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METWEST

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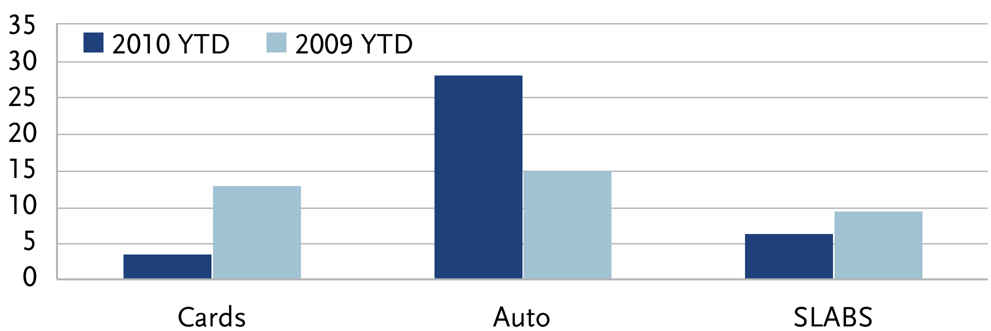
Fixed Income Commentary
Weekly Consumer ABS Update

Primary

- No issues priced in the week ended May 28, 2010

YTD Consumer ABS Issuance by Sector ($ bn)



Source: Barclays Capital

Secondary

- There was not much supply in the secondary market last week, with most of the focus on short AAA fixed cards
- Spreads widened early in the week before gaining back what was lost toward the latter part of the week
  - Auto spreads were unchanged week-over-week across all classes. Fixed and floating rate credit card ABS seniors tightened 3 to 5 basis points (bps) over the week. Mezzanine and subordinate card spreads were unchanged, as were FFELP-backed student loan ABS spreads
  - In general, consumer ABS spreads remain 10 to 15 bps off the tights in late April

Consumer News

- Non-farm payrolls rose 290,000 in April, significantly above expectations

Market News

- Last week S&P held a consumer ABS teleconference. Highlights included:
  - Credit card losses may dip below 10% due to improving delinquency rates and tighter credit lending practices
  - S&P's ratings outlook for auto ABS is positive to stable for the rest of 2010. So far this year there have been 42 upgrades and only two downgrades. Upgrades for 2010 are on pace to surpass 2009
  - Deteriorating collateral performance and reduction in credit enhancement will continue to beset the private student loan sector. Several FFELP deals are on Credit Watch as well, mainly due to the failure of the auction rate market as there is not enough excess spread to increase parity
- On Wednesday, S&P completed the review of 69 classes from 12 SLMA private student loan transactions. The agency downgraded 63 ratings and affirmed six. S&P cited deterioration in collateral performance, including higher-than-expected delinquencies, defaults, and net losses, as well reductions in available credit support

Spreads

FIXED	Benchmark	Credit Cards	Auto Prime	Auto Near Prime
1-yr	EDSF		20	25
2-yr	Swaps		25	35
3-yr	Swaps	25	30	55
5-yr	Swaps	35		
10-yr	Swaps	50		
b-piece (5-yr)	Swaps	90		
c-piece (5-yr)	Swaps	150		

FLOATING	Benchmark	Credit Cards	FFELP Student Loans	Private Student Loans
2 -yr	Libor	30		
3-yr	Libor		35	300
5-yr	Libor	45		
7-yr	Libor		65	375
10-yr	Libor	60		
b-piece (5-yr)	Libor	90		
c-piece (5-yr)	Libor	150		

Source: JPM Research

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