

Notes From The CIO

03 May 2021



- Intermediate rates rose modestly last week despite the Fed's continued messaging that QE and zero rates will continue for some time
- The Agency CRT market received another tailwind as the FHFA announced a program designed to support refinancing activity by underserved lower income homeowners. This should provide another boost to de-levering and credit enhancement growth in the subordinated classes of many CRT deals
- CRT, especially Last Cash Flows and B1s continued to tighten and appreciate last week. Most RMBS sectors followed suit, outperforming Agency paper, which in turn performed well relative to Treasuries
- Remittance data continued to be supportive with forbearance curing continuing and refinancing activity remaining robust. Last month's general decline in rates is likely to be supportive a continuation of these elevated levels
- New issue activity was robust in RMBS last week, as was call activity. Most sectors appear to be on course for significantly higher gross issuance than 2019, as the overall RMBS sector is poised for modest net growth this year

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