

SFA Market Snapshot

September 21, 2023



Auto ABS Update and Credit Union Issuance

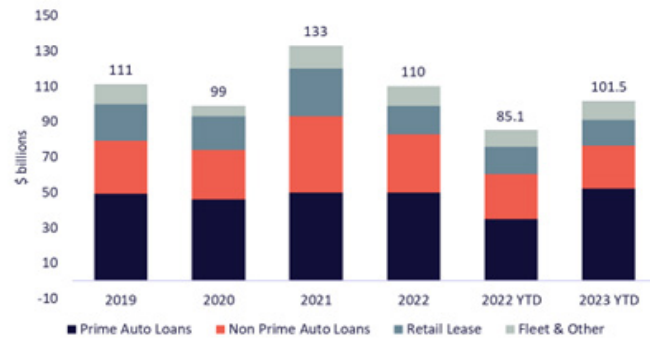
✉ [Elen Callahan](#)
Head of Research
203.512.0503

✉ [Jessica Steele](#)
Research Analyst
202.847.4557

Total ABS issuance as of September 8 reached \$176 billion, a decline of 5% year over year. A bright spot amidst the dimming supply has been auto ABS, which shows a 19% year-over-year *increase*, with nearly \$102 billion of issuance to date.

Issuance in this sector has been boosted by stronger-than-expected sales in the first half of the year, with many industry experts raising their 2023 forecasts from 14 million to over 15 million [new vehicle sales](#). With six deals currently in the queue, issuance activity is expected to remain robust in September. To the extent that the United Auto Workers (UAW) strike is prolonged, ABS issuance may feel an impact. The strike is predicted to [cut production](#) on certain models of Ford, GM and Chrysler vehicles by 150,000 units per week. The supply reduction may push prices higher, impacting sales of new cars and trickling down to prices of used cars and a reduction in ABS issuance.

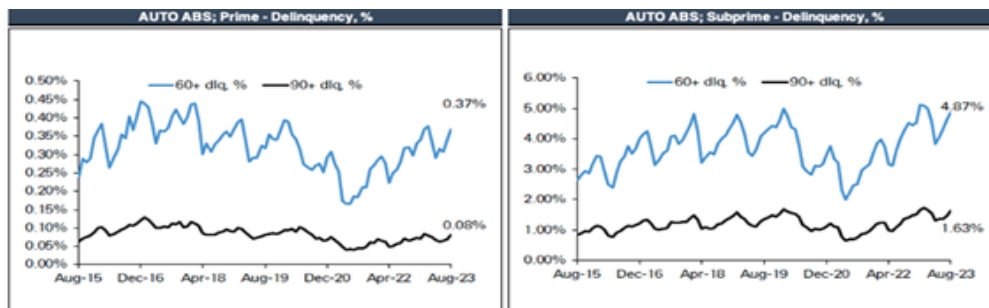
Auto ABS Issuance Up 19% YOY to \$101.5 billion



Source: J.P. Morgan Securitized Products Weekly.

Auto ABS delinquencies continued to rise for both prime and subprime transactions, according to Deutsche Bank Research. However, for auto ABS backed by prime loans, 60+ and 90+ delinquency rates in August, considered indicators of future loss performance, remain lower than historical levels, at 0.37% and 0.08%, respectively. Auto ABS backed by subprime loans have continued to deteriorate faster than their prime counterparts, recording a 60+ delinquency rate of 4.87% and a 1.63% 90+ delinquency rate, both near their highest levels since 2015

Auto ABS Delinquency Rates Continue to Rise in August

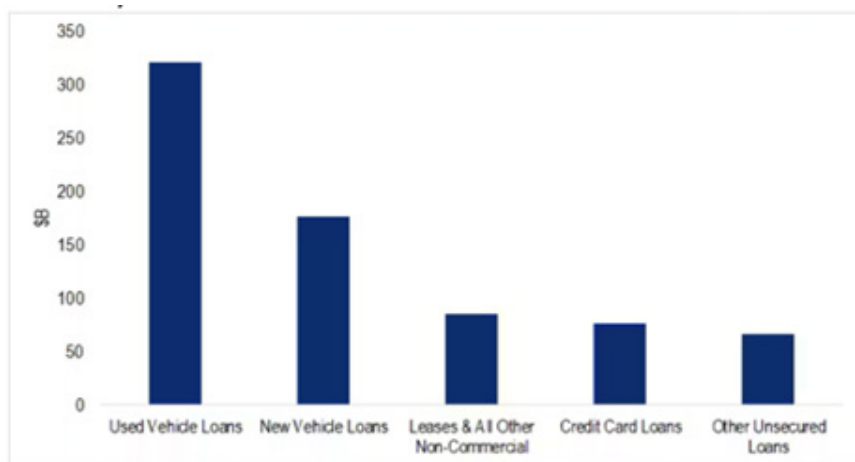


Source: Deutsche Bank Research Auto ABS Monthly Remit Tracker: August 2023.

What We're Watching

Citibank Research reported that securitizations by credit unions are on the rise. Year to date there have been three deals totaling \$793 million, following 2022's \$760 million. Auto loans currently make up 31% or \$500 billion of the \$1.6 trillion of consumer loans held by credit unions. Citibank research expects to see more auto loan ABS issued by credit unions, as "securitizations are a faster and more efficient way for credit unions to manage balance sheets" than previous methods used.

Consumer Loans on Credit Unions' Balance Sheets, Q2 2023



Source: Citi Research Viewpoint—ABS Weekly