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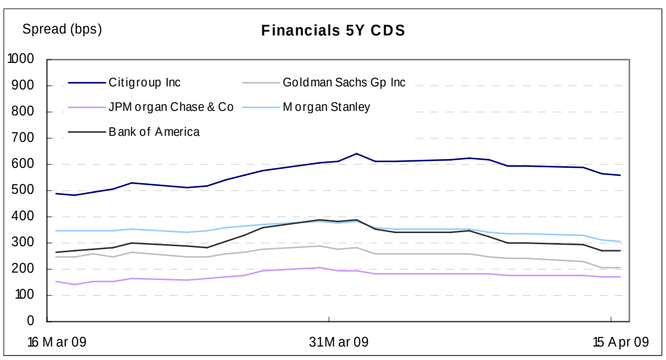
Markit Structured Finance Research

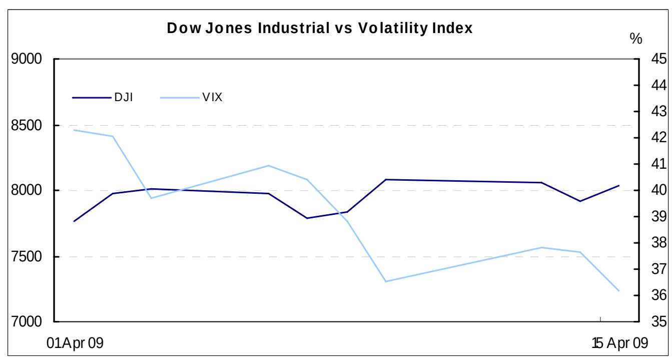
4/17/2009

US ABS Market Review

Mid Month Review: 03 April – 17 April 2009

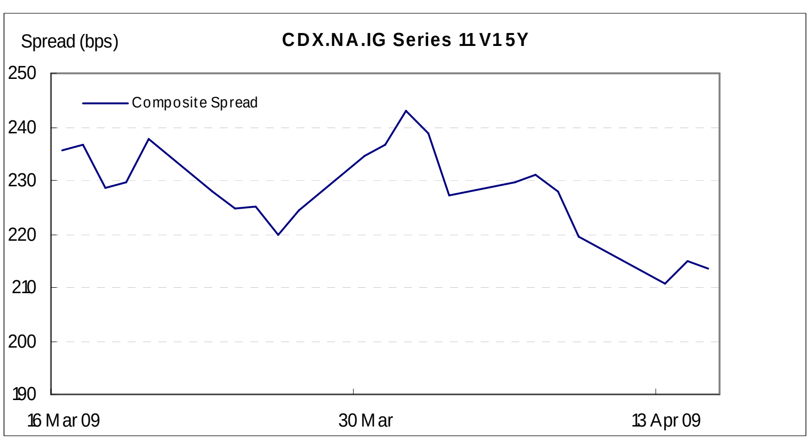
Markit Structured Finance Indices and single-name CDS of ABS levels were little changed after a fairly volatile March and the announcement of several negative macroeconomic indicators in early April. Unemployment rose to 8.5% and the nonfarm payroll report indicated further job losses during March. The market seemed to level off during the past few weeks as the new TALF program was implemented and financial institutions reported first quarter results that varied from surprisingly positive to fairly disappointing. Goldman Sachs and JP Morgan beat expectations with their announcements, while UBS announced further planned layoffs and business unit consolidation. The market has not reacted significantly.



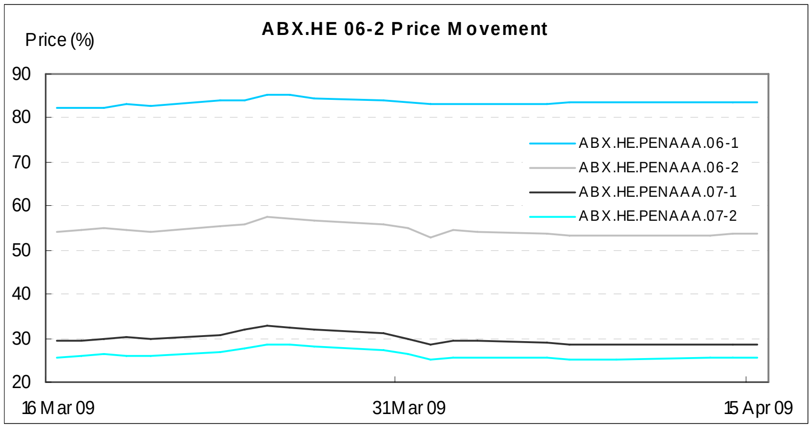


US Structured Finance Indices

Corporate credits tightened slightly in early April while the Markit ABX.HE and Markit CMBX indices followed to a lesser degree. First quarter reports and hints at an economic recovery have helped to maintain a level of stability in the credit markets, and the Structured Finance Indices have levelled off near their all time lows.

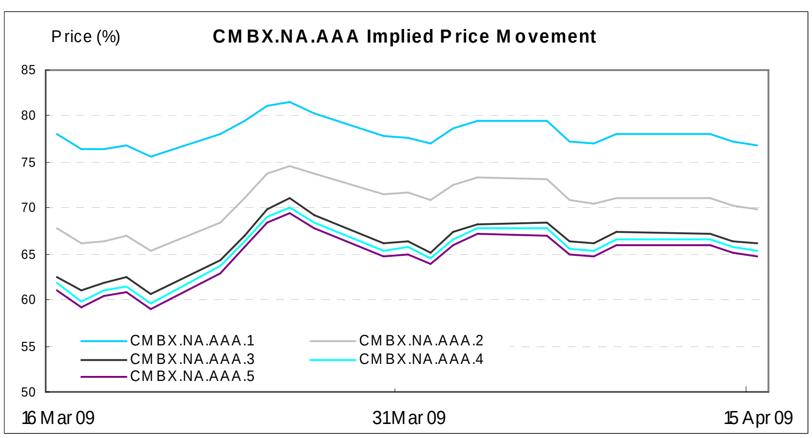


Index	4/15/09 Price	1Day	1Week	1Month
ABX.HE.PENAAA.06-1	83.65	-0.04	0.15	1.15
ABX.HE.PENAAA.06-2	53.92	0.12	0.82	-1.02
ABX.HE.PENAAA.07-1	28.56	-0.11	0.03	-1.44
ABX.HE.PENAAA.07-2	25.51	-0.07	0.46	-0.72



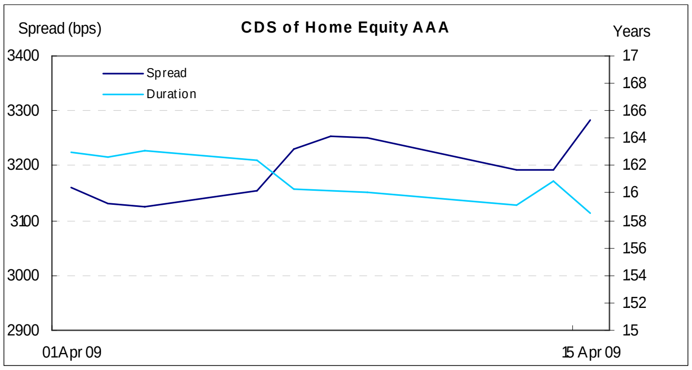
Last week, Standard and Poor's published a negative outlook on commercial mortgage-backed securities, largely as a result of the present economy. This negative news along with increasing CMBX loan delinquencies has driven CMBX implied prices down from their prior spike last month. The CMBX will begin trading on price beginning on April 20th, 2009.

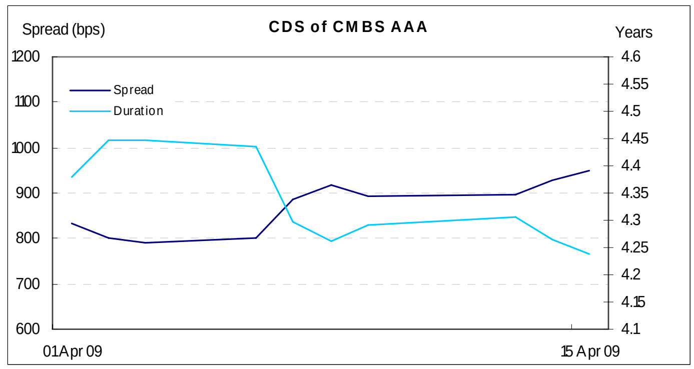
Index	4/15/09 Implied Price	1Day	1Week	1Month
CMBX.NA.AAA.1	76.81	-0.48	-0.15	0.38
CMBX.NA.AAA.2	69.9	-0.39	-0.64	3.53
CMBX.NA.AAA.3	66.1	-0.37	-0.04	4.30
CMBX.NA.AAA.4	65.38	-0.33	0.05	4.24
CMBX.NA.AAA.5	64.8	-0.25	0.02	4.36



ABCDS Update

While general market sentiment improved in April and some panic subsided, the cost of protection on AAA-rated MBS increased slightly. Spreads for CDS on Home Equity MBS widened from 3,159 basis points to 3,283 basis points as risky durations dropped from 1.63 years to 1.58 years. CMBS protection spreads widened from 831 basis points to 949 basis points and risky durations decreased from 4.38 years to 4.23 years.





The overall implied prices remained steady throughout the month for Home Equity bonds and slowly decreased for CMBS bonds with a fall of approximately 4 points. These small movements show some correlation with the VIX as volatility in the market has experienced a steady fall. Market uncertainty is slowly but surely turning in to market certainty as activity has increased and the benefits of the vast mix of economic recovery plans have started coming to fruition.

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