RATE ENVIRONMENT

ATLANTIC CAPITAL STRATEGIES, INC. ***(781) 276-4966*** **March 23, 2015**

THE MARKETS

As expected, the Federal Reserve dropped an assurance it will be "patient" in raising interest rates, opening the door for higher borrowing costs as early as June. "An increase in the target range for the federal funds rate remains unlikely at the April" meeting, the FOMC said in a statement Wednesday. Fed officials also lowered their estimate for fed funds at the end of 2015 to 0.625%, compared with 1.125% in December forecasts. The FOMC said it will be appropriate to tighten "when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term." Stocks rallied with Treasuries, while the dollar tumbled after the central bank indicated interest rates will rise more slowly than previously estimated. The Russell 2000 Index of small companies rose to a record, while the Nasdaq climbed above 5,000. The yield on the 10-year Treasury note sank to 1.92%, the lowest since February 5th.

THE ECONOMY

Industrial production rose 0.1% in February, leaving capacity utilization at 78.9%. Housing starts fell sharply as adverse weather conditions hit activity particularly hard in the Northeast and Midwest; overall starts plunged 17.0% to 897,000 units. Leading indicators, a measure of the outlook for the next three to six months, rose 0.2% for a second month.

Existing home sales are expected to rise 2.5% in February to 4.94 million while new home sales are seen 1.3% lower to 475,000. Look for consumer prices to advance 0.2% while the core rate is up 0.1% or 1.6% annualized. Durable goods orders are expected to rise 0.6%, down from a 2.8% surge in January.

KEY RATES

Issue	*Value*	*Last Week*	*Issue*	*Value*	*Last Week*
Fed Funds	0.25%	0.25%	2-Year Agency	0.66%	0.70%
Prime	3.25%	3.25%	5-Year Agency	1.53%	1.66%
2-Year Treasury	0.60%	0.68%	15-Year MBS	1.96%	2.09%
5-Year Treasury	1.42%	1.60%	30-Year MBS	2.68%	2.83%
10-Year Treasury	1.93%	2.13%	3-Month LIBOR	0.26%	0.27%

Source: Bloomberg

INTEREST RATE SWAPS / CAPS / FLOORS

Buyer Pays Fixed- Indications only based on quarterly settlements

	SWAP		*CAP*		*FLOOR*	
Term	*90-Day LIBOR*	*PRIME*	*90-Day LIBOR (0.50%)*	*90-Day LIBOR (2.50%)*	*90-Day LIBOR (0.50%)*	*90-Day LIBOR (2.00%)*
1-Year	0.49%	3.19%	0.14%	0.05%	0.08%	1.31%
2-Year	0.85%	3.65%	0.84%	0.25%	0.14%	2.14%
3-Year	1.16%	4.08%	2.07%	0.66%	0.25%	2.73%
5-Year	1.57%	4.49%	5.22%	1.93%	0.55%	4.07%

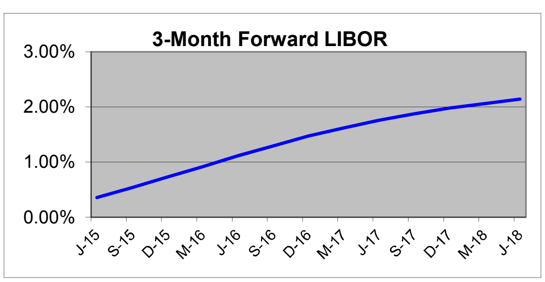
Source: Bloomberg, PNC

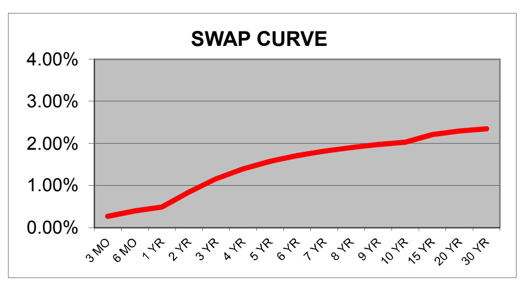
OTHER INDICATORS

	Value	*% Change YTD*		*Value*	*% Change YTD*
OIL (30 day futures)	$ 46.57	-12.58%	Dow Jones Ind Avg	18,127.65	1.71%
Commodities (CRB Index)	$ 214.11	-6.89%	NASDAQ	5,026.42	6.13%
EURO (spot)	$ 1.080	-10.77%	S&P 500	2,108.10	2.38%

Source: Bloomberg

YIELD CURVES





Source: Bloomberg

IN THE NEWS

A report from real estate analytics firm CoreLogic said 1.2 million borrowers came out from underwater in 2014, bringing the total number of mortgaged residential properties with equity at the end of last year's fourth quarter to approximately 44.5 million, or 89 percent of all mortgaged properties. There are 5.4 million underwater homes, or 10.8 percent of all mortgaged properties. This compares with 5.2 million homes, or 10.4 percent, that were reported with negative equity in Q3 2014, a quarter-over-quarter increase of 3.3 percent. Year-over-year, however, the number of underwater properties decreased by 1.2 million from Q4 2013, or 18.9 percent.