



J.P. Morgan Global Liquidity: European Market Commentary

September 15, 2011

Our Perspective

Yesterday, September 14, 2011 Moody's made good on their warning to downgrade French Banks. Downgrading both Credit Agricole (now Aa3) and Societe Generale (Aa2) one notch, but affirmed their short term ratings at P-1. Citing concerns about their exposure to Greece and the Greek economy as well as difficulty sourcing wholesale funding. Moody's did not downgrade BNP, leaving their rating at Aa2, but the name remains on watch. As previously stated, this was not unexpected. Our own internal rankings were already in line with the lower ratings.

At present, EU policy makers appear to be settling for damage limitation rather than attempting a more comprehensive solution. Europe's debt problem, although known for some time, has once again entered a new phase and policy makers must come up with a clear and comprehensive response to stop the contagion across the globe. Until such a plan is put in place, our belief is that the volatility will continue.

The JPMorgan Money Market Funds do not have any exposure to Greece, Ireland, Portugal, Spain or Italy.

At J.P. Morgan Asset Management, our credit analysts continue to take a very conservative approach to the banking sector generally. Our internal credit process is both dynamic and robust. We continuously review our approved list and tenors in light of market conditions, making adjustments as evolving circumstances warrant.

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