

# Notes From The CIO

27 April 2021



- Yields were rangebound last week while equities demonstrated some policy-related volatility. RMBS remained firm, with some longer profiles, especially RPLs, tightening from a combination of positive credit rating reviews and increased long duration demand given recent Treasury market support
- The CRT sector continued to perform well, with M2s and subordinated B1s and B2s rising in price even as Freddie Mac issued their latest new issue. Each of the new deal's classes moved above par
- As we begin to analyze this month's remittance data, trends continue to be supportive. Refinancing activity remains robust, and in fact has increased in the Non-QM sector, which lagged for a number of structural reasons. We expect next-gen RMBS credit enhancement to continue to build, and delinquency and forbearance pipelines to continue to cure, which we expect to be a tailwind for mezzanine RMBS securities in the short to intermediate term
- RMBS generally looks increasingly attractive versus ABS, with spread pickups of 50 – 75 bps or more for both BBB and BB-rated profiles

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