

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

DECISION

Agenda Item No

meeting date: 26 JANUARY 2009
title: TREASURY MANAGEMENT MONITORING 2009/10
submitted by: DIRECTOR OF RESOURCES
principal author: TRUDY HOLDERNESS

1 PURPOSE

- 1.1 To provide you with a monitoring report on our treasury management activities for period 1 April 2009 to 30 December 2009.
- 1.2 To review the approved list of organisations for investments

2 BACKGROUND

- 2.1 You have previously approved a treasury management policy in accordance with CIPFA's code of practice on treasury management for Local Authorities.
- 2.2 In accordance with this policy committee should receive a quarterly report on its treasury management operations.

3 INFORMATION

- 3.1 Nationally, bank base interest rates have remained static at 0.5% in the period.
- 3.2 This low interest rate has had no immediate effect on the interest payable on the Council's long-term loan debt from Public Works Loan Board, which is mainly at fixed interest rates. However, it has resulted in a dramatic decrease in income from our temporary investments.

4 BORROWING REQUIREMENTS

- 4.1 The movement in the Council's external debt for the period can be summarised as follows. The debt has remained unchanged since the report in November.

	PWLB £000	Other £000	Total £000
External Debt at 1 April 2009	649	7	656
Repayments	-35	-0	-35
External debt at 31 December 2009	614	7	621

- 4.2 In April a temporary loan of £500,000 was taken out from Broadland District Council for a period of 7 days at 0.5% interest. This was due to a shortfall in cash balances between paying precepts to Lancashire County Council, Police and Fire Authorities and receiving council tax direct debit income. No further temporary loans have been required since, although cash balances remain low.

4.3 The total interest paid on the Council's external debt during the period was £15,215 compared with £19,503 in the previous year, again this has remained unchanged since last reported.

5 INVESTMENTS

5.1 In accordance with the treasury management policy, surplus funds are temporarily invested via the money market at the best rate of interest available with the minimisation of risk to the capital sum.

5.2 The average interest we received on all external investments for the period 1 April 2009 to 31 December 2009 was 0.40%, which compares favourably with the average local authority seven-day notice deposit rate of 0.32%.

5.3 The movement in the Council's external investments are shown in Annex1 and can be summarised as follows:

	Banks/ Building Societies £000	Other Local Authoriti es £000	Total £000
Monies Invested at 1 April 2009	1,585	0	1,585
Transactions - New Investments	32,985	0	32,985
- Repayment of Investments	-28,110	-0	-28,110
Monies Invested at 31 December 2009	6,460	0	6,460

5.4 The total interest received on the Council's external investments during the period was £12,284 compared with £206,633 in the previous year.

6 PRUDENTIAL INDICATORS

6.1 Since April 2004 the Prudential Code for Capital Finance in Local Authorities (the Code) regulates the Council's ability to undertake new capital investment.

6.2 The introduction of the prudential code saw the limits previously imposed replaced with four new prudential indicators.

- ❖ Upper limits on variable rate exposure. This indicator identifies a maximum limit for variable interest rates based upon the debt provision net of investments.
- ❖ Upper limits on fixed rate exposure. Similar to the previous indicators, this covers a maximum limit on fixed interest rates
- ❖ Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.
- ❖ Total principal funds invested for a period longer than 364 days. These limits are set to reduce the need for early sale of an investment and are based on the availability of investments after each year-end

- 6.3 The prudential code for Capital Finance in Local Authorities has recently been revised and updated following consultation on its original implementation and following the fall-out of the Icelandic Banks crisis. As a result the Treasury Management Code has also been fully revised.
- 6.4 A full report on these changes will be brought to this committee in March, however the key areas of focus are:
- ❖ Effective scrutiny of the Treasury Management Strategy and Policies.
 - ❖ Approval Process
 - ❖ Training of Members
 - ❖ Reporting
- 6.5 In accordance with this Code the Council agreed to monitor these indicators, which were approved by this committee in March 2009.
- 6.6 The limits set on interest rate exposures for 2009/10 were as follows:

	Upper Limit £000	Current Actual £000
Maximum Principal Sums Borrowed >364 days	9,448	657
Limits on Fixed Interest Rates	9,448	1,157
Limits on Variable Interest Rates	1,890	0

- 6.7 The upper and lower limits for the maturity structure of its borrowings for 2009/10 were as follows:

	Upper Limit %	Lower Limit %	Current Actual %
Under 12 months	20	0	10.83
12 Months and Within 24 Months	20	0	10.83
24 Months and Within 5 Years	30	0	32.48
5 Years and Within 10 Years	30	0	23.95
10 Years and Above	90	0	21.91

- 6.8 The total principal funds invested for a period longer than 364 days was set at nil. No investments have been made in the period for longer than 364 days.

7 APPROVED ORGANISATIONS

7.1 We currently limit investments to the top 9 building societies, these are:

Name	Current Ranking	Previous Ranking	Fitch Rating			
	Oct'09	Aug'09	Long Term	Review Date	Short Term	Review Date
Nationwide	1	1	AA -	29.10.09	F1+	29.10.09
Yorkshire	2	2	A -	02.12.09	F2	02.12.09
Coventry	3	3	A	23.06.09	F1	22.05.09
Chelsea	4	4	BBB +	02.12.09	F2	02.12.09
Skipton	5	5	A -	23.06.09	F2	23.06.09
Leeds	6	6	A	23.06.09	F1	23.06.09
West Bromwich	7	8	BBB -	11.08.09	F3	11.08.09
Principality	8	7	BBB +	23.06.09	F2	22.05.09
Newcastle	9	9	BBB -	23.06.09	F3	23.06.09

7.2 There has been no change to the ratings during the period. However BBB rating of some building societies is of major concern. We have therefore not placed any investments with these institutions since previously reported.

7.3 The current Fitch IBCA long-term and short-term credit rating on the banks we use are as follows:

	Fitch Rating			
	Long-Term	Review Date	Short-Term	Review Date
Abbey National plc	AA -	16.11.09	F1+	16.11.09
Alliance & Leicester Commercial Bank plc	AA -	16.11.09	F1+	16.11.09
Barclays Bank plc	AA -	29.10.09	F1+	29.10.09
Bank of Scotland plc	AA -	03.11.09	F1+	03.11.09
Bradford & Bingley Bank plc	A +	09.12.09	F1+	09.12.09
Cheltenham & Gloucester Bank plc	Not listed part of Lloyds TSB Group			
Co-operative Bank (The) *	A -	13.08.09	F2	13.08.09
HSBC Bank plc	AA	18.12.09	F1+	18.11.09
Lloyds TSB Bank plc	AA -	03.11.09	F1+	03.11.09
National Westminster Bank plc	AA -	18.12.09	F1+	18.12.09
Northern Rock (Asset Management) Plc	A +	09.12.09	F1+	09.12.09
Royal Bank of Scotland plc (The)	AA -	18.12.09	F1+	18.12.09

* Not updated since last reported.

- 7.4 There have been a few minor changes in the ratings since last reported in November 2009, which are as follows:

	Rating			
	Long-Term		Short-Term	
	Sept'09	Dec'09	Sept'09	Dec'09
Bradford & Bingley plc	A-	A+	F1+	F1+
Northern Rock (Asset Management) Plc	A -	A+	F1+	F1+

- Reviewed only – no change to rating
- 7.5 The Fitch credit ratings, which we use as an indication of the probability of organisations defaulting on our investments, are defined in annex 2. They only show an indication of the current credit position. They are being monitored on a regular basis and any significant changes will be reported to this committee.
- 7.6 There have been two other changes that have taken place since last reported. From 1 January 2010, Northern Rock was restructured into two separate companies.
- ❖ Northern Rock Plc – a new bank which will be offering new mortgage and savings products
 - ❖ Northern Rock (Asset Management) Plc – which is the existing company renamed. This company holds and services the majority of existing mortgage and unsecured loan accounts. It does not offer any new products or provide the option of additional borrowing to its existing customers.
- 7.7 Both companies remain in Government ownership and are authorised and regulated by the Financial Services Authority.
- 7.8 Also, from 11 January 2010, Abbey National Plc, which includes the Bradford and Bingley saving business will be changing its name to Santander UK Plc and operate under the brand name of Santander. The Alliance and Leicester will be changing to Santander later in 2010.
- 7.9 Santander UK Plc will have the same external credit ratings as Abbey National PLC and there will be no other changes to registration or guarantees that are currently in place.
- 7.10 We wish to add Santander UK plc to our list of approved organisations for investments and change Northern Rock Plc to Northern Rock (Asset Management) Plc
- 7.11 In addition to the Building societies and banks we use for investments, this Council requested approval from the United Kingdom Debt Management Office to open a Debt Management Account Deposit Facility. Approval was given in February 2009, but to date no investments have been placed with them.

CONCLUSION

- 8.1 The downturn in the global economy has had a dramatic impact on the income we receive from investments. Interest rates continue to remain very low, whereas the risks from placing investments remain high.
- 8.2 The low level of interest rates have been reflected in the most recent budget forecast, with anticipated interest receipts falling from the original estimate for 2009/10 of £125,000 to a much lower £15,000.

9 RECOMMENDED THAT COMMITTEE

- 9.1 Accept the monitoring report.
- 9.2 Approve the changes to our list of approved organisations for investments as per paragraph 7.10.

SENIOR ACCOUNTANT
PF04-10/TH/AC
14 January 2010

POLICY AND FINANCE COMMITTEE

TEMPORARY INVESTMENT ACTIVITY - 2009/10

Date Invested	Temporary Investment Number	Borrower	Amount Invested	Interest Rate	Date Repaid	Principal Repaid	Interest Paid / Due	Fitch Ratings at time of investment	
								Long-Term	Short-Term
INVESTMENTS OUTSTANDING AT 1 APRIL 2009									
16-Feb-09	125	Skipton BS	560,000	1.84%	21-Apr-09	-560,000	-1,806.73	A-	F2
16-Mar-09	129	Britannia Bs	400,000	1.84%	08/09 Debtor		1,242.13		
				1.00%	14-Apr-09	-400,000	-317.81	A-	F2
				1.00%	08/09 Debtor		175.34		
23-Mar-09	130	HSBC	125,000	0.25%	01-Apr-09	-125,000	-7.71	AA	F1+
				0.25%	08/09 Debtor		7.71		
31-Mar-09	123	Skipton BS	500,000	0.65%	21-Apr-09	-500,000	-186.99	A-	F2
				0.65%	08/09 Debtor		8.90		
Monies invested as 1 April 2009			1,585,000			-1,585,000	-885.16		
NEW INVESTMENTS - 2009/10									
Apr									
1-Apr-09	1	Skipton Bs	250,000	0.62%	21-Apr-09	-250,000	-84.93	A-	F2
7-Apr-09	2	HSBC	200,000	0.25%	14-Apr-09	-200,000	-9.59	AA	F1+
9-Apr-09	3	Alliance & Leicester PLC	200,000	0.62%	21-Apr-09	-200,000	-40.77	AA-	F1+
15-Apr-09	4	Alliance & Leicester PLC	570,000	0.61%	21-Apr-09	-570,000	-57.16	AA-	F1+
17-Apr-09	5	HSBC	250,000	0.30%	21-Apr-09	-250,000	-8.22	AA	F1+
30-Apr-09	6	Abbey National Bank Plc	1,100,000	0.78%	29-May-09	-1,100,000	-681.70	AA-	F1+
30-Apr-09	7	Skipton Bs	500,000	0.45%	05-May-09	-500,000	-30.82	A-	F2
30-Apr-09	8	Skipton Bs	400,000	0.62%	21-May-09	-400,000	-142.68	A-	F2
30-Apr-09	9	Skipton Bs	250,000	0.60%	22-May-09	-250,000	-90.41	A-	F2
1-May-09	10	Alliance & Leicester PLC	150,000	0.70%	29-May-09	-150,000	-80.55	AA-	F1+
			3,870,000			-3,870,000	-1,226.83		

Date Invested	Temporary Investment Number	Borrower	Amount Invested	Interest Rate	Date Repaid	Principal Repaid	Interest Paid / Due	Fitch Ratings at time of investment	
								Long-Term	Short-Term
May									
8-May-09	11	Skipton Bs	150,000	0.64%	29-May-09	-150,000	-55.23	A-	F2
13-May-09	12	Skipton Bs	200,000	0.59%	29-May-09	-200,000	-51.73	A-	F2
15-May-09	13	Alliance & Leicester PLC	350,000	0.58%	29-May-09	-350,000	-77.86	AA-	F1+
15-May-09	14	HSBC	300,000	0.25%	18-May-09	-300,000	-6.16	AA	F1+
21-May-09	15	Alliance & Leicester PLC	250,000	0.55%	29-May-09	-250,000	-30.14	AA-	F1+
22-May-09	16	HSBC	100,000	0.25%	26-May-09	-100,000	-2.74	AA	F1+
28-May-09	17	HSBC	680,000	0.25%	29-May-09	-680,000	-4.66	AA	F1+
			2,030,000			-2,030,000	-228.52		
June									
1-Jun-09	18	HSBC	400,000	0.25%	03-Jun-09	-400,000	-5.48	AA	F1+
1-Jun-09	19	Skipton Bs	400,000	0.55%	18-Jun-09	-400,000	-102.47	A-	F2
1-Jun-09	20	Skipton Bs	400,000	0.90%	02-Jul-09	-400,000	-305.75	A-	F2
1-Jun-09	21	Alliance & Leicester PLC	1,150,000	0.70%	06-Jul-09	-1,150,000	-771.92	AA-	F1+
5-Jun-09	22	HSBC	90,000	0.25%	01-Jul-09	-90,000	-16.03	AA	F1+
12-Jun-09	23	Skipton BS	250,000	0.52%	22-Jun-09	-250,000	-35.62	A-	F2
15-Jun-09	24	Abbey	400,000	0.58%	06-Jul-09	-400,000	-133.48	AA-	F1+
			3,090,000			-3,090,000	-1,370.75		
July									
29-Jun-09	25	Skipton BS	700,000	0.53%	06-Jul-09	-700,000	-71.15	A-	F2
30-Jun-09	26	Nation Wide	1,000,000	0.60%	11-Aug-09	-1,000,000	-690.41	AA-	F1+
30-Jun-09	27	Britannia BS	700,000	0.43%	06-Jul-09	-700,000	-49.48	A-	F2
30-Jun-09	28	Abbey	400,000	0.56%	20-Jul-09	-400,000	-122.74	AA-	F1+
30-Jun-09	29	HSBC	350,000	0.25%	01-Jul-09		-2.39	AA	F1+
				0.25%	13-Jul-09	-150,000	-28.77	AA	F1+
				0.25%	21-Jul-09	-100,000	-10.97	AA	F1+
				0.25%	10-Aug-09	-100,000	-13.70	AA	F1+
1-Jul-09	30	Skipton BS	200,000	0.55%	17-Jul-09		-48.22	A-	F2
				0.85%	11-Aug-09	-200,000	-116.44	A-	F2
3-Jul-09	31	Skipton BS	100,000	0.52%	22-Jul-09	-100,000	-27.07	A-	F2

Date Invested	Temporary Investment Number	Borrower	Amount Invested	Interest Rate	Date Repaid	Principal Repaid	Interest Paid / Due	Fitch Ratings at time of investment	
								Long-Term	Short-Term
10-Jul-09	32	Skipton BS	300,000	0.55%	22-Jul-09	-300,000	-54.25	A-	F2
15-Jul-09	33	Skipton BS	400,000	0.60%	03-Aug-09	-400,000	-124.93	A-	F2
28-Jul-09	34	Skipton BS	650,000	0.59%	11-Aug-09	-650,000	-147.10	A-	F2
31-Jul-09	35	Abbey	1,100,000	0.39%	11-Aug-09	-1,100,000	-129.29	AA-	F1+
31-Jul-09	36	Abbey	400,000	0.50%	19-Aug-09	-400,000	-104.11	AA-	F1+
31-Jul-09	37	Britannia Bs	500,000	0.40%	14-Aug-09		-76.71	A-	F2
				0.40%	17-Aug-09	-500,000	-16.44	A-	F2
31-Jul-09	38	Britannia Bs	500,000	0.50%	17-Sep-09	-500,000	-328.77	A-	F2
			7,300,000			-7,300,000	-2,162.94		
Aug									
7-Aug-09	39	HSBC	150,000	0.25%	14-Aug-09	-150,000	-7.18	AA	F1+
17-Aug-09	40	HSBC	200,000	0.20%	21-Aug-09		-4.38	AA	F1+
				0.20%	24-Aug-09	-200,000	-1.65	AA	F1+
17-Aug-09	37a	Britannia Bs	500,000	0.40%	17-Sep-09	-500,000	-169.86	A-	F2
28-Aug-09	41	Skipton BS	750,000	0.65%	17-Sep-09	-750,000	-267.12	A-	F2
			1,600,000			-1,600,000	-450.19		
Sept									
1-Sep-09	42	Abbey	1,200,000	0.52%	17-Sep-09	-1,200,000	-273.53	AA-	F1+
1-Sep-09	43	Skipton BS	350,000	0.60%	21-Sep-09	-350,000	-115.07	A-	F2
1-Sep-09	44	Skipton BS	400,000	0.72%	01-Oct-09	-400,000	-236.71	A-	F2
3-Sep-09	45	HSBC	400,000	0.25%	03-Sep-09	-400,000	-5.48	AA	F1+
1-Sep-09	46	HSBC	250,000	0.25%	22-Sep-09	-150,000	-21.57	AA	F1+
					19-Oct-09	-100,000	-32.88	AA	F1+
4-Sep-09	47	HSBC	130,000	0.25%	14-Sep-09	-130,000	-8.90	AA	F1+
11-Aug-09	48	HSBC	200,000	0.25%	14-Aug-09	-200,000	-4.11	AA	F1+
14-Sep-09	49	Abbey	250,000	0.50%	23-Oct-09	-250,000	-133.56	AA-	F1+
15-Sep-09	50	Yorkshire BS	300,000	0.50%	19-Oct-09	-300,000	-139.73	A-	F2
25-Sep-09	51	HSBC	100,000	0.25%	11-Nov-09	-100,000	-32.19	AA	F1+
			3,580,000			-3,580,000	-1,003.73		

Date Invested	Temporary Investment Number	Borrower	Amount Invested	Interest Rate	Date Repaid	Principal Repaid	Interest Paid / Due	Fitch Ratings at time of investment	
								Long-Term	Short-Term
Oct									
28-Sep-09	52	Abbey	650,000	0.50%	23-Oct-09	-650,000	-222.60	AA-	F1+
30-Sep-09	53	Skipton BS	1,100,000	0.67%	23-Oct-09	-1,100,000	-464.41	A-	F2
30-Sep-09	54	Yorkshire BS	900,000	0.50%	23-Oct-09	-900,000	-283.56	A-	F2
30-Sep-09	55	Abbey	350,000	0.50%	04-Nov-09	-350,000	-167.81	AA-	F1+
1-Oct-09	56	Skipton Bs	150,000	0.65%	13-Nov-09		-114.86	A-	F2
				0.47%	20-Nov-09		-13.52	A-	F2
				0.50%	04-Dec-09		-28.77	A-	F2
				0.50%	Still outstanding		-57.53	A-	F2
9-Oct-09	57	Skipton BS	150,000	0.54%	22-Oct-09		-28.85	A-	F2
15-Oct-09	58	HSBC	200,000	0.47%	06-Nov-09	-150,000	-28.97	A-	F2
				0.25%	23-Nov-09	-100,000	-26.71	AA	F1+
15-Oct-09	59	Alliance	400,000	0.25%	08-Dec-09	-100,000	-36.99	AA	F1+
15-Oct-09	59	Alliance	400,000	0.51%	20-Nov-09	-400,000	-195.62	AA-	F1+
28-Oct-09	60	Abbey	700,000	0.51%	30-Nov-09		-322.77	AA-	F1+
30-Oct-09	61	Skipton BS	250,000	0.51%	Still outstanding		-312.99	AA-	F1+
				0.55%	02-Dec-09	-250,000	-124.32	A-	F2
				4,850,000		-4,000,000	-2,430.28		
Nov									
2-Nov-09	62	Yorkshire BS	1,150,000	0.55%	Still outstanding		-1,039.73	A-	F2
2-Nov-09	63	Skipton BS	150,000	0.50%	02-Dec-09	-150,000	-61.64	A-	F2
2-Nov-09	64	Skipton BS	400,000	0.60%	21-Dec-09	-400,000	-322.19	A-	F2
2-Nov-09	65	Skipton BS	400,000	0.75%	Still outstanding		-493.15	A-	F2
16-Nov-09	66	Bank Of Scotland	600,000	0.47%	Still outstanding		-355.40	AA-	F1+
19-Nov-09	67	HSBC	150,000	0.26%	23-Nov-09	-150,000	-4.27	AA	F1+
27-Nov-09	68	HSBC	150,000	0.25%	Still outstanding		-35.96	AA	F1+
				3,000,000		-700,000	-2,312.34		
Dec									
30-Nov-09	69	Abbey	120,000	0.51%	22-Dec-09	-120,000	-36.89	AA-	F1+
11-Dec-09	70	HSBC	235,000	0.26%	14-Dec-09	-235,000	-5.02	AA	F1+

Date Invested	Temporary Investment Number	Borrower	Amount Invested	Interest Rate	Date Repaid	Principal Repaid	Interest Paid / Due	Fitch Ratings at time of investment	
								Long-Term	Short-Term
14-Dec-09	71	HSBC	100,000	0.25%	Still outstanding		-12.33	AA	F1+
15-Dec-09	72	Skipton BS	200,000	0.41%	21-Dec-09		-13.48	A-	F2
				0.54%	Still outstanding		-32.55	A-	F2
15-Dec-09	73	Abbey	150,000	0.51%	Still outstanding		-35.63	AA-	F1+
17-Dec-09	74	Skipton BS	100,000	0.65%	Still outstanding		-26.71	A-	F2
23-Dec-09	75	Abbey	110,000	0.65%	Still outstanding		-17.63	AA-	F1+
29-Dec-09	76	HSBC	450,000	0.26%	Still outstanding		-9.62	AA	F1+
31-Dec-09	77	Abbey	500,000	0.33%	Still outstanding		-4.52	AA-	F1+
31-Dec-09	78	Nation Wide	1,500,000	0.42%	Still outstanding		-17.26	AA-	F1+
31-Dec-09	79	HSBC	200,000	0.26%	Still outstanding		-1.42	AA	F1+
			3,665,000			-355,000	-213.06		
Total Investments made April to December 2009			32,985,000			-28,110,000	-12,283.80		
INVESTMENTS OUTSTANDING AT 31 DECEMBER 2009									
2-Nov-09	62	Yorkshire BS	1,150,000	0.55%					
2-Nov-09	65	Skipton BS	400,000	0.75%					
16-Nov-09	66	Bank Of Scotland	600,000	0.47%					
27-Nov-09	68	HSBC	150,000	0.25%					
30-Nov-09	60	Abbey	700,000	0.51%					
4-Dec-09	56	Skipton BS	150,000	0.50%					
14-Dec-09	71	HSBC	100,000	0.25%					
21-Dec-09	72	Skipton BS	200,000	0.54%					
15-Dec-09	73	Abbey	150,000	0.51%					
17-Dec-09	74	Skipton BS	100,000	0.65%					
23-Dec-09	75	Abbey	110,000	0.65%					
29-Dec-09	76	HSBC	450,000	0.26%					
31-Dec-09	77	Abbey	500,000	0.33%					
31-Dec-09	78	Nationwide	1,500,000	0.42%					
31-Dec-09	79	HSBC	200,000	0.26%					
Monies Invested at 31 December 2009			6,460,000						

POLICY AND FINANCE COMMITTEE

Fitch Rating Definitions	
International Long-Term Credit Ratings	
Long-term credit rating can be used as a benchmark measure of probability of default.	
AAA	Highest credit quality. 'AAA' denotes the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectation of low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than in the case for higher ratings.
BBB	Moderate default risk. 'BBB' National Ratings denote a moderate default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely repayment than is the case for financial commitments denoted by a higher rated category
International Short-Term Credit ratings	
Short-term rating has a time horizon of less than 13 months for most obligations and thus places greater emphasis on the liquidity necessary to meet financial commitments	
F1	Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non-investment grade.