

# Bloomberg Sessions



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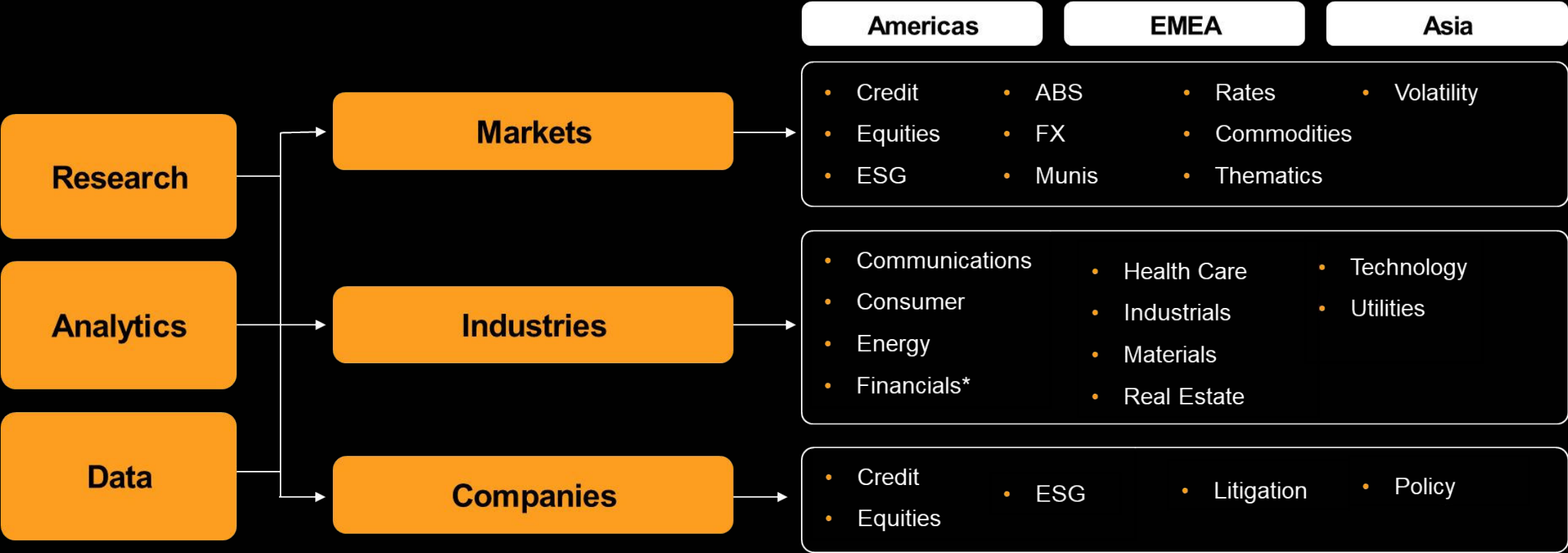
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*\*Includes Market Structure Research*

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For the Agency MBS Market, Greater Complexity ...

THESIS: The agency mortgage-backed security (MBS) market faces a more complex challenge in 2026 than in recent years. Shaped by unprecedented coupon and pool dispersion, fast-changing policy ...

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Featured Research

1) Rising Supply Threatens TBA Financing Advantage

2) What's Next for MBS CMOs After Banner Year?

3) Conventional Mortgage Rates Break Below 6%

4) 2026 MBS Demand Outlook: GSEs Shape the Mix

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5) ✓ MBS Financing Discount on TBA Trades May Fade as Supply G... 07:12

6) ✓ Trump at Davos Touts Lower Mortgage Rates, Not Supply Fix... 01/21

7) ✓ CMO Supply Poised to Stay Elevated, Shift Mix as Curve Stee... 01/20

8) ✓ Letting Home Buyers Tap 401(k)s Won't Ease Affordability: ... 01/16

9) ✓ Mortgages Below 6% May Benefit Refinancers More Than Purc... 01/14

10) ✓ GSEs Tip MBS-Demand Scales Further Toward Balance-Sheet ... 01/13

11) ✓ Trump Tells Fannie, Freddie to Buy \$200 Billion of MBS: BBTV 01/12

12) ✓ GSEs Buying More MBS Is Only Temporary Fix for Long-Term... 01/12

13) ✓ MBS Prepayments Are Still Elevated Despite Receding Refi W... 01/09

14) ✓ Up to \$200 Billion of MBS Buys by GSEs to Squeeze Spreads:... 01/08

15) ✓ FHFA Housing Rules for 2026-28 Favor Middle-Class Mortgages 01/08

16) ✓ MBS Momentum Poised to Carry Into 2026 Despite Tighter Se... 01/05

Key Indicators

Latest

Major Indices

31) 30YR CC Yield 5.02

32) 30YR CC Spread .99

33) 30YR Primary ... 6.18

34) 10YR Yield 4.23

35) Federal Funds ... 3.75

36) MOVE Index 56.50

37) MBA Applicatio... 397.20

38) GDP Quarterly ... 4.40

39) Core PCE Def. 2.79

40) Unemployment... 4.40

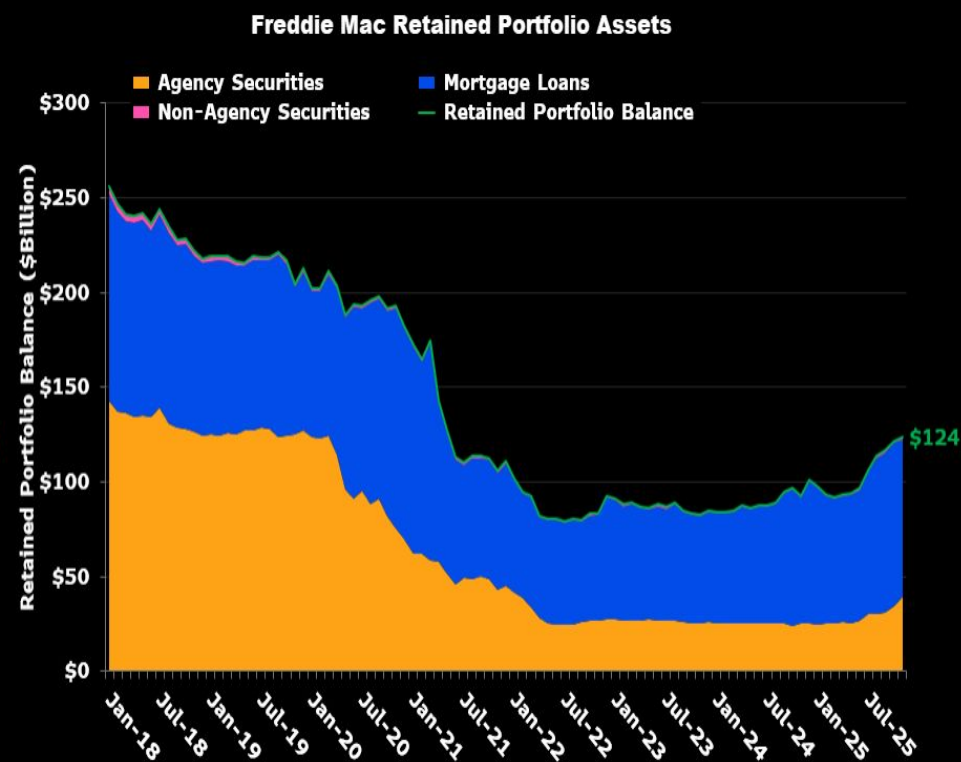
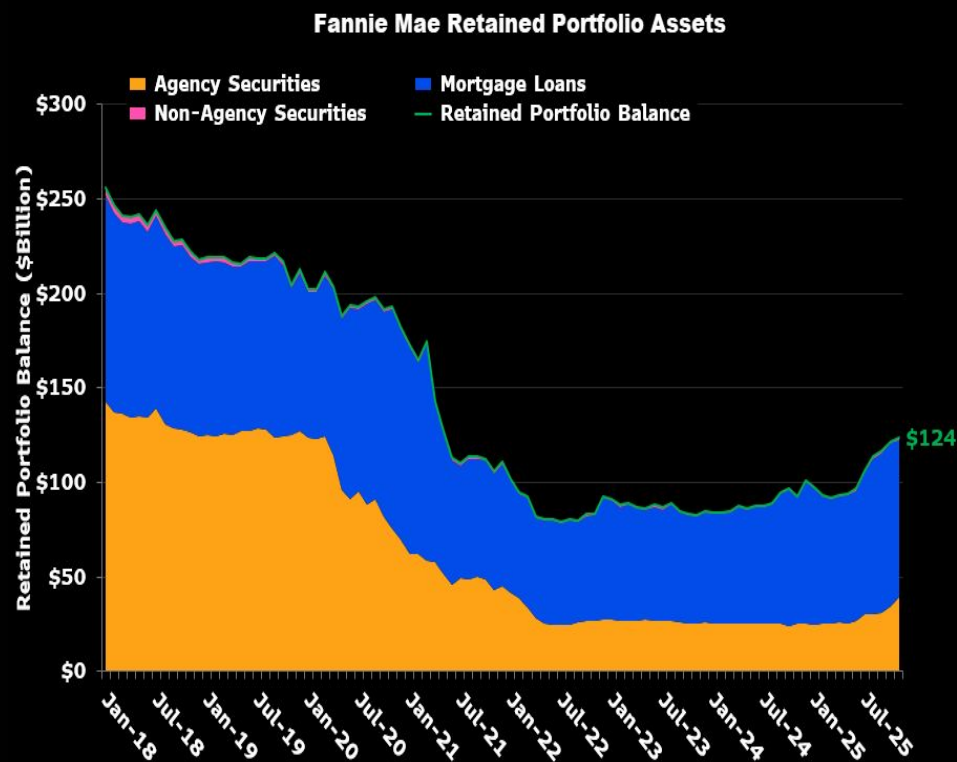


# MBS Risks, Potential Abound as New Challenges Emerge in 2026

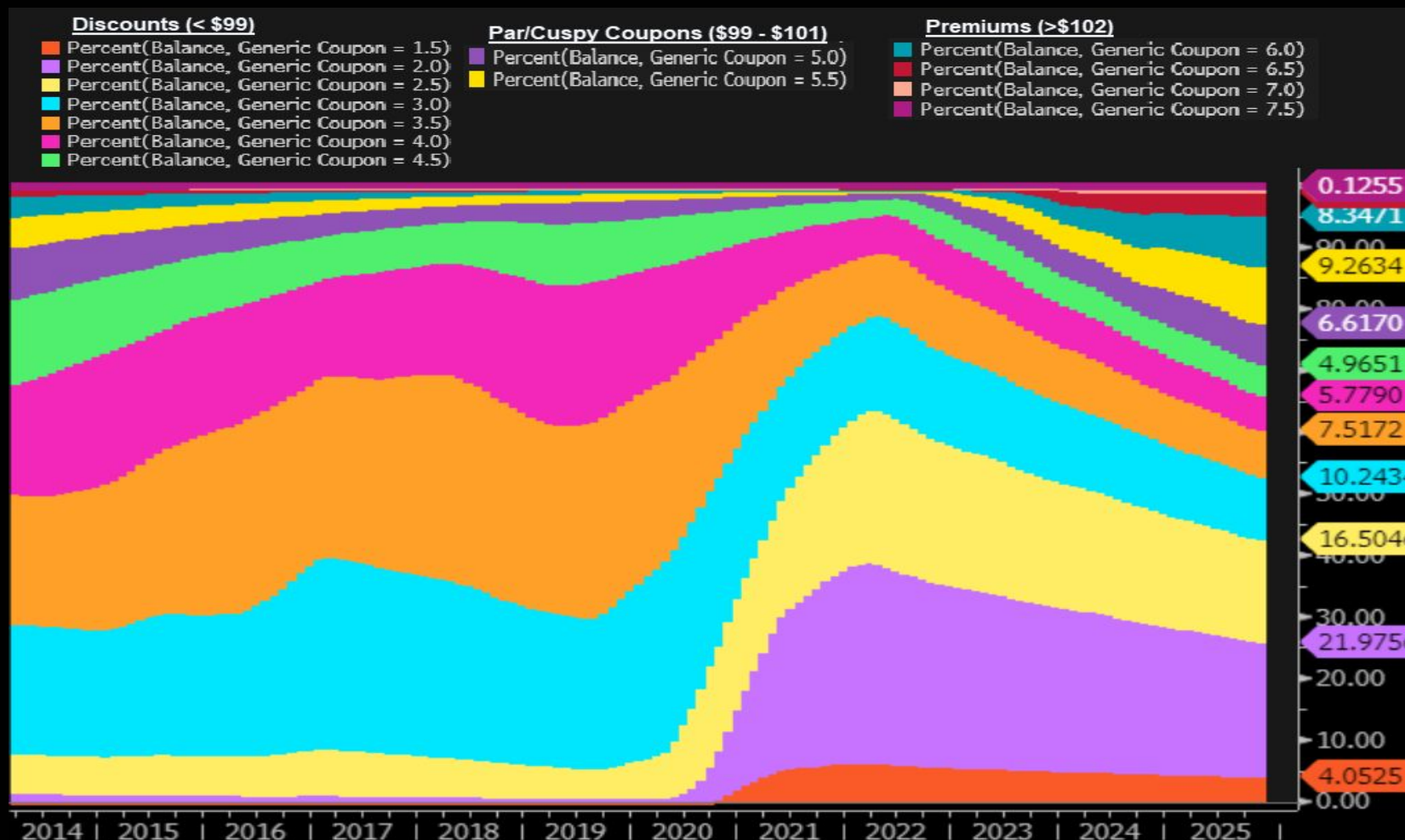
## Key Drivers for 2026

Security Selection Over Sector Positioning	Policy Wildcards	Escalating Refinance Risks
<b>BI View:</b> The historic dispersion across mortgage-backed security coupons and sectors offers investors more opportunities to differentiate performance.	<b>BI View:</b> Evolving housing and financial policies, including affordability measures, possible GSE privatization and shifts in Federal Reserve policies and priorities, may create exogenous shocks affecting MBS performance.	<b>BI View:</b> Mortgage bankers and servicers focused on recapture technology are boosting refinancing responses and increasing MBS convexity risks.

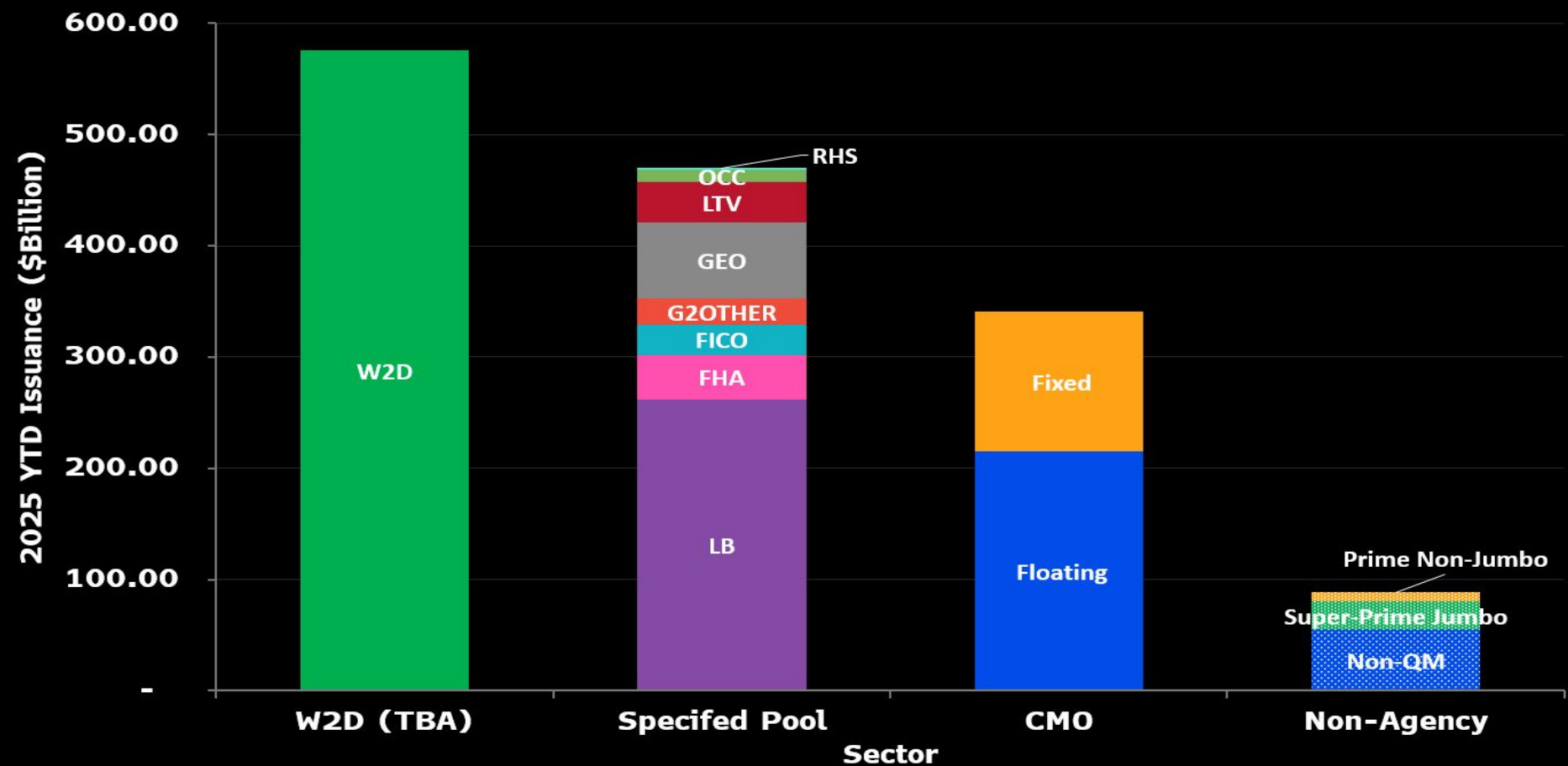
# GSE MBS Buying Pulled Spreads Rapidly Tighter



# Coupon Stack Offers Wide Range of Risk/Reward Profiles

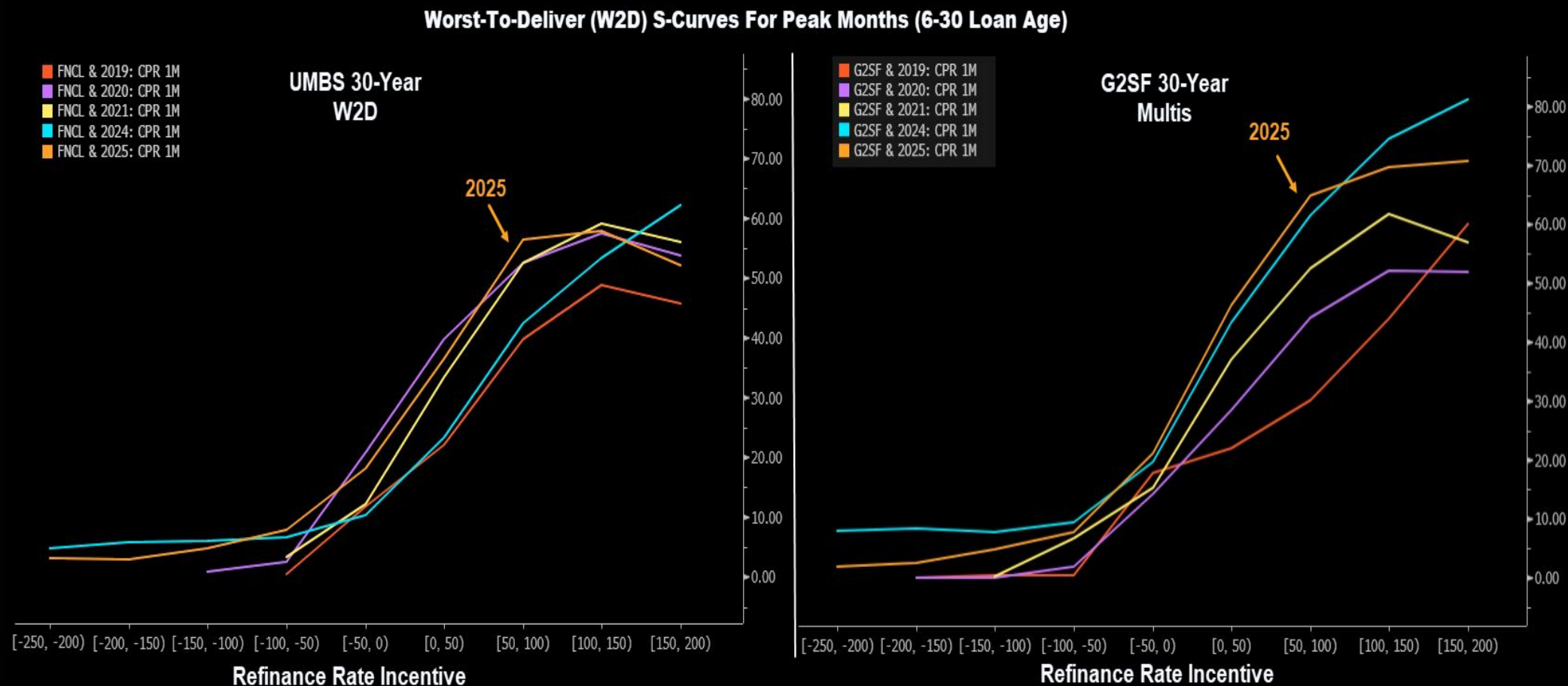


# Strong Specified Pool, CMO, Non-Agency Issuance Expand Options

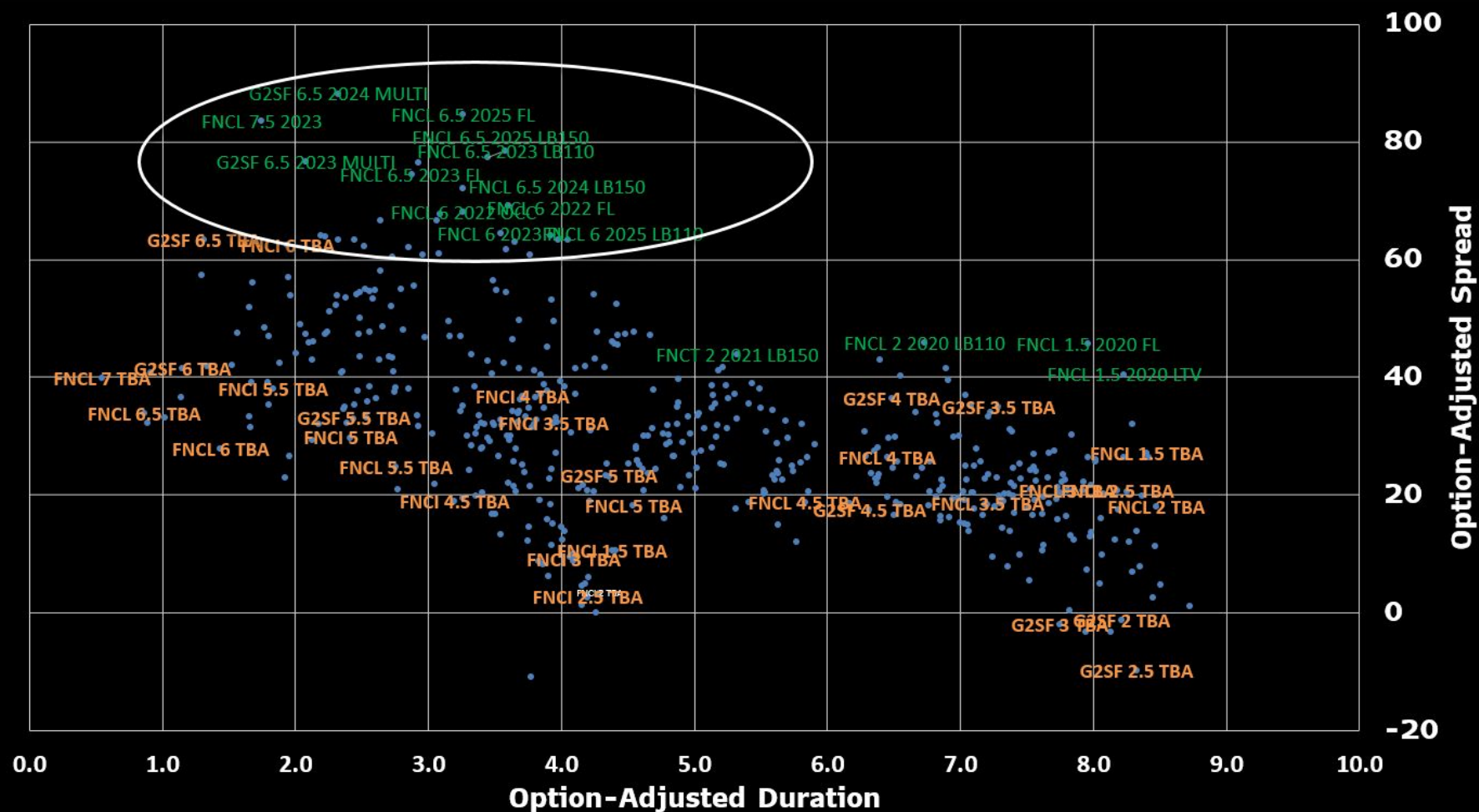




# Refinancing Sensitivity Curves Are Steep – And Getting Steeper



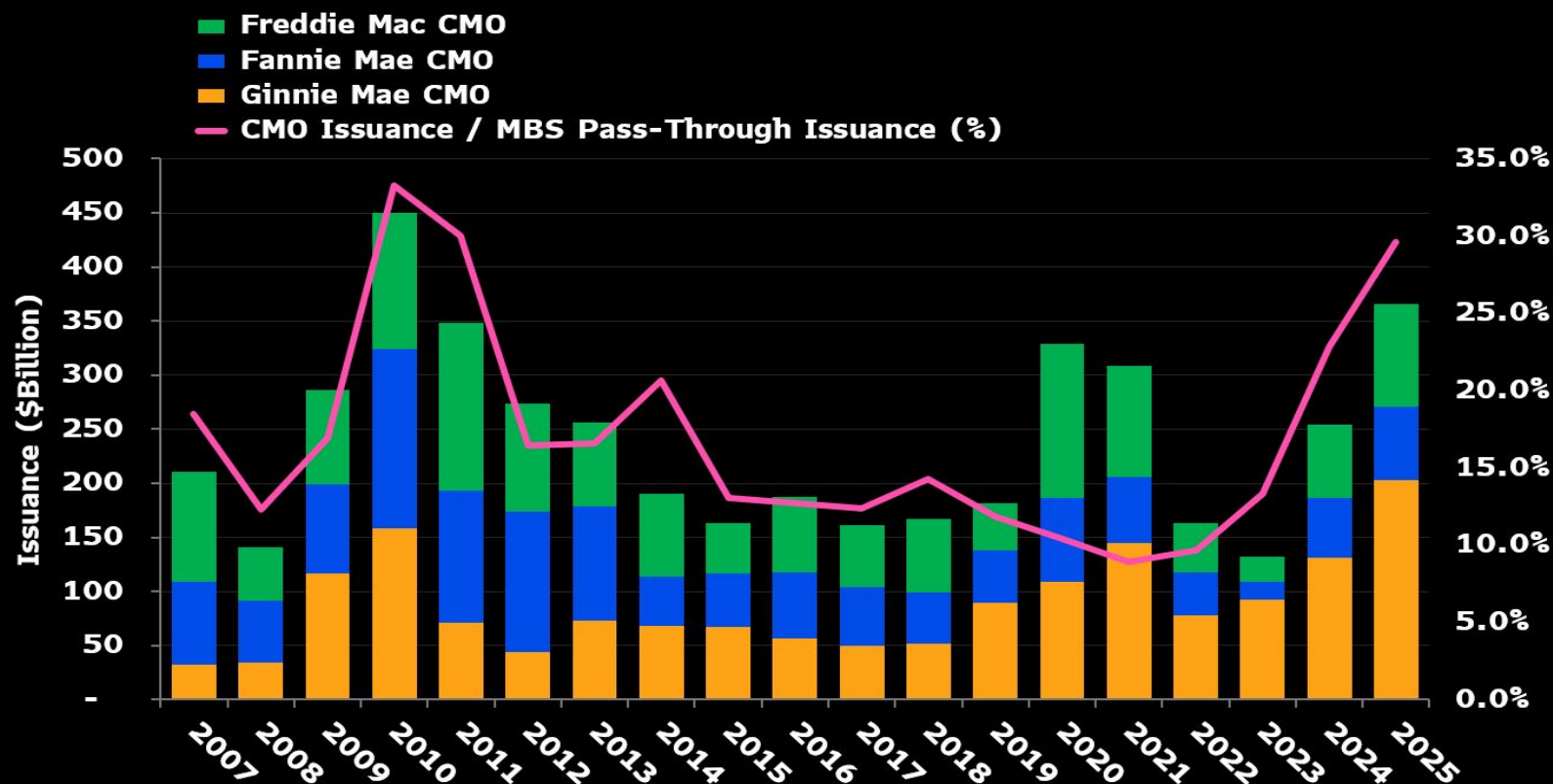
# Prepay-Protected Premiums Stand Out on Efficient Frontier



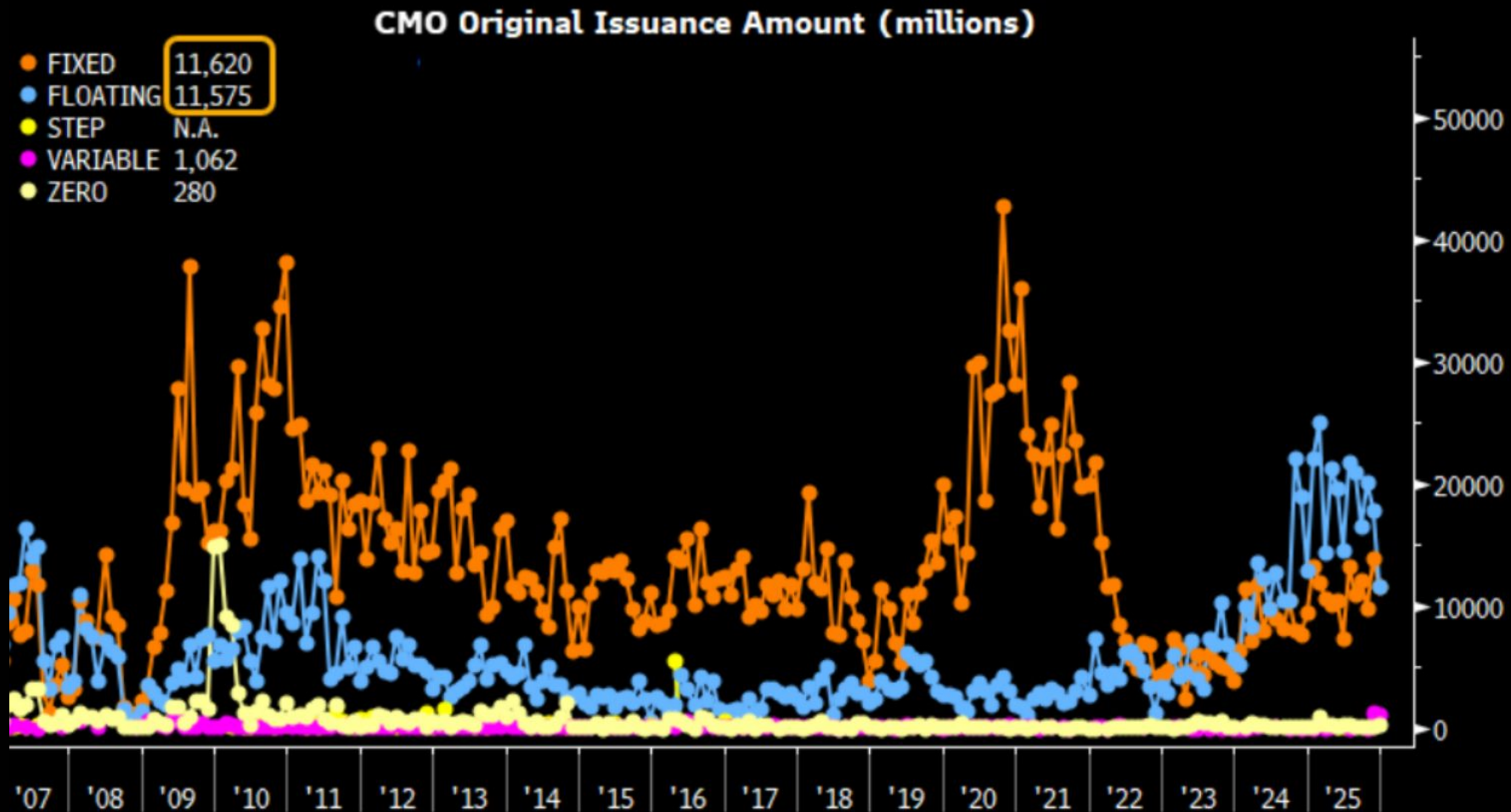
# What's Next For MBS CMOs After Banner Year?

*Origination May Stay Elevated; Mix May Shift As Curve Steepens*

## Record Year For GNMMAs, Floaters



# Fixed-Rate Issuance Exceeded Floaters In December





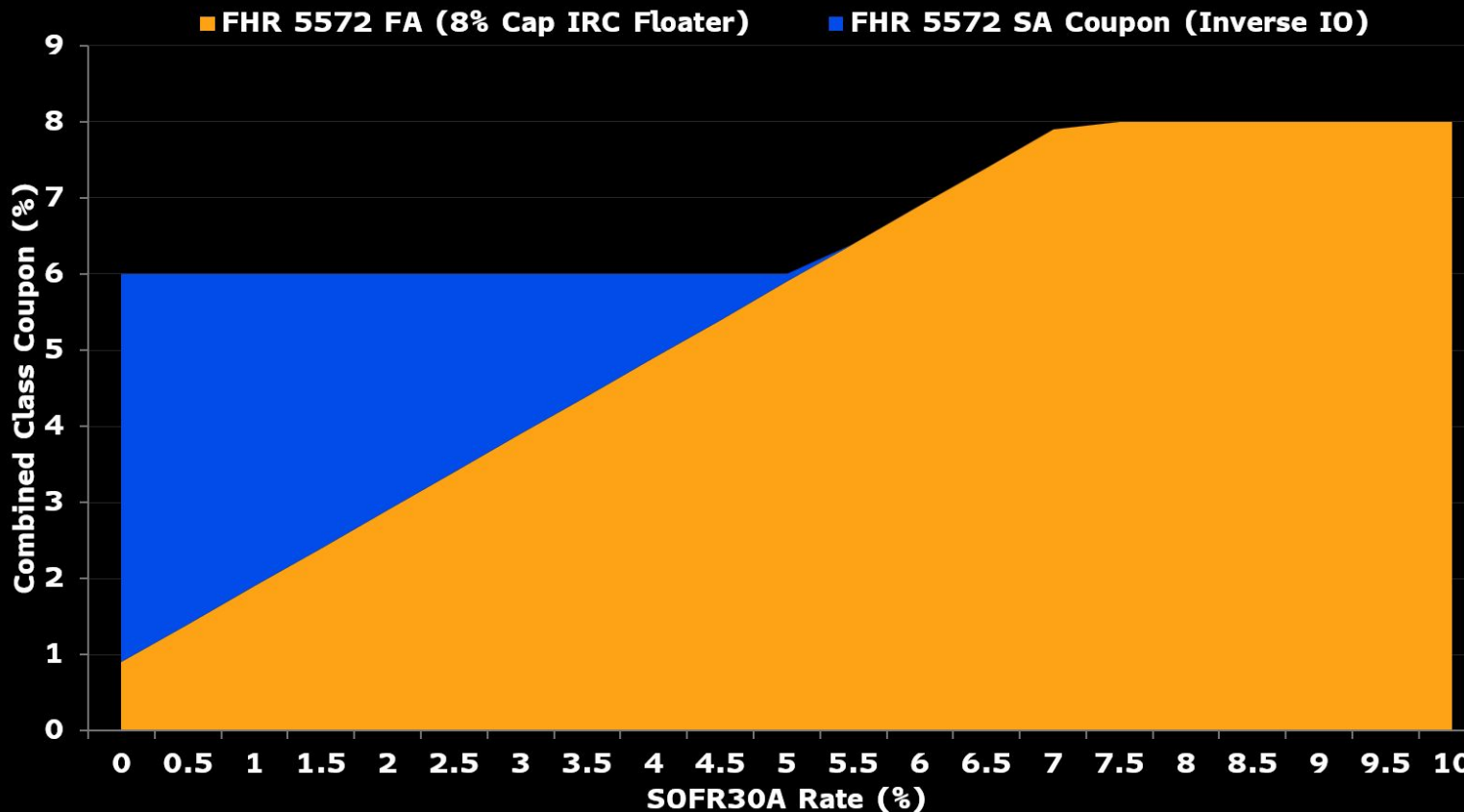
# Steeper Yield Curve Driving Structural Innovations

## *Example: Mandatory Redemption Bond Backed by 7/6 ARM*



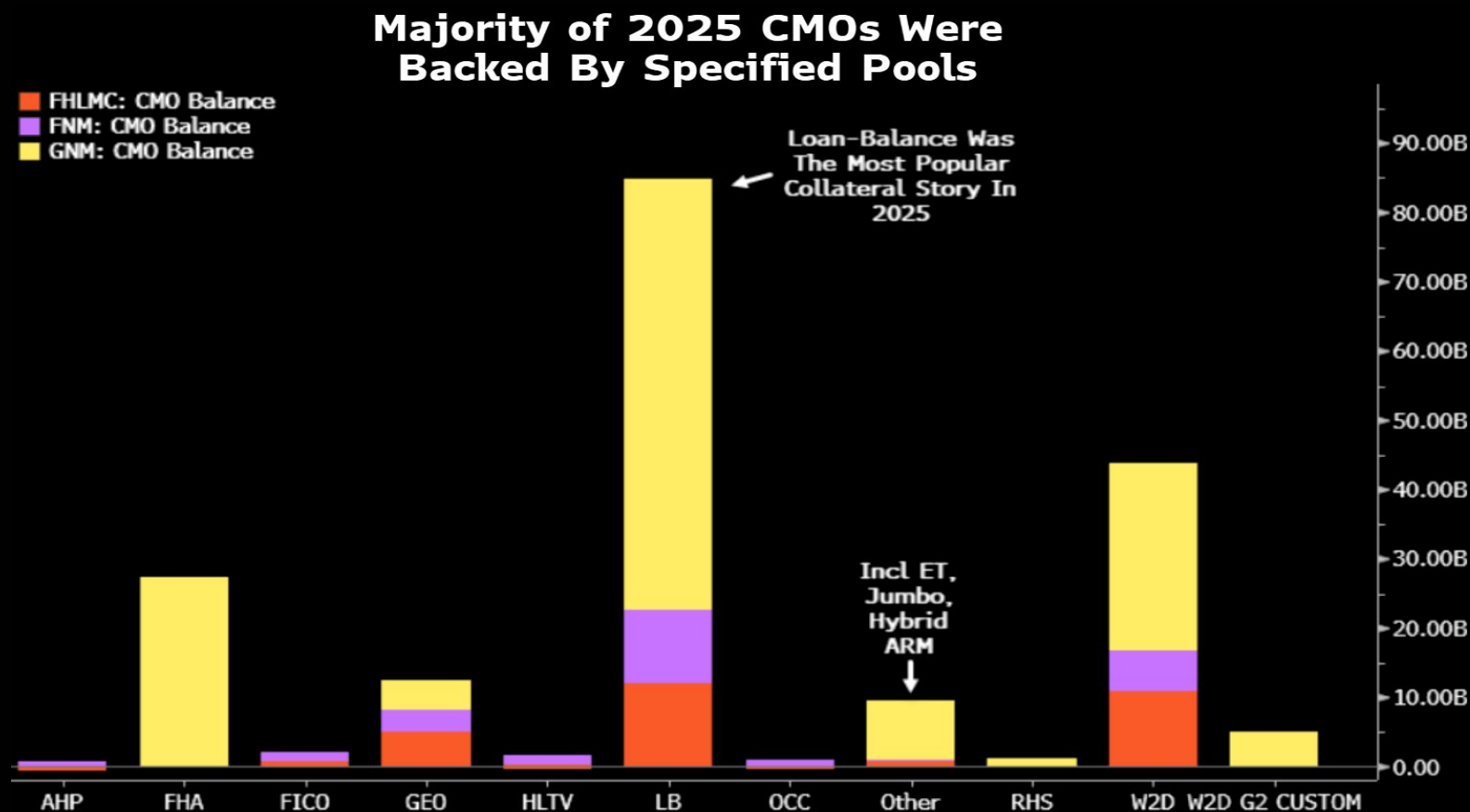
# Interest Rate-Contract Classes Offsets Declining Floater Caps

*Example* **Collateral**



# Call Protection Is Getting Creative as Rates Fall, Refis Rise

## Loan Level Decomposition May Further Tailor Risk/Reward Profiles



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