



Securitisation Outlook 2017

DBRS European Structured Finance
Monthly Teleconference Series

December 2016

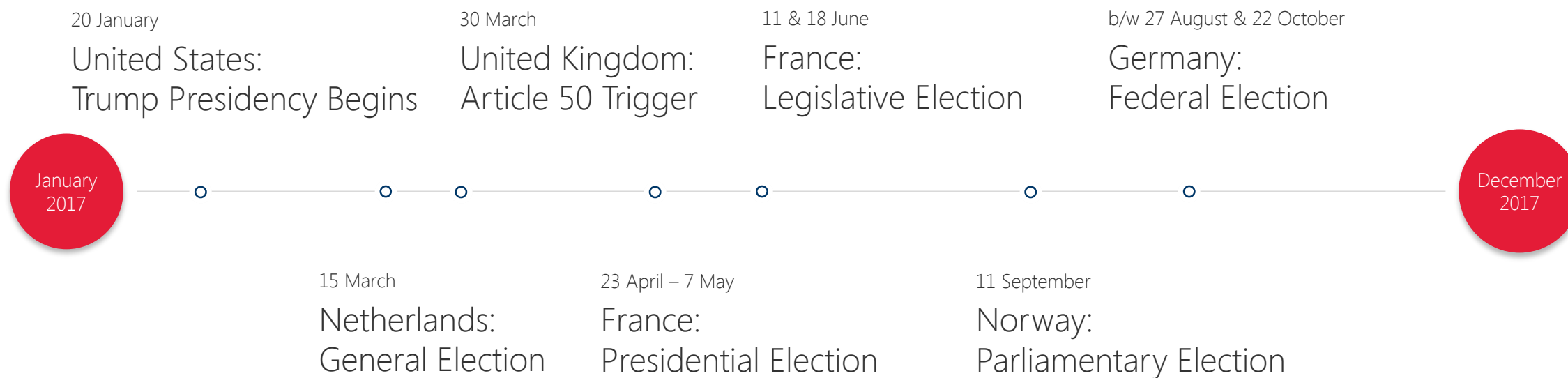
Presented by:
Gordon Kerr
European Structured
Finance Research

Outlook 2017

Politics, Purchases, and Pricing

Politics: Politically Induced Volatility?

Timeline of European Elections in 2017



Other European Elections:

Parliamentary - Albania (June), Armenia (May), Czech (October), Lichtenstein (February)

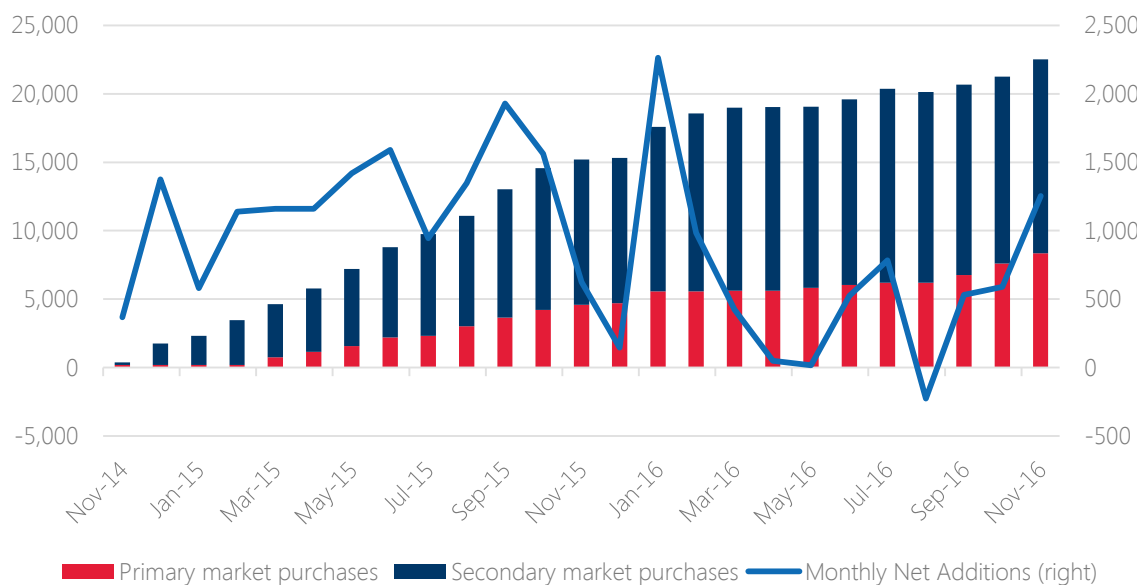
Presidential - Germany (February), Serbia (May), Slovenia (November)

Purchases: ECB & BoE Impact

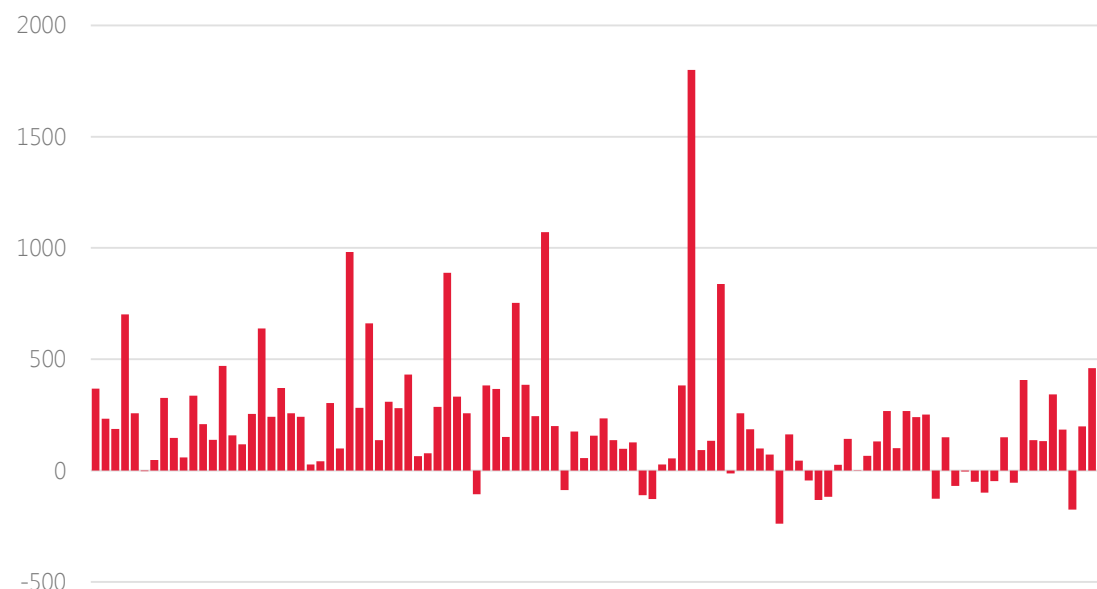
ABSPP

Average Weekly Change 214 million
 Max Weekly Change 1,800 million
 Min Weekly Change -239 million

Primary & Secondary Purchases



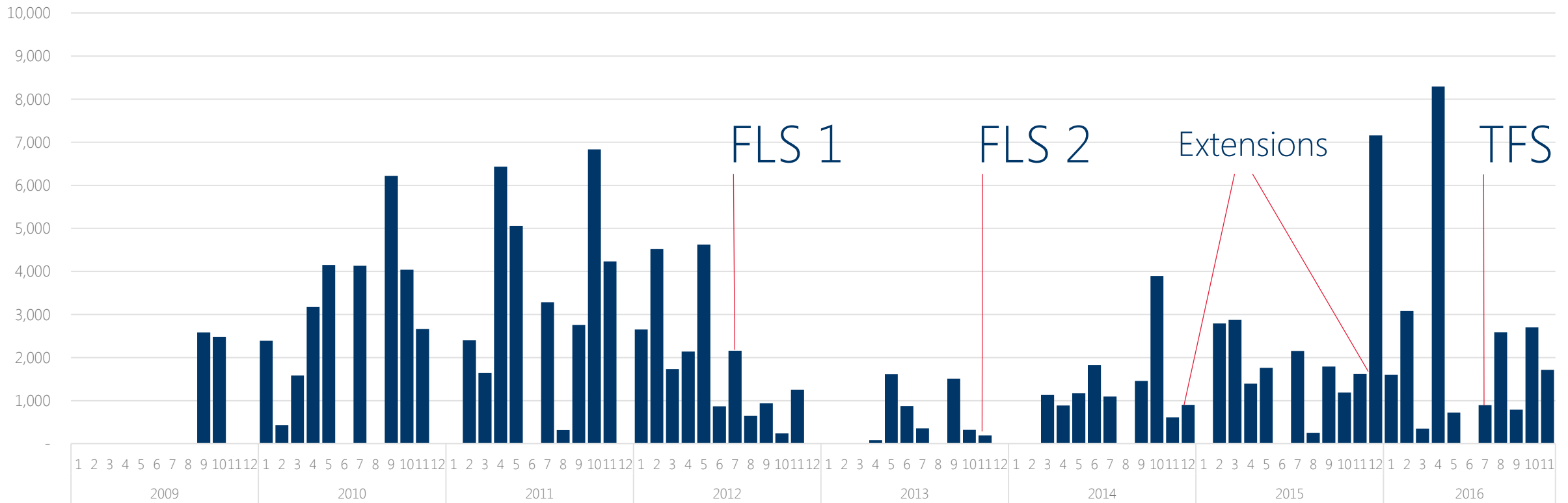
Weekly ABS Purchases



Source: ECB and DBRS Research

Purchases: ECB & BoE Impact

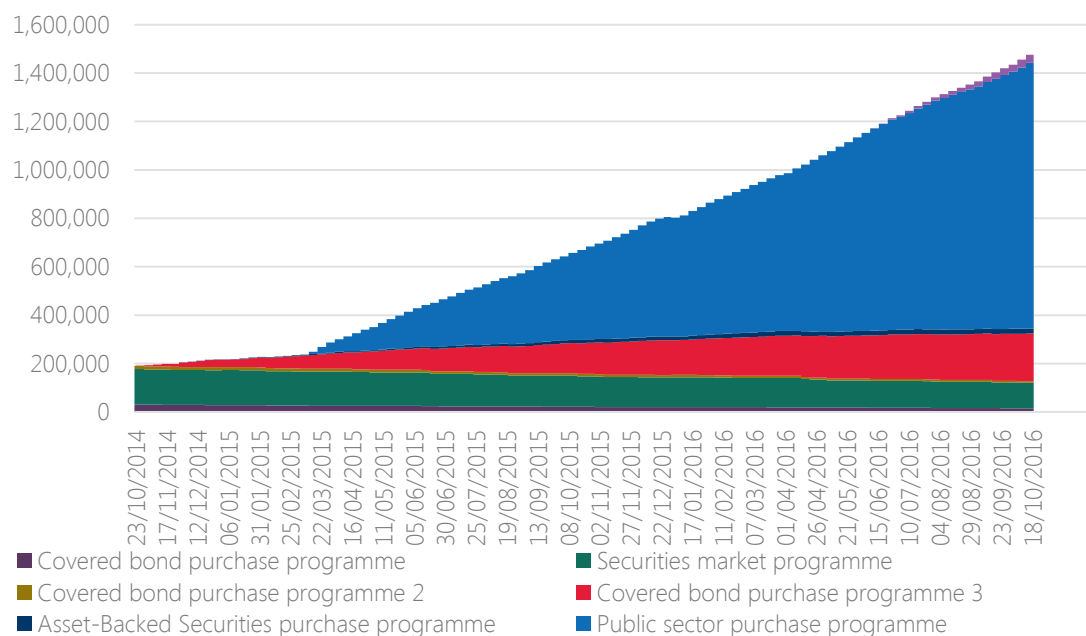
Distributed UK RMBS Market Issuance



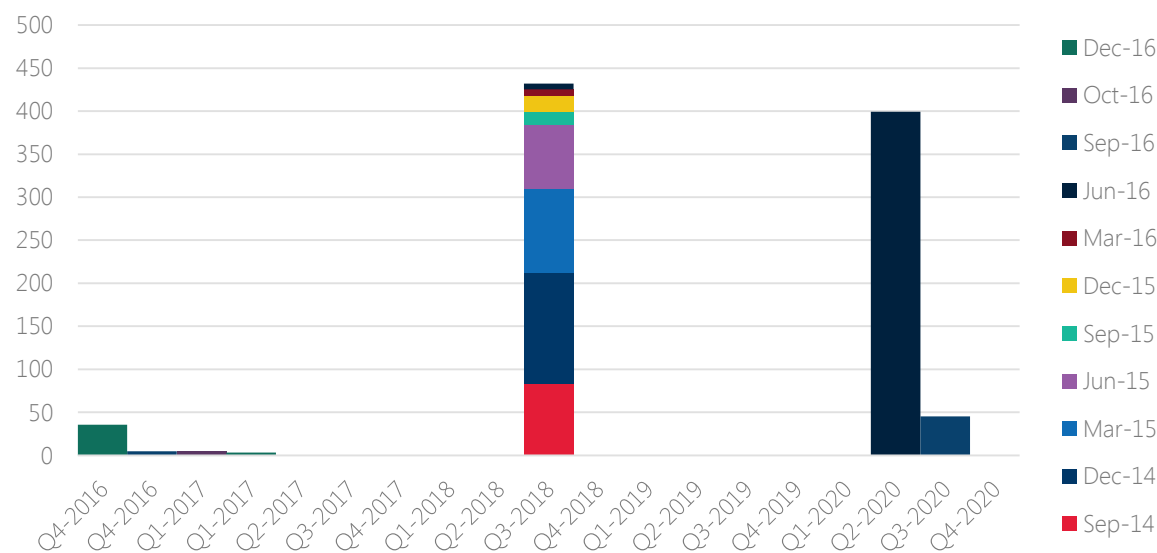
Source: Bank of England, ConceptABS, SCI, JP Morgan and DBRS Research
European Structured Finance

Purchases: ECB & BoE Impact

Sum Total of ECB Purchase Programmes



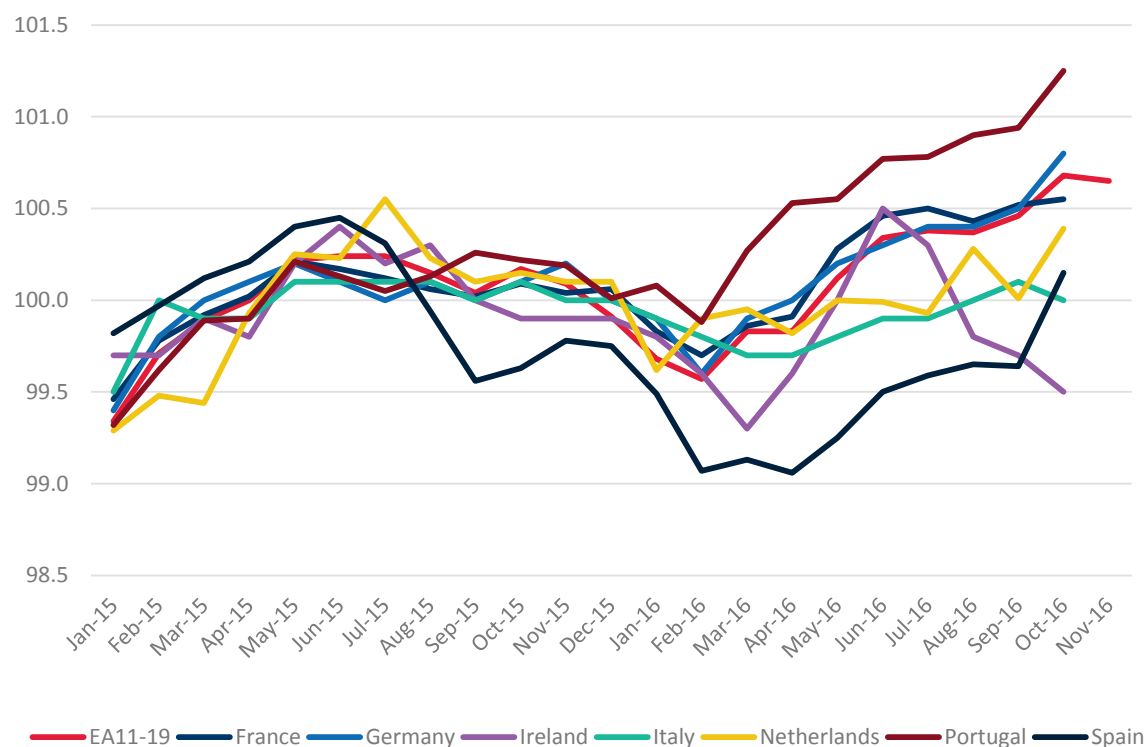
LTRO Maturities (by Origination Date)



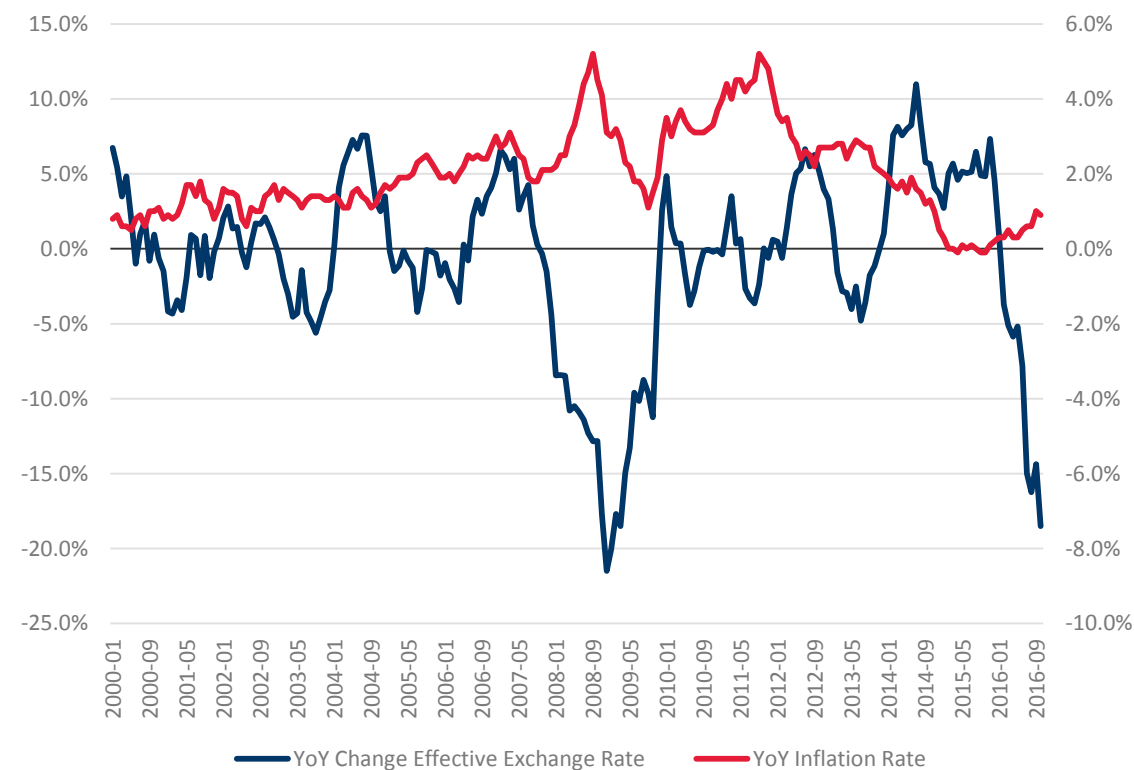
Source: ECB and DBRS Research

Prices: European Trend and Brexit Impact

European Inflation and Select Countries



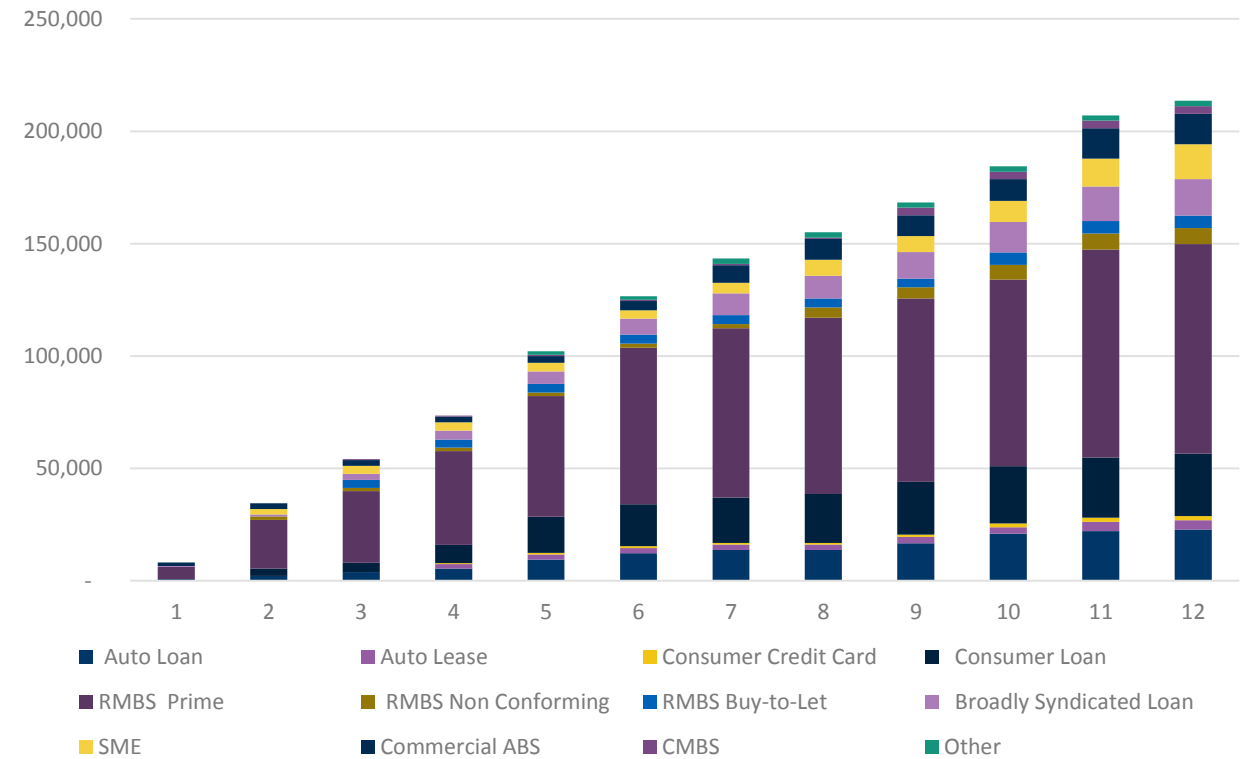
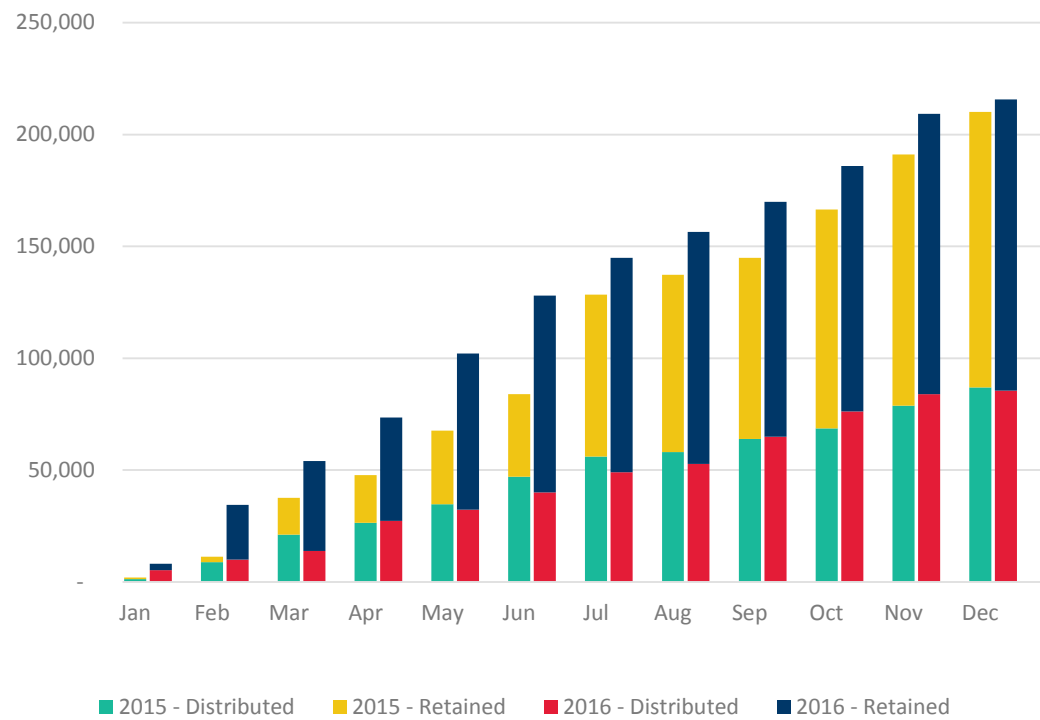
UK Inflation and Exchange Rate



Source: Eurostat, Bank of England, Office of National Statistics and Haver Analytics

Issuance Update

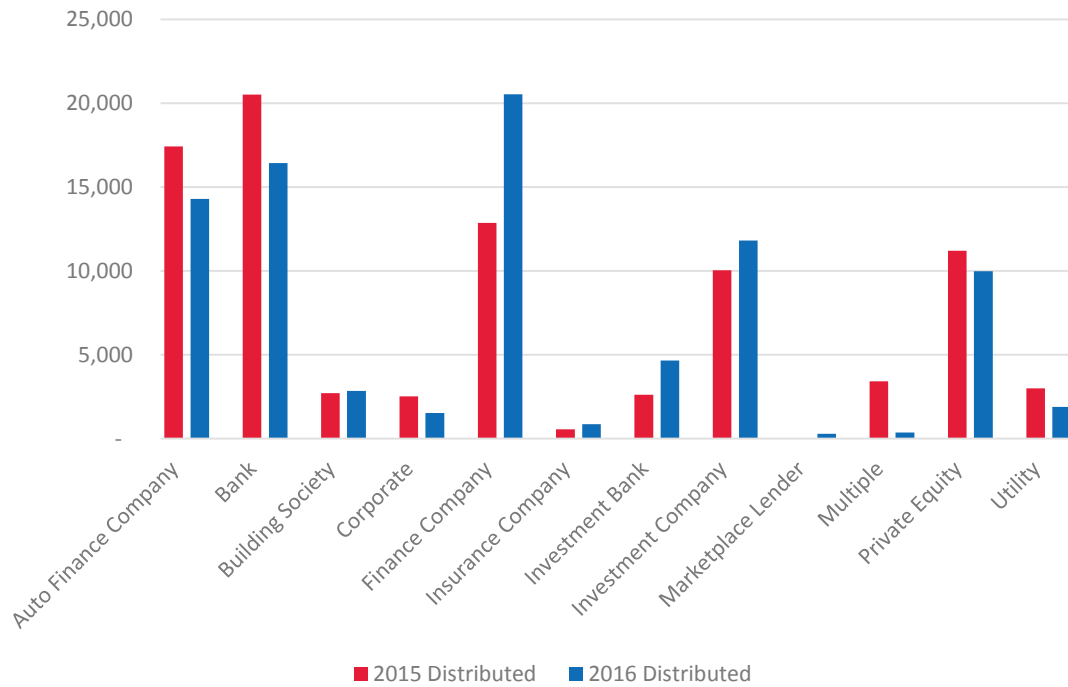
Distributed Issuance by Month, by Distribution and Asset Class 2015 vs 2016



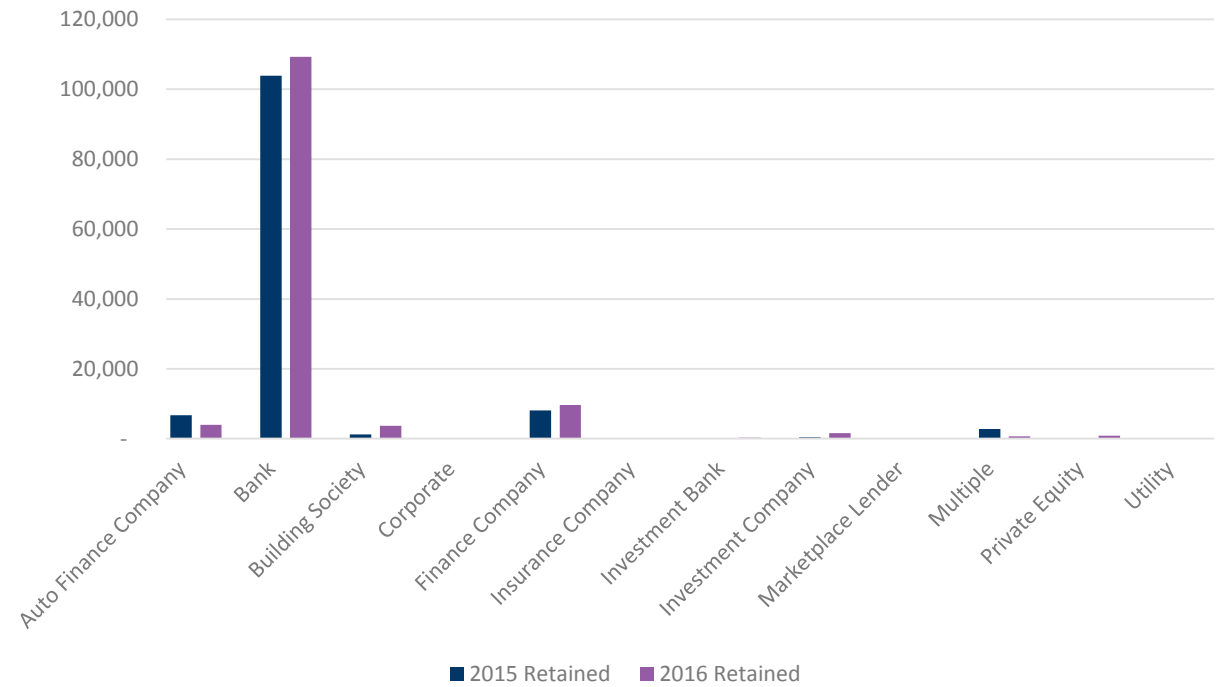
Source: ConceptABS, SCI, Bloomberg and DBRS Research

Issuance Update

Distributed Issuance by Originator Type, 2015 vs 2016



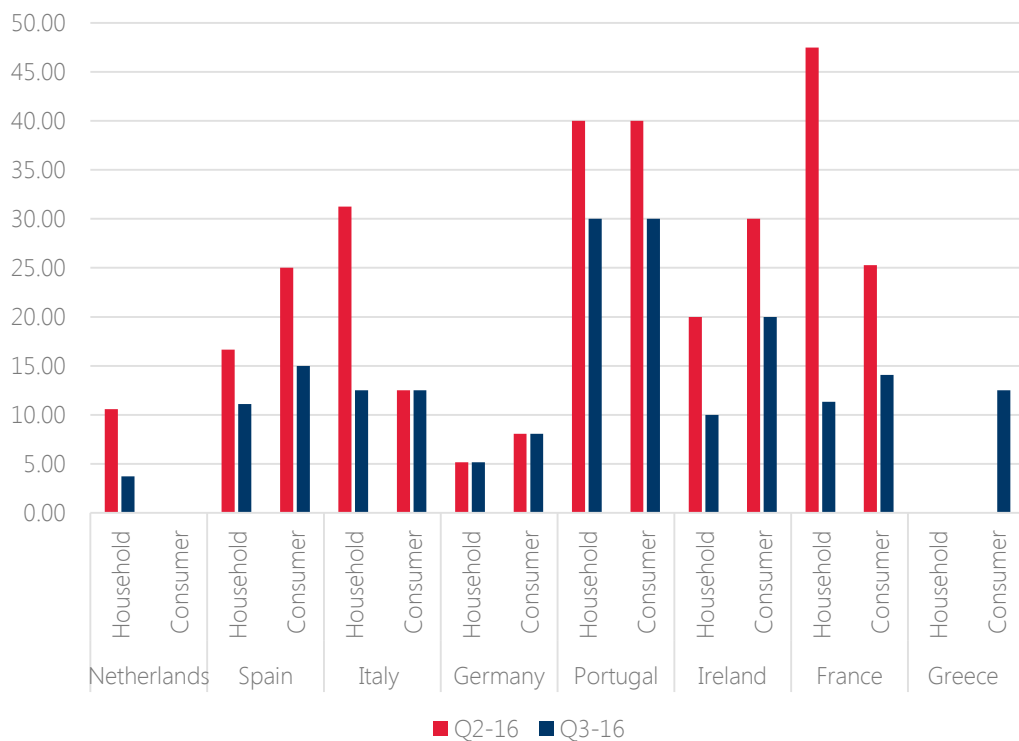
Retained Issuance by Originator Type, 2015 vs 2016



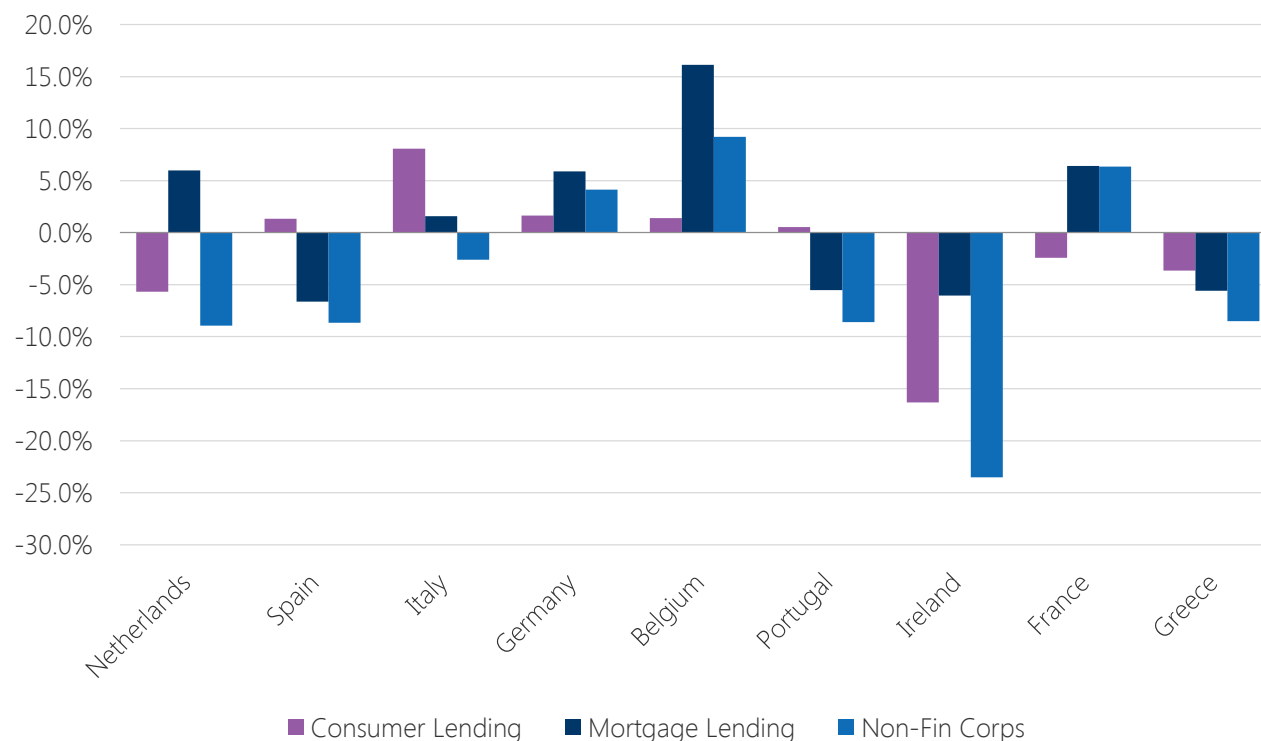
Source: ConceptABS, SCI, Bloomberg and DBRS Research

Lending Update

Lending Survey – Change in Demand for Loans (next 3 months)



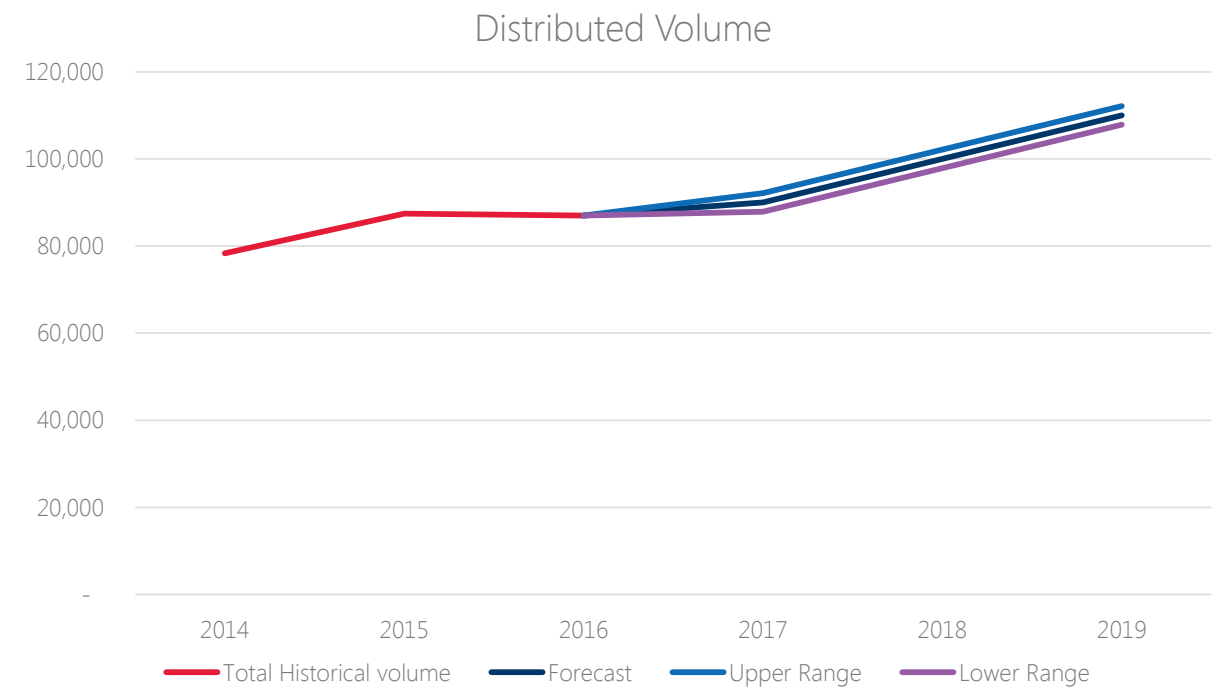
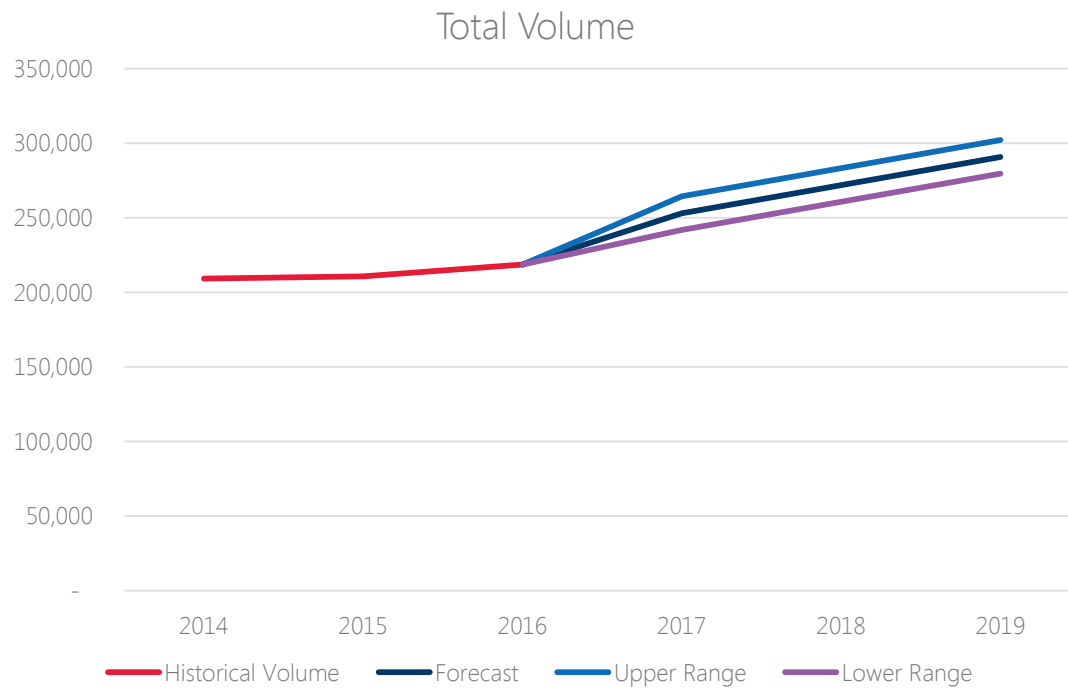
Change in Outstanding MFI Lending (Since December 2014)



Source: Eurostat, Haver Analytics and DBRS Research
European Structured Finance

Issuance Forecast

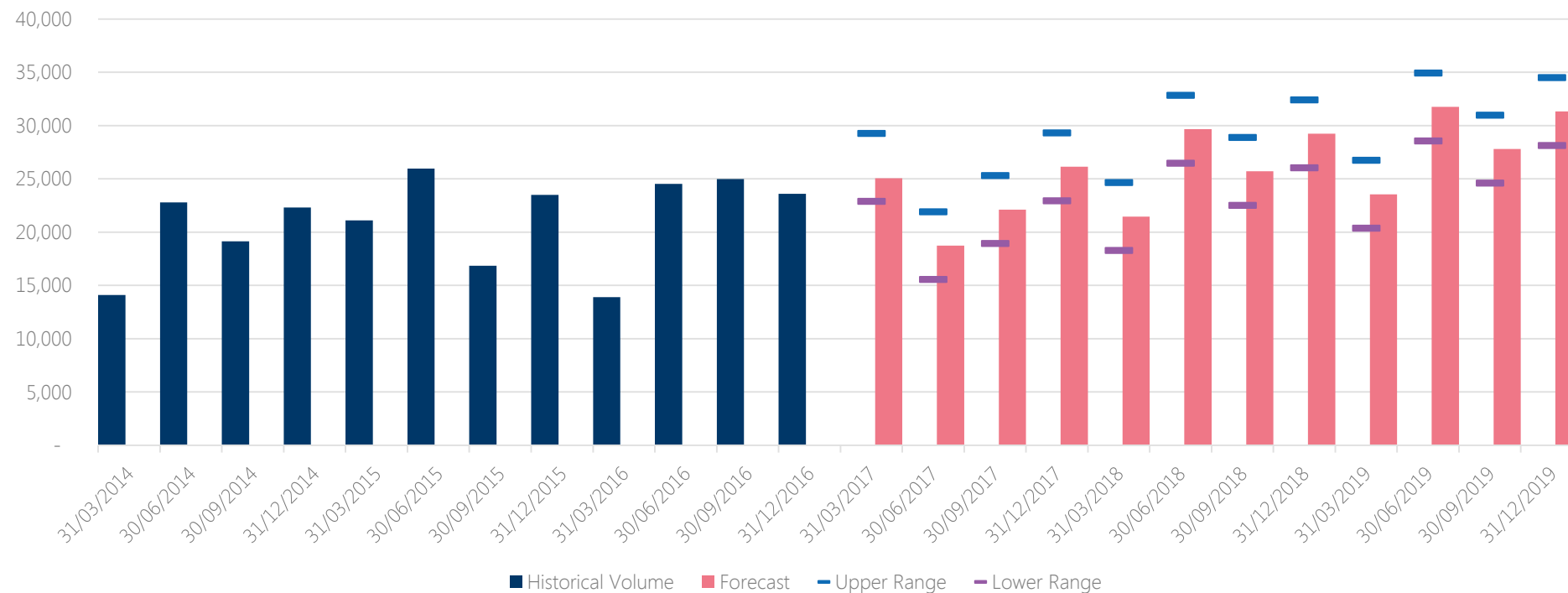
Forecast Issuance, by Year 2014-2019F



Source: ConceptABS, SCI, Bloomberg and DBRS Research

Issuance Forecast

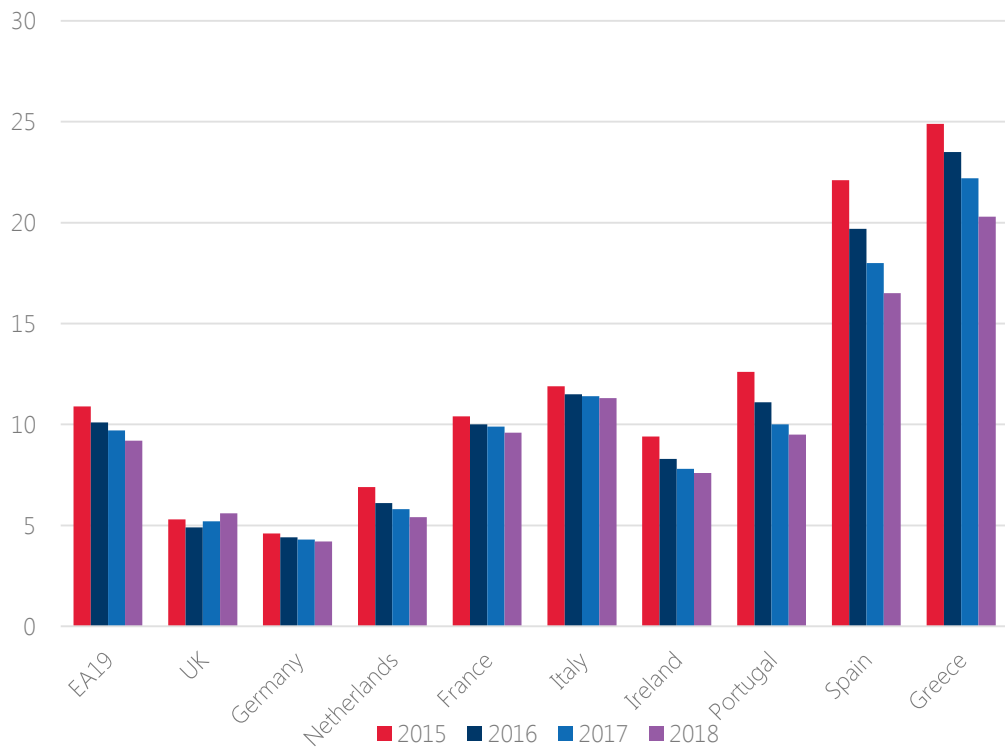
Forecast Distributed Issuance, by Quarter 2014-2019F



Source: ConceptABS, SCI, Bloomberg and DBRS Research

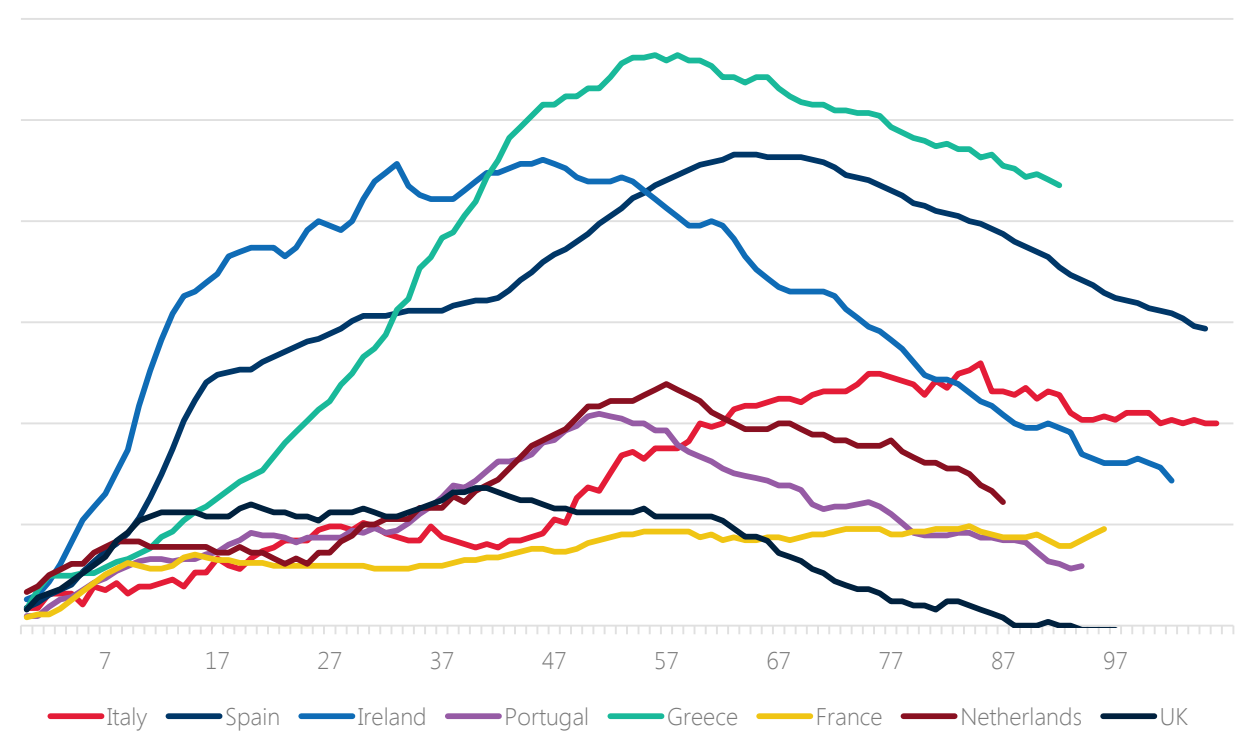
Collateral Performance

EC Unemployment Forecast



Source: Eurostat, Haver Analytics and DBRS Research

Unemployment Transition from Previous Trough



Summary

Markets

- Political Volatility to Provide Uncertainty
- Variation in Interest Rate strategies
 - US Raising
 - UK Pressure?
 - Euro Remain Low

Collateral

- Markets Overall Improving, but Slow
 - Unemployment Improvements
 - Likely Performance Divergence
 - UK Inflation Pressure and House Prices
 - Risks to Downside
 - Italy – Still “?”
 - Spain – Improving

Issuance

- Further Marginal Improvement on 2016
- Trend Away from Banks to Continue
- New Asset Classes
- STS and Securitisation Regulation
 - A 2018 Impact
- Timing
 - UK - Strong Q1 ahead of Article 50
 - Europe - an Eye to 2018 and End of LTRO in H2

Thank You

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