

## European Securitized Products Weekly

### ABS Ignores Another Week of Policy Initiatives

- **FOMC a Surprise, but Euro ABS Nonchalant** — The FOMC's announcement that asset purchases would remain unchanged surprised the market and clarified that policy would remain accommodative deep into recovery. Credit and equity markets responded strongly, but Euro ABS markets have seen little incremental action.
- **CMBS, UK BTL and Portuguese RMBS to Benefit from Any Lagged Rally** — A traditional lag between a rally in credit and ABS markets should favour these three sectors most as they have seen the least recovery since talk of a 'QE-taper' in May spooked the markets.
- **Impact of New Dutch Housing Initiative Not Immediate** — The government initiative to create a National Mortgage Institution to finance low-risk mortgages at sovereign levels is likely to increase tepid housing turnover and RMBS prepayments only if banks lower rates sufficiently to attract more first-time buyers.
- **New Policy Could Reduce Dutch RMBS Issuance by One-third** — About 35% of the currently placed €120 billion of RMBS pool are NHG loans, and may be funded through the new scheme instead of the RMBS markets in the future.
- **Barclays AYTGH Tender Reinforces Value in Spanish RMBS** — The absence of any strategic motive, such as large mark-to-market gains or desire to withdraw from the business, supports our prior investment thesis that senior Spanish RMBS bonds, at 265bp, offer good relative value.

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#### Global Securitized Products Research

Mary E Kane  
+1-212-816-8409  
mary.e.kane@citi.com

#### European Securitized Products

Ratul Roy  
+44-20-7986-9003  
ratul.roy@citi.com

Himanshu Shrimali, CFA  
+44-20-7986-6151  
himanshu.shrimali@citi.com

Rajat Deshpande  
+91-22-4277-5048  
rajat.deshpande@citi.com

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See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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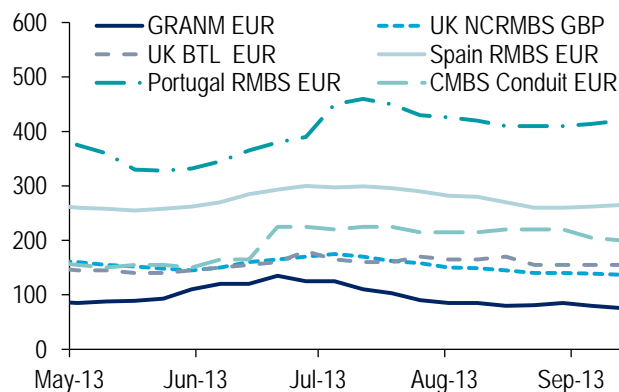
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# Noteworthy News and Events

## Market Rally Post FOMC

- **No QE Taper.** The absence of any tapering certainly caught the markets and our US economists by surprise ([U.S. Macro Flash - Comment on FOMC Decision: Accommodation Full Speed Ahead](#)). The bar to start a QE-tapering program was much higher than initially thought, and our economists see the debate extending into next year. Overall, the summary of economic projections underscored the view that policy would likely remain very accommodative deep into recovery.
- **Little Immediate Reaction in Euro ABS.** US equities, Treasury bond prices and gold soared while the dollar sank after the Fed announcement. Credit markets also responded in Europe. The Crossover index spread tightened 10bp but Euro ABS did not immediately benefit, which is in line with previous lags that we have seen.
- **Possible Lagged Rally Should Benefit CMBS and Peripheral and UK Non-Prime RMBS.** Though most Euro ABS sectors have recovered (and more, in the case of Granite) the initial widening that happened in May after the first guidance on the timing of a QE-taper, a few sectors are still wide to their May tight (Figure 1). We think these sectors have capacity to tighten as signs of more accommodation should combine with early signs of a Euro-area recovery ([European Securitized Products Weekly - Strategies for a \(Potential\) Euro Recovery](#)) and should help many unloved sectors.

Figure 1. UK BTL, Portuguese RMBS and CMBS Spreads Wide to Their May Tights (bp)



Source: Citi Research

## Regulation and Policy

- **Spain Could Exit Bank Bailout Programme in 2013.** EU commissioner said that Spanish banks will not need additional capital via the ESM programme. Spain has used just €41 billion of the available €100 billion of bailout funds. Citi economists think that Spain's exit from the bailout programme would be a risky move as the asset quality review scheduled in 2014 could uncover more capital requirements for the Spanish banking sector.
- **Government Backed MBS Planned in the Netherlands.** The Dutch housing market has been plagued by low buyer confidence and little housing turnover despite some key positives within the RMBS sector ([Going Dutch RMBS - High Leverage Masks Sector Value](#)). In an effort to reduce the borrowing costs for homebuyers and stimulate the housing market, the government has reached an agreement with pension funds and banks to set up an institution which will sell government backed MBS. Once the Institution is formed it would target issuance of €50 billion of mortgage bonds over five years. Only the NHG guarantee covered mortgages will be eligible for this programme according to Bloomberg.

- **Dutch Scheme, if allowed, Will Not Spur Revival Immediately.** The time required to set up the scheme combined with the prepayment penalties on Dutch mortgages imply that we will not see an immediate wave of refinancings or new mortgage applications. We also feel that there is some small risk that the scheme may be viewed as Government subsidy for the banking sector rather than for households, which may fall foul of EC regulations. As such, we do not see any pick-up in housing turnover or mortgage prepayments in the short-term.
- **Drop-off in Dutch RMBS Issuance.** In the longer-term, we think the scheme has the capacity to make it optimal for banks to finance government-guaranteed NHG loans through the new scheme. About 35% of the €120 billion of outstanding RMBS which are callable in the next five years are NHG loans. These loans may exit the RMBS pool as banks fund them with the new scheme,

## Housing and Rental Markets

- **ONS House Price Index Rises 3.3% YoY in July.** The UK ONS house price index increased to 185.0 in July from 182.5 in the previous month. UK house prices have grown 3.2% year-to-date, according to ONS.
- **George Osborne Dismisses Housing Bubble Concerns.** Chancellor George Osborne dismissed concerns about government policy causing a property bubble in the UK, reported Bloomberg. Citi Economists recently commented that the level of transactions is about 26% below their pre-crisis peak and the housing recovery is underpinned by low housing supply and hence is not in bubble territory ([UK Economics Weekly - Housing is Recovering, Not Bubbling](#)).
- **UK BTL Loans Increase 12% MoM: CML.** A strong increase in remortgaging activity could result in an increase in prepayments in the UK BTL RMBS sector. Buy-to-let remortgaging loans grew 23.6% to £1.1 billion whereas loans for new purchases increased 12.5% to £900 million according to CML data.

## Macroeconomic News

- **UK Unemployment Rate Declines to 7.7%.** The UK ILO unemployment rate declined to 7.7% in July after being stable at 7.8% for the past 4 months.
- **BOE Raises UK GDP Q3 2013 Growth Forecast.** The Bank of England revised the growth forecast for Q3 2013 to 0.7% from 0.5%, reported Financial Times. Citi economists forecast UK GDP to grow to average 1.1% and 2.1% in 2013 and 2014 respectively.
- **Italian GDP Shrinks More than Expected.** Italian GDP declined 2.1% year-over-year in Q2 2013 against an expected 2% according to a Bloomberg survey. Citi economists forecast Italian GDP growth to average -1.4% and -0.2% in 2013 and 2014 respectively.
- **European Auto Sales Drops 5% Year-over-Year.** European new vehicle registrations declined 5% year-over-year to 653,872 in August 2013. UK, Portuguese and Irish auto registrations increased 10.9%, 13.0% and 19.6% year-over-year respectively whereas Spanish, French, Italian and German registrations declined 18.3%, 10.5%, 6.6% and 5.5% year-over-year respectively.

## Tender Update

Figure 2. UCI Tender Results

Bond	Min Tender Price	Max Price Accepted	Accepted(€ million)
UCI 10 B	62	75	2.18
UCI 11 B	67	67	0.1
UCI 11 C	55	67.5	13
UCI 12 A	86	87	55.64
UCI 12 B	64	75	3.4
UCI 12 C	50	59	9.7
UCI 14 A	84.5	86.5	29.37
UCI 15 A	83	87.5	22.74
UCI 17 A2	76	N/A	0

Source: Concept ABS and Citi Research

Figure 3. Barclays AYTGH Tender

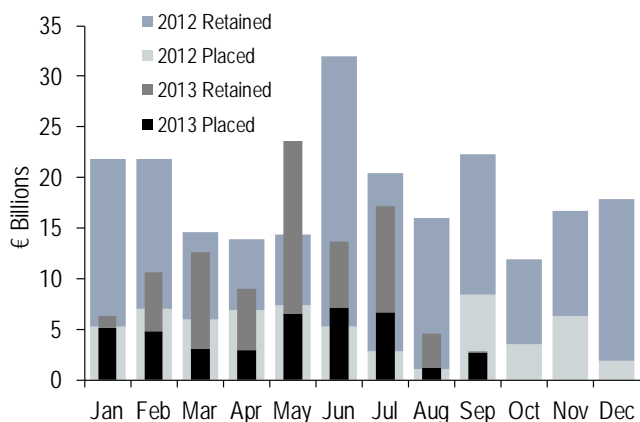
Bond	Min Price	Markit Price	Premium
AYTGH II A	89.0	87.6	1.5
AYTGH II B	79.5	80.4	-0.9
AYTGH III A	89.3	87.4	1.9
AYTGH III B	83.0	77.6	5.4
AYTGH IV A	87.0	86.3	0.7
AYTGH IV B	78.5	N/A	N/A
AYTGH VI A2	85.0	84.7	0.3
AYTGH VI B	75.0	N/A	N/A
AYTGH VII A2	86.5	85.2	1.3
AYTGH VII B	76.5	75.5	1.0
AYTGH VII C	70.0	N/A	N/A
AYTGH VIII A2	86.3	84.7	1.6
AYTGH VIII B	76.0	70.6	5.4
AYTGH VIII C	72.3	68.6	3.7
AYTGH IX A2	84.0	82.7	1.3
AYTGH IX B	66.0	N/A	N/A
AYTGH IX C	61.0	N/A	N/A

Source: IFR, Markit and Citi Research

- **UCI Tender Results Announced.** UCI successfully tendered €136.1 million of notes worth €112.5 million on 11 Sep 2013 (Figure 2). This was the second auction for these bonds this year and UCI had targeted spending €200 million for this tender.
- **Barclays Announces AYTGH Tender.** Barclays announced a tender for its Spanish RMBS programme targeting 17 tranches of the AYTGH II, III, IV, VI, VII, VIII and IX (Figure 3). Barclays already holds €945 million of the €3.1 billion outstanding of these tranches, according to IFR. There is no cap on the amount to be accepted in the tender.

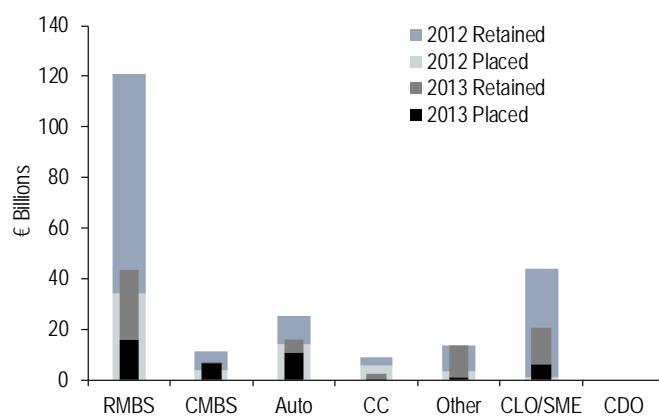
## New Issuance

Figure 4. Placed and Retained Issuance by Month, 2012–2013YTD (€ billions)



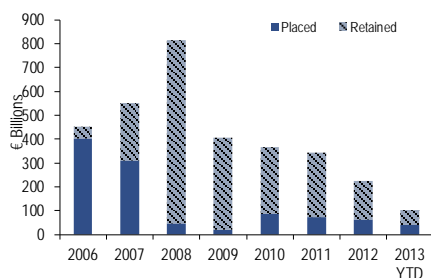
Source: Concept ABS, IFR, Informa and Citi Research

Figure 5. Placed and Retained Issuance by Sector, 2012–2013YTD (€ billions)



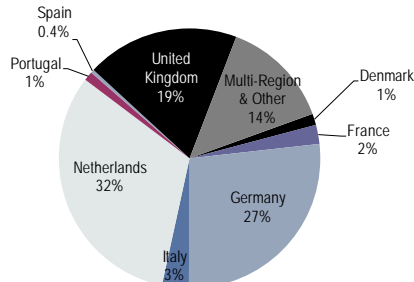
Source: Concept ABS, IFR, Informa and Citi Research

Figure 6. Annual Historical Placed and Retained Issuance, 2006–2013YTD (€ billions)



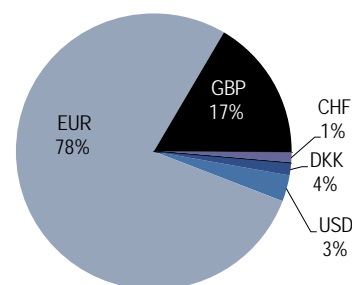
Source: Concept ABS, IFR, Informa and Citi Research

Figure 7. Placed Issuance by Region, 2013YTD (% of Total, € Equivalent)



Source: Concept ABS, IFR, Informa and Citi Research

Figure 8. Placed Issuance by Currency, 2013YTD (% of Total, € Equivalent)



Source: Concept ABS, IFR, Informa and Citi Research

Figure 9. Placed and Retained Issuance by Sector, 2012\* and 2013YTD (€ million)

	RMBS(MM)		CMBS(MM)		Autos(MM)		Credit Card ABS(MM)		CLO/SME(MM)		Other(MM)		Total(MM)	
	2013YTD	2012	2013YTD	2012	2013YTD	2012	2013YTD	2012	2013YTD	2012	2013YTD	2012	2013YTD	2012
Placed	16,075	33,928	6,401	3,936	10,593	13,921	164	5,591	6,019	990	897	3,459	40,150	61,825
Retained	27,528	87,137	143	7,460	5,128	11,364	2,076	3,067	14,393	42,879	12,654	10,145	61,921	162,052
Total	43,603	121,065	6,543	11,395	15,721	25,285	2,240	8,658	20,413	43,869	13,551	13,604	102,071	223,877

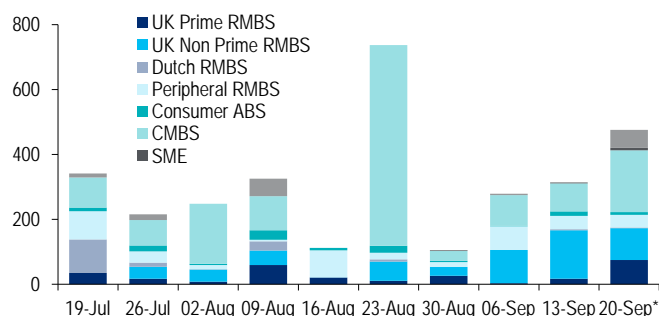
\* 2012 complete year

Source: Concept ABS, IFR, Informa and Citi Research

# BWIC Tracker

## Weekly and Monthly BWIC Volume

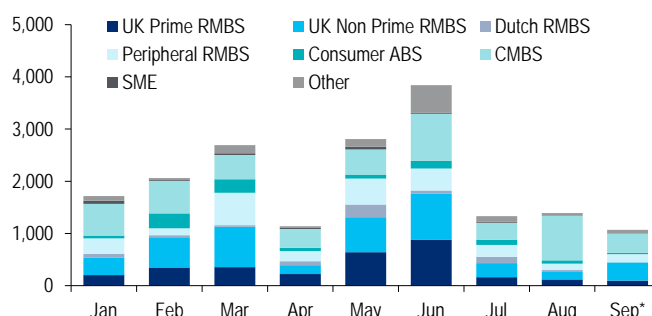
Figure 10. Weekly BWIC Volume by Sector, Jul 13–Sep 13 (\$ eq. million)



\* Data until 20 Sep Morning

Source: Citi Research

Figure 11. Monthly BWIC Volume by Sector, 2013YTD (\$ eq. million)

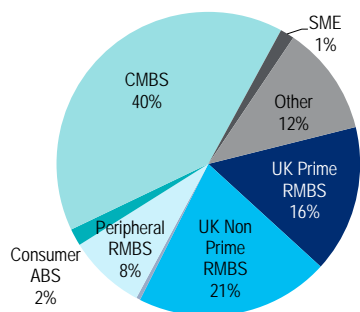


\* Data until 20 Sep Morning

Source: Citi Research

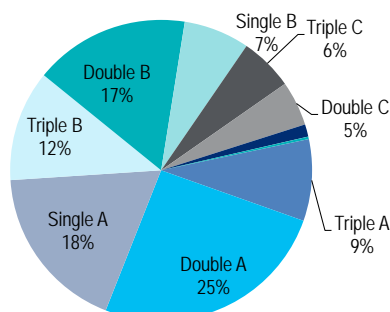
## Last Week's BWIC Distribution by Sector, Rating and Currency

Figure 12. BWIC Volume Distribution by Sector, 13 Sep – 20 Sep 2013 (%)



Source: Citi Research

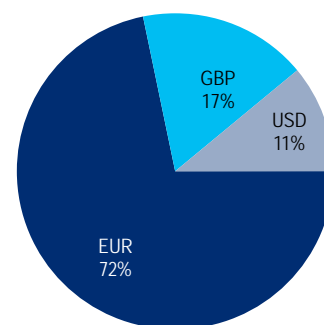
Figure 13. BWIC Volume Distribution by Current Rating\*, 13 Sep – 20 Sep 2013 (%)



\* We use Bloomberg composite ratings

Source: Bloomberg and Citi Research

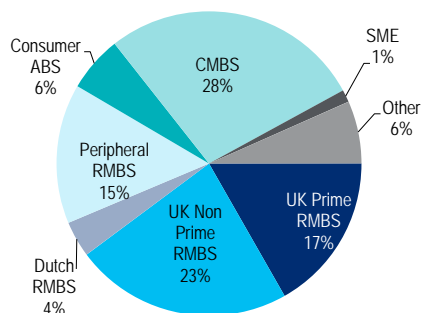
Figure 14. BWIC Volume Distribution by Currency, 13 Sep – 20 Sep 2013 (%)



Source: Citi Research

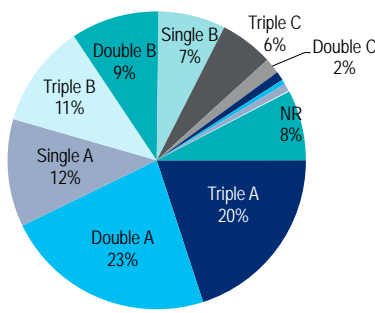
## YTD BWIC Distribution by Sector, Rating and Currency

Figure 15. BWIC Volume Distribution by Sector, 2013YTD (%)



Source: Citi Research

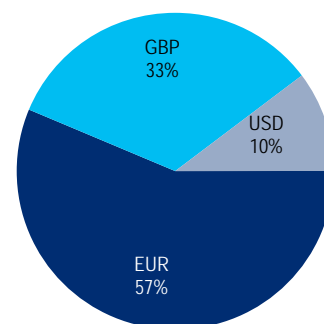
Figure 16. BWIC Volume Distribution by Current Rating\*, 2013YTD (%)



\* We use Bloomberg composite ratings

Source: Bloomberg and Citi Research

Figure 17. BWIC Volume Distribution by Currency, 2013YTD (%)



Source: Citi Research

Figure 18. BWIC Volume and Number of Bonds by Sector and Current Rating\*, 13 Sep – 20 Sep 2013 and 2013 YTD

Sector	Rating*	13 Sep – 20 Sep		YTD	
		Volume (MM USD EQ)	Number of Bonds	Volume (MM USD EQ)	Number of Bonds
UK Prime RMBS	Triple A	8.9	3	1,481	274
	Double A	43.8	6	1,219	304
	Single A	-	-	64	7
	Lower and Not Rated	21.8	4	258	62
	<b>Total</b>	<b>74.5</b>	<b>13</b>	<b>3,022</b>	<b>647</b>
UK Non Prime RMBS	Triple A	0.3	1	271	46
	Double A	73.6	23	1,759	308
	Single A	19.4	6	791	121
	Lower and Not Rated	4.8	2	1,338	279
	<b>Total</b>	<b>98.2</b>	<b>32</b>	<b>4,160</b>	<b>754</b>
Dutch RMBS	Triple A	-	-	480	106
	Double A	-	-	61	8
	Single A	1.4	1	47	18
	Lower and Not Rated	0.7	1	103	33
	<b>Total</b>	<b>2.0</b>	<b>2</b>	<b>691</b>	<b>165</b>
Peripheral RMBS	Double A	2.9	7	650	48
	Single A	29.7	11	559	122
	Triple B	3.4	4	580	120
	Double B	2.5	2	268	44
	Single B	-	-	141	48
	Triple C	-	-	189	55
	Lower and Not Rated	0.6	1	289	120
	<b>Total</b>	<b>39.2</b>	<b>25</b>	<b>2,676</b>	<b>557</b>
CMBS	Triple A	10.5	3	60	6
	Double A	0.4	1	165	34
	Single A	0.6	1	415	73
	Lower and Not Rated	178.7	29	4,349	613
	<b>Total</b>	<b>190.3</b>	<b>34</b>	<b>4,989</b>	<b>726</b>
Consumer ABS	Triple A	7.2	3	687	199
	Double A	-	-	184	16
	Single A	0.2	1	54	34
	Lower and Not Rated	1.2	2	141	70
	<b>Total</b>	<b>8.7</b>	<b>6</b>	<b>1,066</b>	<b>319</b>
SME	Double A	-	-	5	2
	Single A	7.1	2	74	27
	Triple B	-	-	23	18
	Double B	-	-	32	18
	Single B	-	-	40	19
	Lower and Not Rated	-	-	65	41
	<b>Total</b>	<b>7.1</b>	<b>2</b>	<b>238</b>	<b>125</b>
Other	Triple A	14.8	12	622	130
	Double A	0.5	1	75	15
	Single A	26.8	3	102	23
	Triple B	13.4	6	85	20
	Double B	-	-	94	16
	Single B	-	-	63	10
	Triple C	-	-	90	10
	Lower and Not Rated	-	-	68	19
	<b>Total</b>	<b>55.5</b>	<b>22</b>	<b>1,199</b>	<b>243</b>
<b>Grand Total</b>		<b>475.4</b>	<b>136</b>	<b>18,042.6</b>	<b>3,536</b>

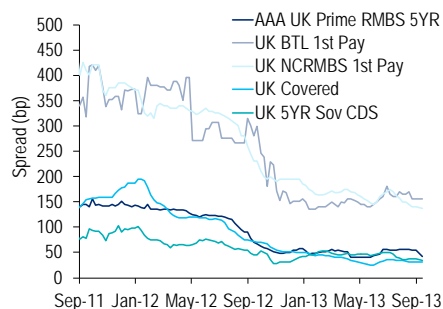
\* We use Bloomberg composite ratings

Source: Bloomberg and Citi Research



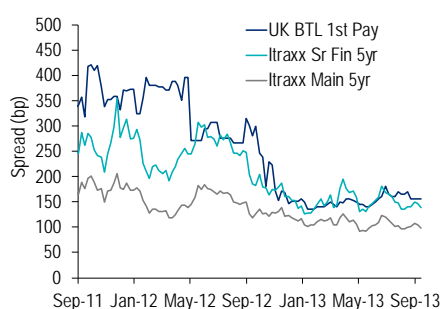
## Core RMBS Spreads and Relative Value

Figure 19. UK RMBS Seniors Versus Indexes, Sep 11 – Sep 13



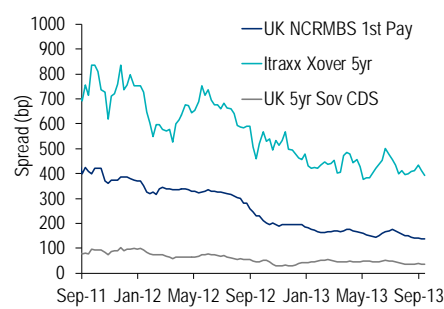
Source: Markit and Citi Research

Figure 20. UK BTL RMBS Seniors Versus Indexes, Sep 11 – Sep 13



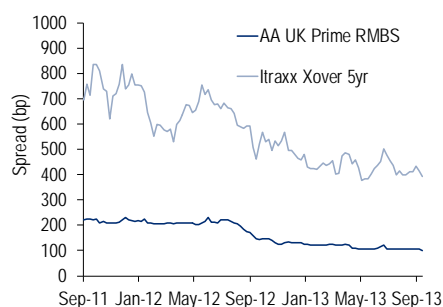
Source: Markit and Citi Research

Figure 21. UK NCRMB Seniors Versus Indexes, Sep 11 – Sep 13



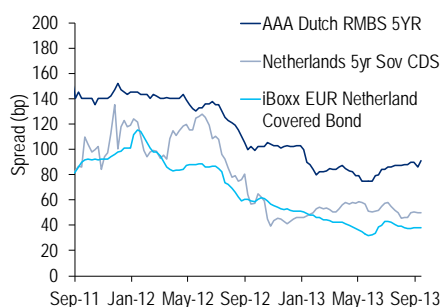
Source: Markit and Citi Research

Figure 22. UK Prime RMBS Subordinates Versus Index, Sep 11 – Sep 13



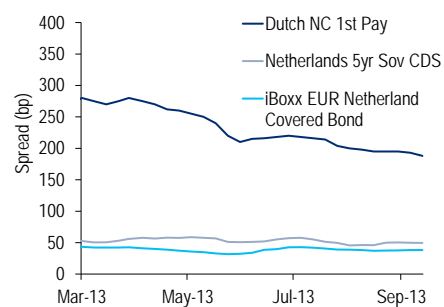
Source: Markit and Citi Research

Figure 23. Dutch RMBS Seniors Versus Indexes, Sep 11 – Sep 13



Source: Markit and Citi Research

Figure 24. Dutch NC 1st Pay Versus Indexes, Mar 13 – Sep 13



Source: Markit and Citi Research

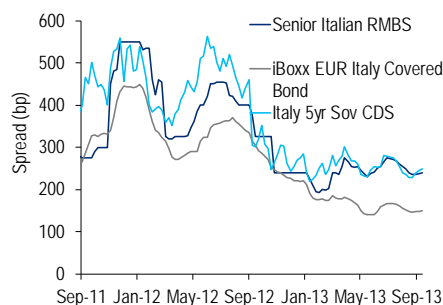
Figure 25. UK Prime, UK NC, UK BTL, Dutch Prime and Dutch NC Spread Changes and Statistics, 2013YTD

Country	Product	Product Detail	Current	Δ1-week	Δ1-month	Δ1-quarter	Δ1-year	2013 Low	Δ From Low	2013 High	Δ From High
UK	Prime RMBS	AAA 1YR	32	-2	-3	-5	-	23	9	38	-6
		AAA 3YR	38	-4	-7	-8	-	32	6	47	-9
		AAA 5YR	42	-6	-14	-14	-28	40	2	56	-14
		Mezz	100	-5	-5	-20	-45	100	0	125	-25
	Buy to Let	PARGN 1st Pay	155	0	-15	-5	-125	135	20	180	-25
		PARGN 2nd Pay	245	5	5	-5	-	230	15	275	-30
		PARGN 3rd Pay	365	5	35	15	-	325	40	375	-10
		AIREM AAA	110	0	-5	-40	-	104	6	160	-50
		AIREM AA	240	0	0	-10	-	189	51	250	-10
		AIREM BBB	322	-3	-3	12	-	293	29	350	-28
	Non-Conforming RMBS	NC 1st Pay	137	-2	-8	-28	-93	137	0	183	-46
		NC 2nd Pay	231	-3	-11	-39	-	220	11	315	-84
Netherlands	Prime RMBS	iBoxx EUR UK	31	0	0	-1	-41	24	7	50	-19
		Sovereign CDS	34	-1	-2	-16	-11	34	0	53	-19
		AAA 1YR	50	2	2	5	-	33	17	50	0
		AAA 3YR	70	1	2	9	-	54	16	76	-6
		AAA 5YR	91	5	3	7	-11	75	16	100	-9
	Non-Conforming	Mezz	185	0	0	-15	-	160	25	200	-15
		NC 1st Pay	188	-5	-7	-30	-	188	0	320	-132
		NC 2nd Pay	240	-7	-10	-35	-	240	0	365	-125
		NC 3rd Pay	447	-9	-13	-48	-	447	0	675	-228
	Covered Bonds	iBoxx EUR Netherland	38	0	1	-1	-21	32	7	51	-12
		Sovereign CDS	50	0	4	-6	-7	46	4	59	-9

Source: Markit and Citi Research

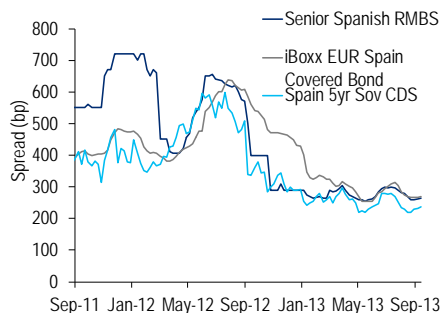
## Peripheral RMBS and Relative Value

Figure 26. Italian RMBS Seniors Versus Indexes, Sep 11 – Sep 13



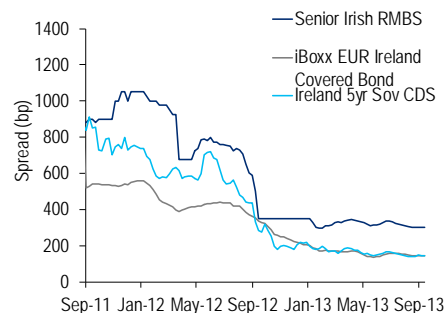
Source: Markit and Citi Research

Figure 27. Spanish RMBS Seniors Versus Indexes, Sep 11 – Sep 13



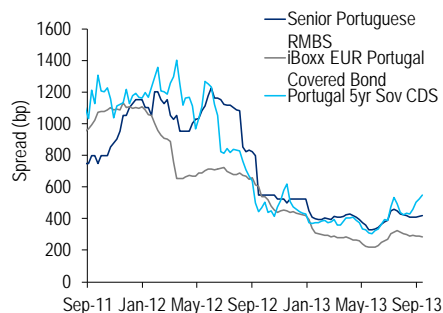
Source: Markit and Citi Research

Figure 28. Irish RMBS Seniors Versus Indexes, Sep 11 – Sep 13



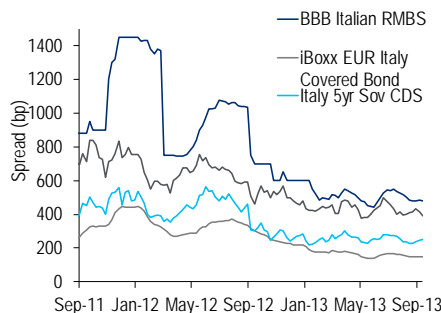
Source: Markit and Citi Research

Figure 29. Portuguese RMBS Seniors Versus Indexes, Sep 11 – Sep 13



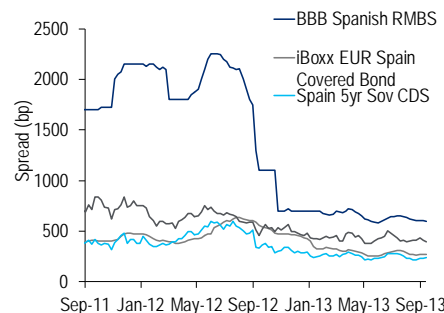
Source: Markit and Citi Research

Figure 30. Italian RMBS Subordinates Versus Indexes, Sep 11 – Sep 13



Source: Markit and Citi Research

Figure 31. Spanish RMBS Subordinates Versus Indexes, Sep 11 – Sep 13



Source: Markit and Citi Research

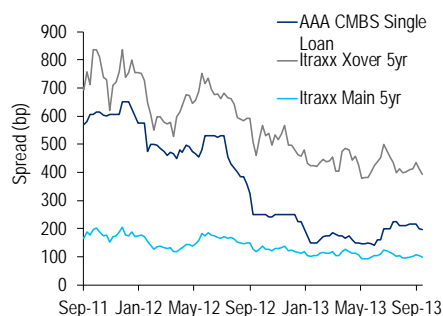
Figure 32. Peripheral RMBS Spread Changes and Statistics, 2013YTD

Country	Product	Product Detail	Current	Δ1-week	Δ1-month	Δ 1-quarter	Δ1-year	2013 Low	Δ from Low	2013 High	Δ from High
Italy	RMBS	AAA Italy	240	3	0	-25	-85	193	47	275	-35
		AA Italy	290	3	-3	-25	-	255	35	325	-35
		A Italy	355	3	-5	-40	-	323	32	440	-85
		BBB Italy	480	-3	-5	-45	-220	444	36	600	-120
	Covered Bonds	iBoxx EUR Italy	149	1	2	-13	-155	140	10	211	-62
		Italy Sovereign 5YR	249	4	22	-31	-52	219	29	300	-52
Spain	RMBS	AAA Spain	265	3	-5	-28	-135	255	10	305	-40
		AA Spain	380	2	-5	-15	-	340	40	410	-30
		A Spain	535	3	-5	-20	-	505	30	690	-155
		BBB Spain	600	-3	-10	-30	-500	585	15	725	-125
	Covered Bonds	iBoxx EUR Spain	268	0	0	-16	-293	253	15	401	-133
		Spain Sovereign 5YR	236	3	16	-44	-100	218	18	296	-60
Portugal	RMBS	AAA Portugal	420	6	10	40	-130	328	92	460	-40
		AA Portugal	495	10	15	25	-	428	67	595	-100
		A Portugal	600	5	10	20	-	512	88	740	-140
		BBB Portugal	675	5	10	15	-	594	81	840	-165
	Covered Bonds	iBoxx EUR Portugal	286	-1	-4	29	-317	218	69	392	-105
		Portugal Sovereign 5YR	548	24	119	155	103	304	244	548	0
Ireland	RMBS	AAA Ireland	301	1	-1	-33	-49	295	6	349	-48
		AA Ireland	560	3	5	-35	-	440	120	600	-40
		A Ireland	704	4	4	-36	-	575	129	750	-46
		BBB Ireland	940	-5	-2	-55	-	750	190	1000	-60
	Covered Bonds	iBoxx EUR Ireland	144	0	-1	-8	-194	136	7	200	-56
		Ireland Sovereign 5YR	144	0	3	-20	-141	140	4	197	-54

Source: Markit and Citi Research

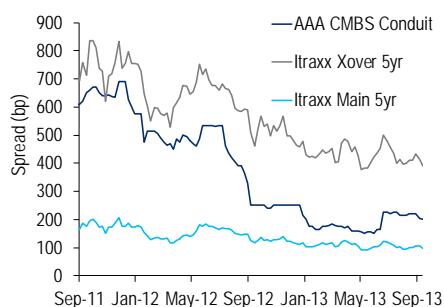
## CMBS and CLO Spreads and Relative Value

Figure 33. AAA CMBS Single Loan Versus Indexes, Sep 11 – Sep 13



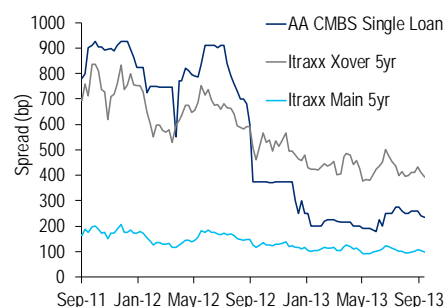
Source: Markit and Citi Research

Figure 34. AAA CMBS Conduit Versus Indexes, Sep 11 – Sep 13



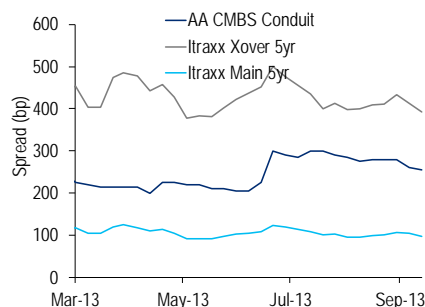
Source: Markit and Citi Research

Figure 35. AA CMBS Single Loan Versus Indexes, Sep 11 – Sep 13



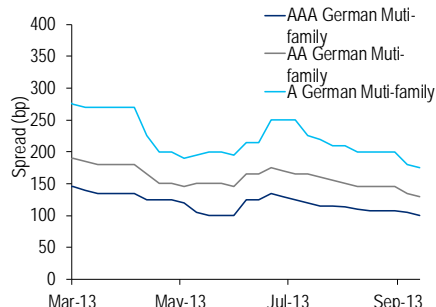
Source: Markit and Citi Research

Figure 36. AA CMBS Conduit Versus Indexes, Mar 13 – Sep 13



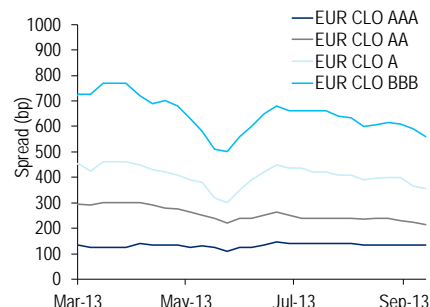
Source: Markit and Citi Research

Figure 37. German Multifamily Spreads, Mar 13 – Sep 13



Source: Citi Research

Figure 38. EUR CLO Spreads, Mar 13 – Sep 13



Source: Citi Research

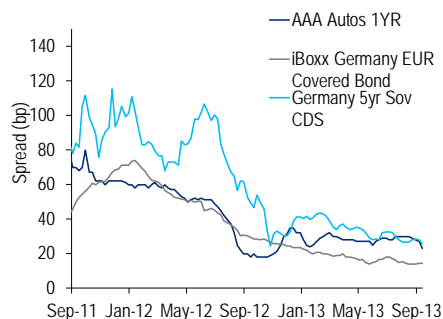
Figure 39. CMBS, WBS and CLO Spread Changes and Statistics, 2013YTD

Country	Product	Product Detail	Current	Δ1-week	Δ1-month	Δ 1-quarter	Δ1-year	2013 Low	Δ from Low	2013 High	Δ from High
Europe	CMBS	AAA German Multi	100	-5	-8	-35	-	100	0	150	-50
		AAA Single Loan	195	-5	-20	-5	-55	140	55	225	-30
		AAA Conduit	200	-5	-20	-25	-50	150	50	225	-25
		AAA Fixed	125	-5	5	-25	-	110	15	225	-100
		AA German Multi	130	-5	-15	-45	-	130	0	225	-95
		AA Single Loan	235	-5	-25	-15	-140	180	55	275	-40
		AA Conduit	255	-5	-25	-45	-120	200	55	300	-45
		AA Fixed	160	-5	-5	-40	-	155	5	250	-90
		A German Multi	175	-5	-25	-75	-	175	0	350	-175
		A Single Loan	425	-5	-25	25	-275	250	175	450	-25
		A Conduit	450	-5	-25	50	-250	270	180	475	-25
		A Fixed	270	-5	-5	-30	-	210	60	495	-225
	CLO	AAA	135	0	0	-10	-	110	25	150	-15
		AA	215	-10	-25	-50	-	215	0	300	-85
		A	355	-10	-40	-95	-	300	55	460	-105
		BBB	560	-30	-45	-120	-	500	60	800	-240
	WBS	AAA	170	-5	-10	-55	-	170	0	300	-130
		AA	205	-5	-10	-45	-	200	5	350	-145
		A	285	-5	-10	-65	-	275	10	425	-140
		BBB	475	-5	-15	-125	-	390	85	600	-125

Source: Markit and Citi Research

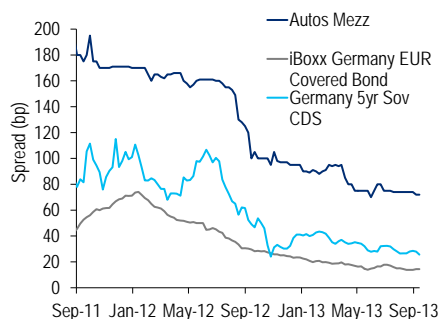
## Auto and Credit Card ABS Spreads and Relative Value

Figure 40. European Auto Seniors Versus Indexes, Sep 11 – Sep 13



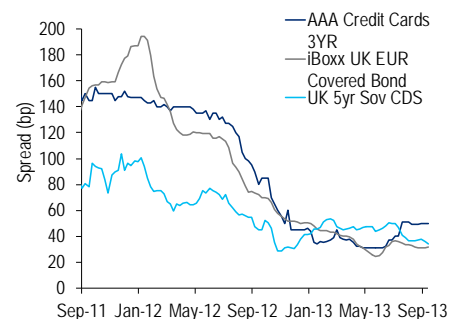
Source: Markit and Citi Research

Figure 41. European Auto Mezz Versus Indexes, Sep 11 – Sep 13



Source: Markit and Citi Research

Figure 42. UK Credit Card ABS Versus Indexes, Sep 11 – Sep 13



Source: Markit and Citi Research

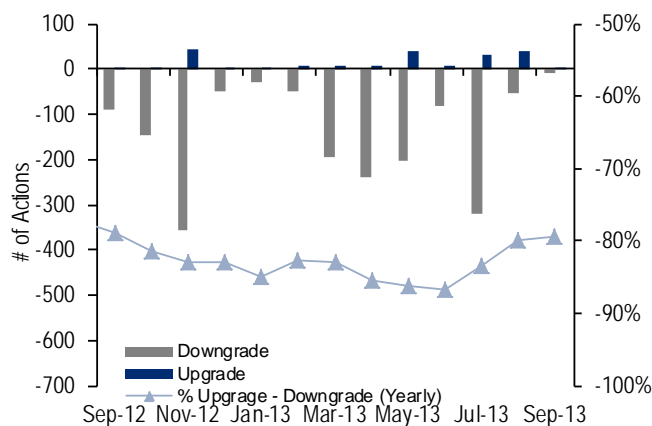
Figure 43. European Autos and UK Credit Card ABS Spread Changes and Statistics, 2013YTD

Country	Product	Product	Current	Δ1-week	Δ1-month	Δ 1-quarter	Δ1-year	2013 Low	Δ from Low	2013 High	Δ from High
Europe	Autos	1YR	23	-4	-7	-6	5	23	0	32	-9
		3YR	42	-3	-3	-1	-	38	4	45	-3
		5YR	55	-5	-5	-6	-	55	0	63	-8
		Mezz	72	0	-2	-8	-28	70	2	95	-23
Germany	Automobile and Parts Index	iBoxx EUR Automobile & Parts	57	2	9	-3	-63	47	9	91	-34
		iBoxx EUR Germany	14	0	1	-2	-15	14	1	23	-8
		Sovereign 5YR	26	-2	-1	-6	-23	26	0	43	-18
UK	Credit Cards	1YR	38	0	0	8	-	25	13	38	0
		3YR	50	0	1	13	-30	31	19	51	-1
		5YR	58	1	1	10	-24	42	16	63	-5
		Mezz	110	0	0	5	-	89	21	127	-17
	Covered Bonds	iBoxx EUR UK	31	0	0	-1	-41	24	7	50	-19
	Sovereign CDS	Sovereign 5YR	34	-1	-2	-16	-11	34	0	53	-19

Source: Markit and Citi Research

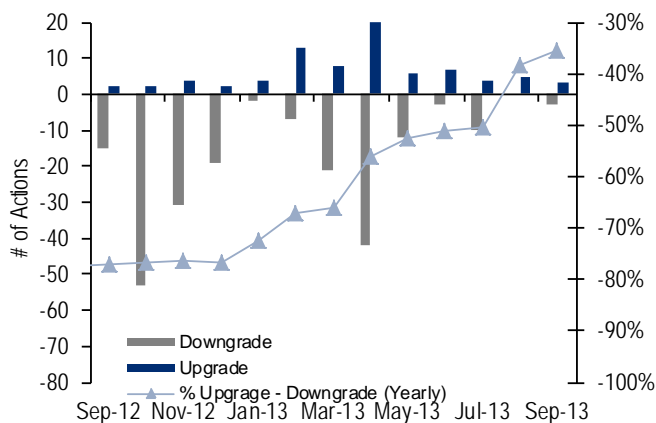
## Rating Actions and Trends

Figure 44. European RMBS Rating Upgrades and Downgrades, Sep 12 – Sep 13



Source: Moody's, S&P and Fitch

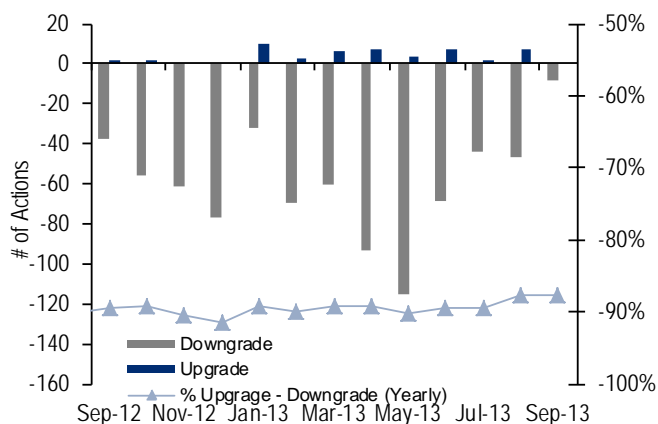
Figure 46. European ABS\* Rating Upgrades and Downgrades, Sep 12 – Sep 13



\* ABS includes – European Lease ABS, European Consumer ABS, SME ABS, Auto ABS, UK Credit Card ABS, NPL ABS

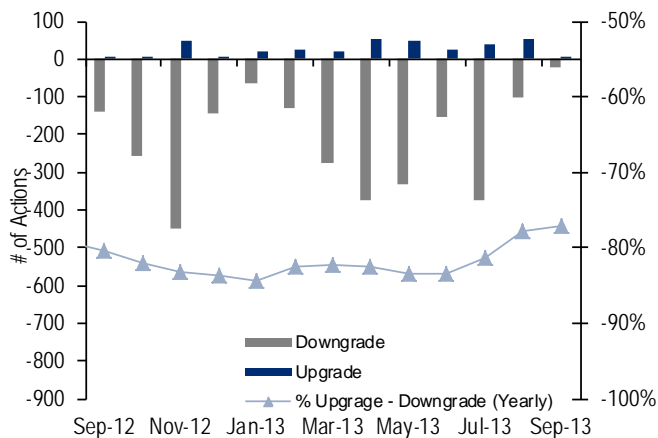
Source: Moody's, S&P and Fitch

Figure 45. European CMBS Rating Upgrades and Downgrades, Sep 12 – Sep 13



Source: Moody's, S&P and Fitch

Figure 47. European Total Securitized Products Rating Upgrades and Downgrades, Sep 12 – Sep 13



Source: Moody's, S&P and Fitch

## Recent Key Publications

[Going Dutch RMBS: High Leverage Masks Sector Value](#), Aug 15, 2013  
[Granite - Structure and Hedging: Credit Options Best to Reduce Price Swings](#), Aug 01, 2013  
[ECB Repo Move Better for Originators than for Primary Market](#), Jul 22, 2013  
[Stay in Front to Catch the Rally](#), Jul 12, 2013  
[Likes and Dislikes from Global ABS Conference](#), Jun 21, 2013  
[Strategies for QE Withdrawal and Choppy Markets](#), Jun 14, 2013  
[Spanish RMBS: Rain in Spain... But Sunny on Many RMBS](#), Jun 12, 2013  
[RMBS Resilience Post Co-op Downgrade](#), May 10, 2013  
[Italian RMBS and Granite Stand Out](#), Apr 12, 2013  
[UK BTL RMBS: Cheap for Prime Quality but Mind Back-end Risks](#), Apr 8, 2013  
[UK Budget Could Increase RMBS Prepayments](#), Mar 22, 2013  
[The Knock-On Effect to Continue](#), Mar 15, 2013  
[An Overview of Spanish SME ABS](#), Feb 22, 2013  
[Distinguishing Values along the Credit Spread Curves](#), Feb 8, 2013  
[Quantifying the Impact of Proposed Basel III Securitization Rules](#), Jan 25, 2013  
[Correlation, Volatility and Other Reasons to Like Italian RMBS](#), Jan 11, 2013  
[The 2013 European Securitized Products Outlook](#), Dec 12, 2012

## Notes

## Notes



## Appendix A-1

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