

October 9 – October 13, 2017

New Issue ABS Spreads (estimated*)

Tenor	Rating	CREDIT CARDS		AUTOS					EQUIPMENT	STUDENT LOANS	
		Fixed	Floating	PRIME LOANS	LEASE	FLOORPLAN	NON PRIME	SUB PRIME		FFELP	PRIVATE
				Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Floating	Fixed
1	AAA	7	11	6	18		23	35	11	25	27
2	AAA	10	14	10	37	25	35	51	13	34	39
3	AAA	17	21	18	48	34			27	44	52
4	AAA	25	29							55	65
5	AAA	33	36			50				64	80
7	AAA	54	57							84	
10	AAA	70	73							115	
5	AA			42		67	60	80			
5	A	58		60			110	130	65	200*	150
5	BBB						145	175		>10Y A/L	

New Issue ABS & CRT

New Issue CMBS Spreads (estimated *)

Tenor	Rating	FHMS K
6.7 (A-1)	AAA	48
9.7 (A-2)	AAA	62
9.8 (AM)	A	70

Credit Risk Transfer – Next Week

Williams Capital Group will be a Selling Group member of Freddie Mac's Inaugural STACR Securitized Participation Interests securitization, STACR 2017-SPI1.

Subject to market conditions, the deal is expected to be announced early next week.

- The deal of the week was the \$1.419b VZOT 2017-3 Verizon Wireless Revolving Device Payment Plan (DPP) deal - Williams Capital Group was active as a Selling Group member.

Class	Size (\$MM)	WAL	CE	S&P/Fitch	B' mark+Spr
A1a	1,000	2.48Y	29.55%	AAA/AAA	iSwaps+25
A1b	200	2.48Y	29.55%	AAA/AAA	1mL+27
B	109.1	3.12Y	23.06%	AA/AA	iSwaps+50
C	110.2	3.12Y	16.50%	A/A	iSwaps+65
- The Williams Capital Group was a Selling Group member of the successful \$600MM Freddie Mac STACR deal. Credit risk transfer spreads tightened on this issuance. Pricing:

Class	Size (\$MM)	%C/E	WAL*	Ratings	Pwin*	Coupon
M-1	120.000	3.70	1.23	Baa3/A+	1-24	1mL+55
M-2	405.000	1.00	5.93	B2/BB+	24-120	1mL+235
B-1	40.000	0.50	10.02	NR/NR	120-120	1mL+445

*Run at 10% CPR and to early redemption date

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*Estimates and Market Commentary provided by trading desk

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STACR SPI: Freddie Mac STACR Securitized Participation Interests (STACR SPI) builds on STACR and WLS programs. The underlying collateral consists of conforming as well as super-conforming loans. The STACR SPI trust will issue only unguaranteed credit certificates and will be backed by Participation Interest in loans (in lieu of loans). As such, the certificates issued by the SPI Trust will be exposed to the total amount of realized losses on each mortgage loan. Key to the STACR SPI structure is Freddie Mac's willingness/ability to advance funds for the repurchase of assets from the related PC trusts (as it does in the existing PC process).

STACR 2017-SPI1 Deal Structure: \$50.088MM (approximate offered notes)

CLS	SIZE (\$MM)	%C/E	WAL*	RTG (Mdy)	P.WIN*	B'Mark
M-1	20.661	2.35	1.39	Baa3	1 – 36	EDSF
M-2	16.905	1.00	4.97	B2	36 – 91	IntS
B-1	12.523	0.00	10.66	NR	91-147	\$Px

*Run at 15% CPR to Optional Termination

LIBOR: Brief Summary of the Structured Finance Industry Group (SFIG) panel last week

LIBOR sunset year (for now): 2021

What is all the noise about: The U.K. Financial Conduct Authority (FCA), which calculates LIBOR, announced they may no longer compel banks to make LIBOR submissions beyond 2021. As a result, LIBOR may cease to exist beyond that point.

London Interbank Offered Rate, or LIBOR, is arguably one of the most influential data points in financial markets. LIBOR provides an indication of the average rate at which a LIBOR contributor bank can obtain unsecured funding in the London interbank market for a given period, in a given currency. An estimated US\$150T of financial instruments (incl. derivatives) reference LIBOR. Post 2012 LIBOR scandal, BBA (British Bankers Association) turned the oversight responsibilities to FCA.

The Alternative Reference Rates Committee (ARRC) chose US treasury securities backed repo rate over OBFR (overnight bank funding rate). However, the repo rate is a collateralized or secured rate whereas LIBOR represents unsecured lending rate (ie credit risk component). Apparently, there are more questions than answers at this point.

*Estimates and Market Commentary provided by trading desk

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