

# SFA Market Snapshot

April 6, 2023



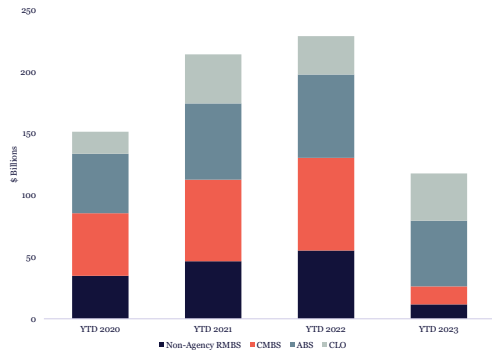
## SFA Market Snapshot

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Issuance across non-agency RMBS, CMBS, ABS and CLOs fell short of \$100 billion in Q1 and stands 59% below its level one year ago. The drop-off was most pronounced in the non-agency RMBS and CMBS sectors where 2023 supply lagged by 79% and 81% year-over-year, respectively, as ABS supply dropped 21%. CLO supply continued to surprise to the upside, ending the quarter up 23% relative to Q1 2022.

**Q1 Private Label Issuance Falls 59% From One Year Ago**

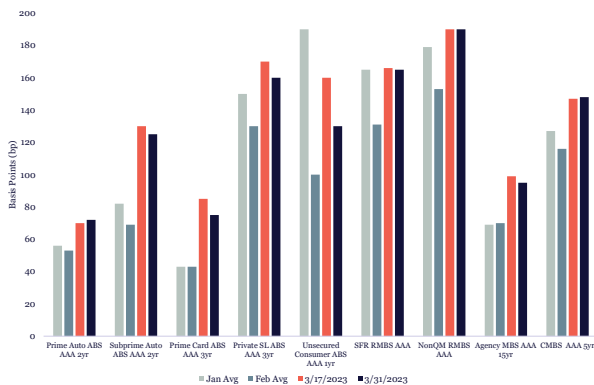


Source: Deutsche Bank Research

On March 17, credit risk spreads moved sharply wider, pushing prices lower, as market participants paused following SVB's bankruptcy announcement. Trading volume dropped between 27% and 64% on the day of the announcement. Despite subsequent news of banking failures, trading volume and risk spreads have modestly recovered as investor interest returned in highly rated, liquid ABS. RMBS spreads tightened briefly only to move wider as recession risk and higher interest rates continue to challenge this sector. CMBS/CRE credit spreads have continued to languish at wider levels as tighter credit conditions at regional banks, which hold higher concentrations of CRE loans relative to capital than larger firms, continue to weigh on this asset class.

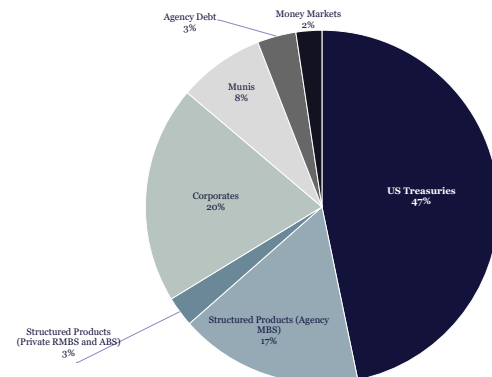
Over 20% of the \$51 trillion fixed income market is composed of mortgage and asset-backed securities (MBS and ABS). The market also includes U.S. government securities (50%), municipal bonds (8%), corporate bonds (20%).

**ABS Credit Risk Spreads Recover Modestly After Sharp Widening On Bank Failure News; RMBS and CMBS Remain at Stressed Levels**



Source: SFA Market Compilation

**YE 2022 Fixed Income Market Outstanding (\$51 Trillion)**



Source: SFA Market Compilation