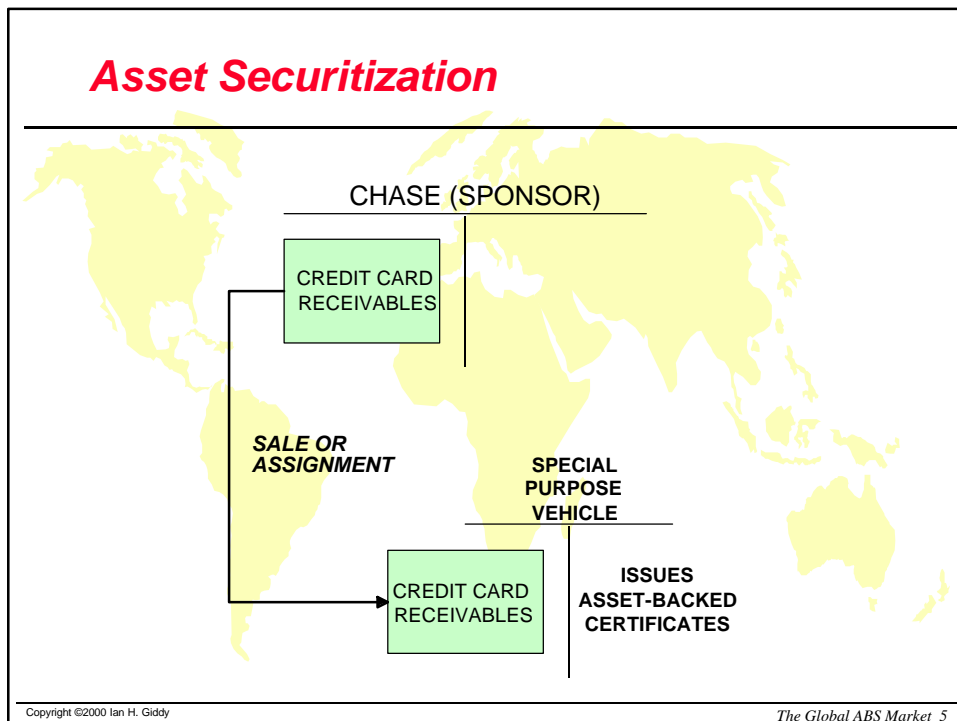


Asset-Backed Securities

**The Market
for
Asset-Backed Securities**

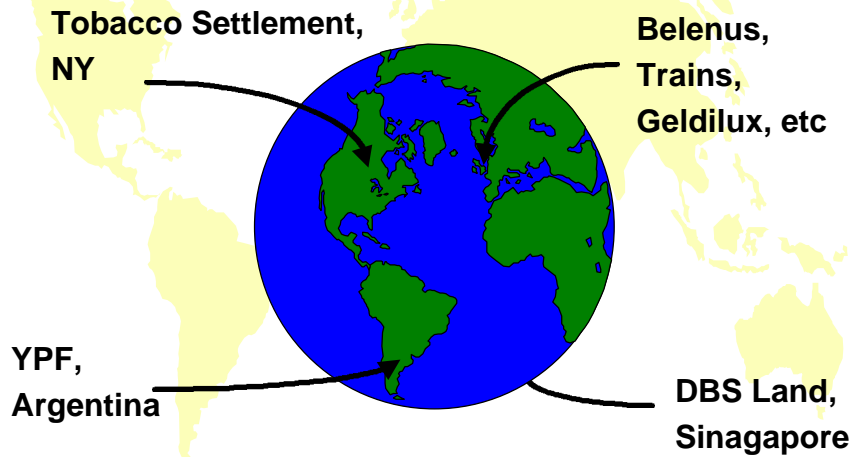
Prof. Ian Giddy
Stern School of Business
New York University



Example

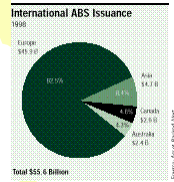
Dayton Hudson Credit Card Master Trust, Series 1995-1						
Issue Date: 9/13/95						
Expected Maturity: 2/25/2002						
Structure: Senior/Subordinated, sequential pay						
Seller: Dayton Hudson Receivables Corporation						
Cards: Private label cards for Mervyn's, Target and Dayton's Department Store						
Servicer: Retailers National Bank						
Underwriter: First Boston Corporation						
Tranche	Face Value	Coupon	Ave. Life	Rating	Description	Placement
A	\$400 million	6.10%	3 Years	AAA	Senior	Public
B	\$123 million	0.00%	3 Years	AAA	Subordinated	Private
Collateral Information						
Yield on portfolio			22.52%			
Historical yield after delinquencies			18.90%			
Number of accounts			22,796,667			
Overcollateralization of A Tranche			23.50%			
Largest geographic concentration			California (24.9%)			

Asset Securitization is Now Global



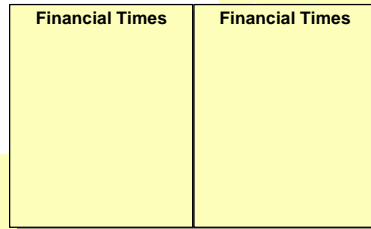
Asset Securitization is Now Global

- USA – still the biggest
- UK, France, Germany, other Europe
- Australia, Japan, Thailand, Indonesia, Philippines, India, etc
- Other developing countries

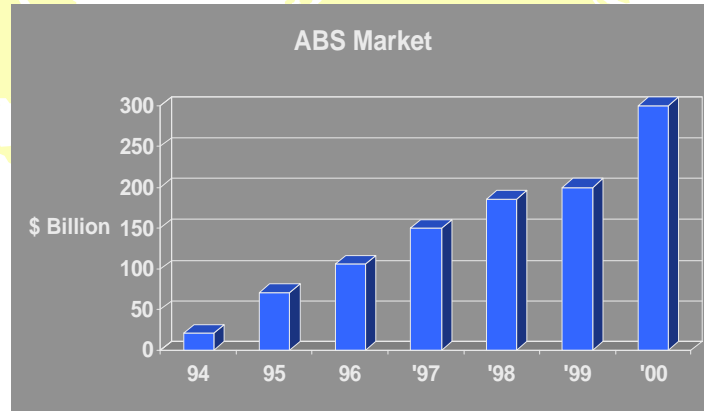


Asset Securitization is Now Global

- Eurobonds

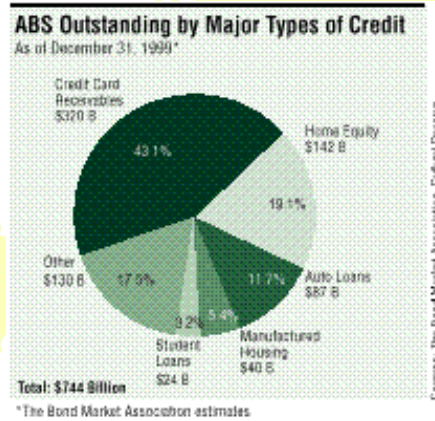


ABS in the USA

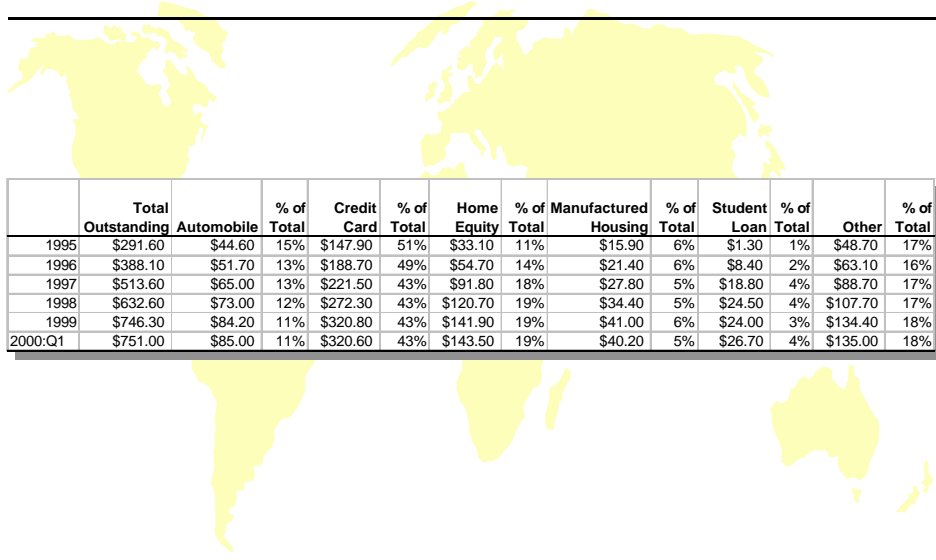


Source: Merrill Lynch

The U.S. Market



The US Market

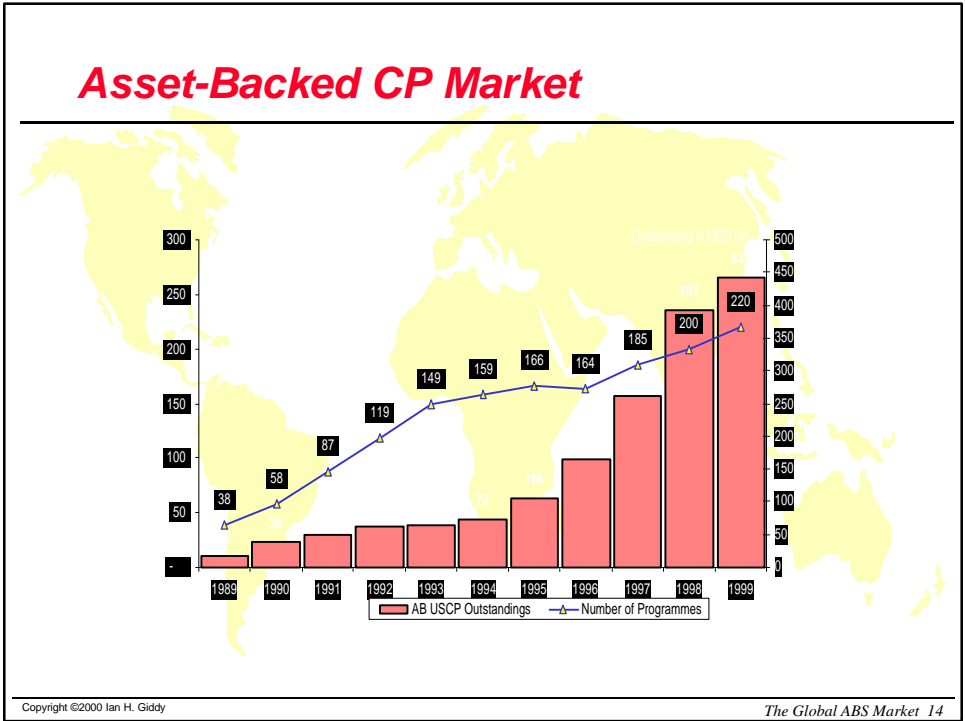


	Total Outstanding	Automobile	% of Total	Credit Card	% of Total	Home Equity	% of Total	Manufactured Housing	% of Total	Student Loan	% of Total	Other	% of Total
1995	\$291.60	\$44.60	15%	\$147.90	51%	\$33.10	11%	\$15.90	6%	\$1.30	1%	\$48.70	17%
1996	\$388.10	\$51.70	13%	\$188.70	49%	\$54.70	14%	\$21.40	6%	\$8.40	2%	\$63.10	16%
1997	\$513.60	\$65.00	13%	\$221.50	43%	\$91.80	18%	\$27.80	5%	\$18.80	4%	\$88.70	17%
1998	\$632.60	\$73.00	12%	\$272.30	43%	\$120.70	19%	\$34.40	5%	\$24.50	4%	\$107.70	17%
1999	\$746.30	\$84.20	11%	\$320.80	43%	\$141.90	19%	\$41.00	6%	\$24.00	3%	\$134.40	18%
2000:Q1	\$751.00	\$85.00	11%	\$320.60	43%	\$143.50	19%	\$40.20	5%	\$26.70	4%	\$135.00	18%

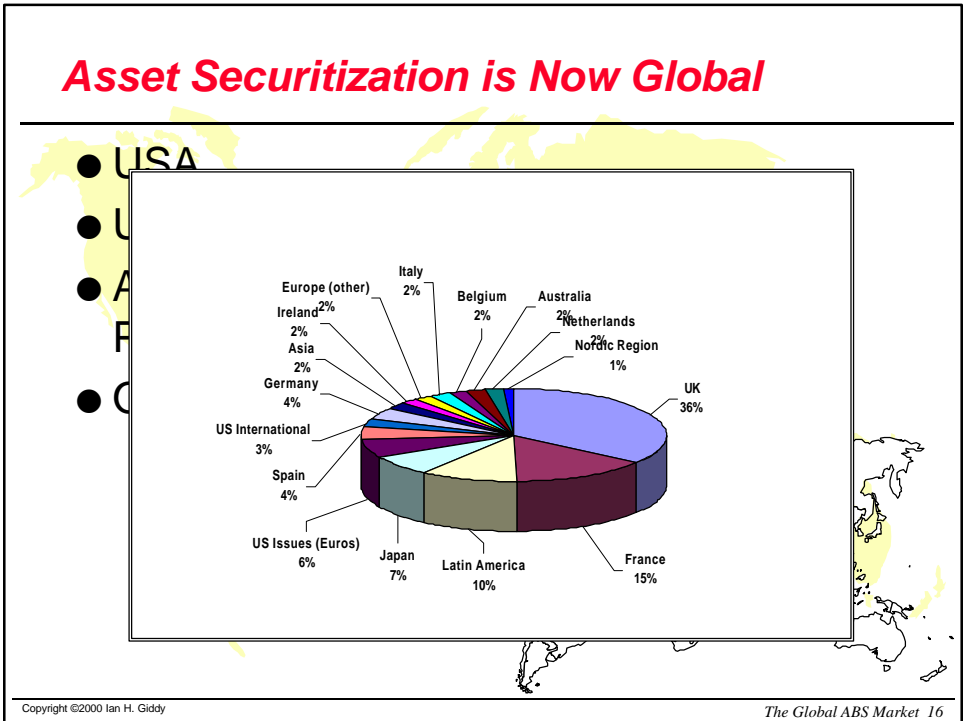
The U.S. Market



Asset-Backed CP Market

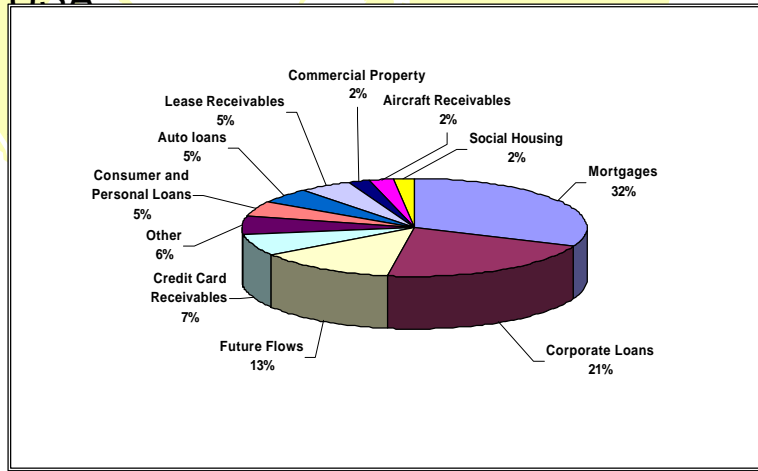


Asset Securitization is Now Global



Asset Securitization is Now Global

USA

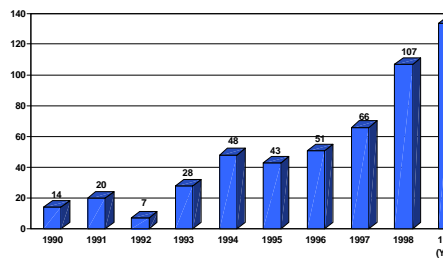


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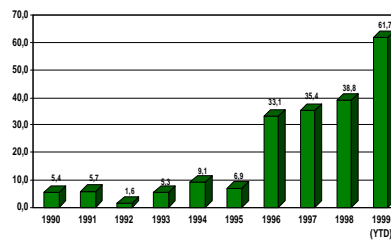
The Global ABS Market 17

The Market in Europe

Number of transactions in Europe (1990-present)



Market value of transactions in Europe (1990-present) Euro bn

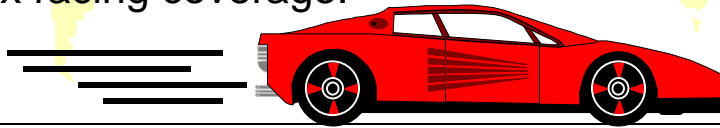


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The Global ABS Market 18

Example: Formula One Bond

- In May 1999, Morgan Stanley Dean Witter and WestLB led a \$1.4 billion F1 Eurobond issue.
- The bond was backed by TV rights and revenues from the exclusive contract between Bernie Ecclestone's F1 company and broadcasters for Grand Prix racing coverage.

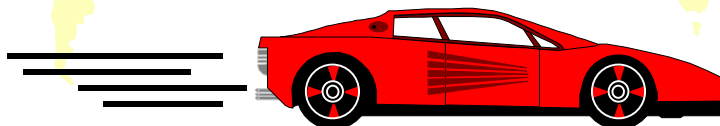


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The Global ABS Market 20

ABS in Europe

- Mortgages
- Loans (CLOs)
- Trade receivables
- Consumer receivables
- Royalties, taxes, etc



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The Global ABS Market 21

Why Has the Asian ABS Market Not Developed Faster?

Despite a gradual increase since the early 1990s, securitization volume in Asia has lagged US and European rates, for a variety of reasons:

- A lack of legal and regulatory frameworks that would facilitate securitization;
- Tax obstacles to the transfer of financial assets and inter-company interest payments;
- Few analytic tools and an infrastructure exist for timely reporting of deal information to investors;
- A diversity of mortgage and hire-purchase terms and conditions from country to country;
- A wait-and-see approach by the monetary authorities who feared easier consumer credit conditions;
- Sovereign risk considerations have hindered cross-border transactions in the past;
- Many institutions have not faced strong incentives to remove assets from balance sheets, because of favorable funding rates and excess capital;
- The severe recession in Asia in the late 1990s led to a sharp drop in loan originations, further diminishing pressure on balance sheets.

globalsecuritization.com

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