currencies. \$ by 4 points to 78.5 basis points, £ by 1.8 points to 1.33% and € from 1.247 to 1.242. All record lows.**

If you would like more information about this topic, or would like to speak with Mr Tracy, please contact Alan Turner on 022 311 1441 or email [alanturner@forthcapital.com](mailto:alanturner@forthcapital.com).

**Forth Capital** is an independent financial advising company specialising in providing private banking services for Switzerland's International Community.

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