

# Securitization in Focus

December 2023

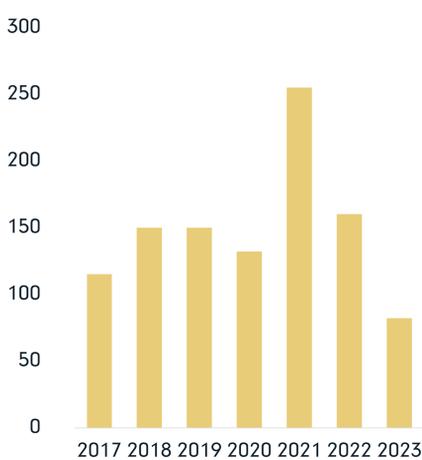
## Residential Mortgage-Backed Securities (RMBS)

### Issuance Recap, 2023

2023 issuance was the lowest since 2016 (\$66B) and roughly 50% of 2022 issuance.

- Single family rental (-72% YoY)
- Prime Jumbo (-69% YoY)
- Government Sponsored Entity Risk Share (-63% YoY)

### Annual Issuance (\$B)



As of 31 Dec 2023.

### Performance Highlights

RMBS market bounced back in 2023, up 5%, after being decimated in 2022 with a near 12% decline.

Most of the 2023 bounce came in Nov-Dec, as the Bloomberg US Mortgage Backed Securities (MBS) Index advanced 9.8% after falling 4.3% in the prior 10 months.

### Notable Performance, Change in Fannie Mae's Refinance Application-Level Index (RALI) Percent Change for Week Ending 5 January 2024

Period	%
WoW	+38.1
YoY	-4.1
4-week Average	-3.5

### Notable Performance, Historical Comparisons

Event	%
Q3 2020 Refinance Boom	-91.9
Q4 2018 Refi Slowdown	-44.0
5-Week Period Ended 6 Oct 2023	+2.6

### Mortgage Rates

30-year fixed mortgage rates are currently hovering near 7% (according to Bankrate.com), down roughly 100 basis points since their October 2023 peak of 8.09%, which was the highest level since June 2000.

### Delinquency Rates

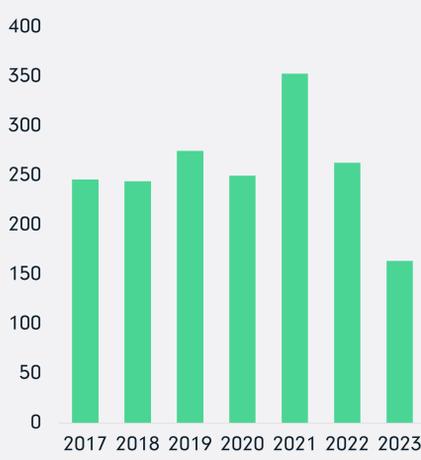
Non-agency RMBS performance remains strong with non-qualified mortgage delinquency rates at 2.55% while prime delinquency rates are at 0.39%. 2023 vintage mortgages are the weakest.

## Commercial Mortgage-Backed Securities (CMBS)

### Issuance Recap, 2023

- \$115 billion in agency CMBS (-28% YoY)
- \$42 billion in non-agency CMBS (-42% YoY)
- \$7 billion in CRE CLO (-78% YoY)

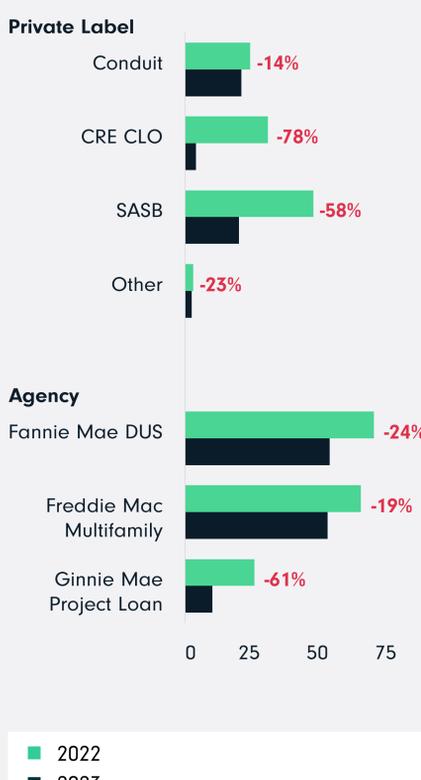
### Annual Issuance (\$B)



As of 31 Dec 2023.

### Issuance Detail

2022-2023 (\$B) and YoY Percent Change (%)



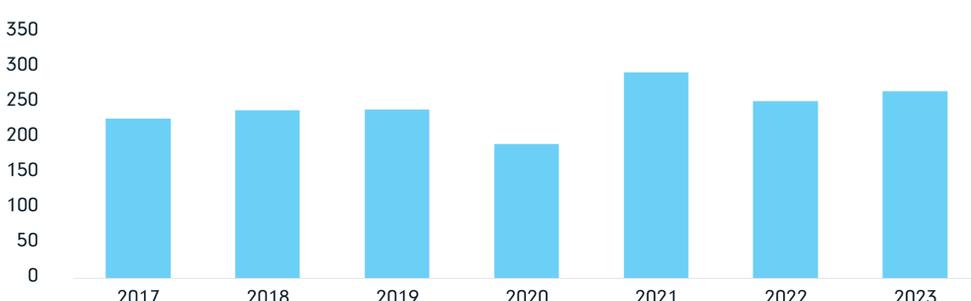
As of 31 Dec 2023.

## Asset-Backed Securities (ABS)

### Issuance Recap, 2023

ABS supply was flat or declined year-over-year (YoY) for most sectors in 2023, but the increase in the supply of auto (+\$40 billion YoY) and digital infrastructure (+\$8 billion YoY) was more than enough to offset the laggards.

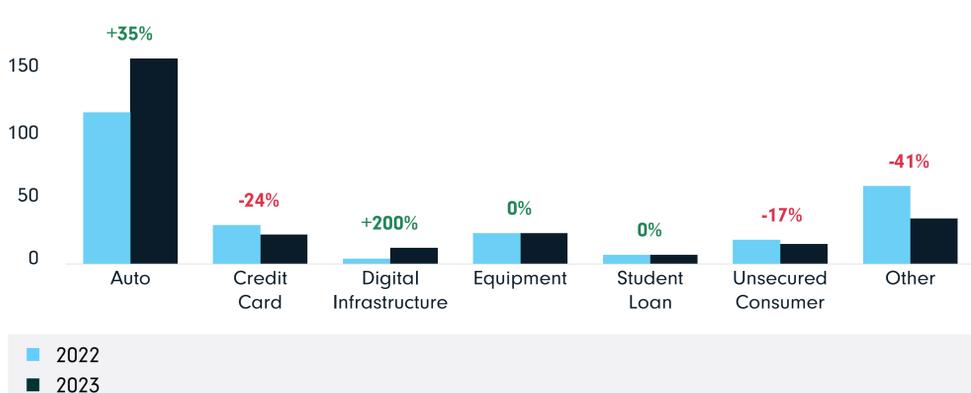
### Annual Issuance (\$B)



As of 31 Dec 2023.

### Issuance Detail

2022-2023 (\$B) and YoY Percent Change (%)



As of 31 Dec 2023.

### Delinquencies (%)

	30+ Day Delinquencies			Annualized Net Loss		
	Dec	MoM	YoY	Dec	MoM	YoY
Subprime Auto	14.80	0.26	0.81	9.30	-1.04	1.26
Prime Auto	1.80	0.06	0.23	0.70	0.06	0.17
Bank Card	1.50	0.04	0.48	2.00	0.02	0.79
Retail Card	3.00	0.03	1.18	5.10	0.08	1.91
Personal Loan	6.60	0.66	-0.07	10.60	1.64	1.44
Marketplace Lending	6.00	-0.25	0.17	16.10	-1.04	0.36

As of 31 Dec 2023.

Sources: Citi Global, Barclays, Deutsche Bank, Bloomberg, Fannie Mae's Refinance Application-Level Index.

SASB – Single asset, single borrower. CRE CLO – Commercial real estate collateralized loan obligation.

The Bloomberg US Mortgage Backed Securities (MBS) Index tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). The index is unmanaged, agency mortgage reinvested dividends, does not reflect fees or expenses (which would lower the return) and is not available for direct investment. Index data source: Bloomberg Index Services Limited. See [diamond-hill.com/disclosures](https://diamond-hill.com/disclosures) for a full copy of the disclaimer.

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