

Caribbean's Antigua & Barbuda prepares maiden voyage to ABS

The Caribbean nation of Antigua & Barbuda is looking beyond tourists for funds. With Delamore - Hitech Ltd. as arranger and investor, the unrated islands are readying a deal backed by future fuel tax revenues and rental income from a U.S. military base. "It's pretty difficult for Antigua to raise money in the commercial market," said Sanjeev Kumar, a director at the lead. "We'll be buying it for own books and later on we'll decide what to do."

The transaction is planned at US\$14 million. Maturity will be 12-15 years and pricing will come between 8% and 11%. Delamor - Hitech, which is a Delamor & Owl Group Company, is shooting for an investment grade rating without the help of guarantees. The receivables originated from the military base

carry the implicit backing of the U.S. government, Kumar said. As it is now structured, the vehicle would trap US\$1.25 million worth of the rental receivables a year and US\$50,000 a month of the fuel tax receivables.

Launch date is set for March.

The structurer is no stranger to emerging markets. It has been

involved in ABS in Turkey, Thailand, South Korea and Malaysia, among others. The company has also snapped up Latin American transactions in the past. It presently has three other mandates in the Western Hemisphere apart from the Antigua deal. Average transaction size is US\$50 million, with average tenor of three-to-five years, Kumar said. — FO

Latin American Capital finds a sugardaddy in IXE

Mexico's IXE Casa de Bolsa is crafting a Ps800 million (US\$72 million) securitization program backed by sugar inventories, said a source close to the deal.

The originator is Latin American Capital. Three nine-month issues will probably place off the program, which is heard receiving a rating of 'A1' short-term rating on the national scale by Standard & Poor's. Federal development bank Bancomext is providing a guarantee, the source said. Prior to this deal, sugar was an untouched asset in the Mexican securitization market. — FO

First true Mexican MBS appears on market's radar

While eyes have been glued to Deutsche Bank in the race to take the first true MBS to Mexico's market (see ASR 1/27, p.21), local bank Banorte appears to have snuck ahead. Last week, Fitch Ratings confirmed a deal for up to Ps360 million (US\$33 million) and carrying a tenor of no longer than 5.8 years. The national-scale rating is 'AAA(mex)'. Legal counsel is Irurita.

The structurer is Solida Administradora de Portafolios — part of the Banorte family — while the placement agent will be the bank's brokerage arm. Launch is timed for no later than May, according to a source on the deal. While Mexico's housing finance sector has thrived over the last several years, deals have been almost exclusively backed by bridge loans for construction and not mortgages per se.

Collateral for the Banorte deal is comprised of mortgages with tenors of up to 20 years, originated in the late 80s. Banca Serfin was the generator and sold the portfolio, known as Meseta, to Solida via an auction orchestrated by IPAB, a federal bank that handles banking insolvencies and other financial issues. Solida, in turn, plucked out the choicest mortgages from Meseta in order to garner a high rating for the MBS. "Obviously, not all of them met our criteria," said a source on the deal.

As of December 2002, the principal in the targeted pool was worth Ps1.5 billion and the number of mortgages totaled 10,157. "That creates a prudent margin of security," Fitch said in a press release. A full 95% of the credits boast a nonexistent to 90-day delinquency rate, while payments on 5% are late by

between three months and 150 days.

The agency estimates that about 58% of the securitized mortgages will have matured by the end of bond's life. Some 83% of the pool is forecast to come due within six months of maturity, providing the deal with ample breathing room, according to Fitch.

Liquidity and reserve funds are additional buttresses propping up the transaction. Banorte will target retail investors, a source said. As a result, the deal will not carry the double rating needed to attract pension funds.

Geographically, the mortgages in the pool are fairly spread out. About 70% of the loans come from five sub-national entities, three of which are Nueva Leon, Estado de Mexico and the Federal District, better known as Mexico City. — FO