

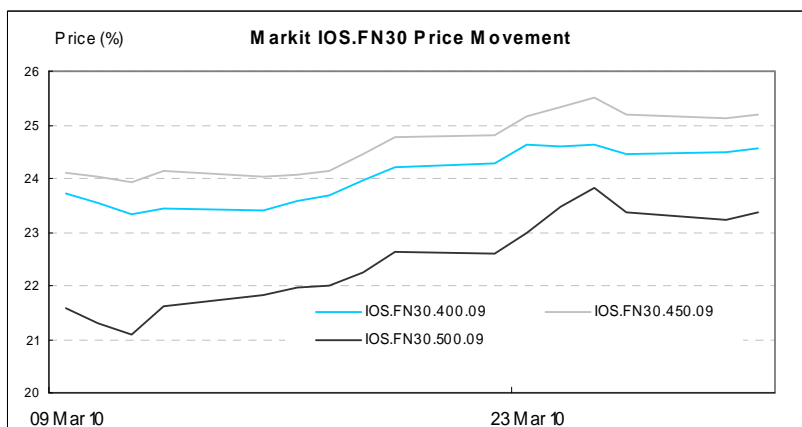
US ABS Market Review

Month End Review: March 2010

RMBS Market Commentary

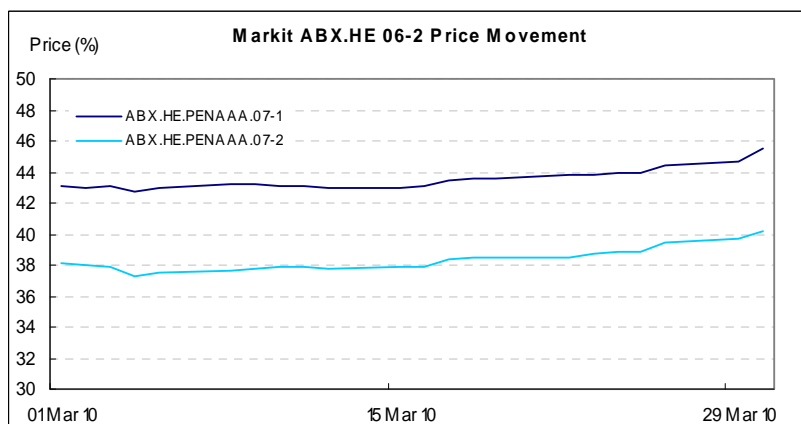
Agency MBS

Agency MBS pass-thrus had mixed performance versus Treasuries and Swaps over the course of March. While further announcements from Fannie Mae regarding buy-outs helped remove some of the uncertainty that had hurt roll prices in prior weeks, the Fed's planned end to their MBS buying program and talk of their balance sheet reduction added some pressure. Agency IOs, in particular the IOS sub-indices performed well over the course of March post their March 12th launch. According to market sources, volumes have exceeded over \$3 billion to date. The IOS.FN30.500.09 has performed well over the course of the month, trading nearly 2pts higher than the initial launch.



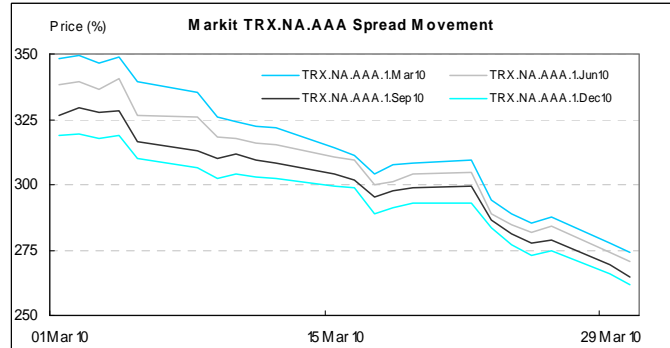
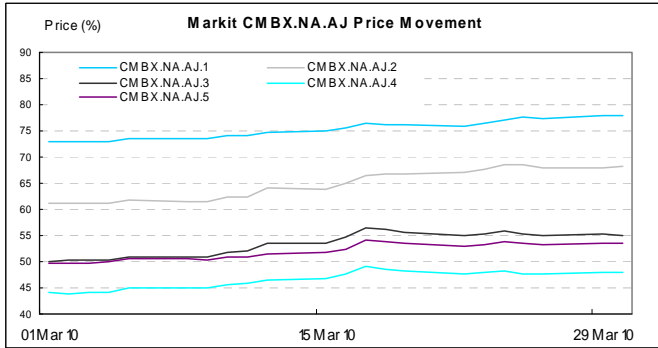
Non-Agency RMBS

Non-Agency RMBS cash prices continued to trade within a relatively tight range over the course of March after having come under some pressure during the earlier part of the quarter. Synthetic prices as measured by the ABX.HE indices saw a pop towards the end of March.



CMBS Commentary

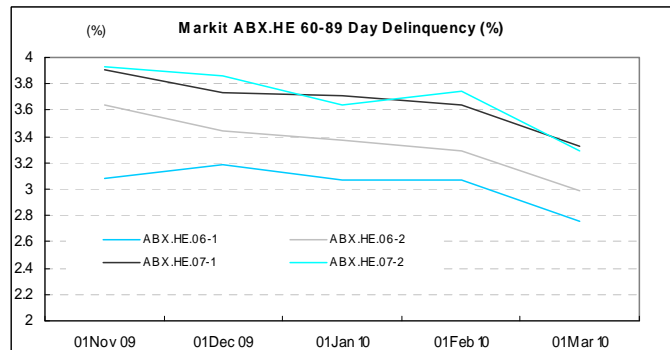
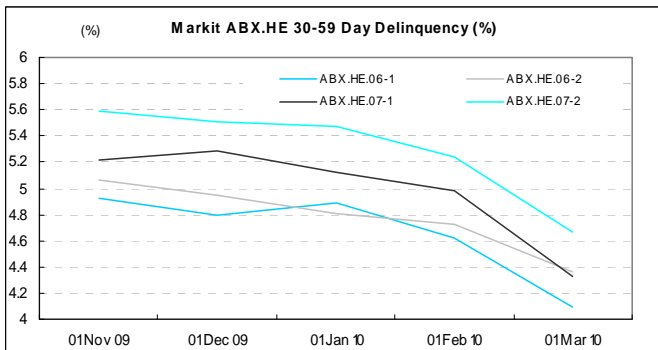
Cash CMBS spreads for senior bonds continued to grind tighter over the course of March. CMBS indices also reflected this trend as spread levels on the various Markit.TRX indices tightened over the course of March and are now inside of the +275bps level.



Interest in the lower parts of the capital structure increased with the tightening in senior spreads and was also reflected in terms of increased prices for the AJ tranches of the CMBX sub-indices.

ABX.HE Remittance Data & Trends - March 2010

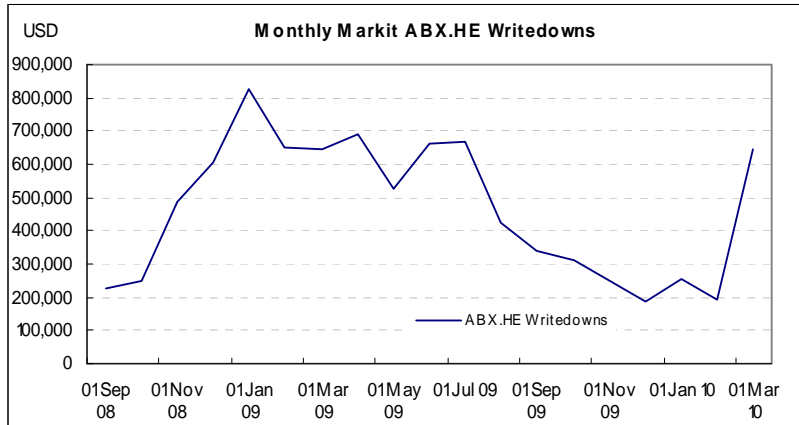
Sub-prime RMBS early stage delinquency rates declined in March from February and end-of-2009 levels. In general, the trend for both 30-59 day and 60-89 day delinquency levels has been downwards over the past few months as measured by delinquency rates on the deals across the various ABX.HE indices.



The market began to digest the announced updates to the HAMP which is intended to allow more modifications in light of the lower than anticipated number to date under the guidelines of the existing program. As such, the newly announced changes will include not allowing foreclosure proceedings unless a borrower is ineligible for HAMP and calling for written certification of ineligibility before the inception of a foreclosure sale. Moreover more servicer incentives were also added in the form of up-front payments as well as required evaluation of a borrower for HAMP eligibility after two missed payments.

Also, under the updated guidelines, servicers will be able to use debt forbearance as one of the primary modification options for very high-LTV loans, ahead of the conventional rate reduction and term extension modifications that are a part of the existing rules. In each case, the objective of the modifications still remains to bring the overall DTI ratio for borrowers to 31%. Borrowers that perform on their loan post the forbearance would be eligible for debt forgiveness on those amounts over the subsequent three years.

While the drop in near-term delinquency rates may bode well for future performance for 2005-2007 sub-prime pools as they may be further aided by the new updates to the HAMP program, in the near term, liquidation rates and CDR increased, as servicers worked through the current pipeline, and loss severities also showed a slight increase. As a result, write-downs for the constituents of the ABX.HE saw a spike in March.



Consumer ABS Market Commentary

Spreads for senior paper from prime credit-card and auto transactions were largely unchanged over the past couple of weeks. Subordinate bonds spreads which had rallied in prior weeks also were mostly unchanged.

For more information on Markit's ABS products, please contact: sfsales@markit.com

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