



For Professional Advisers Only

Notes From The CIO

19 April 2021



- The RMBS sector was generally firm last week, with some spread compression even as Treasury rates declined again. Fixed rate sectors including mezzanine SFR and RPL outperformed on a duration adjusted basis
- RMBS new issuance has picked up and may be on pace for record post-crisis volumes, with subscription levels generally strong. We have found recent Mortgage Insurance Credit Risk Transfer (MI CRT) new issues generally attractive with good yield and price appreciation opportunities
- CRT spreads were firmer again, as subordinated bonds generally rose in price. Freddie Mac's next CRT new issue will be priced today, and is exhibiting good demand – the technical pressures present for their last new issue have dissipated, and this deal is not negatively impacting secondary spreads
- There's no change to the strong fundamental support from housing – housing starts data was robust, while overall economic data continues to be supportive as well. The markets largely ignored strong inflation readings, assuming they are generally transitory

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