



# Structured Finance U.S. And Canada ABS: First-Half 2024 Round-Up

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Aug. 20, 2024

Outstanding data as of June 30, 2024.

New issuance as of June 30, 2024.

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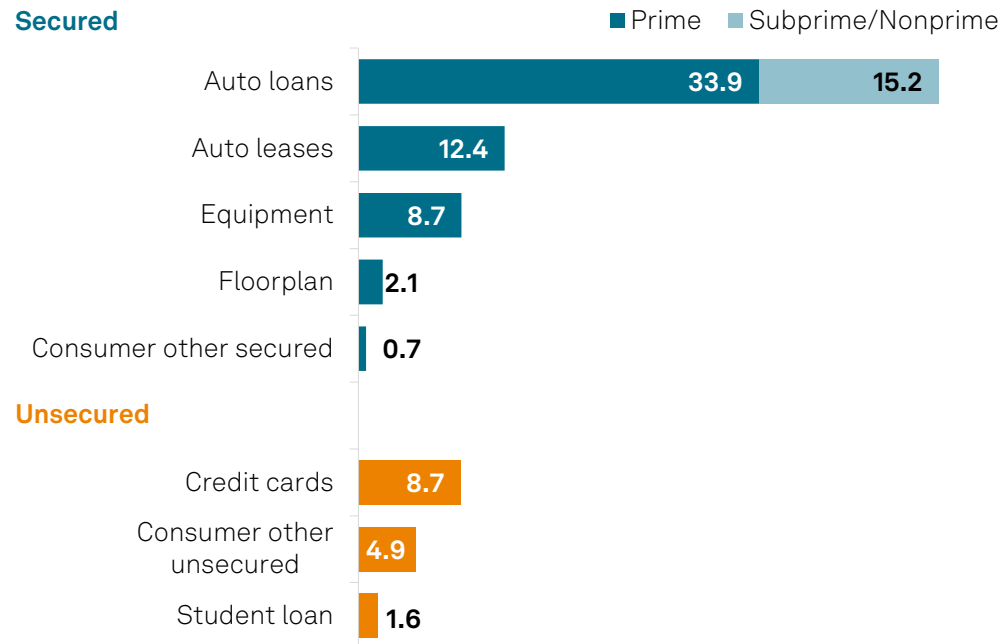
**S&P Global**  
Ratings

*This report does not constitute a rating action*

# New Issue Rating Activity In 2024

2024 ABS issuance of \$88.2 billion was dominated by auto-related issuance volume (72%), followed by equipment (10%) and credit cards (10%).

## 2024 ABS new issuance (bil. \$)\*



\*Rated by S&P Global Ratings. Secured loans include confidential ratings, as well as Canadian ABS deals. Source: S&P Global Ratings.

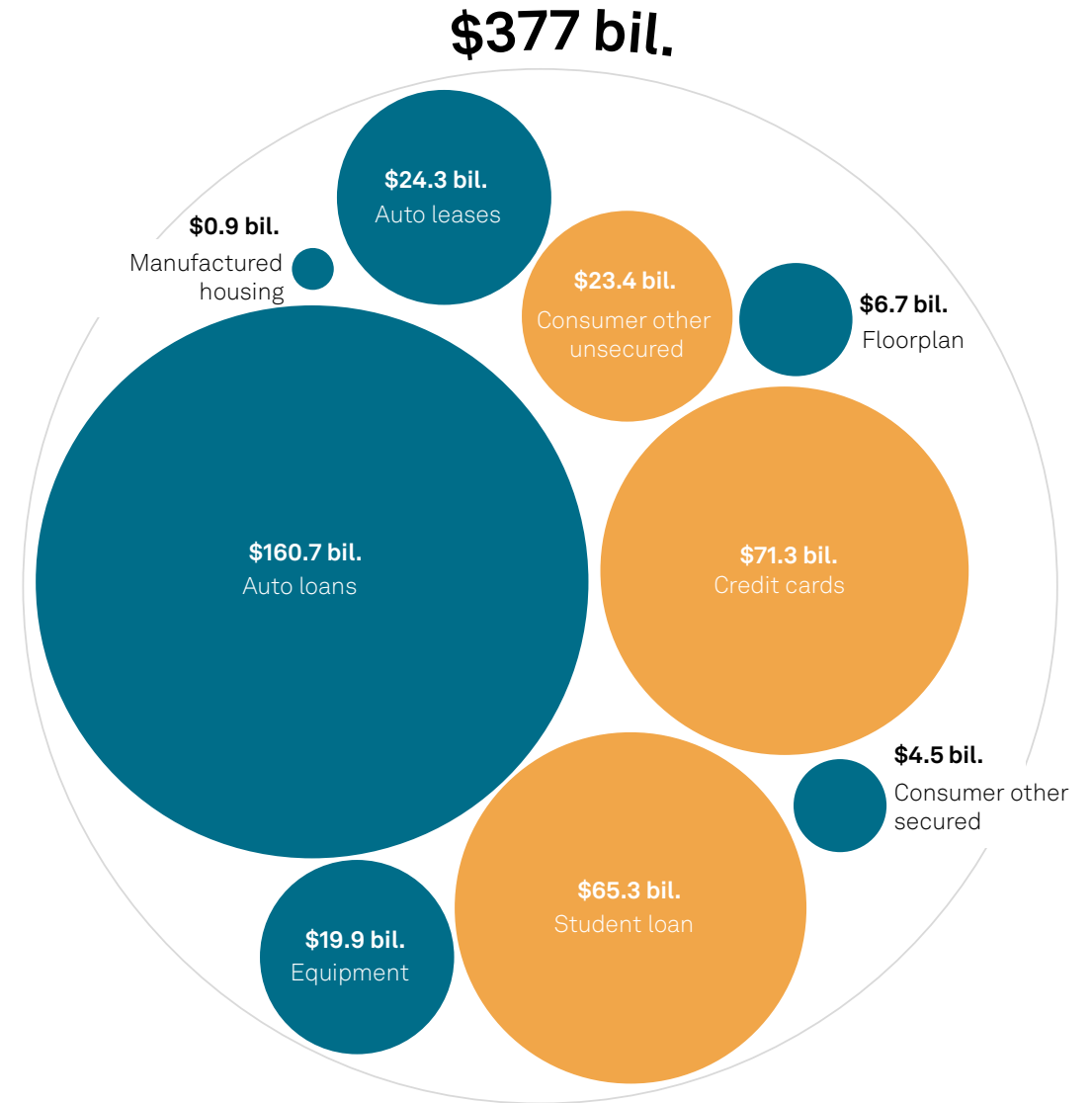
## 2024 ABS new issuance by rating category (mil. \$)

Sectors	AAA	AA	A	BBB	BB	Grand total
<b>Secured</b>						
Auto loans	41,469	2,797	2,614	1,638	635	49,154
Prime	32,811	691	277	141	26	33,946
Subprime/nonprime	8,658	2,106	2,338	1,497	609	15,208
Auto leases	11,865	526				12,391
Equipment	8,138	200	173	213	13	8,736
Floorplan	1,924	83	60			2,066
Consumer other secured	475	55	58	46	30	665
<b>Unsecured</b>						
Credit cards	8,614		36			8,650
Consumer other unsecured	4,033	388	253	189		4,862
Student loan	647	861	30	106		1,643

# Current S&P Global Ratings-Rated ABS Universe

## Outstanding note balance by sector

- Secured
- Unsecured



Source: S&P Global Ratings.

# 2024 Surveillance Rating Actions

ABS rating actions continued to be skewed to the positive side through June 30, 2024, with upgrades (221) exceeding downgrades (22). The downgrades were concentrated in student loans (59%), subprime auto loans (23%), and manufactured housing (18%). The majority of the negative rating actions in these sectors were confined to speculative-grade classes. The downgrades in three student loan transactions were related to Federal Family Education Loan Program (FFELP) loans, where a bond in the transaction is not expected to be repaid by its legal final maturity date, there was a FX swap provider downgrade, and there was a transaction with a higher cost of funds related to changes in the bond composition of the capital structure. Subprime downgrades were performance related.

## Surveillance rating actions by sector

Sector	Downgrade notches						Total (A)	Upgrade notches								Total (B)	Total classes (A+B)
	▼	▼	▼	▼	▼	▼		▲	▲	▲	▲	▲	▲	▲	▲		
Auto Loans	▼	▼	▼	▼	▼	▼	5	46	39	20	12	9	2	1		129	134
Prime								20	5							25	25
Subprime/nonprime			▼	▼	▼	▼	5	26	34	20	12	9	2	1		104	109
Student loan			▼	▼	▼	▼	13	31	29			6		1		67	80
Auto leases																	
Equipment								2								2	2
Consumer other unsecured								14			1					15	15
Manufactured housing				▼	▼		4										4
Consumer other secured								4	2	2						8	8
Floorplan																	
<b>Grand total</b>			▼	▼	▼	▼	22	97	70	22	13	15	2	2		221	243

Secured loans include confidential ratings. Source: S&P Global Ratings.

# Auto Loans - Prime

Deal count  
**169**

Bond count  
**749**

Rated bond balance  
**\$110.33 bil.**

## Outlook

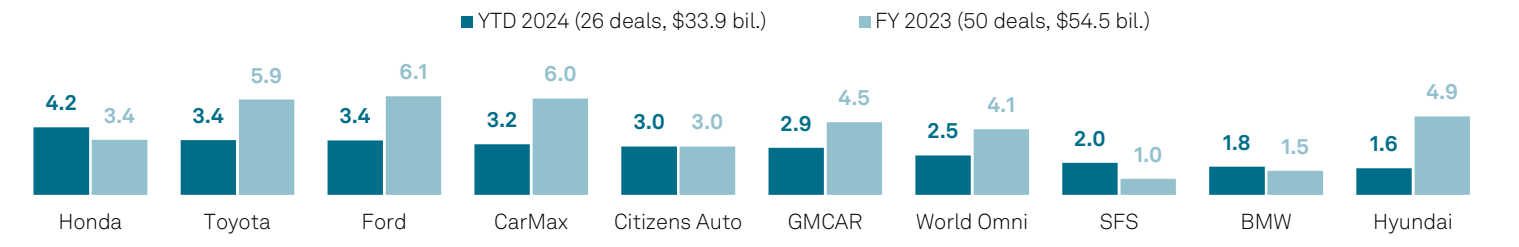
- Full-year 2024 issuance is expected to increase by approximately 8%-10%, driven by continued growth in bank and credit union issuance as well as strong issuance from the captives. Unit sales are projected to be nearly flat at \$15.6 million.
- Higher 60-plus-day delinquencies (DQs) for the 2022/2023 vintages relative to pre-COVID-19 pandemic pools is a harbinger of higher charge-offs. Based on our Auto Loan Static Index (ALSI), cumulative net losses (CNLs) on the 2023 quarterly vintages are trending higher than the 2022 vintage.
- Recovery rates, already trending lower on recent vintages, will remain under pressure due to declining used vehicle values driven by normalization of supply imbalances, re-emergence of incentives, and consumers' transition to lower-priced entry-level vehicles.
- Ratings outlook is generally stable. Few sponsors issue speculative-grade classes, which are more vulnerable to downgrades. For 'BBB' ratings, the structure must generally cover twice our expected CNL (ECNL).

Secured loans include confidential ratings.  
Source: S&P Global Ratings.

S&P Global Ratings-rated new issuance (bil. \$)



Top 10 S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of current balance)

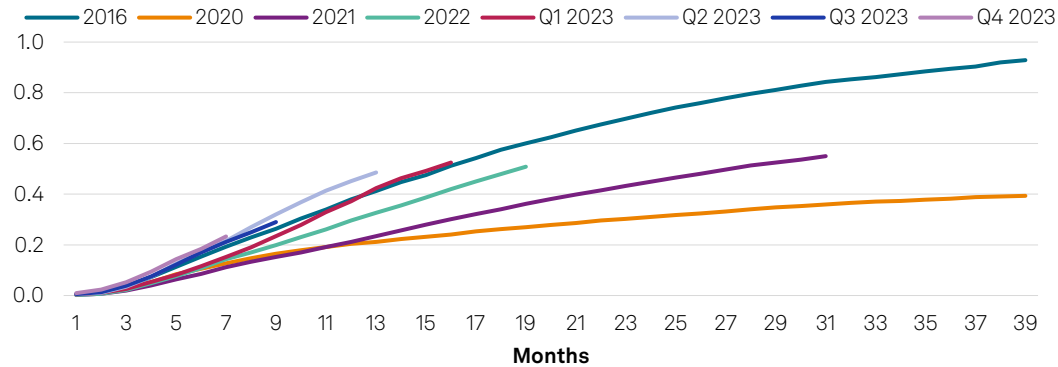


2024 rating actions (no.)

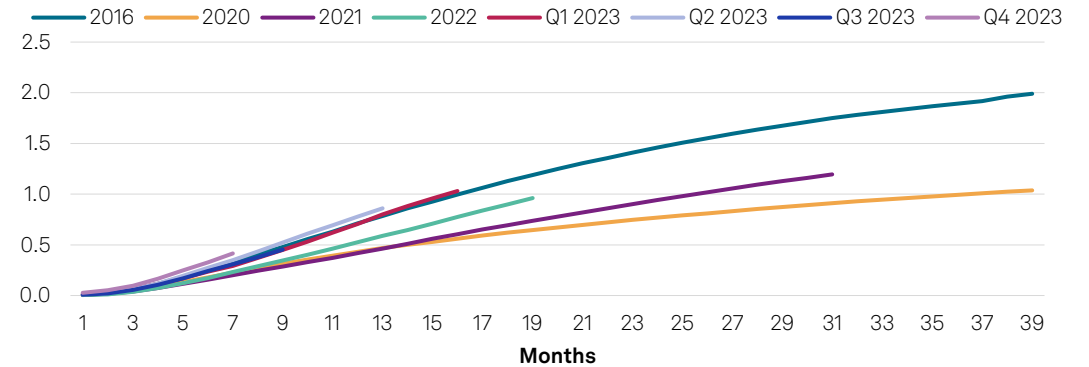
Prior rating	Upgrades	Downgrades
AAA		
AA	18	
A	5	
BBB	2	
BB		
B		
CCC		
CC/C		

# Prime Auto Loan ABS: 2023 Vintages Are Reporting Weaker Performance\*

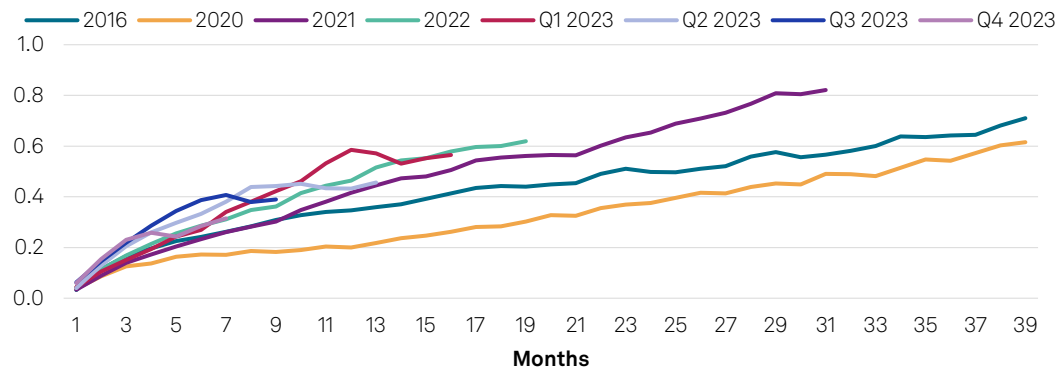
## Cumulative net losses by vintage (%)



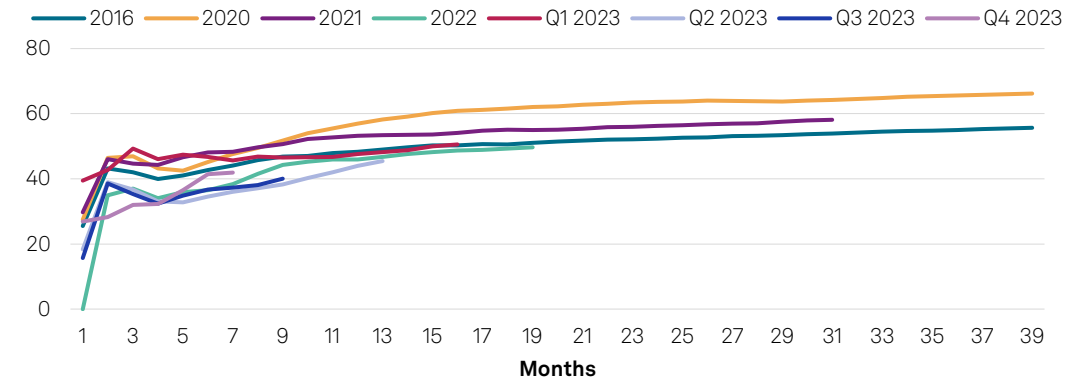
## Cumulative gross losses by vintage (%)



## 60-plus day delinquencies (%)



## Cumulative recoveries (%)



\*2017–2019 vintages not shown in order to spotlight 2022 and quarterly 2023 performance. 2016 is presented as it was the last vintage unaffected by COVID-stimulus.

# Auto Loans - Subprime/Nonprime

Deal count  
**184**

Bond count  
**718**

Rated bond balance  
**\$50.36 bil.**

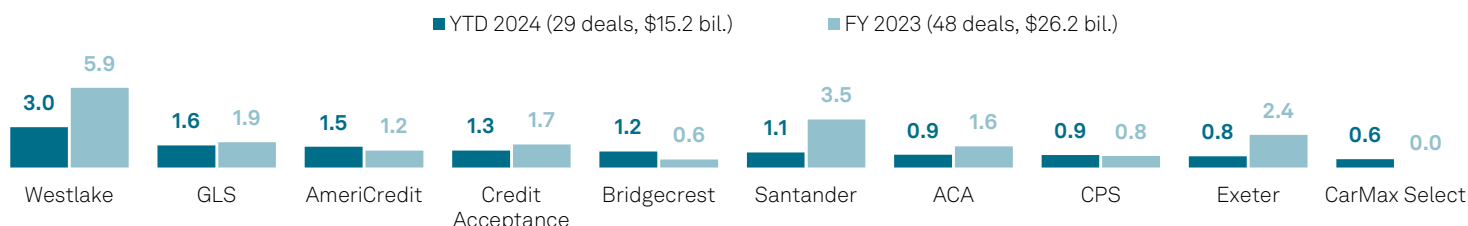
## Outlook

- 2024 issuance is expected to remain stable based on reduced origination volume, stemming from lenders tightening their credit standards.
- We expect the 2022 vintages, which are experiencing higher-than-historical CNLs, to continue to perform worse than our original ECNLs. CNLs on the 2023 quarterly vintages are trending lower than the 2022 vintage, reflecting the tighter credit standards.
- Ratings outlook is stable-to-negative due to higher-than-expected losses on the 2022 vintages, and in some instances, over-collateralization levels falling below targets. Speculative-grade classes, which are highly dependent on excess spread and do not benefit significantly from deleveraging, are the most vulnerable to downgrades.

S&P Global Ratings-rated new issuance (bil. \$)



Top 10 S&P Global Ratings-rated sale amount by issuer (bil. \$)



\*We have included Vstrong 2023-A in Exeter's issuance volume.

Rating distribution (% of current balance)



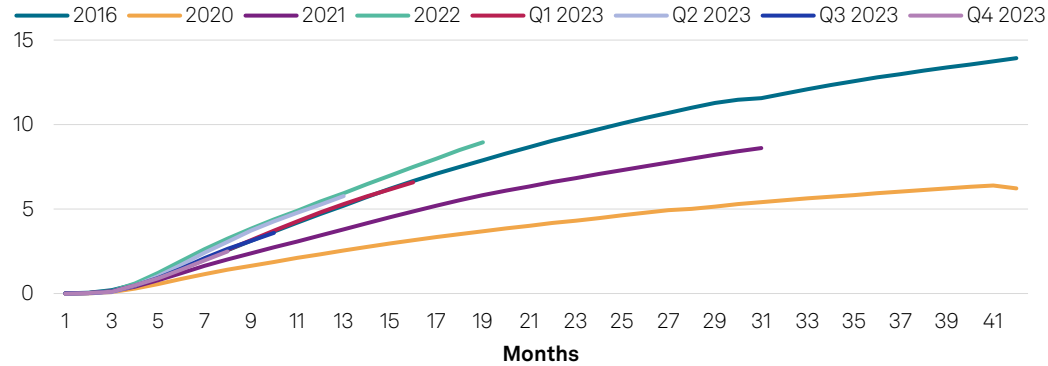
2024 rating actions (no.)

Prior rating	Upgrades	Downgrades			
		one notch	two notches	three notches	four notches
AAA					
AA	41		1		
A	38				
BBB	20				1
BB	5	1		1	
B				1	
CCC					
CC/C					

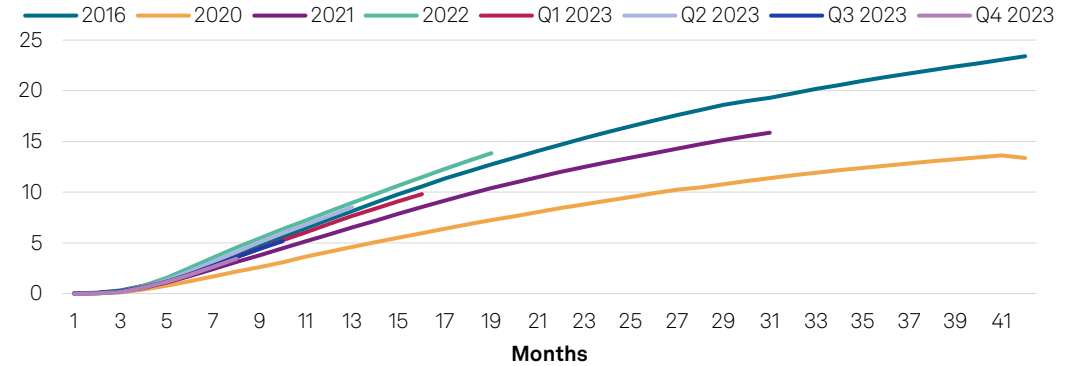
Secured loans include confidential ratings. Source: S&P Global Ratings.

# Subprime Auto Loan: 2022 Vintage Performing Worse Than 2016\*

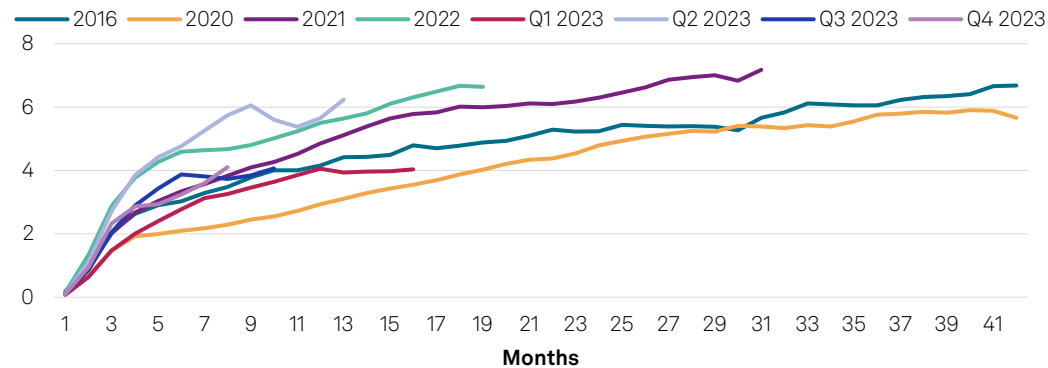
## Cumulative net losses by vintage (%)



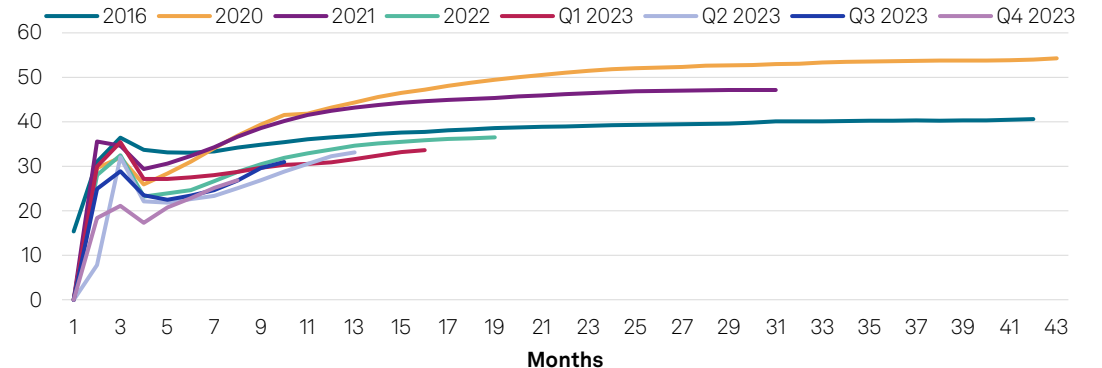
## Cumulative gross losses by vintage (%)



## 60-plus day delinquencies (%)



## Cumulative recoveries (%)



\*2017-2019 vintages not shown in order to spotlight 2022 and quarterly 2023 performance. 2016 is presented as it was the last vintage unaffected by COVID-stimulus.



# Auto Lease

Deal count  
**32**

Bond count  
**145**

Rated bond balance  
**\$24.26 bil.**

## Outlook

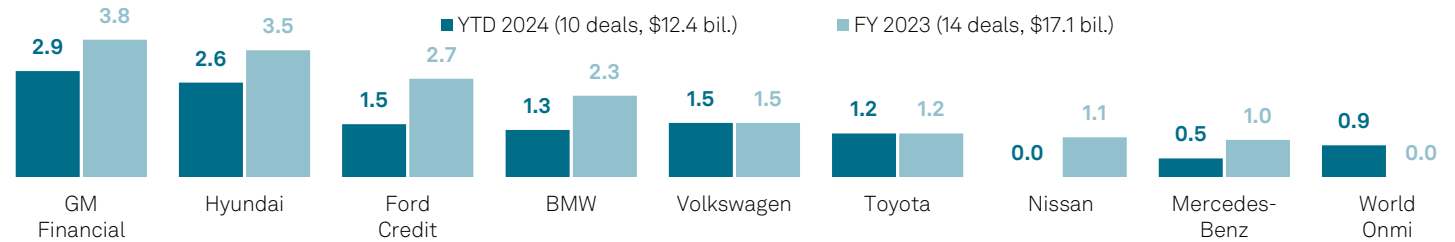
- 2024 issuance is expected to increase 20%-25% due to increased incentive activity and growth in electric vehicle (EV)-related leases. Lessors can pass on EV federal tax credits under the Inflation Reduction Act to lessees with fewer restrictions than what consumers would qualify for under a purchase arrangement.
- We expect incentives to increase slightly as supply imbalances ease, return rates to increase, and residual performance to continue to normalize from unusually high gains experienced in 2022 and most of 2023.
- The percentage of battery electric vehicles (BEVs) has started to exceed the 10% threshold. However, we've updated our criteria to separate out plug-in hybrid electric vehicles (PHEVs) from the BEV concentration limit, allowing up to 20% PHEV before an excess concentration hair-cut is applied to these vehicles. Data analyzed indicate that PHEV's residual values are more resilient than BEVs.
- There were no rating actions during the first half of 2024, and the ratings outlook is stable.

Secured loans include confidential ratings. Source: S&P Global Ratings.

S&P Global Ratings-rated new issuance (bil. \$)



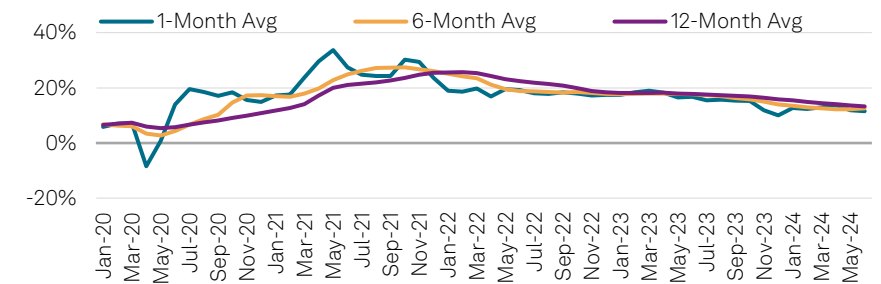
S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of current balance)



Residual Performance - Residual Value Gain / (Loss)



# Floorplan

## Outlook

Non-diversified floorplan:

- Issuance will grow steadily, as dealer inventory and days' supply normalize.
- Payment rates will continue to normalize from the very high levels from 2020-2022, but so far remain above trigger levels.
- YTD issuance included Ford Credit's two series totaling \$1.5 bil. Other issuances unrated by SPGI included: GM Financial's (GMF) two series totaling \$1.44 bil., and Nissan's two series totaling \$1.0 bil.
- Both Ford Credit and GMF added and amended features in their programs to add flexibility to generate asset yield and liquidity, if needed. Also, both introduced a make-whole call option, beginning with their 2023 series, that allows the issuer to call the series earlier, while protecting investor interest. These provisions do not affect our ratings.

Diversified floorplan:

- Issuance included two deals: NextGear's 2024-1 and Westlake Flooring 2024-1.
- Performance is expected to remain stable.
- Our rating approach incorporates historical loss-to-liquidation rates over multiple economic cycles. In our view, losses will not reach those stressed levels given our current GDP forecasts.

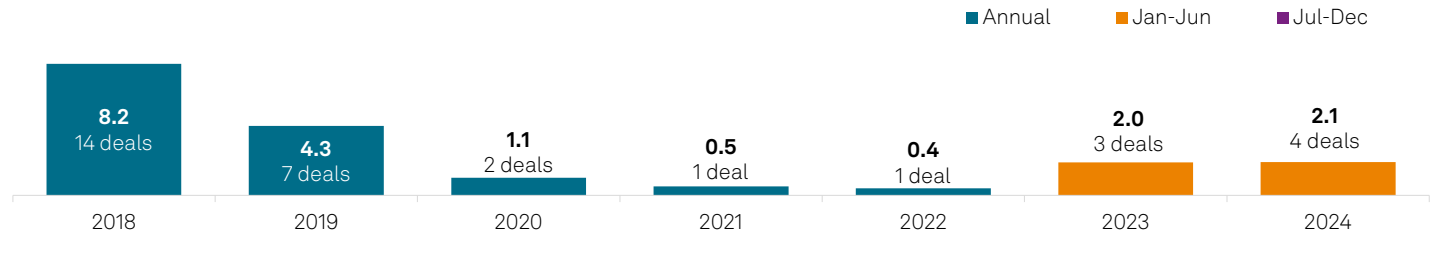
Secured loans include confidential ratings. Source: S&P Global Ratings.

Trust count  
**4**

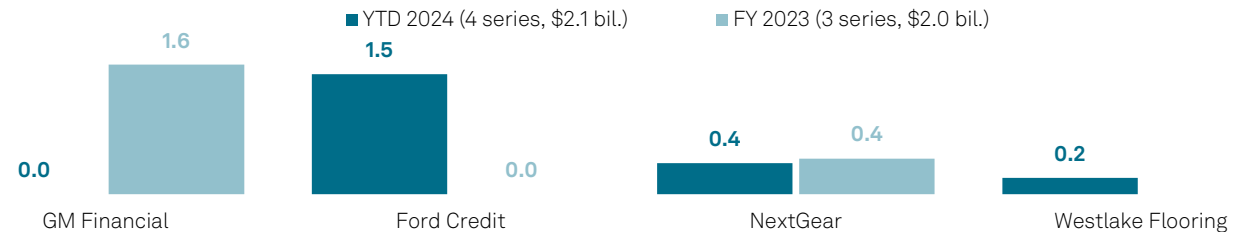
Rated series count  
**12**

Rated bond balance  
**\$6.70 bil.**

S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of current balance)



# Equipment

Deal count  
**45**

Bond count  
**161**

Rated bond balance  
**\$19.85 bil.**

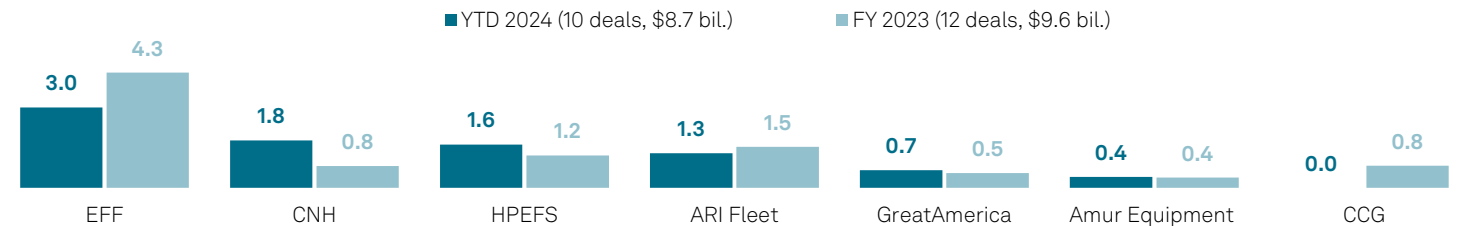
## Outlook

- Issuance volume is expected to increase modestly in 2024 given growth in the first half.
- Performance will remain stable, with losses normalizing to pre-COVID-19 pandemic levels. Moderate GDP growth that allows the economy to avoid a recession, increased infrastructure spending, and lower interest rates should be supportive of favorable credit performance.
- The ratings outlook is stable. While losses could trend up slightly, the deleveraging that occurs across the capital stack should offset mildly higher losses resulting in potential upgrades.

S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of current balance)



2024 rating actions (no.)

Prior rating	Upgrades	Downgrades
AAA		
AA	2	
A		
BBB		
BB		
B		
CCC		
CC/C		

Secured loans include confidential ratings. Source: S&P Global Ratings.

# Consumer Other Secured

Deal count  
**13**

Bond count  
**59**

Rated bond balance  
**\$4.55 bil.**

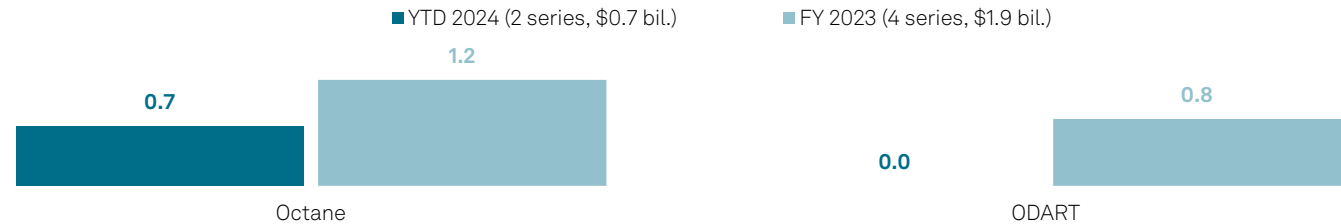
## Outlook

- Year-to-date issuance in 2024 is down relative to last year.
- We've observed weakness in Octane Lending Inc.'s recent securitizations, but believe its shift to a greater mix of prime collateral will lead to improved performance.
- Future performance will be dependent upon consumer health. The growing levels of consumer debt and resumption of student loan payments could lead to a higher volume of late payments and defaults. At this time though, we expect ratings to remain stable.

S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of current balance)



2024 rating actions (no.)

Prior rating	Upgrades	Downgrades
AAA		
AA	5	
A	1	
BBB	2	
BB		
B		
CCC		
CC/C		

Secured loans include confidential ratings. Source: S&P Global Ratings.

# Student Loan

Transaction count  
**407**

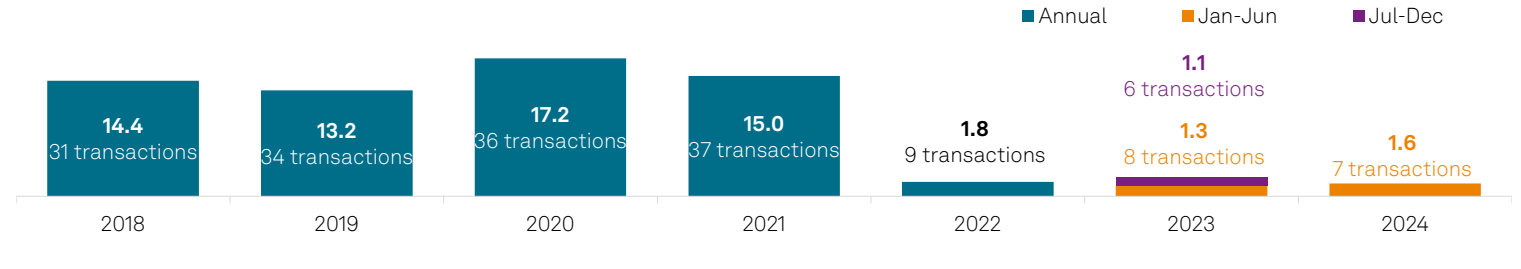
Bond count  
**1,373**

Rated bond balance  
**\$65.30 bil.**

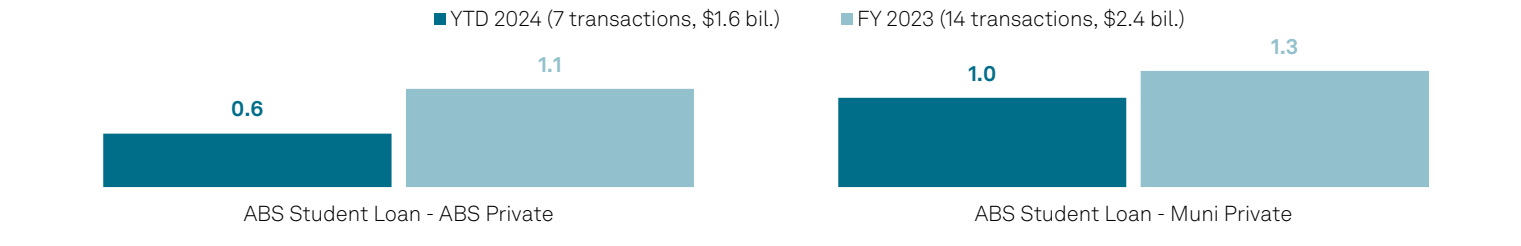
## Outlook

- The rate of defaults continue to increase for private student loan (PSL) in-school (post-2009) transactions due to stress to borrowers from inflation, higher interest rates and managing additional debt payments as borrowers return to repayment on various types of federal loans. We believe default rates will continue to normalize towards our base-case default levels. However, we expect that the ratings on these transactions--which are primarily backed by co-signed loans and are high-investment-grade rated--will remain stable.
- The rate of defaults in the PSL refinancing space are increasing likely due to slower prepayments, higher Inflation and managing additional debt payments as borrowers return to repayment on various types of federal loans. Although we could see further deterioration during 2024, we believe these transactions' default rates will remain within our base cases resulting in no impact to ratings.
- We continue to focus on borrower payment rates while monitoring our ratings on FFELP transactions. Prepayment speeds continue to fluctuate greatly as a result of the Department of Education's loan forgiveness initiatives and the ongoing litigation around those programs. More than 99% of the bonds have maturity dates beyond three years.

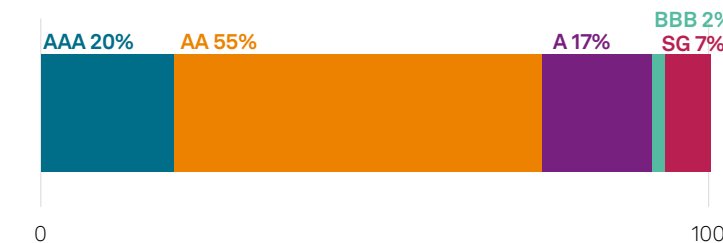
S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of no. of ratings)



2024 rating actions (no.)

Prior rating	Upgrades	Downgrades
AAA		
AA	60	11
A	5	
BBB	2	
BB		
B	1	2
CCC		
CC/C		

SG--Speculative grade. Source: S&P Global Ratings.

# Consumer Other Unsecured

Deal count  
**44**

Bond count  
**164**

Rated bond balance  
**\$23.36 bil.**

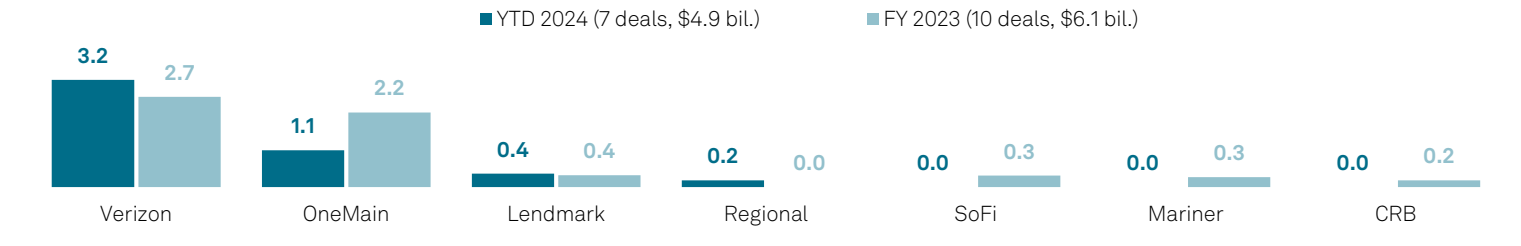
## Outlook

- Personal loan performance continues to reflect stress due to higher costs impacting the typical customer. We expect this to be an ongoing challenge for originators in this space
- The base-case loss for the personal loan revolving structures considers historical performance that reflects volatility through economic downturns.
- We expect investment-grade ratings to remain stable, while speculative-grade ratings may feel pressure if loan loss performance deteriorates beyond our base-case assumptions.

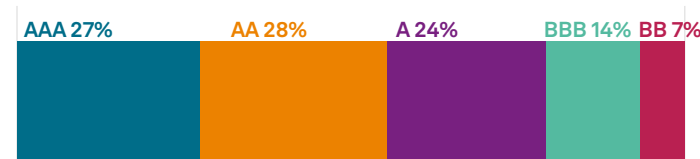
S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of no. of ratings)



2024 rating actions (no.)

Prior rating	Upgrades	Downgrades
AAA		
AA	8	
A	3	
BBB	3	
BB	1	
B		
CCC		
CC/C		

Source: S&P Global Ratings.

# Credit Cards

Deal count  
**35**

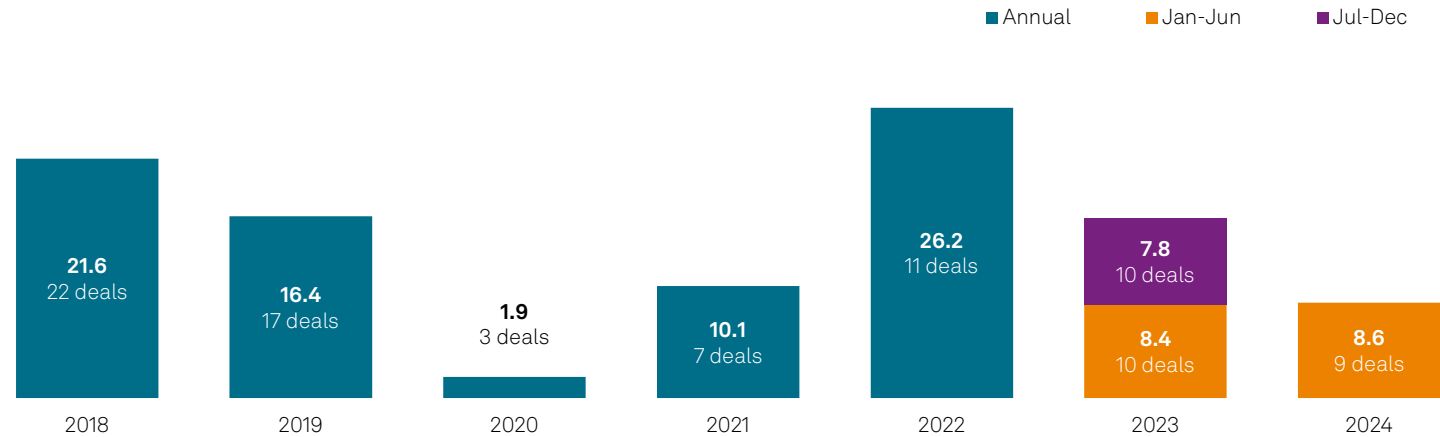
Bond count  
**88**

Rated bond balance  
**\$71.28 bil.**

## Outlook

- We expect slightly weaker collateral performance and stable rating trends over the next 12 months for the trusts we rate.
- Base-case and stress assumptions for each trust, calibrated against major economic stress, continue to adequately capture the expected performance risks of the receivables, our updated macroeconomic forecast for the U.S. and Canada, and our forward-looking view of the U.S. and Canada banking sectors.

S&P Global Ratings-rated new issuance (bil. \$)

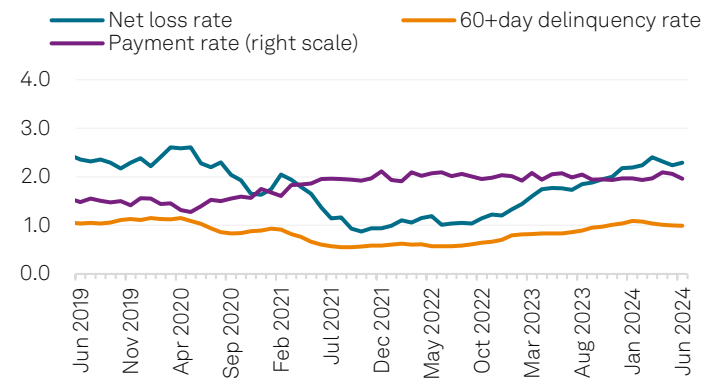


Rating distribution (% of no. of ratings)

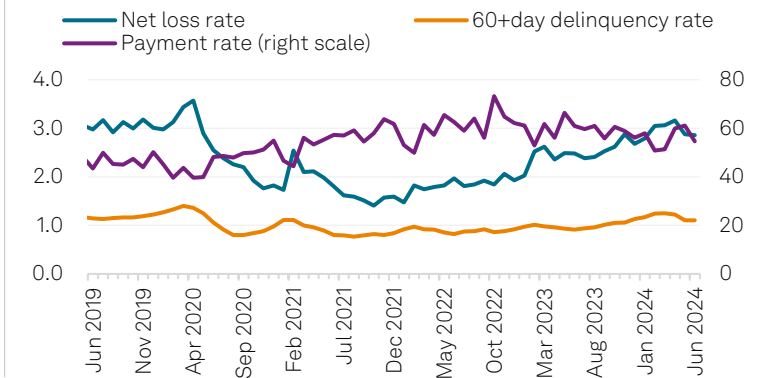


Source: S&P Global Ratings.

U.S. Credit Card Quality Index, Bankcard (%)



Canadian Credit Card Quality Index, Bankcard (%)



# Key Contacts

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## Who should I contact?

- **Transaction-related questions** - Analytical managers and sector lead
- **New proposal feasibility** – Analytical managers and sector lead
- **Rating methodology-related questions** – Sector lead
- **Commercial questions** – Commercial contacts

Asset type	Analytical manager	Sector lead
Auto loans	Frank Trick	Amy Martin
Floorplan	Frank Trick	Amy Martin
Auto lease	Frank Trick	Amy Martin
Equipment	Frank Trick	Amy Martin
Manufactured housing	Frank Trick	Amy Martin
Other secured consumer	Frank Trick	Amy Martin
Student loan	Ildiko Szilank	John Anglim
Credit cards	Ildiko Szilank	John Anglim
Consumer other unsecured	Ildiko Szilank	John Anglim



# Related Research

- [Looking Back, Looking Forward: Lessons On U.S. Subprime Auto Loan ABS Performance](#), Aug. 20, 2024
- [U.S. Auto Loan ABS Tracker: June 2024 Performance](#), Aug. 9, 2024
- [Canadian Credit Card Quality Index: Monthly Performance--June 2024](#), Aug. 7, 2024
- [U.S. Credit Card Quality Index: Monthly Performance--June 2024](#), July 29, 2024
- [Sustainability Insights: Electric Shock: How Engine Technology Affects Auto ABS Risk](#), Jul. 10, 2024
- [S&P Global Ratings Monitoring Consumer Financial Protection Bureau Complaint For Rating Impact On 18 Student Loan Trusts](#), May 10, 2024
- [2024 U.S. And Canada Credit Cards ABS Review](#), Feb. 23, 2024
- [Sector Intelligence | Student Loan ABS](#), Feb. 23, 2024
- [Sustainability Insights: U.S. Electric Vehicle Auto Lease Growth Could Raise Residual Value Risk](#), Feb. 22, 2024
- [Credit Unions Make A Splash In 2023, Almost Tripling 2022's Auto Loan ABS Issuance](#), Feb. 9, 2024
- [Global Structured Finance 2024 Outlook](#), Jan. 10, 2024

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