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Dow Jones **Newsires**

UPDATE: Issuance Of TALF Eligible Deals Picks Up, More Expected

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(Updates with analyst comment, more detail)

By **Anusha Shrivastava**
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NEW YORK (Dow Jones)--Issuance of deals eligible under the Federal Reserve's program to revive the asset-backed securities market will increase in May, according to a market participant.

This week, deals worth over \$4.5 billion have emerged ahead of the May 5 loan application deadline for the Fed's Term Asset-Backed Securities Loan Facility, or TALF.

The Fed has designated the first Tuesday of each month as the loan application deadline so issuers announce deals just before this.

"June will be a bigger month," said the market participant who declined to be named.

The stream of issuance is a sign that investors could be getting over the initial concerns they had about the program. These included lengthy documentation requirements, fear of legislative interference and curbs on hiring of foreign nationals.

Attractive returns on the deals will lure investors, market participants point out.

"The market is coming to realize that TALF eligible consumer asset-backed securities are as close to 'shooting fish in a barrel' as they'll ever see in their investment careers," said Dan Nigro, an asset-backed securities portfolio manager at Dynamic Credit Partners in New York.

Since Wednesday, five deals backed by auto, credit-card, motorcycle and equipment loans have been announced. General Electric Co. (GE), Harley-Davidson Inc. (HOG), Volkswagen AG (VLKAY), Honda Motor Co. Ltd. (HMC) and CNH Global NV (CNH) are the issuers for these deals, all of which are scheduled to be sold

on May 5, the deadline for investors to apply for non-recourse loans under TALF.

The issuers aren't taking any more orders on several tranches of these deals, said two investors, showing that they have been oversubscribed.

"The level of demand is rising to meet the level of supply," Nigro said.

About \$12 billion in new bonds backed mainly by auto and credit-card loans that investors could buy using TALF have sold in the past two months. Non-TALF issuance stands at about \$9 billion so far this year.

Risk premiums on these and other consumer loan bonds have tightened since the program's launch in March. This will eventually lower the cost of borrowing for consumers taking on new loans.

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