

**STRUCTURED FINANCE:
CMBS Breaks Tantrum
Wide; ABS/CLOs Dry Up**
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By Christopher DeReza

(Bloomberg) -- CMBS market remained very active last week, with high supply that along with broader market conditions helped push new issue spreads to multi-year wides; the ABS and CLO spaces struggled, having delivered volume so far in Nov. that's much diminished vs last year.

* CMBS

- * A4 CMBS conduits are pricing at the "new normal" of ~S+130bps, a level not seen since July 2012, according to Talmage CEO Edward Shugrue
 - * New issue CMBS AAA benchmark class priced as wide as S+134bps last week, breaking the S+128 level that served as the wide during the taper tantrum volatility, according to data compiled by Bloomberg
 - * The next prior wide was set at S+160bps on June 28, 2012, during the European sovereign debt dislocation: Bloomberg data
- * Issuance for the year looks to be ~\$100b, "which is comparable to last year but ~20% below consensus estimates at the start of the year," Shugrue said
- * "Liquidity concerns, liftoff, and overall market volatility will continue to keep pressure on CMBS spreads through year-end," Shugrue said
- * CS said private-label CMBS may reach \$115b-\$120b in 2016
- * Barclays puts conduits at \$70b-\$80b, SASB at \$25b-\$35b
- * Negative swaps, CMBS supply cause widest pricing since 2012, JPMorgan said

* CLO

- * CLO costs for entire structure highest since 2012, DB says
- * Moody's said pharma scrutiny to curtail M&A gains
- * Moody's said \$15.3b of collateral marked 75 or below

* ABS

- * ABS investors question if swaps curve remains appropriate
- * Fitch published a draft for rating FFELP student loan ABS
- * Barclays issued its 2016 ABS outlook; expects \$215b-\$220b in base case

* RMBS

* Angel Oak may sell inaugural RMBS in early Dec.

* Mill City priced RPL RMBS

* New servicing feature introduced in deal, Moody's says

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